



KATHMANDU: People queue up to refuel after a severe fuel shortage in Nepal.

NEPAL'S FUEL CRISIS WILL PUSH A MILLION PEOPLE INTO POVERTY ECONOMIC CRISIS LIKELY TO HAVE A WIDER IMPACT

JHOR, Nepal: With a large cone-shaped bamboo basket strapped to her back, Nirmala Bhandari treks two hours every day from her village to a protected forest in the hills, heaving it back filled with enough firewood to cook food for her three children. Despite knowing timber collection in this forest is illegal and wood stoves cause deadly indoor pollution, the 35-year-old widow says she has no choice since a shortage of cooking gas hit Nepal more than two months ago.

"My children and I spent three days outside a fuel shop for cooking gas but did not get any," she said in a village in Jhor, 12 km (7 miles) from Kathmandu.

"If there is a problem collecting wood then I may have to feed them only alternate meals," said Bhandari, explaining that guards at the Shivapuri National Park have already warned her to stop hacking off tree branches in the fast-depleting forests.

Bhandari's family is among hundreds of thousands in the impoverished Himalayan nation crippled by a shortage of basic commodities after Nepal adopted a new constitution, sparking protests by the Madhesi minority, who say it marginalizes them.

Since September, 50 people have died in protests at border points with India, where demonstrators have blocked trucks carrying everything from petrol to medicines from entering the landlocked nation, still reeling from two deadly earthquakes. The crisis has prompted the United Nations to express deep concern over what it said is a "critical" shortage of life-saving medicines and fuel, and warns this could put at least three million children at risk of illness in the coming winter months.

Experts say this economic and humanitarian crisis is likely to have a much wider and longer-term impact. "The fuel short-

age will push more than 800,000 people below the poverty line. This is our estimate based on the study of the losses faced by agriculture, industry and service sectors," said Trilochan Pangen, a spokesman for Nepal's Central Bank.

"These people are wage earners, marginalized and low income people. We have derived this figure after a detailed and close study in all these sectors. This will hit the economy badly."

FUEL QUEUES, FIXED MEALS

In streets of the capital Kathmandu, the crisis is evident. Thousands of residents line up with empty gas cylinders outside fuel depots every day only to be told that the elusive tankers have not arrived from across the Indian border.

With authorities imposing a ration on fuel, motorists line up in queues stretching more than two kilometers outside petrol stations. On the black market, petrol and diesel smuggled in jerry cans from India sells up to five times the normal price. The cost of commodities like cooking oil have soared amid fears inflation could hit double digits by the end of the year.

Even ready-to-eat items like noodles have disappeared from the shop shelves. The fuel shortage has led to buses cutting down services, forcing commuters to sit on roofs. Taxis are no longer an option for many as they can't afford paying six times the normal fare. Tour operators say the country's key economic pillar, tourism, is already suffering. On average, 800,000 tourists visit Nepal annually, contributing four percent to the GDP.

Domestic airlines have reduced the number of flights, and hotels are offering only fixed menus to beat the fuel shortage. "How can you expect tourists to come when you don't have fuel even to cook a

full course meal for them?" said Jiban Ghimire of the tour operating group Shangri-la Nepal Trek.

Large and small businesses alike have been badly hit. The Federation of Nepalese Chambers of Commerce and Industry says more than 2,200 industries producing food items, plastic goods, edible oil, iron ores and cement have closed down, throwing 220,000 workers out of work.

In an empty restaurant on the outskirts of Kathmandu, owner Rupesh Shrestha says he has been forced to give leave to 25 of his 30 employees because they have no gas to cook with.

"Only five of us manage to serve a few of our regular customers who come. We use firewood to cook as there is no cooking gas. I don't know when the situation will improve," said Shrestha.

Wedged between China and India, Nepal is recovering from a decade-long conflict between Maoist rebels and government forces which ended in 2006. Years of political instability have slowed development efforts and two deadly earthquakes in April and May this year, have further hampered efforts to lift 25 percent of the country's 28 million people out of poverty.

Under these circumstances, central bank spokesman Pangen says it is the most vulnerable who are hardest hit. "They are hotel workers forced to stay on leave because hotels have cut down on services due to fuel shortage. Transport workers have lost jobs, rickshaw pullers are out of work," he told the Thomson Reuters Foundation.

"Tens of thousands of people who were self-employed in small pavement businesses like tea and coffee shops, cake shops, street vendors are out of work. All these people have no income." — Reuters

BRITAIN'S MOTORISTS SHOULD THANK NAIMI FOR CHEAP FUEL

LONDON: Britain's motorists have Saudi oil minister Ali Al-Naimi to thank as the country's supermarkets cut the price of petrol to less than one pound per litre for the first time in six years.

Morrisons, the country's fourth-largest grocer, has cut the price of unleaded gasoline to 99.9 pence per litre, the lowest price excluding special promotions since 2009, and other supermarkets are expected follow, according to the BBC. Brent prices have fallen to \$39 per barrel for the first time since 2008/09 after the Organization of the Petroleum Exporting Countries (OPEC) failed to agree a production level at its meeting on Dec 4.

Both OPEC and the International Energy Agency (IEA) have forecast the oil market will remain oversupplied in 2016, sending oil prices crashing to new lows.

Cheaper fuel as well as continued economic expansion and a faster rise in wages have combined to produce a surge in traffic on Britain's roads.

Traffic volumes rose by 2.2 percent in the 12 months ending in September compared with the prior period, according to the UK Department for Transport.

Traffic has increased for 10 consecutive quarters, for the first time exceeding the previous peak, set back in 2007 before the recession. Traffic growth mostly reflects the steady increase in economic activity and employment but lower fuel prices may also have contributed, the department says.

The increase in traffic is the fastest and most consistent for more than a decade stretching back to the early 2000s, before fuel prices started to climb sharply.

Vehicles sales are also booming, according to the Society of Motor Manufacturers and Traders, a trade association. For the first time since 2004, new car registrations topped 2 million in the first nine months of 2015. In September, registrations reached their highest ever level for the time of year.

Surging traffic and vehicle sales look a lot like the United States, where traffic volumes increased by 3.5 percent in the first nine months of the year, according to the Federal Highway Administration.

US sales of cars and light trucks are on course this year to exceed the prior record set back in 2000, according to WardsAuto. Cheaper fuel sales have also encouraged consumers to buy larger and more fuel-hungry sport utility vehicles (SUVs) and crossover utility vehicles (CUVs) rather than smaller cars.

Sales of light trucks, a category that includes SUVs and CUVs, are up 12 percent this year, while car sales have fallen by 2 percent, according to Wards.

Consumption

As a result, US gasoline consumption has risen almost 3 percent so far this year, the fastest increase since 2005, according to the US Energy Information Administration.

Cheaper fuel may not last indefinitely. Saudi officials have indicated they believe oil prices of \$60-80 per barrel will be needed in the longer-term to sustain investment in production.

"A prolonged period of low oil prices is ... unsustainable, as it will induce large investment cuts and reduce the resilience of the oil industry, undermining the future security of supply and setting the sharp price rise" in a few years' time, Naimi's deputy warned a conference last month.

But in the meantime, cheaper fuel prices and rising consumption, coupled with a reduction in high-cost oil production, is an essential part of Saudi Arabia's strategy for rebalancing the oil market. Saudi Arabia is relying on low prices and strong consumption growth to mop up some of the excess crude oil production in the market and help absorb extra Iranian barrels once sanctions are lifted in 2016. — Reuters