

Nepal's Foreign Policy Now And Then Siddhi B Ranjitkar

Prime Minister Prachanda has a busy schedule meeting with the head of State and government in Goa, India while attending the BRICS Summit as an observer widening the foreign policy. Nepal has passed through the isolation to the limited access to the outside world and finally to the unlimited access to the world. Most of the former rulers had adopted the foreign policy as a tool to continue their unjust rule, and then as the survival tool, and finally as a tool of mobilizing foreign assistance for development.

Prime Minister Prachanda has gone to Goa on the invitation of Indian Prime Minister Narendra Modi to participate in the BRICS (Brazil, China, India, Russia and South Africa) Summit as an observer. BRICS is the group of the economically and politically emerging nations. It has been set up either to neutralize the monopolistic influence of the west on the world affairs or to have the separate identity of the emerging nations.

Nepal received the invitation to attend the BRICS Summit as an observer in the capacity of the BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation) member. However, it is the trick Indian Prime Minister Modi played to kill SAARC (South Asian Association For Regional Cooperation) and at the same time isolate Pakistan. SAARC has been a talking forum doing as little as possible in the field so far. It has been almost disabled after India announced that it would not attend the SAARC Summit in Islamabad in November this year because of the clash at the Kashmir border between India and Pakistan. And Afghanistan, Bangladesh and Bhutan followed the suit.

Prime Minister Modi wanted to follow the dynamic foreign policy in the South Asia inviting all the head of State or government to his oath-taking ceremony in May 2014 setting aside the status quo foreign policy means heavily ignoring the South Asian countries, his predecessors have adopted. He could have taken together all the SAARC-member countries provided the civil government in Pakistan were a strong enough to follow the pragmatic foreign policy on India rather than the never-ending enmity between the two great nations in the South Asia.

Even with Nepal, Prime Minister Modi stepped out of his foreign policy on honoring the respectable status of a sovereign country, and demanded the Nepal's Constitution be made inclusive, and Modi even went further on imposing an unofficial blockade on Nepal in an attempt to force Nepal to meet the demands of the Southern Nepalese for an amendment to the newly adopted Constitution to suit their needs. Ultimately, Prime Minister Modi has realized his mistake but stopped short of apologizing to the Nepalese people for their sufferings caused by his blockade.

Then the relations between Nepal and India put back to normal after Prachanda replaced KP Oli in Nepal. And Prime Minister Prachanda visited India to further strengthen the brotherly relations between the two countries. His government and Prime Minister Modi have learned the lesson from the blockade unwisely imposed on Nepal, and assured Prime Minister Prachanda of India would do nothing anymore going against the interest of Nepal.

In turn Prime Minister Prachanda agreed on Nepal going together with India on the international issues. This is stated in the 25-point joint statement issued in New Delhi at the end of the official visit of Prime Minister Prachanda to India.

Some of the Nepalese politicians and even intellectuals either knowing or unknowing the correct meaning of the statement of Nepal and India going together on the international issues have commented that Nepal has been shadowed or under the umbrella of the Indian foreign policy.

If these guys so nervous about the statement have read the foreign policy adopted by the western countries they would have known that America and the EU countries go together on most of the issues such as imposing the sanction against Iran and Russia, and on the North Korea, and going together in fighting against the Middle East dictators.

Anyway this time, Prime Minister Modi has given Nepal a chance to interact with the heads of the BRICS-member countries, and surely with the BIMSTEC members, too. While attending the BRICS as an observer, Prime Minister Prachanda could use the opportunity of being among the BRICS members and BIMSTEC members for widening the foreign policy of Nepal.

Even on Saturday after the arrival at Goa, Prime Minister Prachanda took the advantage of meeting the President of China: Xi Jinping, and personally turned over the invitation to the president to visit Nepal, despite Deputy Prime Minister Krishna Bahadur Mahara had submitted an invitation to the Chinese official in August 2016.

President XI was willing to drop by on the way to Goa but the Nepalese side was reluctant to welcome the high profile guest at the time of the Dashain festival when most of the State officials would be off duty and enjoying the festival dishes and drinks. (It might be only the noise of the Nepalese media. Officially, it has not been stated.). In the State-controlled media, China has stated that the Nepalese side has not been serious about welcoming President Xi, as Nepal has done practically nothing to receive the high profile guest.

In response to Prime Minister Prachanda's invitation, President Xi politely accepted the invitation and said that he would visit Nepal in this year at the convenient time. President Xi also suggested Prime Minister Prachanda to enforce the new Constitution consolidating the internal unity and appreciated the Nepal's proposal for strengthening the Nepal, China and India tri-lateral relations.

Prime Minister Prachanda in turn repeated that Nepal would not allow anybody to use its land for going against the neighbor, and strictly follow the one-China policy, and appreciated China for welcoming the new Constitution of Nepal. Prachanda also said that Nepal would enforce all the agreements his predecessor had reached with China, the news in 'The Rising Nepal' stated on October 16, 2016.

On the sideline of the BRICS-BIMSTEC outreach summit, Prime Minister Prachanda also met with Bhutanese Prime Minister Tshering Tobgay and urged Bhutan to create an atmosphere conducive to return Bhutanese refugees from Nepal to their homeland. Prime Minister Prachanda also said that the relations between Bhutan and Nepal would reach a new height if the Bhutanese refugees languishing in the refugee camp in Nepal could go back home.

Bhutanese refugees not able to go back home have been the failure of the Nepalese diplomacy. Bhutan and Nepal with the assistance of the international community have classified the Bhutanese refugees in Nepal into three categories: citizens by descent, naturalized citizens, and recently arrived. Bhutan was ready to accept the first two categories of Bhutanese refugees. However, Nepal could not repatriate the Bhutanese refugees.

Some Bhutanese wanted to go back home but India stopped them on the way. The irony is that India has been very happy to let the Bhutanese the monarch has forcibly ejected go to Nepal. In doing so, India has been protecting the Bhutanese monarchy, as the monarch has seen the Bhutanese of Nepal origin asking for the fundamental human rights as a threat to him.

Nepal could not convince both Bhutan and India that the Bhutanese refugees were not the threat to the monarchy, they were simply asking for the fundamental rights enshrined in the UN, and Bhutan is one of the members of the UN, and India could open up its land through which they came to Nepal to go back home. Both things could not happen. That was a great failure in the Nepalese diplomacy.

Similarly, Nepal has not been able to send the Tibetan refugees residing in Nepal since 1960s. Chinese see them as the threat to the Chinese rule in Tibet. Even their activities such as celebrating the birthday of the spiritual leader Dalai Lama is seen as the threat to the one-China policy of Nepal, and Nepal does not permit the Tibetans to enjoy their fundamental rights of getting together peacefully in Nepal. That also is the failure of the Nepali diplomacy.

Nepal needs to be able to assure the Chinese officials that Tibetans in Nepal are not the threat to the Chinese rule in Tibet. They simply want to revere their spiritual leader the Dalai Lama. That's all nothing more. The Dalai Lama has repeatedly said that he does not want the end of the Chinese rule in Tibet but an autonomous Tibetan State. What on earth the Chinese would lose giving the autonomous status to Tibet. That is what Nepal needs to say to the Chinese rather than saying by rote the one-China policy of Nepal means Nepal accepts "Tibet is an integral party of China." Probably, Chinese officials believe that other regions also demand the autonomous status threatening the centralized administration.

Nepalese officials need to follow the similar approach to India. Nepal needs to assure India of Nepal not allowing any terrorist passing through Nepal to India. Nepal will not allow anybody carrying suitcase full of fake Indian currency and passing through Nepal to India. If Nepal can effectively enforce these two things, India will be very grateful to Nepal. No anonymous killings of anti-India activists residing in Nepal will happen; no fake Indian currencies will pass through Nepal; no terrorists will dare to use the Nepal's open border with India for terrorism in India.

Today, Nepal has the great advantage of using its diplomacy to convince India of opening up its railway to Nepal and then extending the railways in Nepal and reaching the border with China. Currently, China has been for making money not for making enemies. So, why not India use the Chinese money to develop its own economy as fast as China could and emerge as one of the largest economies in the world. India has everything: human power, technology, cheap labor, and even infrastructures to some extent, the only thing needed is the will power of the officials to go along with Nepal and China, and to use the shortest route via Nepal to reach China following the "One Belt One Road" policy of the Chinese president Xi.

Chinese have complained that Nepal has shown the lackluster interest in the "One Belt One Road" policy. The news in 'The Rising Nepal' of October 16, 2016 has stated, "The expansion of railway line up to Lumbini of Nepal was also discussed during the meeting that lasted for around 40 minutes." The news did not say what really were discussed Prime Minister Prachanda and President Xi on the sideline of BRICS summit whether the Chinese or Nepalese brought up the issue. The vague expression of the news also is the indication of the lackluster interest of Nepal in this matter.

Why India needs to be scared of extending the railways from the Nepal's border with China to Lumbini: the birthplace of Lord Buddha and near to the border with India; no valid reasons seem to be available. If India is concerned with such railways then Nepal needs to assure India of such railways will never bring any terrorist or fake India currencies; and finally, Nepal will never lose its brotherly relations with India. India will remain a brother

whether anybody likes it or not. A good brother might close its door some time when the brother becomes angry. Such a good brother needs to apologize when he does something wrong.

So, Nepal needs to open up another door to the world through China in case the good brother in the south suddenly becomes angry and closes his doors to Nepal. Currently, China has been very enthusiastic to open up a door for Nepal to go to the sea and any other third countries. Nepal needs to take the advantage of the Chinese goodwill prevailing now, and sign off an agreement on China providing Nepal with at least one door opened up to sea in all weathers. That needs to be specified so that Nepal can use it always.

Nepal needs to reach an agreement with India on not allowing Nepalese on the Nepal side and Indians on the Indian side closing the border entry points for any reason, and sign it off at the earliest so that closing border entry points become illegal and remove the protestors at the border by the force.

Eminent groups of both India and Nepal need to take up this matter seriously. These groups have been working on reviewing the numerous agreements and the main treaty of peace and friendship done in 1950, and revising them in the current changed context.

Professor Dr Gopal Shiwakoti wrote in the "gorkhapatra" of October 17, 2016 that the Peace and Friendship Treaty of 1950 has stated in the Article 8 that all the past agreements and treaties are annulled. He asked the eminent group of Nepal to enforce this article and India return 60,000 square kilometers of land Nepal had lost to the then British East India Company after the Sugauli Treaty Nepal had reached with the British East India Company government of India after the two-year (1814-16) war between Nepal and the British East India Company.

However, none of the previous parliamentary-democracy governments and then the republican governments has raised any voice for regaining the territory Nepal had lost to the British East India Company government of India. The Maoists have been for the review of the Peace and Friendship Treaty of 1950. Currently, every political party is for reviewing the Peace and Friendship Treaty of 1950. The result is the formation of eminent groups, and both sides trying to see how it could be done. Eminent groups of both Nepal and India have been working on it.

The foreign policy the Panchayat rulers had followed had been for receiving the grant assistance as much as possible except for a few cases of unique foreign policies the then monarch had adopted. For example, the then King Birendra at the time of his coronation in February 1975 announced, "Nepal be recognized as a zone of peace" but he failed to say what it did mean until 1980s. After the definition of "a zone of peace", some countries immediately recognized Nepal as a zone of peace. The number of countries recognizing "Nepal as a zone of peace" reached 116 but India never recognized it. One thing India did not like was any country recognizing "Nepal as a zone of peace" had to extradite even the political asylum seekers to Nepal. That might be the reason why India never accepted it.

In the early 1960s, Birendra's father Mahendra played a China card against India, and made the political and economic gains from India; however, Mahendra also let India use Lipu-lekh: the Nepalese land where China and India border with Nepal after China invaded India in 1962. Indian army continues to stay in Lipu-lekh even today.

Mahendra reached an agreement with China for construction of the eastern portion of the East-West Highway. Indian Prime Minister Jawaharlal Nehru nervous of Chinese working on the border between Nepal and China sent his trustworthy envoy to Nepal, and persuaded

Mahendra to cancel the agreement with China on constructing a portion of the East-West Highway. In return, India built 400 km of the eastern portion of the highway gratis, and clamped down on the Nepalese political activists working against Mahendra along the border between Nepal and India.

Mahendra's father Tribhuvan had surrendered almost everything to Jawaharlal Nehru, as Nehru redeemed his crown the Rana hereditary hierarchical prime minister seized and kept it as a hostage for the continuity of the Rana despotic rule. When Tribhuvan came back from India to Nepal as a free man on February 1951, an entourage of Indian top civil servants followed him to work as his secretaries. Then, Tribhuvan let his one prime minister after another signed off the Koshi River and Gandaki River projects with India giving every possible benefit to India leaving almost nothing for Nepal.

The last Rana hereditary hierarchical Prime Minister Mohan Shumsher signed off the Peace and Friendship Treaty of 1950 with India hoping India would save the Rana dynastic tyrannical rule that was going to fall aftermath of the uprising of the Nepalese against it. However, Nehru knew that the Ranas had had enough in Nepal, and then the turn was of the Shahs.

The first Rana Prime Minister Jung Bahadur set the tradition of pleasing the British East India Company government of India. He believed that without keeping the British East India Company rulers happy it would be hard for him and his successors to keep the three-star crown of prime minister. Jung even accepted the provision for Nepal to have a contact with any third country only through the British East India Company. That was really a diplomatic umbrella Jung carried and passed it on to his successors.

Jung sent the Nepalese army to suppress the rebellion of Indians against the British East India Company government in 1857, and he himself went with 15,000 troops, and he fought several hard battles in and around Gorakhpur and Lucknow. That was really a shame on the Rana ruler Jung Bahadur. The current Nepalese politicians in power need to apologize to the Indian people for the injustice done to their ancestors by the former Nepalese ruler. That would be surely atoning for the sin Jung had committed in the past.

The British East India Company government returned some land the company government had captured after the Sugauli Treat of 1816 to Nepal as a reward for suppressing the Indian rebellion. This area was called a new region. India needs to return some land still India holds after the Sugauli Treat of 1816, as Professor Shiwakoti argued in his writing published in "gorkhapatra" of October 17, 2016.

Before Jung came to power and settled everything with the British East India Company government in India, Nepal had to fight in two fronts: one to the north against Tibetan invaders, and another to the south against the British East India Company occupiers. Nepal had been at war with both the neighbors on and off.

Whenever the defeated party either Nepal or another neighbor became strong enough to declare the treaty or agreement with the victorious party null and void, started a war. Nepal had a number of peace treaties with Tibet and even with China in the past. So, the map of Nepal had changed constantly depending on whether Nepal gained or lost in the wars in the past centuries.

Prithvi Narayan Shah: the first Shah king of Nepal adopted the policy on keeping Nepal in isolation for fear of losing his kingdom to the British East India Company in India. The first thing Prithvi did was to drive out all the Christian missionaries the Malla kings allowed to work in Nepal. He felt free to act in any sorts of cruelty in the country and he ran the

administration to keep the people at the mercy of his administration, and in poverty so that none of the subjects could raise a head against his dynastic rule.

Nepalese had lived in poverty and destitute for more than two-and-a-half centuries during the Shah-Rana dynastic rule. Even the current generation of Nepalese has had hard time to uplift their living standard as the hangover of the poverty the Shah-Rana dynastic rulers had inflicted on the Nepalese continued even after Nepalese have successfully ended the Shah dynastic rule.

October 18, 2016

Annex

1The globaltimes.cn has reported the followings on October 16, 2016:

At the meeting with Nepalese Prime Minister Prachanda in Goa on Saturday, October 16, 2016, Chinese President Xi Jinping has said that his country is ready to align development strategies with Nepal and hopes to build the two neighbors into a community of shared destiny. "China and Nepal are close neighbors linked by mountains and rivers," Xi said in a meeting in the western Indian state of Goa with Nepali Prime Minister Pushpa Kamal Dahal (Prachanda) on the sidelines of the eighth summit of the emerging-market bloc of BRICS, which groups Brazil, China, India, Russia and South Africa.

Since the two countries established diplomatic ties more than half-a-century ago, China-Nepal relations have withstood the vicissitude of the international situation and maintained sound and stable development, Xi said. China, he added, attaches great importance to developing relations with Nepal, and is willing to work with Nepal to deepen practical cooperation.

He called on the two countries to strengthen high-level contacts and political communication, and enhance mutual support on issues concerning each other's core interests and major concerns.

He also called for concerted efforts to carry out the consensuses the two sides have reached on beefing up cooperation on connectivity, free trade and energy and continue to push forward cooperation in their pursuit of development.

China is ready to support Nepal for its post-earthquake reconstruction, especially for restoring infrastructure, people's well-being, and historical relics, he said.

China, he added, encourages its reputable businesses to invest in Nepal and take part in the construction of special economic zones and industrial parks in Nepal. He also urged the two sides to strengthen cooperation in agricultural industrialization, water conservation, and irrigation and hydropower generation.

On people-to-people exchanges, the president said the two sides should increase exchanges and cooperation in such areas as tourism, education, culture, youth, media and local affairs.

He also stressed the importance of maintaining coordination within the frameworks of the United Nations, the Shanghai Cooperation Organization, and the South Asian Association for Regional Cooperation (SAARC).

For his part, Dahal (Prachanda) said the Nepal-China friendship is time-honored and unbreakable, for it is established on the basis of the Five Principles of Peaceful Coexistence and features mutual respect and trust.

Nepal highly appreciates the principles of amity, sincerity, mutual benefit and inclusiveness in China's neighborhood diplomacy as well as China's support for its peace process, post-earthquake reconstruction and national development, he said.

Nepal views China as a reliable development partner and is ready to develop a more comprehensive partnership with China, he added.

Dahal also conveyed Nepal's willingness to participate in connectivity construction within the frameworks of the China-proposed Belt and Road Initiative and the Asian Infrastructure Investment Bank (AIIB). Moreover, Nepal is ready to enhance coordination with China within international and regional multilateral organizations, added the prime minister.

Nepal is a member of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), a regional mechanism that is aimed at connecting South Asian and Southeast Asian countries and also groups Bangladesh, Bhutan, India, Myanmar, Sri Lanka and Thailand.

<http://www.globaltimes.cn/content/1011607.shtml>

2Another news Li Xuanmin wrote and posted on the globaltimes.cn has it on October 16, 2016:

A. Room to grow

Economic ties between China and Nepal have been strengthening in recent years, with capital flowing to sectors including infrastructure, energy, hospitality, catering and medicine. There are difficulties due to the country's basic infrastructure, but industrial players and experts have said that they are still upbeat about the Chinese investment, partly because of an improving business environment and the Nepalese government's desire for economic gains.

A storage-based hydroelectric dam is to be erected at the confluence of the Seti River and the Karnali River in the underdeveloped Far Western Development Region, marking it the single largest foreign investment in Nepal at \$1.6 billion. The West Seti River hydroelectric station is one of dozens of projects in which Chinese companies have invested in Nepal.

The 750-megawatt hydroelectric project was approved by Investment Board Nepal in 2015 and awarded to China Three Gorges Corp. Unlike most hydropower stations in Nepal, whose energy output decreases in the dry season, the all-season project is expected to feed the country's energy-starved economy by storing excess water during the rainy season and discharging it for energy generation during the dry season.

In recent years, China's funding is evident across infrastructure and energy projects. For example, prominent investments have been in the Pokhara Airport; the upgrading of roads encircling the capital, Kathmandu; and the Upper Marsyandi-A hydroelectric project, which was put to service on September 27, 2016.

On top of funds from State-owned Enterprises (SOEs) in China, private capital is also flowing to sectors such as catering, hospitality, medicine and food-processing sectors in Nepal, said Yuan Zhixiong: the president of the Chinese Enterprises Association of Nepal.

"It is estimated that over 100 Chinese companies have marched in to the Nepalese market," Yuan told the Global Times on Thursday, October 13, 2016 noting that the growth rate of Chinese investors in Nepal has ballooned in recent years.

In 2014, China overtook India as Nepal's biggest source of foreign investors. In 2015, China's investment in Nepal stood at \$32 million, contributing 42 percent of total foreign direct investment (FDI) to Nepal, according to the Ministry of Commerce -(MOFCOM).

Bilateral trade is also growing. Bilateral trade volume has reached \$2.32 billion in 2014, up 3.38 percent year-on-year, and China has become the Nepal's second largest trading partner, according to MOFCOM.

B. Challenges ahead

Although China has become the Nepal's biggest foreign investor, its investment in Nepal is still low relative to the total FDI outflow, Liu Xiaoxue: an associate research fellow at the National Institute of International Strategy under Chinese Academy of Social Sciences, told the Global Times on Thursday, October 13, 2016.

"Economic cooperation between China and Nepal is still in the early stages, as most Chinese enterprises are either SOEs or small-sized private companies," Yuan said.

One of the biggest challenges is the country's infrastructure, several Chinese entrepreneurs complained. As an inland mountainous country without access to the sea, Nepal relies its transportation entirely on the land routes; however, the construction technology in Nepal has not developed to build tunnels through the highlands, and the mountain roads are still bumpy and twisting, experts noted.

"The improvised traffic system has promoted surges in time cost and delays in goods delivery," said a Chinese businessman, who only gave his surname Qi. He has invested \$100,000 in the tourism market in Nepal in 2013.

Qi said that it takes seven hours to drive from Kathmandu to the second largest city: Pokhara, which is about 200 kilometers from Kathmandu, generally a two-hour drive in China.

Wang Yun: a Chinese businessman, who opened up a Chinese restaurant in Kathmandu in 2008, has agreed that it takes a prolonged period to import seasonings from China due to traffic inconveniences.

Furthermore, the transportation system has not recovered from the devastating earthquake in 2015. The deadly disaster also hit the once-booming travel industry and affected its tourism with China.

The number of Chinese tourists to Nepal shrank by about 80 percent after the earthquake, according to Chinese entrepreneurs. "Prior to the earthquake, I can sell 49 para-glider programs to Chinese visitors a day during National Day holidays. And tourists need to book in advance. But this year, only two to three such programs were sold per day during vacations," Qi told the Global Times on Thursday.

Chronic power shortages and load shedding also posed a challenge, Liu said. "Nepal suffers around 16 hours of power cuts every day in dry season, even in the capital Kathmandu," said a Chinese entrepreneur, who only gave his surname Jia.

Jia has set up several hospitals in Nepal since 2008, "Nepal might be the first and only country in the world to develop a mobile application for power-cut warnings."

Chinese investors also voiced concerns about the political situation. "Labor organizations in Nepal, which are affiliated with political parties, pressure company managers to allow employees to strike and demonstrate, in a bid to fulfill political interests," Jia told the Global Times on Thursday. "Yet such strikes cause labor shortages, and have seriously affect the daily operation of my hospital."

C. Promising future

Despite the challenge, the Nepal market is still appealing to Chinese investors, industry players said.

Nepal has a huge and relatively cheap labor force and a large population with high English-language proficiency, which makes the landlocked nation a promising market for Chinese investors, Yuan said. Through investing in Nepal, Chinese business people can also gain quick access to other areas of the South Asian market.

Although the country is underdeveloped, in a similar vein, it also means business opportunities are everywhere, because Nepal needs foreign investment to boost economic growth, especially in its infrastructure and energy sectors, Liu said.

China, at the same time, has accumulated advanced technology and management expertise in such sectors and is looking to export the skills to foreign markets, Liu said, noting that this is a "win-win" situation for both the two countries.

Chinese entrepreneurs are also at an advantage by their early cultivation of the market, Yuan said. "The hospitals I owned have built a good reputation among Nepalese. Not only have I turned losses into profits and recouped my investment, but I also opened subsidiaries in several Nepalese cities in addition to Kathmandu," Jia said, noting that he is confident about the business outlook in Nepal.

Nepal's tourism industry is also picking up, a boon for Chinese industry players. Latest data from online tourism and ticket-booking site lvmama.com shows that the number of Chinese tourists traveling to Nepal surged 60 percent year-on-year in August.

Meanwhile, the investment environment in Nepal is improving, and on a visit to China in March, Nepalese authorities pledged to "facilitate and protect Chinese investment," Liu said.

For example, the policies of minimal tax slabs, exemptions of taxes, duties and fees on factors of production used by the export industry, as well as subsidies for private investment in the public welfare sector, will guarantee a good return for Chinese investors, experts noted.

Under the "One Belt and One Road" initiative, China is also stretching the Qinghai-Tibet railway to Gyirong, a county bordering China and Nepal.

"The railway network, which is expected to be completed in 2020, will further bridge the two countries and expand business opportunities in Nepal," Liu noted.

<http://www.globaltimes.cn/content/1011687.shtml>