



Report on Nepal's Foreign Affairs (2017-18)



**Ministry of Foreign Affairs
Government of Nepal**



MINISTRY OF FOREIGN AFFAIRS
GOVERNMENT OF NEPAL

ANNUAL REPORT
(2017-18)

KATHMANDU, NEPAL

August 2018

Nepal: Facts and figures

Geographical location:

Latitude: 26° 22' North to 30° 27' North

Longitude: 80° 04' East to 88° 12' East

Area: 147,181 sq. km

Border:

North—People's Republic of China

East, West and South — India

Capital: Kathmandu

Population: 28431494 (Projected)

Country Name: Federal Democratic Republic of Nepal

Head of State: President

Head of Government: Prime Minister

National Day: 3 Ashwin (19 September)

Official Language: Nepali

Major Religions: Hinduism, Buddhism

Literacy (5 years above): 65.9 % (Census, 2011)

Life Expectancy at Birth: 66.6 years (Census, 2011)

GDP Per Capita: US \$ 1004 (2017/18)

Monetary Unit: 1 Nepalese Rupee (= 100 Paisa)

Main Exports: Carpets, Garments, Leather Goods, Handicrafts, Grains

(Source: Central Bureau of Statistics, Kathmandu)

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Message from Minister for Foreign Affairs



The formation of the present Government with the robust mandate generated widespread expectations that a stable government would make every possible effort to fulfill people's aspirations. The pre-election Left -Alliance was successfully converted into a unified single party which created a much-needed situation of political stability, thereby ending the protracted transition. The stability factor has had an important bearing in our efforts to manage affairs both at home and abroad.

Guided by the Constitutional provisions and taking the national interest in mind, the present Government has been pursuing an independent and balanced foreign policy. Our diplomatic outreach has been significantly expanded and engagements with neighbours and other friendly countries have substantively grown. Our policy of 'amity with all and enmity with none' has earned us tremendous goodwill and respect from the international community.

One of the major priorities of the government was to set in proper perspective the age-old, multidimensional and extensive friendly relations with India on the basis of equality, mutual trust, respect and benefit. This objective has been realized with the enhancement of trust and expansion of mutually beneficial areas of cooperation as evidenced in the outcomes of the high level visits in both directions and accelerated implementation process of previous commitments.

Major efforts were also made to further consolidate and expand bilateral relations with northern neighbour China with both sides agreeing to intensify cooperation to enhance connectivity, featuring various components such as ports, roads, railways, aviation, transmission grids and communications within the overarching framework of 'Trans-Himalayan Multi-dimensional Connectivity Network'.

We continued to enhance and expand cooperation with countries in the extended neighbourhood, major powers of the world, development partners, labour destination countries and other friendly countries as well as those in special situations including LDCs, LLDCs and SIDs. Apart from political content, our engagement saw major thrust on areas of trade, investment, tourism and people-to-people contacts.

Our active participation in regional and multilateral affairs has been instrumental in realizing Nepal's national interest and enhancing the country's image globally. As the Chair of both SAARC and BIMSTEC, we engaged constructively to provide impetus for deeper regional integration and cooperation. It is, however, a matter of concern that despite our best efforts, the stalled SAARC Summit could not take place.

On multilateral front, we engaged actively in various norm-setting deliberations within the United Nations. Of particular importance was Nepal's membership of the UN Human Rights Council which has provided us with an opportunity to add values to the work of the Council with our experience of

uniquely successful, home-grown and nationally-led and owned peace process. We are encouraged by the appreciation and the growing attention of the world community towards our achievements, including the peace process. We are eager to share our experiences in this regard and want to enhance the image of Nepal as a peacemaker and peacebuilder. Nepal's flagship contribution to UN peacekeeping operations as one of the largest troops contributing countries continued to demonstrate Nepal's strong commitment to the maintenance of international peace and security.

The present Government will work with all national stakeholders to build consensus on key foreign policy priorities. It remains committed to further deepening and widening cooperation with neighbours and other friendly countries with clear strategic direction and priorities in coming days. As a committed internationalist, Nepal will continue upholding basic principles and norms of inter-state relationship for a peaceful, just, equitable, and prosperous world.

With the publication of this third annual report in a row, I hope readers will find this report as informative and useful as the previous two editions. I thank the colleagues at the Ministry and the Missions for their contribution in bringing out this report.

Pradeep Kumar Gyawali

Foreword



I am happy to present the Ministry's Annual Report for the fiscal year 2017/18.

This year was marked by the landmark political transformation in the country. The successful holding of elections of all three tiers of government brought the constitution into full operation and effectively ended the political transition. This has provided an added impetus and clear road-map to the execution of Nepal's foreign policy.

The Ministry has mobilized its diplomatic machinery towards materializing the priority of the current Government with particular emphasis on economic and development agenda. The Government's motto of 'Prosperous Nepal, Happy Nepali' has been the guiding mantra for the Ministry and its Missions abroad in their engagements at bilateral, regional and multilateral levels.

Expansion and consolidation of relations with our immediate neighbours India and China received topmost priority. We saw an unparalleled growth in bilateral engagements at various levels. A number of high level incoming and outgoing visits from neighbourhood and beyond have provided further momentum to the growth of our bilateral relations and expansion of cooperative partnership.

Our aim has been to establish diplomatic ties with all the member states of the United Nations. This year we have been successful in expanding diplomatic outreach by formalizing ties with an additional number of countries. We will continue expanding our diplomatic outreach in the years ahead.

Our priority was also directed towards engaging with development partners and friendly countries through a focused and structured dialogue mechanism. Towards this end, we have concluded MoUs with a number of countries and held meetings of such mechanisms. This has been helpful in taking stock of the overall aspects of bilateral relations and cooperation and exploring new areas of partnership.

Our regional diplomacy witnessed active engagements and contributions to the regional processes. We successfully hosted Fifteenth BIMSTEC Ministerial Meeting and we are all set to host the Fourth BIMSTEC Summit in near future. Diplomatic efforts were made to reinvigorate the SAARC process.

Multilateral diplomacy also received our priority. Nepal was elected as a member of Human Rights Council for the term 2018-2020. Nepal has already assumed its responsibility in the Council. Also, with the election of Nepal in various UN bodies and agencies, our contributions were more visible at global level. We continued to remain one of the largest troops contributing countries for UN peacekeeping operations. We remained proactive in advancing the common cause of LDCs and LLDCs in the multilateral forums and processes.

Safety, security and well-being of Nepali migrant workers remained top on our agenda in dealing with labour destination countries. Our focus was on concluding new labour related instruments with these countries and implementing the existing ones.

As in the past, conduct of economic diplomacy was at the center of our overall diplomatic activities. Promoting Nepal's tourism prospects, encouraging foreign investments in Nepal, exploring more trading

opportunities and facilitating foreign assistance in priority sectors of national economy have helped contribute towards the goals of economic growth and social progress.

Improvement in service delivery has been a notable feature of our efforts to provide timely, hassles-free and accountable public services. Both passport and consular services have mostly been digitalized. Our service delivery has set a benchmark for public service delivery in Nepal.

The Ministry and its Missions collaborated with the ever-growing Nepali diaspora for promoting Nepal and its interests abroad. We have continued to partner with non-resident Nepali communities in branding the image of the country, promoting Nepal's tourism, trade and investment potentials among the host communities all over the world. We have also been encouraging the diaspora to invest their resources, both material and intellectual, in the country's development.

The Cabinet has approved Directives for Ambassadorial Appointment outlining the criteria and procedures for such appointments.

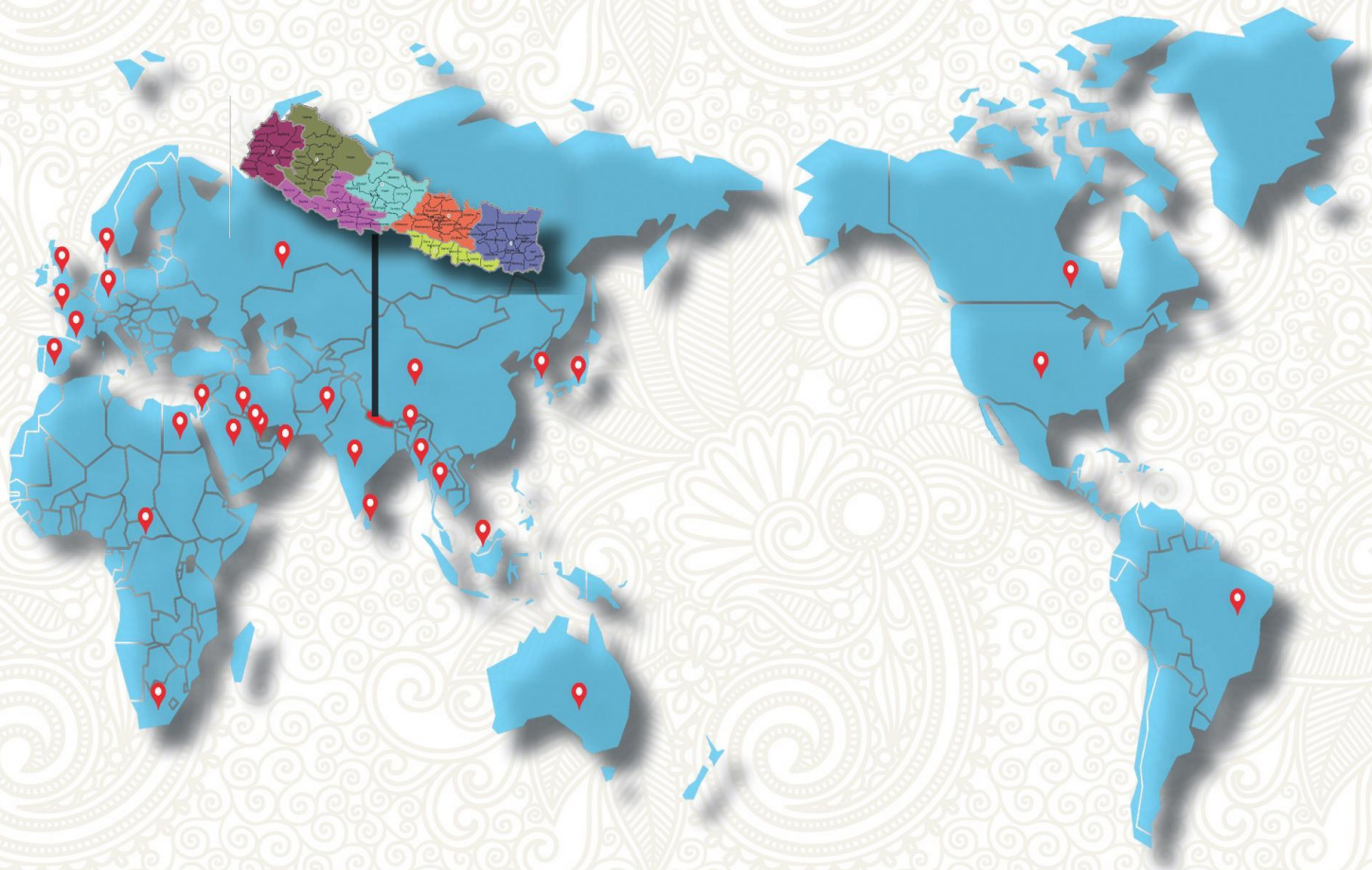
The Ministry has continued to prioritize institutional reinforcement both in human resources and physical assets. Language courses and diplomatic trainings have been provided to officials both at home and abroad. We have procured few more properties for our residential Missions overseas.

I would like to thank the editorial team for their diligent work in bringing the Report in this form. The inputs from Divisions, Departments and Missions for the finalization of the Report have been valuable.

I would very much appreciate receiving constructive comments, suggestions and feedback from our valued readers as we endeavor to continuously improve the content and enhance our initiatives for proactive disclosure.

Shanker Das Bairagi
Foreign Secretary

Year at a Glance



Fundamentals Guiding our Foreign Policy Objectives

1. Maintaining sovereignty, territorial integrity and independence;
2. Ideals of *Panchasheel*, non-alignment, UN Charter, international law and norms of world peace;
3. Amity with all and enmity with none;
4. Development goals and objectives at home -the guideposts;
5. Maxims of Nepali culture, civilization and identity;
6. Ensuring safety, security and dignity of our people living abroad.

Major Areas of Diplomatic Engagements

1. Relations with our immediate neighbours;
2. Engagements with extended neighbourhood, our development partners and other friendly countries;
3. Regional and multilateral cooperation;
4. Policy and Planning issues, institutional strengthening;
5. Protocol, Passport and Consular Services.

Our Strength

Department of Passports

Department of Consular Services

Institute of Foreign Affairs

30 —○— Embassies

3 —○— Permanent Missions

6 —○— Consulates General

71 —○— Honorary Consuls
(General)

Our

Global

Outreach



161

Diplomatic Relations in total



13

New Diplomatic

Relations this year

President Mrs. Bidya Devi Bhandari Visits...



UAE

13-16 November 2017

Prime Minister Mr. K P Sharma Oli Visits...



INDIA

6-8 April 2018



CHINA

19-24 June 2018

Prime Minister Mr. Sher Bahadur Deuba Visits...



INDIA

23-27 August 2017



OMAN

25-28 September 2017

Foreign Minister Mr. Pradeep Kumar Gyawali Visits...

Azerbaijan
5-6 April 2018



China
16-21 April 2018



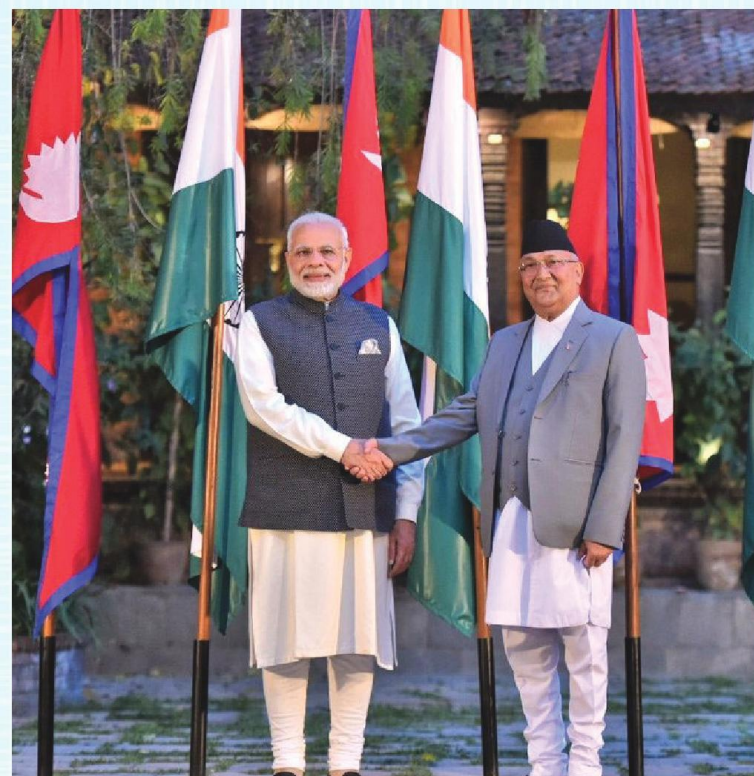
Mongolia
11-12 June 2018



Deputy Prime Minister and Foreign Minister
Mr. Krishna Bahadur Mahara Visits ...

China
6-11 September 2017

We Welcomed ...



Indian Prime Minister
Shri Narendra Modi
11-12 May 2018



Pakistani Prime Minister
Mr. Shahid Khaqan Abbasi
5-6 March 2018



Chinese Vice-Premier
Mr. Wang Yang
14-17 August 2017



Serbian Deputy Prime Minister
Mr. Ivica Dacic
4-6 May 2018

We also Welcomed ...

India: External Affairs Minister
Mrs. Sushma Swaraj
(1-2 February 2018)

I

Japan: Parliamentary Vice-Minister
for Foreign Affairs Mr. Iwao Horri
(6-8 December 2017)

J

Norway: Minister for International
Development, Mr. Nikolai Astrup
(6-7 March 2018)

N

UK: Minister of State for Asia and the
Pacific at the Foreign and Commonwealth
Office Mr. Mark Field (6-7 May 2018)

Minister of State for Armed Forces Mr.
Mark Lancaster (9-13 February 2018)

U

High Level Delegations from
Russia, Azerbaijan, Finland, UK,
EU, Switzerland, Sweden

We Celebrated Milestones of Diplomatic Relations with...

INDIA



EGYPT

USA

GERMANY



BULGARIA

SRI LANKA

SAUDI ARABIA



UNITED ARAB EMIRATES

We Established Bilateral Consultation Mechanism with...

Belgium:

27 June 2018, Brussels

Denmark:

11 June 2018, Copenhagen

Oman:

September 2017, Muscat

Mongolia:

12 June 2018, Ulaanbaatar

Morocco:

3 August 2017, Kathmandu

We also Held BCM Meetings with...

Bangladesh:

Second Meeting on
8 October 2017, Dhaka

Brazil:

First Meeting on
25 January 2018, Brasilia

EU:

10th Joint Commission
Meeting on 28 June 2018,
Brussels

Denmark:

First meeting on 11 June 2018
Copenhagen

Israel:

First meeting on
19 March 2018
Kathmandu

Russia:

Meeting on 17 April 2018,
Kathmandu

Switzerland:

Second Meeting
on 14 June 2018, Bern

New avenues for People-to-People Contacts

Nepal-India
Ramayana Circuit launched on
11 May 2018



Australia- Nepal
Parliamentary Group
launched on
30 May 2018

France-Nepal
Amity Group launched in
November 2017



Nepal-Belgium
Friendship Association (BNFA)
formed in 2017

Nepal-Brazil
Parliamentary Friendship Group launched in November 2017

We Hosted ...



Consultation Meeting of the Colombo Process Countries
Kathmandu, 13-14 September 2017



Seventh Regional Basic Training Course on Emergency
Response to Chemical Incidents in collaboration with OPCW
Kathmandu, 9-13 April 2018



Fifteenth BIMSTEC Ministerial Meeting
Kathmandu, 10-11 August 2017



62nd session of the Commission on the Status of Women (CSW-62)
on 12-23 March 2018



16th SAARC Business Leaders Conclave 2018
'Unleashing Shared Prosperity through Economic Integration'
16-18 March 2018, Kathmandu

Our Contribution to the UN



Participating in 14 out of 15
peacekeeping missions

Sixth largest troop and the
police-contributing country

Human Rights Council (HRC):
Member for the term 2018-20

NAM: Vice-chair of the Ministerial Con-
ference and Chair of its Economic and So-
cial committee

Executive Boards of UN development
funds and programmes: Member

Focal point for Trade Facilitation
(TF) within the LDC Group

Colombo Process: Chair

Executive Board of the UN-WOMEN:
Member for the term 2019-2021

Commission on Science and Technology for
Development (CSTD): Member for the term
2019-2022

ILO Governing Body: Deputy
Member

Preparatory Committee of the Third Review Confer-
ence of the Programme of Action of Small Arms and
Light Weapons (SALW): Vice-Chair

Substantive session of UN Disarmament
Commission: Vice Chair

Bureau of UNICEF Executive Board: Vice-Chair for 2018 representing the Asia
Pacific region Committee on Conferences: Chair for the year 2018

We are Candidates to ...



2024-26



2021-23



2019-20



2021-23

CND

COMMISSION ON
NARCOTIC DRUGS
VIENNA

2020-23

We Signed...



The Treaty on the Prohibition of Nuclear Weapons on 20 September 2017 in New York.

We Acceded to...



The Multilateral Agreement for the Establishment of an International Think Tank for LLDCs on 7 August 2017

Our Economic Diplomacy

Top 10 import sources: India, China, U.A.E., France, Argentina, Indonesia, Thailand, South Korea, Canada and USA

Top 10 export destinations: India, U.S.A., Turkey, Germany, U.K., China, Italy, France, Bangladesh and Japan

FDI sources in rupees: India (80.93b), Mainland China (30.25b), Hongkong China (25.1b), South Korea (9.43b), British Virgin Island (7.9b) USA (7.4b)

Official Development Assistance
USD 1,394.60 million

Multilateral: WB Group (US\$ 345.97m) ADB (US\$ 253.90m), UN Country Team (US\$ 120.73m), EU (US\$ 83.89m) and IFAD (US\$ 11.56m)

Bilateral: USAID (US\$ 134.06M) DFID (US\$ 128.31m), Japan- including JICA (US\$ 77.65m), India (US\$ 59.26m) and China (US\$ 41.24m)

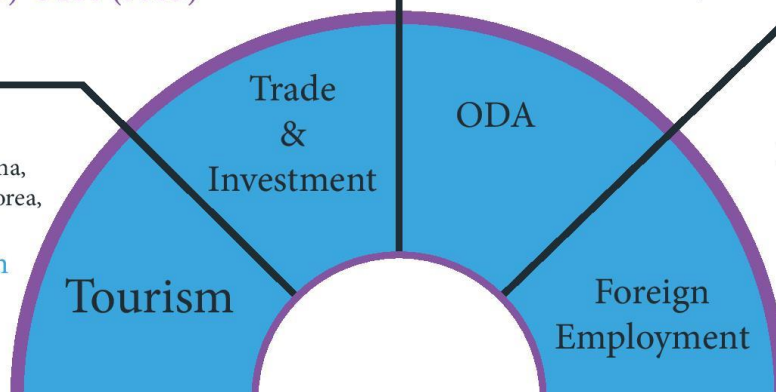
Destinations for Foreign employment: Malaysia, Qatar, Saudi Arabia, UAE, Kuwait, Bahrain, Oman, South Korea, Israel

Contribution of remittances
GDP: 26%

Tourist arrival 940,218

Top 10 origins of tourists: India, China, USA, UK, Sri Lanka, Thailand, South Korea, Australia, Myanmar, Germany.

Tourism sector's Contribution
GDP 2.3%



Tourism promotion programmes

74

Trade & investment promotion programmes

65

Foreign employment management programmes

18

Our Service Delivery

273,889 Documents
Attested

1438 official passports

119 Travel Documents

616 diplomatic passports

529,460 ordinary
passports

Our Reforms In Service Delivery...

Live enrollment at Passport Department & 10 Nepali Missions

Audio Citizens Charter

Consular Service within Half an Hour

Mobile alerts & MRP status

Online Attestation Verification System

Online Legal Services System

Online Visa Recommendation System

Our New Institutional Initiatives

Submission of the Report by
High Level Foreign Policy Review
Task Force

Directives for
Ambassadorial Appointment

Publication of Protocol and
Consular Handbook

Basic Language trainings:
French
Chinese
Arabic

Digitization of record
management system



Procurement/Reinforcement of Property in
Canberra, Islamabad, Lhasa,
Colombo & Washington DC

1. General Overview

The 'Report on Nepal's Foreign Affairs' reviews major initiatives and activities undertaken by the Ministry of Foreign Affairs during the period from 16 July 2017 to 15 July 2018. This third Annual Report in a row is a continued attempt of the Ministry to inform wider public about Nepal's diplomatic engagements. It covers wide-ranging activities of the Ministry, its Departments and Missions featuring particularly bilateral, regional and multilateral affairs, economic diplomacy and service delivery. It also highlights the achievements of the high-level visits and exchanges that took place during the period.

On domestic front, the year 2017/18 witnessed a monumental political transformation. The successful holding of elections at three levels and the formation of governments with strong mandates, institutionalization of federal setup, end of political transition and the march towards political stability were the key achievements. The new Government declared that, after the settlement of political issues, undertaking a rapid socio-economic transformation was its topmost agenda ahead to underpin political achievements.

On the external front, the year was marked by a lot of contradictions and uncertainties, as forces of both stability and disruption remained active. Threat to multilateralism and rules-based order and growing tendency of unilateralism was the key concern. At the same time, the Asian economic resurgence, contributed also by the economic development in our neighbourhood, unfolded newer opportunities for collaboration and partnership to promote shared prosperity.

Against this backdrop and, as informed by our enlightened national interest, we continued to pursue foreign policy objectives with pragmatic approach focused on result-orientation. In the

conduct of foreign policy, efforts were made to take advantage of the opportunities for enhancing political image of the country and uplifting its economic status by (re)orienting our strategies consistent with domestic and external realities.

In promoting national interests, our external engagements had two clear priorities: projecting Nepal's uniquely successful, home-grown and nationally-led and owned peace process together with Nepal's credentials as an open and progressive democratic State at the international level; and the pursuit of effective economic diplomacy to contribute to development imperatives of the country under the overarching motto of 'Prosperous Nepal, Happy Nepali'.

There are fundamental premises that guide our diplomatic engagements. First, as per the Constitution of Nepal, independent conduct of foreign policy for maintaining sovereignty, territorial integrity, and independence remains at the centre. Second are the ideals of the *Panchasheel*, non-alignment, UN Charter, international law, and norms of world peace. Third, it is the principle of 'amity with all, and enmity with none' that guides us to pursue our foreign relations on the basis of sovereign equality, justice, mutual respect and benefit. Fourth are the goals and priorities for development and socio-economic transformation. And fifth, the maxims of our culture, civilizational heritage and identity guide our efforts to promote Nepal as the land of diverse and bountiful resources.

Under the auspices of these broader principles, our diplomatic initiatives and activities focused on major areas of our foreign policy objectives. Relations with our immediate neighbours received, as always and as elsewhere, the topmost priority. We also continued to build on

and enhance our engagements with extended neighbourhood, our development partners, labour destination countries, countries in special situation facing geographical and environmental hardships, and other friendly countries. Regional and multilateral cooperation was another area of our focus. Policy and planning issues, institutional strengthening as well as the efforts to improve service delivery also constituted our priorities.

Nepal's Neighborhood

During the period under review, we continued to make significant advances in our friendly relations with both immediate neighbours, India and China. Equality, mutual trust, respect and benefit were the key principles guiding our relationships. In particular, our efforts were directed towards expanding and diversifying the economic cooperation and commercial relations with focus on trade, investment, tourism and connectivity.

Exchange of high-level visits and other bilateral engagements between Nepal and India saw an unparalleled growth. With the State visit of Prime Minister Mr. K P Sharma Oli to India in April and Prime Minister Shri Narendra Modi's return State visit to Nepal in May, India-Nepal relations acquired a new vigor and vitality. Major outcomes of these high level visits included the laying down of the foundation stone of 900 MW Arun-III hydro-electric project; agreement to expand cooperation in the fields of railways, inland waterways and agriculture; launching of Nepal-India Ramayana Circuit; inauguration of the integrated Check Post at Birgunj; and the flagging off of the direct bus service between Janakpur and Ayodhya.

Earlier in August 2017, Prime Minister Mr. Sher Bahadur Deuba paid a State Visit to India. During his visit, eight MoUs on separate subject matters were concluded between the two sides.

In addition, a number of Ministerial visits took place over the year. From Nepali side, Minister for Industry, Commerce and Supplies Mr. Matrika Prasad Yadav, and Minister for Agriculture, Land Management and Cooperatives Mr. Chakrapani Khanal visited India in March and June 2018 respectively. Similarly, from the Indian side, Minister of External Affairs Smt. Sushma Swaraj paid goodwill visit to Nepal in February 2018 immediately after the conclusion of federal elections.

Also, Nepal and India remained actively engaged through various bilateral mechanisms and contributed to making progress in the respective fields. Among others, the Fifth Meeting of Nepal-India Oversight Mechanism was held in Kathmandu in November 2017. The meeting made a comprehensive review of the progress achieved in bilateral economic and development cooperation projects.

Since April and May alone, more than 20 meetings of bilateral mechanisms took place. New railway connectivity, use of waterways by Nepal as a part of transit right, and new partnership in agriculture were advanced. India has offered to construct with its financial support a new electrified rail line connecting border city of Raxaul in India to Kathmandu. Preliminary engineering-cum-traffic-survey of the broad gauge line between Raxaul and Kathmandu is almost completed.

As mandated by the two prime ministers, the Foreign Secretaries of both countries continued to intensively follow up through video conferences on monthly basis the matters agreed during the exchange of high-level visits.

India continued to remain a key development partner for Nepal. It was the largest trading partner, as well as the second largest source of foreign direct investment with the investment of NRS 27.3 billion in Nepal. India was also the

largest source of tourists with more than 160 thousands Indian tourists visiting Nepal in 2017/18.

High-level engagements with our northern neighbour, China, also intensified at various levels. Prime Minister Oli paid an official visit to China in June 2018. The two sides agreed to intensify cooperation to enhance connectivity, encompassing components such as ports, roads, railways, aviation and communications within the overarching framework of trans-Himalayan multi-dimensional connectivity network. A number of Agreements and MoUs were signed during the visit. The signing of MoU on Cooperation in Railway Projects has paved the way for enhancing trans-border connectivity between the two countries in the long run.

The Prime Minister's visit was preceded by two other visits at Foreign Minister level. Minister for Foreign Affairs Mr. Pradeep Kumar Gyawali visited China in April 2018 while the Deputy Prime Minister (DPM) and Minister for Foreign Affairs Mr. Krishna Bahadur Mahara visited China in September 2017.

Mr. Wang Yang, Vice Premier of the State Council of China visited Nepal in August 2017. During the visit, bilateral official talks were held between the two sides led respectively by Deputy Prime Minister and Minister for Federal Affairs and Local Development Mr. Bijay Kumar Gachhadar and Mr. Wang Yang. Three different agreements on various aspects of economic cooperation were concluded on the occasion.

Over the year, the two countries remained engaged on intensifying implementation of the MoU on Cooperation under the Belt and Road Initiative (BRI) to enhance connectivity with focus on ports, roads, railways, aviation and communications.

Nepal and China continued working through various established bilateral mechanisms and contributed to making progress in the respective fields. Among such meetings, the First Consultation Meeting on the Establishment of China-Nepal Cross border Economic Cooperation Zones was held in Kathmandu in November 2017. The Eighth Meeting of Nepal-China Tibet Trade Facilitation Committee and the Third Meeting on Border Law Enforcement Cooperation were held in Kathmandu in July 2018. The Second Consultation Meeting on Protocol to the Transit Transport Agreement was held in Beijing in July 2018.

Activities to promote trade, investment and tourism received priority of the Embassy of Nepal in Beijing and the Consulates General in Lhasa, Hong Kong and Guangzhou. These Missions remained active in pursuing economic and development agenda in line with the priorities of the Government of Nepal. They also engaged in enhancing broader linkages between the Governments, business communities, academia, media and the peoples of the two countries.

South Asia and North East Asia

Nepal's relations with the countries in South Asia and North East Asia continued to make progress during the period under review. Exchange of high-level visits, meetings of various bilateral mechanisms, expansion in the areas of cooperation as well as growing cultural and people-to-people relations marked the key developments over the year.

Our engagements with Bangladesh continued to make further strides. The second Foreign Office Consultations between Nepal and Bangladesh at the level of foreign secretary was held in Dhaka in October 2017. Similarly, the fourth Nepal-Bangladesh Commerce Secretary Level Meeting

on Trade, Transit and Economic Cooperation was held in Kathmandu on 30 May-1 June 2018.

The year witnessed high-level engagement between Nepal and Pakistan. The Prime Minister of Pakistan Mr. Shahid Khaqan Abbasi paid an official visit to Nepal in March 2018. The visit was the first one by a foreign Head of Government after the formation of the present Government of Nepal.

Our cooperation with Afghanistan, Bhutan, Maldives and Sri Lanka continued at bilateral, regional and multilateral levels. Efforts to enhance economic linkages in the areas of mutual benefits gained particular prominence during the year.

Nepal and Japan continued to make further progress in their friendly relations during the period under review. It was evidenced by the exchange of visits at various levels, continued cooperation of Japan for socio-economic development of Nepal and growing people-to-people relations. The two Governments exchanged Notes regarding the grant assistance of seven hundred million Japanese Yen for the promotion of economic and social development of Nepal under Japanese grant assistance scheme. The Government of Japan also extended a Grant Assistance of 350 million Japanese Yen to the Government of Nepal for implementing the Food Assistance Program. Japan has remained a valued development partner of Nepal for decades. Japan sent a high level team to observe elections and welcomed their successful conclusion.

Relations between Nepal and Mongolia remained friendly over the year. Minister for Foreign Affairs Mr. Pradeep Kumar Gyawali held bilateral talks with his counterpart Mr. Damdin Tsogtbaatar during his visit to Mongolia in June 2018. A Memorandum of Understanding on

Establishment of Bilateral Consultation Mechanism between the Foreign Ministries was signed on the occasion.

Cooperative partnership with the Republic of Korea was further broadened this year. The Government of Nepal and the Government of the Republic of Korea (RoK) signed an MoU on Integrated Rural Development of Nepal through Strengthening Research and Development Capacity of Kathmandu University in February 2018. We remained active, in constant coordination with the Government of the RoK, to ensure safety, security and well-being of about 35000 Nepali migrant workers in the RoK.

South East Asia and the Pacific

Nepal's diplomatic engagements with the countries in South East Asia, the Pacific and Oceania were particularly oriented towards enhancing economic cooperation, promoting cultural and people-to-people relations and building collaborative partnerships for mutual benefit. Cooperation continued at multilateral forums as well.

Nepal-Australia relations sustained steady growth over the reporting period. Engagements at various levels including the ministerial visits, formation of Nepal-Australia Parliamentary group, growing number of Nepali students in Australia helped further strengthen our bilateral ties.

Safety, security and welfare of Nepali workers in Malaysia continued to be one of the top priorities of Nepal's diplomatic efforts. Both governments were actively engaged towards concluding an MOU on the Recruitment, Employment and Repatriation of Workers. Besides foreign employment, diplomatic efforts also focused on the promotion of tourism and attraction of Malaysian investment in Nepal.

Relations with Thailand and Myanmar were further consolidated over the year. Efforts were made to further deepen and widen our bilateral economic, cultural and people-to-people relations. Our cooperation including in BIMSTEC forums enhanced during the reporting period.

Central Asia, West Asia and Africa

Nepal remained effortful in maintaining the momentum of high level exchanges, advancing economic cooperation, ensuring gainful and dignified foreign employment for Nepali workers and enhancing people-to-people relations with the countries in the Central Asia, West Asia and Africa.

The year was marked by significant expansion of Nepal's diplomatic outreach with the establishment of diplomatic relations with nine different countries in the region.

High level visits to some countries in the region helped strengthen bilateral cooperation. President Mrs. Bidya Devi Bhandari paid an official visit to the UAE in November 2017. Prime Minister Mr. Sher Bahadur Deuba also paid an official visit to Oman on his way back home from New York in September 2017. A Memorandum of Understanding (MoU) Establishing a Bilateral Consultation Mechanism between the Foreign Ministries of Nepal and Oman was signed on the occasion.

Similarly, the Ministry of Foreign Affairs of Nepal and the Ministry of Foreign Affairs and Cooperation of the Kingdom of Morocco signed a Memorandum of Understanding on Consultations and Cooperation. Various MoUs and agreements on labour issues, visa exemptions, cooperation in the field of agriculture and food security with different countries in the region are in the pipeline.

The first meeting of the Bilateral Consultation Mechanism Foreign Ministries of Nepal and the State of Israel was held in Kathmandu in March 2018.

Given the large number of Nepali migrant workers in the region, the Government of Nepal continued to pursue establishing legal frameworks on the Recruitment, Employment and Repatriation of Nepali migrant workers with the destination countries. There are about 4,00,000 Nepalis in Saudi Arabia, 4,00,000 in Qatar, 70,000 in Kuwait, 200,000 in the UAE, 20,000 in Oman, and 25,000 in Bahrain.

Europe and Americas

Nepal's relations with countries from Europe and the Americas continued to remain friendly during the year. Our partnership with these countries both at bilateral and multilateral forums was marked by good understanding and mutual respect. We continued to make efforts particularly to enhance the level of economic engagements with major powers and development partners. Equal focus was also laid on enriching the substance of cooperation and creating a success story of nationally owned and led development partnership.

The support and solidarity expressed by the countries in these regions in the lead up to the successful conclusion of elections in 2017 demonstrated strong bonds of friendship and cordial relations.

Nepal continued to extend its outreach to countries in Europe and the Americas with the establishment of diplomatic ties with four additional countries in the regions. During the reporting period, residential Embassies of Nepal in Madrid and in Vienna came into operation.

Prime Minister Mr. Sher Bahadur Deuba held a bilateral meeting with the Estonian President on

the sidelines of the 72nd UN General Assembly in New York in September 2017. On the same occasion, Deputy Prime Minister and Minister for Foreign Affairs Mr. Krishna Bahadur Mahara had a bilateral meeting with Foreign Minister of Norway.

Similarly, on the sidelines of the 18th Mid-Term NAM Ministerial Conference in Baku in April 2018, Minister for Foreign Affairs Mr. Pradeep Kumar Gyawali held bilateral meetings with his counterparts from Azerbaijan, Ecuador, Turkey and Venezuela.

Foreign Secretary Mr. Shanker Das Bairagi visited Brazil in January 2018 to attend the first meeting of bilateral consultation mechanism between the two countries. He also visited Belgium and Germany in June 2018 and held meetings with his counterpart of Belgium, and Minister for State Mr. Niels Annan of Germany.

The year 2017 also marked the 70th anniversary of the establishment of diplomatic relations between Nepal and the USA. Nepal-US relations witnessed another landmark this year with the signing of Millennium Challenge Corporation (MCC) Compact. Finance Minister of Nepal Mr. Gyanendra Bahadur Karki and Acting CEO of MCC Mr. Jonathan Nash signed the Compact in Washington D.C. in September 2017. The MCC Compact encompasses a US grant of \$500 million and Nepali contribution of \$130 million for the projects on transmission lines and roads maintenance works in Nepal for a period of five years.

Minister of State for the Armed Forces Mr. Mark Lancaster and Minister of State for Asia and the Pacific at the Foreign and Commonwealth Office of the United Kingdom Mr. Mark Field visited Nepal in February and May 2018 respectively. Minister Mark and Deputy Prime Minister and Minister for Foreign Affairs Mr. Krishna

Bahadur Mahara also had a bilateral meeting in New York in September 2017 on the sidelines of the 72nd UN General Assembly. Similarly, a delegation of the British Group Inter-Parliamentary Union (BGIPU) comprising seven members of the House of Commons and the House of Lords visited Nepal in May 2018.

This year saw continuous progress in Nepal-EU relations. The EU sent an Election Observation Mission to Nepal to observe the federal and provincial elections. A separate delegation of the EU Parliamentarians consisting of ten MEPs also visited Nepal during the elections. The two sides held the 10th Meeting of EU-Nepal Joint Commission in Brussels on 28 June 2018. The EU-Nepal Sub-Commission on Development also met in Brussels on 27 June.

We welcomed the First Deputy Prime Minister and Minister for Foreign Affairs of Serbia, Minister for International Cooperation of Norway as well as the State Secretary of Switzerland in Nepal during the reporting period. High-level delegations from Azerbaijan, Finland, Russia, Sweden, United Kingdom and the European Union visited Nepal on various occasions.

With a view to promoting continuous engagements with friendly countries from Europe and the Americas, Nepal signed Memoranda of Understanding (MoUs) on establishment of bilateral consultations with Belgium and Denmark this year. Internal procedures for concluding similar MoUs with Portugal and Canada have been completed and they are likely to be signed in near future. This year, we also held bilateral consultations with Brazil, Russian Federation, Denmark and Switzerland.

Regional Organization

Our efforts to advance regional processes as effective instruments to promote interdependence; integration and cooperation were further reaffirmed this year. As the chair of both SAARC and BIMSTEC, Nepal proactively engaged to provide further momentum to deeper regional integration for peace and prosperity in the region.

Nepal hosted the informal meeting of the SAARC Council of Ministers in New York on the sidelines of the 72nd UNGA.

Finance Minister Hon. Dr. Yuba Raj Khatriwada attended, as the Chair, the Twelfth Meeting of the SAARC Finance Ministers at the ADB Headquarters in Manila in May 2018. The Sixth Meeting of the SAARC Ministers of Health was held in Colombo in July 2017.

The 54th and 55th Sessions of the SAARC Programming Committee were organized in Kathmandu in December 2017 and in July 2018 respectively. Under the theme of 'Unleashing Shared Prosperity through Economic Integration', the Sixth SAARC Business Leaders Conclave (SBLC) was convened in Kathmandu in March 2018. The eleventh SAARC Conference on Cooperation in Police Matters was held in Kathmandu in April 2018.

Likewise, various high-level and expert-level meetings were held under the BIMSTEC process. The 15th BIMSTEC Ministerial Meeting held in Kathmandu in August 2017 paved the way for the BIMSTEC summit to be organized in Kathmandu. The meeting was preceded by the meeting of the Senior Officials. The First Meeting of the BIMSTEC Network of Tour Operators in New Delhi in July 2017; the Second Meeting of the BIMSTEC Transport Connectivity Working Group (BTCWG) in Bangkok on in November 2017; and the Third

Ministerial Meeting on Poverty Alleviation in Colombo in December 2017 were convened, among others, under the BIMSTEC process. The Institute of Foreign Affairs organized a programme to observe the 20th anniversary of BIMSTEC.

In addition to SAARC and BIMSTEC; Nepal continued its engagements in the ACD and SCO forums including through its participation in major meetings.

With a view to facilitating tourism, trade and people-to-people contacts through sub-regional connectivity, Bangladesh-India-Nepal bus service started under the BBIN Motor Vehicles Agreement from this year. A Trial Run of such bus service was conducted on 23-26 May 2018.

Multilateral Affairs

Our multilateral engagements were guided by the objective of seeking collective solutions to address common global challenges through a strengthened multilateral system. We continued to place strong faith in the UN Charter and the norms of multilateralism. With this spirit, we have become an ardent advocate for an inclusive and rules-based international system. Solidarity and cooperation with LDCs, LLDCs and countries in special situation characterized our deliberations at the multilateral forums. We also continued to call for an effective implementation of all international instruments to address the specific development needs of these countries in special situation.

Nepal's election to different UN bodies and Agencies reflect its commitment and sustained contributions to global peace, security, human rights and prosperity. Nepal was elected as a member of the Human Rights Council (HRC) for the term 2018-20. We continued to add value to the work of the Council through an approach of

apolitical and objective examination of human rights issues.

Nepal was also elected a member of the Executive Board of the UN-WOMEN for the term 2019-2021 and as a member of the Commission on Science and Technology for Development (CSTD) for the term 2019-2022. We were also elected as the Vice-Chair of the Bureau of UNICEF Executive Board for 2018 representing the Asia Pacific region, Chair of the Committee on Conferences for the year 2018; Vice-Chair of Preparatory Committee of the Third Review Conference of the Programme of Action of Small Arms and Light Weapons (SALW) and Vice Chair of the substantive session of UN Disarmament Commission

In its capacity as the Chair of Colombo Process, Nepal participated in the consultations, stocktaking and negotiations process of the Global Compact for Migration (GCM) to be adopted by an intergovernmental conference to be held in Morocco in December 2018.

We continued our contribution to international peace, security and disarmament, both by engaging in norm-setting deliberations within the United Nations as well as by actively participating in 14 out of 15 peacekeeping missions. Nepal has remained one of the top troops and police-contributing countries (T/PCC) for the UN peacekeeping operations.

Nepal, together with 42 other countries, shared the status of SDGs implementation at the 2017 High-Level Political Forum (HLPF) held in New York in July 2017.

Prime Minister Mr. Sher Bahadur Deuba led the Nepali delegation to the 72nd Session of the UN General Assembly. Addressing the Assembly on 23 September 2017, he highlighted Nepal's perspectives on the pressing global issues such as UN reform, disarmament, terrorism, climate

change, energy deficiency, food insecurity and mass migration, among others.

Nepal also attended the 18th Mid-term NAM Ministerial Conference held in Baku, Azerbaijan in April 2018 as well as the Inaugural Meeting at the Ministerial Level of the International Think Tank for the Landlocked Developing Countries (ITT-LLDCs) held in Ulaanbaatar, Mongolia in June 2018.

Throughout the year, we consistently advocated for preventive diplomacy and peaceful settlement of disputes, and signed the newly negotiated Treaty on Prohibition of Nuclear Weapons in September 2017.

We continued to enhance high-level engagements with the UN. Under-Secretary-General and High Representative for the LDCs, LLDCs and Small Islands Developing States, Under-Secretary-General of the United Nations Department of Peacekeeping Operations, Under-Secretary-General for Disarmament Affairs, Assistant Secretary-General for Political Affairs, and UN Special Rapporteur on the Human Rights of Migrants visited Nepal during the reporting period.

Policy, Planning and Institutional Issues

Broader policy, planning as well as institutional issues received added focus of the Ministry this year. We emphasized the development of sound policies, and strengthening of institutions and capacity building of Foreign Service officials to match the priorities and challenges in the changed context. This was done through concluding new bilateral instruments, reviewing policies and formulating new strategies, rules and criteria, as well as capacity building programmes and trainings.

High Level Foreign Policy Review Task Force (HLFPRTF), constituted in April 2017 with the

mandate of reviewing Nepal's Foreign Policy and providing policy inputs to the Government of Nepal, submitted its report to the Prime Minister Mr. Sher Bahadur Deuba in February 2018.

The expansion of relations through the establishment of diplomatic relations remained the Government's priority. Nepal established diplomatic relations with 13 additional countries across the globe this year. The total number of countries having diplomatic relations with Nepal, thus, reached to 160 out of 193 members of the United Nations.

Establishing Bilateral Consultation Mechanisms between the Ministry of Foreign Affairs of Nepal and Foreign Ministries of friendly countries was another priority. We also concluded agreements on Visa Exemption for Holders of Diplomatic and Special/Official Passports with some friendly countries.

The Government approved the criteria and procedures for the appointment of Ambassadors and heads of Nepali Missions. Added focus was given to the strengthening the Institute of Foreign Affairs, the research and training wing of MOFA, including through the amendments to the Institute of Foreign Affairs Development Committee Establishment Order, 2011.

The Ministry reviewed the concurrent accreditation of Nepali Missions with respect to some countries during the reporting period.

We also published the 'Protocol and Consular Handbook', which is expected to serve as a useful guide to foreign missions and representatives on protocol and consular practices in Nepal. In the year under review, we continued the publication of bi-monthly 'MOFA Bulletin Current Affairs' covering the major activities undertaken by the Ministry.

Advances were also made on institutional strengthening. The Ministry conducted language

and diplomatic trainings and pre-departure trainings for the capacity development of its officials.

As a part of making the Ministry's record system more systematic, we continued the task of digitization of record management system. The Ministry undertook important measures to ensure financial discipline at the Ministry and its Missions.

We initiated the process for procuring land and constructing residences and chancery buildings for our Missions abroad. We purchased a building for Ambassador's residence in Washington D. C. The process of construction of the chanceries and residences of the embassies in Islamabad and Colombo and the Consulate General in Lhasa started this year. Land to construct residences and chancery building in Canberra was procured.

Economic Diplomacy

Economic diplomacy continues to attract renewed and focused attention of the ministry during the reporting period. Guided by the national motto of socio-economic transformation through the strengthened economic diplomacy, the Ministry remained engaged in promoting Nepal's economic interests including through our Nepali Missions abroad.

With a view to making the economic diplomacy programmes more effective and result-oriented, we prioritized the task of formulating country-specific strategies on economic diplomacy.

We carried out integrated efforts for enhancing the access of national products to foreign markets; attracting inward foreign direct investment (FDI); promoting Nepal's tourism; safeguarding and promoting the rights and interests of Nepali nationals broad; and facilitating international cooperation and

technology transfer to contribute to Nepal's development efforts.

During the reporting period, a large number of economic diplomacy activities were organized by the Nepali missions in coordination with the host governments, local agencies and Nepali diaspora. A total of 157 programs covering diverse themes of trade and investment promotion, technology transfer, tourism, development cooperation, foreign employment, and climate change were held.

The number of tourists visiting Nepal reached over 940,000 in 2017/18. The major tourists originating countries were India, China, USA, UK, Sri Lanka, Thailand, South Korea, Australia, Myanmar, and Germany, among others. Similarly, Nepal's major trading partners included India, China, U.A.E., France, Argentina, Indonesia, Thailand, South Korea, Canada, and U.S.A., among others.

In addition, the Ministry remained engaged in managing the issues and interests of Nepali migrant workers abroad. Various initiatives and actions were undertaken by Nepali Missions abroad to make the foreign employment safe, dignified and productive.

As an important aspect of economic diplomacy, focus was laid on utilizing the skills and resources of NRNs to contribute to the socio-economic development of Nepal. The Eighth Global Conference and International General Assembly of Non-Resident Nepali Association (NRNA) was held in Kathmandu in 2017.

Passport and Consular services

During the year under review, the Department of Passport and Department of Consular Services continued their efforts in improving service delivery. The Departments made sustained efforts in leading as role models among government agencies for efficient and quality public services.

Building on previous achievements, the Department of Passport introduced more efficient service delivery mechanism. In order to simplifying passport issuance procedures, live enrollment system was further expanded both at the Department and at some Nepali Missions abroad.

The Audio Citizens Charter was put into operation during the review period. Various other technological initiatives such as mobile SMS alerts and status update on applications on the Department's webpage were started.

This year, a total of 5, 31,632 Machine Readable Travel Documents (MRTDs) including 52, 9460 regular passports, 1438 official passports, 616 diplomatic passports and 119 Travel Documents were issued.

Similarly, the Department of Consular Services maintained its commitment to 'Service Delivery within Half an Hour'. 'Online Attestation Verification System' was also upgraded. A total of 273,889 documents were attested during the review period. 'Online Legal Services System' and 'Online Visa Recommendation' were introduced.

Efforts were also made in improving the quality of services provided to the Foreign Missions in Kathmandu through 'Online Application System' for diplomatic visa and exemption matters.

Consular services related to rescue and repatriation of needy Nepali migrant workers also received priority of the Department. The Department facilitated the rescue of 779 Nepali migrant workers abroad and provided important consular services to over 350 workers.

The overview above is just a synopsis of the diplomatic outreach and activities of the Government of Nepal. The following chapters will present in detail the major developments vis-à-vis Nepal's foreign policy engagements during the year 2017/18.

2. Nepal's Neighborhood

In line with one of its major foreign policy priorities, the Government attached utmost importance to strengthening close, cordial and friendly relations with immediate neighbors. Focus was laid on further expanding mutually beneficial linkages. Equality, mutual trust, respect and benefit remained the defining features of Nepal's forward-looking cooperation and partnership with the neighbours.

It has been a longstanding principled position of Nepal to fully respect the sensitivities of the neighbours and to not allow in its territory any activities directed against their interests. It is but natural that Nepal also expects similar treatment from its neighbours.

Important developments have taken place in the neighbourhood during this period. In India, the elections for President and Vice President took place. Legislative Assembly Elections were also held in Himachal Pradesh, Gujarat and Karnataka. India is preparing for the *Lok Sabha* elections scheduled to be held in the first half of 2019.

Soon after the formation of the new Government of Nepal in February 2018, it undertook necessary steps to foster mutual trust in consonance with the broader spectrum of Nepal-India bilateral relationship which is age-old, multidimensional and extensive. The new Government defined that equality, mutual trust, respect and benefit would constitute the key principles governing its relationship with outside world including India in the changed context.

An exchange of high level visits contributed to cementing trust and understanding between the two countries and to consolidate existing areas of cooperation as well as to explore new areas where partnership between the two countries could be mutually beneficial.

As a close neighbour and given India's progress in all spheres of development and its 'vibrant

economic drive', Nepal tried to deepen its economic engagement with India, with focus on connectivity, natural resources, infrastructures, and trade and investment.

The People's Republic of China witnessed transformative changes in various spheres. The 19th National Congress of the Communist Party of China (CPC) was held in October 2017. The CPC approved the 'Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era' as its guiding ideology.

The NPC re-elected Mr. Xi Jinping as the President of China for the second term and also elected new leaders in various other portfolios. China has been celebrating the 40th Anniversary of Reform and Opening-Up this year. It continued to vigorously pursue the Belt and Road Initiative.

Relationship between Nepal and China made further advancement during this period. Both countries continued to observe the Five Principles of Peaceful Co-existence as the overarching foundation of their relationship. Nepal maintained its One China policy and its commitment to not allow anti-China activities on its soil. The year witnessed high level engagements between the two countries which have resulted in the enhancement of mutual understanding and trust and the conclusion of some far reaching agreements and understanding to take the relationship to the next level.

Our diplomatic efforts focused mostly on enhancing economic partnership with China in the core areas of connectivity, including road and railway networks, trade, tourism, investment, technology transfer and people-to-people contacts.

India

Nepal-India relations witnessed significant developments in the reporting period. All

successive governments accorded top priority to enhanced engagements with India. The exchange of three visits at the prime ministerial level in the past one year manifested the importance both countries attach to their age-old and multidimensional ties. In addition, several ministerial engagements and meetings of sectoral mechanisms took place. Importantly, this year marked the 70th anniversary of the establishment of Nepal-India diplomatic relations.

Exchange of High-Level Visits

Prime Minister Mr. K P Sharma Oli paid a State Visit to India on 6-8 April 2018. During the visit, the Prime Minister had a one-on-one meeting and delegation level talks with the Prime Minister of India. The two Prime Ministers reviewed the entire gamut of bilateral relations and agreed to work together to take these relations to newer heights on the basis of equality, mutual trust, respect and benefit. Prime Minister Oli called on the President and Vice President of India and met with senior ministers and a wide spectrum of Indian political leadership.



Ceremonial Welcome of the Prime Minister at the Forecourt of Rashtrapati Bhavan, New Delhi

The important outcomes of the visit were reflected in a Joint Statement issued during the visit. As an integral part of the Joint Statement, three separate statements on railway connectivity, use of waterways by Nepal, and new partnership in agriculture were also issued.

As a crucial initiative to enhance connectivity, the two Prime Ministers agreed to construct a new electrified rail line, with India's financial support, connecting the border city of Raxaul in India to Kathmandu. As the first step of this transformative project, preparatory survey work is expected to commence soon.



The two Prime Ministers inaugurating ICP Birgunj via video link

As yet another landmark initiative to enhance connectivity, the two Prime Ministers decided to develop the inland waterways that would provide Nepal with an additional access to sea for transport of cargo. Modalities and procedures of the inland waterways will be developed under the framework of Nepal-India Transit Treaty.

Keeping in mind the importance of agriculture in the economies of both countries, the two Prime Ministers also decided to launch a 'New Partnership in Agriculture'. This partnership would pave the way for greater cooperation in agricultural science and technology, agricultural production and agro-processing for mutual benefit of farmers, consumers, scientific community as well as the private sector between the two countries. Such cooperation is expected to be helpful in Nepal's ambition to modernize agriculture and make this sector more productive.

Following the official talks, the two Prime Ministers jointly inaugurated, through a video link, the Integrated Check Post (ICP) at Birgunj, the operationalization of which has started to better facilitate trade, transit and movement of peoples.

India Foundation, a think tank based in New Delhi, organized a civic reception in honour of the Prime Minister, wherein the Prime Minister delivered a statement on the theme of ‘Nepal-India Relations in 21st Century’. Highlighting that the relationship between neighbours is different from those of other relationship, the Prime Minister underscored that the priority of Nepal was to strengthen the foundation of Nepal-India relations, expand and consolidate these relations and bring them to the next level. The Prime Minister also stated that after the landmark political transformation in Nepal, the topmost priority for the government was economic transformation with the motto of ‘*Samriddha Nepal, Sukhi Nepali*’ (Prosperous Nepal, Happy Nepali).



The Prime Minister addressing the Civic Reception

The Prime Minister interacted with the business community of India on business and investment opportunities in Nepal at a business meet hosted jointly by the Ministry of External Affairs and Indian business chambers in New Delhi. He invited the Indian investors to invest in productive sectors of Nepal’s economy.

Outside New Delhi, the Prime Minister visited G. B. Pant University of Agriculture and Technology in Pantnagar, Uttarakhand, India’s premier institution for agriculture education. The Prime Minister was conferred on the Honorary Degree of Doctor of Science by the University. Possibility of building collaborative partnership

in agriculture research and technology between the two countries was explored.

In continuation of the high level engagements between the two countries, the Prime Minister of India Shri Narendra Modi paid a State Visit to Nepal on 11-12 May 2018. This was Shri Modi’s third visit to Nepal as Prime Minister of India. Besides his official programmes in Kathmandu, Prime Minister Modi visited the historic city of Janakpur underscoring the city’s civilizational connection with the ancient Indian city of Ayodhya. He also visited Muktinath, another pilgrimage site commonly revered in both countries.



The two Prime Ministers jointly addressing the Press in Kathmandu

During the bilateral meeting, the two Prime Ministers agreed to maintain the positive momentum in taking effective measures for the implementation of all agreements and understandings reached in the past. They agreed to address outstanding matters by 19 September 2018, with an objective of advancing cooperation in all areas, which would include strengthening ongoing cooperation in diverse spheres as well as expanding partnership for socio-economic development.

The talks between the two Prime Ministers covered trade, connectivity, water resources and other areas of bilateral interest. In order to address Nepal’s concern about the huge trade

deficit, the Prime Ministers directed the officials to undertake comprehensive review of the bilateral Treaty of Trade, and to consider amendments to the Treaty of Transit and related Agreements with a view to further facilitating access of Nepali products to Indian market and for ensuring smooth transit facilities for Nepal's international trade. They also agreed to take further steps to enhance the economic and physical connectivity by air, land, and water.

The two Prime Ministers jointly laid the foundation stone of a 900 MW Arun-III hydro-electric project, the success of which is likely to overcome Nepal's energy deficit and at the same time generate a positive message to the potential foreign investors interested to invest in Nepal's hydropower. They also launched Nepal-India Ramayana Circuit connecting Janakpur, the birthplace of Sita, with Ayodhya and other sites associated with the *Ramayana* and also flagged off the inaugural direct bus service between Janakpur and Ayodhya.

During the reporting period, Prime Minister Mr. Sher Bahadur Deuba paid a State Visit to India on 23-27 August 2017. Both Prime Ministers emphasized the timely implementation of the ongoing cooperation projects. Modalities of the utilization of post-earthquake reconstruction grant were agreed.



Prime Minister Modi welcomes Prime Minister Deuba at the Forecourt of Rashtrapati Bhavan, New Delhi

A number of new development projects were identified with a view to exploring the possibility of implementing them under bilateral cooperation. Eight different MoUs were concluded between the two sides during the visit. A Joint Statement was issued at the end of the visit.

A number of Ministerial visits undertaken during the reporting period remained notable in the continuum of Nepal-India friendly relations.

Pursuant to the agreement reached between the two Prime Ministers during the State Visit to India by Prime Minister Mr. K P Sharma Oli in April 2018, the first round of meeting between Mr. Chakrapani Khanal, Minister for Agriculture, Land Management and Cooperatives of Nepal and Shri Radha Mohan Singh, Minister for Agriculture and Farmer's Welfare of India was held in New Delhi on 19 June 2018 under New Partnership in Agriculture.

During the meeting, understandings were reached on advancing agricultural research and development, education, training and scholarship and collaboration between the relevant institutions of the two countries; providing chemical fertilizers by India to Nepal on G-to-G basis; and launching of pilot projects on organic farming and soil health monitoring in Nepal.

The Minister of External Affairs of India Smt. Sushma Swaraj paid goodwill visit to Nepal on 1-2 February 2018. During the visit, she paid separate calls on President Mrs. Bidya Devi Bhandari and Prime Minister Mr. Sher Bahadur Deuba. During the calls on, Smt. Swaraj congratulated the Government of Nepal on the successful holding of Local, Provincial and Federal elections in Nepal. She also had a meeting with the Chairman of the CPN UML Mr. K P Sharma Oli and congratulated him on the electoral success of the Left Alliance.

Minister for Industry, Commerce and Supplies Mr. Matrika Prasad Yadav visited India twice in the reporting period, on 18-21 March 2018 to participate in the informal meeting of ministers responsible for WTO matters and on 10-12 April 2018 to participate as special guest in the 16th International Energy Forum Ministerial meeting. During the visits, Minister Yadav also had bilateral meetings with various ministers of the Government of India and discussed expanding cooperation in different sectors including trade, investment and supply of petroleum products.

Likewise, Foreign Secretary Mr. Shanker Das Bairagi visited India on 16-18 January 2018 to participate at the Raisina Dialogue 2018. The Foreign Secretary spoke as a panelist in the thematic session on 'Towards a Bay of Bengal Community: Development, Growth & Security' and shared Nepal's perspective on BIMSTEC as a process of regional cooperation and the direction it should be taking in future.



Foreign Secretary Mr. Bairagi speaking at Raisina Dialogue 2018 in New Delhi

An eight-member delegation of Women Entrepreneurship Development Sub Committee of the Legislature Parliament's Commerce, Industry and Consumer Welfare Committee visited India on 2-5 October 2017 and observed India's good practices in promoting women entrepreneurship.

The Chief of Army Staff, General Rajendra Chhetri visited India on 6-11 June 2018. He was invited by the Chief of Army Staff of the Indian

Army, General Bipin Rawat to witness, as the Chief Reviewing Officer, the Passing out Parade of the Gentlemen Cadets at the Indian Military Academy in Dehradun. During his stay in India, General Chhetri had meetings with Defense Minister of India Ms. Nirmala Sitharaman, National Security Advisor Mr Ajit Doval, Defense Secretary Mr Sanjay Mitra, Chief of Army Staff of the Indian Army General Bipin Rawat, and Vice Chief of Naval Staff Vice Admiral Ajit Kumar and discussed matters of mutual interest between the two armies.

Meetings under Bilateral Mechanisms

Nepal and India remained actively engaged through bilateral mechanisms of various sectors during the reporting period and contributed to making progress in the respective fields.

A meeting through video conference was held between the Foreign Secretaries of Nepal and India on 4 July 2018. The meeting followed up on the matters agreed during the exchange of visits by the Prime Ministers of Nepal and India in April and May 2018 respectively and they agreed to continue meeting in this format in future.

The Fifth Meeting of Nepal-India Oversight Mechanism was held in Kathmandu on 8 November 2017. Co-chaired by Foreign Secretary Mr. Shanker Das Bairagi and Ambassador of India to Nepal Mr. Manjeev Singh Puri, the meeting made a comprehensive review of the progress achieved in bilateral economic and development cooperation projects. Specific issues related to cross border rail projects, Integrated Check Posts, cross-border transmission lines, Upper Karnali and Arun III Hydropower projects, Pancheshwar Multipurpose Project, postal roads, Exim Bank Lines of Credit projects and reconstruction projects were also discussed during the meeting.



The Fifth Meeting of the Nepal-India Oversight Mechanism

The Meetings of Nepal-India Inter-Governmental Sub-Committee (IGSC) and Inter-Governmental Committee (IGC) on Trade, Transit and Cooperation to control Unauthorized Trade were held back to back on 24-27 April 2018 in Kathmandu. The meetings agreed to jointly initiate a comprehensive review of the bilateral Treaty of Trade, and to consider amendments to the Treaty of Transit and related Agreements with a view to further facilitating Nepal's access to the Indian market, enhancing overall bilateral trade, and facilitating Nepal's transit trade.

The first meeting on inland waterways connectivity between Nepal and India was held in Kathmandu on 15-16 July 2018. During the meeting, the techno-economic aspects of inland waterways development were discussed. The two sides had agreed to advance cooperation in inland waterways during the State Visit to India by the Prime Minister of Nepal in April 2018.

The fourth meeting of Nepal - India Boundary Working Group (BWG) was held in Dehradun, India on 28-30 August 2017. It reviewed the progress made in the past three years in the boundary related field works as per the mandate of the BWG that includes construction, restoration and repair of boundary pillars, as well as works related to the clearance of No Man's Land and GPS observation of boundary pillars. The meeting agreed to continue the remaining boundary field works in the next five years and to mobilize one additional joint field team in order to expedite the remaining works.

The fourth meeting of the Joint Committee of Pancheshwor Development Authority (PDA) and the sixth meeting of the Governing Body were held in Kathmandu on 25-26 April 2018 respectively. The meetings considered the administrative and financial matters of the PDA and agreed to extend the term of the Team of Experts/Officials.

The eighth meeting for development of Integrated Check Posts (ICPs) along Nepal-India border was held in New Delhi on 22 February 2018. The Meeting reviewed the progress in construction of the ICPs at Birgunj and Biratnagar and the status of Detailed Engineering Report for the ICPs at Nepalgunj, Rupaidiha, Bhairahawa and Sunauli.

The first meeting of the Joint Project Monitoring Committee on Strengthening of Road Infrastructure in the Terai Area of Nepal was held in Kathmandu on 21 February 2018. The meeting reviewed the progress made in implementation of various road packages of the Project as well as the areas that need special focus and expeditious actions for smooth implementation. Both sides reiterated their commitment to the early completion of the project by providing required facilitation and addressing the difficulties in the project implementation process.

Twelfth meeting of Nepal-India Joint Committee on Inundation and Flood Management was held in Kathmandu on 16-19 May 2018. River training projects on Bagmati, Lalbakeya and Kamala rivers and the issues related to flood management and inundation were discussed in the meeting.

The Nepal-India Joint Sub-group carried out a joint inspection of the areas facing floods and inundation problems along Nepal-India border on 26-30 June 2018. The joint team inspected the

sites, identified problems and suggested solutions to both Governments.

A meeting between Civil Aviation Authorities of Nepal and India was held in Kathmandu on 14-16 June 2018. During the meeting India agreed to provide additional air entry routes to Nepal, after detailed aviation safety assessment. A proposal to this effect has been forwarded to the Government of India.

The sixth meeting of the Project Steering Committee (PSC) on Cross Border Railway Links along the Nepal-India Border was held in Kathmandu on 9 July 2018. The meeting agreed to address the issues related to shifting of the utilities, land acquisition, fast-track customs clearance, and ensuring power supply, water supply and approach roads to railway stations. Likewise, the third Joint Working Group meeting was held in Kathmandu on 10 July 2018 to discuss the operationalization of Nepal-India Cross Border Rail Links.

The Line of Credit (LOC) Project Review Meeting between Nepal and India was held in Kathmandu on 11 July 2018 to review the progress of projects being undertaken under the Government of India LOCs extended to the Government of Nepal. The meeting assessed the progress of projects and addressed the outstanding issues towards ensuring timely implementation of the projects.

The eighteenth Director General (DG) Level Talks on Customs Cooperation between Nepal and India was held in New Delhi on 9-10 October 2017. Issues pertaining to strengthening co-operation in preventing smuggling of drugs, fake Indian currency notes, gold, wildlife, other contraband goods across India-Nepal border and sharing of information featured during the talks. Issues relating to trade facilitation and automation were also discussed in the meeting.

The second meeting of the Joint Working Group (JWG) on Tourism Cooperation between Nepal and India was held in Kathmandu on 6 July 2018. It agreed to officially recognize two circuits by both governments, the Ramayana Circuit and the Buddhist Circuit. It was also decided to declare the pilgrimage routes in each of the circuits and to jointly promote them through common branding and marketing exercise.

The meeting of the Joint Steering Committee on Nepal-India Cooperation in Power Sector was held in New Delhi on 17 April 2018, preceded by the Joint Working Group meeting a day earlier. Led by Energy/Power Secretaries and Joint Secretaries respectively, the main agenda of both meetings included existing and the planned cross border transmission lines, status of power trade, energy banking, implementation of Power Trade Agreement, and the hydropower projects developed in Nepal by India's public/private companies. The Committee deliberated and agreed on several initiatives in developing additional cross-border transmission lines, optimum utilization of the existing transmission lines, and augmentation of power supply among others.

The meeting to implement Bangladesh-Bhutan-India-Nepal Motor Vehicles Agreement (BBIN MVA) was held in Bengaluru, India on 10-11 January 2018. The meeting agreed on the final text of the protocol on the movement of passenger vehicles.

With a view to increasing sub-regional connectivity, the Bangladesh-India-Nepal Bus Trial Run under the BBIN Motor Vehicles Agreement was conducted on 23-26 May 2018. Forty-five representatives from Nepal, India and Bangladesh travelled from Dhaka to Kathmandu via India. The bus service is expected to

facilitate tourism, trade and people-to-people contact in this region.

Economic and Socio-cultural Relations

India is the largest trading partner of Nepal. India has provided transit facility to Nepal for the third country trade. Both public and private sectors of India have invested in Nepal. The trade statistics reveal phenomenal increase in the volume of bilateral trade over the years between the two countries. However, Nepal has escalating trade deficit with India.

An important Power Trade Agreement was signed between the two countries in 2014 paving way for the power developers of the two countries to trade electricity across the border without restrictions. Private/public power developers from India have reached agreements with Nepal's Investment Board to develop two mega hydropower projects – Upper Karnali and Arun III.

India constituted the second largest investment in Nepal with the investment of 27.3 billion.

India has been a key development partner for Nepal. India has been assisting towards the development of infrastructure and human resources in Nepal.

Integrated check-posts have been proposed at four points on Indo-Nepal border namely (i) Raxaul-Birganj, (ii) Sunauli-Bhairahawa, (iii) Jogbani-Biratnagar and (iv) Nepalgunj road-Nepalgunj. The ICP in Birgunj has come into operation in April 2018. Construction of ICP in Biratnagar is progressing, while procedures are underway for Bhairahawa and Nepalgunj.

An MOU regarding Strengthening of Road Infrastructure in the Terai Area of Nepal was signed between the two governments on 20th February 2016. Ten roads divided into 14 packages are being constructed with GOI's grant assistance.

Memorandum of Understanding on Development of Railway Infrastructure at Five Border Points along the Nepal-India Borders was signed in 2010. The construction process is underway for Jogbani-Biratnagar and Jayanagar-Janakpur-Bardibas sectors.

India has offered to construct a new electrified rail line connecting border city of Raxaul in India to Kthmandu with its financial support. Preliminary engineering-cum-traffic-survey of the broad gauge line between Raxaul and Kathmandu is in the final stage.

MoU on the establishment of Nepal Bharat Maitri Polytechnic at Hetauda in Makawanpur District, Nepal was signed on 16 February 2010. It is under construction.

An MoU was signed in 2014 for the construction of the Academy in Panauti, Kavre. Government of Nepal has constituted Project Coordinating Unit (PCU) and appointed Project Coordinator. The land acquisition process for the establishment of National Police Academy has been already completed.

The Government of Nepal and India signed an MOU in August 2015 for laying of 41 KM long cross-country Raxaul-Amlekhgunj Petroleum Pipeline. Later on it was renamed as Motihari-Amlekhgunj Pipeline and realigned to 36.2 KM in the Nepali side.

Government of India had pledged the fund of \$ 250 million grant and \$750 soft loan. Agreements have already been signed for both grant and loan. List of projects have been identified.

In addition to two past lines of credit (USD 100 mn and USD 250 mn), Prime Minister Modi announced during his visit to Nepal in August 2014 another big line of credit of USD 1 bn to be utilized to finance development projects chosen by Nepal. Twelve road projects and two power projects included under LOC-I have been successfully completed. There are 19 road projects and four power projects included under the LOC-II. All these projects are currently under

implementation. Under LOC-III, GoN finalized list of projects related to irrigation and roads.

India is the largest source of tourists for Nepal. More than 1.6 million Indian tourists visited Nepal in 2017 which constitutes 17.1% of the total tourist arrival in Nepal.

India has been providing scholarship and training opportunities to Nepali students in a wide spectrum of areas which include medical sciences, engineering, para-medicals, management, IT, agriculture, dairy technology, music/fine arts and other post graduate courses.

Nepali students continued to benefit from the ITEC programme of India in the fields such as engineering, journalism, banking, power, remote sensing, agriculture, education, hydrology, business planning and promotion, accounts and finance, English language, and IT. There are separate seats for Government employees under the ITEC.

The Consulate General of Nepal in Kolkata carried out trade promotion and transit facilitation activities throughout the year. Kolkata and Haldia ports are the two designated port of entry and exit of Nepal transit cargo. Since 2017, Vishakhapatnam (VIZAG) port is being used for Nepal bound cargo. Both of these ports handle the containerized cargo which mostly passes through Birgunj.

In order to address recurring hurdles on Nepal bound cargo, the Consulate General of Nepal consistently coordinated with Kolkata Port Trust, Calcutta Customs CONCOR and Customs House Agents Association for simplification of documents and procedures, improvement of physical infrastructure and transit-related services to ensure smooth movement of containers. Consulate General of Nepal also continued its efforts in further promoting Nepali culture and tourism in West Bengal.

People's Republic of China

The year witnessed a momentum of continued progress in the bilateral relations between Nepal and the People's Republic of China. Exchanges of high-level visits, meetings and consultations under various bilateral mechanisms, growing people-to-people contacts and conclusion of important agreements and understandings contributed significantly to further deepening and expanding Nepal-China relations.

The two countries have emphasized on intensifying implementation of the MoU on Cooperation under the Belt and Road Initiative (BRI) to enhance connectivity, encompassing such vital components as ports, roads, railways, aviation and communications within the overarching framework of trans-Himalayan Multi-Dimensional Connectivity Network.

A framework for a long-term economic cooperation particularly in cross-border connectivity has been prepared and the scope of cooperation has been further widened with China. China remained Nepal's largest source of FDI and second largest source of tourists.

Exchange of High-Level Visits

Prime Minister Mr. K P Sharma Oli paid an official visit to China from 19-24 June 2018. This was his second visit to China as Prime Minister of Nepal. The Prime Minister had delegation level talks with the President of China Mr. Xi Jinping and the Premier Mr. Li Keqiang at the Great Hall of the People on 20 and 21 June 2018 respectively.



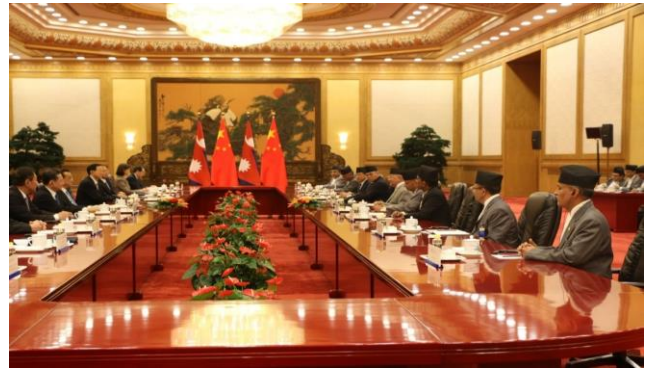
Prime Minister Mr. K P Sharma Oli with President of China Mr. Xi Jinping

While reiterating Nepal's firm commitment to One China policy, the Prime Minister congratulated China on the successful conclusion of the 19th National Congress of the Communist Party of China in 2017, and the 13th National People's Congress and Annual Session of the CPPCC in 2018. He also appreciated President Xi Jinping's vision of 'building a community of a shared future for humanity,' and greater cooperation among nations through the Belt and Road Initiative. The President congratulated the Government and people of Nepal on the historic and epoch-making political transformation and assured China's support to Nepal in realizing the goal of "Samriddha Nepal, Sukhi Nepali" ('Prosperous Nepal, Happy Nepali').



Prime Minister Mr. K P Sharma Oli receiving Guard of Honour at the Great Hall of the People

During the bilateral talks, both sides held in-depth discussion covering all aspects of bilateral relations and reaffirmed their commitments to further widen and deepen the relations for mutual benefit in the days ahead.



Delegation level talks between the Prime Minister of Nepal and the Premier of China

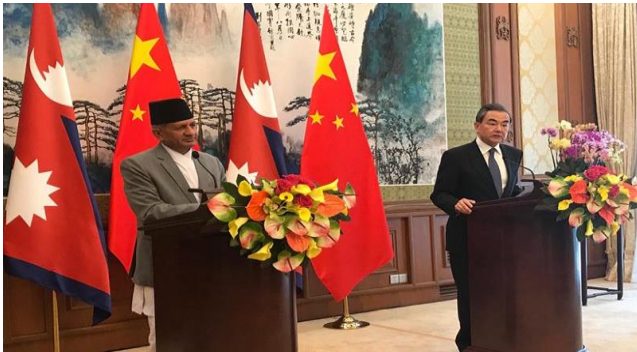
During the visit, the two sides signed various Agreements, Understandings and Letters of Exchanges in the areas of connectivity, investment and energy. Among them, the signing of MoU on Cooperation in Railway Projects is a significant milestone which has paved the way for enhancing trans-border connectivity between the two countries in the long run.

A 14-point Joint Statement was issued after the talks.

While in Beijing, the Prime Minister also had a meeting with the Chairman of the Standing Committee of the National People's Congress Mr. Li Zhanshu.

As a part of the visit, the Prime Minister visited Lhasa, the capital city of Tibet Autonomous Region (TAR) of China from 22-24 June 2018, where he held substantive discussions with the Chairman of the People's Government of the TAR Mr. Qi Zhala. The Prime Minister visited China National Modern Agriculture Pilot Zone in Qushui County. He also held interactions with members of the Nepali diaspora in Beijing and Lhasa.

Minister for Foreign Affairs Mr. Pradeep Kumar Gyawali paid an official visit to China on 16-21 April 2018. During the visit, Minister Gyawali called on Vice-President of China Mr. Wang Qishan on 18 April. On the same day, he held official bilateral talks with State Councilor and Minister of Foreign Affairs Mr. Wang Yi.



Foreign Ministers of Nepal and China during the joint press meet

Minister Gyawali interacted with the representatives of Beijing-based think tanks and the academia, members of the Nepali community and friends of Nepal in Beijing in a reception hosted by the Embassy of Nepal in Beijing. He also delivered a lecture on 'Nepal-China Relations and Development Prospects in the Trans-Himalayan Region' at Sichuan University in Chengdu.



Delegation level talks between the DPM and Foreign Minister of Nepal and the Foreign Minister of China

Earlier on 06-11 September 2017, Deputy Prime Minister (DPM) and Minister for Foreign Affairs Mr. Krishna Bahadur Mahara visited China. During the visit, he called on the Chinese

Premier Li Keqiang and held meeting with State Councilor Mr. Yang Jiechi. He also held delegation level talks with his Chinese counterpart Mr. Wang Yi.

Mr. Mahara inaugurated the Consulate General of Nepal in Guanzhou on 10 September 2018. He had a meeting with the Governor of the Guangdong and also addressed the business community in Guangzhou.

Mr. Wang Yang, Vice Premier of the State Council of China visited Nepal on 14-17 August 2017. During the visit, the Vice Premier had courtesy calls on the President and the Prime Minister of Nepal.



Courtesy call on the Prime Minister Mr. Deuba by the Vice Premier Mr. Wang Yang

Deputy Prime Minister and Minister for Federal Affairs and Local Development Mr. Bijay Kumar Gachhadar held bilateral talks with Vice Premier Mr. Yang. During the visit, three agreements on various aspects of economic cooperation were signed.



DPM and Minister for Federal Affairs and Local Development Mr. Bijay Kumar Ghachchadar holding delegation level talks with Chinese Vice Premier Mr. Wang Yang

Vice-Premier Mr. Yang and Deputy Prime Minister and Minister for Foreign Affairs of Nepal Mr. Krishna Bahadur Mahara jointly launched the renovation works of the Bashantapur Durbar at Hanumandhoka.

Besides these high-level visits, there were a number of visits from both sides at various levels including senior officials of the central government, provincial governments and political parties, among others.

Meetings under Bilateral Mechanisms

Nepal and China continued to pursue various aspects of their bilateral relations through interactions and consultations under established bilateral mechanisms on different sectors and contributed to making progress in the respective fields.

The 8th Meeting of the Nepal-China's Tibet Trade Facilitation Committee (NTTFC) was held in Kathmandu on 5-6 July 2018. The Meeting reviewed the implementation status of the agreed conclusions of the 7th NTTFC meeting. Various matters including the establishment of "Nepal-China Tibet Tourism Culture Industrial Park" in Nepal, expanding trade between China and Nepal, joint construction of Nepal-China Cross-Border Economic Cooperation Zone, reopening of Tatopani border points, trade facilitation, financial cooperation, development of additional dry ports at Nepal-China border, among others figured during the meeting. Both sides agreed to enhance mutual cooperation to promote bilateral trade for mutual benefit

The Third Meeting on Border Law Enforcement Cooperation between the Ministry of Home Affairs of Nepal and the Ministry of Public Security of the Peoples Republic of China was held in Kathmandu on 16 July 2018.

The 2nd Consultation Meeting on Protocol to the Transit Transport Agreement was held in Beijing on 10-11 July 2018. The meeting centered on the implementation of the Transit Transport Agreement through finalization of the Protocol. Both sides exchanged each other's drafts of the Protocol and agreed to consider and analyze the draft Protocol.

The 30th Nepal-China Border Customs Meeting between the Department of Customs of Nepal and the Department of Customs of the Tibet Autonomous Region of the People's Republic of China was held in Kathmandu on 14-18 December 2017. Both sides emphasized on further strengthening customs cooperation at local levels.

Matters related to the resumption of Tatopani-Nielamu Customs point, construction of Dry Port at Larcha (Tatopani) and Timure (Rasuwa) were also discussed during the meeting. Both sides stressed on the need of combating smuggling of gold and narcotics, harmonization of office hours and promotion of bilateral trade through banking channels.

The 1st Consultation Meeting on the Establishment of China-Nepal Cross border Economic Cooperation Zones was held in Kathmandu on 21 November 2017. The meeting decided to form working teams from both sides led by the Ministry of Industry, Commerce and Supplies of Nepal and the Ministry of Commerce of China to carry out joint field research visits to the designated areas of mutual interests.

The Embassy of Nepal in Beijing and the Consulates General in Lhasa, Hong Kong and Guangzhou remained active in promoting economic and public diplomacy. They remained actively engaged in promoting the priorities of the Government of Nepal among the Chinese

Government, media, business communities, academia and the people.

The Embassy organized a seminar on ‘Nepal-China Relations for Peace and Prosperity in Trans-Himalayan Region’ on 1 August 2017, on the occasion of 62nd Anniversary of establishment of Diplomatic Relations between Nepal and China. Also, a seminar on ‘Investment Opportunities in Hydropower Projects in Nepal’ in Beijing on 23 March 2018 and Nepal Investment Promotion Seminar in Guangzhou on 24 May 2018 were organized.

A Think Tank Forum on ‘Trans-Himalayan Multi-Dimensional Connectivity Network: Opportunities and Challenges’ was held in Beijing on 4 July 2018. A three-day Cultural Exhibition ‘Echo of Civilizations: China-Nepal Cultural Salon’ was hosted at the Embassy on 21-23 December 2017. Similarly, Nepal’s tourism promotional materials were displayed in Guangzhou for a period of three months starting from March 2018.

3. South Asia and North East Asia

With shared history, culture and geography, South Asia is a dynamic region. Important developments both at political and economic fronts took place in South Asia in the period under review. Moreover, global political and economic developments, largely of disruptive nature, continued to affect the region. These developments, both within and outside the region, are likely to have long-term implications for the countries in South Asia.

Most of the countries in the region were preoccupied with conducting or planning for elections at different levels. The general elections in Pakistan are scheduled for 25 July 2018. National Assembly elections in Bhutan are planned for September and October 2018. The Presidential elections in the Maldives are being held on 23 September 2018. Parliamentary elections are scheduled for October 2018 in Afghanistan. The general elections in Bangladesh are slated for December 2018. The outcome of these elections will have important bearing on peace, stability and cooperation in the region.

Several challenges pertaining largely to peace, security and prosperity were witnessed in South Asia region. Incidents of terrorist attacks took place in a number of places. Countries in the region continued to grapple with poverty and adverse effects of climate change. They remained occupied with the efforts to overcome energy insecurity, infrastructure and connectivity bottlenecks. They also engaged in defining fair trade rules with the aim of securing level playing fields both within and outside the region.

Nepal's relations with countries in North East Asia region remained cordial and friendly in the reporting period. Exchanges of high-level visits, meetings and consultations under the bilateral mechanisms, conclusion of agreements and understandings, and growing people-to-people contacts remained significant features of bilateral engagements with these countries.

Japan continued to be the third largest economy. Prime Minister Shinzo Abe called a snap election in October 2017 and got re-elected to a historic

third term. Political stability, rule of law and the government's 'Abenomics' policy adopted since 2012 contributed to an enhanced economic growth of Japan.

Similarly, the Republic of Korea made progress especially on economic fronts during the period under review. Diplomacy stalls for several years with regard to achieving peace in the Korean peninsula started to thaw with the first meeting between the Heads of two Koreas in eleven years.

With continuation of peace endeavors, optimism for denuclearization and lasting peace and stability in the peninsula has risen significantly.

Efforts were made to further expand cooperation with these countries especially in the areas of trade, tourism and investment. Development cooperation with Japan and South Korea continued to grow in Nepal's social-economic development.

Afghanistan

Nepal and Afghanistan continued to enjoy friendly relations during the reporting period. The two countries coordinated efforts in international forums for the cause of the LDCs and LLDCs.

Prime Minister Mr. Sher Bahadur Deuba had a meeting with President of Afghanistan Mr. Mohammad Ashraf Ghani on the sidelines of the 72nd UNGA in New York on 21 September 2017. The two leaders discussed ways to further strengthening bilateral ties.

Nepal condemned a series of terrorist attacks in Afghanistan that resulted in the loss of lives of innocent people.

Nepal continued to hold the view that sustainable peace in Afghanistan would have a positive socio-economic influence in the region.

The Government of Afghanistan extended cooperation in the rescue and repatriation of some Nepali nationals stranded in Afghanistan.

Bangladesh

Nepal enjoys close and cordial relations with Bangladesh. These relations are nurtured by goodwill, cooperation and understanding. Exchange of visits at various levels and on different occasions has strengthened the relations between the two countries.

President Mrs. Bidya Devi Bhandari received a congratulatory message from President of Bangladesh Mr. Md. Abdul Hamid on her re-election as the President of Nepal.

Prime Minister Mr. Sher Bahadur Deuba had a meeting with Prime Minister of Bangladesh Ms. Sheikh Hasina on the sidelines of the 72nd UNGA in New York on 21 September 2017. In the meeting, both leaders laid emphasis on enhancing transport connectivity and utilizing the BBIN framework. The two leaders also discussed the need to strengthen cooperation in the energy sector and joint-investment in Nepal's hydropower.

The second Foreign Office Consultations between Nepal and Bangladesh was held in Dhaka on 8 October 2017. The meeting was co-chaired by Foreign Secretary Mr. Shanker Das Bairagi and Foreign Secretary of Bangladesh Md. Shahidul Haque.



Foreign Secretaries of Nepal and Bangladesh

The meeting reviewed the overall state of bilateral relations and discussed matters pertaining to trade, transit and connectivity, investment, higher education, energy, tourism and people-to-people contact, among others. Cooperation on matters of common interest in sub-regional, regional and international forums also featured during the discussion. Both sides

agreed to take up with priority the development of operational modalities for transit cargo movement, conclusion of preferential trading arrangements, and setting up of a permanent mechanism to promote cooperation in the power sector. They also shared views on promoting sub-regional cooperation on agreed areas within the BBIN framework.

The fourth Nepal-Bangladesh Commerce Secretary Level Meeting on Trade, Transit and Economic Cooperation was held in Kathmandu on 30 May-1 June 2018. The Nepali delegation was led by Mr. Chandra Kumar Ghimire, Secretary at the Ministry of Commerce and Supplies and the Bangladesh delegation was led by Mr. Shubhashish Bose, Commerce Secretary of Bangladesh.

During the meeting, matters related to promoting bilateral trade, transit and investment between the two countries were discussed. Both sides agreed to rationalize tariff and remove non-tariff barriers to ease and enhance bilateral trade for mutual benefits. While emphasizing the enhancement of trade, both sides underscored the need for extending cooperation on trade on goods and services, investment, energy, and intellectual property, among others. It was also agreed to amend the Protocol to the Bilateral Transit Agreement, 1976 in order to include Rohanpur-Singhabad railway route for Nepal's third country cargo.

Nepal and Bangladesh finalized an MoU on Cooperation in Power Sector. It is ready for signature at a mutually convenient date in near future. The MoU envisages cooperation in the field of power generation, grid connectivity, energy efficiency, renewable energy and development of hydropower which would be mutually beneficial to both countries and pave the way for power trade at the regional/sub regional level.

The Embassy organized a programme on the theme, 'Himalaya to Bay of Bengal', coinciding with the International Mountain Day, highlighting

the nature, culture and adventure opportunities of the Himalayan region and other tourism attractions of Nepal. The Embassy also organized a cultural programme at Silpakala Academy in Dhaka on 12 July 2018 with the participation of Nepali and Bengali artists to promote Nepali culture. The Embassy also organized a Nepal Night event with the support of Nepal Tourism Board in Dhaka on 21 April 2018.

About 29 thousand Bangladeshi tourists visited Nepal in 2017.

The Embassy of Nepal in Dhaka actively participated in Dhaka International Trade Fair held on 1-31 January 2018. A number of producers, exporters, and business representatives from Nepal took part in the Fair. The Embassy also coordinated and facilitated a number of B2B meetings during the Fair.

The Embassy coordinated and facilitated a meeting between a Nepali business delegation with the third country shipping agents in Chittagong. An interaction programme with the Chittagong Port Authority was also organized to facilitate exporters in the handling of cargo from the third countries. This helped increase significantly the exports of ginger, medicinal herbs and lentils.

Bhutan

Nepal and Bhutan continued to enjoy friendly relations as two South Asian Himalayan countries. Engagements with Bhutan continued at various levels including in the areas of cultural exchanges and people-to-people contacts.

His Majesty Jigme Khesar Namgyel Wangchuck, King of Bhutan extended congratulatory message to President Mrs. Bidya Devi Bhandari on her re-election as the President of Nepal.

Similarly, messages of felicitations were extended by the Bhutanese Prime Minister Mr. Tshering Tobgay and Foreign Minister Mr.

Damcho Dorji to their counterparts in Nepal on the latter's assumption of office.

Prime Minister Mr. Sher Bahadur Deuba held bilateral meeting with Mr. Tshering Tobgay, Prime Minister of Bhutan, in New York on 21 September 2017 on the sidelines of the 72nd session of the United Nations General Assembly. Matters of mutual interests were discussed during the meeting.

The Queen Mother of Bhutan Her Majesty Ashi Sangay Choden Wangchuck visited Nepal on 8-25 March 2018. She had a pilgrimage tour to Lumbini and Kathmandu. The visit was reflective of traditional cultural bonds between the peoples of the two countries.

A delegation of Nepali Parliamentarians participated in the Standing Committee Meeting on Social and Cultural Affairs of the Asian Parliamentary Assembly held in Thimpu, Bhutan from 31 August-2 September 2017. The meeting adopted 10 resolutions covering wide range of issues of common interest.

Nepal and Bhutan have direct air links. About 11 thousand Bhutanese tourists visited Nepal in 2017.

It has been a consistent policy of Nepal to resolve the problems of Bhutanese refugees in Nepal with all sincerity and it expects the same degree of response from Bhutan. Nepal holds the firm view that the refugees have the rights to return to their homeland with dignity and honor.

Democratic People's Republic of Korea

Relations between Nepal and Democratic People's Republic of Korea (DPRK) have remained friendly ever since the establishment of diplomatic relations in 1974. The DPRK has its residential Embassy in Kathmandu while Nepal's Embassy in Beijing is concurrently accredited to DPRK.

Nepal welcomed the 2018 Inter-Korean Summit held in Panmunjom and the summit meeting between President Donald J. Trump of the

United States and Chairman Kim Jong Un of DPRK held in Singapore on 12 June 2018. Nepal believes that these steps would be significant for lasting peace and stability on the Korean Peninsula.

Japan

Bilateral relations between Nepal and Japan remained cordial during the reporting period. It is evidenced by the continued support and cooperation of Japan to Nepal in its socio-economic development. People-to-people contacts continued to grow between the two countries. Japan welcomed the political developments including the successful conclusion of elections in Nepal.

Visits of Chief Justice of the Supreme Court of Nepal Mr. Gopal Parajuli to participate in the 17th Conference of Chief Justices of the Asia and Pacific held in Tokyo on 18-23 September 2017 and Minister for Physical Infrastructure and Transport Mr. Bir Bahadur Balayar on 12-18 October 2017 were some important high-level engagements from the Nepali side.

From the Japanese side, Parliamentary Vice-Minister for Foreign Affairs Mr. Iwao Horri visited Nepal on 6-8 December 2017 to observe the second phase of elections of the House of Representatives and Provincial Assemblies.

The two Governments signed and exchanged Notes on 18 May 2018 regarding the grant assistance of seven hundred million Japanese Yen for the promotion of economic and social development of Nepal under Japanese grant assistance scheme. Similarly, the Government of Japan extended a Grant Assistance of 350 million Japanese Yen to the Government of Nepal for implementing the Food Assistance Program in Japan's Fiscal Year 2017.

Likewise, the Government of Japan extended grant assistance of three million Japanese Yen to the Government of Nepal for the second year of the 'School Development Programme.' Notes regarding the assistance were signed and exchanged on 15 August 2018.

The Embassy of Nepal in Tokyo carried out various activities in different parts of Japan, particularly in the areas of trade, tourism, investment and culture. The Embassy organized Nepal Promotion Seminar in Fukuoka on 6 April 2018. Similarly, the Embassy organized Investment and Tourism Promotion Seminar in Nagoya on 18 May 2018.

Maldives

The relations between Nepal and the Maldives continued to strengthen on the basis of friendship, goodwill and mutual cooperation. Nepal and the Maldives have been working together in regional and multilateral forums.

Prof. Bishwambher Pyakuryal, Ambassador of Nepal to Sri Lanka and Non-residential Ambassador to the Maldives presented his credentials to the President of Maldives on 5 November 2017.

Nepal is a major destination for Maldivian students to study Medical Sciences. Around 200 Maldivian students are pursuing their studies in MBBS and Nursing courses in Nepal.

The two countries remained effortful in exploring the potentials for further cooperation in trade, services and cultural fields.

The Maldives has continued to grow as an attractive destination for employment for Nepali migrant workers in various sectors such as medical services, hospitality services, domestic services and construction.

Mongolia

Nepal and Mongolia maintain friendly relations based on mutual trust, goodwill and understanding. Both the countries share common views on various international issues, including promotion of LLDCs issues. Shared faith in Buddhism has strengthened the cultural relationship and enhanced exchanges between the two countries. Exchange of high-level visits has further cemented bilateral ties.

Minister for Foreign Affairs Mr. Pradeep Kumar Gyawali visited Mongolia to participate in the Conference of the International Think Tank for Landlocked Developing Countries (ITT-LLDCs) which was convened in Ulaanbaatar on 11-12 June 2018. During the visit, Minister Gyawali held bilateral meeting with his counterpart Mr. Damdin Tsogtbaatar, Minister for Foreign Affairs of Mongolia on 12 June 2018.



Minister Gyawali with his Mongolian counterpart

Both the Ministers exchanged views on further strengthening bilateral relations. They also signed a Memorandum of Understanding on Establishment of Bilateral Consultation Mechanism between the Foreign Ministries. Mr. Gyawali also paid a courtesy call on the

President of Mongolia, Mr. Khaltmaagiin Battulga.



Minister Gyawali calls on the President of Mongolia Mr. Khaltmaagiin Battulga

At the invitation of the Government of Mongolia, a five-member government delegation led by Joint Secretary of the Ministry of Foreign Affairs Mr. Ganesh Prasad Dhakal visited Mongolia to participate in the International Meeting on ‘Constitutional Amendments: The Case of Mongolia’ held in Ulaanbaatar on 18-19 October 2017. The visit was useful to share Nepal’s experiences and best practices in constitution making process and challenges in implementation of the constitution.

Pakistan

Nepal and Pakistan enjoyed cordial and friendly relations based on goodwill and mutual understanding this year.

The Prime Minister of Pakistan Mr. Shahid Khaqan Abbasi paid an official visit to Nepal on 5-6 March 2018. The visit was the first one by a foreign head of government after the formation of the new government in Nepal.



Prime Minister Oli with Prime Minister of Pakistan

During the visit, Mr. Abbasi paid a courtesy call on President Mrs. Bidya Devi Bhandari and had a bilateral meeting with Prime Minister Mr. K P Sharma Oli. Matters related to enhancing bilateral cooperation in the fields of investment, trade, tourism, agriculture and human resources development were discussed in the meeting. The two leaders agreed to hold regularly the meetings of bilateral mechanisms and also exchanged views on revitalizing the SAARC process in the spirit of its Charter.

Earlier on 21 September 2017, Prime Minister Mr. Sher Bahadur Deuba had a meeting with Prime Minister Mr. Abbasi on the sidelines of the 72nd UNGA in New York. In the meeting, the two leaders exchanged views on different aspects of bilateral relations. The Prime Minister of Pakistan expressed his readiness to hold the SAARC summit as soon as the Member States are ready.

The Chief of the Army Staff of Nepal Army General Rajendra Chhetri visited Pakistan on 15-17 May 2018. During the visit, he called on the Prime Minister and Defense Minister of Pakistan. In the meetings, matters related to cooperation between the two armies were discussed.

Similarly, the Chairman of Joint Chiefs of Staff Committee of Pakistan Armed Forces General Zubair Mahmood Hayat visited Nepal on 18-22 June 2018. During the visit, he called on President Mrs. Bidya Devi Bhandari.

An MoU on Cooperation in the Field of Literature was signed between Nepal Academy and Pakistan Academy of Letters on 13 May 2018. The MoU stipulates that the respective institutions of both countries could collaborate in organizing on reciprocal basis the visits of writers, poets, scholars; book fairs and translation of literary works.

The Embassy of Nepal in Islamabad organized various programs in collaboration with the Chambers of Commerce and Industry based in Lahore, Gujranwala, Gujrat and Faisalabad. These programs aimed at promoting Nepal's potentials among investors and businesspersons in Pakistan. Similarly, Rawalpindi Chamber of Commerce and Industry organized 'Made in Pakistan Fair' in Kathmandu in October 2017.

On the occasion of the 2562nd Buddha Jayanti, the Embassy organized a program 'Peace Walk 2018' at Fatima Jinnah Park, Islamabad on 30 April 2018. The event was instrumental in spreading the message of peace and promoting Lumbini, the birthplace of Buddha.

The Embassy also organised a tourism promotion event to mark the Everest Day in Islamabad on 29 May 2018. The programme was fruitful in highlighting Nepal's potentials in adventure tourism. Similarly, the Embassy participated in the International Rawal Expo-2018 in Rawalpindi on 11-14 April 2018 with a view to promoting Nepal's tourism destinations.

The number of tourist arrivals in Nepal from Pakistan is gradually increasing. Around four thousand tourists from Pakistan visited Nepal in 2017.

Pakistan under its 'Pakistan Technical Assistance Programme (PTAP)' provided 25 higher education scholarships to Nepali students in medical sciences, engineering and pharmaceuticals fields. Pakistan also provided training opportunities to mid-career and junior diplomats as well as security personnel of Nepal.

Republic of Korea

The relations between Nepal and the Republic of Korea (RoK) remained cordial in the reporting period.

The two Governments signed an MoU on Integrated Rural Development of Nepal through Strengthening Research and Development Capacity of Kathmandu University on 6 February 2018.

Nepal-South Korea cooperation encompasses the areas of health, women empowerment, disaster recovery, poverty alleviation, and education, among others. The Government of Korea provided a number of fellowships and scholarships to the officials of the Government of Nepal in the reporting period.

More than thirty-five thousand Nepalis are working in the RoK under Employment Permit System (EPS). The Embassy of Nepal in Seoul remained active for the safety and security of the Nepali nationals working in Korea. Besides providing regular consular services, the Embassy continued the monthly Voluntary Return Program. This program has been helpful in facilitating easy return of the Nepalis who have completed their working period under the EPS and in encouraging them to reintegrate into Nepali society utilizing their skills acquired in Korea.

The Embassy also remained active in promoting cultural exchanges and enhancing people-to-people relations between the two countries by organizing events and participating in Fairs.

The Embassy organized a programme entitled 'Nepal Night' in Seoul on 3 November 2017 and a 'Nepal Promotion Programme 2017' in Gwangju on 22 December 2017 with presentations on prospects of investment and trade between Nepal

and Korea and on Nepal as destination for holiday and tourism. Together with Seoul International Women's Association, the Embassy organized a presentation programme "Destination Nepal" in Seoul on 1 February 2018. Similarly, the Embassy organized a programme on Investment Prospects in Nepal in Busan City on 28 June 2018.

Together with Nepal Tourism Board and Nepali travel agencies, the Embassy participated in the 20th Busan International Travel Fair 2017 held in Busan on 8-11 September 2017. The Embassy also participated in the Goods Fair (G-Fairs) Korea 2017 in Seoul on 1-4 November 2017, in the 33rd Korea World Travel Fair held in Seoul on 14-17 June 2018, in the 13th Busan Global Gathering and Trade Fair organized in Busan on 20 June 2018, and in Import Goods Fair (IFG) held in Seoul on 21-23 June 2018.

Sri Lanka

Relations between Nepal and Sri Lanka are marked by bonds of friendship, goodwill and mutual understanding and cooperation. The year 2017 marked the 60th anniversary of the establishment of diplomatic relations between Nepal and Sri Lanka.

President Mrs. Bidya Devi Bhandari received a congratulatory message from President of Sri Lanka Mr. Maithripala Sirisena on her re-election as the President of Nepal. Similarly, Prime Minister Mr. K P Sharma Oli and Minister for Foreign Affairs Mr. Pradeep Kumar Gyawali also received messages of congratulations from the President and Foreign Minister of Sri Lanka respectively on their election and appointment.

Prime Minister Mr. Sher Bahadur Deuba paid a call on President Mr. Sirisena on the sidelines of the 72nd UNGA in New York on 21 September 2017. During the meeting, historic and religious linkages between Nepal and Sri Lanka were

highlighted. Recalling that the year marked the 60th anniversary of the bilateral relations, both leaders talked about further expanding trade, tourism and economic cooperation.

Chief of Army Staff of Nepal General Rajendra Chhetri visited Sri Lanka on 18-22 January 2018. There is cooperation and exchanges between Nepal Army and Sri Lankan Army and both the sides have been offering various training courses on capacity building.

Government of Sri Lanka has contributed to the post-earthquake reconstruction of Anandakuti Bihaar and Rato Machchhindranath Temple. The reconstruction work is expected to be completed by the end of this year. The Embassy of Nepal in Colombo organized an Interactive Meeting on Foreign Investment Opportunities in Nepal in collaboration with Sri Lanka-Nepal Friendship and Business Council in Colombo on 6 July 2018.

During Buddha Jayanti (*Vesak Day*), Traditional Nepali Buddhist Artefacts were exhibited in Gangaramya Temple Premises in Colombo.

A tourism Promotion programme, 'Nepal Night' was organized in collaboration with Nepal Tourism Board, Nepal Airlines Corporation and Nepal Travel and Tour Agents (NATTA) in Colombo on 15 December 2017.

More than forty five thousand tourists from Sri Lanka visited Nepal in 2017 constituting 4.8% of the total tourist arrivals in Nepal.

Nepali students continue to benefit from scholarships offered by Sri Lanka in the fields of defense studies and Buddhist philosophy. They are pursuing various courses under scholarship offered by various Sri Lankan Universities. The collaborative relationship established between Tribhuvan University and Peradeniya University in Kandy, Sri Lanka has also contributed to enhance relations between academia.

Nepal has also been a destination for many Sri Lankan students to pursue higher studies in medical sciences. In addition to this, the two countries run annual student exchange programmes.

4. South East Asia and the Pacific

Bilateral relations between Nepal and the countries in South East Asia and the Pacific remained cordial and friendly during the year.

With the population of more than 620 million and total GDP of 2.55 trillion dollars (2016) propelled by vibrant economic drive, the region is important for Nepal in terms of promoting Nepal's economic interest through investment, trade, tourism and employment. Education and culture are other areas where partnership with these countries has been beneficial.

The common religious bond of Buddhism brings the people of Nepal and Southeast Asia closer, with a large concentration of Buddhist population in Thailand, Myanmar, Laos, Vietnam and Cambodia. In view of the foregoing, religious and cultural tourism has acquired a distinctive feature in the relationship with these countries.

Some of these countries have already supported and some others have expressed their support to the development of Lumbini as a center of world peace and a major Buddhist pilgrimage as well as cultural site. Direct air connectivity with these countries will witness major inflow of Buddhist pilgrims to Lumbini.

Malaysia continues to remain one of the largest destinations for Nepali migrant workers. Ensuring safety, security and promoting the welfare of Nepali migrant workers remained a major priority for us.

While development cooperation remains an important facet of our relations with Australia and New Zealand, they have also become attractive destinations for higher studies for Nepali students and the home of a growing number of Nepali diaspora. Singapore, Thailand, Malaysia, and Australia have been providing long-term and short-term training opportunities and academic courses, thereby contributing to the human resource development of Nepal.

Australia

Nepal and Australia continued to enjoy excellent bilateral relations. Exchange of visits at different levels over the past year has further strengthened the relationship between the two countries.

Deputy Prime Minister and Minister for Education Mr. Gopal Man Shrestha visited Australia on 15-23 July 2017. During the visit, he held interactions with high level officials of the technical education wing of the Government of Australia. Similarly, Minister for Energy Mr. Mahendra Bahadur Shahi visited Australia on 9-15 September 2017. The visit was useful in understanding the existing policies of the Government of Australia on natural resources in both Federal and State level.

Minister for Culture, Tourism and Civil Aviation Mr. Jitendra Narayan Dev led a high level delegation to Canberra, Sydney and Adelaide from 27-30 November 2017 to participate in tourism promotion programs. A four-member delegation led by the State Minister for Finance Mr. Udaya Shumsher JB Rana visited Australia on 8-16 February 2018. During the visit, he addressed an interaction on the theme 'Investment of Public Enterprises of Nepal'.

Australia-Nepal Parliamentary Group was launched on 30 May 2018 amidst a special function jointly organized by the House of Representatives of the Australian Parliament and the Embassy of Nepal in Canberra. The Group is co-chaired by the MP Mrs. Ann Sudmalis from Liberal Party of Australia and MP Mr. Peter Khalil from Australian Labour Party, with an aim to further strengthening the relationship between Nepal and Australia. The group has 36 members comprising representatives from the House of Representatives and Senate.

Australia has been a source country for Official Development Assistance (ODA) to Nepal. In this fiscal year, Australia provided a total sum of AUD 33.9 million ODA to Nepal mostly through INGOs. Such assistance has been mobilized to expand economic opportunities for the poor, particularly women, by promoting small and medium enterprises and job-creation, support the government to improve governance and policy implementation and promote human development through improved access to quality basic education.

Nepal-Australia relationship is also marked by the presence of sizeable Nepali diaspora. The vibrant Nepali diaspora in Australia has been making contribution in further strengthening relations between two countries.

Australia has continued to remain an attractive destination for educational opportunities for Nepali students. Australian Government and Universities have been providing scholarships to Nepali students, including under the Australian Award in different disciplines. So far, 471 Nepalis have been awarded with Australia Awards. Every year, flow of Nepali students in Australia is growing. Nepal is the third largest source of foreign students for Australia, with over 20,000 enrollments last year.

Embassy of Nepal in Canberra organized Nepal-Australia Business Forum in Melbourne on 30 June 2018. The program was attended by Minister for Finance and Multicultural Affairs of the Victoria Government, Mr. Robin Scott, MP as the Chief Guest. The program aimed at promoting economic engagements including trade and investment between the two countries. Similarly, the Embassy participated at the 'Cowra Festival 2018' and National Multicultural Festival in Australia with a view to promoting tourism potentials of Nepal.

Malaysia

Nepal-Malaysia relations remained friendly and cordial. Malaysia has been an attractive destination for Nepali migrant workers for a long time. The Government of Nepal remained effortful to execute its policy of free visa and free ticket for Nepali migrant workers in Malaysia in order to minimize the financial burden for workers. In line with this policy, the Government decided to cancel all additional fees imposed on Nepali migrant workers by outsourcing agencies.

The Ministry is working with the Government of Malaysia for reforming the recruitment process for Nepali migrant workers. Both governments are actively engaged with a view to concluding an MOU on the Recruitment, Employment and Repatriation of Workers.

As a part of its labor diplomacy, the Embassy of Nepal in Kuala Lumpur continued to run the weekly educational and awareness radio program via the national radio channel Radio Bernama of Malaysia. The Embassy also provides 24 hour emergency hotline telephone services for the needy Nepali workers.

The Minister of State for Urban Development Ms. Kunti Kumari Shahi led a three-member Nepali delegation to Malaysia on 7-13 February 2018 to participate in the ninth World Urban Forum held in Kuala Lumpur.

Business relations between Nepal and Malaysia are on an increasing trend. There is a significant amount of Malaysian direct investment in various sectors of Nepal's economy. The largest investment from Malaysia has been in telecommunication sector. The other sectors of Malaysian investment are tourism, education, trading and services. Limkok Wing Univesity, KK Supermart, Tiara Golf Resort, Pitabery and Restkin Pvt Ltd., have invested in Nepal through joint venture with Nepali companies. Similarly,

Nepal-Malaysia Business Council has been established to facilitate the investment and trade between the two countries.

Myanmar

Bilateral relations between Nepal and the Republic of the Union of Myanmar continued to remain friendly. Given the cordial people-to-people relations, there exists an immense potential for expanding cultural, tourism and economic cooperation between the two countries. The people of Nepali origin in Myanmar have been serving as strong and important links between the two countries.

This year the relationships between the two countries were further marked by exchange of visits at different levels. A delegation led by Vice-Chairman of National Planning Commission Dr. Swarnim Wagle visited Myanmar on 1-3 December 2017 to attend third Asia Pacific Water Summit organized by the Government of Myanmar. Similarly, Senior General Min Aung Hlaing, Commander in Chief of Myanmar Army visited Nepal from 10-13 December 2017.

An MoU on establishing Bilateral Consultation Mechanism (BCM) between Ministry of Foreign Affairs of Nepal and Ministry of Foreign Affairs of the Republic of Union of Myanmar has been finalized by both sides and will be signed in near future. Similarly, the Agreement between the Government of Nepal and the Government of the Union of Myanmar on the exemption of visa requirements for holders of diplomatic and official (special) passports has been finalized by the two sides and will be signed in near future.

The Embassy of Nepal in Yangon organized a tourism promotion program in collaboration with Nepal Tourism Board. The program was inaugurated by Myanmar's Union Minister for Tourism and Hotels Mr. U Ohn Maung.

Promotion materials about Lumbini and adventure tourism in Nepal were also played during the event.

New Zealand

The relations between Nepal and New Zealand remained cordial and friendly during the year. The growth of interactions at different levels and sectors generated further momentum in the existing relations between the two countries.

Ms. Lucky Sherpa presented her letters of Credence to the Governor General of New Zealand in November 2017 as non-residential Ambassador of Nepal to New Zealand. Ambassador Sherpa also held meetings with the senior officials of the Ministry of Foreign Affairs and Trade (MFAT) of New Zealand for further strengthening the relationship between Nepal and New Zealand. Ambassador Ms. Sherpa also had interactions with Nepali diaspora living in New Zealand.

Ms. Joanna Kempfers, non-residential Ambassador of New Zealand to Nepal visited Nepal on 28-31 May 2018 to participate in the 65th Anniversary of scaling Mount Everest. During her visit she paid courtesy calls on the Minister for Foreign Affairs Mr. Pradeep Kumar Gyawali, Minister for Education, Science and Technology Mr. Giriraj Mani Pokharel, Minister for Culture, Tourism and Civil Aviation Mr. Rabindra Adhikari, and Foreign Secretary Mr. Shanker Das Bairagi and held discussions on matters of mutual interest.

The Government of New Zealand has been giving continuity to Sir Edmund Hillary's legacy in Nepal through annual contribution to the Himalayan Trust, and support for other development projects.

Singapore

Bilateral relations between Nepal and the Republic of Singapore remained friendly during the review period. The exchange of cooperation both at bilateral and international level was satisfactory. A sizeable Nepali people working in Singapore Police has continued to serve as strong links between the two countries.

5. Central Asia, West Asia and Africa

The relations between Nepal and the countries in the Central Asia, West Asia and Africa regions continued to remain cordial and friendly during the reporting period. Nepal established diplomatic relations with Cabo Verde, Liberia, Niger, Eritrea, Angola, Burkina Faso, Benin, and Burundi from Africa and Uzbekistan from Central Asia in this period. The Government of Nepal maintained regular engagements with the countries of these regions to further enhance the bilateral relations and promote cooperation.

Countries in these regions are endowed with immense natural resources. Economic prosperity achieved by some countries in the Middle East and Central Asia provide opportunity to enlarge the scope of cooperation with these countries. Africa's rapid economic growth is also an opportunity for Nepal to engage in promoting economic interest. Moreover, financing institutions such as Kuwaiti Fund and Saudi Fund have supported Nepal through concessional financial lending and could well serve as the source of funding in future.

Nepali migrant workers in the countries belonging to Gulf Cooperation Council (GCC) have been an important source of remittances for Nepal. The remittances, as an important source of foreign currency, have not only contributed to foreign currency reserves but also to the overall GDP of the country.

Matters pertaining to Nepali migrant workers and interactions and discussions in other areas of mutual benefits such as trade, tourism, investment, agriculture, and energy occupied prominent place in Nepal's dealings with the countries in the Gulf region. The relations with these countries were also complemented by our constructive engagements and cooperation at regional and multilateral forums.

Saudi Arabia

Nepal and the Kingdom of Saudi Arabia maintained cordial bilateral ties which were strengthened through growing people-to-people contacts. The year 2017 marked the 40th anniversary of the establishment of diplomatic relations between the two countries. A wide range of activities were carried out to further advance bilateral relations during the review period.

Saudi Arabia hosts one of the largest numbers of Nepali migrant workers in the Gulf region. About 400,000 Nepali migrants have been working in Saudi Arabia and about 1,200 Nepali Muslims go on Hajj pilgrimage annually to Mecca and Medina, the two Holy Mosques in Saudi Arabia. Some Nepali Muslim students are also studying Arabic language and Islamic studies in universities at Makkah and Madinah.

Nepal-Saudi Arabia relations also encompass development cooperation and bilateral trade. As a development partner, Saudi Arabia has made contributions to Nepal's multi-sectoral development, with special focus on hydropower and irrigation projects through the Saudi Fund for Development. The volume of annual trade between Nepal and Saudi Arabia stands above \$100 million.

In recent years, Nepal has also become a favoured tourist destination including adventure tourism for a growing number of Saudis. Himalayan Airlines, a private airlines company of Nepal started its direct flights between Kathmandu and Dammam of Saudi Arabia from 1 September 2017, air-linking both countries for the first time.

The two countries exchanged draft labour agreement and its protocol with a view to promoting labour relations between the two countries. A draft on General Agreement of

Cooperation between Nepal and Saudi Arabia has been finalized and is ready for signature.

In addition to providing consular services, the Embassy of Nepal in Riyadh and the Consulate General of Nepal in Jeddah remained fully involved in dealing with issues and problems of Nepali migrant workers. The Embassy rescued and repatriated 36 Nepali female workers and 1,658 male workers from Saudi Arabia. Following the announcement by the Saudi Government in March 2017 to grant amnesty to undocumented foreign nationals staying in the country, the Embassy and the Consulate General facilitated the repatriation of above 8,000 Nepali nationals.

The Embassy and the Consulate General organized periodic interactive meetings and orientation programs with Nepali communities in various parts of the country to help resolve their problems and raise awareness about consular services extended by the Embassy and the Consulate General. The Embassy organized 'Labor Safety, Awareness and Health Check-up' programs in Riyadh, Jubail, Al Qassim, Hail and Sakakah.

Qatar

The relations between Nepal and the State of Qatar continued to be marked by regular engagement at various levels.

At present, there are more than 400,000 Nepali migrant workers in Qatar, particularly in services and construction sectors. Providing consular services to Nepali workers remained one of the core functions of the Embassy of Nepal in Doha. The Embassy helped address a number of complaints regarding labour issues.

The reform measures introduced by Qatar in the employment sector in recent years have made greater positive impact on addressing the grievances of migrant workers. The Embassy has

been conducting monthly 'Hearing and Sharing' programs focusing on safety, security and welfare of the Nepali migrant workers.

Under development diplomacy programs, the Embassy organized promotional activities on trade, investment and employment sectors in coordination with and participation of stakeholders. An MoU was signed between the Federation of Nepali Chambers of Commerce and Industries and the Qatar Chamber in April 2018 to enhance cooperation and create economic partnership between business communities of Nepal and Qatar.

The two sides have been negotiating MoUs on waiver of Visa Requirements for Diplomatic and Official Passports, and on Cooperation in the Field of Agriculture and Food Security. The MoUs are expected to be concluded early next year.

Kuwait

Nepal and the State of Kuwait continued to maintain friendly and cordial relations in the reporting period.

Agreement between the Government of Nepal and the Government of the State of Kuwait on Mutual Visa Exemption for Holders of Diplomatic and Special/Official Passports is finalized and ready for signature.

The Embassy of Nepal in Kuwait also remained active in promoting Nepal's trade, tourism and business potentials including by building rapport with the local business community.

The Embassy rescued and repatriated a total of 405 housemaids and 267 workers to Nepal. It provided consular services and facilitated the repatriation of 3,720 undocumented Nepali nationals during the amnesty period of January-April 2018 announced by the Kuwaiti Government. The Embassy also transferred to

Nepal the compensation amount equivalent to nine crore Nepali Rupees to families of the deceased Nepali workers.

The Embassy has given utmost priority to resolving the labour issues and extending consular services. It published a booklet entitled 'Shramik ko Sathi', incorporating basic information regarding labour and immigration laws, services provided by the Embassy as well as other useful information for Nepali migrant workers. The publication of 'Dos and Don'ts' by the Embassy, as part of awareness raising initiatives for Nepali workers, has remained useful and effective. The Embassy also organized an interactive program to address the problems facing Nepali migrant workers in Kuwait.

Kuwait has been an important destination for Nepali migrant workers. Over 70,000 Nepali migrant workers, out of which about 40 per cent are women, are currently working in Kuwait.

United Arab Emirates

The review period remained significantly important in the area of promoting relations between Nepal and the United Arab Emirates (UAE).



President with the Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces

President Mrs. Bidya Devi Bhandari paid an official visit to the UAE on 13-16 November

2017 at the invitation of Sheikh Mohammed Bin Zayed Al Nahyan, the Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces.

The President held bilateral talks with His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE and Ruler of Dubai and His Highness Sheikh Mohammed bin Zayed Al Nayhan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces and discussed various aspects of the bilateral relations as well as regional issues. During the meetings, the leaders underlined the importance of promoting cooperation between the two countries in areas such as trade, investment, tourism, renewable energy, agriculture and infrastructure development.



The President with the Speaker of the Federal National Council of the UAE

In her address to the business community, the President invited them to invest in Nepal in sectors such as infrastructure development, hydropower as well as modernization and commercialization of agricultural sector.

The Speaker of the Federal National Council of the UAE Dr. Amal Al Quibaisi also paid a courtesy call on the President during the visit.

A business delegation led by Mrs. Najla Mohammad Al Kaabi, Assistant Under Secretary of the Ministry of International Cooperation and Development of the UAE and Representative of the Minister of State for International Cooperation and DG of Dubai Expo-2020 visited Nepal on 9-10 July 2018 to study the possible areas for investment by the United Arab Emirates in Nepal.

A delegation led by the Chairperson of the Public Service Commission of Nepal Mr. Umesh Prasad Mainali visited the United Arab Emirates to participate in the World Government Summit held in Dubai in February 2018.

A delegation level meeting led by the Commerce Secretary of Nepal and Under Secretary for Foreign Trade and industry of the Ministry of Economy of the UAE was organized in Kathmandu in June 2018. Promoting cooperation in the fields of trade, investment and tourism were discussed on the occasion.

About 200,000 Nepali migrant workers have been working in the UAE. The Embassy of Nepal in Abu Dhabi organized labour awareness programs for Nepali workers working in various companies around the country and also published a booklet with information on labour problems and consular issues for the use of Nepali community. It also organized an interaction program on productive utilization of remittances in June 2018.

Oman

Relations between Nepal and the Sultanate of Oman continued to grow over the review period.

Prime Minister Mr. Sher Bahadur Deuba paid an official visit to the Sultanate of Oman on 25-28 September 2017. The Prime Minister had a bilateral meeting with His Highness Sayyid Fahad bin Mahmood Al-Said, Deputy Prime Minister for the Council of Ministers of the

Sultanate of Oman. Matters of mutual interest as well as the ways and means of expanding Nepal-Oman cooperation were discussed during the meeting with particular focus on foreign employment, trade, tourism and investment.



The Prime Minister with Deputy Prime Minister of the Sultanate of Oman

An MoU Establishing the Bilateral Consultation Mechanism between the Foreign Ministries of Nepal and the Sultanate of Oman was signed in Muscat on 27 September during the visit of the Prime Minister. The MoU stipulates regular holding of bilateral consultations between the two sides on diverse areas of cooperation including economic, cultural, technological, scientific and educational relations.

Minister for Culture, Tourism and Civil Aviation Mr. Jitendra Narayan Dev led an official delegation to the Sultanate of Oman to participate in the second UNWTO/UNESCO World Conference on Tourism and Culture held on 11-12 December 2017.

Agreements/MoUs on Labour and Training, on Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income, on Visa Exemption for Diplomatic and Official/Service Passports, on Tourism Cooperation, and on Cultural and Museum Fields are under consideration. Oman has also offered to cooperate in post-earthquake reconstruction.



Deputy Prime Minister witnesses the Signing Ceremony of the MoU

There are around 20,000 Nepali migrant workers in Oman. Establishment of Nepal Embassy in Muscat in 2013 has unlocked new potentials of cooperation between the two countries in the areas of tourism, trade and investment, as well as in further expanding employment opportunities for Nepali nationals in Oman.

Bahrain

Nepal and the Kingdom of Bahrain continued to enjoy warm and friendly relations in the review period.

Around 25,000 Nepali nationals have been working in various sectors in Bahrain. A Memorandum of Understanding on Labour and Occupational Training has already been concluded between the two countries.

The Embassy of Nepal in Manama, established in 2013, remained active in addressing the issues of Nepali migrant workers through consular services to Nepali nationals in Bahrain. The Embassy organized a series of awareness programs on occupational health and safety in cooperation with other stakeholders. Some promotional events under economic diplomacy programs were also organized in order to expand and develop the relations both at the Government and peoples' level.

South Africa

Bilateral relations between Nepal and the Republic of South Africa continued to remain friendly in the review period.

A nine-member Nepali delegation from the Public Service Commission (PSC) led by Member of the Commission Mrs. Brinda Hada visited South Africa from 26 February to 8 March 2018. The focus of the visit was on learning from the South African experience in terms of their constitutional provision and organizational set up at the provincial level in the context of setting up an effective organizational structure of PSC in the federal governance system of Nepal.

After the establishment of Nepali Embassy in Pretoria in 2010, the number of South African tourists visiting Nepal is gradually increasing. The Embassy has been making efforts in partnership with local travel and tour operators for Nepal's publicity. During the review year, the Embassy collaborated in organizing Nepal promotional events in Cape Town on 6 June 2018.

The Embassy has also been providing consular services to Nepali nationals living in South Africa and other countries to which the Embassy is concurrently accredited. The Embassy is effortful in promoting and developing cooperative relations, especially at economic front, with the countries in Africa to which it has concurrent accreditation.

Egypt

Bilateral relations between Nepal and the Arab Republic of Egypt that are characterized by mutual trust, goodwill, understanding and friendship continued to grow in the year 2017/18. Both countries are the founding members of the Non- Aligned Movement and have strong commitment to multilateralism which provides

an opportunity to work together for the advancement of common interest in the multilateral forums.

The year 2017 marked the 60th anniversary of the establishment of diplomatic relations between the two countries. On this special occasion, the Egyptian government offered 20 additional scholarships at postgraduate level for medical students from Nepal.

Cooperation between Nepal and Egypt encompasses educational exchanges and agricultural training. Egypt regularly provides academic scholarships and training under the Cultural Cooperation Agreement signed between Nepal and Egypt in 1976. There are more than 100 Nepali students currently studying in Egypt under full scholarship.

The Embassy of Nepal in Cairo provided necessary consular services to Nepali nationals staying in Egypt and other African countries to which it is concurrently accredited. It also continued its efforts to promote business, tourism and investment potential of Nepal in these countries.

Jordan

Relations between Nepal and Jordan continued to remain friendly and cordial over the year. A new dimension to the existing bilateral relations was added with the signing of the Bilateral Labour Agreement by the Labour Ministers of the two countries in Amman, Jordan on 18 October 2017. This Agreement is expected to facilitate and formalize the employment of Nepali migrant workers in Jordan.

Morocco

Nepal -Morocco relations continued to grow in the year under review.

The Ministry of Foreign Affairs of Nepal and the Ministry of Foreign Affairs and Cooperation of the Kingdom of Morocco concluded a Memorandum of Understanding on Consultations and Cooperation on 3 August 2017 in Kathmandu. The MoU has established a consultation mechanism to facilitate interactions and consultations between the two countries in all areas of mutual interests.

Israel

The excellent state of bilateral relations between Nepal and the State of Israel continued to grow during the reporting period.

Minister for Agriculture, Land Management and Cooperatives Mr. Chakra Pani Khanal visited Israel to attend the 20th International Agricultural Exhibition (Agritech 2018) held on 8-10 May 2018. The Minister held bilateral meeting with the Minister of Agriculture and Rural Development of Israel and exchanged views on matters of mutual interest. The Ministerial delegation also held interactions with various Israeli companies to explore potential areas of business cooperation, trade and investment.

The first meeting of the Bilateral Consultation Mechanism between the Ministry of Foreign Affairs of Nepal and the Ministry of Foreign Affairs of the State of Israel was held in Kathmandu on 19 March 2018. The meeting reviewed the current status of bilateral cooperation in the fields of economic, technical and cultural cooperation between the two countries and discussed ways to further develop cooperative relations and partnership in the days to come.



Bilateral Consultation Mechanism Meeting between the Foreign Ministries of Nepal and Israel

The visa waiver agreement between Nepal and Israel for diplomatic passport holders is expected to be concluded soon.

The Embassy of Nepal in Tel Aviv continued its efforts to promote trade, tourism and investment potentials of Nepal in Israel. The Embassy participated in various tourism promotion programs, including 2018 edition of International Mediterranean Tourism Market, the largest annual professional tourism fair in the Eastern Mediterranean Region.

Around four thousand Nepali nationals have been working in Israel.

Israeli International Development Cooperation Agency (MASHAV) has been providing short-term trainings to Nepali nationals in sectors such as science, health, environment and education. Around five hundred Nepali youth students have been receiving training in Israel every year as part of 'Earning by Learning' under agricultural cooperation.

6. Europe and Americas

In 2017/18, Europe and America regions continued to witness the fast-moving developments in both political and economic landscapes. They were partly because of strong and assertive political leadership and partly because of emerging challenges and ‘new ways’ to tackle them. Political and economic discourses buttressed by the nationalist and protectionist sentiments were constantly juxtaposed to the efforts aimed at reinforcing economic integration, rules-based international order and the tenets of multilateralism. As a result, the year saw an unprecedented discussion about the relevance of international cooperation and collaboration and the efforts to uphold them.

Connections and complexities between politics and economic relations were more apparent than we might have imagined when the year began. International trade made headlines as some countries sought to take transactional approaches. Ensuing ‘trade wars’ added to the worries about a just, fair and predictable global trading regime.

The UK’s withdrawal process from the European Union attracted much attention among the international community. Apart from changing political and economic discourses, the issues such as migration and refugee crisis, resource depletion and climate change, ageing population and disruptive technologies were also in the limelight in the countries from Europe and America regions. And, unsurprisingly there were differences in terms of how countries wanted to respond to those challenges.

Despite these complexities and challenges, there were some ‘feel-good’ factors boosted especially by the elections in some European Union member states. In addition, economies in Europe and Americas were able to shrug off domestic and international political bottlenecks and achieve a sound economic growth. The positive

economic data following a state of sluggishness after the global financial crisis were very much crucial.

Countries in these regions continued to make collective efforts to fight challenges such as global terrorism and the threat of new pandemics. This was aided by the strong political leadership in some countries.

In this context and against the backdrop of successful holding of elections at all three levels, formation of governments with strong mandates and prospects of political stability, Nepal continued to pursue pragmatic and outcome-oriented relations with the countries in these regions.

Nepal’s enhanced diplomatic engagements with the development partners and friendly countries in these regions were reflective of its intent to tap on their tremendous goodwill and support towards its socio-economic development. Building on this ‘asset’ and finding new pathways for mutually beneficial opportunities remained our key objective. With our focus firmly set on re-energized commercial relations, we were effortful in expanding cooperative partnership in the areas of trade, investment, tourism and technology transfer. It is not least in this light and the national motto of ‘Prosperous Nepal, Happy Nepali’ that we were able to make some strides to scale up our economic engagements with these countries.

The year witnessed an increased exchange of high-level visits, conclusion of bilateral agreements, establishment of bilateral consultation mechanisms and robust people-to-people contacts vis-à-vis Nepal’s engagements with Europe and the Americas. Cooperation at regional and multilateral frameworks also received priority to collectively promote a rules-based international system.

The Ministry and its Missions concentrated their efforts more towards promoting trade, investment and tourism. Particular focus with respect to some countries was also laid on addressing their concerns about FDI regime and administration of development cooperation in Nepal. Diplomatic endeavours were also oriented towards exploring ways to take advantage of trade preferences as an LDC, and promoting Nepal as a tourist destination.

The size of Nepali diaspora in the countries of Europe and the Americas is on the rise for various reasons. Nepali Missions in collaboration with Nepali diaspora continued to organize events to promote Nepali identity, culture and tradition in the host countries. The Missions also collaborated with Nepali diaspora to mobilize them as ‘development agents’ in facilitating investment and technology transfer to Nepal from the respective countries.

Argentina

Nepal and Argentina witnessed continuity of close cooperation in the year under review. The relations between the two countries have been progressing since the establishment of diplomatic ties in 1962. These relations are based on goodwill, friendship and mutual understanding.

Non-residential Ambassador of Nepal to Argentina Mr. Tara Prasad Pokharel presented his Letters of Credence on 25 June 2018. On the occasion, he called on the President and Minister of Foreign Affairs and Worship of the Argentine Republic and discussed ways to further strengthen bilateral relations between Nepal and Argentina.

Azerbaijan

Nepal and Azerbaijan continued to enjoy friendly and cordial relations during the period under review.

Minister for Foreign Affairs Mr. Pradeep Kumar Gyawali paid a courtesy call on President of the Republic of Azerbaijan Mr. Ilham Aliyev during the former’s visit to Baku on 5-6 April 2018 to participate in the 18th Mid-Term Ministerial Conference of the Non-Aligned Movement. Minister Gyawali also had a meeting with Foreign Minister of Azerbaijan Mr. Elmar Mammadyarov during the visit. The two Ministers discussed various aspects of bilateral relations between the two countries and deliberated on further enhancing bilateral cooperation with particular focus on economic engagements.

An Azerbaijani delegation led by Mr. Fariz Rzayev, Deputy Chief of the Secretariat of the Vice President of Azerbaijan, visited Nepal on 22-24 February 2018. The delegation held a meeting with Foreign Secretary Mr. Shanker Das Bairagi and discussed ways of further promoting bilateral relations. Discussion was also held on enhancing cooperation and collaboration between the two countries at multilateral forums.

Austria

Nepal-Austria relations reached new heights in the period under review with the formal operation of residential Embassy of Nepal in Vienna. The first residential Ambassador of Nepal to Austria Mr. Prakash Kumar Suvedi presented his Letters of Credence to the Federal President of Austria Dr. Alexander Van der Bellen on 8 January 2018.

Austria has been supporting a number of development projects in Nepal. The small hydropower, drinking water as well as conservation of ancient temples and museums have been major sectors of Austrian cooperation. Austria's current assistance in Nepal has been prioritized for the reconstruction and renovation of earthquake-damaged cultural and historical sites such as Patan Museum.



Ambassador Suvedi with Austrian President after presentation of his Credentials

The Austrian Government has been extending support to Nepal's development efforts through multilateral entities such as the UN and the EU as well as non-government organizations. There is an increasing focus of both sides to work towards capitalizing opportunities for expanding economic engagements between the two countries.

Belgium

Nepal-Belgium relations continued to grow in the year under review. The two countries signed a Memorandum of Understanding (MOU) on the establishment of Bilateral Consultation Mechanism between the Ministry of Foreign Affairs of Nepal and the Federal Public Service for Foreign Affairs of Belgium. Foreign Secretary Mr. Shanker Das Bairagi and Secretary General of the Belgian Ministry of Foreign Affairs Mr. Dirk Achten signed the MOU on behalf of their respective governments on 27 June 2018 in Brussels. As per the MOU, Nepal and Belgium will hold consultations alternatively in Kathmandu and Brussels or in the margins of international conferences at various levels on a regular basis to review their bilateral relations and exchange views on regional and international issues of common interest.



Foreign Secretary Mr. Bairagi with Mr. Dirk Achten, SG, Federal Public Service for Foreign Affairs during the signing of the MOU on BCM

People-to- people relations have also been significant in Nepal's bilateral relations with Belgium. The size of Nepali diaspora living in Belgium is about 8000. Engaged mostly in hospitality sector, the diaspora has become a vital link between the two countries. Similarly, a number of Belgian NGOs/INGOs are operating in Nepal. The number of the Belgians visiting Nepal has also been growing over the years. Belgium-Nepal Friendship Association (BNFA), formed in 2017, has become instrumental in bringing the peoples of both countries together.

The Embassy of Nepal in Brussels remained effortful in order to promote trade, tourism and people to people contacts. The Embassy participated in the Vakantiesalon Trade Fair held in Antwerpen on 25-28 January and in the 60th edition of Brussels Holiday Fair organized by FISA International in Brussels on 1-5 February 2018.

Brazil

Nepal and Brazil have been enjoying friendly and cordial bilateral relations ever since the establishment of diplomatic ties between the two countries. Such relations have continued to grow especially since the establishment of residential

Embassies of the two countries in Kathmandu and Brasilia.

The year under review remained significant primarily due to the holding of the first meeting of the Bilateral Consultation Mechanism (BCM) as well as the formation of Brazil-Nepal Parliamentary Friendship Group.



Members of Nepali and Brazilian delegations after the consultations meeting in Brasilia

The first meeting of the BCM between the Foreign Ministries of Nepal and Brazil was held in Brasilia on 25 January 2018. Foreign Secretary Mr. Shanker Das Bairagi and Under Secretary General at the Ministry of Foreign Affairs of Brazil Ambassador Mr. Henrique da Silveira Sardinha Pinto led their respective delegations to the consultation meeting. During the meeting, overall state of bilateral relations between Nepal and Brazil was discussed. The two sides exchanged views on promoting cooperation in the areas of trade, investment, agriculture, hydropower development, technical cooperation, education, sports and tourism, among others, within bilateral framework, and south-south and triangular cooperation as well as cooperation in multilateral forums.

Brazil-Nepal Parliamentary Group was constituted in the Chamber of Deputies of the National Congress of Brazil in November 2017. The formation of the Brazil-Nepal Parliamentary Group in Brazil is also an indication of tremendous goodwill of the people and the

Parliament of Brazil towards Nepal and the Nepali people.

Similarly, Lower House of the Parliament of Brazil, the Chamber of Deputies, ratified the bilateral Agreement on Technical Cooperation between Nepal and Brazil on 30 May 2018. The Technical Cooperation Agreement signed in 2011 aims to promote technical cooperation in the areas of priority accorded by the Governments of the two countries.

Former Prime Minister Mr. Madhav Kumar Nepal and former Deputy Prime Minister and Minister for Foreign Affairs Mr. Narayan Kaji Shrestha 'Prakash' visited Brazil on 3-11 June 2018.

A delegation comprising Secretaries of the Government of Nepal Mr. Prem Kumar Rai from the Office of the Prime Minister and Council of Ministers and Mr. Maheshwor Neupane from the Ministry of Tourism and Civil Aviation and Chief Executive Officer of Nepal Tourism Board Mr. Deepak Raj Joshi visited Brasilia on 9-12 January 2018 in a mission to promote Nepal's tourism. The delegation held discussions with the Executive Secretary of the Brazilian Ministry of Tourism as well as other important tourism authorities including *Embratur*, Brazilian Institute of Tourism.

Apart from bilateral engagements, Nepal and Brazil actively cooperate and collaborate on issues of mutual interest in various multilateral forums.

The Embassy of Nepal in Brasilia coordinated the visit of a 19-member business delegation led by the President of Nepal-Brazil Chamber of Commerce to Brazil on 26 April-2 May 2018. The visit was an opportunity to promote regular exchanges and strengthen business linkages between the two countries.

The Embassy was also engaged in promoting Nepali culture and traditions on a number of occasions. It participated in the *Vesak Day* celebrations on 26 May 2018, which attracted approximately 500 Brazilians at the Buddhist temple premises in Brasilia.

Bulgaria

Nepal's relations with Bulgaria gained new momentum with the conclusion of an MoU on the Establishment of Bilateral Consultation Mechanism on 7 July 2017. The two sides also concluded an MoU on Cooperation for Youth Development on 16 February 2018 in order to share knowledge, experience, and resources and to develop long-term cooperation between the two countries in the area of youth development.

The year 2018 marks the 50th anniversary of diplomatic relations between the two countries. The Deputy Prime Minister and Minister for Foreign Affairs of Bulgaria Ms. Ekaterina Zaharieva and the Minister for Foreign Affairs of Nepal Mr. Pradeep Kumar Gyawali exchanged congratulatory messages to commemorate the 50th anniversary of the establishment of diplomatic relations. Similarly, the Ambassador of Bulgaria to Nepal hosted a commemorative program in Kathmandu on 15 April 2018 to mark the occasion.

Canada

Nepal-Canada relations saw a higher trajectory of diplomatic engagements during the review period.

During the review period, a number of Nepali delegations visited Canada contributing to further consolidation of the existing relations between Nepal and Canada. A Nepali delegation led by Minister for Culture, Tourism and Civil Aviation Mr. Rabindra Adhikari visited Canada on 11-15 June 2018 to receive ICAO Council President Certificate awarded to Nepal in recognition of

Nepal's progress made in resolving its safety 'oversight deficiencies' and improving the effective implementation of applicable ICAO Standards and Recommendation Practices (SARPs) during 2017.

During the visit, Minister Adhikari held meetings with Canadian authorities including Deputy Speaker of the House of Commons of Canada Mr Bruce Stanton and Member of Parliament and Chair of Canada Nepal Parliamentary Friendship Group (CNPFG) Dr Geng Tan among others.

Similarly, Minister for Defense Mr Bhimsen Das Pradhan led a Nepali delegation to the United Nations Defense Ministerial Conference held in Vancouver, Canada on 14-15 November 2017.

A delegation led by the Chairperson of Nepal Law Commission Mr. Madhav Prasad Poudel visited Canada on 16-23 October 2017 with a view to exchanging ideas and learn from the best practices of the lawmaking process in Canada. The delegation held meetings with Chair and other members of the Standing Committee on Justice and Human Rights of the House of Commons of Canada.

A Memorandum of Understanding on Establishing the Bilateral Consultation Mechanism between Foreign Ministries of Nepal and Canada was finalized during the review year and is now ready for signature.

During the year, the Embassy of Nepal in Ottawa participated in the Exhibition of the Apparel Textile Sourcing Canada organized by the ATSC and the Trade Facilitation Office (TFO) of Canada in Toronto on 21-23 August 2017. Two Nepali retail businesses participated in the Exhibition showcasing their authentic hand-made apparels to the Canadian buyers. TFO Canada had selected 30 different products from eight countries with a view to supporting these products to find markets in Canada.

The Embassy also participated in various cultural and tourism promotional activities including through coordination with Nepalese community organizations in events such as Edmonton Heritage Festival, Fusion Festival Vancouver, Himalayan Festival, Film Festival, Asian Heritage Festival, 'Experience Asia 2018', 'Ottawa Welcomes the World', Carassauga Multicultural Festival, Gatineau City Cultural Festival, Diplomatic Galas, Community Galas and other locally organized programmes.

In cooperation with the Embassy of Nepal in Ottawa, Nepali diaspora in Canada organized the International Conference on 'Role of Nepalese Diaspora in Higher Education in Nepal' in University of Toronto on 7-8 July 2018. The Conference concluded with the issuance of Toronto Declaration 2018. Ambassador of Nepal Mr. Kali Prasad Pokhrel inaugurated the Conference while Mr. Giriraj Mani Pokhrel, Minister for Education, Science and Technology conveyed from Kathmandu his message for the success of the Conference.

Costa Rica

Nepal-Costa Rica witnessed an increased momentum during the reporting period.

Non-residential Ambassador of Nepal to Costa Rica Dr. Arjun Kumar Karki attended the Inauguration Ceremony of the President-elect Mr. Carlos Alvarado Quesada in Costa Rica on 6-10 May 2018. During the visit, Ambassador Karki called on the President Quesada and discussed various issues of bilateral cooperation. The Ambassador also had meetings with the Finance Minister of Costa Rica and deliberated on avenues of cooperation between the two countries.

Nepal and Costa Rica also continued to work collaboratively at the multilateral forums to promote the cause of small and developing countries.

Czech Republic

Nepal and Czech Republic continued to enjoy friendly and cordial engagements over the reporting period.

President Mrs. Bidya Devi Bhandari and President of the Czech Republic Mr. Milos Zeman exchanged letters of congratulations on each-other's re-election during the year. Similarly Prime Minister of the Czech Republic Mr. Andrej Babis sent congratulatory message to Mr. K P Sharma Oli on his appointment as the Prime Minister of Nepal following the elections in Nepal. Nepal's Ambassador to Czech Republic Mr. Ramesh Prasad Khanal presented his Letters of Credence to the President of the Czech Republic Mr. Milos Zeman on 2 May 2018.

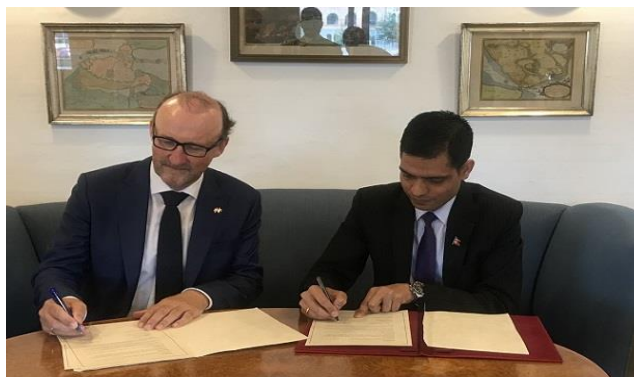
Denmark

Nepal's relations with Denmark continued to be marked by friendship, mutual cooperation and understanding in 2017/18.

A Memorandum of Understanding on Establishing the Bilateral Consultation Mechanism (BCM) between Ministries of Foreign Affairs of Nepal and Denmark was signed at the Ministry of Foreign Affairs of Denmark in Copenhagen on 11 June 2018. Mr. Ghanshyam Bhandari, Joint Secretary of the Ministry and Ambassador Mr. Erik Laursen, Head of Department of Asia, Latin America and Oceania of the Ministry of Foreign Affairs of Denmark signed the MoU on behalf of their respective Ministries.

Following the signing of the MoU, the first meeting of the BCM was held in Copenhagen on 11 June 2018 between the delegations of Foreign Ministries of Nepal and Denmark led by Mr. Bhandari and Ambassador Lauren respectively. Overall state of bilateral relations between the two countries was discussed in the meeting. The

two sides exchanged views on promoting cooperation in areas of trade, investment, education, tourism and people-to-people relations.



Signing of MoU on Establishment of BCM between Nepal and Denmark

With a view to promoting people to people relations between the two countries, the Embassy of Nepal in Copenhagen participated in KUKS International Gala Festival of National Fare organized by the Cultural Confederation of Foreign Societies (KUKS) in Copenhagen on 27 October 2017.

The Embassy, Nepali Scientific-Academic Panel in Denmark, Non-Resident Nepalese Association and Nepal Science Foundation Trust (NSFT) jointly organized the First Scandinavian Interdisciplinary Conference of Nepalese Scholars on Innovation and Knowledge Transfer on 20 May 2018 at Technical University of Denmark (DTU), Copenhagen. The Conference deliberated on the issues such as waste management, traffic management, agriculture and livestock management, applied science, and information technology, among others. The Conference featured a total of 25 paper presentations on different themes.

Estonia

Nepal and Estonia enjoyed friendly relations during the year under review.

On 22 September 2017, Prime Minister Mr. Sher Bahadur Deuba had a bilateral meeting with the President of Estonia Ms. Kersti Kaljulaid on the sidelines of the 72nd Session of the UN General Assembly in New York. The two leaders discussed various issues of common interests. They also agreed to enhance cooperation and collaboration between the two countries at the multilateral forums including the UN.

European Union

Relations between Nepal and the European Union (EU) remained friendly and cooperative during the period. Both sides remained constructively engaged in order to consolidate and deepen the bilateral cooperation.

The 10th Meeting of EU-Nepal Joint Commission was held on 28 June 2018 in Brussels. Foreign Secretary Mr. Shanker Das Bairagi and Deputy Managing Director for Asia and Pacific at the European External Action Service (EEAS) Ms. Paola Pampaloni led Nepali and EU delegations respectively. The EU-Nepal Sub-Commission on Development met in Brussels the previous day.



Nepali and EU delegations before the joint commission meeting in Brussels

During his visit to Brussels, Foreign Secretary Mr. Bairagi met separately with Mr. Christian Leffler, Deputy Secretary General of the European External Action Service, and Mr. Stefano Manservigi, Director General for International Cooperation and Development of the European Commission. On those occasions, discussions focused on how best the both sides could work together to augment their mutually beneficial relations in the days to come.

The EU sent an Election Observation Mission to Nepal to observe the federal and provincial elections held on 25 November and 7 December 2017. Similarly, a separate delegation of the EU Parliamentarians consisting of ten MEPs visited Nepal during the elections.

At the economic front, the EU's support to Nepal's development endeavours continued. Nepal and the EU signed the Financing Agreement for EU Contribution of 40 million euro to Agriculture and Rural Development (CARD) in Nepal in Brussels on 28 June 2018. Similarly, a separate agreement was signed to release the amount of 19.094 million euro to the national budget under the School Sector Development Programme (SSDP).

The Government of Nepal has remained effortful to capitalize upon the trade preferences granted by the EU under the Everything But Arms (EBA) scheme. The EU has been providing support to Nepal in the latter's efforts in development of some products such as tea, ginger, and black cardamom that have export potentials to the regional and international markets.

Nepal and the EU have also been working closely in the forums including the United Nations to promote the issues of mutual concern and interest. Both sides have been working collectively towards the realization of the Sustainable Development Goals (SDGs) within the stipulated timeframe.

Nepal and EU have also emphasized the need to enhance people to people relations through various programmes including the utilization of Erasmus+ program. Similarly, the EU Parliamentarians have also been supporting the promotion of values, cultures and traditions, which are sacrosanct to Nepal and the Nepali traditions, through events such as '*Baisakh Day*' and '*Diwali*' (*Deepawali*) within the premises of the EU Parliament.

Finland

Nepal and Finland continued to enjoy cordial and friendly relations.

Finland has been supporting Nepal primarily in education; water, sanitation and hygiene; forestry management and climate change; and good governance and human rights. Over the period of 7 years from 2010/11, Finland has disbursed a total of over \$100 million development assistance in these sectors.

As per the current country strategy of Finland for development cooperation with Nepal for 2016-19, Finland has been supporting Nepal's development efforts with a total of 51 million euro. The current development cooperation strategy focuses on three sectors: education, water, and gender equality and social inclusion. Finland continued its support for reconstruction of schools and community drinking water systems in Dolakha, Gorkha, Kavre and Nuwakot during the year.

A Development Policy Committee (DPC) delegation from Finland headed by Chair of the Committee Ms. Aila Annikki Paloniemi visited Nepal on 15-20 April 2018. The delegation visited Finnish-supported development project sites in the Far-West of Nepal and observed the progress of the projects. The delegation also got acquainted with the operational modalities of

Finnish development cooperation to Nepal vis-a-vis the current federalization process in Nepal.

France

Relations between Nepal and France are characterized by friendship, cooperation and appreciation of each other's aspirations. These relations continued to grow during the year under review.

French President Mr. Emmanuel Macron congratulated the President of Nepal on successful holding of elections of all three tiers of governance. Similarly, French Prime Minister Mr. Edouard Philippe sent a congratulatory message to Prime Minister Mr. K P Sharma Oli on his appointment following Nepal's federal elections in 2017.

France-Nepal Amity Group was formed in the National Assembly of France in November 2017 and *France-Nepal Group* in the French Senate with an objective of promoting parliamentary exchanges and sharing experiences between the two countries.

A number of Nepali high officials visited France during the year. Mr. Mahendra Yadav, Minister for Sanitation and Water Supply visited France on 4-6 February 2018. Attorney General Mr. Agni Kharel visited France leading a nine-member delegation to participate in the Octopus Conference on Cybercrime Issues held in Strasbourg in the second week of July 2018.

Similarly, Secretaries of the Government of Nepal Mr. Shanta Bahadur Shrestha, Mr. Kamalshali Ghimire, Prakash Mathema, Mr. Bishwanath Oli and Kedar Bahadur Rayamajhi visited France on different occasions to participate in various conferences and meetings.

The Embassy of Nepal in Paris organized various events to promote trade, investment, tourism as well as people to people relations between the

two countries. A Thematic Conference on 'Tourism, Culture and Economic Development of Nepal' was organized during *Nepal Promotional Event* on 13 April 2018 in collaboration with the Mayor's Office of the 17th Paris where Nepali and French experts made presentations on Nepal's political, economic, social and cultural aspects.

The Embassy participated in the *Diplomatic Garden Party* on 14 July 2018 in Paris. Organized by *La Lettre Diplomatique* on the occasion of the National Day of France (*Bastille Day*), the event attracted more than 2,000 spectators, mostly ambassadors and diplomats, businesspeople, media-persons, and artistes. Similarly, the Embassy organized, in coordination and collaboration with the Nepali community in France, a programme to mark the 2562nd *Buddha Jayanti* on 6 May 2018 at Trocadero, Paris. The Embassy also participated in the '15th Nepal Festival' organized by *Maison Culturelle du Nepal* on 2-3 June 2018 in Paris.

Germany

Nepal and Germany shared friendly and cordial relations in the year under review.

As Nepal and Germany have been observing in 2018 the 60th anniversary of the establishment of diplomatic relations between the two countries, Foreign Secretary Mr. Shanker Das Bairagi visited Germany on 28-30 June 2018. During the visit, Mr. Bairagi held meeting with Mr. Niels Annan, State Minister of Federal Foreign Office, and discussed many issues of mutual interests. The two sides stressed the need to further strengthen the bilateral relations existing between these two countries.



Foreign Secretary holds meeting with State Minister for Foreign Affairs of Germany

Mr. Bairagi also met with Mr. Tobeas Pfluger, Chairman of the South Asia Parliamentary Friendship Group of *Bundestag* of the Federal Republic of Germany and discussed issues of mutual benefits.

Other high level visits included those of Mr. Ramkrishna Yadav, Minister for Agriculture and Cooperatives to participate in *the Green Week* in Berlin and the Minister of State for Commerce, Supplies and Industry Mr. Nar Bahadur Chand to participate in the *Domotex Fair* held on 10-16 January 2018.

A total of 29,918 Germans visited Nepal in 2017. Germany was the 10th largest tourist origin country.

The Embassy of Nepal in Berlin organized and participated in various promotional programs in different cities of Germany. The Embassy participated in *Berlin Carnival*, a road show program stretching to around 5 kilometres in the downtown area of Berlin city. Nepal showcased its culture and music to the audience.

Nepal also participated in *ITB*, a Tourism Promotion program in Berlin where Nepali Tourism Potentials were exhibited through more than four dozen Nepali stalls of Travel and Tour Operators.

To mark the 60th anniversary of the establishment of diplomatic relations between Nepal and Germany, the Embassy organized a Cycle Rally of about 21 kilometres in Berlin on 1 July 2018. High-level officials from Federal Government, business communities, non-governmental organizations, members of Germany-based Nepali communities participated in the Rally.

Ireland

Nepal and Ireland continued to enjoy friendly and cordial relations over the year. Following the elections in Nepal in 2017 and subsequent formation of executive and legislative bodies, the President, the Prime Minister and the Minister for Foreign Affairs of Ireland as well as the Chairman of Irish Parliament sent congratulatory messages to their counterparts in Nepal on their election and appointment.

The Embassy of Nepal in London, which is concurrently accredited to Ireland, organized *Nepal Investment Conference* in Dublin, Ireland on 11 September 2017. Similarly, the Embassy and the Nepal-Ireland Society jointly organized *Nepal- Ireland Day* on 10 September 2017 in Dublin to promote tourism, culture and trade of Nepal in Ireland.

Italy

The friendly and cordial bilateral relations between Nepal and Italy continued to grow during the year 2017/18.

The non-residential Nepali Ambassador to Italy Mr. Deepak Dhital held meetings with high-level officials of the Italian Foreign Ministry and deliberated on strengthening Nepal-Italy ties with an enhanced focus on economic engagements. The Embassy of Nepal in Geneva also organized a program to promote Nepal's tourism in Milan on 29 March 2018.

Ambassador Mr. Dhital raised Nepali flag at the Bell of the Fallen in the historic city of Rovereto

in Trento Province on 24 June 2018. The installation of Nepali flag at the First World War memorial site is reflective of Nepal's commitment to the ideals of international peace and harmony.

Nepali security officials have also continued to benefit from various training opportunities at the Center of Excellence for Stability Police Units (CoESPU) in Vicenza, Italy.

Jamaica

Nepal and Jamaica continued to explore avenues for promoting friendly relations between the two countries.

On 21 February 2018, non-residential Ambassador of Nepal to Jamaica Mr. Kali Prasad Pokhrel presented his Letters of Credence, addressed to Her Majesty Queen Elizabeth II, to Governor General of Jamaica, Sir Patrick Allen. During his visit to Jamaica, Ambassador Pokhrel paid a courtesy call on Mr. Andrew Holness MP, Prime Minister of Jamaica at the latter's Office in Kingston.

Ambassador Pokhrel also held bilateral meetings with Mr. Shahine Robinson, MP, Minister of Labour and Social Security, Ms Shorna-Kay Richards, Director, Bilateral Relations Department and Ambassador Marcia Gilbert-Roberts, Permanent Secretary of the Ministry of Foreign Affairs and International Trade of Jamaica during his visit to Jamaica.

Lithuania

Nepal and Lithuania continued to enjoy friendly relations over the period.

President of Lithuania Ms. Dalia Grybauskaite sent congratulatory message to President Mrs. Bidya Devi Bhandari on her re-election as the President of Nepal. Non-residential Ambassador of Nepal to Lithuania, Mr. Yuba Nath Lamsal

presented his Letters of Credence to the Lithuanian President on 21 February 2018. During the visit, Ambassador Lamsal held meetings with Vice Minister for Social Security and Labour Ms. Egle Radisauskiene and senior officials at the Ministry of Foreign Affairs of Lithuania.

With a view to promoting people to people relations, the Embassy of Nepal organized an interaction program on Nepal's Tourism Prospects in Vilnius, Lithuania on 22 February 2018. Media persons, travel and tourism entrepreneurs, writers, photographers, and filmmakers of Lithuania, among others, participated in the interaction event.

Luxembourg

Nepal's relations with Luxembourg continued to be guided by friendship, mutual respect and cooperation as well as deeper understanding.

Nepal and Luxembourg have been working together to promote economic partnership especially on tourism, trade, investment, skill and knowledge transfer.



Ambassador Thapa with the Prime Minister of Luxembourg Mr. Bettel

The scouts of Nepal and Luxembourg have been playing an instrumental role in promoting people-to-people contacts and relations between the two countries. A number of Luxembourgish

NGOs are supporting health and education programmes in different parts of Nepal. Though small in number, Nepali Diaspora in Luxembourg has been vital in bringing our two societies, and peoples further close.

Malta

The year witnessed an enhanced level of engagements between Nepal and Malta.

President Mrs. Bidya Devi Bhandari had a meeting with the President of Malta Ms. Marie-Louise Coleiro Preca in Geneva on the sidelines of the World of Work Summit during the 106th International Labour Conference.

Non-residential Ambassador of Nepal to Malta, Dr. Durga Bahadur Subedi presented his Letters of Credence to the Maltese President Ms. Coleiro Preca on 17 May 2018. During the visit to Malta, Ambassador Subedi paid courtesy call on Mr. Anglu Farrugia, Speaker of the House of Representatives. They discussed the importance of parliamentary exchanges between the two countries. Ambassador Subedi also had meeting with Mr. Evarist Bartolo, Minister for Education and Employment of Malta and discussed the ways to further widen relations between the two countries.

Mexico

Nepal and Mexico have been enjoying friendly relations ever since the establishment of diplomatic ties.

Following the earthquake that struck Mexico on 17 September 2017, the Government of Nepal expressed condolences and sympathies to Mexico and its people on the loss of lives and properties. Similarly, Mexican President Mr. Enrique Pena Nieto sent a congratulatory message to President Mrs. Bidya Devi Bhandari on her re-election as President of Nepal.

Netherlands

Nepal and the Netherlands shared friendly and close relations over the year.

The Netherlands has been supporting Nepal's development endeavours. Such support is channelled through the multilateral entities such as the UN and the EU. Some Dutch non-governmental organizations have also been working in Nepal in the areas of health, environment, disaster preparedness and relief, decentralized local governance, bio-diversity and renewable energy.

A business delegation of over a dozen businesspersons from the Netherlands visited Nepal in November 2017. They held discussions with businesspersons and senior Government officials in order to explore the possibility of making a joint investment in the country.

About 3000 people of Nepali origin are living and working in the Netherlands. The number of Dutch tourists visiting Nepal has been growing. Similarly, a number of Nepali students are currently pursuing higher education in different universities and institutions in the Netherlands.

A number of initiatives have been taken, in this period under review, in order to provide potential visitors and investors with proper and adequate information as well as to further promote Nepal's trade, investment and tourism. On this score, the Embassy of Nepal in Brussels participated in the annual '*Embassy Festival*' in The Hague, the '*Utrecht Tourism Fair*' in Utrecht, the '*National Nepal Day*' in Amsterdam, and the '*Rockstart Impact Demo Day*' in Amsterdam, among others.

Norway

Nepal's relations with Norway continued to grow during the year.

Norwegian Minister for International Development Mr. Nikolai Astrup visited Nepal on 6-7 March 2018. During the visit, Minister Mr. Astrup paid a courtesy call on the Prime Minister Mr. K P Sharma Oli. The issues pertaining to long-term partnership between the two countries, and Cooperation in UN forums, among others, were discussed in the meeting.

Mr. Astrup also held a bilateral meeting with the Minister for Finance Mr. Yubraj Khatiwada. They reviewed the development cooperation between the two countries and discussed the course of future cooperation.

Minister for Foreign Affairs Mr. Krishna Bahadur Mahara had a bilateral meeting with Mr Borge Brende, Norwegian Foreign Minister on the sidelines of the 72nd UN General Assembly on 19 September 2017. During the meeting, the two Ministers discussed various aspects of bilateral cooperation and deliberated on ways to further strengthen it.

Norway is one of the development partners of Nepal. Annually, Norway has been providing around US\$ 30 million to Nepal of which 75% is administered through Norwegian Embassy in Kathmandu and 25% through the Norwegian Ministry of Foreign Affairs and the Norwegian Agency of Development Cooperation (NORAD). The key areas of Norwegian development cooperation in Nepal are education, good governance and renewable energy

Poland

Nepal and Poland shared friendly relations in the year under review.

Minister for Defense Mr. Bhimsen Das Pradhan visited Poland on 5-8 September 2017 to participate in the 25th International Defense Industry Exhibition held in in Kielce, Poland.

Non-residential Ambassador of Nepal to Poland, Mr. Ramesh Prasad Khanal presented his Letters of Credence to the President of the Republic of Poland Mr. Andrej Duda on 27 September 2017. During his visit to Warsaw, Ambassador Khanal held meetings with senior officials at Polish Ministry of Foreign Affairs, leaders of Sports Tourism Association of Poland and Polish Chamber of Tourism as well as with the Chairman of Poland-Nepal Friendship Association.

A number Nepali nationals living in Poland are contributing to building people to people relations between the two countries. Of late, Poland is developing as an attractive destination for Nepali workers. Also, a few Nepali students are pursuing their higher studies in Poland. The Embassy of Poland in New Delhi is also planning to organize a trekking campaign in Nepal to mark the 100th anniversary of Independence of Poland. The campaign that is likely to be organized in September/October 2018 will feature 300-400 Polish trekkers.

Portugal

Nepal and Portugal continued to enjoy friendly relations in the reporting period.

Minister for Foreign Affairs of Portugal Mr. Augusto Santos Silva sent a congratulatory message to Minister for Foreign Affairs Mr. Pradeep Kumar Gyawali on his appointment. Special Envoy of Portuguese Government Mr. Jose Joaquim Ferreira visited Nepal on 25-27 May 2018 and held a meeting with Minister Gyawali. Special Envoy Mr. Ferreira also extended invitation from Portuguese Foreign Minister to Minister Gyawali to visit Portugal.

Both Nepal and Portugal have concluded their internal procedures to sign an MoU on the Establishment of Bilateral Consultation Mechanism between the Foreign Ministries of

the two countries. The MoU is likely to be signed in near future.

Portugal has been growing as an attractive destination for Nepali workers as well as students. The growing Nepali diaspora in Portugal and increasing number of Portuguese tourists in Nepal are developing as strong links between the two countries.

Russian Federation

Nepal and Russian Federation continued to engage in friendly ways to enhance the bilateral relations.

After a long interval, the bilateral consultation mechanism meeting was held at the Ministry of Foreign Affairs in Kathmandu on 17 April 2018. Director of the Second Department for Asia at the Ministry of Foreign Affairs of Russian Federation Mr. Zamir Kabulov and Head of the Europe America Division of Ministry of Foreign Affairs of Nepal Mr. Ghanshyam Bhandari led their respective delegations to the consultations.

During the meeting, overall state of bilateral relations between Nepal and the Russian Federation was discussed. The two sides reviewed existing cooperation and relations and exchanged views on further promoting bilateral cooperation in areas of trade, investment, tourism, educational and technical cooperation, among others. The two sides also discussed ways to enhance cooperation in regional and multilateral forums.

Chief Justice of the Supreme Court of Nepal Mr. Gopal Prasad Parajuli visited Moscow on 23-26

September 2017. Similarly, a delegation led by Ms. Ranju Kumari Jha, Chairperson of the Parliamentary Committee on Women, Children, Senior Citizens and Social Welfare participated in the Youth Minister's International Meeting held in Moscow on 12-13 October 2017.

A Russian delegation, led by Mr. Alexander G. Vysokinsky, the Vice-Governor of Yekaterinburg Region of Russia visited Nepal on 27-28 February 2018. The delegation had a meeting with the Prime Minister Mr. K P Sharma Oli on 27 February 2018.

The number of Russian tourists visiting Nepal has been on an increasing trend. In the year 2017, 8643 tourists from Russia visited Nepal.

The Embassy of Nepal in Moscow remained effortful in promoting Nepal-Russia economic as well as tourism linkages. The Embassy organized and participated in a number of events towards this effect. Its participation in the *Moscow International Travel and Tourism Exhibition* held in Moscow in March 2018 was one such example.

Serbia

Nepal's relations with Serbia continued to be guided by friendship, mutual respect and cooperation

The First Deputy Prime Minister and Minister of Foreign Affairs of Serbia Mr. Ivica Dacic visited Nepal on 4-6 May 2018. Mr Dacic paid courtesy calls on the President Ms. Bidya Devi Bhandari and the Prime Minister Mr. K P Sharma Oli during his visit to Nepal.



Minister Gyawali with Serbian First Deputy Prime Minister in Kathmandu

He also held a bilateral meeting with the Minister for Foreign Affairs Mr. Pradeep Kumar Gyawali. During the meeting, various aspects of Nepal-Serbia relations were reviewed. The Ministers discussed the ways of further promoting bilateral cooperation in areas of trade, investment, tourism, educational, cultural and technical cooperation, among others.

The prospects and potentials of enhancing economic relations between the two countries also featured in the meeting. Facilitation of people-to-people exchanges including through relaxation of visa procedures was also discussed. Mr. Dacic also addressed a Talk Programme on 'Serbia in the Region, Europe and the World' hosted jointly by Ministry of Foreign Affairs and Nepal Council of World Affairs in Kathmandu on 5 May.

Slovenia

Nepal and Slovenia have been enjoying friendly relations ever since the establishment of diplomatic ties between the two countries.

On 29 May 2018, the Embassy of Nepal in Vienna organized a program in Ljubljana, the capital city of Slovenia, to observe the *Mount Everest day*. This program brought together a number of Slovenian mountaineers, tourism

entrepreneurs, government officials, friends and well-wishers of Nepal. The policies and programs of the Government of Nepal on tourism with special focus on mountaineering were highlighted in the program.

Spain

Nepal's relations with Spain gained new momentum with the establishment of residential Embassy of Nepal in Madrid this year.

Mr. Bharat Bahadur Rayamajhi, the first residential Ambassador of Nepal to Spain, presented his Credentials to King Felipe VI of Spain on 5 April 2018.



Ambassador Rayamajhi with King Felipe VI of Spain

The relations between the two countries are expanding at various levels. Mayor of Kathmandu Metropolitan City Mr Bidya Sundar Shakya visited Madrid on 21-24 September 2017 at the invitation of Madrid City Council's Mayor Manuela Carmena. The Mayors agreed to establish a sister-city relationship between two capital cities.

In return, Mr. Luis Carlos Cueto Alvarez de Sotomayor, Deputy Mayor of Madrid visited Nepal on 25 February-1 March 2018, leading a 15-member delegation. Leaders of two cities signed an MoU establishing sister-city relations

between Kathmandu and Madrid amidst a function organized at Hanuman Dhoka Durbar Square on 26 February 2018. With this, Madrid became the first European sister city of Kathmandu and Kathmandu became Madrid's first sister-city in Asia. The Spanish delegation also visited Lumbini during their visit to Nepal.

EPTISA, a Spanish Engineering and Construction Company, has been engaged in Nepal for the construction of the tunnel of Melamchi Drinking Water Project. Another company called *TYPSA* is in the process of establishing its office in Kathmandu. This company has submitted its bid for Road Construction in Kanchanpur under Asian Development Bank project.

Discussions are also ongoing to have close collaboration between the two countries in sports, especially in football.

An increasing number of Nepali people are engaged in various fields in Spain. To facilitate the stay of Nepali nationals, the Embassy of Nepal has supported Madrid NRNA to run a Spanish Language Class for interested Nepali migrants.

Sweden

Nepal and Sweden continued to enjoy cooperative relations during the reporting period.

A delegation of six Swedish parliamentarians, led by Ms. Margareta Cederfeldt, visited Nepal on 18-23 February 2018. The delegation visited several UNDP projects in Kaski and Gorkha implemented with Swedish assistance. After the field visit, the delegation met with Foreign Secretary Mr. Shanker Das Bairagi and discussed overall bilateral cooperation between the two countries and exchanged views on further consolidating it in future.

Swedish development cooperation to Nepal is channelled through multilateral agencies like the UN and EU, its Agency for International Development (SEDA), Swedish NGOs and the Swedish Commission for Technical Cooperation (BITS).

Similarly, the Embassy of Nepal in Copenhagen organized an interaction on Nepal's tourism in Malmo, Sweden on 11 January 2018. Travel and tourism entrepreneurs, media persons and local people attended the programme. The Deputy Chief of the Mission of the Embassy Mr. Dornath Aryal and Ms. Ella Dahlstrom from Adventure Academy made presentations on sustainability of tourism in Nepal.

Switzerland

Relations between Nepal and Switzerland continued to grow over the year.

Nepal continues to remain on top of the list of countries receiving Swiss Government's bilateral assistance. The Swiss assistance covers areas including infrastructure development, agriculture, vocational education, improvement of local governance, safer migration and human rights.

The second meeting of Nepal-Switzerland bilateral consultations between the Ministry of Foreign Affairs of Nepal and the Federal Department of Foreign Affairs of Switzerland was held in Bern on 14 June 2018. The Nepali delegation was led by Mr. Ghanshyam Bhandari, Joint Secretary and Head of the Europe America Division of Ministry of Foreign Affairs. Mr. Johannes Matyassy, Assistant State Secretary for Asia and Pacific of the Swiss Federal Department of Foreign Affairs (FDFA), led the Swiss delegation.

The two sides reviewed all aspects of bilateral relations and discussed the possibilities of enhancing cooperation in areas of trade,

investment, tourism and consular affairs. They also deliberated on the issues of multilateral cooperation including migration, human security, climate change and mountain partnership. On the occasion, the Swiss side reiterated that Nepal would continue to remain as a priority country for their development cooperation.

Swiss State Secretary, Ms. Pascale Baeriswyl visited Nepal on 5-7 December 2017 leading a delegation from the Federal Department of Foreign Affairs of Switzerland. On 6 December, Ms. Baeriswyl and her delegation held a bilateral meeting with the Nepali delegation led by Foreign Secretary, Mr. Shanker Das Bairagi. The two sides reviewed diverse issues of their bilateral relations and cooperation. They also discussed ways and means to further deepen the existing relations between the two countries. She observed the elections held on 7 December 2018 in Nepal.

International Cooperation Agreement between the Government of Nepal and the European Organization for Nuclear Research (CERN) based in Geneva was concluded on 19 September 2017. Ambassador of Nepal to Switzerland Mr. Deepak Dhital signed the Agreement on behalf of the Government of Nepal whereas Director General of CERN Dr. Fabiola Gianotti signed it on behalf of the CERN. The Agreement provides a framework for long-term assistance and collaboration between Nepal and CERN for promoting scientific and technical cooperation for mutual benefits.

The Swiss Federal Department of Foreign Affairs has finalized Swiss Cooperation Strategy for Nepal for the period 2018-2021 that outlines the strategic orientation of the Swiss activities in Nepal for the next four years. The Strategy aims at intensifying bilateral relations as well as promoting solidarity and peace through international cooperation.

Through the SCS 2018-2021, Switzerland hopes to focus its development cooperation in Nepal under the following three thematic priorities: (1) Consolidation of Peace, Conflict Prevention, and Human Rights; (2) Employment and Economic Development; and (3) Migration. The total budget allocated to the four years strategy amounts to around CHF 134 million.

Turkey

Relations between Nepal and Turkey continued to be marked by friendly and cordial engagements.

The Presidents of the two countries exchanged letters of congratulations on their re-election. Similarly the Prime Minister of Turkey Mr. Binali Yildirim and Minister of Foreign Affairs of Turkey Mr. Mevlut Cavusoglu sent congratulatory messages to their counterparts in Nepal on their appointment.

On 5 April 2018, Minister of Foreign Affairs of Nepal Mr. Pradeep Kumar Gyawali had a meeting with the Turkish Foreign Minister Mr. Cavusoglu in Baku on the sidelines of the 18th Mid-Term Ministerial Conference of Non-Aligned Movement (NAM) held in Baku, Azerbaijan. The two Ministers exchanged views on various aspects of bilateral relations including air connectivity, tourism, trade, hydropower and the newly established Technology Bank for LDCs.

Trade volume between the two countries increased from \$44 million in the year 2016 to \$80 million in the year 2017. Nepal imported goods worth \$ 32.5 million from Turkey in 2017 and exported goods worth \$47.5 million.

United Kingdom

Nepal and the UK have been enjoying excellent bilateral relations for more than 200 years.

Relations between the two sides continued to witness high-level engagements during the year.

The year saw the continuity of the exchange of high-level visits. From Nepal, Minister of Defence, Mr. Bhimsen Das Pradhan visited the UK on 7-11 September 2017. Similarly, Chief Justice, Mr. Gopal Prasad Parajuli visited the UK on 27 September-4 October 2017 and Auditor General, Mr. Tankamani Sharma on 4-9 October 2017. A delegation led by Mr. Bhisma Raj Aangdembe, Chairman of Industry, Commerce and Consumer Welfare Committee of the Legislature- Parliament of Nepal visited UK on 13-20 October 2017.

Minister of State for the Armed Forces of the United Kingdom Mr. Mark Lancaster visited Nepal on 9-13 February 2018. During the visit, Minister Mr. Lancaster paid a courtesy call on and presented the Gurkha Annual Report 2018 to the President Mrs. Bidya Devi Bhandari. He also paid a courtesy call on the Prime Minister Mr. K P Sharma Oli.



Minister Lancaster presenting Gurkha Annual Report to the President

UK Minister of State for Asia and the Pacific at the Foreign and Commonwealth Office Mr. Mark Field visited Nepal on 6-7 May 2018. During his visit, he paid courtesy call on Prime Minister Mr. K P Sharma Oli and had a meeting with Minister for Foreign Affairs Mr. Pradeep Kumar Gyawali. During the meetings, various aspects of bilateral relationship between Nepal and the UK were discussed. The need for further strengthening

economic relations between the two countries, especially through deepening trade and investment partnership, was stressed during the meetings.

The Minister of State Mr. Field had a meeting with Deputy Prime Minister and Minister for Foreign Affairs Mr. Krishna Bahadur Mahara in New York on 20 September 2017 on the sidelines of the 72nd UN General Assembly. Various issues of bilateral cooperation as well as the ways to work collaboratively at the multilateral forums were discussed in the meeting.

A delegation of the British Group Inter-Parliamentary Union (BGIPU) comprising seven members of the House of Commons and the House of Lords visited Nepal on 6-12 May 2018 at the invitation of the Federal Parliament of Nepal. The BGIPU, led by Mr. Nigel Evans, paid courtesy calls on the President Mrs. Bidya Devi Bhandari, the Prime minister Mr K P Sharma Oli and Acting Chief Justice Mr. Deepak Raj Joshi. They called on the Speaker of Federal Parliament Mr. Krishna Bahadur Mahara, and Chairman of National Assembly Mr. Ganesh Prasad Timilsina, among others.

During these meetings, the visiting delegation discussed various issues including parliamentary exchanges, management of natural resources, women empowerment as well as the ways to support Nepal's efforts to attain Sustainable Development Goals.

The Embassy of Nepal in London organized various programs with a view to enhancing trade, investment and tourism linkages between the two countries. The Embassy and Britain-Nepal Chamber of Commerce (BNCC) jointly organized the 'Seminar on Trade and Investment in Nepal' on 14 December 2017 in London. The

Embassy organized an ‘Interaction Programme on the Investment Opportunities in Nepal’ with the representatives of ten companies and the high officials of the DFID, CDC, and Rock Start in London on 23 February 2018.

The Embassy started organizing a series of conferences in the United Kingdom to deliberate on economic development of Nepal. It organized the first Nepal Development Conference on 29 May 2018 inviting over 300 British and Nepali entrepreneurs, traders and scholars. The Britain and Nepal NGO Network, BRANNGO was established during the Conference to further consolidate and coordinate British NGOs’ works and activities for the economic and social development of Nepal.



Ambassador Dr. Subedi addressing the Conference

With a view to preparing a systematic and classified data of Nepali nationals and organizations based in the United Kingdom, Ireland and Malta, the Embassy launched an Online Registration System.

Ambassador Dr. Durga Bahadur Subedi inaugurated Nepali Plant Area in the Royal Botanical Garden in Edinburgh unveiling a copper plaque commemorating the 200th anniversary of Nepal-Britain relations, amidst a special ceremony on 16 October 2017.

The United Kingdom has remained one of the major tourist source countries for Nepal. An increasing number of British tourists come to

Nepal every year for trekking and mountaineering and other leisurely activities. A total number of 51,058 British tourists visited Nepal in the year 2017.

The Embassy organized and participated in various programmes to promote tourism of Nepal in the United Kingdom. The Embassy participated in the *London Mela* held in Gunnersbury Park in London on 3 September 2017. The Embassy and Nepal Tourism Board participated in the *World Travel Market (WTM) 2017* held on 6-8 November 2017 in London. The Embassy organized a tourism promotional programme, on the theme of ‘*Experience Nepal*’ in London on 7 November 2017. Nepal Tourism Board and the Embassy participated in the *Adventure Travels Show 2018* which was held at the Olympia Conference Centre in London on 20 - 21 January 2018.

The Embassy also organized a Special Programme in London on 6 July 2018 to launch the *Visit Nepal 2020 Campaign*. The Embassy and the Britain-Nepal Medical Trust jointly organized, on 16 November 2017, a seminar on ‘Nepal-Britain Cooperation in Health Sector’ on the occasion of golden Jubilee anniversary of the Britain-Nepal Medical Trust.

United States of America

The year 2017 marked the 70th anniversary of the establishment of diplomatic relations between Nepal and the USA. The two sides took the occasion to further deepen the bilateral cooperation.

As a long-term development partner of Nepal, USA has continued to provide support in Nepal’s development efforts in various areas including health, education, infrastructure development, and post-earthquake reconstruction.

Signing of Millennium Challenge Corporation (MCC) Compact between Nepal and USA this

year was a landmark achievement in the history of development cooperation between the two countries.

On 14 September 2017, MCC and the Government of Nepal signed the Compact Agreement amidst a ceremony in Washington D.C. Finance Minister of Nepal Mr. Gyanendra Bahadur Karki and Acting CEO of MCC Mr. Jonathan Nash signed the Compact. The MCC Compact is an agreement worth \$630 million. The US will provide a grant of \$500 million and Government of Nepal will contribute \$130 million for the projects on 300 km high voltage transmission lines and 300 km roads maintenance works in Nepal for a period of five years.



Signing of MCC Compact between Nepal and the USA

Chief of the Army Staff General Rajendra Chhetri visited Washington DC on 22-25 October 2017 to participate in the 'Global Chiefs of Defense Conference on Countering - Violent Extremist Organization (VEOs)', upon an official invitation of Chairman of the Joint Chiefs of Staff of US Armed Forces, General Joseph F. Dunford, Jr. During his visit, COAS Gen. Chhetri held sideline talks with Army Chiefs of various countries and discussed issues of defence cooperation.

Similarly, Auditor General of Nepal Mr. Tanka Mani Sharma visited Washington DC on 24-30

November 2017 to participate in a programme entitled "Audit Accountability", organized by the International Budget Partnership. During his visit, Mr. Sharma and Comptroller General of the United States Mr. Gene L. Dodaro held a meeting at Government Accountability Office (GAO) in Washington D.C. In the meeting, they discussed issues of mutual cooperation, capacity development and exchange of experiences between the two Offices.

The US renewed GSP facilities for LDCs on 23 March 2018 through the period of 31 December 2020. USA has been providing GSP facilities on 5000 goods (lower or zero tariffs) to most of the LDCs including Nepal since 1976 under the US Trade Act of 1974. Apart from these facilities, Nepal also benefits from duty-free access to US market for select additional Nepali products as per the trade preference programme under Trade Facilitation and Trade Enforcement Act. These items include certain carpets, headgear, shawls, scarves and travel goods. This preference will continue till 2025. There have been continued engagements at various fronts to further strengthen the relations between the two countries. This year, Nepal and the USA agreed to establish reciprocity in the visa fees and duration for non-tourist (study, labour and press) category.

The Consulate General of Nepal in New York, in collaboration with and cooperation of Department of Archaeology and The Metropolitan Museum of Art in New York, returned two sculptures of Uma Maheshwor and standing Lord Buddha to Nepal, which were believed to have been stolen from Tangalhyity Patan and Yatkha tole Kathmandu in 1980s. The museum had established the fact that both statues were stolen from Nepal, based on the book "Stolen Images of Nepal" written by Lainsingh Bangdel.

The Embassy of Nepal in Washington D.C. supported and participated in different promotional events in various parts of USA throughout the year to promote people to people relations between the two countries.

On 18 March 2018, a program on ‘Trade and Investment Opportunities in Nepal’ was organized in Chicago where presentations were made on various themes of trade and investment. The Embassy sponsored and participated in Cultural Show of Dance and Music at UDC Citizen Diplomat Certificate Event on 25 October 2017. The Embassy also participated in Winter national Country Showcase Event in Ronald Reagan Building World Trade Centre in Washington DC on 6 December 2017.

On 26 April 2018, the Embassy organized a tourism interaction program titled Adventure Connect. The event was attended by more than 40 organizations such as Navigo International, Nepal Vision, USDA, Forest Service, World Wildlife Fund, National Geographic, International Institute of Tourism Studies - George Washington University, World Bank Group and SW Associates LLC Sustainable Destination Development.

Similarly, the Consulate General of Nepal in New York participated in business expo organized by the Greater New York Chamber of Commerce in New York. They also participated in a *Business Round Table* organized jointly by the Society of Foreign Consuls in New York and Business Council International and shared views on the possibility of promoting and expanding trade and investment linkages between Nepal and the US.

The Consulate General organized an interaction programme on tourism among Nepali tourism entrepreneurs, the officials of the New York PATA Chapter, media persons in New York and vicinities with the theme of ‘Nepal: Your Next Destination’. It also published brochures on the same theme in English and Spanish languages and distributed to the Diplomatic corps, travel and trekking agencies, business houses and media.

7. Regional Cooperation

Regional cooperation processes witnessed a mixed outcome during the period under review. While some progress was made in advancing the process of regional cooperation under BIMSTEC, the SAARC process staggered owing mainly to the lack of consensus to hold the postponed Nineteenth SAARC Summit. As the Chair of SAARC, Nepal made efforts in building consensus for holding of the Summit at an early date.

Regional cooperation is about interdependence and mutual prosperity dictated largely by economic realities. South Asia, with resources endowment - both natural and human - possesses huge potentials for collaboration and partnership. Regional cooperation is not a choice but a necessity to achieve collective self reliance and prosperity which are prerequisites for lasting peace and stability in the region.

Nepal actively engaged in a number of activities under SAARC mechanisms. Likewise, we engaged in various other meetings and activities under BIMSTEC and successfully hosted the Fifteenth BIMSTEC Ministerial Meeting and Eighteenth Senior Officials' Meeting. Nepal continued to attach importance to ACD through its participation in different meetings and deliberations.

Through all these regional engagements, Nepal demonstrated its strong commitment to the advancement of regional cooperation.

South Asian Association for Regional Cooperation (SAARC)

In line with Nepal's foreign policy priority of pursuing regional cooperation, Nepal remained active in various SAARC activities and meetings at different levels in the year under review.

Informal Meeting of the SAARC Council of Ministers was held on the sidelines of the 72nd United Nations General Assembly (UNGA) in New York on 21 September 2017. Deputy Prime Minister and Minister for Foreign Affairs Mr. Krishna Bahadur Mahara, in his capacity as the Chair of the SAARC Council of Ministers, hosted the Meeting. The Meeting reviewed

progress made on the decisions of the meeting of SAARC Council of Ministers held in Pokhara, Nepal, in March 2016. The leaders expressed their commitment to further strengthening regional cooperation under SAARC.

Finance Minister Dr. Yuba Raj Khatiwada chaired the Twelfth Meeting of the SAARC Finance Ministers held in Manila, Philippines, on 4 May 2018 on the sidelines of the 51st Annual Meeting of the Board of Governors of ADB. The Meeting reviewed the progress made towards early finalization of the text of the Draft SAARC Agreement on Promotion and Protection of Investment, Draft SAARC Motor Vehicles Agreement, Draft SAARC Air Service Agreement and Draft SAARC Railways Agreement.

The Meeting further emphasized the need for early operationalization of the SAARC Agreement on Trade in Services (SATIS), early convening of the Meeting of SAFTA Ministerial Council (SMC) and SAFTA Committee of Experts (SCOE), enhancing trade under SAFTA, improving transit and transport facilities, simplifying and harmonizing customs procedures and reducing technical and non-technical barriers to augment intra-regional trade.

Sixth Meeting of the SAARC Ministers of Health was held in Colombo on 29 July 2017. The Meeting reviewed the progress in the implementation of the decisions of the Fifth Meeting of the SAARC Ministers of Health held in New Delhi on 8 April 2015. The Meeting adopted Colombo Declaration entitled 'Calling for Accelerated Progress on Key Regional Health Issues'.

Head of the Regional Organization Division of the Ministry of Foreign Affairs of Nepal Mr. Mani Prasad Bhattarai chaired the Fifty-Fourth Session of the SAARC Programming Committee held in Kathmandu on 12-13 December 2017. The Committee made recommendations for the

SAARC Secretariat's budget for the year 2018 and approved the programs and annual budget of the Regional Centers and Specialized Bodies as well as Calendar of Activities of the SAARC Secretariat for 2018.

Similarly, Fifty-Fifth Session of the SAARC Programming Committee was held in Kathmandu on 06 July 2018. Mr. Krishna Prasad Dhakal, Head of the Regional Organization Division of the Ministry of Foreign Affairs chaired the meeting. The Committee discussed various issues including revision of salaries and allowances of the Secretary General, Directors and General Services Staff Category I-VII of the Secretariat.

The Sixth SAARC Business Leaders Conclave was held in Kathmandu on 16-18 March 2018 under the theme of 'Unleashing Shared Prosperity through Economic Integration'. In his inaugural remarks in the Conclave, Prime Minister Mr. K P Sharma Oli underscored the indispensable role of private sector in South Asian economic integration.

Minister for Industry, Commerce and Supplies Mr. Matrika Prasad Yadav, Minister for Finance Dr. Yubraj Khatiwada, Minister for Economic Affairs of the Royal Government of Bhutan Mr. Lyonpo Lekey Dorji, Minister for Commerce and Industries of the Islamic Republic of Afghanistan Mr. Humayoon Rasaw and Secretary General of SAARC Mr. Amjad B. Sial, among others, highlighted the importance of regional integration for maximizing socio-economic development in the region.

The Eleventh SAARC Conference on Cooperation in Police Matters was held in Kathmandu on 10-11 April 2018. The Conference was preceded by the Sixth Meeting of the Focal Points of the SAARC Terrorist Offences Monitoring Desk (STOMD) and the

SAARC Drug Offences Monitoring Desk (SDOMD). The Conference considered the revised Concept Paper on SAARCPOL which was presented by Nepal.

The Eighth Meeting of the SAARC Technical Committee on Women, Youth and Children was held in Islamabad, Pakistan on 30-31 August 2017. The Committee endorsed the Report of the Regional Consultative Meeting to Review Achievements and Progress on SAARC Regional Strategic Framework for Protection, Care and Support of Children Affected by HIV and AIDS.

The Ninth Meeting of the SAARC Cultural Center (SCC) Governing Board held in Colombo, Sri Lanka on 3-4 October 2017 reviewed the progress made in various programs and activities approved for 2017 and endorsed the joint audit report of the Center of the year 2016. The Governing Board also discussed, reviewed the proposed programs and budget of the SCC for the year 2018.

The Twelfth Meeting of the Governing Board of SAARC Energy Centre (SEC) was held in Islamabad, Pakistan on 30-31 October 2017. The meeting reviewed the progress made by the Center in various programs and activities approved for 2017 and endorsed the joint audit report of the Center for the year 2016.

The Twenty-Seventh Meeting of the Governing Board (GB) of SAARC Tuberculosis and HIV/AIDS Centre (STAC) was held in Kathmandu on 29-30 November 2017. Members of the GB held discussions on enhancing the effectiveness of the Center in addressing problems created by Tuberculosis and HIV/AIDS in the region.

The Tenth Meeting of the Governing Board of the South Asian University (SAU) was held in New Delhi on 18 December 2017. The Meeting reviewed the progress made on the decisions taken at the Ninth GB Meeting and considered its report. The Meeting deliberated on Detailed Academic Planning of Phase-II (2019-23) and Tentative Budget Estimates for the Phase-II.

The Twenty-Ninth Meeting of the SAARC Development Fund (SDF) Board of Directors was held in Thimpu, Bhutan on 18-19 March 2018. The meeting discussed various matters including Strategic Plan of SDF, final approval of projects under Economic and Infrastructure Windows, status of the implementation of ongoing Social Window projects, status of funds commitment under Social Window, finance and audit, the Social Enterprise Development Programme (SEDP) and SDF's budget for FY 2018.

The First SAARC Annual Meeting on Non-Communicable Diseases was held in Colombo from 31 March to 1 April 2018. The Meeting deliberated on matters related to prevention and control of non-communicable diseases.

The Ninth Meeting of SAARC Heads of Statistical Organizations (SAARCSTAT) was held in Dhaka on 11-13 April 2018. The meeting discussed the progress made on various areas such as SAARC Statistical Year Book, the leaflet 'SAARC in Figures' and Manual of statistical systems of the member States, SAARC industrial classifications, definition and standards of health statistics for the SAARC region, collection of data on trade in services and statistical monitoring of relevant SDGs among others.

The Second Meeting of Core Group on Immigration and Visa Experts was held at the SAARC Secretariat in Kathmandu on 28 June 2018. The Meeting discussed the progress made so far towards finalization of SAARC Visa Exemption Scheme (SVES) Project.

Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)

Nepal remained active in enhancing regional cooperation under BIMSTEC. Nepal worked

towards the revitalization of BIMSTEC process to bring out concrete results in favour of the peoples of the region. Nepal hosted Fifteenth BIMSTEC Ministerial Meeting and Eighteenth Senior Officials Meeting during the reporting period and has been preparing to host the Fourth BIMSTEC Summit in the year 2018.

The Fifteenth BIMSTEC Ministerial Meeting was held in Kathmandu on 10-11 August 2017. In his inaugural address, Prime Minister Mr. Sher Bahadur Deuba underlined the importance of regional cooperation under BIMSTEC and expressed Nepal's commitment towards making BIMSTEC a result-oriented organization.



Prime Minister Mr. Deuba and Ministers for Foreign/External Affairs of BIMSTEC Countries

The Ministerial Meeting reviewed the progress achieved after its Fourteenth Meeting held in Nay Pi Taw on 3 March 2014.

In the Meeting, Foreign/External Affairs Ministers agreed to work expeditiously for early conclusion of BIMSTEC Agreements related to trade, customs, energy, transport, terrorism and transnational crimes and technology. The Meeting stressed the early establishment of different BIMSTEC Centers and effective implementation of BIMSTEC Poverty Plan of Action. The Ministerial Meeting endorsed the appointment of Mr. M. Shahidul Islam as Secretary General of BIMSTEC. A Joint Statement was issued at the end of the Meeting.

The visiting Foreign/External Affairs Ministers of BIMSTEC Member States paid a collective call on the Prime Minister and shared their views on enhancing the effectiveness of BIMSTEC.

The Ministerial Meeting was preceded by the Eighteenth Senior Officials Meeting, which was chaired by the Foreign Secretary of Nepal Mr. Shanker Das Bairagi.

The Third Ministerial Meeting on Poverty Alleviation was held in Colombo, Sri Lanka on 20 December 2017. The Meeting adopted the 'Colombo Statement on Poverty Alleviation', which includes broad common strategies to be undertaken by BIMSTEC member states to achieve the common goal of poverty alleviation in the region. The meeting was preceded by the Third Senior Officials' Meeting on Poverty Alleviation on 19 December 2017. The meeting reviewed the BIMSTEC Poverty Plan of Action (PPA) and the progress achieved in each member state.

The First Meeting of the BIMSTEC Network of Tour Operators was held in New Delhi, India on 7 July 2017. The meeting recommended that member states work together to formulate a common marketing strategy, to develop a common website for tourism promotion, to hold annual BIMSTEC Travel Marts/Conclaves, to develop and share a common safety protocol for adventure tourism and to develop common BIMSTEC Buddhist and Temple Tourist Circuits, among others.

The First Meeting of BIMSTEC Track 1.5 Security Dialogue Forum was held in New Delhi, India on 22 September 2017. The Dialogue deliberated on both traditional and non-traditional security threats to BIMSTEC member states and suggested measures necessary to deal with these threats in a collective manner.

The First Meeting of the BIMSTEC Task Force on Traditional Medicine was held in New Delhi on 24-25 October 2017. The participating member states made country presentations on the status and best practices of traditional medicine. The Meeting focused on research and technical collaboration in the field of traditional medicine among the member states and discussed implementation of the strategies of BIMSTEC Task Force on Traditional Medicine (BTFTM).

Joint Secretary of Ministry of Cooperatives and Poverty Alleviation Mr. Suresh Pradhan chaired the First Meeting of BIMSTEC Experts Group on Poverty Alleviation held in Kathmandu on 1 November 2017. The meeting reviewed the Poverty Plan of Action (PPA) adopted by the Second BIMSTEC Ministerial Meeting held in Kathmandu and prepared the groundwork for the Third Ministerial Meeting on Poverty Alleviation to be held in Sri Lanka. The Meeting stressed the importance of incorporating and mainstreaming PPA in member states' national plans, annual budget and sectoral plans with a view to eradicating extreme poverty in all forms by 2030.

The Second Meeting of the BIMSTEC Transport Connectivity Working Group (BTCWG) was held in Bangkok, Thailand on 13-14 November 2017. The meeting discussed the concept paper on 'Master Plan on Connectivity' and decided to expand the Concept Paper and Terms of Reference (ToR) prepared by Asian Development Bank (ADB) for the proposed Master Plan. The Master Plan is expected to focus more on transport connectivity while trying to address other aspects of soft connectivity. The meeting also agreed to seek ADB's support to draft the BIMSTEC Master Plan on Transport Connectivity as part of its existing Technical Assistance to BIMSTEC.

The Fourth Meeting of the BIMSTEC Experts Group on the Establishment of BIMSTEC Technology Transfer Facility (TTF) was held in Colombo, Sri Lanka on 21-22 November 2017. The meeting finalized the draft text of the Memorandum of Association (MoA) on the Establishment of BIMSTEC Technology Transfer Facility (TTF). The meeting also approved the proposed budget for BIMSTEC TTF.

The First Meeting of the Working Group held in New Delhi, India on 27-28 November 2017 discussed and finalized the Text of the Coastal Shipping Agreement among BIMSTEC member states.

The Sixth Meeting of the BIMSTEC Expert Group on Agricultural Cooperation was held in Chiang Mai, Thailand on 12-16 December 2017. The Meeting deliberated on the implementation status of the identified common projects in BIMSTEC Member States. The meeting also proposed the creation of a Corpus Fund to support implementation of identified common projects and to introduce BIMSTEC Scholarships for Masters and Ph.D. programmes in Agriculture and related disciplines in Agricultural Universities in Member States.

The Second Meeting of BIMSTEC National Security Chiefs was held in Dhaka, Bangladesh, on 28 March 2018. The meeting discussed matters pertaining to maritime security, space security cooperation, strengthening cyber security and information sharing and establishment of Track 1.5 BIMSTEC Security Dialogue Forum among others.

The Special Meeting of the BIMSTEC Joint Working Group (JWG) on the Establishment of the BIMSTEC Permanent Secretariat was held in Dhaka, Bangladesh, on 5 April 2018. The meeting deliberated on various issues pertaining to the strengthening of the BIMSTEC Permanent Secretariat. The meeting also discussed and recommended the budget of the BIMSTEC Secretariat for the year 2018.

The first Meeting of the Working Group to negotiate Draft Text of the Motor Vehicles Agreement for the Regulation of Passenger and Cargo Vehicular Traffic between and among BIMSTEC Member States was held in New Delhi, India on 9-10 April 2018.

The First Meeting of the BIMSTEC Working Group on Customs Cooperation was held in New Delhi, India on 10-11 May 2018. The meeting finalized the draft text of the Agreement on Cooperation and Mutual Assistance in Customs Matter for BIMSTEC Free Trade Area to be submitted to the 21st Meeting of the Trade Negotiating Committee (TNC).

The Fifth Meeting of the BIMSTEC Sub-Group on Prevention of Illicit Trafficking in Narcotic Drugs, Psychotropic Substances and Precursor

Chemicals was held in Kathmandu on 23 May 2018. All member states made country presentations in the meeting in which they shared their country's legal and constitutional provisions, trends of drug use, national strategies and possible modalities of the cooperation between and among the member states. Nepal focused on the need of proper law enforcement, capacity building, border control and monitoring of the controlled medicines in order to fight against the malaise of illicit trafficking of drugs and other substances.

The Eighth Meeting of the BIMSTEC Joint Working Group on the Establishment of the BIMSTEC Permanent Secretariat was held in Colombo, Sri Lanka on 10 July 2018. The meeting considered the finalization of the administrative and financing mechanisms for the establishment of the BIMSTEC Centers, recommended various matters on the Framework Memorandum of Association (MoA) to harmonize administrative and financial matters, structure, reporting mechanism and other issues, establishment of a BIMSTEC Fund, procurement procedure of the BIMSTEC Secretariat, Administrative and Disciplinary Rules of the BIMSTEC Secretariat, and strengthening of the BIMSTEC Permanent Secretariat, among others.

To mark the twentieth anniversary of BIMSTEC, a Talk Programme on 'BIMSTEC: Perceived Projection' was organized by the Institute of Foreign Affairs (IFA) in Kathmandu on 18 December 2017. Addressing the programme, Foreign Secretary Mr. Shanker Das Bairagi highlighted recent progress achieved in BIMSTEC. Former Finance Minister Mr. Madhukar SJB Rana presented a paper on 'BIMSTEC: The Way Forward' and former Foreign Secretary and former Permanent Representative of Nepal to the United Nations Mr. Madhu Raman Acharya, presented a paper on 'BIMSTEC Beyond Two Decades: Stock-Taking and Moving Forward.'

A BIMSTEC Conference on Protection of Traditional Knowledge and Genetic Resources was held in Bangkok, Thailand on 21-22 May 2018. The conference agreed to update the current situation on the protection of genetic

resources and associated traditional knowledge in the region.

Following the assumption of office on 14 September 2017, Mr. M. Sahidul Islam, Secretary General of BIMSTEC visited Nepal from 29 May to 1 June 2018. During the visit, he paid courtesy calls on the President and the Prime Minister of Nepal. He also called on the Minister for Foreign Affairs and Foreign Secretary Mr. Shanker Das Bairagi.

Asia Cooperation Dialogue (ACD)

The ACD Foreign Ministers' Meeting was held in New York on 21 September 2017 on the sidelines of 72nd Session of the UN General Assembly. Minister for Women, Children and Social Welfare Ms. Asha Koirala participated in the Meeting. In the meeting, Minister Koirala underlined the importance of intra-regional connectivity, energy cooperation, investment and technological cooperation for the shared prosperity in the region. She highlighted the need for collective efforts in achieving the SDGs and to make the six priority pillars more action and result-oriented.

The Second ACD Working Group Meeting on Inclusive and Sustainable Development was held in Kuwait City on 12-13 March 2018. The participants emphasized the need for joint collaboration in the area of inclusive and sustainable development and welcomed the initiative of Kuwait Government in creating a Kuwait Fund of two billion US dollars for development projects in non-Arab countries.

The participants in the meeting shared their country experiences on inclusive and sustainable development including their efforts to implement the Agenda 2030 and the Sustainable Development Goals (SDGs). Ambassador of Nepal to the State of Kuwait and the leader of Nepali delegation Mr. Yagya Bahadur Hamal shared Nepal's success story of community forest management and cooperatives, among others.

8. Multilateral Affairs

The year 2017-18 witnessed challenges and uncertainties in multilateralism. The post 1945 world order was based on norms and institutions created and defined through multilateral process. This was the critical catalyst for the unprecedented progress and prosperity attained by the world in past seven decades. In the face of rising populist nationalism around the world, ensuring primacy of multilateralism to define global agenda confronts challenges. National policies of major powers tend to produce impacts on those institutions. This has perplexed many countries that have traditionally relied on virtues of globalization and rules-based international order for long. Amidst such challenges, it is yet to see how the international community will agree on a new international order will determine the future of multilateralism.

WTO remained constrained as the trade negotiations on Doha Development Agenda stalled over the terms of liberalization of agricultural trade, among others. The issues of interest for least developed countries like Nepal in the Doha Round have subsided due to competing priorities of the developed and developing countries. This is a serious setback to the LDCs and LLDCs in the face of their declining share of merchandise export on the one hand, and the target set by the Addis Ababa Action Agenda of 0.7 per cent of gross national income for ODA and 0.15 to 0.20 per cent for LDCs not being met on the other. This will not enable the LDCs to sustain 7 percent GDP growth required to meet the SDGs by 2030. The future of multilateral trading system is now put on hold signaling that globalization is in retreat and trade tensions are on rise.

UN Secretary-General Mr. Antonio Guterres laid emphasis on preventive diplomacy, 2030 agenda for sustainable development and protection of human rights. The cross-pillar reforms undertaken by him have resulted in gender-parity in higher level positions of the UN Secretariat and Resident Coordinators and adoption of resolution on repositioning of UN Development system. On the other hand, UN is facing major resource crunch in decades. While demands for UN mandated peacekeeping operations have

increased, resources to undertake such mandates continue to shrink.

The year 2017-2018 marked the 70th anniversary of the Universal Declaration of Human Rights, and the 25th anniversary of the adoption of the Vienna Declaration and Program of Action. Human Rights Council (HRC) faced criticism for not performing well on its mandate and for being politicized. A Member State of the Council withdrew and another country stopped attending its meetings. Calls for the reform of the HRC reverberate the impulses that led to the dissolution of Human Rights Commission and creation of HRC in 2006. Nepal continued to contribute constructively, objectively and impartially to the promotion and protection of human rights agenda as a member of the Council.

Surge of ultra-nationalism, xenophobia, and other forms of discrimination against the migrants and refugees became an issue of global concern. Political parties with strong opposition to migration and multicultural ethos tasted success in democratic elections. This led to spates of polarized societies giving rise to incidences of extremism and intolerance. Fleeing of Rohingya refugees from Myanmar to Bangladesh emerged as a major humanitarian situation that drew considerable international attention. According to the UNHCR, there are 68.5 million forcibly displaced people worldwide that include 40 million internally displaced people, 25.4 million refugees and 3.1 million asylum-seekers.

Refugees and migrants' issues received prominence in the United Nations. The Global Compact on Refugees is being adopted by UN General Assembly soon. The Compact calls for comprehensive approach to protection and support to refugees and recognizes their right to return and live in dignity. Similarly, the Global Compact on Safe, Orderly and Regular Migration (GCM), first ever internationally negotiated compact on this particular issue, is being adopted by an inter-governmental conference to be held in Marrakesh in December 2018.

The year also witnessed extreme weather patterns which experts warn to be a major

indicator of long-term change in climate. Increasing incidences of the extreme weather events are attributed to an increased number of natural disasters. Humanitarian and economic costs of these events are immense that need enhanced coordination and cooperation at the global level.

On the disarmament front, besides the traditional chemical, biological, radiological and nuclear (CBRN) concerns, emerging and frontier issues such as new technology of autonomous weapons systems, cyber weapons, 3D printing, and artificial intelligence have emerged as critical question for the world community to tackle. There is a challenge to maintain the sanctity of the Joint Comprehensive Plan of Action (JCPOA) or the Iran nuclear deal agreed on 14 July 2015 after a party decided to withdraw from the deal. The other parties of the deal so far continue to stand by the agreement fearing that this might cause renewed tension and proliferation of nuclear weapons.

The historic meeting between the leaders of South and North Korea in April 2018 followed by the meeting between US President and North Korean Leader in Singapore in June are widely expected to bring positive momentum in reducing tension in the region. Commitments expressed in both meetings have raised hope for an end to threat of nuclear cataclysm and potentially herald a new era of peace and stability on the Korean peninsula.

The humanitarian situations in Syria and Yemen saw no respite. UN Security Council remained divided on potential solution to these crises. Likewise, Israel-Palestinian peace talks have not resumed since 2014. Peace in South Sudan remains shaky, so is the case in Democratic Republic of Congo, Central African Republic, Libya, Mali, Afghanistan and Iraq. However, good news comes from Ethiopia and Eritrea where the two countries signed peace agreement after years of acrimonious relations. Similar agreement was signed between Djibouti and Eritrea. Greece and Former Yugoslav Republic of Macedonia signed a deal to resolve long-standing dispute over the name of the latter. Five

countries namely-Azerbaijan, Iran, Kazakhstan, Russia, and Turkmenistan- have agreed to resolve the dispute over the name and legal status of the Caspian Sea.

Nepal in the UN

Nepal considers United Nations (UN) as the most legitimate multilateral forum and continues to play an active role in the policy process of all three pillars of the UN: peace and security, development and human rights. Nepal's election to the Human Rights Council (HRC) and different other UN bodies, boards of different UN Agencies, Funds and Programmes as well as treaty bodies have provided opportunity to contribute to the work of those agencies and help enhance country's positive visibility. Nepal's participation in the General Assembly sessions, UN Peace Keeping Operations as well as in the sessions of numerous subsidiary bodies has been consistent with its firm commitment to the principles and purposes of the UN.

Peace, International Security and Disarmament

Throughout the year, Nepal consistently advocated for preventive diplomacy and peaceful settlement of disputes, and signed the newly negotiated Treaty on Prohibition of Nuclear Weapons. Following the elections of Nepal to HRC on 16 October 2017, it continued to play a constructive, impartial, objective and non-selective role in the promotion and protection of human rights.

Nepal supported UN Secretary-General's peace and security and management reform agenda and his priority to peace diplomacy. Nepal also remained active in intergovernmental negotiations for the strengthening of the ECOSOC, revitalization of the General Assembly and the reform of Security Council. A number of Nepal's suggestions, for instance, introducing practice of oath taking by the President of the UNGA and digitization of UN journal, were adopted by the UN membership.

Nepal continued its contribution to the international peace, security and disarmament,

both by engaging in norm-setting deliberations within the United Nations as well as by actively participating in 14 out of 15 UN peacekeeping missions. With over five thousand five hundred troops and police participating in various peacekeeping missions, Nepal remained the sixth largest troop and the police-contributing country (T/PCC).

Deputy Prime Minister and Minister for Foreign Affairs Mr. Krishna Bahadur Mahara, while participating in the Security Council High-level Open Debate on the Reforms of UN Peacekeeping held on 20 September 2017, reiterated Nepal's commitment to supporting the much-needed reform in peacekeeping operations. Nepal signed a Voluntary Compact against Sexual Exploitation and Abuse proposed by the UN Secretary General to Member States that support UN operations on the ground. At a related High-level Meeting on Peacebuilding and Sustaining Peace later on 24-26 April 2018, Nepal urged international community to address the root causes of conflicts. In all related debates, Nepal has maintained that the mandate of civilian protection is best carried out by peacekeepers whose own safety and protection is well taken care of.

Foreign Secretary Mr. Shanker Das Bairagi participated in the Security Council open debate on Women, Peace and Security on 27 October 2017 and shared the national perspectives. He also spoke at the Fourth Committee of the General Assembly on peacekeeping agenda on 30 October 2017. On both occasions, he underlined the need to ensuring protection of civilians, safety and security of peacekeepers, and providing fair opportunity for T/PCCs in policy making roles both at the headquarters and fields.

Keeping with Nepal's principled position on general and complete disarmament of all weapons of mass destruction, the Deputy Prime Minister and Minister for Foreign Affairs Mr.

Krishna Bahadur Mahara signed the Treaty on Prohibition of Nuclear Weapons in New York on 21 September 2017. Nepal had voted in favour of the Treaty during its adoption by UNGA in June 2017.

Nepal actively participated in the third UN Review Conference of the Programme of Action of Small Arms and Light Weapons (SALW). As in the previous years, Nepal coordinated a draft resolution on the Kathmandu-based UN Regional Centre for Peace and Disarmament in Asia and the Pacific (UNRCPD), which was adopted unanimously by the General Assembly.

Likewise, Nepal participated in the Forty Ninth Session of the Preparatory Commission of the CTBT in Vienna on 13-14 November 2017; the 2017 Meeting of States Parties to the Biological Weapons Convention (BWC) in Geneva; 19th Annual Meeting of the National Authorities of the Chemical Weapons Convention (CWC) and the Twenty- Second Session of the Conference of the States Parties to CWC in The Hague.

Nepal hosted the Seventh Regional Basic Training Course on Emergency Response to Chemical Incidents in collaboration with Technical Secretariat of the Organization for the Prohibition of Chemical Weapons (OPCW) in Kathmandu from 9-13 April 2018. The Course saw participation from Bangladesh, China, India, Indonesia, Iran, Jordan, Nepal, Republic of Korea, Pakistan, Sri Lanka and Turkey.

Participation in the 72nd Session of UNGA

Prime Minister, Mr. Sher Bahadur Deuba, led the Nepali Delegation to the 72nd Session of the United Nations General Assembly (UNGA) held in New York in September 2017. The delegation included Mr. Krishna Bahadur Mahara, the Deputy Prime Minister and Minister for Foreign Affairs, Ms. Asha Koirala, the Minister for Women, Children and Social Welfare and other senior officials of the Government of Nepal.

The Prime Minister addressed the UNGA on 23 September 2017 highlighting Nepal's policies, priorities as well as perspectives on the pressing global issues such as UN reform, disarmament, terrorism, climate change, energy deficiency, food insecurity and mass migration, among others. He reaffirmed Nepal's commitment to the promotion and protection of human rights and called for collective resolve for peace, security and sustainable development.



In his meeting with UN Secretary General, Mr. Antonio Guterres, on 23 September 2017, the Prime Minister highlighted Nepal's role in UN peacekeeping operations, Nepal-UN cooperation, and evolving development challenges.

At the Leaders Forum hosted by Columbia University, the Prime Minister shared views on Nepal's recent socio-economic and political developments.

The DPM/FM Mr. Krishna Bahadur Mahara participated in the ministerial meetings of the Non-Aligned Movement (NAM) and reaffirmed Nepal's commitment to the principles of NAM.

He also took part in the ministerial meetings of G77 and China, the Least Developed Countries (LDCs), Land-locked Developing Countries (LLDCs) and the Leaders' Event on Forced Labour, and Modern Slavery and Human Trafficking hosted by the British Prime Minister. At the event on SDG Implementation, Mr. Mahara, together with the Prime Minister of Bangladesh, President of Estonia, and Prime Minister of Curacao (the Netherlands) jointly launched a publication entitled 'South-South in Action'.



DPM/FM Mr. Mahara launching a publication South-South in Action

DPM/FM Mr. Mahara chaired Informal Meeting of SAARC Council of Ministers. He met with Mr. Jeffrey Feltman, Under-Secretary-General for Political Affairs, Mr. Achim Steiner, UNDP Administrator, Mr. Atul Khare, Under-Secretary-General for Department of Field Support and Mr. Jean-Pierre Lacroix, Under-Secretary-General for Peacekeeping Operations.

UN Reform Agenda

The reform of the overall UN process has long been debated given the changing dynamics of the major three pillars of the UN: peace and security, development and human rights. Nepal has supported the proposal for the wider and inclusive representation in various UN bodies as per the changed dynamics. However, inter-governmental negotiation on reform of UN Security Council has not yielded any progress. The UN General Assembly's adoption of the resolution 72/279 in May 2018 on repositioning of UN development system appears encouraging.

The repositioning is aimed at addressing the gaps, building synergy and improving accountability, steering clear on the politicization of development thereby supporting to the realization of the SDGs. Nepal actively contributed to the negotiation for repositioning, which was inspired by the need to protect common interests of the global south and make UN development system 'fit for the purpose' in the implementation of SDGs.

Non-Aligned Movement (NAM)

In line with its foreign policy, Nepal continued to actively participate in NAM related activities. Minister for Foreign Affairs, Mr. Pradeep Kumar Gyawali, led a Nepali delegation to the 18th Mid-term NAM Ministerial Conference held in Baku, Azerbaijan on 5-6 April 2018. Addressing the Ministerial Meeting on 5 April, the Minister underscored continued relevance of non-alignment as a principle as well as the need for solidarity among NAM countries. Nepal was elected Vice-chair of the Ministerial Conference and Chair of its Economic and Social committee at the Senior Officials Meeting. Throughout the year, Nepal also participated actively at the NAM Coordinating Bureau Meetings in New York.

Sustainable Development Goals (SDGs) and LDC graduation

In the second year of the implementation of the 2030 Agenda, Nepal together with 42 other countries shared the status of SDGs implementation at the 2017 High-Level Political Forum (HLPF) in July 2017. Financing for Development through adequate means of implementation is a major concern for achieving the SDGs. Nepal participated in the third Financing for Development Follow-Up (FfD Forum) held in New York from 23-26 April 2018. Nepal has been actively participating in the Forum meetings to highlight the role of ODA and other forms of international public and private financing tools for LDCs and LLDCs.

Two important institutions have been created for the benefit of LDCs and LLDCs. Technology Bank for LDCs with its headquarters in Turkey became operational since 2017. Likewise, the International Think Tank (ITT) for LLDCs has been established in Mongolia. Nepal's accession to the ITT's founding Agreement as its 10th State Party triggered the coming into force of the Agreement on 06 November 2017.

The International Think Tank for the Landlocked Developing Countries (ITT-LLDC) held its Inaugural Meeting at the Ministerial Level in

Ulaanbaatar, Mongolia on 11-12 June 2018. Participating in the meeting, Mr. Gyawali highlighted the importance of ITT-LLDC and the need for its full operationalization so that it could contribute, through top-quality research and advocacy, towards improving the ability of landlocked developing countries to build capacity for benefiting from the international trade. Nepal pledged one time voluntary contribution of US \$30,000 to the Think Tank.

The Expert Group of the UN Committee on Development Policy (CDP) in its review found Nepal to have met two criteria out of three for graduation from its LDC status. However, since Nepal is yet far short of meeting the income criterion, upon Nepal's request for making graduation smooth, sustainable and irreversible, the CDP in its session of March 2018 decided to defer Nepal's graduation from LDC status till 2021 on ground of sustainability.

Migration

Migration, a phenomenon that cuts through peace, development and human rights, is important for the countries of origin, transit and destination. Nepal participated in the consultations, stocktaking and negotiations process of the Global Compact for Migration (GCM) to produce a compact to be adopted by an intergovernmental conference being held in Morocco in December 2018. Nepal's assumption of the Chair of the Colombo Process (CP) in March 2017 coincided with the beginning of a global endeavor to mainstream international migration governance under the UN system through GCM process. CP is a Regional Consultative Process on labour migration comprising 12 Asian labour sending countries, namely, Afghanistan, Bangladesh, Cambodia, China, India, Indonesia, Nepal, Pakistan, Philippines, Sri Lanka, Thailand and Vietnam.

Nepal hosted a consultation meeting of the CP countries in Kathmandu on 13-14 September 2017 to prepare joint recommendations to the GCM. The recommendations transmitted thereafter found due space in the zero draft prepared for the negotiation of the Compact.

In its national capacity, Nepal's emphasis continued to be on the issues related to decent work, ethical recruitment, rights and welfare of migrant workers including female domestic workers, consular support and cooperation, financial literacy, and labour market assessment.

Human Rights

Since Nepal's election to the Human Rights Council, Nepal participated in the 37th and 38th session of the Human Rights Council. Nepali delegation to the 37th session of the HRC was led by the Foreign Secretary. In his address to the high-level segment of the Council on 26 February 2018, the Foreign Secretary highlighted, among others, how the Constitution of Nepal has created an excellent framework for federal democratic governance system and realization of inclusive human rights.

Nepal co-sponsored 8 thematic resolutions and participated in the voting process for the adoption of all resolutions – 28 thematic and 14 country-specific, as a member of the Council. Nepal also joined an “incoming members’ pledge” delivered on behalf of 11 new members of the Human Rights Council. The participation provided Nepal with an opportunity, as a Council Member, to assess overall international human rights situation and share with the global community Nepal’s political developments as well as commitment to the promotion and protection of human rights.

The 19th session of the Committee on Convention on the Rights of Persons with Disabilities (CRPD) considered Nepal's initial report on 19 and 20 February 2018. Similarly, the 95th session of the Committee on the Elimination of Racial Discrimination (CERD) considered the combined 17th to 23rd periodic report of Nepal under the International Convention on the Elimination of All Forms of Racial Discrimination on 30 April and 1 May 2018.

Nepal also served as a member of troika for the review of the UPR report of Montenegro in the 29th session, and for the review of the UPR

report of Cuba in the 30th session of the UPR Working Group, a responsibility entrusted to a member of the Human Rights Council. Nepal acted as rapporteur for both the reviews.

Nepal has been participating in HRC Special Sessions, UPR meetings, consultations, reviews, applicable treaty bodies' proceedings, and preparation of reports, among others.

Nepal continued to facilitate voluntary third country resettlement of Bhutanese refugees and engage with the United Nations High Commissioner for Refugees (UNHCR). Nepal called for the repatriation of the remaining refugees in the camps to Bhutan in safety and dignity during Prime Minister Sher Bahadur Deuba’s meeting with his Bhutanese counterpart on the sidelines of the 72nd UNGA in New York.

Engagements with Specialized Agencies and Inter-governmental bodies

Nepal remained constructively engaged with the ILO, at the Governing Body as well as in the International Labour Conference. Currently Nepal is a Deputy Member at the ILO Governing Body both at Government and Workers Groups. Minister for Labour, Employment Social Security, Mr. Gokarna Raj Bista, led Nepali delegation to the 107th Session of International Labour Conference held in Geneva from 28 May to 08 June 2018 and addressed the Conference. Minister Bista held a meeting with Director General of the ILO Mr. Guy Ryder.

WHO continued to be a partner for the health sector development of Nepal. Nepal participated at the 71st World Health Assembly held in Geneva from 21 to 26 May 2018. Leader of Nepali delegation and Minister of State for Health and Population Ms. Padma Kumari Aryal addressed the Assembly on 22 May and held meeting with the Director General of the WHO, Dr. Tedros Adhanom Ghebreyesus on 20 May. She also had meetings with Minister of Health of India and Vice Minister of Health of China. Nepal co-sponsored two resolutions on ‘Infant and Child Feeding’, and ‘Rheumatic Fever and Rheumatic Heart Disease’.

Foreign Secretary Mr. Shanker Das Bairagi held a meeting with Mr. Francis Gurry, Director General of the World Intellectual Property Organization (WIPO), in Geneva on 2 March 2018. He discussed the ways in which LDCs like Nepal could benefit from the technical cooperation and assistance from WIPO.

Foreign Secretary Mr. Shanker Das Bairagi also had a meeting with Director General of the World Trade Organization Mr. Roberto Azevêdo in Geneva on 2 March 2018. During the meeting, he stressed the need of proper balance between trade and development and expressed concerns over the lack of progress on Doha Development agenda. He underlined the need of system wide support for the LDCs, LLDCs in particular, as they have not been able to fully utilize the special and differential provisions of the WTO regime.

Nepal participated in the 39th General Conference of UNESCO held in Paris from 30 October to 14 November 2017 and shared with the international community about the concrete steps taken by Nepal towards post-earthquake conservation, reconstruction and rehabilitation of World Heritage sites, especially in the Kathmandu Valley, in line with the six-year Recovery Master Plan and post-earthquake conservation guidelines, 2015. The 42nd Session of UNESCO's World Heritage Committee held in June 2018 acknowledged the commitment of Nepal and the works undertaken so far and agreed not to enlist Nepali heritage sites in endangered list.

Nepal participated in the 7th UNIDO-LDCs Ministerial Conference held in Vienna on 23-24 November 2017 and underscored the importance of international partnership and support for sustainable industrial growth in LDCs like Nepal.

Nepal participated in the Seventh Session of the Conference of the States Parties to the United Nations Convention against Corruption (UNCAC), which was held in Vienna on 6-10 November 2017. During the Session, Nepal highlighted the policy and institutional measures undertaken in controlling corruption. Nepal also participated in the sixty-first session of the

Commission on Narcotic Drugs (CND) held from 12 to 16 March 2018 in Vienna.

Nepal participated in the 2017 Annual General Conference of the IAEA Member States and the Board of Governors. Nepal underlined the importance of the Technical Cooperation Program of IAEA for countries like Nepal to realize peaceful development benefits of nuclear technology. Nepal remained consistent with its policy of non-proliferation of nuclear weapons.

Nepal continued its active engagement with the United Nations Economic and Social Council for Asia and the Pacific (ESCAP) through participation in different meetings and conferences related to SDGs, climate change, energy, trade etc. A delegation led by the Vice Chairman of National Planning Commission Dr. Swarnim Wagle participated in the fifth session of Committee on Trade and Investment on 31 October to 2 November 2017. Dr. Wagle was elected as the Chair of the session. A resolution tabled by Nepal entitled 'Implementation of the Ministerial Declaration on Regional Economic Cooperation and Integration in Asia and the Pacific' was adopted by the 74th Commission Session of ESCAP held in May 2018.

Nepal in Social Development Agenda

Nepal continued to make contributions to the UN development system through its active participation in policy-level dialogue including in Nepal's capacity as a member of the Executive Boards of UN development funds and programmes. Nepal itself is a beneficiary as programme country of various funds and programmes of the United Nations, such as UNDP, UNICEF and UN Women.

Nepal actively participated in the 62nd session of the Commission on the Status of Women (CSW-62) that took place in New York from 12 to 23 March 2018. Nepal organized a side-event to showcase women empowerment in Nepal, including gender budgeting and women's transformative political participation. Nepal also participated in the 17th session of the Permanent

Forum on Indigenous Issues (PFII-17) held in New York from 16 to 27 April 2018.

The failure of the 11th WTO Ministerial meeting held in Buenos Aires in December 2017 to hammer out any meaningful decision sends worrying signals for the rule-based international trading system. Nepal holds that new trade agenda should not be introduced without the conclusion of the Doha Round. Adding more and newer agenda items would increase further pressure on the Least Developed Countries (LDCs) further debilitating their already constrained policy space and weak capacity of integrating into the multilateral trading system. Nepal's focus continues to be on the implementation of decisions made in the past in favour of the LDCs, particularly on Duty-Free and Quota-Free market access; simplification, openness and transparency in the rules of origin; waiver for services and service providers; and capacity-building support under international support mechanisms.

Currently Nepal is the focal point for Trade Facilitation (TF) within the LDC Group at WTO. Nepal continues to engage with WTO mechanisms such as Aid for Trade, and Enhanced Integrated Framework to receive relevant support for supply side capacity-building; and collaborates with International Trade Centre for developing sectoral export strategies for Nepali products. Similarly, collaboration with UNCTAD has produced two important study reports on Nepal. These reports pertain to rapid e-readiness assessment of Nepal and an assessment of the implementation of waiver in services and service providers.

Nepal's Election in International Organizations

Nepal was elected as a member of the Human Rights Council (HRC) for the term 2018-20. This election symbolizes a recognition to Nepal's ability to contribute to the work of HRC as well as the international community's acknowledgment of Nepal's progress in the realm of human rights.

In addition, Nepal has been elected as a member of the Executive Board of the UN-WOMEN for the term 2019-2021 and Commission on Science and Technology for Development (CSTD) for the term 2019-2022 at the elections held in April 2018. Nepal has also been elected as a Vice-Chair of the Bureau of UNICEF Executive Board for 2018 representing the Asia Pacific region.

Similarly, Nepal was elected as the Chair of the Committee on Conferences for the year 2018; Vice-Chair of Preparatory Committee of the Third Review Conference of the Programme of Action of Small Arms and Light Weapons (SALW) and Vice Chair of the substantive session of UN Disarmament Commission.

Nepal presented its candidature for re-election to the Human Rights Council for 2021-23; to United Nations Economic and Social Council (ECOSOC) for 2024-26; to the Peace Building Commission under "GA category" for the term 2019-2020; to the Commission on the Narcotic Drugs (CND) for the term 2020-23; and to the Commission on the Crime Prevention and Criminal Justice (CCPCJ) for 2021-23.

Visit of High Level Officials of the United Nations to Nepal

During the reporting period, several high-level officials of the United Nations visited Nepal.

Under-Secretary-General and High Representative for the LDCs, LLDCs and Small Islands Developing States, Ms. Fekitamoela Katoa 'Utoikamanu' visited Nepal from 18 to 20 March 2018. Her visit focused mainly on the effective implementation of the Istanbul Programme of Action and the Vienna Programme of Action and their better alignment with the 2030 Agenda.

Under-Secretary-General for Disarmament Affairs Ms. Izumi Nakamitsu visited Nepal on 1-3 April 2018 and exchanged views on matters relating to disarmament.

Mr. Jean-Pierre Lacroix, Under-Secretary-General of the United Nations Department of

Peacekeeping Operations, visited Nepal on 26-28 June 2018. Mr. Lacroix visited Birendra Peacekeeping Training Centre in Panchkhal and met with the peacekeepers undergoing training in the centre before their deployment to different UN peace operations. He conveyed appreciation of the UN Secretary-General for the role Nepal has played in UN peace operations.

Assistant Secretary-General for Political Affairs Mr. Miroslav Jenča visited Nepal on 15-16 April 2018 and held meetings with high-level dignitaries of the Government of Nepal as well as senior officials of the Ministry of Foreign Affairs.

At the invitation of the Government of Nepal, UN Special Rapporteur on the Human Rights of Migrants, Mr. Felipe González Morales, visited Nepal from 29 January to 5 February 2018. Mr. Morales met with representatives of the Government of Nepal. Civil society organizations, recruitment agencies, migrants and their families, associations of training centres for domestic workers, associations of pre-departure orientation centres, associations of medical centres and skills training providers.

9. Policy, Planning, Institutional Matters and Economic Diplomacy

The Ministry continued its focus on improving policy guidelines, streamlining and better managing the resources and strengthening institutional mechanisms. Emphasis was laid on reinforcing physical assets and building capacity of Foreign Service officials to enable the diplomatic machinery to deliver better results.

During the year under review, High Level Foreign Policy Review Task Force (HLFPRTF) submitted its report to Prime Minister Mr. Sher Bahadur Deuba on 8 February 2018. The Task Force was clustered into four thematic groups on political, economic, security and institutional matters.

The Cabinet approved the Directives for Ambassadorial Appointment. The Directives has streamlined the criteria and procedures for appointment of Heads of Nepali Embassies and Permanent Missions.

With a view to further strengthening Institute of Foreign Affairs (IFA), the Government of Nepal amended Institute of Foreign Affairs Development Committee Establishment Order, 2011. The amendment includes strengthening IFA as an institution to provide policy inputs to MOFA, conduct training programmes for diplomats and carry out research and publication in the field of international relations, foreign affairs and diplomacy.

The Ministry published a 'Protocol and Consular Handbook' in May 2018. The Handbook can be accessed on the Ministry's website. The Handbook provides basic information on protocol and consular practices in Nepal. Similarly, the Ministry prepared the updated version of the List of Diplomatic and Consular Corps and other Representatives in May 2018.

The Ministry reviewed the concurrent accreditation of some countries during the reporting period.

In the year under review, the Ministry continued the publication of bi-monthly 'MOFA Bulletin

Current Affairs' covering the major activities. All six issues were published over the year and electronic copies of all Bulletins are also available on the Ministry's website.

In line with the training policy of the Ministry for supporting capacity development of foreign-service officials, training and study opportunities were provided to the officials of all ranks.

A training on Diplomatic Drafting Skills was held for the officers of the Ministry of Foreign Affairs and other Ministries in Kathmandu on 16 December 2017. Similarly, a pre-departure training was conducted on 23-24 February 2018 for MOFA officials who were posted to various Nepali Missions abroad. The objective of the training was to provide insights on different dimensions of economic diplomacy, consular procedures and accounting matters.

On 9-10 March 2018, a two-day 'Workshop on Negotiation Skills and Techniques' was organized in Kathmandu by the Ministry in coordination with United Nations Institution for Training and Research (UNITAR). The participants of the workshop benefited especially in the areas of interest-based negotiations; conflicts in international context, and peaceful resolution of conflicts.

Similarly, a two-day workshop was conducted in Kathmandu by International Trade Center (ITC) experts from Geneva on economic diplomacy focusing on international trade promotion.

Three in-house seminars were organized at MOFA over the year. The objectives of these seminars were to enhance the presentation skills of MOFA officials and also to discuss pertinent and contemporary issues in the field of international relations, foreign affairs, diplomacy, economics and so on.

Similarly, the Ministry organized Arabic, Chinese and French basic language courses for

the Ministry officials. A total of 22, 24 and 27 officials completed French, Chinese, and Arabic language courses respectively.

The Ministry has also started sending officials, prior to assuming their duties, to study the relevant language of the country in which they are posted. Language proficiency is expected to enable foreign-service officials of the Ministry to perform better in the outposts they are deputed.

Under administration and management, institutional strengthening and property management of the Ministry and its Missions continued to remain key tasks during the reporting period.

In accordance with the policy of the Government of Nepal to purchase and manage property for Nepali Missions abroad, the Embassy of Nepal in Canberra procured land through G2G mechanism and also initiated the process to construct Residences and Chancery building for the Embassy. The Embassy of Nepal in Washington DC also purchased a building for Ambassador's Residence during the reporting period.

The Ministry approved the design for construction of the Chanceries and Residences of the Embassies in Islamabad and Colombo. The reconstruction works of the residence and chancery of the Consulate General of Nepal in Lhasa also commenced this year.

In order to protect and preserve important documents of the Ministry and its Missions for institutional memory, the Ministry introduced a digital archive management system.

The Ministry cleared 23 % of financial irregularities as reported in the Auditor's General Report until FY 2016/17. The Ministry undertook some important measures in order to strengthen internal financial check and thereby ensure financial discipline in the Ministry and its Missions.

Economic Diplomacy

Nepal's economic diplomacy efforts have focused on facilitating access of national products to foreign markets; attracting foreign direct investment (FDI) to the country; attracting tourists for national destinations; safeguarding interests of Nepali migrant workers abroad; and coordinating for international cooperation and technology transfer for the economic development of Nepal.

With an objective of contributing to achieve economic prosperity and promote national economic interests through effective and efficient conduct of economic diplomacy, the level and intensity of economic engagements with the neighbours and other friendly countries was increased.

Bilateral, regional and multilateral engagements laid emphasis on foreign trade, investment, technology transfer, tourism, development cooperation, foreign employment, climate change as key dimensions of the country's economic diplomacy. Total of 195 programmes under four major thematic areas were organized through Nepali Missions abroad. They include the following.

S.N.	Thematic Areas	Number of Programmes	Percentage of Total Budget
1	National Day celebration and cultural promotion	38	30.3
2	Tourism promotion	74	30.0
3	Trade and investment promotion	65	31.5
4	Foreign employment management	18	8.2
	Total	195	100

Nepali missions abroad celebrated National Day with various programmes. The programmes included cultural performances, fashion shows from Nepali ethnic communities, promotion of Nepali arts and export items, introduction of tourist destinations of Nepal and so on.

Tourism sector expanded with an improvement in overall economic activities in the year 2017. The number of tourist arrival reached 940, 218 in 2017. The top ten source countries in 2017 included India, China, USA, UK, Sri Lanka, Thailand, South Korea, Australia, Myanmar and Germany. During the review period, average length of tourist stay was 12.6 days. The contribution of this sector to GDP remained 2.3 percent.

Nepal's ten major import source countries in 2017 were India, China, U.A.E., France, Argentina, Indonesia, Thailand, South Korea, Canada, U.S.A. and ten major export destinations in 2017 were India, U.S.A., Turkey, Germany, U.K., China, Italy, France, Bangladesh, Japan respectively. Trade deficit exceeded eight billion US dollars with export-import ratio standing at 1:13.4 in 2017. Addressing Trade deficit has remained a tremendous challenge for Nepal.

About two thirds of Nepal's trade was with India this year. Observation of region-wise international trade situation of Nepal showed that about 90 per cent of its total imports came from Asia and 65 per cent of its total exports was to this region. America and EU were also the major trading partners.

Trade promotion programmes organized by Nepali missions abroad focused on identification of export avenues for trading, trade facilitation and export promotion, an identification of transit possibilities.

Highlighting investment opportunities in Nepal, Nepali diplomatic missions abroad organized

various investment seminars and investment promotion programmes.

Malaysia was the top employment destination for Nepali migrant workers. Other top-ranking foreign employment destinations remained Saudi Arabia, UAE, Kuwait, Bahrain, Oman, South Korea, Lebanon, Israel, and Japan, among others. Figures show that contribution of remittances to the national GDP was 26 per cent.

The Ministry remained focused on ensuring safe, secure, dignified and productive foreign employment of Nepali nationals abroad. Nepali diplomatic missions in destination countries were engaged with concerned authorities and, through various programmes, facilitated employment opportunities for Nepali migrant workers.

Nepali Missions in the labor destination countries organized foreign employment related programmes. The programmes included safety and security of labour, identification of new avenues for employment, claiming of compensation for the death of migrant workers and promoting productive use of remittances.

Bilateral donors provided a substantial amount of grants. Figures show that 73 per cent of ODA was channeled through the government budget and 65 per cent through the treasury.

Nepali missions abroad remained actively engaged at bilateral, regional and multilateral levels including in the South-South cooperation and North-South-South triangular cooperation forums in order to facilitate transfer of appropriate technology to the country. As an LDC, Nepal consistently raised strong voice in different multilateral forums for technology transfer from the developed to the developing and least developed countries.

Diplomatic efforts were made during the review period to attract bilateral or multilateral sources of climate finance. Parts of these efforts were

through engagements of Nepali Missions in bilateral, regional and multilateral negotiations. Similarly, initiatives were taken to explore other sources of climate finance such as - Climate Investment Fund (CIF), Climate Trust Fund (CTF), Scaling-Up Renewable Energy Programme (SREP) and Forest Investment Programme (FIP). Alternate Energy Promotion Centre and National Trust for Nature Conservation were chosen to function as National Implementing Entities (NIE) for Green Climate Fund.

Nepali Diaspora

During the reporting period, Nepali Missions continued to engage with NRNs and broader Nepali diaspora with a view to utilizing their knowledge, skills, know-how and capital in Nepal. Nepali Missions collaborated with NRNs and diaspora to conduct programmes related to economic diplomacy.

The Eighth Global Conference and International General Assembly of Non-Resident Nepali Association (NRNA) was held in Kathmandu on 14-17 October 2017. The event was inaugurated by the President Mrs. Bidya Devi Bhandari on 14

October in Kathmandu. In her remarks, the President appreciated NRNs' investment in sectors like health care, education, tourism, hydro-power and infrastructure. Stating that Nepalis abroad can take pride in Nepal's success, the president further urged NRNs to convey to the entire world that Nepal is safe for investment.

The four-day event had several panel discussions on cross-cutting issues. Government officials and experts of related subjects and large number of Nepali diaspora representatives were present in different sessions.

Addressing the closing session, Prime Minister Mr. Sher Bahadur Deuba said that NRNs had important role to play in Nepal's development by bringing in investment, attracting tourists and exploring and expanding markets abroad. NRNs' investment, skills and technology would be vital to eliminate poverty and to materialize the aspirations of Nepal's economic prosperity, he added.

As of 2018, the NRNA has expanded its networks to 77 countries around the globe.

10. Protocol, Consular and Passport Services

Protocol Services

The Ministry remained engaged in various protocol-related activities including the conduct of high level visits, granting *agrément* to Ambassadors-Designate to Nepal and seeking *agrément* of foreign governments to Ambassadors-Designate of Nepal, among others. The Ministry continued to coordinate for security arrangements for foreign missions and facilitate the works of Honorary Consuls based in Kathmandu. It also arranged state banquets as well as farewell lunch/dinner for outgoing foreign Ambassadors.

The Ministry facilitated eleven high-level visits including six outgoing and five incoming visits during the period under review. It carried out activities such as planning and programming for all high-level visits, coordinated with the diplomatic missions, relevant agencies of Nepal and Nepali missions abroad. It extended state protocols and hospitality to the visiting high dignitaries as well as ensured that due courtesies and protocol were extended from host governments to the high dignitaries from Nepal.

In line with the Government's policy of expanding diplomatic outreach, Nepal made substantial expansion of establishment of diplomatic relations with countries from across the continents. During the reporting period, Nepal established diplomatic relations with thirteen countries. With this expansion, Nepal now has diplomatic relations with 161 countries out of 193 member states of the United Nations.

During the period under review, the Government of Nepal granted *agrément* to twenty-one Ambassadors-Designate to Nepal including 7 residential Ambassadors. Six credential ceremonies were organized for Ambassadors-Designate to present their credentials to the President of Nepal.

The Ministry continued the tradition of hosting farewell lunch/dinner for outgoing Ambassadors. During the period under review, the Ministry hosted separate farewell luncheon for ten outgoing Ambassadors.

Nepal hosts 28 diplomatic missions in Kathmandu including the Delegation of the European Union and SAARC Secretariat.

Consular Services

The Department of Consular Services (DoCS) provided prompt and efficient consular and legal services to Nepali nationals through effective coordination with the Nepali missions abroad and relevant agencies at home. The DoCS also provided different services to the diplomatic missions and international organizations based in Nepal as per international laws and practices. The Department has continued and expanded online system for efficient and timely delivery of its services.

The Department continued service delivery reforms during the year to provide efficient, hassle-free and accountable services to service seekers. Digitalization of its services was the key to such reforms.

The motto of 'service delivery within half an hour' of submission of the documents' continued to guide the Department towards responsible and accountable service delivery.

The Department has created a link in its website for verification of the documents attested from the Department. This tool helps relevant stakeholders to ensure the authenticity of such documents. Each day, the Department attests more than 1,000 documents issued from different government agencies of Nepal.

Similarly, the Department introduced online system for verifying the Powers of Attorney issued by the Nepali Missions abroad. The relevant authorities can directly check the authenticity of such documents through the website of the Department.

The online legal services system of the Department enables service seekers to submit applications online for legal assistance and check the status of their applications. This has reduced the burden for them to visit the Department in person for these processes. Service seekers request for such legal assistance on various problems of Nepali citizens overseas, including but not limited to, search and rescue, providing compensation and insurance to the legal heirs and repatriation of dead bodies.

The Department continued online visa recommendation system. Therefore, people going abroad on government assignments can apply for the visa recommendations through the website of the department. The letters issued from the Department can be checked and verified online by the concerned agencies. This has ensured the credibility of the documents issued from the Department.

Online System for Diplomatic Visa and Exemption has been implemented to provide more systematic and effective services to the diplomatic missions based in Kathmandu.

Quantitative Overview of Consular Functions in 2017/18:

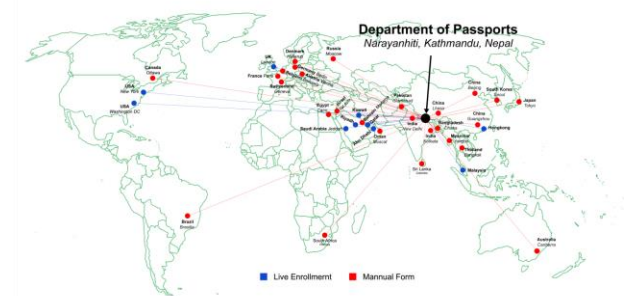
S. N.	Work Details	Quantity
A	Consular and Legal Consultation Section	
1	Recommendation for medical treatment, pilgrimage, world bicycle tour and other issues	47
2	Recommendation for attestation of Indian educational documents, nationality verification and higher studies in India	1,739
3	Recommendation for Indian pension related matters	22
4	Recommendation for	4,125

	Foreign driving licenses to change into Nepali license	
5	Recommendation for the character verification report to those who lived temporarily in India	363
6	Recommendation for import of chemicals and explosives	58
7	Recommendation for vehicle permit to India	23
8	Regarding renunciation of Nepali citizenship	146
9	Verification regarding Power of Attorney	926
10	Regarding the authenticity of Nepali citizenship and related documents	125
11	POA, VOR, H-Form Requests, correspondences related to repatriation of dead bodies and compensation cases	410
12	Cases forwarded to Nepali Missions abroad to search and rescue of Nepali nationals	779
13	Cases forwarded for repatriation of dead bodies	298
14	Correspondences regarding consular matters	350
15	Drafts received as compensation from Malaysia	120
16	Drafts handed over to victims	105
B	Visa and Exemption Section	
1	Issuance of gratis/official/diplomatic visa	2,897
2	Issuance of diplomatic and non-diplomatic identity cards	416
3	Issuance of SAARC visa stickers	135
4	Exemption works	3,274
5	Communications to different government	601

	authorities	
C	Attestation Section	
	Issuance of Visa Notes and recommendations	1812
D	Attestation Section	
	Number of documents tested	273,889
	Total	2,92,310
	Total revenue collected from RMIS	RS.5,47,87,398

Passport Services

Department of Passport (DoP) has been constantly improving its service delivery in line with its motto of 'Transparent, Citizen-friendly and Quality Service'. The Department has made many qualitative improvements in the delivery of passport services to Nepali citizens at home and abroad.



The Department has introduced efficient measures such as collection of digital application forms, use of social media to disseminate information and to communicate and interact with the clients. This has made the Department one of the visible citizen-centric service delivery institutions of the Government of Nepal. On the Department's online portal: www.nepalpassport.gov.np, service-seekers can get information on passport services and documentation required. They can also submit application forms online and check the status of their application, thus enabling anytime-anywhere access to the Department's services. This portal is regularly monitored and upgraded to make it more user-friendly and simpler.

Successful implementation of the Live Enrollment System to receive and process digital passport applications has helped in improving

passport service delivery remarkably. There are eleven live enrollment counters at the Department and ten such counters at Nepali Missions based in Doha, Riyadh, Jeddah, Abu Dhabi, Kuwait, Kuala Lumpur, Hong Kong, London, Washington DC and New York.

There are two tracks of passport services- fast and normal tracks. The fast-track services are provided only by the Department. Within the fast-track services, applicants can choose to receive their passports from 1 to 3 working days by paying applicable fees.

Applications for normal-track service can be submitted to the Department through all District Administration Offices in 77 Districts, Area Administration Offices under them and Nepali Diplomatic Missions abroad. Once the passports are ready at the Department, eight designated collection centers collect the passports from the Department and dispatch them to respective Districts Administration Offices and Area Administration Offices.

In case of applications received through Nepali Missions abroad, the Department directly dispatches passports to those Missions.

Passport applicants who visit the Department can benefit from the Citizen's Charter at the entrance, digital display boards at collection counters, and Audio Citizens Charter.

The Department has been working in close coordination with the District Administration Offices and other relevant Government agencies to make the document verification process simple and client-friendly. Forensic Lab Unit manned by Nepal police personnel, online access to the citizenship database of the Ministry of Home Affairs and hotline access to District Administration Offices have been instrumental in the verification of the required documents.

Department of Passports has been constantly and continuously upgrading its technology to improve its record management system. With the implementation of live-enrollment system, there is a provision of directly storing the documents submitted by the applicants in digital form. The manual application forms submitted to the

Department prior to live-enrollment are also in the process of digital archiving.

As per the optional requirements of ICAO as well as to cope with the international trends of safer and secured Travel Documents, the Department is preparing to move ahead with launching of e-Passport in near future in tandem with the provisions of annual policies and programmes of the Government. The basic guidelines for the same have been approved recently. Increasing the number of visa pages in the passport book, upgrading security features, and ensuring durability and reliability of the passports are the priority issues.

Of late, the Department has undertaken various reform measures in quality control and internal control in order to better provide standardized, efficient, consistent and predictable services to the people. Quality system manual is in place to maintain standardized passport delivery services, and internal audit as per the requirement has been completed. Auditors from Nepal Bureau of Standards and Metrology are to verify it and we expect to meet the standards contributing to the continuity of ISO 9001:2015 certificate.

In the reporting period, the Department personalized a total of 5,31,632 Machine Readable Travel Documents(MRTDs). The total figure includes 52, 9460 ordinary passports, 1,438 official passports, 616 diplomatic passports and 119 Travel Documents. A total of 1,89,635 clients had applied directly at the Department, whereas 3, 28,655 applied through Districts and 13,343 through Nepali Missions abroad. A total of 54, 58,164 MRPs have been issued since the commencement of the issuance of MRPs in Nepal in December 2010. The following table reflects the total machine-readable passports issued since then.

Fiscal Year	DoP	District	Mission	Total
2010/11	162558	9747	1457	173762
2011/12	206639	195510	5383	407532
2012/13	229404	304549	34174	568127

2013/14	450671	426380	135688	1012739
2014/15	452155	542409	342274	1336838
2015/16	269944	473795	126607	870346
2016/17	192375	344564	20249	557188
2017/18	1,89,635	3,28,655	13,343	5,31,633
Grand Total	2153381	26,25,609	67,9175	54,58,165

In order to control the misuse of lost MRTDs, the Department has been keeping their records and communicating them to Interpol Section of Nepal Police. One dedicated counter has been designated to maintain the record of lost passports and the data is once again verified by another section to ensure the accuracy before sending it to Interpol. Moreover, the requirement for police report and publication of notice regarding the lost passports in the newspaper has been waived, further easing the passport application process.

The Department has brought into effect the Audio Citizen's Charter in addition to the Visual Citizen's Charter placed at the entrance. It is expected that the Audio Citizen's Charter will be helpful particularly, for those who cannot read and write.

The Department introduced Revenue Management Information System (RMIS) this year to ensure transparency and accuracy in the revenue collection. NRs. 2,06,04,39,625/- of revenue was collected at the Department under this system in the year.

The Department organized interaction programs for the personnel involved in passport related service delivery of the DAOs/AAOs of all seven provinces for promoting efficiency and effectiveness of passport services. During the reporting period, the Department held orientation programs in all seven Provincial Headquarters. More than 100 officials benefited from these programs.

Director General Mr. Ram Kaji Khadka and other officials at the Department visited Nepali Missions in Washington DC, New York, Paris and London over the year to observe the effectiveness of Live Enrollment System of passport application.

Similarly, a delegation led by the Director General participated in the 'Thirteenth TRIPs Symposium on MRTDs and Traveler's Identification Management' organized by ICAO held at Montreal, Canada on 22-25 October 2017.

The Department has also been working to update the existing Passport Act, 2024 to make it more relevant as per the current needs. The Government has recently approved the proposed draft of the Bill and it is now in the process of being submitted to the Federal Parliament for approval. The Department is also making necessary preparations for the amendments to the existing Passport Rules and Directives accordingly.

Appendices

I. Incoming and Outgoing visits

A. Incoming Visits

S.N.	Dignitary	Date	Country
1.	Prime Minister Shri Narendra Modi	11-12 May 2018	India
2.	Prime Minister Mr. Shahid Khaqan Abbasi	5-6 March 2018	Pakistan
3.	Vice Premier Mr. Wang Yang	14-17 August 2017	China
4.	Deputy Prime Minister and Minister for Foreign Affairs Mr. Ivica Dacic	4-6 May 2018	Serbia
5.	External Affairs Minister Smt. Sushma Swaraj	1-2 February 2018	India
6.	Minister for International Development Mr. Nikolai Astrup	6-7 March 2018	Norway
7.	Minister of State for the Armed Forces Mr. Mark Lancaster	9-13 February 2018	United Kingdom
8.	Minister of State for Asia and the Pacific at the Foreign Commonwealth Office Mr. Mark Field	6-7 May 2018	United Kingdom
9.	Queen Mother of Bhutan Ashi Sangay Choden Wangchuck	8-25 March 2018	Bhutan
10.	Princess Maha Chakri Sirindhorn	20 October 2017	Thailand
11.	Princess Professor Dr. Chulabhorn Mahidol	30 April to 3 May 2018	Thailand

B. Outgoing Visits

S.N.	Dignitary	Date	Country	Type of visit
1.	President Mrs. Bidya Devi Bhandari	13-16 November 2017	United Arab Emirates	Official
2.	Prime Minister Mr. K P Sharma Oli	6-8 April 2018	India	State
3.	Prime Minister Mr. K P Sharma Oli	19-24 June 2018	China	Official
4.	Prime Minister Mr. Sher Bahadur Deuba	23-27 August 2017	India	State

5.	Prime Minister Mr. Sher Bahadur Deuba	19-24 September 2017	United States	Official (to participate in 72 nd UNGA)
6.	Prime Minister Mr. Sher Bahadur Deuba	25-28 September 2017	Oman	Official
7.	Foreign Minister Mr. Pradeep Kumar Gyawali	16-21 April	China	Official
8.	Foreign Minister Mr. Pradeep Kumar Gyawali	11-12 June 2018	Mongolia	Official (to participate in the Conference of ITT LLDCs)
9.	Foreign Minister Mr. Krishna Bahadur Mahara	6-7 September 2017	China	Official

II. Joint Statements Issued during the High-Level Visits

Joint Statement between Nepal and the People's Republic of China

1. At the invitation of Premier H. E. Li Keqiang of the State Council of the People's Republic of China, The Rt. Hon. K P Sharma Oli, Prime Minister of Nepal is on an official visit to China from June 19 to 24, 2018. Besides Beijing, Prime Minister Oli will visit Lhasa, the capital city of the Tibet Autonomous Region. He is accompanied by his spouse Mrs. Radhika Shakya, Hon. Mr. Ram Bahadur Thapa, Minister for Home Affairs, Hon. Mr. Pradeep Kumar Gyawali, Minister for Foreign Affairs, Hon. Mr. Barsha Man Pun, Minister for Energy, Water Resources and Irrigation, Hon. Mr. Raghubir Mahaseth, Minister for Physical Infrastructure and Transport, Mr. Bishnu Prasad Rimal, Chief Advisor to the Prime Minister, Members of Parliament, senior Government Officials, representatives from the private sector and media persons.
2. During the visit, Prime Minister Oli called on H.E. Xi Jinping, President of the People's Republic of China, held official level talks with Premier Li Keqiang and met with H.E. Li Zhanshu, Chairman of the Standing Committee of the National People's Congress of the People's Republic of China. In a warm and cordial atmosphere, leaders of the two countries reached broad understanding through in-depth exchange of views on further cementing traditional friendship and deepening cooperation for mutual benefit.
3. The leaders of both sides expressed satisfaction over remarkable achievements made in various areas of cooperation since the establishment of diplomatic relations between the two countries in 1955, and believed that the bilateral relationship maintained the momentum of healthy development on the basis of the Five Principles of Peaceful Coexistence, which sets a model of harmonious coexistence between countries of different size and social system.

The Nepali side congratulated China on the successful conclusion of the 19th National Congress of the Communist Party of China (CPC) in 2017 as well as the annual sessions of the National People's Congress (NPC) and the Chinese People's Political Consultative Conference (CPPCC) in 2018. The Nepali side expressed its confidence that under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Chinese people will realize the two centenary goals and build China a great modern socialist country that is prosperous, strong, democratic, culturally advanced, harmonious, and beautiful.

The Chinese side congratulated Nepal and her people on the historic and epoch-making political transformation and beginning of a new era of political stability and economic development. It expressed happiness over the successful holding of elections to three tiers of the federal setup and the formation of governments at all three levels. It also expressed confidence that the government under the leadership of Prime Minister K P Sharma Oli would be able to realize the goal of "*Samriddha Nepal, Sukhi Nepali*" (*Prosperous Nepal, Happy Nepali*) and achieve political stability, social harmony and economic

prosperity for the people of Nepal. The Chinese side expressed its full commitment to assist Nepal in realizing its development goals within its capacity.

4. The two sides reiterated their firm commitment to respect each other's independence, sovereignty and territorial integrity, and respect and accommodate each other's concerns and interests. The Nepali side reiterated its firm commitment to the one-China policy with Tibet and Taiwan affairs as being China's internal affairs, and the determination on not allowing any anti-China activities on its soil. The Chinese side reiterated its firm support to Nepal's independent choice of its social system and development path, and the efforts made by Nepal in upholding its sovereignty, independence, territorial integrity, national unity and stability.
5. Both sides believed that high-level contacts are of special importance to the development of bilateral relations. The two sides agreed to maintain the momentum of high-level mutual visits, and to have meetings between the leaders on bilateral and multilateral occasions to share views on issues of common interest. The two sides agreed to make full use of existing mechanisms, including the Bilateral Consultation Mechanism and the Joint Economic and Trade Committee meeting, to expand exchanges and cooperation between government ministries, departments, legislatures and political parties at all levels.
6. The two sides agreed to intensify implementation of the *Memorandum of Understanding on Cooperation under the Belt and Road Initiative* to enhance connectivity, encompassing such vital components as ports, roads, railways, aviation and communications within the overarching framework of trans-Himalayan Multi-Dimensional Connectivity Network. The two sides also agreed to take practical measures to promote cooperation in all fields contained in the MOU. The Nepali side conveyed its readiness to facilitate more Chinese investment in infrastructure building and in other productive sectors. In this regard, the Nepali side expressed its willingness to welcome further investment from Chinese enterprises and, in accordance with Nepali laws and regulations, simplify the related approval procedures on applications related to land, taxes and visas in an efficient manner, and create a favourable investment climate and business environment for Chinese enterprises.

Both sides agreed to reopen the Zhangmu/Khasa port at an early date; improve the operation of the Jilong/Keyrung port; ensure the sound operation of Araniko Highway; and carry out the repair, maintenance and improvement of Syaphrubesi-Rasuwa Gadhi Highway and push forward the construction of a bridge over Karnali river at Hilsa of Pulan/Yari port at an early date. To ensure the inter-connectivity and smooth running of the infrastructures above, the Nepali side will complete the disaster treatment around the Tatopani Port and along the Araniko Highway, maintain Kathmandu-Syaphrubesi Highway in operational condition.

Both sides expressed happiness over the signing of the MOU on Cooperation for Railway Connectivity. They underscored it as the most significant initiative in the history of bilateral cooperation and believed that it would herald a new era of cross-border connectivity between the two countries. Both sides agreed to make good use of the long-term communication mechanism on railway cooperation between government departments and promote railway cooperation. The Chinese side agreed to provide such support as in technology and personnel training.

The two sides agreed to encourage Chinese and Nepali airlines to launch/operate more direct flights between the two countries in accordance with provisions of the bilateral air service agreement between the two countries. Both sides will coordinate closely to speed up the construction of the Pokhara International Airport so that it would start operation at an early date.

The two sides expressed satisfaction over the successful commercial operation of China-Nepal cross-border optical fiber cable and agreed to further strengthen cooperation on information and communications for mutual benefit.

7. Both sides expressed happiness over the conclusion of: Agreements on the Reconstruction of Friendship Bridge and Resuo (Rasuwa) Bridge; Protocol on the Utilization of Highways in Tibet Autonomous Region, China by Nepal for Cargo Transport; Memorandum of Understanding (MOU) on Investment and Cooperation on Production Capacity; the MOU on the Establishment of Mechanism for Facilitation on the Implementation of China-Nepal Cooperation Programmes and Projects in Nepal between the two Foreign Ministries; MOU on Strengthening Cooperation between the two Foreign Ministries; MOU on Energy Cooperation; Agreement on Economic and Technical Cooperation; and MOU on Human Resource Development Cooperation. The two sides agreed to further deepen cooperation in economy, trade, investment, industrial capacity, post-disaster reconstruction and other mutually beneficial areas.

Both sides agreed to study through different ways on the possibility of building oil storage facilities in the sites identified by Nepal. The Chinese side will support the feasibility study on oil and gas resources research in Nepal. The two sides will continue cooperation in the reconstruction of heritages and schools and the Nepali side will positively study on how to fulfill such projects with localized method management.

The Nepali side requested the Chinese side to help construct cross-border transmission lines. Chinese enterprises are encouraged to study on the feasibility in this regard.

8. The Nepali side expressed its willingness to speed up the development of the three North-South Economic Corridors in Nepal, namely Koshi Economic Corridor, Gandaki Economic Corridor and Karnali Economic Corridor in order to create jobs and improve local livelihood, and stimulate economic growth and development in those areas. Both sides agreed to further study on the possibility of cooperation on the above corridors.
9. The Chinese side agreed to take positive measures to facilitate Nepal's export to China and consider providing technical and financial assistance for product development and post-harvest technology in agro-products. The Chinese side will consider providing necessary technical support for the establishment of laboratory and quarantine facilities in Nepal in order to facilitate the export of Nepali agricultural products to China. Both sides agreed to open additional trade routes between the two countries through mutual agreement and encourage financial transactions through banking channels.

Underlying the importance of generating a win-win situation for both countries, the two sides will constructively engage in finalizing the joint feasibility study on China-Nepal Free Trade Agreement (FTA). The two sides will strengthen cooperation both at central and local levels to promote establishing cross-border economic cooperation zones as per the MOU signed between the two countries. The Chinese side agreed to complete the Post Disaster Recovery for Tatopani Frontier Inspection Station Project at Larcha and

Frontier Inspection Station at Timure, Rasuwagadhi at an early date. The Nepali side will provide its full support and comprehensive cooperation to the construction of the two frontier inspection station projects. Both sides agreed to develop other dry ports at mutually agreed Nepal-China border points. China welcomed Nepal's participation in the first China International Import Expo to be held in Shanghai in November later this year.

Both sides attached importance to the cooperation on transit transport in line with the Agreement on Transit Transport signed between the two countries in 2016. The competent authorities of the two sides will expedite negotiations on the Protocol for an early implementation of the Agreement.

The Chinese side would encourage local governments, Chinese enterprises and social groups to tap the potentials with the Nepali side on production capacity cooperation, building economic and trade cooperation zones and strengthening cooperation in areas that Nepal has resources and advantages, such as construction materials, water conservation and hydropower and organic agriculture and herbs.

In order to facilitate and promote trade, tourism and investment between the two countries, the Chinese side agreed to support the Chinese funded banks to open branches in Nepal in accordance with relevant policies and regulations. In this context, the Nepali side agreed to provide necessary policy and regulatory support for such banks to enter into Nepali markets.

The Chinese government will continue to provide assistance to Nepal's economic and social development within its capacity and wishes to see that grant assistance to Nepal and mutually agreed projects for post-disaster reconstruction will be delivered on time. The Nepali side will provide full support and cooperation to the implementation of all China Aid projects as specified in the Exchange Letters. Both sides agreed to study on the possibility to establish the Madan Bhandari Institute of Science and Technology. Both sides agreed to negotiate the financing modalities of the projects on road connectivity, railway connectivity, hydropower and transmission lines, among others, proposed by Nepal.

10. The two sides agreed to strengthen cooperation between the law enforcement agencies on information exchanges, capacity building and training. Both sides agreed to negotiate the Treaty on Mutual Legal Assistance in Criminal Matters and Treaty on Extradition, in order to strengthen cooperation on the administration of border areas and fight against illegal border crossing and transnational crimes. Both sides will increase exchange of visits of civilian and security personnel for training, disaster relief and mitigation as well as capacity building. Both sides also agreed to enhance cooperation on border security and management, and negotiate the Agreement on Boundary Management System.
11. The Chinese side agreed to give serious study on the proposal of the Government of Nepal to establish a Consulate General in Chengdu.
12. The two sides agreed to promote exchanges and cooperation in education, culture, tourism, media, think tanks, youth, and people-to-people relations. Both sides agreed to encourage the establishment of sister city relationship between different cities of the two countries. The Chinese side agreed to encourage the Tibet Autonomous Region as well as Sichuan, Yunnan and Qinghai and other provinces to enhance cooperation in the areas of trade, tourism and investment, among others. The Chinese side welcomed Nepal's

participation in the China International Travel Mart (CITM) this year, and would continue to help arrange Chinese media and travel agency delegations to visit Nepal and encourage relevant Chinese agencies to further promote Nepal in China in view of upcoming Visit Nepal Year 2020. The Chinese side agreed to continue providing Chinese language training in Nepal for Nepali tourism professionals to help promote Nepal's tourism industry. The Chinese side also agreed to provide around 400 training opportunities in human resources development and more government scholarships every year to Nepal. The Nepali side reaffirmed its full commitment as specified in the MOU in 2014 between the Ministry of Education of Nepal and the Chinese Embassy in Nepal, for facilitating the teaching program of volunteer Chinese language teachers in Nepal.

The Chinese side will hold the 8th China Festival and the 3rd Kathmandu Cultural Forum in Nepal, and continue to encourage the Chinese Cultural Center and the Confucius Institute, to promote China-Nepal cultural exchanges and cooperation.

The Chinese side appreciated that two pairs of *Ek Singhe Gaida* (Unicorn Rhino) as gift from the Government and people of Nepal to the Government and people of China will symbolize a lasting and irreversible friendship.

13. The two sides agreed to strengthen cooperation in the United Nations and other multilateral forums and to safeguard common interests of developing, least developed and landlocked developing countries in particular. The Chinese side attaches importance to the aspiration of Nepal's obtaining the Observer Status in the Shanghai Cooperation Organization, and will consider it on the basis of consensus with other Member States. The two sides positively view and support each other's participation in the regional cooperation process, and agreed to enhance coordination and cooperation within SCO, SAARC and other regional cooperation mechanisms within the agreed frameworks and guidelines. The two sides expressed firm commitment to the rules-based multilateral trading regime under WTO and work for a more open, inclusive and balanced economic globalization with special preference to the LDCs and LLDCs so that its benefits are shared by all.
14. The two sides expressed their satisfaction over the outcomes of Prime Minister Oli's visit, and agreed that the visit was of great importance in promoting the China-Nepal comprehensive cooperative partnership featuring ever-lasting friendship. Prime Minister Oli appreciated the warm hospitality accorded by the Chinese government and people, and extended invitation to the Chinese leaders to visit Nepal within this year. The Chinese leaders expressed thanks for the invitation and agreed to visit Nepal at mutually convenient date which will be communicated through the diplomatic channels.

Beijing
21 June, 2018

Nepal-India Joint Statement during the State Visit of Prime Minister of India to Nepal
(11-12 May 2018)

1. The Prime Minister of India His Excellency Shri Narendra Modi is on a State Visit to Nepal from 11 to 12 May 2018 at the invitation of the Prime Minister of Nepal The Rt. Hon'ble K P Sharma Oli.
2. Marking their second bilateral Summit in 2018, the two Prime Ministers held delegation level talks on 11 May 2018 in an atmosphere of utmost warmth and cordiality that characterizes the deep friendship and understanding between the two countries.
3. The two Prime Ministers recalled their meeting in New Delhi during the State visit of Prime Minister Oli in April 2018 and agreed to maintain the momentum generated by the visit by taking effective measures for the implementation of all the agreements and understandings reached in the past. They also agreed that effective implementation of the bilateral initiatives in agriculture, railway linkages and inland waterways development, as agreed upon by the two sides during the recent visit of Prime Minister Oli to India, would have transformational impact in these areas.
4. While reviewing the close and multifaceted relations between the two countries at different levels, the two Prime Ministers reiterated their resolve to work together to take bilateral relations to newer heights by strengthening ongoing cooperation in diverse spheres as well as expanding partnership for socio-economic development on the basis of the principles of equality, mutual trust, respect and mutual benefit.
5. The two Prime Ministers emphasized the need for regular convening of bilateral mechanisms, including Nepal-India Joint Commission at Foreign/External Affairs Ministers level, to review the overall state of bilateral relations, and for the expeditious implementation of the economic and development cooperation projects.
6. The two Prime Ministers underscored the importance of trade and economic ties between India and Nepal. Expressing concern over Nepal's growing trade deficit with India, Prime Minister Oli stated that measures to address this deficit need to be taken. In this context, the two Prime Ministers welcomed the outcome of the recently held Inter-Governmental Committee meeting on Trade, Transit and Cooperation to control unauthorized trade to jointly initiate a comprehensive review of the bilateral Treaty of Trade, and to consider amendments to the Treaty of Transit and related Agreements with a view to further facilitating Nepal's access to the Indian market, enhancing overall bilateral trade, and facilitating Nepal's transit trade.
7. The two Prime Ministers underlined the catalytic role of connectivity in stimulating economic growth and promoting movement of people. They agreed to take further steps to enhance the economic and physical connectivity by air, land, and water. Recognizing the vibrant people to people contacts and friendly bilateral ties, the two Prime Ministers directed the respective officials to expand cooperation in civil aviation sector, including early technical discussion on additional air entry routes to Nepal by respective technical teams.
8. The two Prime Ministers reiterated the importance of advancing cooperation in water resources for mutual benefit in areas such as river training works, inundation and flood management, irrigation, and to enhance pace of implementation of ongoing bilateral projects. They also expressed satisfaction over constitution of the joint team, which will visit areas affected by inundation and floods and consider appropriate measures for sustainable solution.

9. The two Prime Ministers jointly laid the foundation stone of 900 MW Arun-III hydro-electric project in Nepal. They expressed hope that operationalization of the project would help enhance cooperation in the generation and trade of power between the two countries. The two Prime Ministers welcomed the outcome of the recently concluded meeting of the Joint Steering Committee on cooperation in the power sector held on 17 April 2018. They agreed to enhance bilateral cooperation in power sector in line with the bilateral Power Trade Agreement.
10. Prime Minister Modi also visited Janakpur and Muktinath and attended civic receptions in Kathmandu and Janakpur.
11. With a view to further strengthening the close religious and cultural ties between the two countries and peoples, the two Prime Ministers launched Nepal-India Ramayana Circuit connecting Janakpur, the birthplace of Sita, with Ayodhya and other sites associated with the epic Ramayana. In Janakpur, the two Prime Ministers flagged off the inaugural direct bus service between Janakpur and Ayodhya.
12. The two Prime Ministers directed their respective officials to address outstanding matters by September 2018, with the objective of advancing cooperation in all areas.
13. The two Prime Ministers underscored the importance of regional and sub-regional cooperation under BIMSTEC, SAARC, and BBIN frameworks for forging meaningful cooperation in identified sectors.
14. The two Prime Ministers agreed that the landmark third visit of Prime Minister Modi to Nepal has further strengthened the age-old friendly relations between the two countries and has injected a fresh impetus to our growing partnership.
15. Prime Minister Modi thanked Prime Minister Oli for his gracious invitation and warmth of hospitality.
16. Prime Minister Modi extended an invitation to Prime Minister Oli to pay a visit to India. Prime Minister Oli accepted the invitation; dates will be finalized through diplomatic channels.

Kathmandu
12 May 2018

**Joint Statement during the State Visit of Prime Minister of Nepal to India
(6-8 April 2018)**

1. The Rt. Hon'ble Mr. K P Sharma Oli, Prime Minister of Nepal, is on a State visit to India from April 6-8, 2018, at the invitation of the Prime Minister of India, Shri Narendra Modi.
2. On April 7, 2018, the two Prime Ministers comprehensively reviewed the entire spectrum of multifaceted ties between the two countries. They welcomed the growing partnership between the two governments, private sector and at the people's level. The two Prime Ministers resolved to work together to take bilateral relations to newer heights on the basis of equality, mutual trust, respect and benefit.
3. Recalling that the close and friendly India-Nepal relations are built on the strong foundation of shared historical and cultural links and close people to people contacts, the two Prime Ministers underscored the importance of regular high-level political exchanges in cementing bilateral ties.
4. Prime Minister Oli stated that his government attaches high importance to further strengthening friendly relations with India. He expressed the desire of the Government of Nepal to develop bilateral relations in a way so as to benefit from India's progress and prosperity for economic transformation and development. Prime Minister Modi assured Prime Minister Oli that India remains committed to strengthening its partnership with Nepal as per the priorities of the Government of Nepal.
5. Prime Minister Modi stated that Government of India's vision of '*Sabka Saath Sabka Vikas*' is a guiding framework for India's engagement with its neighbours for a shared vision of inclusive development and prosperity. Prime Minister Oli stated that after the landmark political transformation, his Government has given priority to economic transformation with the motto '*Samriddha Nepal Sukhi Nepali*'. Prime Minister Modi congratulated the people and the Government of Nepal for successful conduct of local level, federal parliament and first-ever provincial elections in Nepal and appreciated their vision for stability, and development.
6. The two Prime Ministers inaugurated the Integrated Check Post at Birgunj in Nepal. They hoped that its early operationalization will enhance cross-border trade and transit of goods and movement of people bringing greater opportunities for shared growth and development.
7. The two Prime Ministers witnessed the ground breaking ceremony of the Motihari-Amlekhgunj cross-border petroleum products pipeline at Motihari, India.
8. The two Prime Ministers underlined the need for expeditious implementation of bilateral projects in Nepal, and to reinvigorate the existing bilateral mechanisms to promote cooperative agenda across diverse spheres.
9. Three separate joint statements on the following key areas of mutual interest were issued today:
 - India-Nepal: New Partnership in Agriculture
 - Expanding Rail Linkages: Connecting Raxaul in India to Kathmandu in Nepal
 - New Connectivity between India and Nepal through Inland Waterways
10. The two Prime Ministers agreed that the visit has imparted new dynamism to the multifaceted partnership between the two countries.
11. Prime Minister Oli thanked Prime Minister Modi for the invitation and warm hospitality extended to him and his delegation.

12. Prime Minister Oli extended an invitation to Prime Minister Modi to pay an early visit to Nepal. Prime Minister Modi accepted the invitation; dates would be finalized through diplomatic channels.

New Delhi
April 7, 2018

India-Nepal Statement on New Partnership in Agriculture

1. Noting the critical importance and contribution of agriculture and allied sectors to their respective economies, the Prime Ministers of India and Nepal reaffirmed their resolve to promote cooperation in agricultural science and technology, agricultural production and agro-processing in line with the Memorandum of Understanding between the two countries for mutual benefit of farmers, consumers, scientific community as well as the private sector.
2. The two Prime Ministers agreed to give fresh momentum to bilateral cooperation in the agricultural sector and decided to launch a **New Partnership in Agriculture**. The Partnership will be anchored by the Ministers for Agriculture of the two countries and will focus on collaborative projects in agricultural research & development, education, training and scholarships; strengthening of supply and value chain; climate resilience; research in seed technology; soil health; strengthening infrastructure of plant protection laboratories; research in indigenous genetic resources; animal husbandry; veterinary research and development facilities; agro forestry; bio pesticides, bio fertilizers; cooperative farming, and promoting exchanges between the Indian Council for Agricultural Research (ICAR) and the Nepal Agricultural Research Council (NARC).
3. The two sides will organize the first meeting of the Partnership at an early date to concretize priority areas of mutual interest and to develop a work plan for joint implementation. The Indian side announced a pilot project on organic farming and soil health monitoring for implementation in Nepal.

New Delhi
April 7, 2018

India-Nepal Statement on Expanding Rail Linkages: Connecting Raxaul in India to Kathmandu in Nepal

1. With the objective of expanding connectivity to enhance people-to-people linkages and promote economic growth and development, the Prime Ministers of India and Nepal agreed to construct a new electrified rail line, with India's financial support, connecting the border city of Raxaul in India to Kathmandu in Nepal. As a first step, it was agreed that Government of India would, in consultation with the Government of Nepal, carry out preparatory survey work within one year, and the two sides would finalize the implementation and funding modalities of the project based on the Detailed Project Report. The Prime Minister of Nepal assured that the Government of Nepal will extend full cooperation for early completion of the requisite surveys for the new rail line.

2. The two Prime Ministers appreciated the progress made in the implementation of Phase-I of the India-Nepal cross-border rail link projects. The two leaders noted that the stretch of railway lines from Jayanagar to Janakpur/Kurtha and from Jogbani to Biratnagar Custom Yard will be completed in 2018, and that work on the remaining stretch of the ongoing rail link projects: (a) Jayanagar-Bijalpura-Bardibas and (b) Jogbani-Biratnagar, will be taken forward on priority. India expressed appreciation for Nepal's commitment to expeditiously resolve all outstanding issues, including land availability, for the ongoing rail link projects.
3. The two Prime Ministers noted with appreciation that the India-Nepal Joint Working Group has been meeting regularly to discuss issues relating to operation of train services on the ongoing cross-border rail link projects. It was agreed that the JWG would identify requirements for operating train services on these cross-border rail links, and finalize the bilateral modalities expeditiously.
4. The two leaders emphasized the importance of implementing the remaining three links under Phase-II of the India-Nepal cross-border rail link projects: (i) New Jalpaiguri-Kakarbhitta, (b) Nautanwa-Bhairahawa, and (c) Nepalgunj Road-Nepalgunj. Welcoming the ongoing Final Location Survey of the three links, the two leaders agreed to expedite completion of the remaining survey work.

New Delhi
April 7, 2018

India-Nepal Statement on New Connectivity through Inland Waterways

1. The Prime Ministers of India and Nepal recognised the untapped potential of inland waterways to contribute towards overall economic development of the region. Taking cognizance of their geographies and noting the development of inland waterways in both countries, the two Prime Ministers took the landmark decision to develop the inland waterways for the movement of cargo, within the framework of trade and transit arrangements, providing additional access to sea for Nepal. This new initiative would enable cost effective and efficient movement of cargo. The Prime Minister of Nepal noted the enormous impact the additional connectivity would have on the growth of business and economy of Nepal.
2. To facilitate the movement of traffic-in-transit, the two leaders directed their respective officials to formulate and mutually agree upon the requisite procedures and modalities for including inland waterways as an additional means of transport in the Protocol to the Treaty of Transit between India and Nepal.

New Delhi
April 7, 2018

III. Agreements/MoUs signed/concluded/acceded in 2017/18

Country/ Institution	Agreements/MoUs	Remarks
Belgium	MOU on the establishment of Bilateral Consultation Mechanism between the Ministry of Foreign Affairs of Nepal and the Federal Public Service for Foreign Affairs of Belgium	Signed in Brussels on 27 June 2018
Bulgaria	MoU on Cooperation for Youth Development between Nepal and Bulgaria	Concluded through exchange of letters on 16 February 2018
CERN	International Cooperation Agreement with the European Organization for Nuclear Research (CERN)	Signed in Geneva on 19 September 2017
China	<ol style="list-style-type: none"> 1) MoU between the Ministry of Energy, Water Resources and Irrigation of the Government of Nepal and the National Administration Authority of the People's Republic of China on Energy Cooperation 2) Agreement between the Government of Nepal and the Government of the People's Republic of China on Reconstruction of the Friendship Bridge 3) Agreement between the Government of Nepal and the Government of the People's Republic of China on Reconstruction of Resuo (Rasuwa) Bridge 4) MoU between the Ministry of Physical Infrastructure and Transport of Nepal and Ministry of Transport of the People's Republic of China on Cooperation in Railway Projects 5) Protocol between Ministry of Physical Infrastructure and Transport of the Government of Nepal and the Ministry of Transport of the People's Republic of China concerning the Utilization of Highways in Tibet, China by Nepal for Cargo Transport 6) MoU on Investment and Cooperation on Production Capacity between the National Planning Commission of Nepal and the National Development and Reform Commission of the People's Republic of China 7) MoU between the Ministry of Foreign Affairs of the 	Signed during Prime Minister Mr. K P Sharma Oli's visit to Beijing on 19-24 June 2018

	<p>Government of Nepal and the Ministry of Foreign Affairs of the People's Republic of China on the Establishment of Mechanism for Facilitation on the Implementation of China-Nepal Cooperation Programmes and Projects in Nepal</p> <p>8) MoU between the Ministry of Foreign Affairs of the Government of Nepal and the Ministry of Foreign Affairs of the People's Republic of China on Strengthening Cooperation</p> <p>9) MoU on Human Resources Development Cooperation between the Ministry of Finance of Nepal and the China International Development Cooperation Agency of the People's Republic of China</p> <p>10) Agreement on Economic and Technical Cooperation between the Government of Nepal and the Government of the People's Republic of China</p> <p>11) Letter of Exchange of Palace Restoration Project at Durbar Square of Nuwakot</p> <p>12) Letter of Exchange of the Public School Recovery Project in Rasuwa</p> <p>13) Letter of Exchange of the Public School Recovery Project in Dolakha</p> <p>14) Letter of Exchange of the Public School Recovery Project in Sindhupalchowk</p> <p>15) Agreement on Economic and Technical Cooperation</p> <p>16) Framework Agreement on Promotion of Investment and Economic cooperation</p> <p>17) Letters of Exchange for Oil and Gas Resources Exploration in Nepal.</p>	<p>Signed during Vice Premier of China Mr. Wang Yang's visit to Nepal on 14-17 August 2017</p>
Denmark	MoU on Establishing Bilateral Consultation Mechanism between Ministries of Foreign Affairs of Nepal and Denmark	Signed in Copenhagen on 11 June 2018
European Union	Financing Agreement for the EU Contribution to Agriculture and Rural Development (CARD) in Nepal,	Signed in Brussels on 28 June 2018
	1) MoU on Modalities for Utilization of India's Housing Grant Component to support Reconstruction of 50,000 Houses	Signed during the Prime Minister Mr. Sher Bahadur

India	<p>2) MoU on Implementation of the Grant Component of India's Post-Earthquake Reconstruction Package in the Education Sector in Nepal</p> <p>3) MoU on Implementation of the Grant Component of India's Post-Earthquake Reconstruction Package in Cultural Heritage Sector in Nepal</p> <p>4) MoU on Implementation of the Grant Component of India's Post-Earthquake Reconstruction Package in the Health Sector in Nepal</p> <p>5) Cooperation Agreement between Bureau of Indian Standards (BIS) and Nepal Bureau of Standards and Metrology</p> <p>6) MoU on Drug Demand Reduction and Prevention of Illicit Trafficking in Narcotic Drugs and Psychotropic Substances and Precursor Chemical and Related Matters</p> <p>7) MoU for construction of Mechi bridge</p> <p>8) MoU between Institute of Chartered Accountants of India and Institute of Chartered Accountants of Nepal.</p>	Deuba's visit to India on 24 August 2017
Morocco	MOU on Establishing Consultations and Cooperation between the Ministry of Foreign Affairs of Nepal and the Ministry of Foreign Affairs of Morocco	Signed in Kathmandu on 3 August 2017
Oman	MoU on Establishing a Bilateral Consultation Mechanism between the Foreign Ministries of Nepal and the Sultanate of Oman	Signed in Muscat on 27 September 2017
Pakistan	MoU for Cooperation in the field of Literature signed between Nepal Academy and Pakistan Academy	Signed on 13 May 2018
Qatar	MoU between the Federation of Nepali Chambers of Commerce and Industries and the Qatar Chamber to Enhance Cooperation and Create Economic Partnership between Business Communities of Nepal and Qatar	Signed in April 2018
Spain	MoU on establishing Sister-city Relations between Kathmandu and Madrid	Signed in Kathmandu on 26 February 2018
USA	The Compact Agreement between Millennium Challenge Corporation (MCC) of the USA and Nepal	Signed in Washington D.C. on 14 September 2017
United Nations	Multilateral Agreement for the Establishment of an International Think Tank for Land Locked Developing	Acceded on 7 August 2017

	Countries (ITT-LLDCs)	
	Treaty on the Prohibition of Nuclear Weapons	Signed in New York on 20 September 2017

IV. Bilateral Meetings and Bilateral Consultation Mechanisms

Country	Mechanism	Venue and Date
Bangladesh	Second Foreign Office Consultations between Nepal and Bangladesh	Dhaka, 8 October 2017
	Fourth Nepal-Bangladesh Commerce Secretary Level Meeting on Trade, Transit and Economic Cooperation	Kathmandu, 30 May-1 June 2018
Brazil	First Meeting of the Bilateral Consultation Mechanism (BCM) between the Foreign Ministries of Nepal and Brazil	Brasilia, 25 January 2018
China	Eighth Meeting of the Nepal-China's Tibet Trade Facilitation Committee (NTTFC)	Kathmandu, 5-6 July 2018
	Third Meeting on Border Law Enforcement Cooperation between the Ministry of Home Affairs of Nepal and the Ministry of Public Security of the People's Republic of China	Kathmandu, 16 July 2018
	Second Consultation Meeting on Protocol to the Transit Transport Agreement	Beijing, 10-11 July 2018
	Thirtieth Nepal-China Border Customs Meeting between the Department of Customs of Nepal and the Department of Customs of the Tibet Autonomous Region of the People's Republic of China	Kathmandu, 14-18 December 2017
	Consultation Meeting on the Establishment of China-Nepal Cross border Economic Cooperation Zones	Kathmandu on 21 November 2017
EU	Tenth Meeting of EU-Nepal Joint Commission	Brussels, 28 June 2018
	The EU-Nepal Sub Commission on Development	Brussels, 27 June 2018
India	Meeting of Nepal-India Boundary Working Group (BWG)	Dehradun, 30 August 2018
	Meeting of Joint Project Monitoring Committee on Strengthening of Road Infrastructure in the Terai Area of Nepal	Kathmandu, 21 February 2018
	Eighth Meeting for Development of Integrated Check Posts (ICPs) along India-Nepal Border	New Delhi, 22 February 2018
	Fourth Meeting of the Joint Committee of	Kathmandu, 25- 26 April

	Pancheshwor Development Authority (PDA) and the Sixth Meeting of the Governing Body	2018
	Meetings of Nepal-India Inter-Governmental Sub-Committee (IGSC) and Inter-Governmental Committee (IGC) on Trade, Transit and Cooperation to Control Unauthorized Trade	Kathmandu, 24-27 April 2018
	Twelfth Meeting of Nepal-India Joint Committee on Inundation and Flood Management	Kathmandu, 16-19 May 2018
	Video Conference between the Foreign Secretaries of Nepal and India	4 July 2018
	Meeting between Civil Aviation Authorities of Nepal and India	Kathmandu, 14-16 June 2018
	Meeting of Nepal-India Joint Sub-group on Floods and Inundation	26-30 June 2018
	Second Meeting of the Joint Working Group (JWG) on Tourism Cooperation	Kathmandu, 6 July 2018
	Sixth Meeting of the Project Steering Committee (PSC) on Cross Border Railway Links along the Nepal-India Border	Kathmandu, 9 July 2018
	Line of Credit (LOC) Project Review Meeting between Nepal and India	Kathmandu, 11 July 2018
	First Meeting on Inland Waterways Connectivity between Nepal and India	Kathmandu, 15-16 July 2018
Denmark	First Meeting of Bilateral Consultation Mechanism between the Ministry of Foreign Affairs of Nepal and the Ministry of Foreign Affairs of Denmark	Copenhagen, 11 June 2018
Israel	First Meeting of the Bilateral Consultation Mechanism between the Ministry of Foreign Affairs of Nepal and the Ministry of Foreign Affairs of the State of Israel	Kathmandu, 19 March 2018
Russian Federation	Bilateral Consultation Meeting between Nepal and the Russian Federation	Kathmandu, 17 April 2018
Switzerland	Second Meeting of Nepal-Switzerland Bilateral Consultations between the Ministry of Foreign Affairs of Nepal and the Federal Department of Foreign Affairs of Switzerland	Bern, 14 June 2018

V. Major Statements

Remarks by The Rt. Hon'ble K P Sharma Oli, Prime Minister of Nepal, at the joint media briefing with His Excellency Shri Narendra Modi, Prime Minister of India

New Delhi, 7 April 2018

Your Excellency Prime Minister Modiji,
Hon'ble Ministers and Officials from both sides
Excellencies,
Distinguished friends from media,

I fondly recall sharing this podium with Prime Minister Modiji two years ago. Since then, Nepal has achieved comprehensive transformation in many ways. Having reached a stage of political stability following the recent elections, Nepal has now embarked on the journey of socio-economic development with the motto: Prosperous Nepal Happy Nepalis. I have come to India this time with a mission to explore ways and means to enhance our relations to newer heights commensurate with the realities of the 21st century. We want to erect a strong edifice to trust-based relations between two close neighbours that we are. We want to create a model relationship which makes not only us but our posterity equally proud of our accomplishment. A relationship that is cherished forever.

I would like to thank Prime Minister Modiji for his kind words. I fully reciprocate his sentiments on the importance of Nepal-India bilateral friendship. I am thankful to the Government and people of India for the warm welcome and generous hospitality extended to me and my delegation ever since our arrival in this great city.

Hon'ble President Shri Ram Nath Kovind has gracefully invited us to stay at the prestigious Rashtrapati Bhavan and we feel honoured to be guest in his home. I have brought with me warm greetings and best wishes from the people and the Government of Nepal to the friendly people and the Government of India.

This is my second visit as Prime Minister of Nepal to India. I still have a fond memory of extensive discussion I had with Prime Minister Modiji two years ago on a wide-ranging agendas of our deep and multifaceted relations. I take the visit as yet another important opportunity to continue dialogues at our highest political level.

Nepal now has completed a very crucial transitional phase after completing the three tiers of elections and has entered into a new era and stage of economic development. During this transitional juncture, we need support and cooperation of our friends. Immediately after the federal and provincial elections in Nepal, External Affairs Minister Sushmaji visited Nepal to convey Prime Minister Modiji's message of congratulations on our electoral success and best wishes for incoming new government. I sincerely appreciate your thoughtful gesture.

Dear Friends,

Nepal attaches great importance to its relations with India. Our two countries have many things to offer to each other. Interdependence takes many forms between our two countries ranging from economical, ecological to commercial. Being close neighbours, our destiny is intertwined. Prosperity is our common goal. Relations between neighbours are different from those of others. Neighbourhood realities make peaceful coexistence based on the principles of equality, justice, mutual respect and benefits a necessity for shared destiny.

Prime Minister Modi and I noted with satisfaction the ongoing works of EPG-NIR that has been mandated to undertake the review of the overall situation of our bilateral relations and suggest measures to be taken for the future course. We are hopeful that the group will come up with useful recommendations.

The Prime Minister and I had constructive deliberation on a number of specific agendas which are of our mutual interest. We exchanged views on how we can advance our cooperative relations and can make it deeper and more comprehensive.

I congratulated Prime Minister Modi for the incredible progress India has made in the past two decades in every sphere of growth and development. Nepal sees this progress as an opportunity for its development as well. I shared with the Prime Minister that it is crucial for Nepal to utilize its vast untapped resources particularly hydropower and for that Nepal wanted to have more investment from India's public and private sector. Both of us underlined that the early realization of the ongoing mega projects like Pancheshwar, Arun III and Upper Karnali would generate the much desirable impetus and positive precedence for future such projects.

I appreciated the Government of India's initiative to have Guidelines and Regulations on Cross Border Trade of Electricity reviewed. It is definitely a step ahead. However, I conveyed Nepal's desire to see an early realization of the open market provision of the bilateral Power Trade Agreement which was concluded between us in 2014 thanks largely to Modi's positive direction.

In Nepal we have power surplus in wet season and deficit in dry season for a few years to come whereas India needs more power in summer. In view of this complementarity of energy needs, we discussed about realization of energy banking. We also discussed about development of new transmission lines.

Talking about water resources and its management, inundation has become a repetitive problem in every monsoon in Nepal's low land. We stressed on the need of finding appropriate solution to this problem.

Infrastructure and connectivity are vital agendas of our bilateral relations. We are connected by easy geography while our cross-border infrastructure is still poor. We discussed about the need of improving and upgrading the cross-border infrastructure including roads linking the major border points with the nearest highways on our respective sides. Cross-border railway is being developed at two points and we agreed to give an early start to works on three other places. We also talked about early completion of works in remaining four ICPs.

Talking about connectivity, we discussed also on the possibility of being linked by river navigation and just a while ago we heard the commitment from His Excellency Modi that how much India is positive to provide these facilities and he precisely said that Nepal no more is land-

locked country. It was land-linked. But now not only land-linked but it is connected to waterways also. It is a matter of happiness for us.

Our future lies in the expansion of economic engagement namely growth of bilateral trade, streamlining of transit facilities and increased investment. I shared with Prime Minister Modi Nepal's concern about alarming scale of trade deficit and stressed on the need of implementing measures to expand Nepal's export.

Agriculture is one of the areas where India has made significant progress and there is potentiality for Nepal to learn. With this in mind, I am visiting Govind Ballabh Pant University of Agriculture and Technology in Pantnagar tomorrow and I thank the Government of India for making that arrangement.

We are having specific outcome on three key areas of development namely agriculture, railways connectivity and waterways. As you just heard from Prime Minister Modi about railway connectivity and construction of railways from Kathmandu to Raxaul, I need not repeat. I would like to express my happiness on that.

Prime Minister Modi and I also discussed about expediting the post-earthquake reconstruction projects in Nepal that are being implemented under the Government of India's generous cooperation.

We noted the progress of boundary related technical works which are being undertaken by the survey officials of both sides and had the understanding that status quo will be maintained until we start to address the problem of cross-border occupation in totality.

We underlined the importance of regional and sub-regional cooperation for the common prosperity of the people in the region.

Finally, dear friends, we must build on these enablers to boost our relations. We must seize the opportunity to make our relations fruitful to the lives of our people. As close neighbours we share a common destiny which demands corrective pursuit of prosperity. We agreed on the need of continuation of engagement at the highest level. I renewed the invitation to Prime Minister Modi to pay a visit to Nepal at the earliest convenient time. I am hopeful that the visit would take place soon.

Thank you.

Remarks by The Rt. Hon'ble K P Sharma Oli, Prime Minister of Nepal, at the joint media briefing with His Excellency Shri Narendra Modi, Prime Minister of India, Kathmandu, 11 May 2018

Your Excellency Prime Minister Modiji,

Hon'ble Ministers,

Excellencies,

Distinguished media persons,

A very warm welcome to you, dear Prime Minister Modiji, on your State Visit to Nepal. Thank you for accepting our invitation. We are pleased to welcome the Prime Minister from a close, friendly neighbor. The people of Nepal join me in extending warm greetings to you. This is your third visit to Nepal. We have fond memories of your previous two visits.

Extensive and deep-rooted Nepal-India relations deserve regular exchange of visits at higher levels. We will continue this tradition in the interest of our two countries and peoples.

We have met here in Kathmandu in about a month's time since we met in New Delhi. I fondly recall our meeting last month and extensive discussions and exchange of views that we had on various aspects of Nepal-India relations in an open and frank manner.

Prime Minister Modiji and I have just concluded bilateral discussions on the entire gamut of our relationship in an atmosphere of warmth and cordiality that characterizes the deep friendship and understanding between our two countries.

We reiterated our firm commitment to take our relations forward on the basis of equality, mutual trust, respect and benefit. Relations between neighbours are different from that of others. Neighbourhood constitutes top priority in our foreign policy.

I conveyed to Prime Minister Modiji our strong desire to see our relations mirroring the 21st century realities. I believe that the EPG-NIR's recommendations would be important for updating our relations commensurate with the changed context.

Our desire is to create a strong edifice of relationship underpinned by mutual trust so that it is not shaken by any occasional or intermittent differences that are natural between neighbours.

Our two countries are interdependent in many ways. Hence, peace, stability and prosperity in one contribute to the achievement and maintenance of the same in the other.

Building on the outcome of our last meeting in New Delhi, we agreed to take effective measures for the implementation of all agreements and understandings reached in the past. We also agreed to take concrete measures to realize the benefits of new partnership for agriculture and connectivity by rail links and inland waterways.

We agreed that the Agriculture Ministers of our two countries will meet soon to concretize priority areas and develop a work plan for implementation including in agricultural research and development, education, training and scholarship, supply of inputs and collaboration between our relevant institutions. We will expeditiously work for launching pilot projects on organic farming and soil health monitoring.

We both underlined that an early finalization of the DPR of the Pancheshwar Multipurpose Project is essential to gain mutual benefits in the areas of energy, irrigation and flood control. The team of Experts/Officials will meet soon for this purpose.

Just a while ago, Modiji and I jointly laid the foundation stone of 900 MW Arun-III hydropower project. We hope that the operationalization of the project would help enhance cooperation in the generation and trade of power between the two countries. In this context our attention needs to be focused on the full implementation of the Power Trade Agreement (PTA) signed between the two countries including its open market provisions. I appreciate India's initiatives to revise the Guidelines/Regulations on Cross Border Trade of Electricity in consultation with stakeholders.

Our two sides will continue to engage in studying the matters concerning the Energy Banking mode of electricity transaction. Our agencies will expeditiously study and suggest modalities for the New Butwal – Gorakhpur (New) 400 kV Transmission Line.

Each year a large part of Nepal's Terai region faces the problem of inundation. In view of the impending monsoon season and considering the past agreement between our two sides, both our sides need to immediately send a joint team to the inundation prone areas to take appropriate measures to address this problem.

Trade and transit are vital components of Nepal-India bilateral relations and both of us underscored their importance. India is our largest trading partner. However, the growing trade deficit of Nepal with India has been a matter of serious concern for us. Modiji and I took note of the outcome of the Commerce Secretary level meeting held last month in Kathmandu to jointly initiate a comprehensive review of the existing trade, transit and rail services treaties/agreements. I believe that India has both the capacity and willingness to address our genuine concern.

We also discussed the matters relating to the early issuance of requisite permission by the Indian authorities to the Nepali LPG bullets and the removal of all types of duties on the jute goods exported by Nepali exporters to India. I strongly believe that these issues should not linger further.

I requested Modiji to facilitate the exchange of demonetized currency notes held in the Nepali banking system and by general public at the earliest. I look forward to an early solution to this matter.

I expressed hope that the two transit facilitation related draft Letters of Exchange – one on bulk cargo and the other on Rail Services Agreement amendment would be finalized soon with the early clearance from the Government of India.

Considering the role of connectivity as a key enabler for development, we discussed the ways to enhance connectivity for our mutual benefit. We expressed satisfaction on the operationalization of the ICP in Birgunj and agreed to expedite progress on three other ICPs. The completion of the Hulaki road projects would receive added focus.

For the new electrified rail line to be built with the financial support of India, our respective agencies will carry out preparatory survey work at the earliest and finalize the implementation and funding modalities. In order to develop inland waterways for the movement of cargo, we shared the views that early start of the work is required.

I am fascinated by Modi's vision of HIT (highways, information ways and transmission ways). Two more dimensions to this would be pertinent: waterways and airways. As also discussed during my recent visit to India, I am expecting positive decision from India soon on our request for operationalization of four additional air entry routes to ease air traffic.

I am happy to note that the Indian side is preparing DPR for the motorable bridge over Mahakali River to connect Darchula and the construction work is expected to commence after the monsoon season. A joint survey is also on the card to prepare a detailed report regarding connection of the four-lane motorable bridge over Mahakali River at Kanchanpur with India's nearest highway.

I take this opportunity to express thanks to you Modi personally and the Government of India for the support extended to us in the aftermath of the devastating earthquake of April 2015. Nepali agencies are actively involved in the implementation of the reconstruction projects with the support of India, both under grant and loan.

We shared the view that regional and sub-regional cooperation under SAARC, BIMSTEC and BBIN frameworks are important in forging meaningful cooperation in identified sectors. I informed Modi that Nepal is planning to host the 4th BIMSTEC Summit in Nepal at a date convenient to all member states.

Earlier today, Modi and I jointly launched the Nepal-India Ramayana Circuit in the premises of the Janaki Temple in Janakpur. This will connect Janakpur, the birthplace of Sita, with Ayodhya and other sites associated with the epic Ramayana. We also jointly flagged off the first bus service from Janakpur for Ayodhya.

I am delighted to mention that Modi is also visiting Muktinath tomorrow. I am sure this will be inscribed in history as the first one by a foreign head of government to that holy abode of peace.

Both of us agreed that this visit of Prime Minister Modi has further strengthened the age-old friendly relations between our two countries and has generated a fresh impetus to our bilateral cooperation and partnership.

We attach high importance to our relations with India and look forward to continued cooperation in the coming days for the mutual benefit of the two countries and peoples. In this respect, I look forward to working closely with Modi in the days ahead.

Thank you.

**Closing Remarks by the Rt. Hon'ble Prime Minister at Business Interactive Roundtable,
New Delhi, Friday, April 6, 2018**

Dear captains of business and industries from Nepal and India.

Thank you for hosting this roundtable which is different from what I addressed last time.

I have carefully listened to you. Very important suggestions and comments have come from the floor. It has been really encouraging to get such valuable feedbacks.

CEO from Investment Board of Nepal made a comprehensive presentation. I will not repeat what he has said. But let me underline a few points that I deem important to share with you.

This is a commitment by a Prime Minister whose only aim is to bring about visible changes in the living standard of our people.

1. Nepal's political transformation has been truly historic. We have institutionalized our political gains through a new constitution. Our next objective is economic transformation. Our Motto is: Prosperous Nepal and Happy Nepalis.
2. We aspire to be middle income country by 2030 and graduate from LDC status at an early date.
3. We have a strong government at the centre that enjoys majority of three-fourth membership of the lower house. Stable Government means stability and continuity in policy regime.
4. Following the formation of the strong government, law and order situation has improved. This means Nepal is now safe for foreign investment. Any attempts to disturb law and order situation will be firmly dealt with.
5. We need massive investment in every sector. Nepal is considered a virgin land as far as investment is concerned. Investment in any sector is highly profitable. There is no competition for investment.
6. Indian investors have invested across the globe so why not to go to the next door Nepal? Geographical proximity, easy access, cultural similarities are all there to make you feel good about Nepal. Seize the opportunity!
7. Investors always look for markets. Look at Nepal's position. For us, market is not a problem. Production is a problem. It is laying between the two vibrant economic powers of the world, India and China, that assure you of a promising market of over 2.5 billion populations. We enjoy duty free quota free market access in our neighbourhood. In addition, we enjoy duty free access to European market and preferential market into the USA for over 70 products as an LDC.
8. We are ready to listen to you. We want to know your views. We are committed to further improving business climate in the country. Reform is always desirable. We have enacted the laws and policies on foreign investment, Public-Private Partnership, industrial enterprises, banking and intellectual property. Come and talk to our authorities.
9. We are committed to liberal economic policy with private sector as a key partner. We have no intention to reverse the trends. Rest assured, we cannot go against the global trends.

10. Nepal has to offer attractive incentives. Compared to other countries, our incentive structure is quite attractive. We have reduced tariffs, simplified tax regimes and focused on the development & operation of trade related infrastructure.
11. We are planning to establish SEZ in major industrial centres of Nepal mostly in cities bordering India with incentives for industries including liberal labour law.
12. We have streamlined administrative procedures. Our bureaucracy is accessible and accountable. We are committed to provide corruption- free administration. We are pursuing policy of zero tolerance on corruption. Good governance and rule of law are at the core of our governance system.
13. We have established a high-powered investment board headed by prime minister that brings together government and private sector. It is facilitating the big investors by providing all services from single window.
14. There is a favourable fiscal environment.
15. Our law permits full repatriation of income earned from investment and reinvestment.
16. Foreign Companies registered in Nepal can purchase, own and sell land.
17. No discrimination between national and foreign investors. No nationalization of private industry. Double Taxation Avoidance Agreement has been signed with India. We are discussing the new version of bilateral investment agreement.
18. The other factor that makes you competitive in Nepal is availability of cheaper labour force. Since we are not taking about high-tech industries at this point of time, our labour force will be an added asset for any business enterprise. We have reformed labour law and industrial relations have improved.
19. Infrastructure is key to economic development. Top priority of Government is cross border infrastructures for better connectivity. Modern ICP at Birgunj is operating soon. ICPs at 3 other places are being built and Railway connectivity is being established at 5 border points.
20. Bilateral motor vehicle agreement has been signed and operationalized which facilitates the movement of people across the border.
21. Almost every sectors including manufacturing, hydropower, IT, mining and agro based industries are opened for foreign investment. It is quite a liberal regime.
22. Power Trade Agreement with India has been signed. Nepal India both can benefit from utilization of hydropower resources. Cross border transmission lines are operational and we are going to build new transmission lines.
23. Tourism is an attractive sector. There are many things that Nepal can offer. It is a tourist paradise. Combination of nature and culture makes Nepal a destination throughout the year. Nepal is an idle place for Indian tourists. Building tourism infrastructure is our priority. Regional airports are being developed in Pokhara and Lumbini.
24. Agriculture and herbal processing are yet other areas in which investment can be profitable.
25. IBN is facilitating the big Indian investments in Arun-3 and Upper Karnali. We were able to receive a pledge of 14 billion dollars in Investment Summit organized in Kathmandu last year.

**Speech by The Rt. Hon'ble K P Sharma Oli, Prime Minister of Nepal at the Civic
Reception organized by India Foundation in New Delhi, April 7, 2018**

“Nepal-India Relations in 21st Century”

**Mr. Chairman,
Excellencies,
Friends of Nepal,
Ladies and Gentlemen,**

I feel honoured to be here amidst this enlightened gathering. I consider this as a distinct privilege.

I am thankful to India Foundation for providing this occasion to share my humble thoughts on the future prospects of Nepal-India relations and broader geopolitical context surrounding us.

Two years back I was in this great city on my first State visit to India as Nepal's Prime Minister. My country had then just accomplished the historic task of promulgating the Constitution through a democratic process of the elected Constituent Assembly.

That was an important moment. We were living behind the long and costly period of political transition and uncertainties, anticipating a stable political course ahead. As the Prime Minister of the country, I had the huge responsibility to carry forth the tasks related to the implementation of the Constitution that was just born. The task was demanding; challenges colossal.

Thanks to the wisdom and perseverance of fellow Nepali leadership and the 28 million Nepali people as well as support and solidarity of friends from neighbourhood and around the world, we have achieved all major milestones in constitution implementation in the past two years. And this time, I am visiting India as Nepal's Prime Minister elected through the first ever polls held under the Constitution; as the leader of a country that looks to future with resounding optimism and abounding dreams.

The local, provincial and federal elections held in 2017 were historic in many ways. Following these, we were able to have elected representatives in all 753 local level bodies after a gap of nearly two decades. And, provincial elections are entirely new.

A major political transformation envisaged in the Constitution was the restructuring of the State into federal set up. For the first time in our history, we now have seven provincial assemblies and provincial governments. 'Government at doorstep' is our constitutional spirit, which has now been structurally realized.

The elections were hugely participative and results were inclusive. Voters' turnout was over 70 percent in average. Through the elections, we have been able to ensure over 41 percent of women representation in elected bodies. This is not a small achievement by any standard. And, our intention is to bridge the remaining 9 percent gap.

With this political process completed, we now have embarked on the path of political stability. All provincial governments command support of two third majority in their respective assemblies and my government at the centre has robust mandate and overwhelming support.

I have deemed this as a mandate to work for the long-cherished socio-economic transformation of the country. Ours is the dream of a prosperous Nepal where people will have decent living and youths will have decent jobs; where our infrastructure will be better and our vast, untapped resources will be converted into economic benefits and wealth. It's a dream of overcoming the vicious circle of poverty, underdevelopment and social backwardness.

We are mindful, however, that we alone cannot undertake this journey to prosperity. We will continue to count on support, solidarity and goodwill from friends all over the world, particularly our neighbours.

I say neighbours as they, by virtue of geographic proximity and long historic associations, are the ones who understand us well and are cognizant of our development needs. I say neighbours as, fortunately for us, they have been able to register marvellous achievements when it comes to development and hence, they are our inspirations, our lessons and key source of support.

Ladies and Gentlemen,

Nepal and India are connected by geography as well as history, by our religions as well as culture.

Our relations are blessed by the wisdom of saints and sages. Our bonds are strengthened by both physical connectivity and people-to-people interactions in almost all spheres.

Our relations began even before the history began to be recorded; they began in the dawn of human civilization in this part of the world.

Today, in this 21st century, our age-old relations have expanded to a more extensive, and multidimensional connection.

It is a neighbourhood reality that we often witness intermittent glitches in our relations. It is a fact that we have witnessed difficult times in our relations. We have gone through the cycles of ups and downs; highs and lows in our relations. I am sharing this frankly because open discussions help improve the thrust and course of relationship. We, leaders on both sides, are capable to review and introspect where things went wrong and how we could do better in future.

And the history implores us to take our relations to newer vistas of opportunities, to newer heights of mutual benefits. In this mission, it is natural that we have certain expectations from India as a large neighbour and a country with rising global stature in many ways.

Relations between neighbours differ from that of others. Neighbourhood realities are distinct in many respects and accordingly dictate the terms of overall engagements. Good neighbourliness demands harmonious co-existence forever. And, trust is the key cementing factor. It derives its strength from the observance of such fundamental principles as equality, justice, mutual respect and benefit as well as non-interference.

As friendly neighbours, our two countries need to be aware of, and respect for, each other's concerns and sensitivities. Nepal has not allowed its land to be used against the sovereign interests of India. We are firm in our resolve to maintain this position. And it is natural that we expect similar assurance from India.

We are in the changed context both at home and abroad. Our domestic political realities dictate the values and course of our action both internally and externally. We have defined our goals, priorities, strategies and actions for nation-building. Likewise, we want to inject fresh perspectives into our relations with external world.

Our foreign policy priority begins at our borders. Talking about India, our foreign policy objective is to strengthen the foundation of relations, but not to weaken it; objective is to expand and consolidate relations, but not to limit the scope or unravel it; and objective is to bring our relations to the next level, but not to slide back. Our objective is clear. Our intention is pure. Our determination is strong. And, our efforts will be robust.

Stability and predictability in relationship is very important for us. Because we are two countries of different size, populations, and level of economic development. And our ambition is different, so is our strength. India is aspiring to be a global power, both politically and economically. Nepal's ambition is to be a prosperous place.

Distinguished participants,

We cherish India's progresses and prosperity. Its accomplishments in many spheres are notable. The wonderful journey of India as a major economic powerhouse is an inspiration for many people around the world and more so in our neighbourhood.

For Nepal, India remains the largest trading partner. However, the problem of bilateral trade deficit looms large. Our economy cannot sustain alarmingly high trade imbalance with India. Its continuance will pose a serious threat to our economy. We are not a competitor of India. We need a breathing space. I am sure many of you would agree when I say that helping Nepal to be economically strong serves India's vital interest.

Therefore, we need to focus our attention to diversify our trade basket and scale up the volume of exports from Nepal to India. The provisions of the 1996 Trade Treaty were highly supportive for Nepal's trade. The Treaty's initial period was an encouraging period in our trade relationship. Measures such as removal of quantitative restrictions, tariff quota reduction and downward revision of value addition criteria, simplification and streamlining of procedures and easy access to quarantine and testing facilities could ease the difficult situation.

To increase the flow of goods and augment trade, we need to invest in infrastructures and streamline the procedures as well.

India has extended generous assistance to finance development endeavours of Nepal. It has helped to diversify our economy, build up the infrastructure, and enhance our industrial base. However, there is much to do to scale up our economic cooperation and timely delivery of agreed projects.

To further intensify the economic cooperation, we must create the stories of success; we must translate our pledges into performance.

Nepal's hydropower development is an important sector for bilateral partnership. It will benefit the people and industries of both of our countries. We need to generate a success story by sincerely implementing the projects agreed in the past such as Pancheshwor in its true spirit.

Nepal is a desired destination for Indian tourists. Attracted by the natural heritage as well as religious sites, Indian tourists can further contribute to Nepal's economy.

To enhance the flow of people, for enterprise as well as tourism – we need to further expand air connectivity and road and rail linkages. Cross-border connectivity is very important to unleash development potentials and to spur growth.

The importance of connectivity cannot be overemphasized for a landlocked country like ours. India has been providing overland transit facilities to Nepal for international trade. When I talk

about connectivity I recall what Prime Minister Modi eloquently highlighted the idea of HIT (highways, information ways and transmission ways) while addressing the Legislature-Parliament of Nepal during his first visit to Nepal in August 2014. We need to realize this vision.

As connectivity is important for all of us, we underline the need for developing regional and sub-regional connectivity arrangements. We need to ensure that bilateral as well as regional connectivity and transit arrangements run smoothly without any interruption at all times. Recourse to obstacles in the movement of goods, services and people should not have any place in today's interconnected world and in interconnected neighbourhood.

Dear Friends,

We are living in an interesting time in terms of the shifting power equation in the world and the transformed geopolitical orientation.

Asia's centrality in today's world stage has been affirmed by the fascinating combination of economics, demography and its value system. Having possessed a third of the Earth's landmass and almost two third of the world population, mostly young and energetic, Asia's renaissance has become irresistible and irreversible.

I call it renaissance because Asia's gain of supremacy is not a first time phenomenon. What we see today is rather the return of Asia to the glorious world podium of 200 years back. It's a return to the time when Asia homed the world's oldest and most affluent civilizations. Return to the time when it produced the world's best artists and architect; best physics and metaphysics; most sophisticated education system and most enlightening writings on governance and statecraft.

When majority of the world was reeling in the darkness of superstition, this region, centuries back, produced Vedanta, the world's most elaborate treatise of knowledge and wisdom as well as a most advanced philosophical system, and Buddhism, the most revered guiding principles on peace and nonviolence; and the notion of global fraternity and happiness. Ancient Asia gave the world the advanced idea of town planning and sophisticated architecture. It also offered the idea of industry and techniques of trade.

Past 200 years were rather an aberration in Asia's prominence. Reasons may vary, but the reality is that in the past 200 years, poverty and backwardness became most of Asia's identity.

Today, Asia is already on the log march to success and prosperity. This journey may not be smooth and uninterrupted, but it is on.

Natural to its size, Asia is the most diverse region in the world. People are diverse and so are cultures; geography is diverse and so is the level of development. Amidst this, how do we ensure that Asia gradually evolves into a closer, connected and a better-integrated society?

How do we ensure that those lagging behind in development are offered a helping hand and a level playing field to keep up with the required pace? How do we ensure that we all, big and small, grow together as fellow Asian nations? How do we ensure that we sort out our differences or at least not allow such differences undermine the larger good that we need to pursue together? These turn out to be critical questions as we embark on the noble journey towards realization of the Asian century.

As important as the tangible indicators of development are, we need to make sure that the core Asian values of universal fraternity, peaceful co-existence, respect for diversity and sense of

equality guide our ways as these are the values that stand as fortress to ensure world's peace and security and sustainability of its development.

Asian values have the potential not only to bring us, the Asians, closer but also contribute to the world's better future. These were born out of our collective, civilizational conviction on harmony, discipline and primacy of the larger public good and interest over petty individual self-centredness. Asian values emphasize more on sharing, caring and co-existing than on individual race making. Collective thinking and serving humanity is the Asian way.

Asian values underscore, as the fundamental prerequisite to development, the need to build solid and well-functioning state institutions. While other actors are important components of modern day governance, state institutions must command due reverence and any ill-motivated attempt to undermine them must be discouraged.

Our collective journey towards realization of the Asian century can only be possible through due promotion and institutionalization of the Asian values.

Asia invented *Panchasheel* that have not only become the core principles of the UN Charter but also provided the nations around the world the *modus vivendi* for living together peacefully despite differences and working together to serve mutual interest. Nepal's adherence to *Panchasheel* is unwavering.

Ladies and Gentlemen,

Nepal's engagement with the rest of the world, as stipulated in its Constitution, remains shaped by the principles of Panchasheel, non-alignment, UN Charter, international law, and norms of world peace.

Nepal was among the few countries that remained independent throughout its history. In this very fact of history is rooted the abounding sense of national pride of today's 28 million Nepalis. We, therefore, hold dearer than anything else the principles of sovereignty, independence and non-interference.

We pursue an independent foreign policy and our conduct of external relations is based on a balanced outlook.

No one compromises on nationalism. For us, nationalism is the protection of our sovereignty, territorial integrity, national independence, and fulfilment of our national interest. We are a proud people of a country that always remained independent throughout its history. Our sense of nationalism does not harbour ill will against anyone. Our people have always demonstrated great degree of resilience in times of difficulties and their confidence was never shaken. Amity with all and enmity with none is our motto in foreign policy. We seek to foster relations with neighbours and all friendly countries around the world based on justice, sovereign equality, mutual respect and benefit.

Distinguished friends,

When it comes to Nepal-India relations, the enablers for cordial friendship and rewarding relations partnership are already there. We must build on those enablers to boost our relations. We must seize the opportunities to make our relations fruitful to the lives of our peoples. As close neighbours, we share a common destiny which demands collective pursuit of prosperity.

As I already said this afternoon, I have come to India this time with a mission to explore ways and means to enhance our relations to newer heights, commensurate with the realities of the 21st century. We want to erect a strong edifice of trust so that our relations always remain harmonious. We want to create a model relationship which makes not only us but our posterity equally proud of our accomplishment. A relationship that is cherished forever. Everybody has a role to contribute towards realizing this goal.

With this spirit in mind we have tasked the EPG-NIR to come forward with concrete recommendations on making Nepal-India relations truly beneficial for both of our countries and peoples. Our intention is genuine and larger Indian intelligentsia have a duty to spread the message of the need for a positive transformation in our relationship. I hope this gathering could serve this useful purpose.

During the visit, I had frank, open and comprehensive talks with Prime Minister Modi. Our conversation was focused on the same direction. You are already aware of the important agreements we reached on railway and inland waterways connectivity as well as cooperation in agriculture.

I firmly believe, and hope you all would agree, a peaceful, stable, prosperous and democratic Nepal is in the interest of India as well as that of our larger neighbourhood.

Let me, therefore, conclude by reiterating my determination for closer and mutually rewarding relations between our two countries in this 21st century.

I thank you once again for such a wonderful opportunity.

I thank you all for your kind attention.

**Statement by Prime Minister and the Leader of Nepali Delegation to the 72nd Session of
United Nations General Assembly, Rt. Hon Mr. Sher Bahadur Deuba.**

New York, 23 September 2017

Mr. President,

I bring warm greetings from the people and Government of Nepal, the land of Lord Buddha and Mount Everest, to the delegates and best wishes for the success of this session.

I congratulate you, Mr. President, on your election to the presidency of the seventy-second session of the UN General Assembly. I pledge full support in the discharge of your important responsibilities.

I also wish to place on record our appreciation to your predecessor, Ambassador Peter Thompson of Fiji, for his sterling leadership.

I warmly congratulate His Excellency Antonio Guterres, on his appointment as the Secretary General of the United Nations. With his experience, vision and versatility across a wide range of areas, we are assured of his wise leadership of the organization in this challenging time. We extend best wishes and full support to him, including on his reform efforts to make our organization fit-for-purpose.

I also commend his predecessor Ban-ki Moon for his dynamic leadership of the organization.

Mr. President,

It has been almost two decades since I first addressed from this podium.

In decades that followed, the world has witnessed profound transformation. While there are some notable achievements in poverty reduction, school enrollment, gender equality and combatting communicable diseases, it is not without multiple and complex challenges.

The world has become more inter-dependent, and better connected. Growing interdependence and pluralism have unleashed both challenges and opportunities.

A big geopolitical transformation is in the making.

The rise of inward looking tendency in some of the nation-states marked by the tide of populism on both the left and the right have created confusion over the course of world politics.

Global community faces a more complex and polarized environment with multiple transnational challenges ranging from terrorism, climate change, energy deficiency, food insecurity, and mass migration to extremism.

Ethnic tensions and intra-state conflicts have taken toll on millions of innocent lives. The sufferings of people in Syria, Iraq, Libya and Yemen have not abated.

Unfortunately, our efforts have been too little, and often too late.

All these challenges reinforce the role and responsibility of the United Nations.

Mr. President,

As we embark upon a path of implementing the 2030 Agenda for Sustainable Development, such challenges are the litmus tests for our leadership.

The choice of the theme for our deliberations at this Assembly “Focusing on people: striving for peace and a decent life for all on a sustainable planet” provides a clear direction ahead.

Path to peace and decent life for all will remain elusive without resources and commitment for the implementation of Sustainable Development Goals. A very small fraction of trillions of dollars spent in armament can help the countries in need to attain these goals.

Delivery on commitments, inclusive process, coordinated efforts and shared responsibilities backed by adequate resources are essential to secure sustainable future and ensure that no one is left behind.

After years of political transition, Nepal now seeks to project a clear roadmap to prosperity. Aligned with economic, social and environmental pillars of the SDGs, Nepal’s development priorities will be framed around the imperative of generating, sharing and sustaining broad-based prosperity.

Mr. President,

The vicious race for weapons of mass destruction continues to threaten the world.

Nepal calls for a time-bound, general and complete disarmament.

Nepal welcomes the confidence-building measures on conventional weapons, ending nearly two decades of stalemate in the UN Disarmament Commission.

Nepal has signed the Treaty on the Prohibition of Nuclear Weapons as a step towards nuclear disarmament.

Nepal deplores the continued defiance by DPRK of the repeated calls of the UN Security Council and the international community. We urge DPRK to abide by all the relevant resolutions of the UN Security Council. We believe this alone safeguards peace and promotes stability on the Korean Peninsula.

As the host to the Regional Centre for Peace and Disarmament for the Asia-Pacific, Nepal underlines the need to reactivate the regional disarmament deliberations under the Kathmandu Process.

Mr. President,

Violent extremism and religious fundamentalism have undermined peace and security in different parts of the world – with more youths being radicalized, with more lives being devastated, societies turning intolerant.

Terrorism is a curse to humanity and biggest threat to democracy and development.

Nepal condemns terrorism in all its forms and manifestations, and anywhere in the world.

The world must come together to address not just its symptoms but the root causes. Early conclusion of the anti-terrorism global convention is the call of our time.

Mr. President,

Successful peacekeeping demands objectivity, impartiality and ability of the Mission to deliver with the consent and confidence of the host governments.

Having contributed over a hundred and thirty thousand peacekeepers in some of the most challenging theatres and true to our commitment to the success of UN peace operations, Nepal remains prepared to provide additional troops and civilians for this noble cause.

While we welcome the new standards and assessment mechanisms, a sustained partnership for capability building of peacekeepers is crucial for improving performance in peace operations. The UN should play a supportive role in capacity building of peace keeping related institutions.

Nepal has been a host to a world class peace-keeping training center- the oldest one in the region. The United Nations can make the best use of this facility and help develop it as a regional centre of excellence for peacekeeping training.

Nepal firmly believes that all troop and police contributing countries must get fair opportunities to serve in leadership positions both in the field and at the headquarters commensurate with their level and length of contribution.

Protection of civilians should be at the center of peacekeeping operations. Nepal believes the safety and security of the peacekeepers is the key to enhance their ability to deliver from the high moral ground.

On sexual exploitation and abuse, we must move from zero tolerance to zero case scenario. It is in this spirit that Nepal endorsed the Kigali Principles in its entirety, and signed the Secretary-General's Voluntary Compact on the Elimination of Sexual Exploitation and Abuse.

Mr. President,

All human rights are universal, indivisible, interdependent and interrelated and should be accorded equal emphasis including the right to development.

The constitution of Nepal accommodates aspirations of all of its citizens. It guarantees a comprehensive set of internationally recognized human rights and fundamental freedoms.

We are fully committed to the promotion and protection of those rights and their full enjoyment by our people.

The constitution establishes powerful commissions to promote and protect rights and interests specific to women, *Dalits*, Muslims, Madhesis, indigenous people and other disadvantaged communities.

The National Human Rights Commission, an independent constitutional body, is responsible for overall monitoring of the human rights situation and investigation into the cases of their violation.

Nepal views the right to life as the most important of all human rights. Nepal's constitution bans death penalty in all circumstances. As a party to 24 international human rights instruments, including 7 out of 9 core instruments, Nepal has been fulfilling its international obligations with all sincerity, and to the best of its ability.

Against this backdrop, Nepal has presented its candidature to the UN Human Rights Council for the term 2018-2020.

Nepal's first-ever election to the Council would be the recognition of our long commitment and contributions in the field of human rights and an encouragement to do more at national as well as global levels. We seek invaluable support of all Member States to Nepal's candidature.

Mr. President,

Migration is a mega-trend.

Ensuring safe, orderly and regular migration is the need of our time. Nepal eagerly looks forward to a successful outcome of the 2018 Global Compact on Migration.

Nepal calls for concerted efforts at the national, regional and international levels to ensure that the migration process creates a fair and win-win situation to all.

We call for safety, security, dignity and well-being of all migrant workers.

Although not a party to the Refugee Convention and its Protocol, Nepal has earnestly upheld humanitarian principles by hosting thousands of refugees.

Protection of minorities and their rights makes the world more humane, and contributes to world peace and security.

Forced eviction of citizens is a grave crime against humanity. We call upon the international community to respond responsibly and act decisively for refugees' right to return to their homeland in safety and dignity and rapid rehabilitation under all circumstances.

Mr. President

The cost of natural disasters is rising sharply in terms of human tragedy and devastation. We call for greater global cooperation and coordination in prevention, mitigation and recovery.

The trauma of Nepal earthquake 2015 has not subsided yet. The post-disaster reconstruction is ongoing. We thank our neighbours, development partners, other friendly countries and UN family for their generous support in our reconstruction drive.

Poor and vulnerable countries disproportionately suffer from climate change despite their negligible role in greenhouse gas emissions. The implementation of Paris Agreement should be done in synergy with the 2030 Agenda. The principle of common but differentiated responsibilities, equity and respective capabilities should be at the center of its implementation.

Mr. President,

The LDCs are the most vulnerable group of countries. They cannot be perennially equated with dehumanizing conditions of poverty and under development. They must be enabled to smoothly and sustainably graduate at an early date.

LDCs and LLDCs have not been able to benefit from the process of globalization.

They need reliable and sustainable financing, partnerships, and technology transfer to overcome their structural impediments.

As cost of doing trade is higher to the LLDCs than the coastal countries, development of multi-modal transport infrastructure and unhindered transit rights of landlocked nations are critical to their sustainable development.

We call for full implementation of the Istanbul Programme of Action, Vienna Programme of Action and Addis Ababa Action Agenda in full synergy and coherence with the 2030 Agenda.

The development potentials of South-South cooperation in terms of trade, investment and technology must be fully exploited.

Geographical proximity to India and China provides Nepal a rare opportunity to benefit from unprecedented economic transformation in its neighbourhood, opening up immense opportunity for trade and investment.

Mr. President,

We exercise political pluralism at home and believe in multipolarity in international relations.

The essence of Nepal's foreign policy is Panchasheel –five principles of peaceful co-existence that are derived from the teachings of Lord Buddha-the enlightened son of Nepal.

These principles serve as foundations for managing harmonious relations among nations in this time of increasing uncertainty and turmoil.

We believe in nonalignment. In exercise of our independent foreign policy, we judge every issue on its merit without fear or favour.

We consider regional cooperation an important means for building trust and confidence among nations and making the best use of complementarities for shared prosperity.

Connectivity remains at the core of deeper integration and for creating a win-win situation.

Nepal firmly believes in the indispensability of the United Nations in multilateral affairs and global governance. All countries, particularly major powers have the responsibility to contribute to the global good by fulfilling the obligations and responsibilities.

The Security Council's reform is long overdue. Under-representation of developing countries must be addressed in recognition of their growing contributions in shaping global agenda.

Reforms must be inclusive and representative in structure, transparent and efficient in procedure, and accountable and effective in delivery.

The Secretary-General's reform proposals are a step forward. We believe a clear statement support of the Member States, such as the Declaration made earlier this week, helps make our organization fit-for-purpose.

Any repositioning of UN development agenda should address gaps, build synergy and improve the accountability, steering clear from the politicization of development under any guise.

Nepal supports the revitalization exercise of the UN General Assembly for streamlining its functions and ensuring fair gender and geographical representation at higher UN positions, among others.

Mr. President,

Before concluding, I would like to share some insights into Nepal's recent developments.

Nepal's transition to democracy from a decade long armed conflict through peaceful means demonstrates the power and promise of dialogue and negotiation over the perils of violent methods for political power. The national peace process that began in 2006 concluded with the promulgation of a democratic and inclusive constitution in 2015 through a popularly elected Constituent Assembly.

This unique peace process was home-grown and nationally-driven. Its successful conclusion has firmly established the culture of dialogue and accommodation, and could serve as a model for similar situations elsewhere. We appreciate the support and understanding provided by the international community.

Proportional representation of all sections of our society is at the core of Nepal's inclusive democracy.

Recent local level elections have firmly established women's role in politics and development. The constitution guarantees 40% women representation at the local level and one third in the federal and provincial parliaments.

After successful local level elections, held in 20 years, the dates have been announced for the provincial and federal parliaments in two months from now.

The ongoing transitional justice process combines our international commitment and ground reality of delivering justice and sustaining peace.

To conclude, Mr. President,

Let me reiterate Nepal's profound commitment to the principles and purposes of the United Nations.

The United Nations is made of big and small nations. Vast majority of UN membership comes from smaller countries, confirming the universality and legitimacy of the world body. An edifice for a peaceful, stable, rule-based and just world order cannot be erected without addressing their genuine concerns for security, development and wellbeing.

We believe small nations have been sincere and serious in discharging their responsibilities as members of this body. Even with their negligible economic and security resources, they have been playing a constructive role under the aegis of the UN for promoting peace, security and cooperation under the most difficult circumstances in various parts of the world.

I would like to recall the wise words of BP Koirala, the first elected Prime Minister of Nepal, who told the fifteenth Session of this august Assembly in 1960, and I quote "Our physical strength may be negligible, but our moral strength, if we are true to ourselves and to the peoples for whom we speak, may be great." End of quote.

This statement is as relevant today as it was then.

Let us collectively display wisdom, knowledge and capacity to address the pressing issues of peace, security, disarmament and sustainable development with due respect to the internationally accepted rules to ensure a safe and stable world order.

I thank you all.

**Statement by Minister for Foreign Affairs, Hon. Mr. Pradeep Kumar Gyawali, at the
inaugural Ministerial Conference of the International Think Tank for the Landlocked
Developing Countries Ulaanbaatar, Mongolia**

12 June 2018

**Mr. Chairman,
Honourable Ministers,
Excellencies,
Distinguished delegates,
Ladies and gentlemen.**

First of all, I congratulate you all on the happy occasion of the inaugural conference of the International Think Tank for the Landlocked Developing Countries (ITT-LLDCs), which we are concluding today, and express my best wishes for the success of the Think Tank.

I would like to thank and appreciate the Government of Mongolia for hosting this inaugural conference of the Think Tank and for the warm hospitality and excellent arrangements made for the Conference.

I commend Mongolia for the leadership and important role it has played over the years towards establishing the Think Tank. I also recognize the role played by all Member States of the Think Tank that helped to bring this important achievement in the form of international think tank for Land-locked developing countries.

I also take this opportunity to thank all the members of the Governing Board for their substantive work during their session last month. I believe this conference has been able to guide the process of the ITT-LLDC in a more firm footing.

Nepal attaches great importance to this organization. This has created an enormous hope among the land-locked developing countries. In fact, we are happy that Nepal's accession, as the 10th member, triggered the entry into force of the Multilateral Agreement for the Establishment of the Think Tank in October 2017.

The establishment of the Think Tank is a milestone achievement for the LLDCs. We believe that the organization like ITT should have been established long ago but it is never late to start a good thing. ITT represents this good beginning for our collective good. We believe that the Think Tank can and should play a critical role in promoting the interests of LLDCs.

Mr. Chairman,

LLDCs have special development needs and challenges arising from their landlockedness, remoteness and geographical constraints. Addressing these challenges is key to their inclusive growth, which in turn will contribute to raising human development and reducing poverty in these countries. This is also the overarching goal of the Vienna Programme of Action (VPOA) with a focus on all six priority areas.

Nepal considers that the VPOA should be mainstreamed in our national development policies and plans as well as that of transit countries. The work programmes of United Nations and other international organizations designed to support the LLDCs should also be aligned with the objectives and goals of the VPOA in a coherent manner.

We should also be able to harness full potentials of science, technology and innovations, including the use of artificial intelligence (AI) and space technologies to overcome the

constraints to the development of LLDCs. Technological innovations do have potentials to reduce the burden of landlockedness and open up the vistas of opportunities. We heard a good deal of insights in this regards yesterday.

As we are preparing for the Mid-Term Review of the implementation of VPOA in 2019, we acknowledge that the implementation of the 2030 Agenda for Sustainable Development should be in tandem with the VPOA for the much-needed synergy to achieve results on the ground.

As the first ever intergovernmental body of the LLDC group, the Think Tank has an important responsibility. It should be fully operationalized so that it can contribute, through top-quality research and advocacy, towards improving the ability of landlocked developing countries to build capacity for benefiting from the international trade. Focus in this regard should be to carry out in-depth research on converting “landlockedness” into “landlinkedness” and on various ways and options the LLDCs can diversify their economies. It is also important that ITT should focus on attracting more FDI by conducting more research on building capacities, raising confidence of investors through minimizing risks and creating more conducive domestic environment. Similarly, ITT also needs to focus its studies and research on smoothening transit facilities and associated issues.

ITT’s role in equipping and preparing our representatives and diplomats in international trade negotiations can be crucial. In this regard, we thank the ITT for bringing out the useful Handbook for Practitioners. Backed with quality inputs and support, LLDCs will be in better position to contribute to and benefit from such processes.

Mr. Chairman,

It is important to ensure adequate resources required for effective operationalization of the Think Tank. In this regard, Nepal is ready to contribute what it can, and for now pledges to make a modest one-time contribution of USD 30,000 for the Think Tank.

Support from all sides will be important. We need to expand our outreach to encourage all fellow LLDCs to join the Think Tank. I also call upon all the developed land-locked countries as well as transit countries, development partners and international organizations to continue their solidarity for LLDCs and support the Think Tank.

I conclude, Mr. Chairman, by highlighting one fact that the success of the Think Tank is also the success of LLDCs. So, we should join our hands for developing the Think Tank into a credible, respected and useful international organization.

I thank you for your attention.

**'Nepal-China Relations and
Development Prospects in Trans-Himalayan Region'
Speech by Foreign Minister Pradeep Kumar Gyawali at
Sichuan University, Chengdu
20 April 2018**

Mr. Vice President of Sichuan University

Distinguished Professors

Members of Faculties

Researchers and Scientists

Dear Students and Scholars

Friends of Nepal

Ladies and Gentlemen

I would like to begin by thanking Sichuan University for inviting me to speak here this afternoon. As one of the earliest institutions of higher education in southwest China, Sichuan University has a rich history of pioneering research and educational reforms in China. The University has been at the forefront of supporting socio-economic development through education, and science and technology.

Its integrated multi-disciplinary approach to education and its emphasis on cultivating among the students qualities such as respect for humanity, drive for innovation and nurture international outlook are captured well by its motto, which says: Hai Na Bai Chuan, You Rong Nai Da (The Sea Receives Waters from All Rivers, and A Wise Man Listens to All Views).

Such noble gestures of welcome and acceptance are typical characteristics of Chinese culture. These profound values have played a great role in building the foundations not only of China's great civilization but also, when speaking of cities like Chengdu, in developing vibrant cities of innovation and modernization through their eclectic, expansive and inclusive ambience.

Chengdu is the center of the Southern Silk Road. History tells us that ancient Sichuan, with Chengdu as its most important city, linked South Asia through Yunnan, Tibet, Nepal, Myanmar, India, and Thailand, and extended as far as the Middle East.

In the days ahead, we should build on these excellent roots of civilizational, geographical and cultural affinities to further connect our countries and societies in order to achieve common prosperity in the trans-Himalayan region.

Ladies and Gentlemen:

Many people are familiar with the Silk Road traveled by Marco Polo to reach Beijing in the thirteenth century. Basically, this route included Western and Central Asia, the Persian Gulf, and the ancient caravan route which is now Iran, Iraq and Turkmenistan, onward to the Gobi Desert before reaching the durbar of Kublai Khan in Beijing.

But there are other important Silk Routes as well. ‘The Trans-Himalayan Silk Road’ and ‘The Tea Horse Trail’ dating to millennia ago are ancient routes of great influence. Recent studies reveal that the grottoes of Dunawang of Gansu Province and Mustang of Nepal have similar characteristics and belong to the same time period. They leave us an onerous task of exploring the southern Silk Road stretching those two passes through Sichuan.

Nepal was an important lynchpin in that ancient Silk Road. The trans-Himalayan routes had immense influence on the life of a vast stretch of land extending from present-day western China, central China, Turkmenistan, Bamiyan (Afghanistan), Mongolia, Nepal, Bangladesh (Chittagong), Sri Lanka, and India (from Kolkata to Kashmir).

The entourage of royal attendants of Princess Bhrikuti in the seventh century CE brought not only Buddhism but also Nepali craftsmanship to Tibet. Some of this cultural heritage traveled to other places in China, which can be witnessed even today. For example, the Lama Temple in Beijing as well as some temples in other places in China, contain ancient relics with Nepal’s indigenous Ranjana script. Similarly, the White Pagoda of Beijing is an excellent example of the expanse of Nepali architecture in China.

Ladies and Gentlemen:

The large-scale trade and cultural communication between South Western China and South Asia since ancient times contributed not just to cross-border trade and commerce but also to cross-civilizational cultural exchanges and cross-pollination of ideas across continents.

The wealth generated by the trans-Himalaya trade helped build marvelous architecture and monuments in Kathmandu, Lalitpur and Bhaktapur in Nepal. The Buddhist Newars of the Kathmandu valley were at the forefront of the entrepreneurial communities traveling to vast swathes of the Asian heartland. The influence of Nepali craftsmanship and trade was immense in Tibet and beyond. The pagodas, stupas and ancient Buddhist art Pauva from Nepal have great influence in Chinese society. The trans-Himalayan trade across the belt is also a classic example of exchange between two ecological zones.

The middle and lower regions of Nepal produce a surplus of grains, but suffer from a lack of salt. The arid Tibetan plateau that expands to Qinghai, Gansu, Yunnan and Sichuan, contains many salt-lakes but not much grain-producing lands or climatic conditions. The constant demand for grains on one side and for salt on the other provided a basis for stable exchange system, facilitating payment, credit and exchange. Those specializing in trade, transportation, storage and distribution could settle in otherwise inhospitable climates, and keep the caravan of trade moving.

That was the underlying logic of trade between our two countries.

Indeed, trade was an important pillar of the economies of both Nepal and western China in ancient time.

Unfortunately, the vibrant commercial exchange that underlined such a long history of cultural interface slowed down considerably by the beginning of 19th century with a slew of factors, including colonization and innovation of new technologies in Europe. Europe became the center of knowledge, economy and power.

The need of the day is to envisage a new paradigm of co-operation and commerce across the Himalayas for a win-win outcome, embedding such collaboration in the frame of bilateral co-operation between Nepal and China.

Nepal wishes to promote peace and prosperity through mutual co-operation in enhancing and deepening connectivity. Being the conduit for commerce the exchange of civilizations has been Nepal's forte in the past. We want to lay renewed focus on this comparative advantage that we enjoyed in the past and is equally relevant at present with brighter prospect.

To this end, I propose to suggest the outlines of this new basis of trans-Himalayan co-operation initiatives.

Ladies and Gentlemen:

Thanks to the Belt and Road Initiative, the rich history of cultural and commercial exchange between Nepal and China is poised at revival and rejuvenation.

For Nepal, it is also a moment of pride as we work together with China in this historic mission for greater peace, prosperity and harmony.

The proposed BRI projects encompassing cross-border roads, railways, oil pipelines, information highways, energy grids, skyways and transmission highways should aim at utilizing the rich resources along the Himalayan range, and improving the quality of lives of peoples in those areas.

The facilities and infrastructures thus created will not only raise the standards of living of the people residing in those far-flung areas, but also support conservation efforts and help overall development of that region.

During its long history, Nepal always prospered when commerce flourished, and its economy faltered when trade dwindled across the Himalayas. I am fully confident that as the Himalayan range re-emerges as a vital connecting link, Nepal's trajectory of economic development will witness a rapid and positive transformation. It is my pleasure to share you that Nepal and China shared common views on developing a trans-Himalayan multi-dimensional transport network with long term vision during my meeting in Beijing early this week.

I would like to stress that the aspirations for development in Nepal will remain elusive without setting up a proper manufacturing base and manufacturing can't be competitive without innovative industry in the country. The manufacturing industry with innovative activities not only raises productivity but also creates jobs for the people. The challenge for us is how to retain the youths who leave the country every day in large numbers in search of job overseas, by creating decent job opportunities at home.

Development of cross-border railways between Nepal and China is a priority for the Government of Nepal along with other connectivity related infrastructure. Coupled with their geographical proximity as well as the proposed infrastructural projects across the Himalayas, Nepal and China can work together in promoting economic activities in the Himalayan belt by creating systems of value-chains to their mutual advantage. I believe that China's enormous manufacturing base, advance technology and its huge domestic market, together with Nepal's rich natural, geographical and locational resources, will create the right mix of value chain and complement for continued economic growth.

Similarly, agriculture development is the areas where there is huge scope for co-operation between the two countries.

Dissemination of Chinese agricultural technologies in Nepal can raise overall production, crop yields and raise incomes for farmers, including for those who rely on high-altitude and high

value farming. Mechanization of agriculture in Nepal's fertile lands will enable Nepal to increase exports and create employment for its young people. Chinese enterprises, on the other hand, will have opportunity to introduce and invest in advance technologies of agriculture production in Nepal to command fair return on their investment.

Similarly, Nepal has abundant natural resource endowments, whereas Chinese enterprises have the technological and financial resources for investments. We need to work assiduously to realize this vast potential opportunity for development. For example, hydropower has the potential to fundamentally transform Nepal's developmental landscape, if exploited properly. Chinese enterprises have rich experience, capability, technology and fund to harness water resource for mutual benefit.

Chinese investors may utilize the investment opportunities in Nepal for mutual benefits. The Government of Nepal is fully committed to providing security to Chinese investors. Nepal enjoys duty-free-quota-free market access for its products in many developed and emerging economies. This could serve as an incentive for investors to invest in manufacturing sectors.

Resources such as forests and timber, herbs, cool climatic zones, are areas where we can develop together.

Tourism is an area where China and Nepal both can benefit through greater cooperation. Developing tourism services would be a promising area to forge bilateral collaboration for win-win cooperation since Nepal is endowed with natural beauty, cultural diversity and place for unique adventure not yet fully developed.

In the first three months of 2018 we received more than 36,000 tourists from China, ranking it as top source country of tourists visiting Nepal. Similarly, the number of Nepalis coming to China has increased in recent years. More than 6000 Nepalis are currently living in China, pursuing higher studies, or being engaged in employment and business. Many Nepalis are beginning to choose China as a destination for travel and tourism. In addition, sizable numbers of Nepalis are also coming to China for leisure, training, study visits, sports activities, seminars and research programs.

These figures and activities indicate the magnitude and intensity of our ever growing contacts between Nepal and China at people to people level. Exchanges between peoples of the two countries are growing steadily. As 21st century's diplomacy is focused on public diplomacy and cultural diplomacy, such exchanges will help both countries to nurture and sustain better understanding and goodwill and contribute for creating harmonious society.

Co-operation and exchanges among academic institutions, think tank, research institutes and intellectuals between Nepal and China are equally important in order for optimizing and harmonizing the learning and development endeavor in either place. Production of knowledge for continued vitality of economic activities is the most essential ingredient and integral part of development endeavor. Sichuan University can play vital role in that area. I appreciate the Sichuan University for their efforts to go beyond border and collaborate with the universities in south Asia that includes Nepal. I also would like to thank the University for providing learning opportunities and platform to the academicians, students, and researchers of Nepal and substantially contributing for their capacity building endeavor.

Dear Friends,

China is a global economic powerhouse, which gives it an important role to play in promoting world peace, development and stability.

In this context, we appreciate China's efforts at forging co-operative links between countries in the region and beyond. We appreciate the role of the BRI as an initiative aimed at addressing the infrastructural and structural bottlenecks of development. Building cross-border infrastructure is very important for landlocked countries like ours. We expect the Belt and Road Initiative to contribute to our development efforts.

Additionally, connectivity will help Nepal exploit the full potentials of its economic possibilities. Connectivity lies at the core of all development activities.

Meanwhile, it will also help cement our ties through enhanced people-to-people relations.

In the past five years, we have seen phenomenal political, economic, and technological changes globally and in the region.

Among these significant developments has been China's various innovative programs and institutions for global growth and harmony under the broader theme of Belt and Road Initiative.

Time is ripe now to revive the ancient glory acquired from exchanges between Nepal and China. Nepal stands ready to work together for trade and economic integration towards common prosperity.

The development of infrastructures along the trans-Himalayan region is critical for promoting economic opportunities by ensuring efficient movement of people, services and goods across the region.

To attain this goal, cooperation and understanding is required to optimize the benefits of trans-Himalayan connectivity.

Therefore, Nepal and China should focus their cooperation arrangement for building the critical infrastructure in the Himalayan region and remove the barriers for a seamless movement of people, goods and services.

We have already reached an understanding to work together to attain this goal at the earliest, and I do believe that we will reach there soon.

Dear Friends, Distinguished Guests, Ladies and Gentlemen,

Before concluding, let me share with you my conviction that Nepal and China are set to gear up their cooperation to a new height for mutual benefit and win-win outcomes.

At a time of historic socio-economic transformation across the globe where poverty levels have fell down to record lows and global prosperity has shored, we cannot afford to let underdevelopment and poverty wean the talents and promise of people anywhere in the world.

It was in this spirit that I discussed the scope of further enhancing co-operation between Nepal and China with the leaders of China during my current visit. And I am very happy to share with you that China, as always, has remained an enthusiastic supporter of our efforts at national development.

I would like to appreciate the South Asia Institute of Sichuan University for their continued efforts to promote Nepal-China relations.

With this note, I also would like to thank you all for your presence and kind attention.

Long live Nepal-China Friendship!

Thank you!

‘Nepal-China Relations in the Twenty-First Century’
Speech by Foreign Minister Pradeep Kumar Gyawali at
Roundtable organized by China Reform Forum, Beijing
19 April 2018

Mr. Chairman

Friends of Nepal

Ladies and Gentlemen

Let me begin by thanking China Reform Forum for inviting me to address this Roundtable and share my thoughts on Nepal-China relations on the occasion of my first official visit to China as the Minister for Foreign Affairs of Nepal.

I have come from a place which was a trajectory of central, east and south Asian civilizational exchanges, a place of cross cultural assimilation and a vibrant trade route during ancient times.

I am glad to learn that the Forum has been making enormous contributions to the policy-making process through informed policy recommendations.

I am sure that there are many areas of development policy where think-tanks in Nepal and China can cooperate together for achieving better development outcomes.

In the process, it will also advance our relations further through exchanges of research findings and scholar’s exchanges.

In my remarks today, I will first highlight the glorious history of Nepal-China relations, Nepal’s policy on its relations with China, and then briefly touch upon our development challenges before concluding with what I consider should be the priorities of Nepal-China relations in the 21st century.

Dear Friends:

The history of Nepal-China relations goes long beyond the formal establishment of our diplomatic relations in 1955.

The roots of Nepal-China relations may be traced back to the caravan trade millennia ago. This so-called ‘Tea Horse Trail’ that originated in South West China and passed through tortuous mountain passes to the vast swath of southern slope of Himalayas, connecting Nepal and China, was a thoroughfare for civilizational exchanges. Our ancestors took risks to traversing mighty Himalayas in pursuit of better life and significantly contributed for advancement of civilization across them.

The retinue of traders, horsemen and caravan plying this route brought not only Buddhism but also other features of Nepali culture and craftsmanship to China through Tibet, Yunnan, and Sichuan and beyond.

No surprise then that Nepal’s Ranjana script is found in ancient relics housed in the Jiangxi and Beijing.

Recent scholarship has corroborated such historical interface, and shown that there existed intense cultural exchange and commercial interchange between South Western China and Nepal since ancient times.

This exchange facilitated not just cross-cultural understanding and cross-fertilization of ideas but also proliferation of profound civilizational values of acceptance, plurality and inclusivity as preached by Buddhism and Confucius alike. Lord Buddha's teachings have profoundly impacted the socio-cultural lives of the Nepali and Chinese peoples.

There is a long history of social contact like travel of Faxian, Buddhahadra and Xuan Zan across the Himalayas from early 5th century to 7th century AD. Their travelogue and translations have richly contributed in disseminating Buddha's teachings in China.

Likewise, Bhrikuti, the Nepali princess married to Tibetan prince Song-tsen-Gampo in the 7th century, helped greatly to spread Buddhism across China.

Araniko, popularly known as 'Anige', upon invitation of Emperor Kublai Khan, travelled all the way from Nepal to Beijing in the 13th century and built the famous White Pagoda, also known as *BaitāSi*, which is still standing high in the heart of Beijing reflecting deep rooted friendship between the two countries.

Dear Friends:

Such extra-ordinary relations between our two countries based on historical legacy and geographical logic have gained great momentum in the sixty-two years of diplomatic relations.

The governments of the two countries have established several institutional mechanisms for regular dialogue. The regular exchange of visits at high levels has contributed in deepening mutual understanding and communication at top levels.

Our cultural, trade and economic relations are growing fast even though we have yet to fully resolve several challenges such as burgeoning trade deficit and infrastructural constraints.

Our people-to-people relations are growing equally fast. This was in full display following the devastating earthquake of 2015 that killed around 9000 people and left thousands homeless in Nepal.

As the Chinese saying goes, *'Only when the year grows cold do we see that the pine and cypress are the last to fade; only when we get into trouble do we know who our genuine friends are'*.

China is a real, trusted friend for Nepal, and this was amply demonstrated in the aftermath of the earthquake.

The prompt support and assistance Nepal received from China for rescue and relief as well for reconstruction was overwhelming and unprecedented.

Nepali people fondly recall the generous support accorded by Chinese people and government be it for any natural or man-made crises Nepal faces or be it for the socio-economic development of the country.

In turn, the Government and the people of Nepal have always stood with China in times of need and in the international forums. One China policy and not allowing anti-Chinese activities in our soil forms the core of our friendship with China. On China's part, it has consistently and firmly supported Nepal's sovereignty, territorial integrity and political independence, faithfully observing the principle of non-interference in our internal affairs.

Our relations are based on the Five Principles of Peaceful Coexistence and their sincere pursuit by both countries has made us trusted friends and reliable partners. Our relationship is marked by mutual trust, understanding, goodwill, cooperation and appreciation of and respect for each other's concerns and sensitivities.

Today, we are among the founding members of AIIB and a partner under the Belt and Road Initiative, both China-led global initiatives. That is the level of commitment we have for China, and will always remain so.

We admire China's neighbourhood diplomacy guided by the principles of sincerity, amity, mutual benefit and inclusiveness. Nepal also attaches highest importance to its relations with neighbours.

Nepal takes pride in seeing China's growing profile on the world stage, both politically and economically. China's role is very important in shaping global agenda for a just and equitable world order.

We strongly believe that Nepal-China friendship will always be in the interest of our two countries and people. Territorial size, population and level of development have never been the elements of constrain in defining Nepal-China friendship. Rather, sovereign equality and mutual respect have always remained at the centre, buttressing our cooperative partnership.

Dear Friends:

This is the state of overall Nepal-China relations today. We are proud of this. Nepal's least developed status is a matter of serious concern for us. We have achieved fundamental transformation in political realm. An era of political stability has just begun in Nepal. Achieving the same level of transformation in economic realm would be our topmost agenda ahead. We have defined our motto, "Prosperous Nepal, Happy Nepali" and all our activities will be directed towards this end. In realizing this goal, we count on support and cooperation from our trusted friend China. China has been a reliable partner in Nepal's development journey for a long period of time. We believe that Nepal-China partnership for economic development is very crucial for us to realize our national development aspirations.

From a forward looking perspective, we need to identify the areas where Nepal and China need to focus their collective efforts in the days ahead.

The world has undergone phenomenal changes in the past six decades of Nepal-China diplomatic relations. Innovations in every field, and unprecedented development in transportation, and information technology have made profound impacts in human life. China has emerged as an economic power house with global vision of inclusive and harmonious development. The world's poverty incidence has gone down significantly for which China deserves special mention since it has succeeded in lifting 700 million people out of poverty. In the sectors of railways transportation, sharing economy, online payments, and e-commerce, as well as artificial

intelligence, energy and agriculture productivity, China has made unparalleled progress. With a growing role in international relations for global peace and harmony, China has emerged as a major factor of global stability and growth. On the other hand, Nepal too is endowed with enormous potential with 30m population and abundant natural resource endowment, cultural diversity, natural beauty and relatively agile diligent youthful population. Being a most diverse topography ranging from the top of the world to almost sea level flat land within an aerial distance of 150 km, Nepal is a resource-rich country. There are many areas where Nepal and China can complement each other for mutual prosperity.

To my mind, there are five interlocking areas where we should work together for achieving rapid economic prosperity.

1. Transport and Connectivity

In his visit to China in March 2016, Prime Minister K P Sharma Oli laid top priority on promoting connectivity between our two countries. This was because infrastructural deficiencies have prevented the full potentials of trade, commerce and people to people contacts between the second largest economy of the world – China – and Nepal from being fully realized.

It has, in the process, also prevented Nepal to benefit, to the maximum extent possible, from the rapid economic growth in the immediate neighbourhood of China. Transit facility from China will leverage Nepal from transit bottleneck in our international trade. Therefore, connecting through rail, road, power, telecommunication, airways and connecting Nepal to outside world through China are the topmost priority agendas for fully harnessing the unleashed potential within us.

I believe that such connectivity will have transformative impact on development in Nepal' in pursuit of economic growth and social progress. Thus it will herald a new era in Nepal's economic development. In this connection, the concept of trans-Himalayan multi-dimensional transport network with long term perspective was agreed during my meeting with H.E. Wang Yi, State Councilor and Minister of Foreign Affairs of China yesterday. We reached a common consensus that the development of this network will bring prosperity in the trans-Himalayan region and beyond.

2. Agriculture, Industries and Technology Transfer

Agriculture is the mainstay of our economy, as 2/3 of our population is dependent on agriculture. However, it is a pity that the country has become a food importer from what it used to be a net food exporter.

Dissemination of Chinese agricultural technologies and mechanization of agriculture in order to improve productivity and efficiency in production, is the area where Chinese enterprises can explore the opportunity. As I have mentioned earlier paragraph Nepal is the virgin land where we can produce a product of our choice in natural environment due to climatic variations and vegetations Nepal embodies.

3. Unlocking Human Potentials

In terms of population, Nepal is among the middle-sized countries in the world. Its approximately 30 million people have 30 million dreams, of having a stable and prosperous society within their own lifetimes. Nepal has relatively young, economically active and agile population of which 60% are between the ages of 15 to 60 years and is one of the highest among the developing countries. China and Nepal can work together to utilize this resourceful

population for creativity and resilience for stimulating economic activities in Nepal and China through production value chain.

Unlocking the full potentials of the human capital in Nepal will herald a new era in Nepal's economic development.

4. Natural Resources and Environment

Nepal's rich renewable natural resources, particularly aquatic resources and, cultural diversity, adventure tourism and scenic beauty, are significant, and are likely to evolve into an important pillar of co-operation between the two countries. Nepal is listed on the best tourism destinations in the world by various rating agencies in the past several successive years including best value destination by lonely planet in 2017 and Kathmandu as one of the most interesting visiting place to visit in 2018 by rough guide.

Theoretically Nepal can produce 83000 MW of hydropower of which about 1% is exploited so far till now. Power development is another area that Nepal can offer with tremendous potential for cooperation. China has technology, capital and experience in the area. Nepal and China can work together for mutually beneficial cooperation.

Nepal possesses vast resources of high value medicinal herbs, forests and timber, which can be harnessed together.

5. Trade and Investment

There are several areas under Belt and Road Initiative in the fields of trade, commerce and investment which hold great promise for co-operation between Nepal and China.

Trade is the engine of growth, and investment is the propeller of that engine.

As we saw before, both Nepal and China, as important parts of the ancient Silk Road Belt, have benefited in the past from vibrant trade and commerce in the region.

Nepal has been adopting a policy of economic liberalization since the early 1990s where all economic policies are set to a liberal framework.

To take advantage of the investment opportunities in Nepal, both the governments should encourage Chinese investments in the most promising sectors such as infrastructure development, hydropower, agriculture and minerals, and tourism.

There are high hopes in Nepal on the Belt and Road Initiative (BRI) put forward by President H. E. Xi Jinping. The BRI aims to have peace and prosperity in the region and beyond, which holds far-reaching implications for the development of its neighbours.

Dear Friends:

In Nepal, our focus is on strengthening inclusive growth.

As Nepal draws out from a long transition and moves towards graduating from LDC status by 2022 and acquiring a middle income status by 2030, we need to move with great speed and vision.

For that, Nepal will have to focus on promising sector such as hydro-power, industries, tourism, and agriculture as well as gainful employment of the youth population.

A comprehensive economic partnership between Nepal and China will help achieve these goals quickly and sustainably.

This is the vision I have for Nepal-China relations in the era of 21st century. The vision is one of common development and common efforts. It is a vision of shared prosperity through mutual support and collaboration.

I believe all of you assembled here will agree with me that a stable and prosperous Nepal will be in the long-term interest not only of Nepal and China, but also the entire region.

Let me therefore conclude by emphasizing the crucial role of close economic partnership in further cementing Nepal-China ties.

I thank you all for your kind attention and participation.

Thank You.

**Statement by Minister for Foreign Affairs, Hon. Mr. Pradeep Kumar Gyawali, at the NAM
Inter-Summit Ministerial Meeting
Baku, Azerbaijan, 5 April 2018**

Theme: “Promoting international peace and security for sustainable development”

Mr. Chairman,
Honourable Ministers,
Excellencies,
Distinguished Delegates,
Ladies and Gentlemen,

I have brought with me warm greetings and best wishes from the people and Government of Nepal to the friendly people and the Government of Azerbaijan and to all delegations.

At the outset, I congratulate to you, Mr. Chairman, on your unanimous election to the chair of this meeting and pledge my delegations’ full support.

My delegation admires the excellent arrangements made for this meeting and appreciates the warm hospitality extended to us in this beautiful city of Baku.

I also wish to put on record our gratitude to the leadership of the Bolivarian Republic of Venezuela as the Chair of our Movement.

Mr. Chairman,

The Non-Aligned Movement (NAM) was born out of our collective desire for universal peace, unity, shared prosperity, fair international order, and balanced multi-polarity. As a founding member of NAM, its principles remain the guiding ethos of our foreign policy. Our commitment to NAM stands firm and unequivocal. In the face of global challenges, non-alignment as a principle continues to be relevant to guide international relations.

Mr. Chairman,

The race for armament, conflicts, civil wars, poverty, famines, and disregard of international law endanger international peace and security. The hunger and poverty continue to degrade human dignity. It is ironic that in the midst of unprecedented economic growth, millions of people still live in abject poverty, disease and deprivation. Whereas the military expenditure in the world exceeds 3.5 billion dollars every day, not even 7 billion dollars annually is available for 2030 Agenda for Sustainable Development. Attaining sustainable development goals becomes daunting in such an environment.

Mr. Chairman,

Peace, security and sustainable development are mutually reinforcing. Nepal’s own experience confirms that exclusion is a major breeding cause for conflict; and lack of peace and security can reverse development gains. Upholding values of democracy, inclusive governance, participatory development, human rights and rule of law are critical elements to ensure sustainable development as well as peace and security. Most of the countries suffering from conflicts and under-development are members of our Movement. Regrettably, the cumulative human, social

and opportunity costs exacted due to the conflicts nowhere match the resources that we have spent for peace and development.

Mr. Chairman,

It falls on us to exert all our power for the prevention and resolution of conflicts, and help attain sustainable development. Our Movement can do a great deal in this regard. Just to mention a few,

- The success of one member in averting conflict and promoting sustainable development can be emulated by other members with similar socio-cultural and economic conditions. The NAM members, in a spirit of solidarity, should support each other by sharing their experiences, best practices and resources through South-South Cooperation. Nepal is ready to share its experience of uniquely successful peace process.
- It is also equally important to strengthen multilateralism by upholding and defending the principles of UN Charter and international law. Nepal believes that sovereignty, sovereign equality, territorial integrity and non-interference in the internal affairs of any State are the cardinal values of multilateral system. They are indispensable for maintaining international peace and security as well as for achieving SDGs. NAM members should work together to make UN a strong, transparent and democratic institution through necessary reforms of its structures and processes.
- NAM should further strengthen its solidarity, and build internal cohesion and synergy. NAM's common vision for peace, security and sustainable development should be well articulated for being heard and respected in the multilateral system. International rule of law counts supreme in this respect.
- The poor and vulnerable countries are marginalized in global economy. They bear the brunt of adverse impact of the financial and economic crises, and are left out from the benefits of international systems. Therefore, the international financial system should be democratized to make it more open, transparent and equitable for increased voice and representation of the landlocked, least developed and other vulnerable countries. It should ensure adequate mobilization of financial resources for growth and development of these countries.
- Trade and investment are critical for ensuring inclusive and sustainable development. The international trade and investment regimes should be open, equitable, rule-based, predictable and non-discriminatory and should benefit the countries in special situation. To realize this, NAM must work closely with the Group of 77 through the existing Joint Coordinating Committee.

Mr. Chairman,

Turning to my own country, I have the pleasure to share this august session that having gone through a decade long armed conflict, Nepal now presents a uniquely successful case of home grown peace process. Our experience confirms that peace building in post-conflict society can be successful through honest dialogues, mutual respect, willingness to implement the agreements, and inclusive political process. A milestone in this process has been recently achieved. After the promulgation of the most progressive and democratic constitution in 2015, we successfully concluded democratic elections at all three tiers of federal structure in 2017. The elections ensured participation of all sections of our society with over 41 percent of women's

representation. With political stability firmly set, the government remains squarely focused on attaining economic development with social justice.

To conclude, Mr. Chairman, as guided by the NAM principles, ‘**amity with all, and enmity with none**’ has remained the hallmark of Nepal’s foreign policy. Nepal will continue to play active and positive role to promote this value in international relations. We will constructively engage with our friends to advance the cause of international peace, security and development. I urge you all to unite our strengths to ensure peace and security in the world, leave no one behind in the development process, and help achieving sustainable development.

I thank you.

**Statement by Hon. Mr. Krishna Bahadur Mahara,
Deputy Prime Minister and Minister for Foreign Affairs of Nepal
on “Nepal-China Partnership for Trans-Himalayan Development”**

At China Foreign Affairs University

Beijing, 8 September 2017

President of the Foreign Affairs University of China

Esteemed Professors

Scholars and Academicians

Dear Students

Friends from Media

Ladies and Gentlemen

It is my pleasure and honour to be amongst learned scholars, academics, youthful students, media persons and friends of Nepal. I would like to extend my sincere gratitude to the President of the University for extending kind invitation to join you all today.

I am standing in front of you in the University, which is the only institution of higher learning under the guidance of the Ministry of Foreign Affairs of the People’s Republic of China.

The University has an illustrious history and legacy whose roots are imbedded in the birth of new China. Since its establishment in 1955 under the visionary inspiration of Premier Zhou Enlai, this University has been producing experts, professionals and think tanks in the fields of diplomacy, foreign affairs and international studies.

Thousands of professionals and students from many countries around the globe including Nepal have been trained or educated in this University. We deeply appreciate and thank the University for providing opportunities of training and higher studies for Nepali students in the past.

Dear Friends,

Today, I will be speaking to you on the theme ‘Nepal-China Partnership for Trans-Himalayan Development’. The theme is timely and pertinent in the context of growing engagements in socio-economic development between our two countries. Before going to the core part of the topic, let me share with you the historical relationship between our two countries.

Nepal and China are the nations with civilizational linkages. These linkages date back to antiquity and have co-existed and matured with the passage of time.

People-to-people relations have a long history. The teachings of Shakyamuni Buddha- an enlightened son of Nepal- have a special place in our relations. The visits of Nepali monks, scholar and artist to China such as Buddhahadra in early 5th century and Araniko in the second half of 13th century and the marriage of Nepali Princess Bhrikuti to Tibetan King in first half of the 7th century are a testimony to strong historical connections between our two countries.

Likewise, the story of life and teachings of Shakyamuni made it possible for the Chinese monks and scholars like Monk Fa Hsian and Monk Xuan Zang to explore Nepal and pursue knowledge. They were not only acquainted with Buddhism but also laid a strong bond of relations between our two countries.

Our visionary leaders laid the political foundations for friendship and good neighborliness with the establishment of diplomatic relations in 1955.

Since then, our countries have seen numerous changes and transformations both at home and abroad. But, Nepal-China relations are steadily growing and setting new milestones and benchmarks irrespective of changes in both countries and outside world. Our relationship serves as a model of relationship between the countries of different sizes and social systems. We enjoy trouble-free relationship.

Nepal is firm in its commitment to One China Policy. We do not allow our territory for any elements to work against the interests of our neighbours. No matter which political parties lead the government in Nepal, our friendship with China has always remained close and cordial. This is the uniqueness of Nepal-China relations.

Our relations are founded on the principles of peaceful co-existence. Moreover, the principles of sovereign equality, non-interference and respect for each other's sensitivities are the defining features of Nepal-China relations.

Dear Friends

Our political relations are underpinned by strong economic cooperation and partnership. We consider China as our reliable and trusted partner for our socio-economic progress and transformation. Our partnership transcends all human interactions.

The generous support extended by China to Nepal in disaster relief and rescue efforts as well as in the ongoing post-disaster reconstruction truly signifies the breadth, depth and warmth of our relationship. We deeply cherish our friendship with this great friendly neighbour. Nepal's foreign policy accords top priority to relations with our immediate neighbours. And, we are happy to note that China has also given priority to its relations with neighbours by adopting the policy of peripheral development.

It is a fact that global economic growth today hinges on the performance of major economies, notably the Chinese economy. China's peaceful development has been possible by the farsightedness and commitment of the Chinese leadership supported by hardworking and dedicated Chinese people. Today, China is truly a global economic powerhouse. It gives it an important role to play in promoting world peace, development and stability. The economic performance of China and the unprecedented development transformation it has achieved remain a source of inspiration and emulation for many developing countries.

Dear Friends,

China's One Belt One Road Initiative offers opportunities for collaboration and partnership. I would like to thank and appreciate President Xi Jinping for taking this visionary initiative. Development of infrastructure, improvement of physical connectivity, fair trade, investment, tourism and people-to-people relations are some of the areas in which we have vital interest. The most important expectation of Nepali people is their strong desire to realize the construction railways linking Nepal's major cities with northern border. I hope this is a genuine demand and

can be fulfilled with Chinese resources and state-of-the-art technology. Top leaders in both countries have committed to working towards this end.

In realizing Nepal's aspirations for development and prosperity, we have already started a journey. By signing the cooperation MoU under the BRI in May 2017 we have upscaled our partnership.

Nepal has set the vision for attaining a middle-income status by 2030. But, we face several structural bottlenecks in our economy to realize this vision despite ample possibilities in terms of human and natural resources, country's position and potentials. It is our expectation that the special development needs and requirements of countries like Nepal, which is an LDC and LLDC, will be given due consideration under BRI.

Nepal can no longer afford to be languishing in poverty while our neighbours make incredible progress in every sphere. We have already set the political course. Our focus is on economic development. We believe that an edifice for a peaceful and stable country can be erected only on the strong foundation of economic development and prosperity. Economic distress remains at the core of political instability. A peaceful, stable and prosperous Nepal will be in the interest of our neighbours as well.

Dear Friends

Nepal and China face each other across the Himalayas, and are linked by mountains and rivers. For millennia, the peoples of our countries have entered into commercial and cultural contact with each other despite the high Himalayas separating them, which has served as a link for our peoples, not as a barrier.

Looking at our partnership through an historic perspective, the Himalayas had remained the thoroughfare in our commercial interactions, cultural and people-to-people exchanges. Just over one century ago, Nepal itself used to be a vibrant trade entrepôt that connected parts of North and Central Asia with South Asia.

We have several avenues for partnership and collaboration. Recently, we have concluded important instruments to consolidate and expand our cooperation. We have committed to fully implementing the agreements and understandings reached in the past and ensuring deliverable for the benefits of our people. And, most importantly, our bilateral engagements and business linkages are major platforms to transform the prospects for growth and prosperity into reality. Last month we have signed an important MoU to improve investment climate and economic partnership between Nepal and China.

Early in March, we hosted Nepal Investment Summit-2017. The summit set a good example of what we can do in partnership. Of total investment pledges, more than 60 percent came from Chinese investors. Joint efforts and promotion are essential to realize such interest into reality for our mutual interest.

Currently China is the largest source of our FDI. It is growing and helping us to set the industrialization process encompassing the areas from construction to communication, tourism to transport, road to railway.

The Nepal-China Non-governmental Cooperation Forum remains active to promote the partnership in the private sector. In May 2017, the Forum organized its 14th Meeting in Kathmandu. Important exchanges were made among the businessperson and entrepreneurs on the matters such as new energy, including hydropower; hardware and building materials trade and

tourism. On the margin of the Forum, a Memorandum of Understanding (MoU) was signed by Nepal Association of Tour and Travel Agents (NATTA) and China Chamber of Tourism (CCT) to promote tourism between the two countries. Such initiative is a welcome step in deepening relations for mutual benefits in the private sector.

Last month, we successfully organized Nepal-China business forum to share views on enhancing partnership in trade sector and to contribute to the sustainable trade development between Nepal and China. But our partnership has to go a long way to seize the benefits in trade sector. Trade scenario is not satisfactory. We need more trade facilitating measures from China to arrest the growing trade deficit. We have the plan to work together for Nepal-China FTA and establishment of cross border cooperation and industrial zones.

Tourism sector has tremendous potential to transform the dynamics of our relations by bringing the people at the center stage. China is our second largest source of tourists. Still we need to take up joint actions to fully unleash the tourism potentials. It brings our people closer and contributes to our economies.

Nepal is the land of Shakyamuni Buddha- the light of Asia and fountain of peace, the land of Everest and the Himalayas. Nepal has diverse and rich culture, pristine nature, scenic and adventurous spots for all kind of visitors. Despite these cultural and natural heritages, we still lack adequate publicity of these attractions among the Chinese people.

We thank the Chinese Government for designating 2017 as Nepal Tourism Promotion Year in China. Last month, Nepal hosted a familiarization trip to media persons from China with the aim of familiarizing our tourism attractions among the Chinese people. As a token of friendship, we have been providing cost free visa to the Chinese visitors to Nepal.

We need supports from all sectors to give publicity to our tourism attractions among the Chinese friends. The major tourist destinations of Nepal can be publicized in major cities and in the public transport means of China such as rail and buses. We are seeking to utilize the mass media and popular online platforms of China to this end.

Dear Friends,

Connectivity is key to our relationship. It is a key enabler for development, lack of which hampers the process of development. We have overland routes through our border and air connectivity between cities. Yet, building cross-border railways, transmission lines, new roadways, transit corridors and info-ways would go a long way in transforming our development landscape.

Connectivity and transit transport facilities means a lot to a landlocked country like Nepal. In 2016, we signed Agreement on Transit Transport. Recently, we have started substantial work on the conclusion of its Protocol.

We have agreed to open, improve and upgrade our border points. Resumption of Tatopani/Zhangmu border point at the earliest is our priority. It holds both historic significance and current imperative in our partnership.

Energy security is crucial for economic development. Nepal is endowed with huge water resources. This resource can be harnessed to develop a clean energy base and reducing over reliance on fossil fuel at a time when the world is grappling to overcome the adverse effects of climate change. Investment in mega hydropower projects and related infrastructures can be beneficial to Nepal as well as Chinese investors.

The Chinese experience, ideas, innovation and engineering techniques for the development has established itself as the pioneer in railways, bridges, tunnel, expressways, agriculture, electronics, computing and smart technology. Such development experiences, ideas and technology are essential for our development drive. We want to draw from them, adapt them to address our development needs.

Nepal has demographic dividend. We have a large population of young and creative people. Our partnership in terms of investment can be instrumental in creating jobs for millions of youth who leave the country every day in large number in search of job opportunities overseas. This precious human asset must be used for the development of our own country.

Dear Friends,

Our collaboration also extends to the education sector. Every year several hundred Nepali students have been pursuing higher education in China. China is increasingly becoming one of the most preferred foreign destinations for Nepali students. The wealth of knowledge acquired by Nepali students in diverse disciplines has contributed to fulfill our human resource gap in the country.

I am pleased to state here that the number of Chinese students studying in various institutes and universities of Nepal is also growing.

The number of Nepal studies Centers is also growing in different universities of China. This would help bring our peoples closer. At the same time, our universities can initiate joint academic works and academic exchanges programs.

The gravity of the world power (economic) is shifting towards Asia. It is also called the coming of the Asian Century where China has an important role to play. Our collective efforts can make this century, the Asian century, a century of growth, development and prosperity.

Similarly, our engagements in the Asian Infrastructure Bank, Shanghai Cooperation Organization and ACD supplement our collaboration and partnership. We also have the tradition of working closely at regional and multilateral levels to push forward the matter of mutual interest.

Dear Friends,

As I said earlier, Nepal has undergone political transformation of historic proportions. Economic prosperity is now our topmost priority. We count on China's continued support in our march towards economic transformation.

Before I conclude, allow me to thank Mr. President, for creating this platform, a platform for sharing my views on Nepal-China partnership for harnessing the prospects of growth and shared prosperity.

We must create a success story of partnership, a partnership for enduring prosperity and a partnership for transformation to visibly uplift the living standard of our people.

I thank you all!

VI. Foreign Ambassadors who Presented their Credentials to the President in 2017/18

S. N.	Name of Ambassador	Country	Accreditation
1.	H.E. Mr. Lasse Bjørn Johannessen	Norway	Residential
2.	H.E. Mr. Roland Schafer	Germany	Residential
3.	H.E. Ms. Veronica Cody	European Union	Residential
4.	H.E. Ms. Joanna Kempkers	New Zealand	Non-Residential
5.	H.E. Mrs. Iman Mostafa A. Ahmed	Egypt	Residential
6.	H.E. Mr. Benny Omer	Israel	Residential
7.	H.E. Mr. Jorge Castaneda Mondez	Peru	Non-Residential

8.	H.E. Mrs. Rina Prihtyasmiarsi	Indonesia	Non-Residential
9.	H. E. Mr. U Tun Nay Lin	Myanmar	Residential
10.	H.E. Ms. Elisabeth Von Capeller	Switzerland	Residential
11.	H.E. Mr. Sirajuddin Hamid Yousif	Zambia	Non-Residential
12.	H.E. Dr. Gilberto Lerena Garcia	Panama	Non-Residential
13.	H.E. Ms. Judith K.K. Kan'goma-Kapijimapanga	Sudan	Non-Residential
14.	H.E. Mr. Radu Octavian Dobre	Romania	Non-Residential
15.	H.E. Mr. Archil Dzuliashvili	Georgia	Non-Residential
16.	H.E. Mr. Adam Wojciech Burakowski	Poland	Non-Residential
17.	H.E. Mr. Masamichi Saigo	Japan	Residential

VII. Kathmandu based Foreign Ambassadors who completed their Tour of Duty in 2017/18

S. N.	Name of Ambassador	Country
1.	H.E. Mr. Kjell Tormod Pettersen	Norway
2.	H.E. Mr. Baher Nabil Abdel Fattah Helmy	Egypt
3.	H.E. Mr. U Lwin Oo	Myanmar
4.	H.E. Mr. Yaron Mayer	Israel
5.	H.E. Mrs. Rensje Teerink	European Union
6.	H.E. Dr. Jörg Giovanni Frieden	Switzerland
7.	H.E. Mr. Abdel Nasser Hussein Al-Harthy	Saudi Arabia
8.	H.E. Mr. Masashi Ogawa	Japan
9.	H.E. Mr. Jorma Suvanto	Finland
10	H.E. Mr. Yves Carmona	France