

The Embassy of Nepal in London

Nepal Development Conference

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Economic Diplomacy for Development

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Keynote and thank-you speech on being felicitated on the award of the highest degrees by
two British universities

The Doctor of Civil Law (DCL) by the University of Oxford
and the Doctor of Laws (LLD) by the University of Hull

His Excellency the Ambassador of Nepal to the UK

His Excellency the former Ambassador of the UK to Nepal

Excellencies

Fellow academics and researchers

Journalist friends and the representatives of the NRNA

Namaste and good morning!

Thank you Ms Roshan Khanal, Minister Counsellor and Deputy Chief of the Mission of the Embassy of Nepal in London, for your kind words of introduction.

I would like to begin my speech by thanking Your Excellency the Ambassador of Nepal to the UK for your kind words to felicitate me on the award of the substantive degree of Doctor of Civil Law (DCL) by the University of Oxford in 2019 and the honorary degree of Doctor of Laws (LLD) by the University of Hull in 2020. I am honoured and touched by your kindness. It comes as no surprise to me that you value knowledge and those who extend the horizons or frontiers of knowledge since you yourself hold a PhD. You have been an exemplary ambassador of Nepal to the UK. You have opened many new doors for Nepal, created new networks and set new encouraging precedents for Nepal in so many areas of life in the UK. I salute you for your valuable work to promote Nepal in the UK, to take the Britain-Nepal relations to new heights and to instil confidence in the people of Nepali origin in the UK to aim high. Since you are about to complete your successful tenure of four years in the UK, I would like to wish you all the best for the future and bid a warm farewell to you and to madam.

The Oxford DCL and Hull LLD were awarded to me on the basis of my publications which have been recognised as exceptionally insightful and distinctive, offering significant and original contributions to the study of international law. These higher doctorates are called महाविद्यावारिधि in Nepali and महामहोपाध्याय in Sanskrit. The judges of the higher doctorate award panel at Oxford stated that I was “a scholar of uncommon breadth of knowledge and depth of thinking in international law.” I was honoured and delighted by this award by my *alma mater* in recognition of my lifetime contribution to international law.

I believe I am the first Nepali after the Rana Prime Minister, (श्री ३ चन्द्र शमशेर) Chandra Shamsher JBR, to receive the Oxford DCL. Chandra Shamsher was awarded this degree for fostering cordial relations with British-India during his state visit to the UK in 1908.

It also was a privilege for me to become the first Nepali to obtain a DPhil (PhD) from Oxford in 1993. I feel equally privileged to receive an LLD from the University of Hull where I had obtained an LLM with Distinction and a prize for best LLM student of the year in 1988. It has been a hard work to reach the pinnacle of British academia by earning three doctoral degrees, one PhD and two higher PhDs or महाविद्यावारिधि - from such prestigious British universities and to be made a Queen’s Counsel (QC), a highly coveted title for the people in the legal profession in the UK, but I have enjoyed the journey that I have undertaken.

We academics are driven by our desire to create a fairer society whether within a nation or between nations. While those of you who are working in the field of social sciences have produced valuable work critiquing the status quo within a particular society, whether within Nepal or UK or elsewhere, I am driven by a desire to promote fairness in international relations and my research and publications in international law are geared to achieving this objective. It was a privilege for me to work as a member of the Expert Group established by the Government of Nepal on India-Nepal boundary issues during much of the summer of 2020.

I also am passionate about promoting global cultural understanding in favour of the universality of human rights and universal respect for such rights. That is why I recently finished writing a book on ‘Human Rights in Eastern Civilisations’ (पूर्वीय सभ्यतामा मानव अधिकार) which is being published by a major British publishing house. Those of you who are working in natural sciences, health studies or other areas of science have contributed equally to the betterment of humanity. I thank you and salute you for your work.

We all face the same challenges in accomplishing our goals within the limited time available to make a contribution to our field of studies. We all have to be selective in what we do. This is because, as put eloquently in Sanskrit अनन्तं शास्त्रं बहुलाश्च विद्या अल्पश्च कालो बहुविघ्नता च | यत्सारभूतं तदुपासनीयं हंसो यथा क्षीरमिवाम्बुमध्यात् (meaning - there are so many books and so many areas of studies, but the time is limited, and many hurdles come in our way. Therefore, we have to do what a swan does in separating milk from water and taking the milk and leaving the water).

As scholars we are not in the habit of accumulating wealth or seeking material satisfaction since we are continually researching to learn, to grow and to advance knowledge. Please allow me to quote what is said in Sanskrit: सुखार्थिनः कुतो विद्या विद्यार्थिनः कुतः सुखम् (meaning – those who pursue material happiness will not be able to gain much knowledge and those who pursue knowledge will not have much material happiness).

But the rewards of our intellectual pursuits are huge. Let me quote once more from Sanskrit wisdom: विद्वत्त्वं च नृपत्वं च नैव तुल्यम कदाचन्। स्वदेशे पूज्यते राजा विद्वान् सर्वत्र पूज्यते (meaning – there can be no comparison between the ruling classes and the learned people. The ruling classes are respected only in their country, but the learned people are respected worldwide). Indeed, our academic work has enabled us to earn respect nationally and internationally. But the more educated we are, the humbler we become. You may remember the message from a great poet Lekhnath Poudel: फलेको ब्रिक्ष्यको हाँगो नझुकेको कहाँ छ र (meaning, the branch of a tree which is laden with fruits is always bending low).

It is rightly said in Sanskrit that विद्या समं नास्ती शरीर भूषणम् (meaning – there can be no greater decoration on your body than knowledge). Knowledge is what we all seek and are aspiring to increase ever more. Therefore, we want to go on doing what we can to contribute to knowledge to advance human civilisation, and to contribute to the development of Nepal. For this reason, I would like to speak this morning about the most productive ways to use economic diplomacy to promote Nepal's economic development. My aim is to suggest ideas for the effective use of economic diplomacy to strengthen the overall economic development of Nepal.

Economic Diplomacy for Nepal

Economic diplomacy is about knowing how to exploit the country's unique characteristics or comparative advantage to maximize the benefits for the people of the country and to put in place sound policies designed to achieve these objectives. I will introduce some of these policies as follows:

1. Maximising the benefits of a least-developed country status

We are often led to believe that Nepal is a resource-poor country, but in reality, it is a country rich in water resources and other resources such as medicinal Himalayan herbs and Nepal has a huge potential for the development of tourism and other services sectors. Since the country is endowed with such natural resources and there is so much potential for the services sector, Nepal is well placed to attract foreign investment to harness its natural resources and to develop its services sector since the country has achieved some degree of political stability.

There are a number of ways in which Nepal could maximise the benefits of her least-developed country status. To begin with, under the rules of the WTO, Nepalese products heading to international markets should enjoy duty-free and quota-free access. For instance, to a prospective foreign investor it is more lucrative to invest in, say, Biratnagar, rather than to invest in Jogbani or Darbhanga on the Indian side; or Tato Pani, rather than in Khasa on the Chinese side; it is more beneficial for prospective foreign investors to invest in Kathmandu and Pokhara than in Mumbai or Shanghai or Delhi or Beijing, because the goods produced or manufactured in Nepal enjoy duty-free and quota-free access to international markets, but the goods produced on the Indian and the Chinese sides don't.

What is more, the WTO has decided to grant a waiver for the service sector products from the least developed countries to the markets of both the developing and developed countries. In other words, economic diplomacy should be about exploiting such opportunities offered by international law for a least-developed country such as Nepal.

2. Maximising the benefits of the land-locked highland status

It was not long ago that hinterland and land-locked states felt safer as pirates terrorised people in coastal countries only. Yet ever since the carriage of goods by sea became popular and economical, land-locked countries have felt disadvantaged. Today, with the prospect of the rise of sea-levels and corresponding climatic hazards in the coastal areas, land-locked countries seem to be safe from such adverse developments. The land-locked status may actually become a blessing in disguise for highland land-locked countries such as Nepal, as people from low lying areas begin to strive for a place or space in such countries.

Nepal will not have to erect coastal defences spending billions of dollars to cope with the sea-level rise, nor will Nepal have to manage population transfer from one area to another to save the population from the negative impact of sea-level rise. Nepal will not have to deal with the El-Nino effect or the consequences of a tsunami. Highland land-locked states may be perceived as safer places for investment, residence and business than the low-lying countries such as Bangladesh or the Maldives.

3. Development of Nepal as a regional hub of institutions

Exploiting the traditional image of a neutral and non-aligned country, Nepal could develop itself into a regional hub of international legal and international relations institutions. Nepal can take some cue from the Netherlands which has developed its capital city, The Hague, as the legal capital of the world, exploiting initially its status as a relatively neutral country. Switzerland is another example.

The city of Geneva has benefited so much not only as the centre of financial services but also as the home of so many international institutions. Nearly two-thirds of the actual business activities of the UN are carried out by UN agencies located in Geneva. If the physical infrastructure of Nepal were to be improved in cities like Kathmandu and Pokhara, Nepal would be well placed to develop these cities as regional hubs of international legal and international relations activities such as the regional arbitration centre and regional think tanks.

4. Developing Nepal as an international financial services centre

Another possibility would be to develop Nepal as a financial services centre along the lines of Switzerland, Andorra, Jersey, or even the Isle of Man. As the people in both of Nepal's neighbouring countries grow richer, they would be looking to deposit their money in a safe, neutral country. With a traditional image of a relatively neutral country which cannot at the same time go against the basic interests of both China and India, Nepal would be an attractive venue for people to transfer their savings.

There was some talk about it in the mid-1990s in Nepal and the late King Birendra himself was interested in developing this sector in Nepal. During one of his trips to London, he wanted to see me and asked whether I could produce a report for him by studying the experience of other jurisdictions. I did study the area and submitted a report to him. He appreciated it and forwarded

it to the Prime Minister of the day. But this happened to be the time of political instability in Nepal with frequent change of government and the onset of the Maoist campaign and nobody had the time, inclination or determination to take the idea forward.

If properly developed within an acceptable level of an international legal framework and managed and regulated well, it can become a sizeable source of revenue generation. International experience has shown that those who are well off wish to spread their wealth by depositing their wealth into bank accounts in different safe and secure locations. There is nothing to prevent Nepal as a sovereign nation to provide the financial services that the rich require. For this, Nepal should have political stability, maintain strict and strong equilibrium with both of its neighbours, present itself as a safe and neutral venue to do business in and have a robust framework of laws designed to protect investment and regulate the financial services industry according to international standards.

5. Improving the political climate needed to attract foreign investment

On the basis of the experience of a number of countries, it can be said that the most influential factors for foreign investors when choosing a country for investment are in priority order: (1) unhindered access to customers both at home and abroad (2) political stability (3) impartial implementation of the rule of law (4) independent judiciary (5) adequate infrastructure (6) sound regulatory regime (7) competitive tax regime (8) quality of labour (9) control of corruption and (10) transparency in decision making. Nepal should address each of these components seriously, if the political leaders wish to have the country take off economically.

6. Attracting outsourcing business

Attracting outsourcing business from other more advanced countries, not only from Western countries but also from neighbouring countries such as China and India, is another activity which will stimulate Nepal's economy. With rapidly growing prosperity and the middle-classes in both of her immediate neighbours with a population of more than one billion each, Nepal has a ready-made huge market at her doorsteps.

To conclude, a heightened competition for influence in Nepal among its immediate neighbours and other major powers can benefit the development of Nepal. Competition among other nations for Nepal's natural and other resources and for the development of the tourism sector

in Nepal, should increase Nepal's bargaining power and bring in more revenues for the country. For a country like Nepal, it is helpful to be the centre of attention and a place for healthy competition.

Nepal is blessed so much by nature with so much beauty, biodiversity, and natural resources, including water resources. It is the country of Mount Everest, Lord Buddha and Lord Pashupati Nath. The country is a cradle of Hindu-Buddhist civilisations and has served as a bridge between the Indian and Chinese civilisations for millennia, spreading the message of peace, universalism, multiculturalism and tolerance.

Therefore, there is every prospect of more prosperity for Nepal, provided that the country is able to put in place sensible policies designed to exploit its comparative advantage and its geostrategic status.

Thank you for your attention.