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News Letter

B2B Interaction with Czech Delegation



CNI President Narendra K Basnyat Addressing the Program

Confederation of Nepalese Industries (CNI), the apex body of country's industrial community, held an interactive business meeting with a business delegation from Czech Republic in Kathmandu on February 11, 2013. Addressing the interaction program, CNI president Mr. Narendra Kumar Basnyat said that Nepal with its unique resources and location is an attractive investment destination for the foreign investors.

Some of the key sectors like hydropower, infrastructure, tourism, information technology, and agriculture apart from cement are potential areas and product that the foreign investors can exploit in Nepal, said vice president of CNI Mr. Anuj Agrawal while presenting a paper on "Investment Environment in Nepal" with an aim of providing information to the delegation headed by Czech Ambassador to Nepal Mr. Miloslav Stašek. "These sectors and product have huge market demand but the current

supply is lower", Agrawal said, adding that private sector that is vibrant and active in enhancing the economic activity in the country is ready to forge partnership with the foreign investors.

"Nepal has vast areas of potential waiting to be exploited in agriculture sector as a commercial venture, hydropower development and infrastructure development," Mr. Guru Neupane National Council Members of CNI briefed the visiting delegation on his presentation. Similarly, Prof. Dr. Govinda Pokharel, executive director of Alternative Energy Promotion Centre (AEPCC) presented the current situation as well as potentials of investment in the alternative/renewable energy in Nepal as a complementary for development of industry and services sectors, that contribute around two third of the country's gross domestic product (GDP).

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Message

Based on the 11-point deal among the country's four key political forces --UCPN (Maoist), Nepali Congress, CPN-UML, and United Democratic Madhesi Front -- on March 13, 2013; an Election Council under the leadership of Chief Justice of Supreme Court Khil Raj Regmi has been formed on March 14, 2013. Along with Regmi, other ten cabinet members have been appointed and designated for different portfolios as recommended by High Level Political Mechanism (HLP), formed by the leadership of the four political forces.

Nepal has got new government with an aim of conducting fresh Constitutional Assembly election within June of 2013 when the macroeconomic risk of the country has been mounting as indicated by the major indicators. Likewise, domestic as well as foreign investors have fear, citing worsening security and industrial relation, acute power crisis; prolonged political uncertainty and deteriorating business confidence. In such a situation, the industrial community can not expect more because the primary goal of this government is to conduct fair and safe election.

The election council, however, should not leave the contemporary economic agendas unaddressed. Therefore, the government should be working with private sector as well as other stakeholders in policy formulation and implementation, and in turn restoring good industrial relation and security to boost investors' confidence to accelerate the economic growth and prosperity of Nepal. As the country's trade deficit is mounting day by day, promoting export oriented industries by attracting more foreign investment into the country should be one of the top priorities of the government.

To get all these things happen the only effort of government or private sector is not sufficient. It needs the collaboration of government, private sector and other stakeholders. Thus, CNI would like to express sincere desire to work with the government in the issues of investment promotion, trade facilitation and economic development of the country.

CNI Honored Founder President

Confederation of Nepalese Industries (CNI), the apex body of country's industrial community has honored Binod K Chaudhary, the founder president and president emeritus of CNI, who has become the first Nepali to be enrolled in Forbes' global billionaires list, with net worth of one billion USD. The executive committee meeting of CNI held on March 07- 2013 in chairmanship of president Narendra Kumar Basnyat, endorsed the decision to honor fifty-seven-year-old Chaudhary, who have been ranked 1,342nd richest people on the world by Forbes, an American business magazine



President Narendra K Basnyat Honoring President Emeritus Chaudhary in a Program at CNI

added one dimension to recognize Nepali in the global arena. "This not only the success of Binod Chaudhary but also the success of entire private sector of Nepal," said Basnyat, adding that the young entrepreneurs

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which publishes billionaires' list every year. In the ceremony, CNI president Basnyat said Chaudhary as a Nepal's first billionaire

should learn from him to excel in the present competitive global context.

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Investment Competitiveness Workshop



Chief Secretary Leela Mani Paudyal and CNI president Narendra Basnyat (Centre) along with representatives from Nepal Investment Board, IFC and others during the workshop.

Confederation of Nepalese Industries (CNI) has attended a workshop on 'Making Investment Competitiveness for Nepal a Reality', jointly organized by Nepal Investment Board (NIB) and South Asia Enterprise Development Facility (SAEDEF), managed by the International Finance Corporation (IFC), in partnership with the UK government and Norwegian Agency for Development Cooperation in Kathmandu on February 14, 2013.

Addressing the program, CNI president Mr. Narendra Kumar Basnyat argued that the country must abolish the lengthy foreign direct investment (FDI) approval process, minimum investment requirement, expatriate work permit system, and simplify the currency repatriation procedures to attract more foreign direct investment to the country.

Countries that have addressed key impediments like lengthy foreign direct investment approval process and started fast track procedures with no unnecessary

screening, and created a level playing field have attracted more FDI, said Global Lead Specialist - Investment Promotion at the World Bank Group Robert Whyte, presenting a paper in the workshop.

Chief Executive Officer of NIB Mr. Radesh Pant said that, "investment policy should help increase the government's dealing capacity and provide a predictable investment climate for investors; the policy will also help manage a relationship between different stakeholders and balance the interest of investors, civil society and the government.

Recently, Nepal has focused on regulatory reforms to attract FDI through a streamlined procedural reform in 2012. "Processing time of the approval for FDI has come down to 10 days from the earlier 30 days, and the time for internal procedure has also come down to seven days from a total of 22 days, earlier," said chief secretary Leela Mani Paudyal, adding that the government has been revising various Acts and laws to make it investor-friendly.

Interaction with Austrian Trade Commissioner

CNI vice president Mr. Hari Bhakta Sharma had an interaction meeting with Ms. Shanay Artemis Hubmann, Deputy Trade Commissioner from Austrian Embassy Commercial Section at New Delhi- India on March 13, 2013 at CNI secretariat at Thapathali. In the meeting Ms Shanay has expressed her sincere interest about the potential business and industrial sectors of Nepal on which the Austrian Investors can invest in collaboration with Nepali entrepreneurs. "Our entrepreneurs are very keen to come in Nepal to expand their existing business or to start new venture as Nepal possesses various competitive advantages across the sectors," said Shanay.

In response CNI vice president Mr. Sharma addressed all of her queries as far as possible and also briefed on the investment climate; government rules and regulations; factor productivity and profitability; and comparative

as well as competitive advantages of Nepal for doing business across the sectors. "Most of the foreign companies are doing well in Nepal as they have been paying 500 to 600 percent dividend per year," Sharma said, "thus I would like to call Austrian entrepreneurs to come here in Nepal and enjoy the higher return on investment." At the same time, Mr. Sharma also invites the business community as well as the chambers of Austria for mutual cooperation with CNI and Nepali private sector. Ms. Shanay shared some potential business sectors of Austria and assure for B2B cooperation between the industrial and business communities of both the countries. She also shared some documents that might be instrumental to get ideas about the business scenario in Austria and potential sector for expanding business relation.



From Page 1 B2B Interaction...

During the interaction, ambassadors of the

Republic. The Czech investors had — during the B2B interaction — shown keen interest to invest in joint ventures in Nepal in the areas of water

Doing Business in Nepal

Nepal has slipped to 108th position in the Doing Business Index (DBI)-2013 released by the World Bank and International Finance Corporation. In the DBI-2012, Nepal was ranked 107. Among the 10 indicators, under which 185 economies were ranked, Nepal's position improved only in one indicator — registering property. The DBI-2013 shows starting business in Nepal also worsened over the last year. DBI has ranked Nepal 105 in terms of starting a new business, whereas the country was ranked 102 in the DBI-2012.

According to the DBI-2013, Nepal has not made any reform when it comes to making starting a business easier, making paying taxes easier and in strengthening investors' protection. Investors have to spend at least 29 days to complete the all seven procedures before starting a business in Nepal, according to the report. Likewise, 113 days are required to get construction permits. Nepal has been ranked 171 in 'trading across the border' indicator.

Exporting a standard container requires 11 documents, takes 41 days, and cost \$1975, whereas importing the same container requires 11 documents, takes 38 days, and costs \$2095, according to the report. DBI is considered one of the key instruments used by international investors to gauge the business environment before making their investment decisions in a country.

According to DBI-2013, Singapore topped the global ranking for the seventh straight year and most of other economies made improvements in the business climate. Among the region's economies, Sri Lanka moved up to 81 from 89 in DBI-2012, while India's ranking remained unchanged. However, ranking of Bangladesh, Maldives, Bhutan and Pakistan in DBI 2013 has fallen.

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CNI Honored...

As it was a rare honor and recognition for a Nepali, the government of Nepal and the concerned authorities should proud for having industrialists like Chaudhary, he added.

"It is an honor; I am happy to have our four decades of hard work recognized," Chaudhary told while accepting the greetings from CNI office bearers, "It has introduced the Nepali corporate sector to the world and will help encourage young entrepreneurs to explore new horizons." He added that "I had to face lots of impediments while achieving the world class honor, I hope the government of Nepal will think to remove such hurdles so that I successors should not face same what I did."

'Invest Nepal' an information portal to provide investment related information to facilitate the large investors through one window service.

During the interaction, ambassador of the Czech Republic to Nepal Miloslav Stašek argued that the regular exchange of business delegation between these two countries will help boost bilateral trade. "Though, the volume of trade between Czech Republic and Nepal has been increasing gradually, it is in favor of the Czech Republic," said Stašek, adding that the trade gap can be reduced by exporting mainly high value products such as readymade garments, handicrafts, hand-knotted woolen carpets, tea and medicinal herbs to the Czech

in joint ventures in Nepal in the areas of water resources, alternative and renewable energy, infrastructure, food processing, construction and distribution industries. CNI vice president Mr. Hari Bhakta Sharma argued that the government is also committed to create business friendly environment by implementing New Industrial Policy, bringing new Industrial Enterprise Act, and Foreign Investment and Technology Transfer Act and related regulations to attract foreign direct investment, whereas CNI has established

large investors through one window service. Honorary consul of Czech Republic to Nepal as well as national council member of CNI Mr. Bishnu Agrawal said that located between the two of world largest markets and preferential treaties with both countries India and China, gives Nepal duty free access, apart from Nepal's advantage as a least developed country that is entitled to preferential trade access to many other countries. "So the foreign investors who put their money in Nepal will enjoy easy access to the world's largest markets," Agrawal added.

IFC to Help NBF Secretariat

The Ministry of Industry (MoI) and International Finance Corporation (IFC) have signed an agreement for the operation of the Nepal Business Forum (NBF) Secretariat from an independent location to make reform programs effective and sustainable in close coordination with the private sector.

Industry Secretary Krishna Gyawali and IFC resident representative in Nepal Valentino S Bagatsing signed the agreement to this effect on January 19, 2013 in presence of representatives from the private sectors including Confederation of Nepalese Industries (CNI) which is the convener of the private sector coordination unit. The secretariat, which is currently located at the IFC office, will now have an independent office provided by the government to ensure better coordination with stakeholders concerned. "NBF has played a pivotal role in bringing the government and the private sector on a

common platform to analyze and identify areas of reforms that lead to an excellent policy coordination and facilitation," Gyawali said.

In the program CNI president Narendra Kumar Basnyat mentioned that a member of the World Bank Group, IFC is working with the Nepal government and the private sector to promote public-private dialogue for spurring business growth and creating jobs in Nepal. "Once the NBF get independent Secretariat, the first ever forum for public-private dialogue in Nepal, will be strengthened to coordinate with the government and the private sector more independently and effectively for expediting reforms," said Basnyat.

Addressing the signing ceremony,



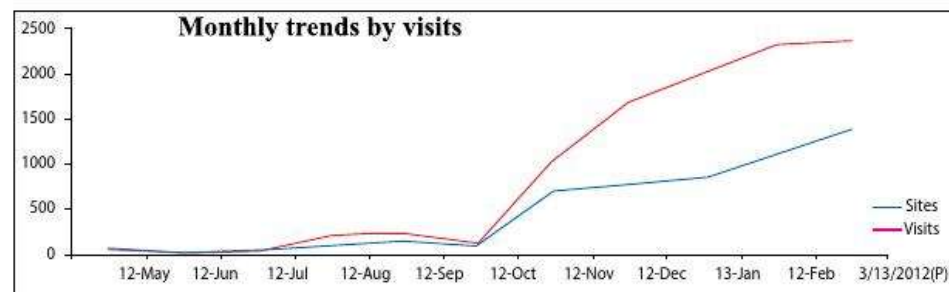
Minister and Secretary of Industry Ministry, IFC Chief and CNI President among others after signing the agreement

Bagatsing said, "IFC's rich global experience in facilitating public private dialogues has helped us support the NBF in accelerating and facilitating reforms, bringing the government and the private sector effectively together." "I believe a continued financial and technical support from IFC and the private sector will allow the Forum to contribute more effectively to the government's reform agenda," he added.

'Invest Nepal' Reaching Worldwide

Information portal 'Invest Nepal', result of a joint initiative by the Ministry of Industry (MOI) and Confederation of Nepalese Industries (CNI) in cooperation with USAID/NEAT Activity has been reaching worldwide within a short span of time. As the Information Portal - "Invest Nepal" was developed and made public to attract foreign investment to boost the nation's economy; it has been serving as a single reference point for sector-specific information for foreign as well as local investors, including expertise and business services.

The portal Invest was inaugurated by Honorable Minister Anil Kumar Jha, Ministry of Industry on November 12, 2012 in a public mass with government representatives, business community; development partners and media people. The portal is now accessible in web address 'www.investnepal.com.np' or Google and internet search. Till date after official launching, all most 35000 people from all over the world have visited the portal as it provides most crucial information related to foreign direct investment (FDI) and other business related services. The highest visitors are from European Countries, followed by India, Japan



submission, the portal has registered dozens of queries from prospective foreign investors both individual as well as institutional in areas ranging from agro-industries, manufacturing, processing to service industries. Accordingly, most of the queries have been responded by CNI since there is a dedicated help desk at CNI to operate and manage the portal and to provide the services to interested foreign individual, firm, company or corporate body involved in foreign investment or technology transfer, including foreign governments or international agencies.

There is no doubt that industrial promotion is a requirement for the economic growth of

where a person regularly monitor the portal for the necessary update. The information then forwarded into the review committee meeting; once the committee approves it will then be uploaded into the portal. Further information collection process and its updates are guided by the guideline.

In a view to create an investment-friendly environment and to encourage overseas investors to invest in Nepal, CNI has been closely working with the GON and development partners in the following areas:

- Facilitation for business-to-business activity;
- Guidance on investment location;
- Support for securing approval from the

and South East Asia. The portal consists of six main menu bars in a single horizontal line: the first bar provides general information about Nepal. The second bar addresses prominent issues related to business in Nepal with its three sub menus bars of business climate, business procedure and visa process for investors. The third bar also comprises of three bars that looks at the linkage on business related policies/strategies, laws/acts and rules/regulations. Sector related specific information is available in the fourth bar with their related linkage. The government's white paper, plan and research and survey documents are available in the fifth menu bar where as bi-lateral and multilateral agreement in business related information is available in the sixth column. As there is a provision for online query

any country. In a view to promote industrial development the Invest Nepal was established to provide reliable, up-to-date information related to business and the investment. It serves as a single authorized information source for existing policies governing FDI and other business-related information. The maintenance and operational parts of Invest Nepal is taken by CNI whereas its' regular updates is controlled through a mechanism formed under the agreement of MOI and CNI. Review Committee, IP-Operational Guideline and a Coordination Committee are the key elements of the mechanism. Should there be new policies or modifications of existing policies, laws, rules, or regulations, each committee member will provide timely information to the Industrial Promotion Division of MOI or to the CNI at

- Support for securing approval from the government and concern authorities;
 - Interactions with sectors, government agencies, and investors; and
 - Sector-specific information.
- How IP supports potential investors?**
- It provides information about Nepal and the basic requirements needed to establish business and industry;
 - Provide information on existing policies, rules and regulations governing FDI;
 - Industrial relation and practices
 - Provide sector-specific information;
 - Help to bridge between government agencies, sector experts and investors; and
 - Possible to get online answers to all queries related to business and investment.

Interaction with CCPIT Delegation

Confederation of Nepalese Industries (CNI), the apex body of Nepalese Industrial community, has organized an interaction meeting with a business delegation of China Council for Promotion of International Trade (CCPIT) at Kathmandu on March 04, 2013. The interaction was organised to foster the economic cooperation between the countries, for which CNI and CCPIT had signed MOU in December 2010. "This is the common framework to facilitate trade, investment and economic integration of the two countries, where private sector organization like CNI and CCPIT could play active roles," said Anuj Agrawal vice president of CNI. Agrawal also said that the interaction has recognized immense possibilities of improving economic and commercial ties between The People Republic of China and Nepal.

While speaking in the program entrepreneurs of both the countries agreed to identify Investment and Business potentialities in Nepal in the near future to promote the Investment and business potentialities of both of the countries. "Economic and trade relations have to be forced within the framework of laws and regulations in the concerned Countries, that the parties will exchange regularly market information about the economic development of China and Nepal to open up further change for

increasing exchange of trade between the concerned countries," said CCPIT Vice-Chairman Dong Songgon, adding that this activity will serve expansion of economic and industrial cooperation between the enterprises and organization of Nepal and China.

In the interaction, both of the parties agreed that they will organize different sector wise joint meetings of their representatives in China and Nepal respectively. CNI vice-President Satish Moore emphasized "such interactions should be in regular basis with the visits of commercial and economic delegations between the countries' private sectors," adding that the parties will do their best for the realization of business contacts that will be helpful not only benefit the concerned investors but also to the national economy of both the countries. At the same time, another vice-president of CNI Manoj Kedia said that the parties in the interest of their members will exchange market information to promote the investment in the countries as well as to facilitate the trade in boarder points where



CNI vice president Anuj Agrawal addressing the program

especially Nepali exporters have been facing various tariff and non-tariff barriers. Publication on the existing laws and regulations about foreign trade and investment provided by both parties will help to this end.

In response, the director general of department of legal affairs of China said the government of China will consider the trade and investment related barriers that the Nepali exporters have been facing while exporting Nepali products which have entitled to get duty free access in Chinese Market. CNI members and members of the Chine delegation were also sharing their view in the interaction where especially entrepreneurs requested the Chinese delegation to promote the Chinese investment in collaboration with Nepali investors without hesitation.

Go International Commence Operation



Development Region (FWDR).

Specific Objectives:

- Developing the capacity of trade and business associations to enhance

Partnership

- EU as the funding agency
- CNI as private sector body to act as the lead agency
- CAI international partner
- WVAf as a national non-government organization (NGO) partner

Working Model

To make best utilization of limited resources, this project has adopted Private-Public Partnership (PPP) Model, CNI represents from private; different ministries from public

Confederation of Nepalese Industries (CNI) in partnership with Centric Austria International (CAI) and World Vision Advocacy Forum (WVAf) has commences an export promotion project "Go International" since January 01, 2013. The

the production, logistics; marketing and export capacity of small and medium-sized producers. • Establishment of regional Services Development Centres (SDCs) for Trade Advisory Services (TAS) and Business Development Services (BDS) including information sharing,

main objective of this project is to promote the export of goods and services identified by the Government of Nepal (GoN), in its Nepal Trade Integration Strategy (NTIS) 2010 and Trade Facilitation and Economic Capacity Building Sector of EU Country Strategy Paper (2011-2013) for inclusive growth and employment.

Go International, a 36 months project, has identified 10 commodities and services listed by NTIS as export potential items. The project is being implemented in five development regions of Nepal to promote the export of commodities like: tea (Ilam) and cardamom (Panchthar) from Eastern Development Region (EDR), ginger (Sindhupalchowk) and Jewelry (Lalitpur) from Central Development Region (CDR), Tourism (Rupendehi) and Chayngra Pashmina (Kaski) from Western Development Region (WDR), Lentil (Banke) and MAP (Jumla) from Mid-western Development Region (MWDR) and, Handmade paper (Dadeldhura) and Woolen products (Darchula) from Far Western

networking, exchange of good practices and trade business opportunities.

In order to achieve the above objectives, the project will achieve the following results:

- **Result (1) Establishment of SDCs and their functioning in the five districts of each region.**
- **Result (2) Export Services Information portal installed for both Nepali exporters and international importers, hosted and maintained centrally by CNI secretariat.**
- **Result (3) 100 business plans developed for women and youth would-be entrepreneurs.**
- **Result (4) Export business plans for 250 SMEs finalized and assisted with market links.**
- **Result (5) "One district-one product" concept sensitization through campaigns enforced in ten districts of five regions**

Target Group

CNI and its local chapters, associations, policy makers, line agencies in the regions, 100 would-be entrepreneurs primarily chosen among women, youth and fresh graduates and 250 export business persons from Small and Medium Enterprises (SME).

from private, different ministries from public, CAI represents international technical partner of Internationalization of businesses and capacity building, and WVAF as civil society organization for lobby and advocacy.

Project Structure

For the sake of smooth running of the project, there is provision of 9 members Project Steering Committee (PSC) under the chairmanship of CNI Vice-President representing from government ministries and Federation of Small and Medium Enterprises (FSME); CAI representative; WVAF representative; CNI Director General and Go International Project Coordinator as member secretary. Similarly, 5 members SDC Coordination Committee located in each 5 development regions will be in place. The overall objective of forming these committees are to oversee the implementation of project activities and provide strategic guidance, policy support, program direction, review project progress, and ensure inter-ministerial coordination and cooperation to achieve desired results of the project.