

Natural Disaster and Trade Symposium
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Comments by Madhu K Marasini, Nepal

1. Thank you for inviting me in this important symposium on Natural Disaster and Trade. Representing Nepal, a country sustaining through frequent natural disasters, I take this Symposium as an opportune event to exchange country experiences, learning from each other, transmitting good practices, and inviting international attention and support for disaster mitigation, resilience, and recovery. It is very important that robust economic systems are in place to withstand the risks both predictable as well as unforeseen. Trade has an important role to maintain robustness in the economy. It acts as circulation of blood in the economy, connecting and activating producers to end users and establishing backward and forward linkages. Trade keeps the market and society creative, competitive, and dynamic. Responsibilities lies on the global community to ensure that no incident of disaster should become a stumbling block and no one should be left behind in gaining prosperity in their life time. It is therefore critical to place consolidated efforts to meet the global commitment for Sustainable Development Agenda, 2030, and Sendai Framework for Disaster Risk Reduction.
2. Against this back drop, I thank WTO and friends at Development Division for carrying out Nepal case study on Natural disaster and trade.
3. I am equally thankful to the Government of Australia for sponsoring this study.
4. Studies reveal that Nepal is the world's 4th most vulnerable country in relation to climate change- induced hazards, and 11th in relation to earthquake

5. The Nepal Study report is inclusive and comprehensive, both in terms of context and coverage. Thus, has rightly elucidated Nepal's geographical challenges, vulnerability to natural disaster and economic implications of such hazards. Though painful to remember, yet good to see that the devastating earthquake of 2015 and its effects on Nepali economy and society have been used as references to unravel the ramifications of a natural disaster to a landlocked LDC. The study has rightly elaborated on the consequence of a natural disaster not only on trade but also on wide areas of economy and society. The impacts were so pervasive that Nepal has to differ her ambitious target of graduation from LDCs status. As such the Study can be a good reference for all scholars and practitioners of natural disaster and development.
6. I was particularly delighted to see that the report has well acknowledged the Government of Nepal's prompt action in response to the 2015 earthquake and her investment in preparedness. Which has helped minimize the post disaster loss as well. The Study has fairly pointed out the limitations and difficulties encountered in the course of rescue and rehabilitation too. Despite the constraints of landlocked and Least Developed conditions, the response to the 2015 earthquake was commended by the international partners too.
7. I would like to bring into your attention one important point that there was not a single incident of death or spread of diseases or any kind of vandalism or looting, due to a lack of food, water, shelter, sanitation, or necessary medicine, which is a common fate in the aftermath of such a large scale natural disaster! The earthquake damaged so much of physical structures, but our resilience remained stronger.
8. This was possible because of the resilience of Nepali people, built traditionally on community principles. Nepali communities irrespective of rich or poor, higher or lower class, are harmonious, tolerant, and kind and giving. The volunteerism of community in distributing food, shelter or first aid, and their hand to hand collaboration with Nepal army, police, civil servants as well as I/NGOs and international community, in rescue, response, and immediate rehabilitation was exemplary. Thus, I request you to

acknowledge the contribution of community as one of the major actors in disaster response. I would also like to make a reference from University of Chicago Professor and former Chief economist of IMF and Governor or Reserve Bank of India Mr. Raghuram Rajan's recent book 'The Third Pillar' where he has eloquently argued how the community's contribution is not recognized in market and state deliveries. Let us start to recognize them as one of the pillars of state deliveries.

9. The natural disasters are not only the results of Nepal's exposure to geophysical and meteorological hazards, they equally happen due to the effect of climate change and global warming and in many forms: such as landslides, floods, inundation, draughts, avalanches, bursting of the glacier lakes, etc. The correlation between climate change and growing frequency of natural disasters of landslides, flood, draught, melting mountains, avalanches, have to be also noted and included in this Study. Which I found is not adequately highlighted.
10. The Post Disaster Needs Assessment, PDNA estimated disaster effects at 33% of GDP. The GDP growth in 2015 sharply declined from 4.6 percent in 2014 to 0.4 percent. The manufacturing, trade, tourism every sector met with huge loss. Due to the scale of the challenge posed by the 2015 earthquake Nepal's consideration for graduation from the United Nation's least developed country category has to be deferred to allow further time for recovery. The study has highlighted the most affected area; the social sector which is housing and settlements. However, I would like to request to also include loss in education and UNESCO heritage sectors as well. The loss of class rooms and heritage sites will have a long term bearing in Nepali society and economy.
11. I found the Study report has made references from the recently conducted Trade Policy Review at WTO here in Geneva last December. The TPR 2018, itself provides you fresh information on Nepal's macroeconomic perspectives. Which I don't want to repeat here again. However, let me discuss a bit on post disaster economic performance as highlighted in the Study.

12. The Nepali economy is highly trade-oriented and dependent on remittances. The export import ratio has reached to 1:15.5 in 2017/18. The surge in import has not stopped for last several years whether there was any natural disaster or not. Though immediately following the earthquake 2015 total trade declined compared to 2014, yet deficit continues widening. This suggests that there are certain systemic shortcomings, which have to be studied and necessary instruments of support should be mobilized from WTO and other development partners of Aid for Trade initiative.
13. It is worth noting that the remittances which is around 26 percent of GDP has played as a social safety net instrument at the time of post-earthquake wound. The same remittance is providing the scarce resources to meet the balance of payment deficit. Yet, it should be taken only as a paracetamol but not as antibiotics that cures completely. For the sustainability of Nepali economy, support has to be mobilized on economic transformation, productivity enhancement, and creating domestic employment at a larger scale.
14. Policy and institutional reforms were carried out for reconstruction. The National Reconstruction Authority was created, which was also supported by necessary laws and policies. The import of reconstruction materials contributed for widening trade deficit lately. However, we missed to enhance domestic supply to meet the high demand of reconstruction materials. This was somehow a missed opportunity too.
15. Ironically, there is shortage of labors in the construction and agriculture sector. Yet, the flow of outbound labor has not been lowered. Unless manufacturing sector is revived and excelled, it is challenging even to retain those expatriate workers.
16. The Government called an International Conference on Nepal's Reconstruction within 2 months of the earthquake. The donors conference was successfully concluded collecting a commitment of US\$4.1 billion for post-earthquake reconstruction. This aid has been instrumental to meet the financial limitation for reconstruction. The aid money, with the matching

fund from the Government, is being utilized primarily for the reconstruction of housing, schools and heritages.

17. The ICNR support was received as humanitarian support. A lack of financing in building trade related infrastructures such as the roads to connecting norther border points: Tatopani and part of Kerung point, has not completely rebuilt. The customs buildings and dry ports on those borders are too not yet in full operation. The transit difficulties repeatedly encountered by the landlocked country Nepal, has to be also acknowledged. Therefore, it is critically important to mobilize Aid for Trade as well as trade facilitation assistance asides the humanitarian type of assistances.
18. The disaster damaged economy requires large scale of investment. Which is not possible to meet by domestic revenue alone. Where Foreign Direct Investment, FDI, would be immensely important. Global trend, however, is that the FDI flows more towards already developed or developing countries compared to LDCs. In Nepal too, needful FDI could not be mobilized to inject for the recovery of shattered industries and economy.
19. Female headed households in the 24 districts were the most affected districts. They required income generation programs. The Post Disaster Recovery Framework, PDRF prepared by the NRA has included gender aspects of reconstruction and economic empowerment, however, due to the lack of support, income generating projects for such female headed household could not be provided. Just last week there was a report on BBC that the women trafficking from Nepal has been growing unexpectedly high since the earthquake 2015, and specially from the earthquake hit districts. I think there is need of serious consideration on programs and assistance for economic empowerment of women households in disaster hit or disaster-prone areas.
20. 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 the most impacted

by trade measures such as customs duties, documentary requirements, test procedures, etc. Thus, WTO Trade Facilitation Agreement is highly imperative in this respect

21. I concur with the issues of resilience in the Study that Nepal needs to restructure its public investment program, intensify competition domestic markets in the sectors such as transport, logistics, reduce the cost of doing business, and integrate the economy with the rest of the world. This is possible only with the support by institutions such as the WTO and other development partners. I believe you will support us to mobilize such assistances.

22. Finally, to this backdrop, I would acknowledge 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".

Thank you all.