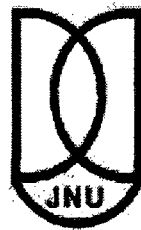


**NEPAL'S FOREIGN POLICY TOWARDS INDIA AND CHINA,
1990-2010**

*Dissertation submitted to
Jawaharlal Nehru University
in partial fulfilment of the requirements
for the award of the Degree of*

MASTER OF PHILOSOPHY

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2011



Date: 25th July, 2011

DECLARATION

I declare that the dissertation entitled "NEPAL'S FOREIGN POLICY TOWARDS INDIA AND CHINA, 1990-2010" submitted by me for the award of the degree of Master of Philosophy of Jawaharlal Nehru University is my own work. The dissertation has not been submitted for any other degree of this University or any other university.

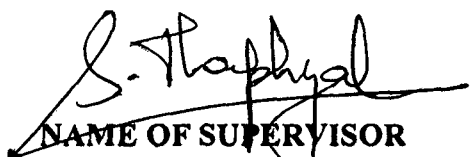

Ram Singar Sharma

CERTIFICATE

We recommend that this dissertation be placed before the examiners for evaluation.


NAME OF CHAIRPERSON

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Prof. Sangeeta Thapliyal



Dedicated To

Mother, Father, Brother and my Friends

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Needless to say, all the errors in the dissertation are mine.


Ram Singar Sharma

Abbreviations

CA	Constituent Assembly
CPA	Comprehensive Peace Agreement
CPN-M	Communist Party of Nepal (Maoist)
CPN-UML	Communist Party of Nepal (Unified Marxist Leninist)
EC	Election Commission
HMG	His Majesty Government
MJAF	Madhesi Jana Adhikar Forum
MP	Member of Parliament
NC	Nepali Congress
NDP	National Democratic Party
PLA	People's Liberation Army
PR	Proportional Representation
RNA	Royal Nepal Army
SP	Sadbhavana Party
SPA	Seven Party Alliance

TMLP Tarai Madhesh Loktantrik Party

ULF United Left Front

UK United Kingdom

USA United States of America

CHAPTER-I

INTRODUCTION

Theories of Foreign Policy

The starting point in the making of foreign policy is the concept of national interest. It is truism that all foreign policy is, or should be, directed towards the protection and advancement of the national interest. It requires definition, elaboration and thorough thinking. Foreign policy is a reflection of a nation's attitude, action as well as the dealings with the other countries and, anything that is directed towards preserving and furthering of national interest. Foreign policy seek to maintain national security, promoting economic and trade interests, expanding regional and global links.¹

Among the central determining forces of foreign policy are the nation-state's decision-makers. While decision-makers may vary in their determinations of suitable foreign policy, depending on their political orientations, there are certain enduring influences on those decisions, irrespective of who leads the government. Geography and other obvious physical factors have an enduring influence on foreign policy. Less permanent but equally important determinants of foreign policy are a nation's industrial and military strength, the human element, to which the decision-makers themselves belong. The human element is both quantitative in terms of numbers, and qualitative in the sense of civilization their material, philosophical, and political culture, their educational- technical strength.²

The elements of foreign policy can be summarized as follows: (a) The relatively permanent material elements, like geography, natural resources, minerals, food production, energy and power. (b) Less permanent material elements, like industrial establishment, military establishment, changes in military capacity. (c) The human elements, like quantitative and qualitative are: quantitative- population; qualitative- (1) Policy makers and leaders, (2) The role of ideology, (3) The role of information.

¹ Khanna, V. N. (2007), *Foreign Policy of India*, New Delhi: Vikas Publishing House, 2007: 6.

² Hudson, Valerie M. (2005), "Foreign policy analysis: Actor-specific theory and the ground of international relations", *Foreign Policy Analysis*, 1(3): 7.

According to the British academic William Wallace, foreign policy must be formulated within the context of both international and domestic constraints like state geographic position; its relative strength in terms of its population, military, economy and natural resources; foreign policy attitudes of other states; international opinion; international mores or shared values on acceptable behavior and international law.³

According to Bandyopadhaya, “The formulation of foreign policy is essentially an exercise in the choice of ends and means on the part of a nation state in an international setting.” According to Mahendra Kumar, foreign policy includes (1) the policy makers, (2) interests and objectives, (3) principles of foreign policy, and (4) means of foreign policy. He, therefore, defines the foreign policy as “a throughout course of action for achieving objectives in foreign relations as dictated by the ideology of national interest.”⁴

Foreign policy of any country is a course of action taken by a state responding to external situations. The course of action is formulated on the basis of a continuous interaction between internal and external environments. A number of factors such as a country’s territorial size, its resource endowments and economic development, the size and composition of its population, its organizational and intellectual abilities is to be considered while formulating foreign policy. Foreign policy objective and leverages of smaller nations like Nepal are limited by its territorial size and location.⁵

Nepal’s Foreign Policy

The foremost objective of foreign policy of any country- big or small, developed or least developed is to preserve and promote its national interest. Although its interpretations may vary from country to country depending on their respective perceptions and

³ Pradhan, Bishwa (2000), *Behaviour of Nepalese Foreign Policy*, Kathmandu, Nepal: 14.

⁴ Khanna, V. N. (2007), *Foreign Policy of India*, New Delhi: Vikas Publishing House, 2007: 3.

⁵ Pradhan, Bishwa (2000), *Behaviour of Nepalese Foreign Policy*, Kathmandu, Nepal: 27.

capabilities, national interest at the minimum composes the very existence of a nation, its territorial integrity, independence and national survival.⁶ Nepal's foreign policy and the dynamics of its relationship with neighboring states have been conditioned by a complex of factors, of which the political component is only one of the factors. Nepal's cultural relationship with India and China, for instance or its role in the trade and economic system between south and north Asia also is most important aspect of Nepalese foreign policy making.⁷

The independent Kingdom of Nepal, which is situated between India and China extend along the southern slopes of the mighty Himalayas for a length of 550 miles. Lying roughly between the 80th and 88th meridians of longitude and 26th and 30th parallels of latitude, the kingdom resembles in shape a narrow and long rectangle varying in breadth from 80th to 120th miles, while its area is about 55,000 square miles. Serving as the meeting place of two of the world's greatest civilizations- China on the north and India on the south- Nepal has developed an individual culture which dates back to a period earlier than that of Gautam Buddha who was born in Nepal, more than 2500 years ago. The size of Nepal is smaller on the proportion of 22 fold from India and 65 fold from China.⁸

Tracing Nepal's foreign policy from the time of antiquity it is Sharma and Kant said,

“Janaki of the Ramayana, Lord Buddha and Sagarmatha (Mount Everest) provide a geographical, historical and cultural frame of reference for Nepal. While they stand out in their supreme sublimity dominating our history and consciousness, they do also define in the more material sense the basic outline of our foreign policy through ages. The great Himalayas which have equally inspired poets and mountaineers and which have also symbolized a hard life for the Nepalese nestling in their laps indicate our position not only in relation to India and China,

⁶ Prasad, Shashi Bhushan (1989), *The China Factor in Indo-Nepal Relations 1955-72*, New Delhi: Commonwealth Publishers: 49.

⁷ Rose, Leo E. (1971), *Nepal's Strategy for Survival*, Bombay, Oxford University Press: 229.

⁸ S Sharma, Uma Kant (2004), “The Peace Zone Concept and its Utility in Nepalese Foreign Policy”, *Political Science*: 7: 44.

*but also in the whole world. No wonder, they have left an abiding stamp on the character and synthesis which is particularly prominent in the virility of its people and its great artistic monuments.”*⁹

Nepal is a landlocked country situated between India and China. To the north, the Himalayas constitute a natural and mostly impassable frontier between Nepal and China. To the south, east, and west, Nepal is hemmed in by India. Given the nature of the topography of Nepal, it is easier in some places to commute within Nepal via Indian territory. Socially and culturally too Nepal has more affinity with India. Both the countries give national treatment to each others citizen and allow free movement of people from both sides across the 1751 km border through the Treaty of Peace and Friendship signed in 1950. Nepal is also close to China and shares 1,415 km long border. They have a long history of cultural and political relations. Hence, from the very beginning Nepal has tried to maintain close relations with both India and China. However, Nepal’s relations with India have been closer because of its geopolitics.¹⁰

For China, Nepal was of strategic significance because of its close proximity to Tibet. Nepal, according to Beijing, constitutes a vital part of an inner security ring that cannot be allowed to be breached by any global or regional power. The Chinese occupation of Tibet in 1950 significantly increased Nepal’s strategic importance for China. For China, the rise and the growing influence of India or the US had grave security implications especially with regards to Tibet.¹¹

⁹ Ibid.

¹⁰ Malik, Ved Prakash (2004), “India-Nepal Security Relations”, in *India-Nepal Relations: The Challenge Ahead*, New Delhi: Rupa.82.

¹¹ Dabhade, Manish and Harsh V. Pant (2004), “Coping with Challenges to Sovereignty: Sino-Indian Rivalry and Nepal’s Foreign Policy” *Contemporary South Asia*, 13(2): 159.

Determinants of Nepal's Foreign Policy

Considering the geographical proximity towards India and China, Nepal has been motivated in the formulation and execution of its foreign policy by three strong urges. They, as described by Liska, are the urges for: “security, stability and status”. The urge for “security” has found expression in the objectives of (1) preservation of autonomy and independence in taking and implementing foreign policy decisions (2) preservation of territorial integrity. The first objective has a politico-diplomatic connotation and its task may be described as one of counteracting undesirable internal pressures and influences. The second objective has a politico-military-strategic connotation and its task is defense against external aggression for the preservation of the territorial integrity. The urge for “stability” also has two dimensions, namely, (1) stability of the domestic power structure in which every ruling group has the highest stakes; and (2) stability through economic development. These dimensions have been accordingly expressed as objectives of foreign policy. The urge for “status” is psychological in nature and it has been one of the forceful drives behind Nepal's foreign policy behavior.¹²

The fundamental objective of the foreign policy of Nepal is to enhance the dignity of Nepal in the international arena by maintaining the sovereignty, integrity and independence of the country. The foreign policy of Nepal is guided by the abiding faith in the United Nations and policy of nonalignment. The basic principles guiding the foreign policy of the country include: Mutual respect for each other's territorial integrity and sovereignty; Non-interference in each other's internal affairs; Respect for mutual equality; Non-aggression and the peaceful settlement of disputes; Cooperation for mutual benefit. The value of world peace also constitutes a significant element in guiding the foreign policy of the country.¹³

Formulation and projection of Nepal's foreign policy have hinged on various internal as

¹² Muni, S.D. (1973), *Foreign Policy of Nepal*, Delhi: National Publishing House: 34.

¹³ Mishra, Navin (1992), *Nepal and the United Nations*, New Delhi: Janaki Prakashan: 19.

well as external determinants. Internal determinants consist of security situation, political stability, economic background, geographical position, elitism and ideology, historical background and socio- cultural factors. External determinants include non-alignment, trade and commercial relations, multilateralism and regionalism, world peace and disarmament.¹⁴

The Geography

Nepal, sandwiched between two Asian giants--China and India, traditionally has been characterized as a “root between two stones.” Its shape is roughly rectangular, about 650 kilometers long and about 200 kilometers wide, and comprises a total of 147,181 square kilometers of land. It is slightly larger than the state of Arkansas. A landlocked country, surrounded by India on three sides and by China's to the north, Nepal is separated from Bangladesh by an approximately 15-kilometer wide strip of India's state of West Bengal. Nepal is almost totally dependent on India for transit facilities and access to the sea, that is, the Bay of Bengal, even for most of the goods coming from China. Such a confined geographical position is hardly enviable.¹⁵

For a small country, Nepal has great physical diversity, ranging from the Terai-- northern rim of the Gangetic Plain situated at approximately 70 to 300 meters above sea level in the south--to the 8,848 meter high Mount Everest, in the north. Nepal is divided into three distinct regions: the Mountain region, the Hill region, and the Terai region. The Mountainous region, which lies above the altitude of 4,877, because of its geography and climatic conditions, is the most sparsely populated region compared to other two and it accommodates 7.3 percent of the total population. The Hill region, in contrast to the Mountain Region, is relatively densely populated and represents 44.3 percent of the population. The Terai (plain) region, being an extension of the northern plains of India accounts for 23.1 percent of total land area of the country and accommodates 48.4 percent

¹⁴ Hamal, Yagya Bahadur (2002), *Ecology of Nepal's Foreign Policy*, Kathmandu: Hamal Publications: 8.

¹⁵ Bhatt, S. C. (1996), *The Triangle Nepal-India-China: A Study of Treaty Relations*, New Delhi: Gyan Publishing House: 29.

of population.¹⁶

The population in the Terai region is increasing at a faster rate compared to the other two regions. One reason for this faster growth is internal migration. It can be estimated that in the census of 2010 (which has yet to be published), the Terai, will have more than 50 percent of the total 29 million population of Nepal. The geographical features of Nepal show that movement in the south is highly accessible, whereas movement in the north, bordering China, is much less accessible due to the northern high Himalayan ranges and rugged terrain.¹⁷

Socio-Cultural Factor

The social and cultural make-up of Nepal broadly parallels its physical division into three parts. The frontier region in the north and south possess a large measure of social and cultural identity with the areas directly adjacent to them. Ethnically, the northern hill people belong to the Mongoloid stock, whereas the Terai people in the south, it is generally held, belong to the Indo-Aryan race. The languages spoken in the different regions are varied and numerous. However, those dominant in the hills- Limbu, Gurung, Tamang, Raikirat are some are said to be of the Tibeto-Burmese group. Those dominant in the Terai- Bhojपुरी, Maithili, Tharu and Hindi- are of the Indo-Aryoid group and are prevalent in the adjacent Indian provinces of Bihar and Uttar Pradesh.¹⁸

The social pattern- caste structure, social values and norms of the northern and the southern regions of Nepal correspond to that of their respective neighborhood. Finally two dominant religions are practiced in the kingdom, Hinduism and Buddhism. Hindu is present everywhere but its concentration is more in the Terai and as one goes up towards

¹⁶ Kansakar, Vidya Bir Singh. "Nepal-India Open Border: Prospects, Problems and Challenges." Democracy Nepal: A Gateway to Nepal's Politics and Civil Society. Accessed on 4 September 2010. http://www.nepaldemocracy.org/documents/treaties_agreements/nep_india_open_border.htm

¹⁷ US Department of State, "Country Profile: Nepal". Accessed on 26 August 2010. <http://www.state.gov/r/pa/ei/bgn/5283.htm>

¹⁸ Muni, S.D. (1973), *Foreign Policy of Nepal*, Delhi: National Publishing House: 39-40.

the north, Buddhism starts appearing as an important cultural determinant. A synthesis of two cultures exists in Nepal. One comes from India and the other from across the Himalayas. This synthesis is especially evident in the central region, Kathmandu valley. Nepalese society is, in short, a plural society. The diversity of its cultural and social life originated from isolation enforced by the rigid physical divisions. It was also due in part, to the entry of two different peoples and cultures from different directions and the emergence of a third resulting from their diffusion into each other. But some people and culture could enter Nepal more easily from the south, the southern influence became dominant in the kingdom's socio-cultural composition.¹⁹

Political Factor

Projection of Nepal's foreign policy is influenced by the degree of political stability in the country. Fluctuations could emerge in the foreign policy at the time of political instability. Experts of Nepal's foreign policy have often damaged the foreign policy of the country when it was labeled to have harboured pro-British character during the Rana regime and soft to India during the interim periods.²⁰

Political stability created propitious environment for the effective projection of Nepal's foreign policy even during the Panchayat era. One cannot help acknowledging that during the Panchayat era Nepal's foreign policy established a sound base and international recognition through non-aligned stance, amicable relations with all nations and the Zone of Peace proposal. The world wished that along with the continuance of its foreign policy Nepal had established a democratic dispensation.²¹

Restoration of democratic polity in Nepal in 1990 has widened scope for the effective execution of Nepal's foreign policy coupled with the support of the international

¹⁹ Rose, Leo E. (1971), *Nepal's Strategy for Survival*, Bombay, Oxford University Press: 8.

²⁰ Narayan, Khadka (1986), "Crisis in Nepal's Party less Panchayat System: The case for More Democracy", *Pacific Affairs*, 59 (3): 439.

²¹ Ibid.

community for the democratic system of governance, human rights, freedom and rule of law. External ambience is quite favourable to the fruitful execution of Nepal's foreign policy. But domestic environment such as political instability as manifested in the frequent changes of the government, mid-term polls, corruption charges labeled against political leaders, split of major political parties etc have been the impediments to the effective projection of Nepal's foreign policy to the outside world.²²

The inference is that Nepal's foreign policy is affected by the domestic political instability and the differing foreign policy approaches of political parties at the helm. Therefore, political stability is highly coveted for turning the foreign policy of the country into a more dynamic and efficacious shape. More importantly, there should be national consensus among political parties to shape a coherent and uniform foreign policy, irrespective of the political parties.²³

Economic Factor

It is rather difficult for the small economy like that of Nepal to project its strength to the present world where economic forces are reigning over others. Economic base of the country is fragile due to geographical, financial and resource constraints. Internal resource mobilization is negligible and industrial base is in an embryonic state. Given the lack of adequate internal resources, the country has to heavily rely upon foreign aid for its development works. Thus, the country has been identified as a resource-constrained country, desperately needing external financial assistance. This sort of dependence of the country on the external world might be a factor for marginalization of the efficacy of the foreign policy itself.²⁴

The exigency is that the country needs to improve its economy through internal resource mobilization, a development-oriented work culture, industrial development, income

²² Khanal, Y.K (1998), "Nepal in 1997: Political Stability Eludes", *Asian Survey*, 38(2): 151.

²³ Ibid.

²⁴ Hamal, Lakshman B. (1994), *Economic history of Nepal*, Varanasi: Ganga Kaveri Publishers: 44.

generation, saving and investment. The image of the country ought to be transformed from the aid-recipient country to the investment-friendly state. Endeavour must be directed to fully tap the potentials of tourism. Foreign investment should be attracted to develop Nepal's huge hydro-resources for domestic consumption as well as for export. Enhancement of economic strength is thus the prime factor for developing Nepal's foreign policy to meet the goals national dignity.²⁵

Evolution of Nepal's Foreign Policy

The origin of Nepal's foreign policy dates back to the very time of the unification of the nation by King Prithvi Narayan Shah the great in 1769. Since its formation, foreign policy of the country has passed through different phases. On the basis of the policies adopted at different times, Nepal's foreign policy could be studied through five major eras.

Era of National Consolidation (1769-1815)

Nepal for the last two centuries has based its internal and foreign policy on the principles laid down by King Prithivi Narayan Shah in his *Dibyopadesh*. According to him - "Nepal is a flower garden of all the races all should be keenly conscious of this" and "Nepal is a yam between two great boulders, friendship should be extended to both". King Prithivi Narayan's successors based their foreign policy on two premises. First, Nepal's power potential can be enhanced by absorbing gradually the weaker principalities into their domain. Second, in order to face a possible encounter with East India Company, which was becoming entrenched on the Terai border and was bent on influencing Tibet for its trade interest, they increased their power as well as resource potentials by expanding their territories both east and westwards without challenging the Company's vital interests. The successors of Prithvi Narayan Shah pursued an aggressive foreign policy motivated

²⁵ Shah, Sukhdev (1988), "Nepal's Economic Development: Problems and Prospects", *Asian Survey*, 28(9): 951.

by the goal of a greater and powerful Nepal. One of the major foreign policy concerns of non-democratic regimes was to secure security and stability to their regimes.²⁶

Era of the Treaty of Sugauli (1815-1846)

Nepal's foreign policy had to undergo a deep setback during this period as the vision of the rulers for further expansion of the Kingdom after the demise of King Prithvi Narayan Shah was restarted by the war with the East India Company. The country had to conclude the Treaty of Sugauli on 4 March 1816, with the company, which narrowed the map of Nepal by one-third size (64,000 sq.km).²⁷ Nepal could not develop contacts with the rest of the world, save the British India. As the relations with China were virtually non-active, Nepal's foreign policy was directed towards developing relations with the Company. The rising power of the Company at the time is attributed to this sort of development.²⁸

Rana Era (1846-1951)

Nepal's foreign policy during the period of autocratic Rana regime, which lasted for about 104 years, was characterized not only by the pro-British stance but also by the strength of the preservation of the sovereignty of the country at a time when the East India Company was widening its colonial grips. This is obvious from the fact that the Rana rulers, on the request of the company, had dispatched Nepalese soldiers to serve in the British Indian army to fight from the British side in the two world wars.²⁹

²⁶ Khadka, Narayan (1997), *Foreign Aid and Foreign Policy: Major Power and Nepal*, New Delhi: Vikash Publishing House: 73.

²⁷ Thapliyal, Sangeeta (1998), *Mutual Security: The case of India-Nepal*, New Delhi: Lancer Publication: 19.

²⁸ Hamal, Yagya Bahadur (2002), *Ecology of Nepal's Foreign Policy*, Kathmandu: Hamal Publications: 2.

²⁹ Regmi, D. R. (1958), *A century of family autocracy in Nepal: being the account of the condition and history of Nepal during the last hundred years of Rana autocracy, 1846-1949*, Nepal: Nepali National Congress: 240.

The point of weakness observed in the era was the dearth of vision in the Rana rulers as so the economic development of the nation, which was visibly manifested in Bir Shumsher's refusal in the 1880's to allow extension of Darjeeling Himalayan Railway to Nepal and from Nepal to the Dingiri Plateau of Tibet, involving a total track of 262 km, which could have developed Nepal as a commercial hub and addition Chandra Shumsher's myopic support to the Young Husband Expedition to Tibet in 1903-4, leading to the opening of an alternative route through Phari-Gyantze to Lhasa that prevented Nepal from being a huge market route between Tibet and East India Company.³⁰

Some achievements were also registered in the era of Rana oligarchy. During Jung Bahadur Rana's reign, Nepal got back the "Naya Muluk" from the company as a reward for Nepal's support to the East India Company to quell the Sipahi Mutiny of 1857 in India. Another significant achievement was the signing of the treaty of Friendship between Nepal and Great Britain on 21 December 1923, which recognized Nepal as an independent country and also supported Nepal's right to transit.³¹ Padma Shumsher endeavored to diversify Nepal's diplomatic relations with other countries instead of keeping sole dependence on British India. Nepal's first approach towards international arena was its participation in the first Asian Relations Conference held in New Delhi in 1947. The relations with Britain were upgraded to ambassadorial level during his time. Diplomatic relations were also withestablished USA and India. The tripartite agreement between Nepal, Britain and India was signed in 1947, which allowed Britain to recruit Nepalese nationals in the British army that has now remained a lucrative business for foreign employment. Mohan Shumsher also tried to give boost to Nepal's foreign policy. Diplomatic relations were established with France in 1949. Nepal tried to get admitted in to the UN, though foiled this time by the Russian veto. Nepal and India also signed a treaty of trade and commerce during this period.³²

³⁰ Ibid.

³¹ Prasad, Shashi Bhushan (1989), *The China Factor in Indo-Nepal Relations 1955-72*, New Delhi: Commonwealth Publishers: 50.

³² Khadka, Narayan (1997), *Foreign Aid and Foreign Policy: Major Power and Nepal*, New Delhi: Vikash

Interim Democratic Era (1951-1960)

Nepal's foreign policy in between the period of introduction of democracy in the country for the first time in 1951 and the inception of the Panchayat era in 1960 was outward looking and intense. Major breakthroughs were Nepal's diplomatic relations with 21 countries. During this period, progress was registered in bilateral trade and friendship treaties with the conclusion of the Extradition Treaty with India in 1953, and the Treaty of Trade and Transit in 1960.³³ Frequent visits of high level of personages between Nepal and other friendly countries began to take place that further helped enhance the projection of Nepal's foreign policy. However, as most of the leaders of this era had begun their political campaign for democracy from the soil of India, and therefore, were close to their Indian counterparts, almost all governments of this period were considered to have harbored soft approach towards India.³⁴

Panchayat Era (1960-1990)

Nepal's foreign policy got further international recognition during the Panchayat era. Nepal's non-aligned policy was made fully operative during this period. The late King Mahendra gave top priority to equal relations between India and China. The Kathmandu-Kodari Highway of 110 km was constructed by the Chinese aid to link the two countries by road despite India's objection. Various bilateral and multilateral assistances were sought for the construction of the Mahendra Highway, reducing sole dependence on India. Nepal candidly asked for the support of the world community for Chinese admittance to the UN.³⁵

Publishing House: 77.

³³ Narayan, Khadka (1993), "Democracy and Development in Nepal: Prospect and Challenges", *Pacific Affairs*, 66(1): 57.

³⁴ Prasad, Shashi Bhushan (1989), *The China Factor in Indo-Nepal Relations 1955-72*, New Delhi: Commonwealth Publishers: 142.

³⁵ Muni, S.D. (1992), *India and Nepal: a changing relationship*, Delhi: Konark Publishers: 24.

During the Panchayat era Nepal's foreign policy took a deep root with its further expansion and diversification on the basis of increasing number of the establishment of diplomatic relations with 71 countries, non-aligned approach, peaceful gesture, and friendship and co-operation with all the nations. Nepal's separate identity as an independent, peaceful and non-aligned country was further consolidated in this era.³⁶

On top of all, the proposal made by the King Birendra before the world community in 1975 to declare Nepal a Zone of Peace and the overwhelming support of the proposal received from 116 countries was a great foreign policy achievement of this era. The proposal still bears relevance in the context of growing threats to peace in the country. Nepal had also had some achievements in this period in regard to trade and security matters. The treaties on trade and transit with India and a bilateral border control treaty with China were also concluded. Nepal also emerged as an active country to launch SAARC and established the SAARC Secretariat in Kathmandu. The general wish was that the foreign policy of this era had its strong domestic political setting.³⁷

Multiparty Democracy, 1990 onwards

With the coming of multiparty democracy in Nepal after the Peoples Movement I, 1990, Nepal's foreign policy was, cordial towards India. Initiatives were taken to cultivate cordial relations with both India and China keeping in view the national interest of Nepal. There were exchanges of high level visits between Nepal on one side and India and China on the other side. During this time, Nepal and India signed two separate treaties on trade and transit. In addition, several agreements and Memorandum of Understanding (MoU) were signed on issues pertaining to water resources, agriculture and industrial development. There were efforts to restore good relation with India and also promote economic cooperation. With China, Nepal signed agreements on economic and technical cooperation. Nepal also supported China's stance on Tibet. Though Maoists insurgency

³⁶ Shaha, Rishikesh (1990), *Three Decades and Two Kings, (1960-1990): Eclipse of Nepal's Partyless Monarchic Rule*, New Delhi: Sterling Publishers: 84.

³⁷ Muni, S.D. (1992), *India and Nepal: a changing relationship*, Delhi: Konark Publishers: 25.

unleashed certain difficulty in India-Nepal relations on account of fear of spillover effects. India remained significant in Nepal's foreign policy.

With the Maoists led by Prachanda entering the political mainstream by assuming power, Nepal's foreign policy became more inclined towards China. However, recent trends show that Nepal gradually has reverted to its earlier policy of equidistance to serve its national interest.

In the changing political scenario, the main objective of the study is to examine Nepal's foreign policy in the post -1990 period, the role of geopolitics in Nepal's foreign policy, the rationale behind the policy of special relationship with India and policy of equidistance between India and China and the historical evolution of Nepal's foreign policy

Keeping in view the objectives in mind, the research looks into the importance of foreign policy of Nepal. The Geo-strategic location of Nepal has played an important role in determining its foreign policy. Nepal has always maintained closer ties with India because of its close socio-cultural, economic and political linkages. But time and again, to counter Indian influence and to negotiate with India, Nepal moved closer to China which started during the British time but it was much played at the time of King Mahendra when he perceived that the Indian support was not given to the dismissal of the democratically elected government of B.P. Koirala. The monarchical system at different times leaned towards China. Even the Maoist governments, who were not welcomed by the Indian government with open heart, tried to bring China on their side. The biggest challenge for Nepal is to maintain balance in foreign relations with both the neighbors that can benefit the country. It is pertinent to study Nepal's foreign policy from 1990 because the country witnessed multi-party democracy, constitutional monarchy, people's war by the Maoists, the royal takeover by King Gyanendra to the abolition of monarchy and the constituent assembly election. In such a politically volatile environment, it is interesting to look into foreign policy of Nepal. How is the country reacting to the regional and global events and how is the international community looking at Nepal.

The rationale of the study set varied research questions which the study would try to

answer. Has the change in governments led to shifts in the foreign policy of Nepal? How does Nepal utilize its Geo-strategic location for meeting its foreign policy objectives? What is the impact of the recent political and constitutional crisis on Nepal's foreign policy?

By taking account of the research questions the study looks into two hypotheses. First, regime changes in Nepal lead to changes in the foreign policy directions towards India and China and, second, landlocked Nepal utilizes its geo-strategic advantage in playing China against India.

In order to conduct the research, the proposed research would be analytical in nature. The study will deal with both primary and secondary sources. The primary data would include documents of the government agencies, press release and organizational reports. The secondary sources of data will include books, news reports, various journal articles, newspaper clippings, and various academic papers. The study will also use information and data collected through various seminars, symposium, think tank analysis of worldwide organizations, interviews and information collected through Internet sources.

The research starts with an analysis of Nepal's Foreign Policy since People's Movement I, 1990-2004 which forms the second chapter. This chapter would deal with the changes in Nepal's politics since people's movement I, its impact on foreign policy. It will also analyze how regime change leads to changes in Nepal's policy towards India and China. This will be followed by the third chapter on Nepal's Foreign Policy since People's Movement II, 2005-2010. This chapter would address King Gyanendra's quest for legitimacy since 2005, beginning of people's movement II, its impact on foreign policy and how King Gyanendra's played China against India for maintaining his autocratic regime and also further analyze, CPN (M) and CPN (UML) governments and its policy towards India and China. The research concludes with the last chapter which will have the concluding observation and will test the hypotheses. It will also try to answer the research questions.

CHAPTER-II

**NEPAL'S FOREIGN POLICY SINCE PEOPLE'S
MOVEMENT I, 1990-2004**

Revolution and Democracy

Nepal began its first attempt at democracy in 1951. In 1960, King Mahendra declared democracy a failure and imposed direct rule. In 1962, the king established “Panchayat,” a partyless, pseudo-democratic system of government with the King remaining the real center of power. The country suffered economically and socially under the Panchayat system until April 1990, when the Nepali Congress Party (NC) and the United Left Front (ULF) led a people’s movement for democracy and human rights.¹ The constituents of ULF were: Communist Party of Nepal (Marxist-Leninist), Nepal Workers and Peasants Party, Communist Party of Nepal (Fourth Convention), Communist Party of Nepal (Marxist), Communist Party of Nepal (Burma), Communist Party of Nepal (Manandhar) and Communist Party of Nepal (Amatya). The movement brought change to a bicameral parliamentary system and by November 1990, Nepal had a new constitution and the King became nominally less powerful. The NC became the dominant party, with the Communist Party of Nepal Unified Marxist-Leninist, CPN (UML), as the largest party.²

In April 1990 the ending of the partyless Panchayat of multiparty democracy brought about a noticeable change in the foreign policy of Nepal. The Zone of Peace proposal which had been the main plank of the foreign policy of Nepal since February 1975 almost receded into oblivion in the post-Panchayat period. Moreover, Kathmandu took steps not only to restore friendly relations with New Delhi but also to enhance economic cooperation between the two countries. In June 1990 K.P. Bhattarai, the then Prime Minister of Interim Government of Nepal, visited India at the invitation of V. P. Singh, the then Prime Minister of India. The two leaders reaffirmed their government’s adherence to the principles of sovereign equality, territorial integrity, non-use of force and non-interference in each other’s internal affairs. They expressed their desire to usher in a new era of cooperation between the two countries especially in the fields of industrial and human resources development. They also agreed to harness the river water resources

¹ Koirala, Niranjan (1991), “Nepal in 1990: End of an Era”, *Asian Survey*, 31(2): 134

² Khadka, Narayan (1993), “Democracy and Development in Nepal: Prospects and Challenges”, *Pacific Affairs*, 66(1): 45.

for the benefit of the people of the two countries.³

The multi-party elections were held after 30 years in Nepal in 1991, the last being in 1959. In the elections conducted in accordance with the terms of the newly promulgated constitution (1990) the Nepali Congress secured 110 seats in a 205 member Parliament and formed the government with G.P. Koirala as the Prime Minister. The Communist Party of Nepal (United Marxist Leninist) secured 69 seats and took the role of the main opposition party.⁴ When the Nepali Congress Government headed by G.P. Koirala took office in May 1991, it endeavored to strengthen its relations with all countries especially with its neighbors. It took steps to enhance its economic cooperation with India instead of harping on the Zone of Peace proposal. Prime Minister G.P. Koirala visited India from 5-10 December 1990 and signed two separate treaties on trade and transit apart from concluding several other agreements and memoranda of understanding encompassing water resources, agriculture, and industrial development in Nepal. The new treaty of trade provided for several new facilities and arrangements such as reduction of Nepalese or Nepalese-India content requirements from 65 per cent to 55 per cent for duty and quota free entry to India. Similarly, the new treaty of transit helped simplify customs and other procedures in matters Nepalese Traffic in transit in India. Moreover, a memorandum of understanding was signed to establish the B.P. Koirala India-Nepal foundation.⁵

The objective of the foundations is to foster educational, cultural, scientific and technical cooperation between Nepal and India. The government of India pledge to provide Rs. 20 million to the foundation with a matching contribution from the Nepalese side. P.V. Narasimha Rao, Prime Minister of India, paid an official visit to Nepal from October 19 to 21, 1992. During his visit to Nepal several decisions were taken to further consolidate and expand bilateral cooperation. New Delhi agreed to improve and simplify the regime for export of Nepalese goods to India. It decided to allow movement of Nepalese private

³Thapa, Bhekh B. (1992), "Nepal in 1991: A Consolidation of Democratic Pluralism", *Asian Survey*, 32 (2): 176

⁴ Ibid.

⁵ Thapliyal, Sangeeta (1997), "Changing trends in India-Nepal relations", *Strategic Analysis*, 21(9): 1312

commercial vehicles from the Nepalese border to Haldia and back. It agreed to allow duty-free and quota-free entry into Indian markets of Nepalese goods with 50 per cent Nepalese labour and material content. India agreed that 20 million units of power (the double of the quantity agreed in December 1991) would be supplied free of cost to Nepal from the Tanakpur project. She also agreed to construct a canal at the earliest for irrigation of upto 5000 hectares of land in Nepal. The two sides also agreed to a time-frame for all investigations and the preparation of feasibility reports on the Karnali, Pancheswar, Sapta, Kosi, Budhi Gandaki, and Bagmati projects.⁶

In 1993 Nepal- India cooperation expanded furthermore. The B.P. Koirala institute of Health Sciences was established in Dharan with Indian cooperation. This institute is likely to meet the acute shortage of medical personnel in Nepal. Moreover, Nepal and India extended their cooperation to the banking sector with the opening in Kathmandu of a new State Bank of India. This joint venture was aimed at increasing Nepal's export and services to India and promoting Indian tourists to the Himalayan Kingdom. Nepal-India relations were further strengthened by the visit of King Birendra and Queen Aishwarya of Nepal to India in May 1993. The Kings' talks with the Indian leaders were marked by utmost warmth, and cordiality.⁷

The Nepali Congress Government's cordial relations with India were not established at the cost of Nepal's traditional ties with China. In his inaugural address at a talk programme on "Nepal's Foreign Policy and its New Dimensions" organized by the newly established institute of Foreign Affairs of the Ministry of Foreign Affairs in Kathmandu on December 14, 1993. Prime Minister Koirala said, "The fundamental elements of Nepal's foreign policy are conditioned by our geo-political realities and remain immutable in view of long term national interest. We cherish the best of relationship with our contiguous neighbors, India and China, both of which are long-standing and best friends." In fact, the Nepali Congress Government endeavoured to maintain friendly relations with both big neighbouring countries, India and China, on the basis of the

⁶Pradhan, Bishwa (2000), *Behaviour of Nepalese Foreign Policy*, Kathmandu, Nepal: 239

⁷ Ibid.

principles of sovereign equality, non-interference, mutual benefit and good neighbourliness.⁸

In March 1992 Prime Minister G.P. Koirala went on an official goodwill visit to China. During the visit an agreement on economic and technical cooperation was signed with a view to further strengthening cooperation between the two countries in economic and commercial fields. In a joint communiqué issued at the conclusion of Koirala's seven-day visit to China, the two sides stressed the need for a new international order based on the principle of mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality, mutual benefit and peaceful co-existence.⁹ The Nepalese side reaffirmed that Nepal would not allow Tibetans to engage in any anti-China activities on her soil. Moreover, king Birendra and Queen Aishwarya paid a state visit to China in September 1993 at the invitation of the Chinese President Jiang Zamin. The two Heads of state discussed bilateral, regional and international issues of mutual interest. They expressed satisfaction at the steady consolidation of bilateral relations between Nepal and the People's Republic of China. The royal visit contributed to the promotion of mutual understanding and trust between the two countries. On 30 October 1993 Prime Minister Koirala undertook his week-long private visit to Tibetan region of China to strengthen bilateral relations.¹⁰

However, the Nepali Congress Government failed to accelerate the process of economic development of the kingdom especially the development of its water resources because of its domestic troubles. It had virtually been besieged by the opposition parties which launched a campaign to oust G.P. Koirala from premiership soon after Koirala signed, in December 1991, the Tanakpur agreement with India which they decried as sell-out. The Tanakpur controversy had not ended when the CPN (UM-L) and other leftist parties

8Bhasin, A.S. (ed.) (2005), *Nepal-India, Nepal-China relations: Documents, Diplomatic and Foreign Policy Documents: Rest of the World*, New Delhi: Geetika Publishes: 204.

9Ibid.

10Manandhar, V.K. (1999), *Cultural and Political Aspects of Nepal-China Relations*, Delhi: Adroit Publications: 74.

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intensified their agitations for the resignation of Koirala in the aftermath of the Dasdhunga accident in which two leaders of the CPN (UM-L), namely Madam Bhandari and Jeev Raj Ashrit had died. Moreover, a protracted infighting within the ruling Nepali Congress had weakened the Koirala government. Koirala had to resign on July 10, 1994 after losing a crucial vote in the Nepalese parliament.¹¹

After resignation of G.P Koirala government, mid-term election was held in 1994 and the Communist Party of Nepal (United Marxist-Leninist) came to power. It was expected to bring about a significant change in Nepal's foreign relations especially in its relations with India. The Nepalese Communists had adopted anti-India postures since the inception of Communist movement in the kingdom. They have been main supporters of "equal" relations between India and China. They described the 1950 Indo-Nepalese Treaty of Peace and Friendship as "unequal" and "one-sided", and demanded its abrogation. Manmohan Adhikari who headed the Communist Government visited India and China in April 1995. His talks with his counterparts in these countries focused chiefly on a review of the 1950 Indo-Nepalese Friendship Treaty aimed at changing its security provisions, and on the import of arms from China in the event of a modification of the treaty.¹²

However, the Adhikari Government was not in a position to modify the 1950 treaty with India since it was minority government with 87 members in the 205-member House of Representatives and it could not have obtained the support of other political parties in amending the treaty. Moreover, in the post 1990 period no Nepalese government could conclude and ratify a treaty with a foreign country on matters of peace, security and natural resources of the kingdom unless it has a two-thirds majority in the Nepalese parliament.¹³

¹¹ Baral, Lok Raj (eds.) (2005), *Election and Governance in Nepal*, New Delhi: Manohar Publications: 34.

¹² Poudyal, Ananta Raj (1996), "Nepal in 1995: The Communist Rule – Experiment", *Asian Survey*, 36 (2): 209.

¹³ Ibid.



The Manmohan Adhikari Government was voted out of power in September 1995. The frequent changes of Nepalese government adversely affected Nepal's foreign policy and its development process. The problems of Bhutanese refugees in Nepal and the development of its water resources with external assistance needed immediate attention of the Nepalese government. But trends in Nepal indicated that the Nepalese coalition government headed by Sher Bahadur Deuba and formed on September 12, 1995, by the 85-member Nepali Congress, the 19-member Rashtriya Prajatantra Party and 3-member Nepal Sadbhavana Party were not able to address itself to these issues. The members of Nepali Congress who fought for multiparty democracy and the members of the Rashtriya Prajatantra Party who are erstwhile members of the Panchayat system have different foreign policy orientation and did not evolve a consensus on foreign policy issues.¹⁴

Nepal's foreign policy did not change substantially in 1995, despite the various agendas proposed by the UML government. Deputy Prime Minister and Foreign Minister M.K. Nepal told Parliament that his government would revise the 1950 Peace and Friendship Treaty with India, other unequal treaties, and the Tanakpur Barrage agreement; he also promised to address India-Nepal border regulation, the work permit system, water resources, trade and transit issues, and the Bhutanese refugee problem. He paid an official visit to India in February but did not raise any of the issues as promised, simply requesting India to solve the trade problem, assist ongoing projects, and support economic cooperation with the new government.¹⁵

India and Nepal signed a draft agreement for construction of 18 bridges on the Kohalpur-Banabasha sector of the East-West highway. The press of both countries said the Deputy PM did not explain Nepal's stand on treaty and security issues. Nepal's former ambassador to India and Nepali Congress Member of Parliament, Chakra Bastola, said there was a "discrepancy" in the UML leader's position now that the party was in power from when it was in opposition, and the National Democratic Party's (NDP) Pashupati

¹⁴ Khadka, Narayan (1995), "Factionalism in the Communist Movement in Nepal", *Pacific Affairs*, 68(1): 72

¹⁵Ibid.

Shumsher Rana asked how the government “will seek national consensus on Nepal-India relations, since the UML is trying to prove it is closer to India than other parties.”¹⁶

Prime Minister Manmohan Adhikari paid a state visit to India in April, which had been preceded by an all-party meeting in Kathmandu that expressed the usual view that treaties and agreements with India should be consistent with Nepal’s interests. At the meeting, Adhikari stated that:

*“The Mahakali is a common river, the Tanakpur agreement is against the Constitution. The 1950 Treaty of Peace and Friendship can be repealed. We do not want to remain under the security umbrella of any nation. For this reason, the 1950 Treaty must be reviewed in the light of the present situation.”*¹⁷

But in New Delhi, the prime minister ceded to be completely confused, and the joint press communiqué said that “discussions between the two sides proved fruitfully concerning different aspects of bilateral ties including a review of the 1950 Treaty.”¹⁸

The Nepal press termed the visit a disappointment and said that Adhikari had returned home “virtually with empty hands.” Another newspaper said that the UML was simply trying to convince India that it can be a more “trustworthy friend” than the NC or any other party. To prove equality in relations toward India and China, the prime minister visited the PRC in April, where he received thanks from Premier Li Peng for Nepal’s support to China on the issues of Tibet and Taiwan.¹⁹

¹⁶Rose, Leo E. (1999), “Nepal and Bhutan in 1998: Two Himalayan Kingdom”, *Asian Survey*, 39 (1): 158.

¹⁷Poudyal, Ananta Raj (1996), “Nepal in 1995: The Communist Rule – Experiment”, *Asian Survey*, 36 (2): 214.

¹⁸Ibid.

¹⁹Ibid.

Maoist Insurgency

In February 1996, the leaders of the underground Communist Party of Nepal (Maoist) and the United People's Front (UPF) launched a "People's War" in the mid-western region of Nepal, with the aim of replacing the constitutional monarchy with a one-party Communist regime. The uprising appeared to have been fueled by widespread perceptions of government corruption and failure to improve the quality of life of citizens, including providing access to cultivable land. The Maoist movement is estimated to include between 5,000 and 10,000 armed fighters and to control a substantial proportion of Nepal. By some estimates the Maoists ran a parallel government, setting up their own tax system, burning land records, and redistributing seized property and food to the poor, in 45 districts. The King of Bhutan is reported to have stated that the Maoists control 69 of 75 districts in Nepal.²⁰ The insurgency has been waged, in part, through torture, killings, and bombings targeting police and public officials. Some analysts have equated the insurgency with the Shining Path movement in Peru. A string of bank robberies, combined with "revolutionary tax" revenue, had made the Nepali Maoists among the wealthiest rebel groups in Asia, with up to \$128 million in net receipts. The Maoists control over Nepal "has been steadily increasing."²¹

Shortly after Prime Minister Sher Bahadur Deuba took office in July 2001, the Nepali government and the Maoists announced a truce and began peace talks the following month. After three rounds of promising discussions, talks broke down over the Maoists' demand that the monarchy be eliminated. Compounding the country's difficulties was the June 2001 tragedy in which ten members of the royal family, including King Birendra, were killed in an assassination-suicide, reportedly carried out by Crown Prince Dipendra, the murdered king's younger brother, Gyanendra. On November 23, 2001, the Maoists broke the cease-fire with coordinated attacks on army and police posts. Three days later,

²⁰ Muni, S. D., (2003), *Maoist Insurgency in Nepal: The Challenge and the Response*. New Delhi: Rupa Publications, 2003: 129.

²¹ Hutt, Michael (ed.) (2004), *Himalayan People's War: Nepal's Maoist Rebellion*, Bloomington: Indiana University Press: 103.

King Gyanendra declared a state of emergency, which allowed the Royal Nepal Army (RNA), then at strength of 53,000, to join the police in fighting the insurgents.²² The poorly trained, largely ceremonial RNA, however, was unable to stem the increasing Maoist violence. Plans were underway to expand the force, thought to number at least 72,000, and to provide them with enhanced training. The state of emergency was extended for three months in February and again in May 2002. The government also passed the Terrorist and Disruptive Activities (Control and Punishment) Bill in April, which replaced an anti-terrorism ordinance issued at the time of the first declaration of emergency. The new law made terrorism a crime punishable by life in prison and allows government forces to detain terrorist suspects for an extendable 90-days period.²³

After breaking the cease-fire, the Maoists staged numerous deadly attacks on police and army posts, government facilities, and civilian areas, and forced the country's economy to a standstill in successive general strikes protesting the state of emergency. A significant proportion of the deaths associated with the insurgency have occurred since November 2001. Two of the deadliest battles came in May 2002, when, according to Nepali officials, up to 650 rebels and at least 100 soldiers and police officers were killed. Following those clashes, the rebel commander, Pushpa Kamal Dahal — also known as “Prachanda” or “the fierce one” — issued a statement declaring a one-month cease-fire beginning May 15, 2002. Claiming that the rebels have used cease-fires to regroup, the government of Nepal promptly rejected the cease-fire offer and insisted that the rebels first lay down their arms.²⁴

Critics of the Deuba government's hard-line approach toward the Maoists argued that it failed to address the rural poverty that underlies the Maoist campaign. After the state of emergency expired on August 28, 2002, the Maoists again stepped up their attacks. During the first week of September, Maoist bombings and battles with police officers and

²²Baral, Nabin and Joel T. Heinen (2005), “The Maoist People's War and Conservation in Nepal”, *Politics and the Life Sciences*, 24(1/2): 8.

²³ Ibid.

²⁴ Adams, Brad (2005), “Nepal at the Precipice”, *Foreign Affairs*, 84 (5) : 128.

soldiers left more than 300 people dead. On September 16, a general strike called by the Maoists shut down much of the country. November clashes in areas to the west of Kathmandu involved rebel attacks on police stations and administrative headquarters and caused at least 200 deaths, including some 60 security personnel. Along with this accelerated pace of violence, there were reports that sizable Nepali army units had undergone anti-terrorist training in India.²⁵

India was concerned about impact of the Maoist insurgency in Nepal because of its spill over to Uttaranchal state in India. There also appeared to be a nexus between the Maoist in Nepal with similar outfits as People's War Group in Andhra Pradesh, Jharkhand, Bihar and Orissa. The annual report of Indian Defence Ministry for 2002-03 stated, "the growing influence and grip of the Maoists throughout the country, particularly the Terai areas bordering India and their links with Indian left extremist outfits are a cause of serious concern". India is linked with its northeastern part by "Chicken's Neck", a narrow strip of territory between Nepal and Bangladesh. It was also feared that if insurgency in Jhapa district of Nepal were to spread to Chicken's Neck, India's control of the entire Northeast might be endangered. It is to be remembered that India is fighting many separatist insurgencies in such states as Nagaland and Manipur in the northeast.²⁶

A meeting of Chief Ministers of states affected movements similar to the Maoists in Nepal was organized in September 2004 in Delhi. It was attended by Chief Ministers and senior officials of Uttar Pradesh, Bihar, Jharkhand, Madhya Pradesh, Chhatisgarh, Andhra Pradesh, West Bengal, and Maharashtra. The meeting expressed concern about linkages between Maoists in Nepal and similar outfits in India and emphasized better co-ordination between security and intelligence agencies and noted with concern Maoist threats to assassinate Indian leaders with human bombs. A peaceful resolution of the

²⁵ Karamer, Karl- Heinz (2003), "Nepal in 2002: Emergency and Resurrection of Royal Power", *Asian Survey*, 43(1): 211.

²⁶ Pandey, Nishal Nath. (2005), *Nepal's Maoist Movement and Implication for India and China*, New Delhi: Manohar Publications: 97.

Maoist insurgency in Nepal seemed also in India's strategic interests. It was precisely because of open Indo-Nepal border that the Maoist insurgency could spread so fast as the insurgents could often take shelter across the border. Many of the security concerns of the Indians could have been addressed had the border been better regulated by such means as record keeping of movements and residents in areas close to the border provided identity cards that could be used while crossing the border. India has so far been reluctant to regulate the open Indo-Nepal border but there are indications that it is now changing.²⁷

The Maoist Insurgency and India

India's attitude was not entirely clear and appeared to be against the Maoist in the beginning of the insurgency. Particularly in view of the links between the Nepalese Maoist and similar groups in India itself, the Indian government regarded the rebellion as a security threat and had in fact started describing the Maoist as "terrorists" even before Nepal's government did so.²⁸

The Maoist anti-Indian themes changed dramatically almost five years after the start of the insurgency. The revelation of the Maoist' secret links with India would have been less damaging if not for their initial shrill opposition to India. Having identified New Delhi as the hegemonic power, which presided over Nepal's semi-colonial condition, the Maoist had fed the masses for years on strident anti-India rhetoric. The Maoist top leaders, some of whom were believed to be in Kathmandu, sometime in the initial five years of insurgency, appeared to be hiding across the open border in India, where the rebels also sought treatment for their injured. In 2001, it was revealed that Maoists were operating from bases in India. Their presence in India was also confirmed when Nepali Congress Party leader Girija Prasad Koirala and another Congress Party leader had met the Maoist

²⁷Hutt, Michael (ed.) (2004), *Himalayan People's War: Nepal's Maoist Rebellion*, Bloomington: Indiana University Press: 109.

²⁸Whelpton, John (2005), *A History of Nepal*, New York: Cambridge University Press: 233.

leader Prachanda in Delhi in March 2002.²⁹

The Indian support to the Maoist, which was revealed in 2001, might have linkages with a few key factors: the anti-Indian themes of the Maoist, the influential role of Communist Parties in Indian government, and an increasing foreign presence in Nepal. The “anti-Indian” themes spread by the Maoist during the start of insurgency and the continuation of same until 2000, made Indian establishment to consider the Maoist. The theme again gained heights during the “royal massacre” which might have made Indian establishment to bargain with Maoist on certain grounds by providing shelter in India. The considerable influence of Communist Party of India (Marxist) CPI-M in the Indian government since 1996 was another contributing factor for the Maoist in favor of India. A renowned Communist figure of India, Jyoti Basu, who was the Chief Minister of West Bengal, India from 1977 to 2000, who was even in a position to become the Prime Minister of India in 1996, helped in stitching together coalition governments led by V. P. Singh in 1989, H. D. Deve Gowda in 1996, and Inder Kumar Gujral in 1997.³⁰

In 2004, Basu, and a stalwart figure of CPI-M, Harkishan Singh Surjeet impressed upon the Left parties to lend support to the Congress-led United Progressive Alliance government of Manmohan Singh. The leader of CPI-M, particularly Sita Ram Yechury, is known to be sharing warm relations with Maoist leaders Prachanda and Baburam Bhattarai of Nepal. The criticism of Indian foreign policy over the last few years also provides evidence about the Indian policy, and support towards Maoist in Nepal. India’s ruling establishment was not too fond of the Nepalese monarch, especially India’s first External Affairs Minister in the present Congress Government. The present External Affairs Minister owes his first elected seat in Parliament to the CPI-M’s political support to a large extent, and cannot but be beholden to them.³¹

²⁹Whelpton, John (2005), *A History of Nepal*, New York: Cambridge University Press: 219.

³⁰Mishra, Rabindra (2004), “India’s Role in Nepal’s Maoist Insurgency”, *Asian Survey*, 44(5): 637

³¹ Bhattarai, Baburam (2005), “Royal Regression and the Question of a Democratic Republic in Nepal”,

The Maoist Insurgency and China

The Maoist, from the very beginning of the insurgency until they joined the political mainstream on 21 November, 2006, neither talked about China, nor the Chinese government expressed serious concern related to the situation created by the Maoist insurgency in Nepal. Nischal Nath Pandey, director, Center for South Asian Studies, writes:

*A panel discussion conducted by the Delhi-based Institute of Peace and conflict Studies for the first time had a series of speakers who disclosed that “China has its own interests in Nepal, but not to the detriment of India, [and] there is evidence that China is aiding the Maoist, and the latter are openly proclaiming their leaning towards Beijing.” Other than this, no reportage or any discussion openly pinpointing Beijing for Nepal’s conflict can be found.*³²

The Chinese government’s diplomatic support to Nepal’s government continued during the peak of the insurgency, especially from 2001 to 2005. The normal relations were maintained by the exchange of high-level visits and economic aid. In December 2001, right after the imposition of the state of emergency, Chinese Foreign Minister Tang Jiaxuan spoke over the phone with Prime Minister Deuba, making the stand of the Chinese government clear that it would support the Nepalese government in hitting back against the anti-government forces and maintaining peace and stability in Nepal. Pandey further writes “according to the erstwhile Chinese ambassador to Nepal Wu Congyong, China does not consider the insurgents as Maoist, as they are abusing the name of their great leader.”³³

Economic and Political Weekly, 40(15): 1511.

³² Pandey, Nishal Nath. (2005), *Nepal’s Maoist Movement and Implication for India and China*, New Delhi: Manohar Publications: 133.

³³Ibid. 156

International Support to Nepal and the Response of India and China

Towards 2002 and 2003, India was concerned with the growing foreign presence in Nepal. The increased support provided by the United States and United Kingdom governments in terms of training to the Nepalese Army's personnel, and the provision of weapons and equipment was a matter of serious concern for India, which it could neither express officially nor take any direct action as was the case in the 1988-1990 Nepal-India crises. One of the reasons might be the ongoing Global War against Terrorism and the declaration of the Maoist as an "other terrorist organization" by the United States Department of State in 2002. The increasing support of the United States in Nepalese state affairs caused concern, not just for the Maoist, but also for the Indian government. The king of Nepal, who imposed his direct rule by dissolving parliament on February 2005, could not gain Indian support wholly for granted.³⁴

"Indeed, Indian perspectives on Nepal's political travails are complex and nuanced. The Indian government's response has alternated between covert support for the Maoist, and the peremptory extradition of certain members of the Maoist to Nepal."³⁵ Michael Hutt, a reader in Nepali, at the School of Oriental and African Studies at the University of London, writes "The 'Indian angle' of the affair is a crucial one, which deserves much greater attention." The Maoist came to the negotiation table twice; August 2001 and January 2003. One of the factors that brought both the Government and the Maoist to the negotiating table for the second time in January 2003 was the increasingly active interest taken by India.³⁶

³⁴ Bohara, Alok K. et al. (2006), "Opportunity, Democracy, and the Exchange of Political Violence: A Subnational Analysis of Conflict in Nepal", *The Journal of Conflict Resolution*, 50(1): 123.

³⁵ Hutt, Michael (ed.) (2004), *Himalayan People's War: Nepal's Maoist Rebellion*, Bloomington: Indiana University Press: 16.

³⁶Ibid.

Although India continuously provided military support to the Government of Nepal to fight the insurgency, it was keen to bring the Maoist into the political mainstream so that the perceived foreign presence could be reduced. The internal motive behind that could be to decrease the direct ties between the militaries of Nepal, the United States, and United Kingdom, which was in the lexicon of the Indian establishment, “a violation of provision of the 1950 treaty.” India desired, and continues to desire western countries follow the Indian channel in dealing with Nepal. Malik writes:

As far as the US-Nepal cooperation is concerned, a joint US-Nepal military counter-insurgency exercise was conducted in January-February 2003. This was followed by another exercise. Earlier, the US Defense Attaché in New Delhi looked after military relations with Nepal. Now a separate US military Attaché has been posted in Kathmandu. According to reports, three US military delegations and assessment teams have visited Nepal recently, and about US\$ 12 million worth of military assistance has been promised. This includes about 3000 M-16 rifles. UK has given two helicopters, thirty-five Land Rovers, and some other logistics equipment. According to some reports, Pakistan too has offered some military assistance to Nepal. In conclusion, I would like to make two points that impact our security relationship. The first concerns Indian assistance of military weapons and equipment to the Royal Nepal Army. The Royal Nepal Government has often complained about the delays, or the quality of these weapons and equipment. . . . The other issue concerns internationalization of this issue is neither good for Nepal nor for India. Even China would be worried on this account. This is an area that should be treaded carefully. Increased foreign presence, particularly the US military presence, could cause the Chinese concern and even involvement.³⁷

³⁷ Malik, Ved Prakash (2004), “India-Nepal Security Relations”, in *India-Nepal Relations: The Challenge Ahead*, New Delhi: Rupa: 85.

China did not express any concern about the developing situation during the Maoist insurgency and kept a low profile, but has kept an observant eye on the incident taking place. Bruce Vaughan, in a report to the United States Congress, writes, “China has distanced itself from the Nepalese Maoist.”³⁸

China termed the 1990 and 2006 democratic movements as internal affairs of Nepal reflecting the people’s aspirations for peace and progress. It also assured arms supplies to King Gyanendra to quell the Maoists when India and the United States refused any military assistance. On the other hand, it asked the Communist Party of Nepal-Unified Marxist-Leninist (CPN-UML) to embarrass the Nepali Congress-led Government to indirectly strengthen the king’s image as the champion of Nepal’s independence. The King and royalist leaders adopted a close relationship with China to counter Indian influence, which was perceived to be closer to democratic forces. King Mahendra, Gyanendra’s father, was known for his anti-India sentiments and effectively played the China card during the 1950s and 1960s. Gyanendra’s open support for China during the thirteenth summit of the South Asian Association for Regional Cooperation (SAARC) in Dhaka reinforced Nepal’s proximity to China. King Gyanendra indicated at the Dhaka summit that Nepal would veto Afghanistan’s entry into SAARC unless China was simultaneously invited as an observer.³⁹

³⁸ Pandey, Nishal Nath. (2005), *Nepal’s Maoist Movement and Implication for India and China*, New Delhi: Manohar Publications: 129.

³⁹ Nayak, Nihar. Nepal: “Nepal: New Strategic Partner of China.” March 2009. Accessed on 21 March 2010.

http://www.idsa.in/idsastrategiccomments/NepalNewStrategicPartnerofChina_N_Nayak_300309

CHAPTER-III

**NEPAL'S FOREIGN POLICY SINCE PEOPLE'S
MOVEMENT II, 2005-2010**

Nepal underwent a difficult period in 2002, when King Gyanendra sacked the democratically elected government of Sher Bahadur Deuba on October 4 and started assuming most of the executive powers himself. With King Gyanendra's seizure of power on February 1, 2005 came the declaration of state of emergency in accordance with article 115 (1) of Constitution of the Kingdom of Nepal 1990; the restriction of fundamental freedoms; the banning of several newspapers, television broadcasting channels; the prohibition of demonstrations; and several arbitrary arrests, among other of the democratic parties' leaders. The situation became worse when he staged a royal coup. In protest, most donors stopped their cooperation with Nepal, and the country was thrown into a state of international isolation. Immediately after the royal take over, Gyanendra constituted a royal cabinet under his chairmanship and appointed two royalists, Kirti Nidhi Bista and Tulsi Giri as vice-chairmen of the council of ministers.¹ On February 2, 2005 the royal cabinet meeting approved King's 21-point programme for maintaining social unity, law and order as well as for safeguarding the sovereignty of Nepal. After the royal take over the major seven political parties alliance started debating on the establishment of republican form of government rather than retaining the 'constitutional monarchy' after restoring multi-party democracy in the country stating that the monarchy has become 'irrelevant'.²

Political instability in Nepal affects India's security in different ways. India's security concern with Nepal is due to the open border it shares with Nepal. Therefore, India would not want any other power to play a major role in Nepal. China, the northern neighbour of Nepal, has shown a softer approach in dealing with the monarchy. On the imposition of emergency and the royal takeover, the Chinese foreign ministry spokesman Kong Quaint said that it was 'an internal affair of Nepal'. At the same time, Nepal's closing down of the Dalai Lama's office was clearly a move to please the Chinese. China has historically supported monarchy in Nepal, as was witnessed from 1960 to 1990, during which China managed to get infrastructure development projects in the Terai

¹ Pradhan, Sahana (2007), "The Foreign Policy of Nepal in the Changed Political Context", *Israel Journal of Foreign Affairs*, 1(3): 112.

² Adams, Brad (2005), "Nepal at the Precipice", *Foreign Affairs*, 84(5): 130.

region bordering India. Pakistan is yet another country that has tried to appease the monarchy in Nepal by agreeing to give military aid after India and UK halted theirs. The official Pakistani statement issued after the withdrawal of emergency has refuted arms aid to Nepal.³

In 2005, at the peak of its military influence, the CPN-M made a strategic turn to seek a permanent peace settlement and forged an alliance for democracy with Nepal's mainstream parliamentary parties, against the dictatorial rule of King Gyanendra. In so doing, it opened up a completely new phase in the turbulent political history of Nepal and paved the way for the remarkable mass upsurge of April 2006, known to Nepal as the Second Democratic Revolution—Jana Andolan II. Beginning on April 6, with the declaration of a 4-day general strike and rally for democracy, the Jana Andolan turned into a 19-days uprising that brought over a million people into the streets of Kathmandu and the other cities, braving tear gas, baton charges, plastic bullets, arrests and, eventually, an 18 hour 'shoot-to-kill' curfew. The strike was soon declared indefinite adjoined by shop-keepers, drivers, civil servants and even bankers, the cities soon running short of food, fuel and cash. The Royal Nepalese Army shot dead at least 15 protesters—by most estimates many more.⁴

The royal coup faced criticism not only from India, but also from the UK, the US and the UN. It appeared that both the UK and the US gave India the lead in putting pressure on the King to restore democracy and human rights in Nepal. Both India and the UK suspended military aid to Nepal. The US took a "wait and see" approach but was generally supportive of the Indian and the British positions. However, India has now lifted its suspension of military aid and it remains to be seen whether the UK follows suit. India is concerned both about the contagion effect of conflict on India, as well as its own arms industry. In Nepal there is a perception that India is more interested in promoting its national self-interest than in promoting democracy, requiring to reach an accommodation with the de facto ruler in Nepal. During India's suspension of military aid, the King tried to give the impression that Nepal could turn to China to rescue it from

³ Thapliyal, Sangeeta, (2006), "Nepal at the Political Crossroads: Options for India", *South Asian Survey*, 13: 67.

⁴ Vanaik, Achin (2008), "The New Himalayan Republic", *New Left Review*, 49: 34.

international isolation.⁵

India, which had been one of the major arms suppliers for the Nepal Army, halted all military aid on 22 February 2005, opposing King Gyanendra's takeover of power on 1 February 2005, calling for the restoration of multi-party democracy, release of detained political leaders, and constitutional monarchy. India resumed the supply of only the logistic support equipment on 7 July 2005 when the state of emergency was lifted, and the senior politicians were released by the Government in May 2005.⁶

Although, India claimed that resumption of the supply was due to the change in political situation as demanded by India, however, it was mainly intended to timely stop Nepal extending towards other countries to manage its military supplies. When India halted its supplies and when the United States and United Kingdom temporarily suspended their arms shipments to Nepal under pressure from human rights activists and organizations in early 2005, Nepal appeared to be preparing to manage its supplies from China and it was another serious concern for India that might have led India to timely resume its supplies. Amnesty International writes, "King Gyanendra and his officials had responded to this halt of military aid with a quest for arms in international markets especially from Pakistan and China whose arms export policies do not in practice involve human rights considerations."⁷

In October 2005, the Chief of Army Staff of the Royal Nepalese Army visited China and announced that he had secured a commitment from the Chinese government for military aid worth over US\$ 1 million. Amnesty International further writes, "in November 2005, 18 Chinese military trucks had arrived at the Nepal-China border in Kodari accompanied by People's Liberation Army officials".⁸ When India and the Western nations including the United States cut or downgraded military links, China tried to balance the situation by extending military assistance to Nepal which was mainly directed to maintain a

⁵ International Crisis Group (2005), "Nepal: Beyond Royal Rule", *Asia Briefing no. 41*: 16

⁶ BBC News, "India resumed Nepal Military Aid," 10 May 2005

⁷ Amnesty International, "Dead on Time—Arms Transportation, Brokering and the Threat to Human Rights", 10 May 2006. Accessed on 24 April 2010.

<http://www.amnesty.org/en/lib>

⁸ Ibid.

realization on the part of Nepal that China is ever supportive.⁹

Political Parties – Maoist Coalition

Next to the King's takeover, most important political event in Nepal was the alliance between the political parties and the Maoist insurgents. The first signs of an agreement between the seven opposition political parties' alliance and the Maoists emerged when the latter expressed support for the parties' pro-democracy movement against the Monarchy. A statement released by the supreme Maoists leader Prachanda on June 19, 2006 sent out a positive signal. It stated "Earlier, we were surprised at the way the political parties had been conspiring directly or indirectly with the despotic monarchy. Now, although late, the parties have given (their) commitment to (a) constituent assembly, absolute democracy and an end to the despotic monarchy."¹⁰ In order to show his commitment for the coalition, Prachanda expressed 'maximum flexibility' to fight against the King and issued orders to all organs of his party, the People's Liberation Army (PLA) and the new People's Government, not to carry out physical attacks on unarmed persons and political activists. Internal contradictions among the parties about the proposed alliance with Maoists were ironed out when Nepali Congress (NC) president Girija Prasad Koirala declared an open dialogue with the Maoists, irrespective of the consequences. Maoists too ruled out the possibilities of peace talks with the royal government and set aside the military means to achieve victory. The first round of talks between Maoists and the alliance leaders was held in Humla, a remote district in the Karnali region, on July 28, 2005.¹¹

After several rounds of secret talks between the political parties and the Maoists, they announced formation of a coalition against the King's direct rule and declared a 12-point agreement on 22 November, 2005. The key issues and objectives referred in the agreement were:

- Ending autocratic monarchy through nationwide democratic protests;

⁹ Bhattacharya, Abanti. "China and Maoist Nepal: Challenges for India." May 2008. Institute for Defence Studies and Analysis. Accessed on 20 March 2010.

http://www.idsa.in/idsastrategiccomments/ChinaandMaoistNepal_ABhattacharya_230508

¹⁰ Gellner, David N. (2007), "Nepal and Bhutan in 2006: A Year of Revolution", *Asian Survey*, 47(1): 83.

¹¹ Ibid.

- Establishing absolute democracy through the restoration of Parliament, forming all-party government with complete authority, holding elections to a constituent assembly through dialogue and understanding with the Maoists;
- Keeping the armed Maoists force and the Royal Nepalese Army (RNA) under the supervision of the United Nations;
- Expressing commitment for free political parties activities, absolute democracy, competitive multi party system, civil liberties, human rights, the concept of rule of law, observance of fundamental rights by the Maoists;
- Undertaking self-criticism and self evaluation of past mistakes, commitment not to repeat such mistakes in future by both sides;
- Maintaining friendly relations with all countries of the world and good-neighbour relationship with India and China;
- Settling any problem emerging between the parties through peaceful dialogue at the concerned level or at the leadership level.¹²

The Nepalese political parties, united in a loose coalition called the Seven Party Alliance (SPA), started agitating against the King's takeover. The civilian population also played a fundamental role in this crucial phase: the people's resentment towards king Gyanendra's autocratic regime exploded in April 2006, leading to the largest mass protest in the history of Nepal. This protest was called Jana Andolan II.¹³

When the people's movement started from 6-24 April 2006 against the King's direct rule, India did not encourage the people's movement because India was determined to support the three-pillar theory, parliamentary parties, the Maoists, and the former King Gyanendra. India played an instrumental role in bringing the Maoists and the political parties of Nepal to a 12-point understanding that brought political change in Nepal. The agreement was concluded in New Delhi on 21 November 2005, which mainstreamed the Maoists into the political process, ending 10 years of armed conflict.¹⁴

¹² Mage, John (2007), "Nepal Revolution and International Relations", *Economic and Political Weekly*, 42(20): 21.

¹³ Vanaik, Achin (2008), "The New Himalayan Republic", *New Left Review*, 49: 66.

¹⁴ Dixit, Kanak Mani (2009), "State of the Maoist State", *Himal*, 22 (5): 45.

India claimed that the Maoist problem in Nepal was spilling over to India, posing a great security threat to India itself. Before the Royal coup, it was rumored that the King was considering asking India to send troops to Nepal to fight the Maoists. Was his visit postponed to give both sides an opportunity to work out the modalities for direct Indian military intervention? Given subsequent developments, these stories seem far-fetched. It also is difficult to believe how a tiny Maoist rebel movement in Nepal would have any meaningful impact on India – a huge country with several similar rebel movements. Even if the Maoists took power in Nepal they would pose little threat to India - a regional power aspiring to become a global power. And the Maoists would face the same constraints as any Nepalese ruler. If they want to maintain power, they would need to accept the limitations of ruling a virtually India-locked impoverished country and reach an accommodation with the larger neighbor.¹⁵

Nepal has always been showing goodwill towards India. Cordial people to people level relations between Nepal and India has existed since ancient times. It is because of similar cultural and religious traditions. Since 2005, the cordial situation is humiliating day by day between Nepal and India. In between the two big neighbors- China and India, the monarchy had been playing a balanced role. Nepalese monarchical system has been supporting-'One China policy'- Tibet as an integral part of China.¹⁶

Due to huge criticism against Gyanendra's action, King Gyanendra in effect provided the incentive for the demoralized and divided political parties to come together into a new Seven Party Alliance (SPA). He drove that alliance into talks with the Maoists and mobilized civil society against his regime and the monarchy as never before. The talks, which were held in New Delhi, with the tacit support of India, led to a twelve point agreement that was made public on 22 November 2005. A second "people's movement" gathered force in the early months of 2006 with a series of violent strikes and protests. These culminated in late April when the king was forced to abandon direct rule and agree

¹⁵ Ibid.

¹⁶ Gordon, Stuart (2005), "Evaluating Nepal's Integrated "Security" and "Development" Policy: Development, Democracy, and Counterinsurgency", *Asian Survey*, 45(4): 588-589

to the restoration of the parliament elected in 2006.¹⁷

Peace talks between the government and the Maoists resumed in May 2006, as the parliament voted unanimously to curtail the king's political powers. An inability to delegate prevented anything other than a linear process and rendered all decisions the province of the various parties' senior leaders, with the octogenarian (and ailing) G.P. Koirala, who was named the prime minister for the fourth time in April, the most authoritative among them. Moving through a series of partial agreements – including a twenty-five point code of conduct for the ceasefire reached on 25 May, an eight-point understanding agreed on 16 June 2006, and a request for UN assistance sent to Secretary-General Kofi Annan on 9 August 2006 – they culminated in the Comprehensive Peace Agreement (CPA) signed in November 2006. The CPA brought a formal end to the ten year conflict. It provided for the Maoists to enter a transitional government, and an interim constitution to be put in place, while preparations were made for elections to a constituent assembly.¹⁸

Foreign Policy entered into the New Era: 2007

The Foreign Policy of Nepal entered into a new era after the political change of 2007-2008. India proudly claims its instrumental role in bringing the political change in Nepal according to the desire of the Nepalese people. India had expressed its commitment to support Nepal's political process in the changed political setting. The current interim constitution, promulgated since mid-January 2007, clearly states that the principles and purposes of the UN Charter, the Non-Aligned Movement principles, the Panchsheel, international laws and the norms of global peace are the salient features of Nepal's foreign policy. The objectives of Nepal's foreign policy can be summed up as follows:

- Safeguard the country's sovereignty, territorial integrity and political independence;
- Maintain all-around peace, security and reconciliation;
- Promote sustainable development and social progress based on people's welfare, equity and justice;

¹⁷ Madhav Joshi and T. David Mason (2007), "Land Tenure, Democracy, and Insurgency in Nepal: Peasant Support for Insurgency versus Democracy", *Asian Survey*, 47(3): 406.

¹⁸ Ibid

- Strengthen democracy, human rights, civil liberty and inclusiveness;
- Enhance Nepal's image before the world as a country that attaches importance to world peace, security, democracy, human rights and the emancipation of colonialism;
- Continue to attain the above objectives by cultivating and promoting good relations with all countries of the world, and Nepal's neighbors in particular.¹⁹

The CPA had looked towards constituent assembly elections that were to be held by mid-June 2007. The agreement had not been as “comprehensive” as its name implied, in that it had left many critical issues, such as security sector reform, to be negotiated at a later date. But its efficacy as a tool to advance the peace process was undermined by inadequate implementation and limited monitoring of the provisions it did contain and, most fundamentally, the rapid erosion of the consensus on which it was based. Consequently, even while the basic framework of the peace process held firm – the ceasefire remained in force; the two contending armies were separated; an interim constitution and interim government were put in place – a struggle for political power within and between the political parties in the interim government (in which the NC, the UML and the Maoists quickly emerged as the dominant actors), and a deteriorating security situation consistently undermined progress. Constituent elections were postponed from June to November 2007 and then again, after a Maoist withdrawal from the government in September, to early 2008.²⁰

On April 10, 2008, Nepal went through a silent transformation, witnessing a triumph of democratic impulse rooted in the primacy of ballots over bullets. The Constituent Assembly (CA) election held that day favored the Communist Party of Nepal-Maoist (CPN-Maoist) by allocating it 220 out of the 575 seats in the fray. Its emergence as the single largest party provided it an incentive to transform itself from a class-based revolutionary organization into a mass-oriented governing party. Over 60 percent of 17,609,408 adults casted their votes to elect the assembly. Out of the total, 240 members were elected through the first-past-the- post system, 335 through proportional representation (PR) and 26 members were to be nominated by the government. Among

¹⁹ Pradhan, Sahana (2007), “The Foreign Policy of Nepal in the Changed Political Context”, *Israel Journal of Foreign Affairs*, 1(3): 113

²⁰ Whelpton, John (2009), “Nepal and Bhutan in 2008: A New Beginning?”, *Asian Survey*, 49(1): 55.

the 74 political parties that had registered themselves with the Election Commission (EC), only 54 actually contested. Nine of the parties secured seats through both systems of election while 25 parties could have access only to those seats that were allocated for the proportional system. Parties receiving more than 23,512 votes in the proportional system garnered at least one seat in the CA.²¹

The evolution of the fractured popular mandate, with none of the parties commanding an absolute majority, provided considerable space for many small parties to play influential roles in the constitution-making process, a participatory exercise. The CPN (Maoist) outmaneuvered the two traditionally ruling parties, the Nepali Congress (NC) which scored 110 seats and the Communist Party of Nepal Unified Marxist-Leninist (CPN-UML) with 103 seats. Out of the 116 seats allocated for the Terai plains, the southern flatland, the CPN (Maoist) captured 42 seats thus posing a competitive challenge to regional parties. The regional parties were an offshoot of the Madhesi movement that based itself on identity politics that ranged from the pursuit of rights and identity to outright secession. By the time the elections were held, the leaders of the Madhesi movement showed that they were capable of joining the mainstream if only to guarantee autonomy for their region in the new constitution. The Madhesi Jana Adhikar Forum (MJAF) scored 52 seats, Terai Madhesh Loktantrik Party (TMLP) 20 seats and Sadbhavana Party (SP) 9 seats only. The Indian government supported the Maoist-led government when it was established in August 2008.²²

Dramatic political developments in Nepal in the years 2007-2008 also led to changes in Nepal's interaction with both the neighboring countries. Almost 240 years of monarchical rule was abolished, the country changed from a Hindu Kingdom into the Secular Federal Democratic Republic of Nepal, a new Constituent Assembly (CA) was created, and in 2008 the Maoists came to power. Since these political developments, China has extensively increased its activities in Nepal. Chinese actions since the political change of 2007-2008 have elicited differing opinions regarding Nepal's relationship with India and China from think tanks and policy analysts. As of 2010, Nepal is still busy managing its internal politics and has not been able to draft the new constitution

²¹ "Nepal's Election and Beyond", *Crisis Group Asia Report no. 149*, 2 April 2008: 17. .

²² Ibid.

mandated by the CA election held in April 2008.²³ Some argue that the Maoists were brought into power by India, but now are moving towards China, and that India needs to reevaluate its relationship with Nepal, with whom its security is closely linked. Others argue that there has been a major shift in China's foreign policy towards Nepal since the Maoists ascended to power. China had earlier adopted a policy of "non-intervention" in the internal matters of Nepal and largely stayed out of Nepalese internal politics. However, the demise of the monarchy and the ascendancy of political parties led China to reshape its Nepal policy. Within Nepal some argue for building closer ties with China because Nepal could gain enormously from China's rapid rise and spiraling economic growth.²⁴

India was the first country to congratulate the Maoist Prime Minister Pushpa Kamal Dahal Prachanda within an hour of his election as the Prime Minister of Nepal. With the congratulatory message came Indian Prime Minister Man Mohan Singh's wish "to meet you in the near future and receive you in India as our guest at your earliest convenience." Not the least, India's role was instrumental in the conclusion of 12- Point Understanding, which mainstreamed the Maoists in the political process by abandoning 10-years long armed conflict in 2006 and led to the elections of CA in 2008.²⁵

A tradition in Nepal for the prime minister has been to pay his first official visit to India after being elected. However, Prachanda broke this tradition and visited China first on 24 August 2008, after becoming the first prime minister of the Federal Democratic Republic of Nepal. Prime Minister Prachanda during his visit to China assured his Chinese counterpart, Hu Jintao, of Nepal's commitment to the "One China" policy and vowed not to allow any anti-China activity on Nepal's territory.²⁶

There are major changes in Nepal's foreign policy outlook since the Maoists assumed power in August 2008. The new Nepalese state, the Federal Democratic Republic of Nepal emphasised independence in the conduct of its foreign policy. As declared in the

²³ Kondapalli, Srikanth (2010), "China's frays into Nepal", *World Today*, 66(6): 30

²⁴ Hangen, Susan, (2011), "Nepal and Bhutan in 2010", *Asian Survey*, 51(1): 130

²⁵ Ibid.

²⁶ Nayak, Nihar, "Nepal: New Strategic Partner of China." March 2009. <http://www.idsacomments>.

election manifestos and subsequent statements made by the then Prime Minister Prachanda, the Maoist government adopted an 'equidistance policy', which he explained as a policy of Non-alignment and remaining neutral. The Maoist policy of equidistance has been adopted by the succeeding coalition government led by CPN-UML.²⁷

The Maoist prime minister did not aim to make an enemy of Delhi and make his 5 days visit to India that took place on September 14–18, 2008 rather successful. The result of this first meeting proved that India held no grudge against Nepal, despite the aforementioned diplomatic affront, for both parties reached a series of agreements. They released a 22-point statement, which said that PM Manmohan Singh had agreed, among other things, to provide the government of Nepal with a credit of 1.5 billion Indian Rupees so that it could meet its petroleum needs for the next three months. But, above all, the two prime ministers had agreed to review the 1950 Indo-Nepal Treaty of Peace and Friendship. This unprecedented understanding suggested that Pushpa Kamal Dahal's latest policy towards China and India bore fruit. Yet this agreement could not be credited solely to the Maoist leader, for even if India fears China's growing influence in the Himalayan republic, its main asset is that it remains Kathmandu's major economic partner, without which Nepal could not hope to develop its economy fully. Thus, one also has to see in this understanding a sign of goodwill from India, which was striving to start its relationship with the new Nepal on a new basis. Nonetheless, this will to establish good relations with Kathmandu was rooted in Delhi's consideration of its own internal affairs.²⁸

Prime Minister Prachanda paid a five-day official visit to India from 14 September 2008 at the invitation of Indian Prime Minister Manmohan Singh. Prachanda said in an interview to the CNN-IBN on 18th May 2008, "we will not side up with one country against the other. We will maintain equidistance in political sense and not in terms of cooperation and other things." Prachanda appreciated the positive support extended by the people and the Government of India throughout the peaceful political democratic

²⁷ Nayak, Nihar. Nepal: "Nepal: New Strategic Partner of China." March 2009: 588-589. Accessed on 21 March 2010.

http://www.idsa.in/idsastrategiccomments/NepalNewStrategicPartnerofChina_NNayak_300309

²⁸ Government of India (Ministry of External Affairs), *Joint Press Statement on official visit of Nepal's Prime Minister Pushpa Kamal Dahal to India*, 14-18 September. 2008.

transformation in the country. Similarly, the Government of India expressed full support to the peaceful political and democratic transition in Nepal.²⁹

It appeared that the situation brought by the political changes made it difficult for China to manage its relations with Nepal, especially to deal with political parties in the changed setting, who had been maintaining relationships through the monarchy for the past four decades. Given the dynamics of India-oriented major political parties of Nepal, the dominant role of India in Nepal's political change, and the rise of the Maoists as one of the major political forces through the CA election, might have encouraged China to develop stronger ties with the Maoist government in the aftermath of the political changes.³⁰ The increased diplomatic activities of China after the political changes would have been due to major interests. China would have visualized a larger scale of "free Tibetan movement" in Kathmandu on the occasion of 50th anniversary of the "free Tibet movement," and the international implication of the movement just a few months before the opening of Beijing Olympics in August 2008. And another reason might have been the development of the covert relationship between the Maoist and the Communist party of China to muster enough support to the Maoist government, politically and economically. The Maoist's immediate need to extend relationships with China would have also been encouraged by the growing Indian attitudes towards the Maoists immediately after the CA elections. India never expected that the Maoists would emerge as the largest party in the CA elections.³¹

China appeared to be relatively silent throughout the insurgency, but increased its activities since the beginning of the political change in Nepal. China welcomed the new political development, and expressed that "China would respect the Nepalese peoples for a political change." India was uncomfortable with the Maoist government and its policy of seeking "equal ties" with Beijing, as it was seen by the Indian media and analysts as a diplomatic code for an end to the very "special relationship" between India and Nepal. The Indians perceived Prime Minister Prachanda's visit to China as China's rise in

²⁹ Ibid.

³⁰ Nayak, Nihar. Nepal: "Nepal: New Strategic Partner of China." March 2009. Accessed on 21 March 2010.

http://www.idsa.in/idsastrategiccomments/NepalNewStrategicPartnerofChina_NNayak_300309

³¹ Lawoti, Mahendra (2010), "Nepal and Bhutan in 2009: Transition Travails?", *Asian Survey*, 50(1): 168

India's periphery and the subcontinent's shifting balance of power in China's favor. India was also not very happy with the Maoist's continuous insistence on integrating the Maoist combatants into the Nepalese Army. That was evident in the Indian insistence that the "professional character" of the Nepal Army needs to be preserved. In addition, the growing security complication, which India conceived and continues to conceive due to the Maoist increased clout in Nepal, appeared as a constant source of worry for India.³²

Between the periods from 1996 to 2007, given the range of the Maoist policies, it became very hard to identify their exact intention towards India and China until 2008. Although the Maoists exploited Indian cooperation to come to power, they had not left their initial stand of abrogating the 1950 treaty. Moreover, the hard-line anti-Indian sentiments could not be washed away overnight. Prachanda, when he paid an official visit to India as Prime Minister in September 2008, raised this issue and agreed with India's Prime Minister to "review, adjust, and update" the 1950 treaty and other agreements while giving due recognition to the special features of the bilateral relationship. Coupled with these issues, the increasing relationships between the Maoists and China after the political change, which was almost void, provided an indication of the Maoist' intention towards China.³³

India's political support to the Maoist government did not last long. The Maoists tried to use China to counter-balance Indian influence. They neither hid their suspicion of India, nor concealed their desire to use China against India. Moreover, Nepal's Maoist linkages with the Indian Maoists remain a constant source of worry for India. Interestingly, there has been an increasing attempt by China in recent years to engage the government, the political parties, and the people of Nepal. All this has raised Indian concern regarding the Maoists and Nepal. When Prime Minister Prachanda was trying to dismiss the Army Chief General Rookmangud Katawal, India did not express any official comments on the situation, but the Indian ambassador exercised diplomatic initiative and urged the Prime

³² Ibid.

³³ Nayak, Nihar (2010), "Maoist rhetoric on India-Nepal Relations", *Institute for Defense Studies and Analysis*: 10. Accessed on 2 September 2010.

http://www.idsa.in/idsacomments/Maoist rhetoric on India-Nepal Relations_nnayak_130110

Minister not to remove the Chief of Staff of the Army. On the issue of integration of the Maoists in Nepali Army controversy, Prachanda resigned from Prime Ministership and CPN-UML Chief Madhav Kumar Nepal became the Prime Minister. After becoming the Prime Minister, Madhav Kumar Nepal paid a five-day official visit to India in 18 August 2009. The visit resulted in the Indian government's pledge of assistance of NRs 32 billion for Nepal. The first President of the Federal Democratic Republic of Nepal, Ram Baran Yadav, paid the first state visit to India in February 2010. India announced to spend US\$ 361 million over the next several years on roads and rail links in the plain areas of Nepal.³⁴

The new government led by CPN-UML has adopted moderation in its policies vis-a-vis India. However, given the political ascendancy of the Maoists in Nepalese politics, the anti-India sentiments are likely to grow in future, affecting Nepal's overall foreign policy posture towards India. The recommendation of International Affairs and Human Rights Committee of Nepal's Constituent Assembly to scrap the 1950 treaty of Peace and Friendship with India on March 17, 2010 indicates this trend. However, the Committee suggested the inking of a new treaty with India.³⁵

In the changed political setting, Nepal appeared keen to strengthen its diplomatic relations with India and China. The policies and programs of the Government of Nepal announced for the fiscal year 2009-2010, states that "friendly and cordial relations with neighboring countries, particularly with India and China will be further strengthened."³⁶ The policy further states that, "the Nepalese territory will not be allowed to be used against any neighboring and friendly countries."³⁷

³⁴ Hangen, Susan, (2011), "Nepal and Bhutan in 2010", *Asian Survey*, 51(1):128.

³⁵ Nayak, Nihar (2010), "India-Nepal Peace and Friendship Treaty (1950): Does it Require Revision?", *Strategic Analysis*, 34(4): 589.

³⁶ Office of the Prime Minister and Council of Ministers, Policies and Programs of the Government of Nepal, 2009-2010.

³⁷ Ibid.

CHAPTER-IV

CONCLUSION

The new phase in Nepal's foreign policy started after the peoples' movement of 1990. There were lots of changes in the political condition of Nepal. Nepal adopted multi-party democracy after the collapse of Panchayat System. The Maoists also started their decade long armed struggle which brought international attention. The Royal Massacre of 2001 also took place. There was also the signing of Comprehensive Peace Accord with the Maoists which ended the decade long violence. After the accord, Nepal was declared Federal Democratic Republic of Nepal. 201-years old Monarchy was abolished. Due to all these major changes, there were also changes in Nepal's foreign policy. There was new policy towards its neighbours after new powers such as the Maoist came in the government.

Geographically, Nepal is a landlocked country situated between India and China. To the north, the Himalayas constitute a natural and mostly impassable frontier between Nepal and China. To the south, east, and west, Nepal is hemmed in by India. Given the nature of the topography of Nepal, it is easier in some places to commute within Nepal via Indian territory. Socially and culturally too Nepal has more affinity with India. Both the countries give national treatment to each other's citizens and allow free movement of people from both sides across the 1751 km long border. Nepal is also close to China and shares 1,415 km long border. They have a long history of cultural and political relations. Hence, from the very beginning Nepal has tried to maintain close relations with both India and China. However, Nepal's relations with India have been closer because of its geopolitics.

The Chinese economic assistance to Nepal has remained significant. The geographical complexity of the Himalayan Range can never relieve Nepal of its dependency towards India for all practical purposes. Chinese economic assistance has been primarily focused on enhancing "diplomatic goodwill" so that Nepal will respect China's (one-China) policy interests, as China desires Nepal to act favorably to their policies because of 'its most sensitive' Tibet bordering Nepal.

India and China always try to hold their influence in Nepal. Chinese and the Indian strategies reflect their perspectives, desire to expand their relative influence over Nepal at one another's expense. Both the powers display a lack of satisfaction with the current status quo and have pursued strategies that are aimed at maximizing their share of influence. Offensive realism seems to be at play in the region insofar as the strategies of India and China vis-a-vis Nepal are concerned.

The prime concern of India in Nepal is the security concerns. India considers Nepal to cooperate, in all matters pertaining to defense, as signified by the Treaty of Peace and Friendship signed in 1950, and the Arms Agreements of 1965. This assumption is based on keeping Nepal under the Indian security framework, limiting Chinese influence so that it does not engage in any security agreements with China, and maintaining Nepal's cooperation with India.

India's security concern goes even beyond by limiting the activities of other countries. All such acts which India believes, could provide flexibility and freedom to open a door for Nepal for other countries to establish possible security agreements with China in the future, are the concerns of India. A similar situation was there in 1989, and during the Maoist insurgency, when the United States and United Kingdom provided military hardware and training to Nepal's Army. Furthermore, Indian worries substantially increased when the United States announced military aid to Nepal for the years 2005 and 2006. The military hardware assistance opened by China in 2005, following the aid provided by the United States and United Kingdom, had deeper concern among the Indian security experts.

Nepal should clearly prioritize its national interests and adopt a policy in managing its relationships with India and China, that would best preserve and promote her national interests. As the country undergoing political transformation, Nepal's national interests could be: security, internal stability, economic development, and establishing a sound democratic mechanism. Security from external and internal threat as well as political stability is deemed to be the primary concerns for Nepal. As the rivalry between India and

China continues unresolved since the Sino-Indian war, it appears that both the countries will keep a vigilant eye on Nepal. Such vigilance is further enhanced by the possibility of future conflicts due to the increasing military power of both the countries. There is increasing Chinese interest in the countries surrounding India and India attempts to limit Chinese influence in those countries. In this environment, on one hand, the activities of India and China in Nepal have been directed to counter each other's influences. Their presence in Nepal pressurizes Nepal to comply with their interests.

The maintenance of political stability for sustainable peace warrants greater attention in the changed political context of Nepal. The way to promote stability in Nepal lies on strengthening their democratic institution and mechanisms. Nepal should manage its internal political situation and establish good democratic practices by narrowing the differences amongst the political parties so that they work jointly on national issues that would help to promote conditions for such stability. Given the role of India in the political transformation of Nepal over the years, India being the largest open democratic system can serve as an example for Nepal to establish stable democratic mechanisms.

As China greatly increased its activities in Nepal after the political change of 2007-2008, some envisioned Nepal moving towards China. It would be wise on the part of Nepal to take into consideration the time and scope of China's involvement in relation to the intensity and significance of its involvement in the recent past. China has realized that monarchical rule was a reliable institution for maintaining relations that respected China's major concerns for almost four decades. Given the unresolved issue of Tibet since 1959, political instability in Nepal, and China's rivalry with India, China was desperately looking for a dependable substitute in the aftermath of the monarch's abolition. China never approached Nepal for a closer relationship by contacting the political parties in Nepal during the monarchical rule. Given the close relationship of some political parties of Nepal with India, China could have assessed that the Maoist could be the reliable force in Nepal to preserve its interests when they became victorious in the Constituent Assembly (CA) election.

The Maoist were not only anti-Indian, they were anti-Western too. Since the inception of their movement, they effectively succeeded to power by using various means through Indian assistance as India was trying to limit the monarchy's role in Nepal given the close relations it had maintained with China over the years. China, which was providing support to the King's rule to fight the Maoists, with no evidence supporting a link to the Maoist, immediately, tried to seize the opportunity and establish a timely hold providing extensive support to the Maoist government. Nepal should not completely overrule the importance of maintaining relationship with other countries because if a situation similar to that of 1989 occurs, and given China's policy of "non- interference," Nepal could at least effectively present its position in the international forum by using diplomatic means and could resolve the crises with the diplomatic initiative of the key global leadership.

Keeping in view the dynamics of Nepal's foreign policy towards India and China from historical perspectives and geographical settings Nepal must use its hard-won position within this triangle carefully and wisely. Nepal must choose its future path by negotiating and managing the relationships with India and China in these changed political contexts. It must maintain a sharp focus on serving its national interests, promoting stability and prosperity, preserving sovereignty and independence, and uplifting the economic standards of Nepal, even as it balances the interests of two powerful next-door neighbors, China and India.

Therefore, from time to time Nepal, in the name of preserving territorial integrity, sovereignty, independence as well as to maintain autocratic regime moves to China when the issue of foreign policy comes. Looking at the history, for example, when India criticized King Mahendra's action of overthrowing the democratic government led by B.P Koirala in 1960, Mahendra moved to China and gained support for his action. His pro-Chinese policy reveals from signing of road agreement between Nepal and China and strengthening cooperation with China. A further look at the Birendra regime also explains the same policy, but in tactical way. To distance Nepal from direct influence of India and China, King Birendra proposed the Zone of Peace for Nepal. To accept Nepal

as Zone of Peace regional powers like India and China's support was essential. Despite the proposal supported by China, Pakistan and other western powers like U.K, U.S, and France etc., did not come into effect due to India's distance from it. India argued that it is not necessary for Nepal to move for Zone of Peace because it was against the Peace and Friendship Treaty signed between India and Nepal in 1950. After India's refusal to recognise Zone of Peace proposal, Nepal bought Arms from China which was against India's security concerns in the region. Thereafter, India and Nepal Treaty of Trade could not be renewed and the relation received a setback. But Nepal-China relations continued.

Nepal-India relations were not harmonious during monarchy. The main reason of decline of relation was that India was in favour of democracy in Nepal which was countering monarchy. Therefore, Monarchy looked towards China for support. As a result, the Chinese influence was more visible during monarchy. On the other, hand China also provided sufficient economic assistance to Nepal to gain its influence. Indeed, Nepal played China card to gain concession to India. It has, infact, been playing the dual card from time to time for getting support from both the countries.

In 1960, Nepal adopted Panchayat system which lasted till 1990. In Panchayat system, the political parties had no role. It was against the peoples' democracy. To restore democracy, a strong movement started against the Panchayat System adopted by the King. The movement (Janandolan I) was led by the United Left Front (ULF). India supported the movement. Due to the peoples' movement democracy was restored with multi party system in 1990. This visible shift in Political system from absolute monarchy to constitutional monarchy saw the foreign policy of Nepal shifting as well. Under the elected democratic regime India-Nepal relations improved because of India's support for democratic movement of Nepal. Most of the democratic leaders started their movement from India in the initial phase and they were also educated at Indian universities and had maintained good relations with the Indian leaders.

After royal massacre of 2001, Gyanendra became the King of Nepal. Gyanendra gradually became autocratic. By taKing the advances of political instability, he dismissed

the elected government and declared emergency in February 2005, and captured power. The King's action was criticised by the international community including India. Interestingly, China was in support of King's action. However, to overthrow King's autocracy and for restoration of democracy, Peoples' Movement II started under the leadership of Seven Party Alliance (SPA) including the Maoists. It should be mentioned that the main demands of the Maoists were to declare Nepal as a democratic republic. It also demanded for constituent assembly elections for constitution writing. To crack down the peoples' movement II, King Gyanendra sought India's help. After India's refusal Gyanendra moved to China that provided all help including arms and ammunition to crack down the movement. But despite the Chinese help, due to the vibrant movement, King's autocracy came to end with recognition of Nepal as a democratic republic in 2008.

After restoration of democracy, constitutional elections were held in 2008, where CPN-M emerged as the largest political party and they led coalition government under the leadership of Prachanda. In Nepal it was the tradition that any prime minister, after assuming office, pays first official visit to India. But breaking the tradition, Prachanda went to China ignoring India. India also didn't provide open support to CPN-M led government. After returning from China Prachanda visited India and demanded to revise the Treaty of Peace and Friendship which he regarded against the Nepalese interest. So, Prachanda in the name of equi-proximity policy mainly followed pro-china policy. However, he did give statements on friendly relations with india.

However, over the integration of Maoist rebellion in Nepal Army dispute arose between CPN-M and President Ram Baran Yadav and as a consequence Prachanda reigned from the post of Prime Minister. As a result Madhav Kumar Nepal formed coalition government under CPN (UML) by joining 22 political parties.

In the changed political setting, Nepal appeared keen to strengthen its diplomatic relations with India and China. The policies and programs of the Government of Nepal announced for the fiscal year 2009-2010, states that "friendly and cordial relations with

neighboring countries, particularly with India and China will be further strengthened". The policy further states that, "the Nepalese territory will not be allowed to be used against any neighboring and friendly countries". Therefore, it can be observed that change of regime or government in Nepal also leads to the changes in the foreign policy towards India and china respectively.

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