

**Mina Aryal Speaking at the Trade and Natural Disaster Symposium**  
**Thursday 26 April, Room W, WTO**

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I am privileged to share with you information on the nexus between natural disasters, trade and the role of the Multilateral Trading System (MTS). I would like to thank the Development Division of the WTO for providing me with this opportunity.

An important point that we can draw from the speeches heard this morning, including the one made by the Director-General of the WTO, is that the frequency and the severity of natural disasters are on the rise.

My presentation will then be organised in four parts:

1. Overview of the 2015 Nepal earthquake;
2. Nexus between trade and natural disasters;
3. Underlying issues and challenges;
4. Way forward and role of the MTS.

### **1. Overview of the 2015 Nepal earthquake**

Studies reveal that Nepal is the world's fourth most vulnerable country in relation to climate change-induced hazards, and the eleventh in relation to earthquakes.

In 2015, the earthquake occurred during the day, on 25 April, at 11.56 (Nepal standard time). Its magnitude of 7.6 on the Richter scale was recorded by the National Seismological Centre (NSC). There was also an important aftershock on May 12 reaching a magnitude of 7.3. The epicentre of the earthquake was the village of Barpak in the district of Gorakha, some 76 km northwest of Kathmandu. A series of aftershocks followed on regularly afterwards and lasted for some time. These repeated over 30,000 times in the year reported the National Seismological Centre .

The earthquake claimed over 9,000 lives and injured more than 22,000 people, affecting 31 of the country's 75 districts which were subsequently declared vulnerable; of these, 14 districts were most severely affected. Roads, bridges, schools, heritage sites, monuments, hospitals, water supply systems, agricultural land, trekking routes, hydropower plants and sports facilities were severely damaged.

Similarly, hundreds of historical or cultural monuments and temples were destroyed or damaged, including 7 sites that are listed as UNESCO World Heritage.

Within two hours of the earthquake striking, the Central Disaster Relief Committee (CDRC) held a meeting. The National Emergency Operation Centre (NEOC) provided an initial report to the CDRC with a focus on Search and Rescue (SAR), and on lifesaving actions. International Search and Rescue teams from 34 countries (including immediately neighbouring ones) and several international agencies (including the UN) responded to Nepal's request for help. Concentrating over 90% of the country's security forces, 22,500 civil servants and a total of 4,236 helicopter trips, the SAR effort resulted in 7,558 people rescued by air and 4,689 by land.

Recovery and reconstruction are currently still under way. According to the National Reconstruction Authority, as at 25 Feb 2018, over 100,000 houses had been built with an additional 300,000 to follow. For government buildings, 207 had been completed and 125 were underway. Furthermore, 2,891 educational institutions had been completed with 1,458 underway. As for cultural and heritage sites, 79 had been completed and 111 were undergoing reconstruction.

Recovery is a very important phase in the disaster cycle management. The recovery phase normally involves a set of policies; tools and procedures; restoration of basic services; the repair of physical, social and economic damages; the rebuilding of roads and bridges; the restoring economic activity, etc. The goal of the recovery phase is to return the community's systems, activities and services to normalcy. Recovery also consists in the development, coordination and execution of services as it takes several years to rebuild the agriculture, manufacturing and services sectors. This is the most important phase of disaster management and international support is highly helpful.

For a resource-constrained country such as Nepal, reconstruction and full recovery after an important disaster is very long and challenging. The Government of Nepal hopes that donors and development partners will timely disburse the commitments they made in the aftermath of the disaster.

## **2. Nexus between trade and natural disaster**

The nexus between trade and natural disasters is a complex and challenging one. The situation calls for a cooperative and collaborative approach. Trade measures impact the whole cycle of disaster management from preparedness, rescue, recovery to reconstruction. The rescue and relief activities – basically the

supply of shelter-related materials and food items – are most impacted by trade measures such as customs duties, documentary requirements, test procedures, etc.

Similarly, natural disasters impact on trade and economic development. At a time during which Nepal had begun a trajectory of faster economic growth and prosperity, the earthquake caused severe damage and reduced the estimated annual growth for 2016 from 4.8% to 0.8% . In fact, the actual growth rate for the year only reached 0.7%. In services, tourism was adversely affected as over 90% of tourists cancelled their booking. The Post Disaster Need Assessment (PDNA) states that about 33% of cottage industries were severely affected in the 14 hard-hit districts. Similarly, in agriculture, the earthquake destroyed the stockpile of stored grains and devastated the livestock sector. As a result, productive capacities became vulnerable.

### **3. Underlying issues and challenges**

The country faces supply-side constraints which are ongoing challenges. Specifically, these are: the low state of development of physical infrastructure; the downward spiral of the country's export performance since 2004-05 (notably because of lower productive capacities); and, the high cost of doing business. The disaster exacerbated this situation, creating a lot of difficulties in the production process and for productivity.

Another challenge consists in coordinating donor aid to accomplish the rebuilding and reconstruction task as per the Post-Disaster Recovery Framework 2016-2020. Another one is to revive the damaged industrial infrastructure and maintain competitiveness. And finally, another one is to keep the ballooning export-import imbalances under the control.

### **4. The Way Forward and Role of the MTS**

As a way forward and in the context of expected roles for the MTS, I would like to suggest the following areas of collaboration:

- (i) The acknowledgement of the proposal submitted by the Caribbean and Small and Vulnerable Economies for flexibilities in the WTO obligations required for recovering from natural disasters submitted during MC11 in December 2017 (WT/MIN(17)/37). It is also relevant in the case of Nepal as it proposes full flexibility of the multilateral trading system to support reconstruction and recovery from disaster damage.

The proposal reads as follows:

*“...reconstruction and recovery and redevelopment will take many years. During this time WTO rules and disciplines must not stand in the way of reconstruction and we agree that the full flexibility of the multilateral trading system should be deployed so that reconstruction measures taken by the affected Members will be considered compatible with the WTO Agreements” .*

- (ii) The implementation of the Trade Facilitation Agreement (TFA), in particular, the measures related to advance rulings, release and clearance of goods, border agency cooperation, relief from stringent test procedure, freedom of transit etc. They are substantially important in time of disaster. These measures could be kept in mind during the planning and preparation phase of disaster management.
- (iii) To encourage to grant Special Trade Preference Schemes by the developed and larger developing countries, in a position to do so, to help the speedy recovery of trade in those countries hit by a disaster. Nepal received such support from the United States of America (USA) in December 2016, under which the USA granted preferential treatment to 66 tariff lines of Nepali products exported to US market. The objective was to help Nepal recover from the natural disaster which set its economy and trade sectors back. The waiver has been granted until the end of 2025 under Article IX:3 of the Marrakesh Agreement Establishing the WTO.
- (iv) To enhance institutional capacity such as that of the National Reconstruction Authority, the National Disaster Relief Fund under the Chairmanship of the Prime Minister, the National Seismological Centre and other concerned agencies. This is essential to apply the Build Back Better approach stipulated by the Sendai Framework of disaster risk reduction. WTO could play a role in this process.
- (v) To support the building of a robust trade related infrastructure and enhance productive capacity through, predictable, transparent and enhanced Aid for Trade and Enhanced Integrated Framework support. These are instrumental to supporting the recovery, reconstruction and resilience of trade and of the economy

In our lifetimes, climate change and disaster have increased in frequency and magnitude. All sectors of the economy including trade get affected by the situation. Hence, there is a need for a global partnership, shared vision and shared responsibility to tackle these problems. Needs-based, transparent and result-

oriented support could play a vital role in Nepal's goal to enhance sustainable development and resilience. The MTS should also be prepared to respond to these challenges in line with the Sendai Framework for Disaster Risk Reduction 2015-2030.