

National Stakeholder Consultation
**Harnessing Export Potentials of
Ginger**

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Outlines

- Ginger-facts and figures.
- Regional distribution of production
- Supply chain
- Export from Nepal
- Issues related with production and export
- Some alternative ways in dealing with the issues.
- Priority issues.

Ginger-facts and figures

- Ginger is originated in South Asia; used as spices and an ingredient in Aurvedic medicines.
- The worldwide production of ginger has quadrupled over a period of 20 years (from 591.5 th mt in 1991 to 2025.6 th mt in 2011)
- Nepal has third place in ginger production (>10%) after India and China.
- World trade of ginger is 190 million USD while Nepalese export was 5.5 million USD in 2011.
- There is large swing in the volume and value of annual export. Ginger export from Nepal increased by 162.5% (1.3 billion rupee) in 2012-13 but declined by 66.2% to 450 million rupee in 2013-14.

Ginger: facts and figures

(production at global level)

| Year | Production (Th. Mt) | Growth over the years (in percentage) |
|---|---------------------|--|
| 1991 | 591.5 | Base year |
| 1996 | 844.1 | 42.7 |
| 2001 | 1107.5 | 31.2 |
| 2006 | 1580.3 | 42.7 |
| 2011 | 2025.6 | 28.2 |
| Annual average growth rate (1991-2011) | 9.65 | |

Source: FAOSTAT-2014

Ginger: Facts and figures

(production and export)

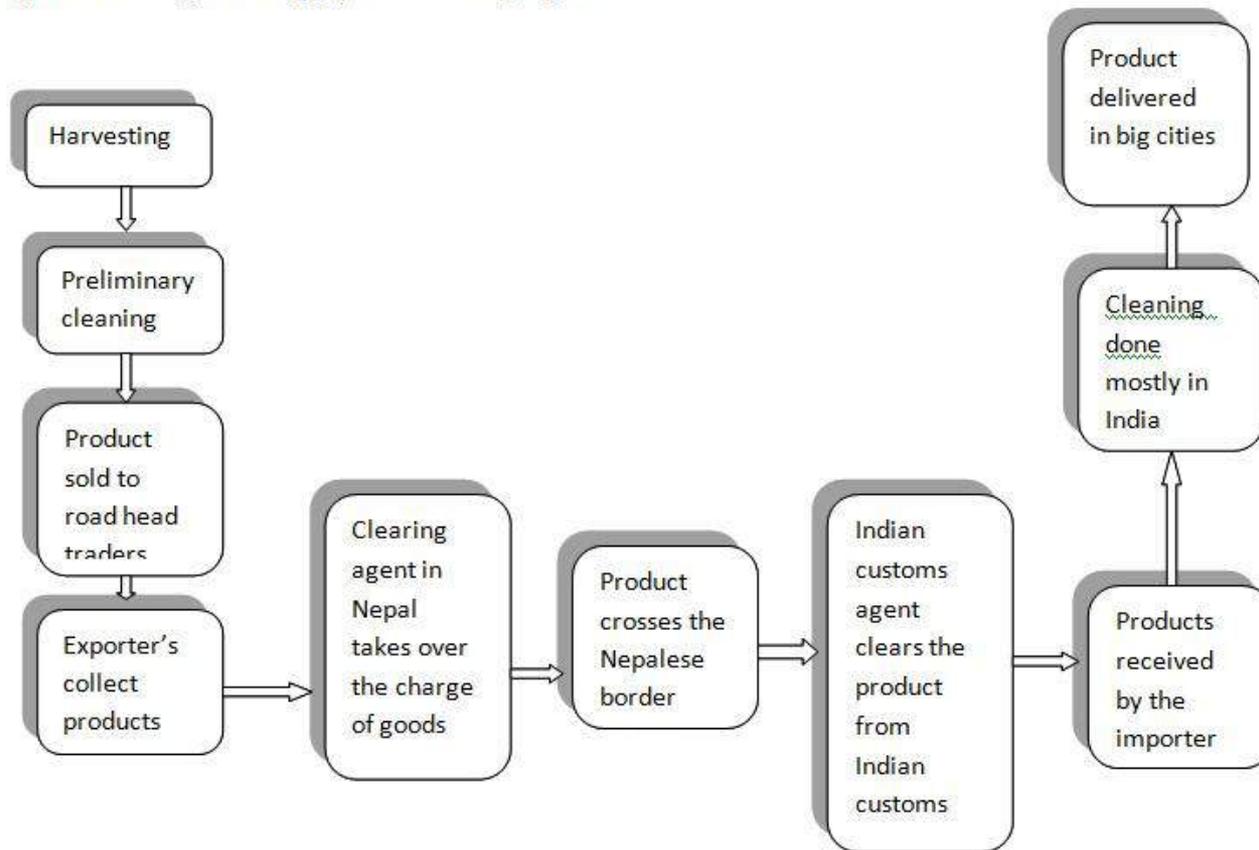
- Global production: **20,25,600 MT** (2011)
- Nepal's production: **255,208 (2012)**, around 13 % of global production and 21% of South Asia.
- Nepal's position in global trade: 3rd after India and China.
- Area under ginger cultivation: 20256 ha (2012)
- Nepal's export in 2012-13: 62843Mt. (**25% of production**)

Regional distribution of ginger production (2011-12)

| Region | Area (ha) | Production (Th. Mt) | Productivity (Mt. per ha) | Number of ginger growing districts |
|-----------|-----------|---------------------|---------------------------|------------------------------------|
| Eastern | 6,766 | 99,643 | 14.73 | 16 |
| Central | 2,409 | 27,833 | 11.55 | 17 |
| Western | 5,846 | 63,988 | 10.95 | 15 |
| Mid- West | 3,493 | 43,100 | 12.34 | 11 |
| Far West | 1,742 | 20,644 | 11.85 | 8 |
| Total | 20,256 | 255,208 | 12.60 | 67 |

Steps in supply chain of Ginger

Figure 1: Steps in supply chain of ginger.



Export of selected potential agro-food products identified in NTIS-2010.

(Value in million rupee)

| Products | 2008/2009 | 2009/10 | 2010/2011 | 2011/2012 | 2012/13 | Major Countries of Exports |
|-------------------------|-----------|---------|-----------|-----------|---------|------------------------------------|
| Cardamom | 1,344 | 1,172 | 2,044 | 3,497 | 3,850 | India |
| Lentils | 5,661 | 3,745 | 3,349 | 2,678 | 2,677 | Bangladesh |
| Tea | 1,241 | 1,195 | 1,546 | 1,574 | 2,042 | India, Germany, Pakistan |
| Medicinal Herbs | 758 | 441 | 711 | 805 | 1,242 | China PR, India |
| Ginger | 404 | 456 | 282 | 508 | 1,315 | India, Bangladesh, Japan and China |
| Noodles, pasta and like | 835 | 675 | 703 | 603 | 600 | India, China PR |
| Essential Oils | 55 | 37 | 82 | 77 | 82 | France, HongKong, India, Belgium |
| Natural Honey | 2 | 0 | 8 | 2 | 5 | India |

Export of Ginger

Table 6: Export of ginger during the last five years

| Fiscal Year | Total export (Million Rs.) | Ginger export | | Percentage of total trade |
|-------------|-------------------------------|---------------|-----------------------|------------------------------|
| | | Volume (mt) | Value (Million Rs) | |
| 2008-09 | 68596.9 | 26724 | 403.5 | 0.59 |
| 2009-10 | 60949.6 | 30416 | 456.0 | 0.75 |
| 2010-11 | 64562.4 | 13239 | 281.9 | 0.44 |
| 2011-12 | 74089.1 | 23941 | 507.6 | 0.69 |
| 2012-13 | 77350.7 | 62843 | 1332.5 | 1.72 |

Source: Trade and Export Promotion Center-2014.

Export of Ginger from Various Customs

Table 7: Export of ginger from five major customs point

| Customs | 2010-11 | | 2011-12 | | 2012-13 | |
|-------------------|----------|----------------|----------|----------------|----------|----------------|
| | Qty (mt) | Amt (mill Rs.) | Qty (mt) | Amt (mill Rs.) | Qty (mt) | Amt (mill Rs.) |
| <u>Bhairahawa</u> | 4697.2 | 108.9 | 5770.3 | 137.0 | 15744.6 | 325.8 |
| <u>Mechi</u> | 812.5 | 13.2 | 10403.3 | 106.3 | 16017.1 | 153.5 |
| <u>Birgunj</u> | 4279.0 | 109.9 | 7799.0 | 232.1 | 23690.0 | 704.0 |
| <u>Biratnagar</u> | 609.0 | 8.1 | 1049.0 | 14.3 | 2261.0 | 39.6 |
| <u>Nepalgunj</u> | 2128.6 | 60.4 | 350.1 | 30.1 | 1820.3 | 86.4 |

Source: Department of customs-2014.

Issues on Production

- Lack of commercial approach in farming
- Difficulties in availability of improved seed.
- No proper storage facilities are available
- Inadequate extension services
- Lack of cleaning and drying facilities
- Danger of non-retention of seed due to high market prices during off season (TKP-May 12 2014)
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Issues Related with Export

- No value added (products are sold in the raw form)
- Incidence of local taxes and charges are high
- Informal payments during exportation.
- Losses during transportation (added on account of farmers).
- Farmers are price takers/Volatility of prices.
- Cost of clearances at borders; Quarantine is adding to the cost
- High fee for PFA certification

Some Possible Alternatives on Removal of NTBs

Enhancement of Production

- Ensure the availability of quality seed
- Focus on training of the farmers and extension workers:
- Promote group/cooperative farming
- Focus on improving post harvest technology
- Consider in declaring Minimum Support Price (MSP)
- Help in creating local storage facilities at the reach of individual farmer

Some Possible Alternatives on Removal of NTBs

Export promotion

- Explore new market/destinations
- Develop collection center and safe storage facilities
- Diversify the product range
- Create washing and cleaning facilities at some critical locations
- Focus on strengthening the test and certification capacity of Nepalese SPS labs
- Harmonize the standards and get MRA

Priority issues identified during regional consultation

- Focus on harmonizing the standards and test parameters on ginger between the food test authorities of India and Nepal. Achieve accreditation of Nepalese labs on these test methods and parameters.
- Create a sub-national/regional dialogue forum to address the export related issues of major export commodities of the region.
- Stop the collection of illegal tax on transport vehicles and goods

Priority issues identified during regional consultation

- Re-activate the border agency cooperation between Nepal and India to address the NTB related problems.
- Create an information portal where the farmers and exporters can report the problems related with export. Such information to be transmitted to the concerned authorities for immediate redresses.

Harmonize the standards and test parameters

- Nepal-India treaty of trade has stipulated that there will be mutual recognition of the sanitary and phyto-sanitary certificates including health certificates issued by the competent authority of the exporting country in conditions of (i) meeting the mandatory requirement of the importing country and (ii) assessment of the capabilities of certificate issuing authority.
- Government of Nepal to take up the issues with GOI on harmonization of standards, test methods and parameters for selected products, including ginger.
- MOCS to take the lead supported by Ministry of Agriculture and Ministry of Industry.
- Carry out study, find out the gap areas and work together with GOI to develop the necessary physical and HR capacity within the government organization.
- Create legal regimes in order to allow the private test and certification bodies under the specified conditions.

Create a sub-national/regional dialogue forum

- Government should consider in creating a regional dialogue forum (at the sub-national level) that exclusively deals with the indigenous products like ginger, honey, large cardamom and other agricultural products.
- Extend the current mechanism of PPD at the regional level with its linkages with the trade and export facilitation working group of Nepal Business Forum.
- Support in establishing an effective Secretariat to pursue the reform measures through such dialogue.
- Such a mechanism could be chaired by the Regional Administrator (Special Class Officer of the government) and The Regional Director of Department of Agriculture could be designated as the Member Secretary of this body.

Stop the collection of illegal tax

- The taxes collected beyond the jurisdiction of Local Self Governance Act-2055 (1998) could be eliminated by the active support of Local Administration and the Political Parties.
- Develop appropriate alternatives for effective tax collection to the traditional method of contracting out.
- Stop the collection of illegal taxes in the name of various social and youth clubs, adding burden to export trade. Get support from local administration and political parties in the district.

Re-activate the border agency cooperation

- Protocol to Article-XI of Nepal-India treaty of trade has made institutional arrangement of joint committee headed by chief customs officers at the land customs stations on both sides with a view to resolve any problems arising in clearances of goods at the customs stations.
- Re-activate this mechanism by holding regular meetings of the mechanism.
- Report the progress on facilitation measures pursued through this mechanism.
- Department of Customs to take the lead of this process.

Create an information portal

- Portal may be hosted at the Nepal Ginger Producers and Traders Association (NGPTA) and/or Jadibuti Association Nepal (JABAN).
- Producers and traders may lodge their complaints with regard to production, transportation and export .
- They will be provided with the market and price information through the portal.
- Complaint lodged by the farmer and/or trader shall be referred to the concerned agencies or departments.
- There shall be a regular follow up and persuasion of the progress made in addressing the reported problems.
- Focus on enhancing capacity of the farmer's organizations to run and sustain the portal.

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