



TOGETHER
for a sustainable future

OCCASION

This publication has been made available to the public on the occasion of the 50th anniversary of the United Nations Industrial Development Organisation.



TOGETHER
for a sustainable future

DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

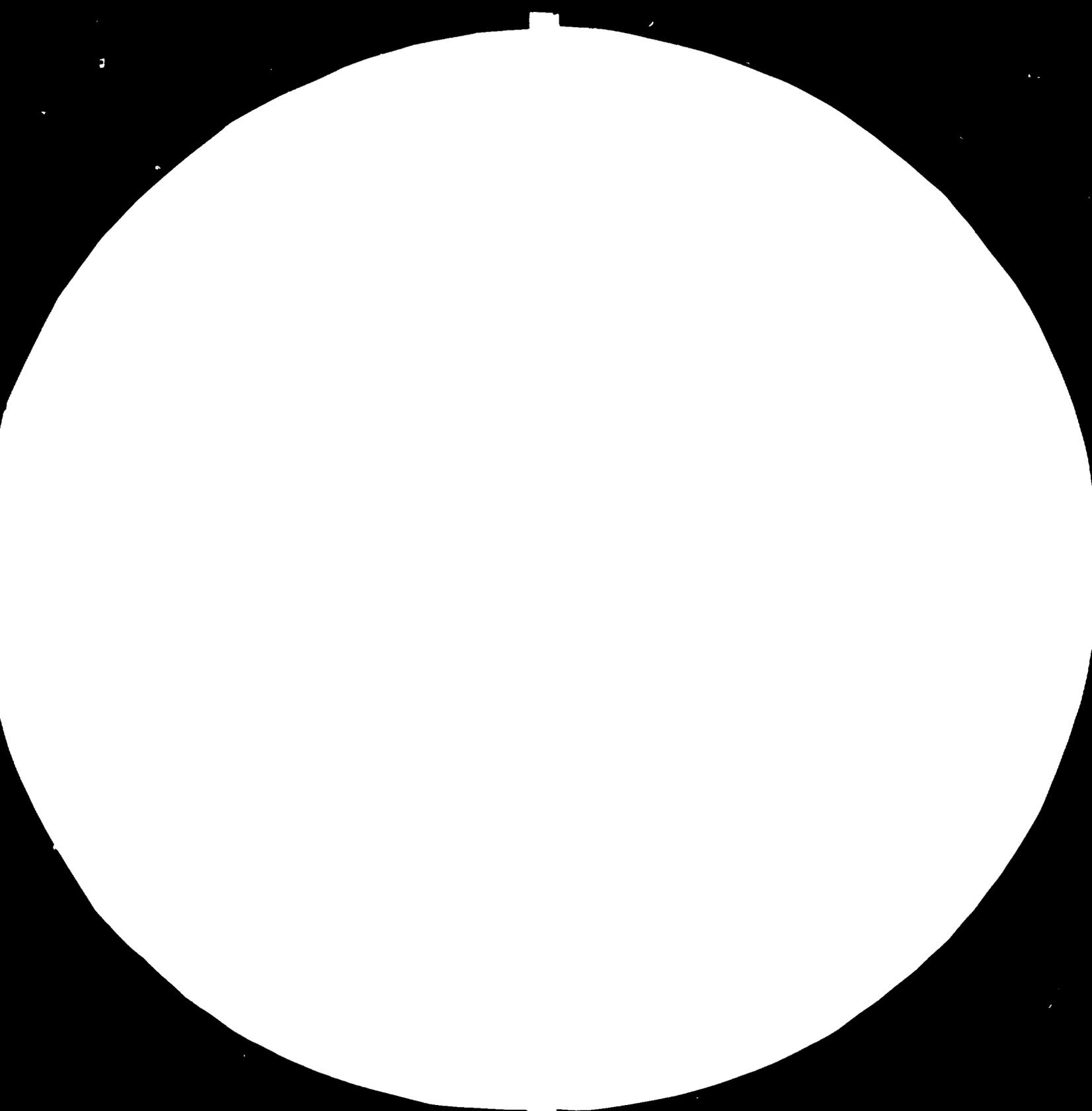
FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

CONTACT

Please contact publications@unido.org for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at www.unido.org



RESTRICTED

12892

DP/ID/SER.B/412
12 July 1983
English

PROMOTION OF EXPORT ORIENTED INDUSTRIES IN NEPAL .

SI/NEP/82/801

NEPAL

Terminal report *

Prepared for the Government of Nepal
by the United Nations Industrial Development Programme,
acting as executing agency for the United Nations Development Programme

Based on the work of

J.M. Gajewski, M. Sc.
J. Leckscheidt, M. Sc. UNIDO experts
and N. Banskota, Ph.D.,
S.M. Pradham, M.E. National Consultants

United Nations Industrial Development Organization

Vienna

* This report has been reproduced without formal editing. The boundaries shown on maps do not imply official endorsement or acceptance by the United Nations.

V.83 58394

CONTENTS

	<u>Page</u>
ABBREVIATIONS AND CONVERSIONS.....	IV
1. Executive Summary.....	1
2. Project Background	
2.1. Economic Situation and Outlook.....	4
2.2. Industry.....	5
2.3. Labour.....	7
2.4. Transport Constraints.....	8
2.4.1. Land Transport.....	8
2.4.2. Air Transport Constraints.....	11
2.5. Export Scenario.....	12
2.6. Legal Framework and Investment Climate.....	14
3. Potential for an EPZ in Nepal	
3.1. Objectives and Priorities of HMG.....	18
3.2. Status of Preparation for the Establishment of the EPZ.....	18
3.3. Competitiveness of an EPZ in Nepal.....	20
3.4. Possible Alternatives Prior to the Start of the EPZ Arrangements.....	20
4. Location and Project Engineering	
4.1. Location of the Zone.....	22
4.2. Type of Industries to be Accommodated in the Estate.....	22
4.3. Size of the Proposed Estate.....	24
4.4. Land Use Pattern (Phase I).....	24
4.5. Industrial Buildings.....	26
4.6. Estimated Employment.....	26
4.7. Utilities.....	27
4.7.1. Electricity.....	27

CONTENTS (cont'd)

	<u>Page</u>
4.7.2. Water.....	27
4.7.3. Sewerage and Rain Drainage.....	28
4.8. Estimated Construction Costs.....	28
4.8.1.	28
4.8.2.	31
4.8.3.	32
5. Implementation	
5.1. Steps for the Establishment of the Estate.....	33
5.1.1. Feasibility Study.....	33
5.1.2. Site.....	33
5.1.3. Funding of the Estate-Construction.....	33
5.1.4. External Infrastructure.....	34
5.1.5. Planning Civil Engineering and Tender Documents.....	34
5.1.6. Construction Works for the Estate.....	34
5.2. Supporting Measures.....	35
5.2.1. Improvement of Cargo Handling at the Airport.....	35
5.2.2. Establishment of an EPZ-Authority.....	36
5.2.3. Evaluation and Revision of the Legal Framework.....	37
5.2.4. Project Profiles.....	38
5.2.5. Promotional Materials.....	38
5.2.6. Promotional Campaigns.....	39
5.2.7. PR-Campaign in Kathmandu.....	40
5.2.8. Improving Export Conditions.....	40
5.3. Time Schedule and Co-ordination of Activities.....	41
5.4. Summary of Immediate Activities.....	43
5.5. Table of Inputs.....	45
Annexes.....	46

Abbreviations and Conversions

EPZ	Export Promotion Zone
FE	Foreign Exchange
GDP	Gross Domestic Product
HMG	His Majesty's Government
mm	man-month(s)
ISC	Industrial Services Centre
NIDC	Nepal Industrial Development Corporation
PR	Public Relations
RNAC	Royal Nepal Airline Corporation
TPC	Trade Promotion Centre
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
UNCTAD	United Nations Conference on Trade and Development
ESCAP	Economic and Social Commission for Asia and Pacific

Conversions

1 US\$ = 14,20 Nepalese Rupees

100 Nep. Rs = 7,04 US\$

1. Executive Summary

His Majesty's Government has decided "to establish an Export Promotion Zone with a view to the effective mobilisation of resources needed to develop and promote specific export industries" (Industrial Policy, Act of 2037, 1981, Clause P27).

During the "annual review of country programme" in June 1981 the Ministry of Industry of HMG approached the UNDP office Kathmandu for assistance in "the feasibility study for an export processing zone" for UNDP/UNIDO assistance under the Third Country Programme. On the basis of the Mission Report 13-17 December 1981 and the consecutive Project Proposal SI/NEP/82/801 of January 1982 UNIDO has initiated a preparatory study for the planned EPZ, the results of which are contained in this paper. The main findings and recommendations are:

- Pending a more detailed evaluation in a feasibility study, the establishment of an EPZ near Tribhuvan International Airport, Kathmandu, and the setting of foreign export oriented companies appears feasible and beneficial to the Nepalese economy.

- Beside employment and foreign exchange earnings HMG expects from the EPZ an increased influx of foreign technologies and management techniques, mainly from Europe, USA, Singapore and Japan, and a diversification of exports, product- and country-wise.

- The EPZ would not be successful unless a number of supporting measures are undertaken. Improvement of cargo handling at the airport, establishment of an EPZ-Authority, preparation of project profiles and other promotional material and carrying out of promotional campaigns are priority activities to be initiated.

- The provisions pertaining to foreign investment would appear, in the view of a foreign entrepreneur, not fully clear and comprehensive. It is recommended to evaluate the legal framework, introduce the

necessary clarifications and issue a pamphlet outlining all relevant legal provisions and administrative regulations. At the same time, HMG should intensify negotiations for the necessary bilateral investment protection treaties and double taxation agreements.

- The EPZ would not be the only means to create employment and foreign exchange earnings. The above measures should also be employed to enlist foreign co-operation for import substitution and increased exports through non-EPZ factories. The creation of export oriented "bonded factories", prior to the opening up of an estate, should be pursued. On completion of the mission the authors wish to express their gratitude and sincere thanks to all officials in HMG departments and institutions as well as to private businessmen and foreign advisors for their co-operation, understanding and assistance. Likewise thanks are due to the UNDP and UNIDO officials in Kathmandu and in Vienna for their invaluable guidance and co-operation.

- As a decision on the site of the EPZ has not yet been reached by HMG, this paper can only present a general outline and hypothetical plan of the EPZ with cost indications. The size envisaged for the EPZ is 22 ha in a first stage with possible extension to 35 ha. Construction costs (including land) are estimated in the range of 5 to 8^{1/2} million US\$ (first stage), including several standard factory buildings. Preparation and civil works would require four years.

- Immediate steps to be undertaken in view of an implementation are the preselection of possible site for the EPZ, the allocation of funds for acquisition of land, the application for the funding of feasibility study and tender documents and eventually the site development and EPZ construction.

1/ Depending on price of land.

- Garments and leather goods/shoes are the most likely industries to be interested in investing in the EPZ, taking advantage of Nepal's quota for the EEC, the supply of leather and the favourable labour costs.

- When fully occupied, the estate (first stage) would offer jobs, mainly in light assembly operations.

2. Background Information

2.1. Economic Situation and Outlook

Nepal's per capita income presently stands at around US\$ 140. The growth of GDP averaged 2.4% p.a. in previous years but is expected to accelerate to 3.5% by the year 1984/85 if the growth of the agricultural sector could at least match the population increase, which was 2.2% p.a. during 1970 to 1979, and stands presently at 2.6%. As most of the medium and large scale industrial enterprises, especially the export oriented ones, are agro-based, the overall industrial performance largely depends on the development of agriculture.

This situation is the more critical since 1982 as Nepal has become a net-importer of food-grains. With increasing population pressure less agricultural produce will be available as raw material for export industries. The strengthening of import-substituting or export oriented manufacturing industries (instead of agro-processing) could gradually reduce the dependence of the country on agricultural production.

A World Bank evaluation of the potential of and constraints to Nepal's economic development^{1/} stresses the need for rationalization measures in state owned industries, the removal of obstacles to private investment and "vigorous measures to remove administrative and domestic financial constraints." The same observation is reflected in the UNIDO mission report^{2/} of December 1981, which calls for a "radical revision and simplification of export (and import) documentation" and the establishment of an EPZ as possible means "to eliminate most of the documentation delays".

^{1/} World Bank: Nepal, Policies and Prospects for Accelerated Growth, October 1981.

^{2/} P.F. Ryan, UNIDO: Mission Report, Nepal 13-17, December 1981.

Since 1981, with the introduction of His Majesty's Government's Industrial Policy and related acts, a number of obstacles to investment and export reported in earlier studies have been removed. Private investment is encouraged and the Government undertakes not to invest in competition to private companies. Foreign investment is admitted as majority in joint-venture or (in larger enterprises) even 100% foreign share holding.

The policy declaration of 1981 was accompanied by the setting up of several promotion and planning committees. However, up to present, Nepal still lacks the appropriate institutional framework, as well as industrial locations, to attract overseas investors.

Though up to 1982 a total of 28 joint-venture projects were licensed by the Department of Industry, only two or three of these are oriented to overseas exports (see Annex 1).

2.2. Industry

Industrial development in Nepal is still in the early stages as is indicated by the low contribution to the GDP. The contribution of manufacturing ("modern" and "cottage") was 936 million Rupees in 1979/80 (one-third of it from cottage industries) which represents 4.3% of GDP at factor cost. In terms of employment the manufacturing industry accounts for only 1-2% of the total labour force.

The structure of Nepal's industry is characterized by the following features:

- the predominance of agro-processing and
- the dominance of state-owned industries among the larger establishments (see Annex 2)
- the great share of small and medium scale companies in manufacturing

- the limited market of a population of 15 million a great part of which does not have more than 50\$ a year cash income or is not accessible by road. Local production is caught between high costs and price ceilings set by the low purchasing power as well as cheap merchandise, mainly from India.

Annex 3 shows the Production of Principal Industries in Nepal during 1977/78 to 1981/82. Growth rates for some selected fields reveal, that only few industries show a regular and steady growth. State-owned industry covers many of the possibilities for mass production, but not all goods are supplied in sufficient quantity and quality.

Though a number of improvements have been introduced following the policy declaration of 1981, Nepal's manufacturing industry still faces serious constraints. For all goods, the Nepalese manufacturer starts out with at least a 10-20% cost disadvantage on his raw materials, even though import duties have been reduced to a nominal 1%. Time, costs and delays in obtaining import licences add to the handicaps.

In spite of the various obstacles to investment in manufacturing a number of new factories have been established on given license to operate including projects such as dry cell batteries, rubber articles, reinforcing rods, water meters assembly or processing of medicinal plants. The ISC list of projects under study for the inland market shows a great number of additional possibilities (see Annex 4). However, many of these projects would only be viable if at least the cost and administrative disadvantages were counterbalanced by a protection or incentive scheme or else additional export sales would lead to larger production quantities and reduced unit costs.

2.3. Labour

According to sources of the World Bank^{1/}, Nepal's working population accounts for 55% of 15 million inhabitants, i.e. 8,2 million. 11% of these are employed in industry, 74% in agriculture and 15% in the service sector. The industrial employment, amounting to approximately 900,000 consists to a great part of construction workers (approximately 0.4-0.5 million) leaving for industrial employment an equal number. But only 50,000 of these jobs can be accounted for medium and large size factories and approximately 90% are in small scale industries.

A considerable number of workers, especially in construction are Indians, either immigrant labour or holding Nepalese citizenship. A figure taken from the Census 1976/77^{2/} shows 9,400 or 23% Indian workers (of a total of 40,700) in industrial establishments.

Proposals for inviting additional foreign investment to Nepal often name the "abundant cheap labour" as key incentive. It is true that there is no shortage in unskilled labour both male and female and that Nepal's minimum wages are little more than 20US\$ a month (unskilled grade). But wages have to be seen in the light of productivity. Given the low grade of training and literacy even among semi-skilled workers it remains doubtful whether tangible labour-cost advantages exist compared to other investment locations in Southeast Asia.

In addition, savings in labour-cost, which even in labour-intensive assembly operations would not exceed 15% of production costs, might possibly be offset by higher costs for transport or management. Only an actual calculation for typical EPZ products for comparable locations can show whether labour constitutes a decisive inducement for investing in Nepal.

^{1/} World Bank: World Bank Development Report, 1982

^{2/} Source: Central Bureau of Statistics, latest figure available
1976/77

2.4 Transit Constraints

Several studies have already been carried out on the subject by H.M. Government Authorities, United Nations Agencies and other organizations. One comprehensive study is "Direct Transit Costs of Nepal's Third Country Traffic Along Current and Proposed Transit Routes" completed by UNCTAD/ESCAP under project number RAS/81/114, in 1982. The study report brings out detailed cost analyses related to land transport from and to Nepal via Calcutta and Chittagong as well as to air transport.

2.4.1. Land Transport

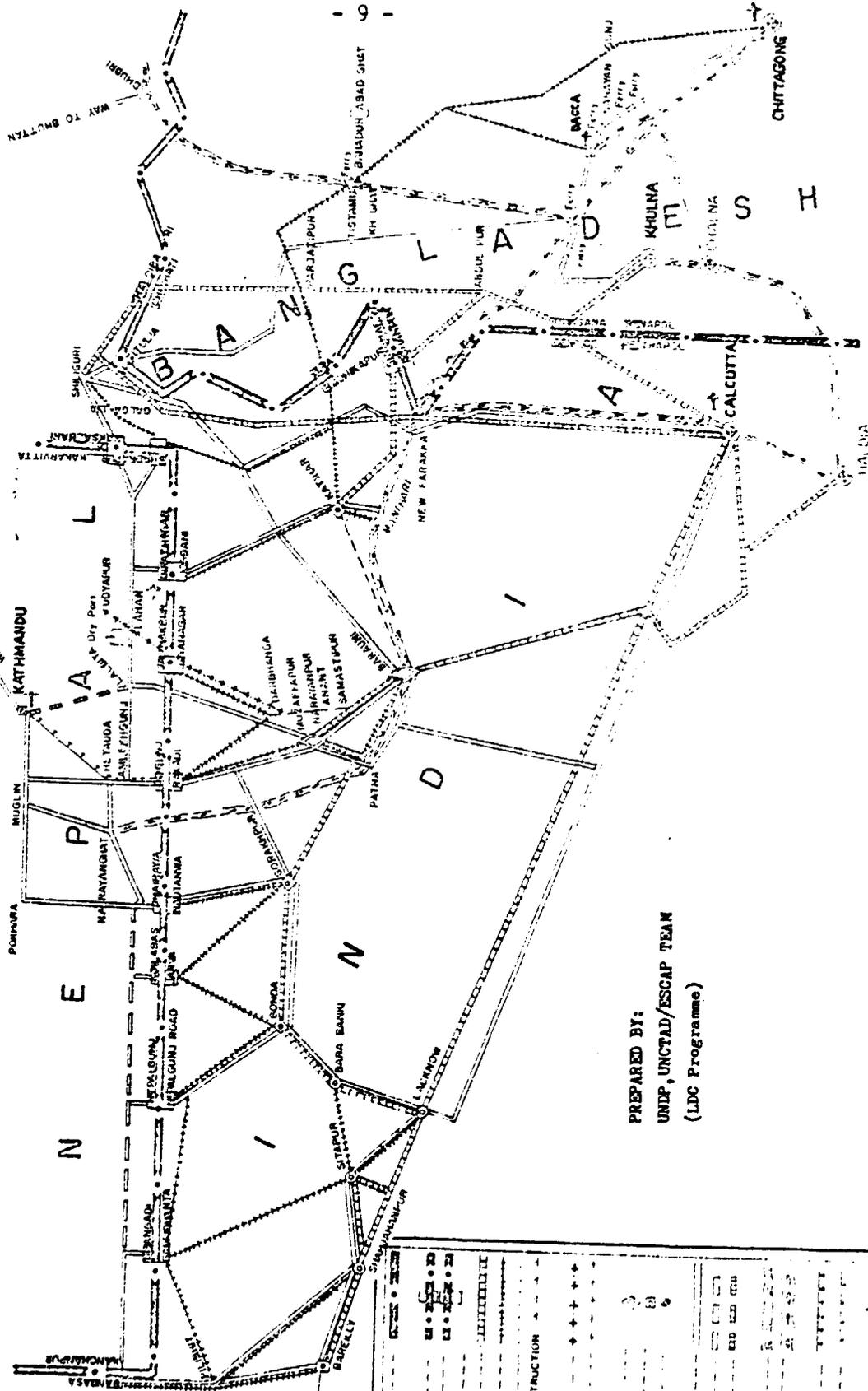
Transport time from the Calcutta harbour to Kathmandu varies between two weeks and two months, due to the necessity of transshipment as well as the rather complicated customs procedure. A sketch showing various alternative routes is given in the following page. Plans for improvement (e.g. expending the meter gauge railway to Nepal's border) required for implementation huge financing and may materialize only after several years, which would not be much favourable to potential investors who may wish joining EPZ now.

Information collected during a visit paid by authors to the Port Authority in Calcutta on 24 May 1983 revealed that a number of improvements in storage and handling have been effected. For example, separate warehouses have been allotted for Nepal's in-and out-going goods. The interviewed Traffic Manager of the Calcutta Port has ensured that from the port's side a speedy handling of goods is guaranteed but he claimed that delays often occur due to customers, who either have not completed the required documentation or simply postpone collection of their goods.

As regards the customs procedure it is proved to be long and complicated. Indian customs authorities, to protect India against leakage of goods into India, imposed stiff guarantee fees or insurance premiums respectively (based on Indian price level), which in addition cause paper work and delays. It has been learnt that although the

NEPAL TRANSIT TRANSPORT NETWORK

(SCHEMATIC)



PREPARED BY:
UNDP, UNCTAD/ESCAP TEAM
(LDC Programme)

LEGEND

INTERNATIONAL BOUNDARY	---
INTERNATIONAL GATEWAYS	●
EXISTING	—
PROPOSED	- - -
RAILWAYS IN OPERATION	—
BROAD GAUGE	—
METER GAUGE	—
MONORAIL GAUGE	—
BROAD GAUGE RAILWAYS UNDER CONSTRUCTION	- - -
PROPOSED RAILWAYS	- - -
URDUGI CANALS	—
METER CANALS	—
TRADING POINTS	●
DE-CELEST IN OPERATION	○
PROPOSED	○
OTHERS	○
ROADS	—
EXISTING	—
UNDER CONSTRUCTION	- - -
PROPOSED	- - -
ALTERWAYS	- - -
IN OPERATION	—
PROPOSED	- - -
SUPERWAYS	- - -
EXISTING	—
PROPOSED	- - -
INTERNATIONAL AIRPORTS	✈
EXISTING	✈
PROPOSED	✈
SEAPORTS (IN OPERATION)	⚓

containers for road transport are checked and sealed in Calcutta, the Indian customs authorities open them again at the border to Nepal at their own discretion and repeat checking. It was discussed with the customs officials in Calcutta that the subject can be submitted to the existing joint Indian-Nepalese Committee especially in view of expected wider introduction of road and railway container transport, aimed at eliminating the double checking bottleneck.

There is also room for improvement on the side of Nepal's border customs, which despite of only 1% import duty on raw-materials, machines etc, very often ask for higher rates to be paid as security. Although these can be claimed at the customs authority at Kathandu it can take up to six months to refund the money involved and this means unnecessary tying of liquid assets, additional paper work and time loss.

The transit cost for Nepal's border incoming goods from Calcutta range between 4% for textiles and 10% for machineries and electrical goods.^{1/} In addition, there is 1% Nepalese import duty and 0.75% (or more) import license fee. For goods to reach Kathmandu, additional 3-4% of CIF value have to be accounted for trading charges, which would bring the total transit and duty costs for machineries or electrical components to 15-16%. Obviously, this would render any export production incompetent when compared to locations such as Colombo, Karachi or Bangkok.

As can be seen from Annex 6, considerable quantities of machineries and parts (356 tonnes), radios and tape recorders (47 tonnes) and electrical goods (108 tonnes) are already airfreighted instead of land transport.

^{1/} See Annex 5. Few items bear higher charges: Iron rods 15%, fertilizer 29%, cement over 80%.

It has been, therefore, assumed that in the initial stage of operation, the EPZ industries should preferably be of a light weight/high value production type, relying on airfreight.

2.4.2 Air Transport Constraints

However, air cargo to and from Kathmandu also faces several difficulties. The authors came to a conclusion that these obstacles can easier be overcome in comparison with those of land transport.

The at present available direct air routes from or to Kathmandu are: Colombo, Rangoon, Dakha, Bangkok, Hongkong, Delhi, Calcutta, Patna. Airlines intend to introduce soon new routes to: Karachi, Dubai and Singapore. Also routes to China and Japan are under serious consideration.

At present, due to the limited capacity of cargo handling at Tribhuvan airport, (turn-over of 2,500 tpa with no shelf space or handling equipment!), goods, can often not be accepted for cargoing to Kathmandu and have to wait at Delhi, Bangkok or other connection points. To meet the requirement of steadily growing demand in cargo, the Tribhuvan International Airport handling facilities have to be improved as soon as possible. A new warehouse is under preparation, but it will not be available before 1986/87.

In view of the above, a temporary solution of the problem is of a first priority. Related recommendations for improvement are given in chapter 5.2 of this report.

Some selected aircargo information is included in Appendices 6 and 7. Costs shown in Annex 7, however, do not represent the actual freight rates applicable for larger quantities. Most airlines now offer a rate of around 2,50\$/kg for quantities of some 100 kg per shipment or 1,000 over kg yearly freight volume.

2.5 Export Scenario

Nepal's balance of payments situation has worsened steadily in recent years. Though the trade deficit with India has decreased, the deficit with overseas countries has increased further. The major factors involved in the escalation of the trade deficit are lagging manufactured exports, stoppage of food grain exports and a rapid increase in overseas imports of petroleum and development goods. The problem for Nepal was compounded further by the lack of incentives to export overseas and the recession in the industrial countries.

India has always been the major trade partner of Nepal: over 60% of Nepal's exports go to India - over 90% of them primary goods - and nearly 50% of the imports come from India - foodstuffs, capital and consumer goods (see also Annex 8).

In respect of deficit with India two factors are responsible. First the prices of primary products in the Indian market (Nepal exports) are lower than those of manufactured products^{1/} (India's exports). Thus, the terms of trade are in favour of the Indian manufactures and not encouraging for Nepal as a primary goods producer. Moreover, Indian prices of some products like cement, capital equipment etc. are higher than the world market prices.^{2/} Furthermore, India sends low quality goods to Nepal.

To improve the present situation, Nepal is in a weak position. Firstly, the geographical position of Nepal and therefore transit cost situation puts any non-Indian exports/imports at a disadvantage. Exports, mainly consisting of bulk products such as sugar, pulses or goat skins, are nearly 100% transported by land to India or land/sea to overseas destinations. Air cargo had only a share of 0.6% during

^{1/} See: Indian Trade Journal; Vol. 296, No. 10, 3 June 1981, DGCIS, Calcutta.

^{2/} Indian exporters do not benefit from export incentives when exporting to Nepal and therefore quote higher prices.

the Fifth Plan, was however increasing to 1.7% in 1981/82. Carpets (60 million Rupees. 1980/81), other handicrafts (69 million), goat skins (19 million), garments (12 million) and woolen goods constitute the most important airfreight exports.

The 12 million garments obviously are supplied to USA and the European Common Market, taking advantage of Nepal's favourable quota allocation. Some industrialists in Kathmandu already manufacture on "Cut Make Trim" basis for European customers, which shows that the potential exists, qualification- and cost-wise. Improving air-freight services could break this quasi-monopoly but in-and-out-freight volume takes time to develop. Secondly, the technological basis of Nepal is still too weak to develop exports, (a) of manufactured goods, and (b), to industrialized countries. Thirdly, the Ministry of Commerce and Supplies is not geared to an export promotion move and the Trade Promotion Center, presently the only promotional body, still needs substantial reinforcement. Fourthly, the Nepalese Rupee is over-valued in relation to the currencies of Nepal's major trade partners, thus making Nepalese products uncompetitive pricewise in the international market.^{1/} Fifthly, the present export incentive scheme has not yet gained momentum and its effect on the cost situation of exporters remain to be seen.

After an attractive but somewhat unhealthy export incentive scheme up to 1978, and hardly any tangible inducements thereafter, HMG brought out an extensive system of incentives in 1982. Export oriented industries will be granted income tax exemption, almost duty free imports of raw materials and spare parts, exemption from excise, sales and local taxes.

Imports of capital goods and articles of daily consumption have been liberalized while restrictions have been placed on the import of luxury goods.

^{1/} See also the recommendation of the recent IMF mission.

The period after introduction of this scheme is too short to assess its ability to strengthen export industries. Although the system is clearly much healthier than both of the previous export schemes, business circles have been doubtful whether implementation will be possible to the full extent.

2.6 Legal Framework and Investment Climate

In 1981/82 HMG has introduced three important acts relating to investment:

- the Industrial Policy (act 2037 of 1981) outlining the conditions and incentives for foreign and local investment as well as regulations for industrial licencing, registration of enterprises, exchange facilities and institutional arrangements.

- The act relating to Foreign Investment and Technology (act 2038 of 1982) containing details of procedures for the registration and licencing, the repatriation of capital and profits and the conduct of business through joint-ventures or foreign investors.

- The Industrial Enterprises Act (act 2038 of 1981) setting the rules for industrial investment in general, partly overlapping with the aforementioned two acts.

Other relevant legislation and regulations pertain to labour, imports and export licencing, exchange control, and bank landing principles.

Compared to the legislation and investment conditions pre-1981 the three acts of 1981 and 1982 mean an essential improvement for local and foreign investors alike. HMG has embarked on a liberal import and export policy, opened the country to foreign investment and introduced substantial inducements.

To the foreign investor, however, who judges the investment conditions in comparison to other locations and their legislation, the Nepalese set of provisions might appear not entirely clear or comprehensive and in various aspects contradictory. Only the local or Indian investor who is in a position to assess the relevance of the various possible restrictions will be ready to opt for substantial investment in Nepal's industry.

Necessity for a comprehensive listing and explanation

Besides the three above mentioned acts of 1981 and 1982 a number of other acts and regulations must be observed by the investors. There is no comprehensive listing or compilation of all relevant provisions. The investor might be confronted with a number of unexpected other steps (tax registration, tax clearance, foreign exchange approval etc.), as he tries to get his company registered and operating. A flow chart showing the various steps necessary should be drawn up and approved by all ministries involved.

Necessity for clarification

In the view of the experts, various clauses in the Industrial Policy are overlapping and sometimes it is not completely clear, whether they are applicable to foreign investment "inland" Nepal only or as well to the EPZ (namely FI 01 g, FI 02 b, FI 02 g, FI 04 e, FI 09, FR 03, GM 01). For example, clause FI 02 f Industrial Policy specifies that EPZ enterprises will be liable for 1% import duty only, but clause FI 02 b stipulates for investment in general, that raw materials, auxiliary materials and chemicals will be subject to duties currently in force, if enterprises which import them fall under the schedule designated by HMG. The present schedule contains among other zip fasteners, jewellery, assembly industries and "other industrial products designated from time to time by HMG through notification". Other clarifications are required regarding investment protection, where guarantees of the Industrial Policy are only for few nations backed by international treaties, and likewise the question of double taxation agreements.

It was discussed with officials of HMG Ministry of Industry to issue a separate dossier containing all relevant stipulations for (a) the foreign investor in general, and (b) for the EPZ investor, commented and endorsed by the Ministry. Though there might be every intention on the side of HMG to safeguard the interests of the foreign investor the Nepalese investment legislation, in the eye of an outsider, is not sufficiently clear and "safe" and calls for the proposed ministerial dossier or a special Government Notification.

Relevance of duty payments

The experts have also pointed out, that even the small payments of import duty and license fees constitute a tangible disadvantage compared to other EPZs: These payments amount only to 1.2%^{1/} of ex-factory sales, but seen against profits these 1.2% would be equivalent to a payment of tax on profit at a rate of 12% (on 10% declared profit) or even 24%, if the profit, i.e. in the initial years, is only 5%. A possibility of counteracting this disadvantage may be a 3 years grace period, which would give companies in Nepal's EPZ an equal standing with competitors in other EPZ locations.

EPZ authority

The Industrial Policy specifies in P27 that "steps will be taken to establish an Export Promotion Zone" and several other clauses set the conditions and incentives for the investors in EPZ. However, no specific legislation has been introduced on the institutional framework of an EPZ-authority with the necessary concentration of functions and power of representation. As the EPZ-authority (see chapter 5.2.2) should be established prior to the physical development of the EPZ, preparations for the relevant legislative steps should be initiated as soon as possible.

^{1/} 1% import duty + 1% licence fee (including one change) on raw materials content of 60% of ex-factory cost = 1.2%.

Investment climate

The above examples support the views of foreign and local businessmen, that the frame for industrial investment is to a certain extent governed by day to day decisions which sometimes only mean to restrict certain undesired business practices but have bearing on the whole industrial field. Proof of this seems to be the rather un-systematic selection of industries in schedules I, II, and III of the Industrial Policy, which have excluded certain companies from the concession scheme.

Consequently, comments on the investment and business climate are with many businessmen rather on the negative side. Personal contacts are believed to play a more decisive role for business success than elsewhere.

3. Potential for an EPZ in Nepal

3.1. Objectives and Priorities of HMG

His Majesty's Government of Nepal, in planning the establishment of an Export Promotion Zone, pursues the following main objectives:

- improvement of balance of payments
- diversification of trade by commodity, whereby also a diversification to countries other than India is desired
- inflow of foreign management techniques, work organization and technologies
- employment and up-grading of the work-force
- revenue to government.

Of these objectives the diversification by country and the introduction of a modern element from abroad to the business scene in Nepal is allocated higher priority than the effect on foreign exchange, employment or government revenue.

3.2. Status of Preparation for the Establishment of the EPZ

Following the 1981 declaration to establish an EPZ, only few steps have been taken in this direction. Though various committees and institutions are involved in industrial and export promotion, the responsibility for the follow-up on the EPZ-project has not yet been assigned to a specific organization. The preparation for the EPZ is still in an early stage:

- Plans about the location of the EPZ are still vague. Site selection must still be initiated.
- Government has not yet allocated funds for studies, planning, land acquisition and construction, nor have financing institutions or donor agencies been approached for financing.

- There is no clear concept about the organizational prerequisites for the EPZ. Legal provisions, organizational structure and funding of an EPZ Authority still have to be determined.
- Airport cargo handling constitutes a severe bottleneck that would prevent the investor from deciding for settling in the EPZ. Promotional activities cannot be successful as long as the present situation persists.
- The legal framework is not fully developed for the EPZ situation. In view of some inconsistencies and lack of important provisions, promotional efforts cannot be expected to result in investment decisions.
- Although the acts of 1981 and 1982 reflect the firm intention of HMG to create an environment congenial for industrial development with the participation of foreign investors, the various departments of the administration have not yet been tuned to this liberal approach. Present administrative procedures are time consuming, costly and complicated. All promotional efforts might be defeated the moment the interested investor is confronted with these formalities.
- Government is still lacking a concept regarding the type of industries that should be approached for EPZ investment vs. joint-ventures "inland" Nepal. For target industrial fields project profiles must be developed based on the existing material in ISC and other institutions (e.g. the "leather cell" of the Ministry of Industries).
- The knowledge about prerequisites, target industries, mechanisms, costs, benefits and possible disadvantages of an EPZ in the concerned ministries and institutions is still very limited. There is a tendency to overvalue the attraction of the incentive scheme and the "abundant cheap labour".

3.3 Competitiveness of an EPZ in Nepal

Subject to a systematic assessment and comparative analysis, the conditions for foreign investment in Nepal can be judged positively:

A. Advantages compared to many other EPZs

- no quota restrictions into EEC and USA
- good climatic conditions
- raw material inputs (if applicable)
- availability of capital and entrepreneurs for joint-ventures
- liberal access (100% foreign companies admitted, no limitations for garment manufacturers)
- foreign banks operating in Nepal
- absence of cultural barriers, good image of Nepalese people.

B. Disadvantages

- transit costs and difficulties
- cumbersome administrative procedures
- difficulties with foreign exchange transfer
- low skill of workers, lack of qualified personnel
- lacking industrial infrastructure

C. Factors still to be evaluated

- labour costs vs. productivity and effective man-day output
- incentive scheme in view of incompleteness of legislation
- investment security, political stability and business climate.

3.4. Possible Alternatives Prior to the Start of the EPZ Arrangements

The objectives outlined in para 3.1. can partially be achieved even before the EPZ, which will take time to develop, is in full operation.

- Improving the cargo handling at the airport is a prerequisite for attracting any foreign investors but will benefit the export industry in general.
- The same applies to simplifying administrative import and export documentation, clarifying and completing the legislative framework.
- Strengthening ISC and NIDC capacity in carrying out project identification and feasibility study would enable HMG to approach investors with specific and detailed proposals both for export and import substitution alike.
- Manpower development would serve export or import substitution industries alike and be at the same time a good preparation for the EPZ to come.
- Even before the physical and administrative infrastructure of the EPZ is in existence, the principle of EPZ production can be applied, i.e. in the form of subcontracting work or export-production in a bonded-factory.* This idea was discussed with several government officials but was received with reservations, which might be due to the limited information about such a system.

All these measures would have the immediate result to facilitate exports and/or import substitution and the same time prepare the ground for the EPZ to be established. They could contribute to all five objectives mentioned above.

* A suitable site for 1-2 factories has been identified near the Bhaktapur Small Scale Industrial Estate.

4. Location and Project Engineering

On the basis of the background and the potential described above the authors propose to carry out a detailed feasibility study on the establishment of an Export Promotion Zone (EPZ) in Nepal with the following basic data.

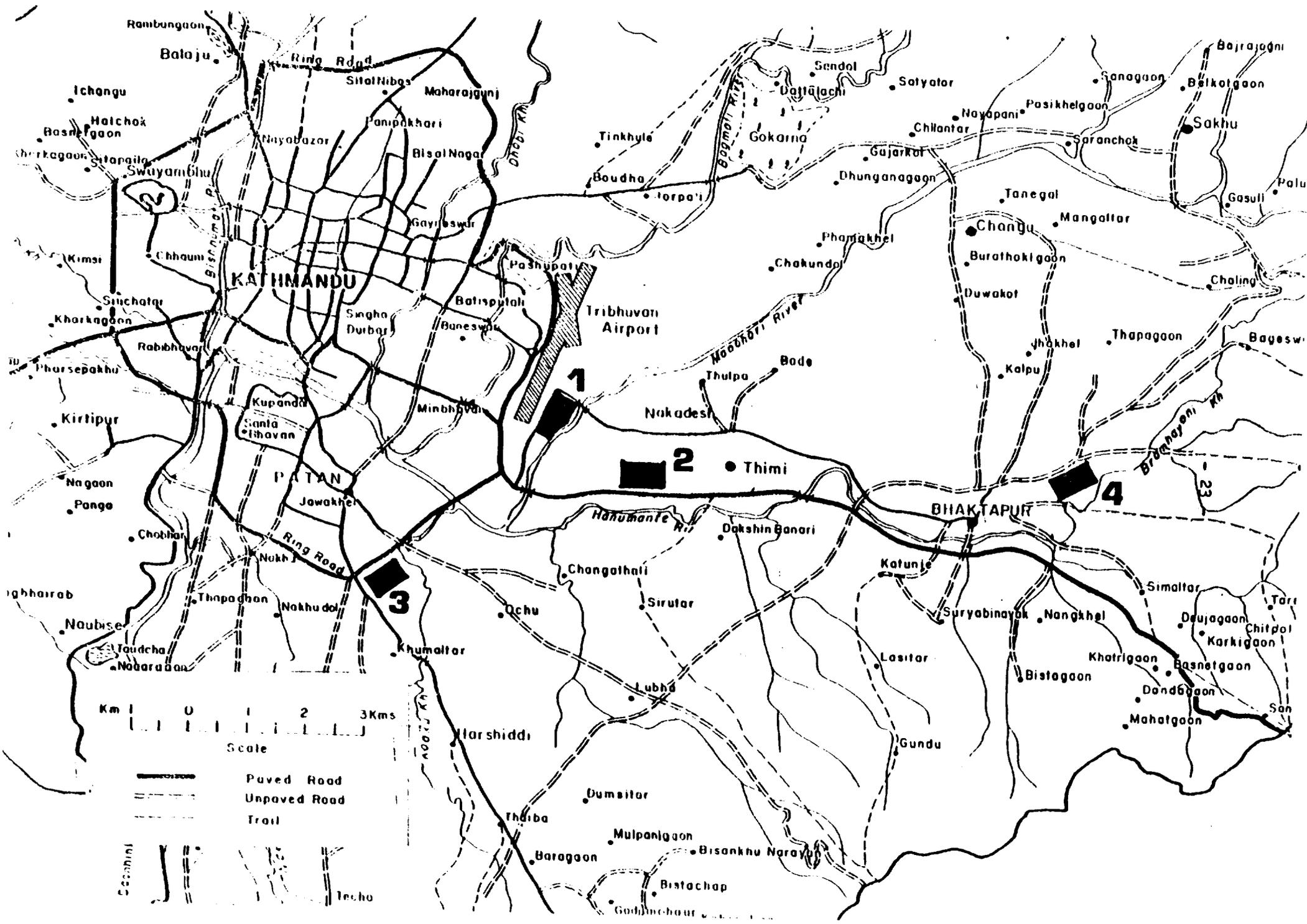
4.1. Location of the Zone

As due to land transport constraints during the initial stage of project implementation, the EPZ will mostly be depending on air transport, it is proposed to locate the Export Promotion Zone within a short distance to the Tribhuvan International Airport in Kathmandu. A preliminary application in this respect has already been submitted to Kathmandu Town Planning by a letter dated 16 May 1983. Furthermore a discussion has been held with the Chief Town Planner on 19 May 1983, during which four alternative locations have been suggested by the authors. A decision to be taken by the Kathmandu Valley Town Planning can be expected within a few months.

The following page shows the alternative locations on the Kathmandu map. The feasibility study should evaluate the alternatives approved by the Town Planning with consideration of cost of land, distance to the airport, existing infrastructure, soil test results, etc.

4.2 Types of Industries to be Accomodated in the Estate

The industries to be selected for the EPZ should be of a light weight and/or high value production. A tentative list of some chosen industries forms Appendix number 9.



KATHMANDU

PATAN

BHAKTAPUR

Tribhuvan
Airport

Thimi

Changathali

Scale

— Paved Road
- - - Unpaved Road
- - - Trail

Cessing

Techo

23

4.3. Size of the Proposed Estate

It has been assumed that a parcel of land of about 35 ha should be reserved for the purpose of establishing the EPZ. The project implementation could follow in two phases. The phase I might embrace a parcel of land of 22 ha while the remaining 13 ha could be foreseen for future extension.

4.4. Land Use Pattern (Phase I)

<u>Total EPZ area</u>	<u>22,00 ha</u>
- Industrial land	15,09 ha
- Roads	2,60 ha
- Utilities	0,70 ha
- Common buildings (warehouses, administration, workshop etc.)	1,50 ha
- Open space & greeneries	2,11 ha

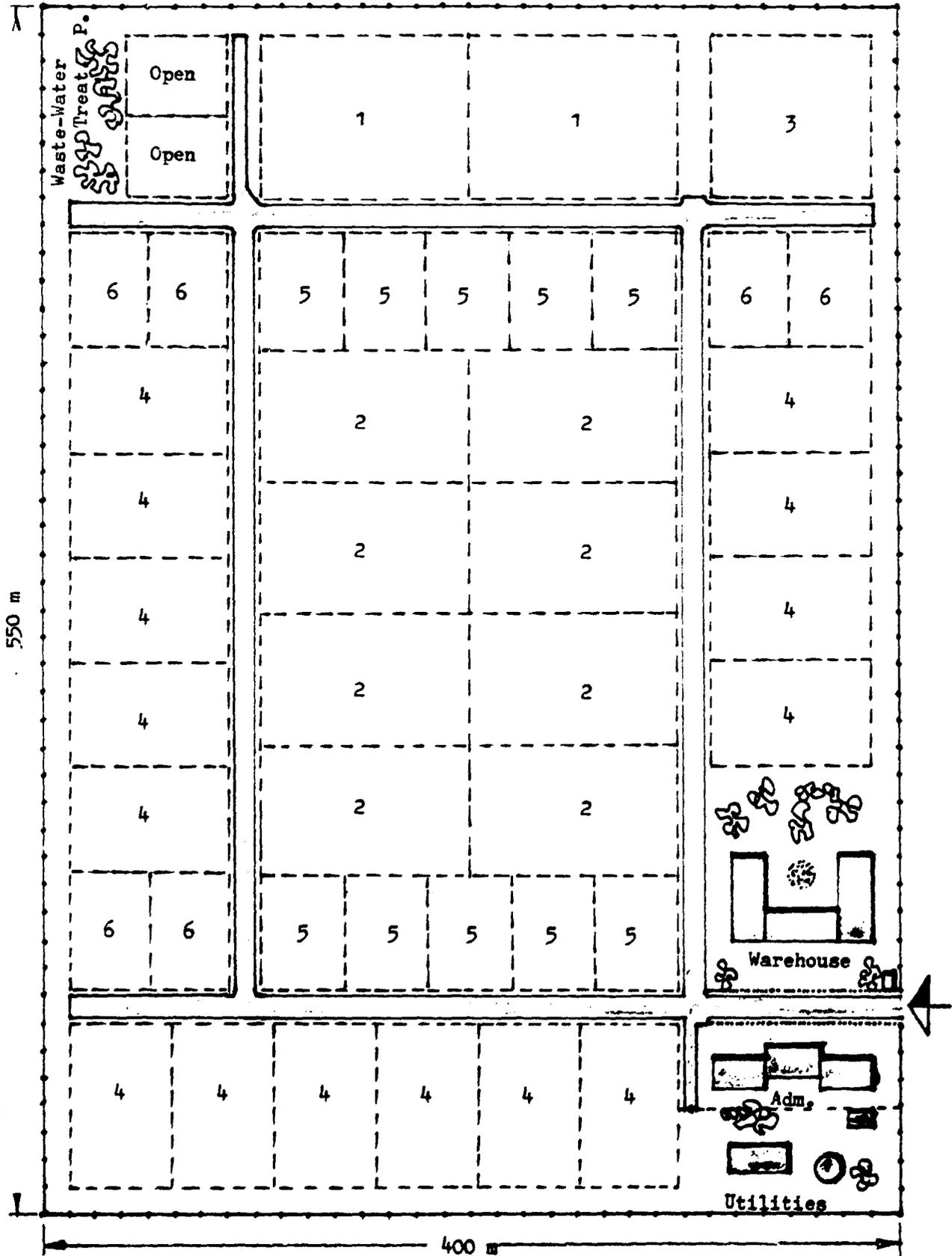
Number and Size of Industrial Plots of Land

Size No. 1 - 2 Nos at 7,125 m ²	= 14,250 m ²
Size No. 2 - 8 Nos at 5,700 m ²	= 45,600 m ²
Size No. 3 - 1 Nos at 5,625 m ²	= 5,625 m ²
Size No. 4 - 15 Nos at 3,600 m ²	= 54,000 m ²
Size No. 5 - 10 Nos at 1,976 m ²	= 19,760 m ²
Size No. 6 - 6 Nos at 1,950 m ²	= <u>11,700 m²</u>
Industrial Land Total =	150,935 m ²

Average size of the industrial land plot is approximately 3,600 m².

A hypothetical lay-out plan is shown on the following page.

LAY-OUT PLAN (Hypothetical)



The feasibility study to be carried out yet will establish the actual demand on industrial land at the EPZ. The number and sizes of individual plots of land may then be adjusted as required.

4.5. Industrial Buildings

An assumption has been made that the overroofed area will consist of about 1/3 of the plots of land in the first stage and may increase to a maximum of 1/2 the land plots area after expansion of factories.

Total built-up area would then vary from
 $1/3 \times 150,935 \text{ m}^2 = 50,312 \text{ m}^2$ say 50,300 m^2 in the first stage;
to a maximum of $1/2 \times 150,935 \text{ m}^2 = 75,468 \text{ m}^2$, say 75,500 m^2
in the final stage.

The built-up area may, however, even be higher if multi-storey factories would be constructed.

Furthermore it has been tentatively assumed that about 50% of the planned overroofed area will consist of buildings constructed in advance by the EPZ Authority as standard factories for rent. The remaining 50% would be kept for custom-built factories to suit special requirements of particular industries.

Pre-built standard factories area would be:

50% - $50,300 \text{ m}^2 = 25,150 \text{ m}^2$

4.6. Estimated Employment

The number of workers and employees in the EPZ may vary depending on the type of industries. In case of garment production, leather goods or electronic assembling an average figure of 15 m^2 to 20 m^2 of factory area per one worker has been adopted. This includes also auxilliary premises, stores etc.

Accordingly, the number of workers may be estimated as:
2575 to 3353 in the first stage, and
3775 to 5033 in the second stage.

As the figures may vary considerably from one to another industry, the feasibility study will have to establish more accurate data.

The operation of the EPZ will, besides the above estimated direct employment, create also indirect labour demand through various services required by the EPZ factories.

4.7. Utilities

The tentative demand on utilities in the EPZ may be estimated as follows:

4.7.1. Electricity

Assumed at the rate of 1 kW installed power per 25 m² of the factory building's area. (For more labour intensive production).
Built up area Phase I 25,150 m². $25,150 : 25 = 1,003$ say 1,000 kW plus utilities etc 80 kW total 1,080 kW x 60% (coeff. of simultaneously) = 648 kW. It has been assumed for the initial stage a standard 630 kVA transformer.

4.7.2. Water

At a rate of 200 l/worker/day (300 days a year) say from 150,000 cu.m. to 200,000 cu.m. per year plus technological water demand for some industries, say 100,000 cu.m. - totalling to 250,000 to 300,000 cu.m./year, which is from 835 to 1000 cu.m./day. An elevated water tank of 250 cu.m. capacity may meet the expected requirement of the first stage of project implementation. The water tank has also to provide sufficient fire-fighting water in the EPZ.

Two water wells can be installed to supply underground water via a water treatment unit to the elevated tank. A central water distribution system is not available as yet.

4.7.3. Sewerage and Rain Drainage

An adequate sewerage system has to be designed for the EPZ. As less pollutive type of industries would only be allowed at the EPZ, a simple waste water plant can be foreseen (oxidation ponds, filters, sedimentation tanks etc). If, in some cases of production, a higher water pollution may occur, the necessary pre-treatment units and the cost of the factories would be a must.

4.8. Estimated Construction Costs

4.8.1. The construction costs (within the borders of the EPZ) are estimated in Nepal's currency with a rough indication of foreign and local components. The rates applied were collected by the authors during a short survey in the Kathmandu area. (For estimates on standard factory buildings see p. 4.8.2. below).

	<u>Nepalese Currency in '000 Rs.</u>		
	<u>Local</u>	<u>Foreign</u>	
	<u>Currency</u>	<u>Currency</u>	
	<u>Component</u>	<u>Component</u>	<u>Total</u>
1. Land 22 ha of land at a prevailing HMG compensation rate 120,000 Rs/ha.* 22 x 120,000 Rs.	2,640	-	2,640
2. Land Survey, earmarking and levelling 220,000 m ² x 4 Rs/m ²	880	-	880

* The actual market value is about 2,400,000 Rs/ha at sites 1, 2 and 3 and 50% of that (1,200,000 Rs/ha) at site 4, in a distance of 15 km from the city.

cont 'd	Nepalese Currency in '000 Rs.		
	Local Currency Component	Foreign Currency Component	Total
3. Fencing h = 2.5 m + (barbed wire) + gate. 1,900 m x 475 Rs/m.	403	500	903
4. Internal roads:			
1,500 m x 2,530 Rs (11 m width)	3,415	380	3,795
250 m x 1,725 Rs (7,5 m width)	388	43	431
5. Hardened surface of yards and parking areas:			
1,500 m ² x 150 Rs/m ²	225	-	225
6. Water wells (2 units) Depth-75m all included - capacity - 80 cu.m/hr 8" pipe. 2 x 400,000 Rs.	320	480	800
7. Elevated water tank 250 cu.m. capacity (all included). 1 x 3,500,000 Rs.	1,400	2,100	3,500
8. Water distribution lines:			
500 m - 150 mm ϕ x 250 Rs/m = 125,000 Rs			
900 m - 100 mm ϕ x 150 Rs/m = 135,000 Rs	115	175	290
300 m - 50 mm ϕ x 100 Rs/m = 30,000 Rs all included.			
9. Fire-fighting hydrants 40 pcs x 3,500 Rs.	20	120	140
10. Water treatment plant for capacity of 1,000 cu.m./day Lump Sum	300	700	1,000

cont'd

	Nepalese Currency in '000 Rs.		
	Local	Foreign	
	Currency	Currency	
	Component	Component	Total
11. Sewerage Pipelines:			
500 m - 500 mm ϕ x 600 Rs/m = 300,000 Rs			
900 m - 400 mm ϕ x 500 Rs/m = 450,000 Rs	200	670	870
300 m - 300 mm ϕ x 400 Rs/m = 120,000 Rs			
12. Waste water plant	400	1,000	1,400
13. Electricity standard transformer			
630 KVA 11,000 V to 440 V -			
- L.S. 240,000			
- 7 panels and control room			
- L.S. 1,040,000	280	1,800	2,080
- Underground cables			
1,300 m with 50 connections			
- L.S. 650,000			
Street lighting 50 points x 3,000 Rs			
14. Telecommunication 100 N.			
Telephone + 1 Telex	20	600	620
15. Common buildings:			
- Administration 400 m ² x 2000 Rs/m ²			
= 800,000 Rs.			
- Workshop 100 m ² x 1700 Rs/m ²			
= 170,000 Rs.			
- Guard Room 20 m ² x 1800 Rs/m ²			
= 36,000 Rs.			
- Warehouse 1200 m ² x 1700 Rs/m ²			
= 2,040,000 Rs.	1,546	1,500	3,046

cont'd

	<u>Nepalese Currency in '000 Rs.</u>		
	Local	Foreign	Total
	Currency	Currency	
	Component	Component	
16. Equipment and furniture	100	600	
17. Vehicles (cars)	-	300	300
Sub-total	12,652	10,968	23,620
Designing and Supervision 5%	633	548	1,181
Sub-total	13,285	11,516	24,801
Contingency 10%	1,328	1,152	2,480
Total	14,613	12,668	27,281

Foreign component in US\$ '000

893

4.8.2. Standard Factory Buildings (to be pre-built by EPZ Authority for rent).

	<u>Nepalese Currency in '000 Rs.</u>		
	Local	Foreign	Total
	Currency	Currency	
	Component	Component	
- 25,150 m ² x 1700 Rs/m ²	21,255	21,500	
Sub-total	21,255	21,500	42,755
- Designing and supervision 2%	425	430	855
Sub-total	21,680	21,930	43,610
- Contingency 5%	1,084	1,096	2,180
Total	22,764	23,026	45,790

Foreign Currency Component in US\$ '000

1,833

4.8.3. Total estimated capital investment for the Phase I would be:

- Local Currency	37,377,000 Rs = 2,632,170 US\$
+ Foreign Currency	<u>2,726,000 US\$</u>
	5,358,170 US\$

However, with consideration of the land market value the figures would be increased to:

126,246,000 Rs = 8,890,000 US\$

5. Implementation

On the basis of the above findings, the authors recommend to initiate the next steps for the establishment of a first phase of an EPZ as described in the above chapter 4. Actions on the EPZ must be in line with a number of supporting measures, without which the project would not be successful.

5.1. Steps for the Establishment of the Estate

5.1.1. Feasibility Study

To carry out a feasibility study on the establishment of an EPZ in the vicinity of Tribhuvan International Airport, Kathmandu. HMG may apply to international donors or bilateral assistance for funding of the feasibility study at an estimated cost of US\$ 160,000. To avoid time delay, the costs of the tender documents should be included in this application.

5.1.2. Site

For HMG to approve some of the alternative sites preselected for the EPZ and reserve the land, for phase I and II of the EPZ-proposal (total 35 ha), is pending the final decision.

Funds to be set aside for acquisition of land for about 22 ha for Phase I of the EPZ. The actual land acquisition can only be finalized after the feasibility study has been completed.

5.1.3. Funding of the Estate-Construction

On the basis of the concluded feasibility study HMG may initiate negotiations for the funding of:

- detailed planning
- preparation of tender documents
- civil works, materials and equipment
- consultancy and site supervision

An ideal constellation would be an arrangement whereby the sponsoring of the institutional build-up of an EPZ-Authority could be included.

Discussions with various donor agencies about funding the EPZ-feasibility study will already offer the opportunity to sound out for funding of the total development cost of the EPZ project.

5.1.4. External Infrastructure

As soon as the site has been decided on and the feasibility of the EPZ has been proven access road, the water sewerage system and an electricity feeder line can already be constructed from the infrastructure budget of HMG. This should be done prior to the civil works at the EPZ so the road and power connection will already be available for the civil works of the EPZ.

5.1.5. Planning, Civil Engineering and Tender Documents

These plans and documents should be prepared shortly after the completion of the feasibility study, simultaneously with the ongoing negotiations for the financing of the EPZ. It is recommended also to involve local consultants in order to guarantee the adaptation of construction methods to local skills, machinery and conditions. A good example for appropriate construction methods for factory buildings as well as timely execution is the new training workshop of the SATA training centre in Balaju. The engineers of SATA will gladly give their advice.

5.1.6. Construction Works for the Estate

The Civil works for the EPZ should be executed in various stages:

1. Main road and infrastructure network including all common facilities.
2. 50% of factory buildings, the remainder to be custom-built.

3. Full build-up of the EPZ according to the layout.
4. Possible extension, for which new plans and tender documents have to be worked out.

To avoid time delay and additional costs, it is recommended that, deviating from present government procedure, an alternative selection of bidders should be considered. Experience has shown that the present regulations for government contracts (the cheapest bidder must be chosen) often result in time delays and additional costs when the contracted party proves unable to fulfil its obligations.

5.2 Supporting Measures

5.2.1. Improvement of Cargo Handling at the Airport

Chapter 2.4 outlined the present situation and the resulting constraints. It is recommended to arrange for a temporary improvement, which would encompass the following:

- Erection of shelves to utilize the full height (approximately 6 mm) of the existing warehouse.
- Special handling equipment (2-fork-lifts) to operate these shelves. The Lufthansa advisors at RNAC are willing to assist in planning and selection of this equipment.
- Renovation of social rooms and office premises (minor architectural changes).
- Introduction of container handling equipment (some containers already available).
- Reorganization of the flow handling. Training and employment of additional staff.
- Construction of an additional temporary shed to separate incoming and outgoing freight (light pipe construction and corrugated sheets.)

A rough estimate of the costs arrives at 150,000 US\$ for shelves, handling equipment and alterations, 100,000 US\$ for the temporary shed and a requirement for 4-6 m/m expert input for reorganization and training. The above improvement can be implemented within a period of 6 months.

5.2.2. Establishment of an EPZ-Authority

The establishment of an EPZ-Authority would be in three phases:

Phase I

Short term assignment of an expert to devise the institutional and legal frame and put forward a proposal for the staged development of the organization including requirements of office space, equipment etc.) staff qualification and training, as well as a cost and returns forecast. Input: approximately 2 m/m.

Phase II (1 year)

Forming of an "Authority Cell" staffed with one long term expert and 2-5 counterparts, most probably as an assistance project. Inputs: 12 m/m expert assignment, approximately 40 m/m counterparts, 4 m/m short-term expertise, training and travel equipment.

The group should take part in the various activities described in this chapter such as site selection, evaluation of the legal framework, feasibility study, competition analysis, preparation of promotional materials, PR activities and promotional campaigns. This will offer the best opportunity for on-the-job training and at the same time allow an assessment of the personnel in view of the forthcoming recruitment for the Authority.

Phase III: Establishment and build-up of the EPZ-Authority (2,5 years)

As soon as possible, the "Authority Cell" should be transformed into the actual Authority with the proper institutional and legal status and financial frame to operate efficiently. Inputs: 30 m/m long-term expert, 12 m/m short-term expertise, 120 counterpart m/m, training, travel and equipment.

Local personnel and the expert(s) of the "Authority Cell" if found qualified, should be retained and promoted into management positions of the EPZ-Authority. In addition, advice (short term assignments) and back-up services of a Europe-or US based specialized consultancy group must be available.

It is of utmost importance that the authority, though being an instrument of HMG, will not be a governmental institution or department. It must be free to recruit, promote and pay its staff according to qualification and effort and carry out the day-to-day business in an efficient manner. A model for forming an organization in such a constellation could be the Agricultural Project Services Centre (APROSC), which is a semi-governmental but autonomous body, registered under the Nepal Company Act, and working along principles of a private consultancy firm.

5.2.3. Evaluation and Revision of the Legal Framework

This activity will encompass two phases: (a) compiling and reviewing all relevant laws, acts, treaties or provisions and recommending necessary amendments, additions, etc. (drawing on the experience of other EPZ legislation) and (b) the lengthy process of actual revision and legislation.

Phase (a) would require an estimated time of one expert m/m supported by two local counterparts, and additional funds to secure the support of a specialized legal adviser for formulating amendments or new provisions. Phase (b) would be up to HMG to follow-up, but provision should be made, that the expert(s) could be called for short-term advice and discussions, if needed.

5.2.4. Project Profiles

To identify and issue a priority list of target industrial fields (a) for the EPZ (b) for joint-ventures "inland" to be considered for special promotion. A number of project profiles and studies exist already at ISC, NIDC and TPC. Some additional ideas have been developed in the course of this mission (see Appendices 9 and 10). A priority list should be established after reviewing all these studies and assessing the potential of each proposal. The proposed "Authority Cell" could be charged with this task.

To establish, based on the existing information but providing additional market and cost data, project profiles for target industrial fields and projects.

Input: 2 m/m, one expert (generalist) to review the priority list, 2 x 1 m/m dispatch of specialist each for garments and leather goods/shoes. Well versed in subcontracting and joint-venture arrangements.

5.2.5. Promotional Material

To carry out a competition analysis, drawing on the recent ESCAP study, and to define the selling points applicable for the EPZ in Nepal. To prepare detailed information sheets and a revised investment guide.

The promotional material must be aimed at investors for the EPZ and "inland" investment alike. Basis of any promotional material must be reliable and relevant data on the investment conditions including the legal position of an investor. As in this respect a number of amendments of present information might be necessary, dissemination of all material should be restricted to actual enquiries till the draft of the proposed final investment legislation is ready (see chapter 5.2.3.).

As the draft of the brochure sponsored by UNIDO does not seem to fully conform to the above criteria, additional information and industrial photos should be added, before it is cleared for printing.

Inputs: 2 m/m of an expert in investment promotion.

2.5.6. Promotional Campaigns

To prepare and execute several promotional campaigns, in Nepal and abroad prior to the opening of the EPZ.

Promotion should be directed both to investors for joint-ventures in Nepal in general (inland) but should concentrate on specific industries suitable for the EPZ. The promotional work should follow a long range plan, which could be devised by the "Authority Cell", assisted by short-term experts to advise on promotional techniques. This preparation will take some time. It is felt that a promotional meeting in Kathmandu or promotional trips abroad would be premature as long as the legal points of investment conditions are not settled and the information basis is not complete.

Inputs: Actions of the "Authority Cell" (see 5.2.2), in addition, 1 m/m for specialists, funds for travels, and printing costs.

5.2.7. PR-Campaign in Kathmandu

To undertake various public relation activities in order to (a) disperse information on the principle and mechanism of an EPZ (b) create acceptance and readiness for co-operation with the various levels of HMG administration as well as the local business community.

The work would include articles in the press and business journals, radio interviews, information seminars, printing of a brochure etc.

Inputs: The "Authority Cell" could be entrusted with the execution under assistance of a local publicity firm. Funds for publicity to be set aside by HMG.

5.2.8. Improving Export Conditions

To strengthen the capacity of the Ministry of Commerce and Supplies and the Trade Promotion Centre through short-term expertise in the target product fields for which multilateral donors or bilateral assistance might be sought.

To introduce various measures for facilitating external trade. Beyond the present duty and fiscal incentives HMG should, for selected products, consider some additional measures that would cost little but would be of great relief for the exporting firms. This includes e.g. pre-shipment financing, a general government insurance cover for container shipments through India (thus saving the 1.5% insurance fee), clear instructions to border customs posts regarding duty exemption (to avoid the complicating reimbursement procedure) and as already mentioned, the revision of import and export formalities.

Improving export conditions could also be achieved simply by reducing the personnel fluctuation within the customs administration. Given the limited training of customs officers they must be enabled to gain experience by longer durations in their position.

Inputs: Actions of the "Authority Cell".

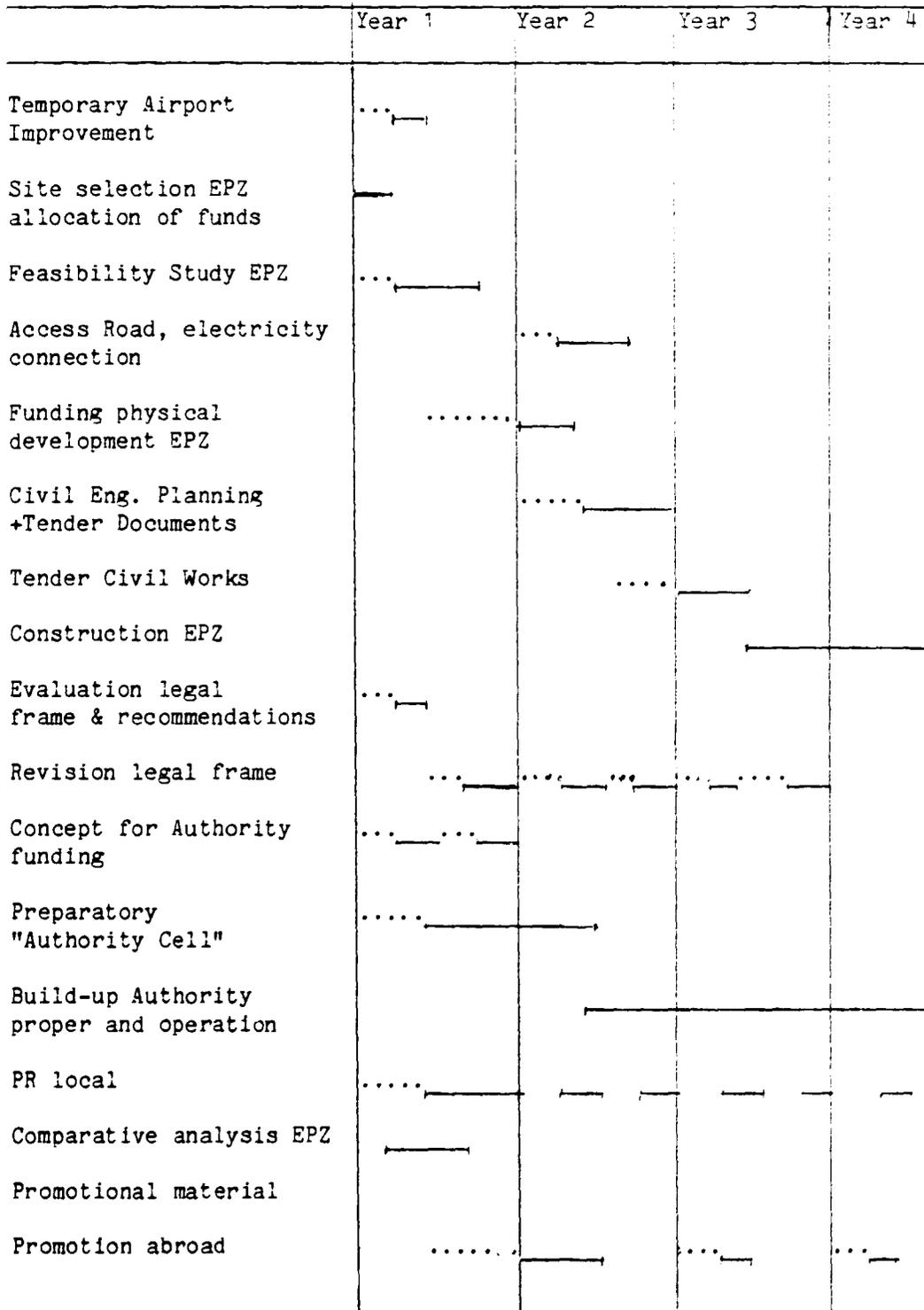
5.3. Time Schedule and Co-ordination of Activities

The activities outlined in the preceding chapters are summarized in the form of a bar-chart (see following page). The chart shows that the various necessary for the physical implementation will require four years till completion of the EPZ, even if no delays occur, e.g. with funding or acquisition of land. Likewise the development of the promotional and administrative "infrastructure" will require time for institution building and training of personnel as well as for the necessary changes in the investment conditions.

It is recommended to entrust the future EPZ Authority (see 5.2.2) with the co-ordination of all measures. The team (national consultants and long- and short-term experts) should prepare the basis for the feasibility study (site selection, preparation of data) take part in the execution and follow-up on the consecutive steps (tender documents, tender contracts). Likewise, the team should assist in the various supporting measures (see 5.2.3. - 5.2.8.) and monitor the progress in conjunction with the ministries involved.

If the Authority is to fulfil its task of co-ordinating and advancing the activities with the various levels of the administration, high level backing from either HMG Ministry of Finance or Industry must be secured.

..... preparation
 _____ execution



5.4. Summary of Immediate Activities

A number of activities have to be started on by the concerned authorities even before the feasibility study might be carried out or the proposed "Authority Cell" is formed.

- Improvement of air cargo handling (see 5.2.1.). It was learned that some funds are already available with UNDP/UNIDO but further allocations will be required. Procedures of application should be initiated as soon as possible.

- Allocation of funds for land acquisitioning. Possibly, funds could be shifted withing the budget of the present Five-Year Plan to be earmarked for the EPZ.

- Site Selection (see 5.1.2.). Following a first decision of the size of the EPZ various sites should be evaluated by the City Development Authority. Ideally two sites would be prososed as alternatives to be compared in the feasibility study.

- Negotiations for the various bilateral investment protection treaties and double taxation agreements should be intensified. Concerning certain provisions in the Industrial Policy, Enterprises Act and Foreign Investment and Technology Act a number of additional directives or notifications must be issued in view of clarification and simplification of procedures (see 5.2.3.).

- Beside the removal of certain disadvantages for export oriented investment, some additional export incentives, as suggested in chapter 5.2.8. should be introduced.

- HMG may approach multilateral agencies and bilateral donors for funding of the activities outlined in chapters 5.1. and 5.2.. The most urgent inputs are required for:

- Cargo handling at the airport (see 5.2.1.)

- Revision of the legal framework (see 5.2.3.)
- Project Profiles (see 5.2.4.)
- Promotional Material (see 5.2.5.)
- Establishment of an EPZ-Authority (see 5.2.2.)

5.5. Table of Inputs

Activity	See Chapter	Expert m/m	Inputs		Funds for Expertise	Funds for travels ^{1/}	Funds for equipment + expenditures ^{1/}
			Counter-part	m/m			
Feasibility Study	5.1.1.	20		10	-	-	-
Improvement of cargo handling at the airport	5.2.1.	4-6		12	-	-	250,000 US\$
Establishment of EPZ-Authority	5.2.2.						
Phase I		2		2	20,000 US\$	-	-
Phase II		16		24	-	10,000 US\$	40,000 US\$
Phase III		42		72	-	40,000 US\$	60,000 US\$
Project Profiles	5.2.4.	4		4	-	-	-
Promotional Material	5.2.5.	2		2	-	-	1,000 US\$
Promotional Campaigns	5.2.6.	1		1	-	5,000 US\$	1,000 US\$
PR in Kathmandu	5.2.7.	-		6	-	-	1,000 US\$

^{1/} Additional cost in excess of present budget.

Annexes

1. Joint Venture Industrial Projects
2. Public Enterprises in Nepal
3. Production of Principal Industries
4. Projects Under Consideration
5. Direct Charges of Transit Transport
6. Exports and Imports through Tribhuvan Airport Customs Post
7. Published Air Cargo Tariffs
8. Composition of Trade
9. Potential Industries
10. Product List Based on Casting Components
11. List of Persons Met
12. References

Annex 1 : Joint Venture Industrial Projects with Indian
Entrepreneurs (Status May 1983)

S.No.	Name & Address	Authorized Capital	Name & Address of Investors
1.	Nepal Blanket & Woolen Mills	Rs. 500,000	Tar Potahari Wagid Ali Mukhtar Rahman Motishur Rahman Khagid Ahmed
2.	E.M.C. (Pvt) Ltd. Kathmandu	Rs. 1,000,000	Dipak Puri Lila Nath Manendra Nath Kiran Bihari Randa Burma
3.	Hotel Everest International (Pvt) Ltd. Kath.	Rs. 10,000,000	Makbul Ahmed Lari
4.	Ashok Jeep Manufactures Co. (Pvt) Ltd. Biratnagar	Rs. 1,000,000	Dharma Raj Agarwal Mohan Lal Agarwal
5.	Ashok Textile Industries Biratnagar	Rs. 1,500,000	Mohan Lal Agarwal Dharma Raj Agarwal
6.	Nepal Wig Industries (P) Ltd. Kathmandu	Rs. 1,000,000	Mahabir Pd. Puroka
7.	Skyland Transport	Rs. 50,000	Biseswar Lal Gupta
8.	Goears Transport	Rs. 80,000	Gauri Shankar Lohia Karrabin Mittal
9.	Eastern Nepal Distilleries Biratnagar	Rs. 1,600,000	Jimkamlar
10.	Indo-Nepal Roadways Kathmandu	Rs. 50,000	Pritam Singh Mahendra Singh Dursan Singh
11.	All India General Transport, Kathmandu	Rs. 1,000,000	Dranka Pd. Arya Bed Pd. Arya Om Prakash Arya

(Continuation next page)

(Continuation Annex 1: Joint Ventures Industrial Projects with Indian Entrepreneurs)

S.No.	Name & Address	Authorized Capital	Name & Address of Investors
12.	Himalayan Janta Transport & Engineering (Pvt) Ltd., Kathmandu	Rs. 350.000	Adadh Kishore Kalwar
13.	Nepal Express (Pvt) Ltd. Kathmandu	Rs. 30.000	Mangari Ghos
14.	Nepal Public Motor Services, Kathmandu	Rs. 300.000	Pritam Singh
15.	Nepal Metal Compnay (Pvt) Ltd. (Ganesh Himal Lead)	Rs.250.000.000	Indian Birla Group
16.	Ganapati Cotton Mills Biratnagar	Rs. 60.000.000	Bansidhar Industries Ltd.
17.	Nepal Wood & Allies Industries (Pvt) Ltd. Birgunj	Rs. 1.600.000	D.S. Goswami Atma Ram Pd. Agarwal Mrs. Narendra Kumari Subodh Nathji Mahendra Jadeja
18.	Nepal Beverages & Food Products, Biratnagar	Rs. 7.500.000	Kissan Products Ltd. & its subsidiaries
19.	Nepal Liquors (Pvt) Ltd. Biratnagar	Rs. 7.500.000	United Breweries Ltd. & its subsidiaries
20.	Nepal Oriend Magnesite (Pvt) Ltd. (Kharidhunga) Kathmandu	Rs.180.000.000	Orissa Industries Ltd.
21.	Himalayan Brewery (Pvt.) Ltd. Kathmandu	Rs. 20.000.000	Mohan Meakin Brewery Ltd.
22.	Aditya Textile Nepal Ltd. Bhairawa	Rs. 90.000.000	Atma Ram Kanodia Vimala Devi Kanodia Aditya Kumar Kanodia
23.	Bottlers Nepal (Cocacola)	Rs. 8.500.000	Mr. Dhariwala
24.	Nepal Battery Co. Ltd.	Rs. 30.000.000	Union Carbide India Ltd.
25.	Nepal Organo Rubbers (P) Ltd.		Mr. Dwarika Shrestha

(Continuation Annex 1: Joint Venture Industrial Projects)

Joint Venture with Foreign Companies

S.No.	Name & Address	Authorized Capital	Name and Address of Investor
1.	Hulas Steel Industries (Pvt) Ltd.	Rs. 51.111.000	Collaboration Comp. come from: Singapore
2.	Hetauda Leather Industry Ltd.		West-Germany
3.	Data Processing Company		U.S.A

Recently there are many enquiries and applications for licence from many countries which are under process.

Source: Ministry of Industry HMG

Annex 2: Public Enterprises in Nepal

1. Manufacturing Sector

1. Timber Corporation of Nepal Ltd.
2. Nepal Livestock Co. (P) Ltd.
3. Agro-lime Industry Ltd.
4. Birgunj Sugar Factory Ltd.
5. Janakpur Cigarette Factory Ltd.
6. Himal Cement Company (P) Ltd.
7. Bansbari Leather & Shoe Factory Ltd.
8. Brick & Tile Factory Ltd.
9. Nepal Tea Development Corp.
10. Agriculture Tools Factory Ltd.
11. Dairy Development Corporation
12. Raghupati Jute Mills Ltd.
13. Royal Drugs Ltd.
14. Balaju Textile Industry Ltd.
15. Hetauda Textile Industry Ltd.
16. Rastriya Chamaj Karkhana Ltd.
17. Nepal Cheuri Ghee Industry Ltd.
18. Chandeswari Textile Ind. (P) Ltd.
19. Asahaya Kalyan Kendra (P) Ltd.
20. Balaju Yantra shala (P) Ltd.
21. Bhaktapur Brick Factory Ltd.
22. Hetauda Cement Factory Ltd.

2. Electricity, Gas & Water

1. Nepal Electricity Corporation
2. Drinking Water & Sewerage Board
3. Eastern Electricity Corporation

3. Transport, Communication And Construction

1. Nepal Tele-communication Corporation
2. Royal Nepal Airlines Corporation
3. Transport Corporation of Nepal
4. Nepal Transit & Warehousing Ltd.
5. National Construction Company of Nepal (NCCN)

4. Finance & Insurance

1. Nepal Industrial Development Corporation (NIDC)
2. Agricultural Development Bank
3. National Insurance Corporation
4. Rastriya Banijya Bank
5. Nepal Bank Ltd.
6. Provident Fund Corporation
7. Credit Guarantee Corporation (P) Ltd.
8. Security Marketing Centre Ltd.

(Continuation Annex 2: Public Enterprises in Nepal)

5. Wholesale and Retail Trade

1. Agriculture Inputs Corporation
2. Nepal Food Corporation
3. Nepal Oil Corporation Ltd.
4. Tobacco Dev. Company Ltd.
5. National Trading Ltd.
6. Cottage Industry & Handicraft Emporium
7. Fuel Corporation
8. Jute Dev. & Trading Corporation
9. Janakpur Paddy & Rice Exporting Co.
10. Lumbini " "
11. Narayani " "
12. Sagarmatha " "
13. Mechi Paddy & Rice Exporting Co.
14. Kosi " "
15. Seti-Mahakali " "
16. Far Western Zonal " "

6. Community

1. Royal Nepal Film Corporation
2. Gorkhapatra Corporation
3. Cultural Corporation
4. Ratna Recording Corporation
5. Janak Education Materials Centre Ltd.

Source: Performance Review of Public Enterprises
in Nepal, June 1981

Annex 3: Production of Principal Industries

Goods	Unit	1977/78	1978/79		1979/80		1980/81		First Nine months			77/78 to 80/81
				%		%		%	1980/81	1981/82 ^a	%	
Jute goods	M. ton	16,347	15,520		14,777		16,261		11,542	11,802		
Sugar	"	26,502	27,200		14,158		12,020		12,020	19,149		
Cigarettes	00,000	1,63,37	2,06,86		1,64,24		1,81,13		1,26,79	2,02,19		
Matches	000 Gross	6,77	7,24	+7	6,99	-4	6,26	-10	4,50	6,97	+55	-8
Liquor **	000 Litre	5,87	4,55		6,98		7,88		6,52	2,95		
Soap	M. ton	1,317	1,121	-15	1,174	+5	2,631	+124	2,058	1,893	-8	+100
Shoes	Pairs	59,031	55,779	-6	70,299	+26	81,845	+17	69,956	1,00,000	+49	+39
Leather	000 Pieces	12,56	13,20	+5	18,57	+40	18,02	-3	11,44	20,64	+80	+43
Agricultural Tools	M. ton	313	179	-43	39,449	..	86	..	43	65,000		
					(Pieces)					(Pieces)		
Tea	M. ton	413	326		387		535		214	401		
Stainless Steel Utensils	"	173	294	+70	760	+158	470	-38	314	298	-5	+172
Straw Board	"	749	1,410		965		1,638		1,226	1,034		
Brick & Tile ***	000 Pieces	2,05,46	1,24,03		3,37,91		2,56,42		1,86,16	1,56,71		
Beer	000 Litre	7,88	11,81		13,10		14,59		10,33	8,73		
Fertilizers	M. ton	423	569	+35	287	-49	2,54	-11	229	367	+60	+60
Cotton Textiles	000 Metre	38,89	24,29	-38	34,89	+43	53,17	+52	35,27	52,87	+49	+37
Cement	M. Ton	35,850	21,019		29,163		32,326		23,831	22,897		
Plastic goods	"	44	75	+70	69	-8	79	+14	47	50	+6	+80
Biscuits	"	1,197	2,037		1,912		1,675		1,267	2,229		
Plywood	000 Sq. ft.	18,35	1,809		10,51		41,49		34,19	37,12		
Polythine pipes	000 Metre	1,85	5,75	+310	4,26	-25	788		459	923	..	
Synthetic textiles	"	17,17	17,75	+4	21,90	+12	23,29	+6	17,26	23,13	+34	+36
Iron goods	M. ton	3,573	4,471	+25	5,963	+33	5,070	-15	3,397	5,122	+50	+42

* Provisional

** Distillery Production only.

*** Production of Brick & Tile Factory only.

Source : Department of Industry and Nepal Rastra Bank. Growth rates added by the consultant.

Annex 4

1.1.3 Projects under consideration

1.1.3.1 Projects under consideration by NIDC

57 Nos.

28 Nos.

<u>S.No.</u>	<u>Project</u>	<u>Year of Study</u>	<u>Location</u>	<u>Sponsoring Party</u>	<u>Present Status</u>
1.	Brick & Tiles	2035	Nepalgunj	NIDC	Being promoted by NIDC
2.	Cotton Spinning	"	Butwal	"	
3.	Chalk, Safeda, Precipitated Calcium Carbonate	2026	Narayani zone	"	Cottage scale chalk industry only feasible Project report forwarded to commercial Banks for promotion.
4.	Goat Skin Processing	2037	Different Regions	NIDC	Expansion of existing industries advisable.
5.	Plastic Injection Moulding for Household goods	"	"	"	Conditionally feasible
6.	Reclamation of Used oil	"	Hetauda	"	
7.	Vegetable Tanning	"	Butwal	"	
8.	Mushroom Farming & Canning	"	Kathmandu Valley	"	Loan application under process
9.	Jute Carpet Backing for Export	2037	Biratnagar	NIDC	Conditionally feasible
10.	Acrylic yarn	2038	Hetauda	"	
11.	Sugar (Updating)	"	Sunsari/Rautabat	"	
12.	Wooden Parquet	"	Nepalgunj	"	Feasible based on foreign market only
13.	Malt (Updating)	"	Hetauda	"	Loan application under consideration
14.	Vegetable Tanning Materials	"	"	"	
15.	Caracass Utilisation	"	Itahari/Nepalgunj	"	
16.	Leather Tanning	2039	Nepalgunj	"	Draft report submitted
17.	Leather shoes	"	Hetauda	"	"
18.	Medicinal Herbs Processing	"	Bharatpur	"	"

19.	Khandsari	"	Siraha	"	Loan application under consideration
20.	Cotton Dyeing & Printing	"	Narayangadh	"	Draft report submitted
21.	Letter Press	"	Butwal	"	"
22.	"	"	Dipayal	"	"
23.	"	"	Surkhet	"	"
24.	Irrigation Pumps	"	Butwal	"	"
25.	Offset Press	"	Biratnagar	"	Loan application under consideration
26.	Nursing Home	"	Kathmandu	"	Draft report submitted
27.	Oil Mill (Modernisation)	"	FWDR	"	"
28.	Paint & Varnish	"	CDR	"	"

17 Nos.

1.132 Project under consideration by Private Entrepreneurs

<u>S.N.</u>	<u>Project</u>	<u>Year of Study</u>	<u>Location</u>	<u>Sponsoring Party</u>	<u>Present Status</u>
1.	Wood Parquet	2035	Pokhara	Pvt. Client	Conditionally feasible on the basis of foreign market.
2.	Cotton Spinning	"	Hetauda	"	Applied for license
3.	Cold Storage	2036	Dhangadi	"	"
4.	Steel Fabrication & Erection (Market Study)	"	HID	Western Erectors Ltd. India	"
5.	Acrylic Yarn	2037	Kathmandu	Mr. Sthapit	Applied for license
6.	"	"	"	Mr. Sharma	"
7.	"	"	"	Mr.	"
8.	Readymade Garments	"	"	Pvt. Client	Draft report submitted

9.	Biscuits & confectionery	"	Nepalgunj	"	Applied for license
10.	Resort Hotel	"	Nagarkot	"	
11.	Himal Cement Co. Exp.	2038	Kathmandu	HCC	Draft report submitted
12.	Texturised Polyester & Nylon Yarn	"	"	Mr. P.C. Sethia	Applied for license
13.	Stretch Nylon Yarn	"	"	Kumar K.B. Shah	"
14.	Khandsari	2039	Morang		Draft report submitted
15.	Paint & Varnish	"	HID	Asian Paints, India	"
16.	ACSR Conductors	"	Narayangadh	Mr. K.C. Chaurayia	"
17.	Tv o—Wheclers, three wheels & Bicycies	"	Siraha	Mr. L.J. Thapa	Applied for

1.1.3.3 Project Under Consideration by Ministry/Department/ISC

12 Nos.

<u>S.No.</u>	<u>Project</u>	<u>Year of Study</u>	<u>Location</u>	<u>Sponsoring Party</u>	<u>Present Status</u>
1.	Cotton Textile	2035	Pokhara	Ministry of Industry & Commerce, HMG	
2.	Fruit Canning	2036	Jomsom	UNDP	Project being considered by UNDP/Department of Industry.
3.	Fruit Processing (Prefeasibility)	2037	Chitwan	Department of Industry	Report submitted. Discussion with Yugoslav Team awaited.
4.	Industrial District (Prefeasibility study)	"	Tulsipur	ISC	
5.	Bucket Galvanising	"	SIA, Bhaktapur	Bhaktapur Development Project	Draft report submitted
6.	Agricultural Tools	"	"	"	"
7.	Cement Husk	"	"	"	"
8.	Animal Feed	"	"	"	"
9.	Wood Carving	"	"	"	"
10.	Tara Gaon Resort Hotel Expansion	2038	Kathmandu	TGDC	"
11.	Cable Car Complex	2039	"	Ministry of Tourism	"
12.	Resort Hotel		Tansen	"	"

Source: ISC List of Studies (1975 - 1982)

Direct Charges for Transit Transport
Selected Third Country Imports to Nepal
Via Calcutta Port to Raxaul/Birgunj
1981

(Page 1 of 3)

Indian Rupees per Ton

Description of Commodities	Mode of Transport	CIF Value	C A L C U T T A					
			Landing Charges	Stevedoring Charges	Loading & Unloading Within the Port Area	Customs Checking & Sealing Charges	Weighing Charges	Removal Charges
Cement	Rail	650	18.20	81.15	9.10	0.75	0.75	10.00
Cement	Truck	650	18.20	81.15	9.10	0.75	0.75	10.00
Fertilizer	Rail	2000	21.60	81.15	10.80	0.75	0.75	10.00
Fertilizer	Truck	2000	21.60	81.15	10.80	0.75	0.75	10.00
Tyres & Tubes	Rail	30000	88.04	94.20	44.02	198.00	17.61	10.00
Tyres & Tubes	Truck	30000	88.04	94.20	44.02	198.00	17.61	10.00
<u>Textiles:</u>								
Suitings	Rail	56820	72.91	94.20	36.46	216.00	14.58	10.00
Suitings	Truck	56820	72.91	94.20	36.46	216.00	14.58	10.00
Shirting	Rail	67860	72.91	94.20	36.46	216.00	14.58	10.00
Shirting	Truck	67860	72.91	94.20	36.46	216.00	14.58	10.00
<u>Vehicles:</u>								
Diahatsu (1300 cc)	-	32772	282.86	94.20	141.43	-	56.57	10.00
Russian Jeep	-	24223	282.86	94.20	141.43	-	56.57	10.00
<u>Machineries:</u>								
Electric Motors	Rail	10876	28.70	94.20	14.35	78.00	5.74	10.00
Electric Motors	Truck	10876	28.70	94.20	14.35	78.00	5.74	10.00
Press Machines	Rail	8975	28.70	94.20	14.35	30.00	5.74	10.00
Press Machines	Truck	8975	28.70	94.20	14.35	30.00	5.74	10.00
<u>Electrical goods:</u>								
Electric Wires	Rail	8940	49.60	94.20	24.80	90.00	9.92	10.00
Electric Wires	Truck	8940	49.60	94.20	24.80	90.00	9.92	10.00
Refrigerator	Rail	24778	76.38	94.20	38.19	120.00	15.28	10.00
Refrigerator	Truck	24778	76.38	94.20	38.19	120.00	15.28	10.00
Iron Rod	Rail	3465	26.70	94.20	13.35	0.75	5.34	10.00
Iron Rod	Truck	3465	26.70	94.20	13.35	0.75	5.34	10.00
Corrugated Sheet	Rail	5849	26.70	94.20	13.35	0.75	5.34	10.00
Corrugated Sheet	Truck	5849	26.70	94.20	13.35	0.75	5.34	10.00

Source: Compiled by UNCTAD/ESCAP Project staff based on published tariffs and interviews with shipping and clearing agents.

Indian Rupees per Ton

Restacking Charges	P O R T			E X P E N S E S				(I)
	Port Commissioner Rent	Crane or Hoisting Charges	Lighterage Charges	Watchman Charges	Repacking Charges	Escort Charges	Gate Delivery Charges	Clearing Agent Commission
1. 9.10	137.10	9.10	9.00	0.45	10.00	0.60	1.45	9.75
9.10	59.00	9.10	9.00	0.45	10.00	0.60	1.45	9.75
2. 10.80	137.10	10.80	9.00	0.45	10.00	0.60	1.45	30.00
10.80	59.00	10.80	9.00	0.45	10.00	0.60	1.45	30.00
3. 44.02	111.46	44.02	9.00	127.75	10.00	7.91	4.62	450.00
44.02	-	44.02	9.00	127.75	10.00	7.91	4.62	450.00
4. 36.46	213.74	36.46	9.00	127.75	80.00	6.56	3.82	852.30
36.46	-	36.46	9.00	127.75	80.00	6.56	3.82	852.30
5. 36.46	213.74	36.46	9.00	127.75	80.00	6.56	3.82	1017.90
36.46	-	36.46	9.00	127.75	80.00	6.56	3.82	1017.90
6. -	632.10	141.43	-	195.53	-	8.57	1.45	491.58
7. -	632.10	141.43	-	195.53	-	8.57	1.45	363.35
8. 14.35	94.50	14.35	9.00	164.25	15.00	7.20	1.45	163.14
14.35	37.70	14.35	9.00	76.65	15.00	7.20	1.45	163.14
9. -	94.50	14.35	-	34.22	-	1.50	1.45	134.63
-	37.70	14.35	-	15.97	-	1.50	1.45	134.63
10. 24.80	157.20	24.80	9.00	37.33	15.00	1.64	2.60	134.10
24.80	56.90	24.80	9.00	17.42	15.00	1.64	2.60	134.10
11. 38.19	242.09	38.19	9.00	313.45	10.00	13.74	4.00	371.67
38.19	84.44	38.19	9.00	146.28	10.00	13.74	4.00	371.67
12. -	94.50	13.35	-	-	-	0.60	1.45	51.98
-	37.70	13.35	-	-	-	0.60	1.45	51.98
13. -	94.50	13.35	-	-	-	0.60	1.45	87.74
-	37.70	13.35	-	-	-	0.60	1.45	87.74

Indian Rupees per Ton

Transit Insurance	TRANSPORT COST (II)			INDIAN BORDER CHARGES				Total Cost Calcutta to Raxaul	% of CIF Value
	Railway Freight to Raxaul	Transshipment Charges	Truck Tariff to Raxaul	Unloading and loading charges	Wharfage Charges	Siding Charges	Detention Charges		
4.09	137.95 ^a	-	80.00 ^b	-	-	-	-	528.54	81.31
4.09	-	-	319.32	-	-	-	-	551.81	84.89
12.60	137.95 ^a	-	80.00 ^b	-	-	-	-	565.80	28.29
12.60	-	-	319.32	-	-	-	-	589.07	29.45
189.00	220.72	1.20	-	5.54	32.00	0.90	0.83	1710.84	5.70
189.00	-	-	732.97	-	-	-	-	2071.16	6.90
357.90	231.50	1.20	-	5.54	32.00	0.90	0.83	2440.11	4.29
357.90	-	-	607.47	-	-	-	-	2561.87	4.51
427.51	231.50	1.20	-	5.54	32.00	0.90	0.83	2675.32	3.94
427.51	-	-	607.47	-	-	-	-	2797.08	4.12
206.46	-	-	675.00 ^c	-	-	-	-	2937.18	6.90
152.60	-	-	760.00 ^c	-	-	-	-	2840.09	8.59
68.52	167.13	1.20	-	5.54	32.00	0.90	0.83	990.35	9.11
68.52	-	-	638.65	-	-	-	-	1277.00	11.74
56.54	167.13	1.20	-	5.54	32.00	0.90	0.83	727.78	8.11
56.54	-	-	532.21	-	-	-	-	977.34	10.83
56.32	220.72	1.20	-	5.54	32.00	0.90	0.83	1012.50	11.21
56.32	-	-	413.73	-	-	-	-	1034.83	11.56
156.10	285.09	1.20	-	5.54	32.00	0.90	0.83	1876.04	7.57
156.10	-	-	1272.91	-	-	-	-	2498.57	10.08
21.83	178.07	1.20	-	5.54	32.00	0.90	0.83	552.59	15.95
21.83	-	-	319.32	-	-	-	-	596.57	17.22
36.85	178.07	1.20	-	5.54	32.00	0.90	0.83	603.37	10.32
36.85	-	-	319.32	-	-	-	-	647.35	11.06

a. to Narayanpur Anant, includes Rs. 35.60 unloading and wharfage charge

b. from Narayanpur Anant to Raxaul

c. estimated cost per ton of driving vehicle from Calcutta to Raxaul

Annex 6 : Imports and Exports through
Tribhuran Airport Customs Post

Imports

.No.	Commodities	F.Y. 1979/80		F.Y. 1980/81	
		Quantity (kg)	Value (Rs)	Quantity (kg)	Value (Rs)
1.	Textile (synthetic)	15930	3255511	14057	2754116
2.	Textile (Non-synthetic)	2910	244952	1096	96555
3.	Readymade Garments	135968	15097496	106737	12444395
4.	Motor car, Jeep & Parts	38146	2310295	49252	3132038
5.	Motor-cycles and Parts	8307	709109	13811	1237900
6.	Bus, Truck and Parts	133817	8104481	98811	6283577
7.	Tractor and Parts	92696	1649706	123224	2302697
8.	Radio, Transistor, Tape-records and Parts	39249	18627521	46834	23339030
9.	Machineries and Parts	347304	21034107	356253	22654849
10.	Thread (yarn)	6977	839741	-	-
11.	Aircraft spare parts	25017	138096156	5441	31532629
12.	Office Equipments & Stationery Goods	5886	5459693	2807	2734208
13.	Electrical Goods	63318	2193351	107507	3910234
14.	Research Equipments	2958	5487229	1381	2690635
15.	Medical Equipments	1557	2889419	1387	2771040
16.	Medicines	10607	3067635	13298	4030043
17.	Chemicals	130833	953773	214762	1706354
18.	Telecommunication Equipments	39851	8155704	27755	5964236
19.	Petroleum Products	135412	408132	181898	690850
20.	Tyres and Tubes	4012	900314	10428	246385
21.	Miscellaneous	127341	23857555	326585	31130816
Total		1404104	263371880	1703324	161597577

Exports

.No.	Commodities	F.Y. 1979/80		F.Y. 1980/81	
		Quantity (kg)	Value (Rs)	Quantity (kg)	Value (Rs)
1.	Handicrafts	42467.9	35323070	82977.4	69147702
2.	Goat Skins	132932	29939960	93281	18906764
3.	Medicinal Herbs	1432	67576	3179	197749
4.	Carpets	235492	48761380	292280	60126249
5.	Readymade Garments	43605.6	6802325	78333.5	12220034
6.	Woollen Goods	39405	6147179	53020.9	8271266
7.	Nepalese Paper & Paper Products	1141.7	1142841	10248.5	10248742
8.	Miscellaneous	58035	15306102	124402.6	43089652
Total		554510.2	143489633	737722.9	222208158

Published Air-cargo Tariffs
Between Kathmandu and Indicated Destinations

Destination	Item	Min. wght	rcu	N.C. Rps	Destination	Item	Min. wght	rcu	N.C. Rps	
AMSTERDAM, NETH.	2188	N	6.642	92.85	DHAKA, BANGLADESH		N	6.871	12.20	
		45	5.105	71.40			45	6.654	9.15	
		500	3.532	53.20						
ATHENS, GREECE		100	3.858	53.95	DAMASCUS, SYRIA		N	5.891	79.55	
		N	5.887	82.30			45	4.266	59.65	
		45	4.532	63.35						
AUCKLAND, N.Z.		500	3.438	48.10	DELHI, INDIA		N		13.40	
		N	9.341	130.60			500		7.45	
		45	7.004	97.00						
BAHRAIN, IS.		N	5.118	71.55	DHARAN, SAUDI ARABIA		N	4.790	67.-	
		45	3.837	53.65			45	3.592	50.25	
BANGKOK, THAILAND		N	2.852	40.05	FRANKFURT ON MAIN		N	6.642	92.85	
		45	2.148	30.-			45	5.105	71.40	
							500	3.803	53.20	
BEIJING, PRC		N	4.389	61.35	GENEVA, SWITZERLAND	1125	100	3.128	.76	
		45	3.290	46.-			N	6.564	91.75	
							45	5.053	70.65	
BEIRUT, LEBANON		N	5.691	79.55	GUANGZHOU, CHINA		500	3.751	52.45	
		45	4.266	59.65			N	3.412	345.90	
							45	2.558	35.80	
BELGRADE, YUGOSLAVIA		N	6.095	85.20	HONG KONG		N	4.433	62.-	
		45	4.715	65.90			45	3.323	46.50	
		500	3.542	49.55			5500	100	3.058	42.75
BERLIN, GERMANY		N	7.163	100.15	ISTANBUL, TURKEY		5500	250	2.883	40.35
		45	5.496	78.85			5500	500	2.703	37.80
		500	4.063	56.80						
BRUSSELS, BELGIUM		N	6.642	92.85	JAKARTA, INDONESIA		N	5.757	81.50	
		45	5.105	71.40			45	4.454	62.30	
		500	3.803	53.20			500	3.360	47.-	
BUCHAREST, ROMANIA		N	6.382	89.20	KABUL, AFGHANISTAN		N	4.639	345.90	
		45	4.923	68.85			45	3.477	48.65	
		500	3.673	51.35						
BUDAPEST, HUNGARY		N	6.382	89.20	KARACHI, PAKISTAN		N	2.719	38.05	
		45	4.923	68.85			45	2.039	28.55	
		500	3.673	51.35						
CAIRO, EGYPT		N	5.754	80.45	KUALA LUMPUR, MALAYSIA		N	3.633	50.80	
		45	4.313	60.30			45	2.724	38.10	
CALCUTTA, INDIA		N		8.90	KUWAIT		N	5.267	73.65	
		500		6.00			45	3.949	55.20	
COLOMBO, SRI LANKA		N	2.591	36.25	LAGOS, NIGERIA		N	8.958	125.25	
		45	1.943	27.20			45	6.718	93.90	
COPENHAGEN, DENMARK		N	6.986	97.65	LISBON, PORTUGAL		N	7.137	99.80	
		45	6.236	73.25			45	5.652	79.15	
		500	3.977	55.80			500	4.168	68.30	

Destination	Item	Min. wght	rcu	N.C. Rps	Destination	Item	Min. wght	rcu	N.C. Rps
LONDON, U.K.		N	6.720	93.95	STOCKHOLM, SWEDEN		N	7.820	109.30
		45	5.157	72.10			45	5.853	82.-
	5500	100	3.433	48.-			500	4.118	57.60
	5500	500	2.748	38.45		2199	100	4.368	61.10
MADRID, SPAIN		N	6.720	93.95	SUVA, FUJI		N	9.693	135.50
		45	5.157	72.10		45	7.267	101.50	
		500	3.829	53.55	SYDNEY, N.S.W.		N	7.192	100.55
MANILA, PHILIPPINES		N	4.902	68.55		45	5.392	75.40	
		45	3.575	51.40	TAIPEI, TAIWAN		N	5.671	79.30
MAURITIUS		N	7.307	102.15		45	4.251	59.45	
		45	5.478	76.50	TEHERAN, IRAN		N	4.470	62.50
		100	5.374	75.15		45	3.352	46.90	
MELBOURNE, VIC.		N	7.192	100.55	TEL AVIV-YAFO		N	5.819	81.35
		45	5.392	75.40		45	4.363	61.-	
MOSCOW, U.S.S.R.		N	6.225	87.05	TOKYO, JAPAN		N	6.629	92.70
		45	4.793	67.-		45	4.970	69.50	
		500	3.568	49.90	VARANASI, INDIA		N		6.15
NAIROBI, KENYA		N	5.379	75.20	VIENNA, AUSTRIA		N	6.382	89.20
		45	4.032	56.40		45	4.923	68.85	
OSAKA, JAPAN		N	6.629	92.70		500	3.673	51.35	
		45	4.970	69.50	WARSAW, POLAND		N	7.372	103.05
OSLO, NORWAY		N	7.648	106.90		45	5.652	79.15	
		45	5.736	80.20		500	4.141	57.90	
		500	4.118	57.80	ZURICH, SWITZERLAND		N	6.564	91.75
PARIS, FRANCE		N	6.642	92.85		45	5.053	70.65	
		45	5.105	71.40		500	3.751	52.45	
		500	3.803	53.20	BOSTON, MASS.		N	9.690	135.40
PATNA, INDIA		N		3.85		45	7.700	107.60	
PRAGUE, CZECH.		N	6.642	92.85		100	8.530	91.25	
		45	5.105	71.40		300	5.750	80.1	
		500	3.803	53.20		500	5.490	78.75	
RANGOON, BURMA		N	2.078	29.10	CHICAGO, ILL.		N	10.550	147.45
		45	1.557	21.80		45	8.280	115.70	
ROME, ITALY		N	6.095	85.20		100	7.120	99.50	
		45	4.715	65.90		300	6.320	80.35	
		500	3.542	49.55		500	6.040	84.40	
SEOUL, S.KOREA		N	6.629	92.70	DETROIT, MICH.		N	10.590	148.-
		45	4.970	69.50		45	8.330	116.40	
SHANGHAI, P.R.CHINA		N	4.472	62.55		100	7.170	100.20	
		45	3.352	46.90		300	6.370	89.-	
						500	6.040	84.40	
SINGAPORE		N	3.844	53.75					
		45	2.883	40.35					

Destination	Item	Min. wght	rcu	N.C. Rps	Destination	Item	Min. wght	rcu	N.C. Rps
HONOLULU, H.I.	N		12.150	169.80	PHILADELPHIA, PA.	N		10.550	147.45
	45		9.340	130.55		45		3.110	113.35
	100		8.800	123.-		100		6.940	97.-
	300		7.590	106.05		300		6.140	85.80
	500		7.250	101.35		500		5.880	81.90
HOUSTON, TEX.	N		10.850	151.65	SAN FRANCISCO, CA.	N		11.100	155.10
	45		8.480	118.50		45		8.740	122.15
	100		7.320	102.30		100		7.580	105.95
	300		6.520	91.10		300		6.780	94.75
	500		6.220	86.95		500		6.390	89.30
LOS ANGELES, CAL.	N		11.100	155.10	SEATTLE, WASH.	N		11.520	161.-
	45		8.720	121.85		45		9.070	126.75
	100		7.580	105.65		100		7.890	110.25
	300		6.780	94.45		300		7.100	89.25
	500		6.380	89.15		500		6.630	82.95
MAIMI, FLA.	N		10.850	151.65	TORONTO, ONT.	N		10.370	144.90
	45		8.460	118.20		45		8.240	115.15
	100		7.290	101.90		100		7.030	98.95
	300		6.500	90.85		300		6.190	88.50
	500		6.210	86.80		500		5.950	83.15
MONTREAL, QUE.	N		9.690	135.40	VANCOUVER, B.C.	N		11.080	154.85
	45		7.700	107.60		45		8.960	125.20
	100		6.530	91.25		100		7.790	108.85
	300		5.730	80.10		300		6.900	96.45
	500		5.490	76.75		500		6.650	93.05
NEW YORK, N.Y.	N		9.780	136.65					
	45		7.730	108.05					
	100		6.550	91.55					
	300		5.750	80.35					
	500		5.510	77.0					
OTTAWA, ONT.	N		10.290	143.80					
	45		8.170	114.15					
	100		7.-	97.85					
	300		6.110	85.40					
	500		5.870	82.05					

rcu = Rate Construction Units
 N = Normal Rate

Source: The Air Cargo Tariff (T.A.C.T.), August 1982
 (Published in the Netherlands).

COMPOSITION OF TRADE WITH INDIA
(In Million Rupees)

	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80 a/
Exports, f.o.b.	746.8	893.7	779.6	498.0	650.1	507.4
Food and live animals	493.3	721.6	540.6	222.2	241.8	182.8
Tobacco and beverages	0.4	3.5	1.5	0.2	1.0	1.6
Crude materials, inedibles, except fuels	174.7	136.1	207.1	251.5	362.3	281.6
Mineral fuels and lubricants	1.5	1.0	0.5	0.2	0.7	0.5
Animal and vegetable oils and fats	2.3	1.4	5.1	5.8	16.5	19.9
Chemicals and drugs	0.5	5.8	10.3	3.1	0.6	0.6
Manufactured goods, classified chiefly by materials	10.8	14.5	7.2	8.8	21.0	13.0
Machinery and transportation equipment	0.2	1.4	0.3	2.6	1.3	2.7
Other manufactured products	12.6	3.1	2.3	2.5	4.9	4.3
Other	5.6	5.3	4.7	1.2	0.2	0.5
Imports, c.i.f.	1,475.7	1,227.1	1,343.5	1,534.1	1,581.7	1,802.2
Food and live animals	234.1	258.2	228.4	285.4	261.8	318.5
Tobacco and beverages	16.6	31.9	18.9	29.1	31.6	19.7
Crude materials, inedibles, except fuels	46.7	31.1	34.8	42.8	41.4	68.8
Mineral fuels and lubricants	179.9	95.3	116.4	91.2	20.7	34.8
Animal and vegetable oils and fats	6.7	5.5	7.4	24.3	18.4	12.5
Chemicals and drugs	134.7	114.9	141.7	169.4	194.2	242.9
Manufactured goods, classified chiefly by materials	425.1	409.5	499.8	550.3	616.5	615.2
Machinery and transportation equipment	156.6	158.1	173.6	209.2	256.7	315.2
Other manufactured products	144.9	105.4	92.5	124.7	135.6	170.7
Other	21.9	17.3	30.0	7.6	4.8	4.0

/ Provisional.

Note: Based on Customs data.

Source: Nepal Rastra Bank.

Composition of Trade

Annex 3

COMPOSITION OF TRADE WITH COUNTRIES OTHER THAN INDIA
(US\$ '000)

	<u>1969/70</u>	<u>1974/75</u>	<u>1975/76</u>	<u>1976/77</u>	<u>1977/78</u>	<u>1978/79</u>	<u>1979/80</u>
Export Total	<u>11,354</u>	<u>11,493</u>	<u>23,352</u>	<u>28,597</u>	<u>39,352</u>	<u>38,840</u>	<u>48,556</u>
Raw Jute	4,219	1,495	6,379	7,716	9,209	5,523	8,862
Jute Cuttings	-	804	470	765	1,575	1,291	43
Jute Goods	2,271	3,744	4,252	3,998	5,521	6,310	5,843
Bristles	1,655	52	384	266	165	213	-
Hides and Skins	702	705	1,338	3,064	4,274	6,061	10,544
Curio Goods	397	1,290	1,397	916	2,123	2,567	3,133
Carpets	110	331	524	2,044	1,720	2,289	3,903
Medicinal Herbs	160	685	506	336	1,311	279	258
Big Cardamom	39	564	2,194	1,609	1,527	128	1,411
Dry Ginger	-	375	700	1,644	400	373	57
Rice	-	350	1,541	485	5,780	8,403	4,524
Pulses	-	233	1,158	2,425	488	351	1,220
Oil Cakes	-	155	69	722	1,681	282	507
Timber and Timber Logs	172	131	27	42	-	616	1,245
Miscellaneous	1,629	579	2,413	2,565	3,576	3,240	7,008
Import Total	<u>12,084</u>	<u>43,949</u>	<u>18,919</u>	<u>35,124</u>	<u>N.A.</u>	<u>N.A.</u>	<u>N.A.</u>
Machinery and Spare Parts	1,209	12,722	3,234	3,074			
Raw Materials	2,877	8,451	3,530	8,562			
Building Construction, Electrical and Household Materials	576	3,666	1,719	5,521			
Transport Equipment	351	2,741	839	961			
Ready-made Garments Cloths, Socks and Carpets	1,155	4,632	4,240	7,094			
Radio, Transistors, Record Players, etc.	223	94	136	144			
Beverages and Tobacco	180	703	137	300			
Medicine and Medical Goods	308	569	1,932	990			
Agricultural Tools and Implements, Fertilizers and Other Materials	453	7,178	307	1,627			
Stationery Goods	57	1,206	435	878			
Laboratory equipment	973	89	39	62			
Food and Food Articles	246	919	794	770			
Watch and Watch Materials	17	19	7	22			
Photographic Goods	91	106	117	83			
Miscellaneous	3,368	854	1,453	5,036			

Note: On Payments Basis.

Source: Nepal Rastra Bank, Quarterly Economic Bulletin.

Annex 9: Potential Industries (A)

Legend: SM = already proposed for Solidarity Meeting 1981
 x = under study/consideration of ISC
 LP = Local Production existing which could be approached for either expansion or new joint-venture production
 RM = Local Raw Material available
 IS = Import Substitution possible
 TA = item included for special consideration in Trade Agreement

A. Products suited for production in the EPZ

Product Group	Remarks *)					
	IS	ICS	SM	RM	LP	TA
1. Extraction of medical herbs		x	x	x		x
2. Floriculture (packing)				x		
3. Brushes, toothbrushes				x		
4. Stationary	x					
5. Garments	x	x			x	
6. Industrial clothing						
7. Industrial gloves and aprons		x	x	x		
8. Trekking and hiking equipment (rucksacks, sleeping bags, tents etc.)						
9. Hosiery	x					
10. Socks and stockings	x					
11. Gauze, bandage cloth and other medical and hospital supplies						
12. Buttons (plastic and natural material)	x			x		
13. Textile labels, laces, breaded items						
14. Zip fasteners	x					
15. Canvas shoes	x	x	x			
16. Leather shoes/shoe uppers	x	x		x	x	
17. Footballs, volleyballs				x		
18. Purses and handbags				x		

(continuation next page)

*) see legend above

Continuation Annex 9, A

Product Group	Remarks *)					
	IS	ICS	SM	RM	LP	TA
19. Leather covers and other parts for furniture				x		
20. Saddlery and harness	x			x		
21. Gem cutting and polishing				x	x	
22. Jewellery, medals				x	x	
23. Spectacle frames	x					
24. Plastic inj. moulding articles, especially for industrial use	x	x			x	
25. Shoe eyelids and other metal parts for leather and garment manufacture						
26. Light mechanical assembly (e.g. watches)	x				x	
27. Electrical appliances (small items)	x	x	x			
28. Electronics assembly	x	x	x			
29. Electrical heating elements				x		
30. Electrical switches, plugs etc. for house-installation and the automatic industry	x					
31. Cable harness						
32. Torchlights, electrical dynamos	x					

*) see legend page 1

Annex 3: Potential Industries (B)

Legend: SM = already proposed for Solidarity Meeting 1981
 x = under study/consideration of ISC
 LP = Local Production existing which could be approached for either expansion or new joint-venture production
 RM = Local Raw Material available
 IS = Import Substitution possible
 TA = item included for special consideration in Trade Agreement

B. Import substitution items suited for joint-ventures, not primarily for EPZ

Product Group	Commodity Code (SITC)	Remarks *)					
		IS	ICS	SM	RM	LP	TA
1. Paints, varnish	531 - 221	x	x		x		
	533 - 421						
2. Pharmaceuticals	541 - 791	x	x	x		x	
3. Tooth paste, ointments (packing)	553 - 007	x					
4. Toilet soap	554 - 101	x			x	x	
5. Laundry soap	554 - 103	x			x	x	
6. Tubes and tyres for bicycles and threewheelers	625 - 401						
	625 - 911	x					
7. Tire rethreading	...	x					
8. Enveloppes, stationary	642 - 201	x					
9. Glazed tiles, sanitary ware	662 - 451	x			x		
10. Abrasives, grinding stones	663 - 101	x			x		
11. Fences	693 - 511	x					
12. Nuts and bolts	694 - 021	x	x	x			
13. Hand tools, agricultural tools ⁺)	695 - 101	x	x	x			
14. Builders hardware	699	x	x	x			

*) see legend above

+) see Annex 10

(Continuation next page)

Continuation Annex 9 (B)

Product Group	Commodity Code (SITC)	Remarks *)					
		IS	ICS	SM	RM	LP	TA
15. Weighing scales +)		x					
16. Tool making workshop		x					
17. Bicycle assembly	785 - 201	x	x				
18. Reciprocating pumps +)	742 - 101	x	x	x			
19. Diesel pump sets +) assembly	742 - 201	x	x	x			
20. Taps, sanitary fittings	749 - 201	x					
21. GSL lamps	716 - ...	x	x	x			
22. Electrical motors, fans, el. appliances	716 - 211	x	x	x			
23. Transformers 11 kV/0.44 kV	771 - 111	x	x	x			
24. Capacitors, condensers	772 - 301	x	x	x			
25. El. energy meters (assembly)	77 ...	x	x	x			
26. Foam mattresses and sections		x					
27. Steel/sheet metal furniture		x				x	

*) see legend page 3

+) see Annex 10

Annex 10: Product List Based on Casting Components
Supplied the UNIDO Foundry*)

1. Hand-water pumps for village water supply (UNICEF project)
2. Centrifugal pumps for irrigation
3. Manhole covers, knees, bends, soil pipes, hydrants, etc.
4. Bodies for sluice gates, valves etc.
5. Machine parts and spare parts: fly wheels, gear wheels, levers, e.g. for concrete mixers or textile machinery; grinding balls and lining plates for cement mills; weighing scales, stoves and other small items
6. Dies and lasts for shoe manufacture; dies for taps and other brass castings; frames for molasse presses in sugar factories
7. Simple agricultural tools or parts thereof.

*) Total capacity of the foundry 600 - 700 tpa one shift.
Maximum capacity one shift 3-3.5 t smelt per day.
Largest castings 550 kg gross weight = 350-400 kg net weight of casting.

Annex III: List of Persons Met
(in course of time schedule)

Mr. Jivan Lal Satyal	Additional State Secretary, Ministry of Industry, HMG.
Mr. Stalin Man Pradhan	Senior Industrial Engineer, Ministry of Industry, HMG (Counterpart)
Dr. N.P. Banskota	Lecturer, Tribhuvan University, Kirtipur, (Counterpart)
Mr. Manfred Schulze	Project Co-ordinator, Pilot and Demonstration Foundry (UNIDO)
Mr. Bharat Gyawali	Industrial Services Centre/Solidarity Meeting Follow-up
Mr. Kadam B. Singh	Leather Industries Co-ordination Cell, Ministry of Industry, HMG
Mr. Pashupati Giri	President, Federation of Nepalese Chambers of Commerce and Industry
Dr. Ram S. Mahat	Senior Programme Officer, UNDP
Mr. R.N. Dunghel	Nepal Industrial Development Co-operation (NIDC)
Mr. P.N. Vaidya	NEBICO (Biscuit Factory)
Mr. B.L. Shrestha	RAJ KAMEL (Acrylic Yarn Spinning Plant)
Mr. B.K. Shrestha	Everest Garment Industries
Mr. S. Rajbhandari	Deputy General Managers, Nepal Industrial Development Corporation
Mr. A.N. Regmi	Exporter-Importer
Mr. R.C. Pyakural	Exporter-Importer
Mr. H.K. Shrestha	Additional Secretary, Ministry of Commerce and Supplies, HMG
Mr. S.S. Rana	Deputy General Manager, Bansbari Leather & Shoe Factory; attached to "Leather Cell", Dept. of Industry HMG
Mr. A.C. Pradhan	
Mr. K.B. Singh	

Annex 11: List of Persons Met (cont'd)

Mr. P.C. Joshi	Director, East Consult.
Mr. B. Dhungana	Executive Director, ISC
Mr. M.B. Shrestha	Director Research Dept. ISC
Mrs. Domingo-Barker	UNCTAD Consultant to TPC
Mr. W. Zimmermann	Project Manager SATA, Balaju
Mr. N. Grant	Consultant to TPC
Mr. R. Kolshorn Mr. J. Tomeko	Industrial Consultants, Bhaktapur Development Project
Mr. Spanier	German Agency for Technical Co- Operation
Dr. Wichand	German Embassy
Mr. Grant Slate	Representative World Bank, Kathmandu
Mr. P. Naaf	Operations Advisor to RNAC
Mr. Kainger	Lufthansa, Kathmandu
Dr. C. Stornier	Advisor UNCTAD/ESCAP
Mr. S. M. Pradhan	Chief Planner, Kathmandu Town Development Office
Dr. S.N. Shah	Additional Secretary, Ministry of Finance, HMG
Mr. Mukunda Kausik	Deputy Director, TPC
Mr. Kabi K. Basnyat	General Manager, Nepal Transit and Warehousing Co. Ltd.
Mr. Brij A. Tikku	Traffic Manager, Calcutta Port Trust
Mrs. Lipika Majumdar	Collector of Taxes (Nepal Desk) Customs Office, Calcutta

Annex 12: References

1. HMG Ministry of Industry: Industrial Policy 2037 (1981)
2. World Bank: Rep. 3577-Nep., 15 October 1981, Nepal, Policies & Prospects for Accelerated Growth
3. World Bank: Staff Appraisal Report, Nepal Cottage Industrial Project
4. HMG Ministry of Industry: Industrial Enterprises Act 2038 (1983)
5. HMG Ministry of Industry: Act Relating to Foreign Investment and Technology 2038 (1982) Trade Promotion Centre, Kathmandu
6. Nepal-India Treaty of Trade
Treaty of Transit
Agreement of Co-operation 1978/1982
Corporation of Co-Ordination Division, Ministry of Finance, HMG
7. Performance Review of Public Enterprises
8. HMG Ministry of Industry: Imports and Exports 1980/1981
9. UNIDO: Solidarity Ministerial Meeting...Project Proposals
V82 24745 (14 April 1982)
10. UNIDO - HMG of Nepal: Solidarity Ministerial Meeting... Project Proposals (Revised) (28 October 1982)
11. Trade Promotion Centre: Nepal Trade Directory 1982
12. List of Industrial Production (selected items)*
13. List of Joint Venture Projects*
14. ISC: List of Studies 1975 - 1982
15. ITC/UNCTAD/GATT (Integrated Development Systems): An Export Strategy for Nepal, June 1981.
16. NIDC: Consolidated Annual Report 1976/77 - 1978/79
17. NIDC: Manual for Financial Assistance
18. UNDP/UNCTAD/ESCAP: Projection of Nepal's Transit Traffic (1980/81)
19. UNDP/UNCTAD/ESCAP: Direct Transit Costs (November 1982)
20. The Indirect Costs of Landlockedness and Their Impact on the Economy of Nepal, by C.E. Stonier, Kathmandu, May 1982
21. Summary of Report on Transit Transport Conditions Affecting Nepal's Third Country Trade, by C.E. Stonier, July 1982
22. Updating of Nepal's Third Country Trade Statistics and Volume Forecasts to 1986.
23. Role of Air Cargo including Combination Air and Sea Cargo services for Nepal's Third Country Traffic.

* Extracts from HMG Ministry of Industry Sources

