

Metamorphosis of Nepal-China Relations

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Abstract

This article explains how Nepal-China relations would unfold at a time when China is on the verge of becoming a superpower while Nepal is sadly still reeling under political instability, and economic underdevelopment and is largely unable to address new geopolitical challenges. How geopolitics pans out in South Asia in general and the Himalayan region, in particular, will determine Nepal's relations with China in the days to come. Nepal-China relations are historical, but they are only such in the sense that both states have existed since time immemorial and lived side by side. Yet understanding the nature of relations between the two neighbors has been difficult. Many would not like it but the fact remains that we do not see much of historical intricacies of significance between the two countries. How things are evolving in the recent past and present would shape the relations in the future. At the bilateral level, China prefers that (a) Nepal recognizes Tibet as an integral part of China (b) Nepal embraces the One-China policy (now moved towards the One-China principle) concerning Taiwan, and (c) Nepal does not allow its territory to be used against China by others. Nepal, however, does not seek/demand any such commitment from China. Does China reciprocate in the same manner and method? How does China prioritize Nepal with regard to its foreign policy? These are some of the key questions requiring careful answers. Certainly, this paper cannot delve into all of them but will only give a perspective in that regard.

Keywords: China-Nepal relations, belt and road initiative, strategic investment, geopolitics, one-China principle

Background

Nepal-China relations have seen many ups and downs in history (Bhatta and Yadav, 2021). Both countries fought wars over Tibet. Nepal was defeated and lost suzerainty over Lhasa and other areas of Tibet which the former had been enjoying since the time of the Malla kings. The Betrawati Treaty of 1792 turned many things upside down. Nepal was forced to pay tribute to the Chinese emperor in Peking. Normalization of relations between the two only started after the Thapathali Treaty

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of 1856 (Manandhar, 2004). Those were historical events but important ones for the reason that they had a direct bearing on Nepal's sovereignty. Relations since have improved but interactions at the people's level have been minimal. The economic interactions between Tibet (then Bhot) and Kathmandu (then Nepal) were, though, lively which also led to the growth of cultural and familial relations albeit limited.

After the Communist takeover of China and subsequent invasion of Tibet leading to the Himalayan region becoming geopolitically more volatile, things began falling apart. The degree of geopolitical volatility reached its peak when the idea of the Himalayan Confederation or Confederation of Himalayan States was played out (Patterson, 1970; Mishra and Ottaway, 2018).

The geopolitical whirlwind taking around in the region and the perpetual political instability that Nepal is going through, from regime/system changes to governmental instability, not only makes it difficult for itself but also for its neighbors and other powers. Taken together, both are creating a great deal of confusion on both sides. Nepal has always endured honest relations with China right from the time of late Prime Minister B. P. Koirala till the short reign of King Gyanendra – all of them maintained the same policy irrespective of the outcomes they have had to undergo at home. Back in 1960, Koirala strongly pleaded at the United Nations General Assembly to readmit China to the UN. Nepal's policy towards China has remained constant and stable. Even the post-2005/06 political leaders, who are known for mercurial behavior concerning foreign policy, are honest when it comes to China.

The fact remains that China is a long-standing trusted and tested neighbor and developmental partner of Nepal. However, some irritants do emerge including issues at the borders, time and again, which, yet again, is natural when both countries share long borders and interact in more than one way. After the establishment of diplomatic relations in 1955, China's role in Nepal's development is noteworthy, particularly in the areas of infrastructure development (Bhatta, 2023). China continues to assist but its spirit fundamentally appears to have differed, of late. Perhaps, the dominant and changing nature of political economy and geopolitics, which is taking round in this part of the region, might have played a role in that regard. The geopolitics which are hovering over Asia, has made China more concerned but is also nervous. China is of the view that the geopolitical and geo-economic landscape in its periphery and beyond may have direct consequences for its rise and hence prefers to maintain, at least, the current status quo if not completely reverse the conditions. Considering these factors, one may argue that China might have realized the fact that it needs to be self-reliant in this turbulent world for which it has to deeply consolidate its position in its periphery and convert it into opportunity in geopolitical dynamics (Doshi, 2021).

China has already introduced strategic investment in its periphery and beyond. The connectivity projects are the ones in that direction which will not only expand the Chinese market but will also contribute to its economy. Apart from economic and political power, for any country to be a superpower, it also needs to have substantial influence at the global and regional levels. As part of that, China has come up with various projects in the region. One among them is the proposition to build a trans-Himalayan railways network under the Belt and Road Initiative-a major framework initiative-which China has undertaken (Feigenbaum, 2021). What is certainly true is that BRI and its other paraphernalia are part and parcel of the broader geopolitical and geo-economic endeavor and were adopted to avert any impending risk. If all these factors are taken into consideration China certainly has been able to recalibrate its foreign policy in a way where threats can be converted into opportunities. Such an approach has certainly paid and today China is on the path of becoming a superpower (Li, 2021).

Reflection on the Bilateral Relations

Over a period, Nepal-China relations have gone through various phases (Manandhar, 2004; Bhatta and Yadav, 2021). Fast forward to the 21st century, the major turning point, however, occurred in 2015 when China was able to make its entry into Nepal's state of affairs. Although China began its journey in that direction right after the political change of 2005/06 in Nepal (when Nepal's political center became weak), it took a great stride just after Nepal was struck by a massive earthquake in 2015. China provided immediate relief and rehabilitation as well as put long-term investment in rebuilding schools, hospitals, monuments, and other structures in the heart of Kathmandu (Tiezzi, 2023). China's, engagement of this kind, later, provided space to be involved in Nepal's internal affairs, mostly political ones as well (Bhattarai, 2015).

Over time, Nepal also signed a transport and transit treaty with China in the aftermath of (un)official blockade imposed over Nepal in 2015. Then there was the signing of the Belt and Road Initiative (BRI) agreement in 2017. In the midst of all these, the formation of a two-thirds majority government led by the Nepal Communist Party (NCP) further cemented China's engagement in Nepal. Many consider China was behind the unification of the two left parties – CPN (UML) and Maoist Centre – and thereby forming NCP, and later convincing them to contest elections together (Ramachandran, 2020). All these developments, allowed China to expand its outreach at various levels and layers of Nepali society. China also conducted classes for Nepal's communist leaders on the “Xi Jinping Thought” to strengthen party-to-party relations (The Himalayan, 2019). Seven years down the

road, none of the nine projects under BRI have moved ahead.

While there are virtually no chances of getting a grant from China for these high-profile projects, no government in Kathmandu would dare to move them ahead on the interest rate that China may come up with. Likewise, the transit and transportation agreement is not gaining momentum. Realizing these facts, China has claimed that all the projects under Chinese assistance in Nepal are part and parcel of the BRI in one form or the other. At least, it does not want the BRI to fail in Nepal, but it seems difficult to succeed as well considering its current status (Tiwari, 2023). Apart from the financial part, it appears that some of the major projects (mainly the railroad) may not move ahead because of the difficult geographical terrain.

Meanwhile, China is determined to expand its influence and, for that, it has developed other instruments which crisscross with BRI. Among them are the Global Development Initiative (GDI), Global Civilisational Initiative (GCI), and Global Security Initiative (GSI). These are part of China's broader foreign policy underpinnings floated by President Xi Jinping. They aim to establish China as a leader in global governance and offer, what it calls, alternatives to the Western-led global order. China is already asking Nepal to be part of them. Nepal has already become part of GDI and China is implementing a few projects under it in association with China Foundation for Rural Development. China has criticized the Western model of development in Nepal and instead asked to adopt the Chinese model (The Kathmandu Post, 2024). The increased level of interactions, festivals, and Confucius centers are included under GCI. As the GSI has a security component to it, Nepal certainly cannot be part of it due to its stated non-aligned foreign policy.

China's World View and Prospectus of Balancing the (im) Balances

China has understood that the principal contradiction in world politics is not about democracy versus autocracy but about the struggle between development and containment of development and between global justice and power politics which essentially is not an ideological approach but all about conflict between great powers (Zhao, 2023). They are a product of the gradual understanding in Beijing about the current global politics which they call the *Tianxia* (all under the heaven) model of political thought. *Tianxia* as a system of international order sees the 'world' as a single unit instead of using the 'nation-state' as the basic unit of the international system as opposed to the Westphalian notion of international relations which emphasizes the equal status of states, at least in principle (Acharya, 2019).

A power struggle between the resident and the (re)emerging powers is a norm in international relations. What becomes truly important in the course of such a power struggle is how rising power would develop their policies towards small

states (Bhatta and Menge, 2023). Often, their choices are largely ascertained by materialistic logic which sets the ground for power balance. Yet factors that determine power balance are also characterized by asymmetric relations wherein the focus of emerging power remains on countering the resident powers for which they do not hesitate to use the peripheral states (Bhatta, 2019).

If we take this as a theoretical framework, Nepal-China relations certainly are moving in that direction whereby China is largely in the process of power transition, and in the course of that, it has to counter not only the US and its allies – the resident powers – but also other emerging powers such as India wherever it is required. Countries like Nepal are positioned at the center of all these events. If we consider all such factors, ensuring balanced relations with reemerging power such as China is not an easy task for a country that is not only reeling under the political crisis but also dependent largely on the outside world for economic activities. China's rise has not only increased the confidence levels of many states in Asia and Africa – who otherwise were fixated on the West for both development and democracy – it has also created opportunities in more than one way.

China wishes to take its relations with Nepal at a 'strategic level' with Nepal (Giri, 2019). Apart from that, it also prefers Nepal to rally behind it and support its rise. This eventually would create a dilemma for Nepal which is undecided about its alignment. Mao Zedong to Zhu Rongji used to advise Nepal to maintain "close but correct" relations with India (Kumar, 2004). In contrast, Xi, during his visit to Nepal in 2019, surprised everyone by stating that 'attempts to split China will end in shattered bones' (Press Trust of India, 2019). Perhaps, he was hinting at those who wanted to create problems in Tibet, Hong Kong, and Xinjiang as well as taking geopolitics in hand (Bhatta and Yadav, 2021). These may raise the question is China, then, aspiring for a far larger role in Nepal than so far?

From One-China policy to One-China principle

For a long time, Nepal has been adopting the 'One China policy', but the joint statement issued during the visit of Prime Minister Pushpa Kamal Dahal to Beijing in September 2023 mentioned Nepal's support for the 'One China principle'. While the terms 'policy' and 'principle' may sound similar they are not the same. For example, while a principle is a rule that has to be adhered to, a policy is simply a guideline and can certainly be altered as per the circumstances. From this perspective, the term 'One China principle' expresses firm commitment towards 'One China', that is, there is only one government representing the whole of China, and that Taiwan is an inalienable part of China's territory and Nepal is against its independence (The Kathmandu Post, 2023). These shifts and changes in the wording

need to be assessed minutely in the days ahead. It may have its consequences in the future when China truly decides to forcefully reunite Taiwan with mainland China. How Nepal will calibrate itself under that situation should be a matter of concern.

From Developmental Aid to Strategic Investment

China has emerged as a major player in international development cooperation in recent years (Jingdong, 2022). Yet its perspective and approaches to foreign aid have undergone significant changes, reflecting its geostrategic, foreign policy and economic development priorities (Bhatta, 2019). Not only that, but its underlying principle—an emphasis on cooperation, partnership and mutual benefits between China and recipient countries is also changing. China's foreign policy under Xi Jinping focuses on the fact that foreign aid and investment are tied up with its broader foreign policy orientation. China has been adopting this approach everywhere including in Nepal in multiple ways. At least we can see its investment in three areas (a) soft power development (b) economic and infrastructure development (d) building political networks.

Regarding soft power, China's main focus remains to stimulate the interactions that are altogether missing so far at the people's level. Hence it has established sizeable numbers of Confucius centres in various parts of Nepal. It is also officially hosting a large number of visits from Nepal and regularly organizing various festivals in Nepal. China's capacity for doing trade and investments in other countries has greatly increased (Jingdong, 2022). A country that was a large recipient of foreign aid in the 1980s has now fundamentally changed itself. Today, it has become the largest investor outside. China may have increased the scale of investment in Nepal, but it has yet to strengthen people-to-people relations. In the context of Nepal, China now has entered the fourth stage of engagement which is political (the first three being – trade, investment, and security). China's economic investment has increased in Nepal but its contribution to creating employment opportunities for the local people is just meagre. China certainly will have to relook into these factors.

Chinese Investment in Nepal Boon or Bane?

China was awarded a contract to construct a road in the Kohalpur-Banbasa (Gaddachauki) sector of the Mahendra Highway (now East-West highway) during the mid-1980s. The Government of India (GoI), expressed concern with the then, His Majesty's Government of Nepal (HGMN) regarding China building a road in the region that is so close to India. Later, the late King Birendra, realizing Indian sensitivity, cancelled the contract with China, and awarded it to GoI. Forty years down the road, the situation fundamentally appears to have changed in Nepal's Tarai region. The majority of the Chinese investment and proposed infrastructure are located there. Chinese companies are eyeing the proposed airport in Nijgadh (Nayak

and Poudel, 2023). Through their investments, China is developing its ‘island of influence’ which can be turned into ‘China towns’ and is trying to displace/relocate local businesses. The changes that have occurred in the Thamel area of Kathmandu, basically a hippie town developed in the 1970s – a new China town in the making - in recent years is the classic example in that regard. While China-India relations are becoming vulnerable, growing Chinese investments and influence in Nepal is bound to draw the attention of India. How the situation will unfold geopolitically in the days to come is a matter of concern. Whether it will become a boon or bane cannot be said now.

Conclusion

The foregoing discussion informs that Nepal-China relations are going through a major metamorphosis and many factors will play a role in that regard. What would become most important, however, is how China projects itself in world politics. Certainly, a powerful China and a weaker/underdeveloped, and poorer Nepal will give rise to different momentum in relations. Of all of them, the most crucial factor would be how we understand each other’s worldview. In that regard, it will be helpful for Nepal, if it tries to understand the psyche of the Chinese state, the Communist Party of China, and its leader. This will have to come from Nepal, as China often tries to understand other(s) from its perspective as it considers itself a civilizational state without a break. The 100 years of humiliation and cultural revolution of Mao may have lost some of its civilizational values but China certainly is not going to dance in other tunes. Neither does it wish to become a ‘modern’ and ‘democratic’ state in the Western sense of the term. China has developed its own model of governance which may look authoritarian to others, but it certainly has benefited the country from multiple perspectives and maintained its status as a middle kingdom. It is this China, that we have to deal with in the days to come. Yet for Nepal, we should not seek relations with China merely for the political benefit. As a token of advice, China should neither reduce Nepal to a mere geopolitical pawn nor should it make Nepal dependent on it as many others are doing. In contrast, both Nepal and China should look beyond what can alone allow us to come out of the extant geopolitical whirlwind and further enhance confidence-building measures (Bhatta and Yadav, 2021).

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