

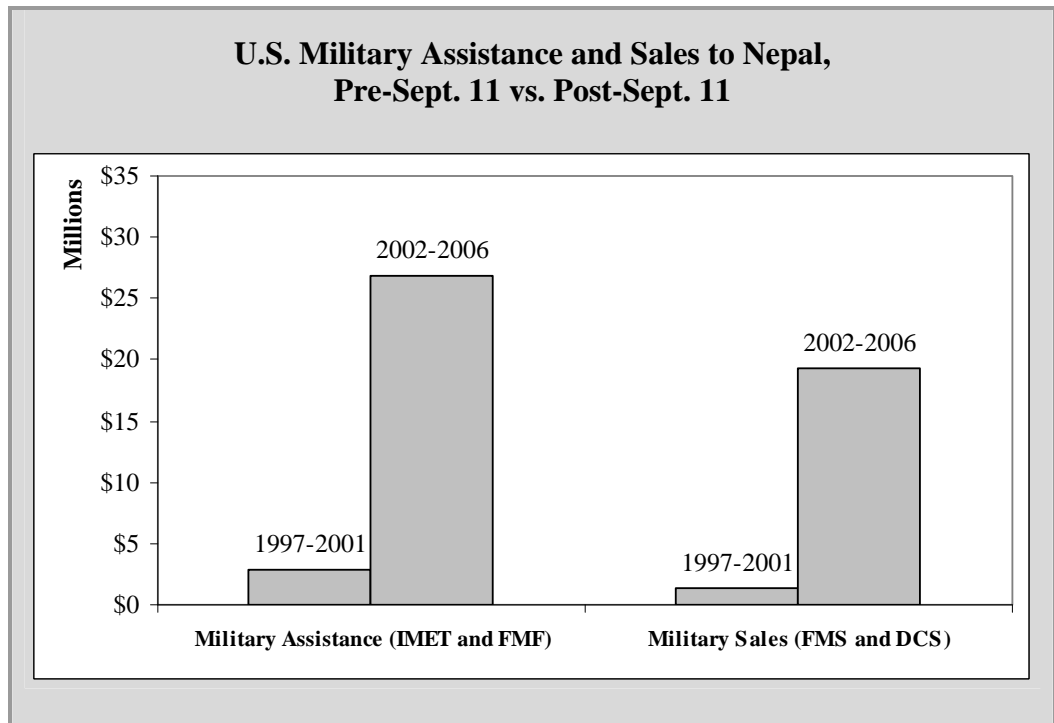


NEPAL

Background

Governed by a succession of monarchs since its founding in the late 1700s, Nepal held its first national democratic elections in 1959. In 1962, however, reigning King Mahendra dissolved the elected government, abolished political parties, and established a more hierarchical system of representative government that gave the monarch control over all branches of

government. Following popular demonstrations in 1979, the King relinquished certain powers to the National Parliament – including naming the prime minister – but stopped short of reinstating a multiparty system. In 1990, Nepalese citizens again took to the streets, demanding further democratic reforms, but were violently repressed by the government. However, as the demonstrations – which became known as the “Movement to Restore Democracy” – continued, King Birendra (Mahendra’s son) acquiesced and reinstated a multiparty political system. The newly elected government drafted a new constitution establishing Nepal as a parliamentary democracy in 1990. Beginning in 1994, Parliament was repeatedly dissolved as clashes between Nepal’s communist parties and the more moderate democratic socialist Nepali Congress Party made for a series of unstable coalitions. In 1996, the United People’s Front (Samyukta Jana Morcha), a Maoist political party, withdrew from the democratic system and launched a “people’s war” against the government, with the aim of creating a communist state, which led to 10 years of nearly continuous violence in Nepal.



During the 10 years of intra-state violence, the royal family also experienced great internal turmoil and created political upheaval. In June 2001, after 10 members of the royal family, including Birendra, were massacred by Crown Prince Dipendra in a family dispute, the former king's brother Gyanendra assumed power. In 2002, King Gyanendra dissolved Parliament, dismissed the prime minister and his cabinet, postponed elections indefinitely and asked all major political parties to nominate members to an interim Cabinet. Throughout his reign, Gyanendra has dissolved the government and assumed direct control of Nepal twice – in 2001 and again in 2005 – during periods he declared states of emergency ostensibly in order to deal with the Maoist insurgency but which resulted in the suspension of constitutional rights for Nepalese citizens. In April 2006, another pro-democracy movement was launched on the streets of Nepal and again the government attempted to forcefully repress the demonstrators. However, at the end of the three-week standoff between the government and its citizens, Gyanendra capitulated and restored Parliament for the first time in four years, relinquished his control over the army, and scheduled parliamentary elections to be held no later than the summer of 2007. These demonstrations also yielded negotiations between the Maoist rebels and the government, which culminated in both parties signing a peace treaty in November 2006. According to their agreement, the rebels are to be disarmed and their weapons monitored by UN troops. An interim constitution will enter into effect on Jan. 15, 2007, and 73 seats in a new 330-seat transitional parliament will be reserved for the Maoists. Elections for a new constituent assembly are scheduled to be held by the summer of 2007. This new assembly will be charged with determining the future form of the Nepalese political system and the fate of the monarchy.

According to the U.S. State Department's 2006 report on human rights, while human rights abuses perpetrated by the Nepalese government subsided, the security forces did continue to commit abuses and the Maoist insurgency "committed numerous grave human rights abuses during the year." At the end of 2006, popular uprisings forced King Gyanendra into signing a peace treaty with the Maoist insurgency. The agreement called for an interim government that had not yet been established by the end of 2006. A shaky peace now exists between the Maoists and the former government, and the Maoists have made it difficult for security forces to re-establish control over the country. Impunity is a problem, as security forces have the freedom to arrest and detain Maoist insurgents and sympathizers alike, and the government forces have also participated in disappearances and extrajudicial executions. Detainees are abused and tortured as a form of punishment or to acquire confessions and police have been reported to use excessive violence against civilian demonstrators. Restrictions on freedom of speech and freedom of assembly have extended past the 2005 state of emergency and Maoists have intimidated and killed journalists.

In 2006, the government of Nepal took a major step toward ending the 10-year insurgency waged by Maoist rebels. The Maoists, modeled on Peru's Shining Path guerrillas, took up arms in 1996 with the intent of overthrowing the government and creating a communist state. According to the U.S. State Department, this insurgency has been waged "through torture, killings, bombings, extortion, and intimidation against civilians and public officials." An estimated 12,000 people have died because of the armed violence (more than 260 civilians in 2005) and anywhere from 100,000 to 200,000 persons have been internally displaced. The Maoists are notorious for their recruitment of child soldiers and many families have fled Nepal to avoid their forced conscription policies, which reportedly require each family to volunteer one child to the insurgency. Beginning in 2001, four different cease-fires have been brokered between the Maoists and the government and the latest, in April 2006, yielded the November 2006 peace accords, which many hope signal the end to the conflict. An interim government, of which the Maoists are a part, has been formed and elections are scheduled to be held in the summer of 2007, but, as noted in the 2006 State Department terrorism, Maoist violence continues to pose "a severe challenge" to the government of Nepal.

U.S. Military Assistance Prior to Sept. 11, 2001

Nepal did not report any imports of conventional weapons from the United States to the UN Register of Conventional Arms prior to 2001. However, between fiscal year (FY) 1990 and FY 01, Nepal received over \$2.6 million worth of arms deliveries, nearly \$1.9 million in Foreign Military Financing (FMF) and approximately \$2 million in International Military Education and Training (IMET) funding. Nepal received IMET funding every year between FY 90 and FY 01, and the level of funding increased steadily after the beginning of the Maoist insurgency in 1996.

U.S. Military Assistance Since Sept. 11, 2001

Since Sept. 11, 2001, the United States has significantly stepped up its military assistance to Nepal. The increased military aid was intended to help Nepal fight the Maoist insurgents that have waged war against the government since 1996 and who have threatened and attacked U.S. organizations and interests in Nepal. According to the FY 08 congressional budget justification for foreign operations, U.S. military assistance budgeted since the formal end of the Maoist insurgency in 2006, “will help push the peace process forward, and at the same time restore service delivery and expand law and order in order to strengthen the foundation for stability and advancement.”

In the five years since Sept. 11, Nepal has received eight times more military assistance than it received in the five years prior, with the most substantial increase coming via the FMF account. However, while FMF funding has slowly decreased since FY 02, IMET funding has steadily increased, with the largest IMET appropriations yet – \$790,000 – requested for Nepal in both FY 07 and FY 08. Through both regular and supplemental appropriations, Nepal received \$14 million in FMF appropriations in FY 02. Although more modest than the FY 02 appropriation, FY 03 and 04 allocations (\$3 million and \$4 million, respectively) were still larger than any single year requests prior to FY 02.

In FY 05, however, Congress tied future FMF appropriations to Nepal to measurable improvements in its human rights record and, following the February 2005 governmental takeover by Gyanendra, all FMF was suspended indefinitely, contingent on the restoration of civil liberties in Nepal. The FY 06 Foreign Operations Appropriations bill included even stricter conditions for the resumption of FMF but, as the FY 07 Foreign Operations budget has not yet been passed into law, the status of the restrictions remains, for the moment, uncertain. Included in the language of the bill, however, is a waiver that allows the Secretary of State to bypass these congressional restrictions if it is “in the national security interests of the United States.” The FY 07 congressional budget justification argues somewhat circuitously that “continued allocation of FMF is critical, both for combating the Maoists and for the incentive it provides for the country to improve its record in human rights and democracy in order to qualify for FMF.” Thus, Nepal has continued to receive FMF, although in smaller quantities than the immediate post-Sept. 11 period. The FY 07 FMF request includes an allocation specifically for the purchase of U.S. M-16 rifles.

Although commercial sales have not been particularly robust since FY 02, the value of all arms sales concluded with Nepal between FY 02 and FY 06 is 13 times the total value of sales concluded between

FY 97 and FY 01. A large portion of the post-Sept. 11 arms sales have consisted of nearly \$5 million worth of ordnance equipment and \$4 million worth of rifles. Additionally, the United States sent nearly \$1 million in sharply discounted equipment to Nepal via the Excess Defense Articles (EDA) program in FY 03.

Nepal began receiving funding to support counterterrorism activities through the Anti-Terrorism Assistance (NADR-ATA) program (which is part of the Nonproliferation, Antiterrorism, Demining, and Related Activities account of the Foreign Operations budget) in FY 05. Although \$991,000 was requested in FY 06, none was appropriated as a result of the political situation in the country. An additional \$1 million has been requested for FY 08.

U.S. Military Assistance and Sales to Nepal, FY 90 - FY 08					
	IMET	FMF	DCS	FMS	EDA
1990	\$123,000	\$0	\$0	\$276,000	n/a
1991	\$197,000	\$0	\$0	\$795,000	n/a
1992	\$179,000	\$0	\$0	\$2,000	n/a
1993	\$149,000	\$0	\$0	\$1,000	\$0
1994	\$106,000	\$0	\$98,000	\$6,000	\$0
1995	\$96,000	\$0	\$58,000	\$0	\$0
1996	\$140,000	\$0	\$37,000	\$0	\$0
1997	\$196,000	\$0	\$1,139,000	\$0	\$0
1998	\$196,000	\$800,000	\$20,000	\$0	\$0
1999	\$189,000	\$500,000	\$11,000	\$0	\$0
2000	\$216,000	\$0	\$73,000	\$0	\$0
2001	\$237,000	\$597,000	\$0	\$107,000	\$0
1990-2001	\$2,024,000	\$1,897,000	\$1,436,000	\$1,187,000	\$0
1997-2001	\$1,034,000	\$1,897,000	\$1,243,000	\$107,000	\$0
2002	\$377,000	\$14,000,000	\$0	\$61,000	\$0
2003	\$500,000	\$3,150,000	\$6,000	\$6,691,000	\$962,648
2004	\$546,000	\$3,975,000	\$71,000	\$8,164,000	\$0
2005	\$627,000	\$1,000,000	\$188,000	\$3,913,000	\$0
2006	\$644,000	\$1,980,000	\$54,000	\$100,000	\$0
2002-2006	\$2,694,000	\$24,105,000	\$319,000	\$18,929,000	\$962,648
2007	\$790,000	\$1,300,000	\$55,000	\$0	\$0
2008	\$790,000	\$0	\$263,000	\$0	\$0

Sources

- U.S. Department of State, “Nepal,” 2006 Country Reports on Human Rights, Mar. 6, 2007. Available at: <http://www.state.gov/g/drl/rls/hrrpt/2006/78873.htm>.
- U.S. Department of State, “Nepal,” Background Notes, May 2007. Available at: <http://www.state.gov/r/pa/ei/bgn/5283.htm>.
- U.S. Department of State, “South and Central Asia Overview,” 2006 Country Reports on Terrorism, April 30, 2007. Available at: <http://www.state.gov/s/ct/rls/crt/2006/82734.htm>.
- U.S. Department of State, Congressional Budget Justification for Foreign Operations, FY 02-08.
- Defense Security Cooperation Agency, DSCA Facts Book, FY 99-05.
- U.S. Central Intelligence Agency, “The World Fact Book,” 2007.
- UN Department for Disarmament Affairs, “United National Register of Conventional Arms.”
- “Nepal Rebels Make Peace Promise,” *BBC*, November 9, 2006.
- “UN Begins Nepal Arms Monitoring,” *BBC*, January 8, 2007.
- Somini Sengupta, “Nepalese Report Says King Committed Rights Abuses” *New York Times*, November 21, 2006.