

Experts urge diversifying country's trade routes

Mr. Parash Kharel

1-May-2018

Even as Rasuwa is unable to fully absorb the traffic diverted from Tatopani, which has remained shut following the earthquakes in 2015, it has provided an opportunity for Nepal to diversify its trade route, according to trade experts. This was highlighted during a discussion forum organized by South Asia Watch on Trade, Economics and Environment (SAWTEE) to discuss the changed dynamics of Nepal-China trade in the aftermath of the 2015 earthquake that impacted the border connectivity between the two countries.

Rerouting of Nepal-China trade via India due to shut down of Tatopani border after the earthquake coupled with inadequacy of the Rasuwa border to handle China trade is estimated to have incurred time cost equivalent to a tariff of 18 to 62 percent, said Paras Kharel, research director, SAWTEE, while making a presentation on the impact of earthquake on Nepal's trade with China titled 'Nepal-China trade after the 2015 earthquake'. Regarding overall trade, Kharel pointed out that despite reconstruction activities and rebound in trade after the exogenous shock of earthquake and the immediate blockade at Nepal-India border, exports in 2015-16 were 20 per cent less than the figures projected by Post-Disaster Needs Assessment report and exports in 2016-17 were still less than exports in the pre-quake year, 2013-14.

According to Ravi Shanker Sainju, joint secretary at the ministry of Commerce, Kyirong could eventually connect Nepal to Europe through China's Belt and Road Initiative. He however, urged the traders to be more open to adapt new routes citing example of Visakhapatnam Port, which is offering efficient services as compared to Kolkata or Haldia ports. Former joint secretary at commerce ministry, who was involved in opening the Kyirong border for trade, Jib Raj Koirala pointed out that in order to make maximum use of its border, Nepal needs to ensure that there exist mutually accredited laboratories at the border, and diversify its product profile, among others. Bachchu Poudel, president of Nepal Trans Himalaya Border Commerce Association, called attention to increased cost for the traders doing business with China through Tatopani. The economy in Sindhupalchowk has come to a standstill because of obstruction at Tatopani, he said.

Article written by Mr. Paras Kharel, Research Director at SAWTEE, was published in The Kathmandu Post on 1 April 2018.