

Nepal turns to China for fuel to counter Indian blockade

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The state-owned Nepal Oil Corporation (NOC) signed an agreement with the China National United Oil Corporation on Thursday to import fuel from China. The Nepali government has been accusing India of orchestrating an oil blockade for weeks.

Kathmandu's decision, ending a decades-long Indian monopoly on oil supplies to the landlocked country, underscores the rising geo-political tensions between China and India, a US strategic partner.

Nepal will now source 30-40 percent of its fuel requirements from China, despite the logistical difficulty of trucks traversing the Himalayan mountain range between the two countries. After signing the agreement, NOC spokesman Deepak Baral said: "India is not supplying enough fuel, so there is no other way for us except to go to our other neighbour, China."

China will also send an earlier agreed 1,000 tonnes of oil to Nepal as a "goodwill gesture." Lu Kang, a spokesman for China's Foreign Ministry, announced the "emergency fuel support" to Nepal, saying the two sides further discussed "the next steps regarding the trade of oil products."

India has denied any blockade of Nepal, citing protests by the Madhesi people in Nepal's Terai region as the reason for the disruption of supplies across the Indian border. Madhesi parties are campaigning against the constitution recently approved by Nepal's interim government and demanding more autonomy for the region and greater representation in Kathmandu.

The Indian government has expressed sympathy for the Madhesi campaign and effectively maintained the fuel blockade since September. Indian Border Security Force guards were suddenly ordered to check every truck at the border. Usually 200 to 400 fuel tankers enter Nepal every day, but that has been drastically reduced.

The acute shortage of oil has created a crisis in Nepal. Gasoline and diesel for private vehicles has been rationed and the transport of essential goods disrupted. Some airlines have suspended services to Kathmandu, delivering a blow to Nepal's tourism industry, already hard hit by two major earthquakes in April and May.

According to a UN Humanitarian Country Team, the provision of much-needed winter supplies to the earthquake-affected mountain areas has been seriously hampered. The *Financial Times* reported: "The hospitals don't have oxygen. The ambulances don't have gasoline and the roads are empty. All industry has come to a standstill."

Recent high-level efforts to end the blockade failed, despite a three-day visit to New Delhi last week by Kamal Thapa, the deputy prime minister of Nepal's Stalinist Communist Party (CPN-UML)-led government.

The fuel shortage has fueled strong anti-Indian sentiment in Kathmandu. Last week the police dispersed protests carrying effigies of Indian Prime Minister Narendra Modi.

New Delhi has indirectly demanded that Kathmandu revise sections of Nepal's new constitution, saying it has failed to "support a federal, democratic, republican, and inclusive" Nepal. This criticism, in effect, backed the demands of Madhesi parties, including the Unified Madhesi Democratic Front and Madhesi Janadhikar Forum-Loktantrik, for greater powers.

New Delhi is exploiting the fact that the Madhesi communities are closely related to the bordering population in India. Modi's government regards the Madhesi parties as a lever to pressure the Nepalese ruling class away from its growing ties with China. In 2013, China surpassed India as Nepal's biggest foreign investor by funding a \$1.6 billion hydropower project.

After coming to power last year, Modi made Nepal a priority. He visited Nepal in August 2014, the first visit by an Indian prime minister in 17 years. Modi pledged \$1 billion for reconstruction after earthquakes and several other agreements were signed, including the construction of a pipeline to transport fuel.

On Friday, Indian foreign ministry spokesman Vikas Swarup responded to Nepal's turn to China for fuel by issuing a veiled warning. He said New Delhi was concerned about growing anti-Indian sentiment in Nepal, adding that the relationship between India and Nepal would "return to its original status" as soon as "problems on the Nepalese side" were resolved.

Displaying New Delhi's support for the Madhesi demands, Swarup expressed the hope that "talks between the government of Nepal and the United Democratic Madhesi Front would be fruitful and lead to an early political settlement."

Pointing to India's economic and commercial stakes in Nepal, Swarup noted that half of Nepal's foreign investments were from India, along with two-thirds of Nepal's trade, and that the bulk of Nepal's third country trade passed through India.

New Delhi's toughened stance toward Nepal goes beyond protecting economic interests. Seeking to widen its influence as an aspiring regional and international power, the Indian bourgeoisie is seeking every means to counter China's influence in the region.

To further its ambitions, New Delhi has established close relations with US imperialism, acting as a lynchpin of Washington's military preparations against China in the Obama administration's so-called pivot to Asia. The US considers Nepal, located in China's underbelly, as strategically vital. Washington has remained conspicuously mute on the issue of India's energy blockade of Nepal, simply echoing New Delhi's line in advising Kathmandu to "engage [all parties] through peaceful, non-violent means."

There is no doubt, however, that the American political and military establishment is following the Nepal crisis very closely. On October 28, both the White House and the US State Department gave unusual prominence to Nepal, congratulating CPN-UML deputy leader Bidhya Bhandari on her selection as Nepal's first female president.

US National Security Council spokesman Ned Price described Bhandari's elevation, and the earlier

parliamentary vote for the CPN-UML's KP Sharma Oli as prime minister, as "milestones in Nepal's democratic development that demonstrate the people of Nepal's commitment to democracy."

US State Department spokesman John Kirby began his daily media briefing by stating: "We look forward to working with President Bhandari and the new government headed by Prime Minister Oli to foster unity, prosperity, and stability in Nepal."

In an article on October 23, before the Chinese fuel deal was announced, the US-based *Foreign Policy* journal voiced concerns that India's "attempt to force the Nepali government to concede to New Delhi's demands" could backfire. It warned: "This aggressive stance against a small South Asian state may indeed force Nepal's hand; however, it will also push Nepal closer to China as well as demonstrate to other neighboring states the dangers of India's regional clout."

This concern has been echoed in New Delhi, with India's main opposition Congress Party accusing Modi of pushing "Nepal towards China." Modi, however, seems to be calculating that any reliance by Kathmandu on Beijing will ignite further unrest in the Terai districts and fuel the communalist agenda of the Madhesi parties. His government is also exploiting the fragility of Oli's ruling coalition with Maoists, Hindu nationalists and some Madhesi parties.

An article in one official Chinese media outlet, the *Global Times*, on October 16 characterised Nepal's prime minister as "pro-Chinese." While avoiding the issue of the Indian blockade, the article said Oli's new ruling coalition was "very likely to cooperate more with Beijing."

The conflict engulfing the small Himalayan state is another illustration of the sharp geo-political tensions building up across Asia, threatening the working class throughout the region and internationally with the danger of war.



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