

**NEPAL-US TRADE: EXPORTS AND ITS DETERMINANTS AFTER
NEPAL'S ACCESSION TO THE WTO**

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LETTER OF RECOMMENDATION

This thesis, entitled "**NEPAL-US TRADE: EXPORTS AND ITS DETERMINANTS AFTER NEPAL'S ACCESSION TO THE WTO**" has been prepared by **Mr. Ganga Ram Bhandari** under my guidance and supervision. I hereby recommend this thesis for examination by the thesis committee as a partial fulfillment of requirements for the degree of **MASTER OF ARTS in ECONOMICS**.

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LETTER OF APPROVAL

This thesis, entitled "**NEPAL-US TRADE: EXPORTS AND ITS DETERMINANTS AFTER NEPAL'S ACCESSION TO THE WTO**" submitted to the Central Department of Economics, Tribhuvan University, by **Mr. Ganga Ram Bhandari**, has been approved by the undersigned members of the Thesis Committee.

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ABSTRACT

This study attempts to evaluate exports of Nepal to the United States after Nepal's accession to the WTO. Nepal-US trade is crucial from Nepal's viewpoint because the US is still the second largest export destination of Nepal. Thus, it is pertinent to study the exports of Nepal to the US which has declined tremendously after Nepal accessed to the WTO. Empirical results show that exports to the US is affected due to policy variables rather than real factors. Expiration of MFA is key element that reduced Nepal's exports to the US. GSP also influenced Nepal's exports to the US trade nominally however, the impact is negative. Consequently, forex has also influenced the exports to the US but not as expiration of MFA. Yet uncertain, the government of Nepal is lobbying to include textiles and apparel products into GSP privilege to the US market to accelerate Nepal's exports again. Since, there is no significant increase in exports to the US, conclusion of Trade and Investment Framework Agreement will only be the remedy to increase it.

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ACRONYMS

ADB	:	Asian Development Bank
ANOVA	:	Analysis of Variance
ASYCUDA	:	Automated System for Customs Data
ATC	:	Agreement on Textiles and Clothing
BBC	:	British Broadcasting Corporation
BIMSTEC	:	Bay of Bengal Initiative for Multi-sectoral Trade and Economic Cooperation
CBS	:	Central Bureau of Statistics of Nepal
EEC	:	European Economic Community
EU	:	European Union
FNCCI	:	Federation of Nepalese Chambers and Commerce and Industry
FY	:	Fiscal Year
GATT	:	General Agreement on Trade and Tariff
GDP	:	Gross Domestic Product
GON	:	Government of Nepal
GONMOCS	:	Government of Nepal, Ministry of Commerce and Supplies
GONMOF	:	Government of Nepal, Ministry of Finance
GSP	:	General System for Preference
HS	:	Harmonized System
HTSUS	:	Harmonized Tariff Schedule of the United States
IC	:	Indian Currency
ICT	:	Information and Communication Technology
IMF	:	International Monetary Fund
INGOs	:	International Non-government Organizations
IPR	:	Intellectual Property Rights
KIBS	:	Knowledge Intensive Business Services
LDBDCs	:	Least Developed Beneficiary Developing Countries
LDCs	:	Least Developed Countries

LLDCs	:	Landlocked Developing Countries
LTA	:	Long Term Agreement
MFA	:	Multi-fiber Agreement/Arrangement
MFN	:	Most Favoured Nation
MOCS	:	Ministry of Commerce and Supplies
MOFA	:	Ministry of Foreign Affairs
NC	:	Nepalese Currency
NEAT	:	Nepalese Economy, Agriculture and Trade
NGOs	:	Non-government Organizations
NRs.	:	Nepalese Rupee
NRB	:	Nepal Rastra Bank
NTIS	:	Nepal Trade Integration Strategy
NTR	:	Normal Trade Relations
OECD	:	Organization for Economic Cooperation and Development
R&D	:	Research and Development
SAFTA	:	South Asian Free Trade Area
SIDC	:	Small Island Developing Country
SPSS	:	Statistical Package for the Social Science
TEPC	:	Trade and Export Promotion Centre
TIFA	:	Trade and Investment Framework Agreement
TU	:	Tribhuvan University
UK	:	United Kingdom
UN/DESA	:	United Nations Department of Economic and Social Affairs
UNCTAD	:	United Nations Conference on Trade and Development
US	:	United States of America
US\$:	US Dollar
USA	:	United States of America
USAID	:	United States Aid
USD	:	US Dollar
USITC	:	United States International Trade Commission

USTR	:	United States Trade Representative
WCO	:	World Customs Organization
WDR	:	World Development Report
WTO	:	World Trade Organization
WTR	:	World Trade Report