

Speech by Hon. Dr. Prakash Sharan Mahat, Minister for Foreign Affairs of Nepal, at the Seminar on "Exploring New Vistas of Nepal-India Relationship" organized by Niti Anusandhan Pratisthan and India Foundation

Kathmandu

November 03, 2016

Mr. Chairman,
Your Excellency Shri Pranab Mukherjee, President of India,
Distinguished Guests,
Excellencies,
Ladies and Gentlemen,

I would like to thank, at the outset, Niti Anusandhan Pratisthan and India Foundation for inviting me at this important seminar organized on the occasion of the State Visit of His Excellency Shri Pranab Mukherjee, President of India. While the seminar is highly significant for its most relevant theme, its value is further enhanced by the kind presence of His Excellency President of India. It is indeed a great honour for me to speak on Nepal-India relations in front of this august gathering.

Excellency, you are a statesman and a scholar of high stature with decades of experience in politics. A very close friend of Nepal and Nepali people, the contributions you have made to further strengthening Nepal-India relations in various capacities have been well recognized. I look forward to listening to the insights and ideas that you will share with us at this seminar and I am confident those insights will help elevate Nepal-India relations to new heights.

**Excellencies,
Ladies and Gentlemen,**

As is well-known and long-established, Nepal and India share a unique relationship. Our relations are not only age-old, they are also time tested, comprehensive, deep and multi-dimensional. Geography, culture, religion, history and fraternal bonds intimately bind our peoples together. The open border between our countries facilitates movement of people, goods and services, and it has contributed to maintain the warmth of relations and cultural connections at peoples' level. While the two governments have their own formal treaties and mechanisms to define our formal relations, the relations between the two countries

are also defined by the multi-faceted relations that our peoples have shared from the times before modern political boundaries were drawn.

Often times, people ask me to compare Nepal-India relations. Given the nature, scope and merit of our relations, there is no need to compare our relations with any other relationship.

What more can we say about Nepal-India relations as many Nepali political leaders and activists had participated in India's freedom struggle, and at the same time Indian leaders supported our quest for democracy in Nepal. Hundreds of thousands of Nepali are working in India in different capacities. Large number of Indians are also working in Nepal in the business and other occupations. Two countries have open border and people of both countries can enter one another's' territory without passport or visa requirements.

India was the first country to send relief and rescue teams within hours of the devastating earthquake that hit Nepal eighteen months ago. The promptness and generosity with which India responded to our difficulties was extraordinary, truly reflecting the closeness of our relationship. India has also provided substantial funding for reconstruction. We sincerely thank for this help.

With the uniqueness of our relations there come expectations from both sides. As we have complex web of multi- faceted relationships occasional differences bound to occur. Such differences however, cannot and should not undermine the solid foundation of our relationship. And, our relation is resilient enough to overcome those challenges. In the recent past too, we experienced problems, but we were quick enough to realize that there was no alternative to look for solution, sort the problem out and move forward. We believe that with open heart and mind, any differences can be resolved through dialogue.

This is what the present government is doing. We are following a policy where Nepal is straight forward and frankly stating what needs to be done at diplomatic table. We have also seen very positive gestures during our several high-level interactions with Indian leaderships. We firmly believe that we should refrain from mixing issues of foreign relations with internal partisan politics. This government in general and my Party Nepali Congress in particular is very clear about it. I believe it is harmful for our own national interest.

Stable political relationship founded on enhanced level of trust and confidence, mutually beneficial and cooperative economic engagement, and common approach to address common challenges should be the basic tenets of Nepal-India partnership for coming years. We should not hesitate to share one another's concerns as friends do and also appreciate one another's sensitivities and seek ways to work in concert.

Let me elaborate on some of the important areas of Nepal India relations.

Firstly, a strong foundation of Nepal-India relationships should rest on the mutual belief that both countries should work through diplomatic channels at different levels in order to ensure progress in all agreed areas and resolve when differences arise. We should make all bilateral mechanisms functional to deal with issues important to both countries. In this regard, we are committed and have already started to streamline and operationalize modalities to deal with such issues. At the same time, we have agreed to implement bilateral cooperation projects in a time bound fashion. Both countries have agreed to constitute bilateral mechanisms to monitor implementation status of the agreements and the progress of Indian-supported projects in Nepal.

Secondly, we need to revisit our past treaties, their provisions and relevance in the changing context. We have already agreed to do so and come up with proposals which are agreeable to both countries. The Eminent Persons Group (EPG) is working to look into different aspects our relations and provide concrete suggestions on measures to be taken in future for the betterment of our relations.

Thirdly, there are some issues unique to Nepal basically arising from Nepal's land-locked condition and asymmetric economic capacity. We have a very low industrial base, limited productive capacity, under- developed physical infrastructures, and under- tapped natural resources.

**Excellencies,
Ladies and gentlemen,**

Trade and transits are vital component of Nepal-India bilateral relations. India is our top trading partner in terms of both export and import while Nepal is among India's top twenty export destination. Nepal's growing trade deficit is a matter of concern for us. Our import volume from India is thirteen times higher than our exports, if you see the figure of the first quarter of this year. To address this imbalance, there is a need for greater investment in productive sectors in Nepal, greater trade facilitation measures, including abolition of non-tariff and para tariff barriers and robust connectivity between two countries in terms of roads, railways, waterways, transmission ways and information highways.

'Make in India' is one of the flagship initiatives of Prime Minister Modiji in driving Indian economy forward. Given our close economic interconnection, why do we not think of extending the idea of 'Make in India' to 'Make in India and Nepal' initiative through joint collaboration and enabling Nepal to participate in value chain.

It is encouraging that two countries are working towards developing greater cross-border connectivity to promote trade, tourism and investment. We have agreed to speed up cross border railway projects, integrated check posts at major border points as well as additional transmission connectivity. Much remains to be done, however, to fully realize our development potential and partnership.

Hydropower development is the area that promises great opportunities for collaboration. We have not been able to fully exploit our large hydro power potential despite the pressing need of clean renewable energy in both countries. We cannot afford this resource go unutilized any more. Effective implementation of the Power Trade Agreement, early realization of Pancheshwor Multipurpose Project and timely development of two large hydro power projects namely Upper Karnali and Arun III projects will be instrumental in ensuring mutually beneficial partnership between our two countries.

Large hydro-power development in Nepal requires markets of India and Bangladesh to realize its full potential. The free market access is a prerequisite for this. We have requested government of India to remove some of the regulatory hurdles to enhance market access and India has assured that required new regulation and guidelines to liberalize cross border trade of electricity will be operationalized soon. It will provide big boost to larger hydropower investment in Nepal. Tangible realization of BBIN cooperation including open access to transmission infrastructure and market within the sub-region will create a further enabling environment.

We should also seriously work together to come up with an umbrella framework for cost and benefit- sharing in joint undertaking of mega multipurpose water resource projects like Pancheshwar. Such framework would help ensure a more smooth and speedy proceeding in future joint multipurpose projects.

Nepal and India also need to work closely in managing and reducing problem of inundation. Recent meeting of Nepal-India Joint Commission has agreed to identify specific locations of inundation and undertake joint inspection and resolve the problem of inundation.

The Joint Commission also agreed to implement Pancheswar project, expediting the finalization of its DPR. The mechanism also agreed to implement irrigation facilities to Nepal that were provided in Mahakali and Gandak treaties.

The early undertaking of remaining boundary mapping will remove some of the recurring misunderstandings between two countries. I am pleased to note that in the sectors of the Nepal-India international boundary where scientific mapping has been accomplished, all technical works like pillar construction and GPS referencing are moving in satisfactory

manner. It is, therefore, imperative that both governments should take initiative to resolve the mapping issue in the remaining stretches of Nepal-India boundary.

**Excellencies,
Ladies and gentlemen,**

Technology is the key for innovation and transformation. India, equipped with the modern technology, has established itself as a leading force in driving development. Nepal aspires to benefit from India's technological expertise and innovation. Transfer of knowledge and technology along with capital investment will enable us to accelerate the pace of economic development with increased employment opportunities that is essential to eradicate poverty.

Despite its zero contribution to carbon emissions, Nepal is at risk of major climatic change that is contributing to melting of glaciers and ices. The climate change impact on Himalayas is going to affect both Nepal and India. As signatory to reduce growth of global warming, both countries can work together to mitigate and adapt to the impact of climate change.

The common civilization and strong cultural bonds also offer us a good prospect for the development of tourism. Nepal is renowned for its great natural beauty and its treasures of cultural heritage. There are a number of cultural and religious sites common to our people in both countries. Nepal being the birth-place of Lord Buddha and Mata Sita as well as the existence of ancient religious-cultural heritages and shrines like Pashupatinath, Ram Janaki temple, Lumbini and Muktinath, it provides a great potential for cultural-religious tourism. Cultural tourism can be promoted by developing Hindu and Buddhist circuits.

Our open border has facilitated movement of people and goods and services. However, both countries are cognizant that our security concerns and interests are interlinked. We are, therefore, working together and in close coordination to overcome our common security challenges like cross border crimes and human and drug trafficking and illegal activities of different nature. In the meantime, we have remained watchful not to allow the open border to be misused by elements posing security threats. The work is progressing in the construction of integrated check posts.

Nepal has its principled position against terrorism in any form and manifestation. We expressed our solidarity with the Government and people of India in the wake of repeated terrorist attacks in India and condemned such attacks in strongest possible terms. We believe that in the shadow of insecurity and terror our region cannot prosper in a

sustainable manner. We should work together against the growing menace of terrorism through global and regional forums.

Nepal and India still lag behind many countries in development dividends. We should work together in international and regional forums to advance the cause of developing countries in areas such as trade, investment, poverty reduction, climate change and sustainable development.

As source countries for large number of migrant workers mainly in gulf regions both countries should work together for their security and safety. We should also enhance our cooperation to check human trafficking and illegal activities of different natures.

There is rapid advance in information and other technological advances. In the changing context, our collaboration requires dynamism that can move with changing needs.

**Excellencies,
Ladies and gentlemen,**

Nepal has been able to bring out an inclusive and democratic constitution which has many unique features appreciated at the international level, and that sets good examples for others to draw on from it. However, as any democratic constitution, there are still scopes for improvement, and we are working to address some of the remaining grievances through constitutional amendment. We have already made an amendment once. At the same time, we can learn from India's successful institutionalization of democratic constitutional practices.

In many difficult and challenging times in the past, India supported the Nepali people with utmost goodwill. Now, at a time when Nepali people are engaged in noble mission of achieving a fully democratic, just, inclusive and prosperous society through the effective implementation of the democratic Constitution, it is natural that Nepal expects goodwill, support and cooperation from the people and Government of India.

Nepal and India are members of sub-regional grouping BBIN and regional groupings SAARC and BIMSTEC. This offers opportunities for both countries to meaningfully cooperate in areas of mutual interest that could compliment bilateral cooperation. Likewise, our both countries could intensify cooperation together with other developing countries in addressing some of the pressing global challenges and in advancing the common interest of the developing world.

Mr. Chairman,

Our two countries face such common challenges as terrorism, climate change, and challenges related to uplifting large masses of people out of poverty. Common challenges require coordinated response. Our two countries strongly call for reform in the United Nations and other international institutions to reflect the current realities. As the largest democracy in the world, India has an important role to play in global affairs. Nepal supports India's legitimate aspirations and therefore we supported India's aspiration to become permanent member of UN Security Council.

In conclusion, **Mr. Chairman**, I would like to underline the following:

1. As close neighbours, our destiny is intertwined. Common prosperity becomes an overriding goal. Poverty stands as a stumbling block in our road to prosperity. To eradicate it, there is no alternative to cooperation and collaboration.
2. We must be innovative and creative in exploring new vistas and opportunities consistent with the trends of our time, as business as usual model will not suffice. We should be able to take advantage of innovation and advancement in science and technology to accelerate our development process.
3. Our multidimensional relations demand greater collaboration and partnership between and among the private sectors, media, intellectuals, professionals, parliamentarians and non-governmental organizations. They all have important roles to play in cementing ties.
4. Infrastructures and connectivity should remain at the core of our collaborative partnership without which development cannot advance.
5. Equality, mutual benefit, respect for each others' sensitivities and concerns should in no way be undermined as foundation of our friendly relations. We have common responsibility to preserve our relationship handed down through ages.

Thank you once again for the opportunity provided to speak a few words at this seminar.