

Nepal after LDC Graduation

New avenues for exports



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About the paper

Nepal could lose 4.3% of exports because of tariff changes when it graduates from least developed country status in 2026. The removal of preferential tariffs will especially affect the apparel, synthetic textile fabric and carpet sectors. Losses will mostly occur in exports to China, the European Union, and Turkey.

This report suggests strategies such as targeted trade promotion and market diversification to materialize remaining export potential and counterbalance the expected impact of graduation on exports.

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Foreword

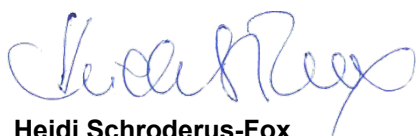
Created over 50 years ago, the least developed country (LDC) status was always meant to be a temporary phase in the national development. Belonging to the LDC category can boost development, particularly through duty-free, quota-free access granted by multiple markets. Graduating from this category is recognition of the development path travelled. At the same time, they must navigate new paths through trade.

Nepal became an LDC in 1971. After remarkable progress in recent decades, especially with respect to the human assets and economic vulnerability criteria, it was agreed in 2021 that Nepal would graduate from the LDC category by the end of 2026.

Today's challenges associated with graduation are compounded by climate change concerns and the consequences of the COVID-19 pandemic. What's more, Nepal faces unique challenges as a landlocked least developed country. It is therefore crucial that Nepal make the most of the five-year preparatory period and put in motion strategies that secure a sustainable transition out of the LDC category.

The International Trade Centre and the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States stand ready to support Nepal's efforts towards a successful graduation process. That is why we joined forces to produce this study, which uncovers the effect of graduation-related tariff changes on Nepalese exports and identifies targeted strategies to counterbalance them.

We hope this study will be a useful input to ensure Nepal's sustainable and inclusive development post-graduation.



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