

COUNTRY/TRAINING REPORT - NEPAL FREIGHT FORWARDERS ASSOCIATION
50TH EXECUTIVE COUNCIL MEETING & ANNUAL GENERAL MEETING
Double Tree by Hilton Perth Waterfront, Australia

Profile of Nepal Freight Forwarders Association

Nepal Freight Forwarders Association - NEFFA was established in 1998 AD as non-political, non-profit making, non-government association which is a NATIONAL ASSOCIATION of the transport logistic service providers of Nepal. NEFFA is representing freight forwarders across the country. The association serves as a vital link between businesses commodities, government agencies and international trade partners. By advocating for policies that promote efficient freight movement, the association helps streamline supply chains, reduce costs and enhance the competitiveness of the nation's industries in the global market. Moreover, it provides valuable resources, training and networking opportunities to its members, enabling them to get information of industry trends, regulations and best practices. Through its collaborative efforts, the Nepal Freight Forwarders Association contributes significantly to the smooth functioning of the logistics ecosystem and facilitating economic growth.

Executive Committee - NEFFA:

| Sl.#. | Name | Designation | Company Representation | Role at Company |
|-------|------------------------------|-----------------------|--|-------------------|
| 1 | Mr. Manoj Adhikari | President | Legend Cargo Pvt. Ltd. | Managing Director |
| 2 | Mr. Prakash Singh Karki | I.P. President | World Freight International Pvt. Ltd. | Managing Director |
| 3 | Mr. Rajendra Sangraula | Senior Vice President | Unique Freight International Pvt. Ltd. | Managing Director |
| 4 | Mr. Naresh Kumar Agrawal | Vice President | Noble Logistics Nepal Pvt. Ltd. | Managing Director |
| 5 | Mr. Ashok Man Kapali | General Secretary | GMK International Freight Pvt. Ltd. | Managing Director |
| 6 | Mr. Hari Prasad Dhakal | Treasurer | Rising Star Cargo Pvt. Ltd. | Managing Director |
| 7 | Mr. Ishwar Bahadur Gurung | Secretary | Secure Freight International Pvt. Ltd. | Managing Director |
| 8 | Mr. Sujan Kumar Neupane | Joint Treasurer | Kantipur Freight Pvt. Ltd. | Managing Director |
| 9 | Mr. Pranil Man Singh Pradhan | E.C. Member | Everest Travel Service Pvt. Ltd. | Managing Director |
| 10 | Mr. Sanjeev Aryal | E.C. Member | M.S.I. Logistics Nepal Pvt. Ltd. | Managing Director |
| 11 | Mrs. Sita Adhikari | E.C. Member | Citizens Freight Pvt. Ltd. | Managing Director |
| 12 | Mr. Sahadev Banjara | E.C. Member | Delta Cargo Pvt. Ltd. | Managing Director |
| 13 | Mr. Manish Man Shrestha | E.C. Member | Namaste Travel Pvt. Ltd. | Managing Director |
| 14 | Mr. Gangaram Pudasaini | E.C. Member | Creative Cargo Care Pvt. Ltd. | Managing Director |
| 15 | Mr. Ganga Bahadur Raya | E.C. Member | Cargo World Pvt. Ltd. | Managing Director |

Working Committee - NEFFA:

| Sl.#. | Committee | Chairperson |
|-------|---|-------------------------|
| 1 | Advisory Committee | Mr. Rajan Sharma |
| 2 | Air Cargo Committee | Mr. Sanjeev Aryal |
| 3 | Land Sea Committee | Mrs. Sita Adhikari |
| 4 | Dispute Settlement Committee | Mr. Sahadev Banjara |
| 5 | Membership & Publication Committee | Mr. Ganga Bahadur Raya |
| 6 | International Relation & Capacity Enhancement Committee | Mr. Manish Man Shrestha |

Economic Overview of Nepal:

Nepal's logistics industry faced various challenges such as insufficient infrastructure, difficult terrain, bureaucratic hurdles, and political instability. These factors often hindered the smooth movement of goods within the country and across its borders. However, efforts were being made to improve the situation. Initiatives such as infrastructure development projects, modernization of customs procedures and collaborations with neighbouring countries like India and China were underway to enhance the efficiency of logistics operations.

Nepal's air cargo industry faced challenges primarily due to infrastructure limitations and regulatory constraints. Nepal's geography with its mountainous terrain and lack of sufficient transportation infrastructure, posed obstacles to efficient cargo movement. Additionally, the industry fighting with issues such as insufficient handling facilities at airports and complicated customs procedures leading to delays and increased costs. Despite these challenges, there were efforts to improve the situation, including infrastructure development projects and initiatives to streamline processes.

Air Cargo Export Data in the Year of 2023 A.D.

| Month | Quantity in Pcs. | Weight in K.G. |
|-----------------------------|------------------|--------------------|
| January | 35941 | 901600.78 |
| February | 33922 | 900477.41 |
| March | 40260 | 1040588.4 |
| April | 39590 | 973696.28 |
| May | 37560 | 929901.65 |
| June | 44222 | 1024689.33 |
| July | 45488 | 1063824.58 |
| August | 52639 | 1149486.7 |
| September | 49494 | 1066271.22 |
| October | 54910 | 1278910.24 |
| November | 38412 | 943099.51 |
| December | 38906 | 963820.48 |
| Total Weight in K.G. | | 12236366.58 |

Source: NEPAL TRANSIT AND WAREHOUSING CO LTD, TIA Branch Office

Same as, Cargo industry by land, sea and rail transportation also faces significant challenges due to the country's landlocked geography. Land transportation primarily reliant on roads encounters obstacles such as difficult terrain, limited infrastructure and inconsistent road quality, leading to inefficiencies and delays. The sea cargo industry relies on neighbouring countries' ports which is adding complexities and costs to logistics. Nepal's rail cargo infrastructure is still in developing stages with limited connectivity and capacity. Despite these challenges, efforts to improve infrastructure, enhance trade agreements with neighbouring countries and promote regional cooperation may offer opportunities for growth in Nepal's cargo industry but significant investments and policy reforms are needed to realize its full potential.

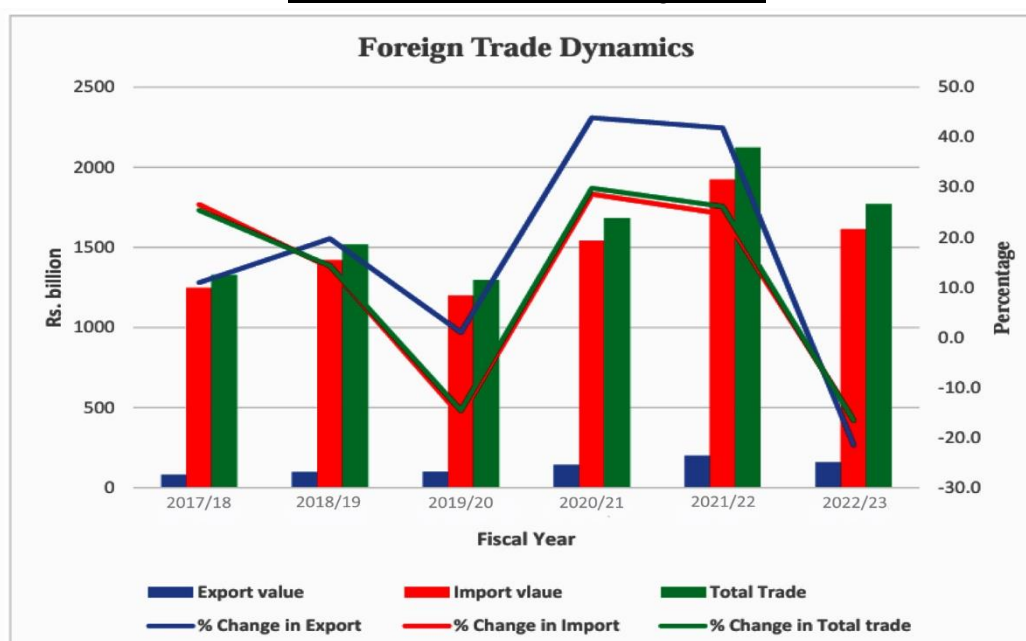
Nepal Foreign Trade Statistics:

Nepal's total international merchandise trade shows an increasing trend over the last five years excluding the abnormal period of Fiscal Year 2019/20 (FY 2076/77) and Fiscal Year 2022/23 (FY 2079/80). The government of Nepal imposed import restrictive measures in order to mitigate the pressure on the foreign exchange reserve. As a result, the import and export of goods declined in Fiscal Year 2022/23. The export of goods decreased by 21.44 percent to NPR 157.14 billion in Fiscal Year 2022/23 from NPR 200.03 billion in Fiscal Year 2021/22. Similarly, the import of goods decreased by 16.08 percent to NPR 1611.73 billion in Fiscal Year 2022/23 from NPR 1920.45 billion in Fiscal Year 2021/22. Consequently, the total foreign trade of goods decreased by 16.58 percent to NPR 1768.87 billion in Fiscal Year 2022/23 from NPR 2120.48 billion in Fiscal Year 2021/22. Despite this decrease in the import and export of goods, the trade deficit reduced to NPR 1454.53 billion in Fiscal Year 2022/23 from NPR 1720.42 billion in the previous fiscal year. There was also a significant reduction in the collection of customs revenues in Fiscal Year 2022/23 as compared to that of Fiscal Year 2021/22. The customs revenues of NPR 390.7 billion were recorded in Fiscal Year 2022/23, which is a 22.9 percent decrease from the NPR 506.42 billion of revenue collected in Fiscal Year 2021/22.

Foreign Trade Direction Based on Annual data Mid July 2022 to Mid July 2023 (Nepali Fiscal Year 2079/80)

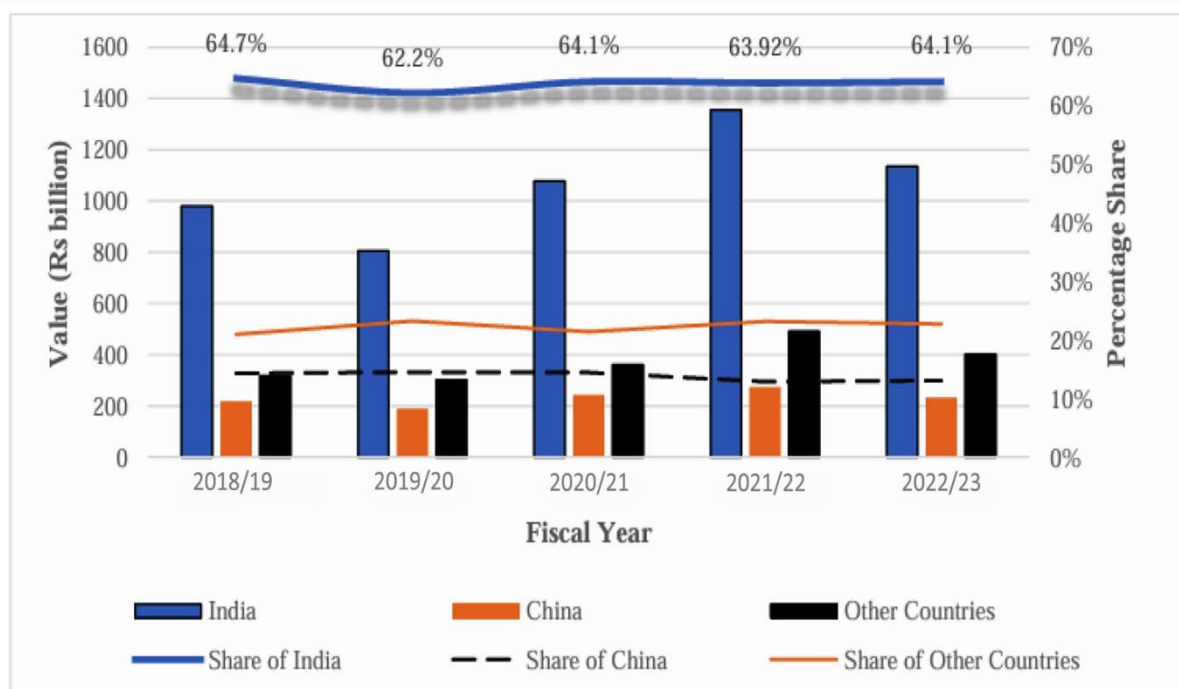
| SN | Trade Indicators | Annual Data (Mid July 2022 to Mid July 2023) | Annual Data (Mid July 2022 to Mid July 2023) | Change (%) |
|----|----------------------------------|---|---|------------|
| 1 | Imports (Rs.in `000) | 1,920,448,349 | 1,611,731,770 | -16.08 |
| 2 | Exports (Rs.in `000) | 200,030,962 | 157,140,695 | -21.44 |
| 3 | Trade Deficit (Rs.in `000) | 1,720,417,388 | 1,454,591,074 | -15.45 |
| 4 | Total Foreign Trade (Rs.in `000) | 2,120,479,311 | 1,768,872,465 | -16.58 |
| 5 | Imports/Exports Ratio | 9.60 | 10.26 | 6.83 |
| 6 | Exports Share to Total Trade (%) | 9.43 | 8.88 | -5.83 |
| 7 | Imports Share to Total Trade (%) | 90.57 | 91.12 | 0.61 |

Five Year Trend of Nepal's Foreign Trade:



Nepal's foreign trade took place with more than 170 countries and territories in Fiscal Year 2022/23 (FY 2079/80). However, the majority of its trade took place with its two neighbouring countries - India and China. India is the largest trading partner of Nepal – both in terms of import and export trade. Nepal's 64.14 percent of the total trade took place with India in the fiscal year 2022/23 (FY 2079/80). In addition, India accounted for 63.77 percent of Nepal's total import trade and 67.89 percent of its total export during this fiscal year. China is the second largest trading partner of Nepal constituting 13.09 percent of Nepal's total trade in Fiscal Year 2021/22 (FY 2078/79). In addition, Nepal's import trade with China (including Hong Kong and Taiwan) accounted for 14.22 percent and an export trade share of 1.49 percent in this fiscal year. Hence, China is not the second export destination. The United States of America stood as the second largest export destination for Nepal in Fiscal Year 2022/23 (FY 2079/80).

Five-Years Trend of Nepal's Total Foreign Trade by Partner Countries



Data Source: DEPARTMENT OF CUSTOMS, GOVERNMENT OF NEPAL,

Different steps carried out by NEFFA for trade facilitation:

Nepal Freight Forwarders Association is doing various activities for facilitating trade of Nepal through a series of impactful seminars and meetings. These events serve as vital platforms for industry stakeholders to come together, exchange ideas and address challenges in the area of freight forwarding and logistics. From seminars focused on regulatory compliance and international trade laws to meetings delving into technological advancements and supply chain innovations, the association consistently trying to keep its members informed of the latest developments and best practices in the field. Moreover, these gatherings foster collaboration among freight forwarders, government agencies and other stakeholders ultimately enhancing efficiency and streamlining processes within the global trade landscape.

Cargo Day:

Nepal Freight Forwarder Association is celebrating **29th of July** as a National Cargo Day and successfully completed its 29th edition of Cargo Day at 2023. Representative from different Ministries of Nepal, high level government officials, national and international participation from organizations related to tourism, export, import, business and logistics sectors will participate in this event. The Main aim of this program is to explore the trade related issues to all concern and facilitate the trade. Different session on the development, promotion of the logistic sector, operational and policy related issues, identifying and way-out of the various factors hitting the industry etc will be carried out in the event and thru this program an initiative has been taken to facilitate the economic and commercial development of the nation by the bodies directly related to this sector.



Meeting with Major Port Authority of Neighbour Countries:

The NEFFA Team visited Rusuwa border and Kerung (China) border for the possibility of international import and export through that border. During the visit NEFFA Team met with the head of the Customs Office, Chief District officer, Nepal Intermodal Transport Development Committee, Security Agencies, various Industry and Commerce Association and CHAs at the Rusuwa and discussed the situation, possibilities and long-term plans of import and export through the border. The meeting help to identify and facilitate various problems and possibilities during import and export through the port.



Executive Committee members and Secretariat of Nepal Freight Forwarders Association had visited to Kakkarbhitra dry port, Phulbari Port, major port by road and railway from Kolkata to identify the various problems, challenges and solutions of the Nepalese cargo and to inspect the current situation. During the visit, the Team met Heads of Kakkarvitta Port, Mechi Customs Office, Nepal Intermodal Transport Development Committee, Nepal Transit & Warehousing Company Ltd. and Senior representatives of Siliguri Border Customs Commission, Nepali Consulate General of Nepal to Kolkata, Chairman of Kolkata & Haldia Port, ASIC, NECHHA, CCHAA, CONCOR, journalists, customs agents, private container warehousing companies and related agencies and requested for the necessary initiatives for the promotion and facilitation of the Nepali logistics sector.



Training/Seminar Report

Association is providing different related education and training programs to its members, ensuring they are well-equipped with the knowledge and skills necessary to navigate complex international trade regulations. These initiatives often include workshops, seminars and certification programs focused on topics such as customs compliance, dangerous goods handling, documentation requirements and risk management. NEFFA actively engages in research and development efforts to identify emerging trends and technologies that can improve the efficiency and competitiveness of the freight forwarding industry. This may involve exploring innovations in areas such as skilled human resources, digitalization, automation, supply chain and trade facilitation.

Seminar on the Awareness of Illicit Drugs Trafficking

In collaboration with the Narcotics Control Bureau, NEFFA has organized an interaction program on drug risk control during import and export “Seminar on the Awareness of Illicit Drugs Trafficking” to provide information related to drug control to the employees of cargo companies and agencies directly related to this sector. Drug Control Bureau, Tribhuvan International Airport Customs Office, representatives of various associations related to import export, employees of cargo companies had participated in the program (No. of Participants: 176). This program has helped to conduct business and work in a safe practice.



Upcoming Training Events 2024:

1. Air Cargo Basic Awareness Program.
2. Dangerous Goods Regulations – CAT 5 (Initial & Recurrent)
3. Dangerous Goods Regulations – CAT 6 (Initial & Recurrent)
4. Transport of Dangerous Goods by Air (Initial & Recurrent) as per the IATA Dangerous Goods Training Guidance 7.3 (Supervised Assessment)
5. Land Sea Cargo Basic Awareness Program.