

**SMALL STATE SYNDROME IN NEPALI FOREIGN POLICY**

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## **LETTER OF RECOMMENDATION**

I certify that this dissertation entitled “Small State Syndrome in Nepali Foreign policy” has been prepared by Kundan Kumar Jha under my Supervision. I hereby recommend this dissertation for final examination to the final examination to the Research Committee of Department of International Relations and Diplomacy, Tribhuvan University, in fulfillment of the requirements for the Degree of MASRER’S IN INTERNATIONAL RELATIONS AND DIPLOMACY.

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## **DECLARATION**

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

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## ABSTRACT

This paper has studied small state syndrome in Nepali foreign policy. Nepal offers multiple scope for research to compare and contrast evolution of small states within the international arena. The study of the nature of small state in the paper analyzes the very impact of geography, size, economic strength, power and ultimately international relations, diplomatic dealings to access status quo of such states in pursuit of existence in global order. Geography plays vital role in determination of role of states like Nepal. The research in the paper prioritizes impact of dominance the neighboring states imposes to state like Nepal. Small state syndrome in Nepali foreign policy suggests multiple challenges in forms of economic crisis, unstable government and political system that remains exposed to external forces. Small states syndrome in foreign policy of Nepal has been analyzed to the core and accordingly compared to the suffering of Nepal. The role of diplomacy in form of bilateral relationship, multi-lateral relationship and regional organization plays a crucial role in defining status of such states and in this regard the paper highlights different mechanism of diplomatic dealings states adopt to downsize dependence from particular states and policies they adopt to connect themselves to the world.

States that remain open to connectivity options at hand are relatively more successful and developed. Nepal naturally resourceful can transform its relative dependence beyond neighborhood to connect globally. States capable of piloting diplomatic trends of 21st century are dominant both with a region and globally. Nepal holds enormous potential to become successful state within Asian region and for that to happen it must act dominantly in regional organization.

Key Words: Small State, Diplomacy, Foreign Policy,

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## **LIST OF ABBREVIATIONS**

ACD- Asian Cooperation Dialogue

BIMSTEC- Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation

BRI- Belt and Road Initiative

EIC- East India Company

EU- European Union

MoFA- Ministry of Foreign Affairs

NAM- Non Aligned Movement

SAARC- South Asian Association for Regional Cooperation

SAEU- South Asian Economic Union

SAFTA- South Asian Free Trade Area

SCO- Shanghai Cooperation Organization

UK- United Kingdom

UN- United Nations

USA- United States of America

ZOP- Zone of Peace



## CHAPTER1- INTRODUCTION

### 1.1 Background of the Study

In order to Study the small state, analytical clarity of what this analytical concept of the small state entails is needed. Despite the existence of a substantial specialized literature on small states and existence of small states in large numbers, the phenomenon of small state remains vaguely defined, by scholars as well as practitioners (Maass, 2009, p. 66). Small states existence is moreover controlled by phenomenon like geography, size, population, power (economic & military) and overall impact of such states in international relations. There is no internationally established or academically agreed upon definition of the “small state” (Henrikson, 2001, p. 56).

Glassner (1992) defines small states as those which range from 10,000- 60,000 square mile, although his summary of areal size characteristics has indicated that size is of little significance in understanding the functional characteristics of the state (Glassner, 1992). There does not appear to be any deterministic link between physical size and economic or political power. A good example is Botswana which by all measurements other than physical size (since it is nearly as large as France or Alberta) is very small (Newman and Falah, 1995, p. 219-234).

Robert L. Rothstein defines a small power through psychological and material perspective and claims such states rely primarily on others dominant states within system for their national security and development goals (Rothstein, 1968, p. 29). Small states interest in international relations remains guided by principle of survival whereby they tend to achieve their national interest via means of diplomatic ties, multilateral engagements, trade relations and ultimately security umbrella under powerful blocs. A recurring question in the small state literature relates

to their 'viability and their long-term ability to 'survive' as independent sovereign territorial units (Newman and Falah, 1995, p. 219-234). The concept of survival is related to independent decision making potentials of the state as they remain influenced by impacts of global politics and super power pressures while viability is mostly defined and determined in economic terms.

Geography remains central to small state growth and ultimately become one of the major determinants to their foreign policy aspirations (Spykman, 1944, P. 7). Small states in this regard suffer largely in context to pursuance of independent foreign policy. Nepal looks comparatively small in international relations as it remains geographically entangled between giant and powerful neighbors India and China. The total land area of Nepal covers 1, 47,516 sq.km. and ranks 93rd largest country in the world on the basis of land area (countries-of-the-world.com). However in context of Nepal size, economic might and population in comparison of India and China become key component labeling Nepal as small in international arena (Bhattarai, 2017, p.1).

Geopolitics has played a vital role in identification of Nepal in international relations. Nepal has suffered to find balance between India and China and this has ultimately challenged Nepal's growth in international arena. In this regard, aligning with one neighbor or getting involved in balancing one of its neighbors would be detrimental to Nepal's Sovereignty. Instead fostering a relationship based on trust and cooperation would be in the best interest of Nepal (Simkhada, 2011, p.16).

Nepal remains vulnerable as state since its primary objective has been to survive as an independent state. In this regard Nepalese foreign policy aspiration has failed to promote Nepalese interest beyond India and China resulting into formation of complex and sensitive

foreign policy of the nation (Khanal, 1988, p.1). The complexities of bilateral relations with both the neighboring states India and China in this regard not allowed Nepal to prosper beyond geographical barrier blocking ways for greater international relations practices.

States like Nepal has witnessed greater deal of fluctuations in foreign policy maneuvering allowing multiple space for asymmetric dependence. Nepal's overall growth pattern in international arena can only be realized after 1950s however asymmetric reliance upon India as development partner has further blocked its growth beyond southern frontier. While India has traditionally considered South Asia as its sphere of influence, the Chinese influence in the region has been increasing gradually (Jaiswal, 2016, p. 24).

Nepal currently possesses both opportunities and challenges amid political transition within the state. States bank upon the power of diplomacy as medium to negotiate with power actors within the system. Nepal has used diplomatic measures as tools to negotiate during crisis period. For an example, during the 2015 border blockade Nepal opted for diplomatic efforts on removing obstruction at border points. Nepal kept engagement with India at various levels (MoFA, 2016, p.1) in order to resolve the issue through dialogue.

While states like Switzerland and Israel have been able to become dominant actor in regional and international relations Nepal has failed exercise its interest beyond neighborhood. Switzerland is a third state vis-à-vis EU, the most relevant regional organization in Europe and in comparison to other EU countries it is relatively quiet strong (Hanggi, 1998, p 79). It reflects Switzerland dominance despite of being small state within the system. Nepal on the other hand is comparatively large when we consider size and population but has shown multiple syndrome of

small state in terms of influence, capabilities, diplomatic dealings, power and resource mobilization in international relations.

Nepal thus has multiple tasks ahead to counter difficulties for survival in international relations but it has been evident through Nepalese recent efforts that they have desired changes within their internal policies so as to regulate independent foreign policy, maintain effective diplomatic relations with neighboring states, minimize asymmetric dependence and ultimately build new areas for connectivity for Nepal in international relations.

## **1.2 Statement of the problem**

Smallness in attitude and behavior has contributed to suffering of Nepal in international relations. Nepal has suffered largely in South Asia being geographically sandwiched between India and China. States like Nepal transpire to achieve independent foreign policy and gain strategic advantages within the region. Nepal aims to achieve its national interest amid political transition in Nepal and build upon greater relationship in international community through promotion of connectivity alternatives between India and China. Nepal must pursue its independent foreign policy and aim to reduce its dependency with any particular state in the geographical proximity. Nepal stands in regional and international sphere with both opportunities and challenges. The opportunities brings together the chances for connectivity promoting economic affairs and reducing trade dependency bringing together the concept of land linked territory while challenges brings into equation asymmetric dependence, interference by influential partners into internal state affairs, trade deficit and ultimately the irony of landlocked country. Nepal can offer to entire regional community by taking initiative to lead SAARC (South Asian Association for Regional Co-operation) and promote China global prospect BRI.

## **Research Questions**

The research question is directed as to how can Nepal become dominant part of international system through engagement in bilateral, multi-lateral and regional relations, How does state like Nepal formulate/implement their Foreign Policy and What are the ways forward for states like Nepal to downsize dependency towards particular bilateral partners to promote her national interest.

### **1.3 Objectives of the Study**

The primary objectives of this study is to assess the role of nepal in bilateral, multi-lateral and regional forum, to analyze Nepal's role in formulation and implementation of her foreign policy and to explore dependence ratio of small states like Nepal her asymmetric dependence in bilateral relations and ways forward.

### **1.4 Delimitation**

The research paper limits its research boundaries to Nepal opportunities and challenges as state in international relations. Small state syndrome of Nepali state is analyzed and compared to existing theories of the very concept. State problems may vary as per their geography, economic might and power and this paper will only focus to small states problems that faces similar challenges like Nepal rather than wide range of small states concern from around the world. The

research will only look into foreign policy goals as objectives of Nepali state. The research will also review Nepalese policy making in terms of India and China primarily focusing on foreign policy aspiration of Nepal, analyze asymmetric dependence of Nepal and ultimately ways forward for connectivity alternatives for Nepal.

### **1.5 Organization of the Study:**

The study report is divided into five parts as follows:

The first chapter provides a general introduction of the topic. In the chapter the research focuses on determination of Nepal as small state in terms of its geography, power, neighborhood and ultimately economic resources. The research work in the initial segment looks at the measures that determine structure of small states. The chapter looks into the theoretical perspectives that plays crucial role in formation of small states. Foreign policies, geopolitical challenges, Power tussle and regional opportunities are further discussed in the first chapter of the research thesis.

The second part provides the review of related literature of this thesis whereby the researcher has explained the relevant literature reviewed in detail for the purpose of the thesis.

Third part of the research thesis deals with the methodology used for this research. In this chapter the methods used for the purpose of data collection and analysis is explained.

The fourth part of the research thesis highlights Nepal's role in bilateral, multilateral and regional forum. The fifth part discusses Nepalese foreign policy formulation, implementation and decision making in modern days compared to that of the past and its impact on state of affairs. The sixth chapter/ part of the series highlights Nepal's history of asymmetric dependence and ways forward. The research work ends with necessary discussion and conclusion.

## **CHAPTER 2- REVIEW OF THE LITERATURE**

### **2.1 Understanding the concept of Small State**

More than half century of debate about the definition of 'small state' has produced more fragmentation than consensus (Long, 2017, P.1). The common wealth defines small states a sovereign state with population size of 1.5 million people or less while The Common Wealth also designates some of its larger member countries- Botswana, Jamaica, Lesotho, Namibia and Papua New Guinea- as small states because they share many of the characteristics of small state. Common wealth includes 31 small states out of their 53 member states (Commonwealth Secretariat, 2015). Small states came under acknowledgment of scholars who went to examine specific features of such states only after proliferation of newly emerged small states at the end of Second World War (Kosary, 1987, P.77).

Small states in international system often remain less resourceful at hand compared to powerful actors within the system. While large and resourceful states tends to achieve their interest through partnership, influence, alliance, demand and coercion small states are encouraged doctrine to pursue strategies of aggregation, coalition-formation, and integration (Gleason, 2007, p.1).

Pioneer of realist theory Hans J. Morgenthau has defined small states as one which in turn is not able to have its will against great power. In this regard disparities between states can create fundamental differences of perspective between the more powerful and less powerful (Womack,

2004, p.359). Nepal often referred to as small state can be in other way defined in terms of influence. A country of Nepal's size in Europe will not be considered as small but considering Nepal between two giant neighbors India and China it looks small (Bhattarai, 2017, p.1).

Small states are often characterized by low levels of participation in global affairs, narrow geographic range of concern in foreign policy, normative position on international issues and avoidance of antagonizing the powerful states in the system (East, 1973, p. 557). In this context Nepal state of affairs has accounted for small state syndrome in their foreign policy aspirations and goals.

## **2.2 Small state Syndrome in Nepali International Relations**

Geography has played a significant role in identification of Nepal in international system. Geographical posturing of Nepal between two giant neighbors India and china has challenged the status quo of the Nepali state ultimately determining the case for its identity as small state within the system. The geography induces fundamental aspect of Nepalese foreign policy and in case of Nepal it has been witnessed that they lacked the level of international participation until 1955 after which it became the member of UN and even went to develop bilateral relations with dozens of states around the world. Nepal went on to adopt the policy of panchasheel and neutrality to survive from external threat as small state. In general small states tend to adopt the policy of strategic hedging in which they do not want to take any sides due to fear of higher security risks and thus adopt mutually beneficial policies from potential threats (Lee, 2017, p. 23). Nepal opted to stay out of power conflict between India and China during Sino-Indian war in 1961 and recent Doklam crisis in 2015 which can be looked into as small state syndrome/dilemma of the Nepali state to counter external threat and maintain neutrality.



Nepal is a landlocked state. Landlocked small states who are economically dependent on another state find it difficult to pursue independent foreign policy (Partem, 1983, p.5). Smallness in other sense can be realized once we look into economic dependence of small states and in case of Nepal it shares asymmetric dependence with India resulting into trade deficits and over reliance on one partner posing threat to web of interdependence for Nepal (Bhattarai, 2017, p.1).

While geography has played vital role in identification of Nepal, landlocked status has further put its economic control at the hands of immediate neighbors. Geography in this context becomes major determinant of state foreign policy (Muni, 1973, p.35). Nepal shares open border with India and in this regard security threats and concern both for Nepal and China becomes equally important.

Nepal still can enjoy benefits from spillover development results in both of its neighboring countries India and China respectively but for that to happen Nepal must realize its strategic importance which is equal for both India and China and could very well become a flashpoint for geopolitical competitions between its neighbors (Jaiswal, 2016, p.24).

States like Nepal thus must be able manage their geopolitics in a way that it does not suffer from hegemonic attitudes of its giant neighbors. If Nepal prevails to manage both India and China in near future it will be able to prevent its sovereign affairs and will also become one of the dominant partners in overall development of South Asia. Nepal may adopt various foreign policies as small power. It might be the policy of aligning with the imminent threat termed as bandwagoning or joining an alliance to negate the powerful actor known as balancing (Lake, 2009, p.68). In this regard Nepal needs to have clear approach on connectivity proposal of China

and it must look to take leadership role to settle disputes in regional organization like SAARC to become a resourceful and dominant small state in South Asia.

Nepal shares asymmetric relationship with India and to downsize its dependency it must figure out opportunities and challenges at hand so as to come out as successful state in regional and international sphere. Asymmetrical relationships may exist when there is an imbalance in the relationship characteristics and one of the partners is able to dominate the relationship and influence what happens in it for its own benefits often for many years (Johnsen and Ford, 2002). The dynamics of such relations often influence the structural balance at regional and international level either by measures of enforcement that satisfies the interest of parties involved or by compromising the interest of comparatively small states in order to maintain status quo of dominant partner.

Nepal as state has to counter difficulties in policy making to settle asymmetrical dependence which has challenged the foreign policy interest of the Nepali state. As Fawkes (2007) points out, an influential part of modern public relation theory has been marked out by a "fear of persuasion" which is also evident in influential partner's behavior in asymmetric dependence. The threat of leaving the group in such circumstances brings anxiety in governance structure and leadership of small states (Womack, 2016, p.111).

### **2.3 Small States constraints and their foreign policies**

Small states within international system experiences threat from within the system and in order to survive and sustain their independence, sovereignty and establish peace they often pronounce soft power as tool to negotiate threat and counter differences within closer proximity of their geography. The geographical factor in foreign policy cannot be ignored (Spykman, 1944, p.7).

As small states are primarily concerned about their security, small states prefer international organizations and multilateral forums in order to pursue their foreign policy goals more effectively (Rothstein, 1968, p.18). In case of Nepal it is evident from their efforts to counter threats by means of participation in international affairs however such efforts has not been maximized to full strength as Nepal looks confined and over engaged in neighborhood. Keohane (1969) has further argued that small states are those whose leaders consider that such states cannot make significant influence on the international system either acting alone or in a group (p.296). In this regard Nepali leaders have succumbed to the pressure of external actors and hence foreign policy aspirations has been challenged. The process suggest Nepali national interest is subject to interest of other dominant external force bringing into the equation syndrome of small state as core problem to attain national interest.

Small states formulates their foreign policies that changes as per time and situation and in most of the cases such states experiences altercation with dominant states in implementation of their foreign policy. Foreign policy of small states is shaped by various factors. Vital (1967) has suggested that some of the factors that influence the foreign policy behavior of small state are economic condition, geographical location, domestic political stability and its value to great powers (p.39). Researchers and academician who have researched on small states and their foreign policy behavior have generalized some of their characteristics that include exhibiting a low level of participation in global affairs , addressing a narrow scope of foreign policy issues, limiting their behavior to immediate neighbors, emphasizing on multilateral diplomacy and international law (Pace, 2000, p.112).

Scholars have noted that there are both opportunities as well as challenges for small states to pursue an active foreign policy. Vital (1971) has cautioned that mistakes by leaders of small state

could prove to be beyond repair (p.45). Small states foreign policy is often characterized by two factors. The first is the stability of the domestic politics as a state with an instable political environment is least likely to pursue an active foreign policy. The second condition is the susceptibility of state's external environment as their lack of internal abilities will not allow them to pursue an active foreign policy (Jackson and Rosberg, 1982, p.2).

Small states foreign policy aspiration and goals is predominantly guided by their interest surrounded by concern of security and this impact their overall approach to approach relationship beyond geographical neighbors and thus their level of participation in international affairs is often limited. Small states are characterized by low level of participations in global affairs, narrow geographic range of concern in foreign policy, normative position on international issues and avoidance of antagonizing the powerful states in the system (East, 1973, p.558).

#### **2.4 Nepal in International Relations: Tracing Foreign Policy and Diplomacy**

Nepal covers land area of 1, 47,516 sq. km and is surrounded by India on the three sides and China's Tibet autonomous region to the north. The landlocked Nepali state is sandwiched between two gigantic neighbors India and China. Nepal ranks 93<sup>rd</sup> largest country in the world on the basis of land area (countries-of-the-world.com). Nepal, however, is defined as a small state because of its relative smaller size than those of India and China (Bhattarai, 2017, p.1). Similarly, smallness is a matter of influence. Big countries such as India and China have high economic and political influence in region and at global level while Nepal influence is not applicable either economically or by means of Power.

Nepal was only able to formulate its modern foreign policy after the downfall of "Rana regime" in 1950. The first ever elected government of democratic system in Nepal led by the then Prime

Minister Bisheshwor Prasad koirala emphasized upon the essence of bilateral ties, multilateral engagements and peaceful co-existence within the region as driving force of Nepalese foreign policy and diplomatic dealings. Influential Nepali leader Bisheshwor Prasad Koirala in 1952 mentioned that Nepal was negotiating a loan of 150 million rupees with India and on the international level characterized his policy as of the steering clear of power blocs “and obtaining membership in the United Nations” (Joshi and Rose, 1966, p.174).

In 1956 when King Mahendra took over the throne he loudly pronounced determination to put Nepal in the front. The foreign policy of Nepal took center stage during his leadership and Nepal for the first time was able to look beyond India and China to safeguard their national interest. (Rose, 2010, p.141). Nepal exchanged diplomatic relations with 51 countries till January 1972 during the life time of king Mahendra. Leaders from around the world visited Nepal. Nepal hosted first ever international conference in 1956 on the occasion of 2500<sup>th</sup> anniversary of lord Buddha’s birthday. Nepali took pride in the fact that their country for the first time has succeeded in establishing direct relationship with more than 30 countries without being under cultural umbrella of India (Joshi and Rose, 1966, p.243-244). Prime Minister of Nepal Bisheshwor Prasad koirala visited China in 1960 and went on to mention that it will be wise for Asia today to firmly adhere to the five principle of co-existence among all countries big or small (Joshi & Rose, 1966, p.370).

When King Birendra took over the reign he endorsed Nepalese foreign policy aspiration to be entitled by “Zone of Peace” proposal within the region. During his coronation ceremony in 1975 King Birendra said if today, peace is an overriding concern with us, it is only because our people genuinely desire peace in our country, in our region, and everywhere in the world. It is with this earnest desire to institutionalize peace that I stand to make proposition- a proposition that my

country, Nepal be declared Zone of Peace. (Rana, 1983, P.1-2). King Birendra formally asked the international community to endorse his proposal: the United Nation declare Nepal a Zone of Peace (Telegraph Nepal, 2011). Though India and USSR did not response to the proposal. The support came from states of every social, political and economic group and region of the world (Subedi, 2004, p.45).

King Birendra strategy to define Nepal as Zone of peace was driving force and aspiration of Nepalese diplomacy to survive and sustain in international world order divided into two blocs during cold war era. In compliance with this national support the proposal was incorporated into panchayat constitution of Nepal (Subedi, 2004, p.45). Though the proposal lost its ground in days to come it has set highest standard for defining Nepalese foreign policy and diplomatic dealings in modern time. Nepal has incorporated policy of non-alignment, principle of Panchasheel and theory of co-existence as major tool and device to attain national interest.

The Constitution of Nepal 2072 has envisaged that the policies regarding Nepal's international relations shall be "to conduct an independent foreign policy based on the charter of the United Nations, nonalignment, principles of Panchasheel, international law and norms of world peace for safeguarding the sovereignty, territorial integrity, independence and national interests"

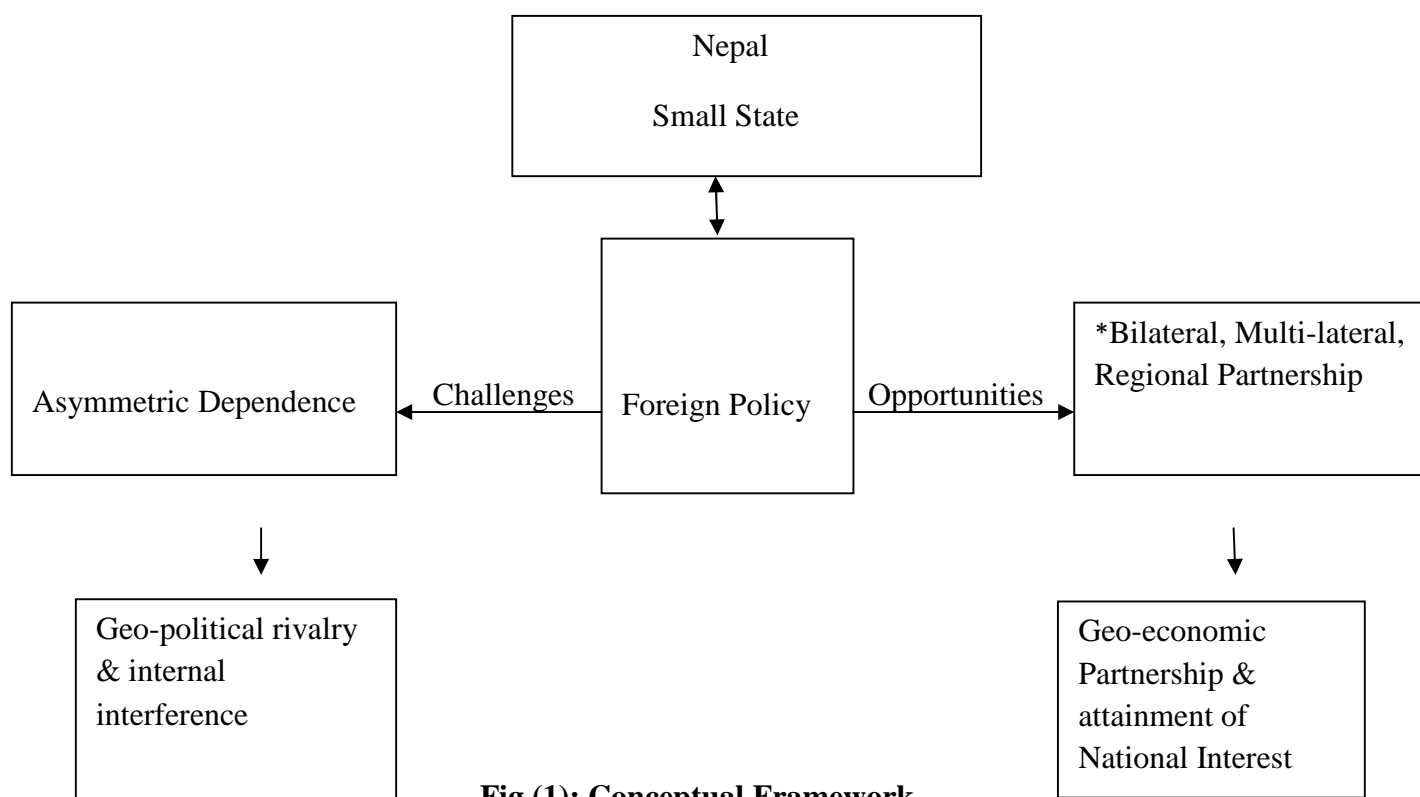
(Nepal Law Commission, 2015).Nepal today occupies a key position between India and China as it forms a northern gateway to the Indo-Gangetic Plains. For a geographically sandwiched state like Nepal, foreign policy maneuverability in international politics is limited by number of factors like location, economic development, size, landlocked position and asymmetric economic dependence among others.

The behavior of small state like Nepal in international relations is thus guided by multiple factors and this research has tried to identify gaps in existing literature and analyze existing opportunities and challenges for Nepal as small state.

## CHAPTER 3- METHODOLOGY

The research will adopt qualitative research methodology which will be descriptive and analytical in nature. Data will be collected and utilized both in form of primary and secondary methods. The primary data collected for the research work will include interviews of government officials, senior diplomats, academicians, research scholars and subject specific experts for which questionnaire will be prepared. The secondary data will include information from related books, journal articles, newspaper articles and relevant websites.

### 3.1 Conceptual Framework of the Research



**Fig (1): Conceptual Framework**

Nepal stands as a small state in international system guided by its geographical posturing between India and China. It only influences Nepal status within international system but also



equally contribute to the internal interventions and control of Nepali state. The paper will therefore first analyze different notion of small states from dominant theoretical perspective and afterwards will examine role of geography among key elements in determination of Nepal as small state. The research will then focus on foreign policy aspiration of Nepal in bilateral, multi-lateral and regional forum comparing its limitation, boundaries and prospects in reference to its foreign policy formulation and implementation. The paper will then focus on different constraints within Nepalese policy making body that guides to the formation of foreign policy with bilateral partners inducing asymmetric dependence in regulation of trade policies and context of dependence of Nepali state in comparison of India and China.

### **3.2 Data collection and Processing:**

The data for this research has been collected through record found in archives, secondary sources, running records and recollections. The archival data or primary source include official documents and other items that is found in archives. Secondary sources are works of other scholars who have written in related fields. Running records are ongoing series of statistical or other sorts of data, such as census data. Finally recollections include sources such as autobiographies, memories and diaries. The collected data has been analyzed through the historical perspective to the current context so as to understand and infer conclusions regarding the underpinnings of factors associated to small state dynamics and its association with geography, foreign policy and diplomatic dealings.

## **CHAPTER 4- Nepal in Bilateral, Multilateral and Regional forum**

### **4.1 Nepal in Bilateral Relationship: Tracing History and Outcomes**

The unification campaign led by great king Prithvi Narayan Shah led to origination of modern Nepal in 1768. He pronounced Nepal as a “yam between two boulders” and advocated for the foreign policy that would maintain friendly relations with both Tibet/China and East India company (EIC) of Britain being well aware of the military and economic capabilities of Nepal’s immediate neighbors (Jaiswal, 2016, p.18). The connotation of “Yam” led to the driving reality of Nepal’s bilateral relationship.

The unification campaign during and after Prithvi Narayan Shah led to foundation of first ever formal bilateral relationship of Nepal in international relations. The border dispute between East India Company and Nepal in Butwal and Seuraj in Western Nepal initiated the Anglo-Nepali war in 1814 (Sharma, 1951, p.255). Nepal suffered defeat at the hand of superior and well equipped military of East India Company. Though Nepal was defeated at several front and lost one third of its territory it was able to protect its independence and sovereignty. In this war Nepal boundary was now limited to Mechi River in the east and Mahakali River in the west (Upadhaya, 2008). The war led to a tradition of Gurkha recruitment by the British in April 1815 (Kandangwa, 2009, p.128). The treaty of Sugauli 1816 was signed and Nepal entered into the era of bilateral diplomacy for the first ever time in its history in the same year.

Following the formal bilateral relationship between Nepal and United Kingdom in 1816 the then Prime Minister of Nepal Jung Bahadur Rana after his rise in 1846 decided to adopt the policy of appeasement of the British to ensure the survival of Nepal as well as his own hereditary rule (Sharma, 2006, pp.10-12).

Jung Bahadur Rana in pursuit to maintaining friendly ties with the UK as well as legitimizing his grip on power, travelled to a yearlong trip of United Kingdom and France in 1850 becoming first ever head of government to travel Europe in official capacity (Whelpton, 1983, p.99).

Nepal suffered to look beyond East India Company influence and during that time Jung Bahadur Rana decided to cancel the quinquennial mission to China in 1847 to please the British regime only to restore the same in 1854 with a view of not displeasing the Chinese too much and trying to gain trade benefits (Rose, 2010, p.107). Jung Bahadur Rana realized Nepal's geography and hence was aware of relationship with Tibet. Though no formal ties to relationship were announced Nepal went on to maintain trade link via Kerung route in trans-Himalayan corridor with Tibet. This embarked a new beginning to Nepal geopolitical and strategic importance bringing not only prosperity but also increasing Nepal's bargaining capacity with its neighbors (Rose & Fisher, 1968).

After Jung Bahadur Rana all the leaders failed to improve relationship with China. In 1903 British forces crossed the Jelep Pass to enter Tibetan territory and occupied Lhasa in 1904. Chandra Shumsher provided Nepal's logistical support to Britain in anticipation of support from the British for his regime in Nepal (Whelpton, 2005, p.64). This incident once again proved Nepal was unable to look beyond British system and cooperation to annoy Tibetans.

The World War I started in 1914 and this was once again looked as an opportunity for the then Prime Minister Chandra Shumsher to showcase his loyalty to British government. He deployed more than 20,000 Nepali for recruitment in British troops and in total nearly 1, 00,000 Nepali soldiers fought for the British alliance all across the world. In 1923 British acknowledged Chandra Shumsher efforts to establish Peace and Friendship Treaty between Nepal and Britain

which formally recognized the independence of Nepal and had provisions related to Nepal's trade, transit and import of arms (Basnet & Sharma, 2015). The event was considered historic in bilateral relationship between two states. Nepal and Britain consolidated upon their partnership in 1934 and Britain agreed to establishment of Nepali Legation in London (Rose, 21010, pp.170-172).

The World War two initiated in 1939 and Nepal announced its support for Britain and alliance. The emergence of two powerful ideology in the aftermath of devastating World War saw US and Soviet Union lobby for their ideology and interest around the world. In Nepal the Rana regime saw threat to their dominance after Indian independence in 1947 followed by rise of Indian Congress and hence tried to develop friendly ties with China. However, the Chinese nationalist could not pay attention to Nepal's overtures as they were engaged in domestic power struggle with communist (Rose, 2010, p.179).

In 1947 US President Harry Truman sent a special envoy to Nepal leading to the signing of friendship and commerce agreement establishing bilateral diplomatic relations between the two states (Upadhyaya, 2008, p.41). This event is also considered to be a milestone in Nepal diplomatic history as US was only the second state to have established bilateral ties with Nepal. Nepal further went on to establish bilateral relationship with India in June 1947 (Ministry of Foreign Affairs).

The dramatic change of politics and rise of Mao Zedong leader of The Communist Party of China in 1949 started a debate on security dynamics of Himalayan frontier. Both India and China were now equally concerned about the security threat within the region. India took full advantage of domestic political crisis in Nepal and it ultimately led to the signing of Treaty of Peace and

Friendship in 1950 between two states (Rowland, 1967, p.146). China annexed Tibet annoying India to unrest in geographical vulnerabilities surrounding Himalayan frontier. Tibet, which was considered by India as a buffer protecting South Asia from potential Chinese aggression, could no longer serve the purpose (Yahuda, 2000). Nepal suffered largely those days after signing of Treaty of Peace and Friendship in 1950 with India. The controversy around the treaty started immediately after it was signed and the after effects of the same can be realized even today (Upreti, 2014).

The change in government and rise of Democratic forces in Nepal at the end of Rana regime was supported by Indian establishment in Nepal and this ultimately led to India's influence and interference in day-to-day affairs of Nepal which also greatly increased resentment among the public (Sharma, 2006, p.87).

Nepal failed to exercise bilateral ties with other states as controversy around India and their influence was realized almost everywhere. In August 1951 Nepal and US agreed to elevate their diplomatic relations to ambassadorial level (Chaturvedi & Malone, 2012, p.292). In 1955 when King Tribhuvan died his successor to the throne King Mahendra took over the charge to lead the nation with new dynamics in foreign policy aspiration. He can be credited for giving a definite shape and dynamism to Nepal's foreign policy during his rule (Singh, 1983).

The year 1955 was magical for Nepal as was admitted to United Nations. One of the most important developments in Nepal's international relations and diplomatic history was the establishment of diplomatic ties with China in August 1955 (Sharma, 2006, p.93). The Nepalese government led by Tanka Prasad Acharya led to the signing of a trade and intercourse agreement with China in September 1956. The treaty was historic in this regard that it abrogated all

previous treaties between Nepal and China/Tibet, and recognized Tibet as part of China and provided trade agencies for Nepal in different parts of Tibet (Muni, 1973, p.99). Nepal received an economic aid of 60 million Indian Rupees without any conditions attached for its use (Ray, 2013, p.427).

The bilateral ties with China reached high velocity when Chinese Premier Zhou visited Nepal in 1957. The relationship with China blossomed further in 1958, September when Nepal was one of the six countries to cosponsor the Indian resolution in the General Assembly of United Nations for China's admission to the UN (Sharma, 2006, pp.117-119).

Nepal-China bilateral ties suffered after the change of government in Nepal. The Nepali congress led government in 1960 was aided by 100 million Indian rupees from India and in the same year India willing to give better deal to Nepal revised Trade and Transit treaty (Sharma, 2006, pp.135-136). The claim by Chinese leadership over Mount Everest during state visit of Nepalese Prime Minister Koirala led to anti-Chinese demonstrations in Nepal (Tiwari, 2013, p.210).

The growing tension between Nepal and China came to halt when Chinese Premier visited Nepal in 1960 signing Treaty of Peace and Friendship between both the states. During his Visit Premier Zhou clarified to Nepal that China had never laid claim on Everest (Upadhya, 2012, p.99).

After France in 1949, China in 1955 and Russian Federation in 1956, Thailand in 1959 Nepal went to establish bilateral relationship with Japan, Switzerland, Srilanka, Egypt, Germany, Austria, Italy, Serbia, Poland, Malaysia, Philippines, Australia, Myanmar, Netherlands, Laos, Israel, Sweden, Indonesia and Pakistan in 1960 (Ministry of Foreign Affairs).

Prime Minister of Nepal B.P. Koirala in his short tenure at office made historic decision to recognize Israel and establish diplomatic relations in June 1960 even before India had done the

same (Abadi, 2004, p.313). Nepal had already announced their presence in International Relations and Diplomacy by 1960 under leadership of King Mahendra through bilateral relations and multilateral presence all around the world. King Mahendra visited two superpowers, USSR and USA in 1958 and 1960 respectively. He also visited Pakistan, Israel, UK, and US in span of few years. In 1960 Soviet President Klementei E. Voroshilov visited Nepal. The visit was aimed at flourishing Soviet influence in South Asia. It also highlighted the desire of Nepal to diversify its foreign policy beyond the neighborhood (Werake, 1992).

In 1960 political change in Nepal led to growing tension between King Mahendra and India. King Mahendra dismissed the democratically elected B.P. Koirala government to restore Panchayat system. India criticized the move led by the Nepali government. King Mahendra started taking active initiatives in Nepal's foreign policy domain while Nepali Congress launched an armed struggle for restoration of Democracy (Joshi and Rose, 1966, p.458). The growing tussle between Nepal and India led to imposition of an economic blockade by India leading to severe shortage of essentials throughout the nation. However, India never officially accepted the blockade. The event had such an effect on Nepal as it was not only against the right of landlocked state but at the same time also questioned the values of bilateral ties between India and Nepal.

While the confrontation was going on, China declared that it would stand by Nepal side if attacked by a foreign power (Sharma, 2006, p.179). The war that erupted out of India-China border issues warmed up the bilateral relationship between India and Nepal. The Prime Minister of India Jawaharlal Nehru started engaging with Nepal's palace and the NC suspended its armed revolt against regime (The New York Times, 1962b).

When Indira Gandhi visited Nepal she stated that Nepal and India friendship was unshakable and reaffirmed support for Nepal's endeavor to gain prosperity. It was taken as sign of growing warmth in Indo-Nepali relations (Muni, 1973). Though in days to come India- Nepal dispute over border issues at Susta and trade concern widened the gap between bilateral relationships between them. Nepali Prime Minister then Kirti Nidhi Bista called for withdrawal of Indian armed forces stationed at Nepal's northern border. He asserted that Nepal could not compromise its sovereignty for the sake of India's security and resented the claims of Nepal-India 'special relations' (Acharya, 2002). India went on to remove Indian troops from Nepal's northern border by December 1970 and it was seen as symbolic assertion of Nepal's sovereign and independent status (Acharya, 2002, p.100).

Nepal has history of falling into Indian sphere of influence every now and then. The events in Nepal bilateral relationship with other states is often cornered and sidelined by Nepal over indulgence in Indian influence. Nepali establishment tried numerous of times to come out of such asymmetric dependence only to fail most of the time. In 1970 when Treaty of Trade and Transit between India and Nepal was about to expire it was not renewed over a period of time affirming India's objection to Nepal's quest for trying to move away from its sphere of influence.

The event and tension between two states led to another economic blockade on Nepal with shortage of petroleum products that badly affected the lives of Nepali People (Sharma, 2006, p.209). Nepal demanded separate treaties for trade and transit while Indian always desired combined treaty. In 1971 King Mahendra visited India and subsequently trade and transit treaty was signed between the states in Kathmandu one month later. Nepal Plea for two separate treaties was rejected and duration of the treaty had been decreased to five years instead of earlier ten years (Ghosh, 1995, p.126).



In between 1960-1970 Nepal maintained bilateral diplomatic ties with Mangolia, Hungary, New Zealand, Afghanistan, Chile, Greece, Turkey, Lebanon, Belgium, Iran, Canada, Jordan, Denmark, Bulgaria, Romania, Algeria, Spain, Iraq, Singapore, Sudan and Syria (Ministry of Foreign Affairs).

After demise of King Mahendra in 1972 successor to his throne Prince Birendra took over the new dawn of Nepal's foreign policy goal and diplomatic dealings. He advocated for International peace and gradually imposed his thoughts of proposing Nepal as "Zone of Peace" in international arena. The annexation of Sikkim by India in 1975 was major challenge for small sates in South Asia. Nepal proposed at the time that it was firm in its policy that interference in internal affairs of any country is not in spirit of international peace and as per charter of United Nations.

King Birendra Proposal to Zone of Peace was endorsed by 116 countries while India abstained from supporting the proposal and considered the same being contradictory to the 1950 Treaty of Peace and Friendship. China was one of the first countries to support the proposal (Duquesne, 2011, p.148). In 1980 King Birendra proposed a referendum after Islamic revolution in Iran and Pakistan. The pressure from Indian government and changing dynamics of politics in South Asia called for proposal to choose between the Panchayat system and multi-party democracy in 1980 (Bhattarai & Khatiwada, 1993). The system of governance despite of Panchayat camp winning the referendum campaign changed in favor of multi-party democracy in Nepal.

In 1983 King Birendra state visit to United States earned him international fame and recognition as he came back with United State full support to Nepal's proposal for "Zone of Peace" in spite of India still not lending its support for the same (Ronald Reagan Presidential Library, 1983).

This event is still considered to be of historical in relationship of bilateral ties between Nepal and the United States.

In the year 1990 King Birendra appointed Krishna Prasad Bhattarai the new Prime Minister of Nepal and this mark the beginning of new era in political arena of Nepal with the emergence of multi-party democracy. The proposal of ZOP was discarded and new foreign policy dynamics was initiated. After first general election in the year 1990 Nepali Congress formed the government and Girija Prasad Koirala became Prime Minister of Nepal. Prime Minister of Nepal sought to maintain good bilateral ties with India and during his visit to India in 1991 only to upset people back in Nepal with agreement related to Tanakpur Barrage. The main opposition party in Nepal (Unified Marxist Leninist) was of the view that Tanakpur Barrage encroached Nepal's land and it benefitted India rather than Nepal (Upadhya, 2008).

Prime Minister Koirala government failed over conflicts surrounding to Tanakpur Barrage and the hung parliament after election saw the rise of communist government for the first time in history of Nepal. Manmohan Adhikari became the first ever democratically elected Prime Minister for CPN (UML) in the year 1994 (Adhikari, 2015, p.187). He visited India in 1995 to formally hold talks over Treaty of peace and Friendship 1950 which is still recorded as one of the major event in bilateral talks to India. The armed insurgency of Maoists that begun in 1996 after political upheavals in Nepal diverted the nation concern from foreign policy implementation and the state was suffering amid domestic political crisis.

In 1996 Indian Prime Minister IK Gujral visited Nepal and in his efforts to maintain cordial bilateral ties with Nepal he provided access for Nepal through the Phulbari route in West Bengal

for trade with Bangladesh and other countries (Ray, 2103). The efforts that Nepal put forward during tenure of Manmohan Adhikari was finally a deal with IK Gujral government in India.

Nepal-China relationship took center stage in year 2001 when King Birendra was invited as the chief guest in the Boao Economic conference during his state visit to China. In 2001, Chinese Premier Zhu Rongji visited Nepal and during his stay he made observations against hegemony and the need to protect the sovereignty and independence of states in an indirect reference to India and the US (Josse, 2001). Zhu visit was important to Nepal- China bilateral ties as he stated in his speech that China did not support Maoist insurgency in Nepal.

The new dawn of International world politics took center stage in 2001 with the most powerful state in the world United State of America being targeted by terrorism. In Nepal the Royal Palace massacre altered the political course and King Birendra brother Gyanendra was declared the New King. The after events of 9/11 saw United State declare “Global War on terrorism” and in 2002 US secretary of state Colin Powell visited Nepal in the backdrop of growing Maoist influence in Nepal. Sher Bahadur Deuba became the first Nepali Prime Minister to visit the Oval Office where he was received by US President George W. Bush. Prime Minister Deuba in his visit asked for US support in Nepal’s war against the Maoists (Upadhya, 2008, P.160).

King Gyanendra visited both India and China in year 2002. The visit was significant for both India and China as King of Nepal promised to maintain friendly bilateral ties with both the state in days to come. China desire to help Nepal was heard loud when President Jiang Zemin declared support to the Nepali government’s fight against the armed insurgency (The Washington Post, 2002).

In years to come Nepal suffered another political turmoil and King Gyanendra suffered largely to save his regime only to succumb to the pressure created by public and democratic parties for establishment of new republican political order in 2006. Indian influence in Nepal was seen to become the driving force as senior leader of congress party of India, Karan Singh reached to Nepal as special envoy. India played a crucial role in facilitating dialog between the Madhesh-based parties and government during Madhesh movement in 2007 (Bhattarai, 2018, p. 65-66).

The rise of Maoist to Power in 2008 saw Pushpa Kamal Dahal 'Prachanda' become the Prime Minister of Nepal. China's growing role in Nepal was emphasized by the fact that 38 official Chinese delegations visited Nepal during Prachanda's tenure while number of Indian delegation was one-fourth of that (Kumar, 2011). The defense collaboration with China was enhanced as China doubled its military aid to Nepal from USD 1.3 million in September 2008 to USD 2.6 million in December 2008 (Singh & Shah, 2016, p. 61).

The change in government in 2011 led by Maoist leader Baburam Bhattarai brought forward the concept of Nepal as 'Vibrant Bridge' between India and China. The bilateral engagement of Nepal relationship with India increased under his leadership and Nepal signed "Bilateral Investment Promotion and Protection Agreement" (Nayak, 2014, p.34).

Nepal relationship with China was of equal status during those days as it was evident from the incident that Communist Party of Nepal- Maoist (UCPN-M) Chairman Prachanda became the first leader from South Asia to meet newly elected Chinese President Xi Jinping in Beijing in April 2013 (Nayak, 2014, p.103).

Political Change both in India and Nepal in year 2014 and 2015 respectively added new dynamics to Nepal-India relationship. In India Narendra Modi led Bharatiya Janata Party won

the general elections. Prime Minister Narendra Modi visited Nepal in 2014 where he addressed the Constituent Assembly announcing a concessional line of credit equivalent to 1 billion to Nepal (India Today, 2014). During his second visit to Nepal while attending 18<sup>th</sup> SAARC Summit in November 2014 his indirect proposal to government to settle demands of agitating Madhesh based political parties in the process to draft constitution through consensus and not through the numerical strength in the Constituent Assembly became highly controversial (Baral, 2016, p. 185-186).

Nepal-India bilateral relationship has suffered ever since than till present day as both the state suffer to find solutions to their everlasting problems. In 2015 when India unofficially imposed economic blockade after their unsuccessful attempt to delay promulgation of constitution Nepal was shocked and unprepared for the same. The devastating earthquake in 2015 has already shaken the Nepalese economy that was pushed further backwards by economic blockade imposed by Indian government. The blockade in 2015 can be recorded as the most painful in terms of impact upon Nepal and its bilateral relationship with India. The inhuman blockade caused enormous trouble for Nepali people. It also severely eroded India's image in Nepal and created an anti-India sentiments among the Nepali Population (Singh, 2016, p. 164).

The government formed in Nepal after promulgation of constitution was led by CPN (UML) leader, Chairman K.P. Sharma Oli. He took strong nationalist stance against the economic blockade of India and as a result historical bilateral agreement was signed between China and Nepal for the supply of petroleum products in October 2015 that aimed to end monopoly of Indian Oil Corporation in Nepal (The Kathmandu Post, 2015).

Nepal simultaneously signed an Agreement on Transit Transport with China (Nepali Times, 2016). The agreement was seen as major event as it promised to break Indian dominance and dependency in Nepal.

In 2016 when K.P. Sharma Oli resigned from the post of Prime Minister it was Prachanda who took over the leadership of new coalition government. During his tenure he was heavily criticized by opposition party led by K.P Sharma Oli as the government was labelled Pro-Indian. However in a major political turn it was under the leadership of Prachanda that Nepal signed a Memorandum of understanding on bilateral cooperation under the framework of the BRI with China (Xinhuanet, 2017).

Ironically in parliamentary elections held in 2017 K.P Sharma Oli and Pushpa Kamal Dahal Prachanda joined hand in hand together to announce the unification of communist power in Nepal that eventually rose to power forming government under leadership of K.P. Sharma Oli for the very second time in Nepal. Prime Minister K.P. Sharma Oli visited India in 2018 in this visit signifies Nepal's interest in improve bilateral ties with India.

During the Visit, Oli and Modi witnessed the groundbreaking ceremony for constructing a cross-border Motihari-Amlekhgunj petroleum pipeline as well as understanding on construction of Kathmandu-Raxual railway link and inland waterway connectivity (MoFA, 2018a.).

When Prime Minister of India Narendra Modi visited Nepal in 2018 both the head of government of respective state jointly laid the foundation stone of 900 MW Arun Hydropower Project (MoFA, 2018b). He visited to Janakpur and Muktinath during his visit that magnifies to Nepal-India historical religious ties.

In 2018 Prime Minister Oli visited China and during his stay an understanding on establishing Kerung-Kathmandu railway was initiated (MoFA, 2018c). When President of Nepal Bidya Devi Bhandari visited Beijing in 2019 a protocol to the Agreement on Transit Transport was signed between the two governments. This allowed Nepal to have access transit facilities through four Chinese sea ports- Tainjin, Shenzhen, Lianyungang and Zhanjiang and three land ports – Lanzhou, Lhasa and Shigatse, for the third –country trade (Giri, 2019). The agreement was historic considering Indian dominance in Nepal and it opened up the gates for third- country trade.

In October 2019 when Chinese President Xi Jinping visited Nepal he became the first Chinese President Xi Jinping to visit Nepal since Jiang Zemin in 1996. This visit had great geopolitical significance in light of Nepal-China bilateral ties. Xi declared during his speech in Kathmandu that China would help Nepal to become a land-linked country from a landlocked one (The Rising Nepal, 2019).

Today Nepal has established bilateral ties with 168 countries around the world with Ghana being the last state to have developed bilateral ties with Nepal on September 25, 2019 (Ministry of Foreign Affairs).

Nepal has tuff task ahead to look beyond China and India to become instrumental in international relations. Today the Nepali state has failed to bring out productive outcomes from bilateral relationship with many countries around the world. The bilateral relations history of Nepal clearly suggests over indulgence in state of affairs mainly with India followed by China.

## **4.2 Nepal in Multi-lateral and Regional Forum: History and Findings**

The concept of multi-lateral diplomacy can be traced back to the beginning of organized human society, the “Peace of Westphalia of 1648”. The Westphalian principles of sovereignty and the territorial state that were established in the 17th century are the foundation of today’s multi-lateral diplomatic system. Multi-lateral diplomacy is the practice of involving more than two nations or parties in achieving diplomatic solutions to supranational problems (Oxford Handbook of Modern Diplomacy).

Nepal was late to enter the arena of multi-lateral diplomacy. The end of Second World War and emergence of US, USSR as two leading blocs with different ideology had huge impact on states like Nepal. In context of Nepal it was evident that the geographical boundaries and geo-politics of the region did not allow them to look beyond neighbors. The ideological division of the world politics into capitalist bloc, directed by United States of America and the Socialist bloc, directed by USSR influenced states all the world. Nepalese diplomacy those days were guided by interest of ‘Rana regime’ as they were more focused on isolating from international community and relations to secure their government and rule.

In 1948 when Mohan Shumsher Jung Bahadur Rana became the Prime Minister of Nepal he showed belated awareness of the Rana government’s diplomatic isolation on the world scene after the withdrawal of British authority from India (Joshi and Rose, 1966). Mohan Shumsher played a very crucial role in stirring Nepal from the perspective of isolationism. As stated by Rose (2010), Rana’s had introduced what was termed as “Diversification Policy”.

The diversification policy adapted by Rana regime, to extent helped gain Nepal’s recognition in International arena. King Tribhuvan who supported the movement of democratic forces in Nepal



sought for change both in political and foreign policy domain. This revolution has been a progressive element of popular participation in foreign policy at intellectual and emotional levels at that time (Khanal, 1988, p. 2). Though Nepal showed sign to improve their presence in multi-lateral forum the political turmoil back home did not allow the than government to capitalize on their policy if diversification and India was seen dominant in Nepal's sphere. Nepal applied for membership of the UN in February 1949 only for it to be rejected due to veto by the Soviet Union in September 1949 (The New York Times, 1949). It was only in 1955 when King Mahendra was at helm of power, Nepal announce its arrival to universal multi-lateral forum and it was admitted to United Nations (Bista, 2012, p. 30). The admission of Nepal to United Nations paved way to enter the domain of multi-lateral and regional diplomatic practices. Nepal entered into the new era of diplomatic dealings when King Mahendra took over the charge to lead Nepal. King Mahendra was a staunch nationalist with vision par excellence (Bista, 2012, p. 30). He was quick to realize the growing dependence of Nepal on India with 1950 Treaty of Peace and Friendship still active.

King Mahendra participated at the Afro-Asian conference in Bandung, Indonesia in April 1955. It was Nepal's first engagement into the international arena. Nepal participated in the conference of the Non-Aligned countries held in 1955 and has also been working on the five principles of Panchasheel adopted by the conference. During a joint session of the US Congress in April 1960, King Mahendra emphasized of Nepal's policy of non-alignment and non-entanglement (Upadhyaya, 2008, p. 61). Nepal became one the founding member of Non-Alignment Movement established in 1961. Initially, the number of participating countries, including Nepal, stood at just 25 (The Rising Nepal, 2019).

A non-aligned approach to relations with neighbors has been in practice much before Nepal's formal integration in 1961, as is evident in the address of the then Prime Minister BP Koirala to the 15<sup>th</sup> Session of the United Nations General Assembly on September 29, 1960, when he told the world body, "We have judged every international issues on its merit without consideration of anybody's fear and favor." This has helped to develop and transform relations with neighbors with dignity in difficult times (The Kathmandu Post, 2017). During the first NAM Summit in Belgrade in September 1961 King Mahendra emphasized on Nepal's adherence to the policy of non-alignment and declared that peace was only possible when complete non-interference in the internal matters of a nation was not only preached but thoroughly practiced (Department of Publicity, 1962).

The diplomatic practice during this period was very effective in nature because of Nepal's membership in International Organization and expansion of bilateral relationship around the world. This was a period when the cold war was at the peak and two superpowers were influencing states globally. Nepal ensured its Non- Alignment position wherein she became one of the members to effectively adapt the Non- Aligned Movement (NAM). While speaking at the Third Non- Aligned Movement Summit in Lusaka in September 1970, King Mahendra reminded the world about the rights of landlocked countries with regards to transit (Sharma, 2006).

Nepal role in multilateralism has been often limited to its bargaining capacity and presence of dominant state actors and their vested interest in the forum. In 1972 with sudden and untimely demise of King Mahendra new dawn of Nepal's foreign policy was initiated by King Birendra vision to promote and propose Nepal as "Zone of Peace". At the fourth NAM Summit in Algiers in September 1973, King Birendra affirmed that the UN resolution of declaring the Indian Ocean as a Zone of Peace reinforced the principles of non-alignment and ensured the small states from

foreign interference and aggression. He also highlighted the issues of landlocked countries in special reference to the context of Nepal (Upadhyaya, 1983, p. 21-22). The foreign policy dynamics of Nepal during the leadership of King Birendra was guided by his intentions to promote Nepal as Zone of Peace and policy of non-alignment. Nepal's ethical virtue to Non-Alignment Movement can be witnessed in both the instances of border dispute between India and China in 1961 and 2017 respectively. Nepal had neutral stance even when China and India eventually went to fight war.

The failure of king Birendra Proposal to attain recognition of "Zone of Peace" has reiterated the essence of regional cooperation for economic prosperity of Nepal. According to Penguin Dictionary of International Relations, "Regionalism is a complex of attitudes, loyalties and ideas of an individual or a group which perceives things in terms of the interest of its region.

Regionalism, broadly, is a process through which geographical regions become significant political and/ or economic units, serving as the basis for cooperation and, possibly, identity (Heywood, 2011). In the study of International relations, the term 'Region' is often known as socially constructed rather than having geographical underpinnings. "All regions are socially constructed and hence politically contested" (Hettne, 2005, p. 544). South Asia lacked arrangements in regional cooperation those days. On 8<sup>th</sup> December, 1985 South Asian Association for Regional Cooperation was established and Nepal became one of the founding member of first ever regional arrangement of its type for the Nepali state. The main ambition to the formation of SAARC was to counter economic difficulties within the region and promote each other's interest in the association. It carried forward the vibe of "Economic regionalism".

"Economic regionalism refers to the creation of greater economic opportunities through cooperation among states in the same geographical region. It is the primary form of regional

integration, and it has become more so since the advent of so-called 'new' regionalism in the early 1990s" (Heywood, 2011, p. 482). SAARC operates on the principle of respect for sovereign equality, territorial integrity, political independence, non-interference in internal affairs and shared destiny for all member states. Nepal being active member to SAARC holds important space in the regional cooperation but it has realized off late that rising tension between India and Pakistan has put serious questions on very existence of the association itself.

Nepal holds office of SAARC Secretariat which was established in 1987 on January 16.

Similarly Nepal hosts SAARC Tuberculosis and HIV /AIDS center (STAC). Initially it started functioning as SAARC TB Centre in 1994 and was renamed as SAARC tuberculosis and HIV/ AIDS center in November 2007 (Ministry of Foreign Affairs). The process of expanding intra-regional trade through preferential tariff concession and improved market access was started with the signing Agreement of SAARC Preferential Trading Arrangement (SAPTA) in 1993. Though SAPTA proposes to preferential tariff concession "An important issue in intra-regional trade of SAARC countries is the existence of sensitive list which consist of a list of commodities from every country on which tariff reduction program is not applied" (Shafiqurrehman, 2015, pp. 95-105). In View of the limited growth of intra-regional trade, the Agreement on South Asian Free Trade Area (SAFTA) was signed during the Twelfth Summit held in Islamabad in January 2004 together with the aim of realizing South Asian Economic Union (SAEU).The agreement which entered into force from January 2006 calls for higher level of trade and economic cooperation beyond preferential trading arrangements and promotion of fair competition by removing barriers to and facilitating cross-border movements of goods (Ministry of Foreign Affairs).

The 18<sup>th</sup> SAARC Summit held in Kathmandu, Nepal was the last one after which the continuous power tussle between India and Pakistan has challenged the existence of SAARC as regional

organization in South Asia. Nepal holds key responsibilities to put life into SAARC amid political challenges within the region.

The inability of SAARC countries to reach a consensus to bring South Asian nations together to forge a condition of peace and stability led to abrupt rise of Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC). Nepal is party to BIMSTEC after it was established with Bangkok Declaration on 6<sup>th</sup> June 1997. This group was originally known as BIST-EC when only four founding members Bangladesh, India, Sri Lanka and Thailand were present. Later as Myanmar, Nepal and Bhutan also joined the group, it was changed as BIMSTEC.

BIMSTEC has 14 priority areas of cooperation, namely (1) Trade and Investment (2) Technology (3) Energy (4) Transportation and Communication (5) Tourism (6) Fisheries (7) Agriculture (8) Cultural Cooperation (9) Environment and Disaster Management (10) Public Health (11) People-to-People Contact (12) Poverty Alleviation (13) Counter Terrorism and Transnational Crime and (14) Climate Change (Ministry of Foreign Affairs). Nepal has been handed over the responsibility to deal in the sector related to Poverty Alleviation.

Today we can witness notable problems in BIMSTEC that might undervalue its potential achievements in the region. One of which are the irregular and inconsistent Summits. By far, only four Summits have been held in past 20 years of its establishment. The new agendas of strengthening BIMSTEC include a renewed commitment on holding Summits regularly to turn it into strong regional organization.

BIMSTEC is often looked as an alternative to SAARC but to for this to happen more emphasis should be given to trade facilitation via liberal transit, business-friendly customs, transport

corridors, etc. Such a process will partly address some of the non-tariff barriers in the region and catalyze trade (Xavier, 2018, p. 27). Nepal hosted the 4<sup>th</sup> BIMSTEC Summit in year 2018 and it is believed that 5<sup>th</sup> Summit will be held in Sri Lanka in 2022. The question of effective BIMSTEC cooperation is still challengeable as constraints from the past will hamper the future of the cooperation itself.

Nepal is member of Asian Cooperation Dialogue (ACD) which was established on 18<sup>th</sup> June 2002. ACD aims to promote interdependence among countries of Asia in all areas of cooperation. ACD includes all members of some regional groupings such as BIMSTEC, ASEAN, GCC, SCO, and SAARC except Maldives (Ministry of Foreign Affairs). Nepal became 34<sup>th</sup> member of ACD on 10<sup>th</sup> March 2016. Nepal has ever since then participated in all activities/events of the forum. During 15<sup>th</sup> ACD Ministerial meeting held in Abu Dhabi during 15<sup>th</sup> to 17<sup>th</sup> January 2017 delegation led by foreign secretary of Nepal Mr. Shanker Bairagi underlined the importance of harnessing Nepal's immense hydropower potentials for the benefit of ACD region (Ministry of Foreign Affairs).

Nepal has joined Shanghai Cooperation Organization (SCO) as dialogue partner after signing Memorandum of Understanding (MoU) with SCO Secretariat on 22 March 2016 (Ministry of Foreign Affairs). Foreign Minister of Nepal Mr. Pradip Gyawali has asked to grant full membership to Nepal in SCO in 2019. Nepal has not been able to exercise its potential opportunities as dialogue partner in SCO and in this regard their association to SCO has not maximized Nepal's interest today.

Nepal role in multilateral and regional forum can best be characterized by the fact that their influence to any such association is minimal. Today Nepal lack resources at hand to maximize

their influence in multilateral and regional forum. The diplomatic dealing and capability of Nepal to influence such organization in future depends upon the level of participation of state in international relations in areas related to trade, tourism, economic cooperation and overall policy best suited to achieve Nepali national interest.

## **CHAPTER 5- Nepal's Role in Formulation and Implementation of Foreign Policy Decision Making**

### **5.1. Understanding the Concept of Foreign Policy Decision Making**

Foreign Policy decision making represents a decision making approach to foreign policy analysis. The process focuses on the decision process, dynamics, and outcome, highlighting the role of psychological factors in foreign policy decision making (Mintz & DeRouen, 2010, p. 7). Foreign policy is often referred to as behavior of states towards other states in international system thus foreign policy plays a crucial role in defining status of the nation. Decision making is always related to the mechanism of the government. The process of decision making is the most important in implementation of such policies. Government plays a dominant role in defining such decision. Everything that happens between nation and across nations is determined by human decision makers acting as a single unit or as a group (Hudson, 2005:1). Factors from micro to macro level are considered while making such decisions. However in some cases even individuals decisions determines the foreign policy of the state. Decision making is always intended towards national benefits and interest. A much disputed term, the national interest nonetheless remains a central preoccupation of foreign policy decision-makers and a reference point for interpreting state action (Alden, 2011: 11). This process is often determined by recognition of problems and efforts to overcome such situations.

Decision makers often analyze different dimensions from different level of analysis before decision making in formulation of foreign policy. Decision making is always considered only after wide range of feasibility studies. It is not an overnight process that leads into decision



making dynamics. Research and study of different components are considered while making a foreign policy of a nation. Every nation has different strategy and policy plans for their foreign policy. Relations among nations in international studies are guided by different factors. Nations are guided by the principle of mutual benefit while considering relations with different states. For example- Nepal has different foreign policy and decision making approach for America and India. It is mainly because Nepal shares different history with both the countries. Geographical location also contributes to such relations. A broad knowledge of geography is essential in any attempt to gain an understanding, if only in part, of the numerous problems confronting people throughout the world (Curtis, 1950: 33). Every nation has its own foreign policy with different nations around the world and similarly different decision making mechanism and institutions.

## **5.2 National Power and National Interest as Vital Component of Foreign Policy Decision Making**

National power is an important concept in international relations not only because it decides potentials of a state but also how much a state can influence other states (Gallage, 2012, p. 1). National power is, therefore a term vastly understood as the ability of any particular state to influence other state by means of its power. The action of any state to influence other state where the other state is dominated and suppressed defines the national power of a particular state. Relative importance of elements of national power has largely changed with time. Globalization and advancement in technology is now seen as an element of national power which has interconnected different states dispersed worldwide. According to Hans J. Morgenthau, “the struggle for power is universal in time and space and is an undeniable fact of experience”. This suggests the desire for power to human nature is inseparable from human psychology.

National power is contextual in that it can be evaluated only in terms of all the power elements and only in relation to another player or players and the situation in which power is being exercised (Jablonsky, 2001, p. 88).

National interest is basically defined as the principles means via which a nation achieves its basic interest. National interest is basically associated with security, Survival strategy and balance of Power. National interests also cover categories of needs and demands that vary from time to time based on the social, cultural, religious backgrounds, political predispositions, economic outlook, world views and interests (weltanschauung) of changing political leaderships (Simkhada, 2004, p. 1). This suggests national interest is not always confined to particular entity. It always changes over a period of time. The basic of national Interest is confined to the needs and necessity of state. National interest is the guiding principle that leads to the future of any state in a long run. National interest lies at the very heart of the military and diplomatic professions and leads to the formulation of a national strategy and of the calculation of the power necessary to support that strategy (Roskin, 1994, p. 1). This aspect of national interest is generally associated with survival strategy which is very much related to accumulation of power and essence of diplomatic relations. National interest thus ensures that the state is able to defend to any crisis in the nation through its military, diplomatic and economic capabilities.

National interest is a term closely associated with national integrity, dignity, security and most importantly sovereignty. Foreign policy plays a vital role in safeguarding national interest.

National interest targets at making a nation prosperous, powerful and recognized in world. The concept of national interest is a very complex phenomenon which is not confined to single entity or understanding. Even for the greatest powers national interest can only be defined in terms of wider considerations and wider responsibilities (Patten, 2002, p. 2).

Sovereignty is considered to be one the oldest concept of National interest. A sovereign entity can decide and administer its own laws, can determine the use of its land and can do pretty much as it pleases, free of external influence within the limitations of international law (Pelizzon, 2005, p. 1). Recognition of any state as an independent territory by other state is basic to the understanding of sovereignty. However the concept of Sovereignty has evolved with the rise of globalization in European state whereas it almost remains the same for the East Asia where the sense of ownership and belonging plays a vital role in defining sovereignty. Sovereignty is related to national interest in international relations and world politics.

National security is another key to the understanding of national interest in a broader perspective. National security aims at providing security from external threats and challenges. It is implemented through national security Strategy (NSS). NSS is the foundation stone for all other national strategies including economic, social, and political (Limbu, 2011:53). These strategies must be updated with changing technology such that it adds to the capacity enhancement of security system. A national security strategy helps us to make choices and manage uncertainty. (Critchlow, 1992:4). National Interest is always safeguarded by national security. Though national interest has broader dimensions it basically aims at providing security, determining identity, and spreading peace and prosperity throughout the nation.

### **5.3 History of Formulation and Implementation of Foreign Policy in Nepal**

Nepal being a land locked country, its foreign Policy is highly dependent of India and China two emerging powers in global politics. The geostrategic location of Nepal between two rising economy in the world is highly responsible for implantation and decision making process of

Nepal's foreign policy. Historically, the primary objective of Nepal has been to survive as an independent state. Founder of modern Nepal King Prithvi Narayan Shah had famously proclaimed in the 18<sup>th</sup> century that Nepal was "yam between two boulders" which emphasizes geopolitics to be determinant of Nepal's foreign policy (Bhattarai, 2017, p. 3).

As late Prof. Yadu Nath Khanal, wrote long ago, "Our foreign policy will breakdown at the point where either India or China loses faith in us and concludes that her vital national interests and sensitivities do not receive proper recognition in our conduct of relations." This clearly suggests the dependency of Nepal's foreign policy with India and China.

Nepal Shares a 1590 kilometer-long border with Indian states of Bihar, Uttar Pradesh and West Bengal. Therefore, Nepal's geostrategic setting is critically important for the security and stability of its Gangetic belt heartland where majority of its human and agricultural resources is based (Dahal. 2001. pp. 26-27).

Nepal's central location on the South of the Himalayas that separates the Tibetan Plateau from the Gangetic belt of India has always influenced its history and foreign policy (Rose, 2010, p. 3). The case of open border and historical socio-economic and cultural linkages with India has kept Nepal heavily engaged and dependent of its southern neighbor for trade and economic activities. A long and rugged Himalaya terrain separates Nepal from its northern neighbor China creating difficulties in cross border connectivity. Therefore, geopolitics in the neighborhood makes Nepal's foreign policy complex and sensitive (Khanal, 1988, p. 1).

Nepal has maintained cordial relationship with both its immediate neighbors to safeguard its national interests. Foreign policy of Nepal in this regard is more lenient towards India than China in context of geography. The geographical presentation of Nepal between two big and powerful

neighbors has historically instilled a sense of “smallness” in the psyche of Nepali rulers, leaders, political parties and the public in general. This very concept of being “Small State” brings together with it the syndrome of small state practices in Nepal’s foreign policy decision making, formulation and overall implementation. Nepal has most often shown the character of minimal participation in issues related to international politics and this can be witnessed in Nepal’s foreign policy during ‘Rana Regime’ and overall today. Nepal continued to bandwagon with the British during the Period of World Wars in order to ensure their national security and sovereignty. The case can be highlighted by the fact that Nepal signed Treaty of Peace and Friendship with Britain in 1923 (Bhattarai, 1990, p. 62). The Policy of aligning with and appeasing the British was continued by Prime Minister Juddha Sumsher when he decide to send two hundred thousand Nepali troops to fight for the British (Upadhya, 2008, p. 38).

Nepal adopted the policy of isolation in foreign policy till 1947. When British forces left India a major foreign policy shift in Nepal’s diplomatic history was realized and Ranas where seeking to expand their diplomatic relations beyond its southern neighbor (Sharma, 2006, p. 26).

The signing of the treaty of Peace and Friendship with India in 1950 however made sure Nepal’s domain and presence in foreign relations is limited and in the process Indian sphere of influence was maintained. The political change in time to come after Ranas autocratic regime come to an end promoted “Non- Alignment” as key variant to state foreign policy however King Tribhuvan dependence of India to overthrow Ranas and Matrika Prasad Koirala ‘Special relationship’ proposal with India kept Nepal in Indian sphere of influence until King Mahendra took control of Nepalese foreign policy dynamics. Prior to which Indian Prime Minister Jawaharlal Nehru explicitly stated that Nepal should coordinate its foreign and defense policies with that of India (Pyakurel, 2020, p. 860).

King Mahendra role in defining foreign policy of Nepal has been instrumental and sets guidelines for Nepal's foreign policy till date. He was able to take Nepal out the diplomatic isolation and shadow and pursued a proactive foreign policy which enabled Nepal to carve out its identity in the international arena (Singh, 1983, pp. 14). King Mahendra promoted policy of "Non- Alignment" and this helped Nepal gain recognition and assert its presence in international arena. The changing dynamics of the Nepal's foreign policy showed glimpses of independence in their ways of plan and action for foreign policy. Despite of Indian Prime Minister Jawaharlal Nehru offers for coordination of Nepal's foreign policy with that of his country it supported Hungary against the Soviet action in the UNGA (Sharma, 2006, p. 107). In 1960 Nepalese Prime Minister B.P. Koirala reiterated Nepal's belief in its foreign policy non-alignment. Highlighting the importance of UN from the small state perspective when he declared, "Nepal regards the UN not only as a bulwark of her independence but also as a protector of her rights and independence" (United Nations, 1960).

During joint session of the US Congress in April 1960, King Mahendra emphasized on Nepal's policy of non-alignment and non-entanglement (Upadhyya, 2008, p. 61). Nepal proved its stand to policy of non-entanglement as it never participated in any conflict between India and China and always offered neutral stance.

After king Mahendra Nepal's foreign policy directives were guided by King Birendra Proposal of "Zone of Peace". Though his concept had international recognition from many corners of the world, India and Soviet Union reluctance to the proposal ultimately led foundation for its downfall. Nepal has ever since than participated in multiple regional partnership and arrangements but still has failed to find ways to look beyond neighborhood in formulation and implementation of her foreign policy.

The asymmetric dependence with India has asked questions to the policy making agencies and individuals as India has been historically dominant in Nepal and this has altered growth and development of diplomatic dealings beyond Indian sphere of influence. Nepal foreign policy had suffered to find voice for itself most of the time. In 2015 India and China deliberately agreed to enhance border area cooperation by means of trade and pilgrimage through Lipu Lekh without consulting Nepal. The Sushil Koirala led government lodged a protest against both the governments as it was related to an outstanding border dispute between Nepal and India concerning the broader Kalapani area of which Lipu Lekh is a part (Bhattarai, 2017, pp.32-33).

Today Nepal has started to show signs of improvement in formulation and implementation of foreign policies. Nepal in a national political consensus declared its new boundaries and geographical map much to the surprise of India in 20<sup>th</sup> may 2020 (Ministry of land Management, Cooperatives and Poverty Alleviation, 2020). This adds to the modern day dynamics of Nepalese foreign policy. Nepal has signed a treaty to trade and transit with China in 2019 counter possible Indian threats and an Eminent Person Group (EPG) holds talk with India for review in Treaty of Peace and Friendship 1950. However, one major concern among the Nepali policymakers was the disinterest shown by Indian side over acceptance of the joint report prepared by Nepal-India Eminent Persons' Group in January 2016 to review the whole gamut of Indo-Nepali bilateral relations, including the 1950 Treaty (Republica, 2018).

## **CHAPTER 6- Nepal's Asymmetric Dependence and ways forward**

### **6.1 Understanding the concept of Asymmetric Dependence**

Dependence in general is defined as the process where two contracting parties come together to reach a position that safeguards the interest of both but at the same time ensures additional benefit and advantage to the other making the less dominant partner in contract dependent upon the other. Asymmetric dependence in international relations in the same way is defined as relationship between powerful states (Great Power) and small states. Asymmetrical relationships may exist when there is an imbalance in the relationship characteristics and one of the partners is able to dominate the relationship and influence what happens in it for its own benefits often for many years (Johnsen & Ford, 2002). The dynamics of such relations often influence the structural balance at regional and international level either by measures of enforcement that satisfies the interest of parties involved or by compromising the interest of comparatively small states in order to maintain status quo of dominant partner. Economic interest backed by trade policies plays vital role in such relations and influence the external behavior of the state involved to a great extent. Small states in general shows the tendency for open market policies which induces environment for external economic development and in turn increases dependency for trade, remittance, foreign employment, capital flow and more importantly technological advancement. The process of asymmetric dependence in such relationship if remains guided by the policy of asymmetric dependence in mutual need then in such scenario less dominant partner can become equally influential and even threaten terminate such relationship. Scholars like Albert Hirschman and Klaus Knorr has however asserted that asymmetric dependence often become mean to showcase power in way that it often hampers the less dominant partner in the group in case of termination of relationship between them.



Asymmetry develops pressure for small and less dominant partner as it can bring about drastic and adverse situation into their internal system. Small states tend to lose control over its sovereign economic affair which ultimately affects the internal market and economic policies. Asymmetric dependence does not allow small state to pursue their own economic goals and this allows dominant partner to define the economic destiny of small or less dominant partners.

## **6.2 Asymmetric Dependence in Asian Continent**

The rise of global south is transforming global governance. The shift in global power towards emerging economy in Asian continent has contributed to the transformation in global governance as well as shift in dependence structure. The rise of china in particular has played a key role in development of powerful collective interests among developing nations. The rapid expansion of their market and overall production has increased new challenges for governance. As they rely more on global market access, they will increasingly require global rules to protect that access. The rise of the global South is injecting a new urgency into reforming international institutions, as is most clear in global finance (Woods, 2013:2). The rapid and dynamic growth of States like China, India, Japan, and South Korea among others has brought about increasing number of asymmetric within the continent.

China on one hand has promoted its most awaited connectivity project BRI (Belt and Road Initiative) claiming that it will ensure economic growth in the entire continent while on the other hand its dominant economic policies has led to increasing threat for other rising economies like India. While investments from China have called for Concern in States like Srilanka and Pakistan it also depicts how heavy weight and economically powerful state can dominate in

asymmetric relations. The cost of withdrawal in both the case of Srilanka and Pakistan can lead into state bankruptcy.

India on the other hand has dominated states like Nepal and Bhutan where it enjoys comparative advantages in matters associated with trade and domestic political structuring. The asymmetric dependence in such cases highlights how small states can enter into the trap that can maximize interest of influential partner at the cost of sovereign power of weak and less dominant partner. The rise of powerful states has also brought together the concept of security arrangements which also induce weak state to enter such arrangements. The security dimension for states remains very much the same as in western blocs but in Asian context it brings together the aspect of lack of trust between parties involved in such arrangements. While the China-Pakistan Economic Corridor has created panic in Indian system, India sharing open border with Nepal brings security concern for China. The asymmetry of relations in Asia can be best understood by looking at the volume of investment in the form of foreign direct investment, foreign aid and trade linkage of countries like China, Japan, South Korea and India in other small states of the continent. The countries with upper hand in economic and security issues is generally termed as Superordinate while those under influence as subordinate. The Superordinate states not only control economic and security dimension of the subordinate states but also guide their foreign policy. In case of Nepal the asymmetric dependence with India entered to a stage where Nepal started looking alternative measures and ended up signing China Belt and Road Initiative in 2017. Asian system today is at the center of such asymmetric dependence but fortunately such dependence has not initiated any major security threat within the system.

### 6.3 Asymmetric Dependence: Case Study of Nepal

Nepal shares 1,170 km of its border with India and 1,389 km with China (including the Tibetan Autonomous region, TAR) (Central Intelligence Agency, 2018). The open border that Nepal shares with India has borne positive options for the livelihood of the less developed Nepalese sides but has become a prime reason for a “Dependency Syndrome” that Nepal’s economy has maintained on India (Upreti, 2006, p. 132).

Nepal has the unfortunate situation to be located above an extremely active tectonic zone, is landlocked and has historically had access to the free seas only through India. The fact that Nepal solely shares a border with India and not the other South Asian Countries has inadvertently been associated with its asymmetric relations with India (Kumar, 2016, pp. 3-5).

The 1950 “Treaty of Peace and Friendship” overturned the dynamics of the growing Indian role in Nepal’s transit relations. The text of the treaty were controversial ever since the Agreement was signed. Parajuli (2000) has critiqued this shift as a “control versus independence syndrome” where India had confirmed itself to the sovereignty debate of transit countries and Nepal adhered to the “permanent right” of the landlocked states to get involved in the international trading scenarios for their growth and development. This conditions to use India’s ports has however come at an expense of sovereign status of Nepal bringing into equation asymmetric dependence.

The 1950 “Treaty of Peace and Friendship” that promises to respect each other’s sovereignty, territorial integrity and independence, to continue diplomatic relations however restricts Nepal to numerous trade dynamics and security purchases beyond the territory of India. The treaty is still in force and is described often as backbone to “special relationship” between the two countries

that sets out various provisions relating to security, economic and commercial matters, in manner conducive to Indian interests (Muni, 1992).

Despite being committed to the friendly relationship as engraved in text of the treaty, it seemed to be driven by security dilemma rather than trust. India sense and suspects strategic involvements of China, Pakistan in Nepal. While India themselves does not miss to fish in Nepal's troubled water whenever it gets such opportunity (Aryal, et al. 2011).

After Indian Independence in 1947, the role of India became apparent in the internal state of affairs in Nepal. This stems from landlocked Nepal's longstanding economic dependence on India, for trade, significant aid, diplomatic support, essential supplies, and investment (Anderson, 2104). When Nepal started formulating its first constitution in 1948 "Government of Nepal Act" Indian scholars namely Prakash Gupta, Raghunath Singh and Ram Ugra Singh were among panel of experts involved in the process. In Dhruva Kumar's words India "midwived" the birthday of democracy in Nepal.

India carries multiple vested interest in Nepal. Delhi's traditional "buffer region" perception of the Himalayan frontier persists, and limiting external influence remains a key objective, particularly of rival neighbors but also of other states and international agencies perceived as Western-biased (Anderson, 2014). Today Nepal suffers largely as India influence trade and transit. The events from history suggests largely that India aim to maintain their sphere of influence in Nepalese territory to protect and guide their vested interest around South Asia.

History of cruel Indian blockade in 1970, 1989 and lately in 2015 has asked question to policy makers in Nepal to adopt change in policies and learn from past experiences. India imposed blockade on Nepal in 1970 after Nepali built the Araniko Highway linking Kathmandu with

China, and opened Tatopani as a trade route with China. Relatively, it lasted for a shorter period of time as compared to other two blockades. The first obstruction occurred during 1969 after the expiration of the 1950 Trade and Transit Treaty; where the Indian government imposed quantitative restrictions on cross border transaction (Pant, Volume I Issue 1, 2018 May). Nepal's demand for two different treaties trade and transit was rejected by India. This showed India's toughening stance against Nepal. India's rigid posturing was enhanced by the fact that its preeminence in South Asia region was bolstered by the Indo-Soviet Treaty of peace, Friendship and Cooperation and its victory over Pakistan leading to the birth of an independent Bangladesh (Khanna & Kumar, 2018). Nepal had lessons to learn from the blockade as Indian establishment were determined in their act to keep their influence alive at any cost.

In 1975 when King Birendra proposed Nepal to be declared as "Zone of Peace" India opposed to the concept and claimed it was against the spirit of 1950 Treaty. The concept was largely appreciated by as many as 116 states from around the globe. India rejected Nepal's plea to accommodate two separate treaties for trade and transit in 1976 for the second time during Indira Gandhi government. The emergence of first ever non- congress government in India in 1977 headed by Morarji Desai raised the prospects for better Indo-Nepali relations and this allowed both the government to sign two separate treaties for trade and transit in 1978 (Parajulee, 2000, p.188).

India imposed economic blockade over Nepal for the second time in 1989 on the grounds of decision of buying Chinese weapons in 1988. Moreover, there were outburst of various events and subsequent tension emerging out of them which also acted as catalyst in the imposition of the blockade. During this period Indian establishment supported democratic movements in Nepal which was considered as blatant interference into state affairs by Panchayat regime. The separate

treaties signed for trade and transit were up for renewal. India once again showed no intentions to continue to different treaties and called for single trade and transit treaty. Nepalese leaders asserted that as per the UN charter, transit privileges were “a fundamental and permanent right of landlocked country” and thus India’s demand for a single treaty was unacceptable.

King Birendra was in no mood to compromise with Indian Prime Minister Rajiv Gandhi. When those two treaties expired on 23<sup>rd</sup> March 1989, Indian government imposed economic blockade on Nepal that lasted until late April 1990 and, lasted for about 15 months creating shortages of essential commodities. The underlying cause of this blockade was Nepali governments’ decision of buying Chinese weapons (Pant, Volume I Issue 1, 2018 May). The moral support from India to agitating political groups for restoration of democracy in Nepal was key highlight of this period. Indian influence was realized to the extent that in 1990 when Prime Minister of Nepal Krishna Prasad Bhattarai visited India, the government agreed to reopen all the border points which ended the blockade imposed by India (Singh, 2009, p. 267).

Nepal suffered a critical foreign policy challenge when Nepali origin Bhutanese were expelled from Bhutan and crossed over to Nepal via the open Indian border in 1991. The Indian government headed by P.V. Narasimha Rao was approached by Nepal’s Prime Minister Girija Prasad Koirala for intervention in shorting out the issue much to the disappointment of Nepal only to suffer with refugee issue. The open border once again proved to become major disappointment for Nepali state.

The armed insurgency led by Communist Party of Nepal (Maoists) in 1996 and simultaneous rise in tensions between US-China relationship once again highlighted the role of geopolitics and influence of power alliance in Nepal. Washington’s National Missile Defense (NMD) system

proposal was perceived in the way that US might be mulling to station its surveillance, navigation and intelligence system in Nepal to counter China (Rana, 2001). India support to NMD proposal irked Nepal's geopolitical pressure associated with the situation (Josse, 2001). Nepal was unable to find context to this situation and was once again influenced by asymmetric dependence that existed in geopolitical context of the Nepali state.

In 2005 when China delivered military hardware to Nepal in its fight against the Maoist rebels the event alarmed New Delhi policy vis-à-vis the monarchy as it could no longer sit back on the rapid gains made by China in Nepal's affairs (Indian Express, 2006). The US too threw its support behind the agitating parties for restoration of democracy and declared that it would work with India in that regard (Upadhyaya, 2008, p. 201).

Though the incident might be looked as per the interest of "People Movement" for restoration of democracy it clearly highlighted the Indian influence in Nepal supported by alliance and interest from around the globe. India feared the arrival of United Nation Mission to Nepal (UNMIN) in January 2007 as it felt their influence and interest in Nepal would be compromised (Nayak, 2014, p. 29).

The modern day Nepal-India asymmetric relationship status was highlighted by the fact that in 2015 when constitution drafting process of Nepal was under way amid political challenges and "People Mass Movement II" India was vocal in their support for Madhesh based political parties' demands in constitutional drafting process. The second constituent Assembly too was on the verge of dissolution due to disagreement between political parties involved, chiefly in respect to the issues relating to arms management and integration of the Maoist armed forces in national army, governance of the state, federalism, electoral process and in the judicial system (Bohara,

2020). Two days after Nepal's Constituent Assembly endorsed new Constitution, Indian foreign secretary S. Jaishankar arrived in Kathmandu on Friday morning as a special envoy of Prime Minister Narendra Modi (Parasar, 2015). He made all possible efforts to convince Nepalese leaders to accommodate demand of dissatisfied Madhesh based political parties in constitution at the eleventh hour (Rai, 2017). Nepal overlooked India's interest to promulgate long awaited Constitution of Nepal on September 2015.

India responded to Nepal's call to declare constitution and supported Madhesh based protest to gradually cut down essential supplies to Nepal. India has now imposed on Nepal the blockade which initiated on 23<sup>rd</sup> September, 2015. The government of Nepal was shocked at Indian response and went on to accuse Indian government for imposing economic blockade on Nepal after devastating earthquake in April 2015. India denied the imposition of economic blockade and blamed the agitating parties at border for restricting passage of goods from India to Nepal. However, at the border points, its agencies, the customs offices and Sima Suraksha Bal (SSB), did not allow passage to Nepal-bound containers (Tiwari, 2015).

Nepal's history of dependence with India has challenged the status quo of the Nepali state during many instances in history. Nepal being heavily reliant on the neighboring power for access to the sea routes has meant that the state has become particularly susceptible to any policies that the other state takes in regards to its own sovereign economy. It has then overturned into the common bane of several landlocked economies that the state suffers behind in a less developed manner, while coastal states build a robust economy (Bayeh, 2015, pp. 28-30).

It would also be pertinent to consider that Nepal's top export that move towards India, its largest and most influential trading partner, have consisted of knotted carpets, yarn and cardamoms, and



its imports in turn mostly consisted of refined petroleum, silver and steel (The World Integrated Trade Solution, 2015). In this regard Nepal would require a firm treaty mechanism in the North to counter trade difficulties and dependence on South bloc for supply of essentials like petroleum products. The majority of Nepal's exports and imports are held with India, and within that around 80 percent of the goods (including Petroleum products) passes through the Birgunj custom Point that was targeted during the 2015 economic blockade. The importance of the Southern border connecting Nepal with India and its symbolisms were properly felt and understood during the 2015 crisis that befell the bilateral relations of the two states.

Today the trade policies of Nepal have not been able to be put into much effect due to the externalities. And while Nepal has been the recipient of several exemptions whilst conducting trade owing to its landlocked status, the state has not been performing as well as it should have been not only because of its unrecognized status and unreliability in the international market, but the transit issues that add to the cost of it, due to transport costs and infrastructures troubles (Sharma, 2014).

Indian Scholar S.D. Muni argues that after the Chinese occupation of Tibet into its territorial prerogative, Nepal's trade with third countries has been exclusively limited to Indian seaports (mainly through the Calcutta sea-port), and that means that any and all obstructions or the possibility of them has always put Nepal in a very precarious position. The several economic blockades have not only determined geographical vulnerabilities of Nepal but also hints to the power balance between India and Nepal in conduct of their relationship. The state of dependence today has halted the process of development of Nepal as it finds series of obstacles to deal with before it can move forward at deserving pace to fulfill its core interest best suited for the state development.

## CHAPTER 7- Discussion and Conclusion

Nepal has greater history of survival and existence and is often recognized among very few states that remained independent and sovereign ever since its evolution. The colonial dominance that jolted numerous super power and alliance also found it hard to have any sort of intervention in Nepal. The Nepali state that has been victim of geography however has always fought hard for its survival and existence amid two powerful state namely China and India.

The research work in this perspective has analyzed the very existence of Nepal in context to geographical posturing and in comparison with China and India. The impact and pursuance of foreign policy and diplomacy of the Nepali state has suggested syndrome of smallness in terms of influence, power and economic capabilities. The very impact in this regard has thus brought forward the concept that Nepal exist as “small state” in international relations.

Nepal has suffered largely as it has not been able to look beyond neighborhood in pursuit to achieve greater national interest best suited for survival in global world order. The inability of the Nepali state to counter difficulties in tuff situations has allowed scope for multiple interventions by external force that has ultimately halted the overall development process of the state. The research work findings suggests Nepal must act to balance relationship at par with both China and India in future to safeguard its interest and afterwards look forward to have impact in regional cooperation and alliances to ultimately connect and pronounce itself valuable to entire world politics and international relations.

The concept and dynamics of buffer and landlocked must be connected to the viable possibilities of being land linked and dynamic between neighbors and within the region. Nepal withstand with multiple possibilities to be equally benefitted by spillover effects of development both in

China and India. The research findings suggests Nepal has not optimized resources at hand to capitalize relationship with bilateral partners all across the world. In this regard Nepal must be able to find balance in relationship with all the partner state in a specific manner to bring together development in field related to infrastructure development, scientific innovations, information & technology, urbanization, tourism and industrialization. The state specific cooperation with bilateral partners around the world will ensure change in economic dynamics which will ultimately connect Nepal to global system and affairs. This will help develop the Nepali state find greater role in regional organizations to promote economic diplomacy.

Diplomatic dealings with super powers, international organization, regional association and neighborhood must bring peace, stability, economic prosperity and connectivity into the Nepali state. Nepal has been active member of United Nations since 1945 and has helped UN promote international peace all across the world. Today we need to access our role in the forum and compel UN governing authorities to help develop Nepal as regional force in South Asia. The downfall of SAARC amid growing tension between India and Pakistan has questioned the very importance of the organization itself. Nepal here stand with opportunities to take the responsibility to lead existing problems in the regional organization to build important space for the state within the organization. Though numerous efforts has been made in the past by the government to determine key role for Nepal in regional partnership it has not been able to take into confidence key partners of such associations. The role of foreign mission both within and outside the state become key to identifying the problems and in this regard diplomatic channels and personnel must act specifically to address the existing problems best suited to attain national interest.

The government today has prioritized greater policies for foreign relations and diplomacy that was previously overshadowed by dependency and prioritization of relationship with limited partner state. Nepal has been sharp today to find alternatives to trade policies and partnership with India as multiple instances of border blockade over internal political issues has questioned the value of asymmetric dependence on India for trade and services. Nepal has today signed multiple agreements with China to counter trade difficulties that the state faced in the past. The effectiveness of such agreement is still due till date and in this regard state must oblige to look forward the difficulties so as to ensure effectiveness in regulation of treaty provisions at the earliest. Nepal must act wisely in policy implementation level as multiple treaty in act has remained ineffective. The foreign policy maneuvering and decision making will play vital role in implementation of policy best suited to development and national interest.

Nepal role is limited to that of the small state as it has not been able to change the dynamics of the past to counter difficulties within the system. Though the size, population and natural resources at hand suggest Nepal is not small in many regards its impact on international relations ultimately suggest its existence in international arena and neighborhood is “small”. The dynamics of geography and geo-politics here is central to small state syndrome in Nepali foreign policy maneuvering within the system.

The research has looked into loopholes of Nepali foreign policy dealings which clearly suggests inability of the state to find appropriate partners in international arena for specific subjects and prospects of development. Though the Nepali state enjoys bilateral partnership with almost every influential state across the world they have found multiple ways to remain involved in neighborhood only. The solution to the existing problems is in finding ways to participate in international arena with goals and targets.

State mechanism in Nepal is guided by traditional and orthodox way of policy making that has not been able to look opportunities beyond geography. The government today has taken firm stand to enhance Nepal's role in international relations but policies must be implemented in order to change dynamics of the state.

The research concludes that Nepal stands both with opportunities and challenges today. The prospect remains in finding balance within geographical territory and finding specific interest beyond geography. The challenge is to counter asymmetric dependence and maintain relationship of equals with immediate neighbors. The dynamics of modern day foreign policy of Nepal must be changed in a way that it safeguards Nepali national interest of twenty first century.

Nepal stand small in terms of performance and exposure in international relations. The development in neighborhood carries immense opportunities for Nepal as market is equally big in China and India. Economic growth through connectivity alternatives is the new dawn of modern foreign policy in the era of globalization and Nepal must embark herself on voyage of geo-economics to transform its policy into core national interest.

Small state syndrome in Nepali foreign policy and diplomatic attitude must be transformed in a way that justify Nepali national interest at the first hand before allowing space for other states within its geographical boundary and policy making arena.

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