**03KATHMANDU128**

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C O N F I D E N T I A L SECTION 01 OF 02 KATHMANDU 000128 SIPDIS E.O. 12958: DECL: 01/23/2013 TAGS: PREF PREL NP BT UNHCR SUBJECT: NEPAL: FURTHER DEVELOPMENTS IN BHUTANESE REFUGEE SITUATION REF: A. (A) GENEVA 0253 [¶](http://www.bhutan-research.org/us-diplomatic-cables-on-bhutan/03kathmandu128#parB) B. (B) NEW DELHI 0388 [¶](http://www.bhutan-research.org/us-diplomatic-cables-on-bhutan/03kathmandu128#parC) C. (C) STATE 16356 [¶](http://www.bhutan-research.org/us-diplomatic-cables-on-bhutan/03kathmandu128#parD) D. (D) KATHMANDU 0041 (NOTAL) [¶](http://www.bhutan-research.org/us-diplomatic-cables-on-bhutan/03kathmandu128#parE) E. (E) NEW DELHI 0023 (NOTAL) Classified By: AMB. MICHAEL E. MALINOWSKI. REASON: 1.5 (B,D). -------- SUMMARY -------- [¶](http://www.bhutan-research.org/us-diplomatic-cables-on-bhutan/03kathmandu128" \l "par1) 1. (C) Foreign Minister Narendra Bikram Shah returns on January 28 from an unofficial visit to Bhutan to discuss the refugee issue with his counterpart. Shah said he believes the visit presents a window of opportunity to secure a bilateral resolution to the problem. The EU representative in Kathmandu expressed deep skepticism that Bhutan is serious about resolving the problem and noted that many European donors are reluctant to use their leverage to pressure the kingdom on refugee repatriation. He welcomed the idea, however, of the EU and USG working out a joint position to encourage progress before the Feb. 17 donors' meeting in Geneva. The Indian Embassy has expressed dismay at U.S. activism on the refugee matter. End summary. ------------------------------ DISAGREEMENT OVER CITIZENSHIP ------------------------------ [¶](http://www.bhutan-research.org/us-diplomatic-cables-on-bhutan/03kathmandu128" \l "par2) 2. (SBU) On January 22 the Ambassador and DCM conveyed Ref C talking points to Foreign Minister Narendra Bikram Shah and to Foreign Secretary Madhu Raman Acharya respectively. Shah left for an "unofficial" visit to Bhutan to discuss the refugee issue with his counterpart oon January 23. (Note: The low-key visit, which was originally supposed to be confidential, was touted in a MFA press release upon his SIPDIS departure as an effort toward progress on the refugee situation. End note.) Upon his return to Kathmandu on January 28, the Minister will brief the Ambassador on developments. [¶](http://www.bhutan-research.org/us-diplomatic-cables-on-bhutan/03kathmandu128#par3) 3. (C) Both Shah and Acharya stressed that they believe the Minister's visit presents a window of opportunity for movement on this contentious issue. Shah is hopeful that a bilateral agreement can be reached by Nepal and Bhutan. If successful, Shah would look for international support to make the agreement work. Acharya said he believes the Nepalis and Bhutanese are "just one word away" from reaching an agreement. The text proposed by the Nepalis says that the Government of Nepal (GON) will accept Bhutanese not returning to Bhutan for resettlement "according to Nepali law." The Bhutanese, however, insist that the text be amended to read "according to Nepali citizenship law." The issue of citizenship is politically charged in Nepal for a number of reasons, Acharya observed, including the large volume of pending claims from Hindi-speaking residents of the southern plains of Indian parentage. The GON is thus unlikely to accede to the Bhutanese demand to change the language, the Foreign Secretary concluded. ------------------ THE VIEW FROM THE EU --------------------- [¶](http://www.bhutan-research.org/us-diplomatic-cables-on-bhutan/03kathmandu128" \l "par4) 4. (C) On January 23 the DCM called on EU Charge Rudiger Wenk to elicit his views on likely donor positions at the upcoming February 17 conference in Geneva (Ref C). Wenk, who has spent more than five years tracking the refugee issue from New Delhi and Kathmandu, expressed deep-seated skepticism that the Foreign Minister's visit to Bhutan will result in significant progress to break the logjam. The Bhutanese will doubtless say very positive things during the visit, he predicted, but will undertake no follow-up actions. Thimpu has no incentive to make concessions, he observed, and benefits by deferring substantive action toward a resolution. Many EU member states that are donors to Bhutan are nonetheless reluctant to put pressure on Thimpu, believing that continued Western support is necessary to counterbalance perceived Indian influence and preclude the "Sikkimization" of Bhutan. Even if the donors did decide to use their influence to urge a solution to the refugee problem, Wenk said Bhutan is unlikely to prove susceptible to such pressure because its dependence on foreign aid is fairly limited. That said, the French Government has succeeded in putting the refugee issue on the agenda for the Feb. 17 donor meeting, he added. [¶](http://www.bhutan-research.org/us-diplomatic-cables-on-bhutan/03kathmandu128#par5) 5. (C) As an example of dismissive attitudes displayed by the Government of Bhutan (GOB) toward donor views, Wenk reported that Thimpu has never given the EU Commission a copy of the first--and only--verification exercise conducted at a refugee camp, even though the EU paid the USD 300,000 tab for the undertaking. EU funds supporting the refugee camps in Nepal are set to run out in March, Wenk warned, so the EU Commission is eager to see a resolution. Although the Government of Denmark, when serving as head of the EU, sent a letter to both the GOB and GON urging a timely resolution to the problem, no reply from either government has been received, Wenk reported. (Note: The Danish Charge recently told us that Denmark received little support from its European colleagues when it tried to bring pressure on Bhutan over the refugee issue at last year's aid consortium. End note.) [¶](http://www.bhutan-research.org/us-diplomatic-cables-on-bhutan/03kathmandu128#par6) 6. (SBU) Despite his skepticism, Wenk said he welcomes the USG desire to press for resolution of the problem. He said that growing donor fatigue makes increasingly questionable how the refugees would continue to be fed. He suggested that the EU and the USG formulate a joint approach in preparation for the Bhutan aid consortium to be held in Geneva on February 17. He undertook to advise Brussels of USG interest in the matter. ----------------- INDIANS PERTURBED ----------------- [¶](http://www.bhutan-research.org/us-diplomatic-cables-on-bhutan/03kathmandu128" \l "par7) 7. (C) Wenk said that Indian Ambassador Shyam Saran had expressed to him apparent dismay at the USG initiative to resolve the crisis. Because of India's open border, resettling 100,000 refugees in India would be easy, Saran reportedly said (Ref E), although he apparently did not suggest that the GOI would consider such a course. According to Wenk, Saran said he fears the USG initiative will relieve the GOB of responsibility for resolving the problem. It is all right if part of an eventual solution to the problem implies third countries taking a certain number of refugees, but proposing actual numbers for ultimate resettlement abroad takes the pressure off Bhutan and "pulls the rug out from under our (India's) feet" in resolving the crisis, Saran said. The Ambassador did not, however, specify what efforts the GOI is undertaking to reach a resolution. (Note: None of our Indian diplomatic colleagues, including Ambassador Saran, has expressed similar sentiments directly to us. End note.) -------- COMMENT -------- [¶](http://www.bhutan-research.org/us-diplomatic-cables-on-bhutan/03kathmandu128#par8) 8. (C) We are somewhat skeptical as well that Foreign Minister Shah will return to Nepal with anything concrete from his discussions in Thimpu, but welcome GON efforts to give the stalled discussions one last jumpstart. The prospects of Nepalese Maoist insurgent attention to the camps, coupled with dwindling EU aid--a point we hope will be strongly emphasized at the donors' conference in Geneva--make the need for an expeditious resolution to the problem more urgent than ever. Unfortunately, however, the Indian Ambassador's comments indicate that we may not count on the GOI to support our initiative. MALINOWSKI