



MONITOR

Talking Business, Talking Change

Monthly

Year 6

Issue 1

Baisakh, 2069

April-May, 2012

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News Letter

CNI Focus on Economic Diplomacy



CNI office bearers, newly appointed envoys and participants in interaction program.

The Confederation of the Nepalese Industries (CNI), organized an interaction with newly appointed Nepali ambassadors to six different countries on Nepal's economic diplomacy at Kathmandu in 27 April. Addressing the program CNI President Binod Kumar Chaudhary said the country's desire, in the era of globalization, has shifted from aid to trade, and requested the newly appointed envoys to facilitate trade. "The crux of the modern foreign policy should be economic diplomacy," he spotlighted, "Thus the envoys should focus on technology transfer, foreign direct investment and promoting Nepali products abroad."

CNI senior Vice-President Narendra Kumar Basnyat requested the ambassadors to act as a bridge between respective countries and Nepal. "Nepali workers and entrepreneurs abroad are facing a lot of difficulties due to lack of a contact person," he said expressing the hope that ambassadors will help to resolve such issues related to workers and traders through diplomatic channel. Businessmen, entrepreneurs and CNI members present in the program urged the envoys to promote our economic interests overseas for maximizing the national interest.

The new appointees asked industrialists to

come up with their suggestions and cooperation to promote bilateral trade and economic relation with countries they are stationed in. They jointly expressed their sincere commitment for help to increase trade and tourism between Nepal and the countries they are based in as well as bring in more investment. "We will give our best effort to help Nepali entrepreneurs to promote their business in countries we are stationed," said Prahlad Prasai, ambassador to Israel. "We would help Nepal's industrial and economic growth through economic diplomacy," said Rudra Kumar Nepal, ambassador to Australia.

The crux of the modern foreign policy should be economic diplomacy

Ambassador to Russia, Rabi Mohan Sapkota said that Russia was interested to develop hydropower projects with total capacity of producing 23,000 MW. "Informal talks on this have begun and we could make it happen if we created proper environment for investment," he said adding that

Nepal has enough resources and the only requirement is creation of favorable environment for the mobilization of the resource. Similarly, Ram Mani Pokharel, ambassador to Brussels, Bharat Paudel ambassador to Pakistan and Paras Ghimire ambassador to Myanmar also focused on the need to increase export for economic prosperity of the country.



Message



Binod Kumar Chaudhary
President, CNI

Dear friends, my colleague entrepreneurs and admirers, it is our pleasure to inform you that we have come up with the 'MONITOR', CNI monthly news letter since Baishak 2069, which was remained unspoken for some times. This new issue of MONITOR is available to you in both the print as well as electronic version.

In the rapidly changing, highly competitive and techno savvy business environment today, entrepreneurs are constantly on the move. Even in the mobility and preoccupation they need information on latest development taking place in the economic and business sector both in the national as well as international level, which could be important and critical to their business operations.

Therefore, in order to keep the business community informed and updated on the current development in national as well as international economy, business scenario and CNI activities as well, CNI decided to collect economic and business information, news, views, trend analysis and policy changes over a period of current one month and present it to you in a form of compact information capsule.

Since the establishment of CNI, we have always welcomed your cooperation, inputs and suggestions to advocate appropriate legislative policy and operational changes necessary for establishing an investment friendly climate in Nepal, enhancing the capacity and capability of the private sector to deliver growth and raise voice to the concerns of the industrial and business community. It may be worth mentioning that there are various positive changes taken place mainly due to the major activities and initiatives that CNI undertook to achieve its mission during this period.

We hope this effort of CNI to help the business community keep updated on all current development on their areas of operation side by side on all economic scenarios in national as well as international level would be sufficient to appraise the reader on all the current business and economic issues. If you have any suggestions on how the usefulness and effectiveness of this news letter could further enhance, CNI would most grateful to receive your suggestions and feedback.

CNI Helps Fire Victims

Confederation of Nepalese Industries (CNI) the apex body of Nepal's industry and service sector, has granted more than Rs. 0.5 million worth of bamboo and corrugated sheets to the fire victims in Aurahi Village Development Committee (VDC) of Siraha district. The grant was mobilized from the Citizen Relief Fund (CRF), created in cooperation with CNI & MAHA Sanchar. CNI handed the essentials required for quickly construction of houses to the support committee formed under the leadership of chief district officer of Sihara to distribute the help to the victims. More than 2000 houses of around 1000 families were destroyed by the fire in Aurahi on 15 May 2012. CNI also expressed



Mr. Mahendra Neupane (right), Executive director of CNI handing over the corrugated sheet to Mr. Pramod Poddhar, treasurer of District Red-Cross Siraha.

aggrieve to the devastating incident and called its member institutions to provide any kind of helps to the fire victims.



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Trade Policy Expert Wing in MOCS

The Government of Nepal (GON) has decided to set up a Trade Policy Analytical Wing (TPAW) in the Ministry of Commerce and Supplies (MoCS). "Analyzing the trade issues and policies is definitely beyond the capacity of administrative staffs," Toya Narayan Gyawali, joint secretary of the ministry said, "It was decided to establish the TPAW in order to fill that gap." The wing comprising experts on trade policy and development will support the World Trade Organization (WTO) division and trade related issues at the MoCS.

According to Gyawali, the United States Agency for International Development (USAID) has agreed to assist the ministry in this regard. "The wing will be completely under the WTO division of the ministry," he said, "The purpose of establishing the wing is to be more efficient and prepare ourselves for bilateral and multilateral negotiation." Nepal which became a WTO member in 2004 has no such body in the ministry till the date. Referring to the frequent transfer of the staffs in the ministry, Gyawali said, "The wing of experts will always be there to support anyone that comes to work here." The wing will have a maximum of 3 people, according to Gyawali.

CNI agreed to join hand with KfW



The officials of Confederation of Nepalese Industries (CNI) and the delegation of German Development Bank, KfW from its Head Office in Germany had a meeting at the CNI Secretariat on 18th April. The KfW mission is in Nepal on an exploratory visit to identify and explore potential Carbon Development Mechanism (CDM) projects. The discussion was focused on potentialities, methodologies and sectors of energy switch by replacing diesel plants with thermal energy, energy efficiency, adaptation of new environment friendly technologies including up-gradation of technologies and production for CDM qualification.

CNI and KfW have agreed to jointly work on identification of CDM projects, awareness raising, capacity building, documentation and related issues to CDM. "CNI is ready to work with KfW in the areas of safe energy as it can raise the energy efficiency of Nepalese industries," said Mr Binod Kumar Chaudhary, president of CNI. At the mean time Ms Katja Eichner, senior project manager, KfW carbon fund also express her sincere desire to work with CNI, the apex body of Nepalese Industrial and service sector.

Kreditanstalt fur Wiederaufbau (KfW) is a German government owned development bank based in Frankfurt with its local representation in most developed and developing countries and are engaged in various sectors namely water supply and sanitation, renewable energy and energy efficiency, education, health, agriculture, forestry, solid waste management as well as the development of the financial sector.

CNI Forwarded Suggestions on Proposed Industrial Enterprise Act



Minister for Industry Anil Kumar Jha, CNI President Binod Kumar Chaudhary, president of SEJON Pradeep Chapagain, Senior V.P. of CNI Narendra K. Basnyat & participants.

Confederation of Nepalese Industries (CNI) organized a work shop to obtain inputs and suggestions on the draft of 'Proposed Industrial Enterprises Act 2068' at Kathmandu on 19 March. Minister for Industry (MOI) Anil Kumar Jha, talking on the workshop said the government is committed to development of industrial sector. "Development of special economic zones (SEZ) for the industrial development is a key," he said, adding that the government was planning to table SEZ bill in parliament during last session, but could not succeed due to objection from the law makers of leading party UCPN Maoist.

already submitted its concept paper on SEZ and Industrial policy," he said, asking the government to provide tax holiday for innovative industries.

However, vice president CNI Hari Bhakta Sharma presented current challenges faced by the industrial sector. "Extreme load shedding, labor problems due to highly politicized unions, lack of innovation and cut throat competition with foreign companies are the major challenges for the domestic manufacturing and service industries," Sharma said, adding that the productivity of workforce is, however, far lower than other South Asian countries, apart from underdeveloped infrastructure that has hit

“The board was formed some ten years back but it has not been able to show its presence CNI has already submitted its concept paper on SEZ and Industrial policy.”

President of the CNI and CA member Binod Kumar Chaudhary, while addressing on the work shop urged for the stable policy that could recognize opportunities as well as threats for the development of the industrial sector. He focused on development of Industrial Promotion Board as a strong forum to stimulate the industrialization of the country. "The board was formed some ten years back but it has not been able to show its presence," he added. He also urged the government to bring SEZ and Anti-Dumping Law as far as possible to encourage the industrial sector. "CNI has

the industrial growth. According to Sharma, contribution of the manufacturing sector to the gross domestic product (GDP) stood at 6.50 per cent in 2010-11.

"There is a huge potential in the country, if the government amends and adds the suggestions made by the private sector in the proposed Industrial Enterprise Act," Sharma added. The suggestions will help rapid growth of the industrial sector, increase income and improve competitiveness by accelerating industrial development, boost export capability and self sustainability, he added.

CNI Urged for Clarity on Anti-Money Laundering Issues



Hari Bhakta Sharma, Shanta Bahadur Shrestha, Narendra Kumar Basnyat, acting president of CNI, Mukti Narayan Poudel and Dharma Raj Sapkota respectively from left to right.

Confederated of Nepalese Industries (CNI), the apex body of Industry and Service sectors of Nepal has urged the government to ensure clarity in Anti Money Laundering (AML) Act and related issues. CNI expressed such views on AML, the burning issue of the day, by organizing an interaction program in its secretariat at Kathmandu with the government agencies and private stakeholders on 23 April. The program was chaired by Mr. Narendra Kumar Basnyat, acting president of CNI and, Mr. Mukti Narayan Poudel and Mr. Shanta Bahadur Shrestha immediate Director General (DG) at Department of Money Laundering Investigation (DMLI) and Department of Revenue Investigation (DRI) respectively, and Mr. Dharma Raj Sapkota, chief

financial information unit (FIU) of Nepal Rastra Bank (NRB), the central bank of the country, were also participating in the interaction.

Addressing the program, Mr. Basnyat said that CNI has convinced that Nepal's government as well as private sector could not go beyond the international norms and values of AML. "CNI has no reservation that those who have been involving in unethical and illegal businesses have to be prosecuted and punished according to the law of state, if proved," he said, "but the government should create conducive environment for the smooth functioning of the business and industry." In the mean time vice president of CNI Hari Bhakta Sharma said that there are numerous ambiguities in doing business due to

duplication in various tax laws and AML Act. He said, "Tax related issues should be settled by the country's tax laws and not to be treated as money laundering."

Like wise, though, government has initiated the issuance of permanent account number (PAN) to the tax payers few years back is yet to cover the all sections tax payer. In such a situation, private entrepreneurs have urged the government to bring one time voluntary declaration of wealth scheme (VDWS) to create a bench mark base line for the wealth and assets of business, politicians, professionals and bureaucrats as well. "The government should create conducive environment for the self-declaration of property at zero percent tax," said vice president of CNI Mr. Anuj Agrawal, adding that the doing business environment is deteriorating day by day due to ambiguity in various tax laws and AML Act. He cited examples of some countries such as Srilanka, India, Singapore etc. that they attempted to boost the investment and industry friendly environment through VDWS and other tools, time and again.

According to Mukti Narayan Poudel, immediate DG at the DMLI, government agencies, private sector and even individuals are involved in evading tax by hiding the real transaction amount. "Some smugglers are blocking remittance inflow illegally" he added, "The department will use Anti Money Laundering (AML) Act to curb such illegal trends." Similarly, immediate DG at the DRI Shanta Bahadur Shrestha said that the department is investigating cases related to Hundi → exchange of money through informal channels → worth more than Rs 1.5 billion.

Information Portal 'Invest Nepal' will be in Operation by July

Confederated of Nepalese Industries (CNI) is planning to start the operation information portal 'Invest Nepal' by July—new fiscal year 2069/70 of Nepal. The information portal is first of its kind in Nepal, which is jointly developed by Ministry of Industry (MOI) and CNI in cooperation with United State Agency for International Development (USAID) NEAT activities. CNI has organized an orientation program in Kathmandu on 4 May to share the operation and management modality of the portal with the stakeholders. Talking at the program Mr. Anil Kumar Thakur, joint secretary of MOI said that this is an initiative taken by the government and the private sector of Nepal to provide all required information and to facilitate the domestic as well as foreign investors.

According to Mr. Anuj Agrawal, vice president of CNI, the only motto of CNI is to contribute economic growth and employment of Nepal, which is required to build economically prosperous Nepal. "The government of Nepal has announced fiscal year 2012-13 as Investment Year and has already established the Investment Board to facilitate foreign investments to Nepal," he said, adding CNI is doing its homework to support government's this initiative of creating investment friendly laws and policies and 'Invest Nepal' is the result of one of such home works.



Participants at orientation program on information portal 'Invest Nepal'.

CNI has always been the leading force in urging the government and the other stakeholders to think about higher economic growth in the country. "It had presented the 'double digit growth' framework with a monthly income of around Rs 12,000 for all Nepalese five years back," shared CNI vice president Mr. Hari Bhakta Sharma, "CNI has been focusing on attracting the foreign direct investment on those sectors which has comparative advantage in global markets. We hope the information portal would be instrumental for both domestic as well as foreign investors to obtain reliable and authentic information."

"As the CNI has been able to project itself as a 'think

tank' of the private sector and providing suggestions for rationale policies and major feedback on its implementation to the government," said Prof. Prithivi Raj Ligal, deputy chief of party/policy at Nepal Economic, Agriculture, and Trade (NEAT) activity, USAID adding that operation and management of information portal 'Invest Nepal' would be a overwhelming contribution to the economy. According to Ligal, information portal will provide reliable and authentic information to the potential investors and the portal should be managed in coordination with different state agencies like Ministry of Industry, Ministry of Finance, Office of the Company Registrar and others.

CNI's participation at BOAO Forum for Asia (BFA)



CNI President Binod Kumar Chaudhary, Vice President Anuj Agrawal and EDC convener Sujit Acharya at BFA.

Confederation of Nepalese Industries (CNI), the apex organization of Nepal's industry and service sector, had the first business delegation of Nepal to BOAO Forum for Asia (BFA). The Delegation was led by Mr. Binod Kumar Chaudhary, President of CNI accompanied by Mr. Anuj Agarwal, Vice President of CNI and Mr. Sujit Acharya, Convener of the Energy Development Council of CNI.

The Forum was convened on 1st April 2012 with the participation of and speech by leading dignitaries namely Vice Premier of China, Prime Ministers from Italy, Kazakhstan, Pakistan and Chairmen of multiple Fortune 100 Companies. During the day, CNI's delegation held several meetings with potential strategic partners for Nepal including Private Equity Investors (PEI), Think Tanks from various countries, leading players in the energy sector and other related groups and individuals. The Delegation was able to share information on the opportunities that Nepal provides and generated significant interest from many global players.

The delegation also attended various sub sessions conducted by global leaders such as Mr. Indra Nooyi, Chairman of Pepsico, Mr. Robert Zoellick, President of World Bank President spoke on various topics, as well as social opinion makers like Mr. Jet Li who are driving Philanthropy and Charitable Causes across Asia. CNI Delegation had a separate session with the Secretary General and other key members of the BOAO Forum, for a strategic tie-up so as to create a platform which can drive and help the improvement and growth of Nepal-China Trade and Investment. BOAO Forum for Asia (BFA) is a non-profit organization that hosts high level forums for leaders from government, business and academia in Asia and other continents to share their vision on the most pressing issues in the region and the world at large.

CNI and CCI have agreed to sign MOU



Mr. Narendra Kumar Basnyat, acting president of CNI handing over a token of love to Mr Miloslav Stašek, ambassador of Czech Republic to Nepal and other participants.

Confederation of Nepalese Industries (CNI) organized an interaction program with a delegate of Czech Republic headed by the Ambassador of the Czech Republic to Nepal Mr. Miloslav Stašek on 7 May. The program was held in CNI secretariat in the chairmanship of Narendra Kumar Basnyat, acting president of CNI and Hari Bhakta Sharma, vice president of CNI and Bishnu Agrawal, Hon. Consul of Czech Republic in Nepal including CNI members, entrepreneurs from both countries and media personnel were presented in the program.

Addressing the program Basnyat supposed the visit of Czech Ambassador and the interaction held with him will play a pivotal role to strengthen economic relations and cooperation between Nepal and the Czech Republic in general and the private sector of both the countries in particular. "CNI has considered your Excellency's this visit as an opportunity for fostering the bilateral economic relationship between Nepal and the Czech Republic," he said, "We will also finalize a MOU to be signed with the CCI and CNI, which is expected to expand the business relation among the entrepreneurs of both the countries and will definitely be able to enhance the future cooperation and investment in development initiatives taken by Nepal."

In the mean time, ambassador of the

Czech Republic to Nepal Stašek stressed that Nepal and Czech Republic have vast scope of cooperation in areas of trade, commerce and development. According to him, Czech Republic is poised to take initiative to materialize the potentialities. "We see distinct possibilities to cooperate in Hydro power projects, waste management, water solution, tourism and services," he said, "we shall soon ink MOU between CNI and CCI, which will enable business communities of both countries to work together more closely." At the same time, Czech delegation has expressed its desire to sign Double Taxation Avoidance Agreement (DTAA) with Nepal that will pave way for the investment agreement in future. "The Czech Republic is ready to sign a Cooperation Agreement with CNI," they said, adding that based on the agreement a Joint Committee on Economic Cooperation will be established.

Hari Bhakta Sharma, vice president of CNI said private sector in Nepal has been vibrant and active in enhancing the economic activity in the country. Bishnu Agrawal said, "CNI in collaboration with the government of Nepal has been preparing information portal-"Invest Nepal", which is expected to come in operation by July 2012," adding that this portal would be very useful to those foreign investors who are willing to invest in Nepal and the Czech investors would also gain from this information portal.

Turkey is keen to Enhance the Economic Tie with Nepal



Mr. Narendra Kumar Basnyat, acting president of CNI handing over a token of love to Dr Burak Akcapar, ambassador of Turkey to Nepal and other participants.

Turkey's Ambassador to Nepal Dr Burak Akcapar has said that the Turkey is very interested to enhance the trade and economic relation with Nepal. Dr Burak was talking at an interaction organized by Confederation of Nepalese Industries (CNI) in Kathmandu on 11 April to discuss on trade and economic relation between two countries and to explore the new avenues in the future. According to

Dr Burak, in the present era of liberalization and globalization, the economic relation among the countries comes first. "Hydro power and tourism among others are the most attractive sectors of Nepal from the point of foreign investment," said Dr Burak expressing the sincere desire of Turkish investors to in those areas in collaboration with the local entrepreneurs.

According to Mr. Narendra Kumar Basnyat, acting president of CNI, however, Nepal is land locked country, it has high profit margin from any kind of investment in comparison to neighbor countries. "Nepalese industrialists are eager to welcome the Turkish investors to invest in the areas of their choice on which Nepal has comparative advantage," Basnyat said expressing his sincere to go through a memorandum of understanding (MOU) with Federation of Turkish Chamber of Commerce and Industries (FTCCI) for formal and long lasting association between the entrepreneurs of both the countries. According to Mr. Hari Bhakta Sharma and Anuj Agrawal, vice president of CNI, Turkish investors are looking very forward in terms of trade, investment and technology, so they can easily get benefit from the Geographical and Bio diversity, bio technology, agriculture and information and communication technology (ICT), the emerging areas of Nepal. In the mean time, Mr. Chandra Prakash Khetan, Consul of Turkey to Nepal expressed his sincere commitment to facilitate the trade and economic relation between both the countries.