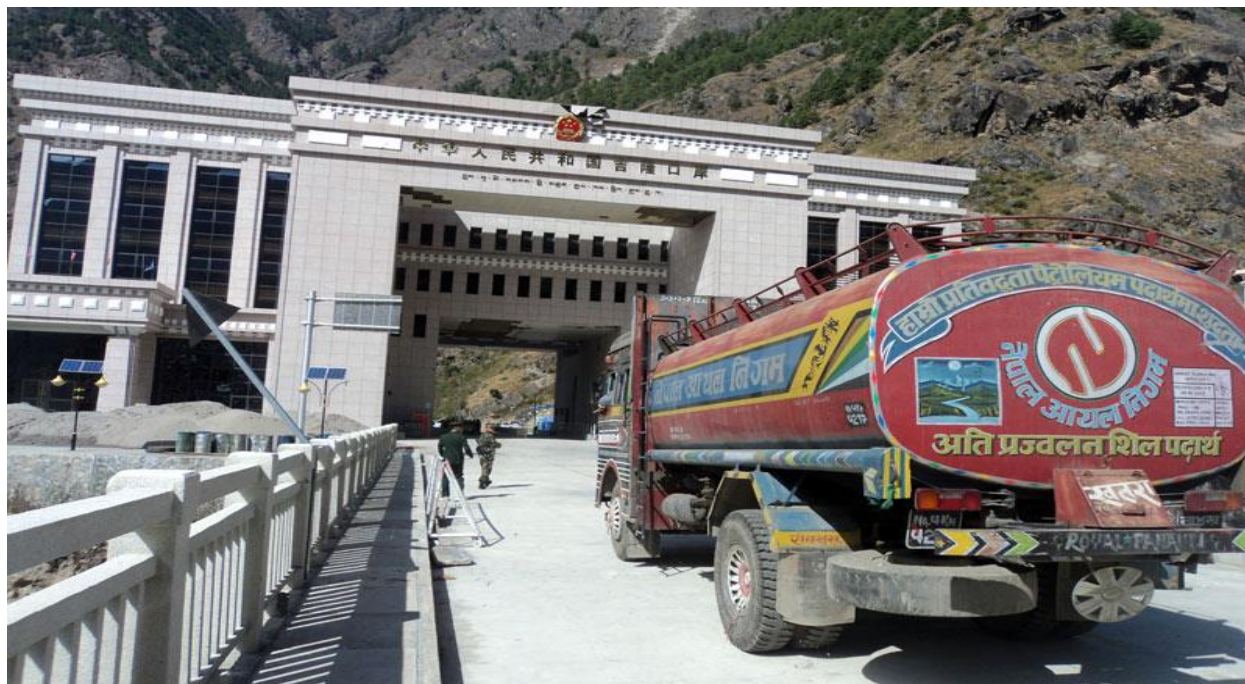


Nepal-China fuel trade discussions gain momentum



The country's plan to start petroleum trade with China, which had been pushed to the backburner in recent years, has once again gained momentum with the formation of Prime Minister KP Sharma Oli-led government.

Though the government had sealed a framework deal to import petroleum products from the northern neighbour in October of 2015 when Oli was the prime minister back then too, no further progress could be made on this agreement in the last two years along with the change in the government and priorities.

However, officials at the Ministry of Supplies (MoS) informed that internal discussions and bilateral talks with Chinese authorities have been resumed to diversify the country's gasoline industry, especially after the formation of the new government.

"As the demand of petroleum products in the country has been surging every day, discussions have been initiated recently to diversify Nepal's fuel industry and analyse the prospects of starting commercial fuel trade with China," informed an official at MoS seeking anonymity.

Stung by the blockade in the southern border during the Tarai unrest in 2015 that resulted in acute shortage of petroleum products in the country, Nepal had earlier sealed fuel trade deal with China. A memorandum of understanding (MoU) to this effect was signed between Nepal Oil Corporation (NOC) and PetroChina Co Ltd, a subsidiary of state-owned China National Petroleum Corporation, regarding supply of petroleum products from China to Nepal on October 28, 2015.

This agreement had not only paved way for the two countries to start fuel trading, but had also ended Nepal's sole dependency on India for supply of petroleum products.

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Along with the government's plan to import one-third of the consumption volume of petroleum products from China, NOC and PetroChina had then held discussions on the quality, quantity, price, loading capacity, loading method, and the route to bring gasoline to Nepal.

However, Supplies Secretary Anil Kumar Thakur said that both Nepal and China should first give priority to address the infrastructure bottleneck to enter into commercial fuel trading.

"Starting commercial fuel trade with China is the best way to diversify country's fuel trade. However, the state of infrastructure, especially in Nepal's side is poor to materialise the plan to begin fuel trade with the northern neighbour," he said.

Source: The Himalayan Times, 28th February 2018