

Shifting Traditions

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Shifting Traditions: Nepal's PM Oli Opts for China First

Background:

- **100 Days in Office:**

Prime Minister **Oli** recently completed **100 days** in office and has directed officials to update him on ongoing **Chinese projects in Nepal**, including those under the **Belt and Road Initiative (BRI)**.

Key Points:

1. Diplomatic Shift - Breaking Tradition:

- Traditionally, newly elected **Nepali prime ministers** make their first foreign visit to **India**.
- **Oli's decision** to visit **China** first signals a departure from this established practice and may indicate **shifting diplomatic priorities**.

2. Political Tensions over BRI Projects:

- **Oli's China visit** highlights **internal divisions** within the Nepali government regarding the terms of **BRI projects**.
- **Nepali Congress Position:**
 - The **Nepali Congress**, one of the two largest coalition partners, insists that **BRI projects** should be undertaken **only if provided as grants**.
- **CPN-UML Position:**
 - **Oli's Communist Party of Nepal-Unified Marxist Leninist (CPN-UML)** supports projects financed through loans from **China's Exim Bank**, showing a more **flexible stance on funding options**.

3. Nepal-India Relationship:

- **Historical Ties and Open Border:**
 - **Nepal and India** share a long-standing, **unique relationship** with **open borders** and deep **cultural ties**, enabling a **special bilateral connection**.
- **Economic Interdependence:**
 - **India** is Nepal's **largest trade partner** and supplies critical goods, including **all petroleum products**.
 - **India** is also the **largest source of foreign investment** in Nepal, while a

substantial number of Nepali workers in India contribute to Nepal's remittances.

◦ **Tourism and People-to-People Relations:**

- India is the largest source of tourists to Nepal, enhancing cross-border connections and mutual economic benefits.

◦ **Disaster Response and Support:**

- India has a history of being Nepal's first responder in times of disaster, playing a key role in relief and recovery, further strengthening bilateral relations.

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