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Nepal and China Trade Relations

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Abstract

Because landlocked countries can only access sea ports through neighbors, their economies are heavily influenced by them. A nation &39;s economy will grow slowly without strong trade. A country must have solid diplomatic relations with its neighbors in a globalizing globe. Many studies have examined commerce with India, but few with China. The Nepal-China commercial relationship is the topic of this study. From the 5th century to present, Nepal and China have cooperated. This relationship has grown. This report examines Nepal-China trade opportunities and difficulties. Trade connections and import-export trade between these countries are the focus of this study. The analysis covers 2007/08 to 2016/17 trade volumes between these countries. The trade imbalance expanded from 228 million to 1 billion between 2007/08 to 2016/17, highlighting the significant difference between countries. The findings show Nepal has significant trade potential in agriculture, hydroelectricity, and banking sectors, but its economy, infrastructure, and political instability provide hurdles. Nepal is paving the path to prosperity with new trade agreements and existing and proposed activities with China. Trade determinants, economic growth, balance of payment, trade deficit, import, export

Keywords: Trade determinants, economic growth, balance of payment, trade deficit, import, export

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Introduction

Nepal is landlocked between India and China, two fast-growing economies. In the north, Nepal borders China for 1,415 km. Nepal and China have long-standing political and economic ties. Nepal and China had unofficial contracts from the fifth century, but official contacts began in the middle of the seventh century. Foreign trade involves purchasing and selling items between countries. Also called international trade. Importing commodities from elsewhere is called trade. Export trade involves selling goods to foreign buyers. Exports boost commodity output. Thus, it maximizes natural resource use and employment. Increased foreign exchange earnings help fund development projects. The people's standard of living rises. Inter-port trade involves importing and re-exporting items to a third country. Balance of payment is export-import difference. Export surplus and import deficit are called surplus and deficit balance, respectively. Exports must rise and imports must fall. Foreign trade boosted economic activity and bilateral and international political and socio-cultural linkages between trading countries. Less developed nations export cheap tea, coffee, raw resources, etc. However, affluent nations export expensive cars, instruments, radios, TVs, VCDs, etc. Nepal relies significantly on agriculture for money. Agriculture accounts for more than half of household income, employs over 80% of the economically active population, and affects industry and exports. Agriculture dominates GDP but has been falling for 30 years. Our country cannot prosper economically without considerable agricultural sector reform. The country has issues in every industry. Slow economic growth may be due to political instability and rising terrorism. An open border with India affects the country's economic development. Proper development in every industry may help the country progress quickly. Foreign trade helps development.

Foreign commerce helps underdeveloped nations like Nepal thrive economically. Income development inputs are scarce in Nepal, a least developed nation. Thus, global trade provides essential raw materials and technological advancements for economic progress. No nation provides all essential commodities and services. Nepal, like other nations, imports commodities and services and exports surpluses. Nepal exports mostly primary products since it produces them. Due to its adverse trading terms, product, productivity, and efficiency must be developed quickly through overseas trade. Nepal has pursued trade and foreign exchange policy alongside global liberalization. Before 1995, Nepal traded only with India, the UK, the US, and France. The situation has changed due to globalization. Nepal maintains diplomatic relations with over 50 nations. Nepal agreed to apply SAPTA and imposed concessional custom tax on 14 SAARC goods on December 7, 1995. Nepal attempts to improve its trading relations with other nations.

China has little long-term economic activities in Nepal. Nepal is hardly used by China. This purpose stems from China's poor Tibet policy. Tibetan nationality integration with Chinese nationalism is China's main issue with Tibet. It aimed to cut Tibet's external contracts. China has discouraged Nepal's Tibet commerce since 1950. Some commodities are rice, sugar, tea, wheat, etc. Tibet has historically received Nepali aid. Such items are still imported from Nepal, but their imports should not be inflated because Tibet and China have a solid road network. Chinese officials want to gradually integrate Tibet's economy.

Objectives of the Study

The goal of this study is to investigate Nepalese foreign trade trends. However, this study has these precise goals.

a. Nepal-China import-export trend analysis.

b. To investigate Nepal-China commerce.

c. Examine Nepal's commerce with India and abroad.

Review of Literature

Economics has long studied foreign trade in economic development. The literature on foreign trade dates back to the Middle Age. Academic course books on foreign trade, journals, and part theses will be discussed as much as possible. Given that this study is about Nepal's foreign trade. Shah's 1976 book "Trade Relation between Nepal and China" analyzes the trade relationship. Nepal and China, along with Tibet, rarely traded. Nepal's trade is longstanding. Bilateral trade was mostly border barter. Nepal's bilateral commerce with India is essential to its economy, but entry port trade was lucrative before the current century. Trade with Tibet is minor. After King Mahendra's 1955 accession, Nepal has tried to deepen its commercial connections with China, notably Tibet. Long-term, piers to reclaim it cost port status.

Long-term Chinese economic activity in Nepal is minimal. China rarely uses Nepal. The fragility of Chinese position politics in Tibet drives these goals. Tibet's incorporation into Chinese nationalism is China's fundamental issue. It aimed to prevent Tibet from receiving overseas contracts. Nepal has historically provided Tibet with rice, sugar, tea, and wheat, although China has tried to discourage it since 1950. China supplies them at a higher cost due of its massive army presence in Tibet. Such things must be supplied quickly. Good highways have been built in Tibet and between Tibet and China, thus such items brought from Nepal are not as significant as they once were. China wants to gradually integrate Tibet's economy. China has sought and succeeded in using commerce as a political weapon to diversify Nepal's trade.

In "China Nepal Trade Relationship and India," Ghoble (1986) examines Nepal-China trade and economic relations, which are relevant to our society. He claims that China-Nepal commerce is typical of an industrialized nation and an agricultural and handicraft-based nation. China buys 85% raw materials from Nepal and exports 75% produced goods and machinery. Exports to Nepal include textiles, light industrial products, foodstuff, cement, lubricant oil, chemical, construction materials, agricultural implements, cosmetics, and newsprint, condensed milk, soap, and sports goods. Nepal supplied China with jute, sugar, lumber, tanned leather, shoes, medicinal herbs, and tea. Nepalese jute was mostly imported by China. Nepal exported 7,000 metric tons of rice and 175 tons of tuned leather to China in 1975.

Over time, China-Nepal trade expanded from overland to international trade between the two governments. Barter trading amongst local people still made up a large part of trade, and while China and Nepal had signed several agreements, the volume of trade had not increased. Nepal exported Rs. 379839 and imported Rs. 110868 during 1956-1962-63 and 1974-1978. Compared to indo-Nepalese trade, it seems negligible. Nepal trades 90% with India and 1% with China. In "Trade and Development Nepal's Experience," Pant (1994) analyzed Nepal's economy, foreign commerce, and eight five-year plans annually. He describes overseas trade during liberalization and privatization. For import substitution, milk, soap, tea, jute, sugar, spices, cotton, etc. are used. For export promotion, Using Tyler Kavorssi and Balassa's approach. Data desegregation is the better measure for ranking with two variants because it avoids aggregate discrepancies. Multiple regression is utilized for export promotion analysis.

Poudel (1998) begins his book Foreign Trade, Aid, and Development by analyzing foreign trade aid and two gap models to estimate foreign aid and satisfy Nepal's investment deficit for development. Foreign aid negatively affects domestic saving, he found. He found excessive exports of primary products and imports of manufactured products in foreign commerce. Export growth has been sporadic and low. He finds that export diversification plans are poorly designed and implemented. There was little impact on export growth or product diversification, except for geographic diversification away from India to other nations. He studied Nepalese exports to India and beyond. His findings also show that domestic supply considerations are the most important element in exporting to these countries. Exports to India are extremely responsive to Nepal's agricultural crop and differential prices between the Indian and home markets, but exports to other countries are mostly determined by non-agricultural crops and export promotion initiatives. He concluded that imports, income, and foreign aid determined imports.

The 43rd annual report 2065/66 of FNCCI shows that Nepal had a huge trade deficit with China in 2007/08. Exports to China totaled Rs 73 crores, 64 lakhs, and 5 thousand, while imports totaled Rs 22Arad 25 crores, 58 lakhs, and 45 thousand. Reejal (1982) discusses the growth rate direction and gross import function of Nepalese international trade in his study "Nepal Foreign Trade and Economic Development 1956/57 to 1978/79." Between 1964-78, the share of export, import, and total trade decreased in the analysis of import function. He aimed to enhance the relationship between import and CISP at current and market prices. The effective manufacturing protection rate between import and export items was calculated using two variables regression analysis by the least square approach.

In 1955, Nepal and China established relations and signed an aid agreement a year later to promote mutual friendship and commerce. Nepal also entered into a provisional payment agreement with China (Mainland) which allows payment between the two countries through a bilateral account denominated. In "A Note on Nepal Foreign Trade," Roy (1977) discusses the current export-import trade, particularly with India. He noted that nibbling with exchange rate alone to address payment position is insufficient since trade deficit is growing inextricably into Nepalese economy. Nepal has abolished the incentive bonus scheme and introduced a dual exchange rate system for all convertible foreign currencies, which is expected to benefit exports. He advises that the dual exchange rate be closely monitored because Indian currency could be stolen and used to buy dolor, which would hurt the Nepalese economy. He also believes that the long-standing illegal trade along the border will be stopped, resulting in trade for both countries.

Timilsina (1981) analyzes Nepalese trade development, composition, and direction in his article "Nepal Trade scenario; it lapses and successes for economic development." Based on BOP and trade policies using secondary data, he explained the development of Nepalese trade before unification to the present and discussed treaties made with different countries at different times to diversify foreign trade. He stated that Nepal should increase imports and decrease exports. Tariffs modify trade, prices, output, and consumption, re-allocate resources, and shift payment. The Nepalese government has used trade as a growth engine in the past. In Nepal, tariffs have changed throughout time to boost revenue. He believed that Nepal's tariff policies for different periods show that policymakers are aware of the use of tariffs to promote export trade, provide essential goods, and protect domestic industries, but a comprehensive analysis of the impact of tariffs has yet to be done.

Nepalese non-tariff barriers are caused by Indian and national policies. Nepal trade is influenced by non-tariff barriers including quotas and government licensing of imports and exports, which limit commerce with other nations other than India.

He believes that Nepal's foreign trade is hampered by high export-import ratios, import of non-essential goods, change in consumption patterns, hot money movement, and development expenditures that are less marketable. The author suggests balancing import substituting, export promotion, and trade planning. He said Nepal must immediately organize a high-level monitoring group of government officials, private traders, and exporters. Finally, he suggests that trade, an essential part of Nepal's economy, should not be left to operate naturally since it would stifle progress. Therefore, thorough trade planning is needed. According to Sing and Singh (1994), "Nepalese foreign trade: the changing scenario of commodity composition and direction," foreign trade is vital to the economic development of a developing nation like Nepal, providing raw materials, technical knowledge, foreign capital, and competition.

Their study aims to analyze Nepal's foreign trade's commodity composition and direction and offer suggestions for changing conditions. Nepal's import commodity mix is more diversified than its export commodity composition, which is an essential concern in foreign commerce. The thesis "The Trade of International Trade of Nepal 2001" by Thapa (2001) includes some significant facts for our investigation. Since infinity, Nepal and China have traded. Nepal thrived in commerce in those days despite huge physical barriers since it was the center of trade with its neighbors and its trade was outstanding. Copper, brass, bronze, and other prisms were exported to China, while woolen products, salt, cherry, livestock, silver, bullions, and others were imported to Nepal and re-exported to India. Trade between Nepal and China increased because to the Malla Rullers' commercial policy, which busted trade. Trade flow between Kerong and Kuti increased as new urban trading centers like Samkhapur, Dolakha, and Nuwakot established trademarks.

Reeyal's study Nepals Foreign Trade and Economic Development 1956/56 to 1978/79 discusses Nepal's international trade's size growth rate direction gross porter and import function. The share of export, import, and total commerce fell between 1964/65 and 1978/79 compared to gross domestic product. In import function analysis, he aimed to determine the relationship between imports and GDP at current and market prices. His effective manufacturing protection rate between import and export commodities was calculated using two variables regression analysis by the learned square method. Unpublished Ph.D. Thapa (1986). Thesis "Historical Background of Nepalese Foreign Trade and its Diversification" cites transit issues and limited resources as obstacles to foreign trade development. He used secondary data to study trade routes, trade arrangements, trade diversification incentives, and other institutional factors in international trade development in Nepal before 1961/62. The primary products exports of Nepal in 1961/62 were 86.7% and declined to 63.63% in 1982/83. In the same period, manufactured exports to foreign countries rose from 28.6% to 69.9%. In global markets, readymade clothing, hides, and skin increased, according to the report.

The other mentioned trade instability, concentration, and diversification. SITC categorization showed lower import instability than export. Region and country-wise, Nepalese exports were less concentrated overseas. Foreign commerce contributes significantly to government revenue, according to Dahal (1992) in his unpublished Ph.D. thesis, “Foreign Trade and Economic Development of Nepal”. Nepal's commerce is constantly determined, as is its foreign trade and GDP relationship. He computed instability using ratio rate percentage, basic regression analysis, and log-variance in this work. He recommended a liberal trade system, restrictions on the existing system, and export growth to meet essential needs, accelerate import substitution in agriculture and industry, and increase foreign exchange.

Methodology

Framework and Data Collection

The planned study will use mostly secondary data. Previous studies, statistical reports, documents, published and unpublished books and references, journals from relevant institutions, governmental and non-governmental organizations, academic course books on foreign trade periodicals, and other thesis parts will provide secondary data.

The Nepal-China trade research will use at least 10 years of data. According to study objectives, descriptive analysis of important variables will be done using statistical tools (line graph, bar graph, pie) and procedures. For this research, Nepal Rastra Bank, Trade promotion central Bureau of Statistics, FNCCI, and economic survey will provide the most data.

Data Analysis Method

The study describes Nepalese foreign trade volume, composition, and trade balance and involves computer processing of chosen statistical data. Simple arithmetic analysis like ratio index of specialty, percentage, and graphs were organized in the study.

Standard international trade classification (SITC) divides export and import values into primary and manufactured items. In most studies, primary and manufactured goods total zero to four and five to nine, respectively. For imports, we use three categories: primary, investment, and consumer goods. Investment goods include machinery and transport equipment.

Results and Discussion

Nepalese foreign trade volume, composition, direction, and prospects

This parts of the thesis introduces data analysis and mathematical calculations utilizing statistical tools like bar graphs, line graphs, pie charts, etc.

Foreign Trade Volume

Foreign trade growth indicates development. But as trade volume rises, exports should outweigh imports,

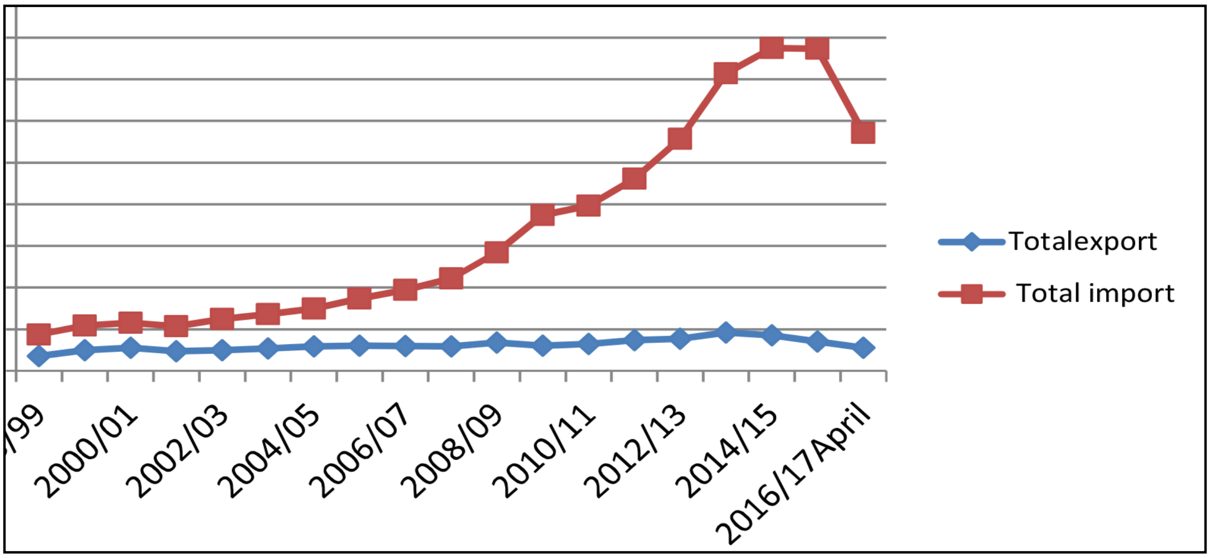
Foreign trade volume

Table 1

Volume of foreign trade

Fiscal year	Total export	Total import	Total volume
1998/99	35676.3	87525.3	123201.6
1999/00	49822.7	108504.9	158327.6
2000/01	55654.1	115687.2	171341.3
2001/02	46944.8	107389	154333.8
2002/03	49930.6	124352.1	174282.7
2003/04	53910.7	136277.1	190187.8
2004/05	58905.7	149473.6	208379.3
2005/06	60234.1	173780.3	234014.4
2006/07	59383.1	194694.6	254077.7
2007/08	59266.5	221937.7	281204.2
2008/09	67697.5	284469.6	352167.1
2009/10	60824	374335.2	435159.2
2010/11	64338.5	396175.5	460514

Fiscal year	Total export	Total import	Total volume
2011/12	74261	461667.7	535928.7
2012/13	76917.1	556740.3	633657.4
2013/14	91991.4	714365.8	806357.2
2014/15	85319.1	774684.2	860003.3
2015/16	70117.2	773599.1	843716.3
2016/17April	55215	571049.3	626264.3



The above table and graph illustrate that export volume has increased each year, yet it is too low to speed up commerce. Nepalese exports fluctuated from RS 35676.3 million in FY 1998/99 to 55654.1 million in FY 2000/01. In FY 2001/02, exports fell to Rs 46944.8 million. Nepalese exports rose from 53910.7 million in 2003/04 to 60234.1 million in 2005/06. Comparatively, export volume fell to 59383.1million and 59266.5million in FY 2006/07 and 2007/08. Exports rose RS 67697.5 million in FY 2008/09 compared to 2007/08. The volume of export decreased RS 60824.0 million in 2009/10 compared to 2008/09. It increased from 64338.5 million in FY 2010/11 to 91991.4 million in FY 2013/14. It fell from 85319.1 in FY2014/15 to 70117.2 in FY 2015/16.

Every year until 2000/01, import volume grew. Imports were RS 87525.3 million in 1998/99 and RS 115687.3 million in 2000/01. Exports were RS 107389 million lower in 2001/02. Imports grew every year until 2008/09, reaching RS 124352.1 million in FY 2002/03 and RS 284469.6, respectively. However, the trade balance deficit expanded eightfold from RS 82366.4 million in FY 2003/4 to RS 703481.9 million in FY 2015/16. This shows import volume in ascending order from export volume.

Exports and imports in Nepal are growing. Total trade volume increased from 123201.6 million in FY 1998/99 to Rs 860003.3 million in FY 2015/16 due to export and import increases. But exports and imports in overall foreign trade volume boost economic growth. However, Nepal's huge economy and rising import-export ratio show that import dominates foreign commerce.

Table-2

Volume of Foreign Trade

In Percentage

Fiscal year	Total export	Total import	Total volume
1998/99	28.96	71.04	100
1999/00	31.47	68.53	100
2000/01	32.48	67.52	100
2001/02	30.42	69.58	100
2002/03	28.65	71.35	100
2003/04	28.35	71.65	100
2004/05	28.27	71.73	100
2005/06	25.74	74.26	100
2006/07	23.37	76.63	100
2007/08	21.08	78.92	100
2008/09	19.22	80.78	100
2009/10	13.98	86.02	100
2010/11	13.97	86.03	100
2011/12	13.86	86.14	100
2012/13	12.14	87.86	100
2013/14	11.41	88.59	100
2014/15	9.92	90.08	100
2015/16	8.31	91.69	100
2016/17April	8.82	91.18	100

Source: Calculation from Table 1.

The following table shows that exports made up 28.96 percent of overall commerce in FY 1998/99, while imports made up 71.04 percent. Exports climbed 31.47% and 32.48% in FY 1999/00 and FY 2000/01. Conversely, imports fell 68.53 percent and 67.52% in the previous fiscal year. The export share in total trade dropped 9.92% to FY 2015/16 from 30.42 in 2001/02.

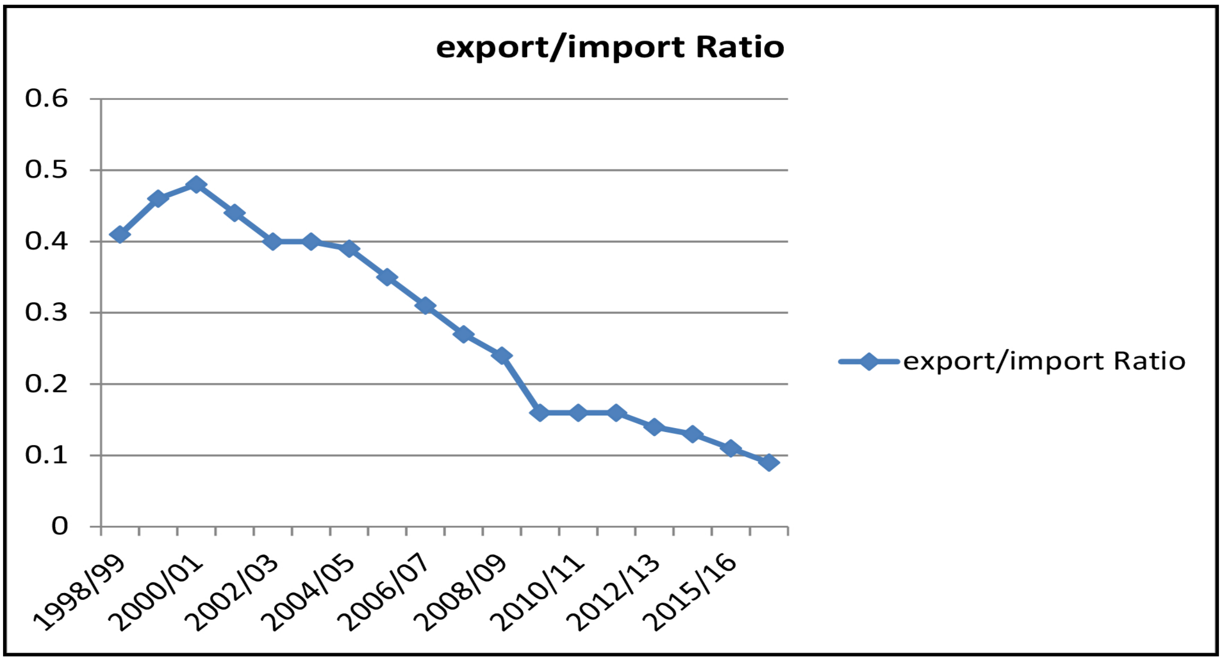
Imports made up 71.04% of overall commerce in FY 1998/99, declined 67.52% in FY 2000/01, and grew 71.65% in FY 2003/04 and 71.77% in FY 2004/05. From 2005/06 to 2015/16, it rose 74.26%, 76.63%, 78.92%, 80.78%, 86.02%, 86.03%, 86.14%, 87.86%, 88.59%, and 90.08%. The import proportion ranged from 67.52% in 2000/01 to 90.08% in 2016/17.

Table-3

Fiscal year	Export/import Ratio
1998/99	0.41
1999/00	0.46
2000/01	0.48
2001/02	0.44
2002/03	0.40

Fiscal year	Export/import Ratio
2003/04	0.40
2004/05	0.39
2005/06	0.35
2006/07	0.31
2007/08	0.27
2008/09	0.24
2009/10	0.16
2010/11	0.16
2011/12	0.16
2012/13	0.14
2013/14	0.13
2014/15	0.11
2015/16	0.09
2016/17April	0.10
Average	0.27

Source: Percent of Export divided by percent of import from table 2.



Export/import percentages from table 2

Above table exhibits random export/import ratio fluctuations. The export/import ratio ranges from 0.09 in FY 2015/16 to 0.48 in FY 2000/01. Imports outpace exports. The average export/import ratio was 0.27 during 1998/99 to 2016/17. The shows Nepalese export could barely sustain 0.27 of import. The average export/import ratio of 0.27 demonstrates import growth. It shows that Nepalese foreign commerce is dominated by import.

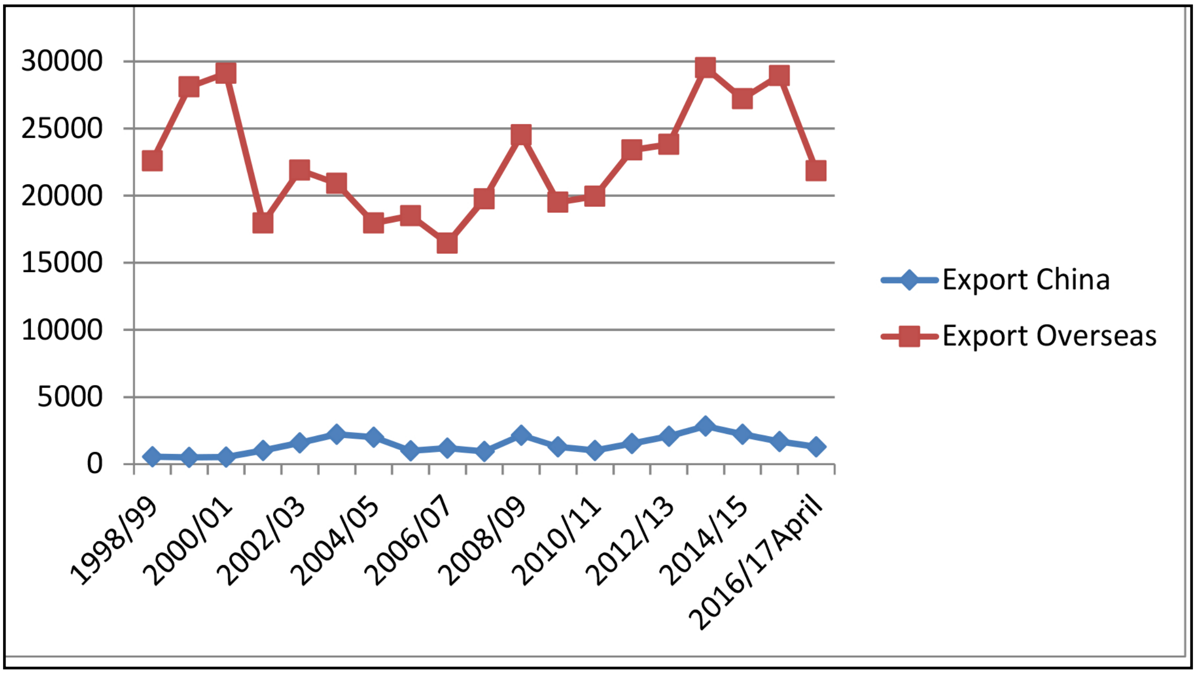
Table – 4

Export/ Import with China and Overseas

In Million Rs.

Fiscal year	Export		Import	
Fiscal Year	**China**	**Overseas**	**China**	**Overseas**
1998/99	557.7	22587.9	1621.4	53784.2
1999/00	512.4	28089.6	4189	64655.8
2000/01	525.4	29098.5	5299.2	55687.1
2001/02	1021.3	17967.3	4428.7	46338.2
2002/03	1599.6	21901	4338.6	49089.3
2003/04	2230.7	20902.9	3866.1	53671.5
2004/05	2017.9	17970.9	14145.6	46652.5
2005/06	1004.3	18515.1	13014.4	53622.8
2006/07	1202.8	16451.5	17718.2	61104.1
2007/08	944.5	19766.3	23433.2	56128
2008/09	2151.8	24539.8	34465.8	87566.2
2009/10	1308.5	19521.8	43201.2	114019.7
2010/11	1034.4	19943.7	46283.1	87967.2
2011/12	1534.3	23410.4	55757.5	106520.6
2012/13	2085.8	23831.3	62451.2	127257.9
2013/14	2840.7	29537	73318.6	163100.2
2014/15	2229.9	27224.6	100166.4	182861.9
2015/16	1681.5	28942	115694.3	180692.3
2016/17April	1290.2	21862	92717.4	160955.4

Source: Nepal Rastra Bank and Annual Financial Report of Trade and Export Promotion Centre (T.P.C) FY 2016/17.



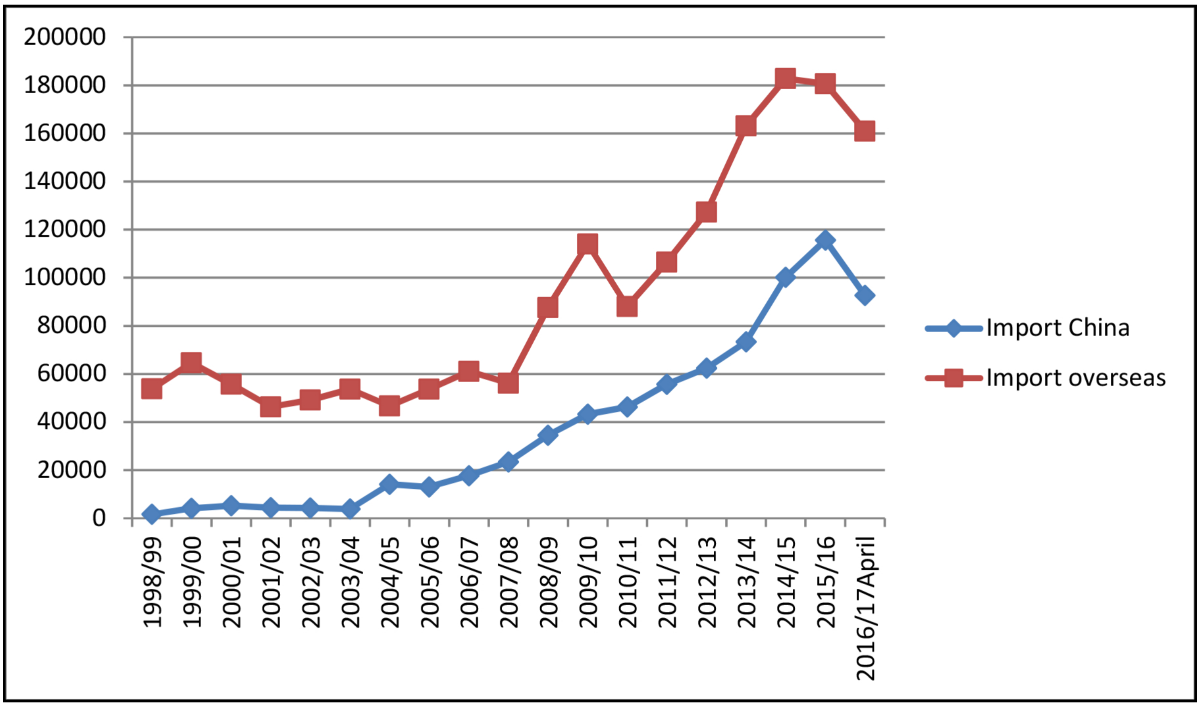
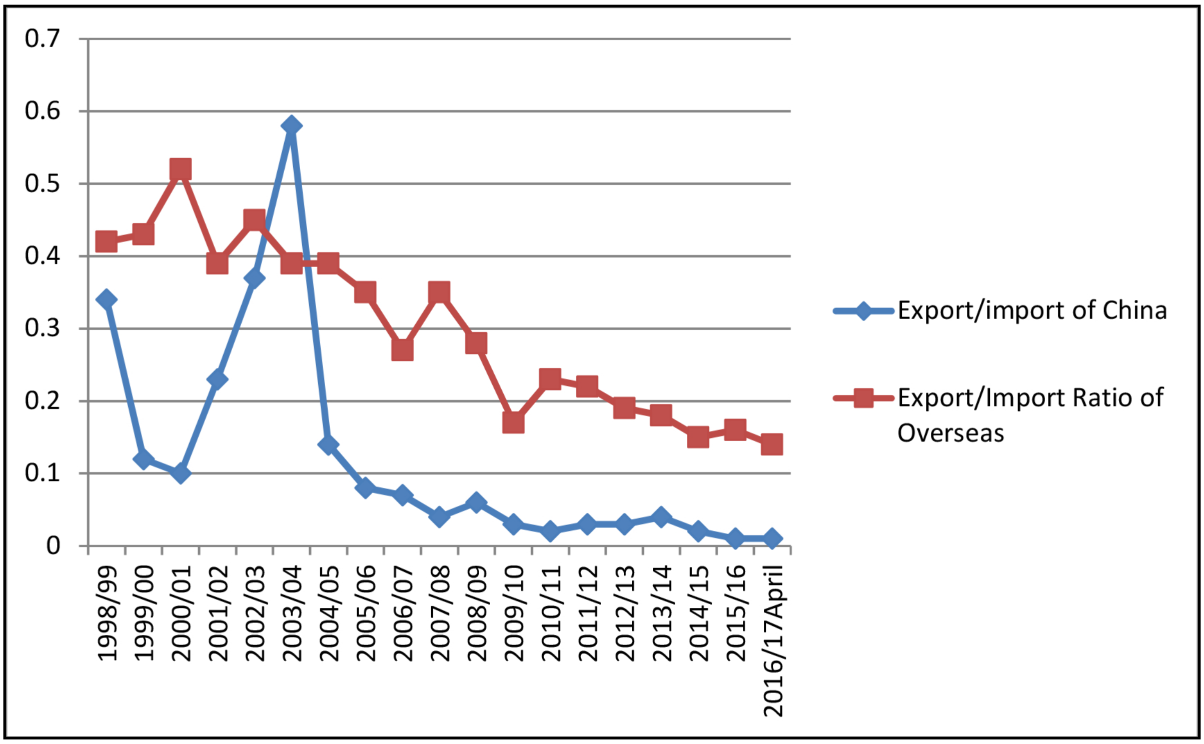


Table- 5

Export/Import Ratio with China and Overseas

Fiscal year	Export/Import of China	Export/Import of Overseas
1998/99	0.34	0.42
1999/00	0.12	0.43
2000/01	0.10	0.52
2001/02	0.23	0.39
2002/03	0.37	0.45
2003/04	0.58	0.39
2004/05	0.14	0.39
2005/06	0.08	0.35
2006/07	0.07	0.27
2007/08	0.04	0.35
2008/09	0.06	0.28
2009/10	0.03	0.17
2010/11	0.02	0.23
2011/12	0.03	0.22
2012/13	0.03	0.19
2013/14	0.04	0.18
2014/15	0.02	0.15
2015/16	0.01	0.16
2016/17April	0.01	0.14

Source: Calculation from Table 4



See Figure 5.

Ratio with China and Abroad

The FY1998/99 export/import ratio with China was 0.34. In FY 1999/00 and FY 2000/01, it dropped 0.12 and 0.10 from FY 1998/33. The export/import ratio with China has improved from FY 2001/02,03 FY2005/06,07 in FY 2006/07,0.04 in FY 2007/08 and 0.06 in FY 2008/09, 0.03 in FY 2009/10, 0.02 in FY 2010/11, 0.03 in FY 2011/12, 0.03 in FY 2012/13,0.04 in FY2013/14, 0.02 in 2014/15 and 0.01 in 2015/16. The average export/import ratio with China is 0.12, ranging from 0.01 in FY 20 15/16 to 0.58 in FY 2003/04.

The FY 1998/99 export/import ratio with overseas is 0.42. It climbed by 0.43 and 0.52 in 1999/00 and 2000/01, but from then to FY 2005/06, the export/import ratio with overseas fluctuated, slowing trade volume. FY 2006/07 export/import ratio with overseas is 0.27, same. FY 2007/08, 2008/09, 2009/10, 2010/11, 2011/12, 2012/13, 2013/14, 2014/15, 2015/16, and 2016/17 export/import ratios with overseas are 0.35, 0.28, 0.17, 0.23, 0.22, 0.19, 0.18, 0.15, 0.16, and 0.14.

Conclusion

Nepal, a developing country based on agriculture, is economically backward. Foreign trade, especially exports, has declined due to serious issues like lack of education manpower, awareness, quality products, and others. Additionally, Nepal relies heavily on foreign aid, investment, and imports. Nepalese policies emphasize exports and imports as revenue sources. Nepalese overseas trade is plagued. Geographical constraints, particularly as a landlocked nation, hinder foreign expansion in Nepal. Transportation with China is hindered by the high

Himalayas on the north side of Nepal.Open markets and unrestricted trade between Nepal and India provide a challenge for Nepalese products, which are already affordable in the domestic market.

Both China and Nepal experienced the same problem. China's product hurt ours due to production costs. Nepalese products are low-quality and expensive, hindering their international competitiveness. Nepal maintains a single commercial route with India and China, but has not taken action to utilize additional trade channels like Fulbari Banglaband through Bangladesh. Nepalese industry cannot meet the expanding population requirement for commodities. Open borders, particularly with India, increase the likelihood of commodities smuggling and assist the illegal trade through import and export. The export commodity mix of Nepal is less diverse than its import commodity composition. Limited access to China and insufficient storage facilities hinder export and import. Foreign policy in Nepal is not directly implemented by the government, people, or service providers. The agriculture sector, the backbone of Nepalese economy, has been disappointing. The industrial sector is still in its infancy, requiring significant investment and yielding output over a long period. Liberal economic policy led to increased international trade tax revenue, but failed to address import substitution, worsening Nepal's trade deficit.

Recommendations

Due to a poor economy, political instability, and a lack of strong foreign policy, Nepal's trade deficit has skyrocketed, and imports have traditionally dominated. The Nepalese government regularly modifies its policies and actions. Below are recommendations to increase Nepalese overseas trade. Nepal's landlocked status is a perennial problem that requires political and diplomatic efforts from governments to address. Boost domestic industries, particularly agro-based ones, to reduce imports.

Implement a moral tax system for Nepalese producers, especially those who do not contribute to progress, and deter them with high taxes. We must maintain and develop cottage and small industries as they are our economic roots. To grow and diversify Nepalese international commerce, it is crucial to curb smuggling across borders, particularly with India. It can be controlled by border surveillance of smuggled items.

Encourage the formation of viable cash crops such as tea, coffee, cotton, jute, and others through technical and financial support. Reasonable facilities and incentives should be provided to the private sector, which dominates the country's export commerce. Only government has failed to meet population growth.

The open market policy with India encourages the import of foreign goods, which should be discouraged. There is a shortage of research on which sectors have a competitive advantage over others. Detailed reasons for each sector are needed.

Nepal can diversify its commerce by establishing links with other countries and conducting regular seminars to investigate opportunities. To boost domestic output, protect home industries by putting quantitative restrictions on imported goods, developing domestic industries, and extending markets for domestic products by preventing external competition. Nepal has a trade deficit and should increase exports by improving product quality, introducing new commodities, reducing production costs, and generating export surplus.

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