

Nepal's Relationship with India and China in the Changing Context

Dilip Nepal

Mangal Multiple Campus, Kirtipur, Kathmandu
dilipnpl10@gmail.com

Abstract

Nepal cherishes aged old relationship with India and China. The geo-physical proximity, socio-cultural resemblances in many instances, economy and trade bound historical linkages are few among many aspects, on backdrop of which Nepal has sustained a bilateral and trilateral relationship with India and China. Nevertheless, in course of time, the historical dynamism of relation has changed. This article, in this context, attempts to assess the present day changed dynamics of relationship among Nepal, India and China. It attempts to explore the emergence areas of priorities that have brought trilateral relationship into a newer avenue. I have purposively used a few source books relating to foreign policy of Nepal and Nepal, India, and China relationship to collect data and conceive ideas on trends of relationship development among these three nations. I have applied descriptive research design and attempted to analyze the observed events and incidents in the relationship among these three nations and present it in an understandable manner. The study overall revealed that the economic rise of India and China has brought myriad opportunities to Nepal. However, the emergence of these two immediate neighbors as regional rival and as pursuant of two different ideological interests has higher prospect to grit Nepal's national interest, and entangle it into a grave tension if it fails to maintain a balance relationship with both the nations. To Nepal, it is a high time to safeguard its national interest and refrain herself from being under the influence of either of the nations as its card.

Keywords: trilateral relationship, geo-physical proximity, descriptive research design, foreign policy

Introduction

Nepal shares exceptionally antique and unique relationship both with India and China. It has a strong socio-economic, cultural, religious and historical affinity with both the

nations, which any of the nations may barely have. Since aged long prehistoric period, even within many of the upheavals, it has cherished and sustained the fervor of perennial relationship with its immediate neighbors.

The Himalayan landscape that lies in the Northern part of Nepal shares '1414 kilometers' (Government of Nepal, 2017) of border length with China, and the plain South, East and the West territory of Nepal shares '1753 kilometers' (Jha, 2010, p. 65) in length boarder with India . Perceptively, to deny or accept, the rise of India and China as global powers and in contrary, the slow paced advancement of Nepal and its containment still into a prismatic economic frame has increased its dependency and concern with these nations.

The fundamental interest and concern of Nepal vis-à-vis India and China is to receive the immediate benefits through continuation of bilateral trade and commerce activities, technology transformation and assistance in resources mobilization, and infrastructural set up otherwise, in the present context of time, Nepal plunges into a deeper and immediate hardships. India is Nepal's biggest trade partner and the total trade between the two countries during the Nepalese fiscal year 2019-20 amounted to 62.20 percent (Nrs. 805403.70 Million) of Nepal's total trade. Fact sheet shows, the imports from India is amounted to NPR 886.59 billion and exports to India standing over NPR 90.19 billion in the first eleven months of the fiscal year 2020/21 (Embassy of Nepal, (n.d)). Though data show a huge trade deficit in side of Nepal, it simultaneously reflects on Nepal's grave dependency upon India.

In another page of the narrative, the fundamental concern of both India and China lies in Nepal is the issue of their territorial security. Despite the fact that Nepal has reiterated its commitment to the principle of 'Panchasheel, spirit of the charter of the United Nations, International Law, and the Non-alignment' (Governments of Nepal, 2020), both India and China are suspicious on its assurance and stand. Each nation has a fear that this politically fragile land has greater potentiality to be used against its national interest that would be consequent to the adverse impacts. So, both the nations are in pursuit to exert their influence using all the means of soft power in Nepal.

Besides security concern, especially regarding the Tibetan issue and the suspicion on potential use of Nepal land by the west to encircle it, China does not seem to have further genuine and serious concern with Nepal. Contrary to this, there are multiple scopes of interest and concerns of India upon Nepal and vice-versa. And, in course of time several of the unfavorable circumstances are experienced in between these two countries to meet those interests. The economic blockades either in declared or in undeclared form, the issues of boarder dispute, denial to endorse Nepal's 'Zone of Peace Proposal (1975)' by India etc. are few among many unsung evidential incidents which have been resulted due to the lack of pragmatic reciprocal understanding and the hegemonic tendency of India

towards Nepal (Karki & KC, 2020). As response, the emerging of ultra-nationalistic spirit in the form of Anti-Indian sentiment shall be termed as emotional outlet of Nepalese regressed psychology.

The strategic location of Nepal has posed it, definitely, into a sensitive space as small nation between two big powers is looked as ‘revenge of geography’ (Simkhada, 2021, p. 324). However, Nepal still has myriad of opportunities to get benefitted from these economically shining nations; regional rival (Shrestha & Shakya, 2016, p. 60) on ground of achieving its interest with discerning eyes.

This descriptive study has attempted to assess the present day changed dynamics of relationship among Nepal, India and China and explore the emergence areas of priorities that have brought trilateral relationship into a newer avenue.

Methods

This study has attempted to explore the tenets on the shift of antique relationship and its prominence in today’s time among Nepal, India, and China. In order to analyze the situation and rationalize the shift pattern in terms of relationship, more than half a dozen of books ranging from the economy to political discourse are thoroughly consulted. The clash of civilizations and the remaking of world order, Nepal, India, and China Relationship, Nepal –India relationship, Foreign policy of Nepal, Chinese power trends in engagement and containment are the key source books to attain data and conceive ideas on trends of relationship development among these three nations. In addition, the pertinent articles published in different academic journals have remained to be instrumental in shaping the ideas on past relationship and change dynamics among these three nations. The selectively consulted article having intense scopes on China’s OBOR project, economic growth of India and China, Nepal-India relationship, Geo-physical situation of these three nations, Nepal’s foreign relation with China and India have been proven to be insightful information to acknowledge the forces driving trilateral relationship into newer avenue.

Besides, the author has attempted to make an analysis of the observed events and incidents in the relationship among these three nations through interpretative method. And, in doing so all, the locus of systematic evaluation is Nepal lens vis-à-vis India and China. The structured and manageable approaches and techniques of comparison and contrast are adopted to analyse the information collected through above stated sources and methods to discover the real space of Nepal vis-à-vis India and China. It makes meaningful and systematic documentation of the historic events while analyzing the situations on to the best possible evidential manner that shall be used to future references as well. Besides, detailed factual information are taken for granted from the contextual

reference books, articles, dictionary and the library consultation to describe and analyse the existing phenomenon and practices in order to predict the future relationship.

Theoretical perspectives and discussion on nuances in trilateral relationship

This study has been modeled to this form using two theoretical perspectives viz: constructivism and political power as guidelines for the study of tri-juncture relationship, experiential clashes and the changed dynamics of interest in relationship among Nepal, India, and China. While doing so, the locus of discussion is Nepal. Despite all the reservation on constructivism, this theory has been considered to be applicable in this case of study as it gives equal priority to both the material and the discursive aspects of power (Hopf, 1998, p.178) in terms of understanding bilateral and multilateral affairs, and relationship among the countries. In this respect, the discursive practices in form of “the power of knowledge, ideas, culture, ideology, and language” (Hopf, 1998, p.177) are considered to be significant aspects of analysis with due concentration. These are considered to be pivotal in shaping and sizing the new relationship among these nations in present day time besides material power.

‘Treaty of Peace and Friendship between the people’s Republic China and the Kingdom of Nepal -1960’ & ‘Treaty of Peace and Friendship between the government of India and the Government of Nepal -1950’ (Muni, 2016) is taken as such sites of discussion for the discursive practices. Besides, India’s increased interest to actively regulate ‘BIMSTEC and Ganges Mekong Cooperation Forums’ (Shrestha & Shakya, 2016) are considered to be both discursive and economic models which, to cite Madhukar SJB Rana, are ‘seminal moves possibly to seek strategic intellectual and security cooperation in Indo-China Peninsula’ (Shrestha & Shakya, 2016). The Belt and Road initiative, of China – 2013, ‘to sustain its economic growth by exploring new forms of international economic cooperation with new partners’ (Huang, 2016) is another example of the same practice. As Theys (2018) asserts, ‘structures influence agency and the agency influences structures’. In this context, the state actors and agencies are the ideational elements on this study to identify the play of soft power. On this backdrop, this study critically reflects on novice development in relationship among these nations due to interplay of actions, interactions and perceptions. The fundamental intent of the author, here, is to explore and identify the shift in relationship in between Nepal, India, and China. To do so, the author has attempted to use the theory of constructivism as a tool.

Besides constructivism, to explore the function of power and its play in bilateral and trilateral archetypal relationship of these nations is another dimension of this study. As ‘realist are in agreement that power is a key determinant in political relation’ (Raimzhanova, 2015) the same has remained another perspective dimension of the study in this study. How has the emerging superiority complex of India and China been

reflected in Nepalese context? What are the key ways with which Nepal can maintain a fair strategic partnership with these nations to benefit self? These are the key concerns of this study and to navigate such concerns, the theory of realism from power perspective is employed. To exert influence, how has the soft power, 'persuasive power derived from attraction and emulation' (Wagner, 2014) been employed by these nations in Nepal is the first line perspective. And simultaneously, it also has analyzed how the 'economic inducements' (Wagner, 2014) as a mean of coercive power has been employed to fulfill the vested interest, especially by India, in Nepal. Hence, the theoretical guideline of this study is the 'Smart Power' (Raimzhanova, 2015) that explores how the soft and hard powers are employed in internal matter of Nepal and what effects that has on to its national socio-economic and political health.

Results and Discussion

This study arrives at the results which are categorized and discussed under the following headings.

Indo-China contest and implications in Nepal

China and India comprises above 2/3 of the world population and have proven to be decisive powers in global economy. Since 1980, both China and India have made significant progress in economic strand, 'the GDP more than doubled in India and increased remarkable seven fold in China' (Bosworth & Collins, 2008). Albeit, there is ideological and economic contest between these two countries, the annual Sino-Indian trade 'exceeds US\$60 billion with potential for increasing'(Shrestha & Shakya, 2016). Shrestha and Shakya (2016) indicate that Nepal can benefit maintaining good neighborly relationship with these nations as a 'transit state'. And, it crystallizes that India- China, despite all the reservation, would not dissuade on their trade fair and to do so, they have multiple routes besides Nepal space. So, a matter of fact is that Nepal needs to act for her benefits maintaining goodly relationship with both the nations.

India and China are experienced to be a regional rival and both of these nations are in relentless pursuit to ensure their substantial presence in Nepal. India has an intense fear that the military modernization of China would impose greater barrier in its trade into South East Asian region, the place that has offered flourishing market to the Indian trade and commerce. In this respects, Khanijo (2021, p.18) calls for 'India to transform its Act East policy in strategic terms to ensure the safety and security of its assets'. Simultaneously, China seems to exert its influence and confidence in the central Asia, South Asia and the Middle East countries to actuate its 'March West Theory'- proposed by Wang Jisi of the Peking University (Pandit, 2021) that holds direct relevance for China's long term strategic plan. Observing these countries from this paradigm of contrary relationship, the contest between India and China is sure to be resultant into the

manifold implications on their neighborly countries, of which Nepal shall not remain exceptional.

China and India both are in pursuit to be abler actors to perform influentially into the global stage and to do so; they are eagerly ready to infuse both the soft and hard powers that can sensitize the nations from the Asian region. Huntington (1997, p. 244), in this respect, says, 'China has actively involved itself in south Asian politics and presumably will continue to do so'. And, simultaneously Huntington (1997, p. 244) further adds, 'India will strive to emerge, not only as an independent power center in multi-polar world, but as a counterweight to Chinese power and influence'. The clash and contest of these two Asian major powers would continue to retain and the impact would by and by be observant, undeniably, in the days to come. And, this clash and rivalry in terms of ideology and interest between these two nations are contextual to assess the impact in Nepal. So, it is must to her to abstain getting into umbrella or particular card influence of either nation.

Relevant to the same, sensing Nepal's relationship with India and China as a 'yam between two heavy boulders' (Sahu, 2015) has come to be more pertinent. Hence, Nepal's psychological relationship policy in form of 'equidistance' between these two nations is more relevant in the changed dynamics of time. Albeit, due to socio-economic, cultural and political affinity Nepal's relationship is 'more pronounced in relation to India' (Muni, 2016, p. 204) but still it needs to reinforce its strand in terms of maintaining 'equidistance' between these nations.

Nepal lens on change dynamics of relationship

The rivalry and contest between India and China has a prospect to tremendous impact in Nepal. The assertiveness of soft powers by these nations regarding security issue as their prime concern is undeniable. Both the nations are in pursuit to infuse their influence into its internal affairs to which it is perceived as an effort of 'Micro Management' (Shrestha & Shakya, 2016). In such an instance, mishandling of relationship shall lead Nepal to experience disreputable set of effects.

To be precise, more to China, the Indian mandarin and intelligentsia has influential access at policy level in Nepal and have compelling impacts upon its internal political health. The major political changes in Nepal viz. 1951, 1990 and 2007, all have been witnessed in mediation and facilitation of India. There is no doubt, India wants 'to be engaged in micro-management' (Shrestha & Shakya, 2016) of Nepal politics. The major treaties and agreements whether it is "the 1950 treaty of 'Peace and Friendship', 1965 treaty about arm purchase, 1954 Koshi Treaty or 1959 Gandak treaty all seem to have been in the Indian advantages" (Shrestha & Shakya, 2016). The hassle created in supply of goods in 1970, the imposition of the blockade in 1989 for a 15-month after 'the procurement of

arms from china in 1988' and the undeclared economic blockade that was hurled in 2016 are the instances of reaffirming India's hegemonic influence upon her. The last unofficial blockade of 2016, to all its worst experience, had a devastating impact into every walk of the lives of Nepali people during hard hit effects of massive earthquake. It explicates clearly that India is ready to exert its 'smart power' (Gallarotti, 2021) to bring desirable changes as per its vested interest in Nepal. And, that is not going to get ameliorated unless Nepal politics gets away of the replica of mediocre politics. Moreover, despite all these harshness, it is an evidential fact that India has remained a benign partner in socio-economic and political development of Nepal. Revisiting unequal treaties and revising it in win-win bottom line, in this respect, is indispensable to substantiate aged old friendly relationship or the perennial mutual benefit.

Likewise, China genuinely concerns on impact of India in Nepal. Since 1961, after 17 - day state visit of the then late King Mahendra to China' the investment of China in Nepal's transportation infrastructure is consistent. China has a strategic interest behind its investment in Nepal as 'China wants to weaken India's dominance in Nepali affairs and to strengthen its own influence' (Cowan, 2013, p.101). China seems to have increased its influence in the internal politics of Nepal especially since 2008 the abolition of Monarchy (Bhattarai, 2020). The fundamental concern of China in Nepal is the issue regarding Autonomous Tibet because 'around 20,000 Tibetan refugees' (Research Directorate, 1999) live in Nepal and China wants Nepal not to let its land be a place to instigate any anti-China activities, particularly by the separatist. China is suspicious, even on reaffirmed commitment of Nepal towards its 'One China policy', as it could be used by 'external powers to challenge its strategic interest' (Jaiswal, 2014). Hence, with the backing of India, 'encircling China by America' (Jaiswal, 2014) through Nepal land is a serious matter of concern to China in the current day scenario. In this context, it is urgent that Nepal develops a sharp discerning look and eschew off the vested interest of any parties on to its own land which, otherwise, shall pose a challenge to its self-identity and sovereignty.

Conclusion and Recommendations

Viewing from inside, the Nepal's eye, it is high time for Nepal to get aware of an exchange of complex power discourse and contesting relationship in between China and India. India, a member of Quad, 'the heart of the U.S. Indo-Pacific concept' (Fulton, 2018, p.176) has been in stunt to counter Chinese influence projected by Belt and Road Initiative plan clearly signals that Nepal might develop into such a fragile land that would come in itself to be counter - productive on account of mishandling the relationship.

Observing on the pattern, there is no doubt; the changed context of time has reshaped not only the bilateral relationship of India and China but also the relationship paradigm of

Nepal with India and China i.e., both the bilateral and trilateral linkages. Both India and China are in rush to infuse their influence using soft power tools viz. financial aid, loan grant, infrastructural set up assistance, availing opportunity to take part in military training, scholarship and fellowship opportunities, educational and cultural schemes, etc. In addition, India, to be more precise, seems keen to keep Nepal under its absolute security auspices to what the Research and Analysis Wing (RAW), the primary espionage agency of India is mobilized systematically. The frequent economic blockades and indifference towards border issues in between by India is evidential strategy that proves India is not ready to compromise in any of Nepal's move that is against its will. However, people to people relationship, geo-physical proximity and the aged built bilateral relationship between these two nations are uniquely transcendental.

Similarly, Nepal also has border issue with China. Chakraborty (2020) writes that in the bordering districts of Nepal viz. Dolakha, Gorkha, Darchula, Humla, Sindhupalchowk, Sankhuwasabha and Rasuwa, the illegal Chinese encroachment are reported. In this concern, a group of Nepalese youth had made a demonstration in front of Chinese embassy on 23rd September, 2020 as a protest of encroachment of China in Lapcha Bagar area of Nepal's Humla district (The Economic Times, 2020). Nevertheless, the issue of border between Nepal and China is not brought onto that surface as the dispute between India and Nepal is pitched.

In the hindsight of aged cherished relationship and after signing on to the Belt and Road Initiative in 2017 and 'the signing of transit treaty' (Shrestha & Shakya, 2016, p.158), it is further anticipated that Nepal would receive spectrum opportunities to widen its trade and commerce directly getting connected with Chinese cities and ports. Hence, the advancement in technology and booming of economy experiential to India and China can be a myriad opportunity to boost up Nepal's economy. Abstaining herself from the assertive diplomacy of these nations into her homeland and the rational handling of relationship both with India and China would undeniably prove to be beneficial and vice-versa. And, to which a highly spirited political system and a strongly stable foreign policy of Nepal are must.

References

- Bhattacharai, K. D. (2020). China's Growing Political Clout in Nepal. *The Diplomat*. <https://thediplomat.com/2020/05/chinas-growing-political-clout-in-nepal/>
- Bosworth, B. & Collins, S. M. (2008). Accounting for Growth: Comparing China and India. *Journal of Economic Perspectives*, 22(1), 45-46. <https://www.aeaweb.org/articles?id=10.1257/jep.22.1.45>
- Chakraborty, R. (2020). Border disputes between China and Nepal. *Observer Research Foundation*. <https://www.orfonline.org/expert-speak/border-disputes-between-china-and-nepal/>

- Cowan, S. (2013). All Change at RasuwaGarhi. *Himalaya*, 33. <http://himalayajournal.org/photo-gallery/sam-cowan-change-rasuwa-garhi/>
- Embassy of Nepal (n.d). Trade and Commerce. <https://in.nepalembassy.gov.np/trade-and-commerce/>
- Fulton, J. (2018). The Gulf between the Indo-Pacific and the Belt and Road Initiative. *Rising Powers Quarterly*. 3(2), 175-193. <https://risingpowersproject.com/the-gulf-between-the-indo-pacific-and-the-belt-and-road-initiative/>
- Gallarotti, G. M. (2021). The changing? Face of power in international relations, 1979-2019. *Journal of Political Power*, 14(1), 209-234. <https://doi.org/10.1080/2158379X.2021.1879573>
- Government of Nepal (2017). Nepal – China Relations. <https://mofa.gov.np/nepal-china-relations/>
- Government of Nepal (2020). *Report on Nepal's foreign affairs (2019-2020)*. Nepal: Ministry of Foreign Affairs.
- Hopf, T. (1998). The Promise of Constructivism in International Relations Theory. *International Security*, 23(1), 171-200. <https://doi.org/10.1162/isec.23.1.171>
- Huang, Y. (2016). Understanding China's Belt & Road Initiative: Motivation, framework and assessment. *China Economic Review*, 40, 314-321. <https://doi.org/10.1016/j.chieco.2016.07.007> Get rights and content
- Huntington, S. P. (1997). *The clash of civilizations and the remaking of world order*. India: Penguin Books.
- Jaiswal, P. (2014). Caught in the India –China rivalry: Policy options for Nepal. *Institute of Peace and Conflict Studies (IPCS)*. http://www.ipcs.org/issue_select.php?recNo=556
- Jha, H. B. (2010). Nepal's border relations with India and China. *Eurasia Border Review <BRIT XII >*. https://srch.slav.hokudai.ac.jp/publicctn/eurasia_border_review/Vol41/V4N104J.pdf
- Karki, K. K. & KC, H. (2020). Nepal-India Relations: Beyond Realist and Liberal Theoretical Prisms. *Journal of International Affairs*, 3(1), <https://doi.org/10.3126/joia.v3i1.29085>
- Khanijo, R. (2021). China's Strategy, Nuclear Modernisation Trends: Implications for East Asian Security. In G. Misra (Ed.), *Chinese Power: Trends in Engagement and Containment*, KW Publishers. (148)
- Muni, S. D. (2016). *Foreign policy of Nepal*. New Delhi: Androit Publishers.
- Pandit, P. (2021). From Trade Ties to Economic Statecrafts: China's Evolving Economic Diplomacy in East and Southeast Asia. In G. Misra (Ed.), *Chinese Power: Trends in Engagement and Containment*, KW Publishers.

- Raimzhanova, A. (2015). Power in IR: Hard, Soft, and Smart. https://www.researchgate.net/publication/336799510_Power_in_IR_by_Raimzhanova_A
- Research Directorate, IR Board, Canada (1999). *Nepal: Situation of Tibetan refugees and those not recognized as refugees; including legal rights and living conditions (1995-1999)*. Canada : Immigration and Refugee Board. <https://www.refworld.org/docid/3ae6ad7060.html>
- Sahu, A. K. (2015). Future of India-Nepal Relations: Is China a Factor? *Strategic Analysis*, 39(2), 197-204. <https://doi.org/10.1080/09700161.2014.1000670>
- Shrestha, M. & Shakya, A. (2016). *Nepal-India relations: New dimensions and responsibilities*. Nepal: Saujanya Books.
- Simkhada, S. R. (2021). *Nepal India China relations in the 21st century*. Sanrab Publication.
- The Economic Times (2020). Activists stage protests against China's land encroachment in Nepal: Reports. <https://economictimes.indiatimes.com/news/defence/activists-stage-protests-against-chinas-land-encroachment-in-nepal-reports/articleshow/78276443.cms>
- Theys, S. (2018). Introducing Constructivism in International Relations Theory. *E-International Relations*. <https://www.e-ir.info/pdf/72842>
- Wagner, Jan-Philipp NE, (2014). The Effectiveness of Soft & Hard Power in Contemporary International Relations *E-International Relations*. <https://www.e-ir.info/2014/05/14/the-effectiveness-of-soft-hard-power-in-contemporary-international-relations/>