

Emerging Challenges of Nepal's Foreign Policy

(A national seminar jointly organized by Institute of Foreign Affairs & Friedrich-Ebert Stiftung)

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Nepal is in the midst of carving out its new political, constitutional and federal structures from the inclusive Constituent Assembly and homegrown peace process that is moving through occasional hiccups. The long desire of the Nepalese to see durable peace, stable government and economic developments could be fulfilled soon if the historic tasks are meaningfully concluded in the coming months. The success or failure of internal political process has its direct bearings on the country's external relations and behaviors. As every social, political and economic discourse is being redefined in the transition, it is imperative to pep up the foreign policy contents to further its relations with the neighbors and seek dynamic role in the regional and global forums. With its glorious historical legacy and the needed diplomatic assets, Nepal is in an advantageous position to execute its foreign policy agenda confidently and independently. What it requires is the proper management of domestic political affairs and moderate economic progress plus a common understanding for handling the successful diplomacy.

Against this backdrop, the Institute of Foreign Affairs (IFA) organized a national seminar *Emerging Challenges of Nepal's Foreign Policy* in Kathmandu on November 12, 2011. Political leaders, experts and diplomats shared their views in the day-long symposium, which was supported by the German political foundation Friedrich-Ebert Stiftung. The program was divided into two parts- opening and discussion sessions. Former Foreign Minister and Nepali Congress leader Dr. Ram Saran Mahat inaugurated the seminar and delivered his keynote speech. IFA chief Tikajung Thapa and Chinese ambassador to Nepal Yang Houlan also spoke on the occasion.

In the second session, two experts presented their working papers on the very theme while a number of participants commented them with their suggestions, questions and opinions. The participants, by and large, concurred that political stability, economic growth and grooming of diplomats are necessary for the effective diplomacy. Many of them also called for giving priority to economic diplomacy to bring more investors in the country. All speakers were for preserving national interest, sovereignty and territorial

integrity by formulating a common foreign policy recognized by all domestic political forces.

Inaugural Session

Sound Economy a Must: Dr. Mahat

In his inaugural remark, former foreign minister Dr. Mahat said that foreign policy was the extension of the domestic policy.

Nepal is one of the oldest nation states in the world and is in the advantageous position when it comes maintaining its ties with international organizations like United Nations and Non Aligned Movement (NAM), he said.

"But, Nepal is unable to pursue strong diplomacy largely due to the political instability and weak economic position. Without sound economy, the country can't push ITS economic diplomacy," added Dr Mahat.

He said that quality of governance must be improved while the best and the brightest people should be brought into bureaucracy.

"Foreign policy does not only address the political issues. Neither does it solely come under the privilege of Foreign Ministry. Finance and Commerce Ministries have also equal role while dynamically pursuing the economic diplomacy abroad," he said.

For example, WTO system is complex that requires expertise, negotiation skills and specialized knowledge.

"We cannot live on the generosity of the developed countries for the long time and should find our own way to the economic growth. We must learn from the miraculous achievements of China and India," he added.

China for mutual cooperation

Chinese ambassador to Nepal Yang Houlan said that foreign policy should be for the fulfillment of the domestic desire for developments.

"Political stability and interconnectivity are preconditions for the successful execution of the foreign policy," said Houlan.

Stating that India and China secured rapid economic growth, the Chinese envoy suggested that Nepal should reap the benefits from this situation.

"I believe that China and India should provide opportunities to Nepal for its economic development," he said.

He said that China, India and Nepal should strive for mutual cooperation, which would be beneficial to all.

"Along with political stability and conclusion of the peace process, Nepal will embark on the path of prosperity," he said.

Houlán suggested harnessing immense hydropower potentials for the economic growth.

He reiterated that China was committed to stability and continued economic support to Nepal.

Thapa calls for effective diplomacy

IFA executive director Tika Jung Thapa said that Nepal has to put in place more effective diplomatic ideas and energy to boost up its global standing not only in the United Nations but in the world at large.

"The two giants of Asia, India and China are making the tremendous development with their fastest economic growth, not known earlier. Under such circumstances Nepal cannot remain like an autarkic state with many social and economic woes festering unabated," he noted.

Thapa put emphasis that Nepal must seek its own ways and means to get through the critical period of transformation to make a safe trajectory for national security, desired development and prosperity with safeguarding of sovereignty, independence and integrity, "which our forefathers have so dearly saved and maintained with bravery, tact and sacrifice."

Of late, Nepal has moved with a satisfactory note to improve our relationships with two great neighbors, India and China, with whom our relationships are mostly concerned, he said.

"The government of Nepal appears to have floated the idea of building friendly and economic bridge between our two great neighbors," he noted.

Thapa further observed "This intention is, I think, noteworthy as far as Nepal can materialize this with India and China in the years to come. This proposition has come up in the context of this year's SAARC Summit propagating the conceptual slogan of building bridges across the region and beyond."

Paper presentation session -I

Issue a white paper on foreign policy: Bista

In the first session, foreign policy expert Binod Bista presented his working paper '*Nepal's foreign policy challenges*'. Former joint secretary at the Ministry of Foreign Affairs Madhav Shrestha commented Bista's paper that unleashed further criticisms and comments from the floor.

Bista offered historical insights into Nepal's foreign policy, encompassing period from the early decades of the 19th century to the first decade of 21st century. The 15-page dissertation sees the moves and policies, in regard with foreign relations and preservation of territorial integrity, taken by successors of Nepal's unifier Prithvi Narayan Shah in positive light. Simultaneously, Bista urges the political parties and the government under the republican set-up to frame a common foreign policy.

“Given the interplay of multiple forces at the national, bilateral, regional and multi-lateral levels, formulation and execution of Nepal’s foreign policy demands a clear and unambiguous approach to protect, preserve and further Nepal’s national interests,” he said.

Holding a critical outlook, he said that Nepal’s’ political parties and their governments either lean too much on the established guidelines or come up with new and ambitious but untested agenda that, in the long run, could be detrimental to the interests of the nation.

Bista emphasized that the new constitution must clearly outline the core and directives of Nepal’s foreign policies, which must be binding to all future governments. “Based on such principles, the all-party government is expected to come up with a white paper on the foreign policy that could be a time consuming yet vital task from the perspective of preserving the country’s interests and sovereignty.”

Bista is of the view that the 1950 Indo-Nepal Treaty of Peace and Friendship has become obsolete and outdated, and requires timely revision. He mentions some provisions of the treaty, which he said, hurt the sentiments and pride of the Nepalese.

In one provision, India is given a say in Nepal’s’ purchase of military equipment from the third country granting it ‘first preference’ for industrial and natural resource projects in Nepal.

“Such provisions are clearly inconsistent with Nepal’s exercise of full sovereignty,” he stated.

Bista is against giving unnecessary leeway to the Nepal-based foreign diplomats as they travel any part of country and give donations to schools, hospitals and other social organizations without the approval of the government. “Moreover, their interference with the internal affairs of the country has eroded its sovereign status.”

Bista seems to be more sensitive about the national integrity when he stated that ‘Nepal is destined to be in 24-hour working schedule simply for its survival as an independent and sovereign nation.’ For some participants, this assertion was hyper-sensitive and exaggerated.

However, many of Bista’s observations were based on practical insights as he noted that Nepal needed to be cognizant of the changing perceptions and priorities of its two neighbors and take timely actions or make adjustments by keeping its own national interest intact.

“As they are competing against each other to sustain their stupendous economic growth, energy and market under a stable regional market, it essential for Nepal to maintain friendly and harmonious ties with both of them,” he observed.

According to him, diplomacy should be the viable option for advancing Nepal relations with its neighbors as its typical geo-political situation has greatly restricted its scope and ability to play effective role in international relations.

Focus on public diplomacy: Shrestha

Commenting his paper, Madhav Shrestha said that Bista attempted to offer historical perspective to the country's foreign policy with focus on the current issues that the foreign policy agenda needs to incorporate and clarify.

Shrestha said that Nepalese diplomacy was unable to yield desired outcome owing to the lack of needed preparedness and political instability.

“In fact, our foreign policy keeps mum on how to convince foreigners for foreign direct investment through effective economic diplomacy,” he said.

According to him, the Nepalese diplomats needed to be trained for the handling of economic diplomacy.

“In addition to it, a good infrastructure and judiciary system should be in place so as to protect foreign investment,” he added.

Shrestha called for a critical review of the budgetary expenditure made in the expansion of diplomatic missions abroad. “Is it necessary and sustainable for the poor nation like Nepal to establish more embassies?”

“The need of today, he said, “is to provide professional skill to the people working in the foreign ministry. However, sadly, it is also suffering from the political instability.”

On the 1950 Peace and Friendship Treaty signed with India, former bureaucrat Shrestha said, “As the persons, who signed the Treaty representing the both countries were not of equal status, so were its outcome and contents. For example, the then Prime Minister Mohan Shumsher Rana and an Indian ambassador inked the controversial treaty on the part of their respective governments.”

Shrestha emphasized on the public diplomacy, which he said, not only produced positive impacts but also helped to take the pulse of the people's opinions and concerns in regard with the execution of foreign policy.

Shrestha refuted the idea that Nepal was a small country. “There are many nations in the world, which are smaller than Nepal in geography and population. Besides, Nepal is rich in natural resources, biodiversity and ethnicity.”

“Even in the field of soft power such as the ideas of democracy, pluralism, welfare state and human rights, Nepal has earned good position. There is no need to develop inferior complex among us.”

Although the globalization has weakened the national character, we can't compromise sovereignty, integrity and cultural diversity, he said and added that like Luxemburg, a landlocked and smaller country of Europe, which had played its significance role in the global diplomatic arena, Nepal should also engage in an independent diplomacy to boost up its image.

Shrestha also suggested that Nepal should best serve as a connector between the two big neighbors - India and China.

From the Floor

Former ambassador **Keshav Raj Jha** said that Bista's paper failed to heed to the role Nepal's two giant neighbors were playing at global level.

The US and European nations are confronting economic crises one after another and China had come to the scene to bail out them. “If China denies rescuing them, the crisis-ridden nations would face bigger problems. This fact has not received space in Bista's dissertation.”

Another important point Jha raised was the dismal performance of Nepal in the international forums. This was his indication to Nepal defeat in the seat of United Nations Non-permanent member of Security Council, UN General Assembly chair and UNESCO in recent time.

“We are emerging democracy but it is really sad when one reckons with the country's below the average performance in the international diplomacy. We are becoming weaker and weaker day by day. In the past, Nepal's position was duly counted but today we reached zero point. Our sixty-year long engagement with the United Nations has turned into dust,” he lamented.

He said that in the election to the seat of Security Council Non-permanent member Nepal failed to obtain votes from its closest neighbors such as Indian and China. “It is because of lack of seriousness and preparedness on the part of Nepalese foreign diplomatic missions.”

He also vented his ire to the so-called foreign policy experts, who he said, came to the front at the eleventh hour to drum up Nepal's foreign policy agenda without substantial knowledge and expertise.

Professor Shreedhar Gautam said that Bista's paper had diverted in its concluding chapters and brought quite irrelevant issues.

Gautam said that Bista's logic that Nepal should be careful round the clock for the protection of integrity and sovereignty was not based on reality.

"We should assert our role for our national security and sovereignty," Gautam stated.

Chiran Shumsher Thapa said that Nepal was facing a bundle of problems in the economic diplomacy.

In the past, our volume of exports to foreign countries such as the US and German was notable but today exports went down while the scope for the foreign investment was not promising.

The former secretary at the then royal palace stressed on inviting Indian investment in Nepal.

He said that Nepal should explore export items and market and give continuity to its past export growth.

Stating that Nepal held great potential in the development of solar and hydropower energy, he called for educating the Nepalese students in the world's best varsities for the production of capable human resources.

He said that the country had not given due attention to the problems of migrant workers. He also pointed out the need of exploring the labour market in Japan, Korea and other advanced nations with skill-oriented training to the prospective foreign workers.

Thapa said, "What we need today is the shift from less inadequacy to more adequacy and a functional democracy is necessary to make this virtuous change happen."

Former president of Nepal Bar Association **Bishwokant Mainali** said that Nepal foreign policy was overshadowed by domestic policy.

Mainali said that Asia's future would largely be shaped by whatever China and US said or acted in the regional and global theatre.

He was for framing a common foreign policy in the consent of all political parties so as to secure national interests and prosperity.

"The parties should come up clearly as to what kind of ties Nepal should have with China and India," he said.

Mainali stated that unless the country had sustainable economy, there could not be sustainable foreign policy.

The time has come to redefine 'yam' image in Nepal's foreign policy, he said in an apparent reference to the famous statement of Nepal unifier king Prithvi Narayan Shah that Nepal is a yam between two boulders.

Former ambassador **Bishnu Hari Nepal** said that Nepal's economic diplomacy was not effectual.

Nepal strongly objected to the statement of Bista that Nepal should be watchful for 24 hours to keep its sovereignty intact. He questioned, "Are our neighbors our enemy?"

"Our diplomacy suffers from psychological problem such as inferiority complex. This must be removed," he added.

He listed four major tasks – economic transformation, confidence building, disarmament and conflict resolution –, which Nepal must look into to enhance its diplomatic image. He also said that Bista' paper would have been more useful if these burning issues were included into it.

Shambhu Shumsher Rana said that the political parties lacked capacity to manage domestic problems. "In the diplomatic field, Nepal must demonstrate its aptitude to address the sensitivity of China, India and US," said Rana.

Former envoy **Dr MP Lohani** sought the role of IFA in the formulation of foreign policy.

Quoting noted foreign policy expert late Yadunath Khanal, Dr Lohani said that since Nepal was not an economic or a military power so diplomacy was its best weapon to pursue its interests in the international front.

"So, I propose using IFA as a forum to train the people on diplomatic and negotiating skill in addition to carry out important research works," said Dr Lohani, who is a former executive director of the IFA.

Buddhi Narayan Shrestha asked the paper presenter to focus on border diplomacy. Shrestha pointed out to the vast encroachment of Nepalese land by the Indian side.

He said that Tibetan refugees were flying to the US by producing illegal documents. "This development will certainly strain Nepal's ties with the northern neighbor," he said.

Sajan Ram Bhandari claimed that Nepal had not foreign policy at all.

Bhandari suggested recruiting able manpower in the foreign missions. "We need to raise our status to get our voice heard across the spectrum of global diplomacy."

Bista's response

Bista said that many of the comments were not related to the paper.

Stating that there should be positive and optimistic attitude, Bista said that politics and security of the country was backed by economy.

He urged the government to come up a white paper on the foreign policy with the common view of all parties.

Bista said that it was up to the lawmakers to set the foreign policy agenda.

On the comment that Nepal had no foreign policy at all, he quipped, "If there were no policy, it is also a policy."

Paper presentation session II

Former secretary at the Foreign Ministry Kedar Bhakta Shrestha presented his working paper '*Nepal's Emerging Foreign Policy*' and Dr. Mahat commented it.

'Pursue proactive foreign policy'

Shrestha stressed on a forward looking and proactive foreign policy. "We should look ahead and plan for future and not to be bogged down with the past. We should have a vision for, say, 20 years and plan for the next 10 years or so in the formulation of our policies."

Stating that Nepal has to closely watch, study and interpret developments in Sino-Indian relations to manage and navigate its relations with them, he called for focusing on the development-oriented foreign policy by energizing economic diplomacy that has six major components – promotion of trade, aid, investment, tourism, hydropower and foreign employment.

Shrestha's ideas can be summed up following ways:

- A. Nepal is not a smaller country - there are more than 100 nations which are smaller than Nepal in size while it ranks 40th among 90 nations in population. "Thus, we need to develop wholesome attitude while chalking out our foreign policy."**

- B. Trade, aid and developmental issues have a direct bearing in the formulation of Nepal's foreign policy.**
- C. We have to hone our diplomatic skills (communicating and negotiating capabilities) to effectively implement foreign policy.**
- D. Foreign policy is no longer the sole domain of foreign ministries. Other ministries, agencies and bodies have also their vital stake and useful role in it.**
- E. Promote Track -2 diplomacy, and also the third version of diplomacy Track 1.5 – meaning involvement of both government and private sectors jointly in dealing with foreign governments.**
- F. Under federal set-up, the centre must be strong enough to conduct effective foreign policy.**
- G. Sino-Nepal relations will have the four basic characteristics with 'c' – cooperation, competition, confrontation and conflict. Nepal should act sensibly while being placed between the two economic giants. It should be able attract maximum investment from each of the countries.**
- H. Nepal could pull about 1 billion dollar worth of business annually if it provides 10 per cent of the transportation service for the bilateral trade between India and China, which is expected to reach 100 billion USD and transportation cost, on average, amount to 10 per cent of the total trade.**
- I. Revitalize SAARC for economic integration. Nepal should actively promote the cause of SAARC.**
- J. Strong and unwavering commitment to the principles and purposes of the United Nations. Active and larger participation in the UN peacekeeping operations is necessary to enhance Nepal's international image.**

Revitalize Foreign Service, says Dr Mahat

Commenting his paper, Dr. Mahat admitted that Foreign Ministry lacked quality manpower, which he said, affected Nepal's diplomatic performance. He stressed revitalizing Foreign Service to ensure quality diplomacy.

“In the international forums, the country should be able to articulate its real concerns and this can be possible only when we have capable people in the foreign missions,” said Dr. Mahat, who held foreign and finance ministries in different periods.

He said that Nepal could be a powerhouse in clean energy, which could be sold to the outsiders to earn foreign currency but this could not take place due to the instability and lack of far-sightedness in the ruling clique.

In a reference to some Maoist lawmakers, Dr. Mahat said that those, who were talking about *swadhin arthatantra* (independent economy), were hampering the generation of hydropower.

“Hydro power is more important than gold mine because former is perennial while the latter is limited but some people are against the idea of export of electricity and obstructed harnessing it. This is certainly poverty of thinking,” he added.

Stating that the correct economic policy coupled with management and good governance was needed for the economic development, he called for finding the comparative advantage of the country.

Dr. Mahat was skeptical about the proposed federal system the country is to formally adopt along with the promulgation of the constitution.

“It is wrong that every thing becomes okay once the nation practically turns into federal set-up. In fact, it adds more challenges to the existing complexities. The people will start arguing for where to set up capital of new provinces and how they will be made economically viable,” he said.

Dr. Mahat said the nation would listen to federal music as it moved towards setting the federal structures. Too many provinces will not work.

“The provinces could not enjoy the real autonomy if the centre continues to provide money. Let’s make federal system workable. For this, the civil society has a role to play,” he said.

He further said, “If we could not put our house in order, we are unlikely to prop up our diplomacy.”

Participating in the discussion, **Sajan Ram Bhandari** asked Dr. Mahat as to why the NC agreed on the federalism.

Dr. Shreedhar Gautam asked Shrestha how Nepali peace keeping mission enhanced Nepal’s image abroad.

Professor **Dr. MP Lohani** enquired about what went wrong in grooming the Nepalese diplomats.

He also said that Nepal declared to field candidacy for the chairman of UNGA in 2002 but it seemed that there was not serious preparation in the last nine years.

In his response, Dr. Mahat said that federalism was the outcome of the Madhes movement and it was not in the agenda of three political parties in the beginning.

Dr. Mahat also scoffed at Prime Minister Dr. Baburam Bhattarai's proposition that Nepal would serve as a bridge between China and India.

“China has developed good ties with India. They do not need us to connect them. If there is nothing to link, why should we bridge. It is another non-sense.”

In his response, Shrestha said that Nepalese peace keeping mission served as image building measures.

Responding to Dr. Lohani's query, he admitted there lacked proper preparation for the UNGA election and grooming of Nepalese diplomatic figures.

Conclusions

- **First, put your own house in order before pursuing proactive diplomacy,**
- **Secure political stability and chart out common foreign policy,**
- **Robust economy key to robust diplomacy,**
- **Shun inferiority complex**
- **Train and groom people in foreign services**
- **Focus on economic diplomacy**
- **Be judicious enough while extending balanced ties between two the giant neighbors**
- **Reenergize SAARC and increase participation in the UN peacekeeping missions.**