

PROCEEDINGS OF THE WORKSHOP ON

Exploratory assessment of the export potential of Sudurpashchim Province, Nepal

24 December 2020

SECTION 1

Introduction

Recognizing the role of trade in poverty alleviation, a study was conducted recently to explore the trade potential of agricultural and non-timber forest products (NTFPs) in Sudurpashchim Province, Nepal. The study was conducted by the South Asia Watch on Trade, Economics and Environment (SAWTEE) through the Kailash Sacred Landscape Conservation and Development Initiative (KSLCDI) in 2020. Based on fieldwork conducted in February 2020, followed by desk research, the study analysed the existing status of trade in agricultural commodities and NTFPs in the province. It also suggested measures for implementation at federal and subnational levels for realizing the export

potential of the province. On 24 December 2020, a workshop was organized to share and discuss the findings of the study with governmental, private-sector, and research stakeholders.

The specific objectives of the workshop were:

- To validate findings of the assessment with the stakeholders
- To refine the assessment's recommendations
- To discuss the way forward for enhancing the trade potential of Sudurpashchim Province

Inaugural session

The workshop was inaugurated by the Minister of Industry, Tourism, Forest and Environment (MoITFE) of Sudurpashchim Province, Honorable Maya Bhatta. The delegates were welcomed by Janita Gurung, Programme Coordinator, KSLCDI. This was followed by a brief presentation by Binaya Pasakhala, Governance and Institutions Analyst, ICIMOD, highlighting the major objectives, methodology, and key findings of the study report.

In his remarks, Raju Gurung, Planning Officer, Ministry of Forests and Environment (MoFE), commended the joint efforts of governmental and non-governmental organizations as well as the private sector in promoting trade in NTFPs in the province. He then urged the relevant stakeholders to see to it that the recommendations made by the study are effectively implemented.

Bimal Bohara, a local representative from Chhangru, Byans Rural Municipality (Darchula district), requested the government to reopen the customs office in the village of Tinkar near the border with the Tibet Autonomous Region (TAR), China. He said that the office was shut down during the time of the Maoist insurgency. He also sought for opening an immigration office at Tinkar, which, he said, would give a boost to trade and tourism in the region. He added that construction of roads should also be accorded priority.

In her address, Honorable Minister Bhatta lay emphasis on value addition to forest-based products

at the local level and selling them in the international market. She then cited the areas wherein the trading communities in the province are facing serious challenges; they lay in: the processing of raw products; the marketing of the processed products; market uncertainty; and difficulties in determining prices. She appealed to the KSLCDI to collaborate with the local governments to address these challenges. Further, she advised the study team to recommend short- and long-term actions for sustainable trade which would enable the private sector to invest in NTFPs-based industries. Concluding her remarks, she assured that her ministry is committed towards facilitation, capacity building, and long-term collaboration with the stakeholders.

Yajna Nath Dahal, Secretary, MoITFE, Sudurpaschim Province, appreciated the contributions of the KSLCDI and SAWTEE to evidence-based decision-making on trade in the province. He called for multisectoral coordination between the stakeholders at different levels. Further, he requested the study team to look into several dimensions of international trade and export of NTFPs. These dimensions, he said, include: private-sector investment and its engagement in developing NTFP-based industries in the province; introduction of innovation and technology in the harvesting, processing, and storage of the NTFPs; capacity enhancement of the stakeholders; improving the marketing strategy; and formulating policies on quality assurance, permits, and tariffs.

Presentations on the trade potential of Sudurpaschim Province

Paras Kharel, from SAWTEE, made a detailed presentation on the findings and recommendations of the study. He said that the volume as well as the value of the exported goods from the three customs points in the province are lower than those from other provinces. Statistically, he said, the NTFPs, mostly in their raw form, constituted over 90 per cent of the goods exported from the province. Besides formal trade, he said, a large volume of undocumented informal cross-border trade is taking place in the province, which plays a vital role in the livelihoods of

the borderland communities. He cited that the study has recommends a shift from the export of raw goods to the export of processed products with the help of technology and capacity building, branding and quality assurance.

Dipesh Pyakurel, from the Research Centre for Applied Science and Technology (RECAST), Kathmandu, made a presentation about the status of trade in Medicinal and Aromatic Plants (MAPs) in the province. The annual exported volume of

MAPs, he said, is estimated to be more than 900 tons, which is worth over NPR 1 billion. In the last ten years, he stated, the volume as well as the value of the exported MAPs have increased substantially. He informed that rittha (*Sapindus mukorossi*) is the most exported product from the province, with its annual trade volume standing at 344 tons. The other

MAPs that are exported in significant quantity, he apprised, are tejpat (*Cinnamomum tamala*), kaulo (*Machilus odoratissima*), amala (*Phyllanthus emblica*), satuwa (*Paris polyphylla*), kutki (*Picrorhiza kurroa*), jatamansi (*Nardostachys jatamansi*), and yartsa gunbu (*Ophiocordyceps sinensis*).

SECTION 4

Discussion

The district representatives from the different associations dealing with NTFPs, such as the Jadibuti Association of Nepal (JABAN), spoke about the opportunities and challenges that lie in the trading of agricultural and forest-based products in the province. According to them, the abundance of NTFPs in the province and the growing international demand for them, particularly for MAPs, hold promising export prospects.

The major challenges that were cited include lack of customs and quarantine facilities, high transportation costs, information gaps between the producers and markets, inadequate infrastructure for the collection, processing, packaging, and storing of the products, lack of quality certification services, and evolving government policies and mechanisms. The participants also highlighted the issues of low labour cost, outmigration of youth, and the unsustainable harvesting of high-value MAPs. Besides, they expressed their concern about the decline in the availability of high-valued MAP and requested the relevant governmental and non-governmental organizations to address the issue. Further, the participants stressed on organizing consultation meetings with the local stakeholders at the district level.

Kishore Aryal, Senior Watershed Management Officer, Regional Forest Directorate, Sudurpaschim Province, called for a comprehensive longitudinal study to understand the chain that links the farmers to the consumers as well as to analyse inter-intra relations between the different actors in the chain.

Bharat Shrestha, Planning Officer, MoITFE, Sudurpaschim Province, briefed about the ongoing efforts of the government in improving the livelihoods of the local communities who are dependent on NTFPs trade. He stated that the provincial government is identifying and zoning the province into different pocket areas for commercial production of agricultural and forest-based products. Moreover, the government, he informed, has allocated a budget for establishing an NTFPs processing industry and for other infrastructure development activities such as setting up storage facilities.

Purna Kala Rai, from GIZ, sought for the formulation of a road map, in consultation with the stakeholders, to address the challenges and tap the overall trade potential of the province.

SECTION 5

Way forward

Organize interactions with stakeholder from all districts of Sudurpaschim Province to gather information on products, identify their trade potential, and to understand the challenges and opportunities that are involved.

Assess policies at federal and provincial levels and align actions at local levels in order to enhance trade and export.

Develop action plans with short-, medium-, and long-term time frames to promote nature-based trade in the province.

Additional event information and materials are available at:

<https://www.icimod.org/event/exploratory-assessment-of-the-export-potential-of-sudurpashchim-province-nepal/>

Workshop organizers: Ministry of Industry, Tourism, Forest and Environment (MoITFE), Sudurpashchim Province
South Asia Watch on Trade, Economics and Environment (SAWTEE)
Kailash Sacred Landscape Conservation and Development Initiative (KSLCDI)

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