

## **CHAPTER IV**

### **THE REASON BEHIND THE REJECTION OF NEPAL TOWARD TAIWAN'S OFFER OF AID IN THE CASE OF NEPAL EARTHQUAKE DISASTER 2015**

Previously, it has been explained about an earthquake of 7.8 magnitudes that extremely destroyed Nepal, and it profoundly affected a million citizens. A total number of 9,000 people were reported died, and nearly 22,303 more were injured as the effect of the earthquake. The Himalayan prone-country is in fact not ready for this major disaster that is categorized as one of the greatest disasters in the past 80 years. Moreover, the country has been struggling to deal with a political crisis that exacerbates the country's vulnerability. The occurrence of the disaster in 2015 also added the burden of the country to cover all damages and losses resulting from the disasters. Therefore, within five hours of a disaster, Nepal undoubtedly called for outside assistance.

Various level of humanitarian assistance from many international communities came to assist in the form of a search and rescue team, medical aid, and funding to help the emergency operation. Nonetheless, in the time of crisis, Nepal surprisingly turned down an offer of assistance from Taiwan. A total of 20 rescue teams was declined by the government to start the rescue operation after the devastating earthquake hit Nepal. In fact, Taiwan is a country well known for the excellent search operations and rescue personnel.

However, the surprising action was taken by Nepal certainly has a strong reason behind it, and thus it is interesting to be discussed. In this chapter, the reasons behind the rejection of Nepal toward Taiwan's offer of aid will be explained concerning prove the hypothesis of this thesis. There

are two main reasons why Nepal declined the offer of aid from Taiwan, which are:

**A. The acceptance of aid could distract diplomacy with China**

Every country in the world has multiple ways of conducting its relationship with other countries. The presence of the difference has resulted from the purpose which wants to be achieved, and it reflected in its actions. This condition sometimes leads to the tendency of a state attitude in the form of its actions to achieve the purpose of the country. One of the ways used to pursue the goals of a country is through diplomacy.

Disaster diplomacy is one of the ways a country used to achieve its purpose. Disaster diplomacy examined why and how the disaster-related activities (pre, during, and after a disaster) contribute to or not to cooperation or peace among parties. In the context of during a disaster, the disaster-related activities consist of search and rescue operation, medical aid, funding assistance, and so forth. However, disaster-related activities are sometimes having the opposite outcome to disaster diplomacy. It could sometimes exacerbate conflict, distract diplomacy, and diminish peace prospects between the parties.

In the case of Nepal's rejection, the humanitarian aid provided by Taiwan is seen to have consequences with its close partner, China. The reverse action, which is accepting the offer of assistance will possibly reduce diplomacy prospect with China. Both countries have shared steady and tight relationship and cooperation characterized by agreement at all levels. China as one of Nepal's neighbors has a massive contribution to various developments in the country which is regarded as one of an emerging country in the world.

The relationship between Nepal and the People's Republic of China are old and deep-rooted. Geographically, both countries shared the strategic region in the Himalayan. Nepal shares 1,415 Km. A border with China to the north. Both countries have a long history of political and economic relations. The first recorded of official relations between Nepal and China dated from the middle of the seventh century, although private contracts between these two countries have begun long before. According to Ministry of Foreign Affairs Nepal, the historical and multi-faceted bilateral relations between the two countries have evolved since the days of Nepali monk, and scholar Buddhahadra started from the 5th century. The relationship was getting closer since ancient times as by the emergence of local trade between Tibet and Kathmandu. However, the two countries formalized their relations on 1 August 1955. (Nepal, Nepal-China Relations, 2018).

The diplomatic relations established between Nepal and China in 1955 leads to the establishment of several cooperation in term of economic, cultural, education, tourism and so forth. The first attempt to enhance the relationship between both countries was made on the agreement of trade on 20 September 1956. It was later followed by the establishment of Inter-governmental Economic and Trade Committee (IGETC) in October 1982. The IGETC meetings have become the primary forum for discussion on Nepal-China bilateral economic and technical cooperation. It was the critical cornerstone for growing of diplomacy especially economic relations between Nepal and China. (Prasad, 2015)

Furthermore, in 2009, the government of Nepal and China agreed to establish "China-Nepal Comprehensive Cooperative Partnership" to bring both countries into the new height. Since then, high-level visits between the two countries have become more frequent. At the beginning of 2012, Premier Wen Jiabao successfully visited Nepal. The following visitation was held

by Chinese foreign minister Wang Yi who visited Nepal from 25 - 27 December 2014. On occasion, both countries agreed to enhance cooperation in nine vital areas, such as trade, investment, agriculture, infrastructure, science and technology, connectivity, cultural exchanges, tourism, and security law enforcement. During this official visit, the government of China also grant assistance of RMB 800 million (128 million U.S. dollars) to the Nepalese government under the Economic and Technical Cooperation between the two countries. (Prasad, 2015)

The economic cooperation between both countries has been increasingly growing. Since the very beginning, the economic cooperation becomes the primary source that keeps the ties of both countries closed. Moreover, combined with the fact that Nepal is regarded as one of the emerging countries in the world, China's position as one of the largest industrial nation is hugely needed. There are several considerations of Nepal to maintain its diplomatic relation with China, primarily based on the economy and culture, as follows:

1. China is top five bilateral donors of Nepal

Foreign assistance plays a significant role in Nepal's socio-economic development. The country considered external aid as an excellent asset for its development process. According to Development Cooperation Report for Fiscal Year 2010-11, international aid represents 26 percent of the national budget. Besides, most of the foreign aid flows distributed directly to the proper recipient outside the national budget. The main sectors receiving external support include education, local development, health, roads followed by clean water, energy, agriculture, peace, and rehabilitation. Various economic and financial reform programs also receive significant external support. (Finance, 2012)

China has been one of the significant donors of aid to Nepal for decades. The Government of China has been assisting Nepal in the socio-economic development endeavour since the establishment of diplomatic relations between the two nations. The first agreement “Agreement between China and Nepal on Economic Aid” was signed in October 1956. Ever since then, China has been providing financial and technical assistance to Nepal, which has contributed significantly to Nepal’s development, more specifically in the areas of infrastructure and human resources development, education, health and food assistance, and so forth. The total volume of China’s aid under bilateral agreements in 2013 is about 430 million RMB. (International Economic Cooperation Coordination Division, 2014)

According to Nepal Ministry of Finance, over the past 50 years, the presence of China's financial and technical assistance has completed more than 30 projects in Nepal. These projects include The Arniko Highway, the Ring Road, Prithvi Highway, Kathmandu-Bhaktapur road, Gorkha-Narayanghat road, Sunkoshi Hydro Project, the Birendra International Convention Centre, Hetauda Cotton Mill, Bansbari Leather and Shoe Factory, Bhaktapur Brick and Tile Factory, Bhrikuti Paper Mill, Lumbini Sugar Mill, Gorakkali Rubber Udhyog and so forth. Those are some examples of such projects assisted by China that has played a constructive role in the social and economic development of Nepal. (International Economic Cooperation Coordination Division, 2014)

**Table 4.1: Top five bilateral donor of Nepal**  
*Source: (Division, 2015)*

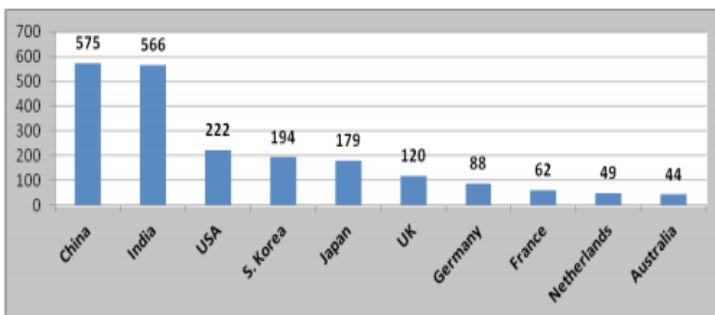
<b>Bilateral Donors</b>	<b>Disbursement (in US\$)</b>
United Kingdom	151,135,383
India	47,796,349
USAID	45,360,254
China	41,381,522
Japan	40,592,722

Based on the table above, during the fiscal year 2013/2014, a total number of aids provided by China exceed US\$ 41,381,522, the fourth largest donor after the United Kingdom with US\$ 151.13 million, India US\$ 47.79 million, USAID US\$ 45.36 million, and Japan US\$ 40.59 in the fifth position. Besides, China along with India and Korea also provide technical assistance to the Government of Nepal through education field such as scholarship, training and study tour conducted in their countries, which is not wholly indicated in the total volume of assistance. The top 5 bilateral partners have contributed approximately 31 percent of the total disbursements for Nepal.(Division, 2015)

Moreover, the funding given to Nepal from China is significant enough to build several state development projects. In addition,one year later in November 2014, China and Nepal signed a new memorandum of understanding committing 10 million yuan (US\$1.45 million) annually from 2014–2018 for the development of Nepal, particularly in northern districts. (Murton, 2017)

## 2. The Biggest Investor in Nepal

China has become the number one biggest investor in Nepal. The country has become one of Nepal's primary source for infrastructure development since 1960. Chinese involvement particularly in the fields of water resources and infrastructure building, which is the most needed of the country so far. According to Prasad: *Study of Nepal's Economic Relations with China*, a total of 575 projects have been approved under Chinese investment with an investment of NPR 10,632 million which helped to create 31,594 jobs in Nepal. (Prasad, 2015)



**Figure 4.1: Top 10 countries of industrial foreign investment in Nepal up to fiscal year 2012/2013**

*Source: (Prasad, 2015)*

Based on the chart above, during the year of 2012-2013, there are ten of a state that considered as top 10 countries that accepted for industrial foreign investment in Nepal. China positioned as the biggest investor in Nepal (575), followed by India (566), USA (222), South Korea (194), Japan (179), UK (120), Germany (88), France (62), Netherlands (49) and Australia (44).

Furthermore, the historical record shows that China-Nepal trade is growing and has been a remarkably wide trade imbalance. According to the Kathmandu Post, on November 2012 the two countries signed a memorandum of understanding (MoU) of exchanges allowing 7,787 Nepalese products exported to China free of tariff. The products that will earn the zero-tariff facility including woolen carpet, cardamom, garment, pashmina, medicinal herbs, biscuits, incense sticks, metal crafts and woolen scarps. Besides, duty-free access of Nepalese products to the markets in China could help to decrease the trade deficit of Nepal. (Money, 2012)

### 3. Source of Nepal's Tourism Sector

Nepal is uniquely endowed with rich and diverse natural resources and cultural attractions. The country is ranked as one of the hotspot and top ten destination for tourism adventure in the world. There is not any other country in the world which has such a unique cultural heritage, especially the Hindu and Buddhist heritage that have become the strong attraction for foreign visitor. Moreover, the country is also rich with environmental spectrum from the highest peak of the World- Mount Everest, to the Terai plains. Tourism is, therefore, considered as the source of foreign exchange and revenue which helps to promote the national economy of Nepal. It is also an opportunity to build peace and prosperity for the people of Nepal because tourism sector provide diversified employment opportunities, which also provides additional income. The number of tourist in Nepal will have significant impact to country's revenue and can contribute to poverty reduction through economic, social, environmental and cultural benefits.

According to Nepal Ministry of Finance, China is the second largest tourist source for Nepal after India. In the period of 2013 to 2014, the most significant number of



tourist's arrival have been from India (23.0 percent), followed by China (11.2 percent), Sri Lanka (7.5 percent), USA (7.3 percent), and United Kingdom (4.7 percent). All of those countries have remained as top 5 countries visiting Nepal for the last 10 years. From these countries, Nepal has earned significant foreign currency equivalent of NRs. 34.21 billion and provide employment for about 20% . (Shrestha, 2014)

China as the second largest tourism source for Nepal is counted as great asset for state's income. Both countries have been promoting people-to-people relations through the regular hosting of the cultural festival, friendly visits of the peoples of different walks of public life, exhibition, cultural and film show, food festivals, and so forth. Sister city relations between the cities allowing the increasement of tourist's arrivals especially from China to Nepal. Moreover, the number of tourist arrival from China in 2016 exceeds 122 million. (Bhandari, 2017). Therefore, the presence of China as the source of foreign tourism in Nepal is considered as the asset for sustainability of national income.

Various kinds of assistance and investment from China can be said to be a treasure that must be guarded for Nepal. The beneficial relationship must be preserved for the sustainability of development projects and economy of Nepal. Therefore, the reason behind the rejection of Nepal toward Taiwan's offer of aid also indicates that there is a need of Nepal to maintain a bilateral relationship with China, especially in the economic sector for the sake of country's sustainable development in the long run. The reverse action, which is accepting the offer of aid from Taiwan will potentially distract the diplomacy with China.

## **B. Nepal wants to re-affirm its commitment to One-China policy**

Nepal is a country with a small in economic, weak government, as well as low power in international politics. In fact, the country is considered as one of the emerging countries in the world. Many Nepalese are living in poverty and illiterate. Survival and security of the country are considered the primary concern and objectives of the state which assume the supremacy of national interest. For the survival, Nepal is dependent on its neighbors. Most of the foreign aid is coming from China and India. Without foreign assistance, Nepal is unable to manage the nation's budget and other development work.

China's hegemony role in the Himalayan country is described as the Umbrella for Nepal. As already indicated, Chinese investments and donor in Nepal has become the evidence of how importance of China's role for economy of Nepal. Besides being a close neighbor, China has significant leverage in many sectors of the Nepalese and is always ready to help the country, especially in the precarious situation during the earthquake on April 25, 2015. The earthquake that hit the Himalayan region has caused nearly 9,000 lives and caused financial losses estimated at \$ 7 billion, or a massive one-third of the country's GDP has worsened the stability of the country. The physical damage caused by the disaster estimated at \$ 5.2 billion and economic losses of \$1.9 billion (Sood, 2016). Unprepared, the Nepal government called for international emergency assistance.

As the immediate response, China sent a rescue team in early 24 hours to provide humanitarian aid to Nepalese people. China's rescue team arrived on Sunday morning, along with a group from the People's Liberation Army (PLA). The day after, on Monday, China again dispatched the second 58-members medical team arrived. A total of 62 members of the

Search and Rescue team has been sent to assist in the disaster situation. (Morten Wendelbo, 2016)

Moreover, China also provided the largest funding aid that ever pledged in the disaster assistance. According to Dou Enyong, the Chinese assistant minister of International Department of the Central Committee of the Communist Party, said that the fund announced by his country's government for Nepal's earthquake reconstruction is the most extensive foreign assistance ever pledged by China with the total of RMB 4.7 billion to help Nepal recover from the loss of April 25 earthquake. (Report, 2015)

Compared to China's assistance, humanitarian assistance offered by Taiwan amounted to only 20 rescue team. Besides, the financial assistance that is planned to offer is approximately \$300,000. The number of humanitarian assistance offered by Taiwan is far from China's, as well as the number of aid funding. Thus, Nepal perceived the assistance from Taiwan is not so attractive compared with assistance from China.

Furthermore, one of the primary reasons for the rejection that can be perceived is that Nepal has always been upholding One China policy. The Government of Nepal is firm in its principled stand not to allow Nepalese territory to be used against China. China, on the other hand, has always treated Nepal as an equal and friendly partner respecting its sovereignty, territorial integrity and national independence.

One-China Policy has become the acknowledgment of the People's Republic of China position that there is only one China in the world. This policy asserts that Taiwan is a part of China and the Government of the People's Republic of China is the sole legal administration representing the whole of China. Under this policy, China firmly opposed the recognition of Taiwan as an independent state, and other

countries should respect the policy. In article 2 of Anti-Secession Law, it stated (Congress, 2005):

*"There is only one China in the world. Both the Mainland and Taiwan belong to same China. Cession of sovereignty and territory of China will not be tolerated."*

The complex relations between China and Taiwan start when China declares itself as a communist country. Since the formation of China as a communist state (People Republic of China) on October 1, 1949, there has been opposition to the formation of a communist government itself. The opposition was carried out by the Nationalist Republic of China under the Kuomintang Party (KMT). From that time on the Kuomintang established a country on the island which is now called Taiwan and declared self-government outside the official government of the People's Republic of China. The existence of the Republic of China (Taiwan) with the government center in Taipei, however, is claimed to be part of the People's Republic of China. Beijing declared to the international forum that Taiwan should be subject to this One China policy because Taiwan had been bound by a consensus agreed upon by representatives of both sides in 1992 in Hong Kong. However, these two countries have different interpretations.

In practice, the People's Republic of China establishes an absolute regulation in interacting with the international world, namely by applying an absolute mechanism that every country that wants to establish diplomatic relations with the China, must first avoiding Taiwan in any form of relations. Under this policy, China further makes it clear to any country that wants to keep its relationship with the People Republic of China and affirms that as requirements. Through this policy, however, China is being concerned not only against Nepal, but all countries that try to connect with Taiwan must first sever their relationship with China. The country even pressures

international organizations not to recognize Taiwan as an independent state.

The complicated situation between China and Taiwan inevitably has implications for Nepal. Nepal, which is a close neighbor of China, has recognized the policy and is committed to respecting the sovereignty and not wanting to interfere in the country. For Nepal, the application of One China Policy's is considered as a necessary step to always maintain good relations with the PRC government (People's Republic of China).

Besides, as a country that relies heavily on China, Nepal must undoubtedly maintain its position in the eyes of China. China has massive contribution to the development process of Nepal. Conversely, if Nepal receives assistance from Taiwan, China could question the commitment of Nepal toward the One-China policy. In inter-state relations, countries that constantly assist will be recognized and respected. Also, the assisted country feels that they have a responsibility to maintain the partner's feelings in any situation. As well as situations that occur when Nepal needs assistance in a disaster situation. Nepal chooses to refuse the offer of aid from Taiwan rather than irritate the feeling of its partner.

In the case of the earthquake disaster, however, the accepting of aid from Taiwan would be considered by China as an attempt to disrespect the policy and the sovereignty of its country. This is clearly not the thing that Nepal wants, and once again, for Nepal, turning down the aid from Taiwan is one of the reasons to confirm one of China's policies. Under this policy, Nepal attempt to avoid any action which can hamper its beneficial relations with China due to this strict policy. Even though when the disaster situation the country was highly in need of the assistance, the consideration of the policy has become the priority.