

CLAWS Newsletter



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NEPAL

INTERNAL AFFAIRS

3 October (The Kathmandu Post): Prime Minister Balendra Shah Largely Absent as Parliament Wraps Up Session

The Kathmandu Post reported that Prime Minister Balendra Shah attended the House of Representatives only six days during the session and appeared in the National Assembly once. Opposition and some ruling-party lawmakers criticised his limited parliamentary presence and sought answers on floods, border questions, foreign policy and other government decisions. The issue is important for Nepal's domestic politics because Shah's government enjoys a strong parliamentary position. The debate therefore centres less on government survival and more on executive accountability, parliamentary oversight and the institutional practices that will shape Nepal's new political phase.

12 October (The Kathmandu Post): Lawmakers Press Envoy Nominees to India, China, US and UK on Strategic Challenges

Nepal's proposed ambassadors to India, China, the United States and the United Kingdom faced parliamentary questioning on border disputes, trade barriers, connectivity, hydropower, consular protection and economic diplomacy. The nominees were asked to present concrete plans rather than broad diplomatic commitments. The hearings are significant domestically because they strengthen parliamentary scrutiny of major diplomatic appointments. They also reveal the policy issues Nepal's political establishment considers most important in managing relations with its two neighbours and major international partners.

FOREIGN AFFAIRS

1 October (The Kathmandu Post): China Proposes Upgrading Korala as Nepal Pushes for Tatopani Reopening

China proposed upgrading the Korala crossing in Mustang as an international trading point after the August flood severely damaged the Kerung–Rasuwagadhi route. Nepal continued to

press Beijing to reopen Tatopani because it already has established customs, immigration and road infrastructure and is important for trade with China. The development illustrates the interaction between diplomacy, climate vulnerability and strategic connectivity. Nepal wants multiple viable northern gateways so that disruption at one crossing does not isolate trade with China.

13 October (The Kathmandu Post): Nepal and India Discuss Border Security, Transnational Crime and Disaster Response

Home Minister Sudan Gurung met Indian Home Minister Amit Shah on the sidelines of the BIMSTEC Home Ministers' Meeting in New Delhi. The two sides agreed to strengthen border management, combat transnational crime and improve cooperation on disaster preparedness and emergency response. The talks show how Nepal–India security cooperation is broadening beyond traditional policing. The open border, organised crime, trafficking and climate-related disasters increasingly require practical coordination while remaining politically sensitive in Nepal.

15 October (The Kathmandu Post): Major Projects and Old Disputes Shape Preparations for PM Shah's India Visit

Nepal and India began preparations for Prime Minister Balendra Shah's expected November visit. The agenda under consideration included the boundary dispute, additional air routes, trade imbalance, Pancheshwar, hydropower projects, integrated check posts, a Mahakali bridge and the Siliguri–Jhapa petroleum pipeline. The visit is likely to be a major test of Shah's neighbourhood policy. Its significance lies in whether the two countries can advance practical connectivity and energy projects while managing politically sensitive boundary and sovereignty questions.

17 October (The Kathmandu Post): Beijing's Security Concerns Complicate Nepal's Push to Reopen Tatopani

The Kathmandu Post reported that Nepal intensified diplomatic efforts to restore regular trade through Tatopani after flood damage to Rasuwagadhi. Chinese concerns reportedly included logistics and landslides as well as security issues linked to Tibet and possible anti-China activity along the frontier. This adds a geopolitical dimension to what might otherwise appear to be a purely commercial border issue. It demonstrates that Nepal–China connectivity is shaped by Beijing's security priorities as well as infrastructure and trade considerations.

22 October (The Kathmandu Post): Loss and Damage Fund Approves \$20 Million for Nepal

The Fund for Responding to Loss and Damage approved \$20 million for Nepal to support relief, rehabilitation and reconstruction following the August Bhotekoshi–Trishuli floods. Nepal had sought urgent international assistance for affected communities. The decision is diplomatically important because Nepal has consistently framed Himalayan disasters as a climate-justice issue. Access to the fund gives Kathmandu a concrete example of how climate diplomacy can translate into recovery finance.

ECONOMY AND INFRASTRUCTURE UPDATES

1 October (International Labour Organisation): Nepal Floods Threaten Jobs and Livelihoods Far Beyond Directly Affected Areas

An ILO assessment estimated that around 21,400 employed people lived within four kilometres of the mapped August flood footprint. Damage to workplaces, roads, bridges and energy infrastructure disrupted tourism, agriculture, transport and small enterprises, while disruption of the Nepal–China trade corridor threatened wider economic effects. The assessment is important because it shows that the disaster’s economic consequences extend well beyond physical reconstruction. Informal workers and small enterprises have limited buffers, making livelihood recovery and employment-intensive reconstruction important policy priorities.

11 October (Reuters): Landslide-Triggered Flood Damages Bridges and Hydropower Infrastructure

A landslide blocked the Budhi Gandaki River in Gorkha and triggered downstream flooding. Authorities reported five people missing and 49 rescued; houses, suspension bridges, a highway bridge and a hydropower-project camp were damaged while downstream communities were warned to evacuate. The event again demonstrated the vulnerability of Nepal’s transport and energy infrastructure to cascading mountain hazards. Repeated damage raises the cost of reconstruction and strengthens the case for climate-resilient engineering and disaster-risk financing.

14 October (Nepal News): Nepal and India Agree to Expand Cross-Border Power Transfer Capacity

Nepal News reported that Nepal and India agreed to raise cross-border power import capacity from 1,000 MW to 1,400 MW and export capacity from 1,100 MW to 1,650 MW. Nepal also advanced domestic transmission lines and policy arrangements for private electricity trading. Expanded transmission capacity strengthens one of the most important areas of Nepal–India economic interdependence. Greater electricity exports can support Nepal’s external earnings and make new hydropower investment more commercially attractive.

15 October (Reuters): Nepal and World Bank Explore Earthquake Catastrophe Bond

Nepal and the World Bank signed a mandate agreement to examine the feasibility of an earthquake catastrophe bond. Such an instrument could provide rapid access to funds after a major earthquake if a transaction is ultimately structured and issued. The initiative is significant for disaster-risk financing. Nepal faces high seismic and climate exposure, and market-based risk-transfer mechanisms could complement traditional budgetary and donor-funded responses.

DEFENCE UPDATES

11 October (Reuters): Nepal Army Conducts Rescue Operations after Budhi Gandaki Flood

Army and police rescue teams were deployed after the landslide-induced Budhi Gandaki flood. The Nepal Army reported rescuing 49 people, and authorities used helicopters to monitor conditions while evacuation warnings were issued downstream. The operation illustrates the Nepal Army’s important domestic role in humanitarian assistance and disaster relief. Climate-related emergencies are increasingly becoming a core operational requirement for Nepal’s security institutions.

13 October (The Kathmandu Post): Nepal–India Security Cooperation Expands around Border and Disaster Response

Although led by the two home ministries, the New Delhi discussions covered border security, transnational crime and emergency response—issues that form part of the wider bilateral security architecture. For Nepal, such cooperation must balance operational necessity with

sovereignty sensitivities. Disaster response and organised-crime prevention are areas where practical coordination can produce tangible benefits without formal military alignment.

BORDER UPDATES

1 October (The Kathmandu Post): Nepal and China Reassess Northern Border Trade Routes after Flood Damage

Flood damage to Rasuwagadhi and continuing problems at Tatopani forced Nepal and China to consider alternative gateways, including Korala. Nepal nevertheless emphasised the importance of restoring Tatopani because of its established infrastructure. The issue is central to Nepal's trade resilience. Diversifying northern crossings could reduce vulnerability to disasters, but geography, winter conditions and Chinese security priorities constrain how quickly alternatives can become reliable.

13 October (The Kathmandu Post): Nepal and India Agree to Strengthen Open-Border Management

The two governments agreed to improve border management and cooperation against transnational crime while also discussing disaster preparedness. Their open border supports extensive movement of people and commerce but also creates enforcement challenges.

The policy challenge is to improve security without undermining the social and economic benefits of the open border. Better coordination on crime and emergency response can help preserve that balance.

17 October (The Kathmandu Post): Tatopani Reopening Becomes a Trade and Security Question

Nepal's effort to reopen Tatopani encountered Chinese concerns related not only to damaged infrastructure but also to Tibet-linked security issues. The crossing remains commercially important because Rasuwagadhi suffered severe flood damage and Korala is costly and vulnerable to winter conditions. The development shows that Nepal's northern border policy cannot be separated from China's security calculus. This will continue to shape Kathmandu's ability to diversify cross-border trade.

BHUTAN

INTERNAL AFFAIRS

3 October (BBS): Gelephu International Airport Moves into Major Airfield Construction Phase

BBS reported that the Gelephu Mindfulness City Authority awarded the airfield construction contract for Gelephu International Airport. The package includes a 3,000-metre runway, taxiways, aprons, lighting, an air traffic control tower and an instrument landing system, with the airport targeted for completion ahead of its planned December 2029 opening. The airport is one of the most consequential domestic projects associated with Gelephu Mindfulness City. Its implementation will test Bhutan's ability to deliver large infrastructure while maintaining environmental, safety and quality standards.

15 October (BBS): BCCI Elects New President and Two Vice Presidents

Dr Trashi Wangyel was elected president of the Bhutan Chamber of Commerce and Industry, while Jamtsho and Tenzin Jamtsho were elected vice presidents. The new leadership is expected to represent business interests and address challenges facing Bhutan's private sector. The leadership change comes at a time when Bhutan is trying to increase private-sector activity and attract large-scale investment. The effectiveness of business representation will matter as the government reforms regulation and develops Gelephu Mindfulness City.

FOREIGN AFFAIRS

5 October (Ministry of Foreign Affairs and External Trade, Bhutan): Bhutan and European Union Hold 14th Annual Consultations in Brussels

Bhutan and the European Union discussed governance, human rights, trade and investment, climate change, green energy, digital transformation, education, research and disaster preparedness. They also reviewed cooperation under Bhutan's 13th Five-Year Plan and the EU's Global Europe framework. The consultations demonstrate Bhutan's effort to diversify international partnerships while retaining sustainable development and climate policy as

central themes. EU cooperation can also support Bhutan's post-LDC economic transition and new investment needs.

7 October (The Bhutanese): Bhutan Prepares Fifth UN Peacekeeping Contingent for Central African Republic

The King granted an audience to Bhutan's fifth 180-member UN peacekeeping contingent, including 13 women, before deployment to the Central African Republic. Bhutan began participating in UN peacekeeping in 2014 and later expanded to form contingents. Peacekeeping gives Bhutan an international security role disproportionate to its small size. It contributes to the country's multilateral profile while providing operational experience to Bhutanese personnel.

ECONOMY AND INFRASTRUCTURE UPDATES

3 October (BBS): GMCA Awards Airfield Contract for Gelephu International Airport

The airport project moved from earthworks toward permanent airfield construction. BBS reported that the new package covers the runway and specialist aviation infrastructure and will progress alongside the passenger terminal and landside facilities. International air connectivity is central to the economic logic of Gelephu Mindfulness City. The airport could support investment, tourism, finance and high-value services while reducing Bhutan's dependence on Paro as its main international aviation gateway.

7 October (The Bhutanese): Bhutan Secures Nu 329.16 Billion in FDI Commitments

Bhutan reported foreign direct investment commitments worth Nu 329.16 billion through projects with business licences or in-principle approval. Services and IT/ITES account for many approved projects, while hydropower represents the largest capital value. The government is targeting Nu 500 billion in FDI by 2029. The scale of commitments is significant, but the more important measure will be conversion into actual capital deployment. Land access, infrastructure, skilled labour, connectivity, regulatory coordination and policy certainty will determine how much of the announced investment materialises.

12 October (BBS): Some Indian Banks Yet to Accept UPI Payments from Bhutanese Banking Apps

BBS reported that Bhutanese users were still encountering failed UPI payments in India because some merchant banks and major payment platforms had not yet completed integration. Six Indian banks were supporting the service, with additional banks and platforms in various stages of integration. Cross-border digital payments are becoming an important part of Bhutan–India economic integration. Wider interoperability can reduce transaction friction for travellers, traders and businesses and strengthen everyday connectivity between the two economies.

DEFENCE UPDATES

7 October (The Bhutanese): Fifth Bhutanese UN Peacekeeping Contingent Deploys to Central African Republic

The 180-member contingent was prepared for deployment to the UN mission in the Central African Republic, with personnel scheduled to travel in two groups during October. UN peacekeeping remains Bhutan's most visible international defence engagement. It supports professional experience, multilateral cooperation and Bhutan's wider diplomatic standing.

BORDER UPDATES

12 October (BBS): Bhutan–India Cross-Border Digital Payments Face Acceptance Gaps

The incomplete acceptance of Bhutanese UPI-linked payments at some Indian banks and merchant platforms continued to affect travellers and businesses. Bhutanese and Indian authorities were working to expand integration. The issue shows that modern border connectivity is increasingly digital as well as physical. Smooth payment interoperability can support tourism, retail trade and routine cross-border movement.

21 October (BBS): Guide Shortage in Phuentshogling Pushes Up Fees and Disrupts Tourist Movement

BBS reported that a shortage of guides in Phuentshogling led to sharply higher guide fees and caused some tourists to abandon planned trips. Tourism authorities introduced temporary

facilitation measures and flexibility in the guide-to-tourist ratio. Phuentshogling is one of Bhutan's principal gateways from India. The episode demonstrates how labour availability and tourism regulation can directly affect border facilitation and the visitor experience.

22 October (BBS): GMC Immigration Terminal Opens with Automated E-Gates

A new pedestrian immigration terminal opened in Gelephu with biometric e-gates using facial recognition for eligible Bhutanese and Indian nationals. BBS reported that the facility is intended to make border crossings faster while improving movement records and security monitoring. The terminal is strategically important for the future Gelephu–India border economy. As Gelephu Mindfulness City expands, efficient and secure immigration processing will be necessary to support larger flows of workers, investors, tourists and business travellers.



About the Author

Dhanapriya Devi Chungkham is currently serving as a Research Assistant at the Centre for Land Warfare Studies (CLAWS), New Delhi. She completed her PhD from Centre of Indo-Pacific Studies, School of International Studies (JNU). Her research focuses primarily on security and strategic studies of India's eastern frontier, with particular interest in the Act East Policy, India-Myanmar relations, borderland dynamics, Northeast India and the evolving geopolitical landscape of Southeast Asia and the Indo-Pacific. She specialises in fieldwork-based research and qualitative methodologies.

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