

Indian state govts against bilateral trade: Experts

REPUBLICA

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Activities of Indian state governments that go against the spirit of bilateral trade agreement are affecting Nepal-India trade, experts said on Tuesday.

"Nepali exporters are facing different hurdles due to intervention by the Uttar Pradesh government," Prof Bishwambher Pyakuryal, a seasoned economist, said. "The cost of economic non-cooperation is very high in the region. It's even higher in the bilateral trade."

Speaking at a workshop on 'Breaking Down Barriers to Regional Trade and Cooperation in South Asia' here on Tuesday, Pyakuryal said the union government of India should clarify these issues. "We have been told by leaders of Uttar Pradesh to contact them rather than officials of the union government. Is this what we need to do?" he questioned.

The workshop, which was organized jointly by the South Asia Watch on Trade, Economics and Environment (SAWTEE), and International Finance Corporation (IFC), mainly focused on non-tariff barriers.

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Highlighting the major issues behind low intra

regional trade, Pandey spelled out three types of deficit lurking in the region. "Trust deficit, trade deficit and institutional deficit are pulling us back," Pandey said. "We have to work on first increasing the trust among us and enhance the institutional capacity."

There is deficit in many areas, Dr Ratnakar Adhikari, regional trade expert at SAWTEE, said. "Infrastructure deficit and vision deficit are the other factors hindering regional trade. The trade barriers in this part of the world are unique and we have to handle them with care," Adhikari said.

Nepal has comparative edge in hydropower but that has not been realized yet. Tasheen Sayed, country manager of the World Bank, said that there should be investment in the development of cross-border infrastructure such as transmission lines. "Nepal can benefit from the energy sector," Sayed said. "World Bank is focusing on development of transmission lines in the cross-border area between Nepal and India."

Meanwhile, David Gould, chief economist at the South Asia Region Office of the World Bank, presented a paper on 'Regional Trade and Cooperation in South Asia'. "The asymmetry of the size of the economy in the South Asia Region is also a major reason for low intra-regional trade," Gould said in his paper.