

Joint Statement on the 2nd Joint U.S.-Nepal Trade and Investment Framework (TIFA) Council Meeting

Washington D.C.: The 2nd U.S.-Nepal Trade and Investment Framework (TIFA) Council meeting was held June 10, 2016 in Washington, DC. The meeting was Co-chaired by United States Trade Representative Michael Froman and Nepal Minister of Commerce Jayant Chand. The two governments signaled their interest in strengthening bilateral trade and investment ties in a manner that promotes economic growth and job creation in Nepal and the United States.

Both countries affirmed their belief that the bilateral trade and investment relationship has great potential that can be realized through adoption of enabling policies. Ambassador Froman welcomed Nepal's 2015 Trade Policy that outlines market-oriented reforms to help Nepal better integrate into global production networks, move up the value chain, and increase its competitiveness in goods and services. Minister Chand highlighted Nepal's work on a Trade Integration Strategy that would help Nepal overcome competitiveness challenges by building capacity for trade, facilitating transport, improving technical regulations and promoting trade in services. He also provided an overview of Nepal's forthcoming policy on intellectual property which is meant to foster innovation in Nepal. The United States agreed to exchange information to support Nepal's on-going efforts of developing laws and regulations to promote trade.

Nepal requested technical assistance to help Nepal further integrate into global value chains, address supply capacity constraints, and maximize its utilization of U.S. trade preferences. The United States took note of this request and agreed to explore the possibility of extending trade capacity building support to Nepal.

During the meeting, the United States and Nepal discussed the implementation of Section 915 of the Trade Facilitation and Trade Enforcement Act, which provides for non-reciprocal preferential trade benefits for Nepal through December 31, 2025, for certain U.S. imports from Nepal that meet specific eligibility criteria. The program is intended to help Nepal overcome the severe challenges it is facing in achieving economic recovery in the wake of the April 2015 earthquake by improving Nepal's export competitiveness. The discussions also focused on Nepal's recommendations for technical assistance that could help enhance bilateral trade and investment and improve overall economic growth in Nepal.

Technical discussions led by Nepal's Commerce Secretary and the Deputy U.S. Trade Representative also focused on promoting investment in Nepal, facilitating the use of preferential market access for Nepalese products in the United States, customs and trade facilitation, intellectual property rights, sanitary and phyto-sanitary measures, food safety, standards and conformity assessment, services trade, and labor. Both governments pledged their commitment to deepen their engagement in these issue areas over the coming months in order to make progress in advance of the 3rd TIFA Council Meeting, planned to be held in Nepal in 2017.

Background: The *Trade and Investment Framework Agreement (TIFA) Between the Government of Nepal and the United States of America* entered into force on 15 April 2011. One of its main objectives is to expand trade, investment and technical cooperation and to strengthen economic relations between the parties. Nepal, a land-locked least developed country, also benefits from the United States Generalized System of Preferences which provides preferential access to the market of the United States for up to 5,000 tariff lines duty free. Nepal and the United States had \$123 million in total (two way) goods trade during 2015.