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**STATEMENT BY THE HEAD OF THE NEPALI DELEGATION
TO THE HIGH LEVEL IIA CONFERENCE**

13 NOVEMBER

**THE 11th SESSION OF THE COMMISSION ON INVESTMENT
AND ENTERPRISES OF UNCTAD**

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**Permanent Mission of Nepal to the United Nations and other
International Organizations**

Geneva, Switzerland

Time: 5-6 minutes

**Statement by H.E. Mrs. Yam Kumari Khatiwada, Secretary of Ministry of
Industry, Commerce and Supply of Nepal
at the High Level IIA Conference organized by UNCTAD
Geneva, 13 November 2019**

**Mr. Chair,
Hon. Minister,
Excellences,
Distinguished Speakers,
Delegates ladies and Gentlemen**

Namaste and Good morning!!

1. It is, indeed, a great honor and privilege to me to participate in this very important and timely event. I would like to extend my sincere thanks to UNCTAD for providing Nepal this opportunity to address High Level IIA Conference. Let me allow to share you Nepal's efforts in making conducive environment for welcoming investment from all around the world.

After the formation of strong government with two third majority, Nepal has achieved long awaited policy stability. The government has concentrated its efforts on socio-economic development with the motto of “*Prosperous Nepal, Happy Nepali*”.

We have set the target for graduating from LDC status by 2021 and becoming a middle-income country by 2030 through timely implementation of agenda 2030. In order to bridge the resource gap to achieve SDGs we are focusing to attract private sectors investment and Foreign Direct Investment in our potential sectors in addition to public purse and ODA.

2. For achieving all these goals, the reform process has been intensified. The revision process for business and investment legislations are well in course so as to create investment friendly environment in the country. The Government is engaged in developing industrial climate through the establishment of Industrial Infrastructure like Special Economic Zone, Industrial Parks and Cross Boarder Economic Zones as to offer additional facilities as well as policy reform. In the spirit of our reform, one stop service center is already established to simplify the procedure and provide consolidated services to investors.

Mr. Chair,

3. The impact of reform initiatives has begun to show positive result in macroeconomic indicators. Last three consecutive years, we have achieved average of more than 7 per cent of economic growth. Nepal was recognized as the Top Improver "in Euromoney's crowd-sourcing risk survey, 2018", at the same time, she has achieved a 16-step improvement in the "Ease of Doing Business Index" this year.
4. Similarly, reform on bilateral investment agreement is also started. Nepal has bilateral investment agreements with six countries and double taxation avoidance agreement with a dozens of countries. We have a very few issues on those agreements. However, the debate over the principles and provisions of such agreement has already begun. Such cases have generated several questions such as the tribunal overriding Supreme Court's verdict, the territorial law such as tax law being subject to BIPPA, the definition of companies etc.

5. These domestic issues as well as the experiences of other countries and global investment climate have clearly indicated the need for the country to reform the old generation investment agreements. Nepal has drafted the Model Text for Bilateral Investment Agreement in consultation with concerned stakeholders and is being finalized soon. The Model Text comprises the clarifications of agreement language, general and specific exceptions, reservations, conditions precedent to consent to arbitration, standards of review, exclusions of MFN clauses, provisions of responsible investment and provisions of remedies among others. While these provisions are being introduced in the document, the government is more focused on balancing the country's right to regulate with providing protection to investment. UNCTAD's prescribed other phase two reform actions are also taken care while developing the model text.

Mr. Chair,

6. Modernizing of old generation investment agreement is not an easy task. The replacement of old generation agreement with new ones through mutual understanding will be the most pragmatic option especially for countries which have relatively limited number of international Investment agreements. However, the management of survival clauses in the existing agreement and finding amicable solutions for existing dispute might be another challenge.
7. Before concluding, Mr. Chair, the UNCTAD role will be pivotal in setting international standards, providing forum for holding bilateral and multilateral discussions, defining terms, sharing experiences, offering technical assistances to member countries in particular LDCs.

Once again I thank for the organizer and wish all the success of this high level conference with its expected outcome.

Thank you for your kind attention!!