

Journal of  
**APF Command and Staff College**

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**Nepal's Geo-Strategic Significance, Challenges And Opportunities**

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**Abstract**

*Geo-strategic significance is an important factor for the development and prosperity of the country. Nepal's geo-strategic location, crammed between India and China, has its challenges and opportunities. Due to its unique location, Nepal is getting heightened attention from great powers. The factor of having a strategic location doesn't quite guarantee the nation's sovereignty, prosperity and growth rather it needs conscious and constructive efforts. Being a buffer state, security situation in Nepal is always a major concern for both neighbors. Traditionally India had an important role in Nepal's economic cooperation, trade, transit and investment. After Nepal's transition to a republic state China's support has seemingly increased in Nepal with its investment in development projects, increased bilateral visits, bilateral mechanism and cultural cooperation. China's increased role in Nepal can be understood as competing other global power's geo-strategic interests. Question arises, whether Nepal has geo-strategic significance because of its location, which could be capitalized for growth of the nation and at the same time carefully; formulate its foreign policy while balancing its diplomacy to avoid precipitation of a spiral of counterbalancing intrusion? Nepal should carefully analyze these global powers and its emerging foreign policies and should devise its diplomatic exercise prioritizing Nepal's national interests and keeping perfect balance among them.*

**Article History**

Received: 19 July, 2022

Accepted: 2 September, 2022

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**Keywords**

*Geo-strategy, diplomacy, geo-politics, development opportunities, power.*

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Published by: APF Command and Staff College, Kathmandu, Nepal

ISSN 2616-0242

## Introduction

Geo-politics is the study of the effects of the earth's geography (human and physical) on politics and international relations. It is struggle over the control of geographical entities with an international and global dimension, and the use of such geographical entities for political advantage (Flint, 2016, p.16). Geopolitics looks at a particular use of power: how countries and other groups compete to control these entities within the international community. Controlling these entities is seen to help countries and groups reach their goal. Geopolitics is always looked at with an international and global dimension, meaning that the issues being looked at are connected to the global scale (Flint, 2016, p 36). Geo-strategy, a subfield of geopolitics is a type of foreign policy guided principally by geographical factors as they inform, constrain, or affect political and military policies and decisions (Ahmed, Rubab & Akram, 2015). Geo-strategy implies the importance of a country or a region by virtue of its geographical location. Geo-strategy considers the factor in the tactical military sense, political sense and culturally defined territorial sense in terms of the spatial distribution of resources, peoples and geophysical systems (Pokherel, 2021). Geographical location and the features of a country or region provide some opportunities to tap on and by the same token, it may also generate some challenges, which need to be dealt with caution. To stabilize, endure and prosper, the nation-state should understand the geography and its strategic importance and utilize it to the best of its national strategic interest; similarly, it must shield its vulnerability, if there are any. Geo-strategy and foreign policy are consistent with the geography of the nation. "Nature imposes; man disposes of," (East, 1967). Undoubtedly, man's actions are limited by the physical parameters imposed by geography. No one can argue with geography rather it is the most prominent factor for national development (Handerson, Shalizi & Venables, 2001). "Geography is the most fundamental factor in the foreign policy of states because it is the most permanent. Ministers come and go, even dictators die but mountain ranges stand unperturbed." (Spykman, 1942, p. 41). Geography constitutes the various facts about international affairs that are so basic we take them for granted. Geography constitutes a set of opportunities and constraints, meaning a structure independent of agency and general patterns and long-term process can be aptly explained by geographical conditions.

Nepal is located between two of Asia's competing powers, China and India, hugely surpassing in size, population, economy, and military strength. Metaphorically, it is described by King Prithivi Narayan Shah as a 'yam' between two boulders. He had good reason to feel vulnerable. Nepal is one of the few countries around the globe that has maintained its independence throughout history and has never taken its independence for granted. After the war with the colonial British in 1816, Nepal underwent self-imposed isolation until 1950, a feat possible by its Himalayan

geography (Griffiths, 2018). Geopolitical realities necessitate maintaining a fine balance in Nepal's relationship with its immediate neighbors (Thapa, 2022). Considering its geo-strategic position, immediate neighbors and traditional global powers have heightened their attention in Nepal. It may provide the opportunity for assistance for development and with the same token it brings the challenges. "For a country like Nepal that is highly dependent economically on its immediate and distant neighbors, foreign policy doctrines should be adopted considering its own merits and demerits" (Bhatta & Menge, 2022, p13). Hence, Nepal's development, optimum utilization of natural and human resources, national security and foreign policy should be based on the geo-strategic context.

### **Geo-strategic location**

Nepal's geographical location in the Himalayan range has to be analyzed in the context of its geological and geomorphologic features. The shape of its Nepal is almost rectangular with an average length and width of 885 kilometers and 193 kilometers respectively. It is located approximately north-west to the south-east orientation between 80°04' and 88° 12' east longitude and 26°22' and 30°27' north latitude. If Nepal is compared with its neighboring countries like India and China, it found to be 23 times smaller than India and 68 times smaller than China. According to Department of Survey of Nepal, Nepal shares a 1414 km border with China consisting of rugged topography, mostly above 5000-meter high mountains and Indo-Nepal shares 1880km boundary (Bhattarai, 2005 p.7). Nepal's location is cascading slope-like shape decreasing towards India and ascending towards the Tibetan autonomous region of China. Nepal is a landlocked nation, practically from three sides of India and the nearest sea access is towards the south which is about 670 km from the Haldia for small ships and Vishakhapatnam 1432 km for large ships. On the northern side, Nepal shares its border with China, where due to its unforgiving terrain it is less assessable and nearest seaport located in Tianjin, which is 3276 km from Nepal's border.

### **Geo-strategic significance**

Nepal's geo-political situation is challenging; however, it may also provide opportunities to navigate and prosper the nation. The rise of India and China as regional and global super power, conventionally non-aligned Nepal should cautiously steer the raging geopolitical water to evade becoming a geo-strategic part of regional / global powers and superpowers. China and India are considered to be an emerging regional / global superpower with second and fifth largest economy, high economic growth, nuclear and military power. Nepal's geostrategic significance has enticed these regional/global powers as they have been consistently competing to extend their influence in diplomatic, political, economic, cultural, security and strategic ranges. Repeated skirmish between regional /global powers has further amplified Nepal's geo-strategic significance. The political, economic

and strategic interests of these powerful nations directly or indirectly influence the foreign policies of Nepal. These powerful nations strive to magnify their power with their main goal to achieve their national interest (Pokherel, 2021).

### **Security issues**

National security is a quite important and sensitive issue that is directly interrelated to protecting national unity, territorial integrity, and political independence of the nation, the sovereignty of nation-states and the safety of its people (Buzan 1991; in Wagle, 2021). The geo-strategic dimensions and the relationship with India and China are crucial factors in the National security of Nepal (Bhattarai, 2005, p.27). The principal interest of both India and China in Nepal should be seen as security issues.

#### **Security concern of India**

Nepal and India enjoy excellent bilateral ties. Founded on the age-old connection of history, culture, tradition and religion, these relations are close, comprehensive, and multidimensional and are pronounced more in political, social, cultural, religious and economic engagements with each other. To add up the formal flavor to such historic relations, the two countries established diplomatic relations on 17 June 1947. Formal relation between Nepal and British India was determined after Anglo Nepal in 1816 in the form of the Sugauli Treaty. However, diplomatic relations began in August 1947 (Muni, 2016; in Baral, 2021). Nepal and India share more than 1880 km open border, due to which is bound to have several security challenges between the two historical neighbors. Nepal as its northern neighbor remained one of the critical concerns in regard to security for India (Baral, 2021). India's solicitude in regards to security was with their goal towards ensuring that there should not be any anti-Indian security challenge, which may harm the security interest of India.

India's major security concern from Nepal is its open border to south, east and western parts of the country which shares borders with India. Indo-Nepalese borders are not separated by any natural barriers; additionally there is a free movement of people, which could be used by terrorist or criminal groups to access India.

India is also security conscious about the expanding networks of terrorist outfits especially those supported by extremist groups. This fretfulness, about the use of Nepali land against India, became more acute after the hijacking of an Indian Airline from Kathmandu. The flow of counterfeit Indian currency is the next vital security concern for India in the context of security in relation to Nepal (EFSAS, 2018).

## Security concern of China

History witnessed Nepal and Tibet, the autonomous region of China; relation can be traced back to the 7<sup>th</sup> century with the marriage of the Tibetan King to the princess of Nepal. Nepal-Tibet relation is clinched by its geographical proximity, and economic, social, and cultural dimensions. Prior to the establishment of diplomatic relations with China in 1955 August 1, China was a distant entity which had limited interactions with Nepal.

Nepal's geostrategic location has made rising China more serious in its security. China's security concern is mainly radicalism and separatist movement. It is extra sensitive about anti-China activities, especially from Tibetan exiles. The Tibet issue, such as the 'Free Tibet' movement is one of the main security threats perceptions of China in Nepal's affairs. Approximately 20,000 Tibetan refugees are inhabiting in different districts throughout Nepal and China suspects that they can conduct anti-China activities under spiritual and humanitarian pretexts (Baral, 2019). China's main security concern with Nepal is that there should not be any anti-China activity, especially in the form of the 'Free Tibet' movement. Time and again, every elected Nepalese representative in the government including all parties and security institutions has confirmed their commitments to verboten any anti-national activities against their neighboring countries in the land. China has been continuously expressing their concern on this matter and Nepal feels the need to frequently reiterate its adherence in order to demonstrate the elusiveness of stability on this issue (Acharya, 2019).

China's investment in strategically important infrastructure projects like airports and highways, roads and hydropower is equally important for security as well as establishing a positive brand identity in order to make deep outreach connections including people-to-people contact and build soft power within the nation (Baral, 2021).

## Geo-political contest

Nepal is situated at a hot spot of power games; Nepal foreign relations have always examined under the prism of geopolitics. This sensitivity further shapes Nepal's geo-political environment and affects its domestic politics, which entangles Nepal in to more geopolitical game (Liang, 2022). With underdeveloped economy and major fragment of its national budget is dependent on foreign aid, the prospects for development is closely linked to its relation with other countries. This has led to Nepal having little to no interest in choosing sides in growing competition among powerful nations. However, with the growing competition, Nepal would most likely benefit from establishing and maintaining multiple engagements throughout the power nations but the pressure to choose an allegiance with one side might increase in the coming future which could lead to Nepal falling in to a crisis of

maintain and balancing relations. The inability to balance relations among the powerful nations may possibly backfire politically as well as economically (Bhatta & Menge, 2022).

Relation between India and China could be classified as complex where Nepal can be seen in the middle between two very ambitious nations. Both neighbors are competing over positive influence in their neighborhood. Though, it is not a new state of affairs; the dynamic has been fast-paced in recent years. Nepal's cultural, political and economic relationship has been connected with India for decades in comparison with China. China has intensified its engagement with Nepal as well as built better relationship with other parts of South Asia. The Gangetic plains geographical linkage to Central Himalayas has built India a leverage to influence as well as interact with Nepal based on multifarious dimension of trade, culture, education, health facilities and religious connectivity. Nepal and India shares unique security concerns due to open border and free movement of people and services. Due to its cultural, religious and geographical terrain, Nepal has been maintaining a symbiotic relationship with India.

In the race for the world power, India and China are competing to make their presence felt by considering Nepal as an area of geo-strategic importance in line with their neighborhood policy. The balance of power has gradually changed throughout recent years. China has raised its political and security cooperation with Nepal from the comprehensive level to a more strategic level. Chinese Communist Party and Nepal Communist Party (later, the then ruling party in Government, was cleaved with three different names) has signed MOU for the enhancement of high-level contacts. The MOU consists of the idea of sharing and training communist ideology and development models on a party-to-party basis, which was established in September 2019. Apart from the Belt and Road Initiatives (BRI) mega project, Beijing's infrastructure development and foreign direct investment (FDI) are also seen as a step toward strengthening Nepal China relation. With the main purpose of increasing road connectivity, China has taken the initiative to fund the reconstruction of China –Nepal Highway (806 km) that will be connecting Lhasa with Nepal border (Zhang, 2019). Under the Economic and Technical Cooperation Program, China has extended grants and loans in order to assist Nepal in further development projects. In comparison to the Indian component, Chinese projects have met the credibility of early completion in Nepal. China has also been working towards increasing the usage of 'soft power' to create and maintain conducive scenario. The engagement with Nepal's political parties has been considerably increasing during recent years; while the exchange on a broader level i.e. people-to-people level is still relatively limited (Bhatta & Menge, 2022 p10). Competitive power politics within Nepal characterized by intense power tussles between parties with democratic and communist ideologies

have led to competing influences (Mishra, 2020, pp. 20-41).

China's spectacular rise during the last decade has also heightened interest in the periphery by other major global powers. Currently, both the Asia-Pacific and the Himalayan subcontinent are going through a transition period of disintegration of the geopolitical status quo of the past and the creation of a balance of power based on a new configuration of power. In order to maintain the status quo or to prevent the spread of political influence initiated by China during the ongoing transition phase, the immediate neighbors of China became valuable. Hence, this is the reason why Nepal, which is in a sensitive geopolitical position, leading the state, has felt the movement of increasing geopolitical competition (Gokhale, 2021). The competition in the region should be understood as a confluence of both India's attempt to maintain its monopoly power in the Himalayan region and the USA's alliance strategy (Poudyal, 2022). Nepal is the first South Asian country to have been qualified for the Millennium Challenge Cooperation (MCC), an independent foreign aid agency that provides grants to countries based on a range of criteria connected to political liberties, good economic policies, and potential for economic growth. Through MCC, this is the first time the USA offered Nepal a 500 million USD grant – the largest single grant Nepal has ever received – for infrastructural development. There was a huge debate and political turmoil in Nepal's political and public stance on whether to accept this grant or not .

### **Lost development opportunities**

Geo-strategic issues reckonings of a nation-state encompass national priorities in terms of strategic, political, military and economic issues. Though Nepal is surrounded by the largest and fastest growing economy of the two nations, it is one of the poorest countries in the world. Due to its geo-strategic settings India, China, USA and other western powers are continuously providing grants, loans and technical assistance since 1951. The real impact of foreign aid on the economic growth of Nepal is negligible and statistically insignificant considering the large sums of aid inflow (Pradhan & Phuyal, 2020). Generally, due to the inability to negotiate favorable terms, the geo-strategic and geo-political interest of the neighboring countries overrides Nepal's national interest. However, these donor countries add a burden in balancing diplomatic relations with their two neighbors and with this added burden the balancing act has seemingly been very costly for Nepal's potential for growth and prosperity. In reality, Nepal has not been able to balance its neighborhood relations and the usage of tacit 'clientism' in dealing with global powers has also persistently hindered Nepal in achieving economic ambitions (Wagle, 2022).

Today ruling parties, opinion makers, politicians and bureaucrats are divided which has led to each category using their position to propagate the agenda of neighboring countries rather than working towards their own national schema. This

will lead to a chain effect of squabbling within and we will not be able to negotiate properly and fail to safeguard our interest in development issues as well as other national interest and it might tempt other actors in the fray.

### **Possible opportunities**

Nepal, demographically more than 50 percent populating in physically active condition, is strategically located between second and fifth largest economy of the world, has potentiality to prosper if it make conscious and constructive effort in production of goods and services. Simultaneously it needs to perform diplomatic role wisely and coherently to develop possible opportunities while saving the relational balance of supporting neighboring countries. Nepal's national and diplomatic policies need to refrain from emotional sentiments rather it should be guided by mindfulness of national interest. In the next paragraph, we discuss a few prominent opportunities for national growth and prosperity, which we could tap on.

#### Energy generation and energy trade

Himalayan Rivers have the most critical river basins formed by the Himalayan range. It provides irrigation, drinking water as well as energy in its basin. Technically and economically feasible hydroelectric potential in Nepal is about 42 Gigawatt (GW) (Bhatta 2017). Nepal has much higher potential with solar energy on the north-facing slope in comparison to hydroelectricity. Nepal's electricity can support Indo-Bangla industrialization and economic growth. India and Bangladesh plan to buy 15.6 GW of electricity from Nepal by 2034 (Baniya, 2020). Nepal has the potential and can further provide the required energy to Tibetan Autonomous Region for its development. However, in order to work toward these economic plans, it requires proper financial and project management skill together with diplomatic directives to achieve our national interest.

#### Tourism advancement

Nepal's geo-strategic position has tremendous potential to be a top destination for tourists. The nation has abundant flora and fauna, picturesque trekking routes, rich cultural diversity and great variation throughout the state in a comparatively short distance. Nepal is located between the two most populous countries, China and India each comprising 1.42 and 1.35 billion respectively and is located in less than a few hours flight from these populaces.

Nepal is also a prominent pilgrim destination for the two most prominent religions i.e. Hinduism and Buddhism, each has almost 1 billion followers around the world. If constructive efforts towards attracting and catering these potential pilgrims, it would generate ample foreign currency reserve. If properly planned, and infrastructure developed in those areas, it could create marvels in Nepalese



economy.

### North south corridor linkage

In order to lift Nepal to a vibrant strategic business partner of two neighbors, it must focus on working toward making a multidimensional trans-Himalayan connectivity network of trade, energy, finance and people while implementing it in a cautious manner. However, in order to achieve this goal Nepal should not incline toward China or India. Though India and China are said to be competing with each other, the statistics show that their trade with each other has been consistently growing. The data shows that the bilateral trade volume between India and China in the 2021-2022 fiscal year is about USD 125.66 billion. This data clearly shows that the trade between these nations has increased by around 43.3% in comparison to the previous fiscal year (Krishnan, 2022,).

Nepal's north-to-south border is not more than 300 km. Nepal being a small nation, it has the capability to securely link two gigantic countries with cost-effective routes in order to benefit by being the effective link for these two countries. However, it shouldn't reckon that collecting toll tax will suffice to recoup the infrastructure investment rather diplomatic efforts should be concentrated to involve and invest by both countries in those connectivity infrastructures. However, in order to get benefit from connectivity infrastructure, Nepal needs to put its constructive efforts on production.

### Infrastructure development opportunity

Nepal should work towards focusing on creating plans in order to navigate the troubled water without inclining any other nation with the goal of engaging everyone for the benefit of the nation then it has the potential to build infrastructure, which could benefit the people as well as our neighbors. Neither India nor China wants their neighbor unstable and capricious because that would possibly lead to a greater chance of spillover effect. If Nepal can streamline its diplomacy, walk in a tight rope, do proper negotiations and show genuine involvement while maintaining proper balance, there could be prospects leading to benefits for the state's developmental projects by these giants. It could be done without being sentimental and accept any nation's grant or assistance provided it should not impair the security interest of our own and neighboring countries.

### Conclusion

Nepal's geo-strategic location has presented greater possibilities for Nepal-China-India cooperation by having trans-Himalayan connectivity and becoming a vibrant bridge between the world's highest growing economies. It has the potential to provide an opportunity to benefit these nations as well as expand the inter-regional trade of goods and services. If this goal is to be materialized, Nepal will have a

high potential for a high level of road connectivity. In order to achieve the highest benefit, Nepal needs to be careful in accepting fund from two neighbors to ensure the proper utilization of funds to achieve specific goals. This requires a high level of diplomacy, political consensus, political stability, good governance and human capital development.

Nepal also needs to harness its soft power in order to get the best benefit of its geo-strategic location. China-India's concerns on Nepal's foreign policy cannot be ignored; it is necessary to strike a balance politically and economically because both countries are crucial for a peaceful Nepal. Maintaining cordial ties with both neighbors is a crucial component of its dedication to the non-aligned movement and geopolitical reality. Nepal's commitment should be focused on and implemented to forbid any actions on its territory that might endanger the security of its neighbors or to allow any such activities that endanger its independence and security. When managing its relations with China and India, Nepal should implement policies that would best protect and advance its national interest as a top priority.

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