

First International Conference on Trade Openness, Economic Development and Economic Sustainability

Conference Proceedings

March 7-8, 2023, Kathmandu

Organised by Kathmandu University School of Management
with support of the WTO Chair Programme

Introduction

The World Trade Organization (WTO) launched the WTO Chairs Programme in 2010. The WTO Chairs Programme (WCP) aims to support and promote trade-related academic activities by universities and research institutions in developing and least-developed countries.

These aims are expected to be achieved via i) Research on trade policy and WTO-related matters; ii) Courses with WTO content developed by WCP Chairs; iii) WTO Chairs' research disseminated to policy makers and other stakeholders"

The WTO said that the chair-holders are selected through a competitive process. Kathmandu University School of Management (KUSOM) was selected as one of the chairholders by the WTO and the WTO Chairs programme was officially launched at the KUSOM in October 2022.

With the support of WTO, and in collaboration with government agencies, private sector and international agencies, Kathmandu University School of Management (KUSOM) will implement WTO Chair program for the next four years (2022-2026) based on three major pillars of interventions.

Research:

The program will provide funding opportunities to conduct academic research on topics related to international business and trade. The objective of this is to help policymakers make evidence-based policy that could assist in achieving sustainable competitive advantages of Nepali products.

Curriculum Development and Teaching:

KUSOM will introduce specialisation courses in undergraduate, postgraduate and research degree programs. These courses will help students to build a strong theoretical background on topics related to international business and trade.

Capacity building and outreach:

WCP will help to organise training programs, international conferences and trade related awareness programs to all the relevant stakeholders at different levels.

Under WTO Chairs Programme –

Nepal, Kathmandu University School of Management (KUSOM) announced the 1st international conference on trade openness, economic development and economic sustainability on 27th November 2022.

The conference is one of the major activities under the intervention of the Research pillar of WTO Chairs Programme Nepal, according to the KUSOM.

Theme: Trade Openness, Economic Development and Economic Sustainability

- Current Practises, Adaptation and Economic Development
- Trade Potential and Sustainability
- Investment in Trade Infrastructure and Logistics

Research papers presented and discussed during the conference

RESEARCH PAPERS:

Track 1

Current Practices, Adaptation and Economic Development

1. Ms. Prathibha Venkateshamurthy, Dr. Jeevananda S. & Dr. Sangeeta Mehrolia

Assessing the export competitiveness of Industries from India and Nepal - A cross-country analysis

2. Mr. Manu Vasudevan Unni, Dr. Jeevananda S., Dr. Jacob Joseph K. & Dr. Saba Fatma

Privacy Research: Knowledge and Drive

3. Mr. Jagadish Rouniyar

Digital Economy- Relevance, Capacity and Competitiveness

4. Dr. Ashok Bhandary

Walking the Talk: Opportunities for Nepali Businesses to be Ethical and Socially Responsible

5. Ms. Dipshikha Gurung

Technology is a women entrepreneurs' best friend: Does self-leadership trait matter?

6. Dr. Nisha Prakash

Is Liberalisation Turning Economies into Pollution Havens? Evidence from India

7. Mr. Saroj Kumar Aryal & Mr. Binayak Malla

Economics and Socio-Political Dynamics of "Study Abroad"- The Perspective of Nepali Youth

RESEARCH PAPERS:

Track 2

Trade Potential and Sustainability

1. Dr. Aparna R Hawaldar

Rethinking growth for long-term welfare A case for Circular Economy transition in Tourism sector in Nepal

2. Dr. Rajesh Sharma & Mr. Pradip Kafle

Greening the Monetary Policy of Nepal: A Sine Qua Non for Sustainability

3. Mr. Prajjwal Dhungana

Climate change, human migration and possible trade linkages - Evidence from Nepal

4. Ms. Sabina Baniya Chhetri Pokhrel & Mr. Dipesh Karki

Climate change and gender in trade of water-intensive cash crops: Bibliometric review and case study of Women Traders of Nepal

5. Mr. Thakur Devkota, Mr. Sabin Bikram Panta, Mr. Binayak Malla & Dr. Malgorzata Kuczara

Climate Change Nexus with timing and seasonality of tourism business – A way forward for long-term sustainability tourism

6. Dr. Rajesh Sharma, Mr. Prajol Joshi

An exploratory study on firm-level understandability about sustainable business practices in Nepal

7. Dr. P. Vamsi Krishna, Dr. P. Prashant, Dr. P. Venkateswara Rao & Prof. T. Sreenivas

A Case study on Bio-Gas plant at Vegetable Market the Sustainable Initiative

According to the KUSOM, a total of 28 papers (along with 4 WTO grant papers) were received by February 7, the extended deadline. Of them, four were rejected because they were not within the theme while additional four were rejected from review process because they were not upto the mark, according to the KUSOM.

Reviewers assigned for the remaining 20 papers. The reviewers rejected further seven papers and 13 were selected. Of them, three papers were omitted because of the lack of travel funds for two papers and one for health reasons. The 10 papers selected by the reviewers and four papers funded by the WTO were available for presentation during the conference on March 7-8.

Key finding and conclusion

The papers presented in the conferences focussed particularly in two areas— economic liberalisation and sustainable development.

Keynote speakers, paper presenters and discussants stressed the importance of keeping the economy open while discussing trade openness. In the context of climate change and environmental degradation, many papers discussed sustainable economic development.

Here are some of key finding and conclusion based on keynote speeches, papers presented and commentaries and discussions on those papers

Trade Openness

- There is no alternative to open and liberal economy as hundred percent self-reliance is not possible in the today's world
- Openness breeds opportunities and help develop competitive capacity
- The competition to the promoted by open economy encourages businesses to be more innovative
- Less regulation helps the economy to grow. The open economy helps to improve competitiveness.
- Trade openness can improve access to new technologies that make local production processes more efficient by diminishing the use of inputs such as energy, water, and other environmentally harmful substances
- Trade openness boosts economic growth by not only raising output levels of capital and labour but also by redistributing resources from less productive companies to higher productive ones
- Trade and investment liberalisation can provide firms with incentives to adopt more stringent environmental standards.
- Nepal's Export sector becomes more exposed to environmental requirements imposed by the leading importers as Nepal becomes more integrated within the regional and global economy
- When it comes to Nepal, the country needs to identify the goods and services that are based on local resources and that can be competitive in the global market to boost exports
- Nepal has not been able to benefit from joining the World Trade Organization (WTO) in 2004 because of policy failures. The trade policies 2009 and 2015 and two Nepal Trade Integration Strategies (NTIS) 2010 and 2016 failed to boost Nepal's exports
- The World is facing multidimensional economic problems, their cure can also be explored under the open economy
- Even though Covid-19 pandemic, Russia-Ukraine war and US-China trade war brought new dimension to international trade, whose impact can be felt in the days to come
- Trade liberalisation is facing challenge because of growing tendencies among the developed countries to adopt protectionist policies which undermines the incentives for becoming competitive and enhancing productivity
- WTO rules are being disregarded and customs duties are being imposed beyond bound rates on very specious security grounds
- Deteriorating US-China relationship has been redrawing the global value chain, investment flows and economic disengagement which may have a prolonged impact
- In global trade, multinational companies mostly come into the limelight. But backbone of any economy is the small and medium scale enterprises
- Small enterprises are also getting more opportunities due to increasing access to digital technology. They can access the local market much more readily than they used to in the past

- Nepali products have however not been as competitive in the global marketplace and the country has been facing a massive trade deficit.
- Nepal's international trade is heavily reliant on two neighbouring giants. Given the history that the neighbours have been using Nepal's dependence on them to fulfil their strategic interest, it is necessary to diversify trade relations.
- While Nepal is facing huge trade deficit in goods trade, the country is also facing the deficit in service trade as well with the country spending heavily on education, high quality health and aviation service as well to foreigners

Sustainable development

- There is a need to adopt a circular economy (CE) which replaces the end-of-life (of goods) concept with restoration, shifts towards the use of renewable energy and it aims to eliminate the use of toxic chemicals and wastes through the superior design of materials, products, systems, and business models
- The CE concept can also be implemented in Nepali tourism but the lack of funding, lack of integrated approach for policymaking and deficient institutional frameworks, tax system that promotes linear economy, low level of awareness on the need for a more sustainable economy and the society's aversion to change are hurdles to implement CE concept in tourism
- Even the monetary policy can also be eco-friendly
- Nepal Rastra Bank undertook some commendable policy initiatives but it has certain limitations because of its fragmented approach and implementation lags.
- With the promotion of a cashless and digital economy, the monetary policy can help reduce the effect of climate change
- Climate change is causing human migration because of landslides and floods
- There is a need for introducing Climate Change Migration Policy and Climate Change Trade Policy.
- There is a need for a system of payment-for-ecosystem preservation and certification schemes in order to incentivize those farmers that opt for high to medium shade cover.
- Climate change is affecting the behaviour of the tourists as they tend not stay longer for not being able to see the wide animals
- Sustainable business practice should be promoted to save environment but businesses are hesitant to adopt this practice because of potential higher cost
- Buyers also need to be ready to pay higher prices for products produced by adopting sustainable business practices

Day 1

Tuesday, 7 March 2023

Venue: The Everest Hotel, New Baneshwor, Kathmandu.

Inaugural session

Arrival of Guests & Registration

Start of the program & ushering guests to the Dias

Welcome Remarks by **Prof. Dr. Achyut Wagle**, Registrar at Kathmandu University and Co-Chair, WTO Chairs Programme Nepal

Official inauguration by lightning of the Panas by **Prof. Dr. Bhola Thapa**, Chief Guest of the Ceremony & Vice Chancellor of Kathmandu University

Keynote Addresses

Prof. Dr. Raghunath Subramaniam

Professor of Strategy Chairman South Asia Board Academy of International Business Indian Institute of Management (IIM), Bangalore

[Keynote Address \(Virtual\)](#)

Prof. Dr. Elizabeth Louise Rose

Research Chair Professor in Business Policy & Strategy Indian Institute of Management (IIM), Udaipur

[Keynote Address](#)

Dr. Anup Wadhawan

Former Commerce Secretary, Government of India

[Inaugural Address](#)

Chief Guest Prof. Dr. Bhola Thapa

Vice Chancellor of Kathmandu University

[Distinguished Address \(Virtual\)](#)

Dr. Werner Zdouc

Director of the Knowledge Management Division, WTO Chairs Programme

[Closing Remarks](#)

Prof. Dr. Devi Prasad Bedari

Dean, Kathmandu University School of Management Chair-WTO Chairs Programme, Nepal

The inaugural session began with the arrival of the guests and registration of the participants. The event started by inviting the important guest to the dais.

Dr. Achyut Wagle Registrar, Kathmandu University Co-Chair, WTO Chairs Programme Nepal took ahead the inaugural session by giving a welcome speech.

Welcoming the guests, Dr Wagle highlighted Nepal's policy failures in the past as the country continued to see large informal trade, massive trade deficit and heavy reliance on a few countries for international trade while stressing on the need for scientific approach in research to prepare better policies.

"The issue of trade for Nepal and her economy is tragically passionate. In official figures, Nepal's trade deficit at present stands about 45 percent of national GDP and, unofficially it is estimated to be just double; including the informal and illegal cross border trade, massive under-invoicing on import values and chronic corruption in the revenue administration. In official figures, the export-import ratio of Nepal is approximately 1:10 but in real terms, the real ratio is estimated to be way above 1:20, according to him."

Likewise, he also highlighted the heavy reliance on India and China for international trade and stressed on the urgent need for trade diversification because of the vulnerability this situation creates.

"About 85 percent of Nepal's foreign trade is with her only two immediate neighbours—India and China. Trade diversification is perennially a critical issue and, at times in history, trade has also been used as the strategic instrument for geopolitical influence in the name of either trade facilitation or trade embargo by the economically powerful neighbours," Dr. Wagle said.

He also highlighted the fact that Nepal is not only facing a trade deficit but also in trade in services as well. "We are net importers of higher education, advanced health and international air travel services. Nepal as an import-dependent economy, therefore, ironically, has but no alternative to believing in and practising trade openness," he said.

With the Nepali government preparing to introduce the third editions of these two critical policies, he does not see possibility of any improved policy given that mostly same bureaucrats now retired, who could make hardly any contribution even to reduce trade deficit marginally in their entire career, have again been hired as consultants ostensibly to typecast these 'new' editions of policies as well.

Given this context, he highlighted the importance of both academic and applied research for substantive and meaningful intervention. "The need for systematically exploring linkages, correlations or causalities between trade, development and sustainability are certainly opening new vistas for researchers and policymakers alike," he said.

He then highlighted the importance of the rationale of the conference which aimed to promote international approach on research cooperation and dissemination of research results.

He also praised the WTO for the support to make the KUSOM's effort to make the event truly global through the WTO Chairs Programme. He also informed the gathering that Nepal has entered into the next phase of implementation of WTO Chairs Programme.

"Kathmandu University School of Management plans to set-up a national Trade Centre with the objectives to focus on continuous policy reviews, increase the trade and entrepreneurship related research and to enhance engagement with all relevant stakeholders," he said asking for support and cooperation of all to make it a vibrant academic centre.

Official inauguration by Prof. Dr. Bhola Thapa, Chief Guest of the Ceremony & Vice Chancellor of Kathmandu University

Keynote Addresses

1. First keynote address

Prof. Dr. Raghunath Subramaniam

Professor of Strategy

Chairman South Asia Board Academy of International Business

Indian Institute of Management (IIM), Bangalore

Trade openness can improve access to new technologies that make local production processes more efficient by diminishing the use of inputs such as energy, water, and other environmentally harmful substances.

Similarly, trade and investment liberalisation can provide firms with incentives to adopt more stringent environmental standards. As a Nepal becomes more integrated within the regional and global economy, its export sector becomes more exposed to environmental requirements imposed by the leading importers. Changes needed to meet these requirements, in turn, flow backwards along the supply chain, stimulating the use of cleaner production processes and technologies.

Trade Open ness must create jobs and increase incomes for women, youth and marginalised groups in the Nepali society. In order to increase exports a policy of subsidizing certain items such as herbs cardamom, tea, carpets, pashmina, garments, jute and other items is in place. Brand Nepal must be showcased through exports. In the process must mainstream marginalised farmers and labour force in rural areas. One way of achieving this is to develop innovative clusters in each of the provinces in Nepal based on local resources and capabilities. Provincial governments can be ranked every year in their effectiveness in championing and sustaining innovation clusters. Ease of doing business and implementation of reforms can also be significant parameters of performance measurement.

Nepal's ambition of increasing and diversifying high value exports based on local produce, tourism experiences and digital services that can be provided anywhere in the world.

2. Keynote Address

Prof. Dr. Elizabeth Louise Rose

Research Chair Professor in Business Policy & Strategy

Indian Institute of Management (IIM), Udaipur

In her virtual keynote speech, Prof. Rose talked about the importance of entrepreneurship and what could be done to encourage entrepreneurship. She also discussed the importance of Small and Medium Enterprises (SMEs).

Nepal's SMEs are estimated to have employed between 1.7 and 2.7 million people and estimated employment from the SMEs in India is about 120 million people in India, according to her.

She also highlighted the importance of the informal economy with small firms dominating the sector. "The informal economy is incredibly important because the livelihood of a lot of people depends on it," she said.

She however complained about resources being skewed towards very large firms. "For the big firms, the resource is very much about owning, internalising, grabbing, holding onto and making them. The smaller firms are not doing this. So, it's fairly obvious why they don't have the

money. But they are much more efficient because what they're doing is using strategic alliances and networks to access these resources as they're needed. The other thing is that the resources that small firms need may be quite different to those that large."

In her view, despite resource advantages for big companies, it does not necessarily help them to become successful. "You have to be giving a high-quality product, or service. Otherwise, you're going to be competing in a space and simply not advantageous. I don't care whether you're a very small handicraft entrepreneur or a giant company. If you don't have good processes, high quality products or service, it is going to be problematic. And we just, we just, you also need a focus on product and process Innovation."

However, she highlighted the vulnerability of smaller firms. Some of the points she mentioned regarding their vulnerabilities as follows: Smaller firms might be hit harder by the external environment. A ginormous company can suck losses up to the limit of the money they have accumulated. In the case of small firms, every decision matters and it's tougher for them to operate in the open economies. Critical resources for any firm are knowledge. We don't know very much about how small firms do have access to knowledge and how they internalise which is something we need to look into.

She also highlighted the importance of innovative ideas to help small enterprises to flourish. In her keynote speech, she also highlighted the business opportunity brought by the COVID-19 pandemic though it was disruptive in early days due to its impact on the global supply chain. "We've seen firms and individuals pivoting and seizing Innovative entrepreneurial opportunities," she said. She also highlighted improved digital access for small firms due to the COVID crisis.

Entrepreneurs running micro enterprises are using the code enabling them to make payment digitally, she said, adding that there has also been more equitable access to health, Care, through digitisation.

She also observed that there is also more opportunity for small firms due to digital access. "We've seen a normalisation of remote working and all of this has a big impact on small firms. They can access the local market much more readily than they used to. They would be forced to quit the business in such circumstances 10 years ago."

3. Keynote speech

Dr. Anup Wadhawan

Former Commerce Secretary, Government of India.

My sincere thanks for the warm welcome. I am delighted to be here amidst the very distinguished participants attending the 1st International Conference on Trade Openness, Development and Sustainability at Kathmandu. My thanks to the organisers for extending this privilege.

We have gathered here at a time when the world faces its most serious economic challenges of recent times. The period since the global financial crisis of 2008-09 has seen several adverse events that have caused much economic hardship, especially to developing countries and LDCs.

Recovery from the global financial crisis of 2008-09 was disrupted initially in 2014 by the slowdown in China related to the financial and real estate sectors, which was compounded down the road by the US-China trade war and a phase of protectionism and unilateralism initiated by many powerful economies. We saw WTO rules disregarded and customs duties imposed beyond bound rates on very specious security grounds, in the name of the alleged unfairness of global trading arrangements. Ironically these grievances were harboured by some of the richest countries in the world, like the US, who have been the biggest beneficiaries of the post WW2 global economic order. We saw the multilateral rule-based WTO order disrupted and the functioning of the dispute resolution appellate body brought to a halt, making WTO rules unenforceable and compliance a matter of choice, especially for the dominant economies.

As the world awaited signs of some sanity amidst this chaos, we were hit by the covid epidemic, which was followed by the ongoing Ukraine

war. These severe supply shocks were compounded by the impact on incomes and demand. Breaking the secular trend, global trade growth fell behind GDP growth, resulting in a decline in the world trade to GDP ratio from 57.38% in 2018 to 56.35% in 2019 and 52.18% in 2020, before recovering to 56.54% in 2021.

We saw contractionary monetary policies in the face of covid and war related inflation and high commodity prices, especially of foodgrains and petroleum, which have caused a flight of capital from developing countries, and worsened both their trade deficits and capital account stresses, including in South Asian countries like Sri Lanka and Pakistan. These BoP stresses could become more severe in other countries in the region also.

Even though most of these adverse developments are one-time shocks and recovery is foreseen, their effects can linger. The big power rivalry behind the Ukraine war and the deteriorating US-China relationship, which is seeing a redrawing of global value chains and investment flows and economic disengagement between these blocks, may have a prolonged impact. These re-alignments may, however, be a silver lining and an opportunity for recipient investment destinations.

The fact that economic growth in 2023 is estimated to be in positive territory with further improved prospects for 2024, offers hope that the economic self-interest of nations will ensure that this structural adjustment process is gradual and not overly disruptive.

Lest we get too optimistic, let me draw attention to some very dark clouds now distinctly visible in the horizon that will get darker and darker within our lifetimes. I am referring to climate change, which poses an existential challenge to mankind as never before. After being denied by many amidst evidence to the contrary, its imminent nature is no longer confined to research papers but is manifest all around us. The last few years have seen unprecedented extreme weather events across the world. We have seen rapid melting of the polar icecaps and glaciers, a rise in the sea level, and, very close to us, we have seen in South Asia a distinct fall in agricultural productivity due to heat stresses and un-seasonal rain. According to one report, the combined land and ocean temperature which had increased at an average rate of 0.08 degrees Celsius per decade since 1880, has been increasing twice as fast at 0.18 °C per decade since 1981. Similarly, global mean sea level which rose about 1.5 millimeters per year in the 20th century, was rising at 2.5 mm per year by the early 1990s, and 3.9 mm per year over the past decade.

Clearly, national and global policy makers need to extend their priorities beyond the quest for efficiency and equity in resource allocation, to the issue of sustainability. A failure to do so will result in the entire edifice of our economies and societies collapsing, with unprecedented loss of livelihoods, impoverishment, migration, homelessness etc. It is also clear that achievement of the most ambitious mitigation goals will still require significant adaptation efforts, especially in the developing world given their geo-climatic circumstances and primary sector dependence. Adaptation assistance unfortunately attracts the same scepticism amongst developed countries as development assistance, as its benefits are local, as opposed to mitigation expenditure, which is a global public good. Developments like border carbon taxes and invocation of non-trade levers in trade, also warrant sustainable production methods for overseas market access.

It is a matter of concern that today when the world faces multiple crises, institutions like the WTO created to collectively address these challenges, are being systematically undermined and disregarded. Other developmental institutions like the World Bank and the IMF suffer from an inclusiveness deficit in their governance and have failed to adequately address the needs of developing countries. While this institutional architecture must be repaired, our experience with global economic cooperation offers little hope.

It is apparent that the global economic order has transformed only notionally from the age of overt colonial exploitation to assume continuing unfairness and inequity based on legalistic arrangements for a developed world stranglehold on technology through evergreened IPR regimes, aversion to technology transfer accompanying investment in developing countries and unfair agreements like the AoA that perpetuate huge developed country agriculture subsidies that impoverish African cotton producers and others, while developing countries face retaliatory action at the WTO for their own very modest support. The Doha development agenda of the WTO stands abandoned and new areas like e-commerce etc., for which developing countries are unprepared, are being foisted. These facts offer little hope of any genuine assistance coming forth for the developing world.

Quite clearly, developing countries must proceed to put their economic house in order, sooner rather than later, at their own initiative and

for their own sake, with self-awareness and self-confidence, without waiting for or expecting any help through the multilateral WTO channel or on a bilateral basis.

In this context, quite logically, the key question I wish to address today relates to the optimal choices national policy makers in developing countries need to exercise in the face of these global imperatives that surround us. Let me first take up the issue of trade openness.

The global shocks and unfair trade practices we are seeing today often evoke a protective response from policy makers. Unfortunately, protective trade measures that excessively and indefinitely limit cross-border access to goods and services, only make a bad situation worse by cutting out channels for benefitting from overseas competitiveness inherent in high quality and competitively priced raw materials, intermediates, capital goods and final products. This can disrupt domestic value chains, both internal and export related, and extract a huge economic toll, especially on small businesses and consumers, while benefitting, if at all, a small group of well entrenched and vocal import competing manufacturers.

A predominantly protective orientation undermines the incentives for becoming competitive and enhancing productivity, which is the only basis for raising real wages and enhancing citizens welfare. Closed economies are not known to emerge as strong economies even after long durations of protection. Protection afforded to domestic producers must be strategic, well targeted, and time-bound, with suitable choice of instruments, ideally other than tariff walls, and must not come in the way of creating a predominantly open economy.

To allay any doubts on this score, we only need to compare the pre 1991 India with the India of today. Notwithstanding the diverse narrative, it is a fact that overall, we are better off today in both our domestic economic strength and external sector stability, after taking into account in totality all post 1991 developments ranging from our big unilateral external sector liberalization of 1991, in a sense our biggest FTA, and the numerous subsequent FTAs that followed. There is no going back. Those favouring that direction need only to look at the Brexit outcomes for UK – which include a 3-4% loss of GDP, and 40 billion Pounds of lost investment with the toll growing.

Undeniably, globalization creates vulnerabilities to periodic economic shocks. While policy makers must address these and prepare the economy for them, the underlying truth is that these disruptions cause distress by disrupting global links and evoke a clamour for restoration of global flows rather than for abandonment of an open economy. Our recent covid experience bears this out.

It is also true that the overall gains from trade involve winners and losers. Import competing industries may end up shutting down and their workers may temporarily be without jobs. We cannot and should not forget the losers. It is the duty of the State to cushion their distress by systematically creating a social safety net, to smoothen the transition to an efficient, open economy and enable the creation of a critical mass for reform.

Openness does not imply acceptance of unfair trade practices and import surges. We need to pro-actively address them through the available trade remedies of countervailing, anti-dumping and safeguard duties. Towards this end we need to create regulatory capacity with the cooperation of domestic industry, which must systematically maintain databases on their own and competitor cost and pricing structures to file timely and rigorous trade remedy cases.

These safeguards on the path of economic liberalization must go hand in hand with efforts to improve the investment environment for production of both goods and services, to the advantage of both domestic and foreign investors. This would require a conducive policy and regulatory environment that promotes ease of doing business and reduces transactions costs through digitized approval and compliance processes that are paperless, faceless, and timebound.

These improvements in the virtual space must go hand in hand with improvements in the physical environment of doing business through the creation of land-based investment platforms with state-of-the-art infrastructure, internal and external connectivity and logistics, and efficient and adequate utility services like power and water. These arrangements should include a decentralized local single window for ease of approvals and regulatory oversight.

It is noteworthy that such pointed and relatively easily implementable efforts initiated in many countries through the creation of SEZs and manufacturing clusters, have shown demonstrated and distinct growth and employment outcomes. On the other hand, economy wide reform efforts often tend to get thinly spread and / or meet with resistance, and fail to yield these outcomes, as seen in the example of many countries ticking reform after reform, year after year, without achieving the desired growth and development objectives.

This conducive virtual and physical environment, combined with steps like limited duration production linked subsidies, like the recent 14 sector PLIs in India, can create a healthy supply response from domestic and foreign investors in keeping with domestic strengths and circumstances, much more effectively than efficiency sapping and cost elevating protective barriers.

These initially small land-based islands of excellence can grow rapidly to transform the socio-economic landscape on a substantive, economy wide basis. This can pave the way for rapid changes in our economic and social structure, and lifestyle based incentives, and create receptivity for values like a scientific temper, universal school education for children, equal treatment across genders, universal child immunization, maternal and child health, planned families, improved hygiene and sanitation, inclusiveness for all sections of society, and countervailing societal pressure against ills like corruption, and pave the way for unimaginable socio-economic upliftment, all in a single generation. Failure to achieve these goals will tend to waste away the demographic dividend of developing countries a generation at a time, as seen in many countries.

The rapid transformational socio-economic success story of many countries, big and small, ranging in the post WW2 period from Singapore, Taiwan, Korea, Thailand, Malaysia, Indonesia to China, and now Vietnam, is ample testimony to the efficacy of this recipe.

This broad description of the desired path would involve several refinements, expanding in scope and sophistication as the eco-system evolves. Most of these issues are subject matters for discussion in this conference. Let me briefly outline some of them.

Non-Tariff Measures (NTMs) – not NTBs – like standards and certification can protect domestic producers and consumers from sub-standard and harmful imports, while upgrading domestic manufacturing quality and competitiveness. They can help SMEs in moving along the path of global competitiveness and economies of scale. Credible product branding based on quality, safety, energy efficiency, and organic produce certification etc. can provide global market access for small manufacturers.

On the environment protection and sustainability front, there is no reason for the developing world to follow the path of the developed world, which has left us with a sad legacy that mankind will find hard to undo and escape. A sustainable path balancing growth, equity, and sustainability through a circular economy, need not involve an adverse trade-off with economic growth. Towards this end, we need to work towards transition to non-polluting energy sources, emissions reduction from and eventual phasing out of polluting energy sources, market-based approaches for economy wide emissions reduction and energy efficiency, and carbon capture through afforestation etc., to achieve the net-zero status nations are increasingly committed to.

Stable and prudent monetary and fiscal policies, and a market determined currency, aimed at price and BoP stability, are also key elements of a conducive business environment. While a central bank role in keeping the currency in a reasonable fundamentals determined band is desirable and feasible, consistent undervaluation below the fundamentals driven value through the steady acquisition of reserves may not be a sustainable long-run policy. Chinese policy makers realised this and abandoned the practice, after acquiring trillions of dollars of low interest paying US treasury bills, which posed a risk of their own. A depreciated currency also has the associated adverse feature of making imported inputs like petroleum etc. expensive in domestic currency terms and causing domestic inflation, as we have seen in recent times. Competitiveness needs to be achieved through the more sustainable approaches we have discussed, rather than currency related measures. These transformational policies centred around cross-border economic engagement, are available to all countries, and can serve as the basis of regional integration and cooperation through enhanced export opportunities and investment flows. In the relatively hostile global environment that exists today, it is important that countries in South Asia, including Nepal and India, work closely and collectively to create these opportunities for the entire region.

Let me conclude by saying that an investment friendly environment is a potentially magical and very achievable solution for multi-faceted economic problems – it can magnify investment flows; promote GDP growth and employment; promote exports and reduce un-natural import dependence and strengthen the current account; it can raise the proportion of stable FDI viz a viz volatile FPI inflows and strengthen the capital account; thus making the balance of payments secure; and raise the real wealth of citizens through strengthening of the currency. Finally, once again I sincerely thank the organizers of this conference for this opportunity to be here, as also this wonderful audience for listening patiently. I look forward to the outcomes of the very rich discussion this conference will most certainly enable over the next two days.

Inaugural Address

Chief Guest Prof. Dr. Bhola Thapa

Vice Chancellor of Kathmandu University

In his speech, Dr. Thapa firstly congratulated the WTO Chairs Program Nepal team for being able to organise this important international conference, inviting the keynote to speakers, researchers and scholars from abroad in particular in a very short period of four months since the launch of WTO Chairs Program Nepal, last October

He also said that Kathmandu University deeply valued its engagement with the WTO through the WTO Chair program as we strive to make this university in true sense an international research and academic institution based in Nepal.

He also praised the presence of all key stakeholders of Nepal including high government officials, academia, and private sector players which he said was a testament to the fact that Nepal in entirety is committed to make the WTO Chairs Program productive initiative to enhance the trade capacity of Nepal and enable the trade sector to contribute for sustainable economic growth and prosperity.

Pointing out Nepal's widening deficit, he stressed on the need to enhance Nepal's productivity, mainly in agriculture and green energy, promoting small and medium enterprises (SMEs) and connecting them with the national and international value chains.

He also stressed on the need for finding the right export market, maintaining the competitive edge in terms of price and quality, and prompting sustainable businesses through adoption of a circular economy and exploring sources of green and sustainable finance to improve Nepal's industrialization and manufacturing capability.

He then went on to discuss the theme of the conference—trade openness, saying that the theme was particularly relevant as it is a critical component in economic development and sustainability of any nation-state. "Trade openness also has the potential to stimulate economic growth, increase foreign investment, and promote innovation through collaborations," he said. "At the same time, we also have responsibility to evaluate impacts of trade, development and economic practices on social, environmental, and economic sustainability."

Distinguished Address (Virtual)

Dr. Werner Zdouc

Director of the Knowledge Management Division, WTO Chairs Programme

Distinguished guests, professors, advisory board members, and colleagues,

It is my pleasure to be addressing you today at the first International Conference on Trade Openness, Economic Development, and Economic Sustainability hosted by the WTO Chair in Nepal at Kathmandu University School of Management (KUSOM) under the leadership of Professors Devi Bedari, and Achyut Prasad Wagle.

Before I say a few words about the WTO Chair in Nepal and its work, let me take the opportunity to thank in particular:

- Dr. Toya Narayan Gyawali, Secretary of the Ministry of Industry, Commerce and Supplies
- Dr. Anup Wadhawan, Former Commerce Secretary, Government of India, and
- Dr. Bhola Thapa, Vice Chancellor of Kathmandu University

for their support for this programme since its inception and also for your involvement with the Launch of the Chair last year. Your insights and direction on the development agenda for both Nepal and the region drive the results of this programme and the feedback by policymakers, stakeholders and academics on papers and research presented over the next two days of the programme will be very valuable.

I cannot emphasize enough how important it is for the WTO that the Chair and the government continue to work together closely on defining research projects, customized training and targeted outreach.

An independent external evaluation of the WTO Chairs programme conducted in 2019 found that the WCP Network has been successful in achieving significant impact at the policy level. The report emphasized that Chairs have done this through access to policy makers at the national government level and in regional and international organisations, bringing together view points from all stakeholders to synthesize trade and economic development policies which are well-rounded and combine perspectives from all strata of society.

More specifically, the WCP works through outputs and activities along three pillars – research, curriculum development, and outreach - to holistically support host governments. When creating these projects, it is particularly important for our Chairs to know what “keeps the government awake at night”. An understanding of the issues facing government officials allows for tailored research outputs which may contribute substantially to the government’s current work priorities in order to deliver growth, income and development for the people.

There is also a need for a continuous dialog between Chairs and policymakers when deciding how best to implement curriculum development activities. Chairs are well-placed to train and impart knowledge on current negotiations and issues which are being discussed as well as on the ground realities which will inform the policy of the country. Governments can request specific training on topics which are most relevant for their current agenda, allowing the Chairs and their teams to do the heavy lifting required to gather the relevant information on these topics both within the country as well as the broader region through the WCP Network.

With well-rounded and expertly crafted projects involving stakeholders, Chairs have successfully supported their governments since the inception of the programme. Closing this loop between the work of Chairs and policymaking by WTO Members is a key function of the Chairs Programme. That’s why I urge the ministries and their representatives present today to work hand in hand with the WTO Chair in KUSOM to take advantage of the global network created through the Programme and to engage actively on their policy priorities and research needs and the research results and policy recommendations by the Chair’s team.

I would also like to emphasize that at the WTO we can and must do more to support LDCs. This could involve better implementation of existing decisions; it could be better design of an architecture for trade capacity building and supply side support. It could be a combination of both.

This is where participation in the Chairs Programme is paramount. The Programme, through its global network, is capable of forging common positions on matters of interest to LDCs and their partners. We have seen these synergies mushroom in the past year with the onboarding of new Chairs across several underrepresented regions in 2021. We have seen regional teams of experts form in Latin America, Africa, and Asia as the Chairs work together to forge common positions and harmonize interests across their constituencies, while providing valuable training and technical assistance directly to policymakers in governments and other stakeholders in beneficiary countries.

Last year the Nepal Chair’s work took off with a very good start. It focused, inter alia, on trade policy work for Nepal’s LDC Graduation in collaboration with the Ministry of Industry Commerce and Supplies.

The team was also successful in coordinating research on the importance of food security alongside a number of public and private stakeholders. This was done through activities bringing together stakeholders from:

- The Ministry of Industry, Commerce and Supplies
- The Ministry of Agriculture and Livestock Development
- the National Planning Commission of Nepal,

- the Policy Research Institute of the Government of Nepal
- the Nepal Rastra Bank
- the Federation of Nepalese Chambers of Commerce and Industry
- the Shree Kisan Innovation Hub
- Friedrich-Ebert-Stiftung, Nepal
- The Enterprise for Management, Economic Reform and Gender Equality, and
- The Institute for Frontier Studies

The Nepali Chair's student outreach and curriculum development also harnessed the capacity of today's youth to directly support small and medium sized enterprises for example those producing and trading tea and coffee and helped diversify their exports, thereby expanding trade of their products internationally. The continuation and success of these projects depends crucially on the involvement of governmental policymakers and business stakeholders.

Now more than ever, the WTO is looking toward re-globalization after the polycrisis.

Embracing international trade in general and the multilateral trading system is crucial for overcoming the most pressing challenges of our time. This has been made clear through the successes of MC 12 – the new agreement on fisheries subsidies, the Ministerial Declarations on the Emergency Response to Food Insecurity, the WTO Response to the COVID-19 Pandemic and Preparedness for Future Pandemics and other decisions as well as of course the discussions which members are currently undertaking as we move toward MC13. These outcomes clearly demonstrate the WTO's ability to deliver concrete results by effectively contributing to the international community's response to crises and countering them as they occur.

As the WTO doesn't have regional offices, our Chairs are the "eyes and ears" of the WTO around the globe, conveying to us the priorities and needs of their governments, stakeholders in society, and providing quality expert advice to governments who can approach them to obtain capital-based support for ministries directly through the three programme pillars.

Now that the third phase of the programme is moving forward in its cycle, many of the Chairs which joined the programme in 2021 have established advisory working groups that include policymakers from several capital ministries, missions in Geneva, representatives from business associations and civil society. Our Chair in Nepal stands out by having succeeded in putting together a working group composed of various ministries, business associations, NGOs and Nepali experts working in international organizations across the globe. From speaking at a first formal meeting of that working group and from that programme we could see how the Chair's team in Nepal has done it – very well! WTO Chairs draw upon these committees for inputs in co-designing and co-implementing research projects, training courses and outreach activities on key issues of interest to policymakers. This ensures that outputs generated by Chairs feed-back directly and coherently into their government's decision-making processes.

Today's conference which has been organized today and tomorrow by the team in Nepal is yet another example for this valuable interaction and collaboration. I welcome this opportunity to hear from the experts who will touch upon several key themes which are relevant for the, WTO, the country and the region:

- the current practices, adaptation, and economic development of the country,
- its trade potential and sustainability,
- rural development,
- inclusive growth through SMEs,
- women-run businesses and their role in ensuring inclusive trade,
- youth and the informal sector,

- regional integration,
- the digital economy,
- tourism and other service trade areas,
- greening businesses and fostering technology transfer,
- strategies to enhance the export competitiveness of Nepal,
- as well as the future of investment in trade infrastructure and logistics.

This is by no means an exhaustive list and I would like to emphasize how important these topics are to ensure trade for Nepal's development and successful integration into global and regional value chains.

Let me end by saying that the WCP has provided financial support to generate knowledge and develop competencies on international trade and development issues, which is particularly relevant for low and lower middle-income beneficiary countries. Being a landlocked LDC at the crossroads between two major economic and geopolitical powers, access to the international network of the WTO Chairs Programme is thus of particular importance for Nepal in order to partake more effectively in global and regional value chains.

At the next WCP Annual Conference, WTO Country groups will be looking forward to hearing from WTO Chairs like Nepal on the results of such conferences on issues which are of common priority to LDCs, especially since there is increased understanding among the wider membership about the challenges that graduating LDCs could face.

With this I conclude, wishing all of you a productive and enriching time ahead! Thank you.

Closing Remarks

Prof. Dr. Devi Prasad Bedari

Dean, Kathmandu University School of Management
Chair-WTO Chairs Programme, Nepal

Dr. Bedari pointed out that Nepal has not been able to reap benefits from globalisation despite its many benefits.

Nepal is lagging in industrialization, with the manufacturing sector contributing less than five percent to GDP and Nepali youths leaving the country in thousands in search of foreign jobs as evidence of how Nepal has failed to take benefit of the free trade regime, according to him. He also pointed out other examples of Nepal's failure to take benefit from exporting until 1980 to net importers afterwards. Given the country's very limited exports against imports, the country is facing a ballooning trade deficit, according to him.

"We are also in a dilemmatic situation where we can't sell many things that we produce and can't produce things that we can sell," he said.

"We need to explore other promising sectors that we may have potential that will bring us in line to the 4th wave of industrialization, for example digital technology. These are potential research areas."

It stressed on the need to enhance the country's trading capacity and pointed out the support being extended by the WTO under its WTO Chair Programme.

He said that they have to build capacity for teaching trade related subjects, conduct research and help communities with the help of the WTO Chair Programme.

"To carry out all these activities, we need support from various stakeholders," he said, adding that partnership with government institutions, line ministry, private sector, research and training institutions, universities, media is absolutely and unconditionally essential.

TECHNICAL SESSIONS

Panel Discussion on Trade Openness, Economic Development and Sustainability

Chair:

Prof. Dr. Biju Thapaliya

Dean, Purbanchal University School of Management and Advisory Board Member, WTO Chairs Programme - Nepal

Panellists:

- Prof. Dr. Raghunath Subramaniam, Professor of Strategy, Chairman South Asia Board Academy of International Business Indian Institute of Management (IIM), Bangalore
- Dr. Anup Wadhawan, Former Commerce Secretary, Government of India
- Dr. Paras Kharel, Executive Director, South Asia Watch on Trade, Economics and Environment, Nepal

First day's second session was a panel discussion session on trade openness, economic development and sustainability.

Moderator Dr. Biju Thapaliya made a quick brief on the global economic situation, opportunities and challenges brought by economic liberalisation. In his assessment, each and every country has benefited from trade openness. Stating that the trade openness has had a positive effect on economic growth both in the short and long run, he said that global GDP increased rapidly due to trade openness. Furthermore, he also stressed that there is a positive and strong complementary relationship between trade openness and capital formation in boosting economic growth.

After briefly presenting his assessment, he asked the panellists about the benefits that the society has got over the years, particularly for countries like Nepal.

Responding to the question, three experts— Professor Dr. Subramaniam, Dr. Wadhawan and Dr. Kharel provided their views on the matter.

Dr. Wadhwan said it's hard to take benefit until policy of trade openness implemented properly. He said there could be gainers and losers in competitive environment and a loser in the business might have real sentiment (against trade openness). "The policy should be to protect, retain and re-energise good sentiment among such people," he stressed.

In the decades since 1950, the virtues of open trade were clearly visible but the policy of trade openness could not be implemented, according to him. He also stressed that the policy should also be compatible with the ground reality of the particular country instead of imposing a certain model of trade openness on others.

He gave examples of China and Vietnam as major beneficiaries of trade openness. "China did what he had to do and it is in the position to manipulate policy, Vietnam has made improvements in its policies. India itself has carried out some 40,000 reforms," he said. He called for

policy reforms and their institutionalisation in South Asia too.

In his comments, Prof. Dr. Subramaniam said the bottom-line of any economic initiatives lies upon two dimensions of upgrading. “The first is social upgrading where we see labourers, their status, wage rates and—socio-economic and environmental. “Upgrading should be seen in the lives of workers who support productivity in the economy and there should be environmental upgrading for the sustainability of socio-economic upgrading in people’s lives.”

Likewise, Dr. Kharel said trade openness boosts economic growth by not only raising output levels of capital and labour but also by redistributing resources from less productive companies to higher productive ones. “Trade openness has benefited all of us but there are ample grounds for improvements as well,” he said.

Despite supporting the trade openness, he admitted that Nepal has not been able to take adequate benefit from joining the World Trade Organization (WTO) in 2003.

“Nepal’s trade gap (deficit) widened (since the country became a WTO member) as we have no market support to boost exports and the economy has been heavily import dependent,” Dr. Kharel said.

Paper Presentation:

Trade Potential and Sustainability

Chair:

Dr. Biswo Nath Poudel

Former Vice-Chairman, National Planning Commission

Comments:

- Prof. Dr. Biju Thapaliya, Dean, Purbanchal University School of Management and Advisory Board Member, WTO Chairs Programme - Nepal
- Mr. Gobinda Bahadur Karkee, Joint Secretary, Ministry of Industry, Commerce and Supplies

Presenter:

1. **Dr. Aparna R Hawaldar**

Rethinking growth for long-term welfare A case for Circular Economy transition in Tourism sector in Nepal

2. **Dr. Rajesh Sharma, Mr. Pradip Kafle**

Greening the Monetary Policy of Nepal: A Sine Qua Non for Sustainability

3. **Mr. Prajwal Dhungana**

Climate change, human migration and possible trade linkages - Evidence from Nepal

4. **Ms. Sabina Baniya Chhetri Pokhrel, Mr. Dipesh Karki**

Climate change and gender in trade of water-intensive cash crops: Bibliometric review and case study of Women Traders of Nepal

FIRST PRESENTATION

Rethinking Growth for Long-term Welfare: A Case for Circular Economy Transition in Tourism Sector in Nepal

Presenter:

Dr. Aparna R Hawaldar,

School of Business and Management, Christ (Deemed to be) University, Bangalore, India

Dr. Aparna presented her research paper on how Nepal could implement the circular economy (CE) concept for the sustainable development of Nepali tourism. CE concept in tourism basically explains about environment friendly activities in tourism. Starting with the tourism scenario of the world she also explained about the potential of Nepali tourism and the way forward.

She defined tourism as an industry that represents an important social foundation for society in many advanced and developing economies. With reference to Statista, she stated that the revenue in the Travel & Tourism market in Nepal is projected to reach US\$385.10m in 2023 (Statista, 2023).

While the tourism sector represents a major part of the Gross Domestic Product (GDP) for many economies around the world, it is even more important for certain regions which benefit from certain types of tourism due to their geographical and cultural characteristics, according to her.

She also highlighted the need for sustainable model of tourism stating that the current linear economic tourism model has been contributing to many negative externalities overshooting the ecological ceiling due to its increasing energy demand, high amount of waste generation, high amounts of water consumption and uncontrolled wastewater discharges, and increasing global greenhouse gas (GHG) emissions.

Based on her study in a 'business-as-usual' scenario, tourism GHG emissions will increase by 131% and energy consumption will increase by 154% until 2050. From a solid waste generation perspective, especially single-use consumer goods and food waste in hotels and restaurants account for 60% and 40% respectively of all solid waste generation in tourism.

As her study result explains, the circular economy replaces the end-of-life concept with restoration, shifts towards the use of renewable energy, eliminates the use of toxic chemicals and aims to eliminate the waste through the superior design of materials, products, systems, and business models.

Regarding the challenges of implementing CE concept in Nepali tourism, she highlighted lack of funding, lack of integrated approach for policymaking and deficient institutional frameworks, tax system that promotes linear economy, low level of awareness on the need for a more sustainable economy and the society's aversion to change their current behaviour, values and attitudes as well as current legal hurdles to adopt CE.

When it comes to micro level challenges, she highlighted that no specific international certification has existed for CE in tourism so far while the lack of willingness and trust to collaborate across the value chain and inefficient waste management/recycling systems, practices, and infrastructures are other challenges.

Her study concluded that, focusing on a cluster of tourists allows to have positive spill overs of word-of-mouth and peer influence. Likewise, each additional circular tourism destination increases the attractiveness of the offering ecosystem for tourists while offering synergy effects (especially of learning and in procurement) between the tourism destinations joining the network.

Study recommendations:

- Collaboration schemes of tourism value chains
- Efficient waste management/recycling practices and infrastructure
- Designing legal frameworks and tax systems
- Incentivizing stakeholders
- Overcoming tourists' aversion to changing their holiday practices

She called for policy dialogue and technical assistance for capacity building in order to implement CE in the tourism sector.

Comments

Dr. Biju Thapaliya

Dean of Purbanchal University School of Management Prof.

Commenting on the first presentation, Thapaliya said that Nepal does not have much understanding of the circular economy and its practices. Hence, he highlighted the need for more research and studies on the topic. He called the presentation of a paper on CE for tourism development as a brainstorming session. Meanwhile, he suggested taking the feedback of tourists on implementation of CE as well as the cost of implementing CE in tourism. He also suggested the presenter look into whether the CE concept would be useful for star hotels or tourist standard hotels as well.

Gobinda Bahadur Karkee

Joint Secretary of Ministry of Industry, Commerce and Supplies

While commenting on the paper, Karkee added other aspects of Nepali tourism industry that were not covered by the paper. He said how different organisations and associations have been working on maintaining the environment while conducting tourism activities in Nepal. He also pointed out that there are so many public and private sector institutions which are working on environment friendly tourism activities in Nepal. Nepal Mountaineering Association, Hotel Association Nepal, Annapurna Conservation Area, Trekking Agencies' Association Nepal are some of the private sector organisations that are working in this sector. He called for incorporating these ongoing efforts made by various organisations in the research paper.

Dr. Biswo Nath Poudel

Former Vice-Chairman of National Planning Commission

Poudel suggested having a cost estimate of implementing the CE concept in the tourism sector.

SECOND PRESENTATION

Greening the Monetary Policy of Nepal: A Sine Qua Non for Sustainability

Prepared by:

Dr. Rajesh Sharma,
Assistant Professor, KUSOM

Pradip Kumar Kafle,
Assistant Director, Central Bank of Nepal

Presenter:

Pradip Kumar Kafle
Assistant Director, Central Bank of Nepal

Joint research paper prepared by Assistant Professor of KUSOM Dr. Rajesh Sharma and Assistant Director of Nepal Rastra Bank, Pradip Kumar Kafle has shown how monetary policy can combat the impact of climate change on the country's economy.

They presented the case study of the Melamchi flood in 2021 that affected the country's economy. As per the study, Nepal contributes only 0.027 percent of global GHG emissions, but 9th most vulnerable economy to extreme weather. The Government of Nepal committed to be 'carbon neutral' by 2045, in the UN Climate Change Conference (COP26) in Glasgow, Scotland in 2021 but put some pretty policies into practice.

They conducted their research on three major theories. Market failure argument, Need for Government Intervention and the Theory of Second Best.

The finding of the study highlights the significance of the central bank's role to combat climate change for the health of the economy.

The study explains that climate change distorts price stability and financial sector stability. While distorted price stability affects price and production, distorted financial sector increases create risks of liability with uncertainty over potential losses. And all these activities affect economic growth.

Thus, the study concludes with five major conclusions regarding existing policy initiatives of the central bank and measures it has to take. Firstly, it calls the NRB to care about climate change due to ecological urgency, its implicit legal mandate, reputational risk and threat to its ability to achieve core objectives. Secondly, the research found that the NRB has undertaken some commendable policy initiatives but it has certain limitations because of its fragmented approach and implementation lags.

Thirdly, the research report suggests that monetary policy as such, should not be burdened with the responsibility of tackling climate change. Fourthly, it finds monetary policy has a momentous role to play as it incorporates financial sector and regulatory and supervisory policies. And, finally, research finds that green-wishing, greenwashing and green-flation are the trinity of challenges.

Considering the limitations of monetary policy, the study says that NRB shall better utilise the financial sector policies and regulatory and supervisory policies to combat climate change for the time being.

The report concludes with a suggestion that the NRB shall take integrated action in a phased approach. (Phase 1, phase 2, phase 3), analyse historical experience with credit guidance in order to apply similar green schemes. "Understand the trade-off between developmental needs and environmental sustainability." it suggested.

Comments

Prof. Dr. Biju Thapaliya

Dean of Purbanchal University School of Management

Commenting on the presentation, Dr. Thapaliya said that the role of the Nepal Rastra Bank should not be confined to introducing the monetary policy and its implementation. He said it can have the role in promoting the green economy, pointing out that the research paper lacked any mention of the cashless economy. While talking about greening monetary policy, connection between cashless economy and climate change should also be established. He said that it would be better if the researchers had discussed the role of e-banking and the digital economy. While emphasising the greening of monetary policy, he also suggested quantifying the number of reductions on physical visits to banks due to e-banking systems.

Gobinda Bahadur Karkee

Joint Secretary of Ministry of Industry, Commerce and Supplies

Karki said that the topic selected for the research paper was very vague but praised the effort to promote the green economy. He said that the Nepalese central bank is yet to be focused and serious about this issue. Moreover, he suggested that the researchers should not confine themselves on monetary policy only while talking about the green economy. According to him, big infrastructure projects like hydropower projects and other government projects are developed based on fiscal policy. He said the NRB could tell banks and financial institutions to make sure that the private enterprises would promote the green economy before providing loans to them.

Dr. Biswo Nath Poudel

Former Vice-Chairman of National Planning Commission

Poudel said the paper would be more interesting had the researcher incorporated the importance and practice of cashless banking practice to promote a green economy.

THIRD PRESENTATION

Climate change, human migration, and possible trade linkages: Evidence from Nepal

Presenter:

Prajwal Dhungana,

Undergraduate in Economics (Senior Year), Kathmandu University School of Arts

Dhungana tried to explain how climate change could cause human migration. The presenter conducted mostly content analysis for his study. The study talked about the impact of climate change on human migration and possible impact on international trade. The paper finds evidence of climate change's impact on human migration resulting in impact on trade.

Adaptation of climate change in light of migration and international trade at all levels should be an utmost priority, the research paper suggests.

There are diverse views on climate change and its impact on human migration, according to the research paper. Literature review conducted for the research also presented conflicting evidence over the issue.

According to his paper, people leave their place and go to other places for settlement due to climate change. As the temperature is rising, it is causing extreme heat in some places while causing extreme cold in other places. Extreme weather conditions force people to migrate, he added.

His study says that extreme weather affects agriculture production in certain areas forcing people to move from one place to another. Among the several reasons, temperature is one of the reasons why people are migrating, according to Dhungana.

And this has led to the hypothesis of his study. The research paper stated that unlike ordinary migration, climate triggered migration involves mass movement which could have massive impact on both the country of source and destination.

The migration facilitates economic development and boosts trade potential in the destination countries along with availability of a large pool of migrant labour forces. The source country faces negative consequences in economic development and international trade due to the loss of human capital, according to his study.

The study also highlights the need for conducting awareness campaigns about the impact of climate change focusing on vulnerable and illiterate communities through media, academic curriculum and training programmes.

The study also stresses on the need for Climate Change Migration Policy and Climate Change Trade Policy. The study also finds the need for global technical and financial support significantly to overcome this issue.

Comments

Prof. Dr. Biju Thapaliya

Dean of Purbanchal University School of Management

Dr. Thapaliya was not fully convinced with the conclusion of the research paper on climate change and migration. The researcher tried to prove that climate change is causing human migration. But Thapaliya argued that geographical conditions or climate change alone could not be the only reason behind the migration. He argued that the content analysis alone could not be considered as proof that climate change has been causing migration. He stressed on the need for conducting field studies to identify correlation between climate change and migration.

Gobinda Bahadur Karkee

Joint Secretary of Ministry of Industry, Commerce and Supplies

Karkee appreciated the concept of the research topic but he was not sure about the key finding of research that climate change is the major factor behind human migration in Nepal. He however admitted that landslides, droughts, flood among others, might have contributed to migration of people to a certain degree. He suggested that the issue needs more in-depth study and field visits to identify the impact of climate change on migration.

Dr. Biswo Nath Poudel

Former Vice-Chairman of National Planning Commission

Poudel appreciated the presenter for choosing such an important topic regarding the impact of climate change on human migration. He suggested that researchers need to add more causality to prove the finding of the research paper.

FOURTH PRESENTATION

Working paper on Climate Change in Trade of Water-Intensive Cash Crops: Bibliometric Review and Case Study of Traders in Nepal

Prepared by:

Asst. Prof. Sabina Baniya Chhetri Pokhrel and Asst. Prof. Dipesh Karki

Presenter:

Asst. Prof. Dipesh Karki

This paper was presented based on a working paper which is yet to be completed. Thus, the presenters just explained what they are up to and how they are taking forward their study.

The paper presenters explained how climate change has emerged as an existential threat to humanity. They said that increased water stress due to climate change has been badly affecting production of cash crops and livelihood of people reliant on such crops are at risk. It is essential to understand the perspective of people directly affected by this phenomenon, they said.

According to the researchers, they are adopting a multi-method study strategy in their ongoing research. Methods like a bibliometric review of existing knowledge base by using the bibliography coupling algorithm and a case study by using in-depth interviews have been used, they said.

The researchers said that they have so far conducted the content analysis and case studies. Besides, they have mentioned that the size of participants for the survey would also depend on data saturation.

According to the presentation, the literature review of the ongoing study states that due to climate change, the land required for highly traded major cash crops such as Cocoa will be greatly reduced. It is necessary to start long term shade tree plantations as an adaptation strategy for coffee production in order to withstand climate change.

The presentation also stressed the need for payment-for-ecosystem services and certification schemes in order to incentivize those farmers that opt for high to medium shade cover. The paper also highlights the need for technology transfer in areas with similar climatic conditions to promote adaptation. It has also stressed on the need for preparing site-specific strategies. The researchers presented the paper by dividing the paper in five clusters. The first cluster shows that increased cash crop production puts added stress on the water table resulting in increased dryness.

The second cluster deals with incentivizing the growers of cash crops towards adopting sustainable agro-practices. It gives an example of improved sustainable agricultural practice among acacia growers in Vietnam. Similarly, the third cluster deals with the factors influencing the producers adopting the particular cash crops and the way to promote it in face of uncertainty.

Two papers in this cluster are from Nepal. It will cover the issue that states ethnicity, wealth and years of experience influence farmers mainly to adopt the economically lucrative crops such as walnut and other crops of the nut family.

The fourth cluster talks about trade-off between agro practice and ecosystem service. It deals with the issues like producers blaming increased cash crop prices, input costs, and extreme weather events like drought, hailstorm, and frost for the trade-off. Food security requires a balance between cash crop production for farmer income and optimal utilisation of natural resources, according to the presentation.

In the fifth cluster, the paper talks about the role of gender and social equity in cash crop production. It says mostly women are involved in cash crop production. Due to considerable outmigration of men in rural areas, women had to take on economic and domestic responsibilities (Grawert, 1992).

Thus, the paper suggests the need for introducing better policies to support these women to focus on cash crops that will help them to maintain and uplift their social status. It also advises financial literacy programmes for the women farmers to mitigate climate change-related risks. As the paper is under study phase, it has no conclusions or recommendations. Furthermore, the paper has presented its roadmap to complete the study. The researchers have a plan to develop an interview protocol based on five unpacked knowledge clusters. They will also have conducted in depth interviews with men and women in Ilam and Chitwan districts.

Comments

Prof. Dr. Biju Thapaliya

Dean of Purbanchal University School of Management

Appreciating the researchers for working on this issue, Thapaliya suggested that it would be better for researchers to focus both men and women farmers engaged in cultivation of cash crops. As women alone are not only involved in cultivating cash crops, he suggested assessing the impact of climate change from the perspective of both men and women.

Gobinda Bahadur Karkee

Joint Secretary of Ministry of Industry, Commerce and Supplies

Karkee raised the question about correlation between gender and crop cultivation. He suggested that it would be better for the researchers to conduct a micro level of study instead of carrying out surficial study. "If the researchers were trying to focus on gender-based study, they should conduct a field survey," he said. "People of different regions have different practices regarding cultivation of cash crops."

Dr. Biswo Nath Poudel

Former Vice-Chairman of National Planning Commission

As the chair of the session, Dr. Poudel sought to summarise the discussion on various topics within the session. Regarding the fourth paper, he said that the study should be more focused on how women-led households react differently from men-led households. He also said that the researchers should also focus on the technology the women and men have been using to grow cash crops. "This will help the researchers to come up with appropriate policies related to both the environment and agriculture.

Day 2

Wednesday, 8 March 2023

Venue: Kathmandu University School of Management School of Management, Balkumari, Lalitpur

Paper Presentation:

Trade Potential and Sustainability

Chair:

Dr. Purshotam Ojha

Former Secretary, Ministry of Industry, Commerce and Supplies

Comments:

- Prof. Dr. Raghunath Subramaniam, Professor of Strategy, Chairman South Asia Board Academy of International Business Indian Institute of Management (IIM), Bangalore
- Ms. Dikshya Singh, Program Coordinator, South Asia Watch on Trade, Economics and Environment, Nepal

Presenter:

1. Mr. Thakur Devkota, Mr. Sabin Bikram Panta, Mr. Binayak Malla, Dr. Malgorzata Kuczara
Climate Change Nexus with timing and seasonality of tourism business – A way forward for long-term sustainability tourism
2. Dr. Rajesh Sharma, Mr. Prajol Joshi
An exploratory study on firm-level understandability about sustainable business practices in Nepal
3. Dr. P.Vamsi Krishna, Dr. P. Prashant, Dr. P. Venkateswara Rao, Prof. T. Sreenivas
A Case study on Bio-Gas plant at Vegetable Market The Sustainable Initiative

FIRST PRESENTATION

'A Case Study on Bio-Gas plant at Vegetable Market, The Sustainable Initiative,'

Prepared by:

Dr. P. Vamsi Krishnam, Dr P. Prashant, Dr P. Venkatesware Rao, Prof T. Sreenivas.

Presenter:

Dr. P. Vamsi Krishna

Presenting the paper, Dr Krishna highlighted how wastes produced in vegetable and fruit markets could be better utilised to produce biogas. He said that developing countries could benefit in two ways—sanitation and biogas production.

He also gave an example of how 10-12 tonnes of vegetable waste produced in one of the vegetable and fruit markets in Hyderabad, India were being used to produce 500 units of electricity every day and run a biogas plant. According to him, biogas is being used to replace 30 kg of Liquefied Petroleum Gas (LPG) on a daily basis within the vegetable market.

He stressed on the need to study how this sustainable initiative could be replicated in other areas.

Pointing out that biogas is being produced successfully in countries like Germany and Sweden, he said that the practice could be important for the developing countries too. It is important from the perspective of disposal and treatment of wastes and ensuring sanitation of the city.

Besides sanitation of the city, biogas to be produced from the wastes could be a source of renewable energy, he said.

In his presentation, Dr. Krishna shed light on how the biogas plant at Hyderabad works.

"Wastes are collected on a daily basis from across the markets. Once the collected vegetable wastes are brought from the markets, they are shredded and soaked in a 'feed preparation tank' to be converted into a slurry. This then undergoes a bio-methanation process. The biogas is then supplied to a generator in separate tanks which powers the water pumps, lights, cold storage rooms and also to the canteen.

A vegetable market in Bowenpally, Hyderabad where 10-12 tonnes of vegetable waste is produced daily generates 50-60 cubic metres of biogas which is converted into 500 units of electricity daily. The part of biogas generated is used to replace about 30 kg of LPG in the canteen being run near the vegetable market daily. The power required for the vegetable market is also fulfilled by the electricity produced through the plant."

The Indian Institute of Chemical Technology (IICT) owns the plant. The IICT is the inventor of the plant. Such biogas cum electricity plants will help all the nations to fulfil the small requirement of gas and electricity, he highlighted.

Comments

Prof. Dr Raghunath Subramaniam

Professor of Strategy

Prof. Subramaniam inquired about cost per unit to produce biogas and electricity from the wastes. He inquired about technology being used for producing biogas and electricity and the company that invented the technology.

In response, Prashant, one of the members of the research team said that they were unaware about the exact per unit cost of producing biogas and electricity. Subramaniam also suggested conducting a second case study by incorporating the cost of production, which if found reasonable, could be replicable in other parts of the world. In response, Prashant said that they need to take permission to conduct a detailed study.

Dikshya Singh

Programme Coordinator of SAWTEE

She stressed that the cost of production of such plants would be important to replicate elsewhere. “Nepal’s municipalities might be interested in installing such plants if they are financially attractive,” she said.

She also said information about the policy support being provided by India’s state government for such a venture would also be important to encourage Nepal’s central and sub-national governments to provide similar support.

Commenting on the presentations, Binod Krishna Shrestha, a faculty of Kathmandu University School of Management (KUSOM) said that Nepal has not been implementing the projects to turn the wastes into money though the talk about it has been heard for years. In order to set up the ‘Waste to Energy’ plants, he called for clarity on the profitability and sustainability of such plants.

In response, Krishna said the Bio-Gas plant at Vegetable Market in Hyderabad was developed by IICT with support from the Telangana State Government. According to him, the payback period for this project is around six years. He also highlighted how electricity generated by the plant is being utilised productively. “Electricity generated from the plant has been used in the street lighting system as well as to reduce the cost of the utility in the vegetable market.”

As the chair of the session, Purushottam Ojha, former commerce secretary of Nepal said the technology of converting vegetable wastes into biogas and electricity would be equally replicable in Nepal too.

As the number of vegetable and fruit markets has been growing in Nepal too, he said that managing the perished or rotten vegetables and fruits has emerged as a huge challenge.

“The wastes used to generate biogas and electricity can also be used to make organic manure as a part of sustainable management of vegetable wastes,” he said.

SECOND PRESENTATION

Climate Change Nexus with Timing and Seasonality of Tourism Business – A Way Forward for Long-Term Sustainability Tourism

Prepared by:

Thakur Devkota, Sabin Bikram Panta, Binayak Malla and Dr. Malgorzata Kuczara.

Presenter:

Sabin Bikram Panta

Presenting the paper, Mr. Panta, a research team member, said that the basic idea of the research was to study the impact of climate change on the tourism business specially on adventure tourism in the areas like Annapurna Base Camp, Kaski and Mustang areas.

Initially, he highlighted the importance of tourism in Nepal. As per the presentation, the travel and tourism business generated 1.06 million jobs directly in 2021 contributing 6.9 percent of total employment in Nepal. It was estimated that the direct contribution of the travel and

tourism sector to the economy was 4.30 percent of GDP in 2021 and its contribution to GDP remained at 4.2 percent of GDP by 2028. Pantá said tourism, which has become a very important sector of Nepal's economy, is vulnerable to different climate change-related issues. "For example, the monsoon is supposed to end in Nepal around September 11 but data shows it has been extended since 2020," he said. "Now the monsoon is generally ending around October 11. Due to the high rainfall even during the tourist season in October, even at major tourism destinations such as Kaski and Mustang, outdoor or adventure tourism have been affected badly." He further pointed out how climate induced natural disasters are affecting the tourism infrastructure. "The floods and landslides are damaging the trekking routes. Avalanches are other problems," he said. Maigorzata Kuczara, another member of the research team, said that they interviewed stakeholders around Annapurna Base Camp (ABC) who had experience in tourism business for more than three decades to prepare the presentation. The presentation has highlighted the fact that temperature is rising sharply in summer and it is falling down abnormally too low in the winter. It is also causing more natural disasters damaging the biodiversity along the trails, the presentation states. Maigorzata Kuczara pointed out a change in behaviour of tourists which is linked to climate change. "The foreign tourists are shortening their trips and are even cancelling the trips. Some tourists said that they were disappointed with being able to see the wild animals while hiking around the trail," he said. And there has been a change in behaviour of the trekking agencies. "They are diversifying their businesses by trying to provide more cultural experiences and food experiences in the off-season and when the weather is not good," he said. Binayak Malla, another team member, said that they interviewed the owners of small and medium scale hotels and tea shops along the ABC route. "The respondents told us that the weather has been very unpredictable. They are experiencing extreme heat and extreme cold in summer and winter respectively. The change in climate has contributed to the decline of tourists in major tourist season." he said.

Comments

Prof. Dr. Raghunath Subramaniam

Professor of Strategy, IIM

Prof. Subramaniam said that climate change has also created new opportunities for businesses which must be explored.

Diksha Singh

Program Coordinator, SAWTEE

Ms. Singh commented that the study has not differentiated whether COVID-19 or climate change affected the tourism businesses.

Responding to the suggestions, Pantá said their study focused on the trekking business only and climate change's impact on the sector. "Different reports have suggested that climate change has been impacting tourist destinations," he said. "But it is true that new tourist destinations can be developed." He also mentioned that climate change has also contributed to the increase in the cost of production for tourism entrepreneurs.

As the chair of the session, Former Secretary Ojha said that the tourism promotion, plans and programmes need to be adjusted accordingly to the impact of climate change. "The government should develop an early warning system on weather prediction and potential damages to certain tourism infrastructure. The government needs to enhance its capacity to respond when a disaster happens," he said.

THIRD PRESENTATION

An Exploratory Study on Firm-Level Understandability about Sustainable Business Practices in Nepal

Prepared by:

Dr Rajesh Sharma and Mr. Prajol Joshi

Presenter:

Mr. Prajol Joshi

Firstly, the paper defines the sustainable business practices (SBP) and its growing importance in today's business. According to their paper, the benefits of the SBP include: higher creativity of employees and productivity, stronger consumer demand for the firms, reduced exposure of systematic risk, improved competitiveness of firms, promising profitability, resilience and positive social and environmental impacts, and export promotion.

The paper pointed out some of the policy initiatives towards SBP from the government level. "The government has taken strong commitments to reduce carbon emissions in its Nationally Determined Contribution. Nepal Rastra Bank has implemented environmental and social risk management strategies. But Nepal still lags its peers as it comes 98th in the global SDG index and 109th in gHg emissions ranking in 2018 which is far below in the South Asian region. Lack of understanding across firms in terms of scope, practices, definition, outcomes and standard are the obstacles.:

The research paper tries to get an overview of firm-level understanding (inputs – expected outcomes – barriers) about SBP among the export-based firms in Nepal.

The study, according to the researchers, focused on export-based firms only as such firms were showing greater interest in the adoption of SBP.

"By adopting the SBP, Nepali export industries can compete with the products and companies from other low-cost exporting nations," they said. "Nepal's products have to compete with India and China who can produce goods at low cost."

Producing quality products; providing better working conditions for the people in the value chain; the importance of traditional farming practices and organic certification; the transformation of business practices through fair trade membership are among the features of SBP, according to the research paper.

Overall, SBP provides insight about the importance of sustainability in businesses and the different approaches that the companies take to achieve it. One potential limitation in these findings is that the primary focus is on the environmental aspects of sustainability while it misses discussing social sustainability issues and Economic sustainability issues. Organic certifications/fair-trade membership could help promote SBP, according to the research report.

The paper has certain observations about why firms adopt SBP. According to the research paper, the driving factors behind adoption of sustainable business practices vary depending on the type of industry, competition, customer demand, and support from external stakeholders. The most common factor is the willingness of customers to pay a premium price for sustainable products.

The Fair-Trade Group in Nepal and international buyers were also significant external stakeholders in supporting the adoption of sustainable business practices. Expected outcomes of adopting the SBP have been positive.

Businesses are also hesitant to adopt SBP due to potential higher costs and the potential loss of customers who are unwilling to pay higher prices, according to the paper. "Farmers also face similar challenges, including a lack of knowledge and access to resources such as organic fertilisers and technical expertise. There is a need for greater awareness and education about SBP among all the stakeholders, including

businesses, farmers, policymakers, and the community. The government's support and policy guidelines are also necessary to promote sustainable practices and eliminate barriers to adoption."

The researchers said that the firms have a preliminary idea on some of the aspects of SBP; they also believe that the outcomes of adopting SBP would be good but they are still reluctant to adopt the SBP.

For countries like Nepal, exporting firms could promote the SBP as value that the firms adopted and produce goods by accommodating features as demanded by buyers instead of producing low-cost goods, the researchers concluded.

The paper stated that export-based firms should understand the crucial role of designing and implementing SBP strategies to gain a product differentiation advantage. Such strategies will significantly improve the value of the products in the foreign markets. However, to adapt such a strategy, there is a need to instil a proper set of values (e.g., sustainability, recyclability) among all the stakeholders (e.g., employees, supply chain members, community, local policymakers) to facilitate the adoption & implementation of sustainable business practices."

The research paper also calls for the government's support to ensure better adoption and implementation of SBP. The government should attempt to make current and would-be exporters aware that the adoption of SBP in their business functions will help enhance their presence in the foreign markets. One way to do so is to launch awareness programs focusing on SBP issues and provide case studies of firms that have succeeded in exporting because of their environmentally friendly business practices.

Comments

Prof. Dr. Raghunath Subramaniam

Professor of Strategy, IIM

Prof. Subramaniam said that higher prices of Nepali goods was one of the factors that has prevented Nepali exporters from competing with Indian and Chinese products on a cost basis. So, the Nepali exporters are targeting the niche market who are ready to pay for SBP.

Ms. Dikshya Singh

Program Coordinator, SAWTEE

Ms. Singh stressed on the need to define what the SBP is. "As adoption of SBP helps to increase the revenue of the firms, the research paper has failed to mention how this system operates."

As the chair of the session, Former Secretary Ojha said that Micro Small, Medium Enterprises (MSME), should consider adopting SBP as the bigger firms go for Corporate Social Responsibility (CSR). "The ethical business practices should be standard operating procedure for the businesses. In Nepal a fairtrade group is working in that direction and the National Business Initiative is also focussed on promoting ethical business practices. The study needs to focus on SBP not only to get premium prices for export but also for the prospect of protecting people's health," he said.

Paper presentation:

Current Practices, Adaptation and Economic Development

Chair:

Prof. Dr. Dilli Raj Khanal

Founder Chairman of the Institute for Policy Research & Development (IPRAD)

Comments:

- Dr. Anup Wadhawan,
Former Commerce Secretary, Government of India
- Dr. Vidur Ghimire,
Programme Officer, International Trade Center

Presenters:

1. Ms. Prathibha Venkateshamurthy, Dr. Jeevananda S., Dr. Sangeeta Mehrolia
Assessing the export competitiveness of Industries from India and Nepal - A cross-country analysis
2. Mr. Manu Vasudevan Unni, Dr. Jeevananda S., Dr. Jacob Joseph K., Dr. Saba Fatma
Privacy Research: Knowledge and Drive
3. Mr. Jagadish Rouniyar
Digital Economy- Relevance, Capacity and Competitiveness

FIRST PRESENTATION

Assessing the export competitiveness of Industries from India and Nepal - A cross-country analysis.

Presenters:

Prathiba Venkateshmurthy and Dr Jeevananda S. and Dr Sangeeta Mehrolia

Competitiveness can also be defined as the ability of a country to improve its sales in international and national markets at the expense of its competitors. The most intuitive definition of competitiveness refers to an increase in a country's market share of products in the world market.

During the early 1980s, when Europe and Asian nations tried mimicking American economic dominance, the understanding of 'competitiveness' gained momentum. Success in exports. Competitiveness of the particular country is also defined by export competitiveness of the goods and services of the particular country. Export is one of the engines of economic growth and there is no doubt that all nations (particularly, emerging nations) have sought to advance exports through several policy mechanisms. So, strengthening export competitiveness at an industry level will play a crucial role in boosting the overall export ecosystem in the country. The primary objective of this research is to measure and analyse the export competitiveness of 97 industries, in both India and Nepal. The paper had tried to measure the competitiveness of Nepal

and India from three different dimensions—the degree of industry specialisation, industry growth rate and relative export market share. When a nation enjoys a comparative advantage, for instance, Nepal is very good at manufacturing cotton (textiles). So, every other firm can invest in the production of cotton so that they can gain the competitive advantage of a particular nation.

It will help in industry specialisation. So, people in Nepal will specialise in growing cotton. Industry specialisation can be viewed as a proxy for comparative advantage and the best measure for industry specialisation. Every Country has a pattern of specialisation which is mainly determined by what goods it exports and the volume of each good it exports, both of which change over time. When a nation enjoys a comparative advantage in a particular industry, it is natural that firms make investments to profit from this advantage, resulting in a relatively high degree of specialisation within that industry.

Thus, industry specialisation can be viewed as a proxy for comparative advantage, it is used here to assess one dimension of export competitiveness. The idea of a revealed comparative advantage is related to how well each country has performed in trade in relation to another country in a certain commodity.

To measure industry growth, the paper has used a simpler but perhaps more precise measure of changes in specialisation by calculating the Compound Annual Growth Rate (CAGR) of exports in certain sectors over a certain period of time. It can be assumed that export growth in a given industry and country, particularly growth that is higher than the average global industry growth, implies a greater degree of globalisation for that industry.

The paper has studied the export data of 97 products based on the World Integrated Trade Solution (WITS) from the twelve-year period 2010 to 2021 is the basis to produce the research paper.

The data show that Nepal has a higher CAJR compared to the world average. The global CAJR average stands at 3.58 but Nepal has 5.43 CAJR suggesting Nepal has been doing fine, according to the report.

“India has 4.97 CAJR, and it is negative in the case of Japan.”

Comments

Dr Anup Wadhawan

Former Commerce Secretary of India

Commenting on the paper ‘Assessing the export competitiveness of Industries from India and Nepal - A cross-country analysis,’ he said the paper should have defined how well the RCA analysis explained existing trade between India and Nepal and what are the bottlenecks in the domestic environment in Nepal that have prevented the country’s export potential. “The policy advice should have the main outcome of the paper to Indian and Nepali policymakers,” he said.

Dr. Vidur Ghimire

Programme Officer of the International Trade Centre

Commenting on the first research paper said, “It is not clear what RCA analysis was on the first research paper. One cannot measure RCA and what is the interpretation of this? He stressed that Nepal should focus on the areas of comparative advantage, the issue of non-tariff measures and other policy barriers should be addressed while continuing the incentive programmes.

SECOND PRESENTATION

Privacy Research: Knowledge and Drive

Presenter:

Mr. Manu Vasudevan Unni, Dr. Jeevananda S., Dr. Jacob Joseph K., Dr. Saba Fatma

Data has become important for the modern world and they are creating new business opportunities. In the digitization and data-driven world, we are witnessing a huge revolution across the world in terms of data, they said in the paper. While the transition into the digital economy is underway, the processing of personal data has already become omnipresent. The reality of the digital environment today is that almost every activity undertaken by an individual involves some sort of data transaction or the other.

And, the data has enabled the data-based digital services. For example, ride-hailing apps, Facebook, Airbnb, and Uber rely on data. The internet has given birth to entirely new markets for those dealing in the collecting, organising and processing of personal information, the paper says. Now, according to the paper, social media users across the globe consist of 4.76 billion people and a person on average spends 2 hours and 31 minutes on social media daily.

Along with the growing importance of the data, its breaches have also ignited the privacy concerns. A couple of years ago, a major data breach happened in India on the Aadhar Card (a unique number given to every citizen of India). Last year also, there was a leak of personal information of around 110 million Indian farmers. The Facebook has a huge history of data leaks from starting days.

Given this context, the objective of the research is to understand the critical roles of knowledge and motivation in privacy research. They said that the researchers have developed a 'Privacy Segmentation Index' categorising the different people's response to the privacy concerns. Growing body of research argues that privacy concern is influenced in response to situational factors within a given context.

For example, privacy concerns may grow when one is exposed to niche advertising or new retail technologies or an incident where one is being captured and processed by a video camera, the paper states. But privacy concerns may decrease in response when one keeps the devices in private browsing mode and marginal improvement is made in privacy control.

There has been little study on privacy knowledge compared to privacy concerns. Measures of privacy concern are typically focused on concern about one's own privacy while neglecting concern about the data of others only, they said. So, it is necessary to broaden the scope of privacy research.

Comments

Dr. Vidur Ghimire

Programme Officer of the International Trade Centre

Commenting on the second paper of the session, Privacy Research: Knowledge and Drive," he said, "This a serious issue and I think the paper should look at institutional framework not only from the individual perspective because Nepal is also using digital services but regulatory

and institutional framework needs to be considered which is currently lacking in Nepal.

Commenting on the research, one of the participants at the conference said, "I think the attitude towards privacy is more fluent. It is more dynamic. Privacy concerns change with time."

The commentators pointed out that technology has two sides when it comes to business opportunities and privacy protection.

Information Technology companies are using the data as a business model to do their business. People are being monitored. The companies claim that they do not manipulate the user's data for business purposes but that does not happen in reality. They also pointed out that the paper failed to mention what role the government should play with regard to the private companies handling the data of the private citizens.

THIRD PRESENTATION

Digital Economy-Relevance, Capacity and Competitiveness.

Presenter:

Mr. Jagadish Rouniyar

The digital economy has two pillars, the first is data and the second is a platform. Data represents consumption patterns of digital goods and services and such consumption is growing because 90 people out of 100 people now have internet connectivity. A digital platform like Facebook, Flipkart, and Google among others is the product of digital goods and services. They have an internet domain from where they have been distributing their services.

The domain penetration in the US is more than 37 percent compared to the world as the US becomes the major digital producer. In Nepal, it is estimated that there should be 125,000 registered domains within Nepal which is less than 0.5 percent of Nepal's population. It shows Nepal has more consumers of digital goods and services but there are limited producers of digital goods and services in Nepal.

This suggests an imbalance in the digital economy of Nepal which is the common problem of the developing countries. The United Nations Conference on Trade and Development (UNCTAD) has stressed that the developing countries need to bridge this gap in innovation that exists with the developed countries.

The country, which is an innovator of digital goods and services, has gained much profit from digital businesses while the rest of the world has largely been consumers. So, Nepal also needs to increase its production capabilities of digital goods and services.

A country needs to measure and enhance the contribution of digital goods and services and measure their contribution to the national economy. It will reflect the existing capacity and the growth of the digital economy of a country and explains the country's competitiveness in the area.

Another issue to be dealt with is preparing the framework and the strategy for enhancing the digital economy and competitiveness. There are a few tools for measuring the digital economy. They include: G20 toolkit for measuring the digital economy (2018), the European Union-Digital Economy and Social Index and China-The Scale of the Digital Economy. Japan is doing a digital economy survey along with an economic survey. Most of the existing frameworks take into consideration how digitalization is progressing but they are not giving any sort of formula for how to measure it.

In the Post-Covid era, digitization has taken a stride globally. For example, the size of the digital economy can reach as high as \$1 trillion dollars in the next five 5 years. Nepal also should measure Nepal's digital economy like other countries are doing. The economic survey should incorporate a digital economic survey as well.

Likewise, a framework of digital economy should be developed by considering five strategic pillars of the digital economy. They include:

digital economy governance; open standard; interoperability regulation and deregulation; digital infrastructure and data economy, connected platform economy and change adoption.

Building an individual nation's digital economy framework should be based on its own competitive advantage as different countries have different capabilities.

Comments

Dr. Vidur Ghimire

Programme Officer of the International Trade Centre

Commenting on the presentation on the digital economy, he said that he was a little confused about what the paper intended to say. The paper should have included benefits of the digital economy and focussed on preparation to be made to promote paperless trade.

Season Chair Prof. Dr. Dilli Raj Khanal

Founder Cchairman of the Institute for Policy Research & Development (IPRAD)

Dr. Dilli concluded saying the paper presenter must be precise on what they wanted to tell. He said he found a lot of research gaps in the second and third research papers which needs to be taken into consideration while conducting similar research.

While talking about the digital economy, he said there is a huge digital divide in South Asia and oligopoly is seen in the process of digitization.

"The digital divide is depriving our country of the benefit of the digital economy," he concluded.

PAPER PRESENTATION:

Current Practices, Adaptation and Economic Development

Chair:

Dr. Prakash Kumar Shrestha

Executive Director, Nepal Rastra Bank

Comments:

Dr. Anup Wadhawan

Former Commerce Secretary, Government of India

Dr. Vidur Ghimire

Programme Officer, International Trade Center

Presenters:

1. Dr. Ashok Bhandary

Walking the Talk: Opportunities for Nepali Businesses to be Ethical and Socially Responsible

2. Ms. Dipshika Gurung

Technology is a Women Entrepreneurs' Best Friend: Does Self leadership Trait Matter?

3. Dr. Nisha Prakash

Is Liberalization Turning Economies into Pollution Havens? Evidence from India

4. Mr. Saroj Kumar Aryal, Mr. Binayak Malla

Economics and Socio-Political Dynamics of "Study Abroad" - The Perspective of Nepali Youth

FIRST PRESENTATION

'Walking the Talk: Opportunities for Nepali Businesses to be Ethical and Socially Responsible'

Presenter:

Dr. Ashok Bhandary

Rammani Multiple Campus Tilottama-5, Manigram, Rupandehi

In his paper, Bhandary highlighted the importance of social responsibility businesses to be competitive in the market. The researcher emphasised that talking about social responsibility of businesses is easy, it takes serious work and a commitment to ethic to actually implement it. The paper noted that top managers often say things that their actions contradict, either to appease particular audiences or to

hide their failures, which presents a significant challenge.

The paper highlighted that businesses have a responsibility not only to their stakeholders but also to the community and the environment, and many of them are realizing the importance of this broader obligation.

He pointed out the Carroll's CSR pyramid which he said provides a useful framework for understanding a businesses' obligations to multiple sectors, including being a good corporate citizen, being ethical, obeying the law, and being profitable.

Previously, the primary motive for businesses was to make a profit, but now, many businesses are prioritising social responsibility for their long-term success, he said. Then, he talked about Nepal's governance which, according to him, is relationship-based rather than rules-based. This, according to him, presents challenges for businesses to uphold their ethical obligations. He pointed out Nepal's poor ranking in the global corruption index and many other comparative indices related to governance.

The paper questioned whether managers who claim to have prioritised corporate social responsibility (CSR) are truly doing so, and highlighted the disconnection between corporate rhetoric and action when it comes to CSR spending.

The paper also argued that companies that prioritise ethical businesses tend to outperform their peers in the long run. The paper called the Nepali business managers to engage in meaningful work that reflects their commitment to social responsibility.

Comments

Dr Anup Wadhawan

Former Commerce Secretary of India

The commentator said that further analysis could be done to explore why the private sector has been ignoring CSR, indicating that there could be more things to be uncovered on this issue. He also questioned whether there is a tangible relationship between profit and CSR. Pointing out the belief that the businesses that are more profitable tend to do more CSR, he said it is not clear whether engaging more in CSR would lead to more profit.

Wadhawan also recommended that consumers be asked why they are loyal to a particular bank and whether it is due to the bank's better contribution to society. Talking about the paper's highlights about the CSR expenditure by banks, he said that there is still more to explore in terms of the relationship between profit and CSR, and the impact of CSR carried out by the banks on consumer behaviour. Further research could provide valuable insights for banks looking to incorporate CSR into their business strategies, he added.

Dr. Vidur Ghimire

Program Officer, International Trade Center

Ghimire suggested to the presenter that the researcher should bring data about the CRS from other private sector companies and questioned why only data from four commercial banks were presented in the research.

SECOND PRESENTATION

Technology is a Women Entrepreneurs' Best Friend: Does Self-leadership Trait Matter?

Presenter:

Ms. Dipsikha Gurung

This paper discussed the findings of a research on women in entrepreneurship from a management perspective. The paper highlighted the importance of entrepreneurship in addressing the challenge of employment creation being faced by governments worldwide. It also emphasised the role of digital technology in supporting entrepreneurial activities.

According to the research paper, digitalization is a powerful enabler of entrepreneurial resilience, as demonstrated in Nepal where many businesses were able to survive due to their use of the internet.

The paper cites data from DataReportal (2022) indicating that there were 13.70 million social media users in Nepal in January 2022, with a 5.4 percent increase from the previous year. Additionally, the International Trade Administration (ITA) and Nepal Database (2022) report that almost 60 percent of Nepalese have access to the internet, with more than 95 percent of users accessing it through mobile phones. However, despite these figures, Nepal's performance in digital entrepreneurship and innovation is ranked poorly in global ranking, the paper highlighted.

The paper presenter further explained why she chose to focus on women in micro entrepreneurship (ME) and agro-based industries. It is because agriculture is the primary occupation for 85% of Nepal's poor population and that 58% of the 172,000 MEs created in Nepal are agro-based, with 76% of women participating in the enterprises. The paper also notes that the government has allocated a budget of NRs. 2.26 billion for the implementation of the Micro Enterprise Development Program (MEDPA) in all 753 local levels.

As per the paper, micro entrepreneurial pursuits by women are individualistic and that women use ICT to identify their interests, assess their situation, and implement their plans. Additionally, the study suggested that ICT-enabled entrepreneurial pursuit is sustainable, as it enables women to develop self-awareness, competence, and performance, as well as sensitivity and critical thinking abilities.

The paper also provided valuable insights into the management perspective of entrepreneurship, particularly in the context of Nepal's agro-based industries and women's micro-enterprises. The research highlights the importance of digital technology in supporting entrepreneurial activities, while also emphasising the individualistic nature of entrepreneurial pursuits and the need for sustainability.

Comments

Dr. Anup Wadhawan

Former Commerce Secretary of India

Dr. Wadhawan commented that the presenter should have brought more positive and inspiring stories in the research.

Dr. Vidur Ghimire

Program Officer, International Trade Center

Dr Ghimire suggested that the paper would benefit from additional information on the level of education of the women studied, as well as their marital status and their occupation of their spouses. The commentator also said that the report could have explored the level of financial and digital literacy among these women. Such information would have provided a more comprehensive understanding of the challenges and opportunities facing women entrepreneurs in micro enterprises.

THIRD PRESENTATION

'Economics and Socio-political Dynamics of Study Abroad-The Perspective of Nepali Youth'

Presenter:

Mr. Saroj Kumar Aryal, Mr. Binayak Malla

The research paper focused on the impact of the exodus of youths from Nepal to study or work abroad. In recent times, a significant portion of Nepal's economy is supported by remittance inflows.

It highlighted the fact that despite talks about bringing those youths back home by creating employment opportunities at home, the number of Nepalese youths going abroad continues to rise. A large amount of foreign currency reserves of the country is spent in studies of Nepali youths abroad, the paper said.

Most Nepalese students who go abroad hardly return home as they are motivated by the opportunities and lifestyle they experience abroad, according to the research paper. "This trend is driven by factors such as obtaining international experience and improving chances of employment internationally, as well as push factors such as poor education quality in Nepali universities."

The paper also highlighted that the host countries' policies are also attracting Nepalese youths to stay there after they have graduated. "The host countries need a skilled workforce to help their economy to grow. As their local population is decreasing (due to low birth rate), accommodating educated youths from abroad is good for them too."

The paper said that this trend has significant long-term economic and socio-political impacts on Nepal, as it results in a brain drain which could help innovation in the country. The paper stressed that it is imperative for the government to address the root causes of this trend and implement policies to encourage the return of Nepalese youths to contribute to the country's development.

Comments

Dr. Anup Wadhawan

Former Commerce Secretary of India

Dr Wadhawan noted that while many Nepali youths are leaving the country to pursue better opportunities abroad, there is also a trend of Nepali citizens spending more money abroad than what they are sending back home. Therefore, it would be beneficial to investigate the reasons behind this trend and whether there are ways to encourage Nepali citizens to invest their resources back in their home country. Additionally, the commentator suggested exploring how Nepali students who study abroad could contribute to their home country's economy in the long term. "It is possible that the money they send back to Nepal after graduation could exceed the amount spent on their education abroad, which would have significant implications for the country's development," he said.

Dr. Vidur Ghimire

Program Officer, International Trade Center

Dr Ghimire said that the Nepali students going abroad to learn was good but the concern is whether they would return to Nepal after completing their graduation.

"It is important to consider ways to encourage these students to come back and use their skills and knowledge to contribute to the development of their home country," he said. Dr Ghimire also pointed out that these students are not only likely to go abroad but may also send money back to Nepal, which has a positive impact on the country's economy. Therefore, it would be beneficial to explore how Nepal can benefit from its citizens studying abroad while also ensuring that the country does not suffer a brain drain.

FOURTH PRESENTATION

Is Liberalisation Turning Economies Into Pollution Havens? Evidence from India

Presenter:

Dr. Nisha Prakash

The paper discussed the relationship between economic liberalisation, trade growth, and carbon emissions in developing economies. It examined whether trade liberalisation leads to the shift of polluting industries from developed to developing economies, thereby creating pollution havens.

The paper gave an example of how economic liberalisation initiated in 1991 led to substantial growth in foreign direct investment, forex reserves, and GDP while also equally contributing to pollution. "Despite these economic gains, 72 percent of India's energy needs are still met from coal plants, which are expected to remain the primary source of energy until 2050," the paper states.

The paper sought to reach a conclusion on the impact of economic liberalisation on pollution by examining the theoretical frameworks of Ricardo's theory of comparative cost advantage and the pollution haven hypothesis. This theory says that developing countries with liberal economic policies and lenient environmental laws have a comparative advantage in producing carbon-intensive products. "Empirical studies conducted in China, Pakistan, ASEAN countries, and other geographies suggest that trade openness has a positive impact on carbon emissions. However, the impact of trade on carbon emissions varies depending on the nature of fixed assets built by the country," the paper states.

The paper emphasised the importance of low-carbon technologies, composition, and technology components to offset the scale effect of trade openness on pollution. The paper called for stringent national environmental laws for in-house production while offsetting benefits of polluting industries with taxation and international and regional consensus. According to the paper, the findings suggest that India is in the first half of the Environmental Kuznets Curve, which implies that the country needs to address its carbon emissions to avoid negative environmental impacts.

Comments

Dr. Anup Wadhawan

Former Commerce Secretary of India

In his comments, Dr Wadhawan noted that as economies mature, the countries tend to shift their focus on low polluting manufacturing and service industries. Giving an example of China, he said as China's GDP fell substantially in the last several decades, the country has shifted its focus from manufacturing to service and technology, with an emphasis on less polluting industries. The commentator also suggested that it would be valuable to examine how environmental norms have changed over the years in developed countries. This would provide

a historical perspective on how developed nations have dealt with environmental issues and could offer insights into how developing countries can mitigate the negative impact of economic growth on the environment. Overall, the commentator emphasised the importance of considering the long-term effects of economic growth on the environment and exploring strategies to achieve sustainable development.

Dr. Vidur Ghimire

Program Officer, International Trade Center

Dr. Ghimire raised another issue. The commentator brought the case of an automobile company in Nepal that ceased production of an automobile assembly plant after the government implemented the policy that the country's automobile sector should use Euro 3 standard fuel. The company had requested the government to delay the decision, but it was not granted, resulting in the company's closure, according to him.

According to him, this example suggests how the local companies can be affected by environmental policies aimed at reducing carbon emissions. The commentator also raised the question of whether multinational companies exert pressure on governments to implement such policies to increase their market in Nepal while forcing local companies to shut down. "The issue needs to be investigated," he said.

CLOSING SESSION

Highlights and Review of the Conference

Dr. Rajesh Sharma, Coordinator of WCP Conference

Key highlights from his presentation are as follows

- The 1st International Conference on Trade Openness, Economic Development, and Economic Sustainability, held by Kathmandu University School of Management (KUSOM) under the WTO Chairs Programme – Nepal, was a significant event that brought together researchers, practitioners, and policymakers to discuss various aspects of international trade and economic development.
- The conference provided a platform for participants to share their research and exchange ideas on topics related to trade openness, economic development, and economic sustainability. The conference tracks covered a wide range of topics, including trade policy, international business, trade finance, sustainable development, and more. The conference was open to contributions from both academics and practitioners, and participants had the opportunity to present their research in either oral or poster presentations.
- The conference was well-attended, with participants from Nepal and other countries around the world. The keynote speakers were prominent scholars in the field of international trade and economic development, and their presentations provided valuable insights and perspectives on the conference topics. The panel discussions were lively and engaging, with participants actively sharing their views and experiences on various aspects of trade and economic development.
- Overall, the 1st International Conference on Trade Openness, Economic Development, and Economic Sustainability was a highly successful event that achieved its objectives of promoting research, facilitating academic and policy discussions, and providing a platform for networking and collaboration. The conference was a significant step towards achieving the goals of the WTO Chairs Programme Nepal, and it is expected to have a positive impact on trade-related academic activities in the region.
- The theme of the 1st International Conference on Trade Openness, Economic Development, and Economic Sustainability was focused on exploring the impact of trade openness on Nepal's economic development and sustainability. The conference aimed to provide insights into the challenges and opportunities that Nepal faces in its efforts to promote economic growth and sustainability through trade. The conference was designed to assess the effectiveness of current trade policies and strategies in Nepal and to explore the social and environmental impacts of trade openness in Nepal.
- To achieve these objectives, the conference was divided into three tracks, each focusing on different aspects of trade openness, economic development, and sustainability.
- Track 1, titled "Current Practices, Adaptation, and Economic Development," focused on standards and certification in trade for SMEs, branding and marketing sustainable products in the international market, digitization of trade and commerce, exports opportunities between Nepal and India, trade policy and capacity building, and issues of governance and compliance in trade financing.
- Track 2, titled "Trade Potential and Sustainability," explored the sustainable dimension of Nepalese businesses, resource efficiency

and circular economy, climate change adaptability for business sustainability, sustainable innovation and entrepreneurship, green financing for trade capacity building, the role of ESG in trade promotion in developing countries, and regional trade & economic integration of South Asia.

- Track 3, titled “Investment in Trade Infrastructure and Logistics,” focused on remittances and business development, exchange rate policy and export promotion, prospects of attracting FDI in Nepal, investment productivity and exports, issues in trade financing for LDC Graduation, and trade logistic infrastructure and efficiency.
- The three tracks covered a wide range of topics related to trade openness, economic development, and sustainability. The conference provided a unique opportunity for researchers, practitioners, and policymakers to share their knowledge and experience on these topics and to discuss the challenges and opportunities that Nepal faces in its efforts to promote economic growth and sustainability through trade. Overall, the conference was a valuable platform for generating new ideas and strategies for promoting economic development and sustainability in Nepal.
- Two best papers were awarded in two tracks, which reflects the quality of research presented at the conference. Under Track 1, Mr. Prajjwal Dhungana’s paper on climate change, human migration, and possible trade linkages in Nepal received the award. The paper provided valuable insights into the linkages between climate change, human migration, and trade, and how these factors impact Nepal’s economic development and sustainability. This research can help policymakers and stakeholders understand the complex relationship between these factors and develop appropriate policies and strategies to address them. Under Track 3, Dr Nisha Prakash’s paper on ‘Is Liberalisation Turning Economies into Pollution Havens? Evidence from India’ received the award.
- The conference on “Trade Openness, Economic Development and Economic Sustainability” was announced online on November 27, 2022. The organisers invited academic institutions, practitioners, and policymakers to participate and submit their papers in three tracks. The conference aimed to provide insights into the impact of trade openness on Nepal’s economic development and sustainability, identify the challenges and opportunities, and assess the effectiveness of current trade policies and strategies.
- The important dates for the conference were pre-registration by December 31, 2022, submission deadline by January 31, 2023, notification of reviewer’s decision by February 15, 2023, registration deadline by February 25, 2023, and conference date on March 7-8, 2023. The paper guidelines included full papers, working papers, and extended abstracts with formatting guidelines and a template provided. The conference also offered publication opportunities with the Journal of Business and Management Research (JBMR), a double-blind peer-reviewed scholarly journal published biannually by Kathmandu University School of Management (KUSOM), Nepal.
- The conference offered free registration and support for researchers from abroad, with KUSOM providing assistance. However, there was a major setback as only six papers were received by the submission deadline despite the pre-registration of forty-two researchers. The deadline was extended for a week until February 7, 2023. The major participants were not timely informed about the program, but academic institutions, practitioners, and policymakers were encouraged to participate.
- By February 7, 2023, a total of 28 papers were received, including 4 WTO grant papers. The researchers were from universities, practitioners (ITC), and the central bank (NRB) of Nepal, India, Sultan Qaboos University in Oman, and the University of Warsaw in Poland. However, four papers were desk rejected for not being within the theme of the conference. The four WTO grant papers were excluded from the review process, but the authors had defended them on January 26, 2023, and received feedback for improvement. Each individual was limited to one presentation only, precluding acceptance of papers for more than one presentation.



Certificate and Best Paper Award Distribution

Prof. Dr. Achyut Wagle

Registrar, Kathmandu University

Distributed the best paper awards

Vote of thanks

Prof Dr Devi Prasad Bedari

Dean, Kathmandu University School of Management

In his closing remarks, Dr. Bedari thanked the World Trade Organization, the WTO Chairs Programme for supporting the event. Dr Bedari also thanked everyone involved for making the conference a success. He said that the conference pointed out an important message about the importance of sustainable growth and finding new areas of growth. "Pollution caused by industries has become a major concern, and it is important that we find ways to grow our economy without compromising our wellbeing and the environment," he said.

www.kusom.edu.np



Kathmandu University
School of Management

KATHMANDU UNIVERSITY SCHOOL OF MANAGEMENT

Pinchhe Tole, Sasatanchha, Balkumari, Lalitpur, Nepal

Phone No: 977-1-5186091, 5186029, 5186249

Fax No: 977-1-5186414

Email: info@kusom.edu.np, www.kusom.edu.np