

55th Birthday of His Majesty King Birendra Bir Bikram Shah Dev and National Day of Nepal



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His Majesty King Birendra Bir Bikram Shah Dev

NEPAL



FELICITATIONS



Heartiest felicitations to
His Majesty King Birendra Bir Bikram Shah Dev
on the occasion of His Majesty's Birthday
and
warm greetings to
the friendly people of the Kingdom of Nepal
on their National Day

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NEPAL-BANGLADESH RELATIONS

Trade, Investment, Transit, Tourism and Human Resources Development

COOPERATION in trade, transit, investment, tourism, and human resources development has further cemented the Nepal-Bangladesh relations, which have remained warm, cordial, and friendly ever since the independence of Bangladesh in 1971. Given the geographical, economic, and ecological complimentarities between the two countries, there is also the scope of harmonizing the infrastructure and services for an integrated expansion of the market between the two countries. As the least developed countries with similar problems and challenges, Nepal and Bangladesh are likely to continue to cooperate in the international fora regarding the problems confronting the least developed countries.

Trade: Trade is increasingly becoming the central thrust in the flourishing Nepal-Bangladesh relations, especially after the opening of the Kakarbhitta-Phulbari-Bangladesh-Mongla transit route, which allows Nepal an access to and from the sea through territories of India and Bangladesh. The opening of the transit route since September 1997 has not only widened the possibility of diversifying Nepal's trade with countries overseas, it has equally liberated the potential of promoting trade and investment between Nepal and Bangladesh. A lot of interest has been generated in the bilateral trade and opportunities for joint venture investment have widened since the operationalization of the transit route.

Traditionally, the volume of trade between Nepal and Bangladesh is not significant considering the potentialities and product complimentarities between the two countries. Pulses, wheat, rice, tyre-tubes, and vegetable seeds are the major items exported from Nepal to Bangladesh. Bangladesh is a potential importer of a number of Nepalese products including Nepalese rice, vegetables and fruits, stone boulders, pebbles, cardamom, ginger, tea, handicraft products, and agro-based and horticultural products. Lately, Nepalese fresh milk and milk products have been identified for potential business in Bangladesh. Similarly pharmaceutical products, cloths, urea and consumer goods can be imported from Bangladesh. Nepal imports industrial raw materials, chemical fertilizers, machinery equipment and tex-

titles from Bangladesh.

Though the volume of trade between the two countries is relatively low, there is a possibility of expanding the same. Nepal and Bangladesh have been discussing matters of mutual interest in the areas of trade and negotiating tariff concessions both bilaterally and under regional framework of the South Asia Preferential Trading Arrangement. Both Nepal and Bangladesh have similar views on the regional trading arrangement and the World Trade regime, especially in protecting the interests of the least developed countries, which without adequate safeguards will be left out and marginalized in the global economy.

Business leaders from both countries are identifying the commodities that can be promoted in each other's market. Regular exchange of business delegations are taking place. The Royal Nepalese Embassy is maintaining liaison with the chambers of business and industry in Nepal and Bangladesh and replying inquiries on trade, tourism and investment related inquiries, while executing promotional activities on trade, investment and tourism.

Investment: Banking sector has seen successful joint venture investment between Nepal and Bangladesh. At present Nepal Bangladesh Bank and Nepal Arab Bank Ltd. are two successful joint ventures in the banking sector in Nepal. A joint venture in the insurance has also been launched last year. Joint ventures are under consideration in processing and preservation of citrus products and on export-oriented and construction material industries. Business leaders in both countries are also exploring the joint venture investment on other areas. Some proposals have been moved in Nepal between Nepalese and Bangladeshi industries for joint ventures in the pharmaceuticals, ready made garments, PVC pipes and mineral water. Bangladesh has not only offered generous cooperation in allowing Nepal the access to and from the sea, it is also interested to develop transit as a business to the mutual benefit. Increasing movement of the Nepalese transit cargo can become a good source of business and income for Bangladesh's transport and insurance sectors plus source of income for their ports. For Nepal, transit through Bangladesh can be cheaper, and convenient if we can maximize the available options.

Sugar industry, gas industry, chemical fertilizers and dairy industry could be other areas of potentially suitable joint ventures between Nepal and Bangladesh. There are good possibilities of promoting joint ventures in the fields of ready-made garments, woolen carpets, jute and chemical fertilizers. There is a sizeable market and

hence investment potentials in Nepal for the Bangladeshi pharmaceutical products. There have also been discussions on Bangladeshi investment in boulder mining and cement/clinker factory in Nepal. There is also the potential of joint ventures in milk and dairy products. Leather goods, textiles, hotels and tourism are the other attractive areas for joint venture. Similarly Nepalese investors have shown interest in tea farming in Bangladesh.

Nepal offers unique opportunities for trade and investment. There is business-friendly and pro-investment environment as the government has adopted a liberal economic policy. Foreign companies can own up to 100 percent equity. Full repatriation of profit in convertible currency is allowed. There is a guarantee against nationalization and multilateral guarantees are available for avoiding any risks. There are other incentives like tax holidays and no-tax regime for exportable items. Nepal offers one-window service to the investors and proposals are cleared within thirty days of application. Besides a peaceful environment, Nepal has a cheap and easily trainable labour market. Financial services are well developed. Investors from Bangladesh should really seize this opportunity for investment in Nepal.

Transit: Transit is significant aspect of the economic relations between Nepal and Bangladesh. Nepal has appreciated the generous offer of Bangladesh for the transit to and from the sea. Bangladesh and her ports not only offer a nearer and easier access to the sea, the cost of transit to and from the sea can augment the trade flow between the two countries. Bangladesh has not only offered generous cooperation in allowing Nepal the access to and from the sea, it is also interested to develop transit as a business to the mutual benefit. Increasing movement of the Nepalese transit cargo can become a good source of business and income for Bangladesh's transport and insurance sectors plus source of income for their ports. For Nepal, transit through Bangladesh can be cheaper, and convenient if we can maximize the available options.

In a Transit Agreement signed in 1976, Bangladesh has offered Nepal use of six transit

points, including the ports facilities at Mongla and Chittagong ports. A significant new development in the relations between Nepal and Bangladesh was ushered by the opening of the Kakarbhitta-Phulbari-Bangladesh-Mongla transit route.

Government of Bangladesh has pledged to upgrade the services ad infrastructure along the route. Bangladesh government is considering setting up permanent immigration and customs post at Banglaphand. Panchagarh-Banglaphand section of the road is being expanded. Bangladesh government is planning to set up a dry port (named Panchagarh Dry Port) at Banglaphand. This will envisage facilities such as warehousing, immigration, insurance, banking, electricity, water supply, security, fuel depot, telephone etc., at Banglaphand entry point.

Not enough traffic has moved through this route since it became operational. After the operational modalities were reviewed with India, some traffic has been generated. The route is now included in the new Transit Treaty concluded in 1998 between Nepal and India. Lately, movement of traffic has picked up in the Kakarbhitta-Phulbari-Bangladesh transit route. Several trucks carrying Nepalese limestone, baby food, pulses, tyres and tubes, fruits and vegetables and Bangladeshi batteries and raw jute have moved through the route in recent months. Some five thousand metric tons of goods worth US \$15,42,238.21 have moved through the transit route since September 1997.

Tourism: Nepal and Bangladesh possess true complimentarities and combinations in enhancing mutually beneficial regional tourism as well as in attracting tourists from all over the world. Whereas Nepal offers majestic Himalayas and diverse cultural heritage with a combination of trekking and other adventure tourism, Bangladesh's Sundarbans delta and splendid sea beaches with a rich cultural heritage offer unique attractions. Tourists could combine these destinations if tours could be artfully packaged to suit the visitors. There is a potential for seizing the opportunity in the burgeoning tourist interest within the region.

Nepal offers Bangladeshi tourists a wonderful destination, which is just one hour's

flight away. There are regular flights between Kathmandu and Dhaka by Bangladesh Biman. There might be more direct flights from Dhaka to Kathmandu in the future. There is also a potential of tourist bus service between Kathmandu and Dhaka. There is also the potential of flights between Biratnagar in Nepal and Saidpur, a northwestern town in Bangladesh. A Nepal package tour launched by the private sectors of the two countries is doing good business. Nepal is not only very close destination for Bangladeshi tourists, it offers the easiest access to visitors. Visas are available at the Royal Nepalese Embassy or at the airport or immigration point upon arrival. There are several moderately priced hotels and guesthouses for economy travelers. Some six to eight thousand Bangladeshi tourists visit Nepal each year. Nepal can become a reasonably closer and cheaper destination for Bangladeshi tourists.

Joint Economic Commission: Economic cooperation between Nepal and Bangladesh started with the signing of Trade and Economic Cooperation Program Agreement in 1976. A Joint Economic Commission (JEC) at the level of Finance Ministers was set up on January 14, 1978. Ten meetings of the Joint Economic Commission have taken place at each other's capital respectively. The last JEC Meeting was held in Kathmandu in March 1998. Many areas of cooperation have been identified.

Co-operation in the exploitation of Natural Resources:

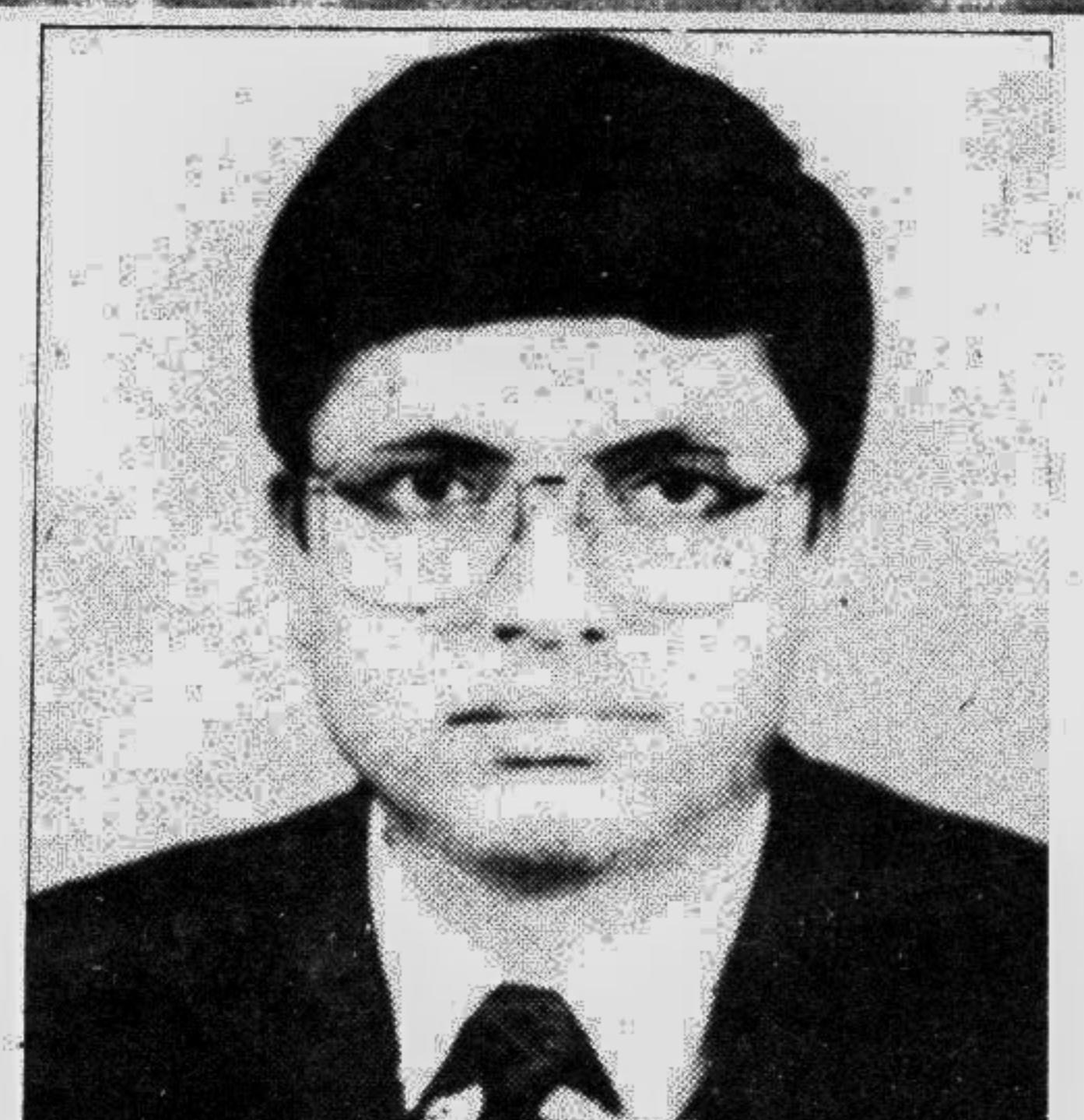
There is also the potential co-operation in the exploitation of natural resources for mutual benefit. While Nepal is abundantly endowed with water re-

sources with huge potentials of generating hydropower. Bangladesh is literally floating on extensive deposits of natural gas. Nepal's water resources could be harnessed for the benefit of the entire region and could not only bring cheaper power but also substantially reduce floods in Bangladesh. The special importance of cooperation in water resources stems from the fact that all major rivers of Nepal enter into Bangladesh as Padma via India as the Ganges. A joint study on Mitigation of the Incidence of Floods in the Future and on Exploitation of Water Resources through Multiple and Optimal Use has been completed in the various uses of water resources, including irrigation, power, navigation and flood control. The implementation of the recommendations could bring mutual benefit.

Huge gas reserves of Bangladesh could be interest to Nepal. Nepal can benefit from the huge gas reserves of Bangladesh, which could be exported via pipeline to Nepal. Bangladesh has appreciated Nepal's interest in the gas sector. Alternately, the utilization of gas in the value added industries like chemical fertilizers could be of mutual benefit to both Nepal and Bangladesh as there is the possibility to supply chemical fertilizers from Bangladesh to Nepal on a regular basis.

Human Resources Development: Bangladesh has made significant contribution in the field of training Nepal's technical manpower. Hundreds of Nepalese students are studying in various institutions of higher study in Bangladesh in different disciplines such as medicine, engineering, nursing, pharmacy, forestry, textile, agriculture, fine arts etc.

MESSAGE



All the Nepalese people living at home and abroad are celebrating the 55th Auspicious Birthday of His Majesty King Birendra Bir Bikram Shah Dev with a great enthusiasm and reverence by organising various programmes. On this auspicious occasion, we extend our heartfelt greetings and best wishes for His Majesty's long life, good health, prosperity and happiness.

Monarchy has deep-rooted traditions and respect in the Nepalese society. His Majesty the King is the symbol of national unity, pride and prestige for the people throughout the country. As the custodian of the constitution, His Majesty King Birendra Bir Bikram Shah Dev has been contributing to the consolidation of democracy in Nepal. His Majesty's desire for the development and upliftment of people of Nepal is the source of perennial aspiration in Nepal.

On the auspicious occasion, I wish to extend my heartfelt greetings and best wishes to the Nepalese students and expatriates in Bangladesh. I would also like to share the joy with the government and people of Bangladesh.

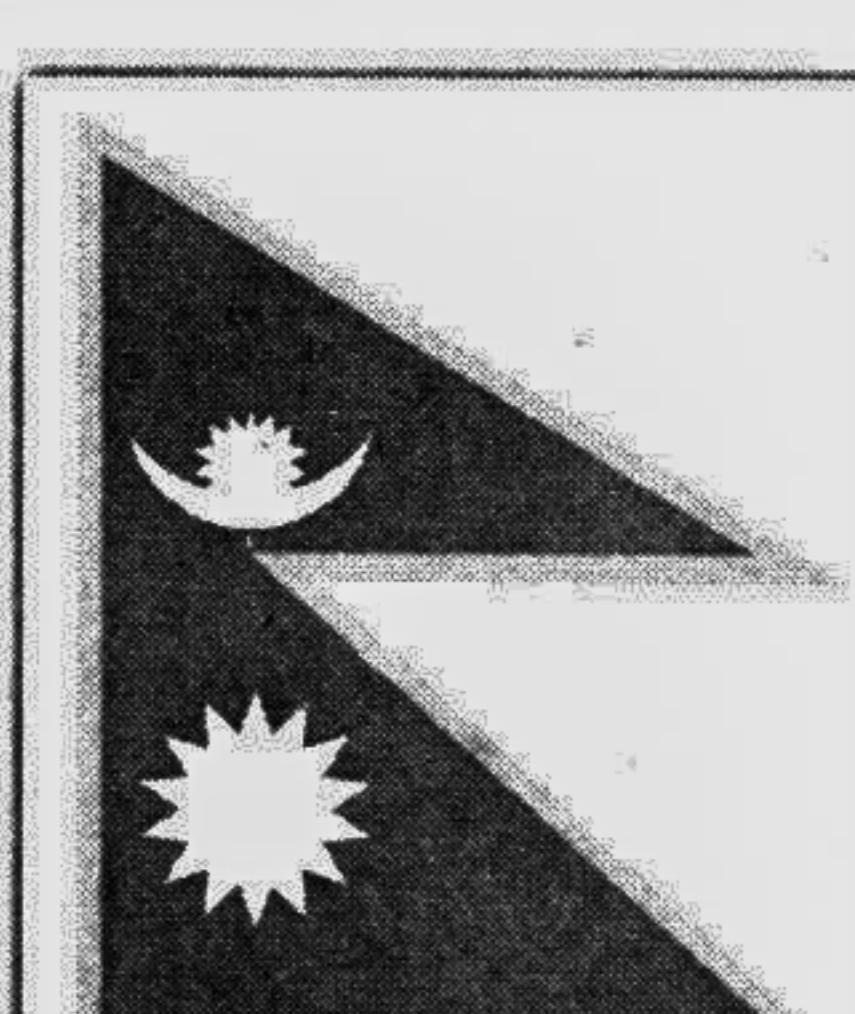
Nepal had supported the independence of Bangladesh and was among the first few countries to recognise Bangladesh as an independent and sovereign republic in 1971. The relations between Nepal and Bangladesh has been flourishing ever since the diplomatic relations was established in 1972. Co-operation aimed at realising the potentials of mutual benefit in trade, transit, investment, economic co-operation, human resources development and tourism have been progressing between the two countries.

Nepal and Bangladesh are exploring the potentials of co-operation in agriculture sector, which was discussed during the successful visit this September of Nepalese Minister of Agriculture Hon'ble Chakra Prasad Bastola to Bangladesh at the invitation of Her Excellency Begum Matia Chowdhury, Minister of Food and Agriculture of Bangladesh. In 1999, Tourism and Business Promotion meetings were held in Sylhet and Chittagong. A Nepal Newsletter has been published by the Embassy. The Royal Nepalese Embassy has also launched its homepage covering information on trade, investment and tourism. Private sectors in Nepal and Bangladesh have jointly launched a Nepal Package Tour, which is doing good business. Business delegations from Nepal have visited Bangladesh and delegations from Bangladesh are expected to visit Nepal in near future.

Some traffic has been generated in the Phulbari-Bangladesh transit route, which allows Nepal the access to and from the sea through the territories of Bangladesh. The opening of the route since September 1, 1997 has a historic importance in our relations as it has ushered a new era of co-operation between Nepal and Bangladesh.

As we are entering into the 21st century in a few days, I take this opportunity to wish that our friendly relations will be further strengthened in the next century in a more dynamic and fruitful manner. Long live Nepal-Bangladesh Friendship!

Madhu Raman Acharya
Royal Nepalese Ambassador
to Bangladesh



**WE EXTEND OUR HEARTIEST GREETINGS AND FELICITATIONS
TO HIS MAJESTY KING BIRENDRA BIR BIKRAM SHAH DEV
AND THE PEOPLE OF NEPAL ON THE OCCASION
OF HIS MAJESTY'S BIRTHDAY**



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