**09KATHMANDU105**

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VZCZCXRO6212 OO RUEHCI DE RUEHKT #0105/01 0401017 ZNR UUUUU ZZH O 091017Z FEB 09 FM AMEMBASSY KATHMANDU TO RUEHC/SECSTATE WASHDC IMMEDIATE 9724 INFO RUEHBJ/AMEMBASSY BEIJING PRIORITY 6796 RUEHLM/AMEMBASSY COLOMBO PRIORITY 7084 RUEHKA/AMEMBASSY DHAKA PRIORITY 2400 RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 5130 RUEHLO/AMEMBASSY LONDON PRIORITY 6309 RUEHNE/AMEMBASSY NEW DELHI PRIORITY 2819 RUEHCI/AMCONSUL KOLKATA PRIORITY 4435 RHMFIUU/CDR USPACOM HONOLULU HI PRIORITY RUEAIIA/CIA WASHDC PRIORITY RHEFDIA/DIA WASHDC PRIORITY RHEHNSC/NSC WASHDC PRIORITY RUEKJCS/SECDEF WASHDC PRIORITY RUCNDT/USMISSION USUN NEW YORK PRIORITY 3424

 UNCLAS SECTION 01 OF 03 KATHMANDU 000105 SENSITIVE SIPDIS STATE FOR SCA/INS E.O. 12958: N/A TAGS: PREL PGOV PTER EAID PREF PHUM CH BT NP SUBJECT: SCENESETTER FOR A/S BOUCHER'S VISIT TO NEPAL Introduction ------------ [Â¶](http://www.bhutan-research.org/us-diplomatic-cables-on-bhutan/09kathmandu105#par1) 1. (SBU) U.S. Mission Kathmandu warmly welcomes you to Nepal. Your visit will be the highest-level visit by a U.S. official since the Maoists won a plurality in the Constituent Assembly (CA) election in April 2008 and formed a coalition government in August. Bilateral Relations ------------------- [Â¶](http://www.bhutan-research.org/us-diplomatic-cables-on-bhutan/09kathmandu105#par2) 2. (SBU) Bilateral relations have been better than expected given the Maoists' history of anti-U.S. rhetoric and the continued listing of the party on the U.S. terrorist exclusion and specially designated nationals lists. The Government of Nepal (GON) -- despite its frequent denunciation of international "interference" -- has expressed eagerness for the U.S. to maintain, if not increase, its assistance and engagement in Nepal. The Maoist Defense Minister has frequently expressed his interest in greater military-to-military cooperation. In September, the Ministry of Finance signed the annual agreement to obligate U.S. foreign assistance to Nepal. On January 23, the Deputy Chief of Mission and the Finance Secretary signed a Letter of Agreement covering long-term law enforcement assistance worth more than USD 2.5 million to the Home Ministry, Nepal Police, and Armed Police Force. Constituent Assembly -------------------- [Â¶](http://www.bhutan-research.org/us-diplomatic-cables-on-bhutan/09kathmandu105#par3) 3. (SBU) The 595-member CA has a dual mandate to draft a new constitution and function as a legislature. It has made minimal progress in either role. The first sitting of the CA occurred more than one month after the election. The CA elected the President, Vice President, and CA Chairman in July, and the CA Vice Chairman only in November. In November, the CA also set up its rules of procedure and passed the budget for the fiscal year that began in July. Various political parties, including the Madhesi parties and the Nepali Congress (NC), frequently disrupt proceedings to force the CA and GON to accept their demands. The CA took almost seven months to form constitutional and legislative committees, and another month to select committee chairmen. On January 13, the CA elected Madhav Kumar Nepal, the former chief of the Communist Party of Nepal - United Marxist Leninist (UML), to head the principal drafting committee and oversee the 13 other constitutional committees. The CA then went on recess from January 19, reportedly for a month and a half but with no confirmed date to reconvene. By-Elections ------------ [Â¶](http://www.bhutan-research.org/us-diplomatic-cables-on-bhutan/09kathmandu105#par4) 4. (SBU) By-elections in six constituencies scheduled for April 10 -- one year to the day after the original CA election -- will bring the CA to its full membership of 601. Five of the by-elections will fill seats relinquished by CA members who won in more than one constituency: Kanchanpur in the far west, Rolpa and Kaski in the midwestern and western hills respectively, and two constituencies in Morang in the eastern Terai. Dhanusa, in the central Terai, will hold a by-election to fill the seat that Ram Baran Yadav vacated to become President. Maoists won the first time around in Rolpa and Kaski. Re-winning these seats and picking up additional seats would indicate de facto acceptance if not outright approval of the current government. International organizations are unlikely to send election monitors for the by-elections, but resident diplomatic missions, INGOs already present in Nepal, and local NGOs plan to observe at the polling stations. The U.S. Mission intends to send teams to each of the six constituencies, logistics and security permitting. Security Situation ------------------ KATHMANDU 00000105 002 OF 003 [Â¶](http://www.bhutan-research.org/us-diplomatic-cables-on-bhutan/09kathmandu105#par5) 5. (SBU) The law and order situation in Nepal, especially in the Terai, continues to worsen. In October 2008, the GON formed a team consisting of the Maoist Peace and Reconstruction Minister and two Madhesi cabinet ministers to negotiate with armed groups. As of February, the team has had little luck in initiating talks with the most influential armed leaders, and few observers are hopeful that the talks will succeed. The Maoist-affiliated youth wing, which in late January added "Democratic" to its moniker to become the Young Communist Democratic League (YCDL), continues to engage in illegal activities such as threats, extortion and extra-judicial killings, as well as clashes with the police and other party-affiliated youth wings. These other groups include the UML's Youth Force. Political Bickering ------------------- [Â¶](http://www.bhutan-research.org/us-diplomatic-cables-on-bhutan/09kathmandu105#par6) 6. (SBU) The GON has made little progress on the wider peace process, and bickering within and among the political parties has not helped matters. The opposition NC party complains about the Maoists' lack of implementation of previous agreements, especially returning seized land and reigning in the YCDL, and other parties even within the ruling coalition share the complaints. Nevertheless, the NC tends to appear as obstructionist more often than not. The three main Terai-based parties -- the Madhesi People's Rights Forum, the Terai-Madhes Democratic Party, and the Sadbhavana Party -- have failed to reassemble their short-lived coalition which collapsed at the time of the CA election. Army Integration ---------------- [Â¶](http://www.bhutan-research.org/us-diplomatic-cables-on-bhutan/09kathmandu105#par7) 7. (SBU) The so-called "Army Integration Special Committee" (AISC), which Article 146 of Nepal's interim constitution empowers to supervise, integrate, and rehabilitate former Maoist combatants, had a delayed beginning. After a false start in October on the eve of UN Secretary General Ban Ki-moon's visit, the committee had its first session, with NC participation, on January 16 and its second on February 5. The AISC is slated to take over some of the functions of the United Nations Mission to Nepal (UNMIN), which itself received an extension in late January until July 2009. Bhutanese and Tibetan Refugees ------------------------------ [Â¶](http://www.bhutan-research.org/us-diplomatic-cables-on-bhutan/09kathmandu105#par8) 8. (SBU) Bhutanese refugee resettlement is well under way with more than 9,500 departures to third countries, including 8,626 to the U.S. as of February 5. Approximately 56,000 additional Bhutanese refugees have expressed valid interest in resettling. The GON is considering a U.S. offer to resettle 5,000 Tibetan refugees from Nepal. The UN refugee agency (UNHCR) made a concurrent offer to assist in the registration of Tibetan refugees in Nepal, similar to the joint registration the GON and UNHCR undertook for Bhutanese refugees. A countrywide registration program, coupled with the issuance of new identification cards, is essential both for resettlement and as a first step to enable Tibetans, some of whom have had the right to live in Nepal for the past 50 years, the right also to work, own property, own a business, travel, and register births, marriages, and deaths. The GON may have difficulty making a decision on resettlement and initially agreed to registration, but then backed away, presumably because of pressure from the Chinese government. Other Challenges ---------------- [Â¶](http://www.bhutan-research.org/us-diplomatic-cables-on-bhutan/09kathmandu105#par9) 9. (SBU) The GON, despite its reliance on foreign aid, remains sensitive to international "interference" as threats to Nepal's sovereignty, particularly from India, China, and the U.S. Political squabbling and inefficient bureaucracy hinder movement at all levels; the Letter of Agreement for law enforcement assistance took ten months of at times KATHMANDU 00000105 003 OF 003 contentious talks to finalize. Further complicating progress towards peace are load-shedding -- scheduled blackouts that reached a peak of 16 hours per day in January -- and "bandhs," the preferred method of protest that force the closure of the capital city, major highways, and border region on a regular basis. The GON has yet seriously to tackle either issue. Conclusion ---------- [Â¶](http://www.bhutan-research.org/us-diplomatic-cables-on-bhutan/09kathmandu105#par10) 10. (SBU) You may wish to stress to the government and political leaders you meet that the United States fully supports Nepal's transition to a peaceful, democratic state. You may further choose to emphasize that while the U.S. is encouraged by developments with the CA committees, the selection of a date for by-elections, and the signing of the recent Letter of Agreement, we are disappointed that the pace and progress of furthering Nepal's fragile peace process has been so slow. BERRY