

**NEPAL'S ROYAL COUP:
MAKING A BAD SITUATION WORSE**

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NEPAL'S ROYAL COUP: MAKING A BAD SITUATION WORSE

EXECUTIVE SUMMARY

On 1 February 2005, in a move not only destructive of democracy and human rights but likely to strengthen the Maoist insurgents and make Nepal's civil war even more intense, King Gyanendra sacked Prime Minister Sher Bahadur Deuba, took power directly and declared a state of emergency.¹ Gyanendra, who has dismissed three governments since 2002, claimed he was acting to "defend multiparty democracy". But his move had every familiar and indefensible coup ingredient: party leaders were put under house arrest, key constitutional rights were suspended, soldiers enforced complete censorship, and communications were cut.

In a televised statement, Gyanendra blamed the politicians, saying they had discredited multiparty democracy by "focusing solely on power politics". Warning that the country was threatened by "terrorists", he said the security forces would end the nine-year-old Maoist insurgency in which 11,000 people have died. Prime Minister Deuba was placed under house arrest, and other political leaders, including the heads of party student wings, were detained before the announcement.

Gyanendra's move was widely condemned by the international community. India, caught off-guard by the announcement, called it "a serious setback to the cause of democracy". UN Secretary-General Kofi Annan called for an immediate restoration of democracy, as did the British and U.S. governments.

The king's takeover came as political tensions were building in Kathmandu over possible elections. Prime Minister Deuba had said that he would shortly announce a date for polls but this was greeted with considerable scepticism given the worsening security situation, in which the Communist Party of Nepal (United Marxist Leninist, UML), a member of Deuba's government, had

said it did not support holding an election. The main Nepali Congress Party had said it favoured restoration of the parliament elected in 1999 and would not take part in new polls.

Dismissal of that parliament in October 2002 began the current political crisis. Gyanendra subsequently dismissed a royalist government he had hand picked and brought most of the mainstream political parties back into power. But Deuba was unable to return the Maoists to peace talks, and his coalition government was deeply split over how to proceed. With neither the political parties nor the king contributing constructively to the process, little progress was being made in developing the united multiparty democracy/constitutional monarchy front that most observers have seen as a necessary condition for any such talks to be productive.

The last round of peace talks broke down in August 2003, leading to intensified conflict. A significant build-up of government forces has done little to improve security across the country. Maoist insurgents, who have shown themselves able to attack at will, hold sway over most rural areas and are increasingly active in towns nominally controlled by the government. Combining effective guerrilla tactics with violent intimidation and extortion, they have built up a nationwide presence, though one founded more on fear than popular support.

The state has withdrawn from most rural areas. Its security forces, based in district headquarters and a few heavily fortified posts, are vulnerable and unable to protect the population. When they are attacked, their response has often been indiscriminate violence that further undermines civilian security. There is widespread agreement among knowledgeable observers both inside and outside the country that the insurgency cannot be defeated militarily, and any solution will require a mix of military and political strategies. So far both have been lacking, and there is every reason to believe that the situation will now get even worse with the king's assumption of full power:

¹ This report provides the essential background to the royal coup of 1 February 2005, describes first consequences on the ground and reactions in Nepal and abroad, and offers initial analysis of its implications. Crisis Group will shortly provide additional analysis and policy recommendations for a way forward, as well as fuller discussion of related political subjects including the constitutional crisis.

- ❑ This move will only boost the Maoists by confirming their view of the monarch as opposing democracy; they may now seek to make common cause with the mainstream parties against the king.
- ❑ The political parties, while diminished since the dissolution of parliament in 2002, retain considerable grass roots support: any solution that does not include them is likely to be opposed by many and would be unsustainable.
- ❑ Government security forces presently lack the capacity to defeat the Maoists and cannot develop it any time soon. Troops are now occupied controlling politicians and journalists in Kathmandu rather than fighting the insurgents. Nepal's terrain, the self-sustaining nature of the insurgency and its lack of an external backer make it difficult to put pressure on the insurgents, and the arrest or killing of a few key Maoist leaders will not end the conflict.
- ❑ King Gyanendra enjoys little popular support. Most Nepalis would prefer a constitutional monarchy but calls for a republic have become louder in the past two years. The king is now directly exposed to the problems of running the country: if he does not deliver peace quickly, his support will sink further.
- ❑ A worsening of the human rights situation with the suspension of constitutional protections and an upsurge in violence will likely reduce the willingness of donors to fund the social and economic reforms that would necessarily be part of any political solution.
- ❑ There is no reason to believe that rule by decree will mean that corruption and mismanagement will be any less prevalent than when Nepal was previously governed by an absolute monarchy from 1960 to 1991.

Kathmandu/Brussels, 9 February 2005

NEPAL'S ROYAL COUP: MAKING A BAD SITUATION WORSE

I. BACKGROUND

The conflict dates to 1996 when the Maoists² began organising an insurgency in the mid-west of the country. Regarded as an isolated problem that could easily be controlled, it received little attention in Kathmandu until a series of violent police operations led to a widening of the conflict. By 2001, the revolt had spread considerably, and the army had become involved. In June 2001, King Birendra and eight other members of the royal family were murdered by the Crown Prince, Dipendra, and the late monarch's brother, Gyanendra, was crowned king.

In May 2002 Prime Minister Sher Bahadur Deuba asked the king to dissolve parliament and call elections.³ When the Maoists announced they would mobilise against the elections, Deuba requested the king to postpone the polls for a year. Accusing him of incompetence, the king dismissed Deuba and took on executive powers, governing through an appointed prime minister, Lokendra Chand, a long time loyalist of the monarchy, who was himself replaced in June 2003 by Surya Bahadur Thapa. The new prime minister, another loyalist, was dismissed in June 2004, and Deuba was reappointed to lead a cabinet that included members of his own Nepali Congress (D) Party and the UML. The main Nepali Congress Party, headed by a former prime minister, Girija Prasad Koirala, stayed out of government.⁴

Deuba made a negotiated settlement his priority, announced formation of a Peace Secretariat and convened a High-Level Peace Committee (HPC) of

major party leaders. In September 2004 the HPC called for the Maoists to return to talks. But the Maoist leadership repeatedly said it would negotiate only with King Gyanendra, whom it regards as the real power. The party chairman, Pushpa Kamal Dahal (commonly known as Prachanda), challenged Deuba to demonstrate his full authority or allow his "masters behind the curtain" to talk.⁵

Koirala's Congress and three other parties stayed out of government and refused to join the Peace Committee, a body that soon proved to be ineffectual. Tensions were evident within the government from the start, with the UML eager to move towards talks, even pressing for a unilateral ceasefire. This was rejected by Deuba, who set a deadline of mid-January 2005 for the Maoists to agree to negotiate. The deadline came and went without any new response. Deuba announced he would shortly call elections, but he gave no timetable as his policy faced opposition both inside and outside the government. Few believed polls could be held other than in a handful of towns and district command bases. The UML has opposed new elections and consistently urged that priority be given to reaching a peace deal with the Maoists. Congress also opposed the idea, and Koirala repeatedly called for the parliament elected to a five-year term in 1999 that had not been completed to be reinstated instead.

Tensions between the king and the government were mounting in December 2004 but when the monarch suggested he might take over executive powers, he was firmly warned against such a course by regional and Western governments, who took the view that the conflict could best be tackled by a united front of so-called constitutional forces against the Maoists.⁶ Gyanendra's contempt for the parties was evident in his 1 February 2005 speech dismissing the government, which repeatedly referred to their corruption and abuse of power. Those close to the palace say he is nostalgic for the type of government his father created in 1960.⁷ The Panchayat period, as this was known, had a highly

² The Maoists are formally known as the Communist Party of Nepal (Maoist) or CPN (M).

³ For more background, see Crisis Group Asia Report N°50, *Nepal Background, Ceasefire: Soft Landing or Strategic Pause?*, 10 April 2003; Crisis Group Asia Briefing N°30, *Nepal: Dangerous Plans for Village Militias*, 17 February 2004; Crisis Group Asia Briefing N°28, *Nepal: Back to the Gun*, 22 October 2003; and Crisis Group Asia Report N°57, *Nepal: Obstacles to Peace*, 17 June 2003.

⁴ Nepali Congress (D) split from Nepali Congress in 2002 due to differences between Koirala and Deuba. Hereafter the two parties are referred to as Congress (D) and Congress.

⁵ Maoist press statement, 24 September 2004.

⁶ Crisis Group interviews, Kathmandu and New Delhi, December 2004 and January 2005.

⁷ Crisis Group interviews, Kathmandu January 2005.

centralised government with all power residing in the palace. Elections were held but there were no political parties or effective opposition. This ended in 1990 with the development of a democratic but loosely drafted constitution that provides for parties to contest elections but also gives the king more powers, particularly over the military, than is normal in a constitutional monarchy. King Birendra subsequently ruled as a constitutional monarch, though he tended to interfere from behind the walls of the Narayanhiti Palace. The present king has interpreted a loosely worded article in that document as giving him the right to take back full control.⁸

II. THE COUP

Although rumours of a royal takeover had circulated for months, there appear to have been no advance signs of it happening when it did, and planning was clearly limited to a small group of palace and army officials. The coup began early in the morning with the detention of senior political leaders from all the mainstream parties, including those previously linked to the king. Several hundred politicians and student leaders have been rounded up and are being held under house arrest and at a number of locations, including police and army camps.⁹ State television and radio broadcast the king's announcement at 10:00 a.m., and over the next hour all telephone and internet communications were cut.¹⁰ Flights were turned back from Kathmandu's international airport.

The palace summoned newspaper editors to impose complete censorship. Soldiers occupied all media outlets and applied full control over all publications. All internet sites hosted in Nepal, including those operated by media companies and political parties, were cut. Private radio stations stopped broadcasting news, while papers were restricted to the king's statement and a few other reports. Journalists who were able to communicate with the outside world described a climate of intense fear, and there were concerns the military would extend its round-up to media workers and human rights activists. The only Nepali political internet site still functioning two days after the coup belonged to the Maoists.

Kathmandu remained calm, with a limited military presence on the streets. Troops commandeered any light trucks that ventured out, so traffic declined but the city was more active than during the regular strikes (*bandhs*) called by political parties. The only demonstration was a small one in favour of the king's move. Armoured vehicles were posted throughout the city as a reminder of the military's power. Many people seemed indifferent to the crisis, reflecting a widespread disillusionment with politics and a tendency to hope that some sort of external intervention would solve the conflict.¹¹ There were reports of protests outside Kathmandu, including

⁸ Article 127 of the Constitution states: "Power to Remove Difficulties: If any difficulty arises in connection with the implementation of this Constitution, His Majesty may issue necessary orders to remove such difficulty and such orders shall be laid before parliament". The language is imprecise but the king has never laid any order before parliament. Rule without elections clearly goes against the spirit and language of the preamble of the Constitution that states (speaking in the royal voice): "We are convinced that the source of sovereign authority of the independent and sovereign Nepal is inherent in the people, and, therefore, we have from time to time, made known our desire to conduct the government of the country in consonance with the popular will". Crisis Group will deal with constitutional issues in Nepal in more detail in a forthcoming report.

⁹ Crisis Group interviews, Kathmandu, February 2005. See also the unconfirmed list of detainees compiled by the Human Rights Organisation of Nepal (HURON).

¹⁰ Landline telephone and internet services were only restored on 8 February, a week after the coup. Mobile telephone networks were still not working and reportedly would not be reopened soon. "Communications Restored in Nepal", BBC News (World Edition), 8 February 2005.

¹¹ Crisis Group interviews, Kathmandu, February 2005.

one by students in Pokhara on 3 February that was violently dispersed by soldiers.¹²

Gyanendra suspended key parts of the constitution when he declared a state of emergency.¹³ There are currently no effective constitutional limits to his powers, and all civil liberties have been suspended, in violation of Nepal's international commitments.¹⁴ In what he said was a step to "defend multiparty democracy" as part of a monarchical tradition against authoritarianism, the king has disbanded all aspects of a democratic state and created what is effectively military rule.

The king appointed a ten-member Council of Ministers but not a prime minister because, he indicated, he would direct it.¹⁵ The Council is made up of Royal loyalists, many of them senior officials during the Panchayat period of absolute monarchy. It has absolute power, unfettered by any constitutional restraint, and can rule by decree. It issued a 21-point plan of action after its

first meeting,¹⁶ which was chaired by the king. The focus was on anti-corruption measures, including the stripping from politicians of assets allegedly gained through corruption.

On 6 February, Minister for Tourism and Culture Budhhiraj Bajracharya announced to reporters that the king would soon form a committee to negotiate with the Maoists. He did not elaborate and did not say whether the king himself would participate in the committee.

¹² Randeep Ramesh, "For Nepal, a Brutal Return to a Feudal Past", *The Guardian* 5 February 2005. The first major protest against the royal takeover occurred on 3 February in Pokhara at the local Prithvinarayan Multiple Campus, a hotbed of student politics from which many leftist national-level student leaders have emerged. Students chanted slogans against the king and burned tires. The security forces responded by firing "teargas shells and some rounds into the air", according to the RNA spokesman, Brigadier General Dipak Gurung.

¹³ The key rights that were suspended are: Article 12(2)a: Freedom of opinion and expression; Article 12(2)b: freedom to assemble peaceably and without arms; Article 12(2)c: Freedom to form unions and associations; Article 13(1): Press and publication rights ("No news item, article or any other reading material shall be censored"); Article 15: Right against preventive detention (This provision contains an exception where there is "a sufficient ground of existence of and immediate threat to the sovereignty, integrity or law and order situation"; its suspension suggests that the king wishes to be able to detain arbitrarily.); Article 16: Right to information; Article 22: Right to privacy; Article 23: Right to a constitutional remedy.

¹⁴ Nepal is not believed to have informed the UN Human Rights Commission of the state of emergency as obliged by the International Convention on Civil and Political Rights, to which it is a party. Under the terms of that agreement, Nepal cannot simply abrogate all these rights, but can only reduce their scope proportionately (i.e., as required by the exigencies of the situation). Many of the first measures undertaken, such as the sweeping arrests of political and student leaders and the wholesale blackout of all press activities, are patently unlawful, even in an emergency. Nepal has also been in violation of its obligations under the Vienna Convention on Diplomatic Privileges and Immunities by cutting communications used by foreign embassies.

¹⁵ See Appendix B below for a list of Council members and their biographies.

¹⁶ The Council's first meeting was held on 2 February 2005 but details were not released until 4 February 2005.

III. THE ARMED CONFLICT

At the heart of the crisis is the Maoist insurgency, an uprising that seems anachronistic in the 21st century but has presented a shockingly effective challenge to a weak state that lacks a political response to the many problems of poverty and exclusion in Nepal. The insurgency has grown from a local affair in a handful of districts to a nationwide problem. Maoists are now active in almost all areas, and the state has mostly retreated to a few towns and district headquarters that have large military camps. The Maoists often have a considerable say in what goes on in towns, intimidating local government officials or causing them to flee, so that the insurgents exercise effective control of many state functions such as administration, law and education.¹⁷ The Royal Nepalese Army (RNA) has shown very little ability to contain the conflict or reverse Maoist advances. It does next to nothing to provide security for civilians; indeed many people Crisis Group interviewed across Nepal said they were more concerned by violence from the state security forces than by the Maoists.¹⁸

Civilians have suffered terribly. The Maoists use extreme violence and have much abused human rights. The military and police response has in turn been brutal and indiscriminate. Following the collapse of a seven-month ceasefire in August 2003, the conflict descended into its bloodiest phase.¹⁹ A Nepali NGO, the Informal Sector Service Centre (INSEC), reliably estimated in early January 2005 that 10,985 people had been killed, 7,175 by state security forces, 3,810 by the Maoists.²⁰ More than 6,000 of these deaths have been since 2002. Among those killed are 289 children. There are no reliable estimates of other casualties but the increased use of improvised explosive devices by the Maoists has brought greater risks for civilians. Nepal now tops Amnesty International's list of alleged disappearances, with 378 cases reported since fighting resumed, more than in the previous five years together.²¹

There is a wide divergence of estimates of the numbers displaced by the conflict, but observers agree the depopulation of rural areas is a worrying trend. Young men in particular have migrated within Nepal, across the open border to India and further afield in search of jobs

and to escape the fighting. In 2002-2003, INSEC recorded 31,635 cases of displaced people.²² The National Human Rights Commission estimates that over 34,300 people have been displaced from rural areas. Little progress has been made on ensuring protection of basic rights -- either of civilians or combatants -- despite repeated verbal commitments from both sides.²³

A. THE MAOISTS

Maoist leader Prachanda issued an immediate condemnation of what he described as the implementation of "feudal autocracy".²⁴ He called for RNA soldiers to defy the king's orders and for a two-day strike in Kathmandu, although media controls and the cutting of phone lines meant few people in the capital were aware of this. Despite their public condemnations, the Maoists are certain to be delighted by the king's move as it pits them much more directly against the monarch and removes the mainstream political parties from the game. The Maoists are likely to consolidate their position, build alliances with other forces including political parties in Nepal and India, and maintain pressure on the military with guerrilla attacks.

Capabilities. In the past eighteen months, the Maoists have expanded into parts of the country, such as the eastern lowland Tarai and hill districts, which used to be relatively untouched. On 31 August 2004, they announced that their campaign was entering the "strategic offensive" phase, and since then they have stepped up activities. This was decided at a Central Committee plenum that reportedly took place in western Nepal that month. As a Maoist-supporting news service put it, "the stage is being set for a very big jump in the level of fighting in the war over who will hold political power in Nepal".²⁵

The plenum also announced plans to expand the "People's Liberation Army" to three divisions, made up of 29 battalions in nine brigades, including a new division to be deployed in the central region around Kathmandu. The CPN (M) further aims to raise a 100,000-strong "people's militia".²⁶ Independent

¹⁷ Crisis Group interviews, Kathmandu, Pokhara, Baglung and Jhapa, January 2005.

¹⁸ Ibid.

¹⁹ See Crisis Group Briefing, *Back to the Gun*, op. cit.

²⁰ See INSEC web site at www.insec.org.np.

²¹ Amnesty International press release, London. 30 August 2004.

²² INSEC web site.

²³ Sustained violations by both sides are documented in Human Right Watch's report, "Between a Rock and a Hard Place: Civilians Struggle to Survive in Nepal's Civil War", 7 October 2004.

²⁴ Statement from CPN (M) Central Committee. 1 February 2005.

²⁵ "Revolutionary strategic offensive announced in Nepal", A World to Win News Service, 13 September 2004 (www.awtw.org).

²⁶ Ibid.

observers doubt such statements reflect ground reality: "The Maoists speak of battalions and divisions but there is no sign that they really have this many armed cadres", observes a Western security analyst.²⁷ Official estimates still place core Maoist fighters in the low thousands but there is no reason to doubt the determination to step up the military offensive, whatever their exact resources.

Command and Control. While the Maoists have been playing by a standard guerrilla rule book, some of their activities raise more questions than they answer. Observers wonder what their goals are and often doubt whether they have a coherent plan or an effective command structure. Rumours of leadership disputes are compounded by questions over attempts at administration: does all the talk of alternative government translate into any meaningful action on the ground?²⁸ How independent are the "autonomous governments" set up by the Maoists, and what do they do? And what is the Maoists' real position on development and international aid?

The search for clear answers is hampered by the fact that Maoist commanders in different areas operate different policies and often claim great independence. Before jumping to the conclusion that this reflects a breakdown of discipline, it is worth recalling Mao's advice:

In guerrilla warfare, small units acting independently play the principal role, and there must be no excessive interference with their activities ... In the case of guerrilla warfare, [centralised command] is not only undesirable but impossible. Only adjacent guerrilla units can coordinate their activities to any degree ... there are no strictures on the extent of guerrilla activity nor is it primarily characterised by the quality of co-operation of many units.²⁹

Nevertheless, Mao insisted on strictly disciplined adherence to overall political goals and warned that "unorganised guerrilla warfare cannot contribute to victory".³⁰ In short, the flexibility allowed to local commanders is entirely permitted by classical Maoist strategy.

"Our staff have encountered more than one local commander who has bluntly told them that whatever

the central policy, they feel no need to follow it -- they are the little emperors of their own small domains", observes one development worker.³¹ The Maoist leadership has admitted to some cases of indiscipline. For example, it apologised for the 16 August 2004 killing of Dailekh-based journalist Dekendra Thapa, claiming it was an unauthorised action by local cadres. Such problems are compounded by the youth of local Maoist leaders and their frequent transfer, according to a UN official:

It's not that we haven't had problems with the state security forces but there you can at least go to the relevant commander, and they will take effective action to rectify things. With the Maoists there's no one senior to complain to, and even when the leadership has announced decisions, we encounter local commanders who have either not heard them or refuse to recognise them.³²

Such inconsistency cannot simply be blamed on poor communications. "Certainly at the outset the Maoists faced huge problems of keeping in touch with cadres dispersed across difficult terrain", says a journalist with good contacts among both the rebels and the RNA. "But these days army officers are jealous of the Maoists' communications equipment -- even low-level commanders can be seen with mobiles and satphones".³³ In certain areas the rebels have also published their own newspapers and run local FM radio, moves which should enhance the dissemination of central policy.

The creation of regional "autonomous governments" along ethnic lines seems to have caused more serious political challenges to the unity of the movement. Unconfirmed reports from the August Central Committee plenum suggest there was heated debate over the degree to which these should submit to central control. The Tarai Liberation Front and Kirat Workers Party have publicly split from the CPN (M). But it is regional bodies that have recently been at the forefront of attempts to exert greater influence over development work. In Bardia district in the mid-western Tarai, the rebels have ordered NGOs and INGOs to register with the "new regime".

"Obviously registering with the Maoists in any way whatsoever is completely out of the question", is a typical aid agency response.³⁴ But the Maoists have sown some confusion. "The agencies subscribing to the basic operating guidelines know that in practice their

²⁷ Crisis Group interview, Kathmandu, 8 June 2004.

²⁸ Maoist administration will be the subject of a future Crisis Group briefing.

²⁹ Mao Zedong, *On Guerrilla Warfare* (1937), available at <http://www.marxists.org/reference/archive/mao/works/1937/guerrilla-warfare/>.

³⁰ *Ibid.*

³¹ Crisis Group interview, Kathmandu, September 2004.

³² Crisis Group interview, Kathmandu, September 2004.

³³ Crisis Group interview, Kathmandu, September 2004.

³⁴ Crisis Group interview, Kathmandu, July 2004.

local staff are constantly having to deal with Maoists", says a European humanitarian official. "It is impossible to pretend otherwise, however diplomatically convenient that may be".³⁵ The European Union has generally been well received by the Maoists -- "a bit embarrassing", an EU official put it, "but not entirely negative: we can work in Maoist-affected areas".³⁶

Local NGOs have, nevertheless, had to deal with the Maoists more directly. In Bardia a representative committee sat down for several rounds of negotiations with leaders of the "regional government". "They're clearly trying to make a political point and insist that we recognise them formally as a force", said a spokesman. "But much of the discussion was very detailed and quite bureaucratic".³⁷ Indeed, the Maoist position papers were prepared in standard official jargon and dealt in detail with topics such as recruitment procedures, clearance of project proposals and budget oversight.

The most obvious effect of the expansion of Maoist activities, however, has been to draw even more civilians into the conflict. School teachers and students have been abducted -- thousands at a time -- to attend political camps.³⁸ Although there are no reports of their being used in frontline fighting, the Maoists have also been giving military training to children in many of their base areas. The launch of a "strategic offensive" will probably lead to more violence in urban areas. Kathmandu and other towns are already becoming accustomed to frequent small explosions and shootings. Government-appointed local officials will continue to be threatened and killed. Aid projects will be disrupted and may have to be suspended. (Major bilateral agencies have halted activity in some western Tarai districts since early September 2004.) And the Maoists will seek to use the rhetorical threat of Indian expansionism and U.S. imperialism to recruit more fighters and further intensify their violent campaign.

B. THE SECURITY FORCES

The RNA has been much more closely involved in this coup than in earlier royal dismissals of governments. The belief is widespread in the capital that the military leadership pressed the king into taking this step. It has felt under growing pressure from critics of its human rights record and its failure to provide security for civilians in the face of the insurgency.

Troops moved rapidly to arrest political leaders and student activists in Kathmandu and elsewhere. Officers were stationed in all newspapers and broadcast media offices to control access to information. The king made it clear that he sought an expansion of the war against the Maoists unless they came to the table, although he did not say how this could be achieved. The RNA is likely to find itself increasingly burdened with maintaining law and order in cities. There are believed to be two army divisions in Kathmandu.³⁹

Capabilities. The RNA has expanded rapidly and has sought further increases in recruits and arms. Before it was first deployed to counter the insurgency in 2001, its strength was around 52,000 and its main experience in international peacekeeping operations abroad and ceremonial activities at home. Following rapid recruitment, it is at 78,000 and aims to reach 100,000.⁴⁰ The Ministry of Defence has submitted plans to the Ministry of Finance for the first step of expanding to 85,000.⁴¹ Expansion has been accompanied by some restructuring: there are plans to post a brigade to each of Nepal's fourteen zones, with a divisional headquarters in each development region.⁴² Along with at least a division dedicated to securing the Kathmandu Valley, this would mean a total of six divisions, and possible even larger corps-level groupings.⁴³

Under the "unified command" structure introduced in November 2003, the RNA also directs the 15,000-strong Armed Police Force and the 46,500-strong Nepal Police in counter-insurgency operations. This hastened the withdrawal of police posts from many rural areas and encouraged consolidation in fewer, but better protected, bases. At the same time, former Prime Minister Surya Bahadur Thapa announced that civilian militias would be formed to defend villages. That flawed policy, however, was never widely implemented.⁴⁴ Not counting other bodies such as the National Investigation Department, state security forces total approximately 140,000. Soldiers are equipped with a range of weapons, including self-loading rifles, Indian INSAS rifles and American M-16s. The Air Service operates at least nineteen helicopters and seven fixed-wing aircraft, with further

³⁵ Crisis Group interview, Brussels, July 2004.

³⁶ Crisis Group interview, Brussels, July 2004.

³⁷ Crisis Group interview, Gulariya, June 2004.

³⁸ Crisis Group interviews, Jhapa, Pokhara, Dankuta, Baglung, Kathmandu, January 2005.

³⁹ Crisis Group interviews, February 2005.

⁴⁰ Sitaram Baral and Sharad Adhikari, "Ghamasan tayari", *Samay* 17-23 September 2004.

⁴¹ *The Himalayan Times*, 10 October 2004.

⁴² *Jane's Sentinel - South Asia*, No. 12, 2003, and *Jane's World Armies*, June 2003, estimated RNA strength at five infantry brigades with fourteen to sixteen battalions.

⁴³ These plans were approved at a cabinet meeting on 6 July 2004. Baral and Adhikari, *op. cit.*

⁴⁴ See Crisis Group Briefing, *Dangerous Plans for Village Militias*, *op. cit.*

advanced light helicopters promised by India.⁴⁵ The government also plans to buy a fifth MI-17 helicopter.⁴⁶

C. TWO DIFFERENT WARS

The intensification of military operations has been driven by very different strategic considerations and tactical techniques. In effect, the Maoists and the RNA are fighting two quite distinct campaigns. The Maoists are following a guerrilla warfare plan in which territorial control is of minimal significance, while the state has devoted most of its resources to static defence of towns and key infrastructure. The Maoists claim that the "strategic balance" phase of their campaign has established them as the "new regime" in most of the countryside. This now demands their extension into urban areas, though not by direct military assault.

The RNA points to the Maoists' inability to exert exclusive control over territory as evidence of inherent weakness. The major RNA advance into the insurgents' heartland of Rolpa in July 2004 was cited as a significant blow. But as a senior Indian security analyst points out, "the rebels are just following the most basic of Mao's military tenets -- 'when the enemy advances, retreat'".⁴⁷ Boasts that the Maoists have been unable to overrun and hold any district headquarters are similarly dismissed by military experts as irrelevant.⁴⁸ The conflicting Maoist and RNA assessments of their relative strengths have been characterised by one analyst as a "dichotomy of assertions that may turn this conflict into a never-ending struggle".⁴⁹

As long as the two sides are fighting different wars, is there any way of judging prospects? Much has been made of Maoist claims to control 80 per cent of Nepal's area but such "control" is clearly not exclusive. There are no frontlines, and the RNA's repeated assertions that there are no "no-go" areas for its soldiers are true. But no one can deny that the rebels have become stronger and the state's political disarray has helped them. Without clear political will and planning, it is not surprising that the military response has been confused.

As Nepali foreign policy and security analyst Nischal Pandey observes:

Maoists have emerged today as an alternative to the state. They have re-grouped and strengthened their position with each round of peace negotiations. Even with more than 10,000 people killed, there is no immediate likelihood of any durable breakthrough in the foreseeable future either militarily or through a peaceful dialogue ... the fight against terrorism requires sustained, coordinated effort at all levels, a high moral position in which to continue the campaign and enhanced intelligence and logistical capability -- a step ahead of the rebels. Somewhere, somehow the national will went missing in the conundrum of the power struggle among the different constitutional forces in the country.⁵⁰

Although it has not been a major feature of their campaign, the Maoists have launched occasional large scale offensives. Early in 2004, attacks on the district headquarters of Bhojpur and Myagdi undermined RNA assertions that they had been fundamentally weakened. The 21 March 2004 assault on Beni, Myagdi's headquarters, was particularly damaging to the government's image. The Maoists were not wholly successful -- failing, for example, to overrun the army barracks -- but RNA protestations that they had fallen into a trap were met with incredulity. As a Western diplomat recalls, "At the start of the year there were still some who believed the army when it said the rebels had their backs to the wall. But Beni demonstrated clearly that the Maoists were still capable of mounting major attacks and coordinating thousands of fighters and supporters".⁵¹

At the same time the insurgents have steadily increased use of other tactics, notably strikes, lengthy blockades and landmines or other improvised explosive devices. The killing of 22 armed police in a single landmine blast on the main highway in Banke district on 14 June 2004 was shocking at the time but such attacks have been repeated with deadly regularity. For example, a landmine explosion and ambush on the Pokhara-Baglung road in Parbat district on 26 January 2005 claimed eight lives, including one civilian.

The combination of unorthodox Maoist tactics and confident proclamations from senior RNA officers has confused many analysts. The blockade of the Kathmandu Valley in late August 2004 was met with bafflement but illustrated key features of the conflict. This was a "blockade" enforced solely through intimidation: there were no significant physical attempts

⁴⁵ The light helicopters are to be unarmed and used for troop transport. The RNA's only helicopter gunships are four Lancers. The exact nature of military aid was not specified in the joint press statement issued by the Indian and Nepali governments on 12 September 2004.

⁴⁶ *The Himalayan Times*, 24 September 2004.

⁴⁷ Crisis Group interview, Delhi, September 2004.

⁴⁸ Crisis Group interviews, Delhi and Kathmandu, September 2004.

⁴⁹ Nischal Pandey, "The Crisis in Nepal", Institute of Peace and Conflict Studies, Issue Brief No. 26, New Delhi, September 2004.

⁵⁰ Ibid.

⁵¹ Crisis Group interview, Kathmandu, July 2004.

to cut off roads nor any notable deployment of guerrillas.⁵² In a battle of perceptions, the power of Maoist threats was pitted against public faith in the state's ability to ensure security. The latter was initially found wanting but the calling off of the blockade was cited as a collapse of Maoist strength. However, even the most conservative military analysts fear that the state has yet to understand Maoist tactics and develop a viable counter. As a senior regional security expert put it:

The Maoists are following a very simple but terribly effective manual. You only need to glance through Mao's writings on guerrilla strategy to realise that they are largely going by the book. And unfortunately we know that this is a proven formula. The government desperately needs to establish security on the ground, even if only in a few districts at first, and show that it can reintroduce order and get a functional civil administration back up and running. This is the only way to regain the initiative and to restore faith in the state. But just now I fear that the government doesn't have a plan at all.⁵³

Observers of all backgrounds voice such concerns repeatedly. "No matter how well India equips the Nepalese security forces, they are far away from being capable of dealing with the Maoists", writes S.D. Muni, the former ambassador widely recognised as India's leading academic authority on Nepal. "India's own experience in the northeast and in areas affected by Naxalite Maoist guerrillas is that military methods may, at best, help, but cannot deliver a solution to internal revolts and insurgencies".⁵⁴ Lessons that could be learned from regional experiences of counter-insurgency do not seem to have sunk in at all. A retired Indian general with longstanding Nepal connections comments:

"I'm still shocked by the incompetence of the RNA and by its dangerous tactics. For example, in this day and age we would never use helicopter gunships in counter-insurgency work -- helicopters for transport, sure, but this is a war that can only be fought on the ground level. Firing into jungles from a thousand feet up has no real military benefit and is bound to be counter-productive when innocent civilians end up as victims".⁵⁵

Most of those calling for a peaceful solution recognise that a military element to the state response is justified. But even the most sympathetic observers are alarmed by the failure of current tactics. Not only have the Maoists been allowed to extend their sphere of influence, but increased security operations have not made civilians feel any more secure. At a gathering of local journalists in Nepalgunj's bazaar -- including representatives of the mainstream dailies and the government media -- not a single person felt the military presence made them safer. A journalist observed:

Here we have the RNA's divisional headquarters and large police and armed police forces. But just call out from the rooftop here and the Maoists will be there -- they're all around us, and the security forces can hardly protect themselves. As long as they sit cowering behind their barbed wire waiting to be attacked how are they going to make the public feel secure?⁵⁶

⁵² A shutdown of industrial targets was similarly enforced by the token bombing of the Soaltee Hotel and the threats of a new, Maoist-affiliated trade union.

⁵³ Crisis Group interview, Delhi, September 2004.

⁵⁴ S.D. Muni, "Political Pilgrimage in Search of Security", *South Asia Intelligence Review* 3 (9), 13 September 2004.

⁵⁵ Crisis Group interview, Delhi, September 2004.

⁵⁶ Crisis Group interview, Nepalgunj, June 2004.

IV. THE POLITICAL CONFLICT

Political leaders were rounded up as the king took power and have not been able to make any public statements. Senior leaders are under house arrest while others have been held on military and police bases. The crackdown on communications and the media has meant the new government has so far been able to limit any protests by supporters of the political parties.

A. THE PALACE

Relations between the king and political parties have been troubled since Gyanendra took the throne. In his statement on 1 February, the monarch flayed the parties:

Even when bloodshed, violence and devastation has pushed the country to the brink of destruction, those engaged in politics in the name of the country and the people continue to shut their eyes to their welfare. Tussles for power, abuse of authority on gaining power and unhealthy competition in fulfilling personal and communal interests at the expense of the nation and citizenry contributed to a further deterioration in the situation.

Nepal's political parties do have a sorry record since the introduction of multi-party democracy in 1990. They have been based around personalities rather than policies, and leaders have been corrupt, seen as elitist and remote, and have failed to develop any mechanisms of internal democracy that might have allowed the parties to reform themselves. Political instability has been the norm: there were ten governments between 1991 and 2002.

Much of the blame for the current situation can be legitimately pinned on the parties but not all of it. Birendra and Gyanendra constantly interfered in politics from behind the scenes, creating a tendency for political leaders to look upwards to the palace rather than worrying about popular support for policies. The previous king's heavy hand in shaping the 1990 constitution has meant that civilians have never controlled the military. Gyanendra's dismissal of three governments since 2002 has only worsened the situation.

The king has long been known to favour what might be called "The Musharraf Option" -- the idea that government might be best run by one man with only the thinnest veneer of democracy.⁵⁷ While this has hardly

been the success that many claim in Pakistan itself,⁵⁸ in Nepal there is a widespread view that it is likely to be a complete disaster.⁵⁹

- The RNA lacks the capacity to maintain military rule and wage a successful campaign against the Maoists. It could never be the alternative state that the military has become in Pakistan. The campaign against the Maoists is likely to be further weakened if the RNA's most competent officers are occupied in Kathmandu guarding political prisoners and censoring the media.
- Political parties still have considerable support. Despite much frustration over their behaviour, about a third of Nepalis maintain an affiliation with a party.⁶⁰ Recent polls indicate that 60 per

⁵⁸ See Crisis Group reporting on Pakistan including Crisis Group Asia Briefing N°12, *Pakistan: The Dangers of Conventional Wisdom*, 12 March 2002; Crisis Group Asia Report N°36, *Pakistan: Madrasas, Extremism and the Military*, 29 July 2002; Crisis Group Asia Report, N°40, *Pakistan: Transition to Democracy?*, 3 October 2002; Crisis Group Asia Report N°49, *Pakistan: The Mullahs and the Military*, 20 March 2003; Crisis Group Asia Report N°73, *Unfulfilled Promises: Pakistan's Failure to Tackle Extremism*, 16 January 2004; Crisis Group Asia Report N°77, *Devolution in Pakistan: Reform or Regression?*, 22 March 2004; Crisis Group Asia Report N°84, *Pakistan: Reforming the Education Sector*, 7 October 2004; and Crisis Group Asia Report N°86, *Building Judicial Independence in Pakistan*, 9 November 2004.

⁵⁹ See, for example, a commentary circulated by prominent Nepali editor Kanak Mani Dixit: "In castigating the political parties, King Gyanendra preferred to hark back to the Parliament dissolved three years ago, while keeping silent over [the] interim period and rule through palace-appointed prime ministers. This is the period when the peace and security of the country's populace plummeted more than previously". Kanak Mani Dixit, "Royal Takeover in Nepal: Drastic and Ill-Advised", circulated on the International Nepal Solidarity Network website at www.insn.org.

⁶⁰ A recent nationwide survey concluded that more than 28 per cent of people were not afraid to say they were close to a mainstream political party, in spite of continuing Maoist violence and intimidation, Crisis Group interview with Krishna Hachhethu, Kathmandu, 4 October 2004. This poll, which involved 3,249 respondents interviewed from 6 August 2004 to 20 September 2004 in 31 urban and 132 rural areas, found that two thirds of Nepalis believed that "democracy is preferable to any other form of government" and three quarters believed "democracy is suitable in Nepal". Another poll found 41 per cent of respondents willing to affiliate with a mainstream political party, Greenberg Quinlan Rosner Research Inc., "Faith in Democracy Endures, In Spite of Disappointments: Report on the Baseline Survey and Focus Groups", Washington, 16 August 2004, p. 6.. The methodology of this poll has not been published.

⁵⁷ Crisis Group interviews, Kathmandu, January 2005.

cent consider a democracy under a constitutional monarchy the best form of government.⁶¹

- Even if talks are held between the Maoists and the king, no agreement negotiated without the support of the mainstream political parties is likely to endure.
- Peace is unlikely without a broad national consensus on the problems of poverty, ethnic and caste exclusion and corruption that plague the country and fuel the conflict. This is unlikely to develop if the political stage is occupied only by the far left Maoists and the right-wing monarchists, who are drawn from the upper echelons of Nepal's elite, a group that has been conspicuously unresponsive to social issues in the past.
- Coming to the throne unexpectedly in his 50s, the king has little political experience and few solid international connections. He lacks many high-level contacts in Delhi or elsewhere and has shown little feel for diplomacy or governance.

B. THE PARTIES

Because the leadership of all the main parties -- the Congress of G.P. Koirala, the Congress (D) of ousted Prime Minister Deuba, the United-Marxist Leninists (UML) of Madhav Nepal and the Royalist RPP of former premier Lokhendra Chand -- is under arrest and communications have been restricted, there has been no coordinated response to the coup. However, statements made by, or on behalf of, the leaders of major parties have been smuggled out and communicated to the international press. Initial reports indicate that several hundred senior party figures are being detained.

The main parties were widely divided before the coup. Congress (D), the UML and the RPP were part of the ousted government but Koirala's Congress remained aloof from the coalition and refused to support Deuba's call for elections, preferring reinstatement of the previous parliament. The political parties already were seriously weakened during the past two years, when the king wielded power from behind the scenes. They are very much centred on their leaders, particularly in both branches of Congress, and could be crippled if those leaders remain completely isolated. There are real risks of splits in all parties as some members try to work with

the king and military, and others oppose the coup. The UML has long-standing plans to go underground but these are unlikely to be fully implemented.

The Maoists have already appealed for a united front of political forces against the king and army and are likely to pursue this, particularly with party officials outside of Kathmandu. While cadres of the UML, Congress and a small Marxist party, Janamorcha Nepal, have up to now been targets of Maoist violence, and many bitterly oppose any alliance with them,⁶² Nepali parties tend to be opportunistic rather than strongly ideological, so some improbable alliances are possible. If alliances do emerge, they probably will end up being led by the Maoists, who are now the only well-organised, disciplined political force in the country.⁶³

Middle ranking politicians are apprehensive of the Maoist call for a united front. "We have been their primary target all along. How can we trust them now?" asked a Congress leader. But other Congress politicians have already been quoted as urging the Maoists to join them in opposing the king and refusing talks. The UML also views the rebels with suspicion. One UML functionary said that an alliance with the Maoists is out of the question at least in the near future -- "but if they renounce violence against the parties, then some sort of ideological alliance cannot be ruled out".⁶⁴

The senior leadership of the Congress parties and the UML have accepted the concept of a constitutional monarchy up to now but calls for a republic have been growing among the student wings of the parties for two years. Republicanism -- once a taboo -- is now likely to feature in discussions in all the parties.

Reports appeared in the newly controlled Nepali press on 4 February that the king would display the wealth of political leaders -- private property is no longer protected after suspension of parts of the constitution -- in order to discredit them. Corruption charges are likely to be used to continue detention of politicians. Corruption is certainly a huge national problem but politically motivated prosecutions would do nothing to cure it. The palace and the military are no less corrupt than any party and have never been subject to democratic oversight.

⁶¹ A July 2004 nationwide poll found that 60 per cent of respondents favour a democracy with a constitutional monarchy; 17 per cent democracy without a monarchy; 9 percent a return to the Panchayat system, and only 2 per cent an absolute monarchy, Greenberg Quinlan Rosner Research Inc., op. cit., p. 6.

⁶² Crisis Group interviews with party cadres, Baglung, January 2005.

⁶³ There is constant talk in Kathmandu about splits in the Maoist movement. There surely are some differences in policy but much of this talk is wishful thinking. For nine years, the Maoists have consistently shown themselves to be the most disciplined, least divided force in Nepal.

⁶⁴ Crisis Group interviews. Kathmandu. February 2005.

V. THE INTERNATIONAL RESPONSE

The king's coup clearly caught the international community by surprise. The main countries involved in Nepal believed they had headed off such a move in December 2004 by strongly warning the monarch against taking absolute power and were reasonably confident -- if not certain -- that he would stop short of such a step. Immediate reaction was almost universally one of dismay, with many diplomats and analysts warning that the move would only boost the Maoists and undermine the monarchy.

A. INDIA

The Indian government, with the most direct interests and influence in Nepal, was completely unaware of the king's move. Its initial reaction has been strong: first a sharply critical statement⁶⁵ and then cancellation of the visit by Prime Minister Manmohan Singh to Dhaka for a summit of the South Asian Association for Regional Cooperation (SAARC) that King Gyanendra had said he would attend. The army chief, General J.J. Singh, turned down an invitation to Kathmandu. A potentially crippling freeze on military assistance has been reported in the Indian press.⁶⁶ Nepal is deeply reliant on India in every sphere, and the king has taken a serious gamble in annoying New Delhi.

India was clearly shocked that the king flouted its advice so openly and undiplomatically. A senior Indian analyst with close contacts in both capitals said:

People in Delhi are angry, very, very angry. The last time Nepal went against India so openly was under the Ranas in the 1950s and look what happened to them...the king has deliberately gone against clear advice. By doing this he has made India, if not an enemy, then an opponent.⁶⁷

"We have always made clear our belief that constitutional monarchy and multiparty democracy are the twin pillars of the state of Nepal", a senior Indian Ministry of

External Affairs officer affirmed just days before the coup. "We have consistently urged the palace and the parties to work together to confront the Maoist threat".⁶⁸ India's foreign secretary and former ambassador to Nepal, Shyam Saran, has often reiterated the established policy:

India has publicly stated that we do not believe that a purely military solution is possible to this problem and that [a] peaceful solution should be pursued. The question is what really are we looking at in terms of the peace solution? Our view is that the pursuit of any political objective through violence is something that we do not accept. We have also stated that any pursuit of a peace settlement must be within the parameters of the preservation of multiparty democracy in Nepal and also within the parameters of constitutional monarchy.⁶⁹

King Gyanendra's willingness to go so directly against New Delhi's advice is all the more surprising because the Indians were becoming increasingly concerned about the impact of the civil war and strongly supportive of the the Nepali government. That concern grew considerably in the second half of 2004. While there is no great unease about the Maoist political agenda as such, officials in New Delhi are increasingly preoccupied at the prospect that an armed insurgency might overthrow a neighbouring government.

The developing perception that Maoist links with Indian insurgent groups threaten domestic security has also inevitably generated some anxiety. The Indian Ministry of Home Affairs has expressed concern that the Maoists are collaborating with the Communist Party of India Marxist-Leninist (People's War), or CPML-PW, and the Maoist Communist Centre of India (MCC-I) to coordinate an extensive insurgency:

The prime motive behind the expansionist designs of CPML-PW and MCC-I together with the Communist Party of Nepal (Maoist) is to spread into new areas to carve out a "Compact Revolutionary Zone" spreading from Nepal through Bihar and the Dandakaranya region to Andhra Pradesh.⁷⁰

Officials describe a "symbiotic relationship" between the CPN (M) and home-grown Naxalite groups and

⁶⁵ Ministry of External Affairs, "Statement on Developments in Nepal", 1 February 2005.

⁶⁶ "India to suspend military aid to Nepal but rejects direct army intervention", *South Asia Tribune*, 7 February 2005.

⁶⁷ Crisis Group interview, February 2005. The Ranas, hereditary prime ministers who ruled Nepal while keeping the Royal Family in a subservient position, were forced from power, in part by Indian pressure. Indian economic and political pressure also played a role in the democracy movement in 1990.

⁶⁸ Crisis Group interview, Delhi, 28 January 2004.

⁶⁹ Media briefing, Ministry of External Affairs, 10 September 2004. Transcript at <http://meaindia.nic.in/pressbriefing/2004/09/10pb02.htm>.

⁷⁰ Ministry of Home Affairs, "Annual Report 2003-2004", p. 41.

claim the MCC-I has provided the Maoists with arms, shelter, manpower and military training.⁷¹ News reports claimed some of the 1,000 submachine guns and 150 rocket launchers intercepted in the Bangladeshi port of Chittagong in April 2004 might have been heading to Nepal.⁷² Since the unification of India's Maoist parties under the banner of the Communist Party of India (Maoist) on 14 October 2004 and the collapse of talks between the rebels and the Andhra Pradesh government on 17 January 2005, these concerns have fuelled further headlines.

Several Maoist leaders have been detained in India. At the end of March 2004, senior ideologue Mohan Baidya was arrested near Siliguri in north Bengal and charged with offences against the state. Reports of his interrogation have been used to claim further links between the CPN (M) and north eastern groups and attempts to exploit Indian territory. A senior civil servant said, "we now know that Mohan Baidya was not only organising among Indian Nepalis but also negotiating arms deals with ULFA [United Liberation Front of Asom]".⁷³

There are some less alarmist assessments of the nature and extent of these links. "The so-called 'Compact Revolutionary Zone' seems to be the creation of Delhi security experts", observes a Kathmandu-based human rights worker. "The Maoists never speak of it, and there are no signs that it features high on their list of priorities".⁷⁴ Indeed, the Maoists go out of their way to mock it as "a figment of imagination by some journalists (or intelligence agencies?)".⁷⁵ The solidarity of Maoist and Naxalite movements is also fragile despite a loose coordinating committee. A veteran Kolkata-based and above-ground Naxalite says, "The MCC and PW have a history of internecine warfare, and there are plenty among them who have little sympathy for Nepal's Maoists. The only thing we can be sure of is that if the CPN (M) ever came to power, the first thing it would do would be to sever any links with Indian revolutionaries".⁷⁶

Others are more directly critical of the CPN (M). "The Nepali Maoists are on the wrong track", insisted a Siliguri-based leader of a legal Naxalite party. "They must realise that their current campaign of violence will

not achieve their stated goals".⁷⁷ Sceptical Maoist sympathisers add, "there is a long history of bad blood between ULFA and Nepali political groups. After all, ULFA was only allowed to set up camps in southern Bhutan on the understanding that it would wipe out the last remnants of Nepali democratic and communist movements".⁷⁸

Nevertheless, concern in New Delhi is palpable. Security along the open border has been strengthened by deployment of armed Special Security Bureau/Sashastra Seema Bal (SSB) battalions.⁷⁹ Maoist Central Committee members Matrika Prasad Yadav and Suresh Ale Magar were arrested in February 2004 and handed over to Nepali authorities before their detention became public. Indian human rights activists allege the summary extradition was illegal; their whereabouts in Nepal have not been revealed.

On 21 September 2004 a meeting in Hyderabad of representatives of Naxalite-affected states chaired by Home Minister Shiva Raj Patil decided to reinforce border security arrangements.⁸⁰ Cooperation has been facilitated locally. For example, on 23 September security and administration officials from neighbouring Indian and Nepali districts in Uttaranchal state formed a joint security task force. Heightened border security and further efforts to arrest Nepali Maoists are likely to remain prominent features of Indian central and state government responses.

India has been concerned about the involvement of other powers in the conflict, rejecting any efforts at third party mediation and even raising concerns about some military aid. Under the 1950 Treaty of Peace and Friendship, Nepal must seek Indian authorisation to import weapons from a third country, and Delhi has traditionally seen itself as almost the sole source of the country's arms. While it eventually approved the U.S. grant of 20,000 M-16 rifles, independent military analysts are critical. "M-16s are very dangerous, fully automatic weapons that are simply not appropriate for internal counter-insurgency operations", cautions a retired general. "Poorly trained young recruits will be encouraged to spray more bullets around, while the worry for us is that these guns will rapidly find their way into the hands of the Maoists and then onto the Indian illegal arms market".⁸¹ Indian military assistance has

⁷¹ Ibid, p. 42.

⁷² See, for example, Haroon Habib, "A deadly cargo", *Frontline Magazine*, 8 May 2004.

⁷³ Crisis Group interview, Delhi, July 2004.

⁷⁴ Crisis Group interview, Kathmandu, September 2004.

⁷⁵ *The Worker, Organ of the Communist Party of Nepal (Maoist)*, No. 9, February 2004, p. 66.

⁷⁶ Crisis Group interview, Kolkata, June 2004.

⁷⁷ Crisis Group interview, Siliguri, April 2004.

⁷⁸ Crisis Group interview, Delhi, September 2004.

⁷⁹ These are forces controlled by the Home Ministry that handle border security issues.

⁸⁰ *Kantipur*, 22 September 2004.

⁸¹ Crisis Group interview, Delhi, September 2004.

included its own standard-issue INSAS rifle, mine-protected vehicles and helicopters.

The king's coup has sharpened India's worries about Nepal. The question now is whether it will conclude that despite its unhappiness with Gyanendra's actions, it has no viable option other than to support him -- or whether it will use some of the levers it controls to press him to retreat.

B. THE U.S.

The U.S. government expressed concern through the State Department's spokesman but refrained from a higher-level condemnation of the king's move. The king made a blatant appeal to U.S. preoccupations in his announcement by repeatedly mentioning terrorism. U.S. anxieties have centred around fears of a Maoist victory and what that might mean for the people of Nepal, and Washington's statement emphasised that the king's action "will undermine the Nepali struggle with the Maoist insurgency, a very serious challenge to a peaceful and prosperous future for Nepal".⁸² Policymakers have frequently raised concerns that, should they achieve power, the Maoists might behave in the extremely violent manner of the Khmer Rouge in Cambodia.⁸³ Although the Maoists have been very violent, there is little suggestion they plan a Khmer Rouge-style "Year Zero".⁸⁴ During the 2003 ceasefire, the U.S. designated the CPN (M) a supporter of terrorism.⁸⁵ On 31 October 2003, it announced it was freezing Maoist assets for national security reasons.⁸⁶ These measures bar almost all dealings with the CPN (M) or its members.

The bombing of the American Center in Kathmandu on 10 September 2004 -- although not claimed by the Maoists -- drew the U.S. deeper into the situation. While reiterating its commitment to a peaceful solution to the insurgency, the U.S. gave an additional \$1 million in security assistance, announced its intention to seek additional funding for the fiscal year beginning 1 October 2004 and suspended the Peace Corps program. It subsequently approved \$2.2 million in military aid and \$40 million in economic aid.⁸⁷

The U.S. has given significant military aid to Nepal, including weapons and training -- more than \$20 million worth since 2002, with some anticipation that a much larger budget request of around \$24 million will be made for fiscal year 2006.⁸⁸ There is much scepticism about the effectiveness of this assistance given the RNA's performance and the worsening human rights abuses carried out by the armed forces.⁸⁹ "Of course the RNA needs to be effectively armed", says a senior security analyst. "But it needs cheap, sustainable, local solutions rather than an injection of high-tech weaponry that it will find hard to deploy and which will only raise the stakes in the fighting".⁹⁰ U.S. officials dismiss such doubts. "The M-16 is a proven weapon which any soldier in the world would be glad to use", insists a senior diplomat. "Nepali soldiers deserve to be decently armed to fight the Maoists, and of 15,000 rifles supplied so far they have only lost one".⁹¹

Given this history of growing support for the government's counter-insurgency activities and the relatively low key manner in which the U.S. reacted to the coup, there is speculation in Kathmandu that the king may have given its embassy advance word of his intentions.⁹² Washington's actions in the coming weeks will be watched carefully for clues. Several senators

⁸² Richard Boucher, "Statement on Dismissal of Government and State of Emergency in Nepal", U.S. Department of State, 1 February 2005. By contrast, the statement of the European Union (see below) emphasised that there is no military solution to the conflict, and negotiations are needed with the insurgents. The U.S. statement called for the Maoists "to abandon their armed struggle and to join the political mainstream through dialogue".

⁸³ For more background on U.S. responses to the conflict, see Crisis Group Report, *Nepal Background*, op. cit.

⁸⁴ Nepali Maoists have exhibited great flexibility on many ideological points, often saying, for example, they accept that Nepal is not ready for socialism and must "complete the bourgeois democratic revolution" first. In areas under their sway, they have introduced few controls over the economy, preferring to allow people to run businesses while they extort money from them to finance their fight.

⁸⁵ Executive Order (EO) 13224; see U.S. Department of State, "Patterns of Global Terrorism", 2003.

⁸⁶ Congressional Research Service, "Terrorism in South Asia", updated 9 August 2004.

⁸⁷ U.S. embassy press release, Kathmandu, 13 September 2004. More than 4,000 volunteers have served in the Peace Corps program in its 42-year history.

⁸⁸ Most of the assistance comes under four programs: Foreign Military Financing (FMF) that provides for equipment including weapons; Enhanced International Peacekeeping Capabilities (EIPC) that trains peacekeepers for operations outside Nepal; International Military Education and Training (IMET) for training; and Joint Combined Exchange Training (JCET).

⁸⁹ The U.S. has consistently claimed that its assistance has helped the RNA reverse Maoist successes but this is belied by reports from outside Kathmandu where civilians report little military presence and a complete lack of security or state functions. Crisis Group interviews, Baglung, Pokhara, Kathmandu, Jhapa, January 2005.

⁹⁰ Crisis Group interview, Delhi, September 2004.

⁹¹ Crisis Group interview, Kathmandu, July 2004.

⁹² Crisis Group interviews, Kathmandu, February 2005.

from both parties have issued their own statements of concern and begun to consider whether military assistance must be cut off under a provision of U.S. law that bars assistance to a government that has overthrown an elected head of government or should be restricted as a matter of policy. There is little doubt that much tougher conditionality than in the past will be added by Congress.⁹³

C. THE EUROPEAN UNION AND OTHERS

European Union. An EU statement expressed grave concern about the king's ending of multiparty democracy and urged the immediate release of those detained. It also emphasised that, "the EU firmly believes that a negotiated and democratically-based solution is the only acceptable and sustainable way to end the current conflict. The EU continues to judge that there can be no acceptable military solution to Nepal's problems and that any search for a solution by military means by either side will only add to and prolong the suffering of the Nepalese people".⁹⁴

For the past few years, concern has been rising among some EU member states that as the king undermined democracy, his government was being given too unconditional political support and too much military aid -- governance, human rights and accountability issues were forced to take a back seat to security issues even though most analysts were warning that there was no effective political and economic strategy to counter the Maoists. European diplomats have engaged with the Maoists in the field in order to ensure continuation of development projects. The EU and its member states give Nepal more than €100 million a year in assistance.⁹⁵ The EU has consistently urged negotiations between the Maoists and a multi-party government in Kathmandu. It has also expressed concerns about human rights abuses on both sides, a theme likely to be reemphasised in the present situation.

The United Nations. Secretary-General Kofi Annan expressed concern in a statement issued immediately

after the coup.⁹⁶ UN High Commissioner for Human Rights Louise Arbour, who had visited Kathmandu shortly before the coup, issued a statement reminding the king of his pledges to respect human rights and warning that basic rights could not be suspended under any circumstances, "not even during a state of emergency".⁹⁷ A group of nine UN human rights experts and special rapporteurs put out a joint statement calling on the king to respect basic rights.⁹⁸

The United Kingdom. The UK expressed "grave concerns",⁹⁹ and the Nepali ambassador to London was summoned to the Foreign Office. Britain has a substantial array of security, aid and business links to Nepal and is unlikely to turn against the monarchy but the king's move runs against all advice offered over recent years and will no doubt inspire much frustration in Whitehall. The UK provides some non-lethal military assistance. Its military has long-established links with Nepali counterparts and has tended to downplay concerns about the RNA's behaviour and the extent of its likely support for a return to absolute monarchy.¹⁰⁰ However, the Foreign Office statement explicitly noted that, "the British Government will have to assess the impact of this move on our security and developmental assistance".

China. Beijing had no comment on the king's move beyond saying it was an internal affair. Coming shortly after the closing of the Dalai Lama's office in Kathmandu that provided relief services to Tibetan refugees -- Crown Prince Paras was pressed on the issue during a recent trip -- the suspicion has been raised that the king made some sort of deal with China.¹⁰¹ The mere suggestion of trying to play China and India off against each other would incense New Delhi and be extremely risky. In general the Chinese have stayed out of the conflict but they are clearly concerned about instability in Nepal and have a general preference for the monarchy over democratic rule. "So far the Chinese have indicated that they would be satisfied if we can use our influence to contain and resolve the conflict", a senior Indian diplomat observed, "but there can be little doubt that

⁹³ Section 508 of the U.S. Foreign Assistance Act. See statements by Senator Richard Lugar (Republican), Chairman of the Foreign Relations Committee, 3 February 2005, and Senator Patrick Leahy (Democrat), "A step backward in Nepal", 2 February 2005.

⁹⁴ "Declaration by the European Union on the royal takeover in Nepal", 2 February 2005.

⁹⁵ Press Release following an EU Troika visit to Kathmandu, 15 December 2004.

⁹⁶ "Annan concerned about dismissal of government in Nepal", UN statement, New York, 1 February 2005.

⁹⁷ "High Commissioner for Human Rights Expresses Concern over Situation in Nepal", UNHCHR statement, Geneva, 1 February 2005.

⁹⁸ "United Nations human rights experts express concern about situation in Nepal", UN statement, Geneva, 8 February 2005.

⁹⁹ "Britain 'gravely concerned' by Nepal developments", Foreign and Commonwealth Office press release, 1 February 2005.

¹⁰⁰ Crisis Group interviews, London and Kathmandu, February 2005.

¹⁰¹ "Nepal closes Dalai Lama office in Kathmandu", Agence France-Presse, 28 January 2005.

they will not stand idly by if the situation deteriorates into complete instability".¹⁰²

Japan and other donors. Japan is a major aid donor but plays little political role in Nepal. Tokyo has called for a restoration of democracy and for the Maoists to negotiate a peace agreement. There has been little response from the International Financial Institutions. Two days after the takeover, the Asian Development Bank signed a 1.8 billion rupee (\$26 million) loan agreement with the government.

VI. CONCLUSION

King Gyanendra has backed himself into a corner. Soldiers who should be fighting insurgents are acting as jailers for the country's democratic leadership. Political parties are now likely to line up against the monarchy. The people's clear preference to combine constitutional monarchy and parliamentary democracy has been defied: if the king's dismissal of the government truly had popular support, it would not be necessary to imprison politicians, cut communications and censor the media. Nepal's friends, with India in the first rank, are increasingly anxious. Only those who want a return to an absolute monarchy, and the Maoists, are pleased.

The Maoists stand to gain most from the king's move. They have long accused him of operating from "behind a curtain" but now he is out in front and a clearer political target. They have little incentive to negotiate at a time when the state is unravelling, and the constitutional forces are divided. They are also aware that the military can put little pressure on them and that they can cause considerable economic disruption by declaring blockades and strikes. Even if they were to come to the table, it is hard to see what sort of compromise could be reached between the opposite poles of Nepali politics without the help of the mainstream parties.

Gyanendra has gambled that countries will be reluctant to cut support as long as the Maoists are a threat. But blindly supporting a monarch who undermines democracy will only aid the Maoists and do nothing to reduce the risk of them coming to power. A concerted effort to bring the constitutional forces together and develop a package of constitutional, social and economic reforms is the only way to regain some of the state's losses to the Maoists in recent years. The Maoists are unlikely to negotiate a peace agreement unless they are under some pressure. The only way to achieve that would be through effective military action that provides security for civilians and for the state to adopt a political strategy that undercuts their positions. Neither will be possible without a broad-based government in Kathmandu. But that is a prospect that has, for now, been destroyed by the 1 February royal coup.

Kathmandu/Brussels, 9 February 2005

¹⁰² Crisis Group interview, Delhi, July 2004.

APPENDIX A

MAP OF NEPAL



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APPENDIX B

THE NEW COUNCIL OF MINISTERS

Ramesh Nath Pandey, Minister of Foreign Affairs -- Began career as a journalist. Was close to Congress leader B. P. Koirala when he was thrown in jail by King Mahendra in 1960. Koirala later accused him of being a spy for the king. Served as minister during the Panchayat period. Was appointed communication and information minister in the Chand cabinet by King Gyanendra after the Deuba government was dismissed in October 2002. Played a key role, along with cabinet colleague Narayan Singh Pun, in bringing the Maoists to the negotiating table in early 2003. Publicly fell out with Pun over those negotiations and was instrumental in causing the king to backtrack on a key provision of the ceasefire with the Maoists (the five-kilometre perimeter agreement). Had a nervous breakdown and was hospitalised when the Chand government was sacked by the King in June 2003. Political affiliation: strong royalist and opportunist.

Radha Krishna Mainali, Minister for Education and Sports -- One of the original Naxalite revolutionaries in the Jhapa uprising of the early 1970s, he is also a founding member of the CPN-ML, now UML. Served as the public face of the ML during the 1990 people's movement. Cabinet minister in the UML minority government, 1994-1995. Fell out with his party's general secretary, Madhav Kumar Nepal, and its leader, K. P. Oli, over the 1996 Mahakali River Treaty with India. Joined forces with his brother, C. P. Mainali, and Bamdev Gautam to split the UML in 1998 and found the ML. Rejoined UML in 2002 when the two parties reunited, but fell out with the party leadership in early 2004 for advocating a softer approach towards the king. Was expelled from the party in early 2004 as a result.

Dan Bahadur Shahi, Home Minister -- Key functionary during the Panchayat, when he served progressively as chief district officer, zonal commissioner and Home Secretary. Not much heard of during the democracy years. Known to be aligned with ultra royalist Sharad Chandra Shah.

Buddhiraj Bajracharya, Minister for Tourism and Culture -- UML background. Served as mayor of Patan on UML ticket, but switched to royal affiliation some years ago.

Durga Shrestha, Minister for Women, Children and Social Welfare -- Hails from Tanahu district. Central Committee member of the royalist party, RPP. No previous experience in government.

Tanka Dhakal, Minister for Information and Communication -- Entered politics during the Panchayat. Closely connected to Kamal Thapa and Sharad Chandra Shah. No previous experience in government.

Madhukar Shumsher Rana, Minister of Finance -- Known as a development expert. Served in various donor agencies, including as advisor at the UN Development Program (UNDP) Nepal country office. Also served as advisor in the Foreign Ministry during the premierships of Chand and Thapa in the late 1990s.

Ram Narayan Singh, Minister for Labour and Transport -- Hails from Saptari district in the Tarai. Known as a staunch royalist.

Krishna Lal Thakali, Minister of General Administration -- Member of the ethnic minority Thakali community (a janjati group) but otherwise not much known about his background.

Khadga Bahadur GC, Minister for Local Development -- Former communist leader co-opted by the Panchayat, during which period he served as a zonal commissioner.

APPENDIX C

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Crisis Group's approach is grounded in field research. Teams of political analysts are located within or close by countries at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, it produces analytical reports containing practical recommendations targeted at key international decision-takers. Crisis Group also publishes *CrisisWatch*, a twelve-page monthly bulletin, providing a succinct regular update on the state of play in all the most significant situations of conflict or potential conflict around the world.

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