

Nepal's Agony Deepens

King Gyanendra's move to restore the authority of the newly appointed government, and the government's successful bid for support from two of Nepal's political parties, was the first good news in many months, as Nepal's eight-year-old insurgency descended into an increasingly violent civil war. India, the United States, and China have in practice been cooperating to prevent Nepal from joining the ranks of failed states. This is still an uphill battle; if it fails, Nepal could become another dangerous exporter of instability in a troubled region.

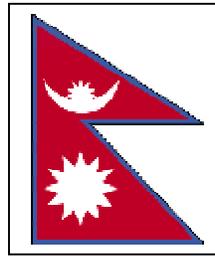
Background:¹ Since 1996, the conflict in Nepal has claimed over 9,500 lives. The strength of the Maoist insurgents derives from rural Nepal, primarily in the western districts, though the rebels operate in all of Nepal's 75 districts. Some estimates indicate they control over 43 percent of the territory. Maoist leader Prachanda, whose real name is Pushpa Kama Dahal, is supported by 4–5,000 well-trained guerillas, who are further supported by another 10–15,000 militia. At the outset, the conflict seemed to be a highly decentralized, life-or-death struggle. With the passage of time, negotiations over Nepal's constitutional arrangements and over benefits for its desperately poor people, together with the usual array of issues of personal power, have emerged as the most likely ingredients in a settlement—if one can be reached.

Maoists—more lethal, more political: A steady increase in violence has been accompanied by a growing tendency toward direct military engagement between the Maoists and the Royal Nepalese Army (RNA). The fighting has also spread into urban areas. Over 1,300 people have been killed since the ceasefire between the Maoist insurgents and the government broke down in August 2003.

The insurgents continue to target their violence. Landmines and improvised explosive devices (IEDs) account for more than 35 percent of the deaths in the RNA. A further substantial percentage results from assassinations and ambushes on specific military convoys and camps, often in urban areas. The insurgents continue to rely on political tactics as well, including strikes or *bandhs*. Almost a dozen have been called since January, costing Nepal almost \$14 million a day, a serious burden in the world's twelfth-poorest country, with a per capita GDP of \$250 per year. They have been devastating to the economy, already hampered by years of violence and political instability.

Strikes have also been called by the opposition political parties, trade unions, and most recently by a student wing associated

with the rebels. Student strikes forced the closure of thousands of schools and colleges and eventually forced the government to accede to the strikers' demands for such benefits as free primary education and reduced fees in private schools. While compliance with the strikes may have reflected fear of the insurgents more than sympathy or agreement with the strikers, it also demonstrated that the Maoists are able to have a major impact. Ironically, the strikes have also deepened the devastating educational deficit in Nepal. Students in Nepal are mandated to be in class 260 days a year; those in Maoist strongholds attend for only 100 days.



The government responds: The government's response to the increasing attacks by the rebels has been to rely increasingly on military action and emergency rule to quell opposition. In the last four years, the RNA has increased in size by 75 percent, and since 2001, it has been directly engaged in the battle against the insurgency. The king

has at several times outlawed public demonstrations. Most recently, the government reinstated the ban on public demonstrations around the king's palace and other "sensitive" places.

Deteriorating human rights: The toll of such actions and responses has further eroded human rights in Nepal. Among other international criticisms of this behavior, Amnesty International put Nepal in its "countries at risk" category. Since January, both the government and Maoists have been accused of worsening human rights violations. The police and the RNA are accused of illegal detention of Maoists, mass executions of rebels, and torture of detainees. Amnesty International contends that since August 2003, more than 600 civilians have been illegally detained.

For their part, the rebels have been criticized for committing brutal killings and torture of those who resist their orders, abduction of innocent civilians, and attempted extortion of money from tourists and civilians. More than 200 journalists have been abducted in the last three years, and in May alone, more than 350 students were abducted.

The new government: In the three years since most of the royal family was killed in a palace assassination, Nepal has been through four governments, with the king asserting extra-constitutional executive power for almost two years. On June 2, the king reappointed Sher Bahadur Deuba as prime minister. Deuba, representing the Nepali Congress-Democratic, had served in that capacity twice before and had been sacked by King Gyanendra for "incompetence" in 2002.

¹ For a brief description of the background of the crisis, see "Continuing Crisis in Nepal," *South Asia Monitor*, no. 65 (December 1, 2003), available at <http://www.csis.org/saprogram/sam65.pdf>.

Deuba has had some success in building alliances within a very suspicious political class. He has promised to hold elections by April 2005. One of the five major political parties, the Communist Party of Nepal–United Marxist Leninist (CPN-UML), agreed to join his government. This move was prompted by the king’s decision to restore full executive power to the prime minister. Meanwhile, the Nepali Congress, while not participating in the government, announced on June 21 that it supported the idea of a constituent assembly, a Maoist demand but one that could become an important element in negotiations between the government and the insurgents. In Nepal’s highly confrontational political system, it is too early yet to tell whether the government will be able to last or to develop a stronger national consensus behind its efforts to restore peace and some degree of governmental authority to the country.

International influence—India in the lead: India has long been the major foreign actor in Nepal. Besides its traditional concern for maintaining primacy in its strategically placed neighbor with whom it shares cultural and religious ties, India is concerned about the spread of instability and incipient ties between the Maoists and India-based insurgent movements. In the past three years, it has provided Rs. 3 billion (slightly over \$65 million) in military assistance. In addition, India has nabbed Maoist leaders and rebels crossing the border. At the beginning of June, India arrested 10 suspected rebels, including six belonging to the Maoists’ decisionmaking body, the Central Committee. India deported them to Nepal, where they ended up in the hands of the government. In response to such efforts by India, the Maoists have targeted symbols of India in Nepal, including boycotting Bollywood films in the early weeks of June and banning the movement of Indian vehicles in south-central Nepal.

The foreign minister in India’s newly elected government, Natwar Singh, in his first visit outside India, traveled to Nepal in the first week of June. Pledging increased security and military support to Nepal, Singh reflected India’s desire to see stability. Along with security issues, India and Nepal have discussed immigration issues. Both countries maintain open borders, which many Nepalese cross to find work in India. On June 17, India announced the creation of Multipurpose National Identity Cards (MNIC), in an effort to track immigration along the border. The move is aimed at controlling the cross-border movement of Maoist rebels.

The United States and China back the government: The United States is another strong supporter of the king and the government. The U.S. State Department has frozen Maoist assets in the United States or those held by U.S. persons under antiterrorism legislation. In FY 2003, the United States committed \$17 million worth of military equipment to Nepal, and in May 2004, it announced a commitment to provide \$40 million in economic and humanitarian aid for FY 2004, leaving the option open to increase such aid if peace and stability are restored.

China too has now agreed to boost security cooperation with Nepal along their shared border. This could translate into a greater crackdown on Tibetan dissidents fleeing to India and rebels crossing into China, though the announcement gave no

formal reference to such activities. In contrast with its earlier policies, India has tacitly accepted both the U.S. and Chinese policies toward Nepal.

In addition, UN secretary general Kofi Annan and Switzerland have separately offered to mediate talks between the rebels and government. The rebels agreed to such mediation by Annan, but the government rejected the proposal, citing its own ability to deal with “internal” matters.

International economic aid remains crucial to Nepal’s economic management, though the continuing political and insurgency crises could jeopardize prospects for future aid. In May, at the Nepal Development Forum meeting, Nepal asked for \$560 million in aid, more than half its national budget. However, no agreement was reached among the donors, which included the United States, the European Union, and the Asian Development Bank. Earlier that month, more than 10 international aid agencies suspended activities in Nepal because of increasing extortion by Maoists and the worsening political and security situation. For a country where 42 percent of the population lives below the poverty line, more cutoffs in aid could translate into a humanitarian crisis.

Hope for the future? Most analysts agree that the government’s conflict with the Maoists cannot be resolved until the king, prime minister, and political parties reach some political consensus. Even if that happens, forging peace with the Maoists will remain difficult. The larger question of whether Deuba will be able to hold together a government for more than a few months, let alone form a coalition, looms over the political horizon. He has managed to appoint only three ministers to his cabinet, a far cry from the 30-plus he had more than two years ago. Continued divisions within the political establishment ensure that talks with Maoists are going to be, at best, far away. Squabbles between the major opposition parties limit any coherent approach toward resolving the insurgency issue.

Deuba’s professed interest in a new ceasefire and his track record for conducting talks with the rebels in 2001 is somewhat encouraging. The support of third parties for mediating talks and helping with social needs is also a positive sign. However, the challenge remains for Deuba to navigate Nepal into political and social stability. If compounding economic problems and violence continue unabated, hope for this “Himalayan paradise” will fade, and with it, Nepal could become the next state to join the ranks of “failed states.”

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