

‘Balance’ in Nepali Foreign Policy: Experiences before 1990

Santosh Sharma Poudel*

Abstract

‘Balanced foreign policy’ is a term which is frequently used by decision makers, academics, political leaders and general public in Nepal’s foreign policy, especially concerning our immediate neighborhood. The Foreign Policy of Nepal- 2077 also states that Nepal practices balanced and independent (*santulit and swatantra*) foreign policy. The issue is being debated further in recent years as some felt that Nepal’s foreign policy tilted towards China after the Indian blockade of 2015. However, there seems to be no common understanding of what ‘balance’ means or what does it imply for Nepali foreign policy. Drawing on the foreign policy of Nepal from 1950-1990, this paper argues that Nepal has not practiced ‘balanced’ foreign policy in those years. Nepal has bandwagon with India, diversified its relations, and attempted neutrality. This paper, further, argues that ‘balance’ implies a zero-sum game mentality. Hence, ‘balance of power’ is neither desirable nor achievable. Nepali foreign policy requires a major national discussion on its foreign policy and framing that relies on mutual gains.

Keywords: Nepal Foreign Policy, Balance, India, China, Immediate Neighborhood, Panchayat

Introduction

In the context of Nepali foreign policy, ‘balance’ is a term which is most frequently used by decision-makers, academicians, journalists and the general public with regards to Nepal’s relations with China and India. Eminent diplomats such as Yadunath Khanal have stressed on the need for a balanced relations (Khanal, 1964)). I once talked to a former Prime Minister and asked him about his views on Nepal’s relations with China and India. His curt response was, “China and India are ‘big’ powers. We need to have balanced relations with both of them”. The need for balance is pronounced even more after the India-imposed blockade along the Southern border in 2015. Nepal’s Foreign Policy- 2077 also states that Nepal has ‘balanced and independent’ foreign policy (MoFA, 2021). It is so commonly used that many do not even feel the need to explain the term. The debate over the meaning and relevance of ‘balanced’ approach has been long overdue.

* Faculty at the Department of International Relations and Diplomacy (DIRD), Tribhuvan University and Co-founder of Nepal Institute for Policy Research (NIPoRe)
Email: poudel.santosh@gmail.com

This article intends to analyze how ‘balance’ in Nepal’s foreign policy vis-à-vis neighbors is understood. Then, it looks briefly into Nepal’s foreign policy practice from 1950 to 1990 in three periods to assess Nepal’s foreign policy approach. The article then proceeds to argue the issues with ‘balanced’ foreign policy, and suggest an alternative.

How the Term ‘Balance’ is Understood in Nepal?

At first, most of the Nepali people understand ‘balance’ at strategic level. They feel that India has undue influence in Nepal and frequently applies bullying tactics to meet its interests. India has extensive access/influence over major political, commercial, security stakeholders, and in academic sectors. To those, ‘balance’ means seeking the help of another big neighbor, for example, China as a counterweight to ‘excessive’ Indian influences. In doing so, it will increase the leverage of Nepalese domestic actors and hence reduce Indian high-handedness. This is ironic at best and counterproductive at the worst. Inviting a third country to ‘intervene’ to lower interference from another country simply leads to higher, not lower, interference cumulatively.

Secondly, ‘balance’ typically refers to a trading relationship. The ratio of Nepal’s export to import is 1:14.8 in the first 11 months of the fiscal year 2075/76 (TPEC, 2021). This means, for every dollar of export, we import 15 USD worth of goods. The vast proportion of such trade imbalance is with India. During that period, Nepal exported goods worth NPR 56.59 billion to India and imported goods worth NPR. 841.7 billion (TPEC, 2021). The statistics shows the imbalances in the export-import ratio. It’s primarily because Nepal’s trade with India is accounted for 65%]. It is the absolute amount of trade deficit that is concerning to many Nepalese. Many Nepali understand that this over-dependence on India provides enabling environment for extensive Indian influence. Hence, they believe that the trade with other countries, especially China, should be increased to reduce such over-dependence on India. A similar case can be made for investment (Investment Board Nepal, 2021) (China has become the largest investor in Nepal in recent years) or aid (MoF, 2021). However, the irony is that Nepal’s export-import ratio with China is 1:95. Hence, increased trade with China has furthered the trade deficit, but not created ‘balance’.

The third, and related to the second, is ‘balance’ in terms of Nepal’s connectivity. Given the geographic location of Nepal, as of now, our access to the rest of the world is mostly through India and Indian ports. Therefore, India virtually has a monopoly over Nepal’s connectivity and supply of petroleum products. Hence, initiating trade and connectivity links through China is understood as a ‘balance’. This intensified after the 2015 Indian blockade and resulted in multiple agreements on trade, transit, and connectivity between Nepal and China. However, it has been said that, the connectivity with China will not come cheap (The Kathmandu Post, 20 August 2018).

From the conventional perspective, balance of power has a different meaning. States make attempts to balance a more powerful state (Waltz, 1978) or a perceived threat (Walt, 1987). It can be done in two ways: internally and externally. Internally, states can increase their power internally by growing economy, spending more for military or in other purposes. Externally, states can sign alliances/partnerships with other states in the system. The above understanding of ‘balance’ does not fit neatly with Nepalese understanding of balance. The following section analyzes the foreign policy practice of Nepal before the 1990s.

1950s and Special relationship with India

With the signing of the 1950 Treaty of Peace and Friendship (MEA, 2021) just before the overthrow of the Rana regime, the Indo-Nepal relations entered into a phase of ‘special relationship’. Some of the clauses in the treaty justified the label of ‘special’ relationship, especially in the context of open-border, reciprocal rights to each other’s citizens, and security arrangement for Nepal.

In light of Nepalese foreign policy during Rana regime, which almost exclusively focused on the relationship with the British, and the active role of India in the democratization of Nepal, it was not unexpected. At the same time, China, was preoccupied with internal developments.

The Nepal-India special relationship continued for about a decade, even though some elites in Nepal had begun to question the 1950 treaty and Indian heavy-handed approach. Anti-India sentiment became a requisite to be a ‘nationalist’ in Nepal. It was not helped by the Indian attitude and behavior whereby India explicitly believed that Nepal was in India’s ‘sphere of influence’. Some leaders such as Sardar Vallabhbhai Patel openly questioned the sovereignty of Nepal and mulled if Nepal should be brought within the fold of India.

Nepal expanded its diplomatic relations with the US and France by 1949 (MoFA, 2021). Yet, Nepal was not able to expand diplomatic relations at the insistence of India. There were discussions about having common ‘defense and foreign’ policies. Nepal actively followed New Delhi’s lead or guidance.

Experimentation in the Early Phase

After his ascendance from the throne, the king Mahendra appointed Tanka Prasad Acharya, a leftist with anti-Indian views, as the Prime Minister of the nation. He put forth the idea of ‘equal relations’ with India and China, changing the narrative of ‘special relations’ with India on its head. He was able to sign a treaty with China with a relationship based on the principles of *Panchshila*. Similarly, the direct telegraphic service between Lhasa and Kathmandu was to be started, replacing the need for using the Indian mission. Formerly, reticent Chinese started to engage with Nepal actively. Chinese Premier Zhou En-lai visited Nepal in 1957 and emphasized the ‘blood relations’ between people of the two countries. An agreement was made for the construction of a road linking Kathmandu to Kodari (Chinese border). Nepal also voted differently than India at the UN for the first time in 1957.

Delhi was uncomfortable with the pace scope of Nepal’s increasing engagement with China. In an attempt to lure Nepal back, Delhi promised an aid of IRs. 110 million. To show its displeasure at Tanka Prasad Acharya, Delhi provided an unusually lavish welcome to Dr. K.I. Singh, a fierce critic of the Acharya government’s pro-China policy. Given increasing Indian reservations about the Acharya’s government, King Mahendra dismissed the government and appointed Dr. Singh as the next Prime Minister. For a short period of time, ‘special relations’ had become the fervor. China and the Soviet Union were not allowed to establish resident embassies, and no further diplomatic relations was established.

Both the governments had been a part of the ploy of King Mahendra to test the waters and keep India on its toes. India could no longer take it for ‘granted’ that Nepal and Nepalese leaders would kowtow to India. Once this was accomplished, King Mahendra dismissed the Singh’s government and had a brief period of direct rule. He promoted ‘diversification’ in relations beyond the immediate neighbors. In 1958, an agreement was made with the US and the USSR to establish resident embassies in respective countries. Nepal came out of the shadows of India and engaged with all the permanent members of the UNSC (China would later join the UNSC replacing Taiwan).

The first elected government of Nepal under the premiership of B.P. Koirala brought forth the policy of neutrality and non-alignment in Sino-Indian dispute and the policy of ‘equal friendship’. Some progress was made to ‘balance’ the relations with the two. China would establish a resident embassy in Kathmandu in 1960, but the Mustang incident and Chinese claims over Everest had exposed those relations with China would not be as easy as it was supposed to be. Shortly, the Koirala government was dismissed in a Royal coup before Nepal could see any sustainable impact on Nepal’s foreign policy.

Diversification in the 1960s

Upon establishing the direct rule of the King, called Panchayat, the relationship with China, and later with East Pakistan (now Bangladesh) gained momentum. This could be seen from King Mahendra’s 17-days visit to China in 1961 and the signing of the Trade and Transit Treaty with Pakistan. India maintained cautious engagement with the King. The monarch also did not criticize India publicly, despite some subtle maneuver from the Chinese during his visit. Meantime, the King was out-manuevered to sign agreement on construction of the road. Yet, it proved to be a crucial bargaining chip in Nepal’s relations with India. The disillusioned Indian government gave tacit approval, and some supports to Nepali Congress activists in India to organize violent protests in Nepal and levied economic blockade on Nepal to pressure the government to take a more favorable approach towards India.

The 1962 Sino-Indian border war could not have come at a better time for Nepal. India lifted the economic blockade and advised the rebels to suspend, and eventually terminate, their violent campaign. The King understood that sustained deterioration in relations with India is not a sound policy. Therefore, the Indian offer of rapprochement was welcomed and promoted, but it was not at the cost of Sino-Nepal relations. As a result, India maintained some relations with the broad political actors in Nepal. However, it was not at the level that would threaten the Royal regime.

During this period, Nepal sought to diversify its foreign policy, economic relations, aid and defense. Nepal started to engage heavily and took some leadership in various international organizations. Nepal became a vocal advocate of land-locked countries. Nepal participated actively in UNCTAD I and II. It culminated Nepal for becoming a member of the United Nations Security Council in 1968, which is probably the highest recognition of Nepalese diplomacy in the international arena so far.

An agreement was made with India to provide unrestricted transit of Nepalese goods from one part to another via India in 1965. A year later, India agreed to provide separate and self-contained

cargo at a port in Calcutta (now Kolkata). Similarly, the emphasis was put on economic expansion and trade with China. Trade agreements were signed with China as well. The trade with East Pakistan did not go as envisaged. Yet, Nepal was able to establish trade relations with Japan, USSR, and Western European countries. In terms of volume, trade with India comprised the lion's share, yet it was a move in the right direction.

A sense of competition was created among the aid-giving countries. The different approaches followed by the donors gave Nepal the flexibility and bite in the formulation of the development budget. Similarly, after the Sino-India border war-1962, the ability of India to provide adequate defense support to Nepal was limited. Great Britain and the US agreed to provide limited military assistance on a short-term basis.

In this sense, Nepal was able to establish friendly relations with India and China, without altering the essentials of Nepal-India relations. Trade and aid sources were diversified. So were the diplomatic relations. Between 1955 and 1969, diplomatic relations were established with an additional 43 countries (MoFA, 2021), both large and small. Nepal had an active presence in the international arena. Nepal exercised more independent foreign policy during this period that it ever had.

The foreign policy was consolidated and diversified in various aspects. The policy consolidation initiation led to the 1960s, which is probably the most successful decade in modern Nepalese foreign policy history. Two major events helped the process of policy diversification. Firstly, it was the stability brought about by the direct rule of the King. Secondly, it was the opportunity brought forth by the rivalry between India and China (who fought a brief border war) and the competition between the USSR and USA globally. Nepal was able to exploit these developments to further its national interests.

Zone of Peace in 1970s and 1980s

The 1970s and 1980s were relatively stable periods under the then *Panchayat System* in the history of Nepal. The Prime Ministers were rotated heavily, but the power always rested with the King. King Birendra ascended the throne in 1972. During his coronation, which was attended by a large number of diplomatic dignitaries, he proposed Nepal to be made a 'Zone of Peace'. It was a major initiative from the King, and the analysis of the intention and progress of the proposal reflects the foreign policy of Nepal during the period. There was the matter of 'referendum' in 1980, but the result was in favor of 'reformed Panchayat', and it did not alter the domestic dynamics much. Towards the end of this period, there was 'Jana Andolan' in Nepal, led by the Nepali Congress and Communist Parties, which overthrew the direct rule of the King, established multi-party democracy, and cosigned the King to a constitutional monarchy.

King Birendra, in his speech during the Non-Aligned Summit in 1973, stated that Nepal 'wishes to be declared a Zone of Peace'. However, the official announcement of the ZOP by the King was made on 25th February 1975, during the farewell address delivered to the foreign dignitaries present to celebrate his coronation ceremony. His focus was on peace: peace in the country, the region and the world, and he believed that 'Zone of Peace' will certainly help to institutionalize peace. The major points of the proposal included peace, non-alignment and peaceful coexistence.

Accordingly, Nepal would not permit any activities on its soil that are hostile to other states supporting the proposal and expect reciprocity, and Nepal will not enter into any military alliance with any other countries among others. Nepal planned to take the proposal to the UN for endorsement.

There were international and domestic reasons for the proposal. Domestically, it was for maintaining stability, as the democratic opposition to the Panchayat regime came from Nepali exiles in India. It was also an opportunity for King Birendra to stamp his authority in Nepal's foreign policy. Regionally, a few issues were of real concern to Nepal. Nepal had a close eye on the political development in Sikkim. Sikkim, an independent state with ethnic Nepali people, was absorbed into the union territory of India in 1975. That was an urgent issue of concern for Nepal, a country that has inferiority complex vis-à-vis India. Many also had concerns that India could attempt a similar policy towards Nepal. Therefore, Nepal needed to ascertain its survival. Similarly, Nepal did not want to enter itself into the regional and global rivalries (such as India-Pakistan, Sino-India, US-USSR), and would rather expend its limited resources for peace and growth. Notwithstanding the justifications of the ZOP, it marked a significant change in the orientation of foreign policy of Nepal compared to a decade earlier.

Neutrality, not 'Balance'

The foreign policy of Nepal in the 1950s and 1960s was marked by the movement along with the 'special relations with India' to 'diversification in economic, trade, aid and global engagement'. In saying that, the relation with India was still the most important. 'Zone of Peace' was an attempt at 'neutrality' or 'equidistance', keeping away with 'special relations with India'. ZOP would do away with the concept of Nepal as 'buffer state', the strategic view that India held since the time of Jawaharlal Nehru. An agreement on such a proposal would also limit the role of India in Nepal's domestic politics. It could be seen in two different forms. Firstly, it would have limited the activities and freedom enjoyed by exiled political leaders in India (Muni, 2016). Secondly, requests were made for the withdrawal of Indian intelligence posts in Nepal.

Two regional incidents also heightened the insecurity in Nepal vis-à-vis India. First, India played an active role in the breaking up of East Pakistan to form an independent Bangladesh in 1971. China, Pakistan's all-weather friend, could not do much to change the scenario in which India got a decisive victory. The second was the dissolution of the Kingdom of Sikkim into the Indian union territory in 1975. Within a span of five years, the political map of South Asia changed significantly. This was bound to have a profound impact on the psyche of another small nation that shared a deeply unequal power relation with India.

Therefore, S.K. Upadhyaya (Nepal's former Permanent Representative to the UN,) states that ZOP was the only way to ensure small nation's (Nepal's) survival when large powers commit aggression against small powers (Upadhyaya, 1982).

The ZOP was supported by a large number of countries to varying degrees. The major global and regional powers such as China, Pakistan, the US, the USSR, France, and the UK among others supported the proposal (on various dates and to varying degrees). By the mid-1980s, more than 85 countries around the globe had supported the proposal. However, Nepal's closest neighbor India had major reservations. While the ZOP was not targeted at India, it could not be denied that

India was a major target in terms of why the ZOP was proposed and would require to do the most to ensure the proposal was applied if India accepted given the socio-economic, political and geo-strategic linkages. Accepting the ZOP would mean that India's 'special' position vis-à-vis Nepal would be diluted (Muni, 2016). Similarly, Indira Gandhi could not fathom that Nepal-China relations would be equated with Nepal-India relations. Other governments in India and leaders too had various reservations primarily that India had a special security interest in Nepal and ZOP could not address that.

Despite the support of more than six dozen countries including the major powers, the ZOP approached its natural death after the end of Panchayat in 1990. The relations between the King and India also got suffered which ultimately culminated in India's blockade over Nepal in 1989 (though this was not the direct cause). This offered some key lessons for Nepal's foreign policy priorities. Firstly, the geo-economic rationale (in this context, the over-dependence on India) is a severe constraint to Nepal's foreign policy. India does not hesitate to use such a constraint to undo Nepali strategies that do not address its national interests. Secondly, Nepal can count on the support of other neighbors and major powers. However, they are no substitutes for the Indian influence and presence in Nepal. If Nepal aims at the successful implementation of any major foreign policy, it has to assure India that its legitimate security interests will be addressed and brought into confidence. Finally, as the saga unfolded, a foreign policy based on neutrality or equidistance failed to materialize at best, and backfired at worst. Nepal needs to engage with each neighbor and other countries, based on Nepal's and the other partner's specific interests. Trying to weigh two different neighbors on the same scale is not prudent as both countries have different interests in Nepal and vice-versa.

The foreign policy of Nepal before the 1990s shows evidence that Nepal did not practice the 'balance of power' as conventionally understood. It has rather made various policies where the common theme has been balancing influence from India to a certain extent. In this context, Nepal's foreign policy 'narrative' and practice has not been the same. Even if they were, would 'balancing' India or China possible or even desirable?

Is It Possible to Maintain Balance?

The relation between any two countries is guided by the interests of the thus involved countries. Therefore, the relation between any two pairs of the country is never the same. Nepal has its dynamics concerning to India and China.

Geographically, the Southern neighbor is easily accessible. Even the infrastructure along the Southern border is better than along the Himalayas. In line with geography, the population of Nepal is also concentrated along the Southern plain. Culturally, India and Nepal largely share the same civilizational roots, religion, linguistic origins, and social values. Nepal has a '*roti-beti*' relation with India. The close socio-cultural ties along with open-border means the movement of people across the border is thick. Varanasi was/is a major educational/religious center for the Nepalis and so is the Pashupatinath and others for Indians.

Even in economic terms, Nepal trades five times more with India than with China. If we include the trade via India as well, the ratio will be even higher. Hundreds and thousands of Nepali

workers migrate to India for work and education. A similar number of Indians enter Nepal for work and investment opportunities. A significant proportion of Nepalese can speak or understand Hindi/Bhojpuri and watch Indian TV channels.

Even in technical terms, Nepal's resources are too limited to engage in a 'balancing' game or make any major impact on the overall balance of power in the region. Neither is our diplomatic practices sophisticated enough to handle the risks associated with having to balance the two powers.

Or Is It Desirable to Be?

Both China and India have their interests in Nepal and Nepal has different interests in engaging with the two neighbors. Nepal should be engaged with them on the basis of the actual premise of the relations, and not to compare one to the other. When we frame our foreign policy as 'balance', we are weighing the importance/influence of those two countries. The interests of those two powers are different; the socio-cultural, economic, strategic context of Nepal's relations with the two powers is different. Then, why should we put the relations between those two neighbors on the same scale and try to 'balance' them out?

Also, it is equally important in diplomacy how the other partners understand the policy or framing. India is wary of increasing Chinese presence/influence in the South Asian Region. In such a context, India likely understands Nepali 'balance' as an attempt to tilt away from India towards China. Hence, it is likely to resist such policies using every means available. This will provide fuel to further skepticism of Nepalis among Indian policy-makers. Increase in distrust with a major partner is not something that is in Nepal's interest.

Conclusion

By the discussion above, it is understood that balance is a term very commonly used in explaining Nepal's foreign policy vis-à-vis India and China, though is used to mean various things. Nepal and Nepali policymakers have different understanding of 'balance' than what conventional 'balance of power' means. The IR term 'balance' itself is loaded and is premised on a 'zero-sum game', though the English term 'balance' is a positive one. Nepali policymakers seem oblivious to this nature of the narrative.

In practice, Nepal has hardly been practicing the balance of power. Nepal has practiced a form of accommodation towards India (and balancing China) after China's takeover of Tibet, diversified its relations during the reign of King Mahendra, and attempted at neutrality under King Birendra's. From a policy point, therefore, it makes little sense to stick to a toxic narrative in relations with Nepal's neighbors. It also shows that Nepal's foreign policy narrative has remained stagnant, with leaders possibly 'fearful' of repercussions if they tried to change the narrative.

However, this is not to say that new narrative has not been tried. Term such as 'equi-distance' was espoused by former PM Babu Ram Bhattarai. Others modified it to mean 'equi-proximity', given the inter-connected nature of the globalized world. Yet, all these terms have not moved beyond the 'equality' in relations between India and China. The two countries are not equal in terms of their significance to Nepal's national interest, though both are absolutely critical.

Hence, it is the time for a new national debate on the narrative of Nepal's foreign policy that is forward looking, noble, and is based on Nepal's national interest. This requires the involvement of policy makers, political leadership and the academicians, and some creativity.

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