



USA's Ultimatum to Nepal

- By Ankit Agrawal

Trouble for Nepal PM Sher Bahadur Deuba as Washington gives an ultimatum to Kathmandu over US MCC grant. While Deuba pushes alliance partners to approve the project, the ruling coalition remains divided. Is China pressuring Nepalese politicians? [@murarka_saloni](#) reports



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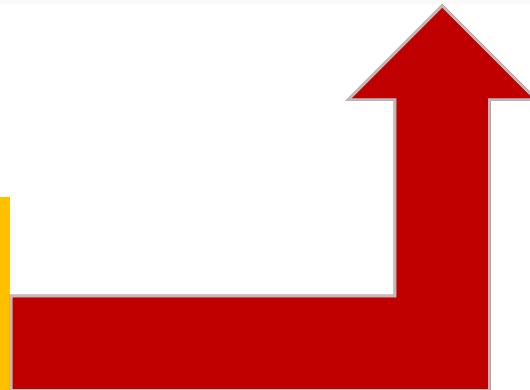
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BACKGROUND

After Nepal entered the Belt and Road Initiative agreement with China relating to infrastructure development **in May 2017,**

The United States intensified its efforts in the Himalayan state: in **September 2017, it signed a deal** to create the Millennium Challenge Corporation Nepal Compact.

Over the last few years, dignitaries from China and the US have frequented Nepal to give **impetus to their respective projects.**

The **high-profile two-day visit** by Chinese **President Xi Jinping in October 2019** was the **most significant**.

During the visit, **Nepal and China signed 20 agreements**, including the **support for the Belt and Road Initiative**, **railways and roads construction** worth about **\$2.75 billion**.

However, the US-backed Millennium Challenge Corporation Nepal has failed to take off and has yet to be ratified by Nepal's members of Parliament.

Thanks to Nepal's ever-bickering politicians, the Millennium Challenge Corporation Nepal has become the hottest topic of debate in Kathmandu and has divided the nation.

ABOUT MCC

With a budget of **\$630 million** (America's **\$500 million** contribution and Nepal's \$130 million), the Millennium Challenge Corporation Nepal Compact, **has two projects in its portfolio:**

A **300-km 400 kilovolt electricity transmission line** and an **upgrade to a 100-km east-west highway.**

The Millennium Challenge Corporation **is a US Foreign Assistance Agency that aims to fight poverty.**

It has **partnered with 30 countries worldwide to implement projects worth around \$13 billion.**

However, it was **created in 2004 under President George Bush** with the **purpose of preventing terrorism** in the **post-9/11 era** by attempting to **use American aid and expertise to ensure stable governments around the world.**

AMERICA VS CHINA

“Millennium Challenge Corporation **Nepal is caught up in the middle where the main players** are America and China and their increasing competition **will determine the direction of global politics** Over the next 50 years,” said author Sanjeev Uprety.

The Millennium Challenge Corporation, he said, **aims to ensure good governance, infrastructure development and security.**

He said that **there is no controversy regarding the first two goals.**

“...**But the third issue** [security] generated controversy when [former] US **Vice-President Mike Pence** said a **couple of times in public** that Millennium Challenge Corporation **is part of** the **Indo-Pacific Treaty designed to counter China**,” Uprety said.

“**This led to a furore in Nepal along nationalist lines**, and to fears that it **would lead to US troops entering Nepal**.”

POLITICAL INSTABILITY IN NEPAL

Political instability is another reason the government is unwilling to implement the Millennium Challenge Corporation.

Nepal has not had an elected government since 2017.

With elections slated for 2022, no political party can afford to anger would-be voters.

While the **Nepali Congress and Janata Samajwadi Party** support the Millennium Challenge Corporation **wholeheartedly, other parties keep changing their position.**

“...That is the **main reason why it is taking so long to ratify** it in Nepal,” he said.

He also pointed out that **electricity produced by Millennium Challenge Corporation will not be for local consumption but will be solely for export to India.**

As a consequence, it will not directly **benefit the local economy.**

With about 6,000 big and small rivers, **Nepal offers a huge potential for hydropower generation.**

But India has control over most of Nepal's main rivers **through a series of barrages and dams.**

That has not gone well with nationalists **within the Himalayan country.**

IS IT A DONATION?

Another point of irritation for people in Nepal is the **fact that the Americans had described the funds they would spend on the project as a “donation”.**

But this turned out to be false.

It is **actually an investment of \$500 million** on which the Americans want to **make a profit of billions by exporting electricity to India.**

ULTIMATUM

The **delays and flip-flopping by Nepali leaders** **seems to have alarmed the Americans.**

Two recent visits to Nepal by high-level US officials signalled the **urgency of the matter.**

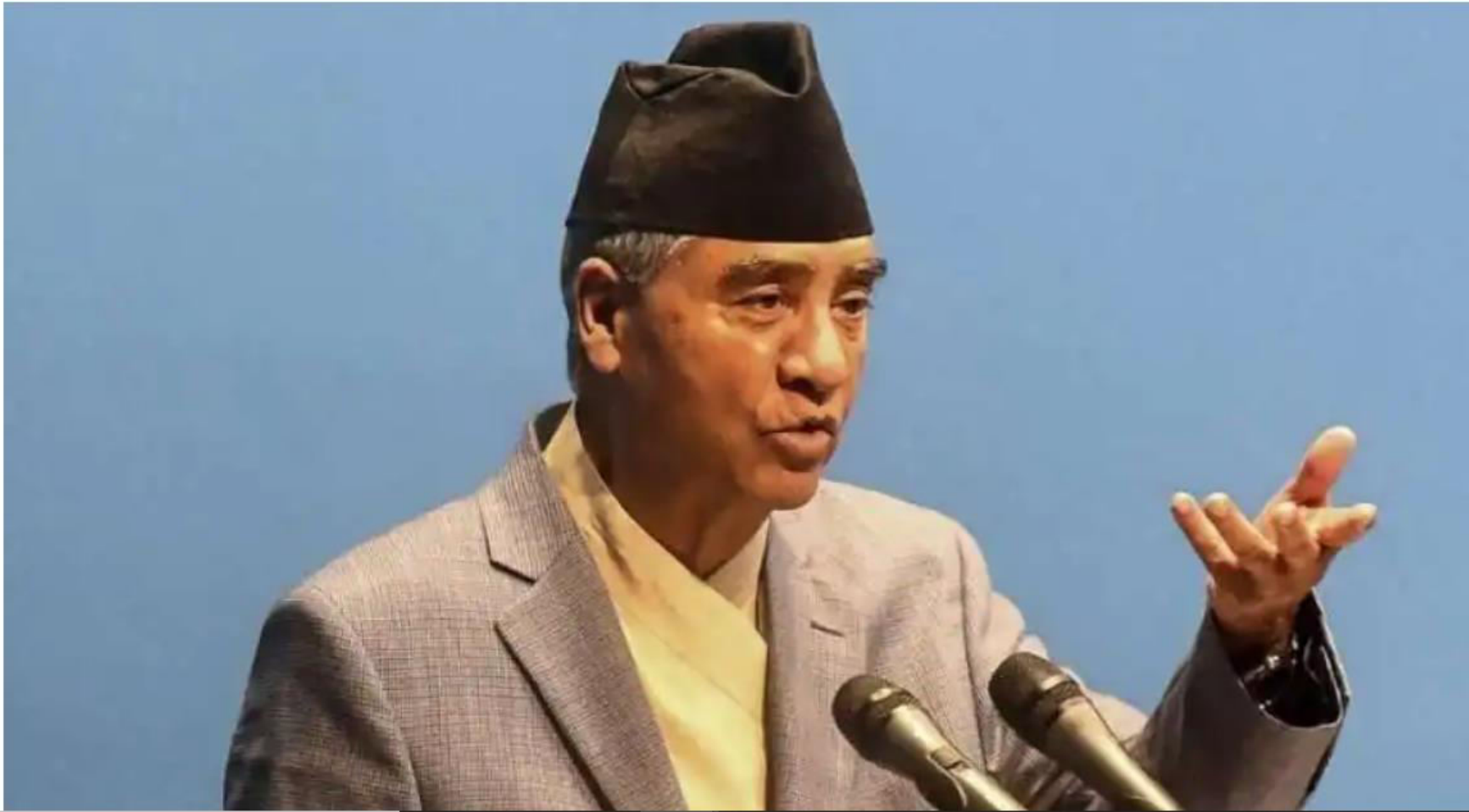
Recently, US Assistant Secretary of State for South and Central Asian Affairs Donald Lu and his assistant visited Kathmandu.

“Take it or leave it,” is what the Americans are **reported to have told Nepali leaders.**

Nepal Parliament winter session begins, MCC ratification still pending

Written By: Saloni Murarka • WION

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Nepal PM Deuba calls for ratification of USD 500 million MCC programme

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Q. Which among the following is considered a renegade province by China?

A) South Korea

B) Hong Kong

C) Taiwan

D) Japan



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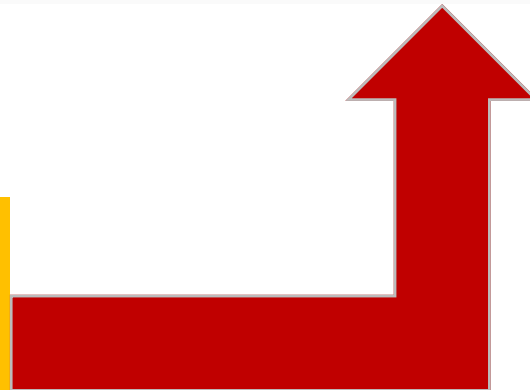
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