



Doing Business with the EU, and particularly the Great Britain



Project: Funded by the European Union Implemented by: European Economic Chamber (EEC) – Nepal

**A four-day seminar for Intermediary Business Organizations in Nepal,
First 2 days for Executive Members (May 6 and 7, 2008)
Second 2 days for Secretariat Staff (May 8 & 9, 2008)**

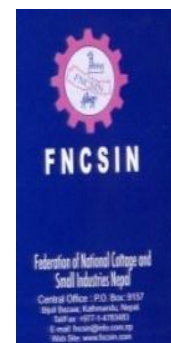
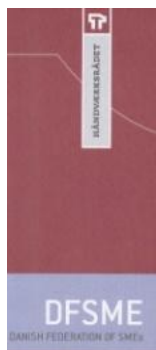
Conducted by Peter Bishop, Deputy CEO, London Chamber of Commerce

**Venue
EEC-Nepal**

Proceedings report of the four day workshop organized by ECIBON

Partnership Composition

The Danish Federation of Small and Medium-Sized Enterprises (DFSME), Denmark
London Chamber of Commerce and Industry (LCCI), Great Britain
Federation of National Cottage and Small Industries Nepal (FNCSIN), Nepal



Program Proceedings:

Day One (6 May / 8 May 2008), Tuesday / Thursday		
Day 1 – General		
Time	Activity description	Remarks
10.00-10.30	Registration (Tea / snacks will be served)	
10.30-11.00	1. Introduction The overall project How this element fits in Objectives of next two days Who I am, and my credentials Who you are (15 participants from 15 beneficiary organizations represented by Executive Committee Members, 1 from EEC-Nepal, 1 from FNCSIN, 1 Moderator, 1 Nepali Expert and 1 rapportuer) in total 20 participants. Same will be repeated for the secretariat staff.	
11.00-12.00	2. The Global Context World trade and the phenomenon of globalization. What globalization is, and how it has come about.	
12.00-13.00	3. The European Union How it has evolved and developed Approach to third countries Economic situation Individual markets	
13.00-14.00	Lunch break	
14.00-15.00	4. The UK market Economic indicators and trading outlook Business and legal framework; quality standards Market information and channels of distribution	
15.00-16.00	5. Principles of Exporting Market Research Transport and documentation Terms of consignment Marketing Getting paid	
16.00-16.15	Tea Break	
16.20-17.20	6. Nepal as an exporter Current export markets and products Potential exports Export procedures and controls Sources of assistance	
	Close of Session	

Day Two (7 May / 9 May 2008), Wednesday / Friday		
Day 2 – Specific		
The programme for the day will be illustrated with examples of actual/potential Nepalese products for exports e.g. carpets, clothing, leather goods, jute goods, grain, flowers, handicrafts, herbs, katha, roisin, turpentine, lentils, aluminium, copper, brass, iron, ceramics, bone and horn products, pashminas, bamboo products, silver jewellery, incense, gemstones, minerals, paper)		
Time	Activity description	Remarks
10.00-12.00	7. EU/UK Import Procedures HS Codes Controls Documentation Duty treatment Taxes Compliance with EU/UK regulations Exercises with the EU tariff	
12.00-13.00	8. The UK market Focus on key sectors Environmental issues Trade associations Agents and distributors Exhibitions and trade fairs	
13.00-14.00	Lunch break	
14.00-15.00	9. Sources of further information International Trade Centre UNCTAD/WTO Banks Chambers, IBOs Customs	
15.00-16.00	10. Acting as an Export Adviser Your role Assessing a client, company and product Ongoing assistance	
16.00-17.00	Summary and conclusions / Question-Answer	
	Close of Session	

Participants: 1 Executive Member and 1 Secretariat staff from 15 IBOs
President of EEC - Mr. Dibya Mani Rajbhandari, Mr. Rajen Sharma - Executive Member EEC / Trainer, Kamini Chand - Project Officer ECIBON, Mr. Basanta Gautam - Rapportuer, Ms. Amrita Adhikari - Interpreter

**Attendance List - Executive Member
May 6, 2008**

Sn	Name	Organization	Position
1	Mr. Gopi P. Dhungana	Nepal Coffee Producers Association	Executive Member
2	Mr. Manoj Amatya	Nepal Carpet Exporters Association	Executive Member
3	Representative	Floriculture Association Nepal	Executive Member
4	Mr. Azaj Alam	Rupandehi Industry Association	Executive Member
5	Mr. Deependar Shakya	Lalitpur Handicraft Association	Executive Member
6	Mr. Dhruva Raj Gautam	Baglung CCI	Executive Member
7	Mr. Pradeep Prasad Gupta	Nepalgung CCI	Executive Member
8	Mr. Tanka Prasad Dulal	Itahari CCI	Executive Member
9	Mr. Basant Rijal	Nuwakot CCI	Executive Member
10	Mr. Gobinda Balab Badu	Darchula CCI	Executive Member
11	Mr. Prachanda Dev Manandhar	FNCSIN Kathmandu	Executive Member
12	Mr. Bishow Ram Duwal	FNCSIN Bhaktapur	Executive Member
13	Mr. Mohan B. Katuwal	FNCSIN Makawanpur	Executive Member
14	Mr. Santa Bikram Baniya	FNCSIN Dhading	Executive Member
15	Mr. Santa Krishna Shrestha	FNCSIN Dolkha	Executive Member
16	Ms. Amrita Adhikari	Nepali Interpreter	
17	Mr. Basant Gautam	Rappotuer	
18	Mr. Peter Bishop	Trainer	LCCI
19.	Ms. Kamini Chand	Project Officer	ECIBON
20	Mr. Dibesh Shrestha	IT expert	ECIBON
21	Mr. Rajan Sharma	Trainer on Freight forwarding	EEC-Expert

**Attendance List - Executive Member
May 7, 2008**

Sn	Name	Organization	Position
1	Mr. Gopi P. Dhungana	Nepal Coffee Producers Association	Executive Member
2	Mr. Manoj Amatya	Nepal Carpet Exporters Association	Executive Member
3	Representative	Floriculture Association Nepal	Executive Member
4	Mr. Azaj Alam	Rupandehi Industry Association	Executive Member
5	Mr. Deependar Shakya	Lalitpur Handicraft Association	Executive Member
6	Mr. Dhruva Raj Gautam	Baglung CCI	Executive Member
7	Mr. Pradeep Prasad Gupta	Nepalgung CCI	Executive Member
8	Mr. Tanka Prasad Dulal	Itahari CCI	Executive Member
9	Mr. Basant Rijal	Nuwakot CCI	Executive Member
10	Mr. Gobinda Balab Badu	Darchula CCI	Executive Member
11	Mr. Prachanda Dev Manandhar	FNCSIN Kathmandu	Executive Member
12	Mr. Bishow Ram Duwal	FNCSIN Bhaktapur	Executive Member
13	Mr. Mohan B. Katuwal	FNCSIN Makawanpur	Executive Member
14	Mr. Santa Bikram Baniya	FNCSIN Dhading	Executive Member
15	Mr. Santa Krishna Shrestha	FNCSIN Dolkha	Executive Member
16	Ms. Amrita Adhikari	Nepali Interpreter	
17	Mr. Basant Gautam	Rappotuer	
18	Mr. Peter Bishop	Trainer	LCCI
19.	Ms. Kamini Chand	Project Officer	ECIBON
20	Mr. Dibesh Shrestha	IT expert	ECIBON

**Attendance List - Secretariat Staff
May 8, 2008**

Sn	Name	Organization	Position
1	Mr. Dhakeswor Ghimire	Nepal Coffee Producers Association	Secretariat Staff
2	Representative	Nepal Carpet Exporters Association	Secretariat Staff
3	Mr. J.B. Tamang	Floriculture Association Nepal	Secretariat Staff
4	Mr. Tika Ram Sharma	Rupandehi Industry Association	Secretariat Staff
5	Ms. Sapana Maharjan	Lalitpur Handicraft Association	Secretariat Staff
6	Mr. Nil Bahadur KC	Baglung CCI	Secretariat Staff
7	Mr. Bikal Kumar Shreshta	Nepalgung CCI	Secretariat Staff
8	Mr. Nobindra Katwal	Itahari CCI	Secretariat Staff
9	Mr. Basant Rijal	Nuwakot CCI	Secretariat Staff
10	Representative	Darchula CCI	Secretariat Staff
11	Ms. Sulochana Rajbhandari	FNCSIN Kathmandu	Secretariat Staff
12	Ms. Ranjana Khichaju	FNCSIN Bhaktapur	Secretariat Staff
13	Ms. Sita Sunwar	FNCSIN Makawanpur	Secretariat Staff
14	Mr. Ramesh Adhikari	FNCSIN Dhading	Secretariat Staff
15	Ms. Samjhana Shrestha	FNCSIN Dolkha	Secretariat Staff
16	Ms. Amrita Adhikari	Nepali Interpreter	
17	Mr. Basant Gautam	Rappotuer	
18	Mr. Peter Bishop	Trainer	LCCI
19.	Ms. Kamini Chand	Project Officer	ECIBON
20	Mr. Dibesh Shrestha	IT expert	ECIBON
21	Mr. Rajan Sharma	Trainer on Freight forwarding	EEC-Expert

**Attendance List - Secretariat Staff
May 9, 2008**

Sn	Name	Organization	Position
1	Mr. Dhakeswor Ghimire	Nepal Coffee Producers Association	Secretariat Staff
2	Representative	Nepal Carpet Exporters Association	Secretariat Staff
3	Mr. J.B. Tamang	Floriculture Association Nepal	Secretariat Staff
4	Mr. Tika Ram Sharma	Rupandehi Industry Association	Secretariat Staff
5	Ms. Sapana Maharjan	Lalitpur Handicraft Association	Secretariat Staff
6	Mr. Nil Bahadur KC	Baglung CCI	Secretariat Staff
7	Mr. Bikal Kumar Shreshta	Nepalgung CCI	Secretariat Staff
8	Mr. Nobindra Katwal	Itahari CCI	Secretariat Staff
9	Mr. Basant Rijal	Nuwakot CCI	Secretariat Staff
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16	Ms. Amrita Adhikari	Nepali Interpreter	
17	Mr. Basant Gautam	Rappotuer	
18	Mr. Peter Bishop	Trainer	LCCI
19.	Ms. Kamini Chand	Project Officer	ECIBON
20	Mr. Dibesh Shrestha	IT expert	ECIBON

DAY 1

Background:

The program “**Doing business with EU and in particular Great Britain**” is the first training program within work plan of action of the project entitled “**Enhancing Capacity of Intermediary Business Organizations in Nepal**” (ECIBON). The project which is funded by the European Commission under Asia-Invest II program comprises of four project partners and 15 IBOs as beneficiaries. It is a 30 month program, starting from September 2007. The program aspires to make Nepalese IBOs better equipped to service local SMEs and European Intermediary counterparts to facilitate trade between Europe and Asia (Nepal), accomplished through seminars/workshops and trainings provided by the European project partners. Keeping in mind the vast knowledge of European partners, ECIBON management looks forward to successful completion of the project with greater project output.

The contents of the seminar are as follows:

- The EU as a trading entity and market which would cover e.g. the development and structure of the EU, common external tariff, harmonization of legislation, legal framework, methods of doing business, relationship of EU to member state markets.
- Focus on a single EU market, the United Kingdom, covering: the economic indicators and trading outlook, the business and legal framework including companies, agents, channels of distribution, import regime and tax system, business sectors and characteristics of business community, and trade opportunities.
- Trading with the UK can be illustrated through the inclusion of a number of actual Nepalese products or services so the theory can become practice. Indeed, the aim of any event would be highly practical (though grounded in theory) so that intermediaries are enabled to provide advice and assistance to businesses, and the businesses themselves which attend to understand the framework and gain introductions to new business. All can become overseas members of LCCI of Commerce.

Session 1

Introduction

The program started with a warm welcome note from Mr. Pravakar Bickram Rana, Project Manager, ECIBON Project.

Mr. Bishop, Deputy CEO LCCI, thanked the European Economic Chamber for inviting him to conduct the program. He expressed his view on wanting each participant to learn as much as possible from two day workshop. Mr. Bishop went on to share two day program details with the participants which would help to get clarity on the program proceedings for the forth coming days. He said he wanted to be acquainted with participants’ expectations and the details of their districts along with brief words on the potential export products of their respective districts. The participants with the help of a Nepal Map and Laser light highlighted on the screen the district they represented and products for possible trade with Europe and Great Britain.

He continued the session with the Importance of English language for doing business globally due to which they should try and grasp as much as possible during the two day training, though Ms. Amrita Adhikari was present for the interpretation of lines that were not comprehensible to all. He said today globally English language is spoken and written as the business language so we all must try to learn English. One good way of learning the language is to listen to BBC world on the radio daily for 10 minutes.

At the end of the Introductory session EEC-Nepal – President, Mr. Dibya Mani Rajbhandari concluded the session with expectations of EEC- Nepal and the ECIBON project, expectations of ECIBON from Mr. Bishop and how best we could move forward to a successful business if we gave in our time and learn what is being shared during the workshop. He thanked Mr. Bishop and wished all a successful program.

Session 2

The Global Context

Moving on to the next session Mr. Bishop explained the theory of globalization in context of the program.

“Globalization Usually Refers to the Declining Significance of National Borders Brought About by Increased Trade, the Spread of Information Technology, Cross-Border Financial Flows, and Cultural Transfers.

One factor relates to increased trade throughout the world resulting from reductions in trade barriers, such as tariffs (a tax) or quotas (quantitative limits) on imports. The rapid increase in trade between countries has allowed companies to sell to customers all over the globe. Increased trade has also provided consumers with a wider selection of goods and services than would otherwise be available if their choices were limited to domestically-produced goods and services.

Technology transfers have also contributed to globalization. Improved technology, especially the rapid spread of computer technology, has accelerated the flow of information across, and often without regard to, national borders. A steady, reliable flow of information is an important predicate for cooperation among companies and other institutions from different countries.

Globalization is also tied to accelerated economic integration through private cross-border financial flows. Whether it's BMW and Mercedes Benz constructing factories in the southern United States, or U.S. pension fund managers investing billions of dollars in Mexican or Thai stocks, the economies of individual nations have become increasingly integrated because of private, cross-border financial flows. The nature of these financial flows during the late 1990s will be discussed at length in the following sections.

Cultural transfers that have given consumers "global tastes" also contribute to globalization. The three factors we have just described encourage or permit cultural transfers, accelerating the demand for cultural imports, ranging from movies (which you will read about below) and music to fashion and food.

The net result of globalization is the steady reduction of government involvement in national economies. For example, governments own and operate fewer industries. They are reducing and in some cases abolishing price controls for goods and services consumed in their countries. And they are lowering, if not abolishing, barriers to imports of goods and services and permitting greater foreign investment. These "liberalizations" have allowed "the market" to operate more freely than it has throughout most of the century. This, in turn, has caused a convergence of domestic regulatory systems or global integration.”

(Source: <http://www.uiowa.edu/ifdebook/ebook2/contents/part3-I.shtml>)

Before 1980, he said “The United Kingdom gave much priority to her own products but now the concept of business has totally changed because of the globalization. Today most of the countries have adopted open policy and entrepreneurs export their products all over the world this became possible with the formation of European Union forming the trading Block in the world with 27 Member states.”

The session concluded with Mr. Bishop explaining the reason of why people wanted to do business with other countries:

- 1) Tariffs continuously reducing/economies are liberalized
- 2) Exchange Control is very rare
- 3) Markets more accessible
- 4) Common rules/harmonization between blocks like SAFTA and E.U
- 5) Innovation of easier and faster modes of Communication:- Internet, E-mail

Session 3

Principles of Exporting

Then the General Secretary of Nepal Freight Forwarders Association and Executive member of EEC Nepal Mr. Rajan Sharma conducted the session on "Nepal as an exporting Country". He explained about how we can make easier the export and import process. He explained the role of Freight Forwarders in the supply chain management and the importance of International Logistics. Right from the time of product identification for export till the time the goods are delivered to respective store the Freight Forwarders have a big role to play. The importer would first try to be assured whether the product he is importing will reach safely and on time. He will also try to find out the guaranteed landing cost of the product to fix his profit margin and in this the service and job of Freight Forwarders is very important. The Freight Forwarders helps the exporters in documentation, custom clearance, forwarding, informing the importer about the schedule for shipment, checking the packaging and marking on packages etc. It is the Freight Forwarders who pre-alerts the consignee on the movement of freight and also helps the importer in custom clearance and delivery of the goods to consignee's final store with the help of Forwarders partner in the importing country. In this way he explained and tried to teach the members why freight forwarders are necessary, what are their duties and responsibilities.

According to Rajen Sharma importance of FF are as follows.

- Without FF import/export would be difficult
- FF has good knowledge on export and import
- FF knows the correct type of packaging as per the means and mode of transportation.
- FF knows all rules and regulation , process of documentation , customs clearance

He added there are some problems of export and import which FF faces usually. Main problems are lack of airlines, flight cancellation, custom problems, temperature, lack of post space, Road trafficking.

Mr. Rajan Sharma spoke on INCOTERMS chapter. INCOTERMS means International Chamber of commerce terms .This terms help on avoiding trade dispute and also helps on identifying the liability of exporter and importer. The point where the risk shifts from exporter to importer and the point where the cost shifts from the exporter to importer were explained with a help of diagram showing clearly the thirteen INCOTERMS. FF follows all rules and regulation of INCOTERMS accepted by the International Chamber of Commerce (ICC).

[Mr. Rajan Sharma's Power point on INCOTERMS](#)

INCOTERM are grouped in to four categories.

- E terms –Ex-works
- F terms – main carriage not paid by seller
- C terms – main carriage paid by seller
- D terms – delivered on arrival

He described other things of INCOTERMS with the help of SLIDES. According to him mostly used terms of INCOTERM in Nepal are **EXW/FCA/CIF**

Session 4

The European Union

Peter Bishop highlighted on the origin of EU. The historical roots of EU lie in the Second World War (WW II). The idea of European integration was conceived to prevent atrocities and destruction brought about by the acts of WW II. It was first proposed by French Foreign Minister Robert Schumann in a speech on 9 May 1950. Thus, the 9th of May is celebrated as the 'birthday' of the EU-the so called Europe day. The European Union is a family of 27 democratic European countries.

The **European Union (EU)** is a political and economic community of twenty-seven member states, located primarily in Europe. It was established in 1993 by the Maastricht Treaty, adding new areas of policy to the existing European Community. With almost 500 million citizens, the EU combined generates an estimated 30% share of the world's nominal gross domestic product (US\$16.8 trillion in 2007).

The EU has developed a single market through a standardised system of laws which apply in all member states, guaranteeing the freedom of movement of people, goods, services and capital. It maintains a common trade policy, agricultural and fisheries policies, and a regional development policy. Fifteen member states have adopted a common currency, the euro. It has developed a role in foreign policy, representing its members in the World Trade Organization, at G8 summits and at the United Nations. Twenty-one EU countries are members of NATO. It has developed a role in justice and home affairs, including the abolition of passport control between many member states under the Schengen Agreement.

EU operation is a hybrid of intergovernmentalism and supranationalism. In certain areas it depends upon agreement between the member states. However, it also has supranational bodies, able to make decisions without the agreement of members. Important institutions and bodies of the EU include the European Commission, the European Parliament, the Council of the European Union, the European Council, the European Court of Justice and the European Central Bank. EU citizens elect the Parliament every five years.

The EU traces its origins to the European Coal and Steel Community formed among six countries in 1951 and the Treaty of Rome in 1957. Since then the EU has grown in size through the accession of new member states and has increased its powers by the addition of new policy areas to its remit. The Treaty of Lisbon, signed in December 2007 and intended to be ratified by the end of 2008, is planned to amend the existing treaties to update the political and legal structure of the union.

(source: http://en.wikipedia.org/wiki/European_Union)

Mr. Bishop said European countries are much richer than other countries because they are organized and use same currency. He focused again about the decreasing value of Dollar due to Euro.

Mr. Bishop mentioned, Nepal's top export commodities overseas in 2005/06 were woolen carpets, readymade garments and Pashmina, in that order. Germany, Nepal's third largest trading partner in EU, absorbed a third of total woolen carpet exports, down from as much 80 percent in the 1990. In 2005/06 Germany accounted for over 41 percent of Nepal's total trade with EU and was also both the biggest importer and the exporter Nepal in the EU. The top three trading partners in the EU are Germany, France and the UK and followed by Italy, Belgium, Netherlands, Denmark, Spain, Sweden and Austria. These ten countries make up 97 percent of total Nepal-EU trade.

Session 5

The UK market

Mr. Bishop through the help of slides talked about the UK market. He showed many photos of department stores of UK such as TESCO and other shopping malls and department stores. With each picture Mr. Bishop showed that products from around the world are available in stores with attractive display at minimum rates.

Mr. Bishop concluded the session with a SWOT analysis and all the participants gave their views on SWOT analysis pertaining to their districts

SWOT means:

S - Strength:

- Mountains, greenery, skilled labor, tourist attraction, abundance of herbs, seasonal fruits / vegetable

W - Weakness:

- Limited range of products, large group of people is leaving, limited fund to Invest, political situation

O - Opportunity:

- Greenery, organic, raw materials, large neighboring countries China and India

T - Threat:

- Instability, 600-able bodies leaving the country to seek jobs abroad every month, competition from China and India.

Day 2

Doing Business with U.K

Mr. Bishop welcomed all and thanked them for participation. He started the session with the ways to conduct business in the U.K. He talked about the importance of handshake on the first meeting as well as the significance of meeting timings along with the difference on casual and formal meeting timings. Further on he spoke about the Business card and all the important points that need to be in a business card. With Example of cards from the participants and his own he gave clarity on the session. He said British people are polite, honest and punctual they never overestimate.

Next he explained the need for correspondence and how to write business letters. We should never write long letters while corresponding with buyer her added. He reminded again as this is the period of globalization we have many more ways of Trade for example on-line business, E-business etc. He said, he has given the address of different website links for various products the participants can search and find out the agent. He was positive about the sale of some of the products in the U.K market.

EU/UK Import Procedures

According to Mr. Peter Bishop the British chamber structure is different than others, executive members are selected by election but Deputy CEO and treasurer are selected through vacancy announcement. The Chamber has two CEO's and Deputy CE's one is based on voluntary basis and the other on salary basis.

Peter then went on the topic EU/UK Tariff and provided hands out of tariff to each member. Tariff is important for EU members because it gives an idea for trade within European countries. This Tariff makes it clear to find out export and input rate within E.U. and EU countries. He asked the participants about the rates in UK and EU on the basis of the Tariff. The discussion on tariff took two hours and the participants seemed to enjoy this session.

Britain is a big market when all kinds of product from around the world can be sold, Mr. Bishop said, we can still see that there a big probability of selling Nepali products. But since most of the participants were had little or no exposure in doing Business with U.K and E.U they need to get go for trade fairs to get exposure. The participants were keen on trade fairs but voiced their opinion on high rate for travel, bookings for the trade fair and logistics. All gave in their suggestions as to how best can we minimize expenditure and get maximum exposure. One suggestion was an Exhibition in Kathmandu with buyers from the U.K market. After building relationship with buyer we should send sample piece of each product if your product liked by consumer, buyer may order your product continuously.

After a lunch break Peter went on to next session source of further information. Peter said there are many sources for the exporting such as International Trade Centre, UNCATED/ WTO, Banks, Chamber, IBOs, Custom etc. FNCCI may have more information and records. Freight Forwarders are also a good source of information. Ending session placards were given to participants to give in their comments and suggestions for the betterment of our future programs.

Conclusion

ECIBON Project Officer, Kamini Chand, thanked all IBO members for their participation at the workshop and for their valuable inputs. She said "it is our chance to learn and share with other members what we have learnt during the two day workshop." On behalf of the participants she thanked Mr. Bishop for all his efforts to make the program result oriented.

Concluding the Program Mr. Bishop thanked all the participants and hoped the seminar would be effective for all those who were present. He assured all that he and London Chamber would extend necessary support and advice to IBOs to export their products to EU/UK.

Questions raised by IBO Executive member and secretariat to Mr. Peter Bishop and Mr. Rajen Sharma.

1. What does a freight forwarder do?
Freight Forwarders manage the handling of shipment from the shipper till the door of Consignee. They take care of the Physical flow and information flow of the Goods.
2. What is GSP form?
General System of Preference is related to derogation for EU and this certification helps the importer in EU to get duty exemption. This is also the proof of origin.
3. Why The UK does not use European currency?
4. Is tax rating same all over the world?
5. What are the rules and regulations to go to countries within the European Union?
6. What should be done to maintain EU standard?
We should be able to comply with the standards set by the EU. For this we will have to look to the rules that need to be complied in the importing country. You will have to contact the importing country's chamber or go to the net to see regulation as per the product you wish to export. The chamber in the exporting country will also be able to help.
7. Should it be registered to send our goods in EU?
Yes, as this authenticates the shippers commitment and registered firms follow the government rules and regulation.
8. What is O.C?
9. How many iron industries are there in your country? (to Mr. Bishop)
10. Do the freight forwarders help in finding buyers/matchmaking?
No, this is not the job of the Freight Forwarders.

11. What is the structure of British chamber?
12. Which term does our country use according to INCOTERMS?
Mostly FOB which probably is wrong in case of sea shipment via Kolkata. The best INCOTERM is FCA, CIF or CNF for Export to EU.
13. Why is visa compulsory to go to EU? Such as from France to Germany.
14. What is a vessel?
Vessel are ship that carry cargo. There are feeder vessel (Small Ships) and Mother Vessel.
15. Why do freight forwarders take more money?
Freight Forwarders don't take more money. Instead the rates of Freight Forwarders are much less than that fixed by IATA in Nepal. Moreover, Price depends on the service level. Besides freight forwarder, from where else is export possible? You could probably export yourself complying with the regulation of the countries but you will need the Freight Forwarders to Book the space on a vessel or the flight and follow up etc.
16. Why do buyers not allow changing FF?
The buyers do not allow changing of Freight Forwarders as the freight forwarder in the importing country has collaboration and agreement with that of the exporting country and working under this network is easier for information flow and service as well as cost factors.
17. Why our goods are destroyed in India?
The Goods get destroyed due to long road transportation and custom procedure of checking the merchandise in Indian Port, Miss handling using of hooks etc while handling.
18. Do tariffs change yearly?
Yes, the Tariff keep changing with the change in fuel price, port conjunction, and volume of cargo, war., etc
19. Why is our National policy not good?

Comments from the participants on the workshop:

- Discussion on Subject Matter was excellent
- As per Contents of the training topic the time period was not enough
- Less use of practical methods
- Appreciated the importance of the topic
- Training was conducted very well by Mr. Peter Bishop
- Program schedule / course should be provided a week ahead of the program
- Venue needs to be changed from time to time (should be held outside Kathmandu also)
- More detailed Handouts required
- Translation was not up to the required standard (but good enough)
- EEC-Nepal executive members could have shared some of their experience for others to learn
- Good Management
- Nepali trainer was excellent

Others:

During the course of the seminar participants and Mr. Bishop touched upon:

Activity 2.1.1) Assessment of opportunities in -three- sub-sectors for potential trade

Prior coming to Nepal Mr. Bishop had requested all 15 IBOs, "Please send a short note describing the most potential export product from your district in order to use them as case studies during the seminar."

During the course of the program participants wanted to have study on the followings:

Sub-sectors selected for study:

- Tea
- Coffee
- Honey
- Carpets
- Nepali Paper
- Precious Jewellery (Costume)
- Certain Herbs
- Flowers
- Leather
- Water
- Quartz
- Glassware
- Bamboo
- Ginger
- Garments

They also identified the following products to which have comparative advantage as far as export was concerned:

Exportable products from other parts of Nepal

- Yarsa Gumba
- Water
- Coffee
- Flowers
- Handicrafts
- Leather shoes/goods (soles come from Italy/leather goods do not have the capacity to be made here)
- Ceramics (Vases and Pots)
- Carpets

Activity 2.1.2) General assessment of trade related procedures and requirements

Mr. Rajen Sharma enlightened the participants on this topic

Activity 2.2.1) Determination of the system to exchange business information

Most of the participants agreed that electronic method was the best to exchange business information. Mr. Bishop urged to use SEARCH engine as much as possible to seek for new information. It was also agreed that all 15 IBOs would make use of Email to share information with each other as much as possible. EEC-Nepal and FNCSIN would facilitate them on this matter.

In order to ensure that the Nepalese intermediary business organizations can facilitate trade- and export relevant information between EU and Nepal, and provide relevant and updated information to member companies on a continuous basis also after the completion of the project, a strategy for the future business information exchange and dissemination should be made and appropriate tools developed for the implementation. DFSME will be responsible for the activity.

Plan of Action:

In consultation with Mr. Peter Bishop the Plan of action was also revised.

Peter's Comment:

On Activity 2.1.1) Assessment of opportunities in -three- sub-sectors for potential trade and input for Annabel and Tine, I have the following comments:

- In Kathmandu we appeared to agree that flowers and coffee would be two of the three sub-sectors we would research in this activity. We did not decide on a third but paper products were high up the list although there are plenty of other possibilities
- I suggest that Annabel and Tina get started on flowers and coffee and we can all decide on the third one a bit later on (though as soon as possible)
- With regard to coffee, I think organic coffee would hit a niche market but we have to be sure that the coffee produced really can be described as organic in EU terms. I don't discount non-organic coffee for the EU/UK market by the way
- With regard to flowers, orchids and carnations have been most mentioned but it may be necessary for Tina and Annabel to know whether there is a realistic level of production of other flowers
- In all cases they will be looking at the EU/UK/Danish market side, I would have thought, not the supply side

LCCI and ECIBON

By: Peter Bishop

When the London Chamber of Commerce (LCCI) was invited to join a consortium bid for an EU-funded project to assist intermediary business organisations (IBOs) in Nepal we were immediately keen to participate for two main reasons.

Firstly we have extensive experience in IBO or chamber of commerce development and international trade training which we have delivered in many parts of the world including Bulgaria, Brazil, Colombia, Cuba, Czech Republic, Ethiopia, Poland and the Philippines.

Secondly because there is a special connection between the United Kingdom and Nepal. Mount Everest of course was conquered by Sir Edmund Hillary and Sherpa Tenzing Norgay in a British expedition the year HM Queen Elizabeth II came to the throne. The Gurkhas have a legendary place in the history of the British Armed Forces. And, less obvious perhaps, Nepalese cuisine has been playing an increasing part in the love of foreign food in the UK.

Indeed a valued member of the LCCI and former President of the Ealing Chamber, Mr. Mahantra Shrestha, runs a highly-regarded Nepalese restaurant in West London, well known to myself and many Chamber members and colleagues. The food connection of course is partly at least the result of an active diaspora, a further reason in itself for the good relationship.

Despite these links trade between the two countries is not particularly high – Nepal's main trading partner is of course India – but there is clearly potential for more business to be done in Europe. The private law system of chambers of commerce in Nepal is similar to that of the UK so the transfer of knowledge and experience could be significant. All good reasons therefore why I was optimistic that the LCCI could play an important role.

Before becoming part of the consortium LCCI had little experience of working with EEC-Nepal though we had heard good things. We were however impressed with the way the bid was put together and have since confirmed that our confidence was well

placed. It is comparatively early days in the programme but the project manager and his staff have been enthusiastic and extremely able.

The main element in which the London Chamber of Commerce has been involved so far has been the delivery of a pair of two-day seminars in Kathmandu on exporting to the EU, in particular the UK. The delegates represented intermediary business organisations – chambers of commerce, trade associations and Federation of National Cottage and Small Industries Nepal branches, FNCSIN being a valued a partner in the project. The product range included in the delegates areas of responsibilities and referred to in the seminars were wide, though most would be familiar to those conversant with Nepalese trade: floriculture, tea, coffee, paper products, precious stones and jewellery, silk and pashmina products, handicrafts, leather goods and honey. There was also interest in cardamom, pulses, ginger, essential oils and certain medicinal plants.

In leading the seminars my focus was on helping the IBOs advise their clients on export preparedness and principles, market research, channels of distribution, payments and procedures, and the etiquette of doing business in the UK and Europe.

As a group we conducted a SWOT analysis of Nepal's ex ports and agreed on many actual and potential strengths e.g. the Nepal brand, the growing interest in organic products, and the pedigree of certain produce. The particular challenges include: difficult transport routes to European markets, the need to invest to ensure production and quality standards, and improve communications, especially through more widespread internet access and use of the net. English language skills too need to be enhanced, not just for UK sales but worldwide as is increasingly growing as the *lingua franca* of international business.

There is much to address but there is a good basis from which to start, and it is my expectation that this programme will have a significant beneficial affect on improving the ability of IBOs to disseminate information and help companies operate more efficiently. The role of EEC- Nepal and all of the partners will, of course, be critical.

Activity 1.1.1 Doing Business with the EU and in particular the UK

Observation by: Peter Bishop

Activity Report

- 1. Summary**
- 2. Seminar**
- 3. Conclusions and follow-up**
- 4. Organisation by EEC-Nepal**

1. Summary

This report has been written to complement the full report on this seminar produced by Ms Kamini Chand of EEC-Nepal and avoids covering the same ground. In essence it picks out the key points of the seminar as seen by myself as the seminar leader, focuses on conclusions and follow-up, and comments on the organisation by EEC-Nepal.

2. Seminar

The seminar was, in fact, two, two-day seminars held consecutively, the first attended by executive members of IBOs, the second by IBO secretariat staff. I used the same materials for both audiences but emphasised to the secretariat the approach that was necessary to adopt to guide their members and customers.

The course contents had been circulated by EEC-Nepal in advance of the seminar with requests that participants highlight products known to them (from their region) which were actual or potential exports. This enabled me to refer certain products and sectors

throughout the seminar and in particular when covering UK/EU import procedures and regulations. Subsequently UK lists of UK importers in these sectors were obtained.

I was keen to put Nepalese exports in both a global and European context, important though slightly theoretical, I thought. However the participants appeared to be very interested in the context and this first prompted me to suggest that I should adapt my notes to create a manual for the participants which could help IBOs advise their members on both the background to, and practice in, exporting to the UK and EU.

The section on UK/EU import procedures gave us the opportunity to go through the EU tariff, column by column, for the main products of interest and I was able to leave relevant tariff extracts with the seminar participants. The information will change over time so it is important that IBOs are able to access EU tariff and regulatory information on a continuous basis, preferably on-line.

Throughout the seminar I referred to on-line information, websites etc. and asked participants about their access to such sources, and whether they had their own websites and email facilities. A significant number did not have such facilities and this is something that we should try to address.

The sections on principles of exporting and Nepal as an exporter were much enhanced by the contribution of Mr Rajen Sharma, an executive member of EEC-Nepal, and an active freight forwarder and export trainer. Based in Kathmandu he was able to impart the practical, real-life experience of exporting which complemented the theory on exporting generally and Nepalese exports in particular.

Great interest was shown by participants on the sections on the UK market and doing business with the British. My presentation included photos of UK retail outlets to give some idea of the end users' experience and how it compared with local and proximate markets.

These sections enabled much interaction with the participants as did the SWOT analysis of Nepal and Nepalese exports about which I noted:

Strengths: Nepal is a global brand (think Himalayas, sherpas and Gurkhas); aid programmes and desire to assist Nepal; tourism; organic products; enthusiastic, friendly people; position between China and India.

Weaknesses: political instability; economic weakness; limited foreign investment; patchy use of foreign aid; limited number of exportable products; exodus of Nepalese workers; low IT penetration; poor transport links with UK/EU; expensive freight costs; overshadowed by China and India; lack of intellectual property rights protection.

Opportunities: new road link between China and India which crosses Nepal; global desire for organic products; political stability could be on the way; foreign investors still interested in Nepal; untapped or not fully-utilised potential like hydro-electric power.

Threats: tricky relationships with India and China; continuing exodus of people to Middle East and other regions; continuing weaknesses as above which new government may fail to tackle.

3. Conclusions and follow-up

I was content from the feel of the seminar at the time and the subsequent written feed-back from evaluation forms that we had pitched the presentations at the right level, and that our practical approach, grounded in principles, was the appropriate one. This activity therefore should, with follow-up and in conjunction with other activities, have the effect of increasing IBOs familiarisation with export procedures and lead to investigation of customers and ultimately new or increased export sales.

However there are some key factors which we have to address to increase the likelihood of this.

Firstly, there is the matter of command of the **English language**. I had no doubt after my time with them that the participants had the necessary acumen and business understanding to benefit from the seminar and transfer their knowledge to their roles in the IBOs. However fewer than I expected of them were of a sufficiently high standard in English that they could engage in meaningful conversation in the context of a business transaction, or in one-to-one advice sessions with, without an interpreter. There is no easy solution to this but I did suggest that they made an effort before the next activity in which I was involved (1.1.2) to listen regularly to the BBC World Service or similar as this would improve their overall participation in ECIBON activities.

Secondly, there was disparity within the group as to who had **email** addresses and **websites** and, indeed, access to the same. It was my impression that about half of the group were well geared up, IT-wise, and that the rest were less so. Naturally, for the sake of communications with EEC-Nepal, between themselves, and with members and clients it is highly desirable at the very least that all have email and internet access at an early stage, and a web presence soon thereafter. I know that EEC-Nepal share this view and have some actions or investigations in process.

Thirdly, I became aware of a number of - perceived or actual - obstacles **to trade** which impacted on activities in our programme. These included: the logistics of transporting goods to the UK/EU; high freight forwarding charges; inability to fill containers; increasing cost of petrol; the high level of bureaucracy to wade through before an export could be effected; visa problems: company registration (and annual re-registration) requirements; short growing seasons for certain products causing limited windows of opportunity; packing requirements, and, indeed, general, written information on trading into the UK and EU.

Future activities will help counter the last point but in the interim I agreed to adapt my seminar notes to create a manual for IBOs use. I was also able to leave with the participants, as well as the PowerPoint slides which contained many web links, the following materials:

- The International Trade Manual
- Starting in Export
- ICC: Guide to Incoterms 2000
- Glossary of Useful Terms and Abbreviations Used in the Export Trade
- Various UK import statistics and market report summaries
- Selected EU country profiles
- UK Customs Notices 826 and 828 relating to GSP and import preferences
- Sample GSP form A (replacement certificate)
- Selected UK-published trade and general interest magazines
- Assorted LCCI folders, notelets and pens (sent by DHL)

I also subsequently obtained lists of UK importers or distributors of goods in the following sectors: cane, bamboo and rattan furniture; dried herbs; fresh flowers; stationery; gemstones and precious stones; honey; quartz; tea; bottled water; clothing; ginger; leather goods; coffee; glassware and pottery; and jewellery. It is in my view premature in most cases for IBOs to make contact with these but we are planning to hold a special session on this during my next visit.

Awareness building of Nepal as a trading partner has been helped by articles on both ECIBON and Nepal in London Business Matters, and the announcement of the staging of a Nepal Fair in London on 21-22 September 2008. The fair has been initiated by the

Nepal Embassy and the British Nepal Chamber and could prove to be a valuable aid to ECIBON activities.

Nepal is not a signatory of the international ATA Carnet Convention which governs the temporary import and export of goods in certain circumstances in 65 countries in the world. Entry into this network would not only be good for business but sends out a signal to the world that Nepal is open to two-way trade and is open for business.

In the context of ECIBON there will be opportunity to follow up on 1.1.1 particularly in 2.1.1 in which the three sub sectors of coffee, paper and flowers are being researched, 1.1.1 (trade fairs and matchmaking activities), 1.1.4 (international documents and payments), 1.1.7 (trade promotion services), 1.1.6 (marketing and international business training), 2.1.2 (trade-related procedures and requirements), and 2.2.1 (system to exchange business information).

4. Organisation by EEC-Nepal

There is no doubt that the organisation of the seminar by EEC-Nepal added to its overall effectiveness. Before the event they responded quickly to requests to elicit information on exportable products in the IBOs areas, and kept LCCI well informed on progress on participants and other relevant information. They also liaised efficiently, helpfully and hospitably on accommodation, transfers and timings so that nothing in my visit was left to chance.

Seminar materials, including photocopies of slides and relevant documents, were distributed and a suitable room secured at the Chamber in Dilly Bazar equipped with overhead projector, lap top control, pointer pen, and flip chart. The room was not over-large but suited well.

The seminar was opened by the EEC-Nepal President, and had very helpful contributions by way of introductions and commentary from Mr Pravakar Bikram Rana, Ms Kamini Chand and Mr Basant Gautam (rapporteur). Ms Amrati Adhikari provided consecutive translation.

The EEC-Nepal executives kept the participants informed throughout the seminar and organised the breaks in such a way that they became like extended discussion forums. I got the strong impression that the participants and EEC-Nepal had formed a good partnership which will of course be extremely valuable as the project progresses.

PEB June 2008