How has Nepal maintained neutrality, and why?

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How has Nepal maintained neutrality, and why?

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School of Politics and International Relations

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Contents:

Abbreviation:

ADC – Asian Development Bank

APECF - Asia Pacific Exchange and Economic Corporation Foundation

ASEAN-Association of South East Asian Networks

CPN (UML) – Communist Party of Nepal (Unified Marxist-Leninist)

CIA – Central Intelligence Agency

CPA - Comprehensive Peace Accord

CSC - China Study Centre

FDI –Foreign Direct Investment

GDP – Gross Domestic Product

GNI – Gross National Income

GMS – Greater Mekong Subregion

IPE - International Political Economy

IR – International Relations

IDSA - Institute for Defence Studies and Analyses

NAM – Non-Alignment Movement

NC- Nepali Congress

NGO- Non-Government Organization

NSC – National Security Council

PRC - People Republic of China

PLA – People Liberation Army

SAARC-South Asian Association for Regional Corporation

SPA –Seven Party Alliance

TAR – Tibet Autonomous Region

UCPN (M) - Unified Communist Party of Nepal (Maoist)

UN- United Nations

UNSC- United Nations Security Council

WW II – Second World War

ZoP – Zone of Peace

Introduction:

'A buffer state exists as a buffer state because of the larger powers in the system' (Partem, 1983:1). This idea of a buffer state presents a subsystem; the larger powers in this system are 'subsystem dominant' whereas a buffer state is simply 'subsystem affecting' (Keohane, 1969). In this paper, Nepal represents the role of 'subsystem affecting' against the 'subsystem dominant' of two giant neighbours; China and India.

As a small state with limited human resources and economy, the geopolitics of Nepal provides political and economic vulnerability against these ambitious emerging Asian giants. In this respect, two fundamental questions appear; *how has Nepal managed to retain independence and neutrality by successfully balanced the dominating influence of both neighbours? Importantly, what future implication in Nepal's foreign policy is an application as to retain the sovereign political status against the emergent Sino-Indian rivalry in Nepalese soil?*

Dabhade and Pant (2004) claim that small states seek to preserve their independence by resorting to strategies that seek to balance great powers that antagonise their perceived security. In this case, geopolitical vulnerability constrains Nepal to opt for a policy of neutrality by mutually supporting both neighbours instead of exclusively favouring one against another. This paper proposes to test a hypothesis that Nepal has maintained its *de facto* regional neutrality with an appeasement policy whereby balancing acts between two neighbours and, by facilitating to gain their respective strategic interests at own expense is an attempt to maintain the independent political *status quo* of Nepal.

Four chapters are designed to answer a research question. The first chapter will provide a theoretical perspective of neutrality and its correlation with the small and weak states. The second chapter investigates the respective strategic interests of China and India into Nepal. India considers Nepal under its automatic 'sphere of influence' and exercises hegemonic bilateral relations regarding politico-economic-military issues. Any third country intervention, especially of China, is perceived as threatening to its security as India has strategically constituted the Nepalese Himalayan as a northern barrier. In another case, the northern neighbour has been developing its strategic interests in Nepal

especially after the annexation of Tibet. This annexation was a metaphorical powder keg of potential violence for the greater Tibetan region, including the Tibetan communities within Nepal which establishes an impending bastion of resistance. Chinese diplomatic disturbance within Nepal, the main consequence of pressuring to adopt and export a 'One China' policy, prioritises internal security, establishes an increasingly Chinese politico-socio-economic expansion in Nepal.

This consequent contradictory strategic interest has caused Sino-Indian rivalry in Nepal which will be critically debated in chapter three. The gradual expansionist behaviour of China towards Nepal's internal affairs coupled with India's strategic anxiety has created new security concerns as India has refused to lessen her dominant stance in Nepal. Against this contention, Nepal traditionally strives to mirror the 'China card' of one state played against another. Such *ad hoc* tactics have been exercised as an attempt to counterbalance the irresistible influence of India on Nepal (Duquesne, 2011). However, in reality, this practice has been counter-effective as instead; both nations benefit with a 'Nepal card'. In this case, the *de facto* practice of foreign policy has given a subtle meaning of facilitating the belligerents.

Consequently, the fourth chapter examines the best possibilities of utilising the geopolitical vulnerability of Nepal by translating into beneficial trilateral politico-economic cooperation between Nepal, China and India. This chapter investigates the recent debates among scholars on this issue, and furthermore intends to supplement an academic contribution into this discussion.

Overall, the first chapter of this dissertation will provide theoretical aspects, the second chapter intends to answer the question of '*how'*, and the third chapter will answer '*why'* of this research question subsequently cultivating new insights for the continuation of debate on trilateral cooperation in the fourth chapter.

Literature review

This literature review intends to identify existing chief literature regarding Nepal's geopolitical vulnerabilities generated by Sino-Indian rivalry in Nepal, and this neighbour centric Nepal's foreign policy is evaluated through the perspective scholars of Nepal, China and India. Also, this paper investigates into any existing literature gap and seeks any revisionist theory.

It has been chiefly agreed among the existing scholars that China and India's interests in Nepal is based on respective strategic interests which has been challenged by the geopolitical vulnerability exposed by a 'buffer state' *status quo* of Nepal (Levi 1957, Dabhade and Pant 2004, Whelpton 2005, Subedi 1994, Khadka 1999, Dahal 2011, Misra 2004, Bhusal and Sing 2011, Kumar 1990). These existing literatures help us believe an affirmation that Nepal has become a battlefield of Sino-Indian rivalry over the greater influence of one against other (Palat 2010, Chhetri 2013). The prime literatures on Nepal's regional neutral stance against the rivalry began to exist in the 1980s however before scholars such as Baral Werner (1957) Thapa (1971) mostly concentrated on Nepal as India's dominant 'sphere of influence' which Malik (2001) and Bhatta (2013) has claimed as unavoidable consequences because of both a politically and economically India-centric Nepal.

In support, Dabhade and Pant (2004) and Hagerty (1991) argue that India has considered South Asia as India's exclusive 'sphere of influence', and it strives to play a role of regional leader by preventing external interventions. For instance, Destradi (2012) puts that the comprehensive agreement between Maoist and Seven Party Alliance that ended a Nepalese civil war in 2006 by United Nation (UN) 's meditation would not have been possible without a direct political provision of India provided to the UN's peace mission.

Such practice of Indian manipulation has been chiefly achieved by 1950 Sino-Nepal friendship treaty which Dabhade and Pant (2004) claim this treaty has institutionalised India's strategic hegemony over Nepal's foreign policy. However, Nepal has remained neutral throughout all involved Indian wars since its independence in 1947 such as the ongoing Indo-Pakistan conflict ever since and the Sino-

Indian war in 1962. Late King Birendra went further and declared Nepal as 'zone of peace' that signified

Nepal's rejection of Indian domination (Whelpton 2005, Dahal 2011, Khadka 1999). Institutionalisation is necessary to implement such policies in *de facto* condition which has been argued by (Lyon 1969) and in Nepal's case, Subedi (2005) and Dahal (2011) claim this proposal signified Nepal's indirect rejection of India's security strategy on Nepal, and it was an attempt to adopt balanced foreign policy between China and India.

In another case, the annexation of Tibet into China soared Nepal's strategic importance for Beijing, and its foreign policy in Nepal focused on protecting and augmenting Nepal's independence and neutrality by reducing the traditional reliance on India in the vicinity of political, economic and security (Whelpton 2005, Dabhade and Pant 2004, Sakhuja 2011, Dahal 2011) which Khadka (1999) further stresses that it was essential if China wished to contradict India's political influence. There should be no doubt why China accepted Nepal's 'peace proposal', but India did not (Khadka 1999) claiming that it contradicts its strategic interests. However, the change of Nepal's political entity as a republic has eroded the traditional Indo-Nepal special relations; in retrospect, China's ties have grown in ways hitherto unimaginable (Garver 2012, Koirala 2010, and Chhetri 2013).

In this rivalry, Subedi (2005) held a more critical and unfriendly view towards India as he often blamed India as an opportunist and micro-managing state, seeking to control Nepal's internal affairs. This claim has been viciously agreed by a circle of predominantly Nepalese scholars such as Koirala (2010), Kumar (1990), Khadka (1999), Baral (1986) Karki (2013) and Basnet (2013) who provide varied explanations such as India's micro-management of Nepal's internal affairs, and unequal bilateral treaties. This is often agreed by Indian scholars such as (Sikri, 2009) who claims India has taken Nepal's geopolitical vulnerability for granted. In this case, Nepalese politicians and policymakers have adopted the 'China model'[1] as an alternative (Graver, 2012) and have played the

[1] This term is coined by Garver (2012) who claims that 'China model' represent Nepal's perception towards Chinese foreign policy exercised in Nepal which Nepal believes it based on non-interference in internal affairs of Nepal, and respects in Nepal's sovereignty. This term is exercised primarily as to compare India's conduct of

'China Card'[2] against India. (Whelpton 2005, Sakhuja 2011, Karki 2013, Anderson 2013). Additionally, Prys (2013) and Malik (1995) claim Nepalese civil societies have become anti-Indians.

There has been a significant gap in scholarly or even general research work on this issue between the early 1990s and mid-2000s; however contemporary scholars have conducted research more broadly. Certainly, this escalation has been the consequence of the 2006 Nepalese revolution which brought Maoism into the mainstream politics of Nepal, and of course the rise of external powers; China and India both economically and politically at the international stage battling the latter (Koirala 2010, Dahal 2011, Bhusal and Singh 2011, Bhatta 2013). Primarily the debate circulated by revisionist scholars (Karki 2013, Garver 2012, Basnet 2013, Palat 2010, Chhetri 2013, and Bhatta 2013) focusing on the possibility of establishing trilateral cooperation between China-Nepal and India. This has been much debated recently, having created bedrock for any further research. Consequently, this paper endeavours in every way to adjoin the debate in the hope of providing further insights into this trilateralism.

Methodology:

This research has discovered that scholars such as (Misra 2004, Malik 1995, Thapliyal 2006, Murthy 1999 and Bhatta 2013) have given less attention to Nepalese perspectives in their works. Mazumdar (2012:292) puts in best summarily that any autonomous acts by Nepal such as 'peace proposal' has been 'seen by the Indian establishment as an attempt by Nepal to wiggle out of its security arrangement with India' however there have been little questions asked why Nepal seeks to avoid Indian manipulation and if such acts are not a political right of an independent state, and why India does not respect such entitlement. For this reason, scholars mostly tend to fall into nationalistic or

foreign policy in Nepal. However, this term has different meaning to 'China Card' and should not use as. For details on 'China Card' see Garver (2012).

[2] 'China Card' was termed by Indian scholars and politicians during 1960s blaming Nepal for using China to counter-balance India's supremacy in Nepal. This has been continuous since that Nepal's closeness towards China has been perceived as Nepal strategically counterbalancing India and its security sensitivities in Nepal. For details see Anderson (2013), Whelpton (2005) and Karki (2013).

selection bias as such accounts are Indian favoured this avoids balanced views and lacks a ground reality of Indo-Nepal relations.

At this level, such selection bias requires consistency and validity through investigation of scholars from opposite camps (China) however this chosen research problem has lacked this particular aspect of literature. Views from Chinese scholars are available to a lesser degree, but of Indians have almost dominated. In another case, the possibility of receiving balanced accounts from Nepalese scholars also has the similar tendency as the Indian scholars.

Epistemologically this research problem lacks the existence of concrete literature on the neutrality of Nepal yet. Only analyses of newspaper articles are available on this premise. However, the broad range of literature has existed mainly dealing with dependent variables such as strategic rivalry and vulnerability to Nepal's political independence.

Of course, it provides an exciting challenge, and this research problem has investigated various limitedly available secondary sources ranging from newspaper articles, books and journals. Uses of online and achieved newspaper articles and corporate websites have been particularly useful to clarify the research process, and it has provided up to date accounts especially with the case of chapter three. If adequate time and resources have been permitted, mixed methods would have avoided any selection bias by providing the validity of the research. In best this paper has relied on all aspects of arguments (Nepalese, Chinese and Indian) in the hope of proving a balanced outcome. Scholarly aids such as graphs, tables and known drafts are imported from other authors to facilitate the research answer.

Chapter One

Neutrality:

International law regards neutrality between the belligerent and neutral states as a system of reciprocal and conceptual rights and obligations imposed under political and jurisdiction conditions (Karsh, 1988). The Hague Convention of 1907 bounds belligerents to respect the sovereign rights of neutral powers, and prevents using neutral land, sea or air for war. If the aggressive states commit any of these acts in the neutral territory, it constitutes a violation of neutrality (Scott, 1915). Moreover, in another case, from the standpoint of the neutral state, the essence and the strength of neutrality relates to adopting a policy of fairness (Karsh, 1988) thus preventing 'from giving unbalanced support to one belligerent at the expense of another' (Petrie, 1995: 8).

However Vital (1967) claims that such adoption of neutrality is vague, as the state in question cannot survive without the political help of great powers, to retain the *status quo* of sovereignty. Being geopolitically strategic in location, Finland's neutrality in the Second World War (WW II) as one example is a much puzzling wonder. The Soviet government 'had no faith in Finnish neutrality; it had suspected that Finland, voluntarily or because of pressure, might have allowed Germany to use her territory as a base of aggression against Russia' (Torngren, 1961). Unlike Switzerland that is bordered with three great powers which provide security through containment, however, Finland's front is situated with Russia thus exposing suspicious in great power aggression. Consequently, the Finnish neutrality could not continue 1939 onwards, and especially Germany's invasion of the Soviet Union in June 1941 led to a regeneration of the Russo-Finnish war. It demonstrates that Political legitimisation is necessary for sustaining the *status quo* of neutrality, and this is imperative especially if the state wishes to retain neutrality permanently.

In this case, Lyon (1969) claims that the idea of permanent neutrality is an act of institutionalising within the conceptual framework of impartiality that difference from just 'neutrality'. ''Permanent neutrality' suggests obedience of indifference to moral and political issues, whereas just 'neutrality' during the war implies 'a simple statement of fact: no formal alliances' (Lyon, 1969: 445). The

common conception is that both terms reject any formal alliance; hence, they are called neutral however still these two terms have different practical meaning. It is because that the former is integrally linked to politicisation that 'can have no international legal effect' (Kunz, 1956: 421) whereas the latter is merely associated to the concept of war comprising jurisdiction under international laws. In another case, the concept of neutrality is exercised in war however permanent neutrality is employed during the peacetime.

Obtaining permanent neutrality is a complicated process as it requires both external (great power) and internal (domestic) political support; for instance, Austria's acceptance of neutrality in 1955. Geo-politically located as a 'traditional buffer' zone between the West and East Europe, Austrian 'permanent neutrality was defined as a means to maintain political independence and territorial inviolability' (Neuhold, 2003: 14). This aim was politically motivated to maintain its independence and for the sacredness of territory amidst great power rivalry during the Cold War period; hence this process required political legitimisation from the Soviet Union. Under the Moscow Memorandum signed on 15th April 1955 after Soviet-Austrian negotiations, the Austrian Parliament recommended a declaration of permanent neutrality that was enacted by a Constitutional Federal Statue on October 26th, 1955. Permanent neutrality is by this statute a part of the constitution under the political confidence legitimised by great powers.

Small and weak states:

The adoption of permanent neutrality is justifiable with neutral premises, for the 'conception of good' in a liberal society that benefits the broad aspects of regional or international security. However, it is not an automatic right, but a political choice favoured by small and vulnerable states. In this case, realists such as Morgenthau (2006:14) argue that 'ethics in the abstract judge's action by its conformity with the moral law; political ethics judges an action by its political consequence'. Individuals may have moral virtue however a nation-state hardly relies on it; instead, political corollaries are wisely inspired by the moral principle of national survival.

In this case, Vital (1967: 8) has drawn the definition of such politically vulnerable states by the calculation between economic and human population that has '(a) population of 10-15 million in the case of economically advanced countries; and (b) a population of 20-30 million in the case of under-developed countries. The World Bank has categorised the economic status of developed and under-developed countries based on the estimation of gross national income (GNI) per capita (The World Bank, 2013)[3]. However, Keohane (1969) and Elman (1995) have rejected this institutionally objective definition based on the limits of size, population and economy; instead, their psychologically influenced concentration of measurement has been on the level of state's power.

This power connotes state's political capacity to influence international affairs such as of United Nations Security Council (UNSC) permanent members. The exercise of power by these permanent members in shaping the world politics is colossal that almost legislation in the matters of international security depends solely on their *veto* power. For instance, the international (Western) afford to intervene in recent Syrian conflict failed to have consensus as China and Russian continuously rejected the UN resolutions (Lynch, 2012). In such great power rivalry, projecting political supremacy is entirely out of the question for small and weak states like Nepal. The inability to survive solo means such small states seek political, economic, social and security assurance from the great powers not just for survival but also for their development.

However, definitions of such states vary since they are subjective, the concept of a small state is based on one's perception of what a small state 'is'. Under Vital's objective definition, Nepal falls in the category of '(b)' that Nepal has 'population of 27,474,000'[4] and has 'gross national income per capita of $7, 00'[5]. However, we cannot define the weak state only within such quantitatively limited criteria. Practising such act conveys a narrower perspective limiting the potential scope for academic research;

[3] According to The World Bank, the classifications by GNI per capita as follows: Low income that has $ 1,035 or less, Lower middle income that has $ 1,036 to $ 4,085, Upper middle income that has $4,086 to 12, 615 and High income that has $ 12, 616 or more. See the link for more details. http://data.worldbank.org/news/new-country-classifications (Accessed on 20 June 2014).

[4] This last recorded statistics is provided by the World Health Organization in 2012. See provided link from the bibliography list for details.

[5] Similarly, this statistic is provided by The World Bank, and their last recorded year was in 2012. See provided link from the bibliography list for details.

instead, the aspects of interpretation must be left open for discussion. Hence, we must understand that it is just *one* aspect of setting technical criteria in social science. After all, the discipline of social science is subjective and falsifiable as Popper (1972) claims because it lacks a permanent knowledge. Thus it is refutable.

That said, in the study of international relations, state power is measured not only by their size and economy but rather by its relative strength to influence other states in the anarchic world order. As previously claimed by Keohane (1969), the main characteristics of small and weak states are that they *lack* such characteristics, and as a result 'they are continuously preoccupied with the question of survival' (Handel, 1981: 10). As a result, their foreign policy is almost provincial or parochial that it is mostly functioning locally or in another word, operating in the light of their regional interests with a slender strategic outlook. Leaders of such states perceive weakness as essentially unchangeable (Keohane, 1969) thus fundamentally adopt a defensive foreign policy (Vital, 1967). In realist views, such strategic adoption occurs to survive as a sovereign state politically.

This notion of diplomacy has been continuously used by small states (Handel 1981, Reid 1974 Cooper and Shaw 2013) and has been a constructive innovation since the establishment of the UN (Keohane, 1969). Subsequently, vulnerability and the fear of survival have been replaced by reassurance from great powers, and by the *de jure* notion of 'collective security' offered by UNSC. At its 44th session in 1989, the UN General Assembly adopted Resolution 44/51 that provided incentives for the protection and security of small states. It has appealed 'to the relevant regional and international organizations to help when requested by small sates for the strengthening of their security' (44th General Assembly, Resolution No A/RES/44/51), however the UN itself is a flawed system as demonstrated by the Syrian case, and incapable since it cannot guarantee the survival in *de facto* condition. Such as with the case of Bosnian ethnic cleansing in the 1990s by Serbs that despite the UN's early knowledge of such occurring event; it failed to stop the massacre (Remembering Srebrenica, 2013). If the UN finds it hard to restrict ethnic cleansing within a nation, how can the institution help to protect small states crushed between great power rivalries?

In this case, Lyon (1969:449) argues that permanent neutrality is not a remedy; ‘it is a rare but occasionally possible way of immunising a small state from the worst acerbities of neighbouring and great power rivalries. As a result, such implementation to gain security assurance from the regional and international community has been a normative approach of the weak and small states.

Chapter two

Nepal: An outline profile

In Nepal's case, her small stature and weak appearance coupled with the title of *de facto* buffer state amongst India and China pose significant problems in the political bargaining table. The current political map of Nepal itself was only established in the mid-eighteen centuries by a prince Prithivi Narayan Shah from current Gorkha district in Nepal. Whelpton (2005: 35) claims it was him 'who possessed both the ability and determination to realise that ambition' of unifying Nepal as a nation-state. Realizing the threat from British India in South and Chinese empire in North, he logically projected a term for Nepal's geopolitical vulnerability as a 'yam between two boulders' (Levi 1957, Bhatta 2013, Karki 2013, Whelpton 2005) that became the bedrock for Nepalese diplomacy in dealing with two neighbours China and India.

However, his successor continued the territorial expansion towards south resulting in war with British India in 1814. Defeated by British, Nepal signed a Treaty of Sigauli in 1815 which changed the geopolitical balance of the Himalayan region (Levi, 1957), and Nepal was forced to accept British suzerainty as a loss. Basnyat (1990) claims that Nepal hoped for Chinese help in this war, but it did not happen. 'The fact that Chinese did not come to Nepal's aid demonstrated China's unwillingness to entangle itself in hostilities south of the Himalayan' (Basnyat, 1990: 35-36). Neither China came to rescue Tibet when it had war with Nepal in 1856. However, since then, Nepal strategically adopted a policy of isolationism especially as to prevent Nepal falling into the British Empire. Consequently, for the British Empire; Nepal's independence acted as a 'buffer zone' against the Chinese and Russian threat from the north.

Indo-Nepal relation

In this case, Chay and Ross (1986: xiii) Identify buffer states as 'countries geographically and/ or politically situated between two or more large powers whose function is to maintain peace between the larger powers'. Importantly, this idea serves as a separation between the contending parties that have different spheres of influence to reduce the likelihood of physical clashes and conflict. This

policy of retaining the *status quo* as a 'buffer state' to prevent the threat from the north and claiming suzerainty over Nepal was a British strategic plan to integrate Nepal into the parameters of imperial India's security needs (Ballantine 1895, Singh 1988, Dabhade and Pant 2004, Subedi 2005 and Whelpton).

Such strategic advantages have also much understood by an independent India. Comparable to British India's adoption of this 'Himalayan frontier policy'[6]; for independent India too 'Nepal remains under the broader Indian security framework' (Subedi, 2005: 1). In this case, Dabhade and Pant (2004: 165) claim that the 1950 Indo-Nepal Friendship Treaty was 'an attempt to institutionalise India's strategic hegemony over Nepal's foreign policy'. India's strategic vision for its security is that if Nepal is controlled by other powers, its proximity will jeopardise the security of India. In reaction to China amid ongoing tension in Tibet, Indian Prime Minister Nehru declared 'India cannot tolerate any invasion of Nepal from anywhere' (New York Times, 1950: 3); hence this treaty was signed during this ongoing conflict.

Behuria et al. (2012: 240) claim that 'security concerns have dominated India's policy towards its neighbours'. In this case, India regards neighbouring states in South Asia including Nepal under her automatic 'sphere of influence', and this policy is closely followed under the principle of the U.S 'Monroe Doctrine'[7].The series of security treaties with Himalayan states such as Bhutan, Sikkim[8] and Nepal from the 1950s onwards has demonstrated this idealist concern of India's predominance in South Asia (Mazumdar, 2012). This apprehension has been further confirmed by the Sino-Indian war in 1963 and Indo- Pakistan war in 1965, and of course, the continuing turbulence in diplomacy ever since has supplemented into this India's security regional claim.

[6] This Himalayan frontier policy of India is originated by British during its imperial period in India, and it was a strategic policy as to strengthen imperial India's security from potential threats from north (Russia and China). Under this policy, three security administrative sectors known as 'buffer zone' were established; India's North West Frontier known as the Aksai Chin Plateau, North East Frontier sector known as Arunanchal Pradesh, and on the middle sector lies Nepal. See Hoffmann (1990) for details.

[7] The Monroe Doctrine was declared by President James Monroe in 1823 intended to deter European countries from interfering in the Western Hemisphere, thus, not allowing to be subjected to European colonization. This became a cornerstone of the U.S. foreign policy onwards.

[8] The independent monarchy of Sikkim state was merged into the Indian Union in 1975, and this newly achieved status as a state of India has been recognized by UN, however its next door neighbour China has not recognized yet.

Consequently, political, military and economic issues of South Asian small states have been regularly interfered by India that has been demonstrated by the case of Sri Lanka[9], Maldives'[10] and Nepal[11]. 'The essence of this formulation is that India strongly opposes outside intervention in the domestic affairs of other South Asian nations, especially by external powers whose goals are perceived to be inimical to Indian interests' (Hagerty, 1991: 351). India has sought primacy and strives to prevent the autonomous intervention of external powers in regional affairs (Mohan 2006, Dabhade and Pant 2004). For instance, the signing of a Comprehensive Peace Accord (CPA) in 2006 between Seven Party Alliance (SPA)[12] and Maoist ending Nepalese civil war occurred only after India's support on the UN's involvement. This requirement of partnership and an assertive role imposed by India has been exercised to avoid compromising its security needs and its willingness to play the role of regional leader.

However, scholars such as Hagerty (1991), Destradi (2012) and Prys (2013) claim India do not have a regional security doctrine thus her foreign policy is flexible and ambivalent. Instead; 'India has largely adopted an *ad hoc* and bilateral approach *vis-a-vis* its neighbours and has allowed its policy to be guided by an overarching concern for security' (Behuria, et al., 2012:229). The 1950 Indo-Nepal treaty itself was almost unilaterally signed primarily with Indian concerns against the Chinese threat, and it represented a loose defence pact as claimed by Subedi (1994). Such attitude illustrates India's dominant and hegemonic intervention towards Nepal by refusing to loosen its grip and, has forced Kathmandu to conduct a foreign policy that is pro-Indian mainly.

Cartwright (2009: 407) argues that 'India's prevailing political approach has been to tolerate undemocratic regimes' in the interests of preserving its national interests. Accordingly, India

[9] India politically involved in Sri Lankan Civil war by signing the Indo-Sri Lankan Accord in 1987 to end the violence between Tamil nationalist and Tamil Eelam and Sri Lankan military. As a result, India sent its peacekeeping mission force under the mandate.

[10] A coup d'état by the rebel under the command of Abdullah Luthafi against the presidency of Maumoon Abdul Gayoom in 1988 had been defeated by Indian Air Force operation 'Sandhya', and order was restored.

[11] Due to Nepal's arms purchase from China without India's approval and India accused Nepal acting against the existing bilateral treaty of 1950, India refused to renew the existing bilateral trade and transit treaty between Nepal and India in 1989. This tension lasted for a year, resulting economic chaos in Nepal. A joint communiqué was signed in 1990 that provided India with much security beneficial in exchange of economy privilege to Nepal.

[12] SPA was formed by existing mainstream Nepalese political parties, and aimed to negotiate with the Maoist to end the civil war. For details, see *International Crisis Group*, Asian report no. 106.

supported the rule of autocratic king Gyanendra against Maoism during the Nepalese civil war despite the extensive human rights violation conducted under his command. It has been supported by Frost and Wagner (2012:1), 'Indian foreign policy-makers fear that active democracy promotion could weaken the country's regional position rather than strengthening it'. If the friendly regime supports, its vital interests; India worries less on ideological and humanitarian aspects of the regime. Despite being the largest democracy, this frail *bona fide* demonstrates democracy as a political primacy has been chiefly absent from India's foreign policy.

However, such a hegemonic approach is unpopular in Nepal because Indian involvement is perceived as manipulative against Nepalese sovereignty. 'India's indifferent attitude has led to anti-Indian attitudes in Nepalese governments' (Uprety, 2003: 260). Bilateral treaties such as 1950 treaty have been problematic regarding Nepal's *de facto* stance as a neutral power as India regards it a defence pact and briefly stationed Indian observatory posts in the Sino-Nepal border in the 1960s until Nepal protested. However, Subedi (1994: 280) claims that 'consultation that is required of the two governments under the Indo-Nepal treaty is to deal with any threat, but not to expel the aggressor'. The 'Article 2' of this treaty only states 'to inform each other of any serious friction or misunderstanding with any neighbouring State likely to cause any breach in the friendly relations subsisting between the two Governments' (Indian Treaty Series, 1950). In this case, it chiefly demands cooperation in intelligence sharing against a common aggressor but does not obligate to form a defence pact.

Such Indian assertion contradicts with Sino-Nepal relations as Nepal adopts the principle of non-alignment and 'non-interference in others internal affairs and respect for mutual equality' (Government of Nepal, 2012). As a result, Nepal's foreign policy based on regional neutrality is predominantly conducted in building a relationship for reciprocal benefits. This approach has been supported by Nepal's active participation in Non-Align Movement (NAM) that identifies the right of independent judgement by a sovereign state to remain non-aligned. 'No blocs and no military alliances, peace and friendship with all' (Levi, 1957: 237 and Sharma, 2004: 48) have been the strategic choice of modern Nepal. 'This policy of political neutrality has been central to the foreign

policy initiatives of successive Nepalese governments' (Subedi, 1997: 273). In this case, Nepal adopts its political stance of 'passive neutralism' and regards cooperative political attitude to India and China equally with no-favouritism.

This no-favouritism strategy was much tested during the Cold War period as the U.S regarded Nepal as a 'buffer zone' separating communism and democracy. Nepal's role in containing communism was 'overlooked by the United States in the context of the great power game being played in South Asia at the time' (Basnyat, 1990: viii). However, despite U. S's diplomatic pressure, Nepal firmly adopted its mutual neutrality towards ideologically dissimilar neighbours by recognising the existence of the People Republic of China (PRC) while India rejected it. The implementation of such practicality was institutionalised in *de facto* condition declaring Nepal as a 'ZoP' in 1972. By this means, Nepal regarded itself as a neutral state and revealed her self-assurance towards peaceful coexistence with other states. 'In King Birendra's view, the Zone of Peace was needed for Nepal's security, independence, and development' (Baral, 1986:1213).

Importantly, Subedi (2005: 39) claims 'the peace zone proposal was a manifestation of that desire to free Nepal from the Indian sphere of influence'. It was a rejection of the 1950 treaty as it conflicted with Nepal's *status quo* as a politically sovereign state. The changing regional political landscape such as Indo-Pakistan conflict and the bipolar rivalries between China and India in the Cold War provided much anxiety. Particularly, India's suzerainty in Bhutan 'which is in most ways controlled by India' (The Economist, January 18, 2012) and annexation of Sikkim with the Indian Union in 1979 has been grave concerns of Nepal towards its own security. In this case, 'Nepal felt that special relationship with India, a euphemism for limiting its freedom, has weakened the concept of national sovereignty coded in public international laws and, therefore, sought to minimise the vulnerability to a single power' (Dahal, 2011: 40).

Consequently, Nepal exercised autonomous acts such as an establishment of Kathmandu -Kodari road[13], rejection of an Indian defence pact in Sino-Indian war and an arm deal with China after India's refusal to Nepal's request which Thapliyal (1997) claims as Nepal's self-governing act as to release from India's manipulative diplomacy. However, such actions were considered by India as Nepal's attempts to invoke China as a countervailing force (Dabhade and Pant, 2004) 'to wiggle out of its security arrangement with India' (Mazumdar, 2012: 292) that in retrospect undermined India's strategic security needs. Especially the Kathmandu-Kodari road strategically linked China with Nepal which 'seriously troubled India as a symbolic loss in the strategic battle over Nepal' (Jaiswal, accessed 22 July 2014) and India saw the necessity to punish Nepal (Whelpton, 2005).

In this case, Murthy (1999: 1531) argues that 'economic relations have been a major instrument for India in meeting its security interests linked to Nepal'. Nepal's vulnerability to an India-locked economy has been clearly understood b India and comprehensively used by India's advantage, taking a bargained to gain her strategic security requirements. The subsequent economy blockade in 1989 was a reminder for Nepal to respect Indian interests against China – a real balancing act. The year-long Indian economy blockade was effective as the only alternative China market was unreachable to substitute the Nepalese basic trade needs due to geographical constraints imposed by the Himalayas.

In this case, 'India expects Nepal to be sensitive to its security interests, Nepal, as a landlocked country, expects India to be liberal about its trade and transit problems' (Subedi, 1994: 284). This demonstrates that India has its grave security concerns in Nepal and strives to balance it with the bargaining chip of its own economy, this bargaining brinkmanship theory further proves that having limited trade and transit partners is the weakest point of Nepal, that on the other hand, the strongest for India. Despite Nepal's political status as a sovereign state, such economic constraints force Nepal to facilitate India in fulfilling her security needs. If the regional political system remains the same, this norm is unlikely to modify, 'unless India changes its tunnel vision of security in the north' (Kumar, 1990: 710) or northern neighbour China rupture the India-centric Nepalese tradition.

[13] This road named 'Arniko Highway' was constructed in 1967, and this road joins Kathmandu with Tibet, China. This road has been strategically important for both states in bilateral trade and security concerns. For more details see Chok Tsering, 2011, IPCS.

Sino-Nepal relation

The contemporary reality is that both India and China have prominent strategic interests in Nepal for different reasons. It has been demonstrated that 'the former wants a dependable policy confirming vital Indian interests (Dahal, 2011: 42) while the latter motivates Nepal to practice independent policies based on national interests. This latter Chinese desire has been inspired to establish Chinese influence in Nepal. However, the disadvantaged Sino-Nepal historical correlation has positioned China in a current arrangement against the dominant Indian manipulation. For this reason, initially, it is important to comprehend China's broader regional goals to understand Sino-Nepal relations acutely of what and, why China wants from such a small Himalayan state.

Scholars such as (Choudhury 1979, Malik 2001, Mishra 2004, Holslag 2010 and Garver 2012) claims that China's foreign policy towards the South Asian small states is primarily an 'India-centric' approach, which has sought political and economic links with India's immediate neighbours by attempting to dominate policy agendas favourable to China**.** 'Beijing has always known that India, if it gets its economic and strategic acts together, along as the size, might, numbers and, above all, the intention to match China' (Malik, 2001: 74). The principal purpose of such a policy has been to impede the rise of a peer competitor in Asia, and in this case, the growing Indian influence both politically and economically throughout the region has provided a subtle meaning to the Chinese challenge.

For this reason, Beijing has always considered India critically in relation of opposition to its own *status quo* in Asia, and 'has insisted on establishing on its right to conduct the full range of regular state-to-state relations with those entities and has viewed Indian assertions to the contrary as acts of hegemonism' (Mishra, 2004: 239-240). As this reason, against the dominant Indian policies such as with the case of Nepal, China has demanded on bilateralism and corollary standard of non-linkage of Sino-Indian relations with other South Asian states when conducting independent foreign policies. Moreover, this policy has been conducted as to prevent any Indian dissatisfaction and detach them from any bilateral treaties that China have with other South Asian states.

In this case, the Sino-Nepal relation is independent of one another between two sovereign states concerning their own national interests, and guiding principles of both state's foreign policies stresses on establishing a mutual understanding and benefits. However, Garver (2012) claims that 'a typical Chinese diplomatic *modus operandi* is to present general and high-sounding moral principles, persuade other parties to agree to those principles, and then insist on the other's sincere compliance with them' (Garver, 2012: 394). For instance, a 1960 Treaty of Friendship and Trade signed between China and Nepal under the guiding principles of 'Five Principles'[14] or 'Panch Silas' of peaceful co-existence has compelled Nepal to accept 'One China'[15] policy.

As a result, Dabhade and Pant (2004: 159) argue that 'for China, Nepal's strategic significance lies, first and foremost, in its proximity to Tibet', and this view supports Garver (2012)'s argument. Nepal has been constituted as a vital part of China's inner security ring that cannot be spared to any regional or global power. 'The fundamental thrust of its foreign policy was to be prepared to meet any possible threat to its position in Tibet and to keep Nepal independent and neutral to preserve it as a buffer that would ensure both security and instability' (Khadka, 1999: 80). This Chinese behaviour has been demonstrated by the rejection of U.S and Indian influence in Nepal during the Cold War period and of India's notably continued in post-Cold War era.

The Khampa guerrillas that fought against the People Liberation Army (PLA) in Tibetan Autonomous Region (TAR) during the Cold War launched organised guerrilla operations from Mustang, Nepal. 'For much of this time, the resistance was covertly trained and financially supported by the U.S. government, specifically the CIA' (McGranahan, 2006: 103). This Indian and American joint support for guerrillas continued until the U.S. relationship with India became strained after American rapprochement towards China. In the 1970s 'the CIA abruptly cut off all form of support for the Khampas, explaining that it was a pivotal condition of establishing diplomatic relations with the

[14] Under this five principles of peaceful co-existence (1)mutual respect for each other's territorial and sovereignty, (2)mutual non-aggression, (3)mutual non-interference in each other's internal affairs, (4)equality and mutual benefit, (5) and peaceful co-existence' (Eekelen, 1967: 38) had been agreed. See (Eekelen, 1967, Chapter 1, pp. 38-49) and (Fifield, 1958: 38) for more details.

[15] Under this policy, Nepal accepts China's political rule over Tibet, and prevents any anti-China demonstration in Nepal. See Garver (2012) for detail.

Chinese government' (Aljazeera, 2011, October 24). However, we must understand that the U.S. support for guerrillas had not been carried out to regain Tibet, but as to gather intelligence against the bipolar world order. 'Pressured by the Chinese authorities, the government of Nepal tried to force the guerrillas to shut down, publicly calling them 'bandits'' (McGranahan, 2006: 124) and ultimately the guerrillas were defeated after three months of military operations by the Nepalese Army.

For this reason, it is evident that the relatively unnoticed Chinese interests in Nepal have intensified in their renowned importance after the annexation of Tibet. Large numbers of Tibetan resistance have been endlessly carried out mainly in the northern parts of India and Nepal, sharing borders with the TAR. 'Tibetan identity insecurity was the principal cause of the uprising; it was a direct response to the post-1989 hard-line Chinese policies' (Topgyal, 2011: 185). This hard-liner policy inspired a procedure of assimilating Han Chinese with the Tibetan community by encouraging migration into TAR, and it has been considered by Tibetans as cultural imperialism attitude of Beijing that has diluted their cultural identity, and restricted religious freedoms.

Notably, a series of Tibetan resistance against the Chinese rule occurred increasingly near to the Olympic events in 2008 (Yardley, 2010) that full coverage of such oppositions by western media (the CNN effect, akin to that of the Vietnam War broadcast to people at home in America on TV) was crucially perceived by Beijing officials as a risky time for a "security issue" to go viral around the world. The Olympics itself became 'a focus for activists critical of China on issues ranging from its human rights record and heavy-handed rule in Tibet' (Percival and Stewart, 2008: August 08) that consequently witnessed pro-Tibetan demonstrations and civil right movements around the world. This was of course, a new pattern of changes compared to the Tibetan uprising in 1959 and 1989 which were mostly concentrated within the TAR, however, 'the 2008 uprising was much wider in scope, extending into several neighbouring provinces with high concentrations of Tibetans' (The Amnesty, Report no. ASA: 17/050/2008.).

In this case, the potentiality to damage China's international image because of such an uprising has been understood by Communist officials, and the Tiananmen incident in 1989 is a constant reminder

towards China's overt internal yet covert external sensitivity towards social uprising. Times of India (2001: 18 July, p10) reports that 'the communist party in China has found itself under increasing pressure to explain to its people why it should not move to a democracy policy', and additionally, the globalisation has provided rising strains on Chinese human rights issues. In this case, large numbers of around 20,000 Tibetans living in Nepal have created a potential bastion for the anti-Chinese rule. Thus, Nepal is considered a 'window of vulnerability' that demands a careful approach. On the top of that, the Indo-Nepal open border has further created an unrestricted movement, and safe passage of Tibetans agreed under a 'Gentlemen's Agreement'. This has facilitated cooperation between Tibetan communities living in Nepal and India in coordinating strategic plans such as anti-Chinese demonstrations.

The points above clarify why and how the geopolitical location of Nepal strategically essential and any careless consideration has the potential to break the 'window of vulnerability' into China's most volatile region. This has been demonstrated by the Khampa guerrillas' operations, and since then, the capability of the Nepalese government to crack down any potential resistance also has been recognised by Beijing officials. Under the 1960 treaty, 'the government of Nepal has always stood firmly in favour of 'one-China' policy recognising Tibet as an integral part of China' (The Telegraph Nepal, 2011). This policy has forcibly returned significant numbers of Tibetan demonstrators to China, that 'anyone detained for taking part in violence faces charges of 'endangering national security' under provisions of the Criminal Law' (Amnesty Report, 2008: 7) and may face imprisonment in China. These findings demonstrate that 'the issue of Tibet is an important variable which has strongly influenced Sino Nepal relations' (Lama, 2013: 6).

However Tibetan issues do not only constitute within this normative limit of Sino-Nepal relations but further, then that, Nepal importantly comprises China's regional security aspects and goals in South Asia. Koirala (2010: 240) asserts that 'China's South Asia regional strategy, as well as various dimensions of its policy in Nepal, is part and parcel of greater macro trends in Chinese diplomacy'. Certainly, its recently acquired impression in the world is amending the old geopolitical equation. In this respect, Nepal includes a dynamic part of security ring embedding China's regional interests that

cannot spare entirely to India. One can argue that as much as India regards the importance of Nepal as a strategic partner, China shares the parallel vision.

Quoting then Chinese ambassador to Nepal, Zheng Xianglin's speech delivered at the Council of World Affairs in August 2008 in Kathmandu, Bhattacharya (2009, May 18) states that 'Nepal is situated in a favourable geographical position in South Asia, and a passage linking China and South Asia'. Consequently, the probability to physically link the political and economic interests of China with the South Asian region has been expressed regularly by the high-level Chinese delegates. In this case, the rapid changes and development of transport systems in the western sector of China encompassing TAR such as the Qinghai-Tibet railway demonstrate the need to meet ever-growing such interests. However, Narayanan (2005 October 2005) argues that this 'railway to Lhasa is just the beginning of a concerted effort by China to put in place an ambitious infrastructure in the western region'.

This view has been supported by Holslag (2010: 654) that 'expanding the national transportation network has been perceived as a political project'. National economic integration is a primary objective however further than that; such political projects are based on economic and national security and increases China's capacity to enhance international competitiveness. In one case, such Chinese liberal concern to create an open Asian market has undoubtedly benefitted China more than its bilateral trade partners. For instance, the exports from Nepal in the fiscal year 2008-09 were just US$ 26.4 million. However, imports from China in the same fiscal year were close to US$ 469 million, translating into a considerable balance of trade deficit for Nepal of around US$ 443 million.

In another case, this modernisation of transportation enhances China's strategic advantages by allowing tactical mobility in the rapid deployment of troops and logistics in the Himalayan range (Narayanan 2005, Holslag 2010, Kanwal 2008, and Ramachandran 2010). The Sino-Indo war has already provided a valuable lesson for both sides in difficulty of supplying battlefield necessaries such as troops, ammunition and rations in such harsh terrains. In this case, from realist point of view, 'the tradition of the military logistics infrastructure in Tibet' (Kanwal, 2008: 1725) has been carried out

because of China's 'worries about the relative economic and military influence of other powers in the region' (Holslag, 2010: 661-662); particularly of India in this case.

However, this abovementioned contention refutes little scholarly assertion such as of Hongwie (1985: 520) who claims that 'the development of friendly China-Nepal relations is not expediency but based on firm foundations' of five peaceful coexistences. In another case, Reeves (2012: 525) argues that instead 'China relies on a mixture of aggressive diplomacy and economic incentives to secure Nepal's cooperation'. The fundamental concept of 'non-interference' in building a bilateral relationship with neighbours has a significant gap in *ad hoc* basis, and much of Chinese conduct of Sino-Nepal foreign policy is based on 'non-interference but do something'. In this way, China has increasingly involved in internal affairs of Nepal that seeks to apply pro-Chinese policy, and this policy mainly targets to stop anti-China issues and contain the rise of India.

The Chinese embassy in Nepal has been a hub for anti-Tibetan movements by both coordinating and supporting the Nepalese government in cracking down the resistance (Reeves, 2012). 'Due to pressure from the Chinese government, Nepal's attitude regarding Tibetans entering or transiting its territory has changed' (ICT, 2009: 2) since the mid-2000s. As a result, the Office of the Representative of His Holiness the Dalai Lama and the Tibetan Welfare Office in Kathmandu which was established in the 1960s to facilitate Tibetan refugees has been closed ever since 2005. Refugees seeking to passage to India has become increasingly insecure, Tibetans living in Nepal without legal documents have faced deportation, and importantly, any anti-Chinese protests have been notoriously cramped due to massive turnout.

Such acute sensitivity of Chinese government has resulted in Nepalese official heavily depended on *'law and order'* approach rather than humanitarian that had earlier distinguished Nepal's dealing to Tibetans. 'Nepal has been adopting a 'zero tolerance' attitude to Tibetan demonstrations for fear of annoying the country's powerful neighbour, China' (BBC, 2008 March 30). China has undoubtedly comprehended the instability in internal politics of Nepal correlates anti-China sentiment amongst the Tibetan community in Nepal which potentially affect the internal security of TAR. Of course, this has

been the consequences of increasing Chinese diplomatic interceptions in Nepal which has been balanced by ever-escalating trade and financial aids to Nepalese security apparatus such as Army and Armed Police.

However, such a Nepalese approach in facilitating the internal security order of China has undermined the traditional democratic practice and values of Nepal. The changes of Nepalese attitudes have enabled China to preserve its good profile in the international community and have certainly assisted towards her ambitious international goals at the expense of Nepal's weakening profile. This 'strategic importance has led Beijing to focus its policies on preserving and enhancing the Himalayan state's independence and neutrality by trying to reduce its dependence on India in the political, economic and security arena' (Dabhade and Pant, 2004: 160) to relieve Nepal from 'India's security system obligations which were imposed by the 1950 Treaty of Peace and Friendship between the two countries' (Khadka, 1999: 68).

Chapter three

From the previous chapter, we have come to understand that the geopolitical importance of Nepal has confirmed the increasing Chinese and Indian attentiveness to protect own security strategy. 'Nepal is turning into a battlefield for competing for security interests' (Karki, 2013: 406) 'as they fear that Nepali soil can be used to harm their respective core interests' (Chhetri, 2013: 247). This strategic game is not particularly favourable for Nepal and poses significant political and economic challenges. Dabhade and Pant, (2004: 167) claim that in such stipulation 'small states seek to preserve their sovereignty by restoring to strategies that seek to balance great powers locked in an incessant security competition'. No doubt that Nepal's approach in countering such parallel geopolitical rivalry has been through the adoption of appeasement policy to reject one's dominant influence over another. However, the constant antagonism has increased vulnerability on Nepal's neutral political stance that in retrospect, scholars such as Whelpton (2005), Khadka (1999) and Sakhuja (2011) claims Nepal has played one state against another.

In this case, Vital (1967: 3) claims 'a small state is more vulnerable to pressure, more likely to give way under stress, more limited in respect of the political options open to it and subject to a tighter connexion between domestic and external affairs. From this perspective, small and microstates especially a buffer state like Nepal is in disadvantaged political and economic conditions. Nepal is hostage to some forces and factors (Misra, 2004a) such as exercising independent foreign policy without considering or consolidating the strategic interests of one against another neighbouring state. Such a state finds itself performing few initiatives in external affairs, forcing them to be highly dependable on outside support (Reid 1974, Handel 1981). For instance, Nepal's physical size, geographically landlocked position and geopolitical location restrain the exercising and self-regulating of national interests against the competing Sino-Indian interests.

As a result, Misra (2004-b: 134) asserts that 'powerless to counter the challenges from outside, as well as unable to fulfil its traditional role as a provider of public goods, the state has become a moribund institution in places'. The idea of nation-state coined from Westphalia Treaty has weakened because

of abundant interference in both internal and external affairs of such states from great powers. 'International politics is the realm wherein great powers are constantly seeking opportunities to expand their hegemony whenever and wherever possible' (Dabhade and Pant, 2004: 157) to change the distribution of world power in their favour (Mearsheimer, 2001). Under such constant circumstances, chances are high for a buffer state in losing part of or full autonomous political status.

It was of course with the case of a Himalayan state, Sikkim that was politically forced to amalgamate independence to the Indian union, amid fears that China would likely claim it as a part of Tibet. Especially since Bhutan remains under India's protectorate. Of course, we cannot avoid the recent example of Ukraine, which lost partial territorial sovereignty to pro-Russian separatists allegedly supported by Russia, with an ensuing conflict inter-locked between the pro-Western Ukrainian forces and anti-Western rebels. Nepal's geopolitical vulnerability is no more significant difference to recent Ukrainian crisis however it has scarcely avoided such consequences against the constant and escalating pressure of Sino-Indian rivalry. Fundamental questions are raised; how and why two rivalries have clashed in Nepal, how has Nepal dealt with this, and why?

Both states understand that a norm of good relationship with Nepal is imperative to strengthen security strategy however as Garver (1991) claims the heart of rivalry is initiated by different political approach and power politics. 'From Beijing's perspective, Nepal is a neighbour with which the Chinese government hopes to have friendly relations' (Garver, 1991: 956-957). Unlike China's territorial disputes with other Asian states, the policy towards Nepal is encouraging. This friendly relation has resulted in China respecting and promoting the political *status quo* of Nepal as a sovereign state. However, in another case 'Nepal is regarded and treated like another Indian State' (Sikri, 2009:84). India has exclusively taken Nepal for granted and foreign policy has been contemptuous and neglectful. Unlike China, there has been less understanding and appreciation of Nepal's independent political entity, and the progressive Indian foreign policy has prioritised a little role in Nepalese affairs.

This finding demonstrates two clear political approaches between China and India over Nepal's geopolitical importance. India focuses on its traditional linkage through the imperial period and considers automatic rights to exercise hegemony whereas 'China's modern security strategy pays great attention to establishing friendly and good neighbourly relations with surrounding countries' (Kanwal, 2008: 1719). Along with an increasing role on the international political stage, diplomatic relations with Nepal have been increased gradually since the establishment of the formal Sino-Nepal relationship in the late 1950s, and particularly this volume has intensified in the 21st century. This certainly demonstrates 'China's newfound weight in the world' (Yardley, 2010: February 18). Such changes have altered the ageing geopolitical assumptions against India's hegemony in Nepal.

Such increase in Chinese domination has escalated New Delhi's anxiousness within its political circle. Kanwal (2008) asserts that Chinese adoption of peace and friendliness towards India's neighbours has been aimed at 'strategic encirclement' of India to dominate the politico-economic aspects of South Asia. In this case, 'India continues to see China as the major threat, a view that is shared across party lines' (Miller, 2014 April 2). Once regarded as sporadic interests, China is now employing influence more broadly in Nepal. For India, 'an overwhelming majority fears China's expansionist ambitions and wants to keep a close eye on development across the Himalayas' (Malik, 1995: 322). To what Indian experts regard as 'newfound Chinese activism' has defended India's traditional 'sphere of influence' in the South Asian region.

Avoidance of such realpolitik in Nepal has despaired for a long time. It is because that emerging great powers often 'develop expansionist foreign policies towards small states, seeking to take them into their area of political and economic influence' (Espindola, 1987: 66). Especially China's recent extension of influence 'by expanding its development and economic supports, expansion of business interests, strategic and security influences' (Chunakara, 2014 May 23) has been undeniable. For instance, in the fiscal year 2011-2012 India had three times higher investment in Nepal however *The Hindu* newspaper (2014, January 26) claims that 'China has overtaken India to become the largest contributor of Foreign Direct Investment (FDI) to Nepal over the first six months of the current fiscal year' 2013-14 by accounting 60 per cent of the total FDI.

Not only a ‘hard power’ but also a ‘soft power’ approach is extensively used together for greater effectiveness. This concept of ‘soft power’ is recognised as essential components of the Great Power status (Gill and Huang, 2006) matched with China’s increasing role in international politics. China uses its wealth and road construction operations around the world to win the ‘hearts and minds’ of nations (Kilcullen, 2009) especially in developing in countries such as in Africa. Other nation’s admiration is a necessary coupled with a strong desire to emulate the aspects of a host state’s civilisation; this can be gained when a well-made tarmac road in poor areas of a developing state is created.

Additionally, despite the political party’s ideological politics, China has been using ‘soft-power diplomacy by extending generous invitations to Nepali politicians, business people, bureaucrats and civil society leaders to visit China and develop multiple modes of collaborative activities’ (Bhusal and Singh, 2011: 176). Of course, culture and language are a significant source of ‘soft power’ and has played an important agenda in such interactions. ‘China is conscious of the deep-rooted Indian cultural influence’ (Sakhuja, 2011, Online) in Nepal and has endeavoured to dilute it by establishing China Study Centres (CSC) to promote culture and language. As a result, the Confucius Institution was established in 2007, in affiliation with the Kathmandu University, and currently, 33 CSCs are operating especially along the Indian border. ‘The Chinese government is actively encouraging Nepalese people to learn the language’ (BBC, 2013 May 8) and officially has been sending Mandarin language teachers to Nepal (Chunakara, 2014).

Importantly Gill and Huang (2006: 18) claim that ‘the new network of Confucius Institutes has a political agenda: to present a kinder and gentler image of China to the outside world’. Such method has been perceived as legitimate and non-aggressive foreign policies with strong moral authority and power to manipulate political agendas. Of course, this diplomatic formula has been understood by Indian diplomats (Kanwal, 2011), just as China is aware of Indian domination in Nepal (Sakhuja, 2011). As these reasons; ‘a key strategic problem confronting China’s effort to grow its influence/cooperation in South Asia is to avoid provoking Indian moves to counter that growth’ (Graver, 2012: 393). China tends to avoid any clashes with India, regarding bilateral relations with

other South Asian states. This has been clarified by prime insistence on bilateralism and the corollary principle of non-linkage between the Sino-Indian relationships.

In this case, China has used third parties such as the Asian development bank for a significant investment, and non-profit non-governmental organizations (NGO) to promote Chinese culture in civil societies such as Lumbini project forwarded by privately owned Asia Pacific Exchange and Economic Corporation Foundation (APECF) however the latter issue of transforming the Buddha's birthplace Lumbini as a 'special development zone' with a $3 billion project has been controversial ever since the plan originated in 2011. The allegation has been that 'it is directly backed by the Chinese government' (Yinan, H, News China, October 2011) which APECF itself rejects. According to Graver (2012) such third party, approaches are adopted to camouflage China's increasing overt presence.

However, such rising Chinese influence is explicitly welcomed by Nepal and has often constructively executed to counter Indian domination. 'Nepal felt that the special relationship with India, a euphemism for limiting its freedom, has weakened the concept of national sovereignty coded in public international laws and, therefore, sought to minimise the vulnerability to a single power' (Dahal, 2011: 40). Such inconsistent adoption of errand is a consequence of India's resolute and dominant posture on Nepalese internal affairs, and such an approach has been considered necessary as to counter or balance any unilateral domination. Nepal has always accused its border and natural resources being encroached by India and as a blatant violation of Nepal's sovereignty. This dispute has not been resolved in current bilateral agreements and political negotiations. In this case, the acceptance of the accumulative Chinese presence has been perceived as a 'strategy for survival' (Allman 1972, Yardley 2010) that Sheehan (1996: 1) has closely associated with the 'balance of power' theory 'for securing the continuing independence' of a weak state, in this case of Nepal.

In this case, Nepal has played its precarious independence by playing off a 'China Card'. Nepal argues that her neutral posture does not allow unilateral domination in the liberal world order, instead; mutuality on the multilateral international system has been stressed as foreign policy. Although

traditionally aligned with India both politically and economically, 'the leadership has not hesitated in playing the Beijing card from time to time and has always sought to use' (Security Trends South Asia, October 12, 2010) the 'China Card' in countering India in times of need' (Khadka, 1999: 78), especially when India show arrogant political alertness, and refuse to cooperate.

For instance, Nepal's trade of arms from China in the 1970s occurred after India's rejection to supply[16] and again in 2005, India's denial to sell arms leaded importation from China. Since then, 'Chinese and the Nepalese army have established a proactive military exchange programme including the supply of hardware, training, infrastructure development and exchange of high-level delegations despite the latter's historical linkages and pro-India leaning' (Sakhuja, 2011 Online). Although, India blamed Nepal for playing against India's security sensitiveness; this 'China Card' has provided an alternative for Nepal, at the time of need. Alternatively, such Chinese substitution has delivered a political implication for India that her foreign policy towards Nepal requires an immediate reassessment and offers contemplation on altering manipulating foreign policy.

In justification, Beijing affirmed 'it on the basis that military relations are part of the normal gamut of state-to-state relations' (Garver, 1991: 962), and Nepal as an independent state has a right to acquire materials believe necessary for her national defence. Two consequences are conflicted here; India's refusal to trade arms with Nepal demonstrates her refusal to adhere to the 'five principles of peaceful coexistence' which has been argued by China. In another case, India accused Nepal of conducting arms deals with China against the 1950 treaty however in the latter case; this treaty has not put any restriction on importing arms from third countries. The Article 5 requires Nepal to consult with India if arms trade is conducted either from or through Indian Territory, but this confinement does not apply here, and Nepal saw no necessary to inform her internal matters as being an independent state that such implementation of the free move was only possible under Beijing's moral support.

As argued in chapter two, trade bargaining has been a vital leverage tool for India against Nepalese self-governing manoeuvres in security matters. However such control measures have been greatly

[16] After the refusal by India with justification that Nepal don't need anti-air missiles for national security, (see Whelpton 2005).

diminished by the increasing Sino-Nepal trade, made possible after the modernisation of transport networks in western parts of China. Also affected of course by the resumption of traditional trade with the Tibetan region. As a result, the analogous Indian economic bargain conducted in 1989 has become less effective, even to contemplate. This has been demonstrated by the increasing closure of Nepal's trade gap between China and India as shown in 'the Figure 1'[17]. Nepal has understood that bettering Chinese 'relations would help restrain India and/ or mitigate the effects of India pressure' (Garver, 1991: 974). It decreases not only Indian manipulation but also such relations have changed the traditional military *status quo* in the Himalayan states.

These findings demonstrate that Nepal has been experiencing a pull and pushes of great power, since the cessation of European colonisation in India. 'China's ambitions as a global and regional power and as a Third World standard bearer bring into competition with India's similar ambitions' (Malik, 1995: 330). In one case, China is strengthening its influence towards South Asia, however in another case; India is desperately trying to limit such Chinese impact to prevent Nepal from becoming China's backyard which has become less successful in latter case after Tibet ceased to be a 'buffer zone'.

However, Dahal (2011: 43) claims that 'Nepal's balancing act between India and China has always been precarious akin to a game of national self-assertion versus regional accommodation'. Partial contenting success in this success correspondingly depends on the support provided by major Nepalese party. For instance, the Nepalese Congress (NC) party has been pro-Indian since its existence, and India has been much success in securing India favoured treaties and bilateral agreements during NC's political reign. Such as Gandaki River project signed during the prime ministerial period of B.P Koirala from the NC in 1959, that principally allowed India to control much of water flowing from Nepal, and 'construction of the barrage in the Nepalese territory was propagated as Indian encroachment on Nepal's sovereignty and territorial integrity' (Salman and Uprety, 2002: 83). This project was bilaterally signed to gain mutual profits on water irrigation

[17] This chart demonstrates Nepal's trade with major partners between 2001 and 2010 where India and China have topped. Indo-Nepal trade still doubles than of Sino-Nepal trade however the trade with India has reduced since 2009 but in another case, the trade with China is gradually increasing which Graver (2012:400) claims the gap is closing rapidly.

however many benefits have been enjoyed by India regarding it as an unequal treaty. The canals serving as irrigation need only 57,900 hectares of land in Nepal, but of total 1,850, 520 hectares are within India, the dam also causes regular flooding of Nepalese soil during the monsoon season.

However, the revolution of the Nepalese political institution caused by Maoist's involvement in mainstream politics has changed this traditional pro-Indian sentiment. 'The profound social and political upheaval underway in Nepal has given China considerable opportunity to grow its influence' (Graver, 2012: 398). The plurality of Nepal's political system and potentiality for radical social change such as land reform, the *de facto* annihilation of upper-class domination on mainstream Nepalese politics have broadened potential revenues for Chinese influence, and in retrospect, growing nationalism has impinged anti-Indian sentiment that also has assuredly turned China increasingly favourable. Unlike NC, the balanced policy exercised by Maoist government created less favourable conditions for India to retain its previously unchallenged leverage and influence.

The new revolution has established faith over the 'China model' which is considered paramount in comparison to India (Graver, 2012). This has been because of the economic stagnation suffered by an India-centric Nepal. Much blame has been placed on the unequal Indo-Nepal bilateral treaties; thus, the requirement to overthrow Indian domination to change the stagnant socio-economic policies of Nepal has been assumed. Such opportunity is provided by the apparent difference of the Chinese approach; China does respect political sovereignty, at least of Nepal, and seeks non-interference policy in Nepal's internal and external policies whereas India does 'interfere by supporting and encouraging Nepal's anti-communists, in politics and in the military' (Graver, 2012: 402).

Inter-locked in such political rivalry, however playing one against another has been ineffective practice in *de facto* condition. The 'China Card' may considerably reduce India's socio-political domination, however, exploiting such an expedient policy does become counter-effective if there happens to be a slight error of judgement. The economic grievance within the Nepalese economy mainly caused by the Indian blockade in 1989 has demonstrated that Nepal economically suffers much, and the 'China Card' is sustainably unbeneficial. Because of its geopolitics either, Nepal

cannot match any physical challenge against these powerful nations, thus providing no alternative but diplomacy as the only mechanism for its survival. In the late king, Birendra's word 'Playing one off against the other is a short-sighted policy' (Weinrau, 1974, March 3,).

However, the growing Sino-Indian antagonism has caused much distressed in Nepal's political arena, the use of terms such as 'zone of peace' proposal to represent Nepal's geopolitical vulnerability has been only an 'escape strategy' from such rivalry entanglement. The proposal lacks a precise definition and a concrete strategic regional foreign policy to follow it (Subedi, 2005). Importantly, such term 'grossly undermines the concept of 'state' as they simply treat the state as an object of manipulation' (Bhatta, 2013: 179). Such evocative use of concepts, i.e. 'link country' by Birendra, 'vibrant bridge' and 'dynamite' by Maoists have demoralised the value of Nepal as a state, and indeed do not serve any purposeful foreign policy but provides a procedure of appeasement as discussed in chapter two. As a result, not understanding the geostrategic vulnerability has diminished an opportunity for Nepal to play an active role in the regional community, principally in Sino-India rivalry.

Such an approach for choosing either pro-China or pro-Indian discourse intimately lacks the definition of balanced foreign policy. Foreign policy has been inconsistently taken as rhetoric by political parties either to support or oppose China or India in exchange for a secured party or personal political power (Dahal 1998, Bhatta 2013). The interference of northern and southern neighbours has been predominantly influential in shaping the domestic politics and its institutional policy of Nepal. Such heavy involvement of external actors and its influence in internal politics leads to unstable internal politics. This has been notably increased at a substantial level after the abolition of the monarchy in 2006 (Bhatta, 2013) which has directly affected the writing of a new constitution. Two Constitution Assemblies have been formed since the election in 2008 and 2014 however 'a new political arrangement based on consensus among political parties' (Parajuli, *BBC*, 28 May 2012) have failed to write a single constitution ever since.

This has been demonstrated by frequent changes of either pro-India or China governments or Prime Ministers, as shown by Prachanda in 2009. India replaced allegedly pro-China Prachanda (Maoist) led government with a pro-Indian under a new Prime Minister Madhav Kumar Nepal from the

Communist Party of Nepal (Unified-Marxist-Leninist) as (CPN-UML). Dahal (2011:36) claims that this has been 'designed to contain the effect of UCPN (Maoist)'s rise in Nepal and protect its 'inner ring of buffer' through a cordon of friendly forces'. To which *The Economist* (2010) reports that India has been accused of trying to micro-manage Nepal, and consequently 'the integrity of the political process in Nepal gets undermined because of the overwhelming power exercised by India over Nepali affairs' (Bhusal and Singh, 2011: 178). Such political turmoil mended by heavy external political influence has resulted in eight successive changes of government between 2006 and 2014, but instability remains at tranquil.

In one case, such external interference is blamed for political volatility; however, in another case, it also confirms that Nepal lacks a central political authority to control an external influence effectively. Such absence of centralised or established foreign policy has corroded the autonomy of a state, and its institutions are thus directly lacking the vital objectives of state-building which is direly necessary. This increasing dominance of external power has undermined Nepal's sovereignty, and critically questions about Nepal's ability to cope with such rivalry efficiently, and its *raison d'être*. How a weak and small state Nepal successfully can manage the rivalry without endangering its autonomous political status, and proceed towards modernisation simultaneously with its neighbouring states? This is undoubtedly the main challenge Nepal is facing which has been much debated within the Nepalese political and academic circle lately, and it is necessarily necessary to circumvent the growing Sino-Indian contention in Nepal.

Against such ineffective political centrality of Nepal, the newly proposed China-Nepal-India trilateral cooperation by Maoist leader Dahal in 2013 has been abundantly considered and debated at all levels in the political circle; well at least from the Nepalese perspectives since this proposal asserts 'that a prosperous Nepal is in the best interests of the two countries; and simultaneously, Nepal must also benefit economically from the growing Asian economies' (Editorial Board of *Strategic Analysis*, 2013: 637). However, this proposal has been considered very idealistic and lacks certain aspects of realism. A severe challenge of this proposal has been presented by the competing and overlapping interests of China and India in Nepal.

As a result, Karki (2013: 405) claims that 'Nepal's foreign policy is to manage the increasing foreign and security policy challenges of China and India'. This has been indeed a severe challenge for a small and weak state like Nepal especially considering her lack of ability to influence external powers. It imposes a fundamental question to Nepalese policymakers that what kind of measures is implementable and why? What is the future of existing bilateral treaties such as 1950 friendship treaty with India and 1960 with China? Alternatively, even before these considerations as Pattanaik (2013) enquires; is this proposal feasible or even desirable? The latter question undoubtedly attempts to check the contemporary reality and stipulates a normative approach.

Palat (2010: 61) claims that 'trilateral is not an alliance, whether military or political and that it is not directed against anybody; it is instead a grouping of the three powers to co-operate variously'. Consideration of self-interests of all involving actors must be contemplated into an account realistically to gain mutual benefits despite competing for core self-interests. In this case, having an agreement on collective goals is imperative in trilateral cooperation (Gill 1990, Grimm 2011). Such theoretical underpinning of trilatarism is necessary to lay out, and we must solicit what common interests on this proposal can be agreed. This question again leads to Pattanaik (2013: 643) who argues that 'trilateral cooperation is neither feasible nor desirable', well at least, only for India at this point.

Hypothetically India would have already accepted or at least have provided a recommendation for Nepal's 'peace proposal' presented in the 1970s. However, it is imperative to understand that the regional politico-economic landscape has changed significantly since then. We have no bipolarity since the Cold War whereby ideologically competed between communist China and democratic India, importantly, the growing economy has substantially required the developing Sino-Indian relationship more than ever. As a result, such changes have caused an advancement of Nepal's security cooperation between these two nations recently (Thapa, 2010).

Of course, there is common ground that we can identify within the core interests of China, Nepal and India. Most credible has been economic perspectives through escalating trans-national trades and

managing natural resources such as trilaterally shared rivers (Chhetri 2013, Shisheng and Jin 2014). Both India and China's rapid industrialisation in recent years with sustained rates of economic growth demands massive consumption of energy generated by water, and it may continue to increase for several decades. In this case, 'clear property rights in water can facilitate investment to meet human needs' (Crow and Singh, 2009: 312) thus creating conditions for mutual benefits.

In this case, Shakya (2013) and Karki (2013) claim that a focus on cooperation rather than competition will increase transnational trade thus enabling greater regional development. This view matches with the core interests of China, whose foreign policy is based on both competition and cooperation with other Asian states (Betts 1993, Malik 1995). This has been demonstrated by building physical connectivity through railways, road and river developments between China and ASEAN members which has laid a foundation for regional economic and socio-cultural integration (Shisheng and Jin, 2014). For instance, a Greater Mekong Subregion (GMS) Project[18] that has served the interests of participating countries for greater economic cooperation through a transparent and market-based system. 'The GMS economies are predominantly based on subsistence agriculture' (Sotharith, 2006) along the river Mekong. However, this project has gradually diversified into modern economic sectors. The new strategic framework for 2012-2022 has the vision to increase from current infrastructure to multi-sector investments intended to foster economic passage development, engaging in stronger cross-sectoral linkages.

As this reason negotiations between China and South Asian Association for Regional Cooperation (SAARC) countries[19] over these issues such as managing an international river basin through multi-lateral negotiation is beneficial than bilateral treaties as the former can accommodate basin-wide externalities such as environmental impacts that is especially beneficial for India in flood and draught control at its low lands, and of course regional benefits in irrigation and hydropower that is hugely demanding in both western part of China and in northern part of India.

[18] GMS countries: the People's Republic of China (esp. Yunnan Province) and, ASEAN (Cambodia, Laos, Myanmar, Thailand and Vietnam). See Sotharith, C. (2006) for details.

[19] SAARC was established in 1985 with an idea of establishing regional organization in South Asia. It comprises of eight members (Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka)

The liberal school of international relations (IR) theory also asserts that upgrading inter-state trades has special peace dividends (Betts 1993, Karackattu 2013) and those liberalists such as Montesquieu, Kant and Mill argue that commerce is almost a guarantee of peace. However, it might be entirely naïve to accept this view without further consideration and best possible, Doyle (1983: 206) argues that 'liberalism is not inherently 'peace-loving'; nor is it consistently restrained or peaceful in intent'. It does appear to interrupt the pursuit of the balance of power because diplomatic tensions between states are caused merely by a clash of aims (Blainey, 1988). However, it is also important to understand that liberal practice does manifest peaceful intentions in limited aspects of its foreign affairs that impinge the possibility of strengthening peace which is an original idea of liberal peace itself.

If this school of thought has considered this a pragmatic way to prevent future conflicts happening; the growing Sino-Indian rivalry in Nepal demands further research over the application of liberal peace theory in Nepal's context. 'Bilateral trade between China and India has increased dramatically in the past decade, rising from about US$300 million in 1992 to about US$2 billion in 1997 and about US$12 billion in 2004' (Wu and Zhou, 2006: 512), and US$ 66.57 billion in 2012 (Embassy of India, Beijing). This gradual rising of bilateral trade has occurred after the rapprochement taken by both countries in the 1990s, however continuing antagonism and anxieties of one over another remains high. In this case, we must ask if this rapprochement is solely to expand the economic market, and how it interrelates with other concerns such as security.

Alternatively, perhaps realists are right. In contrast to liberalism, 'the Realist school chiefly focuses on the 'security externalities' that trade produces, i.e. how the gain from trade ultimately only enhances the potential military power of any country engages in it' (Karackattu, 2013: 693). Realists such as Mearsheimer, Keohane and Nye argue from the tragedy of great power politics perspective that trade surplus causally increases military power of a state, and especially asymmetric distribution of gains does translate into power inequalities thus antagonising the less beneficial state such as India in this case. In 2012, India export to China was US$ 18.82 billion, but import from China was US$ 47.75 billion translating trade deficit of a total US$ of 28.93 billion. 'Concern over China's expanding

trade surplus has grown in India over the last two years' (Gupta and Wang, 1 September 2009, China Business Review), and Indians have voiced to narrow the gap fearing that India will be left out in competition (Malik, 1995).

For this reason, Pattanaik (2013) claims that the rationale behind this proposition of trilateral cooperation is not the economy but has strategic values. India's increasing anxious and defensive role towards China's growing presence in Nepal has demonstrated this realist concern. 'Such an agreement amounts to formally sharing its 'sphere of influence' with China, which would be unacceptable to India' (Basnet, 2013: 648), and does not want China to strategically involve in a trilateral mechanism at the expense of its pre-eminent position (Pattanaik, 2013). It is certainly clear why India is hesitant, but China is much willing towards the proposal. As we discussed in the previous chapter, India has security sensitiveness in Nepal, and this trilateralism potentially expunges this existing Indian security policy. Such imperially orientated Indian strategic concern is almost outdated and certainly needs reappraisal with the consideration of international political economic (IPE) that Woods (2008) claims economy and politics are inter-related in international relations, and this theory is unavoidable in regional integration. For this reason, Nayak (2013: 638) claims that 'India cannot afford to ignore the proposal and has to take into consideration the Nepalese response to this proposal, which is positive'.

The idea of trilateral cooperation is 'the construction of international networks of identity, interests and ideas, and their representation through institutional linkages' (Gill, 1990: 2). This proposal offers a general contemporary trend of multilateralism, cooperative economic development in the liberal world order, and an aspiration for landlocked developing countries such as Nepal. What matters for affiliating states is that they jointly consult, mutually support and cooperate each other on big issues that involve their core interests towards own development (Shisheng and Jin, 2014). The parallel economic growth of these two giants is more appealing with ensuring peace, stability and development in the region especially in areas where overlapping trio-national interests have. As this reason, then Chinese Premier Wen Jiabao asserted to Nepalese delegates during his visit in Kathmandu that, 'We (China) and India have been developing very cordial relations in the recent times, and it would be better and fruitful for Nepal to maintain good relationship with India' (*The*

Economist, 18 January 2012). In retrospect, the politico-economic development of both states could only increase when neighbouring small states are freed from all contemporary anxieties and security constraints.

In this case, the proposal of trilateral cooperation is rational that serves mutual excellence for Nepal, China and India, and it has the potentiality of political implication for better regional integration. Chhetri (2013: 247) suggests 'Nepal should change its foreign policy and should propose 'trilateral security cooperation' as a new foreign policy to manage growing China and India's strategic interests'. Nepal needs to take this Sino-Indian rivalry as foreign policy challenge and requires promoting trilateral security cooperation that will provide a shared understanding of problems between three states which causally reduce the present common threat perceptions against each other in Nepal. Adopting a proactive leading role is certainly necessary for Nepal, as it helps to abandon the tradition of accepting external influence and playing one against another. This could be possible by stressing Nepal's conviction on permanent neutrality which helps to prevent sovereignty being jeopardised from external actors and reduces the vulnerability of its geopolitics.

The previous peace proposal did not receive an endorsement from India, to match with China's interest however the emerging inter-dependency caused by globalisation certainly has a more appealing offer for both rivals.

As much as China and India have influentially powerful roles to play in any future developments; it is Nepal who has an equally influential role to prevent Nepal turning into a battlefield. Bhusal and Singh (2011: 167) claim that 'the widespread underdevelopment in South Asia is a case in point to illustrate the negative consequences of failed strategic rival management' that is best described as 'geo-strategically contained development' especially in Nepal's case. The political underdevelopment is associated with the long-term ongoing rivalries over hegemonic domination; Nepal has continuously lost and compromised its potential to progress politico-economically. 'Heavy influence of external forces coupled with ahistorical leaders have undermined the values of the Nepali state, patterns of state-society relations and squandered the state-building process in Nepal' (Bhatta, 2013:

180). Instead of developing state-society relations by upgrading socio-economic conditions of Nepalese society, the predecessor politicians rather ventured for personal or party-political powers from external actors. The outcome of failed strategic rival management is that state's political institutions have been adopting appeasement policy in priority that serves the interests of external political institutions on Nepal's owns expense.

In this case, trilateral cooperation as a priority of Nepal's foreign policy has the potential to avoid such abovementioned pitfalls. 'The policy of national security and regional peace by studiously avoiding the suspicions or ire of the neighbouring nations' (Thapa, 1971: 82) has been necessary for any future developments. This is certainly a challenge not only for Nepal but also for China and India to 'identify clearly defined common ground for all three sides' (Grimm, 2011:4) with wider consideration of security issues and agendas by inter-relating them with economic benefits is essential. Mostly favoured economic trilateral cooperation may propose as an alternative. However its sustainability is questionable; thus, a multi-layered politico-socio-economic tri-lateralism may offer constructive rationality in Nepal's case, but it all depends on the stability of Nepal's internal politics and the affordability of managing its rivals.

Conclusion

This paper has discovered that the geopolitics of Nepal has contributed its importance in the strategic needs of both China and India. Although traditionally Nepal was under the dominant 'sphere of influence' of India since the British imperial period; the revisionist policy of China since Tibet's annexation has eroded this traditionalism. As much weight the contending strategic interest between these two rivalries has, in retrospect; Nepal holds a significant level of anxiety against this contention caused by her geopolitical vulnerability.

The loss of *status quo* as politically sovereign states by its former neighbouring nations Tibet to China and Sikkim to India has become an event to remind Nepal of her vulnerable independence due to the geopolitical openness in the ever-changing great power politics. Against such apprehension, Nepal's *de facto* adoption of regional neutrality by promoting and conducting mutual foreign policy with China and India through the adoption of the appeasement policy is not a choice, nonetheless necessary to preserve her sovereignty.

Nepal's weak human and economic resources have imposed limitations on preserving such political entity, and potentiality of tilting foreign policy towards one has been an alternative. Favourism towards one state against another may provisionally substitute security on both neutrality and sovereignty, but this constitutes an *ad hoc* practice without a strategic vision for national development, and any changes of great power balances in future may significantly put Nepal's existence at risk. Thus 'mature and sober' diplomatic relations through trilateral cooperation has become the best alternative, and this must be perceived as a strategic approach in parallel with Sino-Indian rival management.

Appendix 1: TREATY OF PEACE AND FRIENDSHIP BETWEEN THE GOVERNMENT OF INDIA AND THE GOVERNMENT OF NEPAL[20]

Kathmandu,

31 July 1950

The Government of India and the Government of Nepal, recognising the ancient ties which have happily existed between the two countries; Desiring still further to strengthen and develop these ties and to perpetuate peace between the two countries; Have resolved therefore to enter into a Treaty of Peace and Friendship with each other, and have, for this purpose, appointed as their plenipotentiaries the following persons, namely,

- THE GOVERNMENT OF INDIA

  His EXCELLENCY SHRI CHANDRESHWAR PRASAD NARAIN SINGH,

  Ambassador of India in Nepal.

- THE GOVERNMENT OF NEPAL

  MOHUN SHAMSHER JANG BAHADUR RANA,

  Maharaja, Prime Minister and Supreme Commander-in-Chief of Nepal,

who having examined each other's credentials and found them good and in due form have agreed as follows:—

Article 1

There shall be everlasting peace and friendship between the Government of India and the Government of Nepal. The two Governments agree mutually to acknowledge and respect the complete sovereignty,

[20] Indian Treaty Series. Available at: http://www.commonlii.org/in/other/treaties/INTSer/1950/12.html (Accessed on 15 August 2014).

territorial integrity and independence of each other.

Article 2

The two Governments hereby undertake to inform each other of any serious friction or misunderstanding with any neighbouring State likely to cause any breach in the friendly relations subsisting between the two Governments.

Article 3

In order to establish and maintain the relations referred to in Artiele 1 the two Governments agree to continue diplomatic relations with each other by means of representatives with such staff as is necessary for the due performance of their functions. The representatives and such of their s'taff as may be agreed upon shall enjoy such diplomatic privileges and immunities as are customarily granted by international law on a reciprocal basis: Provided that in no case shall these be less than those granted to persons of a similar status of any other State having diplomatic relations with either Government.

Article 4

The two Governments agree to appoint Consuls-General, Consuls, Vice-Consuls and other consular agents, who shall reside in towns, ports and other places in each other's territory as may be agreed to. Consuls-General, Consuls, Vice-Consuls and consular agents shall be provided with exequaturs or other valid authorization of their appointment. Such exequatur or authorization is liable to be withdrawn by the country which issued it, if considered necessary. The reasons for the withdrawal shall be indicated wherever possible. The persons mentioned above shall enjoy on a reciprocal basis all the rights, privileges, exemptions and immunities that are accorded to persons of corresponding status of any other State.

Article 5

The Government of Nepal shall be free to import, from or through the territory of India, arms, ammunition or warlike material and equipment necessary for the security of Nepal. The procedure for giving effect to this arrangement shall be worked out by the two Governments acting in consultation.

Article 6

Each Government undertakes, in token of the neighbourly friendship between India and Nepal, to give to the nationals of the other, in its territory, national treatment with regard to participation in industrial and economic development of such territory and to the grant of concessions and contracts relating to such development.

Article 7

The Governments of India and Nepal agree to grant, on reciprocal basis, to the nationals of one country in the territories o the other the same privileges in the matter of residence, ownership of property, participation in trade and commerce, movement and other privileges of a similar nature.

Article 8

So far as matters dealt with herein are concerned, this Treat: cancels all previous Treaties, agreements, and engagements entered into on behalf of India between the British Government and the Government of Nepal.

Article 9

This Treaty shall come into force from the date of signature by both Governments.

Article 10

This Treaty shall remain in force until it is terminated by either party by giving one year's notice.

DONE in duplicate at Kathmandu this 31st day of July 1950.

(Signed)

CHANDRESHWAR PRASAD NARAIN SINGH

For the Government of India.

(Signed)

MOHUN SHAMSHER JANG BAHADUR RAN,

For the Government of Nepal

Appendix 2: SINO-NEPALESE TREATY OF PEACE AND FRIENDSHIP[21], KATHMANDU, APRIL 28, 1960.

THE Chairman of the People's Republic of China and His Majesty the King of Nepal, desiring to maintain and further develop peace and friendship between the People's Republic of China and the Kingdom of Nepal.

CONVINCED that the strengthening of good-neighborly relations and friendly co-operation between the People's Republic of China and the Kingdom of Nepal is in accordance with the fundamental interests of the peoples of the two countries and conducive to the consolidation of peace in Asia and the world,

HAVE decided for this purpose to conclude the present Treaty in accordance with the Five Principles of peaceful co-existence jointly affirmed by the two countries, and have appointed as their respective Plenipotentiaries:

The Chairman of the People's Republic of China:
Premier Chou En-lai of the State Council,

His Majesty the government of Nepal:
Prime Minister Bishweshwar Prasad Koirala.

THE above-mentioned Plenipotentiaries,

HAVING examined each other's credentials and found them in good and due form,
HAVE agreed upon the following:

Article I

The Contracting Parties recognize and respect the independence, sovereignty and territorial integrity of each other.

[21] Human Rights Server. Available at: http://www.humanrights.de/doc_en/archiv/n/nepal/treaty/28041960_Sino-Nepalese_Treaty.htm (Accessed on 15 August 2014).

Article II

The Contracting Parties will maintain and develop peaceful and friendly relations between the People's Republic of China and the Kingdom of Nepal. They undertake to settle all disputes between them by mean of peaceful negotiation.

Article III

The Contracting Parties agree to develop and further strengthen the economic and cultural ties between the two countries in a spirit of friendship and co-operation, in accordance with the principles of equality and mutual benefit and of non-interference in each other's internal affairs.

Article IV

Any difference or dispute arising out of the interpretation or application of the present Treaty shall be settled by negotiation through normal diplomatic channel.

Article V

This present Treaty is subject to ratification and the instruments of ratification will be exchanged in Peking as soon as possible.

The present Treaty will come into force immediately on the exchange of the instruments of ratification1 and will remain in force for a period of ten years.

Unless either of the Contracting Parties gives to the other notice in writing to terminate the Treaty at least one year before the expiration of this period, it will remain in force without any specified time limit, subject to the right of either of the Contracting Parties to terminate it by giving to the other in writing a year's notice of its intention to do so.

DONE in duplicate in Kathmandu on the twenty-eighth day of April 1960, in the Chinese, Nepali and English languages, all texts being equally authentic.

Plenipotentiary of the People's

CHOU EN-LAI

Republic of China

Sd/

Plenipotentiary of the kingdom

B.P. Koirala

kingdom of Nepal

Sd/-

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