



**REPORT
ON
EIGHTEENTH
ENTERPRISE DEVELOPMENT
NETWORK FORUM**

June 8, 2007

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ACRONYMS

EDN	Enterprise Development Network
FNCCI	Federation of Nepalese Chamber of Commerce
GATT	General Agreements on Tariffs and Trade
GATS	General Agreements on Trade in Services
INGO	International Non Government Organization
NGO	Non Government Organization
SAWTEE	South Asia Watch on Trade, Economics and Environment
SME	Small and Medium Enterprises
WTO	World Trade Organization



1. ACKNOWLEDGEMENT

On behalf of Enterprise Development Network (EDN) we would like to thank the presenters of the eighteenth EDN Forum Mr. Kamallesh Adhikari, Program Coordinator, GRAPOL Project, SAWTEE for presenting on “The World Trade Organization (WTO) and Nepal’s Membership” and Mr. Chandra Kachhipati, Executive Director for sharing his experience on challenges and opportunities in the international trade.

We would also like to show our gratitude to Women Entrepreneurship Development Forum/FNCCI and Tips/WINNER for hosting the eighteenth EDN forum. Our thank goes to all the participants who attended the eighteenth forum on Enterprise Development Network, who took time to participate, discuss and share their ideas.



2. PROCEEDINGS OF THE MEETING

2.1 Program Overview

The Eighteenth Enterprise Development took place at FNCCI building, Teku on 8th, June 2007. The theme of the forum was “**International Trade – Challenges and Opportunities**” (see annexure 1 for the program schedule).

Mr. Kamalesh Adhikari, Program Coordinator, GRAPOL Project, SAWTEE presented on the topic WTO and Nepal’s Membership and Mr. Chandra P. Kachhipati, Executive Director, Sana Hastakala shared his experience on the challenges and opportunities he has to face during international trade.

2.2 Mr. Kamalesh Adhikari, Program Coordinator, GRAPOL Project, SAWTEE presentation on “The World Trade Organization (WTO) and Nepal’s Membership”.

Mr. Kamalesh Adhikari was the first presenter of the forum and his presentation topic was “The World Trade Organization (WTO) and Nepal’s Membership”. He started his presentation with a small description on how the WTO started. After the World War II, the global economy was the first priority of all countries because it was very much disordered. And during the Bretton Woods Conference in 1944, three institutions, The World Bank, global finance (IMF) and trade (ITO) proposed to manage it but did not materialize since US Senate disapproved. But the GATT (which is now known as WTO) was prepared in 1947, which provided the forum for its members to discuss on global economic issues at multilateral level. Later the GATT was then known as WTO since January 1995 only. It is based on five pillars, which are promoting rules-based multilateral trading system, non-discrimination, transparency, special treatment for less developed countries and effective argument settlement system. WTO now has 149 members including Nepal.

Mr. Adhikari explained that WTO covers mainly in three areas. The first one is trade in goods or the GATT 1994. It deals with Agriculture, sanitary and phytosanitary measures (SPS), technical barriers to trade (TBT), safeguards, rules of origin etc. The second one is trade in services or the GATS agreement. It deals with business and professional services,



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distribution services, communication, financial services, health services, transportation services, etc. These services can also be classified into four different modes of services supply in GATS. The third one is intellectual property rights. It deals with the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) such as, copyrights, Trademark, Patent, Industrial Design, Trade Secret etc. Talking about WTO he said that it does not set any kinds of trade rules, all the functions as per the authorization given by its own members. Developed countries lag behind because they have limited capacity to negotiate, limited capacity to implement the commitments, and also they intend to neglect the commitments they have made in favor of developing countries.

In June 1998, the Nepalese Government formally applied for WTO membership and later on September 11, 2003, WTO Ministerial in Cancun approved Nepal's membership. On April 23, 2004, Nepal became the 147th member of the WTO after submitting the instrument of ratification on March 23, 2004. Towards the end, Mr. Adhikari discussed about the benefits of WTO membership. It allows participatory decision-making and it has rules based system and non-discriminatory principles. Besides, it has effective dispute resolution mechanism, predictable market, increased market access opportunities with possibilities of reduced dependence on a single market, transit rights, technical assistance, policy lock-in and support to economic reform programmes.

Discussion

One of the participants asked Mr. Adhikari that one of the French buyers renamed the “Lokta Paper” as “Lamali Paper” because of which it lost its originality. And what rules are there in WTO to stop this.

On this Mr. Adhikari answered that all natural products are registered by their scientific or biographical names. Before claiming for any Nepali product, we should have it registered in Udyog Mantralaya. We should have our knowledge and resources documented. So that nobody can give their name to our natural resources. Same case with the Yarsa Ghumba also happened. WTO is not an immediate solution to all trading problems. It is a process to make the international trading easy and legal.

Meanwhile another participant inquired that on what base are the sanitary measures made.



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Mr. Adhikari replied that there are guidelines to choose their own standard but it should also meet the national standard.

2.3 Mr. Chandra Kachhipati, Executive Director for sharing his experience on challenges and opportunities in the international trade.

Mr. Chandra P. Kachhipati, Executive Director from Sana Hastakala shared his experience on Challenges and opportunities while trading its products in international market. Mr. Kachhipati started his presentation with a brief introduction of Sana Hastakala. It is a not profit sharing organization, established in 1989, with an objective to meet the marketing requirements of handicraft producers who are mainly women and operating on a very small scale, usually from their homes. Sana Hastakala is also a founder member of FTG Nepal, member of IFAT, AFTF, FHAN, LCCI, HANDPASS and ECON.

Mr. Kachhipati said that they sell their products to tourists, expatriates and Nepalese buyers from their sales outlet in Kupondole. But the major part of their sales, i.e. about 70%, is in International market. They export in countries like Japan, USA, Canada, Australia, UK, Denmark, Germany, Belgium, France, Italy and Portugal. In his experience, the most common question of the entrepreneurs is "how to contact the customers?" He said that their major promotional activities are advertisement, personnel contact, participation in fair, exhibitions, seminars and distribution of promotional materials, website or catalogues. They have much more buyers by Internet in these last 2 –3 years. Also, they have started export using cargo agent and other export firms. At present, they markets wider selection of handicrafts produced by more then 80 groups of producers from different parts of the country (individual producers, projects, clubs, firms and organizations). Out of all their products, their main market are the products made up of natural fibers like allo, hemp, silk, pashmina/cashmere, wood carving, ceramics, knitwears, and felt items.

Mr. Kachhipati then shared the challenges he had to face while exporting his products. He said that business like handicraft production lacks infrastructure, low production capacity, expensive shipment cost, delay in communication with the external client and lack of knowledge about international market due to which competition arises among the products from different countries. It is difficult to maintain quality, timely delivery, raw material



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problems, unable to meet buyers' requirements in packaging, safety etc and producer's complications. Somehow, they have been trying to solve their problems like support from development organizations, networking, market/business planning, public relations and also by creating image and brands. In spite of that, international market has much more opportunities as they are ever growing. They have low custom duty for products from Nepal. There are different organizations helping in capacity building of small entrepreneurs. Institutions like Export and Trade Promotion centers, FHAN, TIPS etc provide enough information and services available about international marketing.

Towards the end, Mr. Kachhipati said that there is a lot of prospects in International Trade/export market, provided if they have right product, right market, and productive team and well-planned activities. All that is need is to be creative, hard working, explorative and ready to face challenges.

Discussion

After the encouraging experience of Mr. Kachhipati, one of our participants asked who are the Alternative Trade Organizations (ATOs) and shareholders of Sana Hastakala.

Mr. Kachhipati replied that in Japan they have ATO called FTOs, and in Canada, 10,000 villagers know them. Meanwhile, the organization itself is the shareholder and at present none of the producers are shareholders.

Mr. Kachhipati was also suggested that the challenges he has presented can better be called as weaknesses – external or internal. These weaknesses can be improved and so far he has been improving also.

3. WRAP UP

Ms. Reema Shrestha wrapped up the forum saying that the presentation of Mr. Adhikari has been extremely fruitful to all the participants. Among all the other points, the most important things is that WTO is a reality not good or bad and stakeholders should be proactive. One should protect our indigenous knowledge system and all our natural resources has to be documented so that others cannot misuse its originality. Also, a multi stakeholder task force is needed on how to go forward with WTO and how one can protect countries original products.



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While wrapping the second presentation Ms. Shrestha said that communication is important for any businesses whether in form of emails or through news update or promotional materials. Looking at the practical side, there are many challenges in the export business but most of them are internal ones which could be solves. The most important thing for Nepalese business to sustain is its unique characteristic.

Towards the end Ms. Reema Shrestha thanked TIPS/Winnner and WEDF/FNCCI for sponsoring the eighteenth forum. Also, she thanked all the participants for giving their time to attend the forum and announced the nineteenth EDN forum to be held on 3rd August, 2007.



4. ANNEXES

Annex 1: Program Schedule

'International Trade – Challenges & Opportunities'

Eighteenth Enterprise Development Network Forum
June 8, 2007

Kindly hosted by Tips/Winner and Women Entrepreneurship Development Forum/ FNCCI

Venue: FNCCI, Meeting Hall, Teku, 4262061 / 4262218

Program Schedule

TIME	SESSION
2:15 – 2:30	Registration
2:30 – 2:40	Welcome and Overview of the discussion Ms. Reema Shrestha, EDN Coordinator
2:40 – 3:05	Presentation on “Challenges and Opportunities in International Trade” Mr. Kamalesh Adhikari, Program Coordinator, GRAPOL Project, SAWTEE
3:05 – 3:30	Question & Answer/Discussion
3:30 – 3:55	Experience sharing on International Trade Mr. Chandra P. Kachhipati, Executive Director, Sana Hastakala
3:55 – 4:20	Question & Answer/Discussion
4:20 – 4:30	Moderation and Wrap up
4:30 onwards	Refreshment and Networking



Annex 2: List of Participants

SN	I	F. Name	L. Name	Designation	Organization
1	Ms.	Anjana	Tamrakar	Manager	Creative Women's Craft
2	Mr.	Anil Shankar	Giri	Technical Advisor	EMI
3	Ms.	Meena	Shrestha		FNCCI
4	Ms.	Raisha	Dongol		Individual
5	Ms.	Namrata	Sthapit		Kyatuki Enterprise
6	Ms.	Nameeta	Sthapit		Kyatuki Enterprise
7	Mr.	Ishwori	Gautam	Enterprise Development Officer	Lotus Opportunities
8	Mr.	Neeraj	Nepali	Executive Director	Lotus Opportunities
9	Mr.	Braz	Vaidya	Director	Nepal Biotech Nursery
10	Ms.	Meeta	Shrestha	Asst. Marketing Manager	Nepal Knot Craft
11	Mr.	Rajendra	Poudyal	National Program Manager	Planet Finance Nepal
12	Mr.	Chandra P.	Kachhipati	Executive Director	Sana Hastakala
13	Mr.	Kamalesh	Adhikari	Program Coordinator, GRAPOL Project	SAWTEE
14	Ms.	Helga	Duhou		SNV
15	Ms.	Nivedita	Shrestha	Director	TIPS/WINNER
16	Dr.	Ram Hari	Lamichhane	Senior Programme Officer	Training For Employment
17	Ms.	Binu	Shrestha	Member	WEDF/ FNCCI
18	Ms.	Aparna	Prajapati	Member	WEDF/ FNCCI
19	Ms.	Rosa	Tualdhar	Member	WEDF/ FNCCI