India-China-Nepal Triangular Relations

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Abstract: This chapter seeks to examine the dynamics of the triangular relations between China, India and Nepal. It analyses the dynamics of competition and cooperation between China and India over Nepal. It also throws light on the Nepal as a strategic bridge between the two big powers - China and India. China has recently intensified its efforts to woo Nepal and engage with it. To improve relations with Nepal, China has intensified its efforts at the political, economic and strategic level with the tiny Himalayan nation. Nepal was and still is trapped between competing interests of China and India. Nepal is being expected to play a geopolitically strategic role between India and China. Many analysts are of the observation that Nepal is strategically important to both India and China in that they see Nepal like a buffer and therefore wish that this remained in function for their multifaceted relationships. Nepal being a buffer is very natural when it is situated between two big and powerful countries. That’s why interims of military and economically big countries always have wanted to control a weak and poor periphery country to get regional leadership hegemony.

Keywords: Relations, Triangular, Dynamics, Cooperation, Strategic, Geo-Political, Multifaceted, Hegemony

1. Introduction

Nepal is situated between two rising global powers, China and India, both of which are nuclear powers. Given its geopolitical sensitivity and geo-strategic equilibrium, Nepal should define its foreign policy in line with the objectives and principles of the national security policy. And as such foreign policy is an extended form of national security and the national interest. Nepal should at least be able to accrue certain economic benefits from being located right next to these two huge and emerging economies in the world. [1] If Nepal follows appropriate relations with China and India, based on national interest, it will be a beneficiary of their economic growth. If it follows policies of alliance to one and opposition to the other, they will interfere in Nepal, making it a playground for their interests. Nepal cannot follow a national security policy of military supremacy; instead it must follow a policy of equidistance and equi-proximity according to principles of national sovereignty, peaceful coexistence and non-interference in internal affairs. It is, therefore, very important to build warm, cordial and intimate diplomatic relations with both China and India, and also with other friendly countries, which will help national unity, territorial integrity and sustainable peace in Nepal.

Nepal has traditionally been a buffer zone between two Asian giant neighbors, India and China. For both the countries, Nepal is an important country because of its geo-strategic location. Both India and China’s paramount concern in Nepal is related to security and stability. Both sides converge on the need for a stable Nepal. Without Nepal’s stability, India and China will not be stable. As both the countries are competing regional powers in Asia, they are not only protecting their interests in Nepal but also are seeking to enhance their sphere of influence to the extent possible. Having said, their interests in Nepal are economic and politico-strategic in nature.

From 1951 to 1996, Nepal, generally tried to maintain a balanced relationship with both India and China. However, geography and traditional cultural, political, and economic ties made Nepal’s relationship with India closer than her relations with China. To counterbalance these ties to India, Nepalese monarchs sometimes played the so-called “China card.” [2] This way, China as a factor looms large on India-Nepal relations. In fact this factor has been one of the main irritants to their bilateral relations.

Unlike China, India has been closely involved at nearly every juncture of Nepal’s modern political history. Even today also India seeks to maintain its presence in Nepal from the strategic viewpoint. However, the recent events have demonstrated that to achieve true and long-term stability in Nepal which is vital from a security perspective for both China and India there must be a high degree of convergence and coordination between China and India. The narrow geographic space Nepal occupies as a sovereign state between India and China can be thought of as being both very consequential and quite inconsequential. It is consequential in the sense that, from a security standpoint, excessive and to that extent, unhealthy, jockeying and competition by China and India in Nepal and the instability that must follow would not bode well for either country in the face of this geographic reality. It is however inconsequential, in the sense that genuine cooperation between China and India in the Nepalese theatre can be relatively easy to achieve, and there are multiple ways to do so, the China-Nepal-India railway being just one example. The main argument here from a Nepalese perspective is that sustained cooperation between its two neighbors on the question of Nepal would almost certainly constitute the key ingredient of the country’s long-term stability and prosperity. The genuine cooperation and partnership between the three countries must be the basis of the process to ensure stability in Nepal and therefore security for both China and India. [3]

Former Indian Foreign Minister S.M. Krishna has made a useful remark in Beijing in April 2010 that India and China, ‘must always remember that the two countries are each part of the other’s immediate periphery [and] that… both seek a secure and peaceful environment that allows them to focus on domestic growth prospects [and that we must] encourage progress in our neighborhood [so] that we will be more secure and stable’. His statement points to a slightly reduced degree of Indian concern, for example, in the face of Nepal’s desire to expand cooperation and connectivity with China and thereby wider regions. It would appear that some sections of the Indian strategic community are also thinking along these lines.
The present chapter argues that the Sino-Nepal relations are poised to be significantly affected by an evolving China-Nepal-India triangular relationship on account of Nepal’s geographic position. Effective consolidation of this triangular relationship is vital to ensure political stability in Nepal and therefore security for both China and India.

Nepal as a Bridge or a Transit Point between India and China

The vision of Nepal serving as a land bridge for the expansion and diversification of bilateral trade between China and India is of considerable importance from the Asian region as a whole. Nepal becomes a dynamic bridge between the emerging world economies and reaps the benefits totally depends on how sensitively Nepal’s political actors handle the relations and how considerably the neighbors reciprocate Nepal’s gestures while maintaining its own security concerns. [4] In this regard, former Prime Minister of Nepal, Dr. Babu Ram Bhattarai on his first address to parliament as Prime Minister on 28 August 2011 had stated, “We should abandon a ‘Buffer State Policy’ between two giant neighbors China and India” and added “Instead, Nepal should act as a ‘friendship bridge’ between the two countries.” [5]

Nepal as a bridge makes a lot of sense when it shares borders with both India and China. A long and narrow stretch of Nepal, with multiple transit points, provides an excellent transit buffer to link China’s Tibetan territory and its east-west highway network with the densely populated Indian planes of Bihar and Uttar Pradesh. [6] As mentioned above, Currently Nepal has only one highway smoothly connecting Kathmandu with a Tibetan border of Khasa. Several other multi-lane feeder highways linking Kathmandu with Tarai (southern plains), and another land route Rasuwa via Kerong are under construction. Given the fact that the travelling distance between the northern and southern borders is not more than 300 km, Nepal can comfortably link two giant neighbor through her land territory. According to China’s Xinhua news agency, the Lhasa- Shigatse extension of the Qinghai-Tibet Railway project will be completed a year ahead of schedule, in 2014, which is encouraging. Since China is making heavy investment on its western frontier, commonly known as China’s silk roads, and also into the resource-laden Central Asian countries, Nepal’s connectivity could be of great strategic importance for India to counterbalance towards such move. In fact, India views Nepal corridor as a step towards fulfilling India’s ambition to play a central role in Asian trade, investment, energy, security and geopolitics. [7]

While indicating former Prime Minister’s assertion of transforming Nepal as a vibrant bridge between China and India, former Chief of Protocol, Mr. Gopal Thapa argues that, “Prime Minister failed to offer any plausible or convincing logic behind the irrelevance of the time-tested Yam theory that has remained a cornerstone of Nepal’s foreign policy for more than two centuries. His proposal had no explanation of whether Nepal has enough national resilience to act as a bridge durable enough to withstand the weight that these two gigantic neighbors may bring to bear on her, if she were to offer herself as a bridge between them”. [8]

While addressing the Afro-Asian summit in Djarkata, Gyanendra, the former king of Nepal said, ‘Nepal is ready for acting as an economic transit point between two Asian economic giant India and China.’ The motive behind this is how Nepal could be benefitted being a transit point between these countries. To provide a transit point Nepal need to work a lot on it. India and China will extend their support to build infrastructure. There is border dispute between India and China and both countries looking for the power and want to take regional leadership in the South Asian Region. But when question comes to the trade, both countries have good business ties. Nepal’s position being in between India and China have huge chances to provide a transit point this will makes the distance short and reliable and saves cost.

Nepal not only could be transit point between India and China but also with Bangladesh and Central Asian countries. To get more benefit Nepal’s leadership has to work excessively on this issue by making appropriate economic policy. The former Indian ambassador to Bangladesh has wrote, ‘transit facility would considerably save both time and money.’ Eastern side of Nepal is close to Bangladesh border which looks like a chicken neck. To cross the border Nepal has to cross the India. Thus, Nepal could be the transit point for the north-eastern part of India.

Dr. Hu Shisheng, Deputy Director of the Institute of South, South Asian and Oceanic Studies in the China’s Institutes of Contemporary International Relations (CICIR) is of the view that, ‘Nepal shares border with China’s Tibet. Apart from that, geo-economical element also plays a vital role. Nepal could play the role of a ‘golden bridge’ between the two emerging economic giants (India and China). In the future, if South Asia is linked to China through Nepal, the entire population inhabiting the region will be immensely benefitted. In this scenario, Chinese and Indian population will be highly obliged to Nepal.’ [9]

Pre-requisite to Transforming Nepal into a Transit State

Development of land-locked Nepal as a transit state between India and China holds tremendous potential for Nepal’s economic prosperity and this could be developed as a strategic leverage of Nepal vis-à-vis both its giant neighbors. Internal developments hold the key to transforming Nepal from a buffer to transit state. Should Nepal want to rip the benefit of being a transit state; it will need to adopt proactive policy in the direction. Infrastructural development is a pre-requisite to develop Nepal into a transit state. Nepal’s northern parts still lacks operational roads and railway connection. It still suffers from poor international communion system, cargo handlings, vulnerable infrastructure and mismanaged traffic mechanism at home. To reap benefit of being a transit state between India and China, Nepal should think about constructing its own immediate domestic infrastructure. Constructing highways, renovating border cites, developing communication, transportation and storage facilities and administration of internal freight movement should be its top priorities. Additionally, developing institutional capabilities, protecting

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the economy from cutthroat competition, controlling cross-border smuggling, advancing technology, enhancing diplomatic ties and formulating compatible trade and industrial policies is essential in the new transit regime. To be sure, Nepal has to follow the East Asian model of development, with a strong government promoting and regulating economic growth. [10]

India-China Competition for Strategic Influence in Nepal

The attempt to expand the sphere of influence by India and China in Nepal is an old anecdote. The growing competition in Nepal can be seen both in geo-political and geo-strategic terms. Nepal is one of the epicenters of competing interests in an impending global paradigm shift. Located between two global economic and strategic powerhouses, Nepal can greatly benefit from developments taking place in India and China today. India being a traditional partner wants to uphold its traditional leverage in Nepal; whereas China wants to puncture this relationship and seek its own space in different layers of administration, security agencies, army and not the least among the people. India wants to see that China does not keep its footprints in the region across its border in Nepal. China, too, does not want India’s presence whatsoever in Nepal’s northern region bordering Tibet. [11] Nepal had to respond to China’s security interests related to the issues, for which Nepal is continuously under pressure from China as well.

The Chinese government in particular is cording and enticing Kathmandu in an attempt to impact policy making by announcing diplomatic and security offers, huge economic packages and development projects. However, Chinese assertiveness is argued to go beyond the issue of Tibet to encompass its wider South Asian strategy. For the very reason, Chinese policy towards Nepal has been marked by much ambiguity. [12] Chinese and Indian strategies reflect their respective desires to expand their relative influence over Nepal at each other’s expense. Both powers display a lack of satisfaction with the current status quo and have pursued strategies that are aimed at maximizing their share of regional power. [13]

The foreign policy rivalry between India and China appears not only to influence investment and trade decisions but also to penetrate issues related to stability, governance and political institutions. Nepal’s 1,415 Km and 1,715 Km long border with China and India respectively justifies the geographical set up for the contest. However this view will be complemented with an analysis of geo-economic competition over access to hydropower, water and other natural resources. [14] Other than Tibetan issue, the purpose of China’s policy is to flex its muscles in line with its economic might. Critics opined this turn as a policy to rattle India’s interests, as for instance, Beijing’s project of $ 1.9 billion railroad from city of Lhasa to the Tibet Nepal border, which may eventually reach Kathmandu and results in increase of Chinese trade, aid and infrastructure projects in Nepal. [15]

India considers Nepal to be historically, culturally and geo-politically as part of Delhi’s sphere of influence. In fact, Indian Prime Minister Narendra Modi, who has visited Nepal twice, last year in August 2014, and again in November 2014, has become the first Indian Prime Minister to visit Nepal in the last seventeen years. To reaffirm India’s commitment towards Nepal, India has extended a credit line of US$ 1 billion for infrastructure building and hydro-power projects in Nepal. So far as China is concerned, Nepal has always occupied an important place in China’s foreign policy endeavours. High-level official exchanges of visits between China and Nepal in the last few years testify China’s increasing influence in Nepal. For instance, Nepal’s vice-president Parmanand Jha paid an official visit to Lhasa in September 2014, while Beijing and Lhasa received Nepal’s deputy Prime Minister Bam Dev Gautam in October. What is worth mentioning is the high-profile visit of Lobsang Gyaltse who is the Chairman of Tibet Autonomous Region (TAR) to Kathmandu in October. India is concerned about Nepal’s increasing overdependence on China, and what could be disconcerting is the Nepalese perception of a rising China which continues to be favourable and friendly.

In fact, to mould Nepalese perception about China, during the visit, the Chinese Foreign Minister announced that the official aid to Nepal will increase five-fold in the current fiscal year which is aimed at the development of the infrastructure in the landlocked Himalayan state. Additionally, under its 13th five year plan, China intends to extend Qighai-Tibet railway line to Kyirong in Nepal by 2020. Interestingly, the railway line was extended from Lhasa to Shigatse in August 2014 and Kyirong land port between Tibet and Nepal was already open in October 2014. This extension will bring Chinese Troops closer to the Indian border and is certainly seen as a serious security Concern to India. [16]

Recently, the power play between China and India for influence in Nepal has turned electric, as China has signed a US$1.8 billion agreement to develop the 760-megawatt (MW) West Seti Project hydropower plant in Nepal. The deal marks the Asian giant’s entry into a lucrative sector in the Himalayan nation — water and power — that has been dominated by India for years. It comes in a time when several other major hydropower projects, mainly developed with Indian investment, have stalled for various reasons, including protests by Maoists against the awarding of deals to foreign companies labeling it as “unfair share” of hydropower projects in Nepal. In the beginning of 2012, the Maoists burned the project office of the Upper Karnali Project (900MW), which was awarded to GMR of India. [17] Overall, the competition between the two Asian giants has its implications in Nepal at the political, economic and strategic level.

India-China Convergence of Interests in Nepal

The geo-strategic setting of Nepal has attracted the attention of other countries particularly India and China towards it. Whatever happens inside Nepal is of major importance for its immediate neighbours. If China and India’s are in competition for strategic influence in Nepal, there are also scopes for cooperation between the two sides in Nepal. Since their paramount concern in Nepal is related to security and stability. Any disturbances in Nepal would have spill over impacts on both countries. Similarly, both countries are
competing regional powers in Asia and their interest regarding Nepal is to extend their own sphere of influence and contain the other’s. Apart from their economic and trade interests, another common interest of both these countries is to contain the super power influences in the region.

There is consensus on both sides in India and China that stability of Nepal is in their best interest. China has stated its interest in working with India to develop Nepal on a trilateral basis. China’s ambassador has stated that “China is also willing to work with India to jointly support Nepal to realize stability and prosperity, and promotes mutual beneficial cooperation among our three countries”. While these statements may be partly rhetorical, they also serve to undermine the image of Nepal as a hot-bed of competition between its neighbours. [18]

Tibet is of vital importance to China, which is why Beijing wants peace and stability in Nepal whereas, due to the historical, socio-economic and cultural relationship between Nepal and India, political stability and economic development is a major concern for India as Nepal and India shares open and porous borders. Thus de-stable Nepal is a direct security imperative to India. Both side share common concerns with Nepal, like security, water resources, development, trade and tourism.

China-Nepal-India Trilateral Cooperation
The recent years has witnessed the proposal for a trilateral cooperation between China, India and Nepal. Prachanda came out with this trilateral cooperation proposal first in October 2010, again in November 2012 and finally in April 2013, after his China visits. To this proposal, Chinese response was neither positive nor negative. Nepalese media came out with mixed reactions. There is a strong domestic support to this proposal in Nepal. India’s response to the proposal is lukewarm; it is felt that India should not join the trilateral cooperation and should maintain the status quo for the time being.

There are two distinct views on India’s response to the proposed trilateral cooperation. While one view considers the possible security implications of the proposed trilateral concept, the other view looked into the economic rationality behind the concept. It was argued that given the porous border between India and Nepal and the close proximity between the two countries, presence of large number of Chinese workers or security personnel to safeguard the Chinese commercial projects in Nepal would have security concerns for India. New Delhi had a strong believe that the trilateral cooperation will offer significant room for China to expand its influence in South Asia, marginalizing India’s pre-eminent position in the subcontinent. The other views hold that instead of focusing too much on the security implications, it is important to acknowledge the economic rationality behind the proposed trilateral concept. Given the strong support in Nepal to the proposed trilateral cooperation, India can consider certain joint ventures especially in the hydropower sector. India cannot stop Chinese from moving ahead in Nepal. Hence, it is better for India to participate in the trilateral arrangement and be a part of the projects, instead of allowing Chinese to be their own.

Private sectors, which do not have security implications, should be encouraged to take part.

The trilateral cooperation between China, Nepal and India holds immense scope for these countries in the long run. It was agreed that the trilateral cooperation centers around the belief that Nepal can act as a catalyst to bring India and China into a collaborative relationship within the bounds of a trilateral framework and thereby, promote and facilitate a discourse of cooperation between two of the fastest growing economies of the world. It was also agreed that specific and concrete projects or programmes would be initiated at the earliest to give immediate impetus to the concept of China-India-Nepal Trilateral Cooperation. The hydropower potential of Nepal will never bear fruit unless there is trilateral economic cooperation between China, India and Nepal. Sadly, instead of using its diplomatic clout to get India to expedite trilateral cooperation, it has chosen to sign an accord to engage in bilateral trade cooperation using the Lipu Lekh pass with India at the expense of Nepal and with total disregard for Nepal’s territorial integrity.

Possibilities for cooperation in energy projects were also discussed, including the idea of a trans-country power trade agreement in which electricity could be traded freely between China, India and Nepal through a regional grid connected to the three countries.

China-India Rivalry and Nepal’s Policy Options
The ongoing rivalry between China and India is not a new phenomenon but has existed for the last many decades. Nepal’s strategic location between India and China has played a significant role in attracting international influence. The nation’s neighbors are no exception. China has challenged India’s perception of Nepal as its sphere of influence. Nepal has balanced the competing interests from India and China with care, keeping each super-power vying for favoritism. Religious, political and cultural ties Nepal enjoys with India and China keep political provocations from ever reaching a crescendo.

Caught between the dragon and the elephant, Nepal has to balance both the Indian and the Chinese strategic and security interests. The best interest of Nepal is in nurturing a relationship of trust and confidence with both India and China. The concept of rising China, shining India and changing Nepal create new opportunities for all sides to strengthen the age old friendship for the benefit of the people of all three countries in the new century. But close geographic proximities and historic cultural ties must be nurtured by sincerity in mutuality of interests and benefits based on respect, trust and confidence.

These instances of interference and rivalry bring both opportunities and challenges to Nepal. The biggest challenge so far is to balance the relationship between both India and China. Since for Nepal, both neighbors are equally important. India has been historically and culturally the most important neighbor for Nepal whereas recent posture of China as an emerging economic superpower is equally important for Nepal to boast its economic performance and investments. Thus, for Nepal, maintaining equidistant relationship between these two big neighbors is one of the
most challenging foreign policy imperatives and interestingly there are signs of optimism and potential benefits as well. [19]

Nepal should clearly prioritize its national interests and adopt a policy in managing its relationships with India and China, that best preserves and promotes her national interests. As the country has recently undergone political transformation, the key national interests could be to ensure security, internal stability, economic development, and establishing a sound democratic mechanism. In order to preserve its long term security, it is necessary for Nepal to understand the sensitivity of India and China in terms of their security related issues and adopt policies wisely, following a middle path, that respects the interests of both neighbors without endangering its own sovereign and independent position. Maintaining a balancing relationship with both the Asian giant’s is one of the main components of Nepal’s policy towards the neighbours. At the other end of the spectrum, there is always one or the other country which Nepal considers crucial for its own survival given its delicate land-locked positioning between India and China, the two emerging Asian superpowers.

Roadmap for Future
Nepal is modernizing and opening up its economy like never before, India has to be in sync with the changing times. The best way to do it is not to resist the inevitable but to make things all the more difficult for the rival. In the changed circumstances, while India does not have the luxury of shaping Nepal’s foreign policy anymore, New Delhi is still not without an option. India can counter China in Nepal by ensuring that the Nepalese diplomatic space is opened to other foreign powers to achieve a strategic balance.

Nepal cannot afford to use the China versus India card as pendulum diplomacy to suit their domestic political game plan. Nor can they afford to sit back passively and submit to their mercurial discretion of the two giant neighbors. Time has come for Nepalis to change the mindset, and be transparent about their needs and concerns, and take up a proactive approach to regional diplomacy.

Given Nepal’s potential in being a busy corridor, the country needs to be environmentally sensitive and far-sighted from the beginning and avoid building polluting motor vehicle dependent highways. Instead, they should strive to go for futuristic electrically-operated high speed train services. This may sound expensive and unrealistic at present, but it ought to be the wave of the future. It is also worth noting that China is committed in connecting Lhasa to the Nepal border town by extending its railway system. It only shows Chinese eagerness to link this railway system to the Indian network on the Nepali borders with a gap of only about 300 km in between.

2. Conclusion
Nepal’s neighbors India and China have always had an important influence on Nepal’s economic and political context. Nepal has limited options to maneuver in its foreign relations and needs to focus on making the best of its geographical constraints through positive engagement with China and India. However, the regime competition between India and China is also a challenge to the political elite in Nepal because of the democratic stalemate and no clear defined political agenda which makes it very hard to deliver growth and services and creates a situation where more and more people are longing for a return to an absolutist solution.

China and India have a vital stake in the peace, and political stability of Nepal. Likewise, Nepal’s peace, prosperity, economic development, democracy and democratic institution consolidation efforts are in a great measure contingent upon Chinese and Indian cooperation, assistance, goodwill and understanding. Hence, it is quite natural for Nepal to seek to win India’s confidence through the demonstration of consistent, credible and mature behavior. Chinese influences have grown over the years, not only in Nepal but also in the entire South Asian region.

References


