

# US warns Nepal of serious consequences if aid program not ratified

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US Assistant Secretary of State for South and Central Asia Donald Lu has demanded that the leaders of Nepal's main political parties ratify the Millennium Challenge Corporation-Nepal Compact (MCC) before February 28 or face a "review" of Washington's relations with the country.

Lu delivered his ultimatum in separate telephone calls on February 10 with Nepali Prime Minister Sher Bahadur Deuba, Communist Party of Nepal (CPN-UML) chairman Sharma Oli and Communist Party of Nepal (Maoist Centre) leader Pushpa Kamal Dahal.

Assistant Secretary of State Lu reportedly voiced Washington's dissatisfaction over alleged Chinese influence in attempts to block the \$US500 million MCC-Nepal Compact which was signed nearly five years ago, in 2017.

The *Kathmandu Post* said it was the "first such strongly-worded message to Nepali political leadership from Washington" since the countries established bilateral relations in 1947.

Washington's threatened "review" of its relations with Nepal is part of its ongoing efforts to tie the strategically-located country into the escalating US war preparations against Russia and China and reverse its historic decline. Beijing has branded Washington's intervention as "coercive diplomacy," reflecting the deepening geopolitical tensions between the US and India on one hand and China on the other.

The proposed MCC grant involves the development of electricity transmission facilities in Nepal, particularly along its border with India. MCC programs, which are presented as aid, are part of Washington's efforts to entrench its influence in backward countries. Their strategic importance for Washington is indicated by the MCC leadership—the US secretary of state serves as MCC chairman and the

US Treasury secretary is the vice chairman.

In a direct threat, Lu made clear to Nepali political leaders during his phone call that Washington would use political corruption and human rights issues in Nepal to enforce its demands. "Manipulation of MCC by some individuals has made us take a tough stand and position on human rights abusers and those involved in systematic corruption in Nepal."

The US, which has a long and sordid record of human rights violations and war crimes, hypocritically and cynically exploits "human rights" to pressure other countries into aligning themselves with Washington's geopolitical agenda.

Lu also blamed supposed social media "misinformation" campaigns for popular concerns about the MCC program and its political strings, insisting during the call that it was not "connected to any security or military elements as hyped by some sections in Nepal."

Stepping up its pressure on Kathmandu, the US embassy in Nepal last week initiated a new Facebook and Twitter campaign against alleged "disinformation" and to promote Washington's interests.

The ramped-up US threats have increased political turmoil in Nepal. The Nepali Congress-led government attempted to get parliamentary ratification of the MCC compact last Friday but was forced to backtrack after its ally, the Maoist Centre, said it opposed the program "in its present form." Deuba's minority government, which came to power last year, relies on parliamentary support from the Maoist Centre.

The media reported that Deuba put the MCC program on the parliamentary agenda again on Sunday, after being assured of support by the opposition CPN-UML leader Sharma Oli.

The Maoist Centre called a demonstration in

Kathmandu last Wednesday, and on Sunday, opposing the tabling of the MCC program in the parliament agenda. The government mobilised police to disperse the protesters, attacking them with batons, tear gas and firing rubber bullets.

Nepali workers and students aware of US interventions and regime-change operations in other countries have a legitimate fear of the MCC program. However, the Maoist party, which has been in previous bourgeois coalition governments and is discredited among masses is cynically seeking to exploit this popular opposition.

Dahal, the Maoist Centre leader, is close to China, and was part of the former administration of Prime Minister Sharma Oli which blocked the ratification of the MCC. While Dahal has said that his party will not ratify the aid program unless there are amendments, Lu has rejected any amendments.

In order to increase pressure on the Maoist Centre, the MCC has leaked a joint letter signed by Deuba and Dahal last September. The joint letter sought “additional time for the ratification in the parliament” but did not raise the question of amendments.

Reflecting the concerns of sections of the Nepali political elite, Ramesh Nath Pandey, a former Nepali foreign minister told the *Kathmandu Post*: “The US will definitely retaliate given its nature and its past records but we do not know what kind of action it may take.” He warned that the fallout would impact Nepal on a “political, economic and strategic” level, and warned, this could “invite a huge political crisis in Nepal.”

Suresh Chalise, who has served as an ambassador of Nepal in Washington, said that the country should not “lose the trust” of the US. “Nepal needs support from countries like the US, because it is sandwiched between India and China, where you can see “ups and downs once in a while.”

The government and the ruling elite are also deeply concerned about losing US aid at a time when the economy is reeling from the impact of the COVID-19 pandemic. Nepal’s main foreign currency earners—tourism, and remittances from migrant workers—have collapsed. The US is currently the country’s biggest bilateral donor.

Lu has indicated that not only US aid will be curtailed but other assistance and investments Nepal receives

from various bilateral and multilateral agencies as well as private investment will suffer. Washington has the final say in international agencies like the International Monetary Fund and World Bank.

For its part, China has expressed its concerns about Washington’s aggressive pressure in Nepal. Chinese Foreign Ministry spokesperson Wang Wenbin told a press conference on Friday: “We oppose coercive diplomacy and actions that pursue a selfish agenda at the expense of Nepal’s sovereignty and interests.” China, he added, provides international aid to Nepal “without political conditions.”

Reporting Wang’s remarks, the *Global Times* noted: “The US criticism of China is totally groundless. The US has smeared China as an attempt to achieve its own geostrategic goals by sowing discord and creating a rift between China and Nepal.”

Well aware of US plans to militarily encircle it, China is seeking to increase its influence on Nepal with investment projects and aid packages. Beijing is also concerned about India, which has increased its influence in Kathmandu since the Nepali Congress formed government last year.

If the Deuba-led minority government fails to secure parliamentary ratification of the MCC program, it could collapse as Washington intensifies its efforts to impose its demands on Nepal.



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