

NepalUSA CHAMBER

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Nepal –USACCI held its Tenth and Eleventh Annual General Meeting



The Tenth & Eleventh annual general meeting of the Nepal – USA Chamber of Commerce and Industry was held in Kathmandu on February 24th 2006. Mr. Sunil Sakya President of NUSACCI while opening the meeting welcomed the members and expressed his pleasure in

welcoming the members which provides an opportunity to come together professionally in fellowship and friendship to meet in this defining moments in the history of this country.

He said today in Nepal, most business feels absolutely helpless and lost, production,

Mr. Panday Elected unopposed to the post of President

Mr. Prasidha Bahadur Panday, previously Vice-President of the Nepal-USA Chamber of Commerce and Industry has been elected President of the Chamber unopposed. Similarly the Annual General Meeting of the Chamber held on Feb.24,2006 also elected new Executive Committee for the year 2006/2008. The newly Elected Executive Committee consists of Mr. Kiran Prakash Saakha, Mr. P.P. Khetan, Mr. Gandhi Pandit, Mr. Narayan Bajaj Mr. Moti Lal Dugar, Dr. Sandip Shah, Mr. Anil Shah and Ms. Aashmi Bista Rana. Dr. Sandip Shah, Mr. Kiran Prakash Saakha and Mr. P. P. Khetan has since been elected to the position of Vice-President, Secretary General and Treasurer of the Chamber respectively.

International Banks To Collaborate on Corruption Problem

Inter-American Development Bank announces task force to fight fraud, corruption

By Eric Green

Washington File Staff writer

Washington—The Inter-American Development Bank {IDB} has announced it will work with other international banks located in Africa and Europe address the global problem of fraud and corruption.

In a February 21 statement the IDB said the international financial institutions had established a task force that will develop what is called a “Framework for preventing and Combating Fraud and corruption”The task force was formed by the international

banks at a February 18 meeting in Washington.

Besides the IDB, the other institutions involved in the task force are the African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, European Investment Bank, The world Bank and the International Monetary Fund {IMF}.

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services, distribution, sales are hampered by strikes, bandhs, transportation difficulties, extortions, abductions, kidnapping, bombing, intimidations. They don't know where to start. They need direction, protection but find none. They are angry, yet scared. The biggest dilemma is that of survival. The businesses cannot become a part of this chain of events; either can they beat it, nor can they accept it. But even in such difficult times, it is even more important that the private sector work hand in hand towards the peaceful solution of the conflict. Prosperity goes together with peace and democracy. One cannot succeed without the other two.

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WTO Negotiations Intensify, Still Stalled by Agriculture Impasse

European Union refusal to improve farm offer blocks progress U.S. officials say

By Bruce Odessey
Washington File Staff writer

As activity at a World Trade Organization {WTO} ministerial meeting intensified continued lack of movement by the European Union {EU} on crucial agricultural issues has blocked other progress in the negotiations. U.S. officials say.

The U.S. delegation held news briefings twice December 16 at the meeting in Hong Kong as negotiators moved into what was expected to become a frenzied final 48 hours still uncertain about the outcome.

One U.S. trade official who spoke on condition of anonymity said that some small chance remained for the parties to make some progress on limiting agricultural export subsidies and reducing agricultural tariffs, but only if the EU stopped resisting.

The small group discussions that we have had run into [stubbornness] from particular parties. Particularly the European Union, who had started that they have made their offer, they have not going to improve it, and they want every one else to step forward, he said "And as a consequence we have not really seen any measurable progress in agriculture."

On tariffs negotiation were striving to narrow differences over limit to exclusion for sensitive products. He said the United States has proposed an exclusion cap of 1 percent of product by tariff schedule lines while the EU has proposed 8 percent amounting to about 160 products.

The negotiation, formally called the Donor Development Agenda have languished almost since they were launched in 2001 because of the impasse over agriculture in October the United States submitted a proposal to deep cuts in agricultural tariffs and eventual elimination of domestic support payments to farmers, but a subsequent EU proposal by most analysts would produce little or no additional market access.

The unidentified official said Canada, Australia and New Zealand were unwilling to consider reforms to the export subsidies maintained by their state trading enterprises such as grain marketing boards, because of EU resistance to cutting agricultural tariffs.

Deputy U.S. Trade Representative Susan Schwab said EU resistance on agriculture was allowing other parties to evade making

commitment to cut industrial tariffs and open their market to services.

As long as the EU has an agriculture proposal out there that is so unambitious, it is so easy for....other countries... advanced developing countries, other developed countries... to hide behind the EU and not be forthcoming in services and not be forthcoming in manufactured goods, Schwab said.

The U.S. delegation faced question again about its response to a West African proposal to benefit their cotton farmers. On December 15 U.S. Trade Representative Rob Portman said that the United States would accept duty free access for cotton from these countries but only as part of a final negotiated Agreement on agriculture trade. [See related article]

Deputy U.S. Trade Representative Karan Bhatia said that making agreements on any single agriculture sectors risked for the broader agriculture negotiations.

"You can not allow these negotiation to break down into sector specific negotiations," Bhatia said. You have got to reach overall agriculture modalities and then start dealing with specific sector.

The unidentified U.S. official said that the United States embraced the part of the West African proposal on domestic subsidies. In fact, he said the U.S. October proposal eventually would eliminate domestic support payment to farmers.

Source: International Information Programs, USINFO.STATE.GOV, Feb 2006

Chinese Think Tank Provides Independent Policy Forum

Increased economic liberalization is creating a political climate unlike any that China has experienced in its long history. Still the continued success of China's transition to a market economy will require a flow of accurate information and analysis on reform to policy makers from independent form-oriented source in China, including research institution like the Unirule are playing a key role in China's reform process by providing a neutral forum for private entrepreneurs and research to development independent views on policy and present them to key decision makers. They also help nurture a

stranger advocacy role for private institutions in a society in which the private sector has traditionally been suppressed.

The Unirule biweekly symposia continue to have a gradual but important impact on China's changing political culture. In this past few months, Unirule has struggled against a new wave of restrictions and force closures in China modifying the project so as to escape the notice of China official but to maintain its public standing as a free and liberal space for discussion and debate. Especially with continuing censorship and recurring government crackdowns on private expression the

Unirule symposia offer one of very few forums available in which private citizen can engage in a public debate over issues.

In March of this year Unirule held two symposia in Beijing on very topics. The first hosted by professor Wang Yeh of the Chinese Academy of social science and held on March 4th, discussed Samuel Huntington's clash of civilization from Chinese perspective. He drew various comparisons between American and Chinese identities, contrasting the American background race social property, culture and political ideology with the more cohesive Chinese community consolidated through Confucianism. Professor L. Shi also of the Chinese Academy of social science, took an

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He added despite these trying times, your chamber still enjoys membership of 85 companies — including industrial and trading houses, banks, tourism related industries, garment, carpet, consulting firms, law firms, renewable energy, handicrafts, IT, and pharmaceuticals. It is not surprising that there has been about 10% reduction in membership, some of them failing to renew membership because of the difficult economic times in the country and closure of some of the businesses. We have conscientiously been quite selective in maintained quality of membership, and balancing various sectors, rather than going into quantity which I'm sure you will appreciate.

He further said we have been constantly in touch with AMCHAM India, trying to promote American companies who already have presence in India, to make extension to Nepal to have business interest in Nepal for trade and investments. In this connection, we had some of the executive members of Nepal USACCI participating in two day AMCHAM (Asia Pacific) Meeting in Delhi where they were over 200 US companies. The interaction took place with different AMCHAM of Asia Pacific. It was a good opportunity for NUSACCI for networking for US investment. However, the planned visits of US based companies had to be cancelled because of the bandhs and we could not reschedule the meetings.

As you are all aware, tourism has really suffered in the past couple of years, because of the conflict, violence, bandhs and the stringent travel advisories, persuading the potential tourists to rescheduled their vacation to other countries. The chamber is in constant touch to persuade with the embassy to tone down the travel advisory as it has been almost like a sanction for the travel industry. The need was felt to promote and have better PR with media for the tourism. NUSACCI visit to the US for joint Tourism Promotion in major cities in US in co-ordination with NTB was also unfortunately cancelled. It is being planned again later this year.

The Garment sector has been witnessing the worst decline in the history, which is certainly a cause for concern. It is extremely vulnerable because of its excessive reliance in the US market. The need of the hour is to be competitive in this sector, diversifying

market access. The global trend (Taiwan, Hong Kong, Korea, Malaysia and future economic powerhouses India and China) starts moving in higher value added products, as well as mid tech products, their labor cost start rising and become on competitive in this sector. This provides opportunity for countries like Nepal at a slightly lower level of income to fill in the gaps.

Mr. Kiran Sakha and Mr. Narayan Bajaj, our General secretary and executive member respectively have very strong say within NUSACCI to lobby within country and lobby also in the US. We haven't missed any opportunity to lobby with concerned authorities especially from visiting US officials. Very high level delegation in co-ordination with Garment Association, HMG visited Washington DC met Sen. Dianne Feinstein, USTR officials, and our Nepalese Ambassador in Washington DC. Mr. Narendra Basnyat, your past president, was also part of this delegation.

USA is still the second largest importer of Nepalese products in the world. More than 25 % of Nepal's total export last year traveled to US. But, sadly, nearly 28% of Nepali imports that would have qualified for the special treatment under this system did not take advantage of this opportunity.

A two day Seminar on Opportunities for Nepalese Export through US GSP Facilitation was jointly organized by HMG, Ministry of Industry and Commerce and Supplies, NUASCCI, Nepal Chambers of Commerce and US Embassy on Jan. 31st 2005. The major objective of the seminar was to disseminate knowledge and opportunities to Nepalese product in US market through the Generalized System of Preference to the Nepalese businessmen, designed to promote economic growth and preferential duty free entry to US for more than 4,650 products from 144 designated countries and region throughout the world including Nepal. We were particularly happy that we were able to persuade US Embassy to get Special Trade Policy Advisor for south Asia at USTR's office to come to Nepal to provide vital information on the generalized system of preference and hands on training on how to take best advantage of its provisions.

The fact that neither the government nor the private sector in Nepal has completely identified the commodities subject to US GSP Scheme, is indeed unfortunate at a time when we are talking about the

products of comparative and competitive advantage to utilize the multilateral and regional trading arrangements like WTO, SAFTA, BIMTEC, EC and Bangkok agreement. We are of the opinion that government should start through its diplomatic channels in line of seeking the GSP for Nepalese Exports. It would help the government to work jointly with industries and conduct strict monitoring.

Nepal-USA Chamber of Commerce and Industry and Independent Power Producers Association with the support of USAID on opportunities and challenges for Hydropower Investment in Nepal. organized a one-day Seminar on 24 June 2005 in Kathmandu,

Several papers were presented in two technical sessions covering opportunities, challenges, risks, market opportunities, benefits of regional cooperation, status and prospects of local manufacturing industries and legal and contractual issue.

The following recommendations were made for increased investments and to create an enabling environment:

- HMGN should aim towards creating a predictable and stable environment for investment in hydropower sector in terms of policy stability,
- HMGN should act as a facilitator for attracting investments from the private sector with more effective implementation of the single-window policy, Currently, there is a lack of proper institutional arrangement and coordination among different related ministries and institutions. Ministry of Water Resources should take the lead on effective implementation of the provisions of the Electricity Act in Coordination with other line ministries and agencies of HMGN.
- Private sector investments in the hydropower industry is a recent phenomenon and the incentives in the previous acts should not be repealed.
- Public-private partnership models for development of this sector needs to be initiated.
- HMGN should develop relevant legal and regulatory provisions e.g. wheeling policy, grid code, etc. urgently

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- High voltage transmission corridors into India and in the Region should be developed.
- Indian has a huge energy demand and the new Electricity Act of India 2003 has opened the possibility of energy markets with Availability-Based Tariff [ABT] and Merit Order Dispatch. This opportunity should be utilized without delay even with the current generation facilities for the benefit of both the countries.
- Enormous social and economic benefits can be achieved with regional cooperation in power sector. Therefore, the complementarities and synergies of the energy generation systems of the regional countries and their demand/supply patterns need to be taken advantage of.
- Local industries related to hydropower should be provided with tax incentives to make local products competitive with similar imported equipment.
- Single-borrower limit imposed on banks for funding hydropower projects need to be increased.
- Collateral financing needs to be replaced by project financing

A Seminar on "An Introduction to the alliance for Corporate Social Responsibility" was held jointly by Nepal USA Chamber of Commerce and Industry and International CHILD Resource Institute on August 4, 2004. It was not the first time that NUSACCI has taken up the issue on Corporate Social Responsibility. The Chamber had initiated few years ago with the KMC on PPPP(Public Private Partnership Program) for the beautification of the Municipality. The US Chamber brought in a dozen US based corporations based in India to Nepal for investment giving a special focus in the development of KTM Municipality infrastructures. The US Chamber also provided the leadership for some of the corporate in KTM to sponsor traffic islands and beautification of the Kathmandu Municipality. CSR is a business strategy that works in our complex global society. Business houses and corporations are

becoming increasingly visible and they are not only judged on their performance but on the behavior too. This is what the future of business is all about. We are confronted with CSR everyday, sometimes even without noticing it. One of the important activities of CSR was Junior Achievement, whose program has grown over to 112 countries in 26 languages. Junior Achievement Nepal has been able to conduct JA programs for 480 students at different schools (two private and two public) and 120 students at university level. The programs will be a sound base for generating new entrepreneurs with the knowledge of the importance of market driven economies.

The commitment of business to environmental and social issues, the ethics of operating business, the relevance of knowledge, skill and attitude in the workplace, and the impact of economics on their future has been objectives and goals. NUSACCI has been active in promoting JA Nepal in help establish its office in 2002 with the cooperation of other agencies like the Rotary Club of Denver, Rotary club of Kantipur and Junior Achievement Worldwide.

Since its founding in 1919 it has contributed to the business and economic education of millions of young people throughout the world.

Hence I would like to request all the corporate and business community, and members of our Chamber to extend co-operation to the Junior Achievement Nepal by way of lending expertise in your particular field and sharing your experiences which will inspire coming young generation.

NUSACCI brought out six issues of the Bi-monthly newsletter, the official media of the Chamber. It covers activities related to NUSACCI, and other areas of interest in industrial trade, and economic activities.

Strengthening of the Information and Documentation unit of NUSACCI is an on-going process. There has been the addition of few new publications, and the unit is regularly used by research students and others interested in doing business with the US.

Support from the US Embassy Kathmandu, American Centre and US Aid continues as a key element in the Chamber's on-going efforts to promote investment and trade between Nepal and the USA. I sincerely give our appreciation and thanks to all concerned in the US

Embassy, especially the US Ambassador, the Honorary President.

He said Nepalese Diplomacy especially in Washington DC, will have to find a new focus in lobbying for Nepal favorable trade policy initiatives. HMG has to commit more to for better trade capacity building. Aggressive promotion for investment and trade has to be consistent with our chamber and related commodity association.

I would also like to thank the NUSACCI office bearers, and the executive committee, and the hardworking staff in the chamber (Mr. Nir Rayamajhi and Lal Bahadur Rana), as I relinquish the responsibilities as your president.

I would especially like to thank Mr. Narendra Basnyat, our Immediate Past President for all his effort in this chamber. I'm sure all of you know how important his contribution to the chamber has been. It has been an honor for me to work and represent on your behalf for the last four years. As I pass on the responsibility to the new president, who unfortunately could not make it today because of some unavoidable urgent matter, I congratulate the new team and wish them my best.

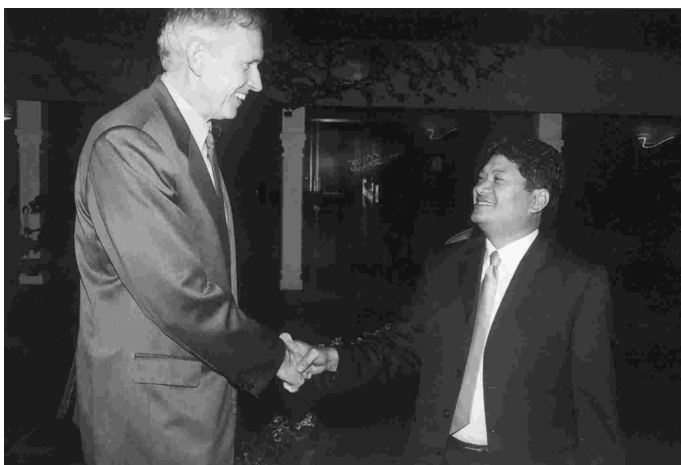
In closing, please consider this... Nepal is no longer the closed Kingdom it once was, surrounded and cut off by its giant neighbors China and India. The current insurgency as well as other problems are born out of poverty, corruption and poor governance, and some social reforms which can be addressed and be resolved. We just need to swim in the tide of the emerging economies with China and India, provided we have peace and some political stability.

As the US Ambassador said to the business community, "Hang in there!!" Let us hope and pray that our political leaders have the wisdom to make the right choices.

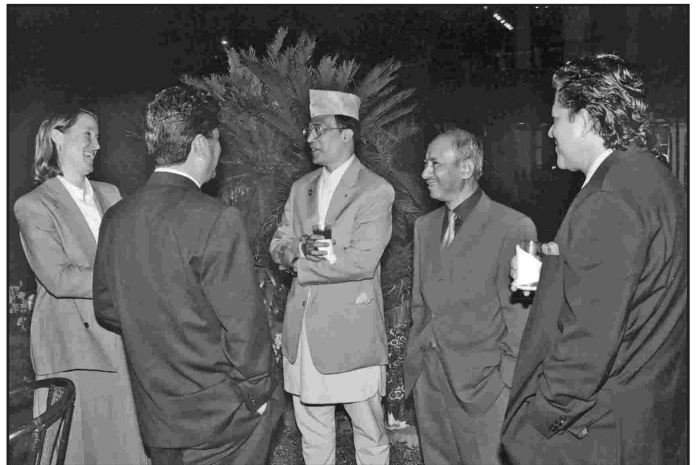
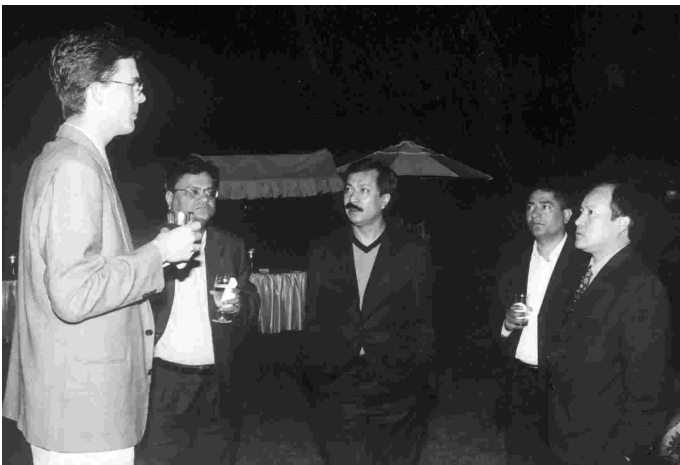
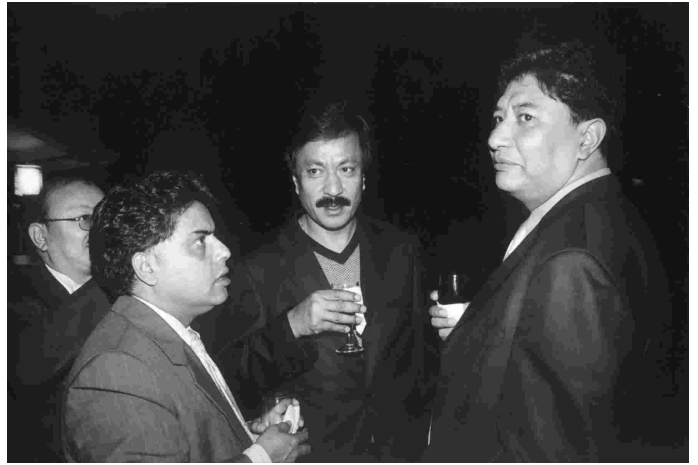
The General Meeting approved unanimously the audited balance sheet of the NUSACCI for the year 2003/2004 and 2004/2005 which was presented the Treasurer Mr. P.P. Khetan after a brief deliberation and also appointed Sunder & Co. to continue as auditor for the next year.

The AGM also approved the proposed program for the year 2005/2006. Mr. Sailesh Nath Gautam, Election Officer announced the Election result of the new Executive Committee that were elected for the various position for which election was held. ■

AGM at a Glance



AGM at a Glance



New Products & Services from the USA

Products and services information published here are taken from *Commercial News USA*, Sept/Oct 2005. Volume 26, Number 7. *Commercial News USA* is published by the US Department of Commerce, Washington and publicized products and services of U. S. firms seeking agents, distributors, joint venture partners, or purchasers abroad. Firms supplying product information published in *Commercial News USA* attest that their products are available for immediate export. The U.S. Government does not endorse any product or company herein, and assumes no responsibility for the accuracy of this data or for the outcome of any business transaction resulting from publication.

Agricultural Technologies

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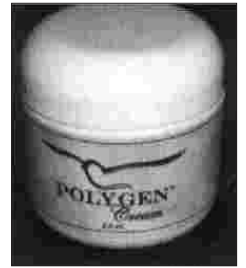
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Mr. Basnyat nominated Honorable member

Mr. Narendra Kumar Basnyat, Founder President of NUSACCI has been nominated by the Executive Committee as Honorable Member in the Executive Committee of the Chamber.

International Banks To Collaborate...

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The task force plans to identify opportunities for collaboration among the institutions on helping counties strengthen their own capacity to fight corruption and on improving cooperation with other groups, including civil society group to enhance transparency and accountability.

The bank will seek to complete a joint accord in time for the September 2006 annual meeting of the World Bank and the IMF boards of governors. The accord would increase information sharing, standardize definitions of corruption, improve the consistency of investigative rules and procedures and ensure mutual support for compliance and enforcement of actions taken by any one of the international banks to combat fraud and corruption.

The IDB said corruption is one of the most significant obstacles to the success of a nation's development. With this in mind, the IDB is planning its first anti-corruption conference for the Americans, at a date and venue still to be decided. Regional public financial institutions and civil society will be invited to help prepare the conference, said the IDB.

The U.S. Agency for International Development {USAID} says nothing does more to alienate citizens from their political leaders and institutions and to undermine stability and economic development than endemic corruption.

Adolfo Franco, USAID's assistant administrator for Latin America and the Caribbean, says consolidation of democracy can not be achieved without attracting corruption, which he describes as one of the most fundamental problems that undermines a democratic system.

Source: International Information Programs, USINFO.STATE.GOV, Feb 2006

Chinese Think Tank Provides Independent...

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in-depth look of the inquiries of wealth distribution between 1995 and 2000 in the second symposium, held March 18th. The net property growth rate increased rapidly especially for urban resident. A corresponding drop in land value contributed to the small growth in rural area. The income gap also increased in rural area, while decreasing in urban area. National inequalities during this period are closely connected with the property inequalities between rural and urban areas.

Despite the government vigilant approach against possible dissident voices during recent year. Unirule influence and public profile have grown dramatically along with signs of a cautious political openness toward intellectual and academy debate on over sensitive issue such as democracy and corruption. For the past few year Unirule has been its influence expand from a small intellectual circle in Beijing to China economic society at large including the southern and coastal regions of China where market based reform have exhibited the greatest vigor.

Source: CIPE Overseas Report No 25, Summer 2005

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P. O. Box 21218, Kathmandu, Nepal, Tel: 4478020, Fax: +977-1-4468771

e-mail: nusacci@ccsl.com.np; Website: www.nusacci.com.np