

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

The aim of this assessment is to produce, a study on selected target sub-sectors of trade between Nepal and the EU. This assessment is carried out in Nepal, Scandinavia and the United Kingdom. It seeks to assess the opportunities in selected sub-sectors for potential trade with the European Union (EU) market. It is a compilation of studies and research conducted in Nepal, England and Denmark on three target sub-sectors of trade between Nepal and the EU. In Nepal emphasis was given on the supply-driven side where as in United Kingdom and Denmark the focus was laid on the demand side.

Based on their past experiences in the Small and Medium Enterprise (SME) sub-sectors, the Intermediate Business Organizations (IBOs) – 15 Direct Beneficiaries of the project from five (5) development regions in Nepal have identified the following sectors that require an increase in exports (for sector that are already exporting) or have relatively higher export potential as compared to other products:

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

Furthermore, the Intermediate Business Organizations (IBOs) have narrowed the list to products that maybe deemed as export-oriented. They stated that the following products are being exported from Nepal and may have the potential for export.

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

Other products that have high export potential would also include:

- Silk
- Cardamom
- Wooden Handicraft
- Mandarin Oranges

While the above-mentioned products produced by Nepali SMEs are being exported to selected countries including the EU market, there was an urgency to further select a few products from these lists that would have higher export potential. The products that were identified for further sub-sectoral analysis were as follows:

- Coffee
- Cut Flower and
- Nepali Handmade Paper

The status of the SMEs that are manufacturing/producing these products has also been studied. It is hoped that information thus obtained, would assist in determining how these SMEs would be able to cater to the export market, especially to the EU market.

100 copies of the assessment have been published for distribution. Rest will be published on a CD-ROM in English language and shared during the seminars of this project in Nepal and via the European partners to the European SMEs.