

'Benefits of Bali accord depend on implementation'

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Experts have stated that benefits for Nepal can only be calculated after implementation of the World Trade Organization (WTO) decision to allow duty free entry for products of the least developed countries (LDC).

President of the South Asia Watch on Trade, Economics and Environment (SAWTEE) Dr Posh Raj Pandey calls the latest WTO agreement a giant leap for the world trade that was stuck in the Doha Round. "The agreement of trade facilitation is a positive initiative at a time when nothing had moved forward and even the image of WTO was in danger," he says. "WTO had not been able to do anything apart from regulation for the past 12 years. This decision has given the message that we can do business. This should be taken in the long-term perspective instead of a matter for immediate gains," he adds. He claims that Nepal should also formulate a few acts and regulations after this agreement, and the bilateral trade agreements with India should also be reviewed.

The commerce ministers of the member states of WTO had agreed in Bali, Indonesia on Saturday to allow unhindered access of products of LDCs to the world market reducing the procedural hassles. It had especially stressed on duty free access, quota facilities, regulation for certificate of origin, and issues of implementation of service sector. Nepal can export duty free/quota free tourism and technology, and labor, and the kind of priority they will receive will be seen in the course of implementation, according to the experts. They say that recognition for Nepali labor in service trade would be a big achievement. Nepal can also reap benefits from quota facilities, and export of readymade garments. The export of readymade garments, that has been on a downward spiral after removal of quota system in the world market, has yet to recover. It will remove the cost and red tape of international trade and promote bilateral trade as

the main issue of the agreement is trade facilitation. The cost raised by red tape is estimated to be more than double of the customs duty now in the international market.

Trade expert Prachanda Man Shrestha opines that the main problem for LDCs is that of trade facilitation and not market access, and states that the evaluation of the effect of agreement on Nepal's trade cannot be done now as the comprehensive details of the agreement have yet to arrive. "The issue of providing subsidies was there even earlier. The LDCs faced problems as there was no situation to provide subsidies," he says. He adds that it will be better if the door is opened for trade facilitation even in the developing countries and not just the LDCs.

The agreement will increase the world trade by US\$ 1 trillion and will help the developing countries increase the subsidies in the agricultural sector. It has been hailed as a milestone for the 159 WTO members marking the organization's first global trade agreement since it was created in 1995. It has provision of raising agricultural subsidies adopting flexibility. India, that had led this campaign and recently introduced a food security bill, can raise additional subsidies on food grains. But it will only be valid for four years and the time-frame has been criticized. The Bali Round has addressed a few aspects of the dispute that came to the surface from the Doha Round held 12 years ago.

The developed countries had earlier assured duty free access for 97 percent of items but that has yet to be implemented. Nepal had entered WTO as the 147th member in 2004. There are currently 159 WTO members while the Bali Round has decided to give membership to Yemen. A team led by Minister for Finance, Industry, Commerce and Supplies Shankar Prasad Koirala had participated in the Ninth Commerce Minister Level Convention of WTO held in Bali, Indonesia from December 3-6. Nepal is coordinator of LDCs.