



The Journal of the Italian think tank on Asia  
founded by Giorgio Borsa in 1989  
Vol. XXVIII / 2017

---

# Asia in the Waning Shadow of American Hegemony

**Edited by**  
**Michelguglielmo Torri**  
**Elisabetta Basile**  
**Nicola Mocci**

---

Asia Maior. The Journal of the Italian think tank on Asia founded by Giorgio Borsa in 1989.

Copyright © 2018 - Viella s.r.l. & Associazione Asia Maior

ISSN 2385-2526

ISBN 978-88-3313-044-6 (paper)

ISBN 978-88-3313-045-3 (e-book)

Annual journal - Vol. XXVIII, 2017

Published jointly by Associazione Asia Maior & CSPE - Centro Studi per i Popoli extra-europei "Cesare Bonacossa" - Università di Pavia

EDITOR (direttore responsabile): Michelguglielmo Torri (University of Turin).

CO-EDITORS: Elisabetta Basile (University of Rome «La Sapienza»); Nicola Mocchi (University of Sassari).

BOOK REVIEWS EDITORS: Oliviero Frattolillo (University Roma Tre); Francesca Congiu (University of Cagliari).

STEERING COMMITTEE

Axel Berkofsky (University of Pavia); Diego Maiorano (University of Nottingham); Nicola Mocchi (University of Sassari); Giulio Pugliese (King's College London); Michelguglielmo Torri (University of Turin); Elena Valdameri (Swiss Federal Institute of Technology - ETH Zurich); Pierluigi Valsecchi (University of Pavia).

The graphic design of this Asia Maior issue is by Nicola Mocchi

*Asia Maior. The Journal of the Italian think tank on Asia founded by Giorgio Borsa in 1989* is an open-access journal, whose issues and single articles can be freely downloaded from the think tank webpage: [www.asiamaior.org](http://www.asiamaior.org).

Paper version	Italy	€ 50.00	Abroad	€ 65.00
---------------	-------	---------	--------	---------

Subscription	<a href="mailto:abbonamenti@viella.it">abbonamenti@viella.it</a>	<a href="http://www.viella.it">www.viella.it</a>
--------------	--	--



**viella**

libreria editrice

via delle Alpi, 32

I-00198 ROMA

tel. 06 84 17 758

fax 06 85 35 39 60

[www.viella.it](http://www.viella.it)

CENTRO STUDI PER I POPOLI EXTRA-EUROPEI “CESARE BONACOSSA” - UNIVERSITÀ DI PAVIA

# ASIA MAIOR

The Journal of the Italian think tank on Asia founded by Giorgio Borsa in 1989

Vol. XXVIII / 2017

## Asia in the Waning Shadow of American Hegemony

Edited by

Michelguglielmo Torri, Elisabetta Basile, Nicola Mocci

viella



## ASSOCIAZIONE ASIA MAIOR

Steering Committee: Marzia Casolari (President), Francesca Congiu, Diego Maiorano, Nicola Mocci (Vice President), Michelguglielmo Torri (Scientific Director).

Scientific Board: Guido Abbattista (Università di Trieste), Domenico Amirante (Università «Federico II», Napoli), Elisabetta Basile (Università «La Sapienza», Roma), Luigi Bonanate (Università di Torino), Claudio Cecchi (Università «La Sapienza», Roma), Alessandro Colombo (Università di Milano), Anton Giulio Maria de Robertis (Università di Bari), Thierry Di Costanzo (Université de Strasbourg), Max Guderzo (Università di Firenze), Franco Mazzei (Università «L'Orientale», Napoli), Giorgio Milanetti (Università «La Sapienza», Roma), Paolo Puddinu (Università di Sassari), Adriano Rossi (Università «L'Orientale», Napoli), Giuseppe Sacco (Università «Roma Tre», Roma), Guido Samarani (Università «Ca' Foscari», Venezia), Filippo Sabetti (McGill University, Montréal), Gianni Vaggi (Università di Pavia), Alberto Ventura (Università della Calabria)



## CSPE - Centro Studi per i Popoli extra-europei “Cesare Bonacossa” - Università di Pavia

Steering Committee: Axel Berkofsky, Arturo Colombo, Antonio Morone, Giulia Rossolillo, Gianni Vaggi, Pierluigi Valsecchi (President), Massimo Zaccaria.

Before being published in *Asia Maior*, all articles, whether commissioned or unsolicited, after being first evaluated by the Journal's editors, are then submitted to a double-blind peer review involving up to three anonymous referees. Coherently with the double-blind peer review process, *Asia Maior* does not make public the name of the reviewers. However, their names – and, if need be, the whole correspondence between the journal's editors and the reviewer/s – can be disclosed to interested institutions, upon a formal request made directly to the Director of the journal.

Articles meant for publication should be sent to Michelguglielmo Torri (mg.torri@gmail.com) and to Nicola Mocci (nmocci@uniss.it); book reviews should be sent to Oliviero Frattolillo (oliviero.frattolillo@uniroma3.it) and Francesca Congiu (fcongiu@unica.it).

## CONTENTS

- 7 MICHELUGLIELMO TORRI, *Asia Maior in 2017: The unravelling of the US foreign policy in Asia and its consequences*
- 29 MARCO MILANI, *Korean Peninsula 2017: Searching for new balances*
- 59 FRANCESCA CONGIU & CHRISTIAN ROSSI, *China 2017: Searching for internal and international consent*
- 93 SEBASTIAN MASLOW & GIULIO PUGLIESE, *Japan 2017: Defending the domestic and international status quo*
- 113 AURELIO INSISA, *Taiwan 2017: Stalemate on the Strait*
- 129 BONN JUEGO, *The Philippines 2017: Duterte-led authoritarian populism and its liberal-democratic roots*
- 165 ELENA VALDAMERI, *Indonesia 2017: Towards illiberal democracy?*
- 191 NICOLA MOCCI, *Cambodia 2016-2017: The worsening of social and political conflicts*
- 211 PIETRO MASINA, *Thailand 2017: Political stability and democratic crisis in the first year of King Vajiralongkorn*
- 227 MATTEO FUMAGALLI, *Myanmar 2017: The Rohingya crisis between radicalisation and ethnic cleansing*
- 245 MARZIA CASOLARI, *Bangladesh 2017: The Rohingya's carnage*
- 267 MICHELUGLIELMO TORRI & DIEGO MAIORANO, *India 2017: Narendra Modi's continuing hegemony and his challenge to China*
- 291 MICHELUGLIELMO TORRI, *India 2017: Still no achhe din (good days) for the economy*
- 309 MATTEO MIELE, *Nepal 2015-2017: A post-earthquake constitution and the political struggle*
- 331 FABIO LEONE, *Sri Lanka 2017: The uncertain road of the «yahapalayanaya» government*
- 351 MARCO CORSI, *Pakistan 2017: Vulnerabilities of the emerging market*
- 369 DIEGO ABENANTE, *Afghanistan 2017: Trump's «New Strategy», the Af-Pak conundrum, and the crisis of the National Unity Government*
- 387 LUCIANO ZACCARA, *Iran 2017: From Rouhani's re-election to the December protests*
- 411 ADELE DEL SORDI, *Kazakhstan 2017: Institutional stabilisation, nation-building, international engagement*
- 431 *Reviews*
- 461 *Appendix*

NEPAL 2015-2017: A POST-EARTHQUAKE CONSTITUTION AND THE  
POLITICAL STRUGGLE\*

Matteo Miele

Kokoro Research Center – Kyoto University  
miele.matteo.74m@st.kyoto-u.ac.jp

*In 2015 the young Nepalese republic finally approved a new constitution, but before it could be adopted, its institutions found themselves facing the consequences of a series of devastating earthquakes that hit the country and in particular its capital. The tragedy forced the main political parties to reach an agreement in June 2015, and approval of the constitution was granted the following September. The approval and adoption of the new constitution was followed by the election of Khadga Prasad Sharma Oli as Prime Minister and of Bidhya Devi Bhandari as President of Nepal, both of the Communist Party of Nepal (Unified Marxist-Leninist). The Oli government had to face the long and dramatic blockade of the border with India, which ended a few days after the approval of a first amendment to the constitution. At the same time – under the premiership of Oli – the process of rapprochement with the People's Republic of China continued and Nepal joined the Belt and Road Initiative. In August 2016, after breaking up with Oli, historic Maoist leader Pushpa Kamal Dahal, known as Prachanda, again assumed the premiership of Nepal. He was supported by a coalition primarily made up of his own party and the Nepali Congress. Prachanda has pursued a more balanced foreign policy between New Delhi and Beijing, initially re-approaching India, but later reopening new spaces for Chinese diplomacy. In June 2017, Prachanda ceded the premiership to the Nepali Congress, in the person of Sher Bahadur Deuba. Deuba failed to get that second amendment to the constitution approved that was supposed to protect the Madhesi minority and whose approval had been at the heart of Nepalese internal politics since the return to the government of Prachanda. In October 2017, after the local elections, the CPN-UML and the Maoists allied themselves against the Nepali Congress, while Deuba failed to form an equally strong coalition. The result of the November-December 2017 elections was therefore a severe defeat of the Nepali Congress and a landslide victory of the Left alliance. The latter obtained almost two thirds of the House of Representatives' seats and the control of six states out of seven. This reopened both the internal issues of the young Nepalese democracy and the geopolitical ones.*

### *1. Introduction*

2015 was a tragic and decisive year for Nepal. Tragic because the country was hit between April and May by a series of earthquakes that upset the

\*. This work, whose author is a JSPS International Research Fellow (Kokoro Research Center - Kyoto University), was supported by JSPS KAKENHI Grant Number 17F17306, financed by the Ministry of Education, Culture, Sports, Science and Technology of Japan (MEXT) and by the Japan Society for the Promotion of Science (JSPS). The help of both institutions is here gratefully acknowledged.

social, cultural and economic dimension of the Himalayan country. Decisive because, a few weeks after the earthquakes, the main political parties finally reached an agreement for the approval of a constitution that the country had been anticipating for several years. This article will proceed, after briefly presenting the political agreements following the earthquake, to the presentation of the main elements of the new Nepali form of government. Alongside the institutional aspects, attention will be paid to the political and geopolitical path of the young republic. In particular, immediately after the approval of the constitution, the government's leadership passed from the Nepali Congress to the Communist Party of Nepal (Unified Marxist-Leninist) with the election of Khadga Prasad Oli as Prime Minister. During his mandate, Oli guided Nepal closer to the People's Republic of China, bringing it into the Belt and Road Initiative (BRI). In August 2016, the premiership was taken by Maoist leader Pushpa Kamal Dahal, known as Prachanda, who was also supported by the Nepali Congress. Prachanda's government was characterised by a new balanced foreign policy, initially closer to New Delhi, but again pro-Chinese in the second part of his mandate. Prachanda was succeeded by Sher Bahadur Deuba (Nepali Congress) who had the task of leading the country during the national elections of November-December 2017. Deuba and Prachanda did not succeed in the project of gaining approval for a second amendment to the Constitution, guaranteeing greater representation to the Madhesi populations. The last part of the article is dedicated to the analysis of the election results. Therefore it analyses the great victory of the alliance of the leftist parties and the defeat of the Nepali Congress, which saw a strong downsizing of its electoral strength. A final part of the paper is dedicated to the economic situation in Nepal between 2015 and 2017. The main sources for the preparation of this paper – in addition to that part of the text of the constitution which relates to the analysis of the institutional structure – are the articles of the main English-language Nepalese newspapers, government reports and press statements.

## 2. *Difficulties and tragedies of a young republic*

The new constitution of Nepal<sup>1</sup> (*Nepālako saṃvidhāna 2072*<sup>2</sup>) came into force on 20 September 2015.<sup>3</sup> It was the result of a long and complex

1. I have relied on the official English translation of the Constitution by the Ministry of Law, Justice and Parliamentary Affairs of Nepal. The text is available on the website of the International Institute for Democracy and Electoral Assistance ([http://www.constitutionnet.org/sites/default/files/2017-07/Constitution-of-Nepal-English\\_-with-1st-Amendment\\_2\\_0.pdf](http://www.constitutionnet.org/sites/default/files/2017-07/Constitution-of-Nepal-English_-with-1st-Amendment_2_0.pdf)).

2. According to the Vikram Samvat (*Vikrama saṃvat*), the calendar used officially in Nepal, 2072 corresponds to 2015-2016 of the Gregorian calendar. In the specific case, the Constitution came into force on 3 Ashwin (*āśvina*, sixth month, September-October) of the year 2072.

3. '70 years of dream comes true', *Repubblica*, 21 September 2015.

constitutional path<sup>4</sup> that started at the end of the ten-year Maoist insurgency (1996-2006). The first elections for the Constituent Assembly were in fact held in April 2008. The Communist Party of Nepal (Maoist) won most seats, followed by the Nepali Congress and, immediately after, the Communist Party of Nepal (Unified Marxist-Leninist).<sup>5</sup> On 28 May 2008 the republic was declared,<sup>6</sup> putting an end to the centuries-old Shah dynasty, which had ruled the country since 1768,<sup>7</sup> and replacing the last Hindu kingdom of the Earth,<sup>8</sup> with a secular republic. King Gyanendra, who ascended the throne – for a second time<sup>9</sup> – in 2001, following the mysterious massacre of the members of the Royal Family,<sup>10</sup> became an ordinary citizen. The Constituent Assembly, however, was unable to reach a consensus on a text within the time frame set by the mandate (although it had been extended).<sup>11</sup> The result, therefore, was the need for new elections to choose a second Constituent Assembly on 19 November 2013. This time the winning party, with 196 seats, turned out to be the Nepali Congress, followed, with 175 seats, by the Communist Party of Nepal (Unified Marxist-Leninist).<sup>12</sup> The Maoists gained third position only, plummeting to just 80 seats.<sup>13</sup> The fourth party, the Rastriya Prajatantra Party Nepal (RPPN, of monarchical orientation)

4. See Surendra Bhandari, *Self-Determination & Constitution Making in Nepal: Constituent Assembly, Inclusion, & Ethnic Federalism*. Singapore: Springer, 2014; Enrica Garzilli, 'Nepal 2013-2014: Breaking the Political Impasse', *Asia Maior 2014*, pp. 87-98; Enrica Garzilli, 'Nepal, stallo politico e lentezze nella realizzazione del processo di pace e di riconciliazione', *Asia Maior 2012*, pp. 213-222.

5. The Carter Center, *Observing the 2008 Nepal Constituent Assembly Election: April 2008*, Atlanta, 2009, p. 15 ([https://www.cartercenter.org/resources/pdfs/news/peace\\_publications/election\\_reports/finalreportnepal2008.pdf](https://www.cartercenter.org/resources/pdfs/news/peace_publications/election_reports/finalreportnepal2008.pdf)).

6. On the transition from the monarchy to the republic see Enrica Garzilli, 'Il Nepal da monarchia a stato federale', *Asia Maior 2008*, pp. 163-181; Enrica Garzilli, 'Le elezioni dell'Assemblea Costituente e i primi mesi di governo della Repubblica Democratica Federale del Nepal', *Asia Maior 2010*, pp. 115-126.

7. It must be remembered that for about a century, between the mid-nineteenth century and the middle of the twentieth century, power had been exercised by a dynasty of prime ministers, the Rana family.

8. In reality, as early as 2007, Nepal had been defined «an independent, indivisible, sovereign, secular, inclusive and fully democratic State» (art. 4 clause 1) of the ad interim constitution. On 28 May 2008 this article was thus amended: «Nepal is an independent, indivisible, sovereign, secular, inclusive Federal Democratic Republican State».

9. Gyanendra had already been crowned King of Nepal in November 1950. At the time he was just three years old and remained on the throne for only a few weeks.

10. Enrica Garzilli, 'Strage a palazzo, movimento dei Maoisti e crisi di governabilità in Nepal', *Asia Major 2002*, pp. 143-160.

11. On the difficulties of the first Constituent Assembly, see Surendra Bhandari, *Self-Determination & Constitution Making in Nepal*, pp. 53-74.

12. The Carter Center, *Observing Nepal's 2013 Constituent Assembly Election: Final Report*, Atlanta, p. 58 ([http://pdf.usaid.gov/pdf\\_docs/PA00JWW2.pdf](http://pdf.usaid.gov/pdf_docs/PA00JWW2.pdf)).

13. *Ibid.*

was well distanced with just 24 seats (in any case 20 more than in 2008).<sup>14</sup> The Madhes-based parties fell from 83 seats in 2008 to just 50.<sup>15</sup>

The path of this new assembly soon proved to be extremely complex as a terrible series of earthquakes devastated Kathmandu and the surrounding areas in late April and early May 2015. It was a huge human tragedy, with about 9,000 dead and over 22,000 injured.<sup>16</sup> It was also a cultural, social and economic devastation that would continue to weigh heavily on the future of Nepal. The economic damage of the earthquakes was approximately US\$ 7 billion,<sup>17</sup> equivalent to about one third of Nepal's GDP of the same year.<sup>18</sup> It should be noted that, in previous years, the Nepalese economy, notwithstanding the difficult political situation, had experienced some growth. In particular, in 2014 the country's GDP had been slightly higher than US\$ 20 billion, while in 2015 it had risen to about US\$ 21.4 billion, before falling to about US\$ 21.1 billion in 2016.<sup>19</sup> The Gross National Income per capita, which more than doubled between 2006 (US\$ 340) and 2014 (US\$ 730), fell between 2015 (when it reached US\$ 740) and 2016, returning to levels of 2014.<sup>20</sup> The livestock sector, due to the earthquake, lost approximately 57,000 animals: about 17,000 of which were large and 40,000 small ones.<sup>21</sup> Nearly 780,000 buildings and houses collapsed and over 300,000 were damaged.<sup>22</sup> The tourism sector, absolutely central to the Nepalese economy, suffered a substantial blow: the number of tourists declined from around 790,000 in 2014 to around 539,000 in 2015, a decrease of 31.79%.<sup>23</sup>

14. *Ibid.*, pp. 58-59.

15. *Ibid.*, p. 59.

16. Government of Nepal – Ministry of Finance, *Economic Survey – Fiscal Year 2015/16*, 2016, unofficial translation, p. xvii ([http://www.mof.gov.np/uploads/document/file/Economic%20Survey%202015-16%20-%20English\\_20160812062624.pdf](http://www.mof.gov.np/uploads/document/file/Economic%20Survey%202015-16%20-%20English_20160812062624.pdf)).

17. Arun Bhakta Shrestha & Sanjwal Ratna Bajracharya & Jeffrey S. Kargel & Narendra Raj Khanal, *The Impact of Nepal's 2015 Gorkha Earthquake-Induced Geohazards*, ICIMOD Research Report 2016/1, International Centre for Integrated Mountain Development, 2016, p. 2.

18. The World Bank, 'Nepal' (<https://data.worldbank.org/country/nepal>).

19. *Ibid.*

20. *Ibid.*

21. Government of Nepal – Ministry of Finance, *Economic Survey – Fiscal Year 2015/16*, 2016, unofficial translation, p. xvii ([http://www.mof.gov.np/uploads/document/file/Economic%20Survey%202015-16%20-%20English\\_20160812062624.pdf](http://www.mof.gov.np/uploads/document/file/Economic%20Survey%202015-16%20-%20English_20160812062624.pdf)).

22. *Ibid.*

23. Government of Nepal, Ministry of Culture, Tourism & Civil Aviation, Planning & Evaluation Division – Statistical Section, *Nepal Tourism Statistics 2015*, 2016, p. 16. ([http://www.tourism.gov.np/downloadfile/Nepal\\_Tourism\\_Statistics\\_2015\\_for-website\\_edited.pdf](http://www.tourism.gov.np/downloadfile/Nepal_Tourism_Statistics_2015_for-website_edited.pdf)). Presumably because of a misprint May 2016 is indicated as publication date, while the foreword of the then Secretary for the Ministry of Culture, Tourism and Civil Aviation is dated May 2017; the data are however updated at the end of 2016.

Confronted with the human and physical ruins of their country, on 8 June 2015 the main parties of the Constituent Assembly – the Nepali Congress, CPN-UML, UCPN-M and the Madhesi Janaadhikar Forum-Democratic (also spelled Madhesi Janadhikar Forum-Democratic or Madhesi Janadhikar Forum-Loktantrik) – signed a 16-point deal, outlining the main shape of the new constitution.<sup>24</sup>

### 3. The new constitution

The new constitution replaced the 2007 interim constitution,<sup>25</sup> which was repealed by article 308. Similar to the Indian constitution, the text is particularly long and detailed. It consists of 308 articles and 9 schedules; the articles are in turn organised into 35 parts (sometimes a part corresponds to a single article). Article 4 of the new constitution defines Nepal: «an independent, indivisible, sovereign, secular, inclusive, democratic, socialism-oriented, federal democratic republican state».

#### 3.1. The Parliament

The Parliament of Nepal (Federal Parliament) provided by the constitution of 2015 is based on the traditional model of the federal parliaments. It consists of a House of Representatives and a National Assembly (article 83).

The House of Representatives consists of 275 members: 165 of whom are elected with the first-past-the-post electoral system (one for each constituency) and 110 members elected with a proportional system on a national basis (article 84 clause 1).<sup>26</sup> The amendment of January 2016 made the population criterion prevail over the geography criterion for the formation of constituencies, thus guaranteeing greater representation to the Terai populations.<sup>27</sup> The current electoral law – according to which the 2017

24. 'Parties break deadlock in constitution writing', *The Rising Nepal*, 9 June 2015.

25. For the English translation of the interim constitution I have relied on *The Interim Constitution of Nepal, 2063 (2007)*, UNDP Nepal, Kathmandu, 2009 (Second Edition). The text is available on the website of the Digital Himalaya project ([http://himalaya.socanth.cam.ac.uk/collections/rarebooks/downloads/Nepal\\_Interim\\_Constitution\\_2007\\_first\\_to\\_sixth\\_amendments.pdf](http://himalaya.socanth.cam.ac.uk/collections/rarebooks/downloads/Nepal_Interim_Constitution_2007_first_to_sixth_amendments.pdf)).

26. Article 84 clause 2 of the constitution clarifies that: «The Federal law shall provide that, in fielding candidacy by political parties for the election to the House of Representatives under the proportional electoral system, representation shall be ensured on the basis of a closed list also from women, *Dalit*, indigenous peoples, *Khas Arya*, *Madhesi*, *Tharu*, Muslims and backward regions, on the basis of population. In so fielding candidacy, regard shall also be had to geography and territorial balance». Furthermore, according to clause 3 of the same article: «In fielding candidacy under clause (2), political parties shall provide for representation of the persons with disabilities as well».

27. 'Nepal crisis: Why passage of amendments is Oli's passage to Delhi', *The Indian Express*, 25 January 2016.

elections were held – has a 3% threshold.<sup>28</sup> The House of Representatives is elected every five years (article 85 clause 1).

The National Assembly is made up of 59 members; 56 elected by the federated states and three «nominated by the President on recommendation of the Government of Nepal» (art. 86 clause 2). The National Assembly is a «permanent House» (article 86 clause 1) and its members – as with the upper house of the Indian Parliament (the Rajya Sabha) or the United States Senate – have a six year term and is renewed by a third of the total membership every two years (article 86 clause 3).

### 3.2. *Government and Prime Minister*

According to the constitution «the President shall appoint the leader of a parliamentary party that commands majority in the House of Representatives as the Prime Minister, and the Council of Ministers shall be constituted under his or her chairpersonship» (article 76, clause 1). If no party reaches an absolute majority of the House of Representatives, a coalition government is allowed.<sup>29</sup> Article 76 also provides for the appointment as «parliamentary party leader of the party which has the highest number of members in the House of Representatives» (article 76, clause 3). In the last two cases a vote of confidence is required by the House of Representatives only (article 76 clause 4).

### 3.3. *The President*

Part 6 of the constitution is dedicated to the President and Vice-President of Nepal: «The President shall be the head of state of Nepal» (art. 61 clause 2) and «shall promote national unity» (art. 61 clause 3). He is elected every five years (art. 63 clause 1) «by an electoral college composed of the members of the Federal Parliament and of the State Assemblies» (art. 62 clause 1).

### 3.4. *The federal structure*

The 2011 Nepal census registered over 120 ethnic groups or castes,<sup>30</sup> whose rights had to be accommodated by creating a federal structure. This

28. 'Five parties likely to qualify for PR seats', *República*, 14 December 2017. [The author has mainly made use of the paper version of *República*. The internet version, when used, is indicated as *myRepública*.]

29. «The President shall appoint as the Prime Minister a member of the House of Representatives who can command majority with the support of two or more parties representing to the House of Representatives» (Nepali Constitution 2015, article 76, clause 2).

30. Government of Nepal, National Planning Commission Secretariat, Central Bureau of Statistics, *National Population and Housing Census 2011 (National Report)*, Volume 01, Kathmandu, 2012, pp. 144-147.

being the situation, the fundamental problem was not federalism itself, but the type of federalism. In fact, the three major political parties had three different approaches to the question.<sup>31</sup> The Nepali Congress was favourable to decentralisation, but this was not to be based on ethnic groups. On the contrary, the Unified Communist Party of Nepal (Maoist) favoured the creation of ethnic-based federated states. Finally, the Communist Party of Nepal (Unified Marxist-Leninist) stood in an intermediate position between the two other parties.<sup>32</sup>

Part 5 of the constitution defines the structure of the Republic, while schedules 5, 6, 7 and 8 define respectively the powers of the federation, those of the states (*Nepālakā pradeśaharū*),<sup>33</sup> the concurrent powers between federation and states, and the powers of the Local level. Specifically, the Federation is organised in seven federated states, which in turn are composed of different districts.<sup>34</sup> The names and boundaries, however – demonstrating the precariousness of the agreement and the lack of clarity on the definitive set-up that Nepal must assume – had still not been defined as this article went to press.<sup>35</sup>

On 8 August 2015, the Nepali Congress, CPN-UML, UCPN-M and the Madhesi Janadhikar Forum-Democratic had agreed on the creation of only six states.<sup>36</sup> Two people died in the district of Surkhet during protests against the division of the mid-west region and aimed at having Surkhet selected as the capital of the state.<sup>37</sup> On 21 August the three main Nepalese parties (NC, CPN-UML and UCPN-M) decided to increase the number of states to seven.<sup>38</sup> This time the Madhesi Janadhikar Forum-Democratic, which had participated in the meeting, came out against the decision, de-

31. Surendra Bhandari, *Self-Determination & Constitution Making in Nepal*, p. 122.

32. *Ibid.*

33. In English, it is common to refer to the Nepali states as «provinces». It should however be specified that the official translation of the constitution translates *pradeśa* as «state». In this paper, the word «state» is the preferred translation.

34. Nepali Constitution 2015, art. 56 and schedule 4. In the previously mentioned 16-point agreement of 8 June 2015 the federated states were supposed to be eight. See 'Parties break deadlock in constitution writing', *The Rising Nepal*, 8 June 2015.

35. «The Government of Nepal may constitute a Federal Commission for making suggestions on matters relating to the boundaries of States» (Nepali Constitution 2015, article 295, clause 1). The names of the States have to be approved «by a two thirds majority of the total numbers of members of the concerned State Assemblies» (Nepali Constitution 2015, article 295, clause 2). See also Bhadra Sharma & Ellen Barry, 'Earthquake Prods Nepal Parties to Make Constitution Deal', *The New York Times*, 8 June 2015.

36. 'Three main parties reach new deal on seven-province model', *The Rising Nepal*, 22 August 2015.

37. 'Two protestors dead in Surkhet', *The Rising Nepal*, 11 August 2015.

38. 'Major parties finalise delineation of six provinces', *The Rising Nepal*, 9 August 2015.

claring the unacceptability of the choice for the Tharu community and announcing that there would be protests.<sup>39</sup> On 24 August, seven policemen and a child were killed during protests against the federal reform project in Western Nepal, in Tikapur (Kailali District).<sup>40</sup> However, the most complex internal problem remains the accommodation of the Terai and the Madhesi populations inside the federal structure. What makes this issue a particularly difficult one is the fact that it reflects the historical conflict between the Southern people, namely the Terai and Madhesi ethnic groups, which are socially and economically linked to India, and the people of the hills and the mountains.<sup>41</sup> The political élite of the capital represents the latter. The Madhesi did not obtain the creation of a single Terai federated state and considered the constitutional provisions as discriminatory, in particular those provisions regarding political representation and citizenship as naturalised Nepali – and not Nepali by descent – of children of Nepali women and foreign men (a common case among the Madhesis).<sup>42</sup> The opposition in the South to the new constitutional set-up triggered a dramatic and long blockade of the border with India between September 2015 and February 2016,<sup>43</sup> all of which was made possible and was probably encouraged by direct Indian intervention.<sup>44</sup> This blockade enormously damaged a fragile country, still suffering from the consequences of the earthquake.<sup>45</sup>

39. *Ibid.*

40. '8 killed in Tikapur clash', *The Kathmandu Post*, 25 August 2015. One of the suspects for the massacre was elected in the parliamentary elections of autumn 2017: 'Alleged Tikapur carnage conspirator Chaudhary elected from Kailali-1', *The Himalayan Times*, 12 December 2017.

41. See – inter alia – Kalpana Jha, *The Madhesi Uprising and the Contested Idea of Nepal*, Singapore: Springer, 2017.

42. Nirabh Koirala & Geoffrey Macdonald, 'Nepal is in crisis, and it has nothing to do with the earthquake. Here's what you need to know', *The Washington Post*, 2 November 2015; 'As Tension Sweeps the Terai Plains, Nepal Tilts Toward China', *Knowledge@Wharton*, University of Pennsylvania, 11 November 2015 (<http://knowledge.wharton.upenn.edu/article/as-tension-sweeps-the-terai-plains-nepal-tilts-toward-china>); Rakesh Sood, 'Overcoming the stasis in Nepal', *The Hindu*, 31 October 2015, updated 2 September 2016. According to the Constitution «In order for a person to be elected, nominated or appointed to the office of President, Vice-President, Prime Minister, Chief Justice, Speaker of the House of Representatives, Chief of State, Chief Minister, Speaker of a State Assembly and chief of a security body, the person must have obtained the citizenship of Nepal by descent» (art. 289 clause 1).

43. 'Birgunj blockade broken by locals after 134 days', *Repubblica*, 6-7 February 2017.

44. On India's role in the blockade of the border see Michelguglielmo Torri & Diego Maiorano, 'India 2015: The uncertain record of the Modi Government', *Asia Maior 2015*, pp. 396-401.

45. 'Nepal warns of humanitarian crisis as India border blockade continues', *The Guardian*, 6 November 2015; 'Nepal border blockade «threatens the future of the country itself», says UN', *The Guardian*, 18 November 2015.

#### 4. *The Marxist-Leninist premiership*

A few weeks after the approval of the constitution, on 11 October 2015 Khadga Prasad Oli, the chairman of the Communist Party of Nepal (Unified Marxist-Leninist), was elected prime minister, having obtained 338 votes out of 598, against the 249 votes of outgoing Prime Minister Sushil Koirala (NC).<sup>46</sup> Oli added to the 183 votes of his political party, 83 votes of the UCPN-M, but also 25 votes of the Rastriya Prajatantra Party-Nepal (RPP-N) and 12 from the Rastriya Prajatantra Party (RPP), both of nationalist and monarchist orientation,<sup>47</sup> 14 votes from the Madhesi Janadhikar Forum-Democratic, five of the Communist Party of Nepal (Marxist-Leninist) and other votes from a few minor formations.<sup>48</sup> The same month, on 29 October 2017, the Marxist-Leninists also obtained the Presidency of Nepal: Bidhya Devi Bhandari (CPN-UML Vice-Chairperson) was elected President with 327 votes, beating Kul Bahadur Gurung (NC). She succeeded the first President, Ram Baran Yadav (NC).<sup>49</sup>

As already mentioned, the agreement on the new constitution of 2015 is certainly also the indirect result of the tragic earthquake of April 2015. In a certain sense, however, the acceleration of the agreement as a result of the tragedy at the same time exposed all the fractures that had emerged within the Nepalese institutions over the past ten years. The agreement was the result of the catastrophe and not of any sincere effort at moulding a shared constitutional pact. It was also so precarious that only a few months after the approval of the constitution, in January 2016, in front of the prolonged blockade of the border with India, 24 amendments had already been tabled.<sup>50</sup> On 23 January, the ex-Constituent Assembly, still in office as a parliament, approved the first amendment to the constitution with 461 votes in favour, out of 468 members present.<sup>51</sup> The amendment – as already seen – was to guarantee greater representation to the Terai peoples in Parlia-

46. 'KP Oli elected 38th Prime Minister of Nepal', *The Rising Nepal*, 12 October 2015. Sushil Koirala had been in office since February 2014.

47. The Rastriya Prajatantra Party and the Rastriya Prajatantra Party-Nepal united in November 2016 under the leadership of Kamal Thapa. 'RPP merges with RPP-N', *The Himalayan Times*, 21 November 2016. However, in 2017 the RPP suffered two further divisions. 'Lohani launches new party', *República*, 29 March 2017; 'Rastriya Prajatantra Party splits, again', *The Kathmandu Post*, 6 August 2017.

48. 'KP Oli elected 38th Prime Minister of Nepal'.

49. 'Bhandari elected Nepal's first woman President', *The Rising Nepal*, 29 October 2015.

50. '24 constitution amendment proposals registered in House', *The Himalayan Times*, 8 January 2016. Article 274 of the Constitution defines the possibility of amending the Constitution itself, provided the amendment is not «prejudicial to the sovereignty, territorial integrity, independence of Nepal and sovereignty vested in the people» (clause 1).

51. 'House passes first amendment to constitution', *The Rising Nepal*, 24 January 2016.

ment. It also established proportional criterion for the representation in the state bodies of the disadvantaged sections of the Nepali population, including the populations of the south.<sup>52</sup> The aim of the First Amendment – as explicitly stated by CPN-UML senior leader Madhav Kumar Nepal – was to resolve the Terai crisis.<sup>53</sup> Madhav Kumar Nepal also openly accused former Maoist Prime Minister Baburam Bhattarai of supporting Madhesi agitation.<sup>54</sup>

The United Democratic Madhesi Front did not consider the amendment sufficient and boycotted the vote on the amendment.<sup>55</sup> However, a few days later, the blockade of the border with India ended.<sup>56</sup>

The following month, in February, Oli went to India and signed several agreements with New Delhi, including a Memorandum of Understanding (MoU) on a line of credit of US\$ 250 million for reconstruction following the earthquake.<sup>57</sup> Exactly one month later, Oli, accompanied by Deputy Prime Minister and Minister for Foreign Affairs Krishna Bahadur Mahara, went to Beijing, invited by Chinese Prime Minister Li Keqiang.<sup>58</sup> The visit certainly represented a further and substantial step towards strengthening relations between Kathmandu and Beijing. With this visit, Nepal guaranteed its participation in the BRI.<sup>59</sup> On 21 March, 10 agreements on various subjects were signed by the two countries.<sup>60</sup> Among the agreements there was a transit deal, with which Nepal wished to circumvent the continuous risk of having the southern border blockaded by India.<sup>61</sup> The construction of a bridge on the Xiarwa River on the Sino-Nepalese border and another agreement on the Pokhara Airport were also planned.<sup>62</sup> In addition, Oli asked Beijing to build a railway line to connect Nepal with Tibet.<sup>63</sup>

52. 'Nepal crisis: Why passage of amendments is Oli's passage to Delhi'.

53. 'Constitution amendment resolves problems: Nepal', *The Rising Nepal*, 24 January 2016.

54. *Ibid.*

55. *Ibid.*; 'Nepal: Madhesi community rejects constitutional amendment as «incomplete»', *The Indian Express*, 24 January 2016.

56. 'Birgunj blockade broken by locals after 134 days'.

57. Prime Minister of India, *List of Agreements and MOUs exchanged during the State Visit of Prime Minister of Nepal to India*, 20 February 2017 ([http://www.pmindia.gov.in/en/news\\_updates/list-of-agreements-and-mous-exchanged-during-the-state-visit-of-prime-minister-of-nepal-to-india/?comment=disable](http://www.pmindia.gov.in/en/news_updates/list-of-agreements-and-mous-exchanged-during-the-state-visit-of-prime-minister-of-nepal-to-india/?comment=disable)).

58. 'PM's official visit to China begins', *The Rising Nepal*, 21 March 2016.

59. Ministry of Foreign Affairs of the People's Republic of China, 习近平会见尼泊尔总理奥利 (Xi Jinping meets Nepali Prime Minister Oli), 21 March 2016 (<http://www.fmprc.gov.cn/web/zyxw/t1349371.shtml>).

60. 'Nepal, China agree to cooperate on wide range of areas', *The Rising Nepal*, 22 March 2016.

61. 'India's monopoly to end as Nepal gets trade point in China', *The Indian Express*, 21 March 2017.

62. 'Nepal, China agree to cooperate on wide range of areas'.

63. 'India's monopoly to end as Nepal gets trade point in China'.

The construction of infrastructures connecting Nepal to Tibet not only opens a new fundamental commercial route, freeing the Himalayan country from the risk of India isolating it from the rest of the world, but, at the same time, represents a serious military and geopolitical risk for India. In fact the development of infrastructural connections between Nepal and China can be seen as part of Beijing's wider project of surrounding India and thus creating through Nepal an easier approach to the Siliguri corridor. This is the narrow strip of land which connects the bulk of India to its north-eastern states and, through them, to Burma.

### 5. *Nepali Congress – Maoists' alliance*

On 3 August 2016, Pushpa Kamal Dahal, the historic Maoist leader known as Prachanda, assumed the office of prime minister for the second time.<sup>64</sup> He was elected by 363 votes, with the support, inter alia, of Nepali Congress and of the Madhesi Janadhikar Forum-Democratic, but against the opposition of CPN-UML.<sup>65</sup> The Party of Pushpa Kamal Dahal, the Unified Communist Party of Nepal (Maoist), had joined with other minor Maoist parties in May 2016, creating the Communist Party of Nepal (Maoist Center) under the leadership of Prachanda.<sup>66</sup> It was Prachanda himself who forced Oli to resign in July, withdrawing his party's support for the government and presenting a motion of no confidence jointly sponsored by the Nepali Congress.<sup>67</sup> In fact, Oli, denying any previous agreement, had refused to vacate the premiership in favour of Prachanda.<sup>68</sup> Hence the alliance between the Communist Party of Nepal (Maoist Center) and the Nepali Congress, based on a pact to hold the prime-ministership in rotation.<sup>69</sup>

Behind this strange alliance of the two former enemies lay the deft diplomacy of the ministry of foreign affairs of India.<sup>70</sup> Significantly, Prachanda, as his first official visit abroad (September 2016), chose New Delhi, rather than

64. Prachanda had already been prime minister between August 2008 and May 2009.

65. 'Prachanda elected Prime Minister for second time', *The Rising Nepal*, 4 August 2016.

66. 'Ten Maoist parties announce unification', *The Rising Nepal*, 20 May 2016.

67. 'Power play begins', *República*, 13 July 2017; 'Dahal poised to become new PM', *República*, 14 July 2016; 'House starts proceedings on no-confidence motion', *República*, 23-24 July 2016. The motion of confidence was not formally voted as Oli had resigned before the parliamentary vote. 'Oli bows out, way open for Dahal government', *República*, 25 July 2016.

68. Kamal Dev Bhattarai, 'Nepal's Unending Political Instability', *The Diplomat*, 26 July 2016.

69. *Ibid.*

70. Michelguglielmo Torri & Diego Maiorano, 'India 2016: Reforming the economy and tightening the connection with the US', *Asia Maior* 2016, p. 365.

Beijing, as he had done during his first premiership.<sup>71</sup> According to the joint statement which concluded Prachanda's Indian visit, the bilateral meetings «were held in an atmosphere of utmost cordiality and warmth», and various issues were discussed.<sup>72</sup> Among them there was the promotion of defence and security cooperation, several cross border rail-link projects, and some «major hydro-power projects».<sup>73</sup> Also the vexed question of the Nepali Constitution, which had been at the root of the sudden worsening of India-Nepali relations in the previous years, was touched upon.<sup>74</sup> As the joint statement continued, Prachanda «shared the efforts made by the present Government to take all sections of Nepali society on board for the effective implementation of the constitution».<sup>75</sup> Prime Minister Modi, for his part, «While appreciating the importance of the constitutional consolidation of democracy in Nepal, [...] welcomed the ongoing efforts of the Government of Nepal to take all sections of the society on board for effective implementation of the Constitution».<sup>76</sup>

During his premiership, Prachanda was not able to bring Chinese President Xi to Kathmandu (although a visit had initially been planned).<sup>77</sup> However, at the beginning of November 2016 he officially received the Indian Head of State, Pranab Mukherjee.<sup>78</sup> At the end of November, the government presented a new amendment to the constitution,<sup>79</sup> openly supported by India. The amendment intervened on the definition of the national languages, the acquisition of citizenship for foreign women married to Nepali citizens, the composition of the National Assembly and the redrawing of the boundaries of State 5 in favour of State 4.<sup>80</sup>

The amendment triggered protests at grassroots level (in particular about the project of redrawing the boundaries of States 4 and 5) and broad opposition in parliament, making impossible the achievement of the two-thirds majority necessary to approve a constitutional amendment.<sup>81</sup>

71. 'Prime Minister Prachanda welcomed in New Delhi', *The Rising Nepal*, 16 September 2016.

72. Ministry of External Affairs, Government of India, *India-Nepal Joint Statement during the State visit of Prime Minister of Nepal to India*, 16 September 2016 ([http://mea.gov.in/bilateral-documents.htm?dtl/27407/IndiaNepal\\_Joint\\_Statement\\_during\\_the\\_State\\_visit\\_of\\_Prime\\_Minister\\_of\\_Nepal\\_to\\_India](http://mea.gov.in/bilateral-documents.htm?dtl/27407/IndiaNepal_Joint_Statement_during_the_State_visit_of_Prime_Minister_of_Nepal_to_India)).

73. *Ibid.*

74. *Ibid.*

75. *Ibid.*

76. *Ibid.*

77. 'Unhappy China scraps Xi Jinping's visit to Nepal', *The Indian Express*, 7 September 2016.

78. 'Indian prez begins state visit to Nepal', *República*, 3 November 2016.

79. 'Govt registers 7-point constitution amendment bill', *República*, 30 November 2016.

80. *Ibid.*; 'Protests in districts as govt moves to split Province 5', *República*, 2 December 2016.

81. 'Amendment in trouble as more parties oppose it', *República*, 10-11 December 2016.

Even the Madhesi parties, the first beneficiaries of the amendment, did not support the government's initiative.<sup>82</sup> In mid-March 2017, several parties of the United Democratic Madhesi Front withdrew their support for Prachanda, who, however, still managed to maintain the parliamentary majority.<sup>83</sup>

The exit of the Madhesi parties from the majority arrived a few days before the exchange of two important diplomatic visits – at the end of March – between Kathmandu and Beijing. China's Minister of Defence Chang Wanquan arrived in Kathmandu,<sup>84</sup> while Prachanda travelled to Beijing. In Beijing, Nepal's premier received rupees 140 million (approximately US\$ 1.35 million)<sup>85</sup> to conduct civic elections, which had been thought to bring the Madhesi parties on board the political process.<sup>86</sup> Prachanda confirmed Nepali support for the BRI.<sup>87</sup> For his part, Xi Jinping said that China was ready to start work on the construction of a railway link.<sup>88</sup>

This exchange of diplomatic visits was closely followed – and this was a particularly important development – by the first joint military exercises between China and Nepal (mid-April).<sup>89</sup>

Meanwhile, on 11 April 2017, the government decided to withdraw the proposed constitutional amendment, presenting a new one that did not directly change the boundaries of States 4 and 5, but instead assigned the power to change states' boundaries, only to the federal parliament (and not to the states, as provided for in article 274), which would create a commission to resolve this particular issue.<sup>90</sup> At the beginning of May, following the government move aimed at impeaching Chief Justice Sushila Karki, the monarchist Rastriya Prajatantra Party, which opposed the impeachment, also left the government, heavily reducing its majority.<sup>91</sup>

82. 'PM unable to convince Madhes parties on bill', *Republika*, 2 December 2016.

83. 'FSFN officially withdraws support to government', *Republika*, 16 March 2017; 'Four more UDMF parties withdraw support for govt', *Republika*, 17 March 2017.

84. Ministry of National Defense, The People's Republic of China, *Nepal's prime minister meets with Chinese defense minister*, 24 March 2017 ([http://eng.mod.gov.cn/HomePicture/2017-03/24/content\\_4776442.htm](http://eng.mod.gov.cn/HomePicture/2017-03/24/content_4776442.htm)).

85. The US\$-NPR rate of exchange varies according to the date of the exchange.

86. 'Prachanda-Xi meeting: China to provide Rs 140m assistance for civic polls', *Online Khabar*, 27 March 2017. See also 'FSFN officially withdraws support to government', *Republika*, 16 March 2017.

87. 'Nepal follows Russia into the Silk Road project', *National Herald*, 30 March 2017; Embassy of the People's Republic of China in the Federal Democratic Republic of Nepal, 习近平会见尼泊尔总理普拉昌达 (Xi Jinping meets Nepali Prime Minister Prachanda), 29 March 2017 (<http://np.chineseembassy.org/chn/zngxs/sbgx/t1449795.htm>).

88. 'China ready to build Nepal-China rail link: Xi', *Republika*, 28 March 2017.

89. 'Nepal, China hold first-ever joint military exercise', *The Times of India*, 16 April 2017.

90. 'Govt registers fresh bill to amend constitution', *Republika*, 12 April 2017.

91. 'With RPP pulling out, govt totters on the brink', *Republika*, 2 May 2017. Sushila Karki, the first and only woman to hold the post of Nepal's c justice, had been

In the last days of his mandate, Prachanda inaugurated the construction of an expressway between Terai and Kathmandu, with two explicit goals: to reduce the travel time of the route from the south towards the capital and the hilly and mountainous areas; to facilitate the process of cultural unity of Terai with the rest of the country.<sup>92</sup>

On 6 June 2017 the leader of the Nepali Congress, Sher Bahadur Deuba, also supported by the CPN-MC, was elected prime minister for the fourth time, with 388 votes.<sup>93</sup> Prachanda had resigned on the basis of the previous agreement with the Nepali Congress.<sup>94</sup> Shortly before the formal appointment of the new prime minister, at the beginning of June 2017, the Nepalese government reached an agreement with China Gezhouba Group Corporation to build a huge hydroelectric plant, the largest in the Himalayan country, at an estimated cost of US\$ 2.5 billion.<sup>95</sup>

### 6. *The failure of the new constitutional amendment*

As with Prachanda, Deuba's first official visit abroad was to India.<sup>96</sup> His visit did not come during a particularly auspicious time, as, a few days before, southern Nepal had been devastated by terrible floods and the Indian dams' infrastructure had come under question.<sup>97</sup>

Deuba arrived in New Delhi at the end of August 2017, on the final days of the Doklam crisis.<sup>98</sup> He assured Modi that the new constitutional amendment would be approved.<sup>99</sup> This, as expected, triggered Oli's crit-

seconded to that post by Oli and was known for her fight against corruption. The impeachment motion was withdrawn a few weeks later. 'Impeachment motion against CJ Sushila Karki withdrawn', *The Himalayan Times*, 29 May 2017.

92. 'Project will help boost Kathmandu-Terai ties: PM', *The Rising Nepal*, 29 May 2017.

93. 'Deuba elected 40th Prime Minister of Nepal', *The Rising Nepal*, 7 June 2017.

94. 'Dahal steps down as promised', *Repubblica*, 25 May 2017.

95. 'Nepal, China ink mega hydropower agreement', *The Hindu*, 5 June 2017.

96. A few days earlier, Deuba met Chinese Vice-Premier Wang Yang in Kathmandu, reiterating Nepalese support for the BRI. Embassy of the People's Republic of China in the Federal Democratic Republic of Nepal, 尼泊尔总统、总理会见汪洋 (Nepali President and Prime Minister meet Wang Yang), 16 August 2017 (<http://www.fmprc.gov.cn/web/zyxw/t1485258.shtml>).

97. 'Indian dams causing floods in Nepal: Locals', *Repubblica*, 17 August 2017.

98. 'PM assures India of fresh bid at statute amendment', *Repubblica*, 26 August 2017. The dispute over Doklam was a military border dispute between the Indian and the Chinese armies in Bhutan between June 2017 and August 2017. For an in-depth treatment of the crisis, see Michelguglielmo Torri & Diego Maiorano, 'India 2017: Narendra Modi's continuing hegemony and his challenge to China', in this same issue.

99. 'PM assures India of fresh bid at statute amendment', *Repubblica*, 26 August 2017.

icism.<sup>100</sup> During his visit, Deuba also signed several MoUs, among them some on the reconstruction made necessary by the 2015 earthquakes and one on the construction of a bridge over the river Mechi (that marks the border between the two countries).<sup>101</sup>

In spite of Deuba's assurances to Modi, on 21 August 2017 the efforts of his government to amend the constitution failed. The proposed amendment received only 347 votes, whereas the two-thirds majority, necessary to amend the Constitution, was 395 votes.<sup>102</sup>

### 7. Parliamentary elections 2017: the communist triumph

Civic elections were held in three phases: on 14 May 2017 (States 3, 4, 6),<sup>103</sup> on 28 June (States 1, 5, 7),<sup>104</sup> both recording a clear result in favour of the CPN-UML<sup>105</sup> and then on 18 September 2017 in State 2, where the Nepali Congress came out on top.<sup>106</sup>

A few days after the closing of the last phase, on 3 October 2017, the CPN-UML and the CPN-MC announced their electoral alliance,<sup>107</sup> which was bound to weigh heavily on the outcome of the November-December 2017 consultations. In the 165 constituencies where the candidate was elected according to the first-past-the-post system, only one of the two parties presented a candidate, who, although running with the symbol of his/her own party, remained unopposed by a candidate hailing from the other party. In the 110 constituencies where the candidates were elected according to the proportional system, each party presented itself autonomously.

On 4 October, the Naya Shakti Party, a Marxist party led by Baburam Bhattarai, also joined the two main parties.<sup>108</sup> Baburam Bhattarai had been

100. 'Oli, Dahal rap Deuba over amendment assurance to India', *República*, 26 August 2017.

101. 'Nepal, India sign 8 MoUs, 4 on quake reconstruction', *República*, 26 August 2017.

102. 'Year-long efforts at amendment fail', *República*, 22 August 2017.

103. '71% voter turnout: EC', *The Rising Nepal*, 15 May 2017.

104. 'Vote counting underway in 307 units of Provinces 1, 5 and 7', *The Rising Nepal*, 30 June 2017.

105. 'Fin des élections locales au Népal, les premières en vingt ans', *Le Point*, 18 September 2017.

106. 'NC not satisfied with Province-2 poll result', *myRepública*, 25 September 2017. See also: 'Polls open today for 2.66m voters', *República*, 18 September 2017. The elections in State 2 – scheduled for 28 June – had been postponed by a government decision in mid-June 2017. 'Polls in Province 2 deferred yet again', *República*, 16 June 2017.

107. 'UML, MC, Naya Shakti announce poll alliance', *The Rising Nepal*, 4 October 2017. On 5 October, 33 other minor parties led by Yubraj Safal joined the three Left parties, running in the elections under the symbol of the CPN-MC '33-party alliance to participate in elections', *The Rising Nepal*, 6 October 2017.

108. 'UML, MC, Naya Shakti announce poll alliance'.

prime minister between August 2011 and March 2013, when he was a member of the UCPN-M. The alliance, however, aimed to become something more than an electoral agreement, its ultimate goal being the unification of the three parties.<sup>109</sup> Certainly the election results showed that, at least in the polls, the alliance was backed by the popular vote.<sup>110</sup>

The public commitment by the three communist parties to unite and not criticize each other until the unification<sup>111</sup> sounded almost ironic, considering their previous relations. In any case, the alliance held at least until the 2017 elections, assuring the victory of the Left and the defeat of the Nepali Congress.

For the Nepali Congress the alliance of the three communist parties was an «unnatural step». Prime Minister Sher Bahadur Deuba, who had governed until the elections of 2017 thanks to the decisive support of the Maoists, now tried to revive that alliance in view of the national elections.<sup>112</sup> Then, on 4 October, the day following the announcement of the Left coalition, the Nepali Congress called for a democratic alliance capable of facing the communist forces, an alliance that had to be led by the same Nepali Congress.<sup>113</sup>

The call by the Nepali Congress was answered by both the Rastriya Prajatantra Party (RPP) of Kamal Thapa and the Nepal Loktantrik Forum of Bijay Kumar Gachhadar. The RPP began to support the Deuba government after several weeks of opposition.<sup>114</sup> Thapa, however, reiterated his position against the secular state and his support for a Nepalese democracy with a monarch to symbolise the unity of the country.<sup>115</sup> On these issues, according to Thapa, the people should vote in a referendum.<sup>116</sup> For its part, the Nepal Loktantrik Forum merged with the Nepali Congress on 16 October.<sup>117</sup>

The following day Deuba's position with regards the Left alliance became even more explicit: according to the prime minister it represented a clear threat to Nepali democracy, an attempt by the communist forces to overthrow the democratic system through the tools of democracy itself.<sup>118</sup>

109. *Ibid.*

110. Kamal Dev Bhattarai, 'What Caused the Left Alliance's Landslide Victory in Nepal?', *The Diplomat*, 19 December 2017.

111. 'UML, MC, Naya Shakti announce poll alliance'.

112. 'Pact unnatural: NC', *The Rising Nepal*, 4 October 2017.

113. 'NC calls for democratic alliance', *The Rising Nepal*, 5 October 2017.

114. 'RPP to support Deuba-led govt', *The Rising Nepal*, 10 October 2017. On 14 October, Kamal Thapa joined the government again as deputy minister and minister without portfolio, along with Jayanta Chand, Dilnath Giri and Bikram Bahadur Thapa. 'New ministers sworn-in', *The Rising Nepal*, 15 October 2017.

115. 'RPP to support Deuba-led govt'.

116. *Ibid.*

117. 'NLF merges with NC', *The Rising Nepal*, 17 October 2017.

118. 'Left alliance a threat to democracy: Deuba', *The Rising Nepal*, 18 October 2017.

As a result of the Leftist alliance, the Maoist ministers, while formally remaining in office, saw themselves deprived of their powers.<sup>119</sup> Meanwhile, on 21 October, former king Gyanendra Bir Bikram Shah Dev announced his intention to return to the throne.<sup>120</sup>

On 17 November, Deuba accused the Left alliance of striving towards totalitarianism.<sup>121</sup>

The Nepali Congress, apart from the two electoral agreements already cited, failed in its attempt at building an alliance with the major Madhesi parties.<sup>122</sup>

One of the last important decisions of the Deuba Government was the cancellation of the agreement signed by Prachanda with the China Gezhouba Group Corporation, for the construction of the largest hydro-electric plant in Nepal.<sup>123</sup>

The federal and state elections were held in two phases: 26 November and 7 December 2017. 1944One thousand nine hundred and forty four candidates competed in the 165 single-member constituencies of the House of Representatives.<sup>124</sup> In the state elections 330 representatives were elected, while the candidates numbered 3238.<sup>125</sup>

The victory was an overwhelming one for the Left alliance, which conquered just under two-thirds of the House of Representatives' seats and six out of seven states. In particular, out of the 165 seats assigned with the first-past-the-post system, the CPN-UML obtained 80 seats, the CPN-MC gained 36, and the National Congress managed to get just 23.<sup>126</sup>

Only five parties obtained more than 3% of the popular vote at the national level, passing the threshold established by the electoral law.<sup>127</sup> The CPN-UML obtained 33.25% of the votes, a slightly higher quota than the Nepali Congress (32.78%). The Maoists, on the other hand, got only 13.66%. The other two parties to enter parliament were both Mad-

119. 'Maoist ministers relieved of their portfolios', *The Rising Nepal*, 18 October 2017. This rather peculiar situation resulted from the fact that the prime minister does not have the power to remove a minister.

120. 'Ex-King Gyanendra [*sic*] says time has come for his leadership', *The Kathmandu Post*, 21 October 2017.

121. 'PM urges democratic forces to unite', *The Rising Nepal*, 18 November 2017.

122. Kamal Dev Bhattarai, 'What Caused the Left Alliance's Landslide Victory in Nepal?'

123. 'Nepal scraps \$2.5 bln hydropower plant deal with Chinese company', *Reuters*, 13 November 2017.

124. Data from the Election Commission of Nepal (<http://www.election.gov.np> and <http://result.election.gov.np>).

125. *Ibid.*

126. Data on the results of the state and national elections of 2017, unless otherwise specified, are taken from the Kathmandu Post election website (<http://election.ekantipur.com>).

127. 'Five parties likely to qualify for PR seats'.

hesi parties: the Federal Socialist Forum-Nepal (4.95% of the popular vote) and the Rastriya Janata Party-Nepal (4.93% of the popular vote).<sup>128</sup> They also obtained some seats in the single-member constituencies (ten for the Federal Socialist Forum-Nepal and 11 for the Rastriya Janata Party-Nepal).

The two Madhesi parties, allied in the elections, won in State 2, the only state not to have been won by the Left alliance. After the elections they announced the start of negotiations to unite.<sup>129</sup>

The Nepali Congress failed to achieve control of any state. The RPP monarchists obtained only one seat in a single-member constituency. However, its leader, Kamal Thapa, was defeated in his own constituency. The only seat won by the RPP went to the party's general secretary, Rajendra Lingden, who defeated Krishna Prasad Sitaula, a member of the Nepali Congress. The RPP was allied nationally with the Nepali Congress, but Rajendra Lingden had decided to run against the Nepali Congress candidate. Thus Lingden had broken the alliance, at least in his constituency, and received the support of the Left alliance.<sup>130</sup>

#### 8. *Nepalese economy 2015-2017*

As seen in previous pages, the 2015 earthquakes were a huge blow for the Nepalese economy, and affected virtually every sector in the country. In the Budget Speech of Fiscal Year (FY) 2017/2018 (29 May 2017), Deputy Prime Minister and Finance Minister Krishna Bahadur Mahara announced that the funds made available by the ministry of finance for reconstruction amounted to NPR (Nepalese rupees) 146.18 billion (about US\$ 1.4 billion).<sup>131</sup>

It is also worth repeating that the Nepalese economy was heavily affected by the Indian border blockade between September 2015 and February 2016. The subsequent period, however, saw a marked improvement in various economic indicators.

128. The Rastriya Janata Party-Nepal was formed in April 2017 by the convergence of six Madhesi parties. 'Six Madhes parties unify as polls loom closer', *Repubblica*, 21 April 2017; 'Rastriya Janata Party Nepal applies for registration', *Online Khabar*, 27 April 2017.

129. 'RJP-N, FSF-N to hold unity talks soon', *The Himalayan Times*, 22 December 2017.

130. 'Rajendra Lingden: Congress-RPP partnership is now broken', *Online Khabar*, 30 October 2017; 'RPP candidate Lingden's victory rally dotted with left party flags', *Repubblica*, 10 December 2017.

131. Government of Nepal, Ministry of Finance, *Budget Speech of Fiscal Year 2017/18*, unofficial translation, 2017, p. 15 ([http://mof.gov.np/uploads/document/file/Budget\\_Speech\\_207475\\_20170530011441.pdf](http://mof.gov.np/uploads/document/file/Budget_Speech_207475_20170530011441.pdf)).

In mid-July 2014 one US dollar was traded with NPR 95.90, while in mid-July 2015 one US dollar was worth NPR 101.14.<sup>132</sup> In mid-March 2016, one US dollar was worth NPR 107.23.<sup>133</sup> The national currency subsequently found some stability and one year later (mid-March 2017) one US dollar was trading at NPR 106.27.<sup>134</sup> At the beginning of January 2018 the exchange rate returned to around NPR 101 for one US dollar.<sup>135</sup>

The inflation rate, which rose to 9.9% in FY 2015/2016, declined to 5.1% in the first eight months of FY 2016/2017.<sup>136</sup> In particular, the 8.6% inflation rate calculated in August-September 2016 declined to 2.9% in March-April 2017.<sup>137</sup>

Agriculture in Nepal represents 28.9% of the country's GDP, and approximately two Nepalese out of three work in this area.<sup>138</sup> Total production of the agricultural sector dropped by 3.10% and 7.04% respectively in FY 2014-2015 and FY 2015-2016. However, the Ministry of Agriculture Development forecast a + 13.09% for FY 2016/2017.<sup>139</sup> In the Budget Speech of FY 2017/2018, Krishna Bahadur Mahara announced the provision of NPR 30.40 billion (about US\$ 295 million) for agriculture and livestock and an additional NPR 27.41 billion (about US\$ 266 million) for irrigation.<sup>140</sup>

The industry sector contributed less than 6% (2015/2016 and 2016/2017 estimates) to Nepal's GDP.<sup>141</sup> In the same sector, in relation to foreign investments, in the first eight months of FY 2016/2017, almost 4,000 industries from 90 countries were registered: 1,093 from the China, 33 from Hong Kong, 662 from India.<sup>142</sup> However, Indian industries employ more than 66,000 people, as compared to 51,324 employed by Chinese in-

132. Government of Nepal – Ministry of Finance, *Economic Survey – Fiscal Year 2015/16*, 2016, unofficial translation, p. 105 ([http://www.mof.gov.np/uploads/document/file/Economic%20Survey%202015-16%20-%20English\\_20160812062624.pdf](http://www.mof.gov.np/uploads/document/file/Economic%20Survey%202015-16%20-%20English_20160812062624.pdf)).

133. Government of Nepal – Ministry of Finance, *Economic Survey – Fiscal Year 2016/17*, unofficial translation, p. 99 ([http://mof.gov.np/uploads/document/file/Economic%20Survey%20English%20-%202016-17\\_20170713052055.pdf](http://mof.gov.np/uploads/document/file/Economic%20Survey%20English%20-%202016-17_20170713052055.pdf)).

134. *Ibid.*

135. Source: *República*, 6 January 2018, p. 10.

136. Government of Nepal – Ministry of Finance, *Economic Survey – Fiscal Year 2016/17*, unofficial translation, p. 47 ([http://mof.gov.np/uploads/document/file/Economic%20Survey%20English%20-%202016-17\\_20170713052055.pdf](http://mof.gov.np/uploads/document/file/Economic%20Survey%20English%20-%202016-17_20170713052055.pdf)).

137. *Ibid.*

138. *Ibid.*, p. 118.

139. *Ibid.*, p. 121.

140. Government of Nepal, Ministry of Finance, *Budget Speech of Fiscal Year 2017/18*, 2017, unofficial translation, p. 20 ([http://mof.gov.np/uploads/document/file/Budget\\_Speech\\_207475\\_20170530011441.pdf](http://mof.gov.np/uploads/document/file/Budget_Speech_207475_20170530011441.pdf)).

141. Government of Nepal – Ministry of Finance, *Economic Survey – Fiscal Year 2016/17*, unofficial translation, p. 147 ([http://mof.gov.np/uploads/document/file/Economic%20Survey%20English%20-%202016-17\\_20170713052055.pdf](http://mof.gov.np/uploads/document/file/Economic%20Survey%20English%20-%202016-17_20170713052055.pdf)).

142. *Ibid.*, p. 152.

dustries and 4,651 by Hong Kong's.<sup>143</sup> In addition, Indian investments represent almost 40% of the total, compared to 16.23% of China and 13.06% of Hong Kong.<sup>144</sup>

Out of 190 countries analysed in the Ease of Doing Business ranking, Nepal is placed 105<sup>th</sup>, third in South Asia, preceded by Bhutan (75<sup>th</sup>) and India (100<sup>th</sup>).<sup>145</sup> In the area of foreign trade the situation for Nepal remains particularly complex: in FY 2015/2016 the trade balance was in deficit for over NPR 700 billion (about US\$ 6.5 billion) and over NPR 900 billion (approximately US\$ 8.9 billion) in the subsequent fiscal year.<sup>146</sup>

### 9. Conclusions

This article outlines the years 2015-2017 in Nepal starting from the last period of the long drafting phase of the constitution. The process was dramatically accelerated by the terrible earthquakes in the spring of 2015, followed by the first amendment and – afterwards – by a second failed attempt to change the constitution. Alongside the institutional route, the role played by the main political parties moved against the background of social, political and economic processes. These processes were influenced internally in particular by the crisis with the Madhesis in the south, and by the position of India and China on the external level. The earthquakes obviously hit the Nepalese economy hard but then – as noted above – the country had previously experienced an economic recovery. On the political-party level, after the period of two governments based on the NC-Maoist alliance between 2016 and 2017, the country saw the possibility of a simplification of its national framework, through the approach and the subsequent alliance of the Marxist-Leninists and the Maoists. This alliance led to the electoral victory in December 2017 and the birth of the new Oli government, which took office on 15 February 2017,<sup>147</sup> thus inaugurating a new chapter of the young Nepalese republic.

143. *Ibid.*

144. *Ibid.*

145. World Bank Group, *Doing Business 2018*, p. 4 (<http://www.doingbusiness.org/~media/WBG/DoingBusiness/Documents/Annual-Reports/English/DB2018-Full-Report.pdf>).

146. Government of Nepal, Ministry of Finance, Departments of Customs, *Nepal Foreign Trade Statistics: Fiscal Year 2016/17 (2073/74)*, 2017, p. 1 ([http://www.customs.gov.np/upload/documents/Foreign%20Trade%20Stat%202073-74\\_pdf\\_2017-09-18-08-52-12\\_2017-09-20-21-02-46.pdf](http://www.customs.gov.np/upload/documents/Foreign%20Trade%20Stat%202073-74_pdf_2017-09-18-08-52-12_2017-09-20-21-02-46.pdf)).

147. 'Oli becomes prime minister again', *Repubblica*, 16 February 2018.

Abbreviations:

NC = Nepali Congress

UCPN-M = Unified Communist Party of Nepal (Maoist)

CPN-MC = Communist Party of Nepal (Maoist Centre)

CPN-UML = Communist Party of Nepal (Unified Marxist-Leninist)

RPP = Rastriya Prajatantra Party