

**NEPAL-CHINA RELATIONS ON EMERGING
SECURITY DYNAMICS (2007- 2020 A.D.)**

A Dissertation

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in

POLITICAL SCIENCE

By

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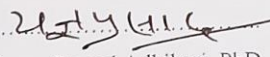
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LETTER OF RECOMMENDATION

We certify that this dissertation entitled "NEPAL-CHINA RELATIONS ON EMERGING SECURITY DYNAMICS (2007-2020 A.D.)" was prepared by Kamal Baniya under our guidance. We hereby recommend this dissertation for final examinations by the Research Committee of the Faculty of Humanities and Social Sciences, Tribhuvan University, in fulfillment of the requirements for the Degree of DOCTOR OF PHILOSOPHY in POLITICAL SCIENCE.

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APPROVAL LETTER

This dissertation entitled "Nepal-China Relations on Emerging Security Dynamics (2007-2020)" was submitted by **Kamal Baniya** for final examination to the Research Committee of the Faculty of Humanities and Social Sciences, Tribhuvan University, in fulfillment of the requirements for the Degree of Doctor of Philosophy in Political Science. I hereby, certify that the Research Committee of the Faculty has found this dissertation satisfactory in scope and quality and has therefore been accepted it for the degree.

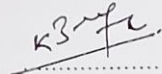


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DECLARATION

I hereby declare that this Dissertation is my own work and that it contains no materials previously published. I have not used its materials for the award of any kind and any other degree. Where other authors' sources of information have been used, they have been acknowledged.



.....
Kamal Baniya

Date: March 2023

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ABSTRACT

Nepal - China relations are very cordial and deep rooted since ages. The relation is based on Panchasheel and non-interference in each other's domestic affairs. Nepal abolished Monarchy in 2008 and turned into Federal Democratic Republic, since then the engagement of both China and Nepal has gained the intensity. Nepal – China relations have been dominated by varied and complex factors that range from physical and economic to political and cultural components. Nepal constitutes an important element of China's foreign policy. The overall policy and interests of China towards Nepal are its stability, security, economic and geopolitics. The geo-strategic vulnerability of Nepal, growing military and economic power of China, US's China containment strategy and India's concern over Chinese engagement in Nepal are the emerging issues that has security impact in the bilateral relations between Nepal and China. There is comparatively little understanding of how these disciplines relate to the pressing issues of emerging security issues, mistrust and insecurity in the region. This is a new phenomenon that needs in-depth study.

Given Nepal's geo-strategic position, ongoing differences between China and India and their widening engagement in Nepal vis-à-vis increased security and security concern, the vital mutual concern of the present-day scenario is bringing Nepal-China relation into new height and maintaining harmonious and progressive relations with the regional and extra regional powers. In this context, the research has focused on (a) to evaluate Nepal-China relation from 2007 to 2020 A.D., (b) to assess the impact of emerging security dynamics in Nepal-China relations focusing on the current regional security environment of South-Asia and (c) to examine Nepal's foreign policy and security strategy in the present global security context visualizing the importance of two giant neighbors.

In order to achieve the research objectives, the dissertation is organized in seven different chapters to include: Introduction, Literature review, Research methodology, Nepal-China relations (2007-2020), Emerging security dynamics and impact on Nepal-China relations in the current regional security environment, Nepal's foreign policy as well as security strategy and Findings, Summary and Conclusion.

This research has used the qualitative approach to analyze the Nepal-China relation and security dynamics. The research designs are descriptive and exploratory. The

collected data are of both primary and secondary in nature. This study mainly used political, diplomatic, military and economic variables of DIMEFIL instruments of national power as a framework of analysis.

Peace and development are the priority concerns of both Nepal and China. Both share identical views on major issues of global and regional concern. A new aspect of Nepal-China bilateral relations in recent years is increasingly being marked by cooperation in the areas of security as well. In the Republic era Nepal-China relations, there are emerging cross-cutting issues vis-a- vis geopolitical rivalry and the race between standing and aspiring power in the region. China has skepticism towards the growing strategic ties between India and US and perceive that the two nations are working strategically to encircle it. India is increasingly concerned by Chinese growing engagement in South-Asian countries including Nepal.

Nepal's significance is increasing regionally as well as globally. Nepal should engage in active and meaningful dialogue with both China and India. India and China have put forward various neighborhood initiatives of their own, including the proposals like BRI and Look East Policy. Nepal has to create space for its neighborhood policy based on the regional strategy of major blocs, powers and neighbors. The strategic location of Nepal itself proves the importance and possibility of trilateral cooperation. Being in a geo-strategic position and given the military rise of China and India, it appears wise on the part of Nepal to maintain a 'strategic balance and non-alignment' in its relations with both China India and other extra-regional powers.

The fundamental concern for Nepal is to protect and promote its national interest. In order to preserve its long-term security interest, it is necessary for Nepal to understand the sensitivity of China and India as well as other regional and extra regional powers in terms of their security related issues and adopt policies wisely. With the changing dynamics of global power-relations and developments in regional and international spheres; the non-alignment policy of Nepal has to be more constructive. Nepal also should maintain strategic balancing between two neighbors, prioritizing neighborhood first policy based on national interests.

Keywords: Republic Era, Nepal-China relations, emerging security dynamics, Panchayat era and Democratic era.

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ACRONYMS/ ABBREVIATIONS

A.D.	Anno Domini
ADB	Asia Development Bank
AIIB	Asian Infrastructure Investment Bank
APEC	Asia Pacific Economic Cooperation
ASEAN	Association of South East Asian Nation
BBIN	Bangladesh, Bhutan, India and Nepal
BC	Before Christ
BLF	Balochistan Liberation Front
BRI	Belt and Road Initiative
BCIM	Bangladesh-China-India-Myanmar Forum for Regional Cooperation
B.S.	Bikram Sambat
CA	Constituent Assembly
CBM	Confidence Building Measures
CCP	Chinese Communist Party
CIA	Central Intelligence Agency
CINEC	China-India-Nepal Economic Corridor
CMC	Central Military Commission
CMEC	China Myanmar Economic Corridor
CMI	Chiang Mai Initiative
CNI	China Nepal India
CNIEC	China Nepal Economic Corridor
CNP	Comprehensive National Power
CPAFFC	Chinese People's Association for Friendship with Foreign Countries
CPEC	China Pakistan Economic Corridor
CPN	Communist Party of Nepal
CPN (M)	Communist Party of Nepal - Maoist
CPN-UML	Communist Party of Nepal- Unified Marxist Leninist
CSC	China Study Center
DIMEFIL	Diplomatic, Information, Military, Economic, Financial, Intelligence, legal
EPG	Eminent persons Group
FDI	Foreign Direct Investment

FNCCI	Federation of Nepali Chambers of Commerce and Industries
GoN	Government of Nepal
GoI	Government of India
HMG	His Majesty's Government
IAS	Indian Administrative Service
ICBM	Intercontinental Ballistic Missile
IDSA	Institute for Defense Studies and Analyses
IFC-IOR	Information Fusion Centre–Indian Ocean Region
IFS	Indian foreign Service
IGETC	Inter-Governmental Economic and Trade Committee
IMF	International Monetary Fund
INRs	Indian Rupees
IRs	International Relations
IONS	Member Indian Ocean Naval Symposium
IOR	Indian Ocean Region
IORA	Indian Ocean Rim Association
IPS	Indian Police Service
ISDP	Integrated Security and Development
ISI	Inter Service Intelligence
KKH	Karakoram Highway
MCC	Millennium Challenge Corporation
MDB	Multilateral Development Bank
MoFA	Ministry of foreign Affairs
MoD	Mistry of Defense, Nepal
MPRF	Madhesi People's Rights Forum
MoU	Memorandum of Understanding
MTCR	Missile Technology Control Regime
NA	Nepali Army
NAM	Non-aligned Movement
NBC	Nuclear Chemical Biological
NC	Nepali Congress
NCEC	Nepal-China Executives Council
NCMCS	Nepal-China Mutual Cooperation Society
NCNA	New China News Agency (Xinhua News Agency)

NGOs	Non-Governmental Organizations
NRs	Nepali Rupees
NSP	National Security Policy
NSC	National Security Council
NTTFC	Nepal-China's Tibet Trade Facilitation Committee
PM	Prime Minister
PRC	People's Republic of China
PLA	People's Liberation Army
PLAN	People's Liberation Army Navy
POK	Pakistan Administrated Kashmir
RMB	Yuan (Renminbi)
RNA	Royal Nepali Army
RMA	Revolution in Military Affairs
RSS	Rastriya Samachar Samiti
SAARC	South-Asian Association for Regional Cooperation
SAFTA	South-Asian Free Trade Area
SA-IOR	South-Asia–Indian Ocean Region
SCA	South and Central Asia
SCMP	Survey of China Mainland Press
SLOC	Sea Lines of Communication
SCO	Shanghai Cooperation Organization
SIPRI	Stockholm International Peace Research Institute
SPA	Seven Party Alliance
SRF	Silk Road Fund
TAR	Tibet Autonomous Region
TAT	Trade and Transit
TIFA	Trade Investment Framework Agreement
TOR	Terms of Reference
TTP	Tehreek-e-Taliban
UK	United Kingdom
UNSC	United Nations Security Council
USA	United States of America
VUCA	Volatile Uncertain Complex Ambiguity
ZOP	Zone of Peace

CHAPTER 1

INTRODUCTION

1.1 Background of the study

Nepal and China are neighboring countries. The relations between Nepal and China based on Buddhism had started in the beginning when the story of birth of Buddhism at Lumbini reached in China in 2 B.C. (Bhattarai, 2010). Nepal - China relations are very cordial and deep rooted since time immemorial. The relationship is marked by social, religious cultural, economic and political ties. Occasional differences between the two countries are solved by amicable and peaceful means. Thus, the friendship between the two countries remains remarkably intact in the history of relations of both countries. China places Nepal in a high priority and the relationship is guided by the establishment of diplomatic relations in 1955, principles of Panchsheel and the 1960 Treaty of Peace and Friendship (Subedi, 2005).

Nepal occupies an important position in China's foreign and security policy objectives. Chinese engagement in Nepal is based on a certain core principle particularly, respecting the sovereignty, policy of non-interference in the domestic affairs and going out policy of economic engagement. China has in fact laid down a fourfold policy to strengthen its bilateral relations with Nepal. Firstly; accommodate each other's political concern, secondly; enhance the economic cooperation on the basis of mutual benefit, thirdly; boost people to people and cultural exchanges and fourth is to strengthen the coordination and cooperation in international and regional affairs (Kumar, 2013).

China's fundamental concern in Nepal is connected to security and stability (Bhattarai, 2010). China has also worried about Nepal being used by external powers to challenge its strategic interests. Some Chinese analysts argue that Nepal is used by the US in its larger strategy of encircling China. Since the demonstrations staged by Tibetan separatists from bases in Nepal in the 1960s, China has viewed external engagement in Nepal with suspicion (Acharya, 2019). Nepal and China have agreed to widen their recently deepening defense and security ties.

Being geo-strategically located between two ideologically contrasting and economically as well as militarily competing powers (rising China and India), the

strategic significance of Nepal has been growing. The test of Nepal's diplomacy lies on managing relationship with immediate neighbors mainly with China including India. The diplomacy also revolves around how to extract maximum advantages that protect the vital national interest vis-à-vis reduces risk of competition of China and India in Nepal. Historically, Nepal has been trying to maintain a balanced relationship with both China and India through various elements of national power, mainly diplomatic, socio-cultural, informational and economic (Shrestha, 2017, April).

China and India are entangled in complex ties where opportunities and benefits of cooperation are often overshadowed by their protracted rivalry and unresolved territorial disputes (Patel, 2013). These two rising powers are in competition to influence on small states in the region, compelling them to take one side or the other and form an alliance. This has resulted in apprehension and misperception of each other and occasionally heightened security dilemma in the region. These kinds of relationships have also impacted adversely on politico-economic, military and security spheres of internal and external affairs.

In this new strategic environment, India has extensive security concern in Nepal and it strongly conceives that the security challenges of India are due to open and permeable Nepal-India border, ongoing political instability in Nepal and increased Chinese activities facilitated by the widening engagement of Nepal with China in the Republic era Nepal (D. Bhattarai, personal communication, May 23, 2019). Similarly, India believes that China's recent increased engagement in Nepal is designed to weaken its strategic interest which might unfold multiple security threats in the future (Jaiswal & Kochhar, 2016).

As a sovereign country, Nepal would like to deal with India on an equitable basis. Nepal is closer to India from geographical, cultural and economic perspectives. However, building close ties with China is also important as Nepal can benefit from China's rapid economic growth. More importantly, China serves as an alternative platform for its political and diplomatic bargaining vis-à-vis India (Jaiswal, 2010). Nepal also understands that it cannot overlook India for having better relations with China. In fact, adaptation of balanced approach with both India and China would bring Nepal's economic development and stability in the country. However, recent incidents such as disruption of supplies through blockade of trade and transit route

along Nepal-India border for almost a period of six month in the wake of promulgation of Nepal's first Federal Democratic Constitution, 2015 followed by the withdrawal of Nepali Ambassador from India created friction in Nepal – India diplomatic discourse. On the other hand, during such situation, “Nepal's relationship with China entered into a more widening path where it is sought to get supplies by upgrading border entry points and making the flow in a larger volume. Under such circumstances, Chinese diplomatic posture appeared benign and supportive” (L.M. Poudyal, personal communication, Feb 7, 2020).

The security interest has been more profound and priority issue in the South-Asia region more prominently among Nepal, China and India. There is comparatively little understanding of how these disciplines relate to the pressing issues of mistrust and insecurity in the region. The evolving cross cutting issues like the emerging regional security, impact of China’s rising military power, possibility of India-US-China emerging balance of alignment and the role of India and China to bring peace and stability in the region needs to be explored with a view of immediate neighbors that primarily lies in ensuring its survival and existence as an independent policy addressing their security interest. Given Nepal's geo-strategic position, unresolved issues and rivalry between China and India vis-à-vis their widening engagement and increased security concern within Nepal, it is critical to examine Nepal's relations with China from the Nepali standpoint to explore renewed framework underpinned by how to make relationship strong and vibrant in its sole benefit that provides new momentum vis-à-vis protects national interest and preserve national independence in the Republic era Nepal (Thapa, 2019).

In the recent past, both China and India have become more concerned to the evolving strategic environment of Nepal. The emerging Nepal-China relations should be visualized in the milieu of India-China power rivalry in Asia. Fundamentally, Nepal occupies important but vital space for both China and India’s security interests in the South-Asian. Furthermore, Nepal also forms a vital element of China’s South-Asian policy. Besides stating a clear policy concerning Nepal, China has been thoroughly pursuing a multi-dimensional engagement with Nepal (Singh, 2014). China-India forthcoming relations might move on cooperative and even in keen manner. Nevertheless, the complex overlay of geographical vicinity and historical events on

China-India strategic landscape will bring intense contest and competition between the two Asian giants (Jetly, 2010).

Given Nepal's geopolitical position and recent political transition vis-à-vis behavior pattern of immediate neighbors, it appears critical on the part of Nepal to reevaluate its relations with China to explore way forward through the lens of changing realities. Similarly, it is also vital to strengthen appropriate means timely to achieve the end state; especially on how could Nepal better shape its strategic and security interest in a new political milieu that best serves its interests.

This is the new area where growing number of scholars are engaging and encompasses extensive presentations and publications of relevant literatures. Hence, the scope for studying Republic era Nepal-China relations on emerging security environment is very high. The findings are significant for Nepali foreign and security policy makers while formulating policies with regards to China. Furthermore, this study provides strategic options through various ways and means, which helps to address trilateral strategic and security aspirations in a more vibrant and enduring ways.

In order to do so, it descriptively analyzes Nepal's relations of the recent past with China vis-à-vis its policy towards Nepal and attempts to examine changing strategic and security relations. Using political, diplomatic, military and economic variables of DIMEFIL instrument of power as a conceptual framework of analysis, it aims to provide, qualitatively, an explanation of issues on Nepal's strategic and security relations with China in particular and other regional partners including US and India in general in the Republic era.

1.2 Statement of the problems

Nepal abolished Monarchy in 2007 from almost 240 years of rule and turned into Federal Democratic Republic, since then the engagement of Nepal and China has gained the intensity within Nepal. Their widening interactions are observed through political, diplomatic, military and economic variables of DIMEFIL instrument of power. The Federal Democratic of Nepal (Since 2007) mostly experienced the political transition, frequent change of government, two rounds of Constituent Assembly (CA) elections, promulgation of first constitution and economic blockade by India, cartographic tussle between Nepal and India, Nepal's increasing interaction

with China and finally federal elections. Since the times, Nepal and China have witnessed very cordial and harmonious relations. In line with that, China and Nepal have agreed to widen their deepening defense and security ties and take forward security cooperation between their militaries. Nepal – China relations have been dominated by various complex factors that range from physical and economic to political and cultural components. China's foreign policy towards Nepal depends on the political, economic and security interests. China also specifically pays interest to the activities of Tibetan refugees in Nepal and the assurance from Nepal on 'One China Policy'.

From the regional perspectives, the security situation of South-Asia is volatile, uncertain, complex and ambiguous and it's constantly evolving. The South-Asian region keeps much importance for its strategic geographical location, political movement, economic instability and historical culture. China's economic and military rise in the global politics has tremendous amounts of impact in South-Asian regions. China-India is competing for regional and global power influence. The US foothold in South-Asia is determined more by its strategic and economic interests especially the US security strategy of containing China. US will expand defense and security cooperation with India, a major defense partner of the US and support India's growing relationships throughout the region. Nevertheless, the broader regional strategic and security environment is unstable and complex.

The geo-strategic vulnerability of Nepal, growing military and economic power of China, India's concern over Chinese engagement in Nepal, US and Western Block's China containment strategies are the emerging issues that has security impact in the bilateral relation between Nepal and China. The complex geopolitics of Nepal has provided the ground for those concentrated regional and global powers to be engaged under their global interest. The priority to Nepal in Belt and Road Initiatives (BRI) and Millennium Change Corporation (MCC) is the consequence of the strategic importance of Nepal's geopolitics. Furthermore, Nepal being in a such geo-strategic position and given the military rise of India and China, there appears a need to look closely on the strategic and security aspects of relationship. One critical focus of China and India's overall policy and interests towards Nepal are their security concern. Whatever they are doing in Nepal from their standpoint, is rooted on threats emanating from Nepal on their security. Additionally, Nepal constitutes an important

element of China's South-Asia policy. Against this background, political leaders, academics, scholars and security officers are facing challenges that cut across traditional disciplines of international relations and approaches. There is comparatively little understanding of how these disciplines relate to the pressing issues of mistrust and insecurity in the region. This is a new phenomenon that needs in-depth study.

By examining through DIMEFIL instruments of power, this study is intended to fill an existing gap through strategic and security framework, in academic analyses of Nepal's relations with China with a view to explore policy frameworks for managing its harmonious relations in a new political milieu. Similarly, this attempts to identify the various emerging security dynamics which has impacted on Nepal-China relations from the Nepali perspectives. The geo-strategic environment demands a balanced but pragmatic foreign policy for the regional and global contexts. At this point of time in history, careful management of strategic and security relations with skillfully chosen policies conditioned by a broader understanding of various issues are vital which otherwise would pose state's survival at stake.

1.3 Research questions

The research questions of this study are as follows:

- (a) What are the factors that influenced Nepal- China relations during 2007-2020 A. D.?
- (b) How do the emerging security dynamics' impact Nepal-China relations in view of the current regional security environment of South-Asia?
- (c) How should Nepal frame its foreign policy and security strategy in the present global security context visualizing the importance of two giant neighbors?

1.4 Objective of the study

Historically, Nepal and China have very close and all-weather friendly relations. The relations are based on Panchsheel and non-interference in each other's domestic affairs which are the beauty of the bilateral relations between them. Currently, both China and India have become more vigilant to emerging strategic dynamics of Nepal. China and US are also competing in Nepal for their strategic and economic interest. The growing Nepal-China nexus should be seen in the context of India-China power

competition in Asia. Nepal also contributes an important element of China's South-Asia policy.

Given Nepal's geo-strategic position, ongoing differences between China and India, their widening engagement in Nepal vis-à-vis increased security concern, it is critical to explore Republic era Nepal-China relations on emerging security dynamics. As both China and India suffer from many unresolved issues and compete for power, their focus is on how to address security interests which they always perceive as threatened through Nepal. The importance of Nepal's geopolitics is further increased in the present context for global powers and they tried to make involve Nepal in their global projects like the BRI and MCC. Moreover, security and prosperity are the ambition of Nepal as well as the whole region.

The prime concern of the present-day scenario is bringing Nepal-China relations into new height and maintaining harmonious and progressive relations with the regional and extra regional powers. In this pretext, the research is focused on the following objectives:

- (a) To discuss factors that influenced Nepal- China relations during 2007-2020 A. D.
- (b) To assess the impact of emerging security dynamics in Nepal-China relations in view of the current regional security environment of South-Asia.
- (c) To explore Nepal's foreign policy and security strategy in the present global security context visualizing the importance of two giant neighbors.

1.5 Significance of the study

Nepal is so unique and geo-strategically positioned between two giant and competing powers with divergent ideologies and interests which deserves a distinct examination of its relations with them. The strategic partnership between the US and India and increasing Chinese presence in the region has made South-Asia important in the global strategic space.

China fears the growing strategic ties between India and the US feels the two nations are increasingly working strategically together to encircle it in South-Asia. Following the U.S. signing of the Tibetan Policy and Support Act of 2020 under President Donald Trump and the recent announcement that the Joseph Biden administration is committed to deepening relations with South-Asian countries to maintain a 'free and

open Indo-Pacific', geopolitical superpowers are increasingly focusing their attention on Nepal. In light of this, China may seek to press advantage against its neighbor.

This research is inspired by the belief that political elites, policy makers, bureaucrats, security experts, academic communities and informed public require a wider visualization and a fresh thinking with renewed approach in exploring framework to manage Nepal's relations with neighbors in general and China in particular. The followings are the significance of the study:

- (a) The findings are significant for Nepali foreign and security policy makers while formulating policies with regards to China.
- (b) As the study of strategic and security relations with China, it would be a new contribution and also provides avenues for future researchers to dwell more on this subject.
- (c) This study would be useful for defense personnel, security experts and scholars of IRs, history, strategic and political science to generate discussion on cross cutting thematic issues on strategy, security and diplomacy between Nepal and China.
- (d) It would also help others, in a similar geographic position, to realize challenges and opportunities in managing security interests with immediate neighbors.
- (e) This study would be first of its kind in explaining strategic and security relations with China in FDR period underpinned by emerging regional strategic environment. Moreover, it broadens an understanding as well as provides insights to examine Nepal-China relations (2007-2020) through instruments of DIMEFIL.
- (f) The land locked status and geo-strategic rivalry in the region would pose security challenges to Nepal to maintain balance relation in the regional and global environment for which Nepal should adopt suitable foreign policy and security strategy. In this regard, this would assist the security policy architect while framing the security strategy commensurate with the foreign policy objectives.

1.6 Delimitations of the study

This study covers only the brief overview of significant dimensions of Nepal-China relations prior to 2007. Not all but only Diplomatic, Military and Economic variables of DIMEFIL instrument of national power are briefly explained based on their direct bearing on this study. Under the current regional strategic environment, the issues of Indian Ocean Region (IOR), South China Sea, Association of South East Asian

Nation (ASEAN) and China-Pakistan Economic Corridor (CPEC), MCC, BRI are briefly dealt based on its linkages in this study. The strategic and security dimension of bilateral relations have briefly covered Nepal-India relations though both witnessed one of the unique but special relations comprising various dimensions of relations.

1.7 Organization of the study

Based on the research questions and the objectives of the study, the research is organized into seven chapters.

Chapter One: Introduction of the Study. This chapter sets the stage for problem statement, identify research questions, list out objectives, details significance and delimitation of the study. It also describes operational definition of key terms that are used in the research.

Chapter Two: Review of Literatures. It reviews various theoretical and empirical literatures and identifies gaps in the literatures which ultimately relates to the research gaps.

Chapter Three: Research Methodology. This chapter outlines research design, methods of data collection, analysis and interpretation of data. Additionally, it also presents conceptual framework of the research work.

Chapter Four: Nepal-China Relations (2007-2020 A.D.). This chapter describes Nepal China relation covering the period from 2007 to 2020 A.D. through the Diplomatic, Military and Economic (DME) instruments of power. It also attempts to relate Nepal's relations with China through the theoretical insights of IRs and elaborate determinant factors influencing bilateral relations as well as the efforts taken from both sides to bolster the relations.

Chapter Five: Emerging Security Dynamics & impact on Nepal-China Relations in the Current South-Asian Regional Security Environment. This chapter mainly describes regional security environment as well as the security dynamics including security challenges. Further, it examines emerging security dynamics and its influence on the bilateral relations between Nepal and China as well as the regional cooperation in the South-Asian region.

Chapter Six: Nepal's Foreign Policy and Security Strategy. This chapter analyzes foreign policy dynamics of Nepal including its strategy of non-alignment. It also

explains Nepal's strategic and security cooperation in commensuration with its foreign policy. Furthermore, the trilateral cooperation strategy with the immediate neighbors (China and India) and the way forward is also discussed.

Chapter Seven: Summary and Conclusions. Based on the objectives of the study and the research questions, this chapter details key findings of the study and presents summary of the dissertation. It then illustrates conclusions and finally provides areas for further study.

1.8 Operational definitions of key terms

For the purpose of the study, the following key words have been amplified:

Alliance: Alliances are formal or informal arrangements that sovereign states enter into with each other in order to ensure their mutual security. Balance of power as multi-polar system is intimately related to the concept of alliance (Nye, 2008).

Anglo-Nepal war: Nepal and the British East India Company fought a war against each other in 1814-1816 in far-Western theatre and mid-Southern front of Nepal. The war ended with the treaty of Sugauli in April 1816.

Cartographic war: War related propaganda where parties to the conflict publish the territorial maps. Nepal's new political map was unveiled six months after India released its own political map, placing Kalapani within its borders in 20th May 2020. The new map has been added 335 square kilometers of land in Nepal, taking the total area from 147,181 to 147,516 square kilometers.

China containment policy: This is the US foreign policy towards the People's Republic of China originated during the Cold War. The US military presence in the region, efforts to improve relations with India and Vietnam and the Obama administration's 2012 'Pivot to Asia' strategy for increased American involvement in the Western Pacific, have been associated with a policy aimed at countering China's growing clout.

China-India conflict: A war fought for a brief period between China and India in 1962 in the North East frontiers region of India mainly rooted on border conflict between them and is characterized by unresolved border issues.

Debt trap strategy: The theory of debt-trap diplomacy is that the creditor country extends excessive credit to a debtor country with the intention of extracting economic

or political concessions from the debtor country when it becomes unable to meet its debt repayment obligations.

DIMEFIL: Diplomatic, informational, military, economic, financial, intelligence and legal instruments are considered as elements of national power (Meiser, 2017).

Mostly used by the US, DIMEFIL are applied in describing the strategic situation of a country and analyzing the foreign relations. The instrument of national power is commonly described using DIMEFIL; however, other means such as financial-aid, assistance and Foreign Direct Investment (FDI); intelligence-exchange of critical information and denial of information on various issues and legal-treaties and agreements and other institutional arrangements have direct bearing on foreign policy and diplomacy in the interconnected and interdependent world. Whether it is DIME or DIMEFIL, it represents the available national means (McDonnell, 2009 June).

Diplomacy: It is the means by which states through their formal and other representative, as other actors, articulate, coordinate and secures particular or wider interests, using correspondences, private calls, exchanges of views, lobbying, visits, threats and other related activities (Barston, 2017). Diplomacy is concerned with the management of relations between states and other actors and mainly focused with advising, shaping and implementing foreign policy (Barston, 2017).

Defense diplomacy: The peaceful application of resources by a country from across the spectrum of defense for developing advantageous bilateral and multilateral relationships is generally defined as defense diplomacy. It does not include combat or counter-insurgency operations. However, it subsumes other defense activity such as international personnel exchange, ship and aircraft visits and high-level engagements at the level of Ministers and senior defense personnel, exchanges of training and exercises, security system reform, regional defense and security forums; Halifax forum, Munich Conference, Shangri-la Dialogue or bilateral military staff talks.

Emerging security dynamics: Emerging security dynamics is a contested notion, commonly used to distinguish a more recent set of threats and scope from what is considered a mainstream or traditional security agenda.

Hard Power: It is the use of military and economic means to influence the behavior or interests of other political bodies. This form of political power is often aggressive

(coercion)and is most immediately effective when imposed by one political body upon another of lesser military and/or economic power.

Hedging strategy: Hedging is a risk management strategy employed to offset losses in investments by taking an opposite position in a related asset.

Idealism: Idealism is a philosophy rather than a theory in IR. It emphasizes international law, morality and international organization rather than power alone as key influences on international events (Goldstein & Pevehouse, 2011).

Liberalism: It is a political philosophy with origins in the seventeenth and eighteenth centuries especially John Locke, 1632-1704, that emphasizes individual liberty to be achieved through minimal state interference. Laissez-faire government-one that upholds law and order; but is otherwise legally constrained or not granted authority to infringe on the rights of citizens and subject-is thereby considered to be a liberal government. Classical liberalism subscribes to the tenet of free-market principles with little or no interference on the part of government both at home and abroad (Wenger & Zimmerman, 2010). It also implies government support for free-trade policies and the nearly unfettered conduct of commercial activity in domestic and international markets.

Necklace of diamond strategy: In a counter-action, India has started working on the 'Necklace of Diamonds' strategy. This strategy aims at garlanding China or in other words, the counter encirclement strategy. India is expanding its naval bases and is also improving relations with strategically placed countries to counter China's strategies.

Nepal-China relations: Nepal and China enjoy a long, deep-rooted and illustrious history of friendship, cooperation and exchanges. The bilateral friendly relationship has been developing from strength to strength after the establishment of diplomatic relations in August 1955 and has reached a new height in recent years.

One China Policy: This recognizes there is only one China in the world. Taiwan is an undisputable part of China, and the government of the People's Republic of China is the sole legal government representing the whole of China.

Panchsheel or Panchaseel: It is the five principles of peaceful coexistence which was first stated in the China -India Agreement of 1954. Mutual respect for each

other's territorial integrity and sovereignty, mutual non-interference in each other's domestic affairs, mutual non-aggression against none, equality and mutual benefit and peaceful co-existence.

Panchayat era: The Panchayat System was formulated by King Mahendra after overthrowing the first democratically elected government and dissolving the parliament in 1960.

Pivot to Asia/ Rebalance strategy: The rebalance is a region-wide multidimensional policy initiative. In regional terms, the shift includes a stronger emphasis on South-East Asia and South-Asia to complement traditionally strong US attention to North East Asia. In policy terms, the rebalance entails three sets of initiatives – security, economic and diplomatic elements. The rebalance has seen a greatly intensified level of US diplomatic engagement in the region. The US diplomatic activism has involved strengthening alliances; building deeper relationships with partners such as Singapore and India; deepening engagement with multilateral institutions; and managing the US-China relationship.

Power: Power in IR is defined as the ability to achieve one's purposes or goals and more specifically, it is the ability to affect the behavior of others to get the outcomes one wants (Nye, 2008). It is often defined as the ability to get another actor to do what it would not otherwise have done (Goldstein & Pevehouse, 2011). Power is mainly exercised through two means; hard and soft power tools.

Post-Monarchy: On 27 December 2007, the reinstated parliament approved the abolition of Monarchy and in 28 May 2008 when 560 out of 564 members voted in favor of Republic, the CA declared Nepal as Federal Democratic Republic.

Realism: Realism is a theory of IR that emphasizes the state as unitary and rational actor and focuses on the actions and interactions of states. For the most part, realists study patterns of conflict and cooperation in the context of an anarchical international system, usually; security issues dominate the realist agenda at the expense of other concerns (Wenger & Zimmerman, 2010). For realists, the key concepts are national interests or objectives, power and the balance of power. Goldstein and Pevehouse (2011) details that realism explains IRs in terms of power and the exercise of power by states towards each other sometimes called realpolitik or just power politics.

Rana regime: The oligarchic rule for more than 100 years, 1846-1950, that begun with the regime of Prime Minister (PM) Jung Bahadur Rana in Nepal.

Regional strategic environment: The interplay of various actors and forces in South-Asia through various instruments of power mainly aimed to advance their agendas in pursuit of interests. The regional strategic environment is mainly concerned with the security situation created by the clash of interests of major powers like China and India, India-Pakistan relations and China's relations with other South-Asian countries. It also includes the interests of extra regional powers, such as the US and Russia's relations with China and India.

Republic era: On 28 May 2008, the newly elected Constituent Assembly declared Nepal a Federal Democratic Republic (FDR), abolishing the 240-year-old Monarchy.

String of Pearls: It refers to the network of Chinese military and commercial facilities and relationships along its sea lines of communication which extend from the Chinese mainland to Port Sudan in the Horn of Africa. Many commentators in India believe this plan together with the CPEC and other parts of China's BRI is a threat to India's national security. Such a system would encircle India and threaten its power projection, trade and potentially territorial integrity.

Smart power: It includes both hard power and soft power strategies. This approach necessitates a strong military, but also empowers profoundly in alliances, partnerships and institutions of all levels to enlarge influence and establish legitimacy.

Soft power: It is the ability to achieve desired results by attraction rather than coercion or payment. It developed as an alternative to know the intricate collaborations between nations and how nations engage diverse non-coercive means' sources to persuade. Soft power is the result of a nation's culture, political values and policies.

CHAPTER 2

LETERATURE REVIEW

This chapter reviews the available literatures related to the study. Firstly, it illustrates various theoretical literatures in order to identify and draw a concept that provides a theoretical framework for analysis and interpretation of data. Secondly, it reviews empirical literature such as government policies, joint statement and speeches released during the high-level visits that provide current data on the subject. Various available books and academic articles related to recent political development of Nepal, Nepal-China relations, Nepal -India relations and South-Asia which constitute secondary sources are reviewed to gain a wider understanding as well as finding gaps in the intended field of inquiry. Similarly, the analyses by various strategic study groups and think tanks on regional security, Nepal-China, China-India relations and other various issues influencing inter-state relations in the region are important literatures for investigation on the field of study. The final part of literature review demonstrates the conceptual framework of the study that provides avenues for analysis and ultimately leading to findings and conclusions. Literature review is organized in the order of date of publication to illustrate related literary developments available in the field of study.

2.1 Theoretical literature

In the context of present world, security as well as globalization and moreover to the international relation perspectives, few but very pertinent issues are always dominant. Why states maintain relations with other states? What framework do their relations guide and serve their intended purpose? What are the pros and cons of globalization vis-à-vis economic development and emerging security threats? What is the mitigating framework or guidelines for the global peace and harmony?

2.1.1 International relation theories

Morgenthau (1965) advocates the struggle for power which is universal in time as well as in space and an undeniable fact of experience. It cannot be denied that throughout historic time, regardless of social, economic and political conditions, states have met each other in contests for power. The author concludes that power is the basis of international relations, just as the basis of individual human relationships.

The idea of interest, according to Morgenthau, is the essence of politics and is unaffected by circumstances of time and place, which bears universal significance. His elaboration on the thesis such as 'state interest is survival' and 'states calculate interest in terms of power' was used in the analysis of Nepal's diplomatic relation both with China and India. He advances six principles that guide relationship of a state with other and the case in point is that it appears very significant in the context of generalizing the state of Nepal's relations with both the neighbors.

Clausewitz (1976) examines that military is one of the important instruments and its utility under the rubrics of the continuation of policy by other means which illustrates the focus of the state on maintaining military for the extension of their foreign policies. The author's elaboration on trinity- an important and inseparable link between the states, people and the military depict the relationships among these three variables. According to author, in a democracy, once the relationship amongst them is balanced and strong, it contributes towards devising enduring and credible national as well as foreign policies. In order to avoid war or conflict, it is essential to maintain a professional force that to be equated to national policies as an important subordinated element. It is an important literary contribution to understand the significance of military as an instrument of policy.

Waltz (1979) describes international politics that serve as a foundation for endless discussions of the levels of analysis, the role of power in international relations, rationality, the nature of the game, the roots of states' interests and the possibility of cooperation. It provides probably the most influential reinterpretation of the realist international political thought. He further explained that national politics is the realm of authority, of administration and of law. International politics is the realm of power, of struggle and of accommodation. On balance of power theory, the author contrasts balancing with band wagoning in which weaker states choose to ally with the stronger state and argued power is a means not an end where states prefer to join the weaker of two coalitions. Each state arrives at policies and decides on actions according to its own internal processes, but its decisions are shaped by the presence of other states as well as by the interactions with them. On balance of power theory, the author contends:

- (a) States are unitary actors who seek, at a minimum, their own preservation and at a maximum, universal domination.
- (b) States seek to achieve their goals through either internal balancing-increasing economic and military strength or external balancing-creating alliances.
- (c) For this theory to operate, we must see two or more states in a self-help system with no superior authority over them.

Carr (1981) puts power and power relations in the center of the international relations as the way things work. He believes the long-term success of a powerful country which lies governing with the consent of the governed because mankind, will in the long run, always revolt against naked power. For being over seventy years old, Carr's analysis is still fresh, fascinating and convincing. Understanding the interplay between power and morality is still relevant today as it was during the inter-war period. Though things have changed some, Carr's insights are still useful. As realism details a high regard for the values of national security and 'state survival', this research uses Carr's seminal work that discusses various theoretical paradigm on the nature of politics, economy and military that is considered as one of the serious studies in IR.

Machiavelli (1984) states that the supreme political value is national freedom and independence where power and deception are two essential means for the conduct of foreign policy. He further opines that main responsibility of rulers is always to seek the advantages and defend the interests of their state and thus ensure survival. For such purpose, it requires strength. If a state is not strong, it will be standing invitation for others to prey upon it-the ruler must therefore be a lion and if necessary, ruthless in the pursuit of self-interest-the ruler must also be a fox. He further posited that if rulers are not astute, crafty and adroit, they might miss an opportunity that could bring great advantages or benefits to them and their state. More importantly, they might fail to notice threat which if not guarded against, might harm or even destroy the state as well.

Elman (1995) analyzes the relevance of IR theories in the context of small states where most of the IR theories are focused on powerful states. As per received wisdom in IR, the best account for the foreign policies of small states can be done by examining structural/systemic rather than domestic level factors. The distribution of

power and the balance of threat do influence domestic institutional formation and change in emerging states; however, the subsequent military strategies of these weak states are likely to reflect such domestic institutional choices in a number of important and predictable ways. He contends while IR theorists have addressed foreign policies of great powers, they have largely ignored the study of small states.

Robinson (1996) explains the decision-making process used by the People's Republic of China in forming its foreign policy. Has this process changed at all in recent years and what can the world expect in their relations with China after Deng Xiaoping? He offers an unprecedented survey of China's foreign relations since 1949. Beginning with an analysis of the historical, perceptual, economic and political sources of Chinese foreign policy, he reviews China's desire to ensure its own security and regain freedom of initiative in its foreign relations. Furthermore, he reviews the international sources of China's foreign relations such as strategic systems and scientific imperatives, as the country searches for a re-defined role in the multi-polar world order. This greatly contributed for the understanding of China's modern role in international relations.

Johnston (1998) describes in-depth cultural realism study of pre-modern Chinese strategic thought that has important implications for contemporary international relations theory. He analyzes ancient texts and military doctrines to draw conclusions about Chinese strategic culture that stand in opposition to notions of China being a primarily defensive state throughout history. In applying a Western theoretical debate to China, Johnston advances rigorous procedures for testing for the existence and influence of 'strategic culture'. Although cultural realism has its flaws, it raises an important question about China's grand strategy as related to a strategic culture. This work is significant to the field of strategic studies not only because it opened a debate on China's strategic culture but also because Johnston has examined the Seven Military Classics as no one before in the West through his parabellum paradigm.

Carr (2001) argues that foreign policy of a country is limited not only by its aims but also by its military strength or more accurately by the ratio of its military strength to that of other countries. He contends that economic power cannot be isolated from military power and both are integral part of the political power and in the end, one is helpless without other. The author's literary work is a classic in IRs. The issues and

themes that author has elaborated in his literary work continue to have relevance to modern day especially in terms of power and its influence in the international system.

Hey (2003) examines the role of 'small states' in world politics and explains their foreign policy behavior. Using both theoretical and empirical insights, the author attempts to provide answers to a critical question: does the concept of small state have utility at all? The author details that in terms of engaging themselves in risky behavior, small states are in fact more likely than large states because small states have fewer diplomatic and informational-gathering resources. The author presents an interesting thought-provoking view that those small states possessed attractive power, by which they could exploit their importance in ways that enhanced their foreign policy success, even if they lack coercive power. It provides a comprehensive examination of how small states are advancing in world politics and how they are trying to achieve their foreign policy goals.

Fukuyama (2006) examines that all realist theories start from the assumption that insecurity in a universal are permanent feature of the international order due to abidingly anarchic character of the international system. All states will seek to maximize their power relative to other states and whether these are communist dictatorship, autocracies, slave holding aristocracies, fascist police states, or liberal democracies, they will strive for power and such reality is not affected by these internal characteristics of the state, asserts author. The author prescribes few important rules that guide policy. (a) The ultimate solution to the problem of international insecurity is to be found through maintenance of balance of power against one's potential enemy, (b) Since war is the final arbiter in disputes between states, the states must have sufficient power to defend themselves and they cannot rely on international agreement alone or no international organizations like the United Nation (UN) which has no power to enforce or to sanction. (c) Another concept of realism is that friends and enemies ought to be chosen primarily based on their power rather because of ideology or internal character of the regime. (d) In assessing foreign threats, statesman should look more closely at military capabilities than intentions; even if today a country looks friendly and non-belligerent, its mood could change tomorrow.

Palmer (2006) presents a general explanation of how states develop their foreign policy. The theory stands in contrast to most approaches which assume that states want to maximize security by assuming that states pursue two things, or goods, through their foreign policy: change and maintenance. States, in other words, try both to change the aspects of the international status quo that they do not like and maintain those aspects they do like. A state's ability to do so is largely a function of its relative capability since national capability is finite, a state must make trade-offs between policies designed to achieve change or maintenance. He further applies their theory to the cases ranging from US foreign policy since World War II to Chinese foreign policy since 1949 to the Suez Canal Crisis. Many implications bear upon specific policies such as conflict initiation, foreign aid allocation, military spending and alliance formation. More specifically, the useful are the implications for foreign policy substitutability.

McDonnell (2009, June) elaborates that the instruments of national power are commonly described using the 'DIME' model. The author contends that the Diplomatic, Informational, Military and Economic elements of the DIME model are well accepted and in the same model, introducing Financial, Intelligence and legal instruments makes 'DIMEFIL', which represents the available national means in the extension of foreign policy of a state. The DIMEFIL model for instruments of national power seems more appropriate, adding Financial, Intelligence and Legal instruments of power to the traditional four, asserts author.

Smith, Amelia & Dunne (2012) examine foreign policy analysis, its actors and goals and illustrate the theoretical paradigm such as realism, liberalism and constructivism. The authors argue that the best-known theoretical proposition about IRs is balance of power theory. Realists do view the accumulation of power, especially military power, as the best route to achieving national security. The structural realists view resort of international politics where military power emerges as the most important factors in assessing the relative power of a state and its relative position in the international system, detail authors. On liberalism, authors detail some insights that contribute to the understanding of foreign policy by explaining how individuals and their ideas and ideals such as human rights, liberty, capitalism and democracy can have direct effects on IRs. The first and most important effects of liberalism on the foreign relations of liberal states is the establishment of peace among them, opine authors.

2.1.2 Theories on power

Palmer and Perkins (2001) examine 'national interest', national policy and instruments of power. The authors describe that the balance of power system have proved to be temporary and unstable. It illustrates the principles of balance of power by offering various examples and its pattern and significance in international system. This literary treatment is an original and authoritative contribution to understand the principles, instruments, institutions and techniques of IR which contributes to synthesize various theories of IR. The authors describe the instruments for the promotion of the national interest and the control of interstate relations as well as elaborate various instruments of power: Diplomacy, Economic, Propaganda and Political warfare, Imperialism and Colonialism and War as an instrument of national policy.

Mearsheimer (2001) describes recent practice of a tradition of IR 'realism'.

Mearsheimer gives the basic assumptions of the realist theory:

- (a) The international system of states is anarchic in the sense that there is no central authority above states.
- (b) States, especially great powers, possess offensive military capability.
- (c) No state can be certain about other states' intentions.
- (d) Survival is the primary goal of states.
- (e) States are rational actors and engage in strategic thinking, i.e., long-term and immediate consequences of actions are taken into account.
- (f) States focus on the maximization of their power at the cost of other states.
- (g) Realism places emphasis on the role of relative gains. The ultimate goal of the state is to achieve hegemony.

Nathan (2002) details the increasing capacity of states to muster violence, the concomitant rise of military power as a meaningful instrument of foreign policy and the frequent episodic collapse of that power are considered in this examination of force, order and diplomacy. Nathan points to periods of relative order and stability in international relations-the time immediately prior to the rise of Frederick the Great, for example, or the half century after the Napoleonic Wars-as times when states have been most vulnerable to spoilers and rogues. Only the power of the Cold War blocs fostered durable order. Now, notwithstanding novel elements of globalization,

international relations appear as dependent as ever on the prudent management of force. He provides a narrative account of the people and events that have shaped international relations since the onset of the state system. He asserts that the successful management of national security requires the conscious integration of force and diplomacy.

Nye Jr (2005) explains power is one of the most important themes of international politics as a discipline. Almost all theories are identified, in some way or other, as to their approach to the issue of power. The term 'soft power' coined in the late 1980s and it lies in the ability to attract and persuade. Whereas hard power the ability to coerce-grows out of a country's military or economic might, soft power arises from the attractiveness of a country's culture, political ideals and policies. Hard power remains crucial in a world of states trying to guard their independence and of non-state groups willing to turn to violence. This would guide this dissertation for better understanding of soft power and its implications particularly in the South-Asia region.

Lauren, Craig & George (2006) examine the international nation-state system focusing on the balance of power system that later evolved into more organized systems like the League of Nations and the United Nations. They further examine various types of diplomacy (i.e., negotiation, coercion, etc.) and evolving ethical considerations when it comes to war and domestic and international violence. It combines history, political science and international law in a unique interdisciplinary approach to explore how lessons from the rich experience of the past can be brought to bear on the diplomatic challenges that confront our world today.

Axelrod & Dawkins (2006) provide invaluable insights into the age-old question of whether unforced cooperation is ever possible. They further explore how cooperation can emerge in a world of self-seeking egoists-whether superpowers, businesses, or individuals when there is no central authority to police their actions. The problem of cooperation is central to many different fields. The authors also recount the famous computer tournaments in which the cooperative program Tit for Tat recorded its stunning victories, explains its application to a broad spectrum of subjects and suggests how we can both apply cooperative principles to their own lives and teach cooperative principles to others.

Nye (2008) examines the way to understand the concept of power in IRs. He defines that power is the ability to achieve one's purposes or goals and more specifically, it is the ability to affect the behavior of others to get the outcomes one wants. He argues that balance of power is a policy of helping the underdog because if you help the top dog, it may eventually turn around and eat you. The author presents two basic assumptions in predicting behavior of states in the balance of power theory.

- (a) The structure of international politics is an anarchic system of states.
- (b) States value their independence above all else.

In balance of power, the author advances that if one state becomes especially powerful and if its location and behavior feed threat perception on the part of other states, balancing strategies will come to dominate their foreign policies. According to authors, some of the propositions commonly seen as definitive assumption of realism are as follows:

- (a) States are main actors;
- (b) Universal moral principles do not apply to states;
- (c) States calculate interest in terms of power;
- (d) Skepticism towards international law and institutions;
- (e) International politics is essentially conflictual;
- (f) Primacy of balance of power politics;
- (g) International system is anarchic;
- (h) The utility of force;
- (i) State interest is survival.

Stolberg (2010, July) outlines the international system in the 21st century especially how it functions and why it behaves the way it does. The author details that in contemporary international law, sovereign states are treated as equals; every recognized state can participate in the international system on the same plane. According to author, the sovereign equality possesses the following elements:

- (a) States are legally equal;
- (b) Every state enjoys the right inherent in full sovereignty;
- (c) Every state is obligated to respect the fact of the legal entity of other states;
- (d) The territorial integrity and political independence of a state are inviolable;

- (e) Each state has the right to freely choose and develop its own political, social, economic and cultural system
- (f) Each state is obliged to carry out its international obligations fully and conscientiously and to live in peace with other states conscientiously and to live in peace with other states

Smith, Amelia & Dunne (2012) argue that the best-known theoretical proposition about IR is balance of power theory. The balance of power theory predicts that states will balance against threats and a threat in turn is driven by a combination of three key variables-aggregate capabilities of state's overall military and economic potential, geography and perceptions of aggressive intentions.

2.1.3 Theory and practice on security

Morgenthau (1965) explains that the dimensions and determinants of state security encompasses the concepts of balance of power, comprehensive national power, sovereignty and ideological element in international politics, perpetual struggle between status quo and political change, policy of prestige, diplomacy, total war, collective security and disarmament etc.

Alagappa (1998) examines the in-depth understanding of Asian security by investigating conceptions of security in sixteen Asian countries. He critically reviews and appraises the debate over defining security and provides a historical overview of international politics in Asia and also compares the national practices with a view to identify and explain the key characteristics of Asian security practice and conceptualization on the basis of the Asian experiences. The crucial insights into the dynamics of international security in the region provided by this approach can form the basis for this dissertation for further inquiry including debates about the future of the region.

Cleary (2005) explains that Sun Tzu's 'The Art of War' is said to be the oldest military treatise in the world and was written centuries before dating from the spring and Autumn Period (roughly 771 to 476 BC). The author further elaborates on to a distinct aspect of warfare and how that applies to military strategy and tactics and also opines that all levels of military have used the teachings on Sun Tzu to warfare and civilization have adapted these teachings for the use in politics, business and everyday life. 'The Art of War' is a book which should be used to gain advantage of opponents

in the boardroom and battlefield alike. 'The Art of War' remains the most influential strategy text in East Asian warfare. It has a profound influence on both Eastern and Western military thinking, business tactics, legal strategy and beyond, the author describes.

Kaye (2007) assesses track two security related diplomatic efforts in the Middle East and South-Asia region focusing on cooperative security as well as the acknowledgement of track two forum at societal and official policy level.

There are trends that warring faction sit together and engage in dialogue even in the case of conflict and violence on ground. In many instances, warring parties are not able to involve in direct communication due to domestic reasons, lack of diplomatic relations and at times both parties do not accept each other's existence. In such circumstances, warring parties usually look into unofficial channel, which is termed as track two-diplomacy. The track two diplomatic communications have significantly risen in conflict zones since decades. Such communications hardly bring vivid policy changes and resolve prolonged regional conflicts; however, they have played crucial role in influencing the opinions, mindsets and understanding of security experts, the author opines.

Williams (2008) examines the major theoretical approaches, key themes and most significant issues within security studies. He further explores the main theoretical approaches currently used within the field from realism to international political sociology, explains the central concepts underpinning contemporary debates from the security dilemma to terrorism. He also presents an overview of the institutional security architecture currently influencing world politics using international, regional and national levels of analysis and further examines some of the key contemporary challenges to global security from the arms trade to energy security including the future of security.

Collins (2016) states that contemporary security studies provide a comprehensive, highly accessible and engaging introduction to the fast-evolving field of security studies. It covers a broad range of approaches and issues from terrorism and inter-state armed conflict to security issues centering on the environment, health and trans-national crime. It features an impressive breadth and depth of coverage of the

different theoretical approaches to the study of security and the ever-evolving range of issues that dominate the security agenda in the 21st Century.

2.1.4 Theory and practice on diplomacy

Palmer & Perkins (2001) examine national interest, national policy and instruments of power. In the 18th and 19th century, the principle of the balance of power was fully applied and was even written into several treaties of the eighteenth centuries. The authors describe that the balance of power system have proved to be temporary and unstable. It illustrates the principles of balance of power by offering various examples as well as its pattern and significance in the international system.

Willard (2006, May) examines the significance of military diplomacy in the present day. By advancing the case of the US, he asserts that military diplomacy provides a theater strategic capability essential to the effective implementation of US foreign policy. The author details that the military conducts formal exchanges with other governments and their militaries in the form of training and exercises, professional military education and other various military-to-military interaction in their official capacity which has contributed in producing strategic level benefits.

Hamilton & Langhorne (2012) examine the evolution, theory and administration of diplomacy and describe various types of diplomacy such as old diplomacy, new diplomacy and total diplomacy. The authors trace the historic roots of current diplomatic practices such as summit and conference. The authors present a detail analysis of new agents, issues and practices associated with contemporary diplomacy, illustrate new issues in diplomacy like tracks diplomatic actors, notably NGOs and describes impact of information technology's revolution on the practice of diplomacy. The authors examine dialogue between old and new sources of power and old and new centers of authority which are blurring the distinctions between what is diplomatic activity and what is not and who therefore are diplomatic and who are not. Dialogue is also creating an additional layer of diplomacy in which non-state actors communicate with both states and associations of states and with other non-state actors and vice-versa, the authors opine.

Cooper, Heine & Thakur (2013) examine the modern diplomacy covering a board range of issues such as political actors, the bureaucracy and modern trends on diplomacy. The authors further elaborate on the modes of practice on diplomacy such

as bilateral and multilateral diplomacy, conference and commission diplomacy, humanitarian, defense, economic, trade, health, refugee, sports, climate, cultural and public diplomacy. Similarly, they describe the diplomacy of security and its increasing significance, as well as explain on arms control and disarmament diplomacy and the peace-building and state-building. It is an authoritative literary tool covering whole range of diplomatic activity from bilateral and multilateral diplomacy to cultural and public diplomacy.

Baldino & Carr (2016) assert that the practice of military-to-military engagement in the last few decades has been strongly embraced as a central tool for strategic management. Many governments in the Asia-Pacific have accepted the practice as an instrument of statecraft to achieve comprehensive strategic outcomes: as a means of defusing tension, reducing hostility and shaping the behavior of states towards each other. The authors contend that the practice of defense diplomacy can produce strategic level benefits through a careful balancing of leadership, resources and defense postures.

Allen, Saunders & Chen (2017, July) examine the role of military diplomacy in foreign relations of a country. The authors elaborate that China has given greater emphasis on military diplomacy over the years mainly directed with the goal of shaping China's security environment, collecting intelligence, learning from advanced militaries and ultimately securing foreign policy objectives. Such activities are part of broader Chinese foreign policy efforts to create a favorable international image, develop soft power and shape international discourse, argue authors.

Barston (2017) analyses various elements that make up the contemporary diplomacy. He examines the changing nature of diplomacy and details diplomatic method, new groupings and various forms of diplomacy such as network, trade and cyber diplomacy. The author posits that traditionally diplomacy is limited with few ceremonial tasks such as maintaining protocol, representation and visits. He also examines the relationship between diplomacy and security. Much of diplomatic activities are dominated by 'cooperative strategy' which includes not only visit diplomacy, but also involve exchange of view, clarification of drafting, intention on policy and the like, the author argues. The author also details about 'active strategy'

which refer to an overall foreign policy focus that seeks to expand the role, activities and influence of the state.

2.2 Empirical literature

A number of books and scholarly articles on Nepal-India, Nepal-China, India-China relations and South-Asia regional perspectives are reviewed to gain wider understanding on the historical foundation of the study. These published literary works constitute an important part of the empirical literatures. Similarly, the literatures on security interest of Nepal, China and India vis-à-vis their triangular relations form the main source of research in the order to find gaps in the literature.

The government policies of Nepal, China and India, official reports and speeches-statements mainly obtained through open sources and official web pages offers important sources of literature relevant to the study. Furthermore, published literatures on strategic interests of China and India in the South-Asian region vis-à-vis their policies toward Nepal and the engagement of the US with China and India in the post-Cold War era also contribute to the field of study. Similarly, analysis conducted by strategic study groups, think tanks and related reports of seminar and workshops will greatly enhance the research work.

The available empirical literatures are classified into three categories for the better organization of study. First part of literatures covers mostly books and journals about Nepal-China relations, Nepal-India relations and security dynamics in the region. Second part discusses government policies and joint speeches-statements through the open web-based sources. The last part includes the scholarly articles through web-based and news sources on Nepal's relations with China and India and South-Asian security perspectives. Literatures are reviewed in the order of date publication to more accurately reflect the scholarly contribution and to follow the development in Nepal's relations with China and emerging security dynamics in a chronological approach. The thematic contents are also focused while developing the research. The documents related to governments policies are reviewed in alphabetical order of countries under the study.

2.2.1 Books and Journals

2.2.1.1 Nepal and China

Stiller (1993) explains how Nepal has developed as a modern Nepali state mentioning various key features such as land and its people, the founder of modern Nepal, Anglo-Nepal war of 1814-1816, Post-War stagnation, Rana regime and the development of Nepal's Political system in the post Rana regime. The author vividly portrays the pain that Nepal faced in the course of its political development as a nation state and also provides clear facts of modern Nepali history starting from King Prithvi Narayan Shah to Panchayat regime.

Manandhar (1999) describes Nepal-China relation from the ancient times until the 1940s mainly based on cultural political and trade dimensions. The author presents Nepal-China relation facts in a chronological order from the historical perspectives.

Malik & Schultz (2008) state that the rapid changes taking place in the global arena is triggered by a rising China. The authors analyze the political, economic and military dimensions of China's rise and also highlighted the proposed pragmatic policies that need to be taken at the bilateral and international level. The authors opine that China's rise in the international arena today is an accepted fact. Although China's 'calculative strategy' is premised on its peaceful rise, such changes in the international power equilibrium have seldom without conflict and turbulence. According to them, China's calculative strategy is characterized by the following four basic elements:

- (a) Emphasis on the primacy on internal economic growth and stability;
- (b) Nurturing of amicable international relations with pragmatic give and take approach without sacrificing the core national interests;
- (c) Relative restraints in the use of force with efforts to create a modern military;
- (d) A constant search for asymmetric gains internationally through more active participation in regional and global politics and various multilateral forum.

Jaiswal (2010) analyzes political, economic and strategic development in Nepal-China relation, post 1990. He attempts to examine mutual concerns shared by Nepal and China vis-à-vis each other and outlines possible areas of convergence and divergence. He primarily sheds light on the novelty of bilateral relations that materialized in 1950.

He further highlighted the development in relation after the restoration of democracy in Nepal in 1990 till the former King Gyanendra's regime.

Panda (2010) states that Nepal is one of the most reliable partners of China in the South-Asian region and asserts that Nepali government has taken a pro-Chinese stance on sensitive issues like One-China policy, human rights, Taiwan and Tibet. He further describes that Nepal has been a great supporter of China at the regional level and clear evidence is its open support for China's application for the 'observer status' in South Asian Association for Regional Cooperation (SAARC). Tibet factor is a vital link in Nepal -China relation and China -India relation. The author states that China is likely to play a significant role in Nepal's future domestic and political activities.

Bhattarai (2010) examines the 2000 years-old relationship between Nepal and China and explains their current significance from insight gained from decades as an active observer of major events in contemporary China. A brief account of the relations between Nepal and China based on the principles of equality and mutual benefits are presented.

Angang (2011) describes China's road to superpower status. The author notes nearly every prediction of China's growth since 1980, including that of the Chinese government itself has consistently and significantly under-estimated the pace of actual development that followed. He argues why he believes China's growth is real and well-grounded even while acknowledging the country's many remaining challenges. He says that China is destined to be a superpower, despite many unprecedented challenges to China's development.

Kissinger (2011) describes China's behavior and pattern of its international relation mostly focusing from 1971. The author portrays through an excellent manner with his immense diplomatic experience, the conduct of foreign relation and way of communication through the period of prominent leaders- Mao Zedong, Zhou Enlai and Deng Xiaoping.

Sharma (2013) explains that the bilateral relations between Nepal and China have been friendly and defined by Nepal's policy of balancing the competing influence of China and India; the only two neighbors of the Himalayan country. The author states that India-China rivalry are visible in the Himalayan region especially in Nepal. The author visualizes that in the previous couple of years, Nepal has been found to be a

great supporter of China. The author states that China has included Nepal in its Western development Campaign Plan. He also describes that India and China are engaging in peaceful interaction and dialogue concerning security, border, trade and civil society exchanges issues. There is a burgeoning question on whether China is a threat or an opportunity for Nepal? The author believes that it's an opportunity not just for Nepal but all of South-Asia. And that is why all South-Asian nations welcomed China into the SAARC as Observer albeit India's reluctance. Geo-politically and geo-strategically, both China and India are in fierce rivalry in Nepal, the author outlines. Security, economic development, internal stability and strong democratic mechanism are the national interests in the current political transition. The guiding principles for safeguarding Nepal's security are to understand the security sensitivity of both China and India without compromising own sovereignty and independence status.

Kumar (2013) covered different aspects of Nepal-China relation mainly on emerging threats from Nepal outstanding to China factor, China-Nepal relations and policy, China's engagement in Nepal, Nepali Maoism and the Chinese revolution and international migration in Nepal. The author states that the geo-strategic location of Nepal makes it a strategic interlocutor of two big regional powers, China and India. The author says that the India –Nepal border has assumed security significance only in the recent years due to continuing instability in Nepal and increasing Chinese proximity to Nepal. The considerable concern, of late, within the Indian security organization is the fact that the Nepali have been taking advantage of the open borders and forging alliances with extremist groups within India. There is a growing threat to security due to increase in the activities of China in areas bordering Indian state.

Adhikari (2015) focuses on the response of the military in Nepali polity which tried to practice a multi-party system along with the concept of the King in Parliament after the restoration of democracy in 1990. The author also tries to understand whether such a military response was helpful in institutionalizing the democratic system. The author states that the military institution in Nepal has always remained controversial in the public eye. The military history, tradition and background of a country play an important role in introducing and institutionalizing democracy. The military has been continuously playing a dominant role in many developing countries, regardless of the overwhelming parliamentary mandate received by any government. The author

underlines the pressing need for establishing civilian supremacy over the military through developing and strengthening civilian supervisory mechanisms.

Jaiswal (2015) explains the foreign policy behaviors of small buffer states like Nepal in international politics and also examines that how a landlocked country like Nepal has efficiently maintained its bilateral relation with both India and China. Nepal is a buffer state between two emerging great power India and China. The author states that Nepal being a small landlocked country, is a classic case of a small state striving to preserve its sovereignty against challenges from China and India; the two neighboring great powers, which have been locked in an intense security competition to expand their hegemony over the Himalayan state.

Shrestha (2015) analyzes Nepal-China relations in the last sixty years since the establishment of diplomatic relations in 1955. The author describes various developments in Nepal-China relations throughout the Monarchy period with prominent Chinese leaders from Mao Zedong to Hu Jintao to current leadership Xi Jinping. He details political and security relations mostly through party-to-party domain, border settlement and the issue of Tibet and its impact on Nepal-China relations with a limited focus on military relations. The author also elaborates on cultural and economic relations as well as cooperation between Nepal and China at regional and global level. One notable feature in Nepal-China relation, as author asserts is security relation in which China's primary concern in Nepal is its security where China wants to strengthen capability and extend relations with Nepali security agencies so that it contributes to control anti-Chinese activities in Nepal and cross-border smuggling as well as human trafficking. He also contends that Nepal has adopted 'One China Policy' and has consistently adhered to its basic tenets.

Amatya (2016, April) describes Nepal is the country which is geographically land locked and has political, social and economic dependence on India for long period. The Chinese silk road concept of BRI will enhance the connectivity of Nepal not only with Tibetan parts of China but also to Chinese mega cities and the sea ports on the South-East coast of China. Nepal's economic dependence on India has continued for long time due to geographical proximity and historical linkages. But time has come and Nepal should make effective effort to diversify our trade and promote our trade

with China, SAARC countries, ASEAN countries, Japan, South Korea and Western countries, the writer advocates.

Shrestha & Shakya (2017) aim at disseminating the information about the close relations between Nepal and China and seek to create appropriate voices on foreign policy matters. China's foreign policy appears to pay high importance to better and friendlier relationship with the neighbors. It believes in the mutuality of working together and also in the friendly neighborhood cooperation. The small or big size of the neighbors does not matter but equality of rights, mutual benefits, mutual respects for territorial integrity and sovereignty etc. are meaningful in the neighborly dealings. The authors describe China has always shown the cordial regards to Nepal. It has concentrated on the development of friendship by working together with the neighbors and the rest of the world with the opening up of many connecting routes, channels and infrastructures. Nepal would get good opportunity to use Chinese ports for global connectivity as envisaged in the agreement on the trade and transit concluded in March 2016. The BRI as conceived by Chinese President Xi Jinping, the Chinese dreams of enhancing global connectivity would be an important milestone in the annals of regional and global development.

Lohani (2017, March) describes that the relations between Nepal and China are firmly based on the foundation of Panchsheel or the five principles of peaceful co-existence, mutual trust, understanding, friendship and cooperation. China's strategic partnership with its neighbors is underscored by its firm support on core issues such as sovereignty, territorial integrity, national independence, security and stability. The author states BRI is expected to facilitate the exchanges and interactions between the Eastern and Western civilizations and promote the progress of human civilization. Peace and development are the priority concerns for both Nepal and China. Both share identical views on major issues of global and regional concern. China's basic policy of diplomacy with neighboring countries is to treat them as friends and partners, to make them feel secure and to support their development. This policy is characterized by friendship, sincerity, reciprocity and inclusiveness. Nepal is greatly enthused by the neighborhood policy of President Xi Jinping, the author views.

Duo (2017, March) describes Nepal-China economic and trade cooperation under the BRI background. The growth of the bilateral trade volume between China and Nepal

was rapid, yet the trade imbalance was also prominent. The scale of China –Nepal trade is small, but the potential is great. Nevertheless, the small scale entails a greater potential and space for development. China-Nepal bilateral trade is complementary, though the trade structure needs to be further optimized. The author identifies the developing opportunities in Nepal– China economic and trade cooperation. The BRI and other trade facilitation measures a complementary in Nepal-China economic growth and development. He further recommends the tactics for promoting Nepal-China trade by strengthening the infrastructure construction to encourage direct foreign investments and to enhance the industrial competitiveness.

Bhattarai (2017, March) opines the diplomatic relations between Nepal and China was established in 1955 which elevated the relationships to a new height and become more secure, substantive and intimate. It has increasingly been strengthened by mutual sentiments and behavior of closeness, understanding, respect and trust. China with continued supports to Nepal's independence and sovereignty and its constant unconditional help and cooperation to Nepal's development efforts and all out supports extended particularly at times of severe national crisis, caused by nature and sometimes by unscrupulous and unforgettable acts like blockades by our Southern neighbor, has won the hearts of Nepali people. Furthermore, he says in recent days, China has been helping Nepal in enhancing its regional posture by supporting Nepal's legitimate placement in various important regional organizations like AIIB, SCO, BOAO Forum, Kunming Asian Trade Forum, Trans-Himalayan Cooperation Foundation etc. China is now making a call to Nepal to join BRI, a project of unprecedented magnitude of wider regional and inter-continental Chinese connectivity. A new aspect of Nepal-China bilateral relations in recent years is increasingly being marked by cooperation in the areas of security.

Maskey (2017, April) describes that the time has come to take the first step towards a long and arduous journey of trilateral cooperation between India, Nepal and China. There are immense difficulties and barriers that lie ahead. The author further reiterates that Nepal situated strategically between its two great neighbors has an outstanding role to play in bringing them together not only as the ‘vibrant land-bridge’ but more importantly, as an ‘equal partner’ of sovereign nations, utilizing their comparative advantages. To ensure trilateral cooperation, trilateral strategic consensus between

the three countries need to be accomplished. Nepal's role could be pivotal towards this end.

Koirala (2017, April) asserts that Nepal-China relations have always remained very friendly and are based on mutual trust and support where Nepal strictly pursued 'One China Policy'. As Nepal is geographically well positioned, coupled with friendly relations with next-door neighbors, it is bound to be benefitted out of their prosperity. However, of this to materialize, Nepal must maintain reliable and cooperative relations with both the neighbors. Meanwhile as part of creating synergy for economic growth and also sharing prosperity, China has revised an upward quantum of foreign assistance for developing countries in its neighborhood. It even called on Nepal to join the China-initiated economic Belt and 21st century Silk Road projects. The author states that India, under PM Modi is also pursuing alike policy in the neighborhood. His policy of neighborhood first has further been enlarged. As China and India stem from the same region and are amongst the fastest growing economics in the world, being located between them is a huge opportunity for Nepal.

Shrestha (2017, April) analyzes new avenues and possibilities of Nepal-China relations. He states mutual political support; particularly willingness to accommodate each other's concerns and core interests are a sound basis of neighborly relations which is clearly stated in the joint statement between Nepal and China. The Chinese side welcomed the promulgation of the constitution in Nepal and regarded it as a historic progress in the political transition of Nepal. The Nepali side reiterated its commitment to 'One China Policy'. It firmly supports the efforts made by the Chinese side to uphold state sovereignty, national unity and territorial integrity and do not allow any forces to use Nepali territory for anti-China or separatist activities. Nepal and China have concluded historic agreement on transit transport which is of far-reaching importance to landlocked Nepal. The conclusion of ten agreements and issuing of fifteen-point joint statement by Nepal and China during PM K.P. Sharma Oli's China visit is testimony of cordial and fruitful bilateral relationship.

Pokharel (2017, April) examines unique example of dynamic partnership and good neighborliness of Nepal-China relations. In spite of the divergent socio-political systems, the two countries share many things in common particularly when it relates to peace, stability and prosperity at both regional and global levels. As the foreign

policy of these countries is built upon the good foundation of Panchsheel and the five principles of peaceful coexistence; China has always stood firmly to respect and support Nepal's sovereignty, territorial integrity and national independence. Nepal, on its part, right from the beginning stood resolutely to 'One China Policy' and lent support in many international forums including the United Nations (UN), the Non-Aligned Movement (NAM) and similar other arrangements. Besides, socio-cultural factors have also played crucial role in consolidating the entire gamut of bilateral relations. Currently, Nepal and China have agreed to conduct joint military exercise to combat the growing menace of terrorism which is obviously a step forward to ensure mutual security, the author states.

Gautam (2017, May) explains China has consistently followed its foreign policy of peace and harmony with other countries with a view to give focus on its economic development at home. The author admits that China would not have achieved today's success if it had not adhered to the policy of peace and harmony with other countries. Indeed, China - Nepal relations have become a model of friendly cooperation for countries of different social systems and neighboring countries to live in friendship and harmony. The author illustrates China and Nepal have also maintained sound coordination and cooperation in regional and international affairs such as peace, development and human rights in UN reform. The relations between the two armies are an important component of the overall relations between China and Nepal. With its emerging status as an economic superpower and a global political heavyweight, China has started to extensively engage the regional groupings around its and beyond, the author views.

Pudasaini (2017, May) identifies three important recent developments that have further deepened and widened the Nepal-China relations. The first is the recent economic blocked imposed by India. The second is the BRI undertaken by China and the third is China's rise as the second most important economic, military and political power that wants to expand its influence globally and particularly in South-Asia; including Nepal. The author opines China understands that it cannot completely replace India in Nepal for business or political influence. However, China seems to increasingly feel that India should not view Nepal as its sole backyard and interfere in Nepal-China relationship. Obviously, India's tension with China results from border issues as well as competition for strategic leadership in South-Asia and beyond. In

addition, China a nation with an observer status in SAARC, currently has been strengthening its political, economic, security and trade relations with almost all the SAARC member states (including Nepal). The rising influence of China in the region also adds to India's sense of insecurity and periodically colors its relationship with other member-states even though China is already a big trading partner of India itself. China also fears the growing strategic ties between India and the US and feels that the two nations are increasingly working strategically together to encircle it in South-Asia. It would be difficult for Nepal to fully ignore the concerns of India and the Western powers concerning their geo-politics without affecting Nepal's interests. Consequently, it is in Nepal's best interest to have realistically balanced relations with both India and China; including matters related to trade, investment, geo-political and BRI, the author recommends.

Simkhada (2017, May) examines the China's BRI and implications to Nepal. He states Chinese President Xi Jinping's ambitious BRI may well present a benign new win-win vision of international relations. While many perceive the phenomenal rise of China economically and militarily differently but Nepali see China as a friendly neighbor and a benign neighborhood power, mainly because Nepal-China friendship is based on mutual commitment to the principles of Panchsheel as close neighbors, friends and partners. Besides historical close ties, as the best land link between China and South-Asia, especially India, Nepal's active participation is crucial in creating the seventh geographic cluster China Nepal India (CNI). The author opines all great nation states need strong political, economic and military power. But a superpower also needs an ideological power of ideas which others admire and emulate by touching the lives of many peoples in many countries. The BRI is one such ambitious mega-project of connectivity and cooperation for a new world in a new age initiated by the new generation of Chinese leaders under the core leadership of President Xi. Rather than sending weapons and troops, if connectivity and cooperation is done through trade, investment and tourism which will be taken as sharing its new found wealth and prosperity. This will be China's way of expanding its influence in its neighborhood and the world, the author opines.

Dahal (2017, June) highlights the economic dimensions of BRI from the Nepali perspective. He describes China's bold, far-sighted, historic as well as pragmatic initiative known as BRI which offers a grand scale proposal for the future geopolitical

vista resulting in one economic world. This enterprise is claimed as the Silk Road world order that contains three major components: upgrading and modernization and extension of existing Silk Road, inducting Maritimes Silk Road; and developing energy Silk Road. The strategic objective of BRI is not only to establish 'hard' connectivity infrastructure development especially transport construction but also to build soft connectivity including promotion of trade and financial integration, exchange of policy and culture as well as people to people links to forge, as a stronger regional consciousness.

Shrestha (2017, July) states that Nepal's friendly relations with China have bestowed benefits to the Nepali society with China extending a good deal of cooperation from its socio-economic uplift. The rapid transformation of China into a great regional and global player in a short span of time calls for Nepali policy makers and diplomatic experts, visionary thinkers and analyst to project a long-term policy planning specifically aimed at China by closely considering the repercussions and ramifications of its neighborhood diplomacy and neighborhood policy. Most recently, the two important events relative to Nepal-China relations have conspicuously indicated the broadening cooperation undertaken as neighbors. The pledge of 8.3 billion US Dollar by the Chinese representatives to invest in Nepal on the occasion of the investment summit organized in Kathmandu on March 2-3, 2017 highlights the significance attached to Nepal's socio-economic development. Nepal's formal signature on the MOU of BRI with China on May 12, 2017 in Kathmandu shows its earlier commitment fulfilling the Chinese proposal for mutually beneficial physical connectivity for both neighbors.

Oli (2017, Sept) expresses Nepal and China, doubtless, enjoy problem free and cordial relations for long time (since time immemorial). Nepal acted as a center and a hub for the Chinese Buddhist pilgrimage by virtue of being the birth place of Lord Buddha and the fountain of Buddhism. The relationship is not merely confined to state-to-state level but encompasses people to people level. The author states China has always shown respect to Nepal's sovereignty and nationality and has pledged consistently not to interfere in the internal affairs of Nepal. Likewise, Nepal stood resolutely in the forefront to advocate for China's permanent place in the UN. Nepal has been adopting independent foreign policy from the very beginning. The cardinal feature of Nepal's foreign policy is to develop good and amicable friendship with both

of our neighbors. The fundamental concern for Nepal is to protect and promote its national interests and preserve national pride. We adopt a determined policy of good neighborliness and our friends need not be apprehensive, the author opines.

2.2.1.2 Nepal, India and China

Rose (1971) describes the historical development of foreign policy since the days of Hugo Grotius and Machiavelli and their school of thought to the modern scientific and systematic approaches of Cuetchow, Rosiwa, Claide and Kaplan and included post-modernist approaches. He further states that Nepali world view in the modern period appears to be primarily a reflection and extension of its perception of the country's two gigantic neighbors, China and India. The Nepali comprehension of these two great powers have been strongly conditioned by the history of Nepal's relations with them, as recorded in Nepal's chronicles, mythology and artistic and architectural achievement.

Savada (1993) describes increased influence of India over Nepal throughout the 1950 and presents the facts about Nepal's relations with China and India in the post 1950. He further states during the period 1950-1990, Nepal extended its relation with China with a view to counter India's influence. Likewise, China also looked for the opportunities to enhance its interest and diminish the Indian influence in Nepal

Kumar (2008, June) examines India's policy and its behavior as well as its interest in Nepal. The author states that the withdrawal of Britain from the Indian subcontinent in 1947 brought India's inheritance of British pre-eminence in Nepal. Nehru's sense in 1948-49 was that 'politically our interest in Nepal is so important' and that Indian policy was 'to prevent the exploitation of Nepal by [other] foreign interest', but to help in developing Nepal to mutual advantage of Nepal and India, the author illustrates. Further, he says that China gave aid to Nepal as part of its policy of detaching Nepal from India's embrace and on the broader aid program.

Pokharna (2009) describes Chinese interest in Nepal has emerged after the Chinese claim that Nepal accepts the Chinese proposal of establishing the confederation of Himalayan states consisting of Nepal, Tibet, Bhutan and North East frontier of India under the leadership of China. The author explains the friendly but very close relations between Nepal and China during the period 1959 -1962 and how South-Asia in general and India in particular got affected by Nepal's 'China Card' against India.

The author asserts that earlier Nepal was adopting policies of equidistance with China and India; however, Nepal developed a closer relationship with China especially after 1962.

Lohani (2011) examines that Nepal- India relations can be understood on the basis of national interest that has four dimensions which are political, economic, security and cultural. The author states that geographically Nepal is a small country; but being located in between two big countries, there is a great opportunity of economic development. He also examined the present-day Republic of Nepal's relation and status with its neighbors.

Einsiedel, Malone & Pradhan (2012) state that King Prithvi Narayan Shah launched his campaign to unify the country in the latter half of the 18th century. The expanded territory of Nepal was limited to present day Nepal after Sugauli Treaty. The authors further state that geography is a major determinant of Nepal's foreign relations and China's increasing profile in Nepal has affected India-Nepal relations. Nepali resentment of Indian domination has impinged directly on Indian's effort to uphold its special security relations with Nepal. Indian economic, political and cultural influence on Nepal has been and remained pervasive, producing at best ambiguous sentiments in Nepal. India is increasingly concerned by China's growing engagement in South-Asian countries, including Nepal. The authors describe that China has made inroads in Nepal by concluding treaties offering grants of economic aid, promoting exchange of delegations and providing facilities for Nepali student in China.

Bhatt (2012) analyzes the problem in the context of the treaty relations between India and Nepal on the one hand and India and China on the other hand as well as those between Nepal and China. The author explains in shaping Nepal's ties with India, the relations between Nepal and China have always played a key role, almost to the point of determining the nature of ties. The author further states that to a substantial extent, Chinese foreign policy has influenced the course of Nepal's relation with India.

Upadhyay (2012) describes the historical interaction of Nepal with China, India and Tibet. The author says wedged between the rising and assertive giants; Nepal is likely to become an even more important news peg; because of its chronic political turmoil deepened by elements of the China-India rivalry. The author states that diverse elements of the China-India rivalry play into each other because Nepal offers the

major place where India feels that it can challenge China. China's policy towards Nepal is still dominated by the issue of Tibet. Chinese assertiveness is bound to grow as its interests in Nepal go beyond the issue of Tibet to encompass its wider South-Asian strategy. He examines how Nepal is bubbling between boulders by the policies of China and India in Nepal. He further states that the geographic element of China's growing interest in Nepal came to the fore with China's announcement of its 'Go West' Campaign, as the Chinese leadership had become increasingly concerned by regional inequalities. With this convergence of Chinese internal and international imperatives, Nepal was drawn closer to China's concept of comprehensive national security.

Ibrahim (2013) states that India- Nepal relations are so strong that it's very hard to shape in mere words because these two neighboring nations have a history of deep ties and shared concern from ancient times. Quality of relationship between these two countries should not be seen in terms of treaty, having faith in each other's role any dispute can be solved and consensus could be formed between these two friendly nations. The author states that today Nepal stands at the crossroads amidst the swiftly changing political tracts and it becomes a scare to find a closer understanding over the core issues among all the political parties. The author explains that only a peaceful and democratic nation can pave the way for economic and social development. He further states that due to Nepal's location in between China and India as well as open border with India has brought huge influence on strategic and security sensitiveness of Nepal since ages. The author describes British India took Himalaya as a second frontier and wanted to keep Nepal under its sphere of influence as per the Himalayan frontier policy. The domestic turmoil and instability possess great security threat than external conditions, the author describes.

Rana (2013) assesses the interest of India and China in Nepal in the wake of the political changes since 2006; the evolution of modern international relations amidst the historical background of India-Nepal relations since 1950. The author identifies Chinese and Indian common areas and common interest which are: trade, investment and finance, energy and sweet water security, manufacturing and services, environment, terrorism, multi-polar world, people to people diplomacy, landlocked countries right, China- India -Nepal and tri-literalism between Nepal, India and China. China already welcomes tri-literalism cooperation between the three neighbors. The

writer also examines the different dimensions of China and India mainly on China-India cooperation, China-India competitive areas, China-India conflict areas, China-India coordination mechanisms and China-India communication. Just as asymmetrical power of India in South-Asia, threatens all its neighbors so does China's asymmetrical sway over India thinks of strategic partnerships with US and Japan that China, as global player, will become more assertive in South-Asia, the writer opines.

Singh (2014) states that Tibet factor is emphasizing the strategic importance of Nepal as it buffers between China and India. China and India have had political and security implications to Nepal. The author mentions that since the time of King Prithvi Narayan Shah, Nepal is considered as yam between two boulders which explains Nepal's susceptible position between two emerging powers of China and India. The author explains that Indian interest regarding Nepal is related with political, economic and security domains. The author further sees China's security and foreign policy objectives in Nepal are several. China's objective in Nepal is Nepal's assurance on 'One China Policy'. China never compromises on Tibet issue as it is its core interests and uses all resources for protection. Hence, China always takes any challenge to Tibet as the threat to its national security and territorial integrity.

Shrestha & Shakya (2016) describe that the closer any two nations are, the greater cooperation takes place, but not surprisingly, the bigger problems emerge too; this is the phenomenon that has visibly characterized the evolving Nepal-India relationship. They further explain that no wonder a bigger country takes a smaller neighbor as its backyard, wherein the bigger should have the clout of its own. However, it neither looks compatible, nor humanitarian, when the bigger one's action and behavior pinches the smaller one to its hilt. India and Nepal should have definite trajectory for an amicable neighborly friendship that should not distract from the age-old contact and interaction coming down from the time immemorial.

Shakya (2016) states Nepal must pay attention toward the geographical reality of its location. India imposed blockade four times against Nepal in 1962, 1970, 1989-90 and in 2015-2016 respectively. The strong feelings of the patriotism firmly stand on safeguarding Nepal's sovereignty, national independence and territorial integrity in honor of Nepal's dignity with an intent to achieve self-development. India needs to understand Nepal's interest and its people's sentiment.

The author further describes that today the relations between the two nations are passing through a sensitive juncture; but we must move forward to bring our age-old relationship by opening up a new chapter of economic cooperation for mutual benefits. Need of mutual trust and fairness in sharing the costs and benefits matters significantly. A new direction appears to have started after the formation of Eminent persons Group (EPG) on both sides to sort out the differences and to remove the cloud of misunderstanding of the past and to extensively review the entire issues of Nepal-India relations including 1950 treaty and other important agreements. There is a great need to govern Nepal-India relations not by the traditional diplomatic approaches and styles but by innovative and visionary way of dealings.

Simkhada (2016, May) opines that the ideas deficit profoundly affects Nepal-India relations, two countries with vast asymmetry in size and power and yet intimate in many ways. Permanent interests of both countries are best served by perpetual peace and permanent friendship. Enmity does not fit in the matrix of relations. But why do Nepal's desire for peace and India's demand of friendship create controversy, the author questions. The author reiterates that if understood well, Nepal-India relations are magical. They are linked by unalterable bonds of geography, history, culture, language, religion and best characterized by the 'Roti and Beti' (bread and bride) idea and the open border.

Jaiswal & Kochhar (2016) examine India, China and Nepal trilateral engagement in the recent years. The authors assert that there are forces beyond the region that will shape and define the prospects of India-China-Nepal trilateral engagement. More importantly, US and EU have interred and intra-regional interest and want to maintain and expand their sphere of influence. Owing to the rising status of China and India in the global arena and the resource potentiality of the region, the extra regional powers always inter-play for their identity and existence in the region.

Gautam (2016, April) identifies that India has three strategic interests in Nepal – protecting India's security interests across the open border- e.g. from possible direct or proxy encroachment by its regional rivals China and Pakistan, or by any third country or terrorist groups, wanting to benefit from Nepal's vast water resources which could be harnessed to meet Nepal's as well as India's energy and water needs including for power irrigation and flood control and domestic stability in Nepal. The reduction of

Nepal's excessive dependence on India and cultivating stronger partnership with China is certainly a prudent and desirable objective. However, it would be unrealistic and impractical to view Nepal's relationship with China and India as being completely on par or equidistant. Nepal will, therefore do well to cultivate strong but differentiated strategies in harnessing mutually beneficial partnership with these mighty neighbors for Nepal's economic prosperity.

Simkhada (2018) states that China already has a reserved seat at the global high table and India will soon reclaim its place there; these are also objective realities. In such a context, how do China-India relations affect each other and a small neighbor like Nepal situated between them? Neighbors too must contribute into confidence building by keeping their own houses in order, making their concerns clear without fear or playing cards and contributing with new idea. In this new environment, relationship of trust and confidence with the two immediate neighbors within the overall guiding philosophy of 'amity with all enmity with none' continues to be the most important issue of Nepal's foreign policy and national security agenda, the author opines.

Sangroula (2018) examines contemporary international politics, relations and tracks through international relations especially since the rise of US President Donald Trump to power, his America first policy, constant debates on South China sea and latest being the China-US trade standoff. The author states that economy has taken to forefront for two Asian powers India and China in place of any confrontation. This working together of the two countries is important and will ensure better Asia in days to come. The author further elaborates the role of various interest groups and countries in the internal affairs of Nepal due to its strategic location while the two neighbors were growing exponentially; Nepal was struggling through transition which has negatively reflected the economic and social development in the country. The dynamics of geo-economic stresses that Nepal needs to start thinking about development that is focused towards geo-economics rather than geopolitical. The author describes BRI of President Xi Jinping is a vital instrument of change for the country and prospect of Chinese investment in Nepal is huge and thus the same should be taken advantage of, rather being skeptical about it.

Tomer (2019) states that the relationship between Nepal and India is often described as unique. Geographical proximity, an open border and cultural civilization, historical

and social bonds have intimately brought together the two sides from ancient times to the present. India and Nepal share not only a long and open border but also a cultural history. The author further views Nepal occupies strategic significance for India, especially from security perspective. A peaceful, stable and prosperous Nepal is vital to India's stability and security. A cordial and friendly relationship based on mutual strategic understanding can be helpful in ensuring security along India-Nepal border. India should take into account Nepal's sensitivities and similarly Nepal should appreciate India's genuine security and strategic concerns.

2.2.1.3 South-Asia regional security context

Dharamadasani (2001) explains that due to its landlocked position and excessive dependence on India, Nepal is naturally obsessed with India's dominant role in its political and economic affairs. The author through his comparative study of South-Asia explains that Bangladesh is also taking steps to reduce Indian influence by inviting Western powers in its national development. Sri Lanka is also recently relying on Western support in order to end Indian influence particularly because of perceived Indian threat in the wake of ethnic turmoil.

Chambers (2002) analyzes the strategic balances and alliances in South-Asia focusing on the growing rivalry between China and India along with India and Pakistan with likely strategic situation of the region by 2020. He further states that in 2020, assuming that China avoids serious political instability and maintains reasonable economic growth; China should maintain its advantages over India particularly in the economic and the military realms. China is already engaged in a military modernization drive which is significantly enhancing its capabilities and its reach towards nuclear power, particularly in response to the US plans to build a national missile defense system, the author opines.

Sidhu & Yuan (2003) analyze that China is always becoming the worrisome factor for Indian strategic and security elites. The 1962 war between two nations and 1964 Chinese first nuclear test further aggravated the China fear factor among Indian security society. The author examines the existing and the potential areas of conflict between China and India as well as its regional security implications caused by the emerging military buildup by both nations.

Frankel and Harding (2004) state the Chinese initiatives in the recent past are an effort to undercut India's natural dominance in South-Asia. The authors explain that Chinese core objective is strategic encirclement of India in the Indian subcontinent even though China demonstrates peace and harmonious policy towards India.

Sharma (2006) illustrates the role played by Nepal between the Chinese and Indian civilization and the impact it has had in creating a symbolic culture. The author has well depicted Nepal's relations with China along with an extensive coverage of relations with India from the historical perspective. He states that Indian lead was generally followed in which Nepal was an adherent to the policy of non-alignment as propounded by India, in foreign policy during 1950. The government of Nepal during the rule of King Tribhuvan reiterated that it would always follow the principle of neutrality, remaining aloof of the conflicts of the two big power China and India.

Jacques (2009) states that there are both opportunities and challenges from the enhanced relations of China with Asian and South-Asian nations. He states the relations between China and India over the past 50 years is marked by suspicion, competition and conflict. India is still got irritated with the 1962 India-China war where India got defeated. The author asserts that though India has hegemonic position in South-Asia but India is challenged by Pakistan, Bangladesh, Nepal and Myanmar. On the other hand, China is supporting all these nations in order to balance against India whereas these nations take China as their ally to counter Indian in South-Asia region.

Rajagopalan (2009) examines Chinese military strategy, military objectives and impacts on stability of Asia and Indian security. The author opines that from the Indian points of view, there are several concerns from the border and territorial issues to its approach towards India's immediate neighbors and the emerging Asian security framework.

Cohen & Dasgupta (2010) examine India's military modernization drive and implication in the region in the context of its rivalry with China and Pakistan. The authors state that India- the second most populous nation in the world, is beginning to wield the economic power expected of such a behemoth and India's border with Pakistan is a tinderbox, the subcontinent remains vulnerable to religious extremism and a military rivalry between India and China could erupt in the future. The authors

examine India's approach of arming its military without strategic purpose, haphazard military change that lacks political direction and its likely ramification and asset that such phenomenon remains viable as India seeks great-power accommodation of its rise and does not want to look threatening.

Kondapalli & Mifune (2010) examine China's foreign policy strategy as a great power and its relations with neighbors. The authors detail many current pressing issues such as China -Taiwan relations and 'One China Policy' and India-China relations.

Importantly, the authors point on current drives in China's South-Asian neighborhood. The authors contend that its political and border interactions with nearly half of the Asian states are crucial in explaining inter-states dynamics in the region.

Jain (2011) examines India in the present context of South-Asia; covering its strategic, military and economic concerns and interests. The author has focused about political, security and strategic dimensions exploring India's relations with Nepal, Sri Lanka and Bangladesh in light of the unprecedented political developments that have recently taken place in these countries. The author states that India's relations with South-Asian countries have undergone a major transformation following the unprecedented political developments in its neighborhood, which have a profound bar on India's myriad national interests.

Chakrabarti (2012) analyzes China's soft power in South-Asia especially the tools it has been using to expand relationship with small South-Asian countries with which China strongly feels that its geographic, maritime, economic, political and overall strategic interest is closely linked. The author further describes that in South-Asia, India has to deal with the Chinese soft power and China's foreign policy strategy. This is pertinent example of its judicious balance between soft and hard strategies and the deployment of soft and hard power in the reign which have distinct country specific application.

Rizal (2012) highlights the magnitude of security threats in South-Asia and the impacts on individual, society and nation. It also aims to contribute to understanding of emerging security in South-Asian context and ability to envision and construct political, economic, social and environmental as well as development process to unfold and unearth the paradox and resolve it. The author points out in a post-cold world era, where traditional security studies have been challenged by much broader

concept which has come to be known as citizen security, examining the role of non-traditional threats on security of individual and communities. He further states the concept of 'hard and soft' security threats which has been increasingly accepted but still the implementation of the strategies to cope with 'soft security' threats has been less prominent. He argued that while the traditional security concerns persist, looming non-traditional security challenges have attended greater salience in recent years. He also demonstrates emerging security challenges and concerns in South-Asian context and provided a base to analyze the security in amalgamated and holistic perspectives at national, regional and global levels. It also critically examines the security of extended region and the role of India, US and China in the region. It focuses on comprehensive security and provided a broad outline of the new security architecture in South-Asia from 'wheels to Webs' to drain the swamp of security challenges and concerns.

Awasthy (2013) analyzes China-South-Asia political relations from Nepali view point. The focus of the study were Chinese viewpoint of Nepal, China's strategy and attention in South-Asia, China-ASEAN relations, Nepal and China relations in the 21st Century, China's military, security relationship with Pakistan and India, China's political impact in South-Asia, Mao's legacy and the future of Maoism in China and Nepal. The author states that due to independent relations with South-Asian states, China was aware of the unequal inter-state relations that do not allow development of cordial and trustily ties between them. Difference in size, power and interpretation of agreements had affected relations between states in South-Asia. The author describes that China and South-Asia are linked by land and water, mountains and rivers. Unlike East Asia, South East Asia and China, Chinese and most of South-Asian ties are contiguous, more natural and comprehensive. The author views China and India have taken distinctive modus operandi to Nepal where China has long term strategic plan but India has short term tactical plan. The increasing Chinese involvement in Nepal has had the impact on both to India and Western powers.

Jha (2013) describes due to structural policy inertia and bureaucratic delays in defense procurement and military modernization; India has been facing the absence of tangible deterrence against China. The author states that rise of China is both an opportunity as well as a matter of concern. However, those who perceive the rise of China as a threat outnumber those who claim China's rise as peaceful. China has

created new opportunities for the developing and underdeveloped nations especially through export-oriented economics. Indian policy-makers are wary of China while at the same time acknowledge the fact that alliance or even long-term strategic tango with US has enormous international costs. The author addresses about the intense competition and occasional cooperation between India and China with a focus on South- East Asian region. Highlighting varied tactical compulsions, the author discusses how India and China are going to manage the myriad dimensions of strategic hedging, economic cooperation and tangible leverages to their advantage and whether it would translate into competition or cooperation.

Khilnani (2015) views China as a potential threat to Indian interest and asserts that China's remarkable rise to the status of a major world power; second only to the US is a single example of strategic coordination. Such reality is significant for India not just, because the two countries share one of the longest and still disputed-physical borders in the world, but also because China's global ambitions affect India's interest in every geo-economics and geo-political sphere. The author argues that it will require India to have strategic judgment, diplomatic capacity and skills infrastructure and technological capabilities.

Panigrahi (2016) analyzes the geopolitics of India and China and most importantly China's rise to power. The author opines China's new formulation of building 'a harmonious world' through peaceful development as declared by the former President Hu Jintao; that China is a spiritual civilization'; that the peaceful rise does not endanger other societies; that would accommodate 'diversity' and not work for 'uniformity' in the world and so on are much welcome. The author further states although India has now emerged economically stronger and has striven to arm itself adequately to meet the challenges, posed internally and externally, it can hardly aspire to be a hegemon. In fact, India's inability to enforce its will or reluctance to strike at the recalcitrant neighborhood should be regarded as a factor why India mostly sought to build a tension free, peaceful neighborhood through dialogue and peaceful coexistence by following the philosophy.

2.2.1.4 Foreign policy

Pradhan (2003) assesses the nature of Nepali foreign policy and its priority issues. He emphasizes on proper functioning of diplomacy through meticulous care and

observation. The author opines that foreign policy is the end in itself and diplomacy is its means. In order to build the few important issues which, influence Nepal's foreign policy; the author stresses on regional organization SAARC, regional security and domestic economic landscape. The author elaborates on priorities in foreign policy issues covering until 1990s. He also details on territorial issues like Kalapani, Mechi River boundary issue and Susta land dispute. This is a good literary work to understand the dynamics of Nepali foreign policy during the Monarchical period starting from Prithvi Narayan Shah to the role of King Birendra.

Singh (2009) analyzes the complexities of India's foreign relations with the Himalayan Kingdom. The author states that the centuries-old Monarchy of Nepal came to an end in May 2008 in a transparent, democratic and dignified manner. He further says India and Nepal have a deep and abiding special relationship without parallel in the world. But with the end of Monarchy rule, the new Republic of Nepal has made a fresh beginning in its whole-some relations with India. To make any constructive and mutually advantageous engagement with new Nepal, India has to grasp the degree and depth of the radical transformation that Nepal has gone through in the last couple of years. To have fruitful relations with Nepal, India needs to get rid of its traditional mind-set and requires cooperating with Nepal who is not small neighbor but a strategy partner too, the author opines.

Vaidya (2009) finds key issues that are very relevant for protecting the sovereignty and integrity of Nepal including the essence of democracy and changing framework of national security and national interest. She identifies national interests of Nepal; preservation of national sovereignty, independence and territorial integrity and maintaining national unity which ensures Nepal's territory is not exploited to harm other states, among other. The author posits that Nepal's national security encompasses the totality of those policies and is geared towards accomplishing the national objective of institutionalizing peace and promoting prosperity. The author provides a coherent view towards Nepal's foreign policy, which is relevant to the policy-maker. She argues that the strategic thinking on Nepal's national security assumes that the ultimate goal of every government has been to keep the foreign policy in balance, safe and vibrant. She also brings out various dynamics of threats to national security of Nepal including external threats.

Muni (2010) examines the democratic dimension of India's foreign and its neighborhood policy within that dimension and details foreign policy dynamics under Nehruvian and post-Nehruvian period referring to India's relations with its South-Asian neighbors. He also describes imperatives of democracy dimension of foreign policy in the new millennium with its immediate neighbors. He states that India's foreign policy under Nehru experienced two transitional periods-the demise of Rana regime in 1950-51 and King Mahendra's direct rule of 1960. In both the period, Nehru's policy towards Nepal was purely directed by its security interest in the Himalayan Kingdom, given the victory of communist forces in China and US trying to step into Nepal to fill political vacuums created by the British withdrawal from India especially in the South-Asian region.

Subedi (2010) identifies challenges to national security of Nepal and details the role of international law and foreign policy. The author states Nepal is an ancient state which has existed in various forms for more than 2,500 years and it has survived as an independent nation through centuries and often through very challenging times mainly because it has traditionally followed a policy of neutrality and non-alignment in the conduct of its international relations. Nepal is facing multi-faceted challenges today, which have never been greater and more serious in nature and it is likely to get more complex in the years to come. The author contends that Nepal's foreign policy continues to be affected by its geo-strategic location between China and India and attempts to maintain virtual balance between these powerful neighbors.

Baral (2012) discusses about managing state, democracy and geopolitics in the context of Nepal comprising of Nepali democratic exercise since 1990 till 2012 focusing on internal and external factors with their visible and invisible role in Nepali democratic process. He describes the internal political situation and the political parties after the demise of Monarchy in 2006, various state mechanisms including the role and the position of the Nepali Army (NA) towards democratic transition in Nepal.

He states that Nepal's diplomacy is constrained by both the geopolitics and by the newer trends, which are looming large in the conduct of domestic and foreign policies of the countries of the world. He contends that Nepal's relation with its two immediate

neighbors China and India continue to be guided by geo-political reality and the increasing trends of globalization.

Nayak (2014) describes that India has had strong historical, geographical, cultural and economic links with Nepal and the two countries share an open peaceful border. There is a chronic suspicion in China that the Tibetan refugees are misusing the Nepal-Tibet and Nepal- India border. The author asserts that Nepal comes second in importance to China after Pakistan, in South-Asia. The author examines foreign policy challenges of the Federal Democratic Republic of Nepal, dimension of India - Nepal relations and China's strategic engagement in Nepal in the new political situation. The author states that China has formulated a new foreign policy to go global and seize opportunities.

Muni (2016) examines the major determinants and objectives of Nepal's foreign policy, vis-à-vis its relation with India and China. The author states that Nepal moved away from the policy of special relations with India and evolved a certain balance of power in relation to its neighbors. The author views Nepal's geographical location between India and China was both, a liability and an asset. The correlation between the regional and the global aspects of Nepal's foreign policy are regional balance of power and the global non-alignment. The author further states in view of its geo-strategic and economic initiatives in South-Asia, China is both willing and capable of linking Nepal with its 'Belt Road Initiative'. The author further reiterates Nepal will also have to ensure that it propose bridge role in the developmental context remains cautious and scrupulously avoids offending strategic sensitivities of India and China. In addition, the strategic competition in the Asian region including South-Asia is more likely to intensify involving China, India and also the US. It remains to be seen as to how Nepal is going to cope with such a competition, not only in crafting its strategy of regional balance but also in pursuing overall objectives of its foreign policy, the author describes.

Acharya (2016, Feb) assesses that geography is one of the least changeable factors in international relations so it is said that we can choose a friend or enemy but we cannot choose a neighbor. Nepal and India are closely connected with each other by geography, history, language, culture, religion, economy and trade. He opines that reliability and consistency factor in foreign policy and diplomacy of smaller countries

such as Nepal is very important but we seem to be losing it as well as the trust of our close neighbors. This leads one to question whether Nepal sandwiched between India and China has the requisite strength, resilience and assertiveness to stand up to pressure no matter where it comes from.

Acharya (2019) explores how Nepal and its people as a nation articulate their worldview in the sense of telling the world about who they are, what their interests are, what they stand for, what they can offer and what they need from others and how they interact with others. In doing so, the author examines Nepal's foreign policy and diplomacy, including the dynamics in its neighborhood and beyond in the changing domestic, regional and international circumstances. The author also assesses Nepal's geopolitical, economic and cultural antecedents and dynamics in relation to its external environment.

2.2.2 Government policies and joint statements

Nepal-China diplomatic relations established in 1955 raised the relations to higher level and has become more stable, secure and close. It has increasingly been strengthened by mutual sentiments and behavior of closeness, understanding, respect and trust. As the foreign policy of these countries is built upon the good foundation of Panchsheel and the five principles of peaceful coexistence; China has always stood firmly to respect and support Nepal's sovereignty, territorial integrity and national independence. Nepal on its part, right from the beginning stood resolutely to 'One China Policy' and lent support in many international forums including the UN, Non-Aligned Movement (NAM) and similar other arrangements.

One of the important features of Nepal-China relations, since the very inception of diplomatic relations is that it was nurtured by the top leaders of both countries like chairman Mao Zedong, Premier Zhou En-Lai, Deng Xiaoping, Jiang Zemin and others in succession and on other side, by former Kings Mahendra and Birendra, leaders like Tanka P. Acharya, B.P. Koirala, K.N. Bista, G.P. Koirala and Prachanda (Bhattarai, 2017). The most important contributions to further consolidate the relations is the one made by K.P. Sharma Oli during his premiership were exemplary from the perspectives of promoting and safeguarding Nepal's independent stature and ensuring unimpeded development of Nepal from a long-term vision (Shrestha & Shakya, 2017). After new China's founding in 1949, Nepal signed an agreement with

China in October 1956, which was mainly concerned with economic aid of China to Nepal. Two countries also signed the Peace and Friendship Treaty in 1965. These two agreements are of utmost importance to reconnect the historical connectivity of two countries that spans over two millennia. Establishment of the Inter-Governmental Economic and Trade Committee (IGETC) in October 1982 was another landmark for increased communications between the two countries.

The foreign ministry of People's Republic of China (PRC) details that Nepal-China relations are cordial and harmonious for 1,000 years and more. Since the establishment of diplomatic relations on 1 August 1955, Nepal and China has maintained a friendly and cordial relation (MoFA, Nepal, 2016). The Chinese President Jiang Zemin visit to Nepal during 1996 further paved the way and brought the bilateral relations to new height. (MoFA, PRC, 2017).

In 2005, Nepal and China celebrated the 50th anniversary of the establishment of their diplomatic relations. This event further contributed to accelerate the process of engaged and expanded interactions and economic cooperation between the two countries. The frequency of high-level visits increased after this event. The yearly policies and programs of the Government of Nepal (GoN), 2009-2010 focus on enhancing friendly and cordial ties with China and India. It states that Nepal cannot afford to allow its territory using against its neighbors. Further to this, Nepal emphasizes on its foreign investment friendly policies to expand the economic development. Most importantly, Nepal and China have agreed to establish China-Nepal comprehensive cooperative partnership in 2009.

The joint statement (2009, December) between Nepal and the PRC states that the increased level of Chinese cooperation would bring additional importance. In order to improve the various connectivity modes mainly through land and air, both nations agreed to enhance closeness and linkages, expedite bilateral engagements and partnership and further develop people-to-people relations and cultural interchanges. It also reveals emphasis on promoting mutual understanding and friendship through contacts and exchanges of think tanks, scholars and friendship groups. The Nepali side reassured that Nepal will not allow anyone to engage and use its territory against China (MoFA, 2009).

Similarly, the economic and people to people contact and cultural exchange has been increased and in the year 2013, there were 168,000 mutual visits between the two countries, up by 13.24% year on year (MoFA PRC, 2013). The ministry further asserts that the two countries maintained close communication and collaboration in international and regional affairs and Nepal continued to firmly support China on Taiwan and Tibet-related issues and commit not to allow any force to use Nepali territory for anti-Chinese activities (MoFA, PRC, 2013).

The MoFA, Nepal (2016 December) states that a high-level delegation team headed by his Excellency Mr. Liu Qibao, Member of political Bureau and Secretariat of CPC, Central Committee and head of the CPC Publicity Department of PRC paid a three-day visit, 18-20 December 2016, to Kathmandu. The team met high-ranking government officials including President Bidhya Devi Bhandari, PM Puspa Kamal Dahal and Deputy PM and Minister of Finance Krishana Bahadur Mahara and held bilateral talks where matters of mutual interest were discussed.

The report on Nepal's foreign affairs (2016, June) presents a detail description of foreign relations through the year 2015-2016. It states that engagement with immediate neighbors remained Nepal's top foreign policy priority. The year 2015 marked the 60th anniversary of the establishment of diplomatic relations with China and both the countries celebrated this occasion throughout the year by organizing a series of commemorative events and programs as well as exchanging visits at various levels. PM K.P. Sharma Oli paid an official visit to China on 20-27 March 2016. During the visit, a joint statement comprising 10-point Agreement, Memorum of Understandings (MoUs) and Letter of Exchanges (LoEs) s was issued by the Government of Nepal and People's Republic of China on 21 March, 2016. The Agreement, MoUs and LoEs were related to transit, transport, connectivity, energy and supplier. The Deputy PM and Minister for Foreign Affairs also paid an official visit to China on 23-29 December 2015. China welcomed the promulgation of the constitution of Nepal recognizing it as the historic progress in the political transition of Nepal (MoFA, 2016).

The investment summit 2017 concluded on 3 March, 2017 in Kathmandu. China stood first among friendly countries who pledged investment in Nepal. China pledged

Rs 8.30 billion and shown interest in hydro, metro road, airport constructions and mining (Shakya & Shrestha, 2017).

Chinese Defense Minister General Chang Wanquan visited Nepal in 23-25 March, 2017. He reached a deal on imparting training to Nepali soldiers. Besides, China would support modernization of the Nepal Police's communication system. He announced military aid of 200 million yuan and logistic support to NA for peace keeping operations and disaster management. The first Nepal-China military drills between the Chinese People's Liberation Army (PLA) and Nepal Army, dubbed as 'Sagarmatha Friendship 2017' took place in Kathmandu from 16-25 April, 2017 and were focused more on aspects of combating terrorism and disaster management (Sangroula, 2018).

Nepal signed MOU with China on BRI also known as BRI Initiative, after a long delay and without adequate preparation on Thursday 12 May, 2017. The understandings include 5 areas to include: policy coordination, facility connectivity, trade connectivity, financial integration and people to people contact.

Mr Nanda Bahadur Pun, honorable Vice President of Nepal paid visit to China from 19-24 September 2018 to attend the 17th Western China International Fair in Chengdu of Sichuan Province. He also paid visit to China on July 2017 to participate the 23rd Lanzhou China Investment and Trade Fair as the 'Guest Country of Honor'. Mr KP Sharma Oli, honorable PM of Nepal visited China on 19-24 June 2018 at the invitation of H. E. Li Keqiang, Premier of the State Council of the PRC. During the bilateral discussion session, further widening and intensifying the reaffirmed their commitments to further widen and deepen the relations for future joint benefit. MOU on Cooperation in Railway Projects were signed during Nepal's PM visit to China in June 2018 followed by issuance of Joint Statement (Zheng, 2017).

At the friendly invitation of President of Nepal, Mrs. Bidhya Devi Bhandari, the President of the People's Republic of China, Mr. Xi Jinping paid a state visit to Nepal on 12 and 13 October, 2019. A number of agreements were signed between Nepal and China on this occasion. Of the 20 agreements were signed between Nepal and China during Xi's visit to Kathmandu, most of the agreements were included Nepal's support to BRI, railway and roads connectivity between China and Nepal and Nepal's reiteration to 'One China Policy'. Xi Jinping extended the

sincere greetings and best wishes of the Chinese people to the Nepali people. Xi Jinping stated:

Linked by mountains and rivers, China and Nepal enjoy a lasting friendship. Since the establishment of diplomatic relations 64 years ago, our two countries have always been upholding the five principles of peaceful coexistence and carrying forward our traditional friendship, setting an example of mutual respect and equal treatment between countries with different systems and sizes (<https://mofa.gov.np/joint-press-statement/>).

These new developments have established a new dimension in two countries' diplomatic and economic relations. The pivotal aspect of the relations between two countries in the modern era is explicable marked by an increased economic cooperation and connectivity between them in terms of trade activities, tourism, economic collaborations and investment in major. The growing trades and commerce are a new facet of these relations.

Nepal's relations with both India and China are uninterrupted, though sometimes saw decline in vigor with one or another. The MoFA, Nepal outlines that Nepal sought the policy of geo-strategic isolation during the British rule in India. Nepal got security assurance from British India against any external invasion and interference without compromising autonomy on domestic matters. In the meantime, Britain also considered out-sourcing Gurkha recruits from Nepal as vital to support Britain's security in India and its other colonial territories (MoFA, 2019).

Nepal began a gradual opening up and commitment to a policy of neutrality and non-alignment in the 1950s. Late King Birendra, at the 1973 summit of the Non-Aligned Movement in Algiers, proposed, "Nepal situated between two of the most populous countries of the world, wishes its frontiers to be declared a zone of peace" (Muni, 2016, p.88). In 1975, King formally asked other countries to endorse his proposal during the coronation address and the concept of 'Nepal as zone of peace' has occupied a central theme of Nepal's foreign policy since then. After the demise of Indira Gandhi on 31 Oct, 1984, the aggressiveness of the Indian diplomacy to Nepal saw somewhat decline. At this time, it was somehow experienced softening its former aggressiveness in matter of the foreign policy to Nepal. I.K. Gujaral, PM of India opined for change in outlook of Indian foreign policy, known as Gujaral doctrine, it

focuses on India's bilateral relation with immediate neighbors, particularly smaller neighbors. The doctrine consists of 5 principles; the most important one is commitment of India to adhere to policy of giving to the smaller neighbors. India being the largest country, should provide concessions to neighbors was described as the essence of the doctrine. The 1989 blockade of India against Nepal and the ruining relations between Nepal and India probably was a prelude of this doctrine. During the era of Gujaral doctrine influence, the situation has significantly improved between Nepal and India.

Nepal had established diplomatic relations with approximately 100 countries at the beginning of the 1990s. Nepal was an active member of the UN and participated in a number of its specialized agencies. As being a founding member of the SAARC, Nepal had successfully negotiated several bilateral and multilateral economic, cultural and technical assistance programs. In 1991, Nepal's relations with the US, Europe and the Soviet Union showed new signs of vitality.

The joint statement released during an official visit of Nepal's PM Puspha Kamal Dahal to India from 14 to 18 September 2008 stated that Prime Ministers of both the countries agreed to review, adjust and update the 1950, Treaty of peace and friendship as well as other agreements. Further, both sides agreed to enhance the pace of economic development through the execution of mega projects, infrastructure development such as road, railways and hydropower projects. Nepal also pledged to take further necessary measures to attract Indian public and private investment in Nepal.

The MOFA, Nepal describes the age-old ties of history, culture, tradition and religion between Nepal and China as well as Nepal and India. Nepal-China relations have always remained good and cordial. The relationships of Nepal with India and China are multi-dimensional and that both China and India are helping Nepal through economic, informational and other forms of activities. The Federal Democratic Republic of Nepal has traditionally maintained a 'non-aligned policy', enjoys friendly relations with neighboring countries and situated between two giant powers, Nepal maintains good relations with both China and India. As per the constitution, foreign policy is guided by the principles of the UN charter, nonalignment, Panchsheel, international law and the value of world peace. It asserts that the fundamental

objective of the foreign policy is to enhance the dignity of Nepal in the international arena by maintaining the sovereignty, integrity and independence of the country. The foreign policy of Nepal is guided by the abiding faith in the UN, the policy of non-alignment, the international law and other universally recognized norms governing international relations. The value of world peace also constitutes a significant element guiding the foreign policy of the country. (Nepal Ministry of Foreign Affairs, June 21, 2020).

The MoFA, Nepal details the basic principles guiding the foreign policy of the country as follows:

- (a) Mutual respect for each other's territorial integrity and sovereignty;
- (b) Non-interference in each in other's internal affairs;
- (c) Respect for mutual equality;
- (d) Non-aggression and the peaceful settlement of disputes;
- (e) Cooperation for mutual benefit.

The MoFA also elaborates the constitutional provisions on foreign policy of Nepal's constitution of 2015. The part-4, directive principles and obligations of the state outline the cardinal principles, parameters and general directions of Nepal's foreign policy. Clause 50.4 of the constitution states that the state shall direct its international relations towards enhancing the dignity of the nation in the world community by maintaining international relations based on sovereign equality, while safeguarding the freedom, sovereignty, territorial integrity and independence and national interest of Nepal.

The constitution states that the states shall pursue the policies and conduct an independent foreign policy based on the charter of the United Nations, non-alignment, principles of Panchsheel, international law and the norms of world peace, taking into consideration of the overall interest of the nation, while remaining active in safeguarding the sovereignty, territorial integrity, independence and national interest of Nepal. The clause 51 has provisioned to review treaties concluded in the past and make treaties, agreement based on equality and mutual interest (Bhattarai, 2017).

The MoFA (2016, September 16) details, Nepal's Prime Minister Puspa Kamal Dahal paid a state visit to India on 15-18 September, 2016. During the visit, various bilateral issues including security matters were discussed. The Prime Ministers of

both countries noted with satisfaction the ongoing defense and security cooperation and the recently concluded home secretary level talks and the meeting of the bilateral consultative group on security matters. They stressed the need to ensure that the open borders, which has facilitated economic interaction and movement of people and goods on both sides of the borders and has been a unique feature of India-Nepal bilateral ties, is not allowed to be misused by unscrupulous elements posing security threats to either side. The two sides committed that they will not allow their territory to be used against each other. The PM of India expressed India's commitment to continue the close partnership between India and Nepal for socio-economic, scientific and technological development. With the induction of PM Modi, the situation was expected to be drastically changed leading to a new beginning in two countries relation. It was, however, terribly shattered by his stand on Nepal's constitution and 2015 blockade.

The President of India Pranab Mukherjee visited Nepal from 2-4 November, 2016. During the visit, the President of India stated that being a friendly neighbor, India wished to see peace and prosperity in Nepal and stressed on the need of strengthening mutually beneficial partnership between the two countries (MoFA, 2016, November 4). During the visit, in a function Deputy PM and Minister for Home Affairs Bimalendra Nidhi highlighted the strong cultural and religious ties existing between Nepal and India and the need for the further enhancement of the relations through closer cooperation in the areas of tourism, infrastructure, trade, investment and connectivity (MoFA, 2016, November).

The main highlight of Nepal-India relations in 2016 is the state visit of PM K.P. Sharma Oli to India and it remained as a major undertaking to bring Nepal- India relations back to normal course. During the visit, a number of important agreements and understandings were concluded in transit, connectivity, energy and infrastructure areas. The report of Ministry of foreign affairs has clearly presented facts on its efforts to maintain Nepal's relations with immediate neighbors and various other major friendly countries and the developments in the year 2016-2017.

In early 2018, after almost 10 months of long deliberation, the High-Level Foreign Policy Review Task Force constituted by the Government of Nepal, submitted its report reorienting Nepal's foreign policy in a rapidly changing world to the Prime

Minister. Neighborhood first policy, priority to foreign policy, National consensus on the major issues of national interest, categorization of Nepal's missions abroad and need for a comprehensive approach to foreign policy analysis using the tool of the 3Is (Issues, institutions and Individuals) for identifying the key issues of national interest, strengthening the main institutions related with foreign policy and deployment of committed and competent individuals have been included as some of the most important features of this report.

In December 2020, the communist party led Government of Nepal has enunciated the foreign policy doctrine as 'Pararashtra Neeti, 2020' in a Nepali version. There are twelve headings in the document. It begins with background, current status or reality, challenges and opportunities, guideline principles, norms and values, modus operandi, terms and conditions of foreign policy, its vision, goal and objectives, sectoral policy focus—bilateral relations (strategy and working policy including treaty relations), multilateral cooperation (strategy and action policy related to world peace, human rights, sustainable development, disarmament, anti-terrorism, climate change, landlocked and least developed issues, international migration), multilateral world order (just, inclusive, anthro-centric and impartial world order), regional cooperation, economic diplomacy regulating foreign employment, capitalizing Nepali diaspora or expatriates, adhering public international law citizenship, public diplomacy (use of ICT, Track 2 Diplomacy, record keeping/institutional memory), mechanism of implementation, monitoring and evaluation, legal provisions, risks and risks mitigating options or solutions and finally review of Nepal's foreign policy.

2.2.3 Web-based documents, news sources, magazines and periodicals

Dutta (1998) opines that the growth in China's overall national power, including its military capabilities and how China's leaders will employ this power will have far reaching implications for Asia and the world. The Chinese leadership's commitment to build Comprehensive National Power (CNP) is a major factor shaping the stability and security of Asia. In addition, China's nuclear weapon capability, its permanent status in the United Nations Security Council (UNSC), the large size of its armed forces and the crucial role the PLA in its neo-authoritarian political system and national security policy-making give it a special place in the Asian security and strategic order, the author states.

With China persisting in its military modernization and build-up, India and other countries in the region need to maintain their defense modernization so as not to create any serious imbalance in conventional power. While China's relations with most countries in South-Asia are currently stable, a shift in China's strategic mission and intentions could create an entirely new situation. He further recommends that Asian need is not a containment of China but a realistic engagement strategy that takes the interests of all countries into account that would involve enmeshing China in trade, investment and multilateral security ties.

Bajpayee (2007) writes that the additional elements of instability between India and China have arisen from both states' relations with third parties, namely China's 'all-weather relationships' with Pakistan and Myanmar and its growing friendships with Bangladesh, Nepal and Sri-Lanka. He further argues that the support from all of India's neighbors, except Bhutan, to admit China as an observer to the SAARC in 2005 also drew the quiet consternation of New Delhi.

Tharoor (2008, September) argues that Maoist led PM Puspha Kamal Dahal praised the Chinese path to prosperity and has referred to India in the past as an 'expansionist' enemy. His government unflinchingly cracked down on Tibetan activists, further evidence, to some in India, of China's growing influence over Nepal. He further explains that, ironically, China backed the Monarchy to crush the Maoist during the civil war but China-unburdened by the divisive rancor that grips India's democracy- has nimbly changed course, expanding its already significant involvements in Nepal's hydropower sectors, while promising rail links between Kathmandu and Lhasa.

Rajan (2008, August) opines that both in the past and present, China's strategic interests in Nepal have remained the same. China wants a 'peaceful periphery' as a guarantee for the success of its modernization efforts and friendship with Nepal falls under this framework. China also sees Nepal a gateway to South-Asia and needs Nepal's support for China's control over Tibet as well as 'One-China Policy'. China's current drive to strengthen ties with the Republic Nepal needs to be seen as part of such overall strategy of the PRC.

Bhattacharya (2009) discusses China's growing activities in Nepal and examines India's concern. China has extracted assurances from Nepal that it adheres to 'One-China Principle', acknowledges Tibet as an inalienable part of China and will ensure

that no anti-China activity is allowed on its soil. The author explains that Nepal constitutes an important element of China's South-Asia policy.

Bhattarai & Cave (2009) state that the future of Nepal depends on building a peaceful and more democratic state that can overcome the wounds of the recent conflict and provide a safe and stable environment for economic and social development. It is widely acknowledged that a basic level of security is a prerequisite for sustainable development and this is especially true in post-conflict situations. The conflict has not only weakened the capacity of the state to maintain security; it has also exposed deep divisions in society about the role and functions of key security sector institutions such as the Army and the Police. Furthermore, the transition from autocracy to democracy also envisages a fundamental change in the way in which security sector institutions operate, so that they protect democracy within the state and behave democratically themselves. All of this makes reform of the security sector as essential; the authors opine.

Jetly (2010) states India and China, both have emerged today as the two most powerful and influential Asian nations in terms of their economic capabilities and geo-political standing. China-India relations have always been complexing with multilayered regional and global dimensions, which have complicated their bilateral relationship. Even as India and China have traversed a long road from being friends to adversaries to pragmatic partners, a factor which has been constant in the conduct of their affairs. This is the fact that they are neighbors and geo-political rivals who have as much to gain from each other as rather to fear from each other. The author sets out some of the security challenges confronting the two countries and argues that it will essentially be not so much how India and China perceive the gains and opportunities of mutual cooperation, but how they manage their geo-political and strategic rivalries that will determine the future shape of their relations in the years ahead.

Rengma (2010) examines that soft power of China's foreign policy especially in relation to counties bordering to China and other countries in the SAARC region. In the twenty first century, the incredible rise of China is altering the landscape of world, both politically and economically and many policy makers across the world predict that the 21st century well be a 'Chinese century'. The author asserts that soft power

remains an important asset in China's foreign policy strategy to engage with its neighbors to maintain stable relationship and the South-Asian region is increasingly important in China's foreign policy plan, as it becomes more critical to the stability and development of China in various ways.

Lohani (2011) examines Nepal's evolving relations with India and China from Nepali perspectives. The author states that a strong Nepali state that is ideologically democratic, economically liberal and linked with the rising giants in our neighborhood India and China is in the best interest of Nepal in the context of the three variables of national interest, i.e., the political, economic and security components that define national interest. Located in a crucial geo-strategic region, Nepal should remain sensitive to the national interests of both India and China in politics, economy and security without compromising Nepal's sovereign political space. The Chinese have a certain 'minimum national interest' in Nepal that they would like to see maintained. Similarly, India also has its own minimum interests in Nepal. Nepal should look at China and India as new opportunities and not as constraints as in the past.

Muthanna (2011, January) elaborates the conceptual and practical aspect of military diplomacy and examines the effort of India and China towards enhancing military diplomacy. The author asserts that India's inability to evince trust and goodwill with its neighbors has led to most of them preferring to employ military diplomacy with China as an India-specific countervailing factor. As India is aspiring as a global player, its military diplomacy is yet to catch up with its rising power status. The author pragmatically concludes that nations that evolve and adopt a sound approach to military diplomacy can expect to enjoy a benign, if not completely safe and secured environment.

Sakhuja (2011) details China's engagement in Nepal through various means and the competition of China and India in Nepal in the recent days. Nepal is experiencing the pulls and pushes of the two Asian giants who are jostling for politico-strategic influence over Nepal. He claims that in the past, the Nepali Monarchy had cleverly used the 'China Card' but the current leadership the Government of 2011, appears to be drawing advantages from both China and India. The author asserts that the Chinese military and the Nepali Army have established a proactive military exchange program

including supply of hardware, trainings, infrastructure development and exchange of high-level delegations despite the latter's historical linkages and pro-India leanings. He opines that China is courting Nepal and has used both hard and soft power to extract a number of strategic advantages.

Deepak (2011) opines that China is aware of the fact that it would be almost impossible to shift the cultural influence of India in Nepal to its favor. Therefore, India's approach should be if Nepal wishes to renegotiate the 1950 treaty and delink our national security interests with it, so be it. If it wants to close the present open border with India, we should be happy, as we have increasingly declared the border as a 'hotbed of ISI intrigue'. Meanwhile India needs to be proactively engaged and integrate these nations into our economic development, show magnanimity in various disputes and increase our footprints in these countries. This is the policy India not only needs to initiate with its immediate neighbors but also within the fringes of our own borders. India and China need to work closely in their shared neighborhood on the issues of security, including the maritime security as most of the shipping lines of communication run through the Indian Ocean.

Schmidt & Thapa (2012) explore the rivalry between India and China and the impact on Nepal in geo-strategic and geo-political terms both theoretically, conceptually and empirically. The foreign policy rivalry between India and China appears not only to influence investment and trade decisions but also to penetrate issues related to stability, governance and political institutions. The author explains that in a whole variety of areas, India and China are increasingly approaching a level of peaceful interaction and a mutual dialogue about important issues related to security, border, trade and civil society exchanges. Given the perceived competitive and in some cases even adversarial potential of China-India relations, China expects to find itself pitted against India's national interests, possibly even with the US. On the other hand, it is critically important to balance China's rising power for India. The authors recommend that Nepal should clearly prioritize its national interests and adopt a policy in managing its relationships with India and China which best preserves and promotes its national interests.

Campbell (2012, January) examines China's involvement in Nepal. The author tested the hypothesis that China's increasing engagement will have a significant impact on

peace and stability in Nepal and also consider what the implications are for policy actors in China as well as in the West. The author explores how China's engagement in Nepal may affect identified conflict drivers and dynamics, both directly and indirectly. This is considered in the context of wider regional and international relations, with particular reference to the role of India.

Garver (2012) illustrates a pragmatic view on India's worry in keeping Nepal friendly to India and minimizing Chinese influence especially in the security area, which has been an important objective for India. China's strategy for growing its influence in South-Asia in the face of a deeply suspicious India: move forward slowly and carefully, rouse minimal suspicion and do not cause and attempt to escape by the intended victim. China's long-term objective vis-à-vis India is to persuade it to acclimate to a South-Asian-Indian Ocean Region (SA-IOR) in which China has robust, multi-dimensional, expanding and essentially unlimited relations with all of the India's neighbors, the author asserts. The author examines China's relations with South-Asian region and posits that its ties with each country are solely bilateral, based on decisions of the two sovereign governments regarding their own interests and entailing decisions about how best to advance those interests.

Campbell, Wheeler, Attree, Butler & Mariani (2012) present the case study on the engagement of China with conflict-affected countries like Nepal, Sri-Lanka and Sudan. The authors focus on key issues of Nepal such as the involvement of China in post-war Nepal, conflict issues, China's engagement in Nepal through economic, infrastructure, diplomatic and military sector as well as the use of its 'soft power'. China's engagement in Nepal is strongly shaped by the 'One China Policy' especially China desires stability in China mainly through support of Nepal in clamping down Tibetan activists in Nepal. The rapidly increasing economic engagement between China and Nepal in terms of aid, trade and investment illustrates an important new dimension of China's interest in Nepal. Nepal's position has become more strategically significant with the rise of China and situated between the two regional powers. It can also be seen as a prize to be captured and could become the locus of geo-political competition between an expanding China and a defensive India.

Bhattarai (2013) analyzes changing security dynamics and Nepal-China relations. He further states that presently China's major concern in Nepal is the security of China's

autonomous region of Tibet. The government of Nepal has time and again assured that it would not allow its soil to be used against the interest of any of its friendly countries, particularly its closest neighbors. Peaceful, stable and prosperous Nepal is in the interest of both Nepal and China. As an emerging power, China requires stability and peaceful neighborhood environment. Any disturbances in Nepal would be detrimental to the interest of China as well. Therefore, identifying security threats and dealing with it as per the requirements is the top-most priority of the government which would greatly contribute in strengthening the security environment.

Upreti (2013) discusses about the emergence of China as a global, political, strategic and economic power and its implications for the South-Asian region. China being a close neighbour as well as being one of the largest economic and trading partners for most of the South-Asian nations, its economic growth model has had a wide-ranging effect on these countries. He described about the region's own security, diplomatic and economic interests with China. Though there are areas of competition and conflict, mutual cooperation areas are also existed. China has indeed followed a non-interventionist policy over the years and has its own reasons to maintain balance within the South-Asian region.

Patel (2013) argues that due to geo-political bondage, Nepal's foreign policy is mainly directed for its survival strategy. In the geo-political game, China has always attempted to actively counter-balance the predominant influence of India on Nepal. China is trying to make up of the power vacuum situation created after the abolition of Monarchy in Nepal in 2008 and its interest in Nepal has always been tied to its geo-political concerns over the security of Tibet. Nepal has emerged as a forum for anti-China activities and therefore, China hoped to erode India's traditional influence and install a pro-China regime in Nepal. The author further contends that the anti-India sentiments are growing in Nepal due to India's frequent interference in Nepal's internal affairs and the unequal treaties of the past which Nepal has pressed India in the recent times for substantial amendments including the desire to revise existing unjust treaties.

Khand (2014, December) examines Nepal's foreign policy and Nepal's relations with immediate neighbors and the overall situation of Nepal. The author clearly brings out challenges in Nepal's diplomacy in the context of political instability faced by Nepal

in the transitional phase. He deliberates the significance of military instrument of power in the context of Nepal's foreign policy and the role played by Nepal's military in the extension of foreign policy. He posits that Nepal's foreign policy appears to have mainly revolved in and around military dimension and it was more prominent until 1950.

Singh (2014) describes the position of Nepal in China's foreign policy and comments Nepal as a new 'strategic partner' of China. China being one of the friendly neighbors to Nepal, provides an alternative route for trade, tourism, foreign aid for development and the diversification in international relations. He illustrates a situation in a way that if Indian interests in Nepal are like that of Bhutan and Sikkim, India will not be safe. Indian interest in Nepal is to make Nepali defense and foreign policy in accordance with India's need.

Bhuiyan (2015, April) examines the growing ties of China with Nepal in the recent years. The relationship between China and Nepal is deepening and China has placed Nepal in an important priority. The author opines that Chinese wants to secure its key interest, especially governed by the security of Tibet and mainly fears about anti-Chinese forces may threaten Chinese interest through Nepal and also elaborates on threats to India due to increased activities of China in Nepal.

Shah (2016) examines Nepal's relationship with India in the light of the promulgation of new constitution of Nepal in October 2015. The author argues that Nepali PM K.P. Sharma Oli shot down accusation that he was playing his 'China Card' in order to irritate India. He asserts that Nepal had accused India of supporting a group of protestors from the Madhesi ethnic group, which is of Indian origin and makes up 30 percent of Nepal's population. The author contends that India had unofficially encouraged Nepal to revise its constitution and Nepal, in turn, accused it of interference. He describes how China supported Nepal during India's unofficial blockade and at the height of the protests by the Madhesi, in October 2015, where China opened the border crossing point and other essential commodities.

Sood (2016, July) examines the dynamics of Nepal-India-China relations from the perspective of Nepal's position located next to huge, emerging and the world's two fastest growing economies, China and India. The author argues that Nepal has been

unable to take advantage of its strategic geographical location. The author concludes that the principal reason behind such difficulties is country's dysfunctional politics.

Bhattarai (2017) examines Indian uneasiness as China makes further inroads into Nepal. China has emerged as a major factor in India-Nepal relations. The author states that it is easier for China to increase its influence in Nepal due to four reasons. First, there is no opposition or even criticisms from political parties and media if Nepali government signs deal and understanding with China. Second, the border blockade in 2015 contributed to anti-Indian feelings in Nepal which provided room to substantially increase its influence in Nepal. Third, opinion makers, media and intellectuals are supportive of any initiatives taken by China in Nepal. Fourth, China prefers to work closely with any government in Nepal irrespective of which party or leader leads the government; it is not selective like India.

The competition between India and China is clearly evident in several areas. Military is another area where China is challenging India's influence. Dealing with India and China is increasingly becoming a major foreign policy challenge for Nepal, though they are major development partners. As India-China relation continues to sour, it will be more difficult to make a balance relation between two countries, the author opines.

Jha (2017) analyzes the corridor between China, Nepal and India. For a long time, Nepal has been advocating for a trilateral corridor between China, Nepal and India to enhance the volume of trade at the regional level. China took up this idea with India under the broader framework of BRI during the meeting of Chinese Premier Li Keqiang and Indian PM Narendra Modi in Beijing in May 2015. India has not made any official comment about Nepal joining the BRI. However, it is well known that it is critical to the CPEC, a flagship project of the BRI, as it breaches its sovereignty, passing through Gilgit-Baltistan in Pakistan-occupied Kashmir. Moreover, India has been apprehensive about the BRI for its lack of transparency. The author contends it is feared if China will easily open Tibet for tourists from Nepal, India and other parts of the world through the trilateral corridor. There is a growing perception that the BRI project merely serves China's strategic maritime and overland passages at the costs of the partner countries. The idea of trilateral corridor is politically motivated as only Nepal and China seem to be interested in it.

Rai (2017) examines China-Nepal relations. China is looking much beyond its trade relations and it is watching Nepal as a center to promote its ambitions in the South-Asian region. The geographical proximity of Nepal to China gives China additional leverage to strengthen its stronghold in Nepal. India feels that India-Nepal ties could not be compared or curtailed by Nepal's agreements with China. Nevertheless, there is no denying fact that the current development of new normal in Nepal-China relations is troubling for India as Nepal's dependence on India will reduce and thus its obligations towards India resulting in the loss of Indian influence in Nepal in particular and South-Asia in general.

Nayak (2017) illustrates that the Chinese Defense Minister and State Councilor General Chang Wanquan undertook a three-day official visit to Nepal from 23-25 March, 2017. The visit saw China is offering a grant assistance of 32.3 million USD to the Nepal Army (NA) for the purpose of strengthening its capacity to deal with natural calamities and providing the equipment for UN peacekeeping missions in high conflict zones. The visiting delegation also discussed holding the first-ever military exercises by the armies of the two countries. The author further states Chang's visit is the first Defense Ministerial visit since the two countries established diplomatic relations in 1955. During this period, China has been sending high-level delegations – political, diplomatic, security, business and media at regular intervals. The purposes of these visits have been to: seek reassurance from successive governments about continuing the 'One China Policy'; search for a reliable political partner; explore possibilities for spreading Chinese 'soft power'; and assess the presence of external powers.

Dahal (2018) delves into relations between Nepal and China, China and India and Nepal and India. Nepal has for decades maintained good bilateral relations with its two giant neighbors; India and China. India and China enjoy their own bilateral relations. Leaders of the three countries meet regularly either at bilateral levels or at the regional or international forums. Frequent high-level bilateral exchanges between the countries have always played a crucial role in strengthening the relations. The cooperation between Nepal and China was further strengthened by the joint efforts of both sides. The author states that the relationship of both China and India with Nepal has become stronger in the last 30 years. For regional peace, prosperity and stability, friendly tripartite relations in the 21st century between India, China and Nepal should

be actively harnessed. For stability, prosperity and inclusive development; a CIN (China-India-Nepal) wing should be developed to foster the inter-state and people-to-people contacts.

Mishra (2018) analyzes the India's Neighborhood First Policy in Nepal-China relations perspectives. The author further elaborates that India under Narendra Modi's leadership underlining the importance of the South-Asian neighborhood to realize the objective of rising beyond the region, adopted a 'Neighborhood First Policy'. Despite these bilateral ties, as the Chinese foray into the South-Asian region looms large, given that the infrastructure projects under Chinese BRI have already taken off in the form of construction. This ranges from roads, railways and air ports in landlocked Nepal to creation of ports, bridges and airport facilities in Pakistan, Sri Lanka, Bangladesh and the Maldives, any sign of Nepali disagreement with Indian proposal - the proposal for the joint military exercise within the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) was made by the Indian Army in June 2018 and uptick in Nepal-China relations would indicate India's inability to win trust in its neighborhood.

Contessi (2019) opines that China's BRI provides Nepal with access to new ports, encouraging diversification and reducing dependence on India. Nepal's geo-political position has new impetus due to China's BRI. The landlocked nation has an opportunity to play China and India to improve its bargaining position. The author further opines that for its remote and peripheral location, the case of Nepal shines light on some of the upshots of China's push to connect the world. In particular, Nepal highlights how the BRI is shuffling cards in many decks, unsettling entrenched power relations and spheres of influence. Sure enough, investing in Nepal allows China to score points in the regional and global balance of power. It has been perceived that linking Nepal through roads and railways can offer an alternate route in bringing Chinese land forces closer to India.

2.2.4 Summary of review of literatures

Various theoretical literatures agree that the primary aim of the nation-state is its survival as an independent policy. For states, to thrive and survive they must orient on security as their most fundamental national interest. Without security, no other goals are possible. Hence, they display behavior and formulate policies for preservation of

national sovereignty and independence. Theoretical literatures are summarized as follows.

- (a) The statesman must think in terms of the national interest, conceived as power among other powers. (Morgenthau, 1965).
- (b) The political object is the goal, war is the means of reaching it and means can never be considered in isolation from their purpose (Clausewitz, 1976).
- (c) States seek to achieve their goals through internal balancing, increasing economic and military strength or external balancing creating alliances (Waltz, 1979).
- (d) Foreign policy of a country is limited not only by its aims but also by its military strength or more accurately by the ratio of its military strength to that of other countries (Carr, 1981).
- (e) Economic power cannot be isolated from military power and both are integral part of the political power and in the end, one is helpless without other (Carr, 1981).
- (f) “The supreme political value is national freedom i, e, independence and the main responsibility of rulers is always to seek the advantages to defend the interests of their state and thus ensure its survival” (Machiavelli, 1984, p.55).
- (g) “In emerging states, domestic institutional development may often be a reaction to external circumstances, but there is no guarantee that ensuing foreign policy strategies will reflect these international exigencies” (Elman, 1995, p.22).
- (h) “Each state pursues its own interests, however defined, in ways it judges best. Force is a means of achieving the external ends of states because there exists no consistent and reliable process of reconciling the conflicts of interest that inevitably arise among similar units in a condition of anarchy” (Waltz, 1988, p.81).
- (i) The foreign policy behavior of small states is such that they limit their behavior to their immediate geographical arena, choose neutral position, aim to cooperate and to avoid conflict with others and spend a disproportionate amount of foreign policy resources on ensuring physical and political security and survival (Hey, 2003)
- (j) “Smart power is neither hard nor soft. It is both” (Nye Jr, 2005, p.34).
- (k) The art of war is of vital importance to the State. It is a matter of life and death, a road either to safety or to ruin. Hence it is a subject of inquiry which cannot be neglected (Cleary, 2005).

(l) “If people who have to work together in an enterprise trust one another, it is because they are all operating to a common set of ethical norms.... Such a society will be better able to innovate...since the high degree of trust will permit a wide variety of social relationships to emerge” (Fukuyama, 2006, p.76).

(m) “If one state become especially powerful and if its location and behavior feed threat perceptions on the part of other states, the balancing strategies will come to dominate their foreign policy” (Nye, 2008, p.153).

(n) Realists do view the accumulation of power especially military power as the best route to achieving national security (Smith, Amelia, & Dunne, 2012).

Hence, in articulating policies and maintaining relations with other states, security interest is the most important variable and it is critical to have a broader and deeper understanding of this tool.

Likewise, empirical literatures illustrate that Nepal has tried to maintain a balanced approach in its relations with two ideologically differing and competing neighbors, China and India. The main factors guiding Nepal's relations with China and India are:

(a) Conduct an independent foreign policy based on the charter of the UN, non-alignment, principles of Panchsheel, international law and the norms of world peace, taking into consideration of the overall interest of the nation, while remaining active in safeguarding the sovereignty, territorial integrity, independence and national interest of Nepal;

(b) Based on the constitutional provision, review treaties concluded in the past and make treaties and agreements based on equality and mutual interest.

Key issues in Nepal's relations with China and India are summarized as follows.

The treaty of 1950 and 1960 guides Nepal's relationship with India and China respectively. Literatures reveal that Nepal's relations until 1960s is dominated by Prithvi Narayan Shah's principles of yam between two boulders mainly looking for equal relations with both China and India as well as mostly isolation from outer world. In 1970s, Nepal adopted ‘diversification of its foreign policy’ which is a departure from its earlier policy of isolation. In the post-1990s, Nepal moved towards liberal principles, however at the end of 20th and in the beginning of 21st century. The 10 years long internal conflict followed by political instability in the new Federal

Democratic Republic displayed a mix of realist and liberal discourse in the new conduct of its relations with China and India.

The literature details that the Indian strategic culture is already undergoing change, moving away from the Neruvianism, which guided Indian foreign and security policy since independence. India's foreign policy trends since 1990 is moving towards neo-liberalism, with its belief in the ability of India to negotiate mutually beneficial deals with other countries. As literature suggest, under this school of strategic thought, force is seen as necessary and useful tool of statecraft and is claimed to be the only language that India's historic rival Pakistan understands and it also views China as the principal threat to India and believes that the Chinese only respect power. Nepal's position has become more strategically significant with the rise of China and situated between the two regional powers. It can be seen as a prize to be captured and could become the locus of geopolitical competition between an expanding China and a defensive India.

China wants to maintain a close friendly relationship with Nepal. China has followed a policy of 'non-interferences' in other's internal affairs. China keeps Nepal in high priority and its relations are guided on the principles of 'sovereign equality and mutual benefits'. It mostly extends its reach by investing on development and infrastructure projects as well as cultural exchanges. As literatures illustrates that China wants Nepal to respect 'One China Policy' and assurances on not allowing any activities that destabilizes the situation which are jeopardizing Chinese interest with respect to the stability of Tibet. Similarly, India defines its relations with Nepal as a 'special relationship' and want to keep later in its sphere of influence diplomatically, economically and most importantly in security domain. The policy of India towards Nepal is fully guided by security interest, which it perceives as threatened due to Nepal's increased interaction and growing Chinese activities extending close to India's border with Nepal through diplomatic and security means.

The relations between China and India also affect Nepal's relation with them. The literatures reveal that China and India are competing to each other in South-Asia. They are trying to exert influences in smaller South-Asian countries especially like Nepal where many of their interests collide and both wrestles to secure their interest. The literature depicts that China wants to expand its engagement within Nepal

respectfully and without interference on internal affairs, whereas; India wants to maintain its historic dominance special relationship which is often quoted as micro management in Nepal's affairs. In early 2018, after almost 10 months long deliberation, the High-Level Foreign Policy Review Task Force constituted by the Government of Nepal submitted its report 'Reorienting Nepal's foreign policy in a rapidly changing world' to the Prime Minister. 'Neighborhood First Policy', priority to foreign policy, national consensus on the major issues of national interest, categorization of Nepal's missions abroad and need for a comprehensive approach to foreign policy analysis using the tool of the 3Is (Issues, institutions and Individuals) for identifying the key issues of national interest, strengthening the main institutions related with foreign policy and deployment of committed and competent individuals have been included as some of the most important features of this report. As a result, in December 2020, the communist party led government of Nepal has enunciated the foreign policy doctrine as 'Pararashtra Neeti-2020' in a Nepali version. Both India and China fought a border war in 1962 and their dispute remains as a world's longest border disputes. The ideological differences and their strategic interest in the region as well as competing for global players naturally have bearing in Nepal's relations with both China and India.

2.2.5 Research gaps

The theoretical literature suggested, the small states as part of their foreign policy limit their behavior to their immediate geographical arena, choose neutral position, avoid conflict and spend a disproportionate foreign policy resource on ensuring physical and political security and survival. Likewise, if one state becomes especially powerful and if its location and behavior feed threat perceptions on the part of other states, the balancing strategies will come to dominate their foreign policy. However, if two states are powerful and one is weaker and the location and behavior pattern poses threats to weaker state for its survival and threats to each other between the powerful states too, what kind of theoretical paradigm define and determine relations of smaller and weak state to the powerful state needs to be examined. The theoretical literatures lack clarity as well as coherent views on these aspects. Also, based on available theoretical literatures, the examination and observation of Nepal and China relations vis-à-vis emerging security dynamics in the region as well as the Nepal's foreign policy and security strategy have not found scholarly proven.

The empirical literatures mostly covered Nepal's relations with China through historical perspective and are focused on political, socio-cultural and economic dimension and that too is mostly covered prior to 2006. There is a dearth of literatures in the Republic era covering critical issues like strategic and security interests and bilateral as well as trilateral cooperation in order to bring peace and harmony in the regional and global arena. The available literatures are mostly oriented from 1950 to 2006. The examination of relationship through strategic and security perspectives is more important as the policies of China is guided through such domains only. Given the rise of China as a global power and Nepal's geo-strategic dynamics in South-Asia demands the comprehensive updated study on foreign policy along with strategic and security policy from the Nepali perspectives. Moreover, the reviewed empirical literatures have not covered the Republic era Nepal-China relations on emerging security dynamics.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 General framework

This research, first, identifies the state of Nepal's relation with China from the ancient period to till date and the special focus is on Republic era period. It also examines the emerging security challenges of Nepal-China relations in post-Monarchy Nepal. It further analyzes the regional strategic and security dynamics and recommends the foreign policy and security strategy for the future. This research uses qualitative, analytical and descriptive method. The subject matter expertise as well as diplomats and politicians from the related fields were interviewed (Key Informants Interview-KIA) through semi structured questionnaire as a source of primary data in order to validate and reinforce the outcome of the theoretical and empirical literatures.

Likewise, the secondary data were collected through the various books, journals, publications, magazines, articles, the websites, various reports, plans and policies. Besides KIA, the research also analyzes various literary works on Nepal's relations with China, India, US and Western Block and how the strategic and security interest and cooperation among these countries unfolded in Federal Republic of Nepal, 2007-2020 A.D. Further, it also analyses the regional strategic dynamics and attempts to provide answers to the research questions.

Based on the theoretical and empirical literatures, diplomatic, military and economic aspects is been taken as the threshold in order to analyses Nepal's relation with China. The key aspects of Nepal's relation with China are identified and described in this chapter is based on examination of three important elements- diplomatic, military and economic, through ends- -ways-means frameworks. The end state of Nepal's relations in the context of its changing political landscape, geo-political situation and geo-strategic location between China and India and many underlying issues that dominate their relations will be examined through the ways and means.

To provide accurate literary treatment to the objectives of the research, use is made of DIMEFIL instruments of national power and realist and liberal theories as a framework of analysis in an effort to draw policy framework for Nepal and to see which of these may help explain Nepal's relations with China, the emerging security

dynamics and its impact on Nepal-China relations in the regional security environment.

3.2 Research design

This research uses the qualitative and analytical method to analyze the Nepal-China relation and emerging security dynamics. This paper is based on the information collected both from primary and secondary sources to analyze Nepal-China relations, the emerging security dynamics and the foreign policy and security strategy of Nepal. The qualitative method helps researchers to understand the people's perception (observation or version) over the subject matter.

This is a qualitative study. Qualitative analyses of historical and theoretical references, available contemporary publications and web-based scholarly support the research work. The research designs are descriptive and exploratory. Qualitative researchers are interested in understanding what those interpretations are at a particular point in time and in a particular context. Learning how individuals experience and interact with their social world, the meaning it has for them, is considered an interpretive qualitative approach (Corden & Sainsbury, 2006).

This research with exploratory research design first explores and explains the meaning and understanding that has been constructed in Nepal- China relations on emerging security dynamics. Second, data collection (Primary and secondary) and data analysis (Descriptive, analytical and exploratory methods) covers the major incidents and important policies so far and third by employing inductive reasoning. Finally, this research employs mainly descriptive analysis and critique.

KII have been used as primary sources. The interview questionnaires were provided to the respondents, who are the foreign policy experts, former ambassadors, academicians and security experts. The secondary sources rely on the constant monitoring of books, journals, magazines, articles, commentaries in the print and electronic media and the report of private research institutes.

3.3 Nature of data

To gather data and information, different approaches were adopted. The collected data are of both primary and secondary in nature. For the primary data collection, the purposive sampling method is adopted through semi-structured questionnaire

interview from the key informants. The dimensions and trends of Nepal-China relations, security sensitivity of nations, regional security dynamics and Nepal's foreign policy and security strategy were covered.

The secondary data is gathered mostly through open sources. Drawing on descriptive and analytical studies of Nepal's relations with its neighbors' China, India, US and Western block, major treaties and agreements in their relations and engagement in Republic era Nepal, this study attempts to examine Republic era Nepal - China relations and the emerging security dynamics. It also examines Nepal's relations with China, India and US from the Nepali standpoint to explore renewed framework underpinned by how to make relationship strong and vibrant in its sole benefit that provides new momentum vis-à-vis protects national interest and preserve national independence in the Republic era Nepal.

Furthermore, published books, Policies, joint-statement and speeches of government of Nepal, China and India and various scholarly articles on Nepal-China-India-US relations and regional security issues as well as academic publications and documents of various analysis groups and think tanks is also analyzed in order to address the objective of the study.

3.4 Study area

This study aims at recommending the foreign policy and security strategy of Nepal suitable for changing global world order. The data was collected both from primary and secondary sources, however for the primary data semi-structured interview of the expertise were also conducted as shown in Table 3.1. In qualitative data collection technique, researcher mostly depended on content analysis to critically and objectively review published and printed articles, news and the information published. The collected data were assessed in orderly fashion and critically analyzed to bring out facts and deductions.

Table 3. 1: Study area

SN	Source	Description	Methods
1	Secondary	Books, Journals, Articles, Web Pages	Content Analysis
2	Key Informants/SME	Diplomats, Foreign Policy Experts, Security Experts, IR Experts	Interview

Source: Created by Researcher

3.5 Sample size / Sample selection

The researcher adopted purposive sampling technique. As a source of primary data, KII was conducted as semi-structured interview through open ended questionnaire for which personal visits, telephone calls and emails were carried out. Looking at the scope of research, the diplomats who served as the ambassador to China and India, the security analyst, analyst, politicians and journalist who possess first-hand knowledge, experience and/or expertise on the subject matter were interviewed with the belief that can give depth of understanding who has worked in the particular sector for years. The interview method is useful for validating the findings from secondary resources. In aggregate, the secondary sources were taken both from Eastern and Western nation's publications.

3.6 Data collection

Both qualitative and content analysis methods were used for data collection, while views and understanding were also considered for accurate interpretation.

3.6.1 Primary data

Key Informant Interviews were taken as a means of primary data collection. The insights and description of key informants contributed to the richer understanding of the data and various practical aspects related to Nepal-China relations and emerging security dynamics. Details of participants are shown in Table 3.2 and the questions for interview are included in Appendix A.

Table 3. 2:List of key informants' interview

SN	Position/Appointment	Expertise/Specialist	Nos	Method	Instrument
1	Diplomats	Foreign Policy, Nepal-China Relation	3	In-depth interviews	Questionnaire
2	Security Analysts	National Security and Strategy	3	In-depth interviews	Questionnaire
3	Professors	International Relations, International Law	1	In-depth interviews	Questionnaire
4	Analysts	Nepal, China, India	2	In-depth interviews	Questionnaire
5	Politicians	Bilateral Relation, Foreign Policy	3	In-depth interviews	Questionnaire

Note. Created by Researcher

3.6.2 Secondary data

The secondary data were collected through the various books, journals, publications, magazines, articles, the websites, various reports, plans and policies. While collecting secondary data, reliability, suitability and adequacy of data were taken into consideration. Furthermore, the researcher fulfilled the academic professionalism and ethics on the parts of data collection and citation.

3.7 Data analysis

It interprets data mostly through text-analysis. This study uses qualitative analysis methodology to describe the available literatures. It uses chronological approach in describing diplomatic, military and economic relations in FDR Nepal-China relations. Researcher has implied analysis approach assessing South-Asian regional security environment as well as the emerging security dynamics impact on Nepal-China relations and inductively presents a big picture by examining available documents related to the research problem and provides findings of the study. The KII was conducted to validate and reinforce the outcome of the literatures. The content analysis and narrative analysis methods were used to ensure that the findings are insightful and actionable.

3.7.1 Content analysis/Thematic analysis

The content analysis method was used to analyze the responses from interviewees by constructing themes based on their data as well as the secondary data and information.

3.7.2 Narrative analysis

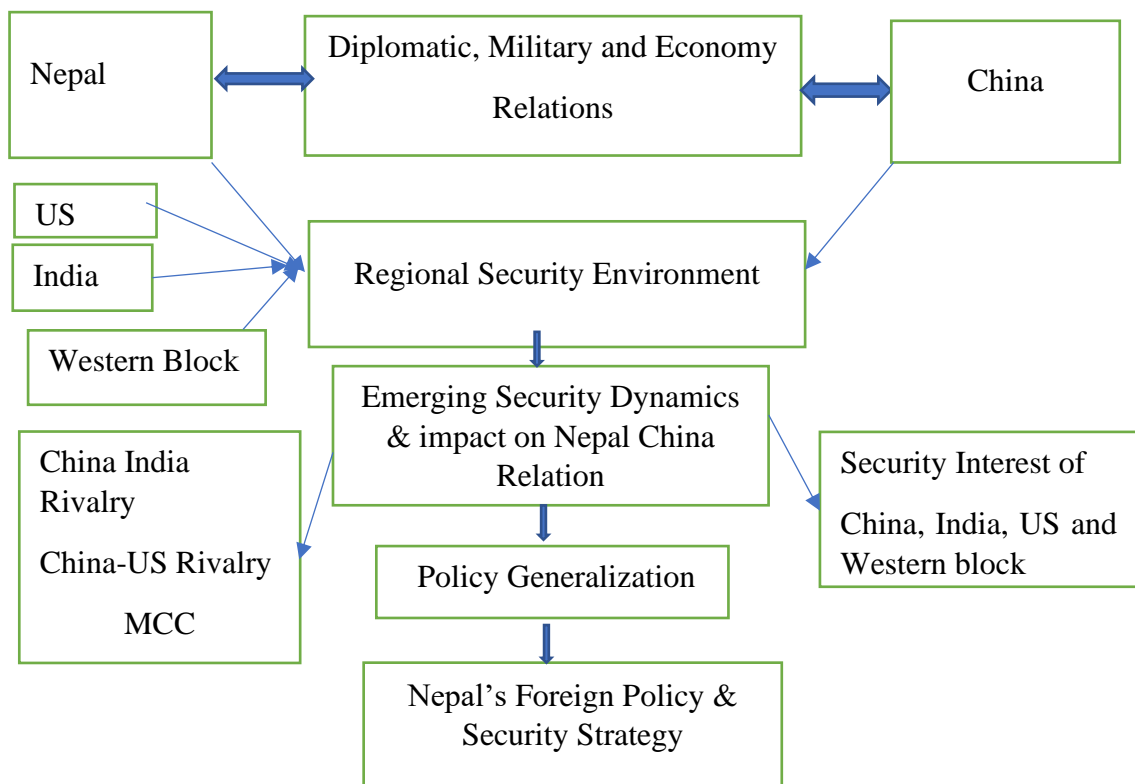
This analysis was used to analyze the content from various sources, such as interviews from respondents and observations of the researcher himself considering the use of stories and experiences shared by the respondents to answer the research questions.

3.8 Conceptual framework

To provide accurate literary treatment to the objectives of the research, this study mainly uses diplomatic, military and economic elements of DIMEFIL instruments of national power and realist and liberal theories as a framework of analysis to Nepal-China relations on emerging security dynamics (2007-2020 A.D.). Additionally, few key tools of inquiry are also adopted while explaining regional security environment considering the security landscape of US, India and Western Block. Similarly, core

interests of China, India and US in Nepal will also be examined through ways and means they are adopting in the Republic Nepal. Nepal's relationship with China and India cannot be studied in isolation without considering the regional strategic environment. Both China and India have been moving ahead in extending their regional and global reach, searching their space as a key regional players and stakeholders in many regional and global issues and both the countries are trying to secure their position in establishing their dominance far beyond their natural frontiers. Moreover, as an extra regional power US and Western blocks are also extending their geo-political interests in the region. The emerging security dynamics and its impact on Nepal - China relations are also discussed through different determinant factors that contribute in examining Nepal's foreign policy and security strategy and arriving at major findings of the study as illustrated (see figure 3.1) below.

Figure 3. 1: Conceptual framework



Source: Adapted from *Theoretical and Empirical Literatures* and figure created by researcher.

As the empirical literatures suggests, the dominant competing factors in Nepal's strategic and security discourse is ‘security interest’ of China and India and for Nepal, it is to ensure its security, development and moreover for survival. Hence, the regional strategic environment will also be examined in the overall context that contributes in explaining the field of study. Based on aforementioned theoretical and empirical literatures, the objectives of the study and research questions, following conceptual framework is developed to carry out the study as illustrated in Table 3.3.

Table 3. 3: Comparative analysis of diplomatic relations and emerging security dynamics

Nation	Ends	Ways	Means
Nepal	What are the states of Nepal's Republic era (2007-2020AD.) relations with China?	What are the strategic courses that can be adopted in Political, Diplomatic, Military and Economic Relations?	What are the most effective means available to pursue its interests in the Republic era Nepal?
		How Nepal can address China's Changing Strategic Dimensions in Nepal?	
		What are the efforts taken in order to harness Republic era Nepal-China Relations?	
	How do emerging security dynamics influence Republic era Nepal-China relations?	How Nepal can pursue its strategic and security interest vis-à-vis growing global and regional power rivalry in the region?	
		How Nepal can balance diplomatic relations with other power blocks vis-à-vis its growing ties with China?	
	How should Nepal frame its foreign policy and security strategy in the present context?	What is the strategic maneuvers Nepal can embark on?	
What are the strategic and security cooperation choices available to Nepal?			
How should Nepal frame its foreign policy behavior and strategy?			
China	What are the China's strategic and security interest in its relations with Nepal?	What is the China's changing strategic dimensions in Nepal?	What are the most effective means available to pursue interests in its relation with Nepal?
		What are China's strategy and attention in South-Asia through the engagement with Nepal?	
		What are China's regional security dynamics?	
		What is the China's security engagement with Nepal to make its effective security strategy?	
India	What are the China's strategic and security interest in its relations with Nepal?	What are the India's changing strategic dimensions in Nepal?	What are the most effective means available to pursue interests in its relation with Nepal?
		How India is trying to maintain its 'special relation' with Nepal?	
		What are India's regional Security dynamics?	
		What are the India's security engagements with Nepal to make its effective security strategy?	

US	What are the US's strategic and security interest in its relations with Nepal?	What are the US's changing strategic dimensions in Nepal?	What are the most effective means available to pursue interests in its relation with Nepal?
		What are US's securities interests vis-à-vis China's rise?	
		How do India-China relations develop vis-à-vis US rebalance strategy?	
Western Block	What are the Western Block's strategic and security interest in its relations with Nepal?	What are the Western block's changing strategic dimensions in Nepal?	What are the most effective means available to pursue interests in its relation with Nepal?
		What are Western block's strategic and security interest vis-à-vis China's rise?	
		How do Western block develop regional security dynamics including in South China Sea?	

Source: Created by Researcher

CHAPTER 4

REPUBLIC ERA NEPAL-CHINA RELATIONS (2007-2020 A.D.)

This chapter describes Republic of Nepal's relation with China. It briefly presents Nepal's historical relation with China from the ancient time till 1950 from the political, diplomatic, military and economic perspectives. It explains Nepal's cordial and all-weather friendly relations with China during the absolute Monarchy period from 1950 till 1990 and further to the constitutional Monarchy and King Gyanendra's period (1990-2007) from the political, diplomatic, military and economic dimensions. Similarly, it examines Nepal's Republic era (2007-2020) relations with China through various elements of political, diplomatic, military and economic instruments of power. It also analyzes the situation in the wake of promulgation of first constitution 2015 of Federal Democratic Republic. Moreover, it attempts to relate Nepal's relations through the theoretical insights of IRs and elaborate current dimension of Chinese strategy and its interests and drives towards Nepal vis-à-vis its influence on Nepal's strategy and security in the changed political setting of Nepal. This chapter also describes perspectives that are subordinated to security dynamics such as informational-socio-cultural and religious; economic-trade and transit, development assistance and BRI; financial-FDI and aid; military; Zone of Peace (ZoP), Tibet issues, constructive engagement policy, 'soft power diplomacy'; and legal-treaties and agreements that have direct bearing in mapping Nepal's post-Monarchial relation with China and also the efforts taken by both sides to harness the relations. The Republic era period relations between Nepal and China will be analyzed thoroughly through DME perspectives and in-depth examination of efforts taken to harness the relations will also be carried out.

4.1 Background

Nepal's diplomatic relations with the outside world are in fact its diplomacy with the immediate neighbors - China since the ancient times. Nepal shares a huge geographical, political, historical and socio-cultural linkage with China. Diplomatic relations, Morgenthau (2007) asserts is one of the important instruments of national power in the extension of foreign policy of a state; the matter of fact is that this occupies a greater significance in the case of smaller and a landlocked country like

Nepal mainly due to its unique geo-political settings, geo-strategic position and geographic interconnectedness with China.

It is believed that Manjushyri from Wutai Mountains of China travelled to Nepal around two thousand years ago. He created Kathmandu Valley by draining out the lake using his sword. This interesting legend presents vivid expression of the friendship between Nepal and China since ages (Kumar, 2013). Historical evidences depict the friendly exchanges of Nepal and China commenced as early as the mid-7th century. There have been frequent exchanges of visits at different levels for over 1500 years. Fashien, a Buddhist monk and scholar from China visited Lumbini in 406 A.D. in pursuit of knowledge and peace. Almost around the same time a Nepali monk named Buddhavandra visited China to preach teachings of Buddha. Princess Bhrikuti, daughter of King Amshuvarma, got married to King Srong Tsangampo. She along with the Chinese Princess was instrumental in converting Tibet into a Buddhist state. Later, Arniko accompanied by his followers visited Tibet and then to China to double the monasteries and temples (Acharya, 2019).

The white pagoda which still exists in Beijing, is an immortal witness and testimony to the antiquity of Nepal-China relations. The aforementioned descriptions show that the significance of historical ties between Nepal and China is not limited to teaching and learning of Buddhism alone. In China, many temples' monasteries, pagodas as well as statues have been constructed by the Nepali artists and craftsmen. The introduction of Buddhism into China in 67 A.D. was one of the most significant events in the historical of Nepal-China relations from the cultural dimension (Manandhar, 1999). "Since ancient times, relationship between the two countries is characterized by people-to –people contact through pilgrims and travelers" (Adhikari, 2010, p.27).

4.2 Relations from ancient time till Rana regime era, 1950 A.D.

4.2.1 Diplomacy

In the seventh century during the Tang Dynasty (618-907 Common. Era.), Nepal and China exchanged political mission for the first time but it could not continue for long. In fact, the two countries had official relations since 7th century, when King Narendra Deva accepted several missions from the Tang Dynasty emperor of China. Nepal had also sent similar missions with lavish gifts to please the Chinese rulers of the time.

That was the time when both the countries discovered the route of Kerung to Lhasa and further to China. The bilateral relations continued to develop solely on the basis of exchange of knowledge of Buddhist philosophy and its implementation in life till the seventeenth century (Bhattarai, 2010). Because of differences between these neighbors, a war was broken out in the eighteenth century. After the settlement, exchanges of political missions were initiated and it continued till date. The emperors of China seem to have knowledge or awareness about the strategic importance of Nepal, owing to its unique geography and its political influence at that time. Undoubtedly, Nepal had been able to acquire respects and honor even from the kings of several Kingdoms in South-Asia. It appears that after the 5th century A.D., Nepal enjoyed a highly developed socio-cultural and economic prosperity (Shakya, 2017). The social life during this era was remarkable, flourished, harmonious and well ordered. Nepal was the first country with which China has established a formal relationship in South-Asia. This history is however, overlooked and not emphasized and remains largely obscure. Nevertheless, it remains as a matter of great pride and historical importance for both Nepal and China. The practice of scholars visiting each other's country was reinforced after this relation. Henceforth, most Chinese scholars arrived in Kathmandu from Keorung. Obviously, the route of Keorung in future became the gateway for China to connect Nepal and India. Without a doubt, it served as a branch of the ancient silk road to connect Lhasa, Kathmandu, Kashmir, Afghanistan, Iran and finally to Europe. This route gave Nepal huge wealth and fame. Further, Kathmandu city emerged as a matter of pride in South-Asia (Sangroula, 2018).

The geographical interconnectedness is an important factor in diplomatic relations as Nepal's Northern frontiers is connected with China's autonomous region of Tibet. Nepal, a small Himalayan landlocked country, surrounded by India on three sides and by China to the North, is situated between these two Asian giants. "Nepal has been characterized traditionally as a root between two stones" (Bhatt, 1996, p. 29). The country occupies 147,516 sq. Km of land (see figure 4.1) out of which it shares 1,389 kilometers with China and 1,770 Kilometers with India (Central Intelligence Agency, 2020 May). It has diverse physical setting, ranging from Nepal's Southern plain area to Northern rim of the Gangetic plain situated at approximately 70 to 300 meters

above sea level, to the Northern Himalayan range-8,848-meter-high Mount Everest (Savada, 1993).

Figure 4. 1: Nepal and its neighboring countries



Source. Adapted from https://www.researchgate.net/figure/Map-of-Nepal-showing-new-provincial-boundaries-adapted-by-the-authors-from-Ministry-of_fig2_352155539

Chaturvedy & Malone (2012) elaborate although it shares long borders with both China and India, the fact that Nepal is insulated from China by the Himalayan chain while sharing an open border with India across lowlands that extend well into the North Indian heartland states of Bihar and Uttar Pradesh means that politically and economically, it is heavily Southward-oriented.

The relationships between Nepal and Tibet are centuries old, with the Sherpa people, the Gurung people and the Thakali people of Nepal sharing close linguistic, cultural, marital, and ethnic ties with the Tibetan people of Tibet. The agreement was the result of Bhim Malla, a Qaji of Lakshminara simha Malla (1614-39) of Kantipur and was concluded presumably at Kuti between 1615 and 1620. In this agreement,

- (a) Nepal was to have the right to maintain 32 shops at Lhasa;
- (b) The property of Nepali subjects dying in Tibet was to be made over to the Nepali government;

(c) The Tibetan frontier district of Kuti, through which the bulk of Nepal-Tibet trade passed, was to surrender to Nepal. The agreement appears to have been highly advantageous to Nepal (Wright, 1877).

4.2.2 Military

During the reign of King Prithvi Narayan Shah, friendly relations were maintained with both China and India. Stiller (1999) asserts, “In foreign affairs Prithvi Narayan Shah believed in peaceful and friendly relations with China and the East India Company, Nepal’s powerful neighbors. His friendliness did not include open borders; he closed Nepal to all foreign merchants” (p.37).

As the British East India Company began their domination in India from the mid-18th century, it affected Nepal’s outward expansion during the same period. Historical links with Tibet were primarily founded on trade of salt being one of the most precious commodities. Though Nepal waged wars against Tibet, its aim was mainly to dominate the vital trade route rather than the acquisition of Tibetan territory. Its relations with Tibet never got impacted on the sensitivities of the majority of the people in the country and this situation continues even after China's conquest of Tibet. Historically, as long as Nepal's trade interests with Tibet were preserved, it had no problems in accepting Chinese supremacy. When the British made inroads into Tibet and became a more powerful player in the region in the beginning of the 20th century, Nepal did not ease time disabusing itself of the supremacy it had accorded to China. For most part of the 17th, 18th and 19th century, Nepal enjoyed dominance over Tibet. It was the Chinese empire which came to the rescue of Tibet in the Nepal - Tibet wars in 1792 and 1854. In the war of 1792, the Chinese intervention resulted in a Sino - Nepali treaty wherein Nepal accepted China's supremacy in the region and agreed to send mission bearing tributes to the emperor in Beijing every five Years. These missions were discontinued when China's power weakened considerably in the wake of the British military expedition in Tibet in 1904 and the revolution in 1911(Kumar, 2013).

“There are at least eighteen pass areas in the central Himalayan range that can be used as channels of communication between Nepal and Tibet” (Rose, 1971, p.93). Adhikari (2015) posits that 14 out of at least 18 passes have been in regular use for centuries over the border between Nepal and China through the Himalayas. However, the issue

of trans-Himalayan trade was a matter of concern between Nepal and Tibet and the increasing differences invited Chinese to have interest on the issue. Savada (1993) asserts, “By the 18th century, Nepali adventurism in Tibet led to Chinese intervention in favor of Tibet” (p.77). A treaty was signed after Nepal and Tibet fought a war in 1789, which granted Nepal the right to maintain an envoy and wakil Lahasa (Rose, 1971). Manandhar (1999) details that after a gap of nearly four centuries; the re-establishment of Nepal-China relations was one of the major outcomes of the Nepal-Tibet war of 1788.

“The aggressive policy towards Tibet over the trade and border issues triggered a Chinese invasion and in 1792, Nepal had agreed to surrender the recent gains negotiated with Tibet and to send five-yearly tribute mission to Beijing” (Whelpton, 2005, p.66). “The treaty that was signed between Nepal and Tibet in September 1792 initiated a formal diplomatic relation between Nepal, Tibet and China as well as this remained a framework of maintaining relationships until 1854” (Jain, 2011, P. 44).

In 1854, differences emerged in Nepal-Tibet relations due to the violation of some of the provisions of 1792 treaty by Tibet especially ill-treatment experienced by Nepali officials who were on the tribute missions to China. In the same year, Nepal invaded Tibet. The conflict terminated and peace was finally restored with a treaty signed in March 1856 (Savada, 1991, P.84). The treaty outlined maintaining mutual relationships on the matters of trade and commerce and living under harmonious conditions. Savada (1991) details that the hostilities of 1854 were quickly terminated when China intervened and the treaty recognized the special status of China as well as Nepal agreed to assist Tibet in the event of foreign aggression. After such events, Chinese position on the Himalayan region brought a strategic dimension. In a note to the government of British-India on 28 October 1910, China referred to Nepal and Bhutan as its vassals (Pokhrna, 2009). “On 17 January 1911, the government of British-India bluntly replied that Nepal was not a vassal state, but was wholly independent of China and any attempt by Beijing to exercise influence over Nepal and Bhutan could not possibly be tolerated” (Pokharna, 2009, p.43).

In 1912, Nepal warned the Chinese representative at Lhasa that Nepal would help Tibet attain independent status as long as it was consistent with the British interests (Pokharna, 2009). With a view of further promoting bilateral relations with Nepal,

Chinese government dispatched good will mission in 1932 and 1934 and they expressed the desire of their government to renew traditional relations and contact with Nepal. The year 1946 and 1947 witnessed the strengthening up of bilateral relations as both the government exchanged their goodwill missions along with letter and gifts and Chinese assured friendship to Nepal.

4.2.3 Economics

Nepal and China as well as Nepal and China's Tibet in the past have had maintained a deeply entrenched connectivity in the form of mutual trade, cultural exchanges and even occasional military collaboration. During this period, Nepal had the opportunity to learn from China, the technology and skills of making paper which gave wide fame to Nepal in becoming the first country to produce paper in South-Asia and it added a commodity of trade with India. Subsequently, Nepal emerged as a prosperous country with its handmade finest quality paper which added to its traditional exports of musk orpiment, blankets and other woolen goods to India. Nepal's dominance in wool trade is also mentioned by Kautilya in his famous treatise Arthashastra.

The historical records also show that Nepal in between China and India flourished as one of the most prosperous trading nations in South-Asia. These two countries provide markets for Nepal. Kautilya in his famous treatise Arthashastra, has meticulously mentioned that woolen blankets called Bhrings and other article made in Nepal were highly preferred merchandise in the market of Pataliputra, during the 4th century BC. This reference of Kautilya brings a couple of facts into the limelight. Firstly, Nepali merchants had their trade established and expanded in Maghad's markets. Secondly, Nepal has already gained a stature of the important nation; otherwise, Nepal's merchants would not have been able to receive an honorable position in the market of Pataliputra.

Furthermore, the finding of Kusna coins in an excavation in Kathmandu indicates that merchants and pilgrims from foreign countries did visit Nepal and bring those coins with them. From both viewpoints, Nepal was a destination for foreigners. Hari Shen a scholar from Samundra Gupta Empire also mentions that there existed religious and commercial relations between Nepal and India in the old days. It also proves that Nepal was an organized an independent country during the era of Samundra Gupta

who succeeded his father Chandra Gupta I, in the year 335 A.D. and ruled for forty long years till 375 A.D. (Sangroula, 2018).

This is how Nepal established itself as a gateway for China to connect to South-Asia including Afghanistan and Iran and vice-a-versa. The trade between the two countries proved to be a boon for the thriving economy of Nepal and that virtually transformed Nepal into a culturally rich, educationally vibrant and economically prosperous nation. The Kathmandu city emerged as an amazingly attractive destination to learn Buddhism as well as Hinduism. With its transit connectedness with China and India as well as resulting economic and political potentials, Nepal gained honor from both China and India.

4.3 Modern and Panchayat era relations (1951 - 1990 A.D.)

4.3.1 Diplomatic

Nepal and China established diplomatic relations for the first time on 1 August 1955, six years after the establishment of the People's Republic of China in 1949 and four years after the installation of democracy in Nepal in 1951. Few important events that occurred in China and Nepal altered the course of Nepal's diplomatic navigation towards North. Mao-Tse-Tung's occupation of Tibet in 1949 inevitably excited political tensions within Nepal (Rowland, 1967).

The break in colonial rule and the partition of India and Pakistan along with their independence, Mao's ascendant to power and its occupation of Tibet and the formal end of 104 years of Rana regime in Nepal were the key developments that altered the political history of the region. In the meantime, the establishment of coalition government under King Tribhuvan in February 1951 along with the restoration of democracy is the major events that necessitated searching for a new approach in their diplomatic discourse in the post-1950 (Thapa, 2019).

The regional strategic environment in the post-1950 until 1990 remained such that it witnessed three conflicts: 1962 China-India border war, 1965 and 1971 war between India and Pakistan as well as nuclear test by China in 1964 and by India in 1974. Furthermore, the fall out of Vietnam conflict of 1960 to 1970 and the Cold war between the US and the Soviet Union influenced the interstate relations in the world in which Indian sub-continent including China became no exception from such

events. The post 1949 era saw unprecedented changes both in Nepal and China. In 1949, the people's revolution led by the Communist Party of China succeeded establishing the People's Republic of China (Thapa, 2019). The post revolution China (see figure 4.2) has good relations with Nepal.

Figure 4. 2: China with neighboring countries



Source: Adapted from <https://geology.com/world/China-satellite-image.shtml>

Two years after the establishment of the PRC in 1951, Nepal was freed from a century old oligarchic feudal and authoritarian Rana regime, of them most rulers stood as stooges of the British colonial regime in India. A democratic system fashioned after the British majoritarian multi-party system was installed as a political system of the future Nepal. The British colonial regime which backed the oligarchic feudal Rana regime in Nepal left India thus paving a way for the liberation of Nepali people from the yoke of oligarchy. In fact, the entire Asian continent was experiencing a wave of the new political system with the collapse of colonial power.

Right from the very establishment of the PRC, the Chinese Communist Party showed keen interests to restore and revive contacts of China with the world and enter into diplomatic relations with friendly countries, the neighboring countries in particular. Mao Zedong, on the very day of Republic of China's declaration spoke briefly about the future relationship of New China with other countries and said “the government is

prepared to establish diplomatic relations with any foreign government which will be willing to observe principles of equality, mutual benefit and mutual respect of territorial integrity and sovereignty” (Sangroula, 2018, p.245). The declaration of Mao Zedong virtually ended the suspicion or fear of Nepal for its national sovereignty and independence which was instilled by the intrigues of the imperial courts in the remote past and the nationalist government in the recent past to impose domination over Nepal.

Nepal had a long tradition of communication and cultural exchanges with China, particularly with Tibet and integral part of it. Nepal remained well-informed regarding the status of Tibet as a part of the Chinese territory and pursued ‘One China Policy’ without any hesitation and delay. Nepal and Tibet have been trading partners since antiquity and they also share cultural and social heritage. Nevertheless, there were occasional turmoil encountered and distrusts experienced from both the sides. However, these issues have never been issues between two countries after 1950.

The political change heralded a new beginning in Nepal-China relationship which was to stand on a new ground resiliently. The traditional relation with China's Tibet also changed once it was emancipated by the People's Liberation Army in 1951. Nepal as the closest neighbor acknowledged the change in Tibet instantly with appreciation and support. In June 1952, King Tribhuvan of Nepal declared that Nepal would maintain its traditional friendship with the Northern neighbor as it did before. Although annual Tibetan tribute missions appeared regularly in Nepal as late as 1953, China had started to ignore the provisions of the 1856 treaty by curtailing the privileges and rights it accorded to Nepali traders, by imposing restrictions on Nepali pilgrims and also stopping the Tibetan tributary missions. The break between Nepal and China continued until 1955 when relations were reestablished with China (Kumar, 2013).

The two countries established resident ambassadors in their respective capitals in July 1960. The Nepal-China boundary treaty was signed in Beijing in October 1961. The treaty provided for a Nepal-China joint commission to agree on questions regarding alignment, location and maintenance of the seventy-nine demarcation markers. The commission's findings were attached to the original treaty in a protocol signed in January 1963. Under the protocol signed and exchanged between Nepal and China on 20 January 1963, the contracting parties agreed to maintain and adopt necessary

measures to prevent the removal, damage or destruction for the rivers from changing their course and to make a joint inspection of the entire boundary every five years. Accordingly in 1979, a new agreement was signed between the two countries after detailed mapping and demarcation of the boundary (Bhattarai, 2010).

The Nepal-China border is almost marked by the absence of settlement on either side. The number of settlements along the proximity of border is 10 in Nepal and 18 in China. One notable feature of Nepal-China boundary is the complete absence of border check posts except at the Kodari border. Most of the border check posts are located at a distance of more than one day's walk from the actual border on either side. Most of the places intended for visit for trade and social relation lie far ahead of the limit of 30 Kilometers. In order to tackle this problem, the agreement on trade between Nepal and the Tibet autonomous region of China was concluded on 2nd May 1966 and renewed for the third time on 2nd May 1986. On top of these issues, during the China-India conflict of 1962, Nepal reasserted its neutrality and Nepal continued to support China's application for membership in the United Nations (Awasy, 2013).

4.3.1.1 Establishment of diplomatic relations

At the invitation of Chinese Premier Chou Enlai, Indian PM Jawaharlal Nehru paid an official visit to China in 1954 and signed an agreement on the basis of Panchsheel. He seems to have signed the agreement without claiming inheritance for the fights and privileges established by the British government over Tibet and normalized relations with the government of the People's Republic of China. After the two neighbors signed an agreement and normalized relation between India and China, contacts were developed between Nepal and China for the establishment of diplomatic relation on the basis of five principles of peaceful coexistence, Panchsheel formulated by Indian PM Nehru and Chinese Premier Chou Enlai.

In 1955 at the Bandung Conference, Chinese Premier Chou Enlai met the Nepali delegation and suggested to have diplomatic relations between Nepal and PRC. Nepal welcomed the indication and agreed to have diplomatic relation with China on the basis of Pachashila. A delegation led by Principal advisor Gunja Man Singh of Nepal and Chinese delegation led by the Chinese ambassador to India Yuan Zhongxian negotiated and finalized the agreement to sign and a joint communiqué was published on the 1st of August 1955 - see Appendix B for full text (Bhattarai, 2010).

King Mahendra, who ascended the throne on his father's death in March 1955, was keen to play the 'China Card' as soon as possible. For that Nepal had to have diplomatic ties with China, the ground for which had been prepared even earlier. Within five months of his assuming the Monarchy, the delegations of Nepal and China which were discussing the modalities of the establishment of relations reached accord on 1 August 1955 and a joint communique was issued in Kathmandu (Bhatt, 2012).

The two countries agreed to exchange ambassadors and, apparently as a concession to Chinese propaganda. Both agreed that five principles of peaceful coexistence would be the basic principles to guide bilateral relations (Ibrahim, 2013). The five principles are: mutual respect for each other's territorial integrity and sovereignty; non-aggression; non-interference to each other's internal affairs, equality and mutual benefit and peaceful coexistence.

4.3.1.2 Exchange of visits

After the establishment of diplomatic relations, thus followed the regular visits of heads of state/government to each other and exchanges of opinions between them on the issues of mutual interest. These visits and exchanges of opinions between them have helped to promote understanding between the two countries and contributed to enhance trust and confidence among the leading personages.

(a) PM Acharya visit

On the friendly invitation of Chinese Premier Chou Enlai, PM Tanka Prasad Acharya made the first ever-official visit of Nepali PM to China from 26th September to 7th October, 1956. In the joint communiqué published to mark the occasion of the Nepali Prime Minister's visit to China, both countries reaffirmed the five Principles (Panchsheel) of peaceful co-existence as the fundamental guiding Principles for bilateral relations. Nepal and China also concluded an agreement to maintain friendly relations on trade and intercourse: Kathmandu, 17 September 1956 - ratified on 17 January 1958, see Appendix C for full text (Bhattarai, 2010, p.29-37).

(b) Premier Chou visit

On the friendly invitation of PM Tanka Prasad Acharya, Chinese Premier Chou Enlai visited Nepal from January 24 -29, 1957. A joint communiqué was issued at the end

of the visit recalling and affirming the traditional friendship since time immemorial. The two prime ministers agreed that world peace and harmony is required for the development and prosperity of China and Nepal as well as other Asian nations and the world at large. Both prime ministers reaffirmed their backing for Bandung-principles and expressed gratification over five principles of peaceful co-existences' acceptance by many nations from Asia, Africa and the world

(c) PM Bishweshwar Prasad Koirala visit

The first democratically elected Prime Minister of Nepal BP Koirala, on a friendly invitation of the Chinese Premier, visited China on 11-12 March, 1960. During his visit, PM Koirala was received by Mao Zedung and had substantive and fruitful talks with him and official talks were held between PM Koirala and Chou Enlai. The talks held between Premier Chou Enlai and PM Koirala had agreed for the settlement of the boundary question between China and Nepal.

The two sides deferred mainly on the question of Mount Qomolangma (or Sagarmatha as called by the Nepali side). China agrees to the demarcation of the boundary line right through Mount Qomolangma so as to be jointly owned, with the Northern slope belonging to China and the Southern slope to Nepal. When meeting with Nepali PM Koirala, Chairman Mao Zedong said:

It would be too hard on our feelings if the whole mountain were turned to you. Likewise, it would be too hard on your feelings if the whole mountain were placed under our ownership. Therefore, it would be better to go fifty-fifty and the mountain could be renamed as Mount Nepal-China Friendship (Bhattarai, 2010, p.213).

Both sides agreed to consolidate and further the friendly bilateral relations after discussing on common interest issues as stated in the joint memo released on 21 March 1960. The two sides cordially settled the boundary issues and decided to move forth under guidance of the five principles of peaceful existence.

Additionally, both sides showed eagerness and agreed to sign the treaty of peace and friendship when Prime minister Chou Enlai visit to Nepal. Furthermore, two nations decided to establish respective in Kathmandu and Beijing in order to bolster the bilateral relations and cooperation.

(d) Second visit of Premier Chou

Chinese Prime minister Chou Enlai paid second visit to Nepal in April 26-29, 1960 upon the friendly invitation of PM BP Koirala. On behalf of respective governments, both Prime ministers signed the treaty of Peace and friendship between PRC and Nepal, see Appendix D for full text (Bhattarai, 2010, p.214). A joint communique issued at the end of visit states that respective visit to each other country have further augmented the bilateral understanding and friendship between two countries.

(e) King Mahendra and Queen Ratna's visit

King Mahendra who took keen interest in developing relations between Nepal and China in articulating the framework, visited China from 28 September to 15 October, 1961. It was the first ever visit of a head of state of Nepal to China on a friendly invitation from the Chinese President. It was a landmark in the history of Nepal-China relationship. King Mahendra signed the treaty for delineating the boundary between Nepal and China together with President Liu Shaochi. President Liu Shaochi admired His Majesty King's leadership and friendly behaviors towards China and appreciated Nepal's independent and neutral policy. King Mahendra too stated that age old bilateral relations between two nations will develop stronger day by day (Singh, 2009).

(f) King Birendra and Queen Aishwarya's visit

King Birendra and Queen Aishwarya paid state visit to China at the friendly invitation of President Tung Piwe from 7-14 December, 1973. Premier Chou welcomed the King and praised the long history and splendid culture of Nepal, admired Nepal's foreign policy of peace and opposition to power politics and spheres of influence. King Birendra expressed his pleasure and conveyed Nepali peoples' warm greetings and goodwill.

King Birendra and Prime minister Chou Enlai discussed and agreed on further enhancing friendly bilateral relations and mutual co-operation on common interest issues. Both sides opined that all nations have right not to be part of any power blocks. A joint statement issued after the visit stated that the exchange of such visit brings constructive impact to bolster the friendly relations between two nations as well as citizens of the two countries (Bhattarai, 2010).

(g) King Birendra and Queen Aishwarya's visit to Tibet

In 1976, King and Queen visited Lhasa, the Tibet autonomous region of China. It was the first ever visit by any foreign head of state to Tibet. On the occasion, the people of Tibet who had continuous intercourse with the Nepali people since the time immemorial, were most happy to receive the King and Queen of Nepal who had carried goodwill and friendship of the Nepali people to them. The Tibetan people felt highly honored and were enthusiastic to extend warm and sincere welcome and express friendly sentiments to the distinguished guests from Nepal.

(h) Vice Premier Deng Xiaoping's visit

After assuming the Vice Premiership, Deng Xiaoping made his first foreign visit to Nepal in January 1978. He was accorded highest honors and welcome on the occasion. King Birendra and Queen Aishwarya received the distinguished guest Deng Xiaoping and had a quiet dinner with him. On this occasion, a high-level discussion on wide range of subjects was also held between the two sides. PM Kirti Nidhi Bista hosted an official banquet in his honor and stated that the visit of the distinguished Chinese leader was a symbol of the friendly relations developed since historic times. Vice Premier Deng Xiaoping in his reply speech expressed that the Himalayas have joined two countries and the highest peak Mt. Qomolangma (Sagarmatha) has become the symbol of friendship between China and Nepal. At the civic reception, the honored guest stated that Chinese people and government consider their relation with the Nepali people and government very important and precious and also will make every effort to further strengthen the friendship between our two countries. Because of the great successes achieved in getting China modernized and prosperous under the wise guidance of Deng Xiaoping, the Chinese people honor and regard him as the successor of their great leader Mao Zedong who created New China (Singh, 2009).

(i) PM Bista's visit

PM Kirti Nidhi Bista after his official visit to China at the invitation of Premier Chou Enlai in 1972, visited China a second time at the invitation of Deputy Premier Deng Xiaoping at the end of September 1978. Deputy Premier Deng in his welcome speech in the Banquet stated that China is ready to promote the relations between China and Nepal together with Nepali friends. In reply speech PM Bista expressed that he feels

the traditional relations between Nepal and China was not only secured but continuously growing under the guidance of wise leaderships of the two countries.

(j) President Li Xiannian's visits

President Li Xiannian with Madam Lin Jiamei began first ever visit by a Chinese President with the first lady of China to Nepal on 20 March, 1984. King Birendra and Queen Aishwarya extended warm welcome to President Li and Madam Lin. In the welcome speech at the banquet, the King said:

I am happy to note that our friendship is free from problems. As a close neighbor and friend, Nepal has viewed with interest the way China has roused itself from a critically fragile state that embarked on a journey to modernization by safeguarding its independence. By having shown an understanding to our difficulties, China has extended cooperation to us, for which the people of Nepal have always remained grateful. Let us therefore, look forward to strengthening our ties still further with a view two mutually contribute to the cause of peace and security throughout the world (Bhattarai, 2010, p.213).

President Li said:

Sino-Nepal relations were considered by mutual respect, equality, mutual trust and sincere co-operation. The relations are guided by five principles of peaceful co-existence and the flowers of friendship will flourish with great luster. The objective of Chinese foreign policy is to have strong bondage and cooperation with third world nations particularly to Nepal and always eager to join hands with peace loving countries and citizens to defuse the international tension (Bhattarai, 2010, p.219-220).

(h) Premier Li Feng's visit

At the invitation of PM Marich Man Singh Shrestha of Nepal, Premier Li Feng and Madam Ju Lin paid a friendly visit to Nepal in November 19-21, 1989. PM Shrestha welcomed the distinguished Chinese guests and hosted a banquet in their honor. He described:

The process of development of Nepal-China relations started since historical times. Exchanges of the visits of the leaders of our two countries and

opinions among them have helped to consolidate the relations so happily subsisting between the two countries (Bhattarai, 2010, p.229).

Replying to the welcome address made by the Nepali PM, Premier Li Feng said “Nepal enjoys a long history and shining civilization and admired the achievements made by the industrious and brave Nepali People” (Bhattarai, 2010, p.220- 221). He appreciated Nepal’s contributions in establishing new international economic order and the promotion of SAAR. The delegations of the two countries discussed all aspects of economic cooperation between the two countries. In the discussion, road construction, joint venture, trade, tourism and long-term loans were included.

4.3.2 Military

Nepal- China military relations were renewed in 1955 after China deployed its troops in Tibet. In 1960, Nepal recognized Tibet as an integral part of China, thereafter two countries signed the treaty of peace and friendship which has strengthened the bilateral relations till date. The treaty assured mutual respect for sovereignty and Nepal’s recognition of the ‘One China Policy’. This policy states Tibet, Taiwan and Hong-Kong are integral parts of China and hereby Nepal affirms that will not permit anti-Chinese activities in Nepal. China greeted Nepal for its firm support on ‘One China Policy’. During last 1960 and early 1970, with the support from US Central Intelligence Agency (CIA) Khampa fighters were active and operating from Nepal but Nepal successfully dismantled them. China perceives its close relation with Nepal is vital step for its regional dominance against rival power India. Due to Tibetan refugee issues, Nepal’s role and location as bridge between China and India signifies its strategic importance for two giant neighbors (Kumar, 2013).

Though India has played major role, China also has long history of engagement with Nepal. Since 1950, China has been delivering some form of economic but 1960 treaty of peace and friendship between Nepal and China paved the way forward.

Traditionally, China seems to have acknowledged India’s influence and predominance in Nepal. However, during 1962 China-India war Nepal face the difficulty and caught in between. China demonstrated as a friendly and benevolent power whereas India presented hegemonic behaviors towards its neighbors. China successively assisted Nepal by creating patriotic sensations and anti-Indian feelings in Nepal during Nepal-India trade dispute. Despite all efforts, China did not succeed in supporting Nepal

through their 1988 agreement for the supply of anti-aircraft guns from China. This triggered a severe response from India and imposed 1989-1990 economic blockade on Nepal where most of the border transit points were closed which brought shattering effects for Nepali economy. Nepal realized that neither it can provoke India nor jeopardize its relations with China. Therefore, maintaining balance relation with China and India is the vital component of Nepal's foreign policy. Nepal must understand and be sensitive when India and China are engaged in race to project their dominance and influence in South-Asia. Hence, the geopolitical and geo-strategic rivalry between India and China and its consequences for regional security emerge over Nepal (Kumar, 2013).

4.3.2.1 The 1960 Treaty of Peace and Friendship between Nepal and China

This is the basic document that provides guidelines for maintaining military relations (Bhatt, 2012). Out of five Articles, two articles are focused on security aspects.

“Article I of the treaty clearly states about recognizing and respecting the independence, sovereignty and territorial integrity of each other” (Jain, 1981, p.163). Similarly, “Article II details about maintaining and developing peaceful and friendly relations between Nepal and China and both of them undertake to settle all disputes by means of peaceful negotiation” (Shrestha, 2015 April, p.7). The spirit of the treaty in all the articles is about maintaining peaceful and friendly relations as well as cooperation in terms of diplomatic, economic cultural, informational and military security aspects according to the principles of equality and mutual benefit.

Similarly, the treaty also expresses about non-interference in each other's internal affairs, which stresses respect to each other neutrality and co-existence. However, on 28 June 1960, one incident mainly of security nature made Nepal-China relations stressful for quite a long time. One person of the unarmed Nepali police patrolling party was killed and 17 others were captured when Chinese troops fired in the demilitarized zone near the Kore pass in the Mustang section of Nepal- Tibet border. Later, the issue was resolved in 12 July 1960 when Chou Enlai wrote a letter to B.P. Koirala mentioning that it would be meaningless to argue over the location and it would be better for both to establish Embassies in each other's capital to avoid such issues in future (Rose, 1971).

Alongside diplomatic relations with China underpinned by the treaty of peace and friendship, military relations are mainly characterized by high level exchange of visits, training and courses and military hardware aid mainly through soft power approaches. Moreover, the treaty focuses on setting difference or dispute arising out of the interpretation or application of the present treaty by negotiation through normal diplomatic channels. Various methods used under the military relations have remained an underpinning to overall diplomatic relations with China. Such reality clearly indicates that the possibility of the use of military means by both the countries or both of them coming to hostilities appears rare and diplomatic means and methods are the key solve any friction between China and Nepal (Thapa, 2019).

4.3.2.2 The Zone of Peace Proposal (ZOP)

The ZOP proposal had been a major pre-occupation of Nepal's foreign policy since mid-1970. Apparently as foreign policy proposal, it had vital and far-reaching implications for domestic politics, including the sustenance and survival, not only of the Panchayat system but even of Monarchy. Though the proposal was officially announced in February 1975, initial moorings could be discerned as early as in 1973 in the King Birendra's address to the Nepal Council of World Affairs on 26 July 1973. He carried forward this idea in the prepared text of his speech to the Algiers Non-Aligned Summit in September 1973. The formal announcement of the ZOP proposal by King Birendra came on 25 February 1975 in a farewell address to the foreign dignitaries who had assembled in Kathmandu to attend his Coronation (Muni, 2016).

Some details of the proposal were formulated as late as May 1981 and the formulation was officially made known in February 1982 when the then PM Surya Bahadur Thapa addressing the Nepal Council of World Affairs enumerated seven points defining the ZOP proposal. These seven points were:

(a) Nepal will adhere to the policy of Peaceful non-alignment and peaceful co-existence and will constantly endeavor to develop friendly relations with all countries of the world regardless of their social and political system and particularly with its neighbors on the basis of equality and respect for each other's independence and sovereignty;

- (b) Nepal will not resort to the use or threat of force in any way which might endanger the peace and security of other countries;
- (c) Nepal will seek peaceful settlement of all disputes between it and other state or states;
- (d) Nepal will not interfere in the internal affairs of other states;
- (e) Nepal will not permit any activities on its soil that are hostile to other states supporting this proposal and in reciprocity, states supporting this proposal will not permit any activities hostile to Nepal;
- (f) Nepal will continue to honor the obligations of all the existing treaties which it has concluded with other countries as long as they remain valid;
- (g) In conformity with its policy of peace and non-alignment, Nepal will neither enter into military alliance nor it will allow the establishment of any foreign military base on its soil. In reciprocity, other countries supporting this proposal will neither enter into military reliance nor they will allow establishment of military bases in their soil directed against Nepal (Muni, 2016).

King Birendra made vigorous diplomatic efforts to secure international support for his ZOP proposal. It is claimed that by the end of the 1980, nearly eighty-five countries had endorsed the proposal. All the countries in South-Asia, with the exception of Bhutan and India, had endorsed Nepal's ZOP proposal. While the lack of positive response on the proposal on India's part had been criticized in some sections of the Nepali official circles and public opinion, other blamed His Majesty's government for not being persuasive enough with their Indian counterpart in securing the desired response (Muni, 2016).

4.3.3 Economy

The trade between Nepal and China was made after the signing of agreement on 20 September 1956. The establishment of the IGETC in October 1982 was the next step to increase the trade between two countries. The IGETC meetings have become the main forum for discussions on Nepal-China bilateral economic and technical cooperation. Nepal-China economic cooperation can be broadly analyzed under four categories: trade, grant aid, investment and tourism. Nepal's trade is highly dominated by India. Nepal's trade with Tibet in 1959/60 was only 0.98 percent of total trade which increased to 7.9 percent in 2001/02 and further increased to 10.3 percent in

2010/11. More than 20 projects have been completed in Nepal with China's financial and technical assistance. Such projects have performed a positive role in the social and economic development of Nepal and has been acknowledged by Nepali people. The Arniko Highway, the Ring Road, Prithivi Highway, Kathmandu-Bhaktapur Road, Gorkha-Narayanghat Road, Sunkoshi Hydro Project, the Birendra International Convention Centre, Hetauda Cotton Mill, Bansbari Leather and Shoe Factory, Bhaktapur Brick and Tile Factory, Bhrikuti Paper Mill, Lumbini Sugar Mill, Gorakhkali Rubber Udhyog etc. are some projects supported by Chinese government (Prasad, 2015).

The government of China has been delivering support to the government of Nepal under the bilateral agreement of economic and technical cooperative endorsed between two nations. China has always been a steady and reliable partner in Nepal's development endeavor, more specifically in the areas of infrastructure and human resources development, education, health and food assistance, among others. Nepal and China have signed an agreement on cultural exchange in 1964 which was revised again in December 1999 to include tourism as one of the components. Nepal has made Chinese Yuan convertible for tourists and businessmen as well. The major economic treaties and agreements during this period are as follows.

4.3.3.1 Nepal-China Economic Co-operation, Economic Aid Agreement, 7 October 1956

This agreement concerns with issues of economic aid between two countries. According to Article I, the People's Republic of China shall offer a free grant in an amount of 60 million India Rupees to Nepal in three years span from the signing date and date coming into force of this agreement. This agreement was the prelude to increasing aid from China to Nepal in the subsequent days.

4.3.3.2 Nepal-China Trade Agreement, Peking, 28 May, 1968

This agreement comprises comprehensive trade, mechanisms for the two countries. Article IV, for instance, says:

The trade between two countries shall be based as far as possible, on the principles of equilibrium between the total values of imports and exports. The contracting parties shall through periodical consultations, determine what

could some country can make available to the other and they shall mutually accord to each other as favorable treatment as possible in respect of the issuance and export licenses for such goods (Singh, 2009, p.27).

4.3.3.3 Agreement on Trade and Payment, Kathmandu, 31 May, 1974

Article I of the agreement eases complexities existing in the previous agreement. It increasingly determines that both parties must adopt suitable courses to improve the trade between their two nations and decide to foster the goods trade between them. It further says that both parties should provide each other with all possible facilities for the further consolidation and development of the traditional trade overland between the two countries.

4.4 Democratic era relations (1990- 2006 A.D.)

The democratic era started in Nepal in 1990 after the democratic movement Jana – Andolan I. Towards the beginning of 1990s, Nepal had established diplomatic relations with approximately 100 countries. Nepal was an active member of the UN and participated in a number of its specialized agencies. The relations between Nepal and China have gradually changed after 1990. China has always adopted pro-establishment policy towards Nepal. China emphasizes three policy determinants in its relations with Nepal. First, the relationship is based on the five principles, or Panchsheel. Second, China would not intervene in Nepal's domestic politics. Third, it would expect Nepal's support on issues concerning China's sovereignty and national interests, including the issues of Tibet, Taiwan and human rights.

4.4.1 Diplomatic

Until 1990, Nepal was an absolute Monarchy running under the executive control of the King. Faced with a people's movement against the absolute Monarchy, King Birendra in 1990 agreed to a large-scale political reform by creating a parliamentary Monarchy with the King as the head of state and PM as the head of the government. On 1 February 2005, King Gyanendra suspended the parliament, appointed a government led by himself and enforced martial law. On 21 April 2006, King Gyanendra declared that power would be returned to the people. On 19 May 2006, the parliament assumed total legislative power and gave executive power to the government of Nepal (previously known as His Majesty's government). The Chinese

government never interfere in the internal politics of Nepal but has always respected political system and development path preferred by Nepal. The Chinese government continued to pursue a policy of friendship towards Nepal and attach great importance for developing the comprehensive and friendly relations with Nepal. China never distorted its friendly policy regarding Nepal regardless of fluctuations both internationally and domestically (Kumar, 2013).

4.4.1.1 Visits

PM Girija Prasad Koirala paid an official visit to China as a leader of an elected democratic government of Nepal in March 1992. The Nepali PM was accorded official welcome by Chinese Premier Li Feng and had cordial talks with him. A joint communique was issued on the occasion. During the visit, PM Koirala and Premier Li Feng held meetings in an honest and welcoming environment. Both studied with pleasure the continual development of their mutual relations on the basis of five principles of peaceful coexistence and agreed to further bolster collaboration between the two nations in economic trade, cultural, educational and other areas. The Chinese side stated that Tibet was an inalienable part of China's territory and that it is resolutely opposed to any attempt or action aimed at splitting China or trying to create independence of Tibet. The Nepali side reiterated that Nepal has always recognized that Tibet is an autonomous region of China. Nepal reaffirmed that it has not allowed and would not allow Tibetans in Nepal to be engaged in any anti-China political activities on its soil (Bhattarai, 2010).

In April 1995, the first ever elected communist PM Mana Mohan Adhikari paid an official week-long visit to China. He was accorded official welcome by Chinese Premier Li Feng, was received by President Jiang Zemin and had cordial talks. Premier Li states that China and Nepal had cordial relations founded on the five principles of peaceful existence. He referred the visits of King Mahendra and Birendra, Prime Ministers and other distinguished leaders of Nepal and said these visits have consolidated and further strengthened the relations between China and Nepal. An agreement on economic and technical cooperation between China and Nepal was signed on this occasion. China also agreed to the request of Nepal to establish a consulate general in Hong King after Hong Kong rejoined China. During

the visit, a meeting of Nepal-China Inter-Government Trade and Economic Cooperation was taken place.

PM Sher Bahadur Deuba made a week-long visit of China beginning in April 1996. Chinese Premier Li Feng extended official reception and was received by President Jiang Zemin. The Chinese Premier referred the completion of forty years of the founding of bilateral relations founded on the principles of peaceful coexistence. Chinese Premier expressed satisfaction over the steady development of bilateral relations in a friendly manner. On the occasion, an economic and technical agreement was signed.

At the invitation of King Birendra and Queen Aishwarya, President of China Jiang Zemin made an official visit of Nepal in December, 1996. The King extended highest honor and received the President. King Birendra in his speech at the banquet said that relation between Nepal and China was based on mutual trust and confidence and understanding of aspirations of each other. In his reply speech, the Chinese President stated that the relations between China and Nepal was based on mutual goodwill, friendship, trust, cooperation and support and expressed assurances that China is ready to work together with Nepali people for the development of Nepali people and promote friendship with them.

On King Birendra's first leg of the week-long state visit of China on 26 February 2001, at the invitation of President Jiang Zemin, the President said his Majesty the King's presence at Boao Forum for Asia added color to the forum. President Jiang on the occasion expressed that consolidating and developing good neighborly relations with Nepal continuously are also a set policy of China. China has always advocated that all countries regardless of their size and power are members of the international community and therefore should be respected and treated equally. King Birendra stated Nepal hoped to strengthen its relations with China especially in the economic and trade areas.

Premier Zhu Rongji visited Nepal in 14-16 May, 2001 at the invitation of PM Girija Prasad Koirala. Both sides reaffirmed the friendship between Nepal and China and make efforts to continue and develop it further. During the visit, agreements for financial assistance and a memorandum of understanding was also signed for the development of tourism considering Nepal as an outbound tourist destination to

Chinese tourists. Zhu's visit to Nepal was aimed at broadening contact, developing goodwill and forging new areas of cooperation.

In July 2002, King Gyanendra paid a state visit to China. On the occasion of visit, the Federation of Nepali Chambers of Commerce and Industry and all-China Federation of Industry and Commerce signed an MOU for the promotion of trade and investment including bilateral ties on hydropower, tourism, agriculture, transport and civil aviation in the presence of former King Gyanendra. The two federations also have agreed to form a task force for making practical recommendations for promotion of economic ties between the two countries.

4.4.1.2 Support for SAARC observer

Nepal appreciated the desire of China to be associated as observer to the SAARC. Nepal supported the proposal to welcome it as an observer to the SAARC. This issue was discussed in the SAARC Foreign Minister conference before the summit for their recommendation where Nepal extended its support for it.

China's Foreign Minister Li Zhaoxing had put forward five proposals for cooperation with the SAARC at the 14th SAARC summit opening ceremony. China intended to invite SAARC countries to attend multilateral human resources training programs organized by China and will consider hosting bilateral training programs for SAARC countries. Li said:

China will encourage Chinese enterprises to make investment in SAARC countries and develop infrastructure and energy sectors in cooperation with SAARC countries on the basis of quality and mutual benefit. China will also invite a delegation of senior South-Asian diplomats to visit China (Bhattarai, 2010, p.117).

These proposals were appreciated by the summit members and the heads of state and decided to associate China as an observer to SAARC.

4.4.2 Military

Nepali Army started sending officers and soldiers for the training in Chinese military academy and universities since 1998. Similarly, China also started sending military officers to join the adventure courses conducted by the Nepali Army since 2002. The military-to-military relations between the two armies plays vital role in the overall

relations between two countries. The military cooperation and engagement between two armies is rising. The exchange of high-level military officials' visit from both the nations is continuing which has further enhanced the close military diplomatic ties. China has delivered assistance and support to Nepali Army capacity development. Overall, two armies have maintained good collaboration from the exchange of different training. After a virtual embargo of arms imposed by India on Royal Nepali Army (RNA), there has been intensive military diplomatic activity among Nepal, China and Pakistan. In December 2005, Nepal's Army Chief of Staff General Pyar Jung Thapa visited to Beijing where he struck a deal for the supply of certain weapon systems from China and also visited Pakistan where he was offered comprehensive training capsules for the RNA soldiers (Bhattarai & Cave, 2009).

4.4.3 Economic relation

In May 1994, agreement on bilateral road transportation between China and Nepal was concluded. Under this agreement, the two countries agreed to operate regular and non-regular bilateral road transportation of passengers including tourists, goods and mail services. This was an important prelude for road connectivity between China and Nepal. Memorandum of understanding between two countries on tourism cooperation was signed on April 16, 2001. Under Article V of the MOU, the Government of China agreed to grant Nepal with an outbound destination status of Chinese citizens traveling abroad at their own expenses (Budhathoki, 2019). Agreement between two countries for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income was concluded on 14 May, 2001. Memorandum of understanding on cooperation in the field of agriculture between two countries was concluded on 14 May, 2001. Agreement between two countries on trade and other related matters between Nepal and the Tibet autonomous region of China was concluded on 10 July, 2002. It has further progressively strengthened the cooperation of two countries on trade matters of Nepal with Tibet. Later in 2004, the two states signed air service agreement and air- China opened a direct flight between Nepal and China via Chengdu-Lasha-Kathmandu route (Budhathoki, 2019).

4.5 Republic era Nepal - China relations (2007 – 2020 A.D)

After Nepal became a Republic, China lost its most reliable partner (Monarchy) and gradually tried to maintain good relations with the political parties as well. It realized

that it has to choose between two major forces in Nepal, i.e., the democratic parties, which were mostly pro-India and the Maoists, a large party with anti-India and anti-US sentiments (Jaiswal, 2010). The trend is such China always maintained relationship with the establishment, rather with the party or the leader.

4.5.1 Diplomacy in general

Diplomacy is concerned with management of relations between states and between states as well as other actors and mainly focused with advising shaping and implementing foreign policy. Barston (2017) asserts:

It is the means by which states through their formal and other representative as well as other actors articulate, coordinate and secure particular or wider interests, using correspondences, private calls, exchanges of view, lobbying, visits, threats and other related activities. Various diplomatic means are visits, statement, diplomatic correspondence, negotiation, telephone contact, press, email and social media and unofficial visits. Moreover, states may adopt variety of method that suits its national interest and achieves foreign policy goals. (p. 1).

Diplomacy is also defined under old and new practices. In old diplomacy, establishing and maintaining embassies, diplomats and relations through extensive bureaucratic mechanism is undertaken, which relies on maintaining diplomatic relations between states though formal channel and relations is focused on employing diplomatic instrument of power. In such cases, service attaches, consuls, trade and finance special representative are maintained (Hamilton & Langhorne 2012).

Much of the diplomatic activities are defined under the realm of cooperation strategy. Such methods involve seeking support for an initiative and building bilateral relations, exchange of views, clarification of drafting and intention on policy. Active strategy is also adopted in which a state or organization seeks to expand role, activities and influence reflected in its overall foreign policy orientation (Barston, 2017). China has been using such diplomatic style alongside cooperative strategy.

The emergence of forces of globalization and liberalism has necessitated maintaining activities between states at various levels, which are beyond the government

controlled diplomatic mechanism and practices. Hamilton and Langhorne (2012) opine:

Faster communications, the press and democratic indiscretion had overthrown the old diplomacy. Moreover, the diplomatic engagements are increasing on intelligence and security cooperation which are attributed to modern warfare that may have encouraged professional diplomats to develop new skills in the handling of the public and the press(pp.142-150).

In the recent years, the use of all forms and approaches in diplomatic dealing mainly by the emerging powers and even power diffusion into non-state actors has come into play. Such practices are beyond the realm of normal diplomatic activities blurring the distinction between what is diplomatic and non-diplomatic, have put states to adapt new methods in their diplomatic relations. Under such trends in diplomacy, it appears that Nepal's diplomacy is based on both formal and informal means and methods as well as old and new practices.

4.5.2 Diplomatic relation with China

The bilateral relations between two nations manifest by friendliness, mutual support, cooperation, understanding and respect for mutual interest and sensitivities. Both nations have persistent trust and belief on the essences of the five principles of peaceful co-existence. Nepal is resolutely committed to 'One China Policy' and will not allow any anti-Chinese activities from its soil. In order to facilitate diplomatic discourse, Nepal has established its Embassy in Beijing, Consulates General in Lhasa, Hong Kong and Guangzhou as well as honorary consul in Shanghai.

4.5.2.1 Visits

After Nepal was declared as Federal Democratic Republic, the newly elected PM Pushpa Kamal Dahal, at the invitation of Chinese government visited China from 24-28 August 2008 to participate in the closing ceremony of 29th Olympic game, held at Beijing in 2008. Chinese President Hu Jintao welcomed PM and expressed thanks for the support of the Nepali government and people for the Beijing games. They reaffirmed that two countries should maintain close communication and cooperation in a bid to contribute to regional peace, stability and prosperity. China also thanked

Nepal for adhering to the ‘One China Policy’ and firmly supporting China on the Tibet issue (Bhattarai, 2010).

PM Madhav Kumar Nepal visited China on 26 December, 2009. Both sides averred that the economic and trade cooperation was a significant part of the comprehensive cooperative partner relations and that the two countries should make full use of the adjacent geographical border to strengthen land and air connectivity and to facilitate the exchange cooperation and trade through the improvement of Nepal-China land infrastructure transportation facilities.

In March 2016, PM K.P. Sharma Oli visited China and attended the Boao forum for Asia Annual Conference 2016. Chinese President Xi Jinping met with him and Premier Li Keqiang held a talk with PM Oli and issued Sino-Nepal joint Statement, see Appendix E for full text (<https://thehimalayantimes.com/mepal/neapl-China-issue-joint-communique-agree-to-seal-pertol-trade-deal/>). Both sides took this visit as an opportunity to further consolidate the traditional friendship, expand mutually beneficial cooperation, promote common development and the generation of China-Nepal friendly cooperative partnership to a new level (Zheng, 2017).

From 19-24 June 2018, Nepali Prime minister K P Sharma Oli had an official visit to China. In addition to this; from 20-21 June 2018, separate delegation team had dialogues with Chinese President H. E. Mr. Xi Jinping and Premier H. E. Mr. Li Keqiang. During the visit, a fourteen-point Joint Statement, see Appendix F for full text (<https://www.spotlightnepal.com/2018/06/22/nepal-china-issue-joint-statement/>) was issued by the two sides. Additionally, more nine agreements were signed between Nepali public and private enterprises/companies and their Chinese counter parts (Zheng, 2017).

The Chinese President Xi Jinping visited Nepal on his return trip from India on 12-13 October, 2019. A number of agreements were signed between Nepal and China on this occasion and issued Sino-Nepal Joint Statement- see Appendix G for full text (<https://mofa.gov.np/joint-press-statement/>). Xi stated that Nepal and China are strategic partners. Of the 20 agreements signed between Nepal and China during Xi’s visit to Kathmandu, most of the agreements including Nepal’s support to BRI, railway and roads connectivity between China and Nepal and Nepal’s reiteration to ‘One China Policy’ at a time when China is facing problems in Hong Kong and other parts

of the country are crucially important to China both from its security and strategic considerations. Of the 20 agreements signed between Nepal and China, four of the agreements have strong security components that aim at developing greater engagements between the security agencies of the two countries, particularly among the Police Forces, Intelligence Outfits, Border Management Organizations and the Law Enforcement Authorities.

4.5.2.2 Bilateral mechanism

Nepal and China are adopting different bilateral mechanisms. The prominent mechanism is Nepal-China Joint Consultation Mechanism led by the foreign secretary of Nepal and the vice minister of the foreign ministry of China. Essentially in all the meetings, issues of bilateral concerns are mostly discussed to facilitate and strengthen the bilateral relations.

Moreover, there are additional bilateral mechanisms like Nepal-China Inter-Governmental Economic and Trade Committee, Nepal-China Joint Committee on Agriculture Cooperation, Border Law Enforcement Cooperation, Border Customs Meeting, Joint Tourism Co-ordination Committee, Nepal-China Tibet Trade Facilitation Committee (NTTFC), Energy Cooperation Mechanism, Mechanism for Facilitation on the Implementation of China-Nepal Cooperation Program and Projects in Nepal etc. Furthermore, Nepal is also the founding member of AIIB and dialogue partner in the SCO. Both nations are also the members of the Asia Cooperation Dialogue. China also holds the observer status in SAARC. Nepal and China have mutual collaboration on common concern agendas in many UN forums.

4.5.3 Military

The growing Chinese economic and military engagement in Nepal has resulted in enhancing diplomatic relations between two nations. The recent trends of appointing high-profile security and diplomatic expert as ambassador to Nepal signifies Nepal's increasing strategic significance for China. Moreover, the proliferation of diplomatic exchanges between two nations also reveals the evidences. (Ibrahim, 2013). In August 2011, Zhou Yongkang travelled to Nepal as the head of a 60- strong delegation from Beijing. Zhou is a high-ranking member of the powerful politburo standing committee of the CPC and is the most senior Chinese officials to visit Nepal since 2006. Zhou put forward a five-point proposal to enhance ties between the two countries, which

included: more high-level exchange of visits; Chinese investment in a variety of sectors, including business, infrastructure, tourism and water resources; Chinese support for security in Nepal; people to people contact and cultural exchanges; co-operation between political parties; and joint efforts to tackle food insecurity, climate change and the global economic recession.

A new aspect of Nepal-China bilateral relations in recent years is increasingly being marked by cooperation in the areas of security. These include training through exchange of visits, joint military drills and interactions among high level defense authorities which are on the rise. China has always put its security interest in Nepal. The cases and issues that have come into the limelight can be studied as follows:

4.5.3.1 Tibet issue

Chinese interest in Tibet issue increased significantly after 2008 where China wanted not only minimize but to stop Tibetan movement in/through Nepal against China. Free Tibet issue is a major security interest of China.

4.5.3.2 Constructive engagement policy

China has changed its policy as constructive engagement from non-interference policy which it had earlier towards Nepal. Chinese interest on comprehensive peace agreement, perception on government formation in Nepal, lobbying in federalism, contact with political parties, involving Nepal in many forums and interactions and engaging actively in national development programs. This has clearly shown China now adopting policy not only direct contact to GoN, but with political parties, power politics and major stake holders in Nepal to be engaged constructively in Nepali development and affairs for safeguarding its own interest.

4.5.3.3 Soft power diplomacy

As opine by Cooper, Heine, Thakur (2013), states practice various modes of practice on diplomacy such as bilateral and multilateral diplomacy, conference and commission diplomacy, humanitarian, defense, economic, trade, health, refugee, sports, climate, cultural and public diplomacy. It covers whole range of diplomatic activity from bilateral and multilateral diplomacy to cultural and public diplomacy (Cooper, Heine, Thakur, 2013). With this, China influences Nepal positively and develops relation in new dimensions. Mainly cultural diplomacy, people diplomacy,

tourism and shooting of Chinese movies in Nepal are few new and future steps with BRI too, as tools of soft power diplomacy. Further, a sign that China is rethinking its Nepal policy became further clear when it wanted to have military drills between the PLA and Nepal Army in view of increasing security challenges, including those triggered by terrorism. The military drills, dubbed as ‘Sagarmatha Friendship – 2017’, took place in Kathmandu for ten days from 16 to 25 April, 2017 focusing more on aspects of combating terror and disaster management. Nepal has been holding joint military exercises with other countries including India and the United States. However, this was the first time Nepal held such an exercise with China (Pudasaini, 2017 May).

Additionally, China has also been deepening its engagement in Nepal in social and economic spectrum in the recent decade. Nepali politicians, professionals, business person, journalists and youths are increasingly invited to China for seminars, workshops, consultation and pleasure visits and vice versa. Also, a significant and increasing number of Chinese teachers are coming to Nepal particularly Kathmandu, to teach Mandarin. Many young people from Nepal are increasingly seeking education, including in Medical and other technical fields in Chinese universities. China encourages its citizens to visit Nepal as an official destination. Chinese investment in Nepal is already quite large and increasing every year. “Its support to Nepal Police and Nepal Army is also on the rise” (L.M. Poudyal, personal communication, Feb 7, 2020).

4.5.4 Economic relations

Since the establishment of diplomatic relations in 1955, Nepal has been close witnesses and strong supporter of the tremendous socio-economic transformation of China. Ever since China has been providing financial and technical assistance to Nepal, China has greatly contributed to Nepal's development, especially in infrastructure building, establishment of industries, human resource development, health education, water resources, sports etc. For more than 50 years, China's assistance to Nepal has been mainly for road, transport, health, sport, water resources and social development and services sectors etc. Recently, Nepal has entered three major important agreement with China namely as a founder member of AIIB 2015, the Transit and Transportation Agreement - 2016 and Belt and Road Initiative- 2017.

Nepal has the opportunity or access to finance which is required for long term investment in infrastructure building. The transit and transportation agreement provide benefits of cost reduction, delivery of goods, alternative transit route. This encourages cross border investment and tourism promotion. Nepal had signed MOU at the Ministerial level regarding reconstruction and upgrading of Rasuwagadhi-Syfrubesi Road and setting up cross boarder economic zone. Nepal has already signed the bilateral Interment Promotion and Protection Agreement (BIPPA) with about one dozen countries including the Southern neighbor India. BIPPA is also necessary between Nepal and China to increase the Chinese investment in Nepal. After the 2015 mega earthquakes in Nepal, Chinese government delivered extensive and spontaneous assistance in search, relief and rescue efforts of Nepal. For 2016-2018, China offered 3 billion Yuan for Nepal's reconstruction to the jointly selected 25 major projects. On 23 December 2016, 15 August 2017 and 21 June 2018, the two nations signed three separate bilateral agreements on economic and technical cooperation offering one billion Chinese Yuan grants each to Nepal for executing post-disaster reconstruction projects, livelihood projects and other jointly agreed projects (Shakya, 2017).

4.5.4.1 Trade, Tourism and Investment

China is second biggest trading partner of Nepal. There is growing trend of trade deficit of Nepal with China. Since 2009, China has offered zero tariff entry facility to over 8,000 Nepali products but Nepal is unable to bring the trade deficit low. In the recent past, China is the biggest source of FDI in Nepal. China has surpassed in FDI pledges to Nepal in FY 2015-16, 2016-17 and in 2017-18 with the increasing investment pledges from the Chinese companies in hydropower, cement, herbal medicine and tourism (Zheng, 2017). China is the second biggest source of foreign tourists to Nepal. Effective from 1 January 2016, the government of Nepal has waived visa charges for the Chinese visitors. Nepal has road connectivity with China via Rasuwagadhi and Tatopani for trade and commerce (<https://mofa.gov.np/nepal-China-relations/>). Additionally, there are four other border points with China entitled for bilateral trade (see Table 4.1). Further, Nepal has direct air connection with Lhasa, Chengdu, Kunming, Guangzhou and Hong Kong SAR of China.

Table 4. 1: Nepal-China borders crossing points

S.N.	Name of Border Crossing Points		Height of Crossing points (meter)	Length of the Road to connect China (Tibet) and India (Kilometer)
	Nepal Border Point	Nearest Market of China from Nepal Border		
1	Olangchungola (Tiptala Pass)	Riwa Bazar 22Km	5,095	Riwa Bazar to Panitanki/ Galgali-360 Km
2	Kimathanka (Lengdup)	Riwa Bazar 30 Km	2,248	Riwa Bazar to Jogbani=281 Km
3	Lamabagar (Lapchi)	Phalek 14 Km	2,050	Phalek to Jogbani=240 Km
4	Gorkha Larke (Lajyang Pass)	Kungtang 59 Km	5,098	Kungtang to Bhikhana Thori=420 Km
5	Mustang (Korala)	Zhongba 47 Km	4,871	Zhongba to Sunauli=448 Km
6	Mugu (Nagcha)	Hyazimang 21 Km	6,495	Hyazimang to Rupaidiya=374 Km
7	Humla (Hilsa)		5,092	Sera to Gaurifanta= 473 Km

Source. Based on Ministry of Physical Infrastructure & Transport, *Kantipur Daily*, 2016

4.5.4.2 China's Belt and Road Initiative and Nepal

Chinese President Xi Jinping during his trip to central Asia in September and South East Asia in October 2013, initiated the concept of jointly building the Silk Road Economic Belt and 21st Century Maritime Silk Road. This has huge modern-day significance and now has been named as BRI (see figure 4.3).

Figure 4. 3: Proposed maritime and road links under BRI



Note: Adapted from <https://medium.com/@PacificTycoon/Chinas-BRI-strategy-to-export-surplus-and-gain-influence-95655dfe057a>

BRI acquired a whole new form covering wide range of ideas and projects packaged around three areas: The first is thematic, within the 5 plus 1 framework covering policy coordination, facilitating connectivity, unimpeded trade and investment, financial integration and cultural exchanges with emphasis on People to People (P2P) relations. The second revolves around extensive networks of six land corridors (see Table 4.2). The third feature is expansion of the Maritime Lane connecting China with the rest of the key corridors connecting 60% of the global populaces, 35% of global business and 30% Gross Domestic Product (GDP).

Table 4. 2: Summary of BRI economic corridors

Corridor	Partners	Example /Projects
Bangladesh-China-India-Myanmar Economic Corridor	Bangladesh, India, Myanmar	China-Myanmar crude oil and liquified natural gas (LNG) pipeline, Padma Bridge (Bangladesh) Tunnel construction under Karnaphuli River (Bangladesh)
China-Central Asia-West Africa Economic Corridor	Iran, Kazakhstan, Kyrgyzstan, Kuwait, Qatar, Saudi Arabia, Tajikistan, Turkey, Uzbekistan	China-Kazakhstan passenger train, Manas airport modernization (Kyrgyzstan), Turkey east-west high-speed rail
China-IndoChina Peninsula Economic Corridor	Cambodia, Laos, Thailand, Vietnam	China-Laos Railway, Upgrade of Lancang-Mekong ship route
China-Mongolia-Russia Economic Corridor	Mongolia, Russia	Altai LNG pipeline (linking Xinjiang and Siberia), Altanbulag-Ulaanbaatar- Zamiin-Uud highway
China-Pakistan Economic Corridor	Pakistan	Gwadar free zone development, Karakoram Highway, Phase II (Thakot-Havelian), Peshawar-Karachi Motorway
New Eurasian Land Bridge Economic Corridor	Belarus, Bulgaria, Czech Republic, Greece, Hungary, Kazakhstan, Poland, Russia, Serbia, Slovakia	China-Europe freight trains (39 routes linking China with 9 European countries), Hungary-Serbia railway, China-Belarus Industrial Park, China-Kazakhstan Khorgos , International Border Cooperation Center , Port of Pireaus (Greece)

Source: Office of the Leading Group for the Belt and Road Initiative, *Building the Belt and Road: Concept, Practice and China's Contribution* (Beijing: Foreign Languages Press, 2017)

Nepal and China signed the MOU on Belt and Road Initiative, which expresses full commitment from both sides to cooperate with each other within the scope of BRI on 12 May, 2017. The objective of the MOU focuses on connectivity and transit-transport facilities between two countries accompanied by an open, inclusive and balanced economic partnership. The win-win approach has been taken as a guiding principle of the economic partnership and most importantly, the partnership is based on bilateral, regional and multilateral mechanisms. Respective domestic laws and international obligations are taken as the guiding legal measures for the implementation of activities under the MoU.

4.5.4.3. Challenges

There are certain problems and challenges to materialize the implementation of the BRI in Nepal. The looming situation of distrust and suspension among countries in South-Asia is a serious hurdle for achieving smooth and deepened connectivity between China and South-Asia as a whole. BIMSTEC is another regional organization for economic cooperation among countries around Bay of Bengal. This too has come into controversy by India's plan of getting it involved into military activities. The relations between Nepal and India, Nepal and China and China and India juxtaposed, are still complex and intricate. This situation, therefore, requires more and more engaged communication and dialogue between them. In case of Nepal, like other region BRI as a whole may likely to face many challenges and risks like political, economic, geopolitical, security, legal and moral one. They are interdependent and likely to yield cumulative implication before, during and after the implementation phase of BRI. Hence, it is imperative to analyze the challenges to minimize and countermeasure those (Singh, 2009).

(a) Economic challenges and viability

BRI, for many mega projects demands for huge investment for long periods without certainty of returns from small country, has some skepticism on the benefits and feasibility on proposals. Though, both have agreed on investment through soft loans and extending viable credit lines but Nepal as struggling and sluggish economy, requires more debt for long periods may push nation in debt trap if not executed properly.

“BRI, despite of economic challenges definitely will reshape the Nepal’s economy as it has completion period of almost 35 years till 2050” (Baniya, 2017, p.109). Hence, Nepal may not get the immediate result as expected but phase wise project selection, planning and execution with strategic vision addressing both internal and external problems will meet economical expectation on time. To complete with timeline and initial costs, both the countries need to abide by mutually agreed Terms of Reference (TOR) and must adhere to it. Nepal should create conducive working environment with maximum extent for economically viable and successful implementation of BRI.

(b) Political instability

Nepal and China have different political system, working style, environment and control over projects. Political stability in Nepal, though improving but is not at the level of China that may influence the BRI. Various political risks are inevitable over such a vast area and can be divided to domestic political risks of various countries and geopolitical risks. The federalism is expected to be bring stable environment politically and economically but also influences of external environment, local interferences and further political turmoil cannot be discarded entirely.

All political and diplomatic means need to be adopted for BRI, but must be minimized extra and unnecessary political interference on economic and strategic projects. “Both the countries must adopt an idea of two accommodation, two divisions and double track wherever and whatever possible to minimize the political risks on BRI” (Duo, 2017, p.126). So, Nepal needs to adopt this idea in own environment to facilitate and execute BRI projects in the greater interest of Nepal with less interferences.

(c) Geographical difficulties

Geographical variance with mountains, hills and plains, soil structure, steep slopes, seasonal rivers and reentrants within narrow stretch of 200 Km are uniqueness of Nepali geography. The overall landscape invites for stronger, modern and various structures with rigid design demanding more economical and technical resources. Before finalizing any BRI projects, it needs lot of feasibility studies, alternative, comparisons of different options, economic, environmental and geographical analysis. It is wise to select most economical and feasible BRI projects in terms of investment, stable geographic landscape and durability perspective. Longer and more no of

tunnels and bridges, robust construction with modern technology is better to address geographic and various regions.

(d) Policy deficits and coordination

Nepal adopts free market mechanism and believes on competitive environment with transparency in any development project. Nepal has signed various trade and transit treaty with India and China too. Existing treaties especially ‘Treaty of Peace and Friendship’ and ‘Trade and Transit Treaty of 1962’ with India restricts certain multilateral trade benefits to Nepal. But Nepal has signed treaty of ‘Trade and Transit’ with China and it accommodates Nepali need, interest and future trade opportunity to rest of the world via China. Recent development on amendment of ‘Treaty of 1950’ with India will bring further stability in policy. Other policy, rules, laws and bylaws are based on the good practice and to create investment friendly environment in Nepal. Not only treaties and MoU but legal risks and cumulative challenges associated with other risks are also important. Legal risks emerged from various issues like environment, poor management, imperfection of laws at central and local level, labor rights and other issues, investment and trade mechanism may catalyzed further need of strong and firm policy to overcome them.

(e) Project related challenges

Even at government and policy levels agree to certain MoU but, functional level may have separate unique challenges depending on projects. Some significant are

- 1) Selection of project, policy and management where project’s selection criteria must cover the strategic and national interest, future prospects, various balanced sectors and feasibility;
- 2) Various environmental standards and protection set by federal and local laws;
- 3) Investment Vs returns model and
- 4) Question of sustainability (Baniya, 2017).

(f) Security challenges

BRI, aimed for prosperity, is not in isolation from the security threats emerged from geopolitics, regional and international crisis, terrorism, economic hurdles, regional interest motivated conflicts, trade barriers and political instabilities and so on. Due to geopolitical apprehension and traditional security challenges, BRI indubitably is likely to bring opportunity and prosperity to Nepal but in the backdrop of Indian

opposition on BRI, may elevate somehow geopolitical apprehension. This may lead to security challenges amalgamated with other risks and will have serious implication on security, foreign relation and overall implementation of BRI.

US, EU and other major power and extra regional power country may also have interest in Nepal. Those often have increased security concerns in the past. Nepal's geo-strategic importance to US, EU and other nations to gain access to China or India is the main reason. Similarly, EU and Western countries through INGO and various programs are operating in Nepal, have inherent interest on social, religious and economical activities (Duo, 2017).

When divergent interests of foreign countries come across, if Nepal cannot play a balance role with firm foreign policy and sound diplomacy and relation with any of them including China and India if become worse, will again invite security challenges affecting the implementation of BRI.

(g) Non-traditional security challenges

BRI may encounter less traditional security risks but there is likelihood of more non-traditional security threats like conflicts, terrorism, natural risks and ecological problem, informational and resources security, threat of extremist and underground groups, role of International/National Governmental Organizations (I/NGO) and local disputes. These different threats can combine with other factors to raise issues on project basis at different time and place aiming to disrupt the projects implementation.

4.5.4.4. Opportunities of BRI to Nepal

The BRI will bring positive transformation on Nepali economic, social, cultural, physical infrastructure, diplomacy, tourism and environmental sector. It will enable Nepal to accelerate its economic development through connectivity, trade and commerce, tourism and people to people diplomacy. Nepal and China both can get advantages from BRI by improving existing infrastructure mainly through connectivity, China Nepal Economic Corridor (CNEC), connecting Nepal through Bangladesh China India and Myanmar (BCIM). Through trilaterals between China, with improved connectivity, other sectors of comparative advantages will rose up for economical dimensions. In this regard Professor Yubaraj Sangroula said:

Nepal's geographical location and geo-strategic importance offers Nepal to improve its economical interrelation with regions especially with both India and China acting as transit hub in between. Main opportunities lie on those areas and its effective implementation with balance economical and international relation for long term sustainability (Y. Sangroula, personal communication, Jan 8, 2020).

(a) Infrastructure connectivity

Road connectivity through BRI is vital for national development, sovereignty, security, people diplomacy and foundation for other development that can be exploited to the benefits of China and India as Nepal being at the center. Chinese railway service at Shigatse (450 Km from Kyirong) is planned to extend to Kyirong by 2022 (see figure 4.4).

Recently completed feasibility study of strategic railway line Rasuwagadhi-Kathmandu-Pokhara-Lumbini has paved foundation stone on BRI and expected to be the first BRI railway project in Nepal. This railway networks will connect China and India via Nepal with the great implications on connectivity and economy (Koirala, 2017, p.72).

With the BRI, airport construction and technological assistance as well as air route connection to different cities of China will be an opportunity to Nepal to enhance its economy.

Figure 4. 4: Proposed rail links between China and Nepal



Source: Adapted from <https://www.google.co.uk/imgres?Ftibet-nepal-rail-through->

Nepal as transit economy will have financial integration globally with the implementation of BRI. Converging Nepal from a yam between China and India into a bridge between them is most strategic importance of BRI. Nepal can develop a stronger freight clearance industry in Nepal, a viable international banking system and a stronger insurance system that will generate employment and develop an international center connecting Nepal's economy globally.

(b) Tourism

Nepal, one of the best tourist destinations of world, with many worlds' heritage sites, mountains, birth place of Lord Buddha and much potentiality seeks to bring in more tourists from India and China. With improved and standard air and ground connectivity to Chinese cities and Indian Cities alone can multiply the influx of tourist.

(c) Hydroelectricity, Infrastructure and FDI

With BRI, Hydro is an important potential sector that can be constructed for mutual benefits with China, even with tri-national joint investment (India-Nepal-China).

(d) Technological exchange and sustainable development

Technological assistances and exchanges in communications, cyber space, construction methodology, trade, commerce, telecommunications, various scholarships and training for human resources development and other related sectors associated along with BRI will be other great advantages to Nepal (Simkhada, 2017 May). Physical connectivity, diplomatic relation, open market and mutual cooperation on this regard will provide opportunity to Nepal in technological advancement.

(e) People diplomacy; cultural, traditional and environmental ties

BRI has significant cultural, historical, religious and environmental dimensions with huge Chinese Buddhist populations can have direct and easy access to Lumbini of Nepal. BRI will provide same opportunities to other region especially East Asian countries through it. Chinese and Nepali culture, arts and tradition with many similarities can be effective means for people's diplomacy. BRI is not limited only to bilateral and economic cooperation but cultural cooperation is also an important matter. Furthermore, Nepali will have access to India, China and other countries promoting public diplomacy which will provide further areas of alternative development opportunity.

(f) Contribution on social, political, international relation and self-reliance

With the ease of accessibility, the BRI would help to enhance confidence, mutual trust, respect and social binding among BRI nations. BRI will provide a superior milieu to share and tackle the existing social problems and disparities among partners with easy accessibility to connectivity, communications and Confidence Building Measures (CBMs). Once CBMs are set up, it will help in improving international relations with greater degree of regional integration, sharing of common forums and reducing dependencies with enhanced cooperation mechanism in reality.

4.6 IRs theories and Nepal's diplomatic relations with China

The diplomatic relation and the level of interaction of China towards Nepal obviously unfold Nepal's diplomatic maneuver, is determined by the key policy concern of China in Nepal. Kocher and Awasthi (2016) argue that with the loss of Tibet as a 'buffer' zone between China and India and the economic and military rise of China, Nepal has come to play a very prominent role for both China and India.

Simkhada (2011) states while keeping Nepal's national security as a top priority, it is also essential to understand security sensitivities of two neighbors, Nepal's premier diplomat Y.N Khanal (as cited in Simkhada, 2011) once said, "Nepal's foreign policy will break when either India or China loses faith in us and decides that its fundamental national interests and sensitivities do not obtain appropriate recognition in our management of relationships" (p.14). However, it is important to understand neighbors concern in the conduct of diplomatic relations, it is also necessary to keep own agenda underpinned by national interest at top.

Simkhada (2009) expresses with regard to securing own national interest, the man most responsible for making Singapore what it is today, Lee Kuan Yew said, "We are small, we are weak and vulnerable. Unless we can stand our ground, we will be overwhelmed" (Simkhada, 2009, p.5). In this context, China expects Nepal to understand its security sensitivities while conducting its foreign and military relations.

It appears that the policy of China is guided by the principles of liberalism, however, their diplomacy within Nepal is guided by realism where end-state is underpinned by security interest. The application of liberalism principle in the case of China is visible towards the major power and economic partners extensively in the areas of international cooperation, trade and commerce. However, towards the smaller

countries in their periphery, it has been observed in the form of economic assistance and aid for infrastructure development which is the key to support their policy centered on security interest.

Slaughter (2011) posits that realists hold states to be rational actors and given the goal of survival, states will act as the best they can in order to maximize their likelihood of continuing to exist. States possess some military capacity and no state knows what its neighbors intend precisely as well. Such reality necessitates the examination of military relations with China and India along with diplomatic relations in the Republic of Nepal.

Carr (2001) asserts:

Power, which is an element of all political action, is one and indivisible. It uses military and economic weapons for the same ends, but economic power cannot be isolated from military power as well as non-military from economic. They are both integral parts of political power and in the long run one is helpless without the other (pp. 119-120).

Furthermore, Palmer and Perkins (2001) examine national interest, national policy and instruments of power. He opines that the instruments for the promotion of the national interest and the control of interstate relations depends on various instruments of power mainly diplomacy, economic, propaganda and political warfare, imperialism and colonialism and war as an instrument of national policy (Palmer and Perkins, 2001).

It appears clear from the above statement that political, diplomatic, military and economic relations occupy an important place in the relations of a state. Nepal has been trying to maintain its relations through liberal principles mostly to extract economic benefits from China and underpinned by realist's paradigm of national security and state survival in its diplomatic discourse. Extensive people contact, visits and exchanges at various levels and relations through other instruments of power such as political, economic and military appears to be widening in the Republic of Nepal.

4.7 Determinant factors of Nepal-China relations

Geographically, historically and culturally, Nepal and China are close neighbors and have a long history of friendly ties. The historical trends and facts depict that Nepal-China relationship is consistent and progressive (Bhattarai, 2017). More importantly, the bilateral friendship and cooperation are growing exponentially since the establishment of diplomatic relations in 1955. The credit goes to various Nepali and Chinese leaders whose vision, devotion and dedication play the vital role to bring into this shape. The truth and reality are that such special kind of bilateral relations are great strength for both the nations and nationalities. The generational leaders from both the nations through their wisdom, vision and unremitting efforts always endeavor to flourish the bilateral friendship. The dimensions of Nepal -China relations cover political, diplomatic, economic, trade, cultural, educational and other fields which have augmented the bilateral exchanges and cooperation. Undeniably, Nepal- China bilateral relations have developed as an exemplary of friendly cooperation for nations having different social systems as well as bordering nations living by close friendship and harmony.

Looking at the historical trends of friendly Nepal-China relations, there are three salient features which have contributed to maintain strong impetus of development over the periods. The first and foremost feature is trust. The two nations always live in bilateral peace and harmony and constantly respect, believe and support each other. China follows the policy of non-interference in the domestic affairs of other nations. China has never interfered in the domestic affairs of Nepal and has always supported the political changes chosen by Nepali people. China has been stating that Nepal and Nepali people possess the political wisdom and competencies to manage the changes. On the other hand, China always values the understanding, solidarity and support that Nepal and Nepali people are offering to peaceful development of China.

The second feature is equality. China and Chinese people resolutely follow the policy that a nation is equal with others; irrespective of big or small. With this spirit, China has built relations with Nepal on the basis of equality from the very beginning. China is resolute supporter of Nepal's sovereignty, independence and territorial integrity. Nepal and China enhance mutual cooperation and succeed in achieving benefits in mutual political relations, regional affairs and global forums. Both the nations adopt

the five principles of peaceful coexistence through bilateral discussion, interaction and coordination over the past 50 years.

The third feature is sincerity. China always regards Nepal as its good neighbor and friend. China has rendered various support and cooperation to Nepal depending on its capacity and potentiality. Part of financial and technical support; China has accomplished above 30 projects in Nepal over the span of 20 years (Bhattarai, 2017). Nepali people have acknowledged and really thankful to government of China as such kind of projects have added productive role in Nepal's social and economic growth. The prominent projects supported by China are Arniko highways, Kathmandu ring road, Dasarath stadium and the Birendra International Convention Centre. As a reciprocate, Nepal and Nepali people has presented gracious feeling and assistance to China and Chinese people. China has warmly appreciated Nepal's stand regarding 'One China Policy' regarding Taiwan and 'Tibet' as well as Nepal's support to China's sovereignty and other interest issues (Sangroula, 2018).

Nepal - China relations have grown exponentially in the recent past. The regular exchange of visits and consistent collaboration between and among the top leaders of both countries have brought the relations to new height. Such engagement has significantly improved the bilateral understanding and confidence between two countries. The mutual financial and commercial interactions have maintained a beneficial growth momentum. The people-to-people engagement of both nations have increased significantly over the years.

Nepal and China have established strong bilateral coordination and cooperation in regional and international domains such as peace, development, human rights and UN reform issues. Both countries express collective opinions on various issues of mutual concern. The bilateral military relation is vital component of broader bilateral relations between Nepal and China. Over the past decade, the military engagement and cooperation between two armies are consistently growing. Almost all the Nepali Army chiefs including defense secretaries have had official visit to China. The Chinese Defense minister and the General Chief of staff have also visited Nepal. China has provided support and assistance to Nepal based on Nepal's request and requirement. Moreover, two armies have growing bilateral cooperation in personnel and training as well. Nepali Army has started sending officers and soldier for training

and courses in Chinese military academy since 1998. China has also started sending Army officers to participate in the adventure trainings conducted by the Nepali Army since 2002 (Shakya & Shrestha, 2017).

From the global perspectives, it can be concluded that that peace, stability, cooperation and development are the need and the common aspiration of the mankind for the present world. It is the fact that both Nepal and China are witnessing a historical opportunity to grow their relations. In order to bring Nepal-China friendship and cooperation to a different level, the two nations should cash the past achievements and move forward by grasping this opportunity. The trends of bilateral relation between two countries have demonstrated that the political changes in either country does not have any impact on the conduct of friendly policy towards each other and has remain unchanged.

In recent times, Nepal has witnessed political instability. China has shown great concern of Nepal, being an immediate neighbor and close friend. China is also playing a constructive role in Nepal by urging all concerned stakeholders to resolve problems through negotiations and discussions. China is assisting for the peace, stability, economic development and social prosperity of Nepal. China and Chinese people have always respected political system and development path chosen by Nepal and Nepali citizens. China has continuously pursued a friendship policy and has shown great zeal to develop the broad and friendly relations with Nepal. China is striving towards building friendship and partnership with its neighbor. China is committed to pursue cooperation in all areas of Nepal. The shared aspirations of Nepal-China relations are enhancing cooperation of mutual benefit and promoting common development which will serve the bilateral interests.

4.8 Changing strategic dimensions of China in Nepal

Nepal - China bilateral relation is centuries-long and has historical, social, cultural and religious dimensions. Improving and strengthening mutual relations with its neighbors through economical and multidimensional perspectives is the national interest of China. China has consistently followed the policy to secure the goodwill and friendship of Nepal as a friendly neighboring country. China has significantly enhanced its engagement to Nepal since the signing of Comprehensive Peace Agreement in 2006 to formally end the decade long internal conflict. Overall, Chinese

engagement in Nepal consists of economic investment, trade support, infrastructural development, military assistance, diplomatic exchanges, as well as cultural and educational initiatives. The exchange of high-level state visits has vital significance in building relations at the diplomatic level.

China has developed and intensified its influence on the global forum with the rise of Xi Jinping in 2012 as leader of the Chinese Communist Party and in 2013 as Chinese President. The concept of BRI is evolved with the strategy of strengthening trade connections with neighboring countries which is revitalizing ancient silk routes by large infrastructure projects.

In 2016, Prime minister of Nepal, KP Sharma Oli paid visit to China and has an agreement over trade and transit followed by signing of treaty by both countries' authorities (<https://mofa.gov.np/>). Through this treaty, Nepal is entitled to get a transit facility for third countries and to the rest of the world. China is a close friend of Nepal because of its support and assistance rendered during tough times. Besides this, China has always been a good neighbor to Nepal as well. The Chinese foreign policy objective is to garner global support for one-China policy. Hence, China wants Nepal's commitment towards one-China policy and do not want any anti-Chinese activities.

China is aspiring to be the world's largest economy from its global second largest status. Nepal can take benefits from this situation. The Northern geographical landscape has made Nepal-China connectivity complex, however the recent visit by President Xi to Nepal and various Nepal-China agreements and treaties on the cross Himalayan railway connectivity, trade and infrastructure has a great significance for Nepal. Earlier, Nepal and China have signed an agreement on transit and transport. After Chinese President Xi's declaration to commence cross the Himalayan railway, Nepal will be a land link country from a landlocked country (Dahal, 2022).

BRI is highly ambitious project and also President Xi's new diplomacy and multidimensional approach to assist and connect neighboring countries in Asia and Europe. Through his visit both to Nepal and India, he displayed power balance skill in the region and expressed security is the national interest.

China is undergoing through latest diplomatic discourses during the incumbent President Xi's leadership whilst adopting various past legacies. The Xi Era depicts

China's dynamic, lively but powerful diplomacy, diplomatic effort of a great rising country, capable enough in undertaking new challenges for China's persistent development which is considered as important part of diplomatic theory and practice with Chinese characteristics (Jiemian, 2015). Nepal needs to expediate the development of its remote Northern districts especially those close to Chinese road heads. This is alternative development path also called geo-development is vital as it falls under the Chinese new diplomacy for the international political economy (Lohani, 2009). Moreover, China leads a prominent role in beginning connections through Eurasia and beyond (Luard, 1992).

China has kept friendly relations with its neighbors and other countries of the world. "Nepal has active and dynamic roles in global and regional politics through forums like United Nations and the Non-Aligned Movement (NAM)" (Dahal, 2009, p. 44). "The foreign policy of Nepal has its origins in geopolitical reality, particularly its position between India and China, which has always shaped the need to balance relations with them" (Acharya, 2019, p. 257).

The exchange of high-level visits between Nepal and China seems beneficial to Nepal. The prominent case and example of the positive consequences of exchange of high-level visit is signing of a trade and transit treaty between Nepal and China in 2016 which broke the monopoly of India. This visit of the Chinese president to Nepal in 2019 is a milestone in the history of Nepal. The visit initiates the transformation of Nepal from landlocked to a land-linked country after the formal declaration by president Xi. In essence, it is diplomatically, strategically, economically and socially a big achievement for Nepal (Nayak, 2018).

A joint statement released by Nepal and the People's Republic of China in 2019 states that Nepal and China take BRI as an important opportunity to enhance mutually constructive cooperation in all fields, collectively pursue mutual prosperity and dedicate themselves to maintain peace, stability and development in the region. Nepal's President Bidhya Devi Bhandari has stated Nepal's unwavering support to BRI. The joint statement further says that Nepal reiterated its firm commitment to one-China policy including recognizing Taiwan as an unchallengeable part of the China as well as Tibet affairs are China's internal affairs (<https://mofa.gov.np>, 2019). A memorandum of understanding to conduct detailed project report for the cross-

border railway was signed between the government of Nepal and the People's Republic of China on 13 October 2019. In addition to this, the government of the People's Republic of China has expressed its readiness to support the Kathmandu-Pokhara-Lumbini Railway Project development as well. These agreements are very significant for further development of good friendly relations between two countries (<https://mofa.gov.np>, 2019).

From the historical perspectives, India is the most important external economic player in Nepal. However, in the recent days China is rapidly growing the level of its engagement with Nepal. China is Nepal's second-largest source of tourists and its second-largest trading partner, after India. In 2003, a meagre 7,562 Chinese tourists entered Nepal, but by 2019, the number of Chinese tourists had reached a staggering 169,543 (14.2% of all tourist arrivals that year, compared to 21.2% from India). Chinese FDI in Nepal has increased over the past four years and is currently Nepal's largest source of FDI. India's unofficial blockade in 2015 gave further impetus to Nepal's efforts to strengthen economic relations with the North, leading to bilateral talks between the two countries. China and Nepal signed a protocol in 2016 that allows Nepali traders to access three dry ports and four seaports in China (Rana, 2020 November).

Currently, China apparently figures in Nepal's top five development partners due to the huge surge in Chinese economics. For 40 years, China has been building road in Nepal which has been substantial in promoting a constructive perception of China within the Nepali citizens. Due to Chinese advanced technological capability to construct high-altitude transport infrastructure, both road and rail links in the Himalayan region, the remote and mountainous areas of Nepal are becoming accessible. Nonetheless, the expansion of the railway line to the border of Nepal and potentially beyond is considered as a real game changer in relation to trade relationships and regional geo-politics.

Earlier, a major difficulty for the trade and connectivity between China and South-Asia was due to Himalayan wall. In relation to the export and import, Nepal is exceedingly dependent upon Indian Kolkata port due to its landlocked status. Currently, Nepal faces numerous constrictions in its trade and energy supply chains due to Nepal's poor infrastructure and Indian ports' poor efficacy resulting the high

costs trade. With the completion of Lhasa -Khasa rail link, it is believed that this will open Nepal's avenues. Additionally, it will help to enhance the trade with China and reduce Nepal's dependence on India for its regional and international trade and commerce. Nepal has the potential and scope to become a land gateway for Chinese trade and commerce with South-Asian markets. The Indian security elites are sensitive to the Southern expansion of China's rail networks; with the suspicion that such infrastructure projects will assist in achieving Chinese military as well as civilian objectives. India fears the new rail link would enable the swift deployment (within 24 hours) of Chinese armed forces to India's border (Kumar, 2013).

In addition to the construction of the railway linking Lhasa to the Nepali border, China has involved in numerous other major transport projects in Nepal like the Kathmandu ring road expansion and Tatopani dry port development close to the Tibet border. China has also committed that it will assist for the new Nepali border posts construction along this border. Beside the official support for infrastructure development, Chinese companies have also made substantial inroads into Nepal remarkably in telecommunications sectors.

In current years, Chinese Army and Nepali Army have established a military exchange and support program including the supply of non-lethal equipment, training exchange, infrastructure development and high-level delegation exchange. The rising Chinese economic and military engagement in Nepal has enhanced the diplomatic relations between the two nations. The latest trends of designation of Ambassador to Nepal are generally perceived as a sign of Nepal's increasing strategic significance to China. Moreover, the proliferation of exchange of high-level visit justified the trends.

According to Zhou Yongkang's five-point recommendations, there are other features of Nepal-China engagement such as cultural and educational exchanges. These engagements are taken as soft power; comparing to the Chinese economic assistance, infrastructure and military assistance. The importance of China's soft power engagement was noticeably recognized in Zhou Yongkang's proposal to improve people to people exchanges and reinforce the foundation for mutual relations between the two countries (Chaudhury, 2017).

China has been establishing numerous China study centers in Nepal with the objective of promoting cultural and language exchange with people of Nepal. In 2010, China

established a branch of China radio international incorporating a Nepali service to teach the Chinese language in Nepal. Tourism is another feature of soft power. The tourism ministries from both the countries are working together to increase Chinese visitors to Nepal. For the furtherance, China has designated Nepal an official tourist destination and Nepal is waiving visa fees for Chinese tourists. The Nepali people are generally positive about their country's relationship with China. This is due in part to China's impressive economic success and modernization in recent decades and more importantly, the perception that China employs cooperation without intervention policy. This policy, in particular has enabled China to accumulate considerable soft power in Nepal.

4.9 Nepal- China current issues and settlements

From the ancient times, Nepal-China relations have been reasonably friendly. Nepal used to send tribute missions to China acknowledging its status as superior regional force for many years. Nepal invaded Tibet in 1854 upon China's refusal to provide military support to Nepal during 1814 – 1816 Anglo-Nepal war. After this incident, China immediately intervened and Thapathali Treaty was signed between the two countries in 1856. Nepal acknowledged China's regional supremacy and accepted to deliver support to Tibet; incase Tibet is invaded by foreign force. However, Nepal did not intervene when an armed British mission reached Tibet from India in 1905. After the loss in Anglo-Nepal war, Nepal came under the complete influence of British India and acted as per the British interest. At one point of time, Nepal antagonized China with the opinions that Nepal would support Tibetans independence provided it was within British interests. (Thapa, 2019).

Nepal-China relations were re-established in 1955 once China stationed soldiers in Tibet. Nepal recognized Tibet as a sovereign part of Chinese territory and both Nepal and China signed the treaty of peace and friendship in 1960 to strengthen the bilateral ties which continue till today. This treaty is bringing both the nations closer. The treaty stands that China will never intervene Nepal and will always respect its sovereignty whereas Nepal will harden its recognition of one -China policy. The policy states that Tibet, Taiwan and Hong Kong are indisputable parts of China and Nepal has ensured that it will not allow anti-Chinese activities from its soil (Jaiswal, 2010).

China has appreciated Nepal's stand on 'One China Policy' and assistance in controlling anti-Chinese activities by more than 20,000 Tibetan refugees residing in Nepal. China senses that Tibetan refugees might launch attacks to Chinese forces in Tibet exploiting geographical complexity through Nepal's Northern border with Tibet, similar to Khampa fighters did with the assistance of CIA in the last 1960s and early 1970s. China views close relations with Nepal as a significant move in its contest with India for regional influence. China views Nepal as a vital bridge and gate away toward South-Asia and beyond. It is also perceived as Chinese strategy of encircling India (Upadhaya, 2012).

However, Nepal's interest in intensifying relations with China is more complex. The country needs to balance the interest of two regional powers i.e., India and China; being located in between them. India has dominated Nepali politics ever since the signing of 1950 Indo-Nepal Treaty. It is fact that Nepal is close to India historically, socially and culturally. However, the political parties want to be independent from India on political level as much as possible.

The border areas between Nepal and China represent one of the least known areas of the world. When boundary talks between Nepal and China were initiated for a Boundary Agreement on 21 March, 1960; its basis was the maps submitted by both countries. However, these maps were not based on proper surveys. The boundaries were drawn on paper or cloth. In order to olive the dispute resulting from such unscientific maps, the Joint Boundary Commissions was constituted to survey the entire length of Nepal - China boundary as well as to resolve the territorial disputes through on-the-sport visit and assessment of the problem. The acceptance of traditional customary boundary by both sides was the major reason for conclusion of a Border Agreement on 5 October, 1961.

The Nepal - China border extends along the whole length of Northern border of Nepal and the starting and ending point of Nepal- China boundary is the tri-junction of the boundary between Nepal, China and India. However, because of the Sino-Indian boundary dispute as well as Nepal- India dispute over the Kalapani on the source of the Mahakali River, the demarcation started 5 Kilometers ahead of the tri-junction in the West and 5 Kilometers behind the tri-junction in the East. There is no man-made boundary demarcation on land as indicated in the boundary treaty maps except for the

boundary pillars. Along the whole length of Nepal -China boundary, there are 79 boundary pillars. Under the protocol signed and exchanged between Nepal and China on 20 January, 1963; the contracting parties agreed to maintain and adopted necessary measures to prevent the removal damage or destruction for rivers from changing their course and to make a joint inspection of the entire boundary every five years. Accordingly in 1979, a new agreement was signed between the two countries after detailed mapping and demarcation of the boundary.

Nepal's border with China consists of passes, river valleys and trans-Himalayan plateau with adjacent Tibet. These passes are not just routes for trade and connectivity between peoples; they have also served as conduits for flows of immigrants and refugees, mainly from Tibet towards Nepal. This has raised the Chinese concerns on security. The border has been demarcated and formalized through a bilateral treaty and protocol, however there are still issues including the tri-junctions between Nepal, India and China which are yet to be fixed.

Reports emerged in September 2021 that China has constructed nine buildings on the Nepali side, encroaching on Nepali land in Limi of Humla. There were widespread anti-China protests outside the Chinese embassy in Kathmandu. Media reports also cited a recent survey conducted by the Ministry of Agriculture which claimed that there have been illegal Chinese encroachments in bordering districts including Dolakha, Gorkha, Darchula, Humla, Sindhupalchowk, Sankhuwasabha and Rasuwa. The relations between Nepal and China in the last few decades has been an example of friendship and mutual understanding. However, there were some minor conflicts that emerged over the boundary over the last few decades. Like, in the North of Lapchigaun in Lamabagar area of Dolakha district, the pillar marked 57 has been claimed to be placed inside Nepal instead of what was initially assumed. There was another conflict regarding the ownership of Mount Everest (Sagarmatha) but with Chou En-lai's visit to Kathmandu in 1960, he made it clear that Mount Everest belongs to the people of Nepal. Nepal and China have both denied the encroachments that were mentioned in the recent reported survey and they have decided to solve the dispute in an amicable way (<https://www.orfonline.org/expert-speak/border-disputes-between-china-and-nepal/>).

China is fostering its new diplomacy through the Silk Road and BRI linking 50 countries in Asian and European continent. It is expected that Nepal's economic stability and prosperity will also be achieved through BRI. The signing of a trade and transport agreement in March 2016 with China, Nepal has gained access to the Chinese and global market through the various Chinese seaports. Likewise, the other opportunities for Nepal can be its sustainable development through agricultural development. The major problem for Nepal is ensuring security and political stability in order to achieve the profits of BRI. Nepal's geopolitical location between two rising but rival power, i.e., India and China, Nepal's open border with India and border with China's most sensitive part 'Tibet' has generated vital security concerns for both countries.

For China, concern over traditional security threats tends to overshadow other unconventional threats when dealing with Nepal. In contrast, Nepal has faced mostly unconventional security threats since the 2006 Comprehensive Peace Agreement (CPA) brought an end to the 10-year Maoist insurgency. Since the beginning of the 21st century, unconventional security threats have included livelihood insecurity, human trafficking, smuggling, natural disasters, cybercrime and education and health insecurity. Nepal remains concerned about the infiltration of criminals and terrorists seeking refuge in Nepal owing to lax border management and security.

Many of Nepal's border-security concerns relate to the smuggling of illicit goods like animal products, gold and red sandalwood. In recent years, gold smuggling from China to Nepal and from China to India, via Nepal, has become a major concern. Nepal continues to be exploited as an entrepot for illegitimate trade between India and China. In a recent incident, 122 Chinese nationals suspected of committing cyber-crime and bank fraud at the behest of China were arrested in Kathmandu. But no formal complaints or charges were registered against the nationals in Nepal. This raised concerns among security analysts regarding the process of detaining and deporting people on the request of another country, with no formal procedure or mechanism in place in Nepal. Policy frameworks for the Nepal-China relations must take into account geopolitical affairs, economic concerns, domestic politics and security needs.

4.10 Significance of Republic era Nepal- China relations

4.10.1 Perspectives

Stolberg (2010, July) states:

In contemporary international law, sovereign states are treated as equals; every recognized state can participate in the international system on the same plane. States are legally equal. Every state enjoys the right inherent in full sovereignty and each state has the right to freely choose and develop its own political, social, economic and cultural system (Stolberg, 2010, p.19).

From the Nepal- China relation perspectives, each state is obligate to carry out its international obligations fully and conscientiously and to live in peace with other states conscientiously and to live in peace with other states.

China is next-door neighbor as well as the second largest economy of the world. China still considers itself as a developing nation despite having emerged as an economic power in Asia particularly and in the world in general. The foundation of Nepal-China diplomatic relation in 1950 opened a new avenue in the bilateral relations. This is the result of the relentless efforts made by both Nepali and Chinese leaders from various generations. There is constant development of mutual relations between the two countries irrespective of regional and global changes. Truly, Nepal-China relations is an exemplary of friendly cooperation of nations with different political system. The scope of the relations covers even the people-to-people connection since recent years. Besides this, the relation is visible up to regional and global arena where both countries cooperate each other especially to the issues on peace, development, human rights etc.

By grasping such prospect, both countries should strengthen past achievements and move ahead to bring the bilateral relations to a new apex. China has shown its commitment and interest to enhance mutual cooperation in all sectors. Both Nepal and China experienced the difficult undertakings of economic and national development though China has been progressing rapidly in the global forum. Both the countries have the collective ambitions of enhancing cooperation on mutual advantage, common development and bilateral interests.

Based on the five principles of peaceful coexistence, Nepal is strengthening its solidarity and cooperation with China. China and Nepal have enjoyed all-round development. China resolutely supports Nepal's sovereignty, independence, territorial integrity, national security and national dignity. Total equality, mutual respect, sincere treatments and mutual support are the prominent characters of ties. China constantly attaches the importance to develop good-neighborly ties and cooperation with the countries surrounding it and never interfere in their internal affairs. Nepal always insists that all countries big or small should be equal. China's policy is conducive to the peace and security in South-Asia. Nepal can play an important role for peace and development in the 21st century in the region.

In recent years, Nepal-China cooperation is becoming richer than before. The political dialogue and negotiations at various levels have got active results. The common views in international and regional affairs of two countries are increasingly becoming harmonious. Both can have in depth exchanges on economy, science and technology culture and so on. Looking forward to the future, the development for the Nepal-China relations has a bright future. The condition for strengthening mutual friendship and cooperation will be beneficial to both sides. China and Nepal are both the important forces for Asian regional peace and common development. Both the countries can joint hands in creating a new peaceful and prosperous century.

4.10.2 Dimensions of Nepal- China relations

In March 2016, Nepal and China signed a transit treaty that would allow Nepal access to the sea through the Chinese territory. Similarly, in June 2018, Nepal and China signed agreements to extend the railways to Nepal border to Kathmandu and China has also welcomed Nepal in its BRI project for which the two countries have signed an agreement. Nepal and China are entering an extensive engagement indicating that the bilateral relations are poised to enter an altogether new phase. Many connectivity projects between Nepal and China, including the extension of railways, upgrading of border crossing points, transmission lines and North-South corridors are in the pipeline. Transit through China and improvement of connectivity and corridors with China has started to become a reality and geopolitical game changer for Nepal (Gautam, 2017 May). China has already become the biggest source of FDI in Nepal.

As a rising superpower, China has already become an important player globally. As an immediate neighbor with age-old relations, Nepal has lot to gain from China's rise.

4.10.2.1 The ancient connections

Despite geographical separation by the mighty Himalayas, the peoples of China and Nepal have crossed the passes for adventure, trade and pilgrimages, since ancient times. The Himalayas that posed geographical challenges for physical contact did not deter the people from both sides to travel to the other side. Several mountain passes along the Himalayas allowed such contact to continue and prosper. “There have been frequent exchanges of people for over two millennia. Pilgrims, traders and travelers have traversed the Himalayas and the people of Nepal and Tibet have maintained close contacts” (R.N. Pandey, personal communication, Jan 27, 2020).

4.10.2.2 The Tibet factors

For most part of history, Tibet served as the buffer between Nepal and China. Hence, there was limited contact between Nepal and mainland China until the nineteenth century. Historically, Nepal's relations with China have been heavily influenced by its relations with Tibet. People from both sides have visited each other, crossing passes along the Himalayan range, contributing to age old political, economic, cultural and even matrimonial relations between the two sides. Nepal's historical relations with Tibet have been among the factors cementing strong ties between Nepal and China. The Tibet factor constitutes one of the sensitive issues in Nepal-China relations because Nepal borders Tibet and has provided asylum and free passage to the refugees fleeing Tibet and many Western countries and their agencies keep a close watch on Tibet from Nepal. China has genuine security concerns in Nepal. The Khampa episode exposed China's security sensitivities in Nepal. The action against the Khampas was the first major domestic operation where Nepali Army was involved until it was later engaged in the fight with the Maoist insurgency in an even greater scale. “The Nepali Army was mobilized in the Himalayan districts of Mustang to disarm some 9000 Tibetan tribesmen challenging the Chinese authority in Tibet and taking refuge in Nepal” (Acharya, 2019, p.155).

The Chinese government appreciated this action from Nepal which was consistent with Nepal's declared policy not to allow the Nepali soil against the Chinese security interests. With the increased development activities in Tibet, there is greater potential

of increased trade and economic relation. Nepal can immensely benefit from the Chinese strategy to develop its Western region as there are opportunities to expand road and rail connection and increasing economic interaction between Nepal and Tibet.

4.10.2.3 The modern era of relations

China's policy towards Nepal to-date has been guided by the principles of peaceful coexistence, non-interference in domestic affairs and respect for independence and territorial integrity. China has proposed to update this treaty providing a draft to Nepal in 2008. There has not been any official negotiation on this since then. China calls its relations with Nepal as one of the important bilateral relations. China attaches special importance to Nepal owing to its security-sensitivity related to Tibet. The Chinese describe their relations with Nepal to be problem free. Nepal consider China as an all-weather friend. In the modern era, Nepal's relations with China have been based on trust, stability, reliability and lack of any major problems. The two countries have been maintaining age-old friendly relations permeated in the historical, cultural, social economic and political ties.

4.10.2.4 The boundary resolution

Nepal and China have resolved their boundary issues in a spirit of friendship and mutual respect. China has always respected Nepal's sovereignty and territorial integrity and has upheld the sanctity of the bilateral border which is prone to China's security concerns, as the Tibetan fleeing China as refugees take risks cross the border despite China's tight security. Nepal's Armed Police Force maintains security along the border in the Nepali side. China's security institutions have good relations with Nepal's security institutions.

4.10.2.5 The security concerns

In 2012, China sent the Director General of its security division in the Ministry of Foreign Affairs as its Ambassador to Nepal. This shows that the Chinese interest in Nepal is guided by its security interests. China's principal concern in Nepal is security. China is aware that Nepal's strategic location especially its proximity to Tibet, can be exploited by elements inimical to China to launch anti-China activities. Nepal keeps reassuring China that it won't happen. Tibet is considered as China's soft

belly, a term commonly applied to security wise sensitive and weak areas inside a country. China has security concerns regarding the anti-China activities of the Tibetan refugees and activists in Nepal. Nepal has always supported the 'One China Policy' and recognized Tibet as an inalienable part of China. Nepali officials and diplomats keep reiterating this support on every occasion, which the Chinese appreciate. China also appreciates Nepal's stand against the political activities of the Tibetans in Nepal. Nepal has pledged not to allow anti-China activities on its soil. Nepal finds it difficult to suppress the peaceful protests of the Tibetans, for doing which it faces criticism of the international community on human rights grounds. China is sensitive in possible use of Nepal's territory by the Dalai clique as they call the Tibet's government in exile and the Western countries through the free Tibet movement. China expects Nepal to be extra vigilant to check such elements to operate from Nepal.

Nepal has adopted two-pronged policy towards the Tibetan refugees. Politically, Nepal endorses the Chinese position on the matters related to Tibet, including the 'One China Policy'. Ideally, China would like to see the so-called gentleman's agreement between Nepal and the Western countries scrapped. But Nepal is under tremendous pressure from the Western countries that makes it difficult to break the agreement.

China is said to have strategic objectives for extending its influence in its neighboring countries, including Nepal. The recent diplomatic overtures including the BRI are said to have been embedded with such strategic imperatives. China's priorities in Nepal are largely guided by its excessive security concerns and interests as well as strategic considerations. Hence security constitutes a guiding factor in shaping the bilateral relations between Nepal and China (M.R. Acharya, personal communication Feb. 3, 2020).

4.10.2.6 Guided by commerce

China's yet another interest in Nepal lies in commerce. China is a major trading partner and the biggest source of FDI in Nepal. China also views Nepal as a conduit to the South-Asia's huge market, with which it has strong trade and investment relations. It is with this interest that China is believed to have proposed connecting Nepal through rail and road connectivity, including through its Belt and Road initiative. Since 2014, China has overtaken India as the largest source of foreign direct

investment in Nepal. Chinese construction and businesses are already in Nepal (Simkhada, 2018). A bilateral investment protection agreement, called BIPPA, is being discussed between the two countries. It would help protect the Chinese investment in Nepal creating a better environment for the sea. At least four new agreements have been signed during the 2018 visit between the Chinese investors and Nepali companies for joint investment in hydropower projects in Nepal.

Recently, the two countries have agreed to develop a cross border transmission line in this regard. This is a new breakthrough that can potentially change the scenario for Nepal's electricity trade breaking monopoly with India. There is a proposal to develop a Special Economic Zone (SEZ) at Panchkhal, with a view to exporting to China and third countries. There was another proposal to develop similar economic zone in Rasuwa. Most recently, China has agreed to construct a special economic zone in Jhapa under its BRI project. The implementation of such project would greatly enhance the Chinese investment in Nepal. Nepal can serve as a bridge between India and China. In what is called as transforming Nepal's landlocked status to a land linked one, Nepal can become a good transit economy. China's mercantile interests in Nepal go beyond Nepal, for a stronger commercial foothold in the rest of South-Asia, including the huge market in India. This is something Nepal must strive to benefit from making the best use of its strategic location between the two economic giants in Asia (Shrestha, 2017 July).

4.10.2.7 The game changer

“Nepal and China have already signed a MoU in 2018 for conducting the feasibility study and a detailed project report for extending the railways to Kathmandu” (Acharya, 2019, p.159). The arrival of the Chinese rail to Nepal's border will be a great game changer in its geo-politics. It will enhance bilateral trade and connectivity between Nepal and China and provide better prospects for Nepal's transit trade through the Chinese territory. This can also give significant boost to Nepal's tourism industry. More importantly, this will increase Nepal's strategic independence and help diversify Nepal's transit dependent solely on India until now. Eventually, this may also open up the possibility to Nepal's serving as bridge between India and China. But this may also raise eyebrows in India as this will bring China closer to Nepal bringing a strategic shift.

In 2016, a memorandum of understanding was signed between Nepal and China which allows Nepal to link with the famous Chinese ambition of reviving its ancient Silk Road fame, also known as BRI. More concentrate action to this end will require identifying missing links in connectivity and developing projects for establishing those links that would enhance the bilateral and regional connectivity. To this effect, Nepal should strive to access many funding windows under the Silk Road fund as well as the mechanisms under the BRICS Bank, AIIB and China's Exim Bank etc. At the same time, Nepal also should not put itself in Chinese funding. Nepal should prefer project with higher economic viability than those with political sentiments.

There is a lot that Nepal and China can do together in the areas of trade, investment transit, tourism, energy and connectivity. Things have potential to move altogether to a new level of cooperation after Nepal signed a transit treaty and many other agreements in China in 2016 (Sangroula, 2018, p.159).

There can be projects under the BRI to boost connectivity and to revive Nepal's entrepot significance between India and China. But progress on the bilateral relations that could become a real game changer have been held by a number of factors, including the trust deficit, geopolitics, Nepal's domestic politics, security economics and an implementation lag.

The two countries have yet to establish a stable and trust-worthy relation which is necessary to move these projects towards a new direction. The Chinese obsession with its security concerns in Nepal does not allow execution too many projects which enhances connectivity with its Tibet autonomous region. Nepal's domestic politics is sometimes not conducive to a stable environment required for execution of big projects. Nepal's geo-political environment is also no supportive of the bigger Chinese involvement in its economic development as it can attract the strategic competition between its bigger neighbors on either side.

4.10.2.8 The turn-key

China has been providing valuable economic assistance to Nepal. China's aid in Nepal is still guided by its policy of executing turn-key infrastructure projects. In the past, Chinese grant assistance was committed in terms of projects and no financial involvement therein was mentioned. Now they pledge an aid amount each year, which sometimes cannot be spent. China has also shown its readiness to extend long term

soft loans to Nepal for its development projects through the Chinese commercial banks. China has also signed a memorandum of the understanding with the government of Nepal for the development of Nepal's Himalayan districts bordering Tibet. The Chinese aid in the past used to be focused on turnkey project. Now, their thrust brings more Chinese investment to Nepal. This allows the Chinese economic cooperation to be in productive and lucrative sectors.

4.10.2.9 No more the Lamp post

A striking feature in China's polity is its avowed commitment to non-interference in Nepal's domestic affairs. China has maintained a stable, mature and pragmatic policy towards the internal situation in Nepal by genuinely refraining from indulging in any political activity and making it clear to support the government of the day. This is sometime described as lamp post policy that China used to support whoever was in the government instead of going around the opposition parties or leaders seeking to appease them in the hope of gaining favor if they comeback to power in future. They supported the government of the time, keeping a distance from the parties in the opposition. The Chinese were fine with any government in Nepal as long as it fulfilled their interests, mainly the security concerns and execution of their 'One China Policy'. In the past, the Chinese have worked with all the political actors in Nepal including the Monarchy and political parties such as the Nepali Congress and the various Communist parties of Nepal focusing on those who were in power. But this seems to be changing. China is no longer shy on indulging in the political issues in Nepal. China keeps inviting Nepal's party leaders for maintaining relations with each one of them. The Chinese officials make their interests clearly in the domestic situation in Nepal. China is no more a shy player refusing to comment on anything that was within the sphere of domestic affairs (Dahal, 2017).

In bilateral relations, China like to operate through stable and credible leadership. China has always wanted to build relations whoever provided stability in such relations. Nepal's Monarchy had always maintained strong relations with China. Until the end of the Monarchy in 2008, China used to cultivate strong bonds of friendship with the Nepali Monarchy. They are also said to be developing good relations with the country's military leadership as they are also in search for stable pillar in the bilateral relations. China also conducts bilateral military exercises with Nepali Army.

China was believed to have been supportive to the emergence of the left alliance and unification of the two Communist parties in Nepal after they emerged victorious in the parliamentary and provincial elections in 2017 (Pudasaini, 2017). China is aware of India's strong influence in Nepal. The Chinese officials keep suggesting that Nepal must maintain the best of relations with India. In practice they are in a mode of strategic competition with India and the Western powers in Nepal.

4.10.2.10 Remote neighbor

Though Nepal's relations with China have been cemented by historical ties, the latter is often regarded as remote neighbor. China is a huge country with a big geographical and cultural diversity. Many of China's mainland and hinterland territories are far away from Nepal and beyond the reach of Nepali people by way of their geographical vastness. There is a kind of linguistic, cultural and civilizational divide between Nepal and China. China's interest for security is much more pronounced than that for trade and connectivity between Nepal and Tibet. Because of these constraints, Nepali do not know China well. There are very few who can actually speak Chinese though the number of Nepali students going to China for higher studies is increasing.

Despite geographical proximity, historical relations and economic interactions, most Nepalis are not affected by the speed of developments in China where Nepali can gain more from knowing the big dragon better. There needs to be more people-to-people contacts, including through better land and air connectivity. Nepal should invest in learning more about China and gain from the multitude of benefits that it offers (D. Bhattarai, personal communication, May 23, 2020).

4.10.2.11 The rising China

China is the biggest source of foreign direct investment to most South-Asian countries, including Nepal. Many Chinese firms are heavily involved in the construction of infrastructure in these countries including ports and airports. China is extensively involved in economic activities in South-Asia. China has a proactive policy of engagement in the Asia Pacific region and beyond. The increasing role in China in global politics is going to have strong influence in its regional policy as well. With its emerging status as an economic superpower and global political heavyweight, China has started to extensively engage the regional groupings around it

and beyond. The Chinese are occupying a bigger strategic, political and economic space in South-Asia which is a matter of concern to India. Beyond the region, the US also recognizes China's rising influence in the Asia Pacific area.

China is entering into partnership with the South-Asian countries bilaterally and through the SAARC, though the regional bloc has not yet adopted a proactive approach to engage China, in regional cooperation. With a better engagement and accommodation, South-Asia can stand to gain more than reacting out of the fear of rise of China as a big power. The number of Chinese tourists to Nepal has been increasing year after year. The direct flight between Nepal and China started right after China acknowledged Nepal as a tourist destination. Since then, the flow of Chinese tourist is increasingly swelling to Nepal including in Lumbini. Besides this, religious tourism in Man Sarovar area in Tibet via Nepal could be in the advantage for both the sides (Pudasaini, 2017 May).

4.10.2.12 The dragon significance

China occupies special significance in Nepal's foreign policy as it is contiguous neighbor, a major international player a political and economic giant and a partner in Nepal's trade and development. China has been providing substantive economic assistance to Nepal and has increased its aid to Nepal in recent years. China is also the largest source of foreign direct investment and the source of sizable number of tourists to Nepal. If the projects and agreements that are agreed between the two countries are implemented in earnest, Nepal can diversify its dependence with India and increase its strategic choice through trade, transit and connectivity with China. Globally, China is major power. It is a permanent member of the UN Security Council. Since 2014, China became the world largest economy leaving behind the US in terms of Purchasing Power Parity-PPP (Acharya, 2019).

In recent years, China has engaged in creation of alternative global financial structures. Together with Russia, India, Brazil and South Africa, China helped create the BRICS forum, also initiated the establishment of the AIIB and initiated BRI. This is referred to as the beginning of China's alternate diplomacy (Pokhrel, 2017, April). China engages countries in the region proactively in economic and security related matters. According to this policy launched in 2013, China gives importance to its neighbors in its foreign policy. This includes 14 countries that share border with

China and vast expanses of waters around China, including the South China Sea. While China continues to assert its role in international politics and economy, it is likely to have impacts on its neighborhood, including in Nepal.

4.10.2.13 China's increased engagement in the internal politics of Nepal

Looking at the historical background of Nepal-China relations; trust, equality and sincerity are the three salient features which has enabled to strengthen the bilateral relations over the years. The two neighboring countries always has peaceful and harmonious relations. The relationship is characterized by mutual respect, support and trust. Over the years, China has adopted the principle of non-interference in the domestic political affairs of Nepal, rather respect and support Nepal's political and development modality and system approved by Nepali people.

Irrespective of ideology and political system, China always favors a stable, powerful and neutral government in Nepal. For its short-term interest, China wants to continue its bilateral diplomatic engagement with Nepal at various levels, as part of the comprehensive partnership policy so as to keep outside forces away from the Tibet issue. For its long-term interest, China will increase economic engagement and people to-people relations with Nepal. Furthermore, Chinese policy towards Nepal is expected to gain huge significance in the future because of the of Tibet and India factors as well as its official emphasis on external periphery. China considers Nepal as a geographic and cultural buffer between Tibet and Tibetan refugees residing in India. There is a fear among the Chinese security elites that Nepal could be exploited by other regional and global powers as a frontier state to challenge Chinese vital security interests.

Traditionally, China has displayed standard diplomatic stance and always stood as a neighboring power who does not interfere or intervene publicly in the internal affairs of Nepal. In the past, China has always persuaded all the political parties to resolve internal political issues by themselves. Over the past decade, largely after the abolition of the Monarchy in 2008, China began to interact and increase its influence to all political parties of Nepal. Before 2008, China had all weather friendly relations with the Monarchy of Nepal and depended on the Monarchy to secure its national and security interests. During the Monarchy period, China had quiet but intensive engagement with the Monarchy but its relations with other political parties of Nepal

were very limited. Typically, China prefers to have equal relations with all political parties and does not prefer one over another (Pokhrel, 2021, Nov 10).

Right after the abolition of the Monarchy in 2008, Nepal went through political transition, thereby power vacuum was created. The political situation was very unstable and volatile. China started to develop diplomatic and political ties with all the political parties of Nepal. China has strongly placed itself in Nepal and intensify the engagement in more than one way. In the past, China's involvement was solely to the infrastructure development. Of late, China has become interested in Nepali politics as well as in society which is taken as soft power approach (<https://thediplomat.com/2020/05/chinas-growing-political-clout-in-nepal/>).

Since long time, the Chinese Communist Party has continued friendly and cordial ties not only with Nepali Communist Party but also with the Nepali Congress as well. Similarly, the Chinese Communist Party is strengthening ties with Madhes-based political parties, the regional political parties which are active in the Southern plains area bordering India. Regarding bilateral relation issues, China is not guided by ideology but by their national interest based on its foreign policy.

The recent visit of Chinese president Xi Jinping to Nepal has further enhanced the bilateral relation between two countries. There is a perception that China is intensifying its engagement with Nepal in order to balance the Indian influence through physical infrastructure development and being a beneficiary from BRI. Such initiation from China clearly reveals to limit the political influence of India on Nepali political economy. The proactive involvement of current Chinese Ambassador in ruling party internal dispute settlement also indicates the increasing interest of China to make significant roles on Nepali politics for reducing the role and influence of India and western countries. Some argue that though China does not explicitly state the role of external forces in Nepal, it is anxious about India's leverage in Nepal along with the influence of United States, United Kingdom and European Union. Therefore, China always looks for a trustworthy nationalist force in Nepal amenable to its influence for political stability. China also consistently emphasizes that the Nepal must adhere to the one- China policy and should not allow Tibetans to indulge in any kind of anti- China activities (Ghimire, 2012). China perceives Nepal as a strategic location for its geo-political goals in South-Asia. In Chinese strategic insight, Nepal

can be exploited by regional powers like India if China fails to enhance or institutionalize strong relationship with Nepal.

4.10.2.14 Defense engagement

Besides the overall diplomatic relation between Nepal and China, the cooperation and friendly ties between Nepali Army and Chinese People's Liberation Army is also the vital component of bilateral relations. Over the past years, mutual military relations and cooperation between two countries have continuously expanded. The high-level defense officials from Nepal have been visiting China frequently. Likewise, high level defense delegation team from China is also paying visit to Nepal. In the recent days, the two armies have conducted exchange of good cooperation in training including joint training as well. In March 2017, Nepal and China conducted a joint military exercise which can be taken as a common resolve of the two countries to raise their relationship to the strategic level. Since 1998, Nepali Army has started sending army officials for the training in Chinese military academy and universities. Similarly, China has also sent military officers to participate in the different joint adventure training events conducted by Nepali Army since 2002 (P.B. Karki, personal communication, Jan 18, 2020).

China heavily increased its military aid to Nepal, announcing over 22 million USD aid for 2018 (an increase of its 2017 support by 50 percent) Besides financial assistance, China provides equipment and training, regularly invites military leaders to China for seminars or conferences and offers Nepali Army personnel scholarships at Chinese Military Universities. China is investing heavily in the Armed Police Force (APF) that was founded in the midst of the civil war in 2001 for counter-insurgency operations (Finnigan, 2019). In June 2017, China handed over a newly built APF training academy to Nepal. In November 2017, it proposed setting up joint security forces at the Nepal-China border to stop Tibetan refugees. China has generally tied its aid to Nepal's support for the 'One China Policy', not least since anti-China protests in Kathmandu in 2008. As a result, the number of Tibetan refugees in Nepal has dropped by 93 percent from 2009 to 2018.

4.10.2.15 BRI

There is no doubt that Nepal has been benefited from China's generous supports and cooperation. However, it may be advisable to have self-assessment as how amply

Nepal have utilized benefits from China's unflinching good-will and cooperation to chart Nepal's path of development and learn the lesson from the past experiences arising due to quagmire of geo-political situation. One of the important features of Nepal-China relations, since the very inception of diplomatic relations is that it was nurtured by the top leaders of both countries. In recent days, China has been helping Nepal in enhancing its regional posture by supporting Nepal's legitimate placement in various important regional organizations like AIIB, SCO, BoA Forum, Kunming Asian Trade Forum, Trans-Himalayan Cooperation Foundation etc. China is now making a call to Nepal to join Belt and Road Initiative, a project of unprecedented magnitude of wider regional and inter-continental connectivity.

These opportunities that Nepal has been endowed with, do not necessarily remain forever. It is up to Nepal to take maximum advantages out of it before the opportune time lapses and pave its own way for stable growth and prosperity. Nepal continues to receive generous assistance from China on several projects of high importance. China's assistance for immediate relief and post-earthquake reconstruction has been most substantial for which Nepali government and people will remain grateful for ever.

The BRI proposed by China as an international development mechanism must be embraced by Nepal as a boon for its economic development in the given content of massive transition and critical political crisis. Lifting people from poverty by launching massive infrastructure building projectors and pushing the economic growth high is the only safest launching pad for getting rid of prostrated political transition and ensuing chaos. However, having to be the part of the BRI is not with challenge. The main challenge relates to Nepal's strategic location itself. There are interested outside parties well prepared to proscribe Nepal from benefiting from this initiative. Keeping Nepal out of reach of this initiative is itself a part of strategy to contain China and Nepal is a cockpit to implement the strategy (Yiwei, 2016, p.12).

Stable and economically emerging Nepal would not be desired by interested outside parties. At this point, interests of Nepal and China rare entangled inseparably. Nepal cannot work alone without China's active participation in Nepal's economic development initiatives. Only together; Nepal and China can face this challenge.

China's role to prepare India supporting Nepal in its economic development is therefore, indispensable. Disentangling India from other interested outside parties is a pre-condition for ensuring Nepal's political stability and economic development. Only this way can China bolster its security being threatened by a Western bloc's strategy of encirclement using Nepal's territory.

The implementation of the BRI, therefore, demands a deeper preparation strategically and this requires greater involvement of China. The overwhelming majority of Nepali people understand the significance of the BRI in Nepal's development efforts. The Nepali people both for saving the independence of country and enhancing the economic prosperity of them must strive for being part of globalization and this journey starts being integrated with neighbors (Dahal, 2017 June). Maintaining the policy of balancing relations with neighbors on the both sides, Nepal has concentrated on its goal of economic development leading to the prosperity of people. The BRI may be the model to yield the progressive as well as just and shared or inclusive globalization the world dream of.

4.11 Efforts taken in order to harness Nepal-China relations

China has always shown the cordial regards to Nepal. Given the prospect of China's growing influence on the global scale, Nepal has attached significant priority as well as clearly understand various dimensions of China's neighborhood diplomacy and 'Neighborhood Policy' with its shared values. Nepal has become a founding member of the AIIB and signed the MoU on the Framework agreement of the Belt and Road Initiative.

In 2016, two countries signed much waited and overarchingly important treaty on trade and transit transport, thus breaking the unilateral dependence of Nepal on transit routes via Indian territory and sea-coast. The treaty gave Nepal of its rights, under international law, of access to the sea-the right of the landlocked nation under international law, pursuant to the Sea Convention of 1982. Obviously, Nepal's transit through the Chinese territory and sea-port has formally opened (Sangroula, 2018). The protocols regarding implementation of the treaty have been signed, thus rendering the transit transportation facilities as possible practice.

The signing of the Trade and Transit (TAT) agreement is a significant step forward to take out Nepal from the dependency of India. The Nepal-China relations has been

recognized upon foreign direct investment deals, capacity-building measures and diplomatic support in global forums. China has led FDI pledges to Nepal for the last five years. In the recent past, it is visible that China is involved in the infrastructure development only but not in soft areas. Of late, China's engagement dimension with Nepal has expanded and has been showing interest both in the politics and society of Nepal (Nepal, 2017 April).

China overtook India as Nepal's largest FDI. Chinese state media stated that Chinese investors assured Nepal more than \$220 million worth FDI during the fiscal year 2019-2020, which is exceeding doubled than the previous year's amounts (\$116 million) even during the Covid-19 pandemic. Lately, BRI has also been developing as a new means for enhancing bilateral relations between Nepal and China (Nepal Ministry of Foreign Affairs, June 21, 2018).

During Chinese President Xi's visit in 2019, the two countries raised their relationship to a strategic partnership, generating the momentum to prepare work on projects such as a cross-border railway linking Tibet and Kathmandu as well as a China-Nepal friendship industrial park in Jhapa of Eastern Nepal (China Daily, 2020 December). It is obvious that magnifying railway ties between China and Nepal would encourage trade and expand Nepal's economic volume. China has assured to allow Nepal for having access to six dedicated border transit points. This is believed to be huge asset and would expect to reduce Nepal's India dependency economy to large extent.

Nepal and China have also increased security cooperation in different levels. China supported for building Armed Police Force (APF) training academy in 2014. Likewise, Nepali Army and Chinese People's Liberation Army conducted joint counterterrorism drills for the first time in 2016 (My República, 2016 December).

Nepal has supported China's stand on Xinjiang at the United Nations Human Rights Council for the past two years (China Brief, 2019 December; The Diplomat, 2020 October). Nepal has also supported China's position on the status of Hong Kong last year (PRC Embassy in Nepal, June 20, 2020). Increased people to people communication between two countries is an equally significant facet of the recent Nepal-China relations.

China is now becoming a popular destination of the Nepali students for study, though partnership between academic institutions of the two countries in matters of joint research and pursuit of other academic collaboration are yet to flourish. The people-to-people connectivity between two countries is also enhanced by the pilgrimage of Nepali to Kailash Mountain and Chinese Buddhists to Lumbini Buddhist shrine, the birthplace of Lord Buddha. An equally important aspect of this relation is related to the issue of mutual security. In this regard, two important principles have been evolved in the past which China has consistently practiced; a policy of non-interference in domestic affairs of Nepal and Nepal has unequivocally adhered to the principle of the 'One China Policy' (Nepal, 2017 April).

The history of Nepal-China relation establishes that their relation that is not only desirable but also indispensable for enduring peace and progress in the greater Himalayan region. None of these two neighbors can overlook the necessity of deeper connectivity between them. Though Nepal is a small country in terms of territory, it occupies a crucial strategic position for China's security as well as its convenient connectivity to the South-Asia. Nepal's development is thus vital for China from the vantage point of its security as well as connectivity to the South-Asia (Lohani, 2017 March).

Only an economically viable and developed Nepal, can be a reliable guarantee to the security interests of China. China is generally worried about Nepal as being used by fugitives from autonomous region of Tibet, who are often used by the Western agencies. Nepal cannot permit such activities for two reasons; first Nepal unequivocally hold 'One China Policy' as a fundamental principle of friendly relations with China; and second such activities are never and nowhere permitted by international law including the refuge convention (Shrestha, 2017).

Nepal is bound to respect the security of China as a good neighbor as well as to uphold obligations under international law. For the same reason, some Western countries and agencies have greater interests in Nepal. They are exploiting Nepal's strategic location against the interests of Nepal as well as China (Sangroula, 2018, p.171).

The fled-away Tibetans living in Nepal are often indulged in political activities and even carry out illegal protests against China undermining the international law and the

bilateral relationship between China and Nepal. Obviously, prevention or prohibition of such activities is a sovereign right of Nepal.

Nepal has signed many security and intelligence sharing agreements with China. Since 2008, there were operationalized border security cooperation; partially enforced ban on Tibetan public demonstrations; close monitoring of the Tibetan community, its leaders and real or perceived activists; and deployed intimidating numbers of Nepali Armed Police in Tibetan neighborhoods on politically sensitive dates such as the anniversary of the Dalai Lama, international Human Rights Day (December 10), or high-level visits by Chinese dignitaries. Nepal can protect itself from any kinds of interference from outside only through economically stronger people. China's role to uplift Nepal's existing economic condition demands not only a generous support but also an adequate investment from China, which is also an investment on its security because only stronger Nepal is stronger security boon for China's security (Simkhada, 2018).

Peace and development are the priority concerns of both Nepal and China. Both share identical view on major issues of global and regional concern. It is also heartening to note that there are no outstanding issues awaiting resolution between the two countries. Nepal has to develop attractive investment environment for Chinese investors, especially in the areas of hydropower, industrial production, mega infrastructure, tourism, modernization and commercialization of agriculture. This will not only benefit Nepal's economy by reducing the trade deficit but also further strengthen Nepal-China economic relations.

The Nepali people appreciate the goodwill and commitment to development assistance offered by China towards Nepal. This will continue in the future and the cultural, political and economic ties between two countries and people will become even stronger. China has always been trustworthy, friendly and helpful. Even in its worst days, it was helping Nepal economically and politically.

China's foreign Policy has been largely guided by the twin principles of economic development and security on the basis of give and take. Such two-way relationships are not only sustainable but are also everlasting. Though in terms of market, Nepal doesn't provide as much space as other larger countries, the vast untapped natural resources and the geo-political situation provide enough bases for even firmer and

more meaningful relations between our two countries (Nepal, 2017 April). So, the prospect of Nepal-China relations is bright. Highlighting China's policy towards neighbors, President Xi observes: “China's basic policy of diplomacy with neighboring countries is to treat them as friends and partners, to make them feel secure and to support their development. This policy is characterized by friendship, sincerity, reciprocity and inclusiveness” (Lohani, 2017 March). Friendship is a consistent principle of China's diplomacy with its neighbors. Nepal is greatly enthused by the ‘Neighborhood Policy’ of President Xi Jinping who represents the fifth-generation leadership preceded by four other illustrious leaders like Chairman Mao, Paramount leader Deng Xiaoping, President Jiang Zemin and President Hu Jintao. After President Jiang Zemin's state visit to Nepal more than 20 years ago, President Xi's visit to Nepal was very remarkable to enhance the bilateral relations (Lohani, 2017 March).

CHAPTER 5

EMERGING SECURITY DYNAMICS' IMPACT ON NEPAL- CHINA RELATIONS IN THE CURRENT REGIONAL SECURITY ENVIRONMENT OF SOUTH-ASIA

This chapter focuses on describing emerging security dynamics' impact on Nepal-China relations in the present context of South-Asian regional security environment. While doing so, firstly it describes the regional security environment of South-Asia. Besides their security dynamics, the regional security environment and regional security dynamics are also examined in depth. The security situation of South-Asia is volatile, uncertain, complex and ambiguous and it is constantly evolving. The South-Asian region keeps much importance for its strategic geographical location, political movement, economic instability and historical culture. China-India has the status quo relations due to their aspirations for regional and global power influence. The US foothold in South-Asia is determined more by its strategic and economic interests especially the US security strategy of containing China. US will expand defense and security cooperation with India, a major defense partner of the US and support India's growing relationships throughout the region.

Secondly, it analyses the security dynamics of regional and extra regional powers in the regional strategic environment. The major power players mainly China, India, US and Western blocks are the focus of the study. While examining the security dynamics, mainly the culture, strategy, interest, objectives and challenges are considered. India's interest in the neighborhood, China's strategic objective in the region, US's China containment strategy as well as conflict and interest in the South China sea, India Ocean region, China- Pakistan Economic Corridor and BRI in the context of South Region are also analyzed.

Thirdly, it also describes the current regional security challenges prevailed in the South-Asia region as a result of the major growing strategic and security interest of China, India, US and Western blocks. Fourthly, while examining emerging security dynamics, it briefly highlights the engagement of major regional and extra regional powers in Nepal. The clash of interests between the rising power and standing power in the global in general and the regional in particular are analyzed in details. It

explains China-India and China-US relations quite at length because it has direct bearing on Nepal's strategic relations with China. In the context of state of insecurity and uncertainty in Nepal, which has been prevailing for many years, the emerging security dynamics will have direct impact on Nepal-China relations. In this pretext, it examines what are the emerging security dynamics that has impact on Nepal-China relations. It also analyses Nepal's emerging strategic and security challenges looming ahead.

Similarly, the bilateral cooperation between Nepal-India, Nepal-US and India-China has examined. The impending bilateral issues along with their future areas of cooperation are assessed. Moreover, the emerging security issues are so inter-related that it warrants common response mechanism, mutual understanding and policy discourse to negotiate such challenges. Hence, the examination of bilateral relation necessitates explanation of regional strategic dynamics.

5.1 Regional security environment

South-Asia is one of the most militarized regions in the globe and witnessed many conflicts. South-Asia comprising China, India and Pakistan, can be considered as the most dangerous part of the world. All the three countries are hugely populated with massive standing Armies, equipped with nuclear weapons and also have border disputes with each other. Historically, China and Pakistan are close allies and both have fought wars with India on border disputes. Under such environment, when India is emerging and feels imbalanced, the US has announced rebalance strategy to Asia offering India a strategic partnership. Moreover, complexity of relations amongst China, India and Pakistan has contextualized the overall environment in South-Asia. Also, the South-Asian region holds much significance because of the three nuclear states namely China, Pakistan and India. Further, the involvement and engagement of the major global powers like the United States, Russia and China along with the global partnership and other regional and international institutions have abstracted the focus of the world towards this region.

The presence and involvement of many state and non-state actors in the region have increased the strategic importance of the region. The security of this region is directly connected with the security of other regions of the world. There are two dimensions of security in South-Asia, one is traditional security threats and other is non-

traditional security threats. When it comes to the traditional security threats, it includes military issues among the various nations of the region. While non-traditional security threats are getting much importance and attention of the world because of their destructive nature, it includes resource crisis, food security, humanitarian security, environmental degradation, water crisis, health issues and pandemics such as COVID-19 etc. Both the security threats have their statistics and nature when it comes to their effects on the various affairs of the society.

5.1.1 Dimensions of strategic environment

The nature of conflict has been changing. The activities of non-state actors coupled with ideological waxing have dominated the current security landscape throughout the world. Bhattarai (2010) asserts:

The newer threats such as ethnic and religious conflict, terrorism, migration, environmental degradation, communicable diseases and threats to democracy, human rights violation, gender crime, poverty, hunger and deprivation are emerging issues that are challenging the national and regional security (p.87).

Nepal finds itself in the international order, which is in a state of flux. In his 2014 book 'World Order', famous American diplomat Henry Kissinger inferred that the world order which according to him, never existed in true sense, was heading towards a big uncertainty. He said that the order established by the Western countries, led by the United States, stands at a turning point. It was believed that US dominated unipolar world is building right after the end of the cold war and the development of US as the exclusive superpower in the world. But the era of single superpower domination seems to be dissipating. In his 'Post-American World' (2008), Fareed Zakaria explained how all great powers in history have risen and fallen and why the decline of the American power was inevitable. He also described the potential uncertainties due to decline of the US as a superpower (Acharya, 2019).

Though the US still remains the largest power militarily, economically and politically, its influence in the world is diminishing. Since 2017, its role has been further questioned through the inward-looking posture adopted under President Donald Trump. With its GDP, only second to that of the United States and with its military prowess, China is also close to claiming a superpower status. China's President Xi Jinping has already indicated that China will be ready to lead the world, should the

US leave a vacuum for it. In the emerging equation, China may have bigger said in the world. The bigger powers may re-align themselves accordingly. A re-alignment of international powers seems to be and the making in the world (Sangroula, 2018).

Nepal is likely to be dragged into this equation, should the US continue to pursue its policy of checking China as it can seek to sue its levers in China's neighborhood for encircling the latter's rise. The US has already defined its relations with India as being one of strategic partnership. The recent emergence of the Indo-pacific axis involving the US, India, Japan and Australia is also supposed to alter the strategic balance in the Indian Ocean as well as regions surrounding China. China has extensive engagement with its neighbors and developing countries of the world, for which it has put forward several diplomatic and economic overtures like the AIIB and BRI. It may become further assertive in these counties, including in Nepal to ward off US influence in the region. It is generally understood that the global power of the US and Europe is on the decline, while that of China and India is on the rise.

The rise of China and a strategic competition with the US for retaining the superpower status has brought the classical threat of what has been called as the 'Thucydides Trap', in which conflict becomes inevitable as a new power challenge for the existing big power and eventually seeks to replace that power's supremacy. For starters, an ancient Greek historian Thucydides had explained such trap in the rise of Athens that made war with Sparta inevitable (Acharya, 2019). There are already tensions between China and the US on issues of trade as well as geo-political issues in the South China sea and the emerging US-led Indo-Pacific alliance that is supposed to check China's rise.

Another prime concern on regional security dynamics is the China's expanding interest and its growing military power in the region. Dutta (1998, June) asserts:

China's rising military capabilities especially nuclear and missile build up has direct security implications on its neighbors in Asia with whom it has sovereignty disputes, ethnic-related insecurities and geo-political rivalries. Following China's takeover of Tibet, it become an integral part of the South-Asian geo-political and strategic environment and its neighboring states are affected by China's military power, posture, strategic thinking and evolving role. China shapes security environment in a major way while the South-Asian

countries hold the key to the stability and security of China's two troubled provinces of Tibet and Xinjiang (p.27-29).

5.1.1.1 A multi-polar world

The world is becoming increasingly multi-polar, with more than one axis of power. Rise of India and China, emergence of regional economic groupings and a coalition of the developing countries signal the rise of multi-polarity in the world in which no one country or bloc has the dominant say. These new blocs and powers are asking for a global power restructuring and democratization of international relations. The multi-polarity is also aided by regionalism; however, over-crowding of regional blocs has increased competition among them. The regional organizations and free trade associations are exercising their economic clout for reshaping the global economy.

Though the world is becoming increasingly multi-polar and multilateral, it has failed to rise to the occasion. China, on the other hand, is promoting alternative structures for global governance such as through the BRICS and the BRI. The traditional multilateralism based on neoliberal agenda and the 'Washington Consensus' is being challenged while a new one is yet to emerge to replace the existing system.

The Chinese foreign policy is becoming more proactive and its desire is to ensure its own security and freedom initiative in its foreign relations, on that Robinson (1996) asserts:

Looking at the international sources of China's foreign relations such as strategic systems and scientific imperatives, the country searches for a re-defined role in the multi-polar world order. This will greatly contribute for the understanding of China's modern role in international relations (p.97).

5.1.1.2 The shifting balance of power

Until the eighteenth century, China and India were major economic powerhouses of the world, occupying more than half of the world's GDP. Their place was overtaken by the US and Europe, due to the industrial revolution. In recent years, India and China are in the process of regaining their lost economic glory, due to globalization and their faster pace of economic growth. This has shifted the balance of power in the world considerably towards the developing countries specifically to India and China.

The former US President Barrack Obama's strategy 'Asia Pivot' clearly indicates the importance of the region in US overall strategy vis-à-vis foreign policy narrative (Christensen, 2015). In July 2009, the former Secretary of State Hillary Clinton declared, "The US is back" in Asia (Christensen, 2015, p. 247). Malone and Mukherjee (2010, February-March) argue:

US approaches to China oscillate between policies of containment and engagement. The former has given birth to a new triangle between the US, India and China whereby US cultivates closer ties with India, as an established democracy and as a regional bulwark against a potentially aggressive, communist China (p. 147).

It makes amply clear about the US position towards Asia in the recent years. The shifting foreign policy priority of US signals China's growing influence in the region vis-à-vis increasing US-India partnership. Mearsheimer (2014) asserts that the US policy of 'Pivot to Asia' is the clear manifestation of the US increasing interest in the region. Mearsheimer (2014) posits:

In fact, the greatest fear China's neighbors have regarding the United States is that it will not be there for them in a crisis, not that the US military might attack and vanquish them...US was trying to reassure its Asian allies that, despite its focus on the greater Middle East and the closely related war on terror in the decade after September 11, they could still depend on the US to guard their backs (p. 390).

India and the US are moving more closely since the beginning of the 21st century. When President Bill Clinton visited India after twenty-two years, the beginning of the new era of friendship started in March 2000 (Cohen, 2001).

In his book, *Who Will Survive in the New World Order?* Singaporean diplomat Kishore Mahbubani contends that a new world order is dawning with China and India as the strongest powers. Together with India and China, the rise of Brazil, Mexico, Russia, Indonesia and Turkey, which are often grouped as Emerging Seven (E7) is poised to shift the economic powerhouse from the world's seven richest countries (G7) to the developing countries four of which are in Asia. New middle-income countries are emerging and increasing the complexity of players in the international scene. Some of them such as

South Korea have already made their way to the G20 of big economies (Acharya, 2019).

With their hard power (political, military, demographic and economic) as well as soft power (civilization, culture and diaspora), India and China have emerged as the global powers, heralding a shift in the balance of power towards Asia and the developing countries. This shift has brought the global power equation closer to Nepal. As the political, economic and military center of gravity of the world is shifting near to home, Nepal cannot remain unaffected. The fact that Nepal is situated between two of the most important rising economic powers: China and India which has raised Nepal's strategic significance as well as the interest of these two and outside players in the country.

The increasing importance of India and China in the global political and economic decision making especially due to their high growth trajectory and huge opportunities is something that Nepal has yet to fully embrace into its world-view. In absence of a strategy for benefiting from their rise, Nepal risks being further marginalized and left out. Nepal's own aspiration to graduate from the group of the LDCs is going to be a new reality in this regard.

5.1.2 Regional security landscape

The South-Asia, with total area of about 4.5 million square Kilometers and approximating 1.7 billion populations, security mosaic becomes more VUCA with the US led war against terrorism, regional hegemony, nuclear competition, inter-state relations, US-Indo strategic partnership, US policy in Pacific region, corruption, instable politics, poverty and the increasing economic influence and political presence of China have a profound impact on the region.

Alagapa (1998) states:

Asian security has unique characteristics from the view of international politics in Asia and the national practices. The South-Asian region keeps much importance for its strategic geographical location, political movement, economic instability and historical culture. Despite common regional heritage; culture, history, social practices and colonial legacy, South-Asia has significant regional security dynamics and complexity. Domestic politics play

an increasingly important role in shaping and constraining regional security dynamics throughout South-Asia (p.107).

The regional security complex theory scrutinizes the security complexes including the security complex of South-Asia, grounded on security inter-dependency among states situated in a geographically coherent group which could be penetrated by the external powers (Rai, 2017, Jan).

The formation of the regional security complex of South-Asia was shaped by two major factors: the rivalry between India and Pakistan and the dependency of small nations over the regional hegemony of India. However, India is the dominant actor in this region due to material supremacy but the bilateral relationship between India and other neighboring countries has mistrust which adversely affects the geopolitics at the regional level. Moreover, the existence and connection of many state and non-state actors in the region have increased the strategic security complexity of the region. Besides this, South-Asian holds much attention as it possesses two nuclear power nations (India and Pakistan) which added a new security paradigm in this region.

The rise of China is also a critical issue in South-Asia's security complexity. However, the massive plan of economic growth and connectivity – BRI introduced by China has changed these dynamics of the complexity. The BRI changed the traditional understanding of the regional security complex of South-Asia and forced to contemplate China as an internal member of the complex rather considering China as external power. Jha (2017) states:

BRI has changed the traditional patterns of security inter-dependency of the smaller states of South-Asia vis-à-vis big brother India while elevating the Chinese ability to redefine, reorganize, reshape and reconstruct the security patterns of South-Asia and establishing Chinese military supremacy in Indian backyard (p.3).

Further, the involvement and engagement of the major global powers like the United States, Russia and China along with the global partnership and other regional and international institutions have abstracted the focus of the world towards this region. On the other hand, 1.88 billion people of this region are also facing enormous challenges of non-traditional security issues such as climate change, poverty, human and drug trafficking, illegal arms and religious extremism which are highly significant

for sustainability of this region. Though South-Asia is highly concern about traditional security issues but non-traditional security threats should be considered with close attention because of their destructive nature.

5.2 Regional security dynamics

South-Asia region including China has geo-strategic importance and also possess large human and natural resources. This region encompasses two of major developing economies; China and India and three nuclear powers; Pakistan, China and India. Furthermore, the interest and the engagement of Russia due to its proximity to central Asian states has brought great attention to South-Asia. The US has always been engaged in the South-Asian regional affairs due to its own regional interests. More significantly, US increased its engagement in the region mainly due to war on terror in Afghanistan after the post 9/11 period. Another vital reasons which have induced US to get occupied more in South-Asian affairs is due to continuous rise of China. US led global war on terrorism after 9/11 incident completely transformed South-Asian security dynamics. This war immensely affected Pakistan's domestic security as well as India-Pakistan peace process. Advent of non-security threats mainly the rise in terrorism through non state actors and religious extremism posed serious threats to internal security of regional states as well as the regional peace and stability (Shukla, 2020 March).

There are very rare chances of normalization of India-Pakistan relations due to their past hostilities and animosities as both countries are not willing to make any negotiation specifically over Kashmir issue. On 5 August 2019, India lifted Kashmir's constitutional status and defied its earlier agreements by scrapping Article 370 and 35A (Shukla, 2020 March). This attempt has augmented conflicts between India and Pakistan. An amicable solution of Kashmir issue can only guarantee peace and harmony between India and Pakistan. Kashmir dispute is also linked with water dispute which is further aggravating the tensions between India and Pakistan. Besides Kashmir issues, both countries blame each other for assisting separatists and militants to generate instability in their respective countries. SAARC has failed in resolving bilateral regional issues in comparison to other regional organizations such as ASEAN, ARF and EU.

In fact, the region has witnessed three major wars between India and Pakistan and one between India and China besides several other border skirmishes on and off at various times including the ongoing India – China border row in Sikkim. Hence, this has convulsed in tensions and mutual mistrust and animosity leading to frequent threat of war or near war situations affecting regional security and stability. The US strategic tie-up with India, viewed by many as one aimed against China and conducting joint naval exercises with India in the Indian Ocean region coupled with the role played by Russia vis-à-vis China and India have gone to add a new dimension making security and stability even more entangled with extra-regional powers.

South-Asian states are confronting various traditional as well as non-traditional security threats which are inter-linked and have a potentiality to impact on global security environment. In order to expand and strengthen own vital strategic interest, extra-regional powers especially US, UK and other western powers are also engaged in the regional affairs. This type of world-wide engagement additionally obscures the political and security dynamics of South-Asia' (A.K. Subedi, personal communication, Feb 29, 2020).

5.2.1 China's regional security dynamics

5.2.1.1 China's strategic culture

McDonnell (2009) states:

The instruments of national power are commonly described using the 'DIME' model and are well accepted. In the same model, introducing Financial, Intelligence and Legal instruments makes 'DIMEFIL', which represents the available national means in the extension of foreign policy of a state (p.23).

In the present context, China has focused on its foreign policy efforts to create a favorable international image, develop soft power and shape international discourse since its modernization started. Allen, Saunders and Chen (2017, July) opine "China has given greater emphasis on diplomacy over the years mainly directed with the goal of shaping China's security environment, collecting intelligence, learning from advanced militaries and ultimately securing foreign policy objectives" (p.77). For the past three decades, China's rapid emergence as an economic power has been running parallel to the rise of Asia and world transformations. Today, China has become the

second largest economy in the world, but the country's rapid development has generated huge social and economic challenges. To resolve the pressing internal and external issues related to its rapid growth, no historically validated approaches could be borrowed from other countries. China has evolved a new scientific concept of development, which puts people first and attaches importance to sustainable growth. China has attempted to pursue a new mode of growth, characterized by a sustainable, peaceful and cooperative development. It calls for building a harmonious society by narrowing the gaps between the rich and poor, between the prosperous coastal areas and backward North-Western areas as well as between the rural and the urban. It also calls for building a harmonious world of enduring peace and prosperity. China's development like in many other developing countries is a great historic experiment of modernization in the post industrialization era. Peace, harmony, development and cooperation are the defining values of Chinese domestic, foreign and security policymaking. The prevailing phrases of 'China Consensus', China's new diplomacy and China's new security concept have frequently appeared in foreign literature and security policy analysis, going hand in hand with the phrase 'China Rise' (Pant, 2017 May).

In terms of China's strategic culture, in the long historical course of its formation and development, it is a composition of many schools, characterized by the concept: one hundred of flowers in blossom and one hundred of schools in contention. As far as domestic dynamics is concerned, its strategic culture is based on the three basic doctrines of China's traditional philosophy: take peace as the most precious, put people first and take human welfare the upper-most. As far as external relations are concerned, it is extended from domestic political dynamics and characterized by the four basic principles of sovereign equality, mutual benefit, peaceful co-existence and multilateral cooperation. This strategic culture, in its new diplomacy and new security concept, is embodied in four credos: pursuing partnership and not leadership; friendship, not confrontation; commitment to equal and mutual security and common prosperity; putting economics over politics and recognizing the diversity of the world, emphasizing co-existence in peace and pursuing cooperation in a multilateral framework (Liu, 2017).

The rise of China in the twenty first century as a formidable economic power, with growing strategic and military capabilities, is an inevitable consequence of the

assiduous effort by its elite. The compulsion of China's elite to pursue this policy has been crucially based on the dictates of regime stability and survival, the need to preserve domestic stability and crucial importance to secure territorial integrity. This relentless pursuit of the policy has resulted in the supremely efficacious control of the mainland Chinese society, the party and the military. The significance of understanding China's strategic culture lies in the fact that China has always relied on the essence of its ancient wisdom, the Sun Zi and the Confucius-Mencius paradigms (Lawrence & Prabhakar, 2016).

The imperatives for a peaceful order have been intrinsic to the Chinese strategic calculus, the sole objective being to leverage its strengths with its acquaintances and against its adversaries. China's zestful progress in modernization is part of a continuum of its rejuvenation of its strategic culture and the leveraging of its tangible and intangible dimension of national power (Liu, 2017, p.87).

Its synergies are focused on building the sinews of its economic and industrial power as the primary basis of its comprehensive national power to be leveraged with its growing technological prowess for putting up a formidable posture in place. This would be in leverage with the sophistication of the indirect approach and its rapidly resurgent economic, industrial, technologic and scientific capabilities, providing an unequivocal transformation into strategic purpose and force.

5.2.1.2 Pillars of China's grand strategy in the twenty-first century

Johnston (1998) states:

The ancient texts and military doctrines about Chinese strategic culture that stand in opposition to notions of China being a primarily defensive state throughout history. China's grand strategy is not something that has been explicitly or formally declared. Rather, it is more in the form of a subtle implication that can be discerned through observing China's international relations in recent years. The central military commission, under the guidance of Deng Xiao Ping, was quick to assess that the end of the Cold War would not lead to a multi-polar order as envisaged, but to a long transitional period of unipolarity. China envisions that this period would best be utilized to augment its rising power (p.87-89).

China's white paper entitled 'China's National Defense' in 2004 asserts that there are new trends to multi-polarity in the region due to economic globalization, though unipolar order continues unabated (Lawrence & Prabhakar, 2016).

In 1997, China enunciated the New Security Concept (NSC) to the ASEAN as a means of comprehensive engagement with South East Asia and the extended region. China's enunciation of the NSC as a new foreign policy concept is a post-Cold war development constituting an extension of the earlier Panchsheel. The NSC has been regarded as a statement of China's perspective of comprehensive security, predicting the current international political and strategic environment, advocating multilateral dialogue, arms control confidence building measures, non-proliferation and expanded economic interaction as effective means that would reduce international tensions. The principles of cooperative security, reciprocity and mutual benefit as the measures of enhanced cooperative relations between the states in the Asia-Pacific (Lawrence & Prabhakar, 2016).

China's NSC is actually directed against the US policies in the Asia-Pacific region and aims at resisting its moves to expand its influence. China's policy towards India has been eroding any possible India - US alliance and limiting cooperative ventures between them, as it perceives such cooperation would be inimical to its interests. The accent on multi-lateral dialogues is directed towards the smaller states of the Asia Pacific region and aims to wean them away from the influences of India, Japan and other extra regional powers such as US (Fengming, 2006 May). China has been applying the NSC as its guiding framework for improving relations with India and has been advocating reciprocity and cooperation as also the importance of confidence building measures in enhancing the bilateral relations between the two powers.

China approaches the global theater with the aim of creating a multi-polar order in which it would leverage its comprehensive national power to emancipate its social and economic order to a developed medium power economy, a robust military capability that would thwart external adversity. China has been showing the increasing reliance on Russia since they reached an accord on strategic partnership in July 2001. Its close partnership with Russia became further pronounced with the release of its National Defense Paper 2004. Thus, the growing strategic relationship between Russia and China represents a clear shift in the global balance of power. In

joint diplomatic initiatives, Russia and China have enhanced their capabilities to edge the out of Central Asia through strengthening the SCO which is mutually beneficial for economic and energy ties. The gradual elimination of US and West would greatly help China to regain its pivotal role in Asia. The China- Russia strategic partnership had energized the two militaries to develop strategic synergies in protecting their common security interests and showcase the enhanced operational sophistication and growing military potential. The peace mission 2005 was an exercise of live firings with the added value of fire power demonstrations. It conveyed the strong message of China determined to assert its regional hegemonic power and its determination to aggressively expand its economic and strategic interests. It signals China's intention to put into operation its objectives which is to speed up the information process and its program of Revolution in Military Affairs (RMA) with Chinese characteristics as outlined in its white paper on China's National Defense (Hamayoun, 2017).

5.2.1.3 China's comprehensive national power pursuit, objectives and challenges

The central pillar of China's grand strategy in the twenty first century has been its zestful pursuit of comprehensive national power. China's assessments of comprehensive national power have been varied. Zheng Bijian, Chairman of the China reform Forum, who propounded the concept of peaceful rise had elucidated that China will require 45 years before it can be called a modernized medium level developed country.

Zheng has divided this period into three stages. In the first (from 2000 to 2010), China will seek to double its GDP. In the second (from 2010 to 2020), China will aim to repeat its feat bringing per capita incomes to approximately \$3,000 per annum. Over the following thirty years (from 2020 to 2050), China will continue to advance until it becomes a prosperous, democratic and civilized socialist country. Zheng states that by that time China will have shaken off under-development and will be on par with the middle rung of advanced nations; it can then claim to have succeeded in achieving a peaceful rise (Lawrence & Prabhakar, 2016, p.94).

Other opinions point out that the onset of reform in the past twenty years have been the crucial decades for augmenting China's national strength. The next two decades are viewed as the important period of strategic opportunity that would see the

improvement of China's economic strength, national defense and national cohesiveness in relations to its overall national strength.

China estimates that its grand strategy for the next 20 years should be focused on six indices of comprehensive national power that would include: sustaining higher rate of growth; augmenting effective national power, enhancing the per capital affluence of its people; enhancing capabilities in national security, improving its international competitiveness and promoting sustainable development. These goals would optimize China's rapid increases in its gross economic volume output, quadrupling it by 2020 and sustaining the average growth rate of 7 % for the period 2001-2020. Its sheer growth in GDP would result in its emergence as the world's largest economic entity. The formidable task that contends with is to sustain the steady economic growth and narrowing the gap with the US. The daunting challenges for China are:

- (a) The formidable challenge is development, its sustenance and overcoming the serious constraints of equitable social and economic development;
- (b) The increasing vulnerability of China is its need for imported raw materials, energy supplies and resources that fuel its high-speed development. Ensuring continued access to adequate resources would therefore become critical to China's overall grand strategy. China's serious pre-occupations to safeguard its energy and resource security are strategic questions that concern the success or failure in China's modernization drive;
- (c) The increasing strain on China's environment is yet another alarming dimension that points to serious consequences, ranging from ecological damage and devastation. The assault on the environment and the failure to achieve sustainable development would be corrosive to the overall development of comprehensive national power, having serious impact on the economic growth of the country (Florini, 2006 Nov).

5.2.1.4 China's global strategy; the regional dimensions

China's global strategy has its regional dimensions. China has resorted to a quiet and subtle balancing strategy that is aimed at the following objectives:

(a) Soft balancing

China has preferred this optimal external strategy as it does not attract immediate international or contending hegemonic responses of hard balancing. It has been engaged in a limited arms buildup, initiated ad-hoc cooperative exercises and has

engaged in several collaborative initiatives with regional international institutions. However, China has the option to convert these into open hard balancing strategies if and when security competition becomes intense. China considers the US, Japan and India among the powers from where it expects concerted aggressive opposition to its rising power (Lawrence & Prabhakar, 2016).

(b) Internal balancing

A variant of soft balancing, China has diligently sought to soften and blunt the aggressiveness of the US and Japanese economic and strategic power through a complex process of engagement with the adversary's economic power base. This engagement is known as internal balancing. China has been increasing this power potential by focusing on economic development with synergies to convert its wealth into military might at a more propitious time. China's combination of soft balancing in the external realm and internal balancing of economic development which it calls as peaceful rise and peaceful development are its instruments to blunt the hegemonic power potential of its adversaries (Malik & Schulz, 2013).

(c) Asymmetric military strategy

This is China's favorite strategy against its foes. China's Taiwan strategy is based on denying US, the right of intervention in the hub of its operations. Asymmetry is defined as the prevalent lopsided balance in the power and capabilities of two contending sides. Asymmetry, however, weights greatly in favor of the weaker power allowing it to resort to a variety of hostile deceptive or denial actions against the stronger adversary. China's asymmetric strategy is pivoted on the Assassin's mace that consists of short and medium range ballistic missile and long range laid attack cruise missiles armed with electro-magnetic pulse, anti-radar thermobaric and conventional warheads. China's strategy for defeating a superior enemy with an inferior force is called Shashaojian or assassin's mace.

China's asymmetric weapons are designed to neutralize a formidable superpower like US in a conventional conflict. In space, China has been developing maneuverable nano-satellites that can neutralize enemy satellites. China's new concept of a people's war includes IT warriors coming not only from its 2 million plus strong military but from the general citizenry of some 1.3 billion people (Lawrence & Prabhakar, 2016, p.99).

China's asymmetric non-military strategy, known as unrestricted warfare, would be sustained by multi-blow attacks on a number of key vulnerable points like cyber-attacks on vital infrastructure like the electricity grid, its computer networks, its oil supply routes and the very currency of economy, the dollar itself.

(d) Engaging the US

China's global regional strategy is aimed at consolidating its East-Asian regional primacy. China has been assessing the rate of power transition with the US, EU and Japan over medium- and long-term periods with varying economic, strategic and military assessments and has calibrated its strategy of hedge and balance just as the US had been hedging and balancing China. China has tremendous patience. It is quite willing to engage normally with the US and for the right time, when the advantages are on its side. China fully recognizes its presently disadvantageous power asymmetry with the US because of the latter's combined economic mass, technological dominance and military superiority.

China is the one nation that in the long run is determined to pose a challenge to the dominance of the US and its system. China would contend with the US militarily with asymmetric strategies. China would also pursue asymmetries and deception in unfavorable trade practices with the US dollar under evaluation of the Chinese currency; heap up trade deficits, thus creating net economic vulnerabilities for the US. China's response to the reinvigoration of the US presence with new accents in the alliance dynamics has been countered with economic initiatives to enmesh South-East-Asia in its East-Asia initiative, keeping the US out of the talks. Similarly, the Chinese initiatives with the SCO have strengthened its energy security and are also aimed at spearheading a concerted effort against US presence in Central Asia (Malik & Schulz, 2013).

(e) Collaborating with Europe

China's grand strategy has been the engagement with Europe, the second pole of the multi-polar world. China has been keen to engage with the European Union to offset the pressures of US hegemony. Europe and China have taken the initiative in conceptualizing and implementing a broad-based scheme to further the ties and cooperation in a wide range of economic, industrial and technological areas. The scopes of Europe - China relations have been viewed as an enduring political

convergence. Diplomatically, the views of China and Europe converge on many issues especially in areas where Europe does not see eye to eye with the US (Lawrence & Prabhakar, 2016).

5.2.1.5 China's quest for regional security

China's growing economic power has led to debates about its long-term political implications both at the global and regional level. China's quest for regional security is confronted with a problem that it has to deal with at least in four different regional theaters North-East Asia, South-East Asia, South-Asia and Central-Asia. These regions seem to have different degrees of priority in Chinese foreign policy.

It is probably highest in North-East Asia, followed by South-East Asia whereas South and Central Asia are more in the background. In each of these regional theatres, China pursues different interests and strategies and is confronted with different major regional players of which Japan, ASEAN, India and Russia are the most important ones.

China's foreign policy from the 1950s to the beginning of 1990s was much more inclined to use hard power strategies to deal with neighboring countries. China's quest for regional security shifted from 'hard power' to 'soft power' strategies since the mid 1990s. It is no longer military capabilities but economic collaboration and multilateral regional institutions building that has become the main foreign policy tools and China has adopted an approach which can be called selective multilateralism in order to pursue its national interests.

The collapse of the Soviet Union and China's growing economic success in the global economy seems to have fostered a shift in world polity form hard to soft power. After 1997, China followed a foreign policy based on the realization that security was no longer guaranteed by expansion and modernization of the armed forces alone and that it was necessary to take a proactive approach that fostered economic and political collaboration (Warner, 2012).

At the same time, China intensified both bilateral and multilateral relations with its neighbors. China's new approach towards regional security is probably most advanced in South-East Asia. ASEAN's close political and military relation with the US was no longer regarded as an obstacle for China to intensify its bilateral relations. In contrast

to North-East Asia, China was able to handle its regional security interests in Central-Asia with ease. SCO also promotes economic cooperation among its members and aims at the creation of a free trade area in the long term. It is an interesting case study for China's regional security strategy because SCO is the first organization in which China was actively pushing for security arrangements with its neighbors. The situation in North-East Asia, consisting of Japan, Taiwan and the two Korea is certainly the most complex regional security scenario for China (Sidhu & Yuan, 2003).

South-Asia has not always played a very prominent role in China's foreign policy. During the cold war, relations with India remained tense because of the war of 1962 where Pakistan became the most prominent Chinese ally in the region and was supported economically and militarily to act as a counter-balance to India. Since the 1990, there has been a swift growing rapprochement between China and India. The joint working group put the border issue on the back burner and opened the way for closer economic collaboration. Moreover, bilateral trade between both countries saw impressive growth rates so that China became India's second largest trading partner after the United States. China's investment in India has already reached a sensitive threshold. China has also intensified its economic relations with India's neighbors; Pakistan and kept this special position of favor in China's foreign policy designs. The construction of the Gwadar port and road links with Western China will certainly strengthen Pakistan's strategic role. China's growing economic, political and military engagement in Myanmar, Bangladesh and Pakistan and the 'String of Pearls' polity in the India Ocean region has raised new concerns about China's containment strategy.

In India, China is regarded as one of the main threats to security. China, on the other hand does not see India as a threat in the same manner or to the same degree. China has always managed to maintain a status of a great power, while India is still trying to get a permanent seat in the UN Security Council as well as to be recognized as a nuclear power (Gautam, 2017 May). New economic interdependence indicates that both the countries are pursuing a soft balancing approach which fosters economic collaboration on the one hand but uses other opportunities to obstruct the other on the political level. Besides the bilateral approach, multilateral links need to be expanded. China's economic rise has increased its interdependence with other Asian regions. Comparing China's quest for regional security in the various regional theaters, it

seems that now China is more inclined to engage in bilateral cooperation and regional institutions with selective multilateralism.

5.2.1.6 China's strategy and attention in South-Asia

(a) Multilateral cooperation

China's broad objective in South-Asia is to expand multi-dimensional cooperative relations with all the countries of that region. Multi-dimensional signifies military ties as well as more innocuous political and economic cooperation. India has sometimes objected to China's relations especially military-security ties with these countries in the region. China views South-Asian countries as neighbors with whom it is especially important to have friendly and cooperative ties both to increase China's own economic and political influence as well as to lessen the ability of potentially hostile powers (currently the US) to injure China's interests. Friendship with China is often attractive to smaller South-Asian countries living in India's shadow. People in those countries often see ties with China as affirming their independence from India and as a way of gaining bargaining leverage with India (Simkhada, 2017 May).

(b) Minimizing Indian engagement with US

China suspects that US has desire to contain or balance China and limit its rise. In order to expand its power, US's key effort is to maneuver India into the participation of US's anti-China schemes. It is in China's interests to avoid or failing that to minimize negative Indian reaction to the growth of Chinese presence and influence in South-Asia. China uses several means to minimize India's adverse reaction to the growth of China's cooperation with the smaller South-Asian countries. India and China should be friends and partners working together for the mutual benefit.

(c) Transport collaboration

Cooperation in transportation is currently one particular important form of China's expanding ties to South-Asian countries. Three ambitious transportation projects are currently underway and will substantially increase Chinese influence in South-Asia. China has a major interest in reassuring India of its friendly non-threatening intentions so as to secure Indian agreement to Chinese trade using the Indian rail system and transiting Indian territory to reach third countries. China's argument is that this is a win-win situation that will bring economic prosperity to all participants.

(d) China and regional organizations

The proliferation of the regional initiatives, which has a mandate beyond just commerce and trade, testifies these integrative trends: ASEAN plus one, ASEAN plus three, Asian Regional Forum (ARF), the SCO, the Chiang Mai Initiative (CMI) as well as the Pan Asian BoA Economic Forum (Bhattarai, 2017 July). A high degree of inter-dependence has been established among the economics of South-East Asia and external powers. Additionally, there is clear recognition that China is playing a central role in every regional economic formation if it is involved. China in fact has already come to play the role both of an engine of growth in the region as well as a stabilizing force. The debate on whether China is a challenge, a threat and or an opportunity continues to take place. However, the opportunity prevails among them.

5.2.2 Indian regional security dynamics

5.2.2.1 India's strategic objectives in its neighborhood

Car (2001) argues “the foreign policy of a country is limited not only by its aims, but also by its military strength or, more accurately, by the ratio of its military strength to that of other countries” (p.52). India has regional dominance in South-Asia region. Though India has traditionally vowed to expand its authority and influence in the region but it is struggling with the exception of major nuclear-armed adversary Pakistan. India is attempting through economic and commercial ties, political interactions and people-to-people link as well as cultural links. The latter part is termed as ‘soft power’. Modi formally declared a ‘Neighborhood First’ foreign policy shortly after being sworn in as PM in 2014, (Government of India, 2014). The Modi government approved its ‘neighborhood first’ foreign policy, with an objective of making huge influence in South-Asia. India perceives a stable and secure neighborhood can only boost its economic development and the political transformation, encompassing huge economic progress and improve foreign investment. Part of its ‘neighborhood first’ policy, the Modi government prefers to establish bilateral rather than a multilateral dealing with other countries in the region. It is believed that this guarantees larger leverage as well as a greater comfort level for India.

Looking at the regional and sub-regional footing, the Modi government ranks connectivity, transportation and infra- structure linkages and has endeavored to

develop regional connectivity in SAARC region. If SAARC-wide developments are distorted due to political differences, the Modi government emphasizes on a multiple web of sub-regional cooperation on trade, transportation and infrastructural connectivity including the BIMSTEC and the Bangladesh, Bhutan, India, Nepal (BBIN) Initiative, barring both Pakistan and China (Government of India, 2016).

Additionally, Modi government keeps the Indian Ocean as foreign policy priority as well as a portion of India's immediate and extended neighborhood. In March 2015, Modi reveal a concept for the Indian Ocean, named Security and Growth for All in the Region (SAGAR). At times, in order to achieve vital political objectives India is playing assertive role in South-Asia including the adoption of interventionist policies. Considered from the Indian perspective, it also feels that China is attempting to encircle its by increasing trade and investment in South-Asian countries, which has been its traditional sphere of influence for long (Pudasaini, 2017 May).

Consequently, India, in a strategic collaboration with the US aims to contain China in the region to protect its security, strategic and economic interest. At the same time China, given its overwhelming and rising economic and military power is also ramping up its engagement in the region. Obviously, China's new Nepal policy is part of its broader push into South-Asia. The border blockade of 2016 made easy for China to further strengthen its broader engagement in Nepal. Naturally a large section of Indian establishment and media resents Nepal's deepening and widening relations with China. It unrealistically believes that Nepal has gone bit too far and too fast in enhancing its relations with its Northern neighbor.

5.2.2.2 India's evolving approach towards regionalism in South-Asia and beyond

“In the post-independence period, the bipolar politics deeply shaped India's perception towards regionalism. Additionally, India had politically oriented and ideologically driven but minimal economic cooperated approach towards Asian regionalism” (Michael 2013, p. 49). The inception of the ‘Gujral Doctrine’ is viewed as the beginning of India's new friendly approach towards regionalism with the aim of accommodating neighbors with good faith and trust without pursuing tradeoff. Since the 1990, the concept of ‘collective prosperity’ is the fundamental principle that guided India's latest regional approach. The reorientation of India's regional approach began with the unveil of the ‘Look East’ policy followed by the ‘Gujral

Doctrine' in the beginning of 1990, however, it took strategic scopes only in the mid-2000. The developments both within India as well as in the neighborhood persuaded India to recalibrate its regional policy urgently at the beginning of the 21st century, owing to its direct consequences on India's regional diplomacy (Maini, 2017 August).

As the bigger neighbor, the Gujral Doctrine emphasized India to be generous and liberal to its smaller neighbors. Likewise, the 'Manmohan Singh Doctrine' emphasized the notion of sharing India's economic growth with its neighbors so that the regional economy is tied to India and that regional instability does not have negatively impact on India's economic growth. India also strengthened its engagements with sub-regional groupings. Viewing China's growing regional engagement in trans-national connectivity, India underwent immediate push for SAARC regional connectivity. India also conducted maritime collaboration with its neighboring nations owing to the mounting anxieties over China's quickly growing trails in the Indian Ocean region and rising non-traditional security threats. PM Narendra Modi strives towards an integrated neighborhood approach in South-Asia by launching the 'Neighborhood First' policy in 2014. Furthermore, he adopted 'Act East Policy' in order to shape the emerging regional security and economic dimensions in the greater Indo-Pacific region (Bhatnagar & Passi, 2016).

As part of the 'Act East Policy', Modi government further reinforced alliances such as BIMSTEC, SESEC/BBIN and MGC at the sub-regional level to accelerate the regional integration process. In the Indian Ocean region, the Modi government has taken major policy initiatives to promote collective action and integrate maritime security coordination. PM Modi's vision of the Indian Ocean region was outlined in 2015 in the acronym SAGAR (Security and Growth for All in the Region).

It has been well understood that India has intensified regional initiatives for its self-interest and the broader regional interests mainly in maritime domain. India is pursuing its ambition to be the regional leader; however various contentious issues is continuously posing challenge. There are conventional issues in South-Asia mainly the territorial rows (especially the Kashmir dispute), regional conflict with Pakistan (which is likely to increase as a result of China-Pakistan Economic Corridor project) and trust deficit with its smaller neighbors.

The wider Indo-Pacific region is increasingly becoming complex. India and China are competing for the leadership in this geo-strategic landscape. India perceives China's growing military and economic power is and will remain a major challenge in order to compete for leadership in the Indo-Pacific region. India is gradually leading to enhance regional governance in important sectors comprising socio-economic development, maritime, energy, water, cyber, space and security. In recent years, India's role in regional maritime security governance is possibly the most visible and substantial.

India is striving for the peaceful settlement of maritime boundary dispute by shaping the discourse on regional maritime security through innovative ideas and initiatives. India is enhancing its role in regional security dynamics in South-Asia and beyond through regional cooperation initiatives in order to confront non-conventional security threats such as cyber-crime, natural disasters, food security, climate change, counter-terrorism, etc. (Maini, 2017August).

5.2.3 US Regional security dynamics

5.2.3.1 US National security strategy: Confrontation vs cooperation

Fukuyama (2006) asserts:

All states will seek to maximize their power relative to other states and they will strive for power and such reality is not affected by these internal characteristics of the state. If the drive for power is essentially the same for all the states, the real factor determining the likelihood of war is not the aggressive behavior of certain states, but rather whether power is balanced or not within the system of states. If it is, then aggression is not likely to pay; if it is not, then states will be tempted to take advantage of their neighbors (p.129).

The US administration issued its first national security strategy recently targeting to achieve the success of 'America First Policy'. In the strategy document, it has expressly named China and Russia as rival power and viewed that these powers pose serious challenges to the America influence and interests in the world. Three main sets of challenges the revisionist powers of China and Russia, the rogue states of Iran and North Korea and transnational threat organizations, particularly jihadist terrorist

groups are actively competing against the US and its allies and partners (Bhattacharya, 2017).

China seeks to displace the US in the Indo-Pacific region, expand the reaches of its state-driven economic model and recorded the region in its favor. Russia seeks to restore its great power status to establish spheres of influence near its borders. US welcome India's emergence as a leading global power and stronger strategic and defense partner.

US will seek to increase quadrilateral cooperation with Japan, Australia and India. US will maintain strong ties with Taiwan in accordance with 'One China Policy' including US commitments under the 'Taiwan Relations Act' to provide for Taiwan's legitimate defense needs and deter coercion (Sangroula, 2018, p. 290).

US will expand defense and security cooperation with India, a major defense partner of the US and support India's growing relationships throughout the region.

Adequately, the US security strategy document provokes both China and Russia thus precipitating a greater tension in the Asia-Pacific region. The exaggerated emphasis on building an alliance with Japan may encourage its zeal for revisiting and renouncing Article 9 of its present constitution that prohibits building a military to engage in war (Sangroula, 2018, p.299).

Japan's engagement in such an affair may threaten and provoke China and two Korea, thus leading to intensify their military maneuvers. Trump's security strategy fosters an unwanted situation pushing Asian countries to engage in the aggressive military build-up. The US divide the world policy and emphasis on building competitive offensive alliances may have severe negative impacts in many ways. The military build-up activities and offensive competitions never unfurl positive impacts on peaceful relations. Offensive containment strategy to China primarily underlies this principle.

Increasing military or arms instigations in the South China sea, including strategy for building alliance and current military sanctions, will deteriorate the situation further. The US strategy of pushing China as a rival nation juxtaposed India as an ally, will significantly harm the salience of Sino-India relations, specifically in the field of

added investment opportunities and transfer of technology from China to India. As stated by Baldino and Carr (2016):

The practice of military-to-military engagement in the last few decades has been strongly embraced as a central tool for strategic management. Many governments in the Asia-Pacific have accepted the practice as an instrument of statecraft to achieve comprehensive strategic outcomes: as a means of defusing tension, reducing hostility and shaping the behavior of states towards each other (p.37-38).

“One should also not forget to observe that the ongoing encirclement of China by the US and the latter's unremitting diplomatic maneuvers to materialize military alliance with India, Japan and Australia will compel China to accelerate its extended military defense” (Sangroula, 2018, p.301). It is plainly seen that the Trump's security strategy targets China, North Korea and Pakistan, whereas it avows to draw India closer to its fold. It promises to increase quadrilateral cooperation with Japan, Australia and India. The bifurcation of the Asia-Pacific region will have a seriously negative impact on the economic drive of both India as well as China.

5.2.3.2 India and China containment in Indian Ocean

The Indo-Pacific region which involves growing Western bloc tie-up with India in defense collaboration is comparatively a new location for the US military engagement for employing the US administration's offensive China containment strategy. The practical intent behind the Indo-Pacific regional concept as pointed out by Mikhail A. Molchanov, a security analyst is to create a new US led alliance which is aimed against China and Russia implicitly. It is in fact conceived to place India and China in a situation of direct confrontation which is good neither for India nor for China. If it is proven to be successful, will usher the US military adventure into a great success in its mission of encircling China thus leading to a situation of increasing mistrust and confrontation between India and China (Maskey, 2017April).

India's closer ties and collaboration with the US is supposedly flourishing over the last some years especially in the aftermath of the demise of Soviet Union. This relation has not yet evolved into a strategic alliance between them. If so happens, may result in a boon for the US strategy as it can significantly contribute to execute its strategic policy of encircling China, which China will never accept. In a gloomy perspective

like that India may have only two options available on its hand. First, India may go ahead forming a trilateral alliance with Japan and Australia with the US back-up and may choose to intensify deeper rivalry with China thus pushing the Asian stilt and tranquility thus jeopardizing the flourishing economic development in Asia towards the fateful situation of nuclear militarization in Asia. Second, Asia can free it from the prospect of chaos and tensions of the perennial military and strategic conflicts. In this paradigm, China and India may develop increased trust and dependence through working together with mutual trust and respect and may transform the rising Asia into a center of economic prosperity and perpetual peace (Blah, 2018).

US interests in the Indian Ocean are however, dense and deeper which cast significant impacts on India's relationship with its neighbors and other Asian countries.

Noticeably, the US administration has agreed consequently to stay behind or remain docile or silent on affairs of South-Asia leaving them on free hands of India alone. As a matter of fact, the US acquiescence to Indian demands for its free leverage in South-Asia brings assertiveness in the latter's foreign policy towards its smaller neighbors.

Over the years, the bilateral trade between India and China has significantly increased. There are certain critical outstanding factors directly or indirectly affecting the relation between two countries apart from the border dispute. India particularly in this context aspires to maintain its exclusive and conclusive influence in South-Asia and China takes the same as a risk to its security. Obviously, failure of India and China to stabilize their political relations often flares up tensions in the region and the situation may be worsened if the strategic alliance between India and US becomes a reality. Evidently, US used Pakistan in the past for its strategic purposes without considering its negative bearings on India's security interests. The US security policy has now shifted with its focus on the strategic tie with India, almost forsaking Pakistan. Explicably, Indo-US alliance if it comes true may unleash several negative bearings both on the Pakistani and Chinese security interests thus proving both countries for looking measures to counter the alliance. Obviously, US extended and enlarged involvement in the Indian Ocean along with its aspired strategic partnership with India will definitely result in further deterioration of stability in Asia (Schmidt & Thapa, 2012).

Will India really join the US scheme of strategic alliance? Presumably, the answer is no. If yes, it is certain that the landscape of Asian peace would be turned sown. It will

fully destroy the Asian ambience of unity and tranquility. Notwithstanding the emerging closeness between India and the US alliance seems not possible venture for some spectacular reasons. One major reason is India's ties with Iran. India and Iran are nations connected by civilization. India's relation with Russia is traditional as a matter of fact it is hard for India to detach it from Russia too. The possibility of India breaking relation with Iran and Russia in this situation seems only a very remote possibility. The US has enough knowledge of this reality, though it has been desperately trying to grab India to its exclusive fold. The real motive behind US presence in the Indian Ocean is to materialize the strategy of double containment i.e., containment of China and India simultaneously. India needs to be contained in view of its traditional relation with Russia and Iran, both of whom has equally closer ties with China. The present situation of Indian ties with the Western nations especially the members of North Atlantic Treaty Organization (NATO) bloc is a very weird fact. The Western countries including the US flutteringly appreciate India as a democratic country (Brewster, 2015).

“China is placed in explicit containment and India in implicit containment” (Sangroula, 2018, p.274). In fact, both are under the containment strategy. By securing a dense presence on the Indian Ocean, US wants to make sure that its economic and political objectives are not negatively affected by China and Iran. On the other side of the coin, US through its presence in the Indian Ocean wants to keep India, China and Iran divided so that they are unable to foster a mutually dependable relation posing a threat to the US supremacy in the region. Distancing India from China and Iran is a vital component of the containment policy against India. This is a vital underlying objective of the US security strategy for the Indian Ocean. The US generosity offering nuclear technology and assistance, along with its appreciation of India as an ally is nothing but an exploitative and calculative design for its domination in the region (Blah, 2018).

The US dominant presence with its powerful military strength in the Indian Ocean is also motivated by its need of protecting and promoting a network of diplomatic relations with countries in South-Asia and the Gulf. With this strategic goal, US influentially maintain deeper relations with countries like Nepal, Bangladesh and Bhutan and so on, though their political significance in the international affairs is negligible. But their geopolitical location is vital for executing the strategic objective

of containing China and India. The Indo-US alliance would cause a serious deterioration in the relationship between China and India; on the other hand, such an alliance will enlarge the effectiveness of US China containment strategy to be enforced from the Indian Ocean. In any case, an active and aggressive pact of India with the US specifically targeted against China will ultimately unleash a number of negative impacts on India itself mainly because such maneuvers will cut off India from the Asian connectivity largely (Simkhada, 2018).

5.2.3.3 India-China relations in US rebalance strategy

India - China relationship to a certain extent can be characterized as 'global convergence and bilateral divergence'. There are different schools of thought about China and India relations. China and India are not natural enemies and conflict / confrontation is not inevitable. China and India could rise peacefully together. China-India convergence on global issues, sharing a trade worth \$70 billion dollars and their integration into international economic order rules out chance of war. Issues like climate change, trade negotiations and the restructuring of global financial institutions can be used as evidence that both countries appear to be moving in the same direction, as India did not hesitate to become the member of Asian Infrastructure Investment Bank (Chaudhury, 2017).

As per second school of thought, confrontation is imminent as China will not compromise on its border disputes and national interests. Perceptions of latter school of thought get reinforced when India-China relations are played in the overall context of the US rebalance strategy. Congress led government in India did not allow to spoil the overall relations with China however, BJP is taking up a more confrontation approach with the backing of the rebalance strategy. India's threat matrix continues to be reshaped by perceptions about the US decline and simultaneously rise of a more assertive China who may encircle India with a strategic partnership with Pakistan through the BRI.

Pakistan has repeatedly asked for equal treatment of both India and Pakistan and has campaigned to be part of the Nuclear Suppliers Group (NSG). Simultaneously, China has also supported Pakistan's stance and has argued strongly against India's inclusion in the NSG. Moreover, US also support the Indian ambition to become a permanent member of the UNSC and member of international organizations and Missile

Technology Control Regime (MTCR). Such examples of biased international behaviors will bring tension in the region and could trigger responses from rival states. There could be a possibility where both the US and China may constitute a bipolar world order where China adopts a greater role in Asia. It is a very difficult scenario where India has to balance an emerging neighboring assertive power and the old super power whose hegemony has been greatly challenged by China. In broad outline, there could be two likely possibilities in Asia / South-Asia. First, India and the US develop a great strategic relationship and form a bulwark against an increasingly authoritative and assertive China. Second, containing China is not only futile but also strategically short-sited. Second scenario, appears more logical as rise of China is a reality. For better relations with China, India has to assure China that its alliance with the US is not against China. Moreover, their bilateral trade should also grow and bring more dependence on each other. This economic dependence would provide ideal environment for resolution of the border disputes and will bring both countries closer. Both India and Pakistan need to undertake effective confidence building measures to solve the Kashmir dispute without which bilateral relations will always be difficult. In sum, India whilst being part of the rebalance strategy needs to improve bilateral relations with China and Pakistan and not antagonize them through provocative maneuvers. Pragmatic diplomatic approach for border disputes linked with boosting bilateral trade and raising financial stakes can provide comfortable environments to settle core border disputes thus avoids arms race and instability in South-Asia (Budhathoki, 2019).

5.2.4 Western block's regional security dynamics

5.2.4.1 Western concerns to the rise of China

The present world is intelligibly seeing that a situation of multi-polar power structure is rapidly unfolding a new feature of the international relations and politics.

Particularly the rise of China as a crucial stakeholder, both economically and politically in realm of the international politics as well as diplomacy is able to exert its massive soft presence or role across the world and this development has heralded a capacious challenge to the erstwhile monopoly of the US in international politics. Hence, the rise of China as a crucial stakeholder is catalytic to cause a paradigm shift in the contemporary international politics. The rise of China followed by Russia, India

and few others have categorically manifested a new thrust of reshaping the Euro-America centric power structure of the international political realm along with intelligible signs of the rise of a new world order politically and economically. This paradigm shift unavoidably necessitates a deeper observation and inquiry on the possible future order of the economic and political world. Nonetheless, the change occurring from this paradigm shift is essentially non-imperialistic and non-colonial in nature (Gautam, 2017 May). The complexity of international relation consists mainly of two important threads. One sprouts from the classical security strategy of the US government to contain China as well as other countries not liked by it. Another is related to the policy of inclusive partnership for global economic cooperation proposed by China under the banner of its flagship international project called the Silk Road Economic Belt and Maritimes Silk Road. Evidently and explicably, the latter is out of a sphere of competition with the former. These two threads have been moving towards diametrically opposite directions. The political system pursued by China is the main reason behind US antagonism to China. The military expenditure of US, together with its allies is significantly amplified many folds larger than in the past. China's military expenses have increased likewise, but it is comparatively smaller and is being rigorously monitored by the US administration. The US has many allies as parts of the military organization, the NATO for instance but China has no such allies; neither has it been a part of any military organization. China's efforts are concentrated to defend itself from the arc of containment in the Pacific thus making its routes free and secure for its commerce and open access to the Pacific Ocean. But US has taken China's presence in the Pacific Ocean as a major threat to its interests. Although US is a declining power, it is neither a docile power nor a remote competitor in international affairs. The level of military advancement of China is still defensive in nature and less capable of achieving what US military can easily do. The US competition to keep the world under unipolar domination might potentially lead the world politics to a state of military confrontation thus letting the Cold war situation re-emerge more strangely. The economic rise of China has made its head up with positive impacts and has unleashed a hope for the smooth rise of the developing countries (Sangroula, 2018).

5.2.4.2 China and Western bloc's rivalry in South China Sea

Possibility of the US administration's increased presence and maneuvers in the South China Sea is visibly noticed from its engaged activities of further intensified military

maneuvers including presence of heavy naval ships accompanied by active air reconnaissance activities through increased frequency of the stealth aircraft's flights. To produce desired effects from such military maneuvers, US administration may pursue with intensification, an engaged policy of divide Asian countries and create controversies and conflicts with a view of containing each and all. This prediction is supported by relentless involvement of the US administration in maneuvers of thickening political leverage on Asian countries and thereby implementing a scheme of isolating China from its neighbors and creating a strategic military encirclement. The proposal for forming quadrilateral alliance of Japan, India and Australia targeting the goal of encircling China can be taken as an obvious instance of the offensive containment strategy targeting China. Strategically, the goal of encirclement is accomplished through creating several obstacles or circumventing China's presence in the Indian Ocean. The ongoing Chinese investment in Sri-Lanka has been orchestrated as a debt trap by several agencies and media particularly originated from India and Western bloc (Gautam, 2017 May).

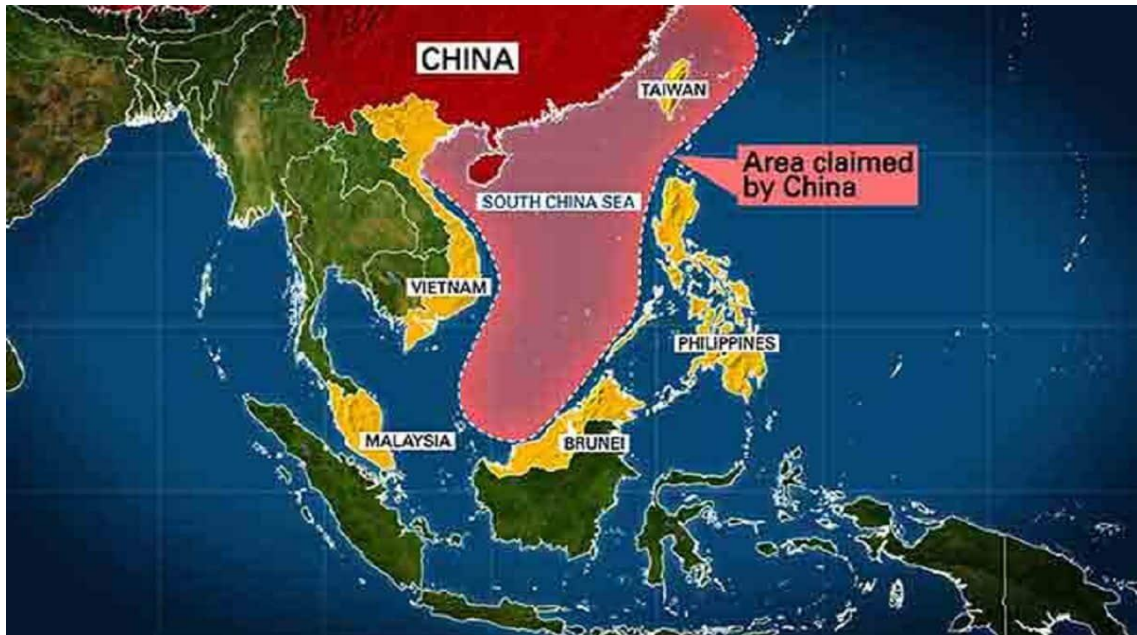
Attempts to create nuclear race is posing threats to the Asian peace. Recently, India conducted a successful test of advanced Inter Continental Ballistic Missile (ICBM) namely Agni 5. The reaction of this test falls on China as it worries to its security. China may be stepping up efforts in order to deploy similar strategic missile defense system to counter the threats of Indian missiles. The escalation of nuclear race between two Asian giants will fare no good result to anyone. The Doklam standoff has already created a scare from which the US containment strategy to China may take undue benefits. Demolition of emerging trust between two neighbors would be considered as a big success on the part of the US administration (Sangroula, 2018). The South China Sea (see figure 5.1) undeniably forms a strategic location for China for its security interests as well as uninterrupted trade and cameral benefits.

In connection with the South China Sea, the US's China containment strategy consists of several strategic activities.

- (a) The main activity is to show its naval presence implying that US has its significant interest in this region;
- (b) To block China's unrestricted navigation in and around the South China sea;

(c) Creating hindrances to reach Indian Ocean is intent behind US dense naval presence in and around the South China sea.

Figure 5. 1: South China Sea



Source. Adapted from <https://theconversation.com/can-australia-and-indonesia-work-together-on-challenges-in-the-south-china-sea-84514>

To maintain surveillance over communication and interactions of countries in the region with China is another objective behind the thicker presence of US in the South China Sea. The US thinks this is the way it can push China back from generating its greater leverage in the region.

5.3 Regional security challenges

In recent years, the emergent regional dynamics of South-Asia have made it more significant at the international level. This is primarily because of the complexity of the territorial conflicts between India and Pakistan which poses threats to international security in general and regional security in particular. At the same time, the economic potential which South-Asia offers in the form of CPEC under China's BRI initiative and India's relevance as a big market for the US holds immense significance. The involvement and engagement of major powers like the US, Russia and China along with the multinational corporations and other regional and global institutions have diverted the focus of the world towards this region. This region has unique characteristics with the inter-play of economic, diplomatic and security factors that

portray the complex picture of the whole region. Domestic politics play an increasingly important role in shaping and constraining regional security dynamics throughout South-Asia. Evolving developments including slowing macroeconomic growth, intensifying nationalism, challenged political institutions, rising populism and social movements, a diminishing US military footprint and the increasing economic influence and political presence of China have a profound impact on the region. Moreover, the existence and connection of many state and non-state actors in the region have increased the strategic security complexity of the region. Besides, the South-Asian contains much attention due to holding the nuclear power in India and Pakistan, which added a new security paradigm in this region. The rise of China is also a critical issue in South-Asian security complexity. Though South-Asia is highly concern about traditional security issues but non-traditional security threats should be considered with close attention because of their destructive nature.

5.3.1 Conventional security

Collins (2016) opines “Security covers a broad range of approaches and issues, from terrorism and inter-state armed conflict to security issues centering on the environment, health and trans-national crime” (p.87). South-Asia's geo-strategic significance is growing mainly with the rise of India and China. There is heightened interest of the big powers in the region. Outside powers are also interested in the region due to their strategic and security interests. The US has strategic interests in South-Asia in view of its military involvement in Pakistan as front-line state on the fight against terrorism in the past and objective of containing China as a global power.

Under President Barack Obama, the US shifted its strategic pivot towards Asia from the Atlantic to the Pacific also called as re-balancing. This shift acknowledged the rise of India and China as major powers in the region. The US also keeps a close watch on Asian security including the South China Sea, the nuclear ambitions of Iran and North Korea and its own engagement in Afghanistan. The US has military bases in many Asian countries including South Korea, Japan, Saudi Arabia, the Philippines etc. The growing Chinese presence and Indo-US strategic partnership have made South-Asia region vital in the global strategic domain. Indian think tank report claimed that Asia is going to be a theatre of strategic rivalries and great power competition (Acharya, 2019).

Each of the countries in South-Asia is becoming highly security sensitive. India and Pakistan have to resolve issued of Jammu and Kashmir which has complicated their bilateral relations and undermined the stability in the region. The spillover of the Afghan conflict in the form of proliferation of mercenaries, terrorists and fundamentalism has been posing threats to Pakistan. Sri Lanka is still emerging from a two-decade old war with the Tamil Tigers that once posed a serious threat to the island country's territorial integrity. "Nepal has emerged from a conflict where more than 15,000 people lost their lives in decade" (Sangroula, 2018, p.315). Nearly one-fifth of Bhutan's Nepali speaking population is either languishing in refugee camps in Nepal or has reached various countries, without any hope of returning home.

India and Pakistan have engaged in wars against each other a number of times, including in 1947. Besides, there are sources of conflicts in the region that have roots in the region's geopolitics, history, economics and ecology. These differences have roots in the region's geopolitics, history, economics and ecology. These differences have generated an atmosphere of mistrust, apprehension and tension in the region.

Among other things, the security environment in the South-Asia is marred by the delimitation of boundaries, cross-border dispersion of ethno-linguistic and religious population, conflicting economic interests in the exploitation of natural resources and differing stages of nation building and economic development in different countries (Bhattacharya, 2009 May). These conflicts have created an atmosphere of tension, mutual suspicion, apprehension and mistrust, which are not conducive to peace and security in the region.

South-Asia does not have its own regional security architecture. SAARC has played little role in the creation of an environment of peace and security in the region, though it has helped advancing informal contacts and provided a forum for exchange of views at the level of leadership especially between India and Pakistan. The efforts of regional cooperation have marginally helped building confidence among the members and reduce tensions among the bigger member states with highly adversarial relations.

South-Asia's security environment is India centric justified by the fact that all the countries in the region have contiguous border with India, but not among each other. India's mere size and regional security interest have implications in the security dynamics of each of the countries in the region. India's economic, political and

strategic importance overwhelmingly exceeds those of the other South-Asian countries. If India is to play a meaningful role in the global and regional security, it must obtain the confidence and support from its neighbor which could significantly improve the security scenario in the region. It has been argued that smaller countries in the region have been trying to counter India's security dominance in the region. They have tried to assert their autonomy in security matters trying to do away with India's security model and build their own security structure by broadening their relations and interaction with foreign power and resorting to internationalization of event and issues.

There are three main pre-requisites for the peace and security in South-Asia. First, there is a need for war-preventing and peace-facilitating mechanisms. Second, the bigger countries should be prepared to share the economic gains through developing economic interdependence. Third, there is need for promoting democratic accountability that works against the tendency to resort to conflict and war with each other. A cooperative security environment in South-Asia needs to be based on the evolution of a political doctrine for comprehensive security.

In 1954, India and China had signed the famous Panchsheel pact or five principles of peaceful coexistence which has lost its traditional appeal and has remained only as a political aspiration. There is a need for evolving to new political doctrine for peace and security in South-Asia that can accommodate the diverse political and security interests in the region. Nuclearization has become a worrisome development as the countries in the region cannot be spared in the event of a breakout of a nuclear war or in the case of a nuclear accident.

As a subsystem of the international system, the South-Asian security cannot be isolated from the global security environment. The demise of the Cold war in the global security environment has shown little impact in the security of the regions. South-Asia has yet to see the relaxation of tensions experienced by the rest of the world. Extra-regional powers have been influencing the security environment in South-Asia. South-Asia's security scenario is marred with an environment of mistrust and rivalry, mainly between India and Pakistan. Both India and Pakistan are increasing military gesture and stockpiling of a sophisticated arsenal. They have

amassed weaponry including nuclear arsenal and troops aiming at each other in the most heavily-guarded border in the world.

Nepal's external security environment cannot ignore its heavily nuclearized neighborhood. Three of Nepal's neighbors India, Pakistan and China are nuclear powers. In the past, they have gone against each other. The nuclear rivalry between India and Pakistan has made South-Asia a ground for nuclear arms race. Though their nuclear capabilities are not directed against Nepal but direct nuclear confrontation between any of these countries are also likely to adversely affect Nepal (Maskey, 2017 April).

In the event of nuclear war or accident, Nepal may have to face the consequence of what has been called as nuclear winter even if it is not directly involved in any such nuclear conflict. The nuclear arms race in the region is a worrisome affair for Nepal's external security environment. Both India and Pakistan have strong engagement with the US which now formally acknowledges them as nuclear powers.

Since 2007, the US and India have entered into a strategic partnership. In 2015, they renewed a nuclear pact (2005) that paved the way for India to further access advance nuclear technology. Nuclear cooperation between China and Pakistan has been there since the very beginning. But nuclear security cannot escape the assessment of Nepal's external security environment. Nepal cannot remain fully secured until the possibility of an outbreak of nuclear war in the region is ruled out (Sangroula, 2018).

5.3.2 The threat of international terrorism

In 1999, an Indian airlines flight from Kathmandu was hijacked to Kandahar. This was the first time Nepal witnessed the fallout of an act of international terrorism. As a result, Nepal's' tourism sectors received a big blow as the number of arrivals plummeted in the years to come. Nepal had to allow Indian security checks at Nepal's international airport in Kathmandu. Since the 9/11 terrorist attacks, terrorism became a threat to international peace and security. The US and its allies declared a war against terror that had its fallout in South-Asia. The invasion of the US led coalition into Afghanistan further fueled the spread of terrorism in South-Asia. Despite its long involvement, the coalition has not been able to bring stability in the region.

In South-Asia, the threat of terrorism has appeared with new viciousness, ruthlessness and magnitude. South-Asia has already seen some of the worst forms of terrorism such as Mumbai attacks in 2008, the Peshawar killings that resulted in the death of several school children in Pakistan in December 2014 and the terrorist attacks in a Dhaka Café in 2016 (Acharya, 2019, p.219).

The Islamic State in Iraq and Syria (ISIS) has spread its tentacles in South-Asia which is often described as a hot bed of terrorism. Nepal has condemned terrorist acts wherever and whenever they are carried out on any pretext. Nepal is working with other countries in combating terrorism through the sharing of information and intelligence about terrorist activities and by not providing safe heavens to terrorists. It has been a principled policy of Nepal not to let anyone use its soil against any country.

5.3.3 South China Sea geopolitics

5.3.3.1 Dynamics

Twenty-first century geopolitics is gradually concentrating on the maritime world with the increase in global economic interaction of post liberalization. The sea lanes of communication are attracting attention with the growing emphasis on economic interaction among the emerging economies with emphasis on military strength especially in Asia. Growing economic interdependencies promoting economic prosperity and the resultant military modernization are shaping the geopolitics of Asia and particularly East-Asia today. South China Sea is fast emerging as a major zone of conflict in the East-Asian, especially South-East Asian geopolitics. The sovereignty dispute over the territorial jurisdiction of the South China Sea and its geographical features is fast becoming the latest source of geopolitical conflict in East-Asia.

China and other rapidly developing economies of South-East Asia along with their complicated relations with China, the intriguing and challenging role of ASEAN and the growing engagement of the extra regional powers especially US, the evolving maritime affairs of South China Sea are shaping the twenty first century geopolitics of East-Asia. The dispute has already become the fodder for military preparedness of the disputants and also a pretext for the extra regional powers to engage further in the geopolitics evolving around the dispute (Bhattacharya, 2017, p.3-5).

The US withdrawal from the South China Sea region following the withdrawal of the Soviet bases also catered scope to the Chinese to get active in the region. China's economic missions also impacted its South China Sea policy. China perceived incomplete territorial map that includes portions of this maritime zone with Taiwan and the geographical features in the East and South China Seas which are yet to be annexed. Moreover, the region is becoming important for China both for economic and strategic reasons. Meanwhile, the other claimants of the South China Sea disputes are also spending on their military especially Navy, following their economic growth, as mark of preparations to encounter any adverse situation in future. In this situation, the role of the extra regional powers is becoming important who also have vested interests in ensuring the unhindered navigation in the South China Sea region.

India has growing role in the South China Sea region as part of its 'Act East Policy' which is both economic as well as strategic in character. India is not a South China Sea littoral and has no territorial claims in the region but the stability and freedom of navigation are the two important factors which India emphasizes in South China Sea region. However, from the strategic and geopolitical viewpoint China is a major factor in India's 'East Asia Policy' which is becoming more important in the twenty-first century as India entangles itself further in the regional affairs there in collaboration with other China-wary countries of other region especially in the South China Sea region. "South China Sea is fast becoming an integral part of India's 'Act East Policy' which is a proactive stance of India's East Asia/Asia pacific policy" (Gautam, 2017 May, p.4).

5.3.3.2 Extra regional powers shaping the contour of the South China Sea geopolitics

The growing assertive behavior of China and the resultant anxiety generated among its weak neighbors are paving the way for the greater involvement of the extra regional powers in the South China Sea geopolitics of the twenty first century. China views US as a hegemonic power in the East Asian waters. According to Chinese reasoning, it is US and not China who is the agitator in the South China Sea disputes and therefore needs to be deterred. The counter argument suggests that because China is fundamental to Asia geographically, its military and economic power must be

hedged against in order to protect the small Asian allies of US. Such a strategy is termed as containment by Robert Kaplan (Ladwig III & Mukherjee, 2019 June).

The US is worried about the Chinese emergence to power not only because it might pose a challenge to its decade's old domination in the Asian waters but also this might make its East-Asian allies especially in South-East Asia vulnerable to Chinese aggression. Also, the dissociation of US from the East Asian region might encourage the local China-wary countries to venture for self-empowerment which destabilize the local geopolitics.

In this case, Japan's rise to power will be most destabilizing, reminiscent of imperial Japan. Such a situation is certainly not desirable to US. However, instead dealing with matters single-handed, US now wants collaboration with the local powers with efficient naval capacity to jointly handle the China affairs in the South China Sea and in its neighborhood. The Taiwan case is very significant in the context of China's naval empowerment program. Moreover, given the fact that Taiwan occupies major portion of Chinese naval strategy formulation, US will definitely try to use Taiwan to contain mainland China, empowering the former with weapons, even if it was not compelled to do so under any treaty obligation. This is also contributing to the geopolitical landscape of South China Sea region. To handle Taiwan affairs, China's military would invest more for better submarines, surface warships and fighter jets and better trained crews to operate them. And in foreseeable future, the US Navy and Air Force might be unable to defend Taiwan from China. In that case, China's power will extend beyond the Taiwanese island to the larger South China Sea region affecting the geopolitical system of the region tremendously. Thus, it will be difficult for US to handle China single-handed in future. Also handling the challenges of East-Asia single-handedly is too much pressure for US. Hence, US wants to involve the extra regional powers with identical interests in the South China Sea region and equal anxiety about China.

5.3.4 China – Pakistan Economic Corridor

5.3.4.1 Perspectives

Provincial connectivity and growth are connected to visualization of mutual progress and economic development. This is the viewpoint behind the establishment of CPEC. Developing new transport infrastructure, Gwadar Port projects and several energy

generating projects are one of the key projects of CPEC. All Weather Strategic Friendship is therefore proved for Pakistan and China (Khursheed, Haider, Mustafa & Akhtar, 2019, Nov).

China's pilot project of BRI is the key plan, which led to the development of CPEC. It is expected from CPEC that it will reduce the transportation cost of China by providing a shorter route for China's trade to Persian Gulf and it will provide a solution to the energy shortfalls in Pakistan. Moreover, from CPEC's projected prospects of economic advancement; there are some economic, security and political threats in Pakistan. The project will also undertake the revival and extension of the Karakorum highway that links Xinjiang with Pakistan's Northern Gilgit-Baltistan and Khyber Pakhtunkhwa region.

The CPEC is a comprehensive development program between Pakistan and China with a planned portfolio of projects totaling around \$45 billion, the largest overseas investment of China. By integrating China with Central-Asia, South-Asia and reaching the Middle-East through the Gwadar Port, the corridor mainly acts as a trade bridge between China, Middle East, Africa and Europe through Pakistan. But it is not only an economic initiative but also a strategic one. It is of great significance for China's energy security and Pakistan's strategic security. "CPEC will change the regional economic and security situation" (Sial, 2014, p.40.). CPEC may enhance China and SAARC economic cooperation and SAARC regional integration. "With the US desperate to end its presence in Afghanistan, China is beginning to play a central role through its economic corridors in stabilizing the region for US withdrawal, a win-win for both China and the US" (Nan, 2015 May, p.3). Most importantly, CPEC is not only an economic project but also a political, social, security and cultural project.

5.3.4.2 Concern of India

In terms of economic and political challenges, CPEC is considered as a biggest threat to its neighboring country India. India has expressed serious concerns regarding BRI project (Blah, 2018). Although, China actively invited India to become a participant in BRI Summit held in Beijing but India expressed a negative response due to the involvement of Pakistan occupied Kashmir (POK) area that is a very delicate issue between India and Pakistan. India considers this project as a sign of harm to its sovereignty. India also has a viewpoint that the strategic control of Indian Ocean will

be captured by China through this smokescreen project called by India (Durrani, 2013).

5.3.4.3 Security issues

At the internal and external level, the major risk is of security issues as Pakistan is dealing with the severe terrorism and extremism issues. Therefore, the key political parties which are against the CPEC project are Tehreek-e-Taliban (TTP) and Baluchistan Liberation Front (BLF). Similarly, several international agencies are also against this project and are supporting these parties by assisting them to use terrorist elements to hinder Xinjiang to Gwadar port (Khan, 2015).

5.3.4.4 Challenges

Nonetheless, there are challenges ahead. The US and India are important stakeholders in CPEC. Although in the short-term, the US is not against it but in the long-run it may try to prevent China's influence to expand. For India, CPEC means China shall have the upper hand in the Arabian Sea as it will have complete control over the Straits of Hormuz through Gwadar Sea Port. So, it is important to integrate the US and India 's interest into CPEC which will require both Chinese and Pakistani efforts.

5.3.5 Indian Ocean Region

5.3.5.1 Perspectives

The Indian Ocean has emerged as a critical conduit for trade, commerce and energy. The waters of the IOR have become a home for economic developments, disputes, conflicts and competition for regional influence by regional and extra regional powers. All major powers such as US, Australia, Japan, United Kingdom, India and China have sought stakes in the security of the IOR. The India Ocean remains a pivot as being the world's busiest trade route. Around 80 percent of the world's maritime oil trade passes through the IOR.

5.3.5.2 India's IOR strategy

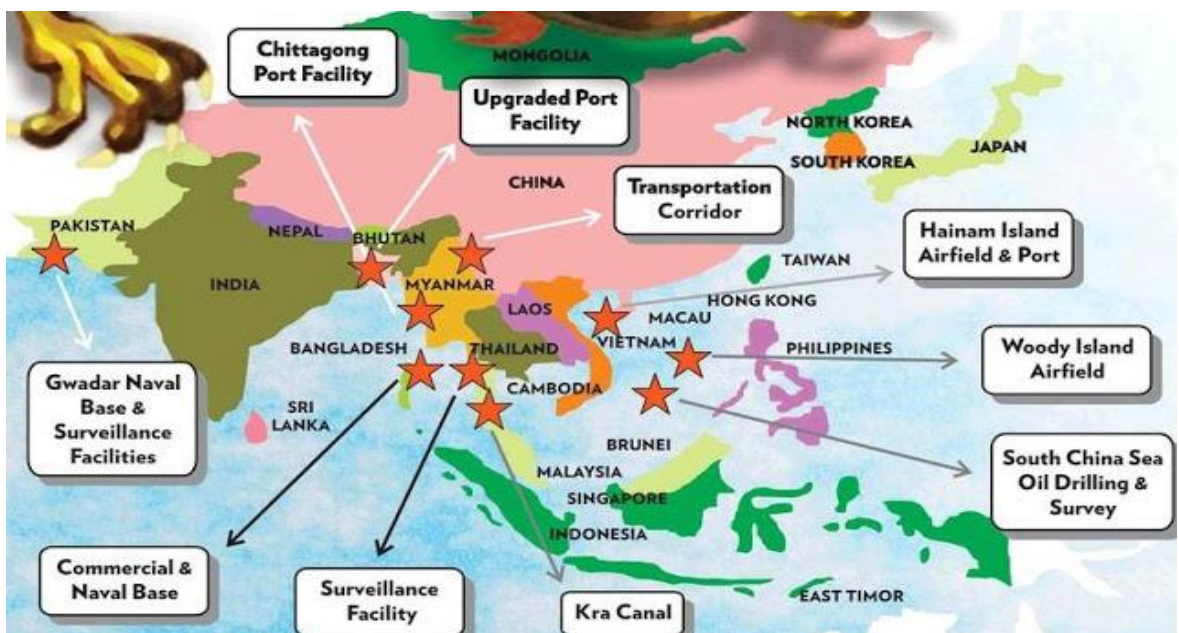
The Indian Navy has warships deployed in the Gulf of Oman and Persian Gulf to provide safe passage for Indian-flagged vessels operating in the region. India has also set up the Information Fusion Centre-Indian Ocean Region (IFC- IOR) to keep a close watch on the movement of ships in the region. The IFC-IOR engages with

partner nations to develop comprehensive maritime domain awareness and share information on vessels of interest.

5.3.5.3 Chinese presence

The Chinese presence in the Indian Ocean remains a major concern across the region. China is eager to have strong footholds in the IOR, Africa and other island nations through BRI. The presence of China’s People’s Liberation Army Navy (PLAN) and other Chinese commercial vessels in the Indian Ocean and so forth remains challenges to those who subscribe to the ideal of a free and open Indo-Pacific despite the Chinese interpretation of the United Nations Convention for the Law of the Sea. The geopolitical theory of the ‘String of Pearls’ explains China’s potentials and intentions of establishing commercial and infrastructural projects in India’s backyard (see figure 5.2).

Figure 5. 2: String of Pearls



Source: Adapted from <https://sites.google.com/site/sarathbathala/chinese-string-of-pearls-2>

China has invested in several projects from the Horn of Africa to the ASEAN nations and the Pacific Island nations. The revival of the Chinese maritime silk route can be seen through China’s investment in the port of Hambantota in Sri Lanka and the development of Pakistan’s Gwadar Port as a part of CPEC. In Maldives, China had financed the China–Maldives Friendship Bridge linking Malé to the island of

Hulhumale and Hulhule. Along the African coastal belt, one-quarter of all Chinese investment is concentrated in Nigeria and Angola. China is backing two major rail projects—one from Lagos to Kano and the other from Lagos to Calabar (Ghosh, 2020).

China's ambitious BRI, a one trillion USD investment project, is aimed at infra-structural developments. However, many have criticized China's promises to build roadways, railways and ports to revive the trade route linking China to Asia, Africa and Europe as based upon debt-trap lending that financially burdens comparatively weak economies, allowing China to essentially gain sovereignty over portions of these countries (Ghosh, 2020). The CPEC which is a part of BRI project has been a great concern for India as it passes through the Pakistan-occupied Kashmir.

5.3.6 Deepening Chinese footprint in South-Asia

Rapidly deepening Chinese footprint in South-Asia, fueled by the desire to build the BRI is another regional development with global implications. CPEC, for instance, the most operational elements of BRI, had its second phase launched, incidentally following the strident criticism by the United States. Over 33 new agreements were signed on the recent visit of the Chinese Premier to Myanmar to speed up infrastructure and BRI projects – China Myanmar Economic Corridor (CMEC) being central to this development. China has been recently increasing its influence in areas beyond its traditional presence. In Nepal, for example, China is currently the top investor. Besides this, Doklam -2017 issues can be considered as a significant event in the geopolitics of South-Asia (Sangroula, 2017).

5.3.7 India -China border skirmishes

From the Doklam crisis in 2017 to the serious clash in the Galwan Valley in June 2020, India has been taking a radical and hardline approach in dealing with the China-India border dispute. The system that has managed the border situation for decades is now crumbling. Regular border frictions will exhaust both countries. Neither China nor India is willing to keep their relations at the cost of losing territory. But the same disputes have been there for decades and they shouldn't have been allowed to resurface. Chinese public opinion hasn't focused on the China-India border issues but India has always been fanatical. The two countries are suitable to be partners in seeking common development. There is so much for both countries to gain from

peace and so much to lose from war, that to even think of a relationship that is based upon permanent antagonism is a form of insanity (Jha, 2020 Sept).

5.3.8 Changing India-Pakistan dynamics

The changed dynamic of the India- Pakistan relations is another significant issue impacting the region as a whole. The repeal of Article 370 has worsened the already tensed India-Pakistan relations, following the Pulwama and Balakot strikes in 2019. The possibilities of Pakistani provocation have consequentially increased. Pakistan has been so far raising a diplomatic offensive, trying to garner sympathy around Kashmir and generate global pressure against India, but turning into vain. In terms of policy, following the developments in India, Pakistan has become quite boxed in as Jammu and Kashmir have been completely taken off the table and only Pakistan-occupied Kashmir left for potential discussion (Kugelman, 2020, Feb).

5.3.9 US interest in South-Asia

The US foothold in South-Asia is determined more by its strategic and economic interests. South-Asia's importance has increased in recent years due to US focus on the war on terror in Afghanistan and Pakistan, threat of Iran's nuclear development and also on the possible role of China-Russian relations in shaping the events in South-Asia. The emergence of India both as a military and economic power has drawn the attention of US in recent years. Although US does not figure very prominently as a big donor but its clout is felt through its influence in various international organizations and regional and bilateral relations in South-Asia. Since the US is the major arms supplier to the countries of the region, its role continues to be significant. US interest in SAARC was expressed only in 2007 when it became an observer.

South-Asia region is shifting towards a bipolar alliance of US and India on one side and Pakistan and China on other side. Regional dynamics in South-Asia have been rapidly evolving. The manifestations of these shifts in the geopolitical environment can be analyzed through four prominent regional developments. The implications for the US appear four-folds. First, growing Chinese presence in South-Asia coupled with heightening India-Pakistan tensions amplifies the importance of US-India relationship. China's inroads in South-Asia amplify a broader policy challenge for US to strike a balance among the US-India-China triangle. Second, in a shift in US

policy, it has been seeing China not just as an imperative strategic rival, but as a strategic threat. The first National Security Strategy released by the Trump administration in December 2017 designates strategic rivalry and not terrorism, as US top National security threat. An increasing emphasis on Indo-Pacific in US foreign policy considerations is an implication for the same (Shukla, 2020 March). Third, the decreasing US presence in Afghanistan is likely to cut US interests in South-Asia. But it is unlikely that this could lead to Afghanistan becoming a safe haven for international terrorism as it was in the late 1990. Four, the self-perceived role of a crisis-manager by the US will be more challenging with increasing tensions between India and Pakistan.

5.4 Emerging security dynamics & impact on Nepal-China relations

Nepal is sandwiched between world's emerging superpower of the 21st century- China and India- whose relations to each other have always been strained. They have always been suspicious of each other. The realists believe that states are the major actors in world politics, international system is anarchic and power is the key currency in global powers. The foreign policies of the great powers mainly concentrate on exerting an enormous influence on the international system in order to maximize their own power. Therefore, the great powers are always looking for opportunities to expand their powers. Due to the geo-strategic location of Nepal in South-Asia and contemporary disorders within it, it provides the opportunities for superpower and other emerging powers to conduct their influence for their benefits. Nepal's position has turn out to be more strategically significant with the rise of China.

5.4.1 Growing Chinese strategic and security interest

At present, China's significant and dynamic role in socio-political and security triangle of South-Asia region is immense important as any upheaval in this region will ultimately have serious implications for the peaceful development, security, prosperity and core interest of China, when China is entering the 'New Era' with a grand vision of BRI. South-Asian geographical location is strategically important from economical and security perspective to China's own influence and reduce the potentiality of other powers that might harm its interests. China's South-Asia policy is mainly guided by security, economic, political stability and prosperity dimensions. It is not totally 'assertive but cautious and balance' with respect to different countries.

Nepal is important for China as it is an entry point for China into the South-Asian region. Its strategic interests also increased as Nepal being a gateway to agitated Tibetan region and host a considerable Tibetan exile community. So, Nepal and its stability are key priorities for China with reference to South-Asian security. China shares about 1414 Km boarder but main concerns of China are security and peace in Nepal, Tibet issue and threat to 'One China Policy' through Nepali soil. China is seeking for greater cooperation from Republic Nepal as it was enjoying great cooperation during Monarchy from 1950 onwards.

5.4.1.1 China's trends of engagement in Nepal

Mearsheimer (2001) states:

The basic assumptions of the realist theory are states, especially great powers, possess offensive military capability. No state can be certain about other states' intentions. Survival is the primary goal of states. States are rational actors and engage in strategic thinking, i.e., long-term and immediate consequences of actions are taken into account. States focus on the maximization of their power, at the cost of other states (Mearsheimer, 2001, p.69).

Nepal falls under one of the fingers in Mao Zedong's five finger policy (Singh, 2014). More importantly, Nepal and China have approximately 1,414 Km. long border. It is believed that China is playing vital role in shaping the future of Nepali politics. In Nepal, China has several vital security and foreign policy objectives. In fact, the trends of engagement can be studied as follows.

(a) First phase

The Chinese interest in Nepal began with the Tibet factor. At a minimum, these objectives are the security of Chinese interests in Tibet as that region is dependent on the neighboring countries for border trade. Moreover, China is very much conscious about influx of Tibetan refugees into Nepal and India every year.

In fact, China wants to quash the flow of refugees in order to avoid the negative consequence and also the impact to Nepal as a buffer zone. Hence, China wants Tibetan refugee could not play destabilizing role from Nepal and thereby Nepal can be secured as a buffer zone (Kumar, 2013).

(b) Second phase

China wants to end Nepal's over-dependence on India. The statistics reveal that trade between Nepal and China was limited to 0.7 per cent whereas rest 99.03% was with India till 1995 (Kumar, 2013). China is very much aware of the historical ties and geographical proximity between Nepal and India. Visualizing the current trends, China has intended to open new trade routes with Nepal. Furthermore, China wishes Nepal to follow the equidistance policy between China and India. Under the economic and technical cooperation programs, China is promising grant aid to Nepal for the implementation of mutually acceptable development projects since the middle of 1990s.

(c) Third phase

China has become more sensitive and endeavors to subdue India's foothold in Nepal. This phase is the continuation of the first and second phase but the attention is more on limiting the scope of India regionally and globally. There is likelihood of Nepal becoming the proxy battleground of India and China due to their strategic interest and influence in the future. India is becoming anxious about China's rising power influence. India is worried about the possible strategy of neighboring countries who might reach to other powers in order to balance India. China has managed to project itself as a disinterested neighbor and a remarkably attractive alternative to India. China has adopted progressive engagement strategy with an object of intensifying bilateral relations and enhancing its profile in Nepal. It is thus evident that China's engagement with Nepal has been multi-dimensional and designed for the long term. The trends indicates that China wants to have closer relations with the neighbors of India including Nepal with an aim of reducing India's influence in South-Asia (Singh, 2014).

(d) Fourth phase

In this phase, China has concentrated more on soft power features. As part of such power, the visible features of China's engagement in Nepal are cultural and educational exchanges. In contrast to this, China has been providing economic assistance, infrastructure and military hardware as well. China has understood that India has strong cultural influence in Nepal and it is widely perceived to be deploying soft power to balance and weaken India's influence.

In order to establish and strengthen bilateral people to people relations through cultural and language exchange, China has established CSC in Nepal. It is estimated that more than thirty-three CSCs have been established in Southern Nepal bordering with India. In 2007, Kathmandu University established a Confucius institute. At the same time, China has increased scholarships programs for Nepali students to study in China. Furthermore, China has started radio broadcasting by establishing a branch of China radio international including a Nepali service in order to teach Chinese language in 2010 (Lohani, 2017 March).

5.4.1.2 Chinese economic and military engagement

Today China's policy toward Nepal appears to be driven by the twin objective of expanding influence in the Nepal and suppressing anti-China activities of the Tibetan community residing there. China's top priority is to stifle any protests among the Tibetans in Nepal and to stop other anti-Chinese activities. China always refrained from engaging in Nepal's internal affairs, however its support to economic and social development of Nepal is significantly increased. China's assistance, during difficult time of catastrophic earthquake in 2015 was unprecedented.

The growing economic and military engagement of China with Nepal has enhanced the bilateral diplomatic relations between them. The recent trends of China appointing an eminent Ambassador to Nepal signifies growing strategic importance of Nepal for China. The rise of exchange of bilateral diplomatic exchange of visit clearly demonstrates the growing engagement between two countries. The high-level delegation from the ministry of defense, ministry of home affairs, Nepali Army and Nepal Police has been visiting China for the purpose of consultations and training. Of late, China has been extending its relations with political parties including the political parties from Terai.

Besides high-level exchange of visits; China has invested in various sectors, including business, infrastructure, tourism and water resources in Nepal. Nepal and China have several mutual cooperation areas ranging from China's support for security in Nepal; people to people contact and cultural exchanges; co-operation between political parties; and joint efforts to tackle food insecurity, climate change and the global economic recession (Kumar, 2013, p.54).

5.4.1.3 China's dimensions of engagement in Nepal

Chinese engagement in Nepal is based on a number of core principles. The vital guiding principles of China's foreign policy is to respect the sovereignty of all countries. China's stand is that it will not intervene in the internal affairs of any countries since these are the sole domestic business and concern of the national government. This is largely cited as China's policy of non-interference to the domestic issues of other nation. China's position is that the support it gives to developing countries is not conditional on political or economic reforms, improvements in governance or the protection of human rights, a position which clearly differs from that of many Western countries.

In addition to this significance, it ascribes to sovereignty and non-interference. The other key principle of China's engagement in developing countries is that of mutual benefit.

China is not squeamish about advancing its economic self-interest at the same time as contributing to the development of other countries. It is open about the economic rationale for its engagement in the developing world. An important driver is 'Going out policy' which aims to sustain high levels of economic growth within China through global engagement especially in new developing country markets such as Nepal (Awasthy, 2013, p.56).

China has strengthened bilateral and multilateral relations with other nations, however its relation with Nepal is characterized by a variety of context specific interests and motives. Stability, economic development and geopolitics are the main three core areas of China's interest in Nepal (Singh, 2014).

(a) Stability policy

China's engagement with Nepal is strongly shaped by the 'One China Policy'. This refers to China's own sovereignty and territorial claims which are primarily concerned with denying official recognition to Taiwan and to claim Tibet officially TAR as an integral part of China. China never compromises with its core interest particularly the Tibet issues for which if required China will use all powers to protect it. Therefore, China always perceives serious threats to its security and territorial integrity when there are any challenges to China's sovereignty over Tibet or claims for Tibetan independence. The strategic importance of Nepal has increased after China's

possession of Tibet in the 1950 as Nepal borders with Tibet. Since the possession of China, Tibetan refugees has been fleeing to Nepal and they are making Nepal as transit point for seeking asylum in India and the West. China is determined that Nepal should not become a breeding ground for activists campaigning for an independent Tibet. It fears that Tibetan refugees who enjoy considerable sympathy and support in India and the West will use Nepal as a base to protest against the Chinese possession and to carry out anti-China activities (Mishra, 2020, Jan).

China's main interest in Nepal is to ensure Nepal's recognition of 'One China Policy' as well as strengthening security co-operation to control Tibetan activists. There is an opinion that China has achieved its objectives in Nepal through diplomatic and economic influence over the GoN and the authorities. In order to contain the threat of Tibetan secession, China always views stability in Nepal is first and foremost requirement. In the recent days, China has been increasingly vocal in support of political stability in Nepal. In the federal democratic era, China has been trying to extend the relations to all political parties as well as to different institutions of Nepal (Singh, 2014). China is always keeping stability above ideology or political system as a priority and has harmonious relations with all government whoever comes in power.

(b) Economic development

In recent years, Nepal and China have significantly enhanced economic ties. Economic interest always plays a vital role in China's foreign policy and it is applicable even in recent increased engagement with Nepal. Nepal opens the avenues for market beyond South-Asia. Strengthening economic relations with Nepal and improvement of infrastructure could possibly facilitate China to use Nepal as transit country in its trade with South-Asia. China's rising engagement in Nepal is motivated by its strategy of economic expansion.

Nepal and China increasing engagement through aid, trade and investment demonstrates an important new dimension of China's interests in Nepal. Nepal is a market for Chinese products as well as a gateway to South-Asian markets. China is planning to develop Nepal as a transit hub between China and the larger sub-continent. There is synergy among Chinese security interest in Nepal vis-à-vis its Tibet and economic interests. China wants a stable Nepal as it ensures Tibet related

security interest and also provides more lucrative opportunity for Chinese trade, investment and other forms of economic engagement (Kumar, 2013).

(c) Geopolitics

China and India are the two most populous countries and fastest developing economies in the present global context. However, the relations between these two developing powers are depicted by a persistent mutual trust deficit. Currently, China is leading both at economic and diplomatic level in the global context and also challenging India's traditional dominance in the South-Asia region. China has been able to enhance bilateral relations with South-Asian countries more prominently after joining SAARC. This step has further enabled China to have multilateral engagement with South-Asia.

The geo-strategic importance of Nepal has significantly increased due to the rise of China. The geographical location in between the two rising powers can be taken both as advantages as well as challenges. This can be a locus of geopolitical rivalry between rising China and India (Awashy, 2013, p.25).

The mutual interest between India and China in economic development can protect the region against a potential rivalry between them. Further to this, Nepal has geopolitical importance both at the regional and global context. In order to strengthen bilateral relations, both China and India are adopting multilateral mechanism. Recently, China is increasingly engaged in the South-Asian regional structure where India dominates. Likewise, India holds observer status in the SCO where China leads. The exercise of these various multilateral frameworks may promote the basis for strengthening the understanding and mutual trust including of Nepal. India - China relation have corollary effect upon peace and stability in Nepal. Some degree of rivalry between the two rising powers seems inevitable. However, historical rivalries have been managed so far and the hope is that shared economic interests will outweigh geopolitical rivalry (Singh, 2014).

(d) Cement regional strength

After the U.S. signing of the Tibetan Policy and Support Act of 2020 during Donald Trump presidency and the latest declaration that the Joe Biden administration is devoted to strengthening relations with South-Asian countries to maintain a 'free and open Indo-Pacific', geopolitical powers are

intensifying their focus and attention on Nepal. In this context, China may seek to press its advantage against its neighbor (Yadav, 2021, p.16).

The regional environment will shape the intensity of such behavior by China against its neighbors.

(e) Maintain the geopolitical imperative of BRI

China is interested to utilize the strategic location of Nepal and believe that this will serve the BRI objectives which are ranging from developing infrastructure to building richer cultural and political relations. Additionally, China aims to have the best use of Nepal's geo-strategic position to reach out to other parts of the region.

(f) Enhancing political clout in Nepal

Traditionally China has positioned itself as an external power that does neither interfere nor show too much interest in Nepal, at least publicly in the internal political affairs of the country, a standard diplomatic stance. "Over the past decade, mainly after the abolition of the Monarchy in 2008, China began to increase its influence efforts with regard to all political parties. Before 2008, China depended on the Monarchy to secure its security interests in Nepal" (Bhattarai, 2020, p.81).

Traditionally, China used to involve in the infrastructure development. Currently, China is becoming more proactive and engaging in Nepali politics as well as in society.

During Nepal's constitution drafting process from 2008 to 2015, China showed concern over the federal structures in Nepal. The events have demonstrated that China prefers to build equal relations with all political parties and does not choose one over another. In their foreign policy, Chinese are not guided by ideology, but by their national interest (Bhattarai, 2020, p.79).

5.4.2 India's rising security interest and concerns vis-a-vis Nepal-China relations

5.4.2.1 India's interests and concerns

"India challenged and often has unsettled relationships with all its neighbors except Bhutan and the Maldives" (Chaturvedy & Malone, 2012, p.137). Its size, sometimes inept and coercive diplomatic in past decades, security obsessions and introspection,

focused on domestic issues of other countries have all contributed to an environment in which its neighbor fell a mix of dependence, victimization and resentment. Despite being neighbors, India and Nepal endure rather than enjoy a slow-moving relationship marked by lengthy periods of occasional mutual contempt and neglect followed by intense interactions that leave neither side satisfied. India is increasingly concerned by Chinese growing engagement in South-Asian countries including Nepal. China has made inroads in Nepal by concluding treaties offering grants of economic aid, promoting exchange of delegations and providing facilities for Nepali students in China. China's policy of engagement with Nepal on infrastructure projects is part of a wider program of extending its commercial (and perhaps, Indian think tanks worry) and strategic reach into countries on India's periphery.

After China, Pakistan holds the pride of second place in the list of India's major security concern with respect to Nepal. Indians fear that Pakistan has over the past 15 years or more been making covert use of the open border to promote subversive activities against India. Although Pakistan denies the validity of such concerns but in the past groups operating from within Pakistan have targeted India through Nepal. Notably in December 1999, Indian airlines flight IC 814 from Kathmandu to Delhi was hijacked by five members of the Pakistani terrorist group Harkat Ul Mujahideen. India is believed to closely watch the activities of Pakistani-affiliated individuals and groups in Nepal. But it is difficult to chart their relationships with madrasa and individuals as well as the cross- border activities. Thus, considerable Indian anxiety attends Pakistan's relationship with Nepal. India has also been concerned with the possibility (and past reality) of Maoist interaction with some of the plethora of insurgencies within India (Chaturvedy & Malone, 2012).

India feels majority of the terrorism and insurgency related issues in India have cross-border connections. In the recent years, Nepal-India border has gained significance due to ongoing political instability in Nepal and increasing Chinese proximity to Nepal. Drugs and mafia operating on Nepal-India border pose a serious challenge to the Indian security apparatus. There are likely instances that most criminals find safe passage to Nepal and a safe refugee too. The security concern of India is over the evolving activities of China and Pakistan in Nepal. India apprehends that anti-India activities on the Nepal-India border via Nepal as well as the increasing Chinese activities in areas bordering India-China will pose a security threat. According to

Indian officials and political affairs analysts, apart from strategic implications, China's move to extend the rail link to its border with Nepal can reduce Nepal's dependence on India as it will enable it to import petroleum products from China. A Pro-Chinese Nepal would be catastrophic for India (Chaturvedy & Malone, 2012).

5.4.2.2 Nepal-India strategic trends

(a) The era of 'special relations' with India

India dominated Nepal's external relations during King Tribhuvan's rule (from February 1951 to March 1955). The two countries were described as having special relation with each other. The age of 'Special Relations' established a significant early phase in the development of Nepal's foreign policy. There were numerous dynamics that accounted for special relations between Nepal and India.

There were persistent factors like geographical contiguity, strong socio-cultural and ethnic identities between the two countries and Nepal's over economic dependence on India. India as a prevailing partner in the 'special relationship', exercises immense and decisive influence over the affairs of Nepal (Muni, 2016, p.60).

(b) The treaty of peace and friendship, 1950

The Treaty of peace and friendship concluded between India and Nepal on 31 July 1950 forms the basis of Indian policy toward Nepal. From Indian perspective, the 1950 treaty was driven by security considerations. Indian PM Nehru made clear to the parliament in Delhi about the significance of treaty:

Besides our supportive interest in Nepal, national security of India is also equally vital. Since ages, the Himalayas have offered us outstanding frontier. Definitely, they are no longer as inaccessible as they used to be but they are still fairly effective. We cannot accept the obstruction to be breached because it is also the fundamental obstacle to India (Chaturvedy & Malone, 2012, p.74).

The 1950 treaty obligated the governments of Nepal and India to consult with each other and cooperate, should either country face any security treat. It stipulated that they would inform each other of any serious friction or misunderstanding with any neighboring country likely to adversely affect their own friendly ties. It also provided

that the government of Nepal shall be free to import from or through the territory of India- arms, ammunition, or war like material and equipment necessary for the security of Nepal.

(c) Security and economic dimensions of Indian strategy

After modern Nepal was founded in the late 18th century, since then India's security readings in its Northern frontier have been connected to Nepal. India is adopting various apparatuses to fulfil its vital security needs and strengthening economic relations is one of them. India has been accepting economic engagement as an effective tool to foster security interests. A new modality has evolved whereby merge on security concerns guides to convergence on economic issues as well. Likewise, when there is difference in security interests then it results in divergence on economic issues as well. The trend shows that India has used economic engagement as a tool to triumph over Nepal more importantly to security related issues. If its interest is not achieved then it is withdrawing the economic concessions given earlier (Muni, 2016).

d) Security concern

There are 28 passes on the China - Nepal boundary, of which three important routes are open through-out the year. Threat perceptions to India do not directly arise from Nepal, they arise from:

The possibility that through Nepal's Northern borders any power (emphasis on China) upon entering Nepal, can easily access the Indian mainland since India-Nepal borders are not separated by any natural barrier and in this sense are penetrable. Nepal, which is not stable politically and economically would be more vulnerable to such an eventuality and this would consequently result in the Indian mainland also being exposed. Nepal may adopt policies (internally and externally) which would be detrimental to the security interests of India (Kumari, 2019, p.182).

e) Building convergences

Nepal and India concluded the 1950 Treaty of Peace and Friendship in order to meet the security concerns of both countries. The Indo-Nepal treaty which is considered as the foundation of Indo-Nepal relations, consists of the clauses addressing both security and economic aspects. Along with the treaty, the letters exchanged between two nations also form a significant part of the understanding bringing to mutual

security. Some of the significant clauses of the treaty and the letter stated that the two nations would share each other of any misunderstanding with any neighboring countries tending to trigger a violation in the friendly relations between the two nations: that the two nations would not employ a foreigner whose undertakings would be detrimental to the security of the other; that arms or warlike material which Nepal imports through the territory of India shall be with the assistance and agreement of India. This particular clause could be included not only because Nepal is a landlocked country but more importantly Nepal is India locked. This clause reduces choices and maneuverability of Nepal in both security and economic dimensions.

The economic clauses in the 1950 Treaty of Peace and Friendship refers to the national treatment which will be given to the nationals of the other concerning involvement in industrial and economic development, residence, property ownership etc. Due to this treaty, Nepali citizens are free to take up employment, buy property (like Indians can in Nepal) and even join the government services in India except in the limited seats of the Indian foreign Service (IFS). Indian Administrative Service (IAS) and Indian Police Service (IPS). This clause is relatively significant to Nepal due to the poor economic development of Nepal. The vital issues to be considered regarding the treaty of 1950 is to look it as a whole package rather the usual practice of looking it as parts (Ibrahim, 2013). The security and economic dimensions of the treaty are two sides of the coin. India terms the bilateral relationship as a special one citing the uniqueness of economic and security dimensions.

f) Managing contradictions

Besides India, Nepal established cordial bilateral relations with China and later with Pakistan as well. King Mahendra effectively mobilized the 'China Card' to extract leverages from India. From a historical perspective, even while dealing with British India, the rulers of Nepal had kept the 'China Card' open (Muni, 2016). Due to the security sensitivity reasons particularly the Tibet issue, China has always emphasized on its relation with Nepal since the historical to present times. Furthermore, China wants warmer relations with Nepal when China's differences arise with India. China gave aid to Nepal as part of its policy later where it builds the Kathmandu-Kodari Road whose construction started in 1963 and was completed in 1965. The road provided a direct strategic connection between China and Nepal via the difficult

Tibetan route. Indian opines it would be easily accessible through the open India-Nepal borders by this road. For India, these developments were a cause of grave concern (Muni, 2016).

5.4.2.3 Determinants of Indo-Nepal relations

(a) Rivalry and competition

The China-US power rivalry and China-India competition has and will continue to invite major political events in the Himalayan region. This rivalry and competition will also continue to invite strategic compulsions for nations in the region like Nepal which is at the center of the Himalayan arc. Fresh-water reservoirs, one of the largest in the world, will also be a factor for continued global interest in the region. Political actions and border disputes will only lead to a trust deficit and reluctance and suspicion for cooperation between nations in the region including India-Nepal cooperation. China's growing interest in Nepal, the BRI and other engagements appear equally appealing to the general eye and more so to competitive national politics in Nepal. China's economic potent has and will continue to sway policy deliberation in countries including Nepal. The ongoing parliamentary discussion on the MCC projects is an example of many geo-strategic compulsions Nepal's political powers may adhere to (Bhattarai, 2018 April).

(b) Geo-strategic significance

Two principles will most likely become the guideline reference in Indo-Nepal relations. First, instability in Nepal may trigger a threat to peace and stability in the region and for Nepal's neighbors. And second, trans-boundary resource benefits and costs should be equally shared between two nations. At this juncture, it is important to acknowledge cooperation, coexistence and competition as guidelines to determine Indo-Nepal relations and their geo-strategic significance in the global order. The open border has been misused by the criminals, smugglers and terrorists who take refuge in Nepal after committing crimes in India or vice-versa. Arms and drugs have also been moving from Nepal to India.

The open border is believed to be used by the Inter-Services Intelligence (ISI) of Pakistan to facilitate movement of the Kashmiri terrorists to carry out anti-India activities. There are various Muslim organizations in Nepal engaged in

imparting education to the religious minorities with the help of financial aid coming from Pakistan and the Gulf (Thapliyal, 2014, p.125).

Thus, India and Nepal cannot ignore the geo-political realities. They are cautious of the emerging threat of trans-border movement of criminals and subversive elements. The government of Nepal has time and again emphasized on its total support to India in not to allow activities adverse to the interests of India from its soil.

5.4.2.4 Emerging dimensions in bilateral relations between Nepal and India

(a) Foreign policy imperatives

Nepal's foreign policy is Indo-centric. Relations with India occupy the most significant, most beneficial and most challenging aspects of Nepal's foreign policy. Nepal has extensive political, economic and cultural relations with India. But when the wrath of the bigger neighbor becomes difficult to manage, it can be the source of big trouble as well. Nepal has already experienced this more than once, most recently in 2015 after Nepal adopted its constitution. Managing its relations with India has become one of the most challenging and indulging aspects of Nepal's Foreign Policy (Acharya, 2019).

(b) Legacy of the sphere of influence

“Soon after its independence, India's policy towards Nepal was largely shaped by its notion of security. India started to treat Nepal as its security backyard, under its sphere of influence” (Baral, 2012, p.36). The Indian policy makers still consider Nepal as their backyard where they prefer to ward off outside roles. But India has to accept the reality that a country cannot permanently remain under another country's sphere of influence especially in the changing geopolitical and global circumstances.

(c) Increasing Indian security concern

India's Nepal policy is obsessively guided by its security concerns. Their main worry is that Nepal may have lapses in the security system that may affect their security. They view Nepal with potential of security threats to India, including through safe havens and exploration of the open border between the two countries by the foreign intelligence agencies and terrorist groups seeking to launch attacks against the Indian targets. Nepal has understood India's legitimate security interests and has committed not to allow its territory to be used for activities prejudicial to India's security.

(d) End of special relations euphoria

Nepal and India have unique bilateral relations, rarely paralleled anywhere between any two other countries. There was a time when Nepal-India ties were characterized as special relations. But the euphoria of special relations could not last long as that evoked sentiments of unequal relations. For India, the special relations meant consolidation of its security sphere in Nepal. For Nepal, it meant hidden compromise to Nepal's national identity and its independent foreign policy.

(e) Cooperation on the exploitation of water resources

Rivers constitute one of the important aspects of Nepal - India relations. Water resources constitute one of the key areas of cooperation between India and Nepal.

Nepal has huge potential for meeting the need of power hungry and water thirsty India but somehow, the exploitation of Nepal's water resources for mutual benefit of the two countries has remained elusive due to India's heavy-handed negotiation techniques, politicization issues of Nepal and weak negotiation and implementation capability on the Nepali side. Cooperation on the exploitation of water resources is one of the major challenges in the bilateral relations (D. Gyawali, personal communication, Feb 17, 2020).

(f) Unsettled border disputes

Nepal's boundary with British India was largely defined in the Treaty of Sugauli of 1816. The delay in the finalization of the boundary treaty protocol with India has to do with the differences between the two countries on several stretches including Kalapani and Susta. Kalapani is a 35 sq Km of land in Nepal near India, Nepal and China tri-junction where India has set up its Indo - Tibet border Police barracks since 1962.

The Treaty of Sugauli clearly mentioned that areas East of Kali River belong to Nepal. Some of the Survey of India maps also show Kalapani area in Nepal. Recently, Nepal has maintained that the river flowing from Limpiyadhura, West of Kalapani is the Mahakali River and hence should constitute the border (Acharya, 2019). In its official maps, Nepal has claimed the areas West of the Lipulekh pass (see figure 5.3).

Figure 5. 3: Nepal and India disputed Areas



Source: Adapted from <https://kathmandupost.com/columns/2020/06/04/limpiyadhura-kalapani-lipulekh-dispute>

Nepal's boundary with India at that point remains to be demarcated and a tri-junction between Nepal, India and China is yet to be fixed. But there has not been any genuine effort to resolve this issue. The 2017 standoff between Indian and China near the Bhutan, India and China tri-junction at Doklam amply justifies the need to resolve the outstanding matter related to Kalapani and Lipulekh to the best interests of all three sides.

(g) Exploitation of the bread and bride relations

India and Nepal have 'Roti Beti ka Sambandha' (the bread and bride relations) as Indian policy makers like to refer to. They often invoke this phrase in relations to the interest of the people of the Terai. The Madhesi leaders often resort to taking India's support and sympathy in their struggle against the Nepali states in relation to their differences with the Nepali state. When Nepal adopted its constitution in 2015, India refused to welcome the constitution and instead supported the Madhesi agitation that resulted into an unannounced blockade against Nepal for five months. Nepal's Terai is of strategic interest to India for so many obvious reasons. India claims to have security interests in Terai as the porous border between the two countries is prone to exploitation by various elements inimical to the security interests on either side (Panigrahi, 2016).

(h) Increased activities of armed outfit

In the past, the Madhesi armed outfits used the open and porous border with India to seek refugee; purchases and smuggle arms and train their cadre on the Indian soil. Other unarmed groups are asking for Terai's autonomy and some even threaten to sever links with Kathmandu.

Nepal cannot afford to allow disintegrative forces to operate in its Terai at least from the Indian soil. Both countries must do everything that is required to stop any disintegrating movement in the Terai by exploiting the open border between the two countries. Otherwise, such activities can undermine the security and stability on both sides of the border (H. Thapa, personal communication, Jan 19, 2020).

(i) The over-dependence

Economic relation is another strong factor in India - Nepal relations. More than two third of Nepal's trade is with India. All of Nepal's goods to and from the sea will have to transit through India. India still remains one of the most significant sources of FDI in Nepal. "Nepal's currency is still pegged with the Indian Rupee hence has fixed exchange rate with it which makes dependent of Nepal's economy on India that can be labeled as overwhelming dependence of Nepal's economy on India" (Shrestha & Shakya, 2016, p. 53).

(j) The big foreign hand

India's indulgence in Nepal's domestic politics is common knowledge. Nepal's leaders have not shifted away from seeking India's interference in Nepal's internal matters when it suits them and lament the foreign hand when it does not.

Though the Indian indulgence in the domestic politics is a clear breach of the limits on external affairs, it is something that the Nepalis have allowed, tolerated and even invited in some cases. "Nepali leaders like to seek the Indian help for political stability and economic prosperity. The roots of anti-Indian sentiments in Nepal are to be found in India's excessive indulgence in Nepal's domestic politics" (Aacharya, 2019, p.238). Nepal and India should delink Nepal's internal political management from the bilateral framework.

(k) The politicization of bilateral issues

In Nepal, bilateral issues with India can get easily politicized. Politicization has held hostage progress in many issues including implementation of treaties and agreements and execution of hydro-power projects and Indian investments in Nepal.

India often accuses Nepal of occasional sulking, playing the 'China Card' and resorting to anti-India sentiments and India-baiting blaming such perceptions for having affected the healthy development of bilateral relations. They also accuse Nepal's hypersensitivity towards India and the blaming of India for anything that goes wrong in Nepal. In fact, India's policy towards Nepal is often more responsible to the rise of anti-India sentiments than the Nepali attitude towards the bigger neighbor (Shakya, 2016 July, p.6).

Nepal needs to learn to manage India's big power ego, while India needs to understand Nepal's small power sensitivity. These two aspects count the most in management of perception on both the sides.

(l) The soft power influences

As a regional power and an emerging global player, India is seeking to increase its global prowess through a combination of its hard as well as soft power. India's political, military and economic power counts as its hard power in the region as well as in the world. But India's other power, usually referred to the soft power also matters significantly to India's neighborhood including in Nepal. India is proactively engaging in soft power diplomacy through its public diplomacy.

(m) Beggar thy neighbor

Today India is not just a regional and global power. India's quest for achieving a global power is both an opportunity and a challenge for Nepal. There is a lot that Nepal can gain from India's economic prowess. Nepal can benefit from the spill over and trickle down at the least. But India's political ambition as an assertive power might further marginalize Nepal in its international role as it will be increasingly difficult for Nepal to establish its separate global identity without taking into account India's positions and wishes. Since 2014, India's PM Narendra Modi came out with a vision to improve relations with neighboring countries announcing to break the past deficiencies in India's policy of neglect of its neighbors. For a country that played a constructive role in Nepal's democratic movement and peace process, India was

expected to play an equally constructive role in this process too. Instead, India took note of Nepal's adopting a constitution which it said was not inclusive enough. The resulting blockade at the Indo-Nepal border shattered all niceties and hope that was created with the 'Neighborhood First Policy' (Shah, 2016)

(n) Shifting of policy

India's outward orientation offers opportunities for the countries in the region, especially on trade, investment and connectivity. "Earlier, India's regional policy was based on its aim of preventing the rise of Pakistan, which it saw as a competitor regional power. Today, India's regional policy is shifting away from its traditional security focus to economically oriented relations" (Acharya, 2019, p.240). There is growing focus on economic relations through regional initiatives. India engages with its neighbors through SAARC and BIMSTEC as well as bilaterally. In what is called the 'Look East Policy', India has expanded its relations with the South-East Asian countries. The discourse on India's foreign policy is more centered towards shaping its ambitions, as a global power.

5.4.2.5 Nepal-India issues and settlements

Nepal is as crucial for Indian security as India is for the Nepali economy. The turbulence experienced in their bilateral relationship has a history of intermittent recurrence. However, both sides being critical to each other's interests are also well understood by the parties.

For a variety of reasons, it has never been easy to forecast the trajectory of India-Nepal relations. Influenced increasingly by evolving geopolitics in the Himalayan region, individual interpretations of national interest fueled by an inherent asymmetry which manifests in every facet of this relationship, have often prevented the emergence of a common view on many issues despite underpinnings of shared values, history and culture (D.P. Bhattarai, personal communication, May 23, 2020).

The India–Nepal relationship is established on strong historical, civilizational, cultural, religious, social, trade and economic connections. Amidst Nepal's shifting political climate over the last few decades including the regime shift from to a Republic where India remains on balance as a good neighbor.

India has to minimize interference by recognizing Nepal's strategic, political and economic limitations. Nepal needs to moderate India's concerns about Chinese activities in Nepal. Nepal should also keep an eye on illegal activities like human trafficking, black money transactions and terrorist intrusions which constitute a major security concern for the Indian establishment. It is crucial for both sides to maintain regular dialogue in order to overcome misunderstandings of the past.

The 1950 treaty was the initiation of a new era and backbone of Indo-Nepal relations. After the promulgation of Nepal's new constitution in 2015, the Eminent Persons' Group (EPG) on Nepal-India relations was formed in January 2016 with a mandate to review various aspects of bilateral relations including the 1950 Nepal-India Friendship Treaty in light of the changing regional and global context. In the middle of 2020, members of the EPG stated that the group had completed its report in 2018, but Indian side is not serious to look into the report. Such lack of confidence and openness to reassess the fundamentals of the relationship has transmitted negative signals to Nepal (Meena, 2019).

5.4.2.6 Border disputes solution

India and Nepal's enduring border disputes have repeatedly provoked nationalist movements and protests in Nepal and alienated Nepal from India. Resolving the disputes through cooperative rather than coercive measures will be critical for India's ambition to become a responsible rising power. However, in practice external balancing is often marred by India's coercive and hegemonic foreign policy in South- Asia, underpinned by realist ideologies and the distraction from the neighbor-friendly Gujral Doctrine. India's approach should be cooperative and constructive (R.N. Pandey, personal communication, Jan 27, 2020).

If India continues to coerce Nepal and undermine its sovereignty and territorial integrity, it will alter the geo-political balance by pushing Nepal further into China's sphere of influence. If that happens, the protracted border dispute will count against India's interest in championing the South-Asian regional security complex and hamper India's ambition for strategic autonomy. India's continuous aggression towards Nepal also undermines Modi's 'Neighborhood First Policy'. While Nepal needs to be resilient and constructive with an evidence-based engagement with India,

India must first and foremost respect Nepal’s sovereignty and forge ‘political will’ to detach the border disputes from strategic narratives and populist-nationalist politics (Subedi & Bikram Timilsina, 2021).

The current border dispute reflects a growing structural problem in India-Nepal relations. Nepal and India need to be sensitive to keep their relationship stable, even if not special. India and Nepal should resolve the remaining boundary dispute with high-level political dialogue. In May 2020, Nepal issued a new political map claiming the disputed regions of Kalapani, Lipulekh and Limpiyadhura as part of its territory. India has rejected the map. The strategic interest of the US, China, India and other countries are colliding in the region. Keeping this in mind, Nepal and India should revisit and if needed revise traditional relations. If India’s core interest is security interest, then they should define it properly and convince Nepal to take care of it. In Nepal’s case, the core issue is economic development. Nepal’s development aspirations and security concern of India could be discussed and find the amicable solution (Guha, 2020).

5.4.2.7 China's inroads into Nepal: India's concerns

While India considers Nepal a part of its sphere of influence, it is increasingly being challenged by China's inroad into Nepal. In fact, the growing Nepal-China nexus should be seen in the context of India - China power competition in Asia. Essentially Nepal facilitates China's security interests in the South-Asian region as Nepal is situated in a favorable geographical position in South-Asia and a passage linking China and South-Asia. Nepal constitutes an important element of China's South-Asia policy (see table 5.1).

Table 5. 1: Evolution of China’s South-Asia policies

S.No.	Year	Description
1	1950-62	General neutrality
2	1962-89	Not neutral; pro-Pakistan (balancing)
3	1989-99	Somewhat more neutral (Pakistan is cornerstone of China’s South-Asia policy); advocate de-escalation
4	1999-2017	More neutral; active bilateral or ‘shuttle’ diplomacy (initially just with Pakistan, later with both India and Pakistan)
5	Future	Likely less neutral; greater stakes; larger third-party role

Source: Adapted from <http://www.cdsndu.org/userfiles/file/00001/00001-20141231084839/1.pdf>

With growing tensions in Tibet particularly after the March 2008, pursuing China's conception of Nepal as a new buffer acquired particular significance.

This policy towards Nepal came to be driven by the need to curb the clandestine activities of some 20,000 Tibetan refugees, the second largest Tibetan refugee community in the world in Nepal. Consequently, China has been increasingly playing a significant role in determining the shape of Nepali politics. Underscored in China's South-Asia policy is the strategy to marginalize India's influence in Nepal (Kumar, 2013, p.95).

India further fears that China intended to develop relations with Nepal in a way that would serve as a role model for bilateral ties between big and small countries. China has in fact laid down a four-fold policy to strengthen its bilateral relations with Nepal. First, accommodate each other's political concern, second enhance the economic cooperation on the basis of mutual benefit, third boost people to people and cultural exchanges and the fourth is to strengthen the coordination and cooperation in international and regional affairs (Kumar, 2013).

Apart from stating a clear policy towards Nepal, China has been systematically pursuing a multi-dimensional engagement with Nepal. There has been a flurry of visits between China and Nepal in recent times. Besides high-level visits, China's inroads into Nepal are being greatly facilitated by the systematic promotion of China study Centers (CSC) which is completely funded by China. Besides CSCs, a Nepal-China mutual Cooperation Society (NCMCS), funded by the Chinese Embassy in Nepal was established in March 2005. The primary aim of NCMCS is to strengthen diplomatic relations between the two countries as well as to disseminate an image of friendly China as opposed to hegemonic India.

China's pro-active policy in Nepal can also be discerned from the military assistance that it has been providing. China is the third largest country to provide FDI to Nepal, India and the US being the first and second, respectively. There has thus evolved a multi-layered engagement between China and Nepal causing considerable concern in the Indian establishment and China's growing ties with Nepal undoubtedly supports its wider South-Asia policy, much to the concern of India. More importantly, China's strategic interest has been facilitated by the rise of the communism in Nepal. Indeed, ideological similarity with communist China lends suspicion to the growing affinity between the two countries. "Unlike Monarchy, the communist has shown ambiguous

terms, their strategic goal of reducing dependence on India and increasing ties with China” (Awashy, 2013, p.111).

5.4.3 US’s strategic and security interest vis-a-vis China’s rise

5.4.3.1 Dimensions of Nepal-US bilateral relations

Though Nepal is located seven seas away and in the antipole of the world, Nepal would like to count US quite a lot in the making of the Nepal worldview. The US was the second country after UK that Nepal established diplomatic relations on 24 April, 1947. Nepal has since then maintained excellent relations with the superpower benefiting from the opportunities available in the field of development, trade investment and tourism. The US is Nepal's major development partner. The volume of trade between the two countries has been increasing (Acharya, 2019).

(a) The first donor

The US is the first country that started providing foreign aid to Nepal. The first US economic assistance came to Nepal in 1951. Since then, the US has been providing development assistance programs opening of its aid office USAID, in Kathmandu. Over the last seven decades, the US has provided substantive economic assistance to Nepal. In 2016, the US annual development aid to Nepal amounted to 85 million USD. In the beginning, the US involved in signature aid programs such as eradication of malaria. In 1961, the US established the Peace Corps Volunteers that started to send young Americans to rural villages around the world including to Nepal. The US continued to fund projects aimed at poverty alleviation. US started wooing countries like Nepal with increased economic assistance during the Cold war period (Bureau of South and Central Asian Affairs, 2020).

During the Maoist insurgency, the US increased its aid to Nepal and provided some military assistance. It also provides support to the Peace Trust Fund that helped post conflict peacebuilding in Nepal. Since 2012, the US has including Nepal under its MCC, which supports countries that have good recognition governance and institutional reforms. In Nepal, the MCC has been working to advance investment in power and transport sectors. After the 2015 earthquake, the US government pledged \$ 130 million in reconstruction aid to Nepal. In 2017, the MMC committed \$ 500 million to Nepal for period of five years, the highest amount ever pledged for Nepal by a single donor at one time. The amount is to be spent in projects including in 274

Km transmission lines and 300 Km roads in Nepal. The US remains committed to build Nepal's resilience in the event of any future disaster, including the COVID-19 crisis. As of June 2020, the US has provided over \$7 million in assistance to Nepal in response to the pandemic. The US has also committed security assistance to Nepal, working with the Nepali Army to strengthen their peacekeeping and disaster response capabilities (Bureau of South and Central Asian Affairs, 2020).

(b) The Humanitarian concerns

The US has significant interest in Tibet and the Tibetan refugees in Nepal. It has been supporting the humanitarian and welfare activities related to the Tibetan refugees. On humanitarian grounds, Nepal has been tacitly supporting the US policy with regard to Tibetan refugees, allowing them asylum and safe passage to the third countries through verification of the UNHCR. Though not a party to the UN Refugee Convention, Nepal has pledged a policy of non-expulsion of the refugees back to their country of origin. Often called as the 'Gentleman's Agreement', this policy is based on humanitarian support to the refugees though Nepal supports 'One China Policy' and is against any anti-China activities on its soil. The US has also been taking an active interest in the issue of Bhutanese refugees. It provides assistance, care and maintenance of the Bhutanese refugees living in the camps in Eastern Nepal. The US also offered to resettle most of the refugees. By 2017, Over 92,000 Bhutanese refugees from Nepal had been resettled in the US (Acharya, 2019).

(c) Support to democracy and human rights

The US has keen interest in Nepal's democracy and human rights and has been a strong supporter for the democratic aspirations of the people of Nepal. The US government puts human rights, democracy and rule of law high on its agenda in its aid programs. After the restoration of democracy in the 1990s, the US was involved in supporting activities related to democracy and human rights in Nepal. The US senators and congressmen also lent active support to the political movement in 2006 that led to the establishment of democracy of Nepal.

(d) The market accesses

The US has been a good market for Nepali products, especially ready-made garments and woolen carpets. In 1990, Nepal's readymade garments started to enter into the US market under a quota system. In 2004, US lent active support to Nepal's entry into the

World Trade Organization (WTO). Without the green signal from the big economic player like US, Nepal would not have made it easily. In 2011, the US and Nepal signed a Trade Investment Framework Agreement (TIFA) to facilitate trade and investment and to resolve disputes on related issues. A Nepal- US Chamber of Commerce and Industry is working to promote trade and investment. In February 2016, the US adopted the trade facilitation and trade enforcement bill, which provided zero-tariff market access to Nepal's 69 products, including carpets, shawls and travel goods. This facility is to be available till December 2025. The annual trade between Nepal and the US has crossed \$100 million, of which the trade balance is in Nepal's favor. Until 2019, US stood the third largest foreign direct investor in Nepal after China and India (Shakya, 2017). There is potential for more US investment in Nepal in many sectors.

(e) In the greener pastures

In 1970, US started to accept Nepali student at their universities for higher studies. Many Nepali students have since made to the US universities. Until 2017, the US allowed some 5,000 Nepali citizens to immigrate under its Diversity Visa (DV) program. Thousands of Nepali people have chosen the US as their residence work and country for citizenship and many have succeeded in professional and business life. Unofficial estimates suggest that there may be over 250,000 Nepalis living there. Today, the Nepali in the US make a prominent part of the Non-Residential Nepali (NRN) community that lives around the world. Nepal is providing them opportunities and benefits so that they could invest in Nepal and contribute to economic development (Acharya, 2019).

(f) The quintessential kuire

Many US citizens have come to Nepal by bringing lasting influences in the society and the bilateral relations. They include the America Peace Corps volunteers, Climbers Din Mountaineers Expatriates Development Workers, academicians and philanthropists. A few American have contributed in various ways to Nepal's education and the Nepali studies. Professor Leo E. Rose wrote an excellent book on Nepal's foreign policy and the evolution of the Nepali state. His 'Nepal: Strategy for Survival' (1971) is still remembered one of the masterpieces on the subject. Father Marshall Moran (1903-1992) came to Nepal as an emissary of the Society of Jesus in

1949. He was one of the first few foreigners who resided in Nepal. In 1951, he helped to establish the famous St. Xavier's School at Godavari, just outside Kathmandu. America-born Catholic missionary Father Ludwing F. Stiller who wrote several books including the 'Rise of House of Gorkha' (1973), 'Nepal, Growth of a Nation' (1993) and 'The Silent Cry: People of Nepal' (1976). Likewise, US Nobel laureate Elinor Ostrom (1933-2012), American journalist Barbara Adams and Elizabeth Hawley (1923-2018) are also only a few examples (Duo, 2017).

Many Americans who came to Nepal have fell in love with the country, lived here and contributed to the Nepali studies and broadening the international understanding about Nepal. They also introduced Nepal to the US in a significant way. The quintessential kuire, as the Nepalis like to call the Americans in general has a lot to influence the Nepal world-view in one way or the other.

(g) The omnipotent uncle Sam

Nothing has entrenched the Nepali view of the US as much as the Peace Corps Volunteers fielded in the rural districts of Nepal. Their contribution to teaching English has been outstanding. They have contributed in cementing the people-to-people relations between Nepal and the US. The Peace Corps have been working in Nepal since 1962. Some 3000 volunteers have served in Nepal so far (Acharya, 2019). They worked as teachers and volunteers supporting small community development works in the rural country side of Nepal.

The 'Fulbright Program' is an important component in the bilateral relations between Nepal and the US especially in providing scholarships and opportunity to Nepali professionals for the higher education in the US universities. Several hundred Nepalis have benefited from this program so far. Many have risen to leadership in their respective field in Nepal. Tourism constitutes an important segment in the bilateral relations. Besides this, Nepal and US belong to a number of the same international organizations, including the United Nations, International Monetary Fund, World Bank and World Trade Organization.

5.4.3.2 US's strategic mission, goals and objectives

As outlined in the Integrated Country Strategy (ICS) Nepal 2018, the strategic mission, goals and objectives of US for Nepal are as follows

(a) Mission goal 1

The goal 1 is to promote American security by supporting a stable, secure, democratic and sovereign Nepal. In alignment with the values and objectives highlighted in the National Security Strategy, National Defense Strategy, Indo-Pacific Strategy, Joint Regional Strategy and relevant executive orders, Mission Nepal aims to support Nepal in becoming a confident regional actor, one whose pursuit of its own national interests is complemented by a shared commitment to promoting good and inclusive governance, rejecting coercive influences that threaten its sovereignty, standing ready to fight and defeat terrorist threats and transnational crime and advancing democratic values in a strategic region.

1) Mission objective 1.1: Nepal's security sector institutions have enhanced capacity to counter threats to US security interests. Nepal's security has implications for the protection of US interests and investments in Nepal.

2) Mission objective 1.2: US border security is strengthened through the strict application of US immigration laws. Protecting the safety and security of Americans in both Nepal and the US is the core national security goal of US, as protecting the homeland is the first pillar of the national security strategy.

3) Mission objective 1.3: To support Nepal's stability, it is in the U. interest and strategic advantage to promote protection of human rights and the completion of a credible transitional justice process, advocate for and advance reform efforts to allow for citizen-responsive policy making and inclusive governance processes and bolster more transparent and accountable institutions within Nepal.

(b) Mission goal 2

The goal 2 is to increase America's prosperity by developing Nepal as a reliable economic partner. Through development programs and diplomatic engagement, US will strengthen Nepal's ability to protect, maintain, enhance and manage its physical, human and natural capital. US will provide support to build Nepal's capacity to participate in regional and international markets, thereby enhancing regional connectivity and opportunities for US businesses. US MCC Compact and other development programs will support development and maintenance of quality physical capital, including electricity infrastructure and roads.

1) Mission objective 2.1: Development of robust economy of Nepal which provides increased income for Nepalis, builds a foundation for stability and prosperity and creates greater opportunities for US business and investment.

2) Mission objective 2.2: Nepal improves health and education outcomes to increase economic productivity.

3) Mission objective 2.3: Nepal establishes environmentally sustainable practices and demonstrates increased capacity to safeguard natural resources.

(c) Mission goal 3

The goal 3 is to exercise American leadership to transform Nepal into a more self-reliant, independent and resilient partner for the US. The US Mission will use all instruments of diplomacy and development to assist Nepal in becoming a more self-reliant ally, advancing American influence and enabling both nations to achieve our shared goals. The US government is a long-standing partner and the largest bilateral donor in Nepal and will leverage its resources and relationships to help transition the country into a more capable and independent ally, in alignment with the National Security Strategy, State/USAID Joint Strategic Plan and the US Indo-Pacific Strategy.

1) Mission objective 3.1: Nepal becomes a more active and engaged partner in international fora, adheres to international agreements and commitments and furthers initiatives to strengthen regional connectivity. The US values reliable partners committed to substantive cooperation to enhance regional stability and prosperity in the South and Central Asia (SCA) region. Nepal is an important US ally located at the region's nexus between two global giants, India and China. Greater participation and leadership by Nepal in international fora, including, among others, regional organizations like the SAARC and the BIMSTEC, will expand its influence while enhancing cooperation and stability in the region.

2) Mission objective 3.2: US engagement will mitigate Nepal's vulnerability to malign influences that run counter to democratic and free-market principles.

3) Mission objective 3.3: Nepal strengthens its ability to mitigate, prepare for, respond to and recover from shocks, as well as improves coordination of assistance to Nepali and American citizens in Nepal during crisis situations. As outlined in the National Security Strategy and the Joint State/ United States Agency for International

Development (USAID). Strategic Plan, the US government will continue to provide essential humanitarian assistance when disasters strike or crises emerge.

5.4.3.3 US strategic interest and cooperation with Nepal

Willard (2006, May) states:

US military diplomacy provides a theater strategic capability essential to the effective implementation of the US foreign policy. The military conducts formal interchanges with other governments and their militaries, in the form of training and exercises, professional military education and other various military-to-military interaction in their official which has contributed in producing strategic level benefits (p.2).

For the US, Nepal was not important enough to merit significant Cold war attention other than for harassing the Chinese, said a report on the US policy towards South-Asia. In spite of this, the US included Nepal in the list of countries that it gave some attention during the Cold war. King Mahendra was welcomed in Washington DC in 1967. In 1983, US President Ronald Regan invited Nepal's King Birendra to Washington DC and gave him a warm reception. Until the 1970, the US's main interest in Nepal was to keep a watch on China and the Tibetan refugees. The US was also allegedly involved in the covert support to the guerrilla campaign of the Khampa against China, which Nepal helped quash militarily upon China's request and support. In the past, the US policy towards China especially its policy of containment was largely the guiding factors in determining its strategic interest in Nepal. The US wanted to check the growth of the communist movement in Nepal. The US strategic interest in Nepal reappeared only after the rise of India and China as global powers. US was also involved in Nepal during the Maoist insurgency through its aid and military assistance (Acharya, 2019).

Traditionally, the American security interest in Nepal was focused on protecting the US Personnel and business. After the terrorist attacks of 11 September 2001, the US pursued Nepal as a potential partner on its global fight against international terrorism. In 2002, PM Sher Bahadur Deuba offered to allow Nepal's airspace and landing facilities for the US military for logistical operations in Afghanistan. In the aftermath of 9/11 terrorist attacks, Nepal supported the American pursuit against international

terrorism in the hope that that is would receive the US help in containing its own Maoist guerrilla movement.

The US government provided security assistance to Nepal's military to help contain the insurgency. They provided weapons and training to Nepali Army on counter insurgency measures. In 2003, Nepal and the US also signed a counter terrorism agreement aimed at training Nepali security personnel. This five-year agreement had political significance as the US was trying to conclude such agreements with as many countries as possible. The US government provided some equipment to the Nepali Army, including the famous M-16 rifles that gave edge to the Army over the ragtag weapons that the Maoists had assembled for their fighters. The US Pacific command regularly engaged the Nepali Army in training and exercises. Nepali Army officials used to get training in the US military training institution. The US military helped establish the Ranger Battalion in Nepal Army. The two armies have enjoyed good relations (Sangroula, 2018).

Towards the last years of insurgency, the US government kept the Maoists in their so-called other terrorist list with likes of other terrorist and extremist groups in the world. This was only to be withdrawn in 2013, after the Maoists had come to the peace process, participated in the elections and joined the government through the democratic process. Nepal's security is of a genuine concern to the US as a large number of its citizens visit Nepal as tourist each year. They are obliged by the law to publish and update travel advisory to secure the interests of their citizens.

In 2003, the US asked Nepal to send its troops to support its invasion in Iraq. Joining US led coalition in Iraq was not possible for Nepal because of its non-aligned foreign policy. They also asked Nepal to send a contingent of Nepal peacekeepers as UN guards there. Nepal's presence in Iraq would have broadened the US led coalition's international legitimacy in absence of a UN Security Council mandate for their military action there. Nepal did not commit its troops at that time saying it was overstretched internally due to the domestic conflict. Nepal sent its troops to guard the United Nations mission there later in 2011, when Iraq was no longer under the US Armed forces (Rizal, 2012).

The US has good relations with India, which they call a strategic partnership. The relations span from trade and investment to security and nuclear cooperation. As large

democratic countries, both have similar interests in many of the global issues and with regard to their policy towards China. Though the US officials keep denying, they sometimes view the situation in Nepal through an Indian eye and even agree to India's lead on the matter.

The US engagement with Nepal has its strategic interests embedded to it. The US wishes to keep Nepal on its side and to rally its support around its global political and military enterprises. The US considers Nepal as an anchor of regional stability. Nepal's role in the SAARC as host of its secretariat and a balancing role between India and Pakistan have sometimes earned the US appreciation, though the actual contribution is very limited.

The US saw possible role of Nepal, then chair of the SAARC, in the tension in South-Asia, especially in the escalation and military build ups between India and Pakistan after the Kargil War (1999) and the deadly terrorist attack in the Indian parliament in December 2001. When Nepal was able to bring the Indian and Pakistan leaders to the SAARC summit in Kathmandu in January 2002, the US recognized Nepal's regional role with a visit of the US Secretary of State Colin Powell to Nepal. The US President George W. Bush also received Nepal's PM Sher Bahadur Deuba, then chair of the SAARC, at his oval office in Washington DC in May 2002. In 2012, US President Barack Obama declared that his administration would shift its focus from the Atlantic to Pacific, signaling an increased engagement in Asia. This strategic shift showed the rising US interest in Asia mainly in relation to China (Acharya, 2019).

Under President Donald Trump, this policy has shifted towards what has been called as the 'Indo-Pacific Partnership' among the US, India, Japan and Australia. This has to do with the shifting US policies towards China. For that matter, the increasing competition for global leadership between the US and China has increased the strategic importance of South-Asia. The US has significant strategic interest in South-Asia, including Nepal, India, Pakistan and Afghanistan (Rizal, 2012).

Though located half the world away, Nepal cannot remain unaffected in the shape of things that is created around the US foreign policy and its interests in the region and beyond. Nepal will have to continue to act global role of the US including in global governance, multilateral diplomacy and in the international relations. Nepal and the US have their own relations, own interests to pursue and have a commitment wanting

to advance that relationship. It is also said that the US and India are working closely to counter China's growing influence in the region, including in Nepal. Apart from its own bilateral relations with Nepal, the US policy and interests in South-Asia and its relations with India and China will continue to be important for Nepal in the time come.

5.4.4 Security interest of Western blocs

Nepal would be a playground of power blocs. The key reason is that Nepal possesses a strategically vital location for implementing strategies to encircle China and conduct surveillance over the growing trade relations between China and India. Nepal is strategically important due to China and India's continuous rise as economic powers. The possibility of these two nations coming closer as partners in the field of economic cooperation and trade through system of AIIB and BRICS will further enhance the strategic importance of Nepal. On the other hand, the situation of conflicts between China and India may also augment the strategic importance of Nepal. The best possible situation for Nepal would be having best neighborly relations between them. Explicably, it is the rise of China and India along with conflict situation between them makes Nepal negatively a key strategic location for China and India as well as Western power blocs. Considering from these viewpoints, we can assume that a) the rising China with the weaker India will strategically expose Nepal to the danger of the Western bloc's intrigues; b) the rising China and rising India with their neighborly relations will significantly reduce the Western bloc's intrigues in Nepal; c) the rising China and rising India with unwholesome relation will invite India intrigues in Nepal; and d) rising India with weaker China will place Nepal under full Indian leverage. These assumptions are reflexive pronouns of the past experiences and impressions. To be precise, the following ingredients of power-game, in the context of rising China are likely to make Nepal superbly attractable and meaningful land to the Western power block (Sangroula, 2018).

The economic rise of China, India, South-East Asia and the Gulf are fostering a brighter prospect of shifting the world's economic hub from Europe and US to Asia. Within this boarder framework of the Asian perspective, the following factors may turn Nepal as further prone to the intrigues. US interests over China are politically and economically vital. Both these interests are protected by military strength thus

requiring unlimited maneuvers against communist governance in China. The US interest in Nepal would thus be significantly increased in future and may cause serious harms in its national sovereignty and independence, if Nepal is not prepared for consciously and pragmatically handling the situation in future. Freeing Tibet has been one of US's key maneuvers in the past in order to destabilize China. While the US raises concerns regarding religious freedom in Tibet, the real agenda is to destabilize and destroy the socialist's system and communist party of China. Disturbing the rapidly consolidating socialist system of China by all means would be the major target of the US strategy. In this light, Nepal would preferably be a stronghold for US for the purpose of carrying certain vital activities containing China. India along with societies in South-Asia represents a crucial civilization in Asia which is equally powerful in its value system. They have an unending cultural and civilizational contestation which is a major source of discontents between them. It is a key reason India, like Nepal and other countries in Asia is facing pressing problems of Christianization as a major social threat. Like in Nepal, India is equally affected by the problem of burgeoning religions conversion. In this context, Nepal would be important for US and Europe to culturally contain India. India's rise economically and politically therefore would not be incontestable to the Western bloc. The Western intrigues in Nepal are therefore foreseeable. The involvement of both China and India in newly emerging economic forums of BRICS and AIIB as well as Shanghai Forum has drawn both of them significantly closer in recent times. To look from this perspective, though India has been defined by Trump's security strategy as an ally, its engagement with China and Russia would not seemingly be diminished or be little in any case.

As a matter of fact, India is not out the helm of the perceived threat to US. It suggests that India would be equally monitored and put under surveillance strategy of the Western bloc. Nepal is significant for the Western bloc from this vantage point either (Y. Sangroula, personal communication, Jan 8, 2020).

Collectively, all these factors will keep attracting US and its allies to have their thicker interests in Nepal. Politically stable and economically stronger and independent Nepal might not be useful or helpful for translating the Western bloc's containment strategies against China and India into workable design. For

materializing the strategy of containment to the desired extent, the Western bloc is pursuing all those policies that are necessary keeping Nepal under its absolute leverage. Hence, the risk of Nepal being a playground of the Western leverage is seemingly imminent. The World Bank sponsored structural adjustment program was introduced in 1992, which threw Nepal into a quagmire of neoliberalism. As a neoliberalist agenda, the state-owned industries and corporations had been auctioned. None of the enterprises established with financial and the technical assistance of China are left at the hands of the state. These industries were fully destroyed indeed (Bhattarai, 2017 July). Consequently, Nepal got rapidly plunged into an economic as well as political crisis. The nexus between the neoliberalism and China and India containment strategy is categorically observable. The Western leverage on Nepal is strategically tolerated by India but it is harmful to itself in the long run.

5.4.5 Geopolitical dynamics and security sensitivity of Nepal

5.4.5.1 Trends of Nepali security dimensions

Waltz (1979) illustrates “States seek to achieve their goals through either internal balancing, increasing economic and military strength, or external balancing creating alliances” (p.19). The strategies and policies vis-à-vis their ‘move’ and ‘countermove’ display their aspiration to maintain authority through economic and military elements of DIMEFIL in order to extend their goals. In such circumstances, Nepal should clearly understand the policy and the interests of its immediate neighbors and other extra regional power towards Nepal. National security issues have always been a major concern for Nepal ever since its unification by King Prithvi Narayan Shah in 1769 due to geographical positioning between India and China (the two largest countries in Asia) and being a landlocked state. Traditionally, the foreign and security policy of Nepal was developed based on the contemporary but distinct threats posed by British East India Company in the South and increasing Chinese presence to Tibet in the North. Since the last eighth decades, Nepal's security threat perception has not altered significantly even after the independence of India and establishment of China as a People's Republic. The location, size and public psyche of Nepal are shaping the national security threat perception. India-China rivalry and more over 1962 India-China war has becoming the defining factor influencing the threat

perception. Furthermore, the political ambition of both countries to have regional influence has made the situation more complex.

King Prithvi Narayan Shah in his 'Divya Upadesh' stated that Nepal should keep friendly relations with both of its neighbors and should not ally with one against the other. Both in Nepal and in India, King Prithvi Narayan Shah's analysis has been reflected by many writers, almost all have said that geographical location has dictated the security policy of Nepal.

The adaptation of equidistance policy by Nepal and its attempts to isolate from increasing influencing of India has created the race between India and China in Nepal. The contest and competition can be prominently seen in the foreign aid sectors where both countries have built infrastructural projects of high strategic significance. For instance, India has built Tribhuvan Highway to link the border with Kathmandu and China has built Kodari Highway to link the border region of Tibet with Kathmandu which has injected new security dynamics into Nepal. Likewise, similar trends could be witnessed on the trade and the investment front. "India developed a substantial trade exchange which facilitated unilateral entry for Nepali products to the markets of India. Meanwhile, China offered ample space for the broadening of traditional economic exchanges in border area with Nepal" (Bhattarai & Cave, 2009, p.124).

After getting independence from British rule, India quickly signed 1950- Treaty of peace and friendship with Nepal. India has known the strategic significance of Nepal and signed this treaty covering all dimensions of Nepal-India relations including security and defense even followed by a letter of exchange. It is noteworthy that post-independence India signed this comprehensive treaty with the oligarchic Rana regime at time when the regime was facing increasing pressure from pro-democratic forces and was itself about to collapse. Similarly, an arms assistance Agreement was concluded in 1965 between Nepal and India under which India assumed the responsibility to supply arms ammunition and equipment required for the Nepali Army. China was also anxious about the security and stability of Nepal and adopted various courses to increase its own sphere of influence in Nepal. Diplomatic relation between Nepal and China was established in 1955 followed by a signing of bilateral treaty known as a Treaty of Peace and Friendship in April 1960.

In 1960, King Mahendra imposed the authoritarian rule after overthrowing the first elected government and smartly sued geopolitical vulnerability of Nepal in order to consolidate his domestic power. Nepal faced two serious national security concerns in the early 1970. The first was when Khampa rebels- a US backed armed group of Tibetan refugees launched an armed insurgency on Nepal's Northern border in 1971. The second was when India forcibly annexed Sikkim-the independent neighboring country of Nepal. Both of these events raised concern for the national security environment though it was not a direct attack on the country's territorial integrity and national sovereignty (Bhattarai and Cave, 2009).

Nepal has not faced any direct attacks from external powers, including from its immediate neighbors India and China. However, the country has become more vulnerable and its sustainability to promote much needed social, cultural and economic development. In order to preserve its long-term security, it is necessary for Nepal to understand the sensitivity of India and China in terms of their security related issues and adopt policies wisely, following a middle path that respects the interests of both neighbors without endangering its own sovereign and independent position. "The security threat perception of Nepal has been changing due to growing vulnerability and internal disorder rather than insecurity from external factors" (D.P. Bhatta, personal communication, March 2, 2020).

5.4.5.2 Nepali security interests and concerns

Williams (2008) states "The key contemporary challenges to global security ranges from conventional threats to human security including the arms trade, energy security and the future of security" (p.127). In the present context, Nepal has the same concerns and interest commensurate with the regional and global security environment. Nepal is situated in a geo-strategic location between two big and powerful states. Historically, Nepal's foreign policy has focused on maintaining a balanced relationship with its neighbors.

The key objective of both Nepal's domestic and foreign policy is to achieve internal stability, peace and economic development, pursue an independent domestic and foreign policy and to play a growing role in both regional and international relations. However, there are many security issues that have been identified as challenges in order to achieve the foreign policy objectives.

(a) Securing the border

Nepal's national security policy has recognized the border security as one of the core elements of national security. Traditionally, the border with India has remained open for trade, people to people contacts and for all sorts of travels and connectivity. While the open border has been economically beneficial to either side, border security has been a big challenge for both sides. There is the potential use of the open border by extremists and terrorists. There are instances of smuggling of fake currencies or explosives from either side of the border. The open border has also been exploited by human traffickers. Nepal's border with China consists of passes, river valleys and trans-Himalayan plateau with adjacent Tibet. These passes are not just routes for trade and connectivity between peoples; they have also served as conduits for flows of immigrants and refugees, mainly from Tibet towards Nepal (Acharya, 2019). This has raised the Chinese concerns on security. As the border has been demarcated and formalized through a bilateral treaty and protocol, but the tri-junctions between Nepal, India and China have yet to be fixed though.

(b) Addressing the threats galore

There are many potential sources of threats, external as well as internal, to Nepal's national security. Such threats range from political, military and environmental to economic ones.

The persistent deprivation of the populations suffering from the poverty and often exempted from the mainstream economic discourse is a threat to the national interests. This is believed to be the grounds for the conduct of the Maoist insurgency. There are possibilities of waning of the nation state through division movements, more significantly if the state's federal system cannot function well. The other vital threat to national security is the failing of the state. There is the crisis of governance, as the consecutive governments are unable to deliver good governance (Pandey, 2011, p.142).

Nepal's security challenges have largely been internal. As a country just emerging from a domestic conflict, Nepal is susceptible many security challenges. The issues of justice with regard to past abuse of human rights committed during the conflict continue to haunt Nepalis who were victims of the conflict. In the post conflict environment, new security threats such as criminal and separatist armed groups in the

Terai and splinter Maoists groups have emerged undermining Nepal's security and attracting the security concerns of Nepal's neighbors.

Threats to internal security include the possibility of ethnic tension due to identity politics and politics of ultra-nationalism. If not managed, identity politics can accentuate extremism and may even invoke the security interests of the neighboring countries. The continued economic and social disparities and exclusions make Nepal susceptible to internal security challenges (Simkhada, 2011, p.83).

Domestically, there are various challenges which have serious impact on national interests of Nepal. Nepal's rural areas face persistent scarcities of food supply and eventually leading towards hunger. Nepal faces devastating natural disasters including floods and landslides every year, which has been further aggravated by threats of climate change including the melting of the Himalayas. The country is further panic by occasional instances of pandemics and epidemics.

Externally, unregulated cross border and open border movement of populations can bring challenges to national security interest of Nepal. Today the status of landlocked is considered a security handicap, as the country may be denied access to the sea and thus to the outside world (Acharya, 2019). Nepal's internal geographical setting is prone to sustaining conflicts and insurgency.

(c) Addressing the non-traditional security threats

The outbreak of COVID-19 pandemic has posed great threat to the human kind. Today the conventional thinking on security has been superseded by the concepts of non-conventional security such as economic security, human security and environmental security. Economic security includes resource security, investment security, industrial security and security of the private sector.

Nepal's national security policy adopted in 2016 has identified energy security as one of the main sources of threats to national security. Perhaps, that was inserted in the policy in view of the experience of the blockade at the Indo-Nepal border in 2015-16 (Acharya, 2019, p.147).

The diversification of trade and transit as well as reducing the dependence upon one country constitutes core elements of Nepal's economic security. Nepal's national

security policy has recognized human security as one of the elements of national security. Environmental problems such as climate change and over exploitation of natural resources have highlighted the ecological security threats. Nepal is endowed with abundant natural resources. The security strategy must also take into account the security of the natural resources. There are various external interests and players in the exploitation of Nepal's water resources. In exploitation of water and other resources, Nepal should not lose sight of its long-term implication in national security.

New threats for peace may come from local and regional conflicts over resources, migration and ethno-political violence, from organized crime, drug and multidimensional concept encompassing environmental human and economic security. The threats to security also come from non-state actors, which are on the rise (D.P. Bhatta, personal communication, March 2, 2020).

(d) Managing the interest of neighboring countries

Nepal has a policy of not allowing its soil to be used against the security interests of the neighboring countries, including India and China. China has the fear of Nepali territory being used by anti-China activists. Likewise, India is worried about the Nepali territory being used by terrorist against India and the covert intelligence activities of another neighboring country directed against India. Nepal must do everything to ensure that the legitimate security interests of either of its neighbors are not undermined in its territory. If we cannot do anything in this regard, the big neighbors can do what is required on their own, including through interference and intervention. To avoid such a situation; Nepal must take into account the vital national interests of neighboring countries, while proactively maintaining and defending its own national interests. Yadu Nath Khanal is often quoted to have said “Our foreign policy will breakdown at the point where either India or China loses faith on us and concludes that its vital national interests and sensitivities do not receive proper recognition in our conduct of relations” (Simkhada, 2011, p.89).

(e) Managing border disputes

Nepal and India are embroiled in border dispute. India inaugurated an important strategic link road to Lipulekh on 8 May, 2020 to trade with Tibet and for pilgrimage to the sacred Kailash Mansarovar. In response, Nepal published a new political map encompassing the areas of Limpiyadhura, Kalapani and Lipulekh. These

territories have historically been claimed by Nepal but remain under India's control after the 1962 China-India War.

Nepal's decision to publish a new political map riled the Indian establishment. While Nepal has proposed early talks over the issue, India has urged Nepal to create a positive and constructive environment for dialogue. Both countries should initiate and sit for a dialogue to find a lasting solution (Thapa, 2020, p.230).

(f) Implementation of BRI

Nepal is a signatory country to the BRI. Nine projects mainly related to connectivity infrastructure and hydropower — have been identified for implementation under the BRI. Despite the fanfare surrounding Nepal's participation in the BRI, progress on financing modalities and long-term viability have not been made for any of the projects. There is the requirement and commitment of serious homework for the implementation of such huge projects.

5.4.5.3 Nepal' emerging security issues

Since the past two decades, the security perception of Nepal has witnessed certain substantial departure from classical traditional military based threats to more diverse threats originating from a range of non-traditional and non-military systems. The change of internal dynamics and its political structures has contributed in the evolving changes in the perception of the nature and trends of threats. The decade long conflict also generated many other social and environmental challenges in Nepal. As part of social problems, the Bhutanese and Tibetan refugees as well as internally displaced population of Nepal are associated with. Presently, the environmental security challenges are another serious security threat for Nepal. Currently on the environmental front, Nepal is facing the issues of the constant degradation of shared rivers, the recurrent bursting of glacier lakes and rising landslides and floods due to torrential rainfalls in the hilly and mountains regions. Additionally, growing urbanization and the development of unplanned city center have generated serious health hazards to urban people (Amatya, 2016).

Nepal and India have identified the evolving nexus between different armed groups of Nepal and India, human trafficking and unregulated migratory movements as new threats to the security and national interests of both nations. India has constantly asked

the support of Nepal to regulate and monitor the activities of groups acting against India. On the other side, not only the Indian and Nepali nationals cross the porous border without any restriction, but these days some Pakistani, Bangladeshi, Sri Lankan and even Afghan and Iranian nationals infiltrate into Nepali territory, misusing the open border to some extent. In one sense, the porous border has helped to initiate rebellion activity in both nations to some extent (Pyakurel, 2018).

Similarly, China's policy towards Nepal is still dominated by the issue of Tibet. With this convergence of Chinese internal and international imperatives, Nepal was drawn closer to Chinese concept of comprehensive national security. "There is a burgeoning question on whether China is a threat or an opportunity for Nepal? Many believe that it's an opportunity not just for Nepal but all of South-Asia" (D. Bhattarai, Personal communication, May 23, 2020).

5.4.5.4 Nepal and the return of geopolitics

A recent trend in international relations is the return of geopolitics. There is emergence of new powers in every region and the rise of regional and other geographical blocs of developing countries. For Nepal, the return of geopolitics has become a distinct reality due to the rise of India and China in its immediate neighborhood. Coined by a Swedish political scientist, Rudolf Kjellen in 1899 in the context of Europe, geopolitics was significant during the era around the World wars. Its significance was diluted after the end of the Cold war (Acharya, 2019).

In the ensuing age of globalization, it was considered that the world would become interconnected, integrated and inter dependent. The states would be borderless and the people would be living in a global village. In that sense, geopolitics was considered to be old fashioned. But geopolitics has come back as a formidable force to reckon with. In this process, the weaker powers are facing the wrath of bigger powers around them. When Nepal faced a five-month long blockade at the India-Nepal border, no outside power came to rescue it. When Saudi Arabia bombing its neighboring Yemen, including in their hospitals and schools, hardly any other country has said or done anything in this regard. When Qatar is facing a naval blockade from its neighbors, no outside power has come to help it to escape the situation. That is because geopolitics leaves the bigger powers in the region without any challenge from other global power (Sangroula, 2018).

In his book 'Revenge of Geography' (2013), Robert Kaplan explained how geography matters in politics, international relations and foreign policy. Kaplan argued that geography is central to understanding a country. The most significant factor shaping Nepal's intentional identity is its location between India and China which creates unique geopolitical opportunities and constraints for it. India and China are geographical, political and economic giants compared to Nepal. Nepal has to adjust with the asymmetry in the size, economy and population compared to its neighbors (Acharya, 2019).

Nepal is a small country; however, its relative size and asymmetry with India and China puts Nepal into unique geopolitical situation. Another geo-political parameter is the abundance of natural resources, mainly Nepal's water resources that can generate huge amounts of energy, which attracts the investors and governments of neighboring countries and beyond.

There is already big interest of the Indian and Chinese companies for investing in big hydropower projects in Nepal. This can also attract geo-political tension and competition between them. Nepal cannot escape its geo-political realities. It must adjust the rise of India and China with their emergence as major players in global politics and economy (D. Gyawali, personal communication, Feb 17, 2020).

Nepal's significance is increasing regionally as well as internationally. Nepal attracts the attention and interests of other big powers in view of its strategic, economic and political significance. If used prudently, Nepal can utilize its strategic significance to its benefit. If mishandled, it can become a trap to its security, economic prosperity and even survival. Nepal's location makes it a perfect place for strategic competition between its neighbors. Its unique geographic location has made necessary for Nepal to adopt good relationship with both. Historically, Nepal has been maintaining the policy of equidistance with its neighbors, though such policy is difficult to execute. Considering the complex geo-political realities, Nepal cannot afford to tilt towards any nation at the expense of the other.

Nepal's is often understood to be India locked. Nepal's border with China is mostly rugged which pose physical impediments to trade and connectivity. Landlocked has also restricted Nepal's strategic choice and increased dependence upon India.

Landlocked feature can become an asset for Nepal if it can turn itself into a land linked transit economy. Though Nepal is becoming a transit economy between India and China, it is a difficult proposition due to the geopolitical complexities associated with it. Nepal must seek to enhance its economic benefits exploiting the benefits of its location between two fast growing powers in its neighborhood.

A country cannot change its neighbors. It has to adjust with them. Nepal's geopolitics offers it limited maneuverability in foreign policy.

Nepal has little freedom to change the existing parameters of geopolitics, which tend to dictate continuity in foreign policy, as the geopolitical parameters are rather slow to change. This geo-political reality has been one of the determining factors of Nepal's foreign policy. Due to this, Nepal's options for leveraging with its neighbors are limited as are choices in its foreign policy. However, geopolitics not only imposes constraints, but also offers opportunities for Nepal (A.K. Subedi, personal communication, Feb 29, 2020).

Nepal's geopolitical location offers both advantages and disadvantages to it. It is a challenge in the sense that it juxtaposes Nepal with two of the world's big powers with huge asymmetry in size and capacity with Nepal. Nepal has to tread carefully while walking a tightrope as an uncanny imbalance in relations which can hurt Nepal's long term strategic interests.

India and China are the main sources of tourists, investment and trade for Nepal. Both attach strong significance to their relations with Nepal under their respective neighborhood policies. Nepal can benefit from the economic prowess of India and China even with a small spill-over. However, it has been established that there is no automatic spill-over to Nepal from the economic growth of India and China.

Nepal also needs to reap benefits from the diplomatic initiatives as India and China have initiated in their neighborhood. China's BRI can offer Nepal the opportunity to revive the missing links in connectivity between China and South-Asia. India's Look East and 'Neighborhood First Policy' can also provide many benefits to Nepal. Their thrust for connectivity and economic integration can provide huge benefits for Nepal (Simkhada, 2017 May).

However, the geo-political opportunity that is available for Nepal may not be available for a long period of time. Nepal must act in urgency to reap such benefits at the earliest. There has to be a pragmatic action for benefitting from India and China including through trilateral cooperation and transit economy.

So far, Nepal's approach to geo-politics has been traditional. Nepal often ends up playing in others' interests instead of its own strategy and interests. Nepal has usually become a playground for strategic completion between its neighbors and big powers. Nepal must understand its geo-political environment better. It needs a strong and clear neighborhood policy, which should be based on the capacity to conduct its independent foreign policy, relations based on interests, as opposed to playing against one another (A.K. Subedi, personal communication, Feb 29, 2020).

5.4.6 India - China rivalry and impact on Nepal

5.4.6.1 India – China relations

China and India are two Asian giants with more than two billion people and one third of the entire world. Both countries share more than 2000 kilometers of border which is separated by the Karakoram in the Western sector and Himalayas in the East (McMahon Line). Overall, China claims 90,000 square Kilometers area in the Indian Arunachal Pradesh and India claims 38,000 square Kilometers in Aksai Chin and 5180 square Kilometers in Kashmir ceded by Pakistan to China. “The China-India border dispute is a critical dispute as political elites of both countries consider inter relationship far below their domestic perils with Taiwan and Pakistan” (Hamayoun, 2016, p.50). On independence from the British Raj, Pakistan successfully resolved the border dispute with China; however, India could not settle the border issue. Since the 1962 war, both countries have observed improvement in bilateral relations, however, nuclear tests by India in 1998 further deteriorated the relations between two countries. China is the only country in the Permanent - 5, which is trying to stymie India’s bid to get permanent membership of the UNSC. India considers China is creating impediments in its way to become a major power as it would challenge the rising development of China. In 2015, China launched BRI which is a manifestation of China’s emergence as an economic and strategic giant in the 21st Century with strategic vision of political leadership in response to the US rebalance strategy. India

views this project as a direct threat to its backyard mainly to Sri Lanka, Bhutan and Nepal.

Simultaneously, the development of the ports in Bangladesh, Sri Lanka and particularly Gawadar in Pakistan are considered as threats to contain India. Although China has already asked India to be part of this project however, Indian scholars, view this Chinese move as a trick to enhance their strategic influence without suspicion by India and, in the process, meeting their grand strategic goals. Under such environment, India is trying to have alliances in the Far East. India considers it as external balancing against China with regional and extra regional allies like the US through effective exploitation of the rebalance strategy.

China and India are also the biggest trade partners in Asia which makes them economically inter-dependent. India was also one of the first countries to join the Chinese led AIIB. Both countries also share identical views about climate change where they have resisted the demands of developed countries to accept binding emission cuts. In sum, India and China bilateral relations are on the crossroads of uncertainty where both view one another with concern of distrust. It is still not clear whether India will bandwagon against China. It is sine-qua-non, that India should come out with a solution to protect its interests without antagonizing China and other neighbors (Simkhada, 2018).

5.4.6.2 Bilateral disputes and issues

(a) China-India competition in the shared neighborhood

The increased globalization has been leading India and China towards complex competitive engagement predominantly within their shared neighborhood. Since 2005 onwards, India is becoming more extrovert in nature and concentrating more on geopolitics than geo-economics. As a result, India has moved from its traditional non-alignment status to more external balancing, utilizing strategic partnerships with the U.S. and Japan to strengthen its own connections and engagements vis-à-vis China. In May 2014, when PM Modi took office then these competitive environments got deepened and India started perceiving China as the primary security challenges (Chaudhury, 2018).

China-India rivalry can be categorized in three fronts. First, the border disputes in their shared neighborhood Bhutan. The 73-day military standoff in the disputed

Doklam area has amply justified the events. Second, India has reservation over the CPEC project and third, China's growing presence and influence in the Indian Ocean. (Simkhada, 2018).

In January 2015, during the U.S. President Obama's visit to India the two countries issued a detail which defined their joint strategic vision for the Asia-Pacific and the Indian Ocean that underscores India's increasingly outgoing nature and its focus on geo-politics with China. Likewise, the first India-US maritime security dialogue took place in May 2016. China remains worried at the deepening India-US defense and security partnership and also to the India's emphasis on external balancing in the growing multi-polar international system. Further, China has the fear that India-US jointly could pursue to hinder its ambitious global foreign and security policy goals. On the other hand, India views the growing of the military-to-military engagement with the US is predominantly – though not absolutely – a response to China's assertive policies towards India. Currently, US is one of the major arms suppliers to India (Grare, 2017).

India has concurrently upgraded her strategic partnerships with the US, Japan and Australia. During 2017 trilateral Malabar exercise with US and Japan in the Bay of Bengal, India has provided its largest-ever contribution of nine ships. However, not to antagonize China, India will not participate in any joint exercise and joint patrols with US in the South China Sea (Chaudhury, 2018).

However, all these gestures fall flat when one considers the larger geopolitical moves and strategies of both countries. For instance, China is inclined to see its geo-political objectives being better served by Pakistan rather than India, whereas India would like to be favorably disposed towards the US to balance its interests and concerns vis-à-vis China rather than investing complete trust in China. India-China cooperation in strategic areas would also help reduce the influence of extra-regional powers in the larger Indo-Pacific landmass and contribute to peace and security in the region.

(b) Competitive coexistence in a common neighborhood

India and China's policies are beginning to resemble each other. Just as Chinese engagement with India's neighbors, increases the status and bargaining position of smaller states vis-à-vis India, India too engages with many South-East Asian states who seek to hedge their dependence on China by developing more economic and geo-

political options. Yet, neither side is under any delusion that India's neighbors can be rallied against India nor that India can rally South-East Asian states to balance Chinese power.

The balance of power simply would not allow such a thing in practice to happen. Nearly all of India's neighbors have expressed a preference for non-alignment or strategic autonomy as a guiding principle in their foreign relations and multi-directional economic engagement with India, China, US, Japan and other powers. All are sensitive including publicly disavowing for any move towards offering military facilities or bases to external powers and thus are reassuring India on its vital interests. Another obvious trend is that neither India nor China seems to be pressuring or cajoling smaller South-Asian states to make hard choices, or persuading these states to adopt postures and policies that run contrary to the main interests of its regional competitor (Singh, 2019 June).

India and China are competing within a framework of self-restraint. If stability in their overlapping peripheries is a common interest, it should pave the way for more sustained bilateral conversations to mitigate some of the uncertainty induced competition and mistrust. These could also seek to proactively exploit the untapped overlapping interests likely to be emanating from China's growing involvement in South-Asia.

India and China must take the long view and pursue an approach of peaceful competition in the neighborhood and need to engage in a strategic conversation on the subcontinent and its various parts towards coordinating some of their regional connectivity visions and policies. The failure to pursue such a dialogue and to arrive an understanding on an agreed framework for Indian and Chinese policies, would constitute a recipe for regional instability and a costly zero-sum rivalry that neither country can afford in a rapidly changing international environment.

(c) India -China in the Indo-Pacific

India's own approach toward the Indo-Pacific is shaped by a new strategic environment coinciding with the rise of China, particularly in the Indian Ocean region (see figure 5.4) and South-Asia. As India began to face these challenges in the Indian Ocean and South-Asia, India adopted an Indo-Pacific strategy to manage a rising China in the region while strengthening partnerships to address a new security

environment. In doing so, India had to find a balance between its emerging geo-political competition with China and its renewed partnerships with the West. India's Indo-Pacific strategy therefore emerged as an opportunity to expand its presence while leveraging partnerships to address its capacity constraints in securing its strategic interests. "China's economic growth combined with its military modernization continues to widen the strategic and capacity gap with India. As a result, China is able to offer substantial economic projects and military assistance in South-Asia and the Indian Ocean region" (Baruah, 2020, p.13).

Figure 5. 4: Indian Ocean region



Source: Adapted from

<https://www.google.co.uk/imgres?imgurl=http%3A%2F%2Fwww.marsecreviw.com%2Fwp-content%2Fuploads%2F2015%2F08%2Fcompetition-in-the-Indian-ocean.jpg>

There are three key points shaping Indo-Pacific strategy as India's new foreign policy approach. First, the Indo-Pacific is a theater of opportunity for India that allows India to leverage partnerships to address a new strategic and security environment. Second, while there is India's partnership with Western powers helps India address its capability gaps and are an important aspect of its Indo-Pacific approach. Third, despite expanding collaborations across the

Indo-Pacific, the Indian Ocean is and will remain the primary theater for India's strategic interests (A.K. Subedi, personal communication, Feb 29, 2020).

While India will continue to increase its global engagements, India will invest its resources and capital primarily to elevate its strategic advantages in the Indian Ocean and South-Asia. The rise of China and its expanding collaborations in India's neighborhood have raised considerable concerns for India's political calculations. The Indo-Pacific has emerged as an opportunity to expand and support India's diplomatic and strategic profile. Yet as India has expanded its diplomatic and political outreach across the Indo-Pacific, it lacks economic and military resources to match its growing vision (Baruah, 2020).

(d) India's claims on South China Sea

"China unilaterally put forward the 'Nine-Dash Line' in 2009 to declare the South China Sea as territorial waters" (Gokhale, 2020, p.7). India views the situation in South China Sea plays critical role for the security and well-being. In the first place, the South China Sea is not China's sea but a global common. Second, it has been an important sea-lane of communication since the very beginning and passage has been unimpeded over the centuries. Third, Indians have sailed these waters for well over 1,500 years.

Fourth, nearly \$200 billions of Indian trade passes through the South China Sea. Fifth, India has stakes in the peace and security of this region in common with others who reside there and freedom of navigation, as well as other normal activities with friendly countries is essential for Indian economic well-being (Gokhale, 2020).

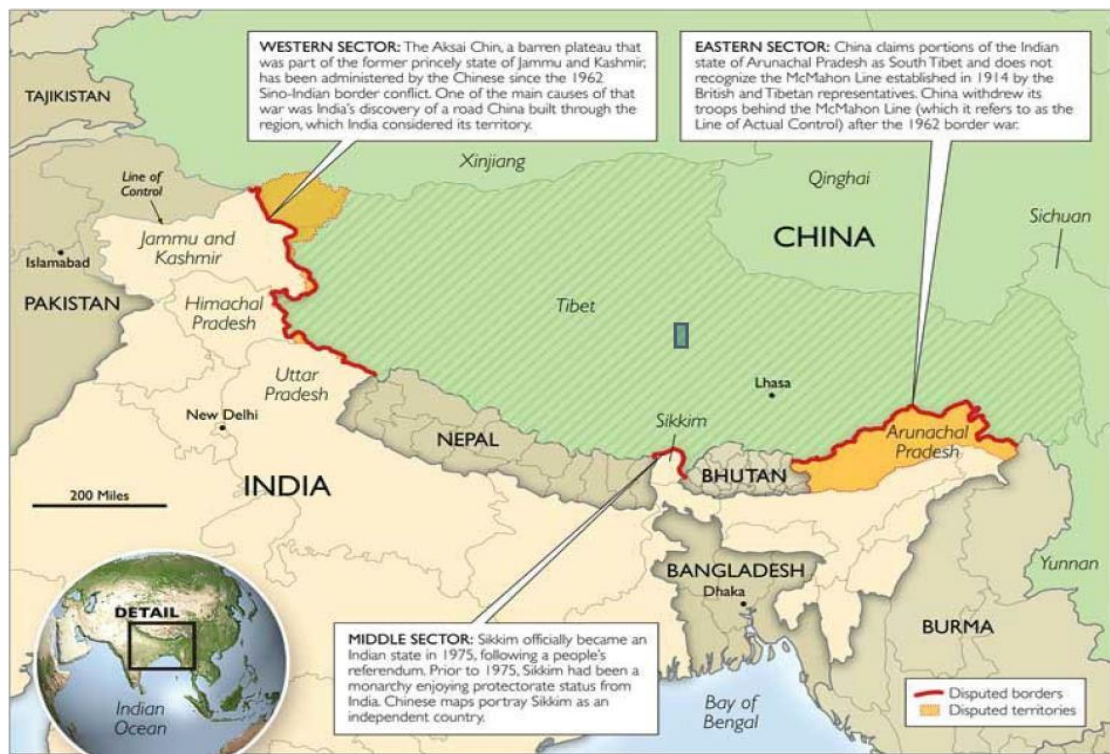
(e) Border tensions between China and India

The prospects for resolving these territorial disputes are becoming even cloudier, for four main reasons. First, China and India cannot remove the central cause of the recent tensions in the border areas, which is the continued construction of military and dual use purpose infrastructure in Chinese and Indian-controlled territories. Second, China and India have recently experienced strategic developments in the nearby neighbourhood. Specifically, the Chinese presence in the former principality of Jammu and Kashmir became more visible after 2015, when several economic projects were announced under the auspices of the CPEC.

The objection issue raised by the Indian Ministry of Defence in 2018 was focused on passing the CPEC-related infrastructural projects through the Kashmir territories controlled by Pakistan but claimed by India. Third, after the necessary infrastructure that is being built in the disputed areas, China and India are also moving facilities and systems of strategic significance to this region. Fourth, in addition to building up their capabilities, China and India are also demonstrating more proactive postures of military use (Topychkanov, 2020 June).

The most visible examples of this change are China’s military actions in the South China Sea and India’s military strikes against targets in Pakistani-controlled Kashmir. In both cases, strategic patience seems to be downgraded in political and military policies. The recent border tensions between China and India should not be regarded as routine engagements in the disputed areas in the Himalayan region (see figure 5.5).

Figure 5. 5: India and China conflict areas



Source. Adapted from https://twitter.com/indopac_info/status/1258301795517870080

There are indications that they represent a new stage in the strategic competition between these two nuclear-armed states, with China and India raising their stakes in border disputes and building up their military capabilities.

(f) Indian rejection to BRI

Over the years, Asia has seen an increasing need for better infrastructure and connectivity models. The BRI eventually increased Chinese engagements and invariably its presence in the Indian Ocean region and across South-Asia dramatically. Moreover, it provided an opportunity for China to expand its presence in the region through strategic collaborations. While India initially watched these developments with concern, it was not until 2017 that it took a firm stand against the BRI. Before 2017, India's primary opposition was to the CPEC, a section of the BRI that runs through the disputed territory of Kashmir. The underlying concern, however, was of the strategic implications of BRI in India's neighborhood and the wider Indian Ocean. The Indo-Pacific provided the platform for India to pursue its global strategic ambitions. As such, managing China-India competition will be at the forefront of India's strategic challenges (Baruah, 2020).

5.4.7 China-US rivalry and impact on Nepal

5.4.7.1 US security strategy of containing China

The current US containment strategy centers on China. It seems motivated mainly by intent of preventing China from emerging as an economically and politically key player or stakeholder in global affairs. This containment strategy is massive in design and pervasive in application and influence. This vows containment of China as the prime objective of the US administration. A certain section of the US think tank is making obstinate efforts to justify the legitimacy and necessity of the containment strategy against China despite the knowledge that it might push the world into a quagmire of a new Cold war. As argued by Patrick Buchanan, a noted US scholar the containment policy towards China is validated currently for the following reasons (Sangroula, 2018).

- (a) After 19th National Congress of the Chinese Communist Party in October 2017, President Xi Jinping's vision of common destiny and shared future is expected to bolster the prospect of new world order thus giving a predominant space to China in international politics;
- (b) In 2049, the occasion of centennial of the triumph of communist revolution, China may emerge as the first economic and military power on earth;
- (c) The US might be pushed out of Asia and the Western Pacific;

- (d) Taiwan will be returned to the motherland alongside South Korea and the Philippines being neutralized and Japan contained. In this wake, China's claim to all the rocks, reefs and islets in the South China Sea might be recognized by all current claimants thus ending the present indirect occupation of US on these parts of Asia;
- (e) Europe suffering from depopulation and driven by secessionism, is fearful of the third world migrant invasion.

These factors considered by the US as legitimate grounds for containment of China are results of fear psyche. The fear psyche is responsible for inducing to adopt the policy of divide and contain as a thrust of the security strategy. This policy is however, doomed to yield benefits. On the other side, the rise of China is seen peaceful and most importantly it has no alliance or bloc to cause threats against US security interests. China's expansion of trade is mutually benefiting all stakeholders despite the fact that US and India are the largest partners in this trade relations.

However, the US dependence on trade with China is enormous. "China is the second largest trading partner of America. In 2015, US imported \$482 billion worth of goods from China and exported \$116 billion worth of goods" (Muni, 2016, p.136). The US administration's adamant pursuit of the containment strategy may be extremely costly and painful for US interest itself. Pushing the containment strategy to further tenacity may result in a way worse consequence for the entire world either. China has already emerged as a pivotal nation in international politics and any attempt to push it back would be a futile endeavor and extremely provocative. The difficult and complex issue of North Korea's nuclear and ballistic missile programs cannot be addressed without China's extensive involvement.

5.4.7.2 An Indian Ocean dilemma: China-India rivalry and China's strategic vulnerability in the Indian Ocean

The balance of power in the Indian Ocean is changing quickly, driven by the erosion of the longstanding US strategic predominance and the rise of China and India as major powers. However, at least at present the strategic competition in this region appears to be much more pronounced between China and India than between either of those countries and the US. The US has been the predominant power in the Indian ocean for decades and might well be seen as a more known quantity. Indeed, many

analysts see a significant danger of an increasing strategic contest between China and India in the Indian Ocean as they jostle for influence and position in ways reminiscent of US–Soviet rivalry during the Cold War (Kaplan, 2009; Mohan, 2012).

China's overwhelming strategic imperative in the Indian ocean is the protection of its Sea Lines of Communication (SLOCs) across the Indian Ocean, particularly the transport of energy. China's strategic vulnerability in the Indian Ocean is principally a function of geography. China is trying to mitigate its vulnerabilities in the Indian Ocean in several ways: first, through building capabilities to project limited Naval and Air power into the Indian Ocean; second, through gaining greater access for its Naval vessels to ports in the Indian Ocean; and third, by developing limited overland transportation links to the Indian Ocean through Myanmar and potentially also Pakistan. But despite some of the rhetoric surrounding China's growing presence in the Indian Ocean, these do little to mitigate China's fundamental strategic disadvantages.

Some believe that China is seeking to mitigate its lack of Naval bases or logistic support facilities in the Indian Ocean through what has been called the 'String of Pearls' strategy in which the PLA Navy will develop bases or have access to facilities across the Northern Indian Ocean. Over the last decade or so, Chinese companies have been involved in the funding and construction of commercial port facilities at Gwadar (in Pakistan) and Hambantota (in Sri Lanka) and Kyaukpyu (in Myanmar). Since late 2013, China has also promoted its 'Maritime Silk Route' (MSR) initiative as an alternative narrative to the 'String of Pearls'. The proposal appears to envisage a China-centric system of ports, infrastructure projects and special economic zones in South-East Asia and the Northern Indian Ocean (Brewster, 2015).

The contest for India is to maintain its considerable geo-strategic advantage and for China to partially mitigate its disadvantage. Although China's relationships in the region are undoubtedly growing, there are few countries in the Indian Ocean region that would realistically consider China as a key security provider. India has had close security relationships with the Indian Ocean Island states. Overall, the US remains the most important security partner for most states in the Indian Ocean region and is likely to remain so for some time to come, although US is generally happy to see India further develop its role as a regional security provider. The prospect of

deployments of Chinese forces to protect Chinese interests would have considerable implications for the region. China's economic influence is also growing throughout the Indian Ocean region, in line with its rise as a world economic power. China is now the biggest trading partner for many states in the Indian Ocean region and is a major source of investment especially in infrastructure. Several countries also seek to use China as a partial balance or hedge in their political and economic relations with bigger powers such as US and India (Kaplan, 2009; Mohan, 2012).

5.4.7 The MCC and Nepal's strategic ties with US

The US Congress, in 2004, approved legislation for the establishment of the MCC as an independent bilateral foreign aid agency. The MCC was formed following dissatisfaction with the US other foreign aid programs, with an objective to reduce poverty through economic growth. Since its inception, the MCC board has approved 37 compacts worth \$13 billion for 29 countries, as of 2019. Only countries that demonstrate commitments to good governance, have positive development returns and take ownership of the program are eligible for MCC grants. The grant is allotted for agriculture and irrigation, education, anti-corruption measures, power and energy, enterprise development, health, transportation, land rights and sanitation and water supply. Nepal was the first country in South-Asia to qualify for the compact and signed in September 2017. The US government agreed to provide \$500 million in grants while Nepal would put in \$130 million for the project that prioritizes energy and roadways (Ghimire, 2020 April).

The MCC compact doesn't say it needs to be ratified by Nepal's parliament. However, the text of the agreement says that provisions in the compact will prevail over Nepal's existing laws in case of conflicts, which requires parliamentary ratification, according to the Nepal Treaty Act (Ghimire, 2020 April). The MCC is the first grant agreement that requires parliamentary approval. However, it is also the largest grant agreement Nepal has ever signed. As the grant assistance under the MCC has to be approved by the US Congress, the US government looks for the same level of commitment from receiving countries.

“According to section 7.1, the MCC agreement will prevail over the domestic laws of Nepal, while section 5.1 (iii) mentions that MCC funding cannot be used to violate US law or US government policy” (Amatya, 2020 Dec, p.3). But the real controversy

is not about the agreement's asymmetric nature but the Nepali phobia that the US aid is part of the Indo-Pacific Strategy and may be used for military purposes. The MCC agreement, in section 2.7, clearly mentions that the funding cannot be used for the military but some readers look at section 6.8, which provides immunity for MCC staff in all courts and tribunals of Nepal, and fear this could be used for military purposes.

There is no doubt that diplomats should continue to hold diplomatic immunity, but should immunity be granted for other activities? Isn't this a breach of the sovereignty of Nepal? The US is not generally circumspect. It has made a clear statement that the MCC is not part of the Indo-Pacific strategy. Many in Nepal thus perceive the MCC agreement as a violation of the Constitution of Nepal's Article 51 (m), which commits the country to a strong non-alignment principle (Amatya, 2020 Dec).

In particular, there are fears that the MCC agreement will drag Nepal into the US competition with China. The United States' 1 June 2019, Indo-Pacific Strategy report clearly mentions that China is a revisionist power and a threat, while Nepal maintains friendly relations with China. The Nepali mentality was deeply shattered with the Indian blockade of 2015. Nepal realizes the importance of roads and railways connecting to China and thus holds BRI in a positive light. The US was the second nation recognized by Nepal, after the United Kingdom and even before Nepal recognized its neighbors, India and China. Since then, the two countries have held a very friendly attitude toward one another. The US assigned special importance to Nepal after the emergence of the People's Republic of China.

The Indo-Pacific Strategy (IPS) report, published in June last year, says that the strategy broadly envisions linkages between security, governance and economics. Though it doesn't talk about the MCC but other report which came two months before clearly says that support under the compact is a part of the IPS. According to an expert who has worked for the Millennium Challenge Account said that Nepal should consider the MCC as an economic part of the IPS. Ratifying the MCC doesn't necessarily mean being a part of a military alliance. Economists suggest that Nepal should accept any economic support and there is no harm for the country in endorsing the MCC (Amatya, 2020 Dec). Even Chinese Ambassador to Nepal Hou Yanqi has said that China welcomes any international support to Nepal if it is for the economic development and cooperation.

Regarding Nepal's worry that signing up to MCC might constrain Nepal's choices to engage with China in particular, examples show something different. For instance, the US's neighbor El Salvador which has been engaged in MCC program since the beginning, recently went to the extent of changing its diplomatic ties from Taiwan to China in addition to signing BRI-related agreements with China. African nation Cote D'Ivoire signed the MCC compact the same year Nepal did so and subsequently signed China's BRI.

Nepal is also signatory to both MCC and BRI. And if one argues that the Indo-Pacific is US's security strategy, it is true of China's BRI as well. Nepal should stay away from getting into such arguments that can be double-edged sword (Sigdel, 2020 Jan). And importantly, regardless of the debate about MCC, USAID continues to be the US's primary instrument of development aid and Nepal has been an important partner. Therefore, in one way or the other, Nepal is not disconnected from the US strategy. For its part, China definitely has come up with its own international institutions but China at the same time continues to work with existing organizations that were formed under US leadership.

5.4.8 BRI and its impact on Nepal-China relations

Nepal has complex but reality-based relation with India. The over dependency in economic, political, cultural and security areas with India, has equally affected Nepal's political stability and prosperity. With BRI, Nepal definitely will be economically prosperous and self-reliance but Indian factor on BRI need to be analyzed in the light of new dimension of Nepal-China relation.

China's stakes and presence in Nepal seem to have been accepted by India as an unstoppable reality. India's main concern is security, economical interest, maintain geographical gap with China through Nepal, exploitation of Nepali natural resources (Water, Hydropower and construction materials), hegemony of Indian companies in infrastructure development and construction and wants continue Nepali dependency on India in its favor. China's increasing footprint in Nepal has a strategic impact on India's Himalayan security. A pro-China Nepal would be catastrophic for India. But, inclusion of Nepal in BRI should not be analyzed with unipolar lens of Indian perspective (Sangroula, 2018).

China also concerns about its security and stability in Tibet and greater China along with economic development. Both the countries are concerned on security, strategic impacts and somehow growing influences of in/through Nepal. While boycotting the BRI, Indian PM Modi said, “No country can accept a project that ignores its core concerns on sovereignty and territorial integrity” (Tuladhar, 2017 April, pp.2-3). India has reservation on CPEC and Chinese growing influences in South-Asia but main concern is security and strategic interest. President Xi, without referring to India's objections, said, “All countries should respect each other's sovereignty, dignity and territorial integrity, each other's development paths and social systems and each other's core interests and major concerns” (Tuladhar, 2017 April, pp.3-5).

Moreover, recent China-India relations, despite of difficulties is shaping towards prosperous direction. As Chinese Foreign Minister Wang Yi said:

Chinese and Indian leaders have developed a strategic vision for the future of our relations: the Chinese ‘dragon’ and the Indian ‘elephant’ must not fight each other, but dance with each other. In that case, one plus one will equal not only two, but also eleven (Sangroula, 2018, p.230).

India also have realized of being isolated from BRI that will costing them negatively in long run. Within the government and intellectual level, huge pressure is created for strategical and foreign relation issues especially Indian relation and actions with its immediate neighbors like Nepal, Pakistan, Bangladesh, Maldives and China.

Respecting their good neighbors’ interest and without minimizing their importance, position and security, Nepal only needs to grab the available opportunities for the prosperity of nation. Being an independent and sovereign nation, Nepal has choices to be part of any forum, development scheme and projects. So, Nepal’s inclusion in BRI should not affect the relation with India but further can be a tool for regional economic integration and stability. So called ‘Indian Factor’ will no more be effective, if Nepali politician, policy makers and entrepreneurs act wisely in the interest of nation (Tuladhar, 2017April). Both India and China are equally important and good neighbors of Nepal. Additionally, Indian diplomatic circle, government and politicians are always suspicious on Chinese BRI motive, investment and likely effects in India in the limelight of Chinese geometric progression in economic and technological development with great possibility for new economical world order.

They think Nepal's participation in BRI is against Indian security and strategical interest. But they often forget that Nepal as a sovereign country has right to choose its best path of economic prosperity in own interest.

BRI is not the only project in Nepal but Nepal need supports and participation of both in numerous national development process of Nepal. Only good wishes, assistance, active participation and friendly relations may help Nepal to be prosperous, strong and stable. Irrespective of Indian isolation in BRI, Nepal inclusion mainly highlights economic cooperation which needs to be integrated pragmatically. Nepal wants to enhance connectivity with China, reap benefits from such visionary initiatives and no external forces can stop from implementing those historical bilateral cooperation deals to promote connectivity, trade and commerce.

From the past experiences, Nepal learnt that too much dependency with India is against the national interest of Nepal. Time has come to reduce the dependency with new initiative like BRI without diminishing their importance and national interest too. India cannot and should not prevent Nepal from developing closer links with China so long as Nepal remains cognizant of vital Indian interests. 'China Card or Indian Card' often heard is only confusion created by politicians and vested group as there are no such any card in foreign relation (L.M. Poudyal, personal communication, Feb 7, 2020).

Those even should not be played to influence our neighbors but for self-dependency of Nepal. It's the great question whether Nepal should remain buffer state ever or it has to make smart move utilizing its geo-political location and geo-strategic importance. Indo-China relation is going comparatively in better path which ultimately promote Chinese market in India and vice versa.

Undeniably, China too wishes Nepal can have very good relation with India without diminishing their importance in Nepal. China always wants good relation with India through Nepal for its own national interest. Also, Nepal should not be a playground of external power for anti-neighbors' activities as well as Nepal should cooperate and control such activities if any, which are potential threat to their security. That can serve as the base of China-Nepal-India triangle relation.

5.5 Regional cooperation

Historically, culturally, physically and linguistically, South-Asia is an integrated region but such features have been over-shadowed by the deep-rooted division and animosities across the region. However, with the vibrant surge of globalization and regional grouping, regional cooperation and integration have gathered an unstoppable momentum in Asia. Asian regionalism finds its rationale in not only regional economic benefits, but also political and security interests. South-Asia can become the second largest economy in the world after China. Given the geographic proximity and economic complementarities between South-Asia on the one hand and China on the other, this region could become the greatest economic powerhouse in human history. Although, South-Asia as a region has huge potential to emerge as a vibrant market and achieve tremendous economic growth, yet, unless the political issues are kept aside by the regional actors and decision makers, cooperation seems to be a complex process. Because, South-Asia is one of the regions where there is an intricate link between security and cooperation. And unless the security issues are addressed properly, cooperative measures could hardly find sound ground.

5.5.1 Management of contentious issues between Nepal and India

Kaye (2007) opines:

While official diplomatic communications are the obvious way, but, in many instances, adversaries cannot communicate openly given domestic sensitivities. Because of such limitations, adversaries have often turned to track two diplomacies. While such dialogues have played a significant role in shaping the views, attitudes and knowledge bases of core groups of security elites, both civilian and military (Kaye, 2007, p.115).

The regional situation in South-Asia has changed with the development of regional integration. China's BRI initiative and its economic development can meet these countries' demands, prompting their cooperation with China. In addition, multilateral cooperation is a trend in South-Asia. Now, the region has seen cooperation mechanisms such as the BRICS and SAARC (Basu, 2021 June). India, as a regional power, should be more open to security and economic cooperation between South-Asian countries including Nepal and countries outside the region. This does not conflict with India's interests, but is good for peace and stability in South-Asia. In changing circumstances,

it's quite essential for Nepal and India to make immediate revisions in bilateral treaties and shaping them as per the suitability of present time. Water management possessed very crucial and strategic place in the sphere of India-Nepal relations.

Border management is another issue that needs more regulated treatment though it should remain open as even before because prevalence of open border is the biggest asset of Nepal-India relation and it has potential to be framed as an ideal border of South-Asia. Nepal's border diplomacy has two sides of it: that of demarcation and management of trans-border movement and security issues. It includes political as well as technical aspects. India and Bangladesh resolved their boundary issues exchanging enclaves in 2015 that had remained on either side after the signing of the 1975 border treaty (Kumari, 2019).

Nepal and India can also resolve boundary related issues through amicable negotiation and technical evidence. Nepal and India should venture to sign a new boundary treaty completing the mapping and resolving the remaining disputes as soon as possible. At present there is no boundary treaty between Nepal and India to supersede the 1816 Sugauli Treaty (Ibrahim, 2013).

India must respect Nepal's sovereignty. Mutual respect is a key in bilateral relations; and India should not meddle in the internal political affairs of Nepal or panic over China's growing investment in Nepal. Both countries are preparing to focus on economic and development issues instead of political and other thorny bilateral issues.

Military diplomacy has emerged as an effective tool to support country's diplomacy vis-à-vis extension of foreign policy and to bridge gap in areas that appears to be incomplete or less possible through diplomatic tool alone. A conscious integration of force and diplomacy is vital for the successful management of foreign policy (Nathan, 2002). Military diplomacy as argued by Elman (1995) is most likely to maximize security benefits and minimize security risks for a country like Nepal.

The military diplomacy along with track two diplomacy should always be kept open and should be encouraged. Despite discord over the border and other irritants, the armed forces of both nations through positive military diplomacy were able to broaden the space for further interaction at other levels (Deb, 2020 Dec). Despite a certain resilience in the relationship and an associated romanticism (prevalent more

in India) harking back over centuries, regular government to government interaction, especially formal visits by key persons, is vital for its sustainment.

As India and China are competing to increase their influence in Nepal, Nepal trying to balance policy with both neighbors through a special emphasis on economic development. The mutual trust will be the key ingredient of Nepal's relationships with India and China. In particular, Nepal should remain engaged in the 'vibrant economic drive' of the neighborhood with a view to benefitting from it. "Nepal should respect the legitimate interests of both the neighbors and should not allow anything against them in Nepal's soil. Nepal should plan to bring massive investment from both India and China to fulfill economic development" (M.R. Acharya, personal communication Feb 3, 2020).

5.5.2 Bilateral cooperation between Nepal and US

Nepal and US established diplomatic relations in 1948. Bilateral relations are friendly and US policy objectives center on helping Nepal build a peaceful, prosperous, resilient and democratic society (US Department of State, 2020). The US enjoys a strong and positive relationship with Nepal. Years of diplomacy, development and military engagement have advanced US interests as Nepal has evolved into a more peaceful and stable democracy with significant economic potential.

Officials from Nepal and the US meet regularly at the highest diplomatic levels to discuss a variety of issues including: assistance provided by USAID, the largest bilateral donor in Nepal; MCC coordination and implementation; trade (including technical assistance); security and defense cooperation; and humanitarian assistance and disaster response. To improve Nepal's economic situation, the MCC signed, in 2017, a \$500 million Compact with Nepal to expand Nepal's electricity transmission infrastructure and improve its road maintenance regime. US assistance primarily implemented through USAID, has been critical to help Nepal rebuild after the devastating 2015 earthquake. The US has provided over \$190 million for earthquake relief, recovery and reconstruction. USAID is also helping Nepal implement its new disaster management law and stand up a new National Disaster Management Authority. The US remains committed to build Nepal's resilience in the event of any future disaster, including the COVID-19 crisis. As of June 2020, the US has provided over \$7 million in assistance to Nepal in response to the pandemic. The US has also

committed security assistance to Nepal, working with the Nepali Army to strengthen their peacekeeping and disaster response capabilities (US Department of State, 2020).

The US and Nepal have signed a trade and investment framework agreement providing a forum for bilateral talks to enhance trade and investment, discuss specific trade issues and promote more comprehensive trade agreements between the two countries. In 2016, Nepal became one of few countries in the world with a single-country trade preference program with the US. Nepal and the US belong to a number of the same international organizations including the UN, International Monetary Fund, World Bank and World Trade Organization.

5.5.3 Reconstruction of China-India strategic partnership

India and China have to have cooperation for the regional and global stability interests. There are various areas of cooperation but the lack of ample political trust is hindering the process. There seems to be persistent mistrust at the strategic levels of decision-making in both countries. There are remaining issues from the colonial period and the China skeptics with India persistently harp on the protracted border dispute, China-Pakistan relationship, necklace of diamond strategy of India (see figure 5.6) and the ‘String of Pearls’ strategy of China.

Figure 5. 6: Necklace of Diamonds



Source. Adapted from <https://www.jagranjosh.com/general-knowledge/necklace-of-diamond-strategy-1592404137-1>

China and India should not continue with skepticism and mistrust, rather both countries should engage in the meaningful dialogue in order to solve the problem. The positive aspirations from both the nations are the prerequisite for building the harmonious and trustworthy environment. The utmost efforts need to focus on resolving the historical disputes including the boundary disputes with innovative and pragmatic ideas. The other pertinent requirement is the proper education to shape the domestic public opinion more prominently of the younger generations.

China is aware that India is developing rapidly and strengthening its comprehensive national power. But one country's growth must not necessarily be harmful for other country. Both countries should not play against each other. China and India should work towards building a new kind of state-to-state relations not based on balance of power or playing one against other. China views that its approach is based on a vision of a new international order and striving towards achieving a 'harmonious world'. However, China has built worthy relations with Pakistan mainly to counter the US and to balance against India. On the other hand, China states that it does not seek a western balance of power, rather relationships based on the 'five principles of peaceful coexistence' and a 'harmonious world' where differences are not ruled out but it is ensured that these do not lead towards conflict (Rana, 2013). Besides their bilateral relations, India and China have to be more proactive in the global affairs. Understandings between India and China on multidimensional issues and strengthening their bilateral engagements are very vital at the global level. However, the intensity of collaboration between two countries remains insufficient. The two countries need to cooperate in regional forum like ASEAN, SCO and SAARC. China and India can further collaborate in the peacekeeping operations and restructuring of UN.

Following a rise in non-military threats in recent years, India and China has changed the perception towards evolving security issues. Therefore, it demands more crucial cooperation between India and China. The definition of power is modified encompassing many transformations and this is vital to identify these changes. The theory of constructivism presents a new modality where the 'new security' concept can be implemented to various military issues pertaining to the border and also the non- military issues such as ethnic issues, terrorism and illegal migration. Hence, India and China need to adopt constructivist approach to resolve their outstanding

issues. Economically, the global contribution by China and India is likely to expand further in the future. Along with India and China, Asia too is growing with them.

With regards to the possible area of cooperation between India and China, nuclear agreement can be one of the promising areas. China has already signed a de-targeting agreement with Russia during Boris Yeltsin's visit and a non-targeting agreement with US during Bill Clinton's visit, however China has not signed such agreement with India. Both countries should resolve the bilateral issues first and should not adopt the approach of 1950 moving to multilateral issues. Furthermore, this is the right time India and China should progress from joint operations to joint exercises including in the Pacific. They could cooperate in anti-piracy safeguarding SLOC against weaponization in outer periphery and commence joint research developments. India and China must intensify their bilateral relations and US should not be the dividing factor. India and China have plenty of bilateral motivations to cooperate and develop a momentum for the strategic partnership (Jaiswal, 2015).

India and China need to work out the modalities for cooperation and five things are must for the effective implementation. Firstly, the status quo should be maintained on all the lingering issues because any of these issues might create domestic disturbances leading to a protracted conflict or skirmish. Secondly, China needs to understand that the international political economy cannot have the one winner because in due course of time there will be trade correction and shifting of production bases. Thirdly, the interactions between Indian and Chinese diaspora have led to the sustained economic growth of Singapore and this factor could be taken into account for developing South-East Asia and building integrated developmental network. Fourthly, India and China have been playing on the opposite sides in most of the multilateral forums with each nation protecting its interest but at times when they have come together; it has created forums like BRICS which have challenged the West dominated order and also led to fruitful leverages. Lastly, India and China need to experiment with the fact that none of the South-East Asian nations are offering base to any major powers barring few nations which have bilateral agreements with US or part of alliance like Five Power Defense Arrangements (FPDA). This clearly shows that China threat has not multiplied to such an extent that it cannot be managed. Therefore, the need has been felt for both India and China to look for niche areas and complementarities. Any

skirmish or tension between the two countries would push the Western order in Asia which would jeopardize the Asian century (Kumari, 2019).

5.5.4 The subregional collaboration

The SAARC has been a recurrent hostage to downturns in India-Pakistan relations which has often led India to turn to subregional initiatives, as has been witnessed by the formation of the BIMSTEC. Similarly, Bangladesh, China, India and Myanmar Economic Corridor (BCIM) remained a Track II initiative for India despite the rhetoric as to the perceived importance of subregional groupings (Mishra, 2020 Jan). India's endeavor in this direction, nonetheless, has met a powerful tide from the reverse direction in the shape of China's BRI. Growing interest by most of the South-Asian countries in China's infrastructure development and connectivity plans was visible well before India focused on BIMSTEC. It is believed that BIMSTEC not only represented uneven economies with differing interests but the absence of China, the biggest Asian economy, would slow down the initiative because of a lack of investments. India's refusal to get involved in the BRI has not persuaded its small neighbors to keep away from collaborating with China.

It is evident that India's rejection of the BRI on the grounds that it violates its sovereign territorial claims has only helped China entrench its influence in South-Asia and the Indian ocean region and tightened China-Pakistan bonding further, making the CPEC, a key part of the BRI. Clearly India and China pursue competitive regional strategies that seek to reduce the influence of each other. Having above 40 per cent of the global population, India and China face shared future challenges and requires the immediate initiation of the dialogue and cooperation. They need to move ahead step-by-step by strengthening their relationship which possess both opportunities and challenges (Mishra, 2020 Jan).

5.5.5 China-India cooperation in the shared neighborhood

China and India have substantial level of cooperation and engagement on both geo-political and geo-economic issues at the regional and global multilateral context. Ensuing the resolution of the military standoff at Doklam in August 2017, both China and India strengthened their cooperation on counter-terrorism at the 9th BRICS (Brazil Russia India China South Africa) summit in China on 4 September 2017. India also

lately entered the China-led AIIB which aspires to meet infrastructure needs throughout Asia.

India stands as a lead partner in AIIB and the second largest shareholder holding 7.5% voting shares after China who possess 26% shares. In June 2016, India also officially joined the China led SCO as a full member along with Pakistan. Furthermore, at the global level, such case and examples apply to the Group of 20 (G20) and the Copenhagen and Paris climate change summits. In the year 2011 and 2012, China backed India's successful candidacy for a non-permanent seat in the United Nations Security Council. Similarly, India is a full member of SAARC, the 21-member Indian Ocean Rim Association (IORA) and the 35-member Indian Ocean Naval Symposium (IONS), whereas China is either an Observer or a dialogue partner in these organizations (Chaudhury, 2017).

5.5.6 China and India cooperation to bring peace

Peace between rising powers is always fragile and India and China are no exceptions. On 15 June 2020, troops on the China-India border engaged in their most violent confrontation in decades, endangering the precariously maintained peace between the two Asian giants. The scuffle took place in the Galwan Valley on the Western sector of the Line of Actual Control (LOAC) that delineates the *de facto* border between the nuclear-armed neighbors. The LOAC has historically been a cause of strained relations between India and China (Pandey, 2020 Sept).

A fragile balance of competition and cooperation has maintained India and China's great power aspirations. India is presciently warned of China's containment of India, the modernization of the PLA and its growing assertiveness on the border and felt a shift of India's national security strategy from Pakistan to China. India assesses that China's unchecked maritime advance especially its stronghold of critical Sea Lines of Communication or 'String of Pearls' that encircle India, has been a long-standing concern for India's security elite. Listed under its BRI, China's development of ports from Myanmar, Sri Lanka, Pakistan to Kenya threatens India's peninsular advantage in IOR. Another reason China's ambitions cannot fit well within a cooperative model with India is that they cut right through India's nationalism, the soul of which lies in Kashmir. When BRI's flagship project, the CPEC, laid plans to pass through Gilgit-Baltistan in Pakistan-occupied Kashmir, India became acutely aware of the threat that

this evolving partnership would pose to its strategic positioning in Asia (Sangroula, 2018).

India is at risk of neglecting its neighbors. While there are laudable achievements under India's 'Neighborhood First Policy', BBIN framework and the BIMSTEC but ineffective implementation and unstained momentum have impeded India's ability to realize the full potential of these initiatives. At the same time, China has made inroads into South-Asian affairs securing economic, diplomatic and security ties in the neighborhood.

China has greatly leveraged the BRI to its geo-strategic advantage, taking over Sri Lanka's Hambantota Port on a 99-year lease, signing of Nepal's stance on Tibet through 20 BRI agreements, parading the 'China-Maldives Friendship Bridge' as an incentive of Chinese partnership and, ultimately, by giving Pakistan an unconditional alliance that would keep India on guard (Pandey, 2020 Sept). India is now seeking attention from Western powers especially the US, as US is mounting anti-China sentiment and China is seen as a challenger to its global status. China will be significantly larger and more impactful than US in next few years and US will have to accept this reality. War is against China's fundamental interests of peace and mutual peaceful coexistence and India's fundamental interest of industrialization. Moreover, any military escalation will be a drain on resources for both the countries.

5.5.7 China – South-Asia cooperation and connectivity in the context of BRI

The cooperation and engagement between China and South-Asia began as early as new China was founded in 1949. In recent times, the cooperation has enlarged significantly.

Most importantly, China has taken a very positive attitude towards development of smaller neighbors in South-Asia. The bigger economic engagement of China with South-Asia, however, flourished recently. The two-way cooperation between China and South-Asia is now cementing and the outlook of the South-Asian people to this development is quite positive particularly in the wake of unfolding connectivity within the framework of the BRI (Jha, 2017 June).

China has already attained the position of world's second larger economy and has rigorously been striving for gaining a position of world's first economic by

2025 thus clearing the way for becoming a developed country by 2050. For meeting these goals China has to enhance its position both in economic and political fronts internationally (Angang, 2011, p. 53).

For this purpose, China may have to revisit the dynamics of its relations with neighboring countries, the South-Asian smaller nations in particular. A stable and mutually dependent Asia is necessary for its economic boom as well as the economic progress of its neighbors. In fact, China should now have greater scope to boost trade with its regional partners and beyond. However, the need of triggering intra continental trade in Asia is vital. Asia's trade channel run deep and will only become stronger if initiatives like BRI and the regional comprehensive economic partnership are successfully accelerated. China and India featured as two biggest territories with the biggest population.

The representatives of the two most ancient civilizations have come closer in trade and commerce in recent times and their relationship has gone more stable. Improving the situation of a better tie between China and India, hence may open a new era for bigger economic cooperation between these two countries, as well as between China and the South-Asian region at large. It can be well expected that in the given context of improved relation and communication between China and India, the outside forces may be prevented from meddling in affairs of the South-Asian countries in future. Moreover, the consolidation of ties between China and India may also help India to evolve its trust with other countries in the region. Understandably the fading or disappearing distrust between China and India will garner a burgeoning trust between India and other South-Asian countries.

The ever-expanding revival of the concept of ancient Silk Road Economic Belt and the Maritime Road for the 21st century shows a potential of becoming a model of economic cooperation among Eurasian countries thus expanding the reach of Asian in European bigger markets. The BRI is to connect through specific economic corridor (see figure 5.7) concept passing through Burma, Bangladesh North-East India, Bhutan and Nepal for their increased trade with China as well as among themselves. This connectivity is expected to bring a new momentum and spirit in economic cooperation between China and South-Asia and South-Asia and South-East Asia along with China.

The prospect or potential of approaching Europe through Central-Asia is an equally viable option for the South-Asian countries. Obviously, the role of China in future for building a progressive economic Asian as well as the world is potential and crucial. It seems that the current leadership of China has understood this role.

President Xi Jinping on 25 October 2013 stated that transformation of China into the moderately prosperous country by 2021 and a prosperous strong democratic, culturally advanced, harmonious and modern socialist country by 2049. President Xi's remarks are remarkably important considering his emphasis on the issues of relationship with neighboring countries, which in the past remained comparatively in low ebb. There is a popular saying in Asia that a friend can be changed but not the neighbor. It seems that China is keen to work with neighbors with a strategic goal of transforming Asia into a hub of economy and scientific development.

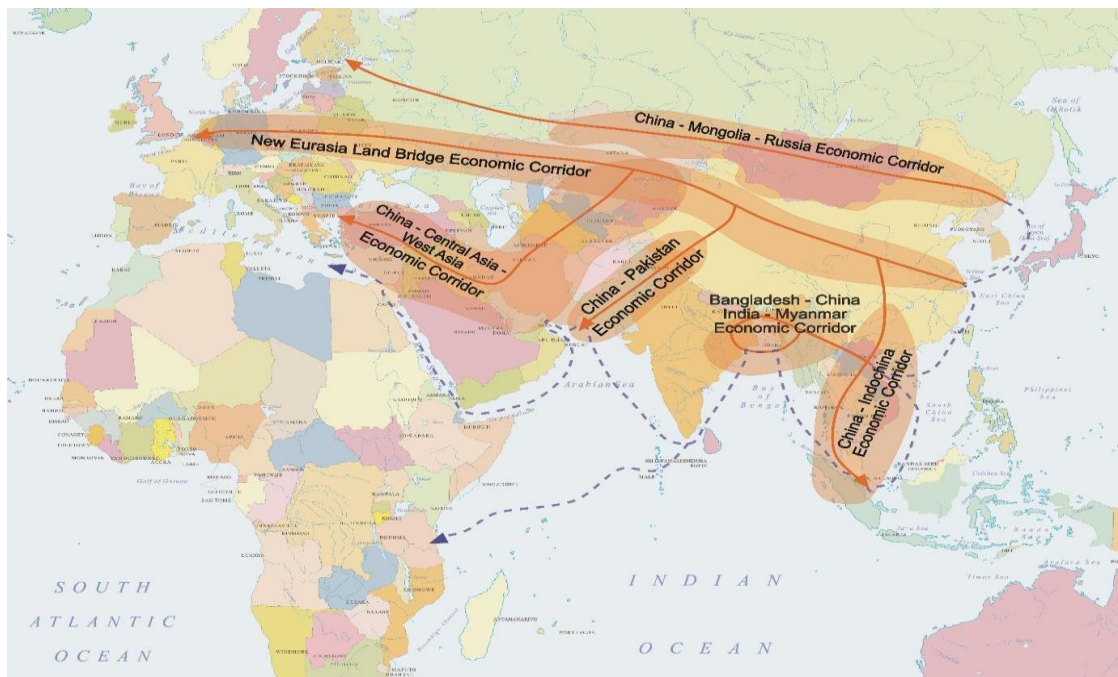
Undoubtedly, such cooperation is to be based on mutual benefits and it must establish a workable network of common interests. Therefore, the agenda of development cooperation are clearly figured out as follows:

- (a) China must make use of its advantages in economy trade technology and finance;
- (b) China must take active participation in regional economic cooperation;
- (c) China must work with its neighbors to hasten interconnectivity and establish a Silk Road Economic Belt and Maritime Silk Road for the 21st Century.;
- (d) China must accelerate the process of establishment of free trade zones neighbors and create a new pattern of regional economic cooperation (Sangroula, 2018).

The partnership and collaboration with neighbors in development efforts with the shared growth of the economy are particularly emphasized as a thrust of China's international relations in the days to come.

This policy is particularly important for South-Asia because the outbound investment can help to address the dire need of infrastructure development and industrialization of South-Asia. The connectivity under the BRI can be taken as a boon for stimulating and boosting the economy of South-Asia.

Figure 5. 7: Economic corridors of BRI



Source. Adapted from *Mercator Institute for China Studies*. (Clinton, 24/03/2017.

Reuters)

However, the sluggish administrative mechanisms, the overly partisan interests of ruling parties and massive corruption problems in South-Asia are seen as biggest hurdles in swift and appropriate implementation of the BRI. The businesses as well as industrial communities in the South-Asian countries have failed to conceive and internalize the benefits from BRI. It also seems conceptually unclear on matters of partnership modality with the framework of the BRI. Indian understanding of BRI is a serious hurdle in urgently required connectivity. The situation of massive corruption and the influence of the neoliberalist economy is a serious hurdle in the implementation of the BIR.

CHAPTER 6

NEPAL'S FOREIGN POLICY AND SECURITY STRATEGY

This chapter analyzes Nepal's foreign policy and security strategy. Firstly, it examines the dynamism and adjustment of Nepal's foreign policy in the global environment. The evolution and trends of development of foreign policy including the latest is discussed. Secondly, it analyzes Nepal's strategy of non-Alignment and its future prospects. The NAM is one of the most adopted policies since long time in Nepal's diplomatic discourse and its present-day relevancy is crucial to analyze for the future course.

Thirdly, it describes Nepal's strategic and security cooperation along with foreign policy behavior and dimensions. Due to its geo-strategic and geopolitical importance, Nepal needs to balance the relation with regional and extra regional powers. The immediate neighborhood policy and regional balance is crucial for its survival and international non-alignment and is also equally important for its development. Fourthly, it analyzes the trilateral cooperation in the regional environment, challenges and way ahead. The bilateral cooperation along with trilateral cooperation especially among Nepal, India and China is critical for the regional peace and development.

6.1 Foreign policy of Nepal

Foreign policy is generally designed to help protect a country's national interests, national security, ideological goals and economic prosperity. For a small country like Nepal sandwiched between the Asian giants, this can only occur as a result of peaceful cooperation. Arnold Bennett has said; "Any change, even a change for the better is always accompanied by drawbacks and discomforts. Leaderships therefore should be highly aware of the defective sides of the change and work relentlessly towards eliminating them for the better prospect" (Singh, 2014, p. 52). Alongside the domestic change, the global scenario has also passed through the stage of change from the unipolar world to that of the multi-polar one in recent years.

The policy of regional balance of power of Nepal was developed in the context of the conflict of interests between its neighbors India in one hand as well as China and Pakistan in the other hand. Nepal adopted a posture of neutrality and non-alignment with its neighbors as a fundamental condition with an objective of exercising

discretion and extending the scope of its regional maneuverability. The foreign policy of Nepal is a well-organized strategy for the defense improvement and self-assertion as an independent sovereign country in the middle of global power politics, however, it is not just the sum-total of its exterior relations and interactions. While global engagements have a significance of their own in Nepal's foreign policy, the thrust of this policy has been on keeping a desirable balance between its immediate and principal neighbors, especially between India and China. Apparently, the political change in Nepal demands for a fresh look at the substantial style of the conduct of foreign policy. The change itself should not be just a matter perceived but it should reflect a reality experienced all around the national life. It needs to be followed by the changed behavior and attitude.

6.1.1 Evolution and dynamism of Nepal's foreign policy

Hey (2003) states:

The foreign policy behavior of small states is such that they limit their behavior to their immediate geographical arena, choose neutral position, aim to cooperate and to avoid conflict with others and spend a disproportionate amount of foreign policy resources on ensuring physical and political security and survival (p.11).

Nepal has maintained a pragmatic and dignified foreign policy that has helped safeguard its survival as an independent state. Safeguarding the country's independence has been among the main objective of Nepal's foreign policy during its evolutionary phases. Nepal's foreign policy started with an introvert mode with limited engagement in the neighboring countries and the power with which it came in contact.

After unification, Nepal's rulers achieved the foreign policy goal of preserving independence with three-fold strategy: isolation, resistance and appeasement. The makers of modern Nepal resisted when their independence was threatened and befriended these powers when it was in Nepal's interest to do so. As Nepal started reaching out to the world, it embarked upon a broad-based foreign policy. Nepal's foreign policy is built around its historical experiences, geopolitical compulsions and national aspirations.

6.1.1.1 The traditional metaphor

Traditionally, the concepts of Hindu and Buddhist civilizations have shaped the values in the making of foreign policy in Nepal and conduct of relations between states. Nepal has always been guided by the ancient concepts of 'Basudhaiva Kutumbakam' which means the world is one family. In modern times, the divine quotations of King Prithvi Narayan Shah; 'Nepal is a yam between two boulders' still reverberates in Nepal's foreign policy, especially in relations to Nepal's geopolitical location between India and China. His Policy helped safeguard Nepal's newly-won unification against the big powers on either side. Even today, this notion remains as one of major factors shaping Nepal's foreign policy (Muni, 2016).

6.1.1.2 The strategy for survival

Cleary_(2005) opines "Do not engage an enemy more powerful than you. And if it is unavoidable and you do have to engage, then make sure you engage it on your terms, not on your enemy's terms" (p.21). Historically, Nepal's orientation in international relations has been described as isolation. For most part of its history, Nepal has remained an introvert state, avoiding contact and confrontation with outside forces. Nepal's isolation from the rest of world was conditioned by its geopolitical realities, both as compulsion and a choice. There were strategic considerations for such introversion. Most important of those considerations was the preservation of Nepal's independence. The policy of isolation continued until the Rana period (1846-1950). Nepal's contact abroad was very limited. After that, Nepal did venture into relations with powerful forces in the region and outside (Acharya, 2019).

6.1.1.3 The strong resistance

Historically, the rulers of Nepal had the plain objective of safeguarding the independence of the country. To achieve this objective, they adopted an introvert or inward-looking foreign policy avoiding conflict and contact with powers that could threaten its existences as an independent country. After unification, the objective of Nepal's foreign policy was to preserve and consolidate the newly unified kingdom. This could be achieved with a strong resistance to the contemporary forces in India and China. In fact, Nepal has to fight wars with both. They adopted a policy of resistance when they encountered with the big powers.

6.1.1.4 The appeasement policy

Nepal's foreign policy took a significant shift during the Rana Period which lasted for 104 years (1846-1950). The Ranas, who ruled Nepal as a family autocracy, maintained excellent relations with the British power. The Rana Prime Ministers took the courage of changing the course of hostile relations with the British India with an appeasement and friendly relations. The Rana policy of appeasement was a major strategy for protecting Nepal's interests. Rana Prime Minister Jung Bahadur Rana himself led a contingent of Nepali troops to assist the British power to contain the Sepoy Mutiny of India in 1857. Prime Minister Chandra Shamsheer Rana also allowed the Gurkhas to be recruited in the British Army. He also sent Nepali troops to assist the British and in the World wars. As they did not have coercive power at their disposal against the mighty British empire, the Rana rulers applied the instrument of appeasement to preserve Nepal's core interests (Rose, 1971).

6.1.1.5 Out of the cocoon

After the British left the subcontinent, a new consciousness emerged in the region. The advent of democracy marked the beginning of a new era in Nepal's external relations. In the era of new democratic consciousness, Nepal started to open itself up by establishing diplomatic relations with countries beyond the region. Gradually Nepal started to come out of isolation and to venture out to broaden its diplomatic relations beyond the region more proactively. Entry into the community of United Nations, the establishment of diplomatic relations and the membership of international organizations gave Nepal fresh identity in the international community (Acharya, 2019).

6.1.1.6 The age of equidistance

Though aimed to preserve itself, the Panchayat era (1962-1990) took significant outward-orientation and continued to diversify its relation with other countries. King Mahendra made significant overtures with China and used Nepal's relations with its Northern neighbor to balance its act with India. During this period, Nepal's foreign policy was obsessed with the notion of maintaining balanced relations with India and China. In what was called the 'Policy of equidistance', Nepal sought to balance the relations with India and China keeping both at an equal distance. In 1961, King Mahendra brought Nepal to the NAM as one of its founding members. During the

Cold war, Nepal refused to join either superpower bloc and instead preferred to remain non-aligned as this provided Nepal a safe distance from them. In 1975, King Birendra declared Nepal as a ZOP, which received support from around the world, though it received cold feet from India (Pokharna, 2009).

6.1.1.7 The democratization of foreign policy

Further openness and exposure in Nepal's foreign policy came with the re-establishment of democracy in 1990s. Nepal came in tune with many democratic countries around the world. The foreign policy in the democratic era could not become more mature and programmatic. It often lacked a strategic vision and sincerity in attitude and the reflection of the true national aspirations. Traditional pillars of Nepal's foreign policy such as the principles of the Non-Alignment, United national Charters and the Panchsheel, respect for the international law and world peace found categorical declaration in the 1991 constitution of Nepal. Nepal continued to build upon its independent foreign policy.

In this era, Nepal also enhanced its role and visibility in the multilateral forum such as the United Nations. Nepal put a high premium to regional cooperation through the SAARC. Nepal also became a member of the BIMSTEC that bridges the South and South-East Asia. Nepal applied its regional diplomacy for economic integration in the region. Nepal's foreign policy became further broad based in the democratic transformation after 2006. Nepal's foreign policy in recent times had become more democratic and consensual than it used to be earlier.

6.1.1.8 The search of new elements

Despite the dynamism in the international and national scene, Nepal's foreign policy has maintained quite good degree of consistency and continuity. Nepal always takes principled stands on the merit of the issues. Nepal's foreign policy has yet to come out of the traditionalism that has kept it stagnated. It has become stereotyped based on principles adopted more than half-century ago. Though still relevant, the principles of Non-alignment, Panchsheel and the UN Charter that are carried over as elements of Nepal's foreign policy which do not provide the necessary appeal that is required today. Even economic diplomacy has started to become stale as it has not been able to deliver results. There is a need to invent new things to inject fresh dynamism into Nepal's foreign policy.

Nepal's foreign policy should take into account the emerging backlash against globalization and the return of geopolitics, as well as the shifting balance of power to developing countries, particularly to India and China. Nepal's foreign policy must be able to meet the constitutional objectives of maintaining independence and territorial integrity as well as enhancing social, economic prosperity and well-being of Nepali people at home and abroad. "Nepal needs to continue to pursue principled and dignified foreign policy" (Subedi, 2010, p.110). Foreign policy backed by a national political will, pragmatic consideration of geopolitical realities and strategic considerations and articulation of objective potentials of a state have best chances to realize its potentials. But it will be most likely to achieve its goals, if a foreign policy of country is a principled one, i.e., based on certain principles. Nepal must strive to pursue principled and dignified foreign policy in all issues of its interest.

6.1.1.9 The elusive national consensus

One of the perennial issues in Nepal's foreign policy is the continued perception that there is no consensus in it. This originates from the persistent wrangling among the political parties on foreign policy issues, particularly on issues associated to Nepal's relations with its immediate neighbors. Nepal's political actors must agree on an agenda for a consensus on foreign policy issues, including one on approaches to issues with its neighbors, mainly with India and China. National consensus is a must for better execution of the country's foreign policy and for its stability and predictability (Baral, 2012).

6.1.1.10 Links to Nepal's domestic policy

Nepal has undergone massive domestic transformation in recent years. Nepali people have aspirations for a better future built upon democratic values, justice, equity, fairness and broadening of opportunities at home and abroad. This can only be met with a pragmatic and forward-looking foreign policy and diplomacy. Nepal should shape the foreign policy based on national interest, needs, aspirations and potentials while shielding Nepal's domestic policies from undue influences from abroad.

Domestic policies often articulated as national interest, constitute the most important variables in foreign policy. While the domestic policies may be aimed at achieving prosperity, foreign policy is aimed at achieving such prosperity in relations to other countries. In this sense, "Nepal's foreign policy is a combination of its external

security policies, outward oriented economic policies, including economic diplomacy on foreign trade, foreign direct investment, tourism, foreign employment of its workers and foreign aid” (Gautam, 2017 May, p.2). An old maxim says that foreign policy is an extension of the domestic policies. But in Nepal's case, foreign policy has much bigger influence on its domestic policies.

6.1.1.11 The excessive indulgence

There is increasing external interest, influence and meddling in Nepal's internal affairs. Nepal's neighbors and big powers tend to excessively indulge in many issues of internal nature, including those related to peace, democracy, human rights and humanitarian affairs. Though the external players have often intended to be helpful, they sometimes cross the red lines of non-interference in the internal affairs of Nepal flouting the cardinal principle in foreign policy applied world-wide (Khanal, 2012). Managing the excessive foreign indulgence in its domestic affairs is one of the challenges of Nepal's foreign policy and diplomacy. Nepal's foreign policy establishment must start drawing red-lines barring foreign expatriates and diplomats from indulging in domestic issues other than those that require their help in the area of socio-economic development.

6.1.1.12 Foreign policies in the federal set up

Nepal's constitution (2015) based on a model of federalism has envisaged that the country's foreign policy will be kept under the exclusive jurisdiction of the central government. It also contains a provision that the concerned provinces will have to be consulted on important issues concerning them as all of the provinces have borders with either India or China or both. “There must be red lines set up for the provinces on foreign policy issues so they are not dragged into the same unwittingly” (Acharya, 2019, p.184). There was not enough discussion as to what type of foreign policy and security mechanism was required in the federal set up.

The issue of federalism in Nepal also invokes the security and political interests of both India and China thus affecting Nepal's foreign policy and national security. Foreign policy is best managed when there is cooperative federalism in which the provinces cooperate with each other and with the center as a part of the single governmental mechanism, without challenging the center's authority on foreign

affairs. Creating uniformity in foreign policy issues from the states or provinces will be a big challenge that needs to be addressed.

Nepal's neighbors will need a politically stable Nepal that will not pose security threats to them and that will not harbor elements inimical to their security interests (High Level Task Force, 2018). Though China has a long-standing policy of non-interference in the domestic political issues of another country, it keeps a close watch on the issue of federalism in Nepal as that is likely to have spill over in its Western provinces where there is already simmering unrests and ethnic tension. There is a belief that Nepal's European donors support the identity-based demands of the ethnic groups and their secular agenda. They are criticized for supporting the federalization process as a tool of social engineering.

6.1.2 Gaps in Nepal's new foreign policy

The government of Nepal launching the new foreign policy is commendable but lacks strategic depth and clarity. A clear and succinct policy statement could have paved the way for strengthening diplomatic engagement with external partners especially neighbors including institutions and friends of Nepal. Nepal needs such a policy that can define Nepal's role in the changed geopolitical, regional and global context. The policy broadly talks about Nepal's engagement with its neighbors, major powers and its commitment towards multilateral organizations such as the UN, SAARC and others.

It has also emphasized economic and track-two diplomacy to resolve disputes, amend bilateral treaties and collaborate with friendly nations to pursue Nepal's interests. It would have been better to introduce mechanism of integrating the foreign policy with national security and economic policies. The policy has touched upon a wide range of dimensions of foreign policy including emerging issues of economic diplomacy, public diplomacy, labor diplomacy, climate change, soft power and track-two diplomacy to make it comprehensive. But the new policy lacks a substantive vision and ideas to deal with the multidimensional geopolitical and daunting strategic challenges of the 21st century vis-à-vis the face-off between the US and China (Giri, 2020, Dec). Besides holding one national dialogue on foreign policy, the foreign ministry should have organized one wider consultation so that policy would get wider acceptance and ownership. And there are concerns about how the policy is

implemented. The changes in geopolitics and international politics should be reflected in Nepal's foreign policy, owing to the emergence of a multi-polar world and rise of China and India. Another reason for adjustment is to make foreign policy compatible with Nepal's new federal structure.

6.1.3 Nepal's adjustment with the global environment in the changing world order

Though, a landlocked country sandwiched between India and China and not integrated well into the global economy, Nepal cannot remain unaffected by what is happening around the world. The global event and circumstances greatly influence Nepal's domestic and foreign policy in many ways. "Nepal has to create its space in the global and regional environment which keeps changing contours to the country's foreign policy and its economic, demographic and cultural spheres" (Pokhrel, 2017 April, p.2). Nepal has been adapting to the changing world environment and continuously seeking a commensurate role taking into account the changing circumstances including the development in its neighborhood. The ongoing adjustment to a rapidly changing world is among the main challenges in Nepal's foreign policy.

A good foreign policy is crucial to Nepal's success as a nation-state and its socio-economic prosperity and dignity in the comity of nations. Nepal cannot afford to make mistakes in foreign policy in view of its sensitivity with having to deal with big and assertive powers at its neighborhood. Nepal must correct the past mistakes of using foreign policy for partisan and parochial political gains. Nepal must check unwarranted external indulgence in the domestic issues.

6.1.3.1 Need for a new foreign policy agenda amid foreign policy complexities

The underpinning of a country's foreign policy is based upon vital national interests which should stand outside the arena of domestic political changes as well as the conventional 'Yam Between Two Boulders' concept. The most fundamental persistent reality of Nepali foreign policy making is being dictated by the geo-strategic compulsion. Therefore, Nepal's primary foreign policy priority is maintaining cordial ties, on the basis of mutual trust and confidence and peaceful co-existence with both India and China. (Acharya, 2019).

Historically, Nepal is the central point of two great civilizations and also one of the epicenters of contending interests in an imminent global paradigm shift in the present context. Foreign policy has always been a vital part of Nepali statecraft and a national consensus on foreign policy is essential. The agenda of such a national consensus can basically be divided into three areas: key policy issues, principal institutions and the necessary individual manpower able to comprehend the issues and lead the institutions.

At the policy making level, a vigorous national debate on a clearly defined foreign policy agenda and a consensus among the key political actors that despite their ideological differences and competition for power at home is must. They should not use foreign policy for domestic partisan political ends, is the most important priority. The key aspects of a consensus foreign policy agenda include:

- (a) In the changed global political context, it is now increasingly felt that non-alignment in its traditional form has lost relevance. “In this situation, the concept of non-alignment as it applies to Nepal’s foreign policy, would have to be re-examined and re-defined, keeping in view the prevailing political and economic realities and national priorities” (Simkhada, 2018, p.180);
- (b) Transforming historic friendly relations with India and China to a new level of trust and confidence in the new context;
- (c) More pro-active role in the global arena, including bolstering relations with the new government in the US, enhancing the traditional friendship with the UK, Europe, Russia, Japan and greater visibility in the United Nations, exploring possible bids for the rotating membership of the UN Security Council or the Presidency of the UN General Assembly and an initiative to address the chronic problem of poverty and political violence, primarily terrorism in the SAARC region (Shakya, 2017 May);
- (d) A new and vigorous development diplomacy with emphasis on trade, if a more active role in WTO and the IFIs. Transfer of knowledge and experience on change management should be another priority.

Further expanding bilateral and multilateral relations such as opening embassies in remaining G-8 capitals, South Africa, Brazil, Nigeria, a new mission in French speaking Africa, in Vienna to look after the UN offices and the IAEA, in Nairobi for the UN offices there including UNEP and HABITAT and a separate mission/ambassador for the WTO in Geneva (Simkhada, 2018, p.183);

(e) Strengthening the MOFA and missions abroad in translating these agendas constitutes the most important institutional dimension of foreign policy making and the conduct of diplomacy;

(f) Strengthening the institute of foreign affairs is another critical aspect of institutional development side of foreign policy making.

6.1.3.2 Essentials of foreign policy in the changed context of Nepal

Nepal's foreign policy suffers from stagnation and traditionalism without much innovation and dynamism. The decades old principals that guide Nepal's foreign policy including the principles enshrined in the UN Charter Non-Aligned Movement, the Panchsheel, equidistance between the neighbors and a strong regional cooperation fail to give new dynamism in its foreign policy (Acharya, 2019).

(a) Non-Alignment: Nepal is actively participating in the Non-Aligned Movement (NAM) by fully accepting the principles of peaceful co-existence among nations. NAM is still significant in communicating the independent views and analysis based on national interests as well as in fostering friendship, equality and mutual understanding and cooperation among the developing countries. NAM has some of its approaches which might require a review.

(b) National Consensus: The future requirement is broad based vision supported by national consensus and focused on promoting Nepal's national interests. Open debate among the media, politicians, academicians, diplomats and professionals alone can contribute to the making of such a broad-based vision. Maximization of the national interests should be the primary goals of a foreign policy.

(c) Regional Cooperation: Nepal has been active in many regional cooperation organizations for strengthening relations with neighboring countries of the Asia Pacific region. In this context, active role in BIMSTEC and SCO could help to promote and expand regional cooperation. Such initiatives will play an important role in promoting investment, tourism, exports and trade diversification.

(d) International Donors and NGOs: Nepal should continue to increase relations with global donors such as the World Bank, IMF, ADB and the WTO as well as INGOs. Such relations should be enhanced and extended in order to attract the support of these organizations in Nepal's economic and social development, predominantly in

areas of Nepal's national priority of infrastructure development, poverty reduction and trade.

(e) Economic Development Diplomacy: The main national objective of Least Developed Countries (LDC) like Nepal should be gaining and garnering the support and cooperation of the speedily growing two large neighbors as well as the international community in order to raise the living standard of the people through speedy economic and social transformation. In this setting, Nepal should make best use of its role as the coordinator of the global bureau of the LDCs in the United National to further effectively articulate the interests of the LDCs as a whole.

(f) Climate Change and Protection of Bio-Diversity: Nepal should protect the rich bio-diversity located in the foothills of the Himalayans from the adverse effects of global climate change. Further, Nepal should claim compensation for its contribution in offsetting carbon-emission by Nepal's forestry sector. Both of the above-mentioned issues could be one of the new priorities of Nepal's foreign policy.

(g) Foreign Employment: One of the most important responsibilities of Nepal's diplomacy is to promote foreign employment as well as extend all necessary information, facilitation and assistance to Nepali migrant workers in the respective countries. With this in mind, Nepal government took the initiative of establishing new resident embassies in countries such as Malaysia, Kuwait, United Arab Emirates, Israel and the Republic of Korea as well as added labor attaches in countries with a large number of Nepali workers. In the coming days, the effectiveness of these new arrangements needs to be evaluated and necessary steps taken to improve on them. At the same time, initiative can be taken to establish embassies in countries with a large number of Nepali workers.

(h) The Middle East Peace Process: Traditionally in the middle East problem, Nepal has taken a firm and principled stand by taking a bold decision to establish diplomatic relations with Israel as well as supporting the right of the Palestinian people for statehood. Nepal opines that every nation in the middle East should have the equal right to exist peacefully within protected borders. Meanwhile, Nepal must express its worry at the growing violence between Israel and Palestinians as well as the rocket attacks incidents between Israel and Lebanon. Further, Nepal should strongly support the Israel-Palestine peace process for a lasting peace in that region.

(i) Nuclear Arms Control: The large stockpiling of nuclear weapons is a matter of serious global concern despite the end of the Cold War. The world is heading towards a new risk with more countries trying to develop nuclear weapons due to the fact that the old nuclear powers are refusing to get rid of themselves from their nuclear weapons. At the same time, there is possibilities of nuclear weapons and other weapons of mass destruction dropping in the hands of terrorists.

(j) Democracy and Human Rights: Nepal has been fighting to strengthen and institutionalize the universal values of democracy and human rights since its restoration from 1990. The strong assistance and solidarity of all friendly countries and global organizations are vital once again in terminating the violence and autocracy as well as reestablishing peace and democracy with the achievement of the People's Movement of 2006.

6.2 Strategy of Non-Alignment of Nepal

6.2.1 Non-Aligned Movement and its relevancy

Nye (2008) states "If one state become especially powerful and if its location and behavior feed threat perceptions on the part of other states, the balancing strategies will come to dominate their foreign policy" (p.153).

The NAM is a forum of 120 developing world states that are not formally aligned with or against any major power bloc. After the United Nations, it is the largest grouping of states world-wide. The movement originated in the 1950s as an effort by some countries to avoid the polarized world of the Cold war between the pro-Soviet Communist powers and the anti-Soviet coalition. Drawing on the principles agreed at the Bandung Conference in 1955, the Non-Aligned Movement was established in 1961 in Belgrade, Yugoslavia. The conference Bandung paved ways for the creation of the NAM, which Nepal adopted as a cardinal principle in its foreign policy.

The leaders of 29 countries of Asia and Africa assembled in Bandung pledged to certain principles, also called the Ten Principles, which would later morph into the principles of the Non-Aligned Movement. These principles included (a) respect for human rights and for the objectives and principles of the UN Charter; (b) respect for the sovereignty and territorial integrity of all nations; (c) recognition of the equality among all nations, (d) non-intervention or non-interference into the internal affairs of another country; (e) respect for the right of every nation to defend itself either

individually or collectively; (f) non-use of collective defense pacts and pressures by any country against other countries (g) refraining from carrying out or threatening aggression, using force against the territorial integrity or political independence of any country; (h) peaceful solution of all international conflicts; (i) promotion of mutual interest and cooperation; and (j) respect for justice and international obligations (Sangroula, 2018).

The NAM is the biggest political forum in the world other than the United Nations. It remains as one of the largest multilateral associations outside the United Nations. As of 2017, there are 120 members, 17 observer states and 10 observer organizations in the NAM. Founded to avoid the superpower rivalry, the NAM has lost much of its relevance after the end of Cold war and of bipolar superpower rivalry. Its major challenge now is to keep itself alive, active and relevant.

As the old power rivalry transformed after the emergence of a single superpower and change in the dynamics of power balance, there has been a growing urge for re-positioning of the movement. There are urges for its revitalization, focusing on multilateralism, reforms of the UN and the interests of the developing countries (Rasool & Pulwana, 2013). Even today, the NAM continues to be relevant. The NAM remains one of the largest multilateral associations outside the United Nations. The movement still dwells on the issues confronting the developing countries of the world voicing very strongly for the cause of reforms of the United Nations.

The movement can provide a good forum to coordinate the views of the developing countries for the cause of socio-economic development and for a substantive dialogue with the developed countries of the world on political issues. Most importantly the NAM as a movement may have lost its relevance, but the principles it has developed continue to be relevant in international relations. As a movement, the NAM faces many challenges in the international system.

These challenges emanate from the ongoing regional and domestic conflicts in many parts of the world, menace of terrorism, amassing of weapons of mass destruction and increasing inequality among and within nations. Staying relevant will require that the movement prepares itself to tackle these challenges decisively and collectively.

6.2.2 NAM and its relevancy to Nepal

Nepal's foreign policy has been guided by the principles of non-alignment, mainly those of peaceful coexistence and staying out of alliances and blocs in the world. In fact, the NAM has been one of the key principles and objectives of Nepal's foreign policy. The NAM principles often provide Nepal with safe lines and narratives on international issues, on which Nepal does not have direct stakes but is compelled to say something. Nepal's position on many international issues can be exactly like the one articulated by the NAM. The NAM still continues provide a good space for Nepal' multilateral diplomacy.

Nepal's opting for non-alignment was not only conditioned by the global superpower rivalry between the US and the Soviet Union but was also necessary in view of Nepal's geo-political location. It was also warranted by the desire to maintain equidistance between India and China. Nepal also needed to stay away from the power rivalry of two regional powers. The membership of NAM gave Nepal that space as both China and India have co-opted for the Policy of Panchsheel, the five principles of peaceful coexistence that laid the foundation of the Non-Aligned Movement, though China is not a member of the NAM. Non-alignment may have become obsolete after the decline of the superpower rivalry, however, the principles of Panchsheel, the peaceful coexistence can still continue to guide the norms related to the conduct of foreign policy between the states (Muni, 2016).

Nepal's adherence to the policy of non-alignment helped it to broaden its identity in the world political arena. Nepal's policy of non-alignment was also helpful to strengthen the country's sovereignty and independent foreign policy. Nepal's main thrust is that the non-alignment should stay relevant, as it can play significant role in the promotion of international peace and security and for development. It can play significant role to strengthen the multilateral diplomacy taking principled positions on international issues.

It can become a strong lobby for the reform of the United Nations especially for making it more representative and democratic and for its financial and organizational reforms. NAM should expand and reinforce its ability and capacity to initiate, negotiate and resolve the problems and issues that confront the world representing the interests and aspirations of the peoples of the developing countries. There is a

question as to whether Nepal really needs to continue to adhere the more than half-a century old dictum of non-alignment, especially after the old super rivalry and the Cold war has disappeared. For a country like Nepal situated between two of Asian's against, non-alignment is not just rhetoric, it is a harsh reality (Sharma, 2006). Nepal should help reorient the movement towards socio-economic advancement of the developing countries for uplifting the living standards of their people. Nepal has not yet moved to the leadership of the movement, has not hosted any NAM summit so far but still draws considerable space on multilateral diplomacy through it. However, it has not capitalized on the movement like other smaller countries have done. Nepal should strive to utilize the NAM as a forum to enhance its multilateral diplomacy.

6.2.3 Major characteristics of the Nepali Non-alignment

6.2.3.1 Active and independent policy

As a founding member of the NAM, Nepal has been actively participating in and has been attaching a strong significance to the movement. Nepal has been participating in all the NAM summits since the Belgrade summit (1961) which gave birth to the movement. Nepal is an active participant in the development of the movement. King Mahendra led a Nepali delegation to participate in the first summit meeting of the NAM held in Belgrade in 1961. This gave birth to Nepal's policy of non-alignment which would be enshrined in the constitution of Nepal thereafter.

Nepal's Non-alignment policy has three comprehensive features. Firstly, it is dynamic and positive; secondly it is independent in operation and thirdly it consists of morality and idealism. The year 1956 has a specific importance in the development of these features as concrete characters of this policy. Nepal has thoroughly established the neutral and active nature of its non-alignment policy through its stand on the two incidents of immense global importance (aggression of the UK, France and Israel on Egypt and Soviet Union's armed intervention in Hungary). In this historical incident, Nepal sided with Egypt and Hungary with which it did not have any diplomatic relations. However, it opposed UK and USSR though having long term ties and interests with them (Acharya, 2019).

These events proved that Nepal is skillful for an independent decision vis-à-vis the global super powers as well as vis-à-vis the major regional power in its neighborhood. This also validated Nepal's sympathy and assistance for the small countries against

big global power pressurization. Nepal has maintained friendly relations with both the parties in the conflict in the above-mentioned incidents. Nepal's relation with these nations would have adversely affected if Nepal had taken sides to either of them. To persist reserved and non-committal and plead for peaceful resolution of these disputes were therefore in Nepal's best interests.

6.2.3.2 Exercise in balance of power

Some scholars viewed that the broad concept of non-alignment is a balance of power policy through which the non-aligned nations aimed to maximize their power and influence vis-à-vis the global super powers by building closer ties amongst themselves there by developing united response to global issues. Likewise, they endeavor to make the best use of both the power blocs by having friendly and cordial bilateral relations with each other and keeping reserved from their mutual conflicts (Simkhada, 2018). Nepal is also adopting such non-alignment policy as practiced by other non- alignment nations.

Nepal's policy in the global context had two major components as part of an exercise in the balance of power. The first one is Nepal's call for solidarity among the smaller nations and the second is its fight for equal voting rights. The establishment and rapid expansion of diplomatic relations with the USSR in 1956 can be cited as an example.

6.2.3.3 Leaning towards the Western power

The comparative look of Nepal's attitude towards the global superpower revealed that Nepal was leaning towards the West which has been evident in more than one way in the past. Nepal had diplomatic relations only with four countries including the USSR belonging to the communist bloc, however it had diplomatic relations with more than 15 of those countries including US belonging to the Western bloc. Additionally, Nepal had more communications with the countries of western bloc.

In the past, Nepal received arms support from the US and the UK and also had an agreement with UK to allow Nepali to join the British Gurkhas. However, nothing of such relations and agreement existed between Nepal and the USSR or any of the latter's allies. Nepal's dependence upon the western bloc was greater even politically and economically. There are two significant factors which justified these developments. First, Nepal found the western bloc more powerful and resourceful as

well as keener to fulfill its needs and interests. The second factor was fundamentally ideological. During both the Parliamentary or the Panchyat Systems of democracy, Nepal has a strong anti-communist bias. As a result, Nepal relied upon the US and its allies for the protection and consolidation of democracy. In fact, the leaning towards the western bloc did not sincerely hinder the undertakings of the non-aligned policy (Sangroula, 2018).

6.2.3.4 The regional balance of power

Nepal's foreign policy got a land mark after the rise of King Mahendra to power in March 1955. Nepal shifted away from its policy of special relations with India and developed a certain balance of power relation with its neighbors. The balance of power policy pursued by Nepal was interestingly different from the commonly understood balance of power concept. The regional balance of power of Nepal had three salient features;

- (a) The expansion and upholding of friendship based on mutual respect and goodwill with all the neighbors;
- (b) The utilization of regional differences between the neighbors to augment the self-interests; and
- (c) The declared stand of neutrality in the differences between the neighbors (Awasthy, 2013).

Nepal's foreign policy was focused mainly on maintaining close and friendly relations with these two countries and on safeguarding its national security and independence. This priority of regional relations is also clearly reflected in the various writings on Nepal's foreign policy especially by Nepal's influential policy makers and analysts like Y.N. Khanal, Rishikesh Shah, Bishwa Pradhan, Shailendra Kumar Upadhyaya, Shambu Ram Simkhada, Prakash Chandra Lohani and Ramesh Nath Pandey.

6.2.3.5 Global engagements

For keeping engaged with the world beyond its regional concerns, Nepal continued to swear by the policy of non-alignment and peace and cooperation with all. Nepal has also continued to expand its diplomatic relations with various countries of the world as also with international organizations to keep diversifying and extending its global reach and protect and promote its interests concerning with economic and other

matters related to Nepali diaspora. Nepal has maintained amicable relations with global players like the US, Russia, UK, Europe and Japan and has participated in regional organizations including the United Nations and BIMSTEC. The thrust in approach towards these countries has remained on mobilizing developmental support, trade and investments, and also on seeking political and diplomatic support on occasions when neighborhood relations become difficult and challenging.

6.2.4 Nepal's NAM future perspective

Nepal's policy of non-alignment has to be more constructive due to the changing dynamics of global politics and developments in domestic, regional and global spheres as well as the eagerness and involvement of India and China in Nepal's economic development. Therefore, understanding the geo-strategic sensitivities and significance, Nepal has to make a far-sighted move with diplomatic wisdom and balance the expectations projected under SAARC, BIMSTEC, BRI and Indo-Pacific Strategy and beyond (Acharya, 2019).

6.2.4.1 NAM as the strategy for survival

Given its geographical location, Nepal neither can afford to take sides nor does it want to do so. Nepal remains non-aligned and judges every issue on its merit. Nepal has consistently and categorically maintained that it will, under no circumstances, allow its territory to be used for any hostile behaviors against its neighbors or any other countries. Likewise, Nepal also expects other countries to be sensitive to its security and sovereignty and not allow any activities that are inimical to its interests from their territories. "With the global economic and political power shifting to the Asia-Pacific region, the world's attention is increasingly focused on Nepal's neighborhood. Nepal is already on the global strategic radar which has become a contemporary reality" (Bhattarai, 2017 July, p.3). If Nepal remains stuck in a cycle of instability, its progress is the first victim. There will be other grave consequences that extend beyond its borders. Nepal's unity, integrity, stability and development ultimately depend on good unneighborly relations. Nepal expects both neighbors to understand that it is walking a tight rope while dealing with them.

A look across the globe shows that the world is in a mess where dynamics for cooperation, competition, connectivity and conflict are more prominent than ever. New geopolitics is in the making and a new world order is struggling to be born. With

growing economic integration focused on China, conduct of Nepal's foreign policy is becoming increasingly sensitive and significant. Maintaining a relationship based on trust with neighbors is the breath of life for Nepal and holds the key in protecting and promoting national interests. There must be tolerance, harmony and peaceful co-existence to ensure the resilience of the Nepali nation. While pursuing engagements with neighbors and the international community based on Panchsheel, Nepal can add bricks to the emerging foundation of a new world order. Nepal needs to be louder and firmer in the advocacy and practice of non-alignment.

In the changing global context, even if non-aligned nations lose their role at the global level, for Nepal non-alignment will still be relevant. In fact, non-alignment for Nepal is a strategy for survival as a free and independent sovereign nation (R.N. Pandey, personal communication, Jan 27, 2020).

6.2.4.2 Re-visiting neutrality

Nepal has to play a constructive role in order to influence the nature of regional (and international) relations in diverse ways as an active member of the Non-Alignment Movement (NAM). Furthermore, Nepal has to equally leverage from all the global powers by upholding its relations by comprehensive political interaction, partnership and cooperation. Since its admission to UN, Nepal has been adhering to an independent stand. During the 1962 China-India war, Nepal adopted 'committed neutrality' despite the US willingness to help Nepal (and India) in their defense against China. Nevertheless, Nepal has adopted 'silent neutrality' over the first nuclear tests carried out by both USSR and China, during Doklam issue between India and China, in India -Pakistan conflicts (except during the premiership of KI Singh) and on Malaysia-Indonesia confrontation (where Gorkha troops were deployed under the British Army). Likewise, Nepal had adopted 'strategic neutrality' during Vietnam War where it managed to balance the relations with the US, China and the USSR.

In the past, Nepal advocated for a peaceful settlement of German, Cyprus and Cuban issues and condemned the aggression on Suez Canal in 1956 though it had close relations with UK. Nepal adopted 'hushed neutrality' on Lipulekh case and its own sufferings in 1962 and the coercive blocked imposed by India in 1989 and 2015. Nepal did so may, be in the name of peace, friendship and historical ties with its neighbors. Nepal's policy of neutrality is not even blocking its participation in the UN

forces, or (in) decision on BIMSTEC military drill in (or out), or advocating on Venezuelan crisis, or participating in the joint military exercise with China or the US. Similarly, Nepali citizen joining the British Army is contrary to its non-aligned policy as British Gorkha troops had been used in favor of British colonialism in the past and they are been used as a security guarantee of UK at present. All above mentioned associations may be observed as Nepal's derailed neutrality (Acharya, 2019).

6.2.4.3 Constructive neutrality

The non-alignment policy of Nepal has to be operated in diverse courses: towards evolving powers (China and India), towards global superpowers (the US and the West), towards underdeveloped and developing nations and in the UN and global forums. Nepal has to improved its relations in all directions and get wider approach to global world by adopting globalization, open world economy, multiculturalism and soft powers as its diplomatic tool through the balance and counter balance strategy.

Nye Jr (2005) explains:

power is one of the most important themes of international politics as a discipline. The term 'soft power' coined in the late 1980 is now used frequently and often incorrectly by political leaders, editorial writers and academics around the world. Soft power lies in the ability to attract and persuade. And it is soft power that will help us deal with critical global issues that require multilateral cooperation among states (p.137).

In order to advance the national interest, Nepal should make adroit use of its diplomatic capital diplomacy in the present context by comprehending the historic resonance, geo-integrity, geo-cultural reality, cultural affinity, geographical proximity, geo-economics, pragmatic understanding and the contemporary needs.

The small countries have tiny influence to modify the region. A small nation must look for a maximum number of friends, whilst upholding the freedom of a sovereign and independent nation. We must make ourselves pertinent so that other countries have an interest in our persistent survival and prosperity as a sovereign and independent nation as mentioned by Lee Kuan Yew, PM of Singapore. This saying is equally pertinent to the foreign policy of Nepal. Singapore has been keeping close ties with both the US and China and paving a careful line between these competing

powers which demonstrates the reflection of its active diplomacy and principled neutrality.

Singapore is consistently maintaining close diplomatic and economic relations with its South-East Asian neighbors as well. As a present chair of SAARC, Nepal can originate an ability to play a positive role of neutral negotiator between India and China, between India and Pakistan and host sensitive summits/dialogues on transnational issues such as terrorism and crime control, climate change, Himalayan and glacier protection, peace and human rights among others. Everything is possible in diplomacy. “In foreign policy there are no permanent friends or enemies, there are only permanent interests” (Thapa, 2019, p.176).

Nepal has to adopt principled neutrality in any of the conflicting issues that could help maximize its own power and minimize the influence vis-à-vis other powers considering the geo-strategic sensitivities and significance. In order to bolster the plethora of opportunities and prosperity, Nepal has to play a constructive role so that both India and China or India and Pakistan could help each other. It is obvious that Nepal’s prosperity will be ensured if all the three prosper. Thus, Nepal has to balance its relations with all the regional (and global) powers, continue good friendship between them and enlarge the scope of its maneuverability with a strong stand of non-aligned foreign policy and constructive neutrality (Acharya, 2019).

6.3 Nepal's strategic and security cooperation

6.3.1 Nepal’s foreign policy behavior and strategy

Jackson and Sorensen (2013) opine “The national interest is the final arbiter in judging foreign policy and the only fundamental responsibility of states people is to advance and defend the national interest and thus ensure its survival” (p.65). The small states do not have a strong say in the global system; however, their existence reveals that a smart foreign policy and a suitable strategy facilitates the states not only to survive, but also involve themselves in the global system. Nepal’s strategy should be keeping a neutral position between immediate neighbors India and China. The behavior strategy of Nepal can encompass multiple bilateral relations with nations in the global system and the effective engagement in regional and global organizations and institutions like the UN which reveal the assumption of bilateralism, regional

integration and multilateralism. Moreover, the bilateral relations guarantee the good relations with the neighbors as well as receive the assistance in diverse forms.

6.3.1.1 The reactive factors of Nepal's foreign strategy

Nepal's foreign policy consists of both the reactive and proactive factors. Geography is taken as one of the reactive factors. Nepal's geographical location reveals the strategic compulsion the country is facing and also has huge impact while shaping and formulating the foreign policy.

(a) Geography and landlocked

The most significant determining factor for the foreign policy behavior and strategy of Nepal is its geography. The landlocked status and specifically open borders with India are posing security worries up to direct security threats (Adhikari, 2020).

“Technology, connectivity and specifically trade and commerce assist to ease topographical influences and elevate Nepal into a new environment of global players” (Sunil, 2020, p.5). Nepal is still heavily handicapped by its landlocked status due to its inability to access the sea as well as the tendency of its neighbors who take benefit of that impotence. The hegemonic tendency and the behavior of India is making Nepal a prisoner of geography and definitely impact its foreign policy. From the economic perspectives, Nepal is heavily dependent on its immediate neighbors and more prominently on India (K.C, 2020).

(b) Historical dependency

In the past, Nepal was dependent on India in certain aspects, however not politically. It is obvious that India's strategic thinking is affecting Nepal's foreign policy. It is also fact that there is dependency in many spheres, including the economic and cultural; however, the foreign policy of Nepal and decision-making remains sovereign and independent. Both China and India definitely use various networks to influence Nepal; however, they cannot control the country or the foreign policy.

During the 2015 border blockade, India got failed on its bargaining action and ‘sticks and carrots’ policy as the blockade did not alter Nepal's decision to stick with the new constitution. However, a historic deep rooted dependance and the interference in domestic affairs of Nepal would have foreclosed any constitution which is conflicting to India's position in the first place (Biehl, 2020).

6.3.1.2 The proactive behavior and strategy of Nepal

(a) Strategical bilateral relations with the immediate neighbors

The bilateral relations with India and China are special. The foreign policy report of 2019 recognized the engagement with India as ‘top priority’ of Nepal’s foreign policy for the successful development of the country (FPR, 2019). Especially, after the 2015 blockade by India, the relations and exchange between Nepal and China were intensified (FPR, 2016; FPR, 2018).

Though China is taken as another option for Nepal; but it will not hamper the bilateral relations between Nepal and India. “China has become the largest FDI contributor of Nepal in 2018 and also became a major development partner until today” (FPR, 2018, p.5; FPR, 2019, p.9). Every foreign policy report of the government has revealed that the engagement and maintaining harmonious relations with both neighbors are the top priority of Nepal. Furthermore, the bilateral relations with the neighbors are extensive, deep and multifaceted encompassing a broad spectrum of political, economic, social and cultural spheres (FPR, 2016). The frequency of bilateral meetings and agreements with India and China demonstrates Nepal’s topmost priority on bilateral relations with both neighbors.

(b) Neutral position keeping

The geographical and geopolitical position of Nepal between China and India generates some kind of security impasse. Therefore, upholding a neutrality without fading the perception of justice in international relations is vital for the country (Dahal, 2018 Nov). The only potential strategy for a country like Nepal is to adopt non-alignment at a global and regional level and the peaceful resolution of disputes and conflicts as well as further embedding principles in the constitution (Bhattarai, 2020; MOFA, 2020). “Nepal is consistently keeping its neutral position towards all players despite its mutual and bilateral relation to each involved state” (Adhikari, 2020, p. 2). “The balancing one against the other or band wagoning might be a risky strategy for Nepal” (Sunil, 2020, p.7).

The non-alignment and neutrality are the stated position of Nepal’s general foreign policy and Nepal must always keep and pursue the right balance of neutrality between China and India. The foreign policy behavior and strategy of Nepal is also to keep a

neutral status. Nepal must always strive for having friendly relations with both India and China and is also recommended to retain its position in this triangle as a neutral.

(c) Thinking outside the regional box and creating visibility

Nepal’s bilateral relations and cooperation with nations from Europe, Asia or America must be increasingly expanded. The global integration and bilateral cooperation are important for the smaller nation like Nepal to ensure their survival, recognition and simply their visibility. A possible ‘comprehensive’ security agenda for small states is as shown in the table 6.1.

Table 6.1:A possible comprehensive’ security agenda for small states

A. Military, ‘hard’ security	B. Non-state violence (conflict actors apart)	C. Economic security	D. Accidents and hazards
State attack	Terrorism	General economic and financial viability, including problems of underdevelopment	Major deadly accidents, including NBC* release
Caught in crossfire	Violent/ organized crime	Security of supply (food, energy, other essentials)	Infrastructure breakdown
Subversion, sabotage	Smuggling of strategic goods	Severe social weaknesses/ divisions (including issues of demography)	Pandemics
Political or economic blackmail, forced clientage	Other asymmetric attack e.g., cyber-attack		National disasters
Coup from outside	Legal migration, trafficking		Environmental degradation, resource exhaustion
Internal (armed) conflict including top-down violence			Climate change
Severe civil disorder			

Source: Archer, Bailes and Wivel, 2013

Historically, Nepal adopted bilateralism as strategy in the 19th Century. Nepal was the first South-Asia country to establish formal diplomatic relations with the United Kingdom in 1816 (KC, 2020). Along with the visibility factor, the immediate neighbors play an important role in this behavior. As Bhattarai states, the “expansion of diplomatic relations, expansion of economic relations is very crucial for us because we have two neighbors. “There is a proverb in Africa, if two elephants fight it is the grass that suffers and again, if two elephants make love, it is again the grass that

suffers. We have huge neighbors. We cannot remain unaffected” (Bhattarai, 2020, p.4).

Nepal’s relations with both India and China must remain friendly and cooperative. However, Nepal must expand its relations with global partners in order to secure the survival and well-being of the state. Being a small state, the cooperation with others can improve the own influence, enhance the capacity and further make other countries contribute in own agendas and projects. The aim is outbreaking of the regional box, the own survival from the two dominant neighbors and the strategy of trying to be seen and heard (Adhikari, 2020). The foreign policy reports identify the significance of growth and consolidation of bilateral relations, particularly with the US and Europe in order to secure the development of Nepal. Looking at the statistics of bilateral relations, Nepal expanded its relations from 147 in 2017, to 161 in 2018 and 166 in 2019. The foreign policy reports meticulously state economic diplomacy as the center of engagement and a strategy of Nepal’s foreign policy (FPR, 2019; FPR, 2017).

“Earlier state survival was the main concern for many decades, now economic diplomacy is becoming vital for the prosperity and well-being of nation” (KC, 2020, p.59). Foreign aid and FDI is significant for the country and therefore they are becoming vital national interest as well as an important strategy of Nepal’s foreign policy. However, this strategy sums for bilateral relations as well as for multinational cooperation which brings regional integration and multilateralism.

(d) Regional integration

Nepal is integrated into several regional frameworks though it is a small country compared to others in the region. Nepal is founding member of SAARC and BIMSTEC which is established to ensure profound regional cooperation (FPR, 2016). The crucial factors are the promotion of mutual interests as well as the regional economic integration for progress and prosperity. The report of 2018 states that “regional cooperation is not an option but a necessity to attain collective self-reliance and prosperity which are fundamentals for lasting peace and stability in the region” (FPR, 2018, p.105). The top priority of foreign policy of Nepal related with regional frameworks depicts that it is vital for Nepal due to economic prospects like facilitated trade and also strategic prospect of ensuring peace and integrity.

(e) The international forum and multilateralism

“Since 1955, Nepal is UN member country and has contributed large number of peace keepers in different peace keeping mission around the world from 1958” (KC, 2020, p.67). Nepal’s integration into the global system and the participation in global organizations and particularly the UN is strategically motivated and fulfils Nepal’s development and prosperity. The UN membership strengthens the sovereignty through global recognition and ensures security because improved relations with many countries through multilateral frameworks decreases the regional weakness of Nepal (Dahal, 2020).

Nepal is best advised to remain relevant in global politics because of its geographic position and occasional bilateral disputes with its neighbor. Thus, its strategy is to focus on regional and global frameworks to express its national interests (KC, 2020). Such multilateral strategy stretches from interests like development and prosperity to recognition and security. The presence in the global system offers visibility, security and further promote own issues and interests by joining other small states in interest groups as well.

6.3.2 Future prospects of national strategy

Machiavelli (1984) states:

The supreme political value is national freedom and independence and power and deception are two essential means for the conduct of foreign policy. He further opines that main responsibility of rulers is always to seek the advantages and to defend the interests of their state and thus ensure survival (p.82).

As a landlocked country located between two of the world's largest and most populous countries, Nepal has limited options available for its security. The security interest of Nepal will only be fulfilled with a strategic combination of national security and foreign policies. The main objective of Nepal's conventional military doctrine is to develop the capacity of deterrence to any unilateral attack from either. The recommended policy measures included regional cooperation, distancing from major powers, tolerance and accommodation and observance of neutrality.

Nepal needs to retain its strategic autonomy vis-à-vis India and China. Just as the national security policy has identified diplomacy as an important source of

national power in execution of the national security policy, the country's foreign policy must also recognize the national security policy and its important elements. It must seek to establish an organic link between the foreign policy and national's security institutions (B.N. Sharma, personal communication, March 14, 2020).

6.3.2.1 Protecting the national interests through foreign policy

Safeguarding of the freedom, sovereignty, territorial integrity, national unity, independence and dignity of Nepal, the rights of the Nepali people, border security and economic well-being and prosperity shall be the basic elements of the national interest of Nepal says Article 5 (1) of the constituent. The constitution lists national interests are as the bases for directing Nepal's international relations and among the parameters of the country's foreign policy. In accordance with the constitution, the governments at central provincial and local levels are obliged to protect the national interests. Defending the national interests is among the ostensible objectives of Nepal's foreign and security policy. For defending those national interests, there is a need for a clear strategic thought and well-articulated foreign and national security strategy, a strong institutional set up and a mechanism for arriving at a national consensus on important issues related to foreign policy. One of the factors determining the foreign policy of a country is the centrality of the national interest of that country. Every nation has made the national interests as the core basis for the conduct of international relations (KC, 2020).

It is commonly comprehended that the foreign policy objectives are well-defined in terms of the national interests and whereby the state deploys all means and instruments of power primarily political, economic and military to uphold such interests. It is frequently quoted that the national interests are permanent. In foreign policy, there are no permanent friends or foes; there are only permanent interests.

6.3.2.2 Immediate neighborhood policy

Traditionally, Nepal's foreign policy has been neighbor centric. Even today Nepal emphasizes on its relations with the two big neighbors. Nepal's foreign policy attaches priority to the relations with its immediate neighbors and seeks to play a proactive role in regional cooperation. But Nepal does not have a well-articulated neighborhood policy of its own. "In absence of a comprehensive neighborhood policy of its own,

Nepal often ends up playing to the policies of its neighbors and big powers” (Acharya, 2019, p.246). In view of the growing significance of neighborhood diplomacy, including that of its neighbors and the big powers and in view of the opportunities available in its neighborhood, Nepal must sharpen its neighborhood policy taking into account the new developments in the geopolitical environment and consolidating its experience of far in regional diplomacy.

The search for a pragmatic neighborhood policy constitutes the most important quest in Nepal's foreign policy today. Nepal requires a forward-looking neighborhood policy, a robust diplomacy and a programmatic approach to benefit from them. Nepal must be able to convert its geopolitical disadvantages (size, landlocked and asymmetry) into opportunities. India and China have put forward various neighborhood initiatives of their own, including the proposals like the BRI and the Look East Policy. Nepal has to create space for its neighborhood policy based on the regional strategy of major blocs, powers and neighbors around it. There is growing focus on regional diplomacy among the main players in the region, including India and China. The neighborhood policies of neighboring countries will be important as Nepal figures in all of them by one way or the other. Nepal must adjust its neighborhood policy taking into account the respective policies of other important players in the region (Bhattacharya, 2017).

6.3.2.3 Defense diplomacy

For Nepal, the biggest change in geo-politics since the September 2015 blockade has been increased Chinese interest as part of the Belt and Road Initiative and other measures to provide an economic alternative to reliance on India. The stalling of Kalapani border dispute between Nepal and India can have grave consequences, which both India and Nepal need to understand. This is why they must engage in fruitful discussion as soon as possible. Luckily special relations between two armies are intact. During 2015 blockade imposed by India, Nepali Army through its diplomatic maneuver successfully eased the situation which highlights the importance of defense diplomacy.

Cooperation between the two armies encompasses nearly all facets of military activity. India-Nepali Army ties are epitomized by a unique tradition of conferment of honorary rank of General to each other's Chief. Indian Chief's recent visit is seen as a

turn in the tide (Singh, 2020 Nov). Let the armies which are seen as warmonger be the torch-bearer of peace in Indo-Pacific. Pandemic should also teach us a lesson to value human life and brotherhood. Let pandemic be the reason for spreading brotherhood and militaries be the torchbearer of peace.

Defense diplomacy can deliver important foreign policy goals, including the protection of vital national interests, sovereignty and territorial integrity of the country. The concept of defense diplomacy applies to the pursuit of peaceful use of defense resources and capabilities both at bilateral and multilateral affairs, as tools of foreign and security policies. Traditionally, defense diplomacy included deployment of military attaches, exchange of visits of defense officials, military exercises, training and conferences, bilateral defense cooperation, provisions of military aid etc.

Nepal is yet to benefit from the potential of its defense diplomacy. There is weak cooperation between foreign policy and security establishments. The foreign policy establishment underestimates the significance of defense diplomacy. Nepal does not have an integrated foreign and strategic policy. In absence of an active strategic community, there is a strategic void in the country. Nepal needs to institutionalize consultations mechanism between the defense establishments of the neighboring countries and major powers. There is a need to establish synergy between defense and non-defense components of national power in protecting the national interests. The defense establishment should make efficient use of public diplomacy, informing foreign audiences for creating a better understanding of Nepal's security interests. Nepal must use smart power using a combination of hard and soft power. The newly established National Defense University can become a good beginning in this regard.

6.3.2.4 Cooperation through BRI

Considering the multi-dimensional importance of BRI, Nepal must get ready to endorse all proposals to maximize benefits from BRI initiatives in the forthcoming days despite political transition facing Nepal for a long time. Since connectivity is a top priority for a burgeoning economy like Nepal, it would be pragmatic approach to synchronize the national projects wherever feasible such as highways, expressways, railways, international airports with BRI initiative projects specially to connect Northern as well as Southern borders and foster trade and investment at regional as well as global levels. It is necessary to promote industrialization on the line of roads

to be built under national projects in collaboration with the BRI in Nepal by establishing industrial corridors, SEZs and Dry ports which would be instrumental in fostering export trade, creating employment opportunities and increasing foreign exchange reserves (Bhattarai, 2017).

Tourism development is another dimension that Nepal has tremendous advantage to mobilize especially religious tourism through operating services from BRI countries and back. It is extremely necessary to develop hydropower under the framework of BRI to develop 'Energy Silk Road' in conjunction with priority national projects identified by the government of Nepal. In this context, it is important to attract FDI in viable mega-projects. Since Nepal is located between two economically powerful nations China and India, it would be also appreciable if the BRI region declared a 'Zone of Peace' to minimize tension, misunderstanding and mistrust and successfully implement mutually beneficial projects in the BRI region.

6.3.2.5 Engaging the neighboring states

Nepal needs to engage the bordering Indian states for an integrated economic development. Good relations with Bihar, Uttar Pradesh, West Bengal and Uttarakhand would help develop bordering regions of Nepal. It can also help smoother trade exchange of power, investment and tourist opportunities on either side. It must also be taken into account that Nepal's provincial governments should also take permission from their central government in matters related with the bordering Indian states. This must be done fixing red lines as per Nepal's constitution which restricts the issues related to foreign policy to the exclusive authority of the central government.

6.3.3 Dimensions of national security cooperation

6.3.3.1 Enhancing National Security Policy

Palmer (2006) views:

The states want to maximize security by assuming that states pursue two things, or goods, through their foreign policy: change and maintenance. States, in other words try both to change aspects of the international status quo that they do not like and maintain those aspects they do like. A state's ability to do so is largely a function of its relative capability and since national capability is

finite, a state must make trade-offs between policies designed to achieve change or maintenance (p.103).

Nepal, being a state located in between two giant neighbors can refer the theoretical essence from this model.

Nepal's first national security policy was included in the 'Rashtriya Mul Neeti' adopted in 1985. That policy was abandoned after the advent of democracy in the 1990. In absence of such a policy, Nepal's security agencies including the Army, Police, Armed Police and Intelligence Agencies were working without a coherent vision for security. Lately, there has been an increased awareness of the need of the national security policy among Nepal's political and strategic thinkers, especially after the introduction of the 2015 constitution. Article 51 (a) of the constitution has outlined national security policies including to promote and preserve the national independence, sovereignty, national unity and harmony among diverse ethnic, religious and cultural and linguistic groups of people to promote a national security system including human security and to make the national security institutions, professional and capable (Acharya, 2019).

The constitutions (Article 5) also define national interests as preserving national independence, sovereignty, territorial integrity, protection of the rights and interests of Nepal and Nepalis, economic prosperity and make any action against national interest punishable in accordance with law. The national security policy adopted in 2016 envisages a broad definition of security including human security, economic security environmental security and resource security. There is a provision for compulsory consultation with the National Security Council regarding major decisions with regard to projects, construction, treaties, foreign investment and trade with strategic significance to the country (Simkhada, 2018). The national security policy is based on the country's national interests and needs.

The NSP recently adopted by the Government has identified, among many others, foreign intervention, open international border and its encroachment and infiltration, supply constraints of vital resources such as fuel, regional security environment, competitive and conflict prone international security situation, internal instability and external interference along with several other factors as the key external threats and challenges to Nepal's national security.

Among the strategies to deal with those challenges, the NSP document outlines a number of steps covering both internal and external dimensions of the Nepali statecraft. Protection of Nepal's freedom, sovereignty, independence, territorial integrity, national unity, dignity and interest is the main goal of the National Security policy. The main policy strategies are strengthening of the national security mechanisms with focus on capacity building of the Nepal Army (NA), Nepal Police, Armed police force and the National Investigation Department.

The NSP spells out the principal responsibility of the NA as the ultimate guarantor of Nepal's national independence, sovereignty and territorial integrity including border protection or any serious threats to national security. To this extent, the NSP adopted by the government is an important step forward. But for the NSP to be effective, first the institutional mechanisms envisaged in the policy document have to be well conceived and in place.

The greater importance are the ways and means to equip and strengthen the security agencies, particularly the NA to enable it to respond to the national security challenges that Nepal faces today, for which NA has been mandated to deal with (H.Thapa, personal communication, Jan 19, 2020).

At the same time and even more crucial policy initiatives and responses must be based on deep understanding of current trends of regional and global developments and their internal implications. To that end the NSP needs further work both conceptually and operationally. In the present geo-strategic situation, there are four options available: First, the clear assessment of the nature and levels of threat and accordingly respond to them by strengthening the NS agencies enough to maintain the non-aligned status. In this case, the external balance of power is usually very significant as best reflected in our past and current situation. The second option is neutrality with significantly strengthened military capability and internal security in order to improve the leverage on the external balance of power as demonstrated by the Swiss model. The third option is alliance with more powerful regional global actors. The fourth option is participation in a broader regional or global collective security umbrella with a much more pro-active intellectual and diplomatic initiative in harmonizing national interests with regional and global collective security and collective good such as vigorous work in South-Asia union or active leadership in the UN (Acharya, 2019).

Nepal does not have a coherent 'national security strategy' as some other countries do, notably the US. Though the government has introduced a national security policy in 2015 but it does not merit the qualities of a national security strategy. The national security policy has some elements of national security strategy but falls short of that. The foremost element in the national security strategy should be the identification and prudent use of national power in the protection of national interests. It must be noted that the country's military power is an important element of national security strategy but not the sole power.

There are other powers such as soft political power, power of diplomacy, economic powers, cultural power and power of the people that determine the elements of national security. A national security strategy must include military security, economic security, resources security, human security, border security energy security, environmental security etc. Many countries also include cyber security, health security and food security in the national security strategy.

The national security strategy should guide the security and other agencies on the overall objectives. It should also include the country's defense and military strategy. It should provide strategic guidance and mandates to the national security agencies. Such policy must be reviewed from time to time. In absence of a national strategy, each security agency is devising strategies on its own. Nepal should develop and adopt a national security strategy as soon as possible.

A country's foreign policy makes the most important element in determining the security of the state. A sovereign nation must defend its frontiers and must provide its citizens security shielding them from internal and external threats. In doing so, the state must use all its powers at its disposal, including the political, diplomatic economic, military and civilian power and the power of the law.

It must be noted that the national security strategy must incorporate elements of foreign policy including the use of diplomatic tools in achieving security objectives in relation to the external environment. Nepal's security establishment often ignores the foreign policy dimension and the diplomatic officials undermine the importance of security thinking in foreign relations. Nepal's security world-view suffers a huge gap due to lack of such active engagement on strategic issues.

There is a need of a national consensus on the basic issues of national interests, national security and foreign policy. The salient issues of our foreign policy agenda with wider significance for defense and NS are 'Amity with all enmity with none' as the guiding principle of Nepal's foreign and national security policy (Shrestha, 2017 July). Nepal should also effectively utilize its soft power for securing its national security interests. Within the overall framework of this policy, maintaining relationship of trust and confidence, with our two immediate neighbors, India and China must be the priority of Nepal's foreign and national security policy conduct of defense and diplomacy. We must pay greater attention to new developments in our immediate neighborhood and move fast in establishing relations with extra regional powers.

The world is changing and Nepal is enduring and unprecedented triumph and trauma of transition. In this new threshold of history and geography, if understood and managed well a whole new vista of internal potential and external opportunities could free Nepal from the revenge to reward of geography. But if unable to understand and manage well, the current internal situation under the shadow of complex geo-political pressure could engulf the whole country into a new quagmire of death and destruction many others have experienced. At this cross roads of time and space, formulating Nepal's foreign and NS policy and conduct of defense and diplomacy will be complex but crucial maintaining and strengthening the independent, democratic, peaceful and prosperous Nepal for all Nepali largely depending on it.

6.3.3.2 Updated security doctrine

Smith, Amelia and Dunne (2012) opine:

The world is a dangerous place and an opportune place too. In order to survive in such a world, he or she must always be aware of dangers, anticipate them and take necessary precautions against them. The national security interest is the final arbiter in judging foreign policy and the only fundamental responsibility of state's people to advance and defend the national interest (p.33).

There is very little conventional external military threat to Nepal's security in the form of aggression or war. Nepal has peace and friendship treaties with both India and China. A potential threat to Nepal's security may come from the military conflicts

between other states in the neighborhood. There is the possibility of spillover of wars between them, sometimes dragging Nepal into the conflict. Though Nepal has always maintained neutrality in the war between its neighbors, it cannot remain untouched if a full-scale military conflict were to outbreak between them. Nepal might have to take measures to repulse the military advances by either of conflicting parties wanting to use its soil for achieving their military objectives against the other.

Any conflict that may arise involving China with a major power of the world may affect Nepal as it cannot remain untouched when the next-door neighbor is in a conflict. The Western powers might want to make use of Nepal as a platform from which to watch China and deploy their security footprints in the event of a break out of hostility with China. Though Nepal has always pledged not to allow its soil against the security interests and the territorial integrity of China; the Tibet issue is one such factors which has the possibility of dragging Nepal into the conflict (Sangroula, 2018).

The geopolitical reality does not allow Nepal to enter into any military pact or alliance with any particular power. For its security, Nepal has to keep its military ready for minimum deterrence, against any possible external military intervention. Such deterrence can be created by a combination of the conventional and modern military apparatus. Beyond that, Nepal has to activate its diplomacy which has been recognized as an instrument of nation power. Nepal's earliest national security doctrine was laid out by King Prithvi Narayan Shah. He had not only likened Nepal as a 'yam between two rocks', he had also stated a defensive strategy saying don't attack others unless you are attacked (jai katatk nagarnu jhiki katak garnu). Though not spelled clearly, the modern security doctrine of the country includes refraining from any offensive acts without being provoked, not allowing the Nepali soil against the security interests of neighboring country and rejection of the stationing off any foreign troops on its soil under its policy of non-alignment. As per the state's policy of non-alignment, Nepal's governments have refrained from joining any military alliance or security pacts, but the army maintains cooperative relations with the armies of the neighboring countries and big power (Lohani, 2017).

Nepal's military doctrine is predominantly focused at upholding a capability to defend and deter any hostile move against Nepal's sovereignty, independence, territorial

integrity and national unity. The Nepali Army has formulated its command-and-control structure, weaponry, cadre, tactics, training, resources and rules of engagement to fulfill this objective. Nepal should maintain a well-equipped and professional army which is ready to defend the country's vital interests. Nepali Army should develop the professional capacity to deal with the traditional and non-traditional security threats arising from both the external and internal environment. Nepali Army has been playing a significant role in disaster relief operations and also takes part in development activities. The army maintains readiness to take part in the UN peacekeeping operations. During the latter part of domestic conflict, the army was extensively involved in the counter insurgency operations.

6.4 Trilateral cooperation strategy

6.4.1 Triangular relations in Nepal's neighborhood

Morgenthau (2007) opines “The relationship of states must be through rational foreign policy that minimizes risks and maximizes benefits” (p.153). His description on the thesis such as ‘state interest is survival’ and ‘states calculate interest in terms of power’ is relevant to Nepal's relations both with China and India. Nepal's relations with the countries in the neighborhood are beset with triangular formations due to traditional intricacies and emerging geopolitical realities. Nepal's relation with India and China is triangular at the economic, political and strategic levels. While both India and China are becoming global superpowers, they have become more assertive and competitive in the region including in Nepal. A triangular dimension also exists among Nepal, India and Pakistan. There are triangular aspects of Nepal's relations with India and Bhutan on the matters of Nepali speaking population in Bhutan. With Bangladesh and India, Nepal has triangular relation on matters related to trade, transit and water resources. Each of these relations counts a lot in Nepal's foreign policy.

6.4.1.1 The balancing act

“In the book world order (2014) Henry Kissinger has praised Nepal's foreign policy for having skillfully balanced its diplomatic posture between India and China” (Sangroula, 2018, p.244). The main challenge of the foreign policy of Nepal is to balance its relations between its two neighbors India and China. There is a strong opinion internationally that one of Nepal's trajectories in foreign policy has been spearheaded with a tightrope walk which requires a skillful act of balancing the

relations between its two neighbors on either side. Due to the geopolitical complexities and the strategic rivalry between India and China, the balancing act is becoming increasingly complex.

China and India compete in Nepal for promoting their political, economic and security interests. Both do not want Nepal to come under the sphere of influence of the other. Given the geopolitical compulsions, Nepal could not afford to lose this balance in its foreign policy, for a slight inadvertent tilt could jeopardize its foreign policy and even its independence. Despite the extensive relations with India, Nepal has been applying the concept of equidistance between India and China. India and China treated each other as adversaries, especially in their security regimes. Despite the rapprochement in their relations, India and China still have differences in many foreign policy issues. The nature of their relations and issues between them are so complex that they are likely to remain in measured competition for some time to come. However, the recent border clash between India-China has turned the relation into a state of strategic rivalry.

In Nepal, both India and China have diverging interests and concerns. Traditionally, China has accepted India's greater sphere of influence in Nepal. China now no longer accepts Nepal as an exclusive sphere of the Indian influence. China is wary of the possible anti-China activities including those from the Tibetan refugees who have been living in Nepal and in India. India is apprehensive of China's increasing footprint and increased political activism in Nepal which are likely to influence India's longer term strategic interests in Nepal. Nepal has yet to take advantage of its geo-strategic location for the relations with its neighbor. Nepal should aim to benefit from both not against each other. Nepal has to take both of them into confidence through a pragmatic foreign policy, taking into consideration their legitimate security interests and sensitivities. Nepal can become a connecting link between South-Asia and East-Asia. Hence, Nepal should develop friendly relations with both India and China, based on its national interests and not playing off one against the other (Lohani, 2017).

6.4.1.2 The ant between the giants

India and China are not only big militarily, economically, geographically, demographically and culturally but also with nuclear power. India and China are

hugely asymmetrical in size, population, economic and political clouts in relation to Nepal. Both are competing for influence in Nepal. “In terms of geography, Nepal is like an ant between two giants” (Acharya, 2019, p. 297). In 2015, India and China agreed to open a trade and pilgrimage route through the strategic Lipulekh Pass where Nepal, India and China have yet to demarcate their boundary tri-junction. Neither India nor China discussed Nepal before approving to open the route through Lipulekh, though the two countries have been mentioning Lipulekh in their bilateral statements since 1953.

Alike to an African saying, when two elephants fight it is the grass which gets squashed. This suitably relates to Nepal in relation to the situations of relations between India and China. “It does not matter whether the two big elephants are fighting or mating. It is the grass which gets trampled in either case, goes the popular adage in Nepal” (Acharya, 2019, p.298). That is what seems to have happened in their agreements to expand trade and pilgrimage through the Lipulekh pass. Lipulekh lies in the Nepali territory, for proving which Nepal has strong evidence-based claims including the Treaty of Sugauli (1816) and maps produced by the British India and afterwards. The Lipulekh tri-junction and related boundary issues need to be resolved based on exchanges of evidence and the spirit of understanding. A tri-junction among Nepal, India and China also needs to be ascertained in the area. The Doklam stand-off (2017) near the India, China and Bhutan border also demonstrates the sensitivity of the unresolved border issues such as that of Lipulekh and Kalapani. Nepal has to learn how to deal with India and China whether they are in cooperative, competitive and confrontational mode with each other. Nepal cannot afford to take sides with either of the neighbors. At every opportunity, Nepal must reassert that no decision regarding Nepal, even those benefitting, is must be taken in prior and proper consultation with it, not between the big powers themselves.

6.4.1.3 The trilateral trials

In 2005, King Gyanendra declared a policy of promoting Nepal as a trade link between India and China. In spite of being land locked, he said that Nepal was land liked with India and China and could serve as a bridge between two of Asia's fastest growing economies. He even started to engage Nepal's policy makers to study way to expand Nepal as a transit country between India and China. Nepal's leaders have since

picked up the concept of transit economy or land-linked economic based on trilateral cooperation between Nepal, India and China. During his 2013 visit to New Delhi, Nepal's PM Pushpa Kamal Dahal proposed the idea of trilateral cooperation among Nepal, India and China. He also flagged this issue at an informal meeting with the heads of government of India and China during the sidelines of the BRICS-BIMSTEC outreach summit held in Goa in 2015 (Shakya, 2017).

While it is left behind in the economic pace obtained by India and China, Nepal hopes to catch up with India and China in their growth trajectory through the concept of trilateral cooperation. It offers hope to Nepal to launch speedy economic growth. The foremost benefit of trilateral cooperation to both India and China are that only as stable and prosperous Nepal can provide security guarantees to both. One of the areas on which trilateral cooperation can strike chord is the increase connectivity between the three countries. Nepal can offer transit to India and China through its territory. Scholars have started to discuss the benefits of the trilateral cooperation among Nepal, India and China, especially in enhancing connectivity, boosting trade and investment and better people to people contact with each other. Nepal offers unique comparative advantage in its relations with India and China, especially in the areas of energy, tourism and high values agriculture.

Both India and China are already helping Nepal in its socio-economic development, though the impact of their aid has not gained high visibility. For the trilateral cooperation to succeed, there is a need for an environment of strategic trust. Trilateral cooperation should be taken as a building bloc to regional cooperation not a substitute to it. It can be complimentary to SAARC and other regional groupings, in which both India and China have stakes. "It can fit into China's strategy for development of its Western regions and it's thrust for connectivity under the BRI and India's Look-East Policy" (Shrestha, 2017 July, p.5). There is potential for enhancing regional connectivity, trade and investment through trilateral cooperation. The proposal for trilateral co-operation among Nepal, India and China cannot be taken at its face value along until the issues of Lipulekh is resolved.

The proposal for a trilateral co-operation should be pursued in good faith and in the interests of all the three countries. More meaningful trilateral to triangular cooperation is certainly possible if there is political will in all three countries accompanied by an

active interest of the private sector and official levels, renewed trust confidence and a conducive environment required for such cooperation in all three countries.

6.4.1.4 Buffer bridge

The possibility of trilateral co-operation also exists due to Nepal's offer to be transit economy between India and China. The triangular relation among India, China and Nepal has become significant in view of the developments in the relations between India and China in recent years. As bitter rivals competing on global and regional policy and strategic arena with their rising economic and political power, India and China are putting their past antagonism behind and are entering into a mode of avoiding confrontation.

The opportunity to Nepal for becoming a bridge between India and China or to serve as a transit economy may not be there forever. China has already engaged in the China Pakistan Economic Corridor which can help achieve its ambition for strategic link with South-Asia through Pakistan. Similarly, the Bangladesh, China, India and Myanmar co-operation is in the making. India and China have also agreed to open the Nathu La pass-through Sikkim for bilateral trade, though the route cannot be operational in the extreme weather conditions (Simkhada, 2018). Nepal must utilize the opportunity available for becoming the transit states between India and China as soon as possible.

In recent years, Nepal has been aspiring to become a transit state between India and China. As a landlocked state, Nepal can gain a lot becoming a transit state between the two geographic giants of Asia. The bilateral treaty of transit between India and Nepal already contains reciprocal clauses which allow India transit to China through Nepal's territory just as it allows Nepal access to and from the sea through the Indian territories. Similar provisions have been introduced in the 2016 'Treaty of Transit' signed between Nepal and China allowing transit to each other on a reciprocal basis. This paves way for making Nepal as transit state between them. Yet, Nepal becoming a transit state between India and China has started to become a possibility as road and rail connection between the two countries through Nepal are in the making. The opening of the Galchhi-Trishuli road has already reduced the road distance from the Indian border to the Chinese border in Nepal to a certain extent (Sangroula, 2018).

6.4.1.5 The tortoise race with the elephant and the dragon

Nepal has been aptly described a yam between two boulders. “Economically, it can be compared as a tortoise racing with an elephant and a dragon” (Acharya, 2019, p.307). Though Nepal's growth rate has since picked up but it is unlikely to match that of India and China soon. There are benefits of spillover effects and opportunities associated with Nepal's location with the two largest markets in its neighborhood. But recent experience suggests that the spill-over from their growth is not going to come to Nepal automatically. Nepal needs a proactive approach to tap the benefits from rising India and China in economic terms. Nepal has even longer experience in handling its relations with two big neighbors. It is discernible that there will be opportunities for Nepal's economic growth from the economic growth in India and China. This depends on how Nepal manages to capture these opportunities arising from such a spill-over. These opportunities will become directly available to Nepal as the Chinese railway comes to the Nepal border as Nepal is integrated BRI.

6.4.1.6 Caught in the quagmire

India and Pakistan often accuse each other that their intelligence agencies have been active in Nepal against each other's interest. The Indian officials complain about the surreptitious activities of the Pakistan's intelligence agency- ISI, as the Pakistanis complain about the covert activities of the Indian intelligence agency- RAW in Nepal. “Despite the fact that Nepal has always pledged not to allow its soil to be sued against the interest of one neighbor or another, Nepal is caught in the quagmire of the regional rivalry between India and Pakistan” (Sangroula, 2018, p. 255). The India-Pakistan rivalry has had a long-lasting impact upon the regional cooperation association, which Nepal is so closely associated with. The SAARC has been languishing due to adverse relations between India and Pakistan (Muni, 2011).

Nepal expects that the deadlock between India and Pakistan on their bilateral issues could be resolved, thus creating an environment conducive to peace and security in the region. That would not only have an immediate positive impact on the scope of regional cooperation but it will also ease out Nepal's bilateral relations with both, avoid the situation of being a playground for the rivalry and proxy wars between the two. Nepal's official policy is not to play to the interests of any side and not to play one country against the other. In most cases, Nepal has managed to take a principled

stand consistent with its declared policies. But in some cases, the triangular circumstances prevail and an apt diplomacy is required to convince either side of Nepal's stand (Rana, 2013).

6.4.1.7 Through the Chicken Neck

There is a triangular situation between Nepal, Bangladesh and India on issues related to trade, transit and exploitation of natural resources including gas and water.

Bangladesh allowed transit to Nepal through its territory since 1976 by signing an agreement to that effect. But Nepal has not been able to sue Bangladesh for its transit to and from the sea owing to under development of physical infrastructure and facilities at the ports and en-route. “This needs to pass through a narrow stretch of land in India often described as the ‘Chicken Neck’ for its security considerations” (Acharya, 2019, p. 310). Nepal has not been able to utilize this route to its maximum potential owing to many difficulties mainly lack of infrastructure, lack of related services and operational difficulties and India's security sensitivities in it.

In 2015, Bangladesh, Bhutan, India and Nepal (BBIN) signed a transport agreement that would allow each other's vehicles to pass through each other's territory for the movement of personal cargo and passenger vehicles. That is in addition to an already existing bilateral transport agreement between Nepal and India. Nepal and Bangladesh are also working towards a bilateral transport agreement which would allow each other's vehicles to ply in each other's territories on agreed modalities. Nepal's relations with India and Bangladesh have also started to become triangular in matters related to water resources. Bangladesh hopes that a triangular negotiation would help formulation of certain norms and principles acceptable to all the three sides. Though these proposals have not been seriously discussed in any trilateral format. any future exploitation many invoke the interests of the three countries in a triangular fashion (Mishra, 2018 Sept).

Any meaningful cooperation on water resources, including in the development of hydro-power project and exporting power to India and Bangladesh or in the construction of dams and reservoirs in Nepal, would require all three countries working together that would help prevent the floods in the rainy season and augment the flow of rivers for irrigation in the dry season. Another triangular situation among Nepal, Bangladesh and India arises from the existence of huge reserves of natural gas

in Bangladesh (Bhatt, 2012). Nepal and India have shown interests to import the Bangladesh's gas via pipelines. Any cooperation between Bangladesh and Nepal on natural resources would be contingent upon the cooperation, trust and confidence of India. Bangladesh is strategically important for its location at the Bay of Bengal, of which Nepal is a hinterland country. Bangladesh can provide a connecting link for Nepal to the South-East Asia. It can give Nepal an alternate access to and from the trade, transit and transmission. Nepal's wish to include Bangladesh in long term strategic partnership on trade, transit and connectivity has yet to find suitable thinking in India.

6.4.1.8 Triangles with wider angles

Nepal has yet another triangular relation with China and the Western powers led by the US. China is concerned that the US and the Western countries may be involved in activities in its neighboring countries like in Nepal to encircle or contain China (Sangroula, 2018). They are wary of too much strategic space that the Western powers are seeking to occupy in the region, including in Nepal. The US and the Western countries have concern over human rights and humanitarian interests of the Tibetans in Nepal, making China suspicious of their intentions. Under its One-China Policy, Nepal's policy is based on its commitment not to allow activities inimical to the Chinese interests in its soil (Panda, 2010).

There is also a wider triangular relation between Nepal, India and the Western powers. A matter of particular interest to India in Nepal is the role of third countries, including in their economic assistance. India is not opposed to Nepal's getting foreign assistance from the Western countries in its development. But India is not comfortable with regard to the security cooperation extended by some third countries, mainly US and UK to Nepal. During the insurgency in Nepal, India was not impressed when the British government hosted an international meeting (2002) on Nepal. India is always interested in keeping the military supplies restricted from their own supplies. During the insurgency, the Western powers mainly UK and US had made it a point to consult India on every move or theirs including on their supply of military related things to Nepal. Such issues keep looming large in a triangular fashion, though Nepal and India have resolved such matters bilaterally under existing treaty frameworks.

Nepal has been handling these triangular relations without taking sides and deciding matters related to these relations based on national interest and core principles of international relations. Given the geopolitical complications and big power interests in the country, Nepal will have to adjust to a more dynamic environment involving external powers and the rising powers in its neighborhood. In doing so, Nepal will have to remain careful that it is not dragged in big power strategic competition. At the same time, Nepal can benefit a lot from such competition, provided it adopts prudent diplomacy and pragmatic policies without hurting their interest. Nepal can also benefit from the relations with the third powers to avoid the excessive indulgence with its neighbors and to put its international role in the right perspective and trajectory.

6.4.2 BRI and viability of China-Nepal-India trilaterals

BRI prospects and execution depend on cooperation, competition and containment policy of both. Chinese President Xi Jinping proposed the idea of a China-India-Nepal Economic Corridor (CINEC), was received very warmly by PM Modi who then suggested setting up an Expert Working Group (EWG) to finalize the modalities of the project. With the Indian boycott of BRI, the proposed project has stood still because of Indian reluctance. The project level collaboration, infrastructure development, connectivity and trade and transit through it will have spill-over effects on economic development to all the countries (Duo, 2017). Nepal at the center of the trilateral axis, it stands to gain the maximum benefit whereas this trilateral relationship will provide China with greater access to South-Asia; and India with much wider access to regions like Tibet, Xinjiang and Central-Asia. The CIN trilaterals came well before BRI, CIN and BCIM can be extended through Nepal as part of the BRI. Trilaterals, off course very important and significant, however core issues of strategic important, conflict and disputes on border, bilateral issues and lack of will to settle those will affect the CIN. Domestic, political and economic environment are also significant (Baniya, 2017).

Policies deficits, inter-state problems and policy of India, Nepal's instable political scenario and lack of basic infrastructure also have implications on trilaterals. If strategic issues like; long lasting border disputes, Tibet issues and maritime interest are settled down, trilaterals is economically feasible and sustainable. Only other

factors like Indo-US partnership, Indo-Pak relation and outcome of CPEC, economic growth of China and future course of Indo-China relation will dictate the fate of CIN trilaterals. Politically, both Chinese and Nepali leaders are optimistic about trilateral mechanism where China and India could adopt a cooperative framework for the economic development of Nepal. India and China will need to work together to accommodate each other's interests in a cooperative arrangement. Due to the geopolitical reality and the divergent security and strategic interest of India and China, BRI is likely to face challenges. This is not only because of BRI but existing and further challenges associated with BRI will have security implication on it.

India's main concern is security and likely impacts on its hegemony. First, increasing Chinese influences in SAARC region and Indian Ocean, China-Pakistan special relation, CPEC passing through Pakistan Administrated Kashmir (POK), long lasting Sino-Indo border disputes are few examples of Indian interest. These interests further multiply with Chinese in Nepal through BRI that Indians are most worried about.

“Indian interest to entry on NSG and UN Security council permanent membership and Chinese refusal are other facts that also cumulatively heighten the negativity in Indo-Sino relation” (Singh, 2014, p.40).

On this backdrop whatever India says, mainly India is susceptible with assertive China and its future influence in the region. Second, India always wants Nepal as 'Buffer State' between China and India. So, the presence of Chinese multinational companies in Nepal will reduce its influences in economy, development, FDI and security sectors. Lastly, political development in Nepal and increasing Sino-Nepal ties is negatively perceived by India as Nepal may become closer to China or self-reliance in future that India never wants to loosen the grip.

Whereas China though has not shown any such interest yet but security of Chinese people, territory and Tibetan issue are its main security concern. The Tibetan refugees in Nepal and free access of them to India and vice versa may raise 'Free Tibet Movement' in Nepali soil that can have very negative impacts on Sino-Nepal relation which China does not want. With connectivity through BRI, China will have greater access to Nepal, enhance bilateral ties, influence Nepal and balance Indian dominance. China doesn't see any such interest with Nepal except security concerns

like in Pakistan but Chinese presence with increasing influence in Nepal and Indian concerns may invite mixed security challenges.

Major power and extra regional power country also have increased security concerns in the past. Nepal's geo-strategic importance to US, EU and other nations to gain access to China or India are the main reasons. US has interest in Nepal mainly to contain or block China and monitor Chinese activities closely. US policy of 'America First', 'Indo-Pacific Rebalancing Strategy', perception on 'Free Tibet Movement', 'Democracy and Religion' and other hidden interest can be somehow implemented from Nepali soil approaching extremely close to China (Thapa, 2020 July).

Similarly, EU and Western countries through INGO and various programs are operating in Nepal, have inherent interest on social, religious and economical activities. Conversion to Christianity is still one of the national interests of some Western nations. Recent trend of religious conversion, degradation of social, religious and cultural harmony, ethnicity problem and external influences on internal matters are quite alarming. Nepal, still at transitional political instable period may need some time to come up from those foreign influences and remnants of past and cope up with economic development. These influences and interests may not directly affect BRI but at operational level different rightist groups, local community and dispute may come across posing challenges (Sangroula, 2018).

It's obvious that Nepal cannot be 'India centric' anymore nor 'China centric' but it needs to take advantages of economical options available to it to be self-reliance. Nepal's foreign policy, internal politics, market mechanism and interest need to be guided to be accommodative towards both the neighbors. BRI is not the only project but others initiative by India or China on any sectors if comply with Nepal's interest must be whole-heartedly welcomed. On these divergent interests, Nepal should seek balance path to take utmost benefits respecting both the neighbors' core interest (Jha, 2020 Sept). Nepal's policy of 'Equi-proximity' with them must be adhered and Nepal should not allow Nepali territory to be used against any of the neighbors as doing now. Nepal can be a transit nation with CINEC or other BRI connectivity.

On a positive note, both are huge markets for each other. Extension of corridors up to their borders may yield positive implication on economy and trio-relation too. Posture of competition in the region triggered by the simultaneous rising of China and India

has provided a greater space for the involvement of third parties. When divergent interests of foreign countries come across, if Nepal cannot play a balance role with firm foreign policy and sound diplomacy and relation with any of them including China and India if become worse, will again invite security challenges affecting the implementation of BRI.

6.4.3 Challenges of trilaterals

For the long-term prospects of development, Nepal's vision of serving as a land bridge between two emerging world powers is of vital importance. The strategic location of Nepal supports the significance and probability of trilateral cooperation. Nepal possesses sufficient opportunities if it adopts prudential foreign policy. But it is difficult task to make this notion realistic. It is very challenging to move together with the pier possessing asymmetric status in terms of size, development and number of populations as well.

China and India are in a battle to expand their influence in South-Asia and Nepal. Their engagement in respective neighborhood is seen as unique rivalry and domination. After the transformation of Nepal from Monarchy to Federal Democratic Republic in 2006, China has started giving more importance to Nepal. China wishes to turn Nepal as an all-weather friend like the one it is with Pakistan. However, India does not feel comfortable with China's deeper engagement in Nepal (Sapkota, 2016).

There is a very fascinating phenomenon on the strategic side of Nepal, India and China triangular relationship where if the two ends of a triangle come closer then they both become more distant to and impact adversely on the third one. If China and Nepal get closer, India feels awkward. "If India and Nepal get closer, China would be uncomfortable and if China and India get closer, Nepal should be uncomfortable for losing its strategic space" (Muni, 2016, p.8). Still the countries have several strategic, political and security relationship issues. They will move forward with economic and other engagement if these issues are settled.

"China is still worried that the Tibetan refugees in Nepal carryout anti- Chinese activities under the spiritual, cultural and humanitarian cover which generates problems in bilateral relation between Nepal and China" (Dahal, 2009, p. 39). Notwithstanding Nepal's commitment on 'One China Policy' and restricting anti-Chinese activity from its soil, Nepal finds it challenging to quash such activities as

there are so many people in Nepal who have spiritual faith on Dalai Lama. “The notion of trilateral cooperation, proposed by Nepali political leader, is either questioned or considered to be premature in the given context of relations between China and India” (Baral, 2016, p.20).

Moreover, China is one of the key strategic allies of Pakistan. India and Pakistan are rival country since the history and has deteriorating relation between them. Thus, India does not wish to join the hands in trilateral cooperation. Furthermore, the ideological factor is also another setback as China has adopted the communist system of government whereas India has implemented the parliamentary form of government. The irony concerning the trilateral issue is that till date neither significant home work is done at government level nor the political parties have shown keen interest to carry the concept of trilaterals into implementation.

6.4.4 Way forward for trilaterals

Lauren, Craig and George (2006) have stated:

The international nation-state system as it has developed over the past four hundred years, initially focused on the balance of power system that later evolved into more organized systems like the League of Nations and the United Nations. Various types of diplomacy (i.e., negotiation, coercion, etc.) and cooperation were practiced and is continuing with different challenges that confront our world today (p.97).

Similarly, Axelrod and Dawkins (2006) provide valuable insights into the age-old question of whether unforced cooperation is ever possible and opines “Cooperation can emerge in a world of self-seeking egoists—whether superpowers, businesses, or individuals when there is no central authority to police their actions” (p.99). They recount the famous ‘cooperative’ computer tournaments and suggest how we can both apply cooperative principles to their own lives and teach cooperative principles to others.

In the light of deliberations presented above, following eight points deserve our attention as the way forward to ensure India-Nepal-China trilateral cooperation. We need to get rid of the dominant mind-set that there is no alternative to conflict theory. There is an alternative and that is of win-win cooperation. Trilateral cooperation is

achievable by a continuous process of reaching out to a trilateral strategic consensus and evolving it further to a higher stage. Objective conditions and subjective initiatives are creating a synergistic effect to deal with the unresolved issues left by history while at the same time carving out new understanding and values. If Germany and France can leave behind the legacy of World wars and make an earnest attempt to collaborate in European Union why Cannot China and India do so (Maskey, 2017April)? Nepal's strategic location and avoidance of similar scars of history makes its favorably plead to promote new understanding.

BRI can be an important vehicle to foster understanding and build partnership to the benefit of all countries concerned. Nepal can play a crucial role in furthering the mutual understanding by collaborating on common projects to encourage full utilization of the comparative advantages of the three countries. Concerted action of the government and the think tanks, formal and track II diplomacies need to be employed to achieve the desired results. Nepal's independent foreign policy has to be in place to harness the new opportunities created by the 21st century and aimed at achieving trilateral strategic consensus (Jaiswal, 2015).

There can be a regular mechanism of bilateral and trilateral dialogues at the Secretary and Ministerial level of Foreign Minister. Different multilateral events can be utilized to promote the trilateral strategic consensus. High level visits to and from all the three countries would help strengthening the friendship and avoids friction. The think-tank organizations of those countries need to work together to affect a frank and honest discussion of the problems and possible solutions. They have a tremendously important role to play in track II diplomacy and people to people contact. Intensifying exchange visits in all walks of life, particularly of the scholars, would contribute substantially to achieving the results.

The outdated notion of playing 'China Card' and 'India Card' by Nepal is best avoided. Playing of such card implies changing sides to curry favor from one country against the other. Whether Nepal really conducted so in the past or its apparent nearness to one vis-à-vis the other neighbor for its own survival is now best avoided. Borrowing the pun from Dr. Pitamber Sharma, who first coined the word 'Nepal Card', "I would say if Nepal has to play cards it could only be the 'Nepal Card' of a sovereign and independent nation committed to deepening and strengthening the

friendship between its two great neighbors to its advantage” (Maskey, 2017 April, p.2).

Similarly, such theories as ‘String of Pearls’, where China encircles and contains India by developing good relation with South-Asian countries will hardly have any relevance in the present context. Such a theory looks at any economic cooperation only through lenses for security and military strategy to discover ulterior motive. While each country minds its own self-interest, mutual trust should be the guiding principles not the morbid fear, to explore bilateral and trilateral cooperation between India, China and Nepal.

The focus should be in our cultural bedrock, the common foundation of wisdom around which our historical relations have grown through the centuries. The focus should be our relative strength and comparative advantages. The focus should be our historical responsibility in preserving and protecting our common habitat, the only planet that is known to harbor life by finding innovative ways to green and sustainable development. Trilateral cooperation between India China and Nepal, then becomes almost inescapable.

CHAPTER 7

FINDINGS, SUMMARY AND CONCLUSION

7.1 Findings

7.1.1 Nepal-China relations (2007-2020 A.D.)

- (a) Nepal's relation with China is more focused on treating with respects by realizing its strength, sensitivities and strategic interests with Nepal in the changed political context.
- (b) Peace and development are the priority concerns for both Nepal and China in their bilateral relations. Nepal- China relations have become a model of friendly cooperation for countries of different social systems and neighboring countries to live in friendship and harmony.
- (c) Both share identical view on major issues of global and regional concern. In recent days, China has been helping Nepal in enhancing its regional posture by supporting Nepal's legitimate placement in various important regional organizations like AIIB, SCO, BOAO Forum, Kunming Asian Trade Forum, Trans-Himalayan Cooperation Foundation etc.
- (d) In the past, China adopted a policy of non-interference in the internal politics and welcomed every political development. However, in the recent past China is actively engaged with Nepali political parties. China prioritizes stability above ideology or political system and is willing to be engaged with whoever is in power.
- (e) China's primary concern in Nepal is its security and is increasingly being marked by cooperation in the areas of security where China wants to strengthen capability and extend relations with Nepali security agencies so that it contributes to control anti-Chinese activities in Nepal. The high-level visits from China appeared as to develop strong sense of confidence and develop trust to further move ahead together as a dependable partner in a new political setting. Every Chinese visit to Nepal has ended up with considerable amount of aid and assistance driven by key security consideration.

- (f) In 2016, Nepal and China signed a treaty on trade and transit transport, thus breaking the unilateral dependence of Nepal on transit routes via Indian territory and sea-coast. Chinese strategy focused on ending Nepal's over-dependence on India. Among the various elements of DIMEFIL, China is focusing towards Diplomatic, Military and Economic engagement within Nepal. BRI can be a vital instrument of change for Nepal and should be taken advantage of it rather being skeptical about it.

7.1.2 Emerging security dynamics & impact on Nepal-China relations in the current South-Asian regional security environment

- (a) The South-Asian security mosaic is becoming VUCA. South-Asian states are facing multi-dimensional traditional as well as non- traditional security threats. Extra-regional powers such as US, UK and other Western powers are also involved in the regional affairs for promoting and sustaining their own strategic interests which has further complicated the political and security dynamics of South-Asia.
- (b) India is launching the 'Neighborhood First Policy' towards South-Asia and 'Act East Policy' in the wider Indo-Pacific region.
- (c) China is skeptical towards growing strategic ties between India and US and feels the two nations are increasingly working strategically together to encircle it in South-Asia. Further, the quadrilateral alliance of Japan, India and Australia is taken as an instance of the offensive China containment strategy.
- (d) The US engagement with Nepal has its strategic interests embedded to it. The rising influence of China in the region also adds to India's sense of insecurity and periodically colors its relationship with other countries.
- (e) Currently, China's policy toward Nepal appears to be driven by the twin objectives of expanding influence in the Nepal and suppressing anti-China activities. China's engagement with Nepal has been multi-dimensional and designed for the long term. China focused more on soft power aspects.
- (f) The main three areas of China's interest in Nepal are stability, economic development and geopolitics.
- (g) Following the US signing of the Tibetan Policy and Support Act of 2020 and US deepening relations with South-Asian countries to maintain a free and open Indo-Pacific, geopolitical superpowers are increasingly focusing their attention

on Nepal. In light of this, China may seek to press its advantage against its neighbor.

- (h) The long-standing concern for India's security is China's containment of India, the modernization of the PLA, growing assertiveness on the border, and unchecked maritime advance especially its stronghold of critical sealines of communication or 'String of Pearls' that encircle India.
- (i) India's main concerns toward Nepal are security, economical interest and maintaining geographical gap with China.
- (j) The hegemonic stability theory suggests, a strong dominant power ensures stability, but when that strong power begins to slip and new challenges rises, war is more likely. Through such paradigm, conflict is likely to emerge out between China and India and more likely between the US and China. Under such case India is more likely to increase its activities within Nepal through DIMEFIL instruments to ensure its strategic and security interest.
- (k) While drawing through 'Thucydides Trap Theory', conflict is inevitable in a limited scale between China and India and between China and the US in a larger extent. Under such dynamics, Nepal security will be under danger.
- (l) Nepal has always maintained a balanced relationship with both China and India in its military discourse while focusing on own survival and national interest.
- (m) The security perception of Nepal has shown some significant deviation from typical traditional military based threats to nontraditional.
- (n) India is increasingly concerned by Chinese growing engagement in South-Asian countries including Nepal.
- (o) Nepal attracts the attention and interests of other big powers in view of its strategic, economic and political significance. If used prudently, Nepal can utilize its strategic significance to its benefit. If mishandled, it can become a trap to its security, economic prosperity and even for survival.
- (p) India and China are now in fierce competition in Nepal both in-terms of geo-political and geo-strategic terms.
- (q) Keeping in view of growing interest of extra regional power, the regional security matrix suggests China is highly likely to expand its influence more in Nepal and countries in the region by the extensive use of DIMEFIL instruments.

- (r) China is cautious for US policy of ‘America First’, ‘Indo-Pacific Rebalancing Strategy’, perception on ‘Free Tibet Movement’, ‘Democracy and Religion’ and other US interest can be implemented from Nepali soil approaching extremely close to China.
- (s) EU and Western countries through INGO and various programs are operating in Nepal have inherent interest on social, religious and economical activities.

7.1.3 Nepal’s foreign policy and security strategy

- (a) The most important factors for Nepal in its interstate relations is its ‘survival’ and ‘independence’ and its strategic and security relation must be truly guided as such.
- (b) India and China have put forward various neighborhood initiatives including the proposals like the BRI and the ‘Look East Policy’. Nepal has to create space for its neighborhood policy based on the regional strategy of major blocs, powers and neighbors around it.
- (c) Nepal cannot be ‘India centric’ nor ‘China centric’ but needs to take advantages of economical options available to it to be self-reliance.
- (d) Nepal has to ensure that its propose bridge role in the developmental context remains cautious and scrupulously avoids offending strategic sensitivities of India and China.
- (e) The regional and the global aspects of Nepal's foreign policy are regional balance of power and the global non-alignment.
- (f) The concept of non-alignment, as it applies to Nepal’s foreign policy, would have to be re-examined and re-defined.
- (g) Nepal's foreign policy should take into account the emerging backlash against globalization and the return of geopolitics, as well as the shifting balance of power to developing countries, particularly to India and China.
- (h) Nepal’s foreign policy will breakdown at the point where either India or China loses faith on us and concludes that its vital national interest and sensitivities do not receive proper recognition in our conduct of relations.
- (i) Nepal needs to be more pro-active in the international arena, including strengthening relations with US, UK, Europe, Russia, Japan and UN.
- (j) The foreign policy must also recognize the national security policy as its important elements. Nepal needs to institutionalize consultations mechanism

between the defense establishments of the neighboring countries and major powers.

- (k) Nepal must develop smart power and should have a coherent national security strategy.
- (l) Nepal should seek balance path to take utmost benefits respecting both the neighbors' vital interest.

7.2 Summary

This research aimed at highlighting the Republic era Nepal-China relation (2007-2020) and the emerging security dynamics. While doing so, it examined relationship using three variable diplomatic, military and economic powers within the DIMEFIL framework of national power. To analyze the subject under the study, it briefly described the historical trends of evolution of political, diplomatic, military and economic relations with China in a chronological order to broadly identify and examine various issues as well as to illustrate literary development in the field of study.

It mainly attempted to make a broader understanding of relationship of the Republic era Nepal to shape the thinking of policy makers, political elites, generally conscious people, scholars of IRs, political science and history, security experts and the like on Nepal's relation with China as well as the emerging security dynamics. Similarly, it descriptively analyzed the strategic and security interest of different regional and extra regional powers to generate ideas and discussion on the bilateral and trilateral cooperation in the conduct of overall security and development of Nepal.

Furthermore, basing on Nepal's geo-strategic position between two competing powers and the issues that have interconnected dimension in the region, it attempted to illustrate the influence of regional security dynamics on Nepal's post-Monarchial diplomatic relations. This study mainly focused on examining three interrelated critical questions:

- (a) What are the factors that influenced Nepal- China relations during 2007-2020 AD?
- (b) How do the emerging security dynamics' impact Nepal-China relations in view of the current regional security environment of South-Asia?
- (c) How should Nepal frame its foreign policy and security strategy in the present global security context visualizing the importance of two giant neighbors?

In order to investigate these three key questions, theoretical and empirical literatures were reviewed. As a theoretical paradigm, it reviewed relevant theories of IRs, mostly realism and liberalism to stimulate discussion and attempted to draw key outlines in Nepal's strategic and security relation with China through the lens of those theories. Similarly, key empirical literatures were reviewed to gain broader understanding and to provide foundation to the subject under the study as well as to identify gaps in the literatures. The empirical literatures revealed that Nepal's relations with China is mostly defined through historical, socio-cultural, economic and informational dimensions and that too is limited to discussions and interpretation prior to 2007, until Monarchy existed. Those of Republic era Nepal, mostly from non-Nepali perspective, are limited to discussion of increasing Chinese and Indian activities in Nepal.

However, non-examines post-Monarchical emerging security dynamics with China and that too through four important variables as well as with the knowledge and assessment of the influence of current regional strategic environment on Nepal's relations. Moreover, literatures mostly lack generalization from the critical events that recently unfolded on Nepal's relations with China vis-à-vis its policies towards Nepal. Similarly, no literatures offer strategic and security interest along with bilateral and trilateral cooperation with China, India, US and its significance to overall security and development and that too for country like Nepal in such a geo-strategic position and transitioned to Federal Democratic Republic. Furthermore, linkages between strategic and security interest and cooperation to Nepal's peace, security and development is hitherto uncovered.

One of the important literary contributions of this study was to illustrate the significance of security strategy dynamics in Nepal's strategy of cooperation. It identified guiding framework of dimensions of strategic and security interest including diplomatic, economic and military relations, institutional and legal treaties and agreements and examined bilateral and trilateral relations. Moreover, to investigate how Nepal-China relation can be made harmonious and special in Republic era Nepal, it examined the case and examples of India and US as well.

The strategic and security dimensions of Republic era Nepal-China relations identified and examined sequentially with major unfolding event. By using documentary method, it qualitatively analyzed available data and used descriptive and

exploratory research design while interpreting those data. The study used three elements; diplomatic, military and economical of DIMEFIL instrument of power in explaining the strategic and security relations. Moreover, it used end, means and ways approach as a conceptual framework for analysis.

This research relied on secondary data where most of the referred literatures are books, journal articles and scholarly papers and web-based documents. For the primary data collection, the subject matter expertise as well as diplomats and politicians from different walks of life were interviewed through semi structured questionnaire to make the study more comprehensive and complete. Moreover, researcher own observations and experiences helped in describing strategic, security and military aspects of the study as well as assessing emerging security dynamics in current regional strategic environment to find linkages on how these prospects influenced Nepal's Republic era relations with China.

Mostly in the text-analysis process of the study, in order to portray data accurately and examine the elements, it creates a broader picture by describing number of subsets of those elements that provided significant meaning leading to the key findings of the study. To better analyze the research problem, the study was organized into seven chapters.

It began by introducing problem statement and detailing research questions and objectives in Chapter I to have wider understanding on the subject and to develop conceptual framework. Chapter II reviewed relevant theoretical and empirical literatures. Similarly, Chapter III dealt with the methodology of the study.

In Chapter IV, in its Republic era Nepal-China relation, drawing on empirical literatures, it briefly examined the trends of development of relation from the era of Manjushyri, Bhrikuti and Arniko to the recent days. Since ancient times, relation between the two countries is characterized by people-to –people contact through pilgrims and travelers.

On 1 August 1955, Nepal and China established diplomatic relations on the basis of five principles of peaceful coexistence, Panchsheel for the first time. The declaration of Mao Zedong virtually ended the suspicion or fear of Nepal for its national sovereignty and independence which was instilled by the intrigues of the imperial

courts in the remote past and the Nationalist government in the recent past to impose domination over Nepal.

Throughout 1950, Nepal's relation with China appeared mostly under the realist paradigm. The end state was national survival and maintains independence as the Monarchy adopted a policy of equidistance with both China and India keeping in view of growing rivalry between China and India. The 1960 Treaty of Peace and Friendship with China provided legal and institutional framework for maintaining relations with China through various elements of DIMEFIL.

Differences in Nepal-India relations were clearly visible when India imposed tough economic embargo to Nepal in 1989 as Nepal purchased weapons from China. China mostly remained away from such situation. However, since the political change of 1990, increased interaction through various variables of DIMEFIL were observed and Nepal tried to extract economic benefit from both China and India as both adopted a policy of economic liberalization in the context of the end of Cold war and rise of globalization.

During the internal conflict, 1996-2006, China adopted a policy of non-interference as usual and mostly maintained distance from Nepal's internal conflict, however, it provided military hardware to Nepal when supply was halted from those countries who previously supplied.

China welcomed the political development of 2007 where Kingdom of Nepal turned into Federal Democratic Republic. Nepal's relation with China in the Republic era Nepal witnessed high level diplomatic visits from both sides and interaction at various levels through the perspectives of DIMEFIL as well as strengthening cooperation in new areas within such scopes.

Nepal faced major hurdles in its diplomacy with India when it imposed blockade similar to that of 1989 economic embargo in the immediate aftermath of the promulgation of constitution of Federal Democratic Republic on 20 September 2015. However, China expressed that it respects the aspiration of Nepali people and their decision, displaying its policy of non-interference on internal matters. The growing activities of China are mainly through diplomatic, informational, military and economic instrument of DIMEFIL which are observed with the end state of securing its long-standing interest rooted on security.

China wants to maintain Nepal's assurance as obtained during Monarchy on 'One China Policy' and to keep anti-Chinese forces away from Nepali territory that could launch destabilizing activities to China given the fragile condition of Tibet as seen in the past 'Free Tibet Movement' in Nepal. China's ultimate drive in its relations with Nepal appears to extract assurances on its security interest mainly through diplomatic and economic means using soft power. Such reality occupies a higher level of visibility of China's diplomatic relations with Nepal and that needs a closer look.

Nepal, as a transit economy will have financial integration globally with the implementation of BRI. Converging Nepal from a yam between China and India into a bridge between them is of most strategic importance of BRI. The growing Chinese economic and military engagement in Nepal has its consequence in the improvement of diplomatic relations between the two nations. Peace and development are the priority concerns of both Nepal and China. Both share identical views on major issues of global and regional concern. Similarly, India is actively engaged in continuously maintaining its relations by widening the scope of its diplomatic, informational and economic means under the border realist framework guided by the security imperatives under the 1950 treaty. Moreover, Nepal's relation with China in the Republic era Nepal is more focused on treating with respects by realizing its strength, sensitivities and strategic interests with Nepal in the changed political context.

Chapter V mainly outlined the trends and dimensions of emerging security dynamics and its impact on Nepal-China relations in the regional environment. This chapter explained cross-cutting issues on current strategic dynamics of South-Asia along with other interconnected issues and examined its influence on Nepal's strategic and security relation with China in the Republic era Nepal. While explaining the security dynamics, it identified issues such as China-India rivalry, China-US rivalry, increasing strategic and security interest of China, India, US and Western block, BRI, MCC, including contested issue of China containment and Nepal's security sensitivity. It further identified security issues and interests of China, India, US and Western block.

The South-Asia security mosaic are becoming more volatile with the US led war against terrorism, regional hegemony, nuclear competition, inter-state relations, US-India strategic partnership, US policy in Pacific region, corruption, unstable politics,

poverty and the increasing economic influence and political presence of China have a profound impact on the region. South-Asian countries are confronting multi-dimensional conventional as well as non-conventional security challenges.

Furthermore, the political and security dynamics of South-Asia has complicated due to the engagement of global powers such as US and UK as well as western powers in the regional affairs in order to fulfill their strategic interests

The US has always been engaged in the South-Asian regional affairs because of its interests in the region. US has heightened its involvement in the region predominantly due to war on terror in Afghanistan after the 9/11 incident. Another cause for the US to get more engaged in the South-Asian affairs is due to the continuous rise of China.

It is the responsibility of the states of South-Asian region to take a rational decision that could be beneficial for them through growing their economy as well as eliminating security problems that resultantly make the region stable, developed and peaceful rather than playing in the hands of foreign powers. Although, South-Asia as a region has huge potential to emerge as a vibrant market and achieve tremendous economic growth, yet, unless the political issues are kept aside by the regional actors and decision makers, cooperation seems to be a complex process. Because, South-Asia is one of the regions where there is an intricate link between security and cooperation. And unless the security issues are addressed properly, cooperative measures could hardly find sound ground.

Considering the geographical and political factors, it can be stated that the role of geopolitics in defining the security architecture is much crucial in South-Asia.

Therefore, in the context of the geo-political, it can be argued that the cooperation among states remain a difficult task not only because of the political tensions among regional states but also because of the strategic choices of the great powers while forming ties with South-Asian states that further lead to increase the existing suspicions among regional states.

The strengthening of strategic partnership between India and US as well as the growing Chinese presence in the region has turned South-Asia significant in the internal strategic space. Both China and India should collaborate for the best interests of regional and global stability. Though there are common areas for cooperation but the lack of sufficient political trust is becoming the major hindrance. China and India

should play more proactive role in the global affairs besides the bilateral relationship. At the global level, the significant issues related to China and India are the strengthening of the bilateral deals on multilateral issues as well as enhancing their bilateral relations.

In the 21st century, the rising China has become the formidable economic power, with growing strategic and military capabilities. China approaches the global theater with the aim of creating a multi-polar order in which it would leverage its comprehensive national power to emancipate its social and economic order to a developed medium power economy, a robust military capability that would thwart external adversity. However, China's principal aim in Nepal is to ensure Nepal's persistent acknowledgement of the 'One China Policy' and to ensure its cooperation to suppress anti-Chinese activities mainly the Tibetan activists. China fears the growing strategic ties between India and the US and feels the two nations are increasingly working strategically together to encircle it in South-Asia. Following the U.S. signing of the 'Tibetan Policy and Support Act of 2020' and US deepening relations with South-Asian countries to maintain a free and open Indo-Pacific, geopolitical superpowers are increasingly focusing their attention on Nepal. In this context, China may pursue to surge its advantage against its neighbor.

India is increasingly concerned by Chinese growing engagement in South-Asian countries including Nepal. Due to the geographical location and being two emerging major Asian powers, India needs to engage with China through the cooperation and competition in its common South-Asian neighborhood and the Indian Ocean as well.

Nepal has no interest in joining a US-led strategy to contain China's rise. Some called the 'Indo-Pacific Strategy' pushed forward by the United States, a purely China containment strategy. To check and obstruct the development of China, US mobilized coastal countries of the Pacific Ocean and later added the Indian Ocean. US want to mobilize all the Indo-Pacific countries against the development of China. This is the main intent of the Indo-Pacific Strategy.

Nepal has used its foreign policy for the protection of its national interests. Nepal must have a national security strategy which is capable of handling both conventional and non-conventional threats, however it currently does not have efficient establishments to plan and implement such a strategy. Nepal has always maintained a

balanced relationship with both China and India in its military discourse while visualizing their key security interest that may destabilize Nepal's diplomacy with China and India while focusing on own survival and national interest. Nepal's military, being in a subordinated position to diplomatic power, has contributed significantly to the overall diplomatic effort of the country by maintaining sound military relations with China and India mainly remaining in a middle path.

Furthermore, it will also help in understanding the emerging challenges of Nepal-China relations. The geo-strategic vulnerability of Nepal, growing military and economic power of China, Indian concern over Chinese engagement in Nepal, US and Western block's China containment strategy are the emerging issues that have security impact in the bilateral relation between Nepal and China. Nevertheless, the broader regional strategic and security environment is unstable and complex. The strategic rivalry between and among the power players in the region is the critical imperative for the regional peace and harmony. Moreover, the analysis of the regional security dynamics helped to understand the bilateral and trilateral cooperation mechanism in order to make the region peaceful and developed. The landlocked status and geo-strategic rivalry in the region pose security challenges to Nepal to maintain a balance relation in the regional and global environment for which Nepal should adopt a suitable foreign policy and security strategy.

Chapter VI explained the foreign policy options for Nepal and also examines the security strategy commensurate with the foreign policy objectives. The regional and global cooperation through bilateral and trilateral mechanism is also discussed in depth. Though Nepal is a small power but its relative size and asymmetry with India and China puts Nepal into a unique geopolitical situation. Nepal's significance is increasing regionally as well as internationally. Nepal should engage in active and meaningful dialogue with China and India. Nepal's position in South-Asia is thus not only crucial but imminent in peace building in Asia. India and China have put forward various neighborhood initiatives of their own, including the proposals like the BRI and the Look East Policy. Nepal has to create space for its neighborhood policy based on regional strategy of major blocs, powers and neighbors around it.

Nepal's foreign policy should take into account the emerging backlash against globalization and the return of geopolitics, as well as the shifting balance of power to

developing countries, particularly to India and China. Nepal's foreign policy has been guided by the principles of non-alignment mainly those of peaceful coexistence and staying out of alliances and blocs in the world. In fact, the NAM has been one of the key principles and objectives of Nepal's foreign policy. For the long term of development of Nepal, it must devise the vision of assisting as a land link between two emerging global powers is of vital importance. The strategic position of Nepal also substantiates the significance and probability of trilateral cooperation.

In this context, China, India and US are widely extending their reach to Nepal through various elements of DIMEFIL. Due to differences in their relations and their varied interest and ideology guided by realist paradigm, China, India and US are trying to keep Nepal within their sphere of influence so that it acts favorably to their policy interest. While looking into the contours of current regional strategic environment, it appears wise on the part of Nepal to adopt a balanced path without aligning to any regional and extra-regional actors.

Furthermore, the strategic and security interest of regional and global powers has consequential impacts on geopolitics of Nepal. The contradicting and conflicting interest might turn Nepal into a playground of super power rivalry. Nepal needs to act responsibly considering its national strategic and security interest. Such realities helped to draw strategic and security cooperation in both bilateral and trilateral forum by realizing the challenges of contemporary regional environment that highly contribute towards making its foreign policy vibrant and stable in the Republic era Nepal. Moreover, the examination of emerging security relations and assessment of current regional strategic environment helped to draw major findings while highlighting Nepal-China relation (2007-2020) and the emerging security dynamics as illustrated in Chapter VIII.

7.3 Discussion

The literatures mostly covered Nepal's relations with China through historical perspective and are focused on political, socio-cultural and economic dimension and that too is mostly covered prior to 2006. Non-examined Nepal-China relations (2007-2020 AD) and that too through different elements of national power as well as with the knowledge and assessment of the influence of current regional strategic environment on Nepal-China relations.

Similarly, no literatures offer strategic and security interests and its significance to overall regional security and that too for country like Nepal in such a geo-strategic position and also in Republic era. Furthermore, linkages between strategic and security interest and cooperation to Nepal's peace, security and development is hitherto uncovered.

This research aimed at highlighting the Nepal-China relation (2007-2020) on emerging security dynamics. While doing so, it examined relationship using three elements-diplomatic, military and economic within the DIMEFIL framework of national power.

It mainly attempted to make a broader understanding of relationship of the Republic era Nepal to shape the thinking of policy makers', political elites, generally conscious people, scholars of IRs, political science and history, security experts and the like on Nepal's relation with China as well as the emerging security dynamics.

Similarly, it descriptively analyzed the strategic and security interest of different regional and extra regional powers to generate ideas and discussion on the bilateral and trilateral cooperation in the conduct of overall security and development of Nepal.

7.4 Conclusion

Nepal - China relations are very cordial and deep rooted since ages. It is marked by social, religious cultural, economic and politically close ties. On 1 August 1955, Nepal and China established diplomatic relations based on the five principles of peaceful coexistence, Panchsheel. Throughout 1950s, Nepal's relation with China appeared mostly under the realist paradigm. The end state was national survival and maintains independence, as the Monarchy adopted a policy of equidistance with both China and India keeping in view of growing rivalry between China and India. The 1960 Treaty of Peace and Friendship with China provided legal and institutional framework for maintaining relations with China through various elements of DIMEFIL. China always wants to maintain Nepal's assurance on 'One China Policy' and to keep anti-Chinese forces away from Nepali territory that could launch destabilizing activities to China given the fragile condition of Tibet as seen in the past 'Free Tibet Movement' in Nepal. China's ultimate drive in its relations with Nepal is to get support and assurances over its security interest mainly through soft power by using diplomatic and economic means. Further, China wants to strengthen capability

and extend relations with Nepali security agencies so that it contributes to control anti-Chinese activities in Nepal. As Nepal transitioned into Federal Democratic Republic after the abolition of Monarchy in 2007, bilateral relation witnessed an increased level of interaction with China. ‘Visit diplomacy’ especially exchange of high-level visits and interaction at various levels strengthened relations, which contributed in enhancing engagement through other variables of DIMEFIL. The relationship with China remained harmonious with an increased level of connectivity and linkages in various spheres. Similarly, China continued its benign and friendly approach of friendship based on peaceful co-existence and mutual benefits, while remaining visibly away and citing Nepal’s political situation as its internal.

In order to enhance the profile and image, China has financed comprehensively within Nepal. This trend reveals that China has adopted multi-dimensional engagement with Nepal and designed for the long term. Furthermore, China is encouraging Nepal to pursue the equidistance policy between India and China. China always refrained from engaging in Nepal's internal affairs, however its support to economic and social development of Nepal is significantly increased. Chinese engagement in Nepal is based on a certain core principle mainly respecting the sovereignty, policy of non-interference in the domestic affairs and going out policy of economic engagement. China has positioned fourfold policy to bolster its bilateral relations with Nepal. First is accommodating each other's political concern, second is enhancing the economic cooperation on the basis of mutual benefit, third is boosting people to people and cultural exchanges and the fourth is strengthening the coordination and cooperation in international and regional affairs

Generally, it appears that geopolitics, stability and economic development are the main three areas where China has the interest in Nepal. Stability in Nepal is first and foremost interest of China in order to contain the risk of Tibetan secession. In the recent years, China has been extensively engaged for the political stability of Nepal which is viewed as its expressions of concern for stability beyond the Tibet issue. In the Republic era, China has become attentive in reaching out to political parties and different institutions of Nepal. As part of soft power, China has been establishing China Study Centers and expanding its reach to the political parties, local communities and different walks of life through high-level exchange visits and investment in different sectors of Nepal.

Economic interest has become the principal factor for China's foreign policy including its enlarged engagement in Nepal. China considers Nepal as one market which connects the larger markets of South-Asia. In order to use Nepal as transit country for trade and commerce with South-Asia, China is enhancing its economic ties with Nepal as well as developing the local infrastructure. Therefore, China's rising engagement with Nepal can be seen motivated in part by its economic expansion strategy. The fast-growing economic engagement between Nepal and China on aid, trade and investment reveal a new but significant dimension of China's interests in Nepal.

China is interested to utilize the strategic position of Nepal to serve BRI objectives, ranging from infrastructure development to creation of deeper bilateral cultural and political connections. China aims to make the best use of geo-strategic location of Nepal to reach out to other parts of the region. As transit economy, Nepal will have global financial integration with the implementation of BRI. Converging Nepal from a yam between China and India into a bridge between them is most strategic importance of BRI. The rise of Chinese economic and military engagement in Nepal has resulted on upgrading the bilateral diplomatic relations. Peace and development are the priority concerns of both Nepal and China. Both share identical views on major issues of global and regional concern. Moreover, Nepal's relation with China in the Republic era Nepal is more focused on treating with respects by realizing its strength, sensitivities and strategic interests with Nepal in the changed political context.

Nepal and China have agreed to widen their recently deepening defense and security ties. The geo-strategic vulnerability of Nepal, growing military and economic power of China, India concern over Chinese engagement in Nepal, US and Western block's China containment strategy are the emerging issues that have security impact on the bilateral relation between Nepal and China. Since the time of unification by great king Prithvi Narayan, Shah, national security issues have always been a major concern for Nepal due to the landlocked status and geographical location between two largest populated countries in Asia.

The rise of China in the twenty first century came as a formidable economic power, with growing strategic and military capabilities. China approaches the global theater with the aim of creating a multi-polar order in which it would leverage its

comprehensive national power to emancipate its social and economic order to a developed medium power economy, a robust military capability that would thwart external adversity. However, China's major objective in Nepal is to ensure Nepal's persistent recognition of the 'One China Policy' and secure its cooperation on security matters.

The economic rise of China, India, South-East Asia and the Gulf are fostering a brighter prospect of shifting the world's economic hub from Europe and US to Asia. Within this broader framework of the Asian perspective, Nepal may turn as further prone to the intrigues. The US interests over China are politically and economically vital. Both these interests are protected by military strength thus requiring unlimited maneuvers against China. The US interest in Nepal would thus be significantly increased in future and may cause serious harms in its national sovereignty and independence, if Nepal is not prepared for consciously and pragmatically handling the situation in future.

China has also worried about Nepal being used by external powers to challenge its strategic interests. China fears the growing strategic ties between India and the United States and feels the two nations are increasingly working strategically together to encircle it in South-Asia. Following the U.S. signing of the 'Tibetan Policy and Support Act of 2020' and US deepening relations with South-Asian countries to maintain a free and open Indo-Pacific, geopolitical superpowers are increasingly focusing their attention on Nepal. In this context, China may pursue to surge its advantage against its neighbors.

India is increasingly concerned by Chinese growing engagement in South-Asian countries including Nepal. The geographical location and nature of relationship as two key rising Asian powers, India has pursued with China through the cooperative and competitive form in its shared South-Asian neighborhood and the Indian Ocean. Nepal has no interest in joining a US-led strategy to contain China's rise. Some called the Indo-Pacific Strategy pushed forward by the United States a purely China containment strategy. To check and obstruct the development of China, US mobilized coastal countries of the Pacific Ocean and later added the Indian Ocean. US want to mobilize all the Indo-Pacific countries against the development of China. This is the main intent of the Indo-Pacific Strategy. Moreover, ongoing vulnerable and

ambiguous regional strategic environment may invite tension in the regions including conflict between China and India as well as the interest of extra regional powers mainly aimed at containing China. The point in case is that various forces may try dragging Nepal in a complex dynamic with a stake and the possibility of indirectly using Nepal against any power equally remains high. Nepal needs consciousness on such discourse and makes informed and meaningful judgment in its every diplomatic move. Hence, a broader 'strategic policy calculus' and a wider 'national consensus' underpinned by a strong sense of urgency on the matter of 'national interest' warrants a closer attention in the conduct of strategic and security relations with China and India.

Given Nepal's interconnectedness with Tibet, China considers many risk that threaten its security. Similarly, looking at Nepal's geographical setting connecting with its troublesome North-East region, India is worried about its security through the open border with Nepal. Nepal occupies an inseparable link in both Chinese and Indian foreign policy planning. Moreover, hostile attitude or hostile Nepal situated between two rivals will be very costly for both of them to manage security of their frontiers towards Nepal. Due to such dynamics, they are more focused in supporting Nepal with more aid and assistance and maintain deeper linkages.

Nepal never adopted any hostile path to either China or India, rather always displayed friendly attitude and respected their polity concern. Moreover, Nepal applied maximum restraint towards various policies of China and India within Nepal especially China's concern on 'One China Policy' and India's security interest mainly attributed to increasing activities of China in Nepal and other actor's hostile to India through Nepal. An increased level of cooperation with China to attract direct investment within Nepal, as it has been doing more to South-Asian countries would be beneficial to advance Nepal's agenda of economic development and prosperity. Similarly, India's direct investment and assistance in a way that mutually benefit would be instrumental for Nepal. Nepal's relation with China in the Republic era Nepal witnessed high level diplomatic visits from both sides and interaction at various levels through the variables of DIMEFIL as well as strengthening cooperation in new areas within such variables. For both China and India, maintaining friendly and cooperative relations with Nepal is a strategic necessity given the long-standing

rivalry between them vis-à-vis China's assertive posture in the region and deepening interest of extra regional powers such as US coupled with increasing US-India ties.

The South-Asian security mosaic becomes more volatile, uncertain, complex ambiguity with the US led war against terrorism, regional hegemony, nuclear competition, inter-state relations, US-Indo strategic partnership, US policy in Pacific region, corruption, instable politics, poverty and the increasing economic influence and political presence of China have a profound impact on the region.

The South-Asian region keeps much importance for its strategic geographical location, political movement, economic instability and historical culture. The US has own interest and has always been involved in the regional affairs of South-Asia. After the 9/11 incident, US increased its engagement in the region mainly because of the war on terror in Afghanistan. In addition to this, rise of China is another factor which has forced US to get involved more in South-Asian affairs. It is the responsibility of the states of South-Asian region to take a rational decision that could be beneficial for them through growing their economy as well as eliminating security problems that resultantly make the region stable, developed and peaceful rather than playing in the hands of foreign powers.

Although South-Asia as a region has huge potential to emerge as a vibrant market and achieve tremendous economic growth, the political issues are kept aside by the regional actors and decision makers, cooperation seems to be a complex process. Because, South-Asia is one of the regions where there is an intricate link between security and cooperation. And unless the security issues are addressed properly, cooperative measures could hardly find sound ground.

Considering the geographical and political factors, it can be stated that the role of geopolitics in defining the security architecture is much crucial in South-Asia. Therefore, in the context of the geo-political, it can be argued that the cooperation among states remain a difficult task not only because of the political tensions among regional states but also because of the strategic choices of the great powers while forming ties with South-Asian states that further lead to increase the existing suspicions among regional states.

South-Asia has become important in the global strategic space because of the Indo-US strategic partnership and growing Chinese presence in the region. India and China

must collaborate in order to fulfill the regional and global stability interest. Both countries have the common areas of interest to progress forward, however the lack of political trust is the major hurdle. India and China must be proactive in the global affairs besides their bilateral relationship. At the global level, India-China bilateral agreements on multilateral issues as well as enhancing their bilateral relations are very significant.

Nepal's foreign policy has focused on maintaining a balanced relationship with its neighbors. The key objective of both Nepal's domestic and foreign policy is to achieve internal stability, peace and economic development, to pursue an independent domestic and foreign policy; and to play a growing role in both regional and international relations. However, there are many security issues that have been identified as challenges in order to achieve the foreign policy objectives. Before adopting any course making decision or devising policy, there is a greater need to go through a rigorous policy discussion which not only can offer policy options by examining own reality and requirement but also provide real assessment of regional situation as well as interest of immediate neighbors influencing own DIMEFIL policies.

Nepal's foreign policy should take into account the emerging backlash against globalization and the return of geopolitics, as well as the shifting balance of power to developing countries, particularly to India and China. Nepal's foreign policy has been guided by the principles of non-alignment mainly those of peaceful coexistence and staying out of alliances and blocs in the world. In fact, the NAM has been one of the key principles and objectives of Nepal's foreign policy. Though Nepal is a small power but its relative size and asymmetry with India and China puts Nepal into unique geopolitical situation. Nepal's significance is increasing regionally as well as internationally. Nepal should engage in active and meaningful dialogue with China and India both. Nepal's position in South-Asia is thus not only crucial but imminent in peace building in Asia. India and China have put forward various neighborhood initiatives of their own, including the proposals like the BRI and the Look East Policy. Nepal has to create space for its neighborhood policy based on regional strategy of major blocs, powers and neighbors around it.

The concept of Nepal serving as a land link between two rising global powers has vital importance for long term visions of development. The strategic position of Nepal corroborates the significance and probability of trilateral cooperation. In this context, China and India are widely extending their reach to Nepal through various elements of DIMEFIL. Due to differences in their relations and their varied interest and ideology guided by realist paradigm, China and India both are trying to keep Nepal within their sphere by influence so that it acts favorably to their policy interest. While looking into the contours of current regional strategic environment, it appears wise on the part of Nepal to adopt a balanced path without aligning to any regional and extra-regional actors.

While examining Nepal's strategic and security interest, it clearly signaled out that Nepal's bilateral and trilateral relation with China and India is based on keeping 'national interest' and 'national survival' and independence at the top priority. While doing so, the precondition is garnering 'national unity', preserving 'national self-esteem', maintaining 'political stability' and advancement of 'common agenda'. It is essential to rise above everything on the issues of national interest and national security, irrespective of party politics and interest. Being in a geo-strategic position and given the military rise of China and India, it appears wise on the part of Nepal to maintain a regional strategic balance and international non-alignment in its foreign relations with both China and India.

Similarly, defense diplomacy is developed as an institutionalized enterprise that highly supports national policy and overall strategy and serve nation's desired goal. Moreover, 'military diplomacy through soft power' approach within diplomatic framework will be an enduring tool for Nepal in its diplomatic discourse with China and India in Republic era Nepal. Nepal has used its foreign policy for the protection of its national interests. Nepal must have a national security strategy which is capable of responding to both conventional and non-conventional challenges, but presently there is lack of effective institutions to plan and execute such strategy.

Nepal has always maintained a balanced relationship with both China and India in its military discourse while visualizing their keys security interest that may destabilize Nepal's diplomacy with China and India while focusing on own survival and national interest. Nepal's military, being in subordinated position to diplomatic power, has

contributed significantly to overall diplomatic effort of the country by maintaining sound military relations with China and India mainly remaining in a middle path. While architecting Republic era Nepal-China relation, it is evident that Nepal never compromises its national interest, though it may appear temporarily beneficial when China and India extend through various lucrative means it should look for sustainable policies with adequate depth that favors the principles of sovereign equality and respect. India and China have put forward various neighborhood initiatives of their own, including the proposals like the BRI and the Look East Policy. Nepal has to create space for its neighborhood policy based on the regional strategy of major blocs, powers and neighbors around it.

The Non-alignment policy of Nepal has to be more constructive in the changing global power-relations dynamics and the developments in regional and global spheres because of the engagement of China, India and the US in the economic development of Nepal as well as their eagerness to uphold good relations. Therefore, Nepal should learn from its recent experiences, evaluate outcomes and define strategic and security interests, which would highly contribute in formulating its foreign and security policies. It should never be driven by strategic push and pull of regional and global factors. Nepal should also maintain strategic balancing between two neighbors, prioritizing neighborhood first policy based on national interests.

7.5 Area of further research

This research focused on highlighting Nepal - China relation (2007 to 2020 AD) and emerging security dynamics in the regional security environment. While doing so, it examined relationship through three elements i.e., diplomatic, military and economic of DIMEFIL instrument of power. Besides analyzing three elements, it attempted to describe the efforts taken by both sides in order to enhance the relation. The role of other instruments power is equally important in strengthening diplomacy. How can Nepal make its relations more vibrant and effective through information, financial, intelligence and law enforcement instruments of national power? As Nepal is having geo-strategic challenges of maintaining balanced relation with China and India, the study on such discourse would contribute to know how Republic era Nepal could use such elements of national power in order to bring peace and harmony in the bilateral relations of friendly neighboring countries, India and China. As identified and briefly

analyzed in this study, Nepal's strategic and security relation is influenced by many regional issues including China-India and China-US relations. Hence, a detail study on China-India and China-US relations and its impact on Nepal's relations with either China or India or US can be a good area for further study. Nepal has recently brought new foreign policy which is said to have many loopholes and lack proactiveness and dynamism. In this context, examining Nepal's foreign policy in Federal setup to have Nepal's adjustment with the global environment in the changing world order could be an interesting area of study under foreign policy imperatives in the Republic era Nepal.

As China's aspiration as a global player continues vis-à-vis its power projection in the region, the US has also signaled considerable interest in the region. The conflict between China and the US appears inevitable and has extended its interaction at greater level with countries in Asia - Pacific including South-Asian countries mainly intended in containing China. Hence, the US-India-China triangular relations and its impact on Nepal examining through strategic and security perspectives would be an interesting area of study that contribute to understand the future of security of Nepal in South-Asian region.

Appendix A

Key Informants Interview Questionnaire

1. How do you visualize the Republic era Nepal-China relation?
2. What are the strength and weakness of Nepal-China relation?
3. How Nepal can be benefitted from the economic rise of China?
4. How do you assess the significance of Republic era Nepal-China relation?
5. What should be the way forward in order to strengthen the bilateral cooperation between Nepal and China?
6. What are the emerging security dynamics in Republic era Nepal-China relation?
7. Due to its geo-strategic and geopolitical importance, both the regional (India, China) and extra regional (US, Western block) powers have strategic and security interest here in Nepal. Nepal, being a landlocked country, how can it manage the balanced relation with all the powers?
8. The security environment of South-Asia region is often referred as volatile, uncertain, complex and ambiguous (VUCA). In such scenario, how Nepal can best secure its strategic and security interest in the prevailing regional strategic environment?
9. The world strategic and security dynamics is shifting from West to Asia. South-Asia, being the region of rising power (China) and emerging power (India), has huge potentiality to be the region of prosperous and develop. In order to make the region peace and prosperous, how the bilateral and trilateral cooperation between and among Nepal, China and India should move ahead?
10. Being situated in between two giants' neighbors of different ideology and system, what should be Nepal's foreign policy and security strategy in order to have peaceful and harmonious relation with the neighboring countries?

Appendix B

Diplomatic Relation with PRC, 1955

The delegation of the government of the PRC and the Kingdom of Nepal signed a joint communique on 1 August, 1955 in Kathmandu for the establishment of diplomatic relations. The following has been agreed: The two governments desirous of establishing friendly relations between the two countries have agreed to establish normal diplomatic relations and to exchange ambassadors between the PRC and the Kingdom of Nepal. The two governments have further agreed that the following five principles, namely:

1. Mutual respect for each other's territorial integrity and sovereignty;
2. Non-aggression;
3. Non-interferences in each other's internal affairs from any reasons of an economic, political or ideological character;

Equality and mutual benefit; and

4. Peaceful co-existence should form the basic principles to guide the relations between the two countries. The two governments believe that the establishment of diplomatic relations will also promote further development in the cultural and economic cooperation between the two countries.

Appendix C

China-Nepal Agreement to maintain friendly relations and on trade and intercourse

17 September, 1956

(Effective From 17 January, 1958)

The government of the People's Republic of China and the government of the Kingdom of Nepal, being desirous of further developing the friendly relations between the two countries as good neighbors on the basis of the long-standing friendship between the two peoples, reaffirm that the five principles (Panchsheel) of

1. Mutual respect for each other's territorial integrity and sovereignty;
2. Non-aggression;
3. Non-interference in each other's internal affairs for any reasons, of an economic political or ideological character;
4. Equality and mutual benefit; and
5. Peaceful co-existence, should be the fundamental principles guiding the relations between the two countries.

Paragraph I. The two parties have resolved to conclude the present agreement in accordance with the above-mentioned principles and have for this purpose appointed as their respective plenipotentiaries... who having examined each other's credentials and finding them in good and due form, have agreed upon the following.

Article 1

The high contracting parties declare that peace and friendship shall be maintained between the People's Republic of China and the Kingdom of Nepal.

Article II

The high contracting parties hereby reaffirm their decision to mutually exchange diplomatic representatives on ambassadorial level.

Article III

All treaties and documents which existed in the past between China and Nepal including those between the Tibet Region of China and Nepal are hereby abrogated.

Article IV

In order to maintain and develop the traditional contacts between the peoples of the Tibet Region of China and Nepal, the high contracting parties agree that the nationals of both parties may trade travel and make pilgrimage in those places in each other's territory as agreed upon by both parties and the two parties agree to safeguard the proper interests of the nationals of the other party in its territory in accordance with the laws of the country of residence and for this purpose the high contracting parties agree to do as follows:

1. The Chinese government agrees that the government of Nepal may establish trade agencies at Shigatse, Kyerong and Nyalam;
2. The government of Nepal agrees that the Chinese government may establish an equal number of trade agencies in Nepal, the specific locations of which will be discussed and determined at a later date by both parties;
3. The trade agencies of both parties shall be accorded the same status and same treatment. The trade agents of both parties shall enjoy freedom from arrest while exercising their functions and shall enjoy in respect of themselves, their wives and their children who are dependent on them for livelihood freedom from search. The trade agencies of both parties shall freedom from search. The trade agencies of both parties shall enjoy the privileges and immunities for couriers, mail bags and communications in code.

Paragraph II. The high contracting parties agree that traders of both countries may trade at the following places:

1. The Chinese government agrees to specify Lhasa, Shigatse, Gyantse and Yatungsa markets for trade;
2. The government of Nepal agrees that when with the development of Chinese trade in Nepal, it has become necessary to specify markets for trade in Nepal the government of Nepal will specify an equal number of markets for trade in Nepal;
3. Traders of both countries known to be customarily and specifically engaged in border trade between the Tibet region of China and Nepal may continue trade at the traditional markets for such trade.

Paragraph III. The high contracting agrees that pilgrimage by religious believers of either country to the other may continue according to religious custom. Personal baggage and articles used for pilgrimage carried by the pilgrims of either party shall be exempted from taxation by the other party.

Paragraph IV. For travelling across the border between the Tibet region of China and Nepal, the high contracting parties agree that the nationals of both countries shall use the customary routes.

Paragraph V. For travelling across the border by the nationals of the two countries, the high contracting parties agree to adopt the following provisions:

1. Diplomatic personnel and officials of the two countries and nationals of the two countries except those provided by sub-paragraph 2, 3 and 4, who travel across the border between the Tibet region of China and Nepal, shall hold passports issued by their respective countries and visited by the other party. Nationals of two countries who enter the Tibet region of China or Nepal through a third country, shall also hold passports issued by their respective countries and visited by the other party.
2. Traders of the two countries known to be customarily and specifically engaged in trade between the Tibet region of China and Nepal, their wives and children dependent on them for livelihood and their attendants not covered by sub-Paragraph 3 of this Paragraph, who enter into the Tibet region of China or Nepal as the case may be for the purposes of trade, shall hold passports issued by their respective countries and visited by the other party or certificates issued by their respective governments or by organs authorized by their respective governments.
3. Inhabitants of the border districts of the two countries, who cross the border to carry on petty trade to visit friends or relatives, or for seasonal changes of residence, may do so as they have customarily done heretofore and need not hold passports, visas or other documents of certification.
4. Pilgrims of either party who travel across the border between the Tibet region of China and Nepal for the purpose of pilgrimage need not hold passports, visas, or other documents of certifications but shall register at the border check posts or the first authorized government office of the other party and obtain permits for pilgrimage therefrom.

5. Notwithstanding the provisions of the foregoing sub-paragraphs of this Paragraph, either government may refuse entry to any particular person.

6. Nationals of either country who enter the territory of the other party in accordance, with the foregoing sub-Paragraphs of this Paragraph may stay within the territory only after complying with the procedures specified by the other party.

Article V

This agreement shall be ratified. It shall come into effect after mutual notice of ratifications and remain in force for eight years. Extension of the present agreement may be negotiated by the two parties if both party requests for it six months prior to the expiry of the agreement and the request is agreed to by the other party.

Done in Kathmandu on the 20th day of September 1956, in duplicate in the Chinese Nepali and English languages, all texts being equally authentic.

Appendix D

China-Nepal Treaty of Peace and Friendship, 1960

The Chairmen of the PRC and His Majesty the King of Nepal desiring to maintain and further develop peace and friendship between the PRC and the Kingdom of Nepal convinced that the strengthening of good-neighborly relation and friendly co-operation between the PRC and the Kingdom of Nepal is in accordance with the fundamental interests of the peoples of 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 PRC: Premier Chou En-lai of the State council

His Majesty the king of Nepal: PM 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.

Article II

The contracting parties will maintain and develop peaceful and friendly relations between the PRC and the Kingdom of Nepal. They undertake to settle all disputes between them by means 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 cooperation, 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 channels.

Article V

This present treaty is subject to ratification and the instruments of ratification will be exchanged in Beijing as soon as possible. The present treaty will come into force immediately upon the exchange of the instruments of ratification 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-eight of April 1960, in the Chinese, Nepali and English languages, all text being equally authentic.

Plenipotentiaries of the Kingdom of Nepal

Plenipotentiaries of the PRC

Sd/-

Sd/-

B.P. Koirala

Chou En-lai

Appendix E

Joint Statement between Nepal and the People's Republic of China

Posted on 23 March, 2016

Rt. Hon. K.P Sharma Oli, PM of Nepal paid an official visit to China from on 2016. The PM Oli called on H.E. Xi Jinping, President of the PRC, held official level bilateral talks with H.E. Xi Keqiang, Premier of State Council of the PRC and met with H.E Yu Zhengsheng, Chairman of the National Committee of the Chinese People's Political Consultative Conference.

The two countries leader expressed satisfaction over remarkable achievement in cooperation of various fields since the establishment of diplomatic relations between the two countries in 1955 and believed that the bilateral relationship maintained the momentum of healthy development on the basis of the five principles of peaceful coexistence, which sets a model of harmonious coexistence between countries of different size and social system.

The Chinese side welcomed the promulgation of the constitution in Nepal and regarded it's as a historic progress in the political transition of Nepal. The Chinese side sincerely hoped that Nepal could take this opportunity to realize its political stability and economic development.

The two sides noted that countries are undergoing various forms of reforms, transformation and development. The China-Nepal relationship has reached a new height and the two countries are facing more opportunities of development and prosperity. In this context, both sides will inherit and carry forward traditional friendship and deepen cooperation featuring equality and mutual-benefit to bring more benefits to both countries and their peoples.

The two sides reiterated their firm commitment to respect each other's independence, sovereignty and territorial integrity, respect and accommodate each other's concerns and core interests. The Nepali side reiterated its commitment to 'One China Policy'. It firmly supports the efforts made by the Chinese side to uphold state sovereignty, national unity and territorial integrity and do not allow any forces to use Nepali territory for any anti-China or separatist activities.

The Chinese sides firmly supports and respect Nepal's own choice of social system and development path and the efforts made by Nepali side in upholding its sovereignty, independence, territorial integrity unity and stability.

Both sides believed that the high-level contracts are of special importance to the development of bilateral relations. The two sides agreed to maintain the momentum of high-level mutual visits and have meeting between the leaders on the bilateral and multilateral occasion to share views on importance issue of command interests.

The two sides agreed to make full use of existing mechanisms, including the diplomatic consultations and the joint economic and trade committee meeting, to expand exchanges and cooperation between government department, legislature and political parties.

As regards to Nepal-China bilateral cooperation, both sides agreed to synergize each other's development planning, formulate appropriate bilateral cooperation programs and to carry out major projects under the framework of the BRI. Both sides agreed to strengthen connectivity, further step up the land and air links and improve the land transport infrastructure.

The Chinese side agreed to accelerate the feasibility study on the Araniko-Highway repair and opening maintenances project and the repair and opening maintenance project of Syaphrubesi-Rasuwadhi-Highway, build the bridge over Karnali-River at Hilsa of Pulan/Yari Port.

The two sides also agreed to accelerate the upgradation of Kathmandu Ring Road 1st Phase after solving the pending issues and start the project feasibility study of 2nd phase, at appropriate time and the Nepali side will provide necessary cooperation to implement this project, the relevant authorities of both sides will exchanges ideas and proposal on constructing cross border railway and railways network in Nepal and supports enterprises to start related preparatory works as soon as possible.

Both sides exchanged views on facilitating Chinese investment in key areas including infrastructures by encouraging the Chinese investment in Nepal, as per the laws and regulation of Nepal. Both sides agreed to explore establishing cross border economic cooperation zones via existing frontier ports and to speed up opening up other frontier ports and trade points as mutually agreed upon.

The two sides expressed satisfaction on the conclusion of agreement on transit transport and directed the competent authorities to immediately start negotiation on develop a protocol, which will be an integral part of the agreement. Both sides agreed to negotiate on the agreement on boundary management system.

The Chinese government will continue to provide assistance to Nepal's socio-economic development within its ability. The Chinese side will implement the 3 billion RBM grant assistance from 2016 to 2018 to support the post-disaster reconstruction of Nepal to carry out 25 key projects in areas covering infrastructure construction, recovery of people's livelihood in quake-stricken areas of Northern Nepal, repair of culture and historic sites, capacity building in disaster prevention and control as well as medical and public health cooperation.

The Chinese side will further enhance cooperation to the Nepali side for the infrastructure development as well as social and economic development of the people residing in the bordering district of Nepal and China. Both agreed to conclude a commercial deal on the supply of petroleum products from China to Nepal.

The Chinese side agreed to build oil storage facilities as well as send experts to Nepal to carry out feasibility study on oil and gas resources. The two sides agreed to establish a 'Dialogue Mechanism on Energy Cooperation' to facilitate the long-term planning of cooperation in this area, including trans-border power grid, hydro-power and solar power. The Nepali side agreed to take necessary steps to facilitate Chinese enterprises and their investment in Nepal.

The two sides agreed to strength cooperation between the law enforcement agencies of the two countries through exchange of information, capacity building and training in this field. Both sides agreed to negotiate 'Treaty on Mutual Legal Assistance in Criminal Matters' and 'Treaty on Extradition', in order to strengthen cooperation on the administration of border areas and fight illegal border crossing and trans-national crimes.

The Chinese side welcomed the decision of the GoN to establish Consulate General of Nepal in Guangzhou and also agreed to earnestly study in Nepal's proposal of establishing the Consulate General of Nepal in Chengdu. The agreement on the establishment of sister-city relationships between Yusu-Pokhara, Shannan-Bhaktapur and Chengdu-Kathmandu were welcomed by both sides.

The two sides agreed to further promote cooperation in multilateral forums including in the UN on issues of mutual interests. They believed that cooperation among the developing countries on climate changes, energy, food security, etc. will enhance and consolidate their solidarity and promote their collective strength in shaping global development agenda. The two sides positively view and supports each other's participation in the regional cooperation process and agreed to enhance coordination and cooperation within SCO, SAARC and other regional cooperation mechanisms within the agreed framework and guidelines.

The Chinese side agreed to provide financial support on preferential terms for Pokhara regional international airport. The Nepali side requested the Chinese's side to provide assistance for the preparation of Detailed Project report (DPR) and construction of a dedicated two lanes Kimathanka- Khandbari- Dhankute Road and upgrade Kathmandu Ring Road 2nd Phase, to provide financial and technical supports for the feasibility study and the preparation of PRC of the Proposed Rshwagadi-Kathmandu and Kathmandu-Pokhara-Lumbini Railway project, to tale up 434 MW Arun-Kimathaka Hydro Power project and 400 KV cross-border transmission lines project at Rashuwagadi-Kerung border point and construct 132 KV double circuit transmission lines monopole structure around Kathmandu Ring Road.

In order to facilitate trade, tourism and investment between the two countries, the Chinese side support Chinese-funded banks to open branches in Nepal in accordance with relevant policies and regulations. In this context, the Nepali side is expected to provide policy and regulation facilities for Chinese funded banks to enter in to Nepali market. PM Oli expressed his appreciation for the warm and friendly hospitality extended by the Chinese side and extended invitation on the Chinese leader to visit Nepal within this year. The Chinese leaders expressed thanks for the invention and agreed to visit Nepal at mutually convenient dates which will be worked out through the diplomatic channels.

During the visit, the two sides signed agreement covering the areas free trade, transit, transport, connectivity, financial cooperation, etc.

Appendix F

Joint Statement between Nepal and the People's Republic of China Posted 21 June, 2018

At the invitation of Premier H. E. Li Keqiang of the State Council of the People's Republic of China, The Rt. Hon. K P Sharma Oli, Prime Minister of Nepal is on an official visit to China from June 19 to 24, 2018. Besides Beijing, Prime Minister Oli will visit Lhasa, the capital city of the Tibet autonomous region.

During the visit, Prime Minister Oli called on H.E. Xi Jinping, President of the People's Republic of China and held official level talks with Premier Li Keqiang, and met with H.E. Li Zhanshu, Chairman of the Standing Committee of the National People's Congress of the People's Republic of China. In a warm and cordial atmosphere, leaders of the two countries reached broad understanding through in-depth exchange of views on further cementing traditional friendship and deepening cooperation for mutual benefit.

The leaders of both sides expressed satisfaction over remarkable achievements made in various areas of cooperation since the establishment of diplomatic relations between the two countries in 1955 and believed that the bilateral relationship maintained the momentum of healthy development on the basis of the five principles of peaceful coexistence, which sets a model of harmonious coexistence between countries of different size and social system. The two sides reiterated their firm commitment to respect each other's independence, sovereignty and territorial integrity and respect and accommodate each other's concerns and interests.

Both sides believed that high-level contacts are of special importance to the development of bilateral relations. The two sides agreed to maintain the momentum of high-level mutual visits and to have meetings between the leaders on bilateral and multilateral occasions to share views on issues of common interest. The two sides agreed to intensify implementation of the memorandum of understanding on cooperation under the Belt and Road Initiative to enhance connectivity, encompassing such vital components as ports, roads, railways, aviation and communications within the overarching framework of trans-Himalayan Multi-Dimensional Connectivity Network.

Both sides expressed happiness over the conclusion of: Agreements on the reconstruction of friendship bridge and Resuo (Rasuwa) Bridge; Protocol on the utilization of highways in Tibet autonomous region, China by Nepal for cargo transport; MOU on investment and cooperation on production capacity; the MOU on the establishment of mechanism for facilitation on the implementation of China-Nepal cooperation Program and Projects in Nepal; MOU on energy cooperation; Agreement on economic and technical cooperation; and MOU on human resource development cooperation.

The Nepali side expressed its willingness to speed up the development of the three North-South economic corridors in Nepal, namely Koshi economic corridor, Gandaki economic corridor and Karnali economic corridor. Both sides agreed to further study on the possibility of cooperation on the above corridors. The Chinese side agreed to take positive measures to facilitate Nepal's export to China and consider providing technical and financial assistance for product development and post-harvest technology in agro-products. Both sides agreed to open additional trade routes between the two countries through mutual agreement and encourage financial transactions through banking channels.

The two sides agreed to strengthen cooperation between the law enforcement agencies on information exchanges, capacity building and training. Both sides also agreed to enhance cooperation on border security and management and negotiate the agreement on boundary management system. The Chinese side agreed to give serious study on the proposal of the government of Nepal to establish a Consulate General in Chengdu.

The two sides agreed to promote exchanges and cooperation in education, culture, tourism, media, think tanks, youth and people-to-people relations. Both sides agreed to encourage the establishment of sister city relationship between different cities of the two countries. The two sides agreed to strengthen cooperation in the United Nations and other multilateral forums and safeguard common interests of developing, least developed and landlocked developing countries in particular.

The two sides expressed their satisfaction over the outcomes of Prime Minister Oli's visit and agreed that the visit was of great importance in promoting the China-Nepal comprehensive cooperative partnership featuring ever-lasting friendship.

Appendix G

Joint Statement between Nepal and the People's Republic of China

Posted on October 13, 2019

At the invitation of Rt. Hon. Bidya Devi Bhandari, President of Nepal, H.E. Mr. Xi Jinping, President of the People's Republic of China, paid a state visit to Nepal from 12 to 13 October 2019.

During the visit, President Xi met with President Bhandari, held talks with Nepal's PM K P Sharma Oli and attended the welcoming banquet by President Bhandari. In a warm and cordial atmosphere, leaders of the two countries reached broad understanding through in-depth exchange of views on bilateral relationship and regional and international issues of common concern.

The two sides expressed satisfaction over the fact that since the establishment of diplomatic relations between the two countries in 1955, Nepal-China relationship has withstood changes of the international situation and has been growing in a consistent, steady and healthy manner, which sets a model of peaceful coexistence between the two countries of different size. Both sides recognized that the bilateral relationship between the two countries is characterized by equality, harmonious coexistence, ever-lasting friendship and comprehensive cooperation.

Nepal and China take the Belt and Road Initiative as an important opportunity to deepen mutually-beneficial cooperation in all fields in a comprehensive manner, jointly pursue common prosperity and dedicate them to maintaining peace, stability and development in the region. The bilateral relationship between Nepal and China has entered a new phase. Both sides decided on the basis of the five principles of peaceful coexistence, Charter of the United Nations and principles of good neighborliness; elevate Nepal-China comprehensive partnership of cooperation featuring ever-lasting friendship to strategic partnership of cooperation featuring ever-lasting friendship for development and prosperity.

The two sides agreed to respect each other's independence, sovereignty and territorial integrity and respect and accommodate each other's concerns and core interests. The two sides will adhere to good neighboring policy and deepen overall cooperation in a

win-win manner, so as to achieve mutual benefit and pursue stability and development together.

The Nepali side reiterated its firm commitment to 'One China Policy', acknowledging that Taiwan is an inalienable part of the Chinese territory and Tibet affairs are China's internal affairs and the determination on not allowing any anti-China activities on its soil. The Chinese side reiterated its firm support to Nepal in upholding the country's independence, sovereignty and territorial integrity and its firm support and respect to Nepal's social system and development path independently chosen in the light of Nepal's national conditions.

The Chinese side congratulated Nepal on the historic and epoch-making political transformation and its rapid economic and social development. It believed that the Nepali people would unite as one and keep marching towards the vision of 'Samridha Nepal, Suhki Nepali' (Prosperous Nepal, Happy Nepali), so as to achieve political stability, social harmony and rapid economic development. The Chinese side expressed willingness to continue interacting with the Nepali side on the experience of governance.

The Nepali side congratulated on the 70th anniversary of the founding of the People's Republic of China and expressed its admiration to China's miraculous achievement in development over the past 70 years and sincerely wished that under the guidance of 'Xi Jinping thought on socialism with Chinese characteristics for a new era', the Chinese people would keep striving to realize the two centenary goals and build China a great modern socialist country that is prosperous, strong, democratic, culturally advanced, harmonious and beautiful.

Both sides underlined those high-level contacts are of special importance to the development of bilateral relations. The two sides agreed to maintain the momentum of high-level visits, deepen political mutual trust and expand exchanges and cooperation between government ministries, departments, legislatures and political parties at all levels.

The two sides agreed to intensify implementation of the MOU on cooperation under the Belt and Road Initiative to enhance connectivity, encompassing such vital components as ports, roads, railways, aviation and communications within the overarching framework of trans-Himalayan Multi-Dimensional Connectivity Network

with a view to significantly contributing to Nepal's development agenda that includes graduating from LDC at an early date, becoming middle income country by 2030 and realizing the SDGs by the same date.

The two sides, while recalling the MoU signed between the two countries on 21 June, 2018 on cooperation in Railway project agreed to conduct the feasibility study as outlined in the MoU signed on 13 October, 2019 which will lay an important foundation for the launching of the construction of the cross-border Railway. Both sides also reiterated their commitment to extend cooperation on Kathmandu-Pokhara-Lumbini Railway project.

The two sides welcomed the reopening and restoration of the freight functions of the Zhangmu/Khasa Port and will optimize the functions of the Jilong/Keyrung Port and open the Lizi/Nechung Port at the earliest possible time and build necessary infrastructure on the Nepali side of the border.

Both sides would keep implementing the protocol concerning the utilization of highway in Tibet, China by Nepal for cargo transport and the protocol to the agreement on transit transport. On the basis of maintaining the long-term operational condition of the Araniko Highway, both sides agreed to cooperate on upgrading and reconstructing the highway on a priority basis in a step-by-step manner. The Chinese side conveyed its readiness in initiating the repair of Syaphrubesi- Rasuwagadhi Highway.

Realizing the importance of enhanced level of connectivity between the two countries, the two sides agreed to proactively cooperate on the feasibility study for the construction of tunnels along the road from Jilong/Keyrung to Kathmandu.

The Chinese side noted the request made by the Nepali side for the construction of Kimathanka-Leguwighat section of the Koshi Highway and agreed to consider this project in future cooperation plan and requested the Nepali side to submit a detailed proposal report.

The two sides reiterated their commitment to undertake study on the possibility of cooperation, as reflected in the joint statement issued in Beijing on 21 June, 2018 for the development of the three North-South corridors in Nepal, namely Koshi economic

corridor, Gandaki economic corridor and Karnali economic corridor in order to create jobs and improve local livelihood and stimulate economic growth and development.

The Chinese side will extend assistance for training Nepali technical human resources in the field of railway, road and tunnel engineering as well as inland waterways and shipping.

Both sides welcomed the consensus reached by the civil aviation authorities of the two countries on expanding the air rights arrangements, under the framework of which the airlines of both countries are encouraged to launch/operate more direct air services. Both sides will coordinate closely to speed up the construction of the Pokhara international airport so that it would start operation at an early date.

The two sides expressed satisfaction over the successful commercial operation of Nepal-China cross-border optical fiber cable and agreed to further strengthen cooperation on information and communications for mutual benefit.

The two sides agreed to strengthen cooperation in various fields of economy including trade, tourism, investment, capacity of production and improving people's livelihood so as to promote mutual development.

Under the framework of Nepal-China joint commission on economy and trade, the two sides will establish a working group on investment cooperation and a working group on trade led by Secretary/Vice Minister level officials or their designates so as to facilitate bilateral investment and trade. The Chinese side welcomed the Nepali side to participate in the national exhibition of the second China international import-export to be held in Shanghai in November 2019.

Both sides will hold comprehensive discussions with a view to strengthen the trade relations between the two countries. The Chinese side will take positive measures to expand Nepal's export to China. The Chinese side will consider providing technical support for the establishment of a multifunctional laboratory in Nepal and extend necessary cooperation to make Tatopani frontier inspection station at Larcha fully functional. Nepal will facilitate the Chinese banks to open their branches and other financial services in Nepal with a view to facilitate the trade and investment between the two countries. Both sides will complete their internal procedures at the earliest

time for the operationalization of the protocol to the transit transport agreement and try their best to implement it at an early date.

Both sides welcomed the signing of the protocol on phytosanitary requirements for the export of citrus fruits from Nepal to China and agreed to conclude MoU on cooperation on import and export of food safety at the earliest.

The two sides will continue cooperation on production capacity and investment according to the principles of dominated by enterprises, respecting business principles, adhering to market-orientation and following international common practice.

On the basis of the MOU, on energy cooperation between the Ministry of Energy, Water Resources and Irrigation of Nepal and the National Energy Administration of the People's Republic of China signed on 21 June 2018, both sides will bring into full play the Joint Implementation Mechanism (JIM) on Nepal-China cooperation in energy sector, to carry out exchanges and cooperation in the fields of hydropower, wind power, solar power, bio-mass energy and other kinds of new energy as well as grid systems, etc. Both sides agreed to jointly carry out Nepal-China electric power cooperation plan and complete it within one year. Both sides agreed to take this plan as an important reference for the next step of bilateral electric power cooperation and promote its implementation.

The Nepali side extended its deep appreciation to the Chinese side for the valuable support it has been providing in Nepal's development efforts and for the timely, spontaneous and generous support extended to Nepal's reconstruction after the earthquake in 2015.

The Chinese government will continue to provide assistance to Nepal's economic and social development within its capacity with an emphasis on strengthening cooperation in the field of improving people's livelihood.

The Chinese side attached great importance to the aspiration of the Nepali side to establish a multidisciplinary Madan Bhandari University for Science and Technology as a mark of respect to People's leader late Madan Bhandari and will extend support at the earliest date after the Nepali side chooses a suitable site for the university. Both

sides will continue their discussion on the basis of the report to be submitted by the site visit working group of the Chinese side.

The Chinese side is willing to expedite the project of improving the quality of supplied water in Kathmandu.

The Chinese side noted Nepal's proposal on integrated development including resettlement of scattered population in the Himalayan region of Nepal. The Chinese side is willing to share experiences and consider cooperating with the Nepali side on this proposal.

Recognizing that Mount Sagarmatha /Zhumulangma is an eternal symbol of the friendship between Nepal and China, the two sides will promote cooperation in different fields, including addressing climate change and protecting the environment. They will jointly announce the height of the Mount Sagarmatha/Zhumulangma and conduct scientific researches.

Both sides expressed satisfaction with the signing of the agreement between the government of Nepal and the government of the People's Republic of China on boundary management system, which will improve the level of boundary management and cooperation for both sides. They were also satisfied with signing the treaty on mutual legal assistance in criminal matters and expressed hope for an early conclusion of the treaty on extradition. The two sides agreed to strengthen cooperation between the law enforcement agencies on information exchanges, capacity building and training. In the next 3 years, China will offer 100 training opportunities to the Nepali law enforcement officers each year. With a view to promoting cooperation in security sector, the two sides will continue to strengthen cooperation in the exchange of visits of the security personnel, joint exercises and training, disaster prevention and reduction and personnel training.

The two sides agreed to promote exchanges and cooperation in education, culture, tourism, traditional medicine, media, think tanks and youth at different levels. The Chinese side will offer the Nepali side 100 Confucius Institute scholarships. The Chinese side supports the Nepali side to hold the activity of Visit Nepal Year-2020, welcomes the Nepali side to participate in the travel marts held in China and is willing to facilitate Nepal's promotion on tourism in China. The Chinese side will hold the 9th China Festival and the 4th Kathmandu cultural forum in Nepal and continue to

encourage the Chinese cultural center and the Confucius Institute to promote Nepal-China cultural exchanges and cooperation. The two sides welcomed that Kathmandu of Nepal and Nanjing of China and Butwal Sub-Metropolitan City of Nepal and Xi'an city of China had developed friendship-city relations.

The Chinese side consented to the establishment of Nepal's Consulate General in Chengdu, Sichuan Province of China.

Both sides agreed to revitalize the existing mechanisms between the two countries to further strengthen relations and advance mutually beneficial cooperation in various fields.

Both sides agreed to strengthen cooperation in the United Nations and other multilateral forum and safeguard common interests of developing countries. Both sides exchanged fruitful views on promoting collaboration and strengthening cooperation in regional issues and agreed to support each other on matters of mutual interest. The two sides expressed firm commitment to the multilateral trading regime and work for a more open, inclusive and balanced economic globalization with shared benefits.

Both sides held that President Xi Jinping's state visit on the historic occasion of the 70th anniversary of the founding of the People's Republic of China to Nepal marked the beginning of a new era in Nepal-China relations and served as an important milestone in the history of friendly cooperation between the two countries. The Chinese side would like to extend its sincere gratitude to the government of Nepal and its people for their warm and friendly reception.

President Xi Jinping sincerely invited Nepali leaders to visit China again at the convenience of both sides. The two sides will stay in touch via diplomatic channels.

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