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## Nepal: PM Oli's China Visit: View from India

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Prime Minister Oli's five day visit to China from 19<sup>th</sup> June is said to have been a very successful one. Oli stayed in Beijing for three days after which he flew to Lhasa for another two days before returning to Kathmandu.

Oli went through the usual rituals that included a guard of honour in the Great Hall of the People, a personal meeting with Xi Jin ping for twenty minutes, another with the Prime Minister Le Keqiang, substantive talks between the two delegations and a joint communique at the end of the stay in Beijing.

Oli claimed that his number one achievement was of getting a trans Himalayan Railroad connection between Shigatse in Tibet to Kathmandu via Keirung (formerly Kyirong).

In all 14 MOUs and letters of Exchange were signed some at governmental levels and some private ones. Important ones other than the Rail Project were

1. Agreement between Investment Board of Nepal with Huaxin Cement company to develop a 1.5 billion Cement Plant.
2. Agreement between Butwal Power and Sichuan Investment Group to work together on Marsyangdi River Cascade to produce 1000 megawatt of power.
3. Keirung- Galchchi transmission line.

4. Additional direct flights between the countries

5. Speeding up of the construction of International Airport at Pokhara.

Besides the Railway Project, to me, the most important project is the trans Himalayan power line between Keirung and Galchchi that will not only allow both the countries to trade power, but would also enable Nepal to get connected to other countries like Thailand, Myanmar, Laos and Cambodia.

The Chinese side had also claimed that the biggest take away during the visit was the agreement for a “framework of Trans Himalayan Multi Dimensional connectivity Network (THMCN).

Though specifically not mentioned, the intention of the Chinese appear to be to somehow get India on board on the Belt Road Initiative by proposing an economic corridor connecting China to India through Nepal.

Foreign Minister Wang Yi in the Press Conference said – “We believe that such a network when well- developed can also provide an economic corridor connecting China, Nepal and India. We hope such cooperation will contribute to the development and prosperity of all three countries”. What he envisages is a similar corridor to that of the 62 billion dollar CPEC of Pakistan -China which is an affront to Indian sovereignty.

The Railway project is an ambitious one and the Foreign Minister Pradeep Gyawali admitted that it would take 6 to 7 years to construct it. It may take more. Unlike the Tibetan Plateau, a railway line through unstable geological formations in Nepal from Rasuwa Gadi to Syuberubansi and then on to Kathmandu is not going to be easy. We had seen that the Khasa road to Kathmandu is often blocked by land slips and not functional for most part of the year. The Railway system has to be commercially viable as Nepal has nothing to export unless it is connected to India where the trade between China and India may soon reach 100 billion dollars. Here the economic corridor between India and China through Nepal becomes relevant.

Oli began his visit on a high and optimistic note. In a meeting at the Nepalese embassy in Beijing, attended by Beijing’s diplomatic community, former Chinese diplomats who were based in Nepal, Chinese scholars and prominent members of China’s business community Oli recalled his earlier March 2016 visit. He said that it was a historic one, an occasion that “brought the two sides to a ground breaking political understanding on diversifying Nepal’s trade and transit”. ( sad but true that this happened during the economic blockade which in my view was a great blunder)

Oli’s visit has come at the right time- when he has consolidated his hold in the party and the government with the entry of one of the Madhesi Groups -SSFN of Upendra Yadav that has given him more than a two thirds majority. He could thus convey a sense of political and

economic stability to the Chinese counterparts- a call and an assurance to the Chinese to invest in a big way.

China at this juncture would also be comfortable with a left leaning regime with an assured political stability.

Second advantage for China is that they are always happy to be dealing with a single nodal point of power. In the past while they were comfortable in dealing with the monarchy alone during the Panchayat regime they did struggle in a multi-party democratic regime. It is now back to old days with Oli seen to be taking unilateral decisions without consulting his colleagues even in matters relating devolved powers to the provinces.

One may ask- what is it to India?

Firstly, India should welcome Nepal's efforts to diversify its trade. One cannot say hereafter that Nepal is India locked. Nepal is China locked too. In the past Nepal has tried on several occasions to diversify its trade and reduce its dependence on India and has not been successful. This time Oli has taken the issue seriously after the blockade and Nepal will also understand in due course the complications involved in dealing commercially with China.

Secondly- India should never place itself in competition with China on aid or economic matters. China is now number one contributor of FDI to Nepal. In the past there have been constant complaints that Indian aided projects were never completed in time and were poor in quality. This needs to be changed. What is promised should be delivered on time and the job should also be well done.

Thirdly, there will be concern in India whether Nepal would get into a "debt trap" as it happened elsewhere in Sri Lanka. Though there is no harbor to be gobbled up as it happened in Sri Lanka Nepal needs to be careful as Chinese offers have never been benign as is made out to be. Maldives is already in a deep debt crisis. In the last three years, Maldives owes 70 percent of its debts to China. China always meddles in a failing economy. But Nepal has a very competent finance Minister who understands the problem. He is one who does not mince words( look at his statement on the state of the economy some time ago) and is capable of handling such complicated issues.

Fourthly, talking of connectivity, India has to go a long way in improving the infra structure leading to the Nepal border. For example, anyone who has travelled from Janakpur to national highway in Bihar would be appalled by the condition of the road on both sides of the border and particularly on the India side. This needs to change. The Indian check posts in Raxaul or Kakarbhita two busiest crossing points to Nepal are like some rural markets in some of the remote areas of India.

Fifthly and finally India should post the best of its foreign service personnel to Nepal. This has not been the case so far.

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