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India's Fog of Misunderstanding Surrounding Nepal–China Relations

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Summary

India's postindependence ties with Nepal were predicated on the intimate cultural and historical links between the two countries. As India's first prime minister, Jawaharlal Nehru, noted, "though Nepal was an independent country, it was very closely allied to India in culture and tradition and we did not look upon it as a foreign country." New Delhi also regarded China as an "interloper" in Nepal in 1950 who threatened India's security and interests in the region, ignoring at least a century of Sino-Nepali history centering around Tibet. This paper argues that New Delhi's close relationship with Nepal, bound in history and culture, and the misperception about China's relations with Nepal before 1950 have contributed to a skewed understanding of Sino-Nepali relations. The Working Paper looks at the impact that New Delhi's misperceptions of Sino-Nepali relations, termed the "fog of misunderstanding," has had in the context of the triangular relations between China, India, and Nepal.

The paper is divided into four sections arranged chronologically. The first section looks at the historical Sino-Nepali relationship from the mid-eighteenth to the mid-twentieth centuries. It establishes that this early relationship was centered on Tibet. While the Gorkha kings of Nepal sought to preserve their trade privileges in the region, the Chinese were concerned about the security of their southwestern frontier. Notably though, Beijing's concern with security does not appear to have extended into any desire to conquer Nepal. This section also touches upon British India's policy toward Nepal in the nineteenth century, and the subsequent approach that the government of independent India took in the first few years, without an adequate appreciation of Kathmandu's history with China. As a consequence, India developed a suspicious attitude toward Beijing's desire to re-establish ties with Kathmandu after the Chinese Civil War, and shaped its policy toward Nepal with this factor in mind.

The second section delves into Indian and Chinese policies toward Nepal in the period from 1955 until the end of the monarchy in 2008. It showcases how, during this long period, the three kings of Nepal sought to leverage their ties with China in order to maintain some semblance of balance and how China, in turn, followed a limited but strategic approach that was centered on the kings. The fog of misunderstanding continued to shroud India's attitude to Nepal-China relations during this period and, consequently, India's Nepal policy lacked a working template to manage relations with a smaller neighbor sandwiched between India and China in a way that would preserve New Delhi's influence in a positive way. In contrast to China's political approach, New Delhi fluctuated between the monarchy and an assortment of democratic political parties, suggestive of a provincial approach in New Delhi's dealing with Kathmandu. As a result, China's approach ensured that its main objective in Nepal, namely the security of its southwestern frontier, was secured with a relatively low-risk and low-cost strategy.

The third section deals with the aftermath of the fall of the Nepali monarchy, 2008 to 2016. During this important period, New Delhi had a fresh opportunity to reset ties by providing the support to democratic forces in Nepal, that could have resulted in a transformation of the Indo-Nepali ties. However, India appeared to hew to its traditional policy. China, on the other hand, quickly built new ties with the post-monarchical dispensation. India's perceived actions as a result of the adoption of the new constitution of Nepal plunged Indo-Nepali ties to a nadir. It seems to have pushed Kathmandu to strengthen its relationship with China. This section of the paper also outlines the changing nature of China's policy and objectives in Nepal, especially in the second decade of the twenty-first century, and its possible implications on the future course of the triangular relationship, as well as for India-Nepal relations. It postulates that under President Xi Jinping, China's policy toward Nepal has shifted from protecting its periphery to a broader goal of bringing Nepal under its strategic control. This section highlights the political and economic levers that Beijing is using to build a preeminent position in Nepal.

The paper concludes with an assessment of options available to all three countries going forward, and India's options in Nepal in the face of China's new policy in the region. It suggests that a decisive reset in policy toward Nepal is required to restore healthy relations that are based on mutual respect and mutual sensitivity. New Delhi may need to re-orient its thinking toward Nepal in the context of triangular relations, including on the boundary issue and the 1950 Treaty of Peace and Friendship that have been long-standing irritants in the India-Nepal relationship. Nepal, for its part, should also reflect carefully on whether its leveraging of China might become counterproductive in the light of changing strategic balance in its vicinity, and the implications of giving up the policy of balance for one that tilts decisively toward Beijing. The paper concludes that there is sufficient scope and opportunity for course correction by India, and that through sustained efforts India may be able to preserve its influence and security in Nepal and counter China's expanding footprint.

Introduction

Nepal and Tibet have enjoyed a long-standing relationship for centuries. From the mid-eighteenth century, China's domination of Tibet brought it into a direct political and diplomatic relationship with Nepal that had a treaty basis and a specific set of modalities. While Nepal was driven primarily by commercial but also by secondary political motives in Tibet, China dealt with Nepal primarily in the context of security since, historically speaking, Nepali aggression in Tibet is what concerned it most. The collapse of the Chinese empire in 1911 led to a brief hiatus in Nepal-China contacts that ended with the entry of the People's Liberation Army into Tibet in 1950.

This paper argues that India's postindependence foreign policy toward Nepal has tended to ignore these historical linkages between the latter and China. Instead, India has appeared to proceed on the presumption that China is an "interloper" threatening its interests and security. New Delhi also presumed that Kathmandu shared this security perspective, which was placed at the heart of its policy without a proper assessment of Nepali expectations. Thus a fog of misunderstanding shrouded India's postindependence policy toward Nepal from the outset. It has cemented the perception in Nepal that New Delhi has unjustly interfered in the country's internal matters to selfishly push its own agenda while China has respected Nepali sovereignty.

This paper discusses the triangular relations between India, China, and Nepal in four sections. The first section, covering the years 1769–1955, provides a historical perspective on how and why the fog of misunderstanding developed after Indian independence. The second shows how this fog deepened in the era of Nepal's monarchy (1955–2008) because Indian policymakers did not recognize the limits of Chinese influence, causing New Delhi to vacillate between the monarchy and the country's democratic forces in trying to preserve the "special relationship," in contrast to China's steadfast support for the monarchy. The third section, covering the years 2008–2020, explains why the fog of misunderstanding was not dispelled even though India was instrumental in advancing democracy in Nepal and in midwifing the birth of the republic there. It showcases how India's approach continues to be guided by the traditional notion of the special relationship at a time when Chinese policy toward Nepal is changing.

The paper concludes with an examination of the possible options for India to chart a path out of this fog of misunderstanding and to re-strategize relations with Nepal. This involves recognizing that China is no longer content to be a passive presence in the Himalayas but is intent on establishing strategic control by deepening integration with Nepal while minimizing Indian and U.S. capacities to threaten Chinese security—something in which Nepal is a willing partner. Notwithstanding the formidable challenge this might pose, Chinese influence can be mitigated provided India revises its approach according to the new conditions. This includes dealing differently with Nepal and its political elites, resolving certain

questions regarding the 1950 Treaty of Peace and Friendship and the boundary that are causes of Nepali resentment, and addressing the requirements of key constituencies in Nepal through development assistance, including in partnership with others.

A Historical Perspective on Nepal–China Relations (1769–1955)

On the eve of India's independence, then prime minister Jawaharlal Nehru told British Field Marshal Lord Montgomery that, "though Nepal was an independent country, it was very closely allied to India in culture and tradition and we did not look upon it as a foreign country."[1] On December 6, 1950, he told parliament that the relationship with Nepal was so intimate that other countries "must have to realize and appreciate this geographical, cultural and other relationship of India and Nepal."[2] The elites in newly independent India appeared to share this sense about Nepal. The Chinese advance into Tibet in 1950, which caused concern about a serious danger to India's northern frontier, added urgency to the importance of consolidating relations with Nepal.[3] The popular and enduring perception was formed in India that China was an interloper in the Himalayas from 1950, disturbing the historical status quo. One Nepali author writes that Nepal has been viewed through the lens of India and as an offshoot of Indian culture, and that little attention was paid to its interaction with Tibet and China.[4] Hence a broad-based review of the Nepal-China relationship beginning with its history is warranted.

Since at least the seventh century, Nepal has had with contacts with Tibet, which is geographically contiguous across the high Himalayan watershed.[5] While Buddhism was the backbone for cultural exchanges, the commercial motive came from trans-Himalayan trade, which was conducted at almost every geographical point along the border. Much of this lucrative trade consisted of transit of goods between India and Tibet, and Kathmandu served as an important entrepôt.[6] The objective of Nepalis was to dominate the trade between Tibet and India through the exercise of maximum control over the Kerong (Kyirong) and Kuti (Nyilam) passes. They fought wars with Tibet over the two passes until, in 1650, the fifth Dalai Lama and the Malla dynasty negotiated a treaty that gave the two countries joint authority over them, and also gave Kathmandu's Newar traders a virtual monopoly over Tibet-India trade. It is estimated that trans-Himalayan commerce was by far the most significant revenue earner for the Nepali rulers after 1650, and Tibet's economy was run on coin minted in Nepal. This policy continued when a Gorkha king, Prithvi Narayan Shah, replaced the Mallas in 1769. The trans-Himalayan trade and currency question became a political problem and a cause for war between Tibet and Nepal in 1788–1789. The 1789 Treaty of Kerung is believed to have secured a Tibetan commitment that all trans-Himalayan trade would be channeled solely through the Nepal route and would only be conducted by Nepalis

inside Nepal territory. It was the subsequent war over trade routes that brought a new Chinese army into Tibet in 1791–1792.[7] Thus the trade routes between Nepal and Tibet are a matter of historical fact that no Himalayan barrier could obstruct.

China had intermittent contacts with Nepal from 644 to 650 (during the Tang dynasty) and from 1384 to 1427 (during the Ming dynasty) until Nepal's Malla dynasty terminated these.[8] However, with its military advance into Tibet under the Qing dynasty Kangxi Emperor in 1720 and recognition accorded to the sixth Dalai Lama, China gained significant leverage in Tibetan affairs. It became essential for the Qing state to keep an active and interventionist policy in Tibet under Kangxi's two immediate successors, Yongzheng and Qianlong.[9] Thus, it was only a matter of time before the Gorkhas and the Qing rubbed up against each other after the new Nepali rulers began to quarrel with Tibet over matters of trade and coinage (the Gorkhas wanted their coinage to replace that of the Mallas circulating there) and may even have possibly attempted to influence local politics in pursuit of these purposes.[10] Its initial military action in 1788 resulted in major gains for Nepal in terms of control over the border passes and Indo-Tibetan trade. But when the Tibetans demurred from subsequently fulfilling all the terms of the peace agreement, the Gorkhas invaded for a second time in 1791, which brought them into direct contact with the Chinese.

The Qianlong Emperor proclaimed in an imperial edict that "Tibet is the place that my grandfather and father had repeatedly used force to pacify. There is no way to abandon it because of the harassment of those petty devils [the Gorkhas]."[11] His aim was to deliver a punishment so severe that Nepal would not threaten Tibet again. There are near-contemporary accounts, including Nepali and British ones, of the Chinese invasion of Nepal with 70,000 troops, their advance up to Dhaibung (a short march from Kathmandu), and the Nepali counterattack on the banks of the river Betrawati that halted the Chinese advance and led to the 1792 Treaty of Betrawati.[12] Although no authoritative text of the treaty is available in the public domain, from various accounts it set the terms for a formal relationship between Nepal and China.[13] Disputes that Nepal had with Tibet would be arbitrated by the Chinese *amban* (viceroy) in Lhasa, Nepal would abandon territorial claims over the two border passes, the Nepal-Tibet boundary would be determined by China, and Nepal would send a diplomatic mission to China every five years (quinquennially).[14] China not only inserted itself as the dominant power to the immediate north of the Himalayan watershed but also tried to degrade Nepal's status to that of a tributary state. From 1792 to 1910, Nepal sent seventeen missions to the emperor in Beijing.[15] Henceforth, China and Nepal were to have significant and regular contact, and the Chinese amban in Lhasa became the purveyor of China-Nepal-Tibet relations.

Scholarly writings about China's relationship with Nepal in the nineteenth century seem to concur that China had no interest in territorial conquest. For example, according to one author, China's policy was consistent with its broader goals in the Himalayan region. Tibet was an integral part of the Chinese frontier security system, and Beijing was prepared to react to the limit of its capacity to any challenge to its authority there. Nepal fell within a different category, however, and was outside the borders.[16] Another argues that Beijing

viewed Nepal as a tributary state that required close watching for the sake of Tibetan security but not close control of its internal matters or foreign relations.[17] This appears to have been the extent of China's political interest in the southern Himalayan states bordering Tibet. One historian cites an imperial edict by the Qianlong Emperor at the time of his abdication in 1796 to his successor advising him "not to interfere without absolute necessity in the affairs of the Nepalese king."[18] There were sound financial and political reasons for this. This advice was heeded by his successors. Their tactics changed as Chinese power began its decline through the nineteenth century until the Qing empire itself was extinguished in 1911, but the objective was always the same: preserving control over Tibet. They did so by use of threat of force against Nepali expansionism and, as China got weaker, by keeping good relations with the Kathmandu Darbar (the royal court) to avert Tibetan independence or British adventurism. Thus, even when China was less inclined to use military force, its amban in Lhasa continued to insert himself as mediator and final arbitrator into all Nepali-Tibetan quarrels—in 1856, 1873–1875, 1883–1885, and 1891–1898—in order to maintain the posture of overlord to Tibet and Nepal.

Nepal followed King Prithvi Narayan Shah's advice about being "a yam between two boulders" and the need for balance to preserve independence.[19] It did so by acknowledging nominal Chinese overlordship while seeking to profit by playing the Chinese and British empires against each other. In 1792, when the Qianlong Emperor sent his army to invade, Nepal petitioned Lord Cornwallis, the British governor general of India, for weapons, only to be informed that relations existing with the Chinese empire precluded this, although Britain offered to mediate between Nepal and Tibet.[20] During the Anglo-Nepali War of 1814–1816, Nepal addressed several communications to the Chinese emperor claiming that Britain's real objective was to force a passage to Tibet, and even in one instance in 1815 holding out the implicit threat that Nepal might be obligated to give up its traditional relationship with China if Beijing was not forthcoming with military assistance.[21] The Qing emperor instructed the amban in Lhasa as follows: "Your chief duty is to guard the border strictly. You should never assist the Gorkhas. If the P'i-long [foreigners] dare to disturb our Tibetan border you must drive them away, yet never follow them to any great distance."[22] On this occasion it was China that refused to be drawn into the situation and maintained communication with the governor general of India, Lord Moira (Marquess of Hastings), in Calcutta (Kolkata), in order to restrain Nepali militarism in Tibet. After the Anglo-Nepali war, which ended with the Treaty of Sugauli (March 1816), China accommodated British interests in Nepal by feigning indifference to the installation of a British resident in Kathmandu, while London remained mindful of Chinese tributary relations with Nepal.[23]

The whole episode clearly demonstrated the limitations of Nepal's policy of playing its two neighbors to its own benefit whenever both maintained direct contacts. It made another appeal to China during the Anglo-Chinese War (or Opium War) of 1838–1840, but the amban in Lhasa was instructed to reject this because it was not Chinese policy "to send troops to protect the countries of the foreign barbarians."[24] Similar appeals were made to no avail during the Dogra-Tibet War of 1841–1842,[25] as well as the Anglo-Sikh War of 1845–1846. During Nepal's invasion of Tibet in 1855–1856, in response to a Nepali request

for arms, the governor general of India replied that "the Government of India, being in amicable alliance with China, cannot either directly or indirectly encourage or assist the state of Nepal in attacking a province subject to that Empire."[26]

Nepal's relations with Tibet and China through the eighteenth and nineteenth centuries were driven by the desire to maintain a privileged position in Tibet (including extra-territoriality after 1856) and its monopoly on the Indo-Tibetan trade. It made strenuous efforts to prevent Britain from eroding its monopoly by playing upon Tibetan fears of the foreigner and frustrating the British from developing alternative routes to Tibet through non-Nepali territory. One historian suggests that relations with China were also intended to discourage Britain from absorbing Nepal into its empire.[27] Whether Britain really wanted to annex it is a separate topic.[28] It is more likely that the Nepali rulers viewed their relations with China as politically useful in preventing complete British domination of their country.

One other political reason for the Kathmandu Darbar to maintain relations with China in the second half of the nineteenth century despite the steep decline in Chinese power was the latter's capacity to confer political legitimacy on the Ranas who, in 1846, had reduced the Nepali king to a mere figurehead.[29] Jung Bahadur sought and received titles and robes from the Tongzhi Emperor in 1871, a practice all successive Rana prime ministers until 1910—Ranodip Singh, Bir Shumsher, Dev Shumsher, and Chandra Shumsher—followed. Whether this made Nepal a vassal of China in the classical sense during the nineteenth century is debatable.[30] The Chinese tributary system was a loose one. Nepal gave "respect" to China in return for privileges in Tibet, including extra-territorial rights over non-Tibetans and the right to have a vakil (representative) in Lhasa. The British resident in Kathmandu in 1889, Major E. L. Durand, concluded that "the settled policy of the (Kathmandu) Darbar is to play China off against us, and to make use of pretended subordination to that power as a safeguard against the spread of any influence over this country."[31] The Nepalis, he said, rejected talk of vassalage as "unwarranted fiction."[32]

In the first decade of the twentieth century, as a result of the British forward policy in Tibet (the Francis Younghusband expedition in 1903–1904), Nepal's relations with China and Tibet came under considerable stress. Then prime minister Chandra Shumsher was not only committed to helping the Younghusband expedition to Lhasa, he also demurred when Tibet sought Nepal's help under the provisions of the 1856 Treaty of Thapathali.[33] The subsequent Anglo-Chinese Convention of 1906, in which Britain indirectly recognized Chinese authority over Tibet in return for recognition of its interests there, gave Beijing a legal handle to reclaim its position that had significantly eroded by then.[34] The new Chinese commissioner, Chang Yin-tang, had been given substantial powers by Beijing to convert Tibet into a regular province of the empire, while General Chao Er-feng asserted military power to bring the region under direct Chinese control in a manner that left the Dalai Lama in no doubt that he was to be considered as the dependent of China. Most significantly, Chang Yin-tang attempted to detach Nepal and Bhutan from Britain by formally claiming them as Chinese vassals.[35] While recognizing that friendly relations did exist between Nepal and China, the British minister in Beijing conveyed the message that "no attempt of the Chinese

government to exercise influence over states so remote from the sphere of direct Chinese interests and in such close relations with Government of India as Nepal (and Bhutan) can possibly be tolerated."[36]

Just when China's pressure on Tibet (and by extension on Nepali interests there) was becoming difficult to bear, the Qing empire collapsed and Nepal played its part in easing the Chinese out of Tibet for the next forty years. Nepal had little contact with China until 1950. No quinquennial missions went to Beijing after 1906. In 1923, Britain recognized the independence of Nepal, which adjusted to British domination.[37] During the Nepal-Tibet crisis in 1929–1930, China feebly tried to insert itself as mediator when envoys of Generalissimo Chiang Kai-shek's nationalist government offered their services in settling Nepal's troubles with Tibet,[38] and made four attempts between 1939 and 1946 to establish diplomatic relations with Nepal, but, for the most part, it was absent from South Asia between 1912 and 1949.

This recounting of China-Nepal relations establishes two important points. First, China had direct political and diplomatic relations with Nepal throughout the nineteenth and early twentieth centuries. It was therefore not an interloper in the Himalayan region after 1949. Its absence after 1911 had to do with its domestic troubles (the civil war followed by the Second Sino-Japanese War). Second, China's primary concern was the security of its position in Tibet, which was the driver of all policy. The objective was to restrain Nepal from adventurism in Tibet as well as to ensure its goodwill in order to keep Tibet in check after China's influence began to wane in the second half of the nineteenth century. China showed no desire for territorial acquisitions in Nepal. As for Nepal, it had a natural connection to its north as much as to its south, and its prosperity had traditionally depended on trade with Tibet. It also saw itself as most secure when it could play the balance-of-power game in the Himalayas.

These historical facts ought to have been central to the consideration in any foreign policy that newly independent India crafted about Nepal, the more so after the Chinese Communist Party declared in 1949 its intention to "liberate" Tibet. Instead, a collective amnesia seemed to prevail. India based its approach on the anticipation of an exclusive relationship with Nepal that was rooted in their religio-cultural connection, coupled with its historical sense of the Himalayas as a natural geographic boundary. Since no consideration was given to the recent history of the region, there may have been little anticipation that China might seek to reconnect with Nepal once it had overcome its domestic problems, or that Nepal, free of British domination, might try to restore relations with China for commercial reasons as well as for political balance. Thus the fog of misunderstanding about the Nepal-China relationship appeared from the very start of independent India's relations with Nepal.

The People's Republic of China's interest in Nepal began before its military even entered Tibet in October 1950. In August 1950, then ppremier Zhou Enlai asked the Indian ambassador in Beijing, K. M. Panikkar, if he had heard of Nepal extending military assistance to Tibet and sought India's help to dissuade the country from that course of action.[39] This

evidently was a brief though real concern because another Chinese leader, Liu Shaoqi, also raised this with the Soviet ambassador in Beijing.[40] The Chinese enquiries made sense from a historical perspective. Nepal had been militaristically adventurist toward Tibet as late as the 1920s. A more pressing concern for China was the possibility of an Anglo-U.S. presence in Nepal, which it feared was intended as a springboard to open a second, southwestern front in Tibet against the Chinese communists. These concerns were expressed by Zhou to Panikkar in March 1951 and also to T. N. Kaul, the political counsellor of the Indian embassy, in February 1952.[41] This too made sense given China's experience with the British empire in Tibet. From Zhou's enquiries it could be inferred that China's motives in seeking early diplomatic relations with Nepal were more or less similar to those in seeking the same with India, namely the security of its southwestern frontier.

China was conscious of India's special relationship with Nepal in the early 1950s and had a good measure of Indian tactics in delaying the establishment of China-Nepal relations. Yang Gongsu had been sent by the central Chinese government to Tibet in the early 1950s to establish and run its foreign affairs, including the handling of its relations with Nepal, and was considered China's Nepal expert. In his memoirs, he wrote that it was India that obstructed the process when Nepal desired to establish diplomatic relations with China. China, for its part, did not press the issue. In February 1952, Zhou told India's ambassador in Beijing that, while China understood the need for some more time, this question would have to be solved and could not be postponed indefinitely.[42] Once the matter of Tibet was settled in April 1954 with the signing of the Agreement on Trade and Intercourse Between the Tibet Region of China and India, China decided it was time to press the matter. In June 1954 Zhou received the approval of the Central Committee of the Communist Party for establishing diplomatic relations with Nepal,[43] an intention he conveyed to Nehru in October 1954. Signals from China about its interest in re-establishing relations with Nepal were misread by India through its self-centric security mindset. The presumption that Nepal similarly regarded China's entry into Tibet as a threat might have precluded any possibility of accepting the reality and managing this process in a favorable direction.

Nepal-China Relations in the Time of the Three Kings (1955–2008)

The death of King Tribhuvan in March 1955 presented the opportunity that Nepal was seeking to re-establish relations with China. The new monarch, Mahendra Bir Bikram Shah (1955–1972), wrote immediately to India of Nepal's intention to open negotiations with China. Formal diplomatic relations were established on August 1, 1955. This achieved the first of two Chinese objectives, but there was still the matter of ending Nepal's privileges in Tibet. Yang Gongsu wrote in his memoirs that such extra-territorial rights as Nepal enjoyed

in Tibet under the 1856 treaty had evolved into illegal privileges beyond its terms, including extra-territorial legal authority in criminal jurisdiction over non-Tibetans. China considered this a "great violation of [its] sovereignty and judicial authority."[44] It thus became necessary to adjust relations.[45] China and Nepal opened talks on the Tibet issue in August 1956, and they signed the Agreement Between Nepal and China to Maintain Friendly Relations and on Trade and Intercourse Between Nepal and the Tibetan Region of China in September. With this treaty, China achieved its second objective of terminating Nepal's special privileges in Tibet and securing its official acknowledgement that Tibet was a part of China.

Within months of the new king's accession, then prime minister Tanka Prasad Acharya spoke of Nepal's intention to modify the special relationship with India and to have "equal friendship" with all.[46] A clue to Nepal's objectives in seeking ties with China may be gleaned from Yang Gongsu's memoirs. According to him, the initial Nepali proposals had included the re-opening of trade routes to Tibet (closed since 1950) and the transfer of India-China overland trade from Yadong (on the Sikkim-Tibet border) to Kerong/Nyilam (on the Nepal-Tibet border). Nepal also wanted a separate Treaty of Peace and Friendship with China.[47] Both demands were entirely in line with historical Nepali behavior and thinking, and it took a long time for China to persuade Nepal to withdraw them. India also strongly disapproved of a separate treaty and, according to Yang, exerted pressure on Nepal and China through diplomatic channels.[48] India stated that China would not sign a Friendship Treaty with Nepal, thus making its interference a matter of public record. Yang writes: "Our negotiations in the Nepalese capital on the major questions were in reality tripartite talks between China, India and Nepal."[49]

The most likely reason why China did not pursue these Nepali proposals in 1956 is that its limited objective was to secure the southwestern frontier.[50] China did not establish relations with Nepal until after the India-China Agreement of 1954, did not station a resident ambassador in Kathmandu after the establishment of diplomatic relations in 1955, and did not agree to Nepal's proposal for a Treaty of Peace and Friendship in 1956, probably in deference to Indian sensitivities. At that point China, perhaps, had a greater need for Indian support as it faced a potential military threat from the United States on its eastern seaboard. China's policy was of one of minimum involvement in Nepal beyond securing Tibet, while Nepal's policy was one of seeking maximum flexibility in trade and diplomacy once it became clear in 1954 that independent relations with Tibet were no longer possible.

The Dalai Lama's flight from Lhasa in March 1959, which posed a security problem for China in Tibet, spurred Beijing into another bout of activity. It sent Pan Zili, its ambassador in Delhi (concurrently accredited to Kathmandu), in May and October 1959 to allay Nepali concerns over Tibet. China also proposed a new trade treaty between Nepal and Tibet, and offered to resolve the boundary issue.[51] The deterioration of India-China relations post-1959 lessened Chinese sensitivities toward India's position in Nepal, and Nepal also discovered further opportunity to press its policy of independence. Nepal's prime minister at the time, B. K. Koirala, declared that there were no apprehensions in the country of aggression or danger from any quarter.[52] China and Nepal pressed ahead with the opening of embassies

in their respective capitals in January 1960, the signing of a separate Treaty for Peace and Friendship in April 1960, and a Boundary Agreement in October 1961. A brief interruption to the momentum ensued over the question of Mount Everest (also known as Sagarmatha or Chololongma). Chinese claims over large portions of this symbol of the Nepali nation were met with scorn in Kathmandu, resulting in the first anti-China protests. However, they reached a consensus to "share" Mt. Everest in the Boundary Agreement, which preserved the ambiguity over sovereignty over the mountain. This cooled Nepali apprehensions, allowing ties to rapidly progress.[53]

It was around that time that China started to endorse Nepal's references to its neutrality. Premier Zhou Enlai told a joint session of the parliament in Kathmandu on April 28, 1960, that China's government and people "warmly welcome[d] and fully support[ed]" Nepal's intent "to pursue an independent policy of neutrality, not to join any military bloc, and to carry out firmly the Five Principles of Peaceful Coexistence."[54] This became a central feature of Chinese statements in subsequent political visits to the country, including by then chairman Liu Shaoqi and vice premier Chen Yi.[55] A settled boundary and ensuring Nepali neutrality served well the Chinese security objectives in Tibet.

From 1963 to the late 1990s, China followed a more or less low-cost, low-risk strategy. This was mainly for two reasons. First, because it had secured its security objectives vis-à-vis Nepal on Tibet. Second, because it was preoccupied with domestic matters during the Cultural Revolution (1966–1976) and the Four Modernizations (from 1978). China's strategy toward Nepal during this period consisted of mainly political support to the kings, modest economic assistance to keep goodwill,[56] and pressure to restrict the activities of the Tibetan diaspora. No steps were taken either to stretch Chinese resources in cultivating friendship or to seriously challenge Indian influence in Nepal.

Nepal, on the other hand, was more proactive in seeking closer ties with China during the same period in order to reduce India's influence, especially when India-China relations were stressed. King Mahendra used this to secure the maximum degree of political maneuverability after his dismissal of the democratically elected government in December 1960 in order to thwart the efforts to restore parliamentary democracy with the covert support of India.[57] This was the beginning of a consistent policy to undermine Indian control by leveraging China. In the 1970s and 1980s, the Nepali kings secured Chinese support for their proposal to declare the country a Zone of Peace and on seeking greater international recognition for the transit rights of landlocked states.[58] China was happy to endorse these ideas since they entailed embarrassment for India at no political cost to itself.

Chinese political support was welcomed by the Nepali political establishment, but it was also used by China to extract further concessions on Tibet whenever needed. In 1974 Nepal mounted a military operation to compel the Tibetan resistance (known as Chushi Gangdruk) to surrender its weapons.[59] In return for King Birendra's efforts to finally disarm the Khampas (Tibetan fighters) based in northern Nepal in May 1974, China publicly alleged that India was helping the so-called anti-national Nepali elements (in actuality the

exiled leaders of the Nepali democratic parties) with arms and training to help them carry out subversion and sabotage against Nepal.[60] In 1975, China "firmly supported the just stand of His Majesty King Birendra in declaring Nepal a Zone of Peace," and a year later the king returned the favor by becoming the first foreign head of state to visit Lhasa in June 1976.[61] In the 1990s, Beijing was able to extract further reassurances on Tibet being an "inalienable part" of China from Nepal's Communists (under then prime minister Manmohan Adhikari in 1995) and the Nepali Congress (under then prime minister Sher Bahadur Deuba in 1996.)[62] Perhaps the only tangible concession China made to Nepal was the building of a highway connecting Tibet and Nepal (the Kathmandu-Kodari Arniko Highway), which ensured the monarchy's gratitude and goodwill.[63]

The closest that China came to threatening India's interests during this period was, perhaps, its decision to sell military equipment to Nepal in 1988.[64] This too was following a Nepali request. According to the analyst Amish Raj Mulmi, King Birendra had become unnerved after India's military interventions in Sri Lanka and the Maldives.[65] However, this ignores the provocations by Nepal in connection to work permits, additional custom duties, and awarding of Chinese contracts near the India-Nepal border. India sent then minister of state K. Natwar Singh to Kathmandu to seek reassurances that Nepal would not buy more arms from China, which was turned down. This was one of the reasons for India to use economic countermeasures from March 1989. China's then premier Li Peng made a visit to Kathmandu where he told a press conference that China would provide "moral and other supports" and described the Indian "blockade" as unjustified.[66] China offered modest assistance, including petroleum products and salt, but its support was primarily of a political nature. It did not press the arms sales matter either. Nepal's political elites realized soon enough that talk of maintaining supplies via the northern route might be politically expedient but was not a viable long-term solution.[67] Six months later, as King Birendra proceeded toward a confrontation with the pro-democracy forces that were seeking to restore parliamentary democracy, it was reported that he had sent a secret emissary to Beijing to seek assurances of Chinese support.[68] However, China did not involve itself in the political struggle that ended with the restoration of parliamentary democracy in 1990.

India might have used the fifty years after independence to focus on addressing core issues in the relationship with Nepal, including the finalization of the boundary, the resolution of the trade and transit treaties question, and a review of the 1950 Treaty of Peace and Friendship. Instead, it hewed to the strategic vision of looking at the country merely as a part of its northern frontier and treating China as an interloper.[69] India initially sought to delay the possibility of China and Nepal establishing relations.[70] It then tried to lay down guidelines that included prior consultation by Nepal on its dealings with China.[71] Finally, India tried to insert itself into the negotiations between the two.[72] Yet Nehru ignored advice about the unhappiness in Kathmandu with India's approach.[73] This unwillingness to see the changing realities between 1955 and 1962 added to the fog of misunderstanding that hung over New Delhi on the Nepal-China question.

Whether Indian policy was simply a continuation of British imperial policy in the Himalayas is an important question here. Securing the northern frontier would have been a priority for any Indian government. Nehru said on more than one occasion that there was not much danger of any Chinese aggression across the boundary, but India planned for that possibility by securing new treaties with Nepal, Sikkim, and Bhutan in 1949–1950, which showed that it was conscious of a new situation developing in the region. On the other hand, this was not the only complication that India anticipated. In December 1948, Nehru began to flag the growing U.S. influence in Nepal; he learned of a U.S. mission led by Dillon Ripley that was exploring the Karnali and Sunkosi valleys, which were supposedly out of bounds for foreigners.[74] A clue to his approach is revealed in an internal note in 1952 in which he expressed concern that a growing U.S. foothold in Nepal might agitate China and have "far reaching consequences and all kinds of new difficulties will arise."[75] He shared his thinking with Zhou in October 1954.[76] This suggests that, like for Britain, it was the Great Game in Inner Asia and its implications for India that motivated Nehru, with the difference being that India perceived the United States as having replaced the Russian empire in the Himalayan contest. To this extent it may be said that India after independence adopted a Curzonian approach to a potential Cold War between the United States and Soviet-backed China on the frontier that was reminiscent of British policy earlier. Yet, there was one significant difference. Britain, having secured its frontier interests, adopted a hands-off approach with respect to the internal developments in the Himalayan states, which is not what India did.

Resentment deepened in Nepal because of the perceived interference by India in its politics. In the initial postindependence years India did not appear to have any clear strategy on whom to support in the country. In less than eighteen months, it went from regarding the Nepali Congress as a "band of guerillas"[77] to describing it as the "principal stabilizing factor in Nepal,"[78] and then to saying that there was "no alternative to the King taking charge of the administration."[79] India's intentions may have been sincere, but there was little appreciation that the political ground had shifted, especially after Mahendra ascended the throne in 1955, and consequently India had no larger strategy for how to deal with this. Later India appeared to be seized by a dichotomy at critical turning points in Nepali politics. In 1989, it initially offered a deal to the king to accept a revised Treaty of Peace and Friendship in return for political support, and it only threw its full weight behind the democratic forces after he refused.[80] Similarly, in 2003, India seemed to be keen initially on brokering a deal between the king and the democratic forces to preserve the monarchy before switching to a strategy of bringing the political parties together with the Maoists to neutralize the monarchy instead.[81] Political maneuvering of this sort provided grist to the mill for those in Nepal who portrayed India as an interventionist power that was interested in maintaining a state of controlled instability in Nepal in order to play one set of actors or groups against the other.[82]

There were efforts by non-Congress governments in New Delhi between 1975 and 2000 to address some of Nepal's concerns. During former prime minister Morarji Desai's government (1977–1979), India met a long-standing Nepali request to have separate trade and transit treaties.[83] During former prime minister V. P. Singh's government (1989–1990) all the transit routes were reopened, the supply of all essential commodities was fully restored, and

both countries pledged not to allow any activities in their respective territories prejudicial to the security of the other side.[84] A high point in the relationship was then prime minister I. K. Gujral's visit to Kathmandu in 1997, when the two sides directed their respective foreign secretaries to consider all matters of mutual interest, including the 1950 treaty.[85] However, there have been just as many ups and downs in the relationship.

The impression during the years 1955–2005 that India relentlessly interfered in Nepali domestic politics while China did not persists, but the fact is that the latter was also involved. Despite the ideological incongruity, China made a long bet on the monarchy and steadfastly held the course through the fifty years after 1955. Its "principled" position that every country had the right to choose its own political system allowed it to justify this policy. When King Mahendra dismissed the government of prime minister B. K. Koirala in 1960, Zhou is reported to have expressed sympathy and support for this move—notwithstanding that it was Koirala who had brought relations back on an even keel after the developments in Tibet in 1959.[86] Chairman Mao told Prince Sihanouk of Cambodia in 1963 that China was happy with monarchy in Nepal.[87] In 1964, Mao told a Nepali delegation that their king was a "very good person" and that the country had made good progress by throwing off the influence that "some people have tried to force on Nepal."[88] The monarchy was highly respected by Beijing as a powerful stabilizing force.[89]

Steadfast support to the kings remained a hallmark of Chinese policy through the reigns of Mahendra, Birendra, and Gyanendra. Whenever the kings needed China's political support—as during the Sikkim crisis (1973–1975) and the 1989 blockade, or for the Zone of Peace proposal—China was there for them. Even during the 1990s, when left-leaning governments came to office, it remained loyal to the kings even as it also dealt with the elected prime ministers. China publicly distanced itself from the Maoist insurgency (1996–2006)[90] and expressed understanding of the kings' handling of the problem.[91] When King Gyanendra dismissed the prime minister in 2002, China's official spokesperson merely stated: "We have noticed the change in Nepal, which is its internal affair."[92] When in February 2005 the king suspended the constitution and declared an emergency, China's leaders went further, publicly rendering diplomatic support by dispatching then foreign minister Li Zhaoxing to Kathmandu the following month. Most significantly, China provided military assistance for the first time (when India had suspended arms supplies because of the political situation) by sending communication sets in 2002 and more lethal weapons in 2005 after the chief of the Royal Nepali Army, General P. J. Thapa, visited Beijing in 2004.[93] Following this, King Gyanendra banned the Tibetan Refugee Welfare Office in Kathmandu and refused to cooperate with the United States in resettling 5,000 Tibetan refugees, allegedly under Chinese pressure.[94]

During the time of the three kings China took a strategic and long-term approach and India did not. China dealt with Nepal on a state-to-state basis, securing its core interests by dealing with whoever was in power while investing in a long-term guarantee with the monarchy. India, in contrast, took a short-term and tactical approach and dealt with Nepal on a provincial basis. It did not take a clear stand on either the kings or the democratic forces; it

wanted a foot in both camps and did so tactically. Madhukar S. J. B. Rana, Nepal's former finance minister, characterized India's policy as "spasms of de-stabilization and patronage."[95] India's policy was crafted with one eye on China, aiming to avoid any breach in the Himalayan wall, and the other eye on the kings, who could not be trusted.[96] India searched for leaders and governments who could balance the King's power and position in order to preserve India's interests in Nepal. Even after the restoration of parliamentary democracy in 1990, it never lost its propensity to play politics in Nepal, which Nepali scholars labeled "micro-management."[97] By 2002, China's perceived policy of non-interference had helped it to win hearts and minds in the country while India was losing public trust because of its alleged interference in internal affairs and perceived bullying.[98] This perception did not change despite the overly partisan Chinese actions during the brief autocratic rule of King Gyanendra.

China and the Nepali Republic (2008 and Beyond)

The constitutional termination in 2008 of Nepal's monarchy offered India a fresh chance to break through the fog of misunderstanding. By playing an instrumental role in the transition to full democracy, India regained the advantage. With the abolition of the monarchy, China lost a solid anchor that had safeguarded its fundamental security interests for half a century, and it needed to find a political substitute that would serve the same purpose.[99] It had not been supportive of the democratic forces and had also publicly distanced itself from the Maoist movement.[100] India, on the other hand, was well entrenched and a guarantor of the power-sharing arrangements. China had started to deal in pragmatic fashion with these different actors after the end of the Maoist insurgency in 2006. It opened a channel to the Maoists after they joined the political mainstream. According to Amish Raj Mulmi, China told the United States that it could no longer maintain an "ostrich" policy and remain oblivious to the emerging reality.[101] In November 2007 a delegation from the Chinese Communist Party's International Department made the first contact, and in April 2008, after the Maoists had emerged as the largest party in the Constituent Assembly, Beijing initiated a formal relationship.[102] When the Maoist leader Pushpa Kamal Dahal (known as Prachanda) became the first prime minister of republican Nepal in August 2008, his first visit was to China. Beijing took his proclaiming that Nepal would pursue a policy of "large-country balance diplomacy" as a sign that he was seeking political support for counter-balancing India,[103] and it was quick to offer party-to-party relations.[104]

At the same time China also reached out to the Nepali Congress. It worked on the assumption that, despite its close historical ties to India, the party would keep good relations for several reasons. First, because China had not interfered in Nepal's internal affairs in the

classical sense. Second, because the Nepali concerns about possible "Sikkimization"—that is, becoming part of India like the once-autonomous state of Sikkim—meant that all political factions wanted to balance India. Third, because a display of good relations with China might translate into public and electoral support.[105] The Chinese Communist Party also enhanced its relations with key communist figures K. P. S. Oli, Jhalanath Khanal, and Madhav Nepal. It helped that China did not carry the baggage of acrimonious relations with Nepali politicians in the same way India did.[106] Its basic objective in the early years of the Nepali republic was to size up the political ground in order to identify actors that would best serve its interests in the long term, as the kings had done for fifty years. However, Chinese writings on Nepal in 2007–2011 recognized the strong influence that India exerted. There was no overt effort to replace India, but merely to find a new political foothold inside Nepal.

Since 2013, however, there has been a perceptible shift in China's strategic outlook. The beginning of this period more or less coincided with the Conference on Diplomatic Work with Neighboring Countries convened by President Xi Jinping in 2013 and the subsequent Central Conference on Work Related to Foreign Affairs in 2014. In the first of these two conferences, Xi observed that China's peripheral regions had undergone great changes, and that it needed to devise diplomatic strategies to create a closer network of common interests and bring these to higher levels through better integration.[107] At the second conference, Xi declared that all diplomatic work, including with China's neighbors, should serve the realization of the "two centenary goals"—to "build a moderately prosperous society in all respects" by 2021 and to "build a modern socialist country that is prosperous, strong, democratic, culturally advanced and harmonious" by 2049.[108] This elevated the periphery in the order of China's priorities.

So far as Nepal is concerned, this means that, while the security of Tibet and the southwestern frontier will still remain as critical security concerns, China now also intends to pursue new geopolitical and geoeconomic objectives there. In 2000 it had already initiated its Western Area Development program, also covering the Tibet Autonomous Region, to create new economic possibilities through closer overland economic linkages with South Asia. The construction of the Qinghai-Tibet railway makes it possible to look at Nepal as the southern gateway to South Asia.[109] This new geoeconomic dimension of China's presence in the wider region is coupled with new geostrategic concerns. Chinese writings refer to the renewed interest in Nepal on the part of the United States and the latter's security convergence with India, which one writer describes as "exacerbating China's strategic anxiety" of an emerging anti-China coalition in South Asia and deepening its suspicion of India's intentions and policy.[110] What this means is that Beijing's approach has evolved and its ambitions have grown.[111] China might no longer be content with its historically passive posture in the Himalayan states and its overall new objective might be to establish strategic control.

This Chinese objective appears to have three parts. First, to deepen political and economic integration with Nepal in order to erode its dependence on India and to minimize the United States' ability to threaten China's security in Tibet. Second, to turn Nepal into a transit station for commerce into South Asia or as a buffer where China expects to defend its

sovereignty and territorial integrity if needed, depending on how relations with India evolve in the decades ahead. Third, to create a Sino-centric order in South Asia because it knows that it cannot harbor ambitions to become a global hegemon unless it fully controls its periphery. In the pursuit of this policy in Nepal, China seems to have settled on the Nepal Communist Party (NCP) as its primary political instrument. K. P. S. Oli's visit to China in March 2016 solidified the sense among Chinese policymakers that he was the person to bet on. It thus exerted maximum influence to bring about the merger of the Communist Party of Nepal (Unified Marxist–Leninist) and the Maoists into the unified NCP. In Beijing's view this merger has ended thirty years of "democratic chaos" and "political farce."[112]

China thinks that the unification of the communist forces represents a change in the balance of power to its advantage,[113] and it is working to ensure that this remains so, notwithstanding the recent split in 2021. As a result, there has been a growing and increasingly direct Chinese intervention in Nepal's internal affairs since 2017. To shore up Oli's position, Xi in October 2019 paid the first Chinese presidential visit in twenty-three years and upgraded relations to a "strategic partnership." Major economic packages have been offered, described by one analyst as "strategic charity."[114] Military-to-military relations have seen a paradigm shift with Chinese offers of equipment and training, joint exercises since 2018, and support for the police infrastructure.[115] The Chinese embassy in Kathmandu regularly brokers the peace between the various factions. In December 2020, after Oli dissolved parliament, the vice minister of the Chinese Communist Party's International Department went to Kathmandu to assess the situation. The Chinese ambassador regularly interacts with senior communist leaders and reportedly exhorts them to maintain unity.[116] China is not averse to using other means of persuasion, as when the embassy castigated the *Kathmandu Post* for writing about its early mishandling of the COVID-19 crisis.[117]

Nepal has, in the main, been a willing partner in this deepening of ties with China after the establishment of the republic. Republican leaders saw China as playing a helpful political role during the constitution-making process, such as by reportedly advising the politicians from Nepal's hill districts against agreeing to proposals for ethnicity-based federalism, which has caused a deep sense of discrimination among the Nepalis living in the Terai region (on the plains).[118] China supported the adoption of the new constitution. China sees the existence of a communist government on its periphery as a security guarantee and a political affirmation for the Beijing model of governance. On the economic front, China has emerged as a more viable alternative in terms of aid, trade, and, to a lesser extent, transit than India since 2016.[119] It is now Nepal's largest foreign investor. It has opened six border transit points (Rasuwagadhi, Kodari, Yari, Kimthanka, Olangchungola, and Nechung), and given access to four seaports (Lianyungang, Tianjin, Shenzhen, and Zhanjiang) and three landports (Lanzhou, Lhasa, and Xigaze). It is exploring the feasibility of a cross-border railway link under the Trans-Himalayan Multi-Dimensional Connectivity Network.[120]

It is only now that Nepal's China card appears to be delivering results and its dream of diversification appears to be closer to reality than at any time since the 1950s. The quid pro quo is to suppress all political expression and protest by Tibetan exiles as well as to

crack down on their cultural expression.[121] Nepal is also acutely sensitive to other Chinese concerns. It withdrew from a previously agreed military exercise with the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation in 2018 for this reason. Nepali politicians are unlikely to be so naïve as to believe that China's outreach is out of neighborly concern, but the need for China appears to far outweigh any potential concerns that they might have about losing sovereignty, at least for now. Oli's speech in New Delhi in 2016—in which he said that Nepal wants to benefit from the economic progress of both its neighbors and ruled out any possibility of aligning against either of them as a viable policy option[122]—seems to reflect the broad consensus in Nepali politics today.

India's role in the restoration of full democracy in Nepal and in forging the understanding (known as the Delhi Agreement) that cleared the way for the Maoists to rejoin the political mainstream could have placed it in a favorable position with the new republic.[123] Yet, while China was playing the long game, India seemed to quickly grow unhappy at Prachanda's early outreach to China, which apparently led to the withdrawal of political support in 2009.[124] Amish Raj Mulmi writes that in this period India failed to understand the new political atmosphere in Nepal, while China's subtle moves won it allies.[125] Although India was in the driver's seat, its actions suggest that it was unable or unwilling to cut through the fog of misunderstanding and to perceive the new situation developing between China and Nepal. Instead, it continued to play revolving-door politics. In less than a decade, relations reached their nadir over the question of Nepal's new constitution. From Nepal's perspective, a Nepali foreign policy observer writes: "It remains inexplicable why the largest democracy chose to stand as solitary exception at a time when Nepal has made a definite march towards democratic path under the Prime Ministership of Sushil Koirala, President of the oldest democratic party – Nepali Congress, whose leaders participated in India's independence movement."[126] The matter was compounded by the undeclared blockade that followed. The issue was not whether India had actually imposed one but the widely prevalent perception that the episode created about India's "suzerain mentality."[127] The controversy dragged India into Nepal's politics and, according to one former Nepali prime minister, "it compelled Nepal to shift its dependence towards its northern neighbour, China."[128] India's image in Nepal has deteriorated rapidly,[129] and this has contributed to a more positive perception of China.

When distilled down to their core elements, the approaches of India and China in 2008–2016 show fundamental differences. India appeared to be micro-managing Nepal's politics in pursuit of its core interests and acting tactically with local political actors. India's leading scholar on Nepal, S. D. Muni, writes that, although its frustration with the Nepali leadership may have been justified, it was India that had taken its eye off the ball, particularly in the initial stage of constitution-making, because it had failed to follow the internal dynamics of domestic politics.[130] India's official establishment and diverse political constituencies sent conflicting and confusing messages to Nepal, and it then panicked when it failed to achieve its objective.[131] China, in contrast, thought and acted strategically in the post-monarchy situation in pursuit of its core interests, not allowing the process of substitution of local political actors to affect these interests.

A Path Through the Fog—The Future of the Triangular Relationship

How India might proceed in the light of the new situation in China-Nepal relations requires a careful evaluation of future Chinese and Nepali thinking. What is clear so far is that China has shifted from a passive to an active posture in Nepal. Chinese policy is now a synergy of national security, military, political, and economic objectives, which include deepening integration, strengthening political influence, and subordinating key constituencies to Beijing's will. The aim is to build a Sino-centric regional order in the Himalayas and to deter Nepal from joining those that may be working to balance Chinese power. In pursuit of this, the psychological mind-space that India lost in the Nepali public in 2015–2016 works to China's advantage.[132]

However, China's foray into Nepali politics of late has not been all smooth sailing. It is beginning to realize the complex nature of South Asian politics,[133] and the limits of its capacity to force acquiescence to its wishes. Despite China's best efforts to maintain unity inside the NCP, Oli's political troubles since May prove that Chinese assessments—that the government will be "super-stable" and that Nepal has been able to overcome its chronic political instability—may be premature.[134] And, as China becomes more politically intrusive, this may lead to a closer questioning of its actions. It might face the same sort of scrutiny that India is subjected to, although this should not be automatically assumed by Indian policymakers. The stand of the Nepali Congress on China's encroachment in Humla (Karnali Pradesh) in 2020 is a recent instance of this.

Nonetheless, it is to be expected that one of China's main objectives will be to penetrate deep into the Nepali political system and,[135] as far as possible, to return the communists to power as a political guarantee for its overall security. Similar moves are likely with respect to the Nepali army and police forces, where India still has sizable influence.[136] Since 2011 China has offered training, financial assistance, intelligence sharing, and several agreements (including a mutual legal assistance treaty and a boundary management system in 2019).[137] Aside from degrading India's role as principal supplier of weapons and training, China could encourage the NCP to adopt its system of placing political cells inside the armed and paramilitary forces to shape ideological orientation in the longer term, with a view to detaching them from Indian influence.

At the economic level, China is already beginning to integrate Nepal into its regional hub-and-spokes system through the Belt and Road Initiative (BRI). The two countries signed the relevant memorandum of understanding before the first BRI summit in 2017. A slew of projects were announced during President Xi Jinping's visit to Kathmandu in October 2019, including railway links and three north-south industrial corridors (the Koshi, Gandaki, and Karnali Economic Corridors).[138] In the coming months there might be further Chinese promises of economic assistance to stabilize the political situation.

It is debatable whether China has any stand-alone economic objectives in Nepal. Besides security objectives, infrastructure projects are more likely to have the economic objective of taking Chinese products to the huge Indian market. There is a disconnect between how the two countries view the proposed cross-border railway. While China sees it as a strategic tool and as a route for its products to India, Nepal tends to look at it as a way of extricating itself from dependence on India.[139] Therefore, Nepal may need to weigh carefully what advantages will accrue to itself, although today there appears to be a consensus among all political parties that agreements signed with China must be implemented. China's wish for a passage to India is reflected in its suggestions for trilateral cooperation, which it describes as China-India Plus One.[140] India has not shown any interest thus far. If trilateral cooperation is not possible, China will still want to gradually enhance its presence in Nepal without upsetting India, in the hope of forging that overland passage in the future.[141] This is more likely with a left-wing government in Nepal.

The change in the Chinese posture excites Nepali policymakers. They see possibilities of diversification of trade and transit from India.[142] It addresses Oli's stated objective of benefiting from the enormous progress both of Nepal's neighbors are making.[143] What appears to appeal most is the idea acting as a bridge for India-China trade, an idea that has historically been at the heart of the country's Himalayan existence.[144] "Nepal with its strategic location in between two big markets of one third global population, could play a dynamic role as an economic corridor or vibrant economic bridgehead and it would be cost effective to both India and China," writes former prime minister Baburam Bhattarai.[145] S. D. Muni argues that two issues are critical to determining whether this idea is workable. First, in order to keep the cost of transportation and prices competitive, China may have to heavily subsidize major infrastructure projects in Nepal. The question is for how long it will be able to do so and whether it will be willing to do so even if it has no access to India. Second, Nepal in the long run needs to see whether Chinese projects will generate equal and adequate benefits for itself, and whether they might not lead to undesirable dependency and debt burden. Bhattarai points out that Chinese demands and Nepali compliance are clearly underlined in the agreement concluded during Oli's Beijing visit in 2016.[146] If access to the Indian market is restricted, a train through Nepal might not make economic sense to China. It also remains to be seen how much traffic will flow between China and Nepal itself, and also what Nepal can export to China, since there are still no signs that Beijing is ready to open Tibet to the rest of the outside world through Nepal. Decisions about freedom of movement on the Nepal-Tibet border will always remain the prerogative of China, and in 2020 Nepal got a taste of this when China unilaterally closed the border because of the COVID-19 pandemic without prior consultation.[147]

China's growing involvement in Nepali politics might also have longer-term consequences for the non-left democratic parties. In South Asian countries it has preferred to back one horse for long periods. In the case of the communists, there is an added element of ideological congruity that gives Beijing great comfort—China has traditionally preferred non-democratic governments on its periphery from a security perspective. The presence of a communist government in Kathmandu also serves a larger purpose. Recent writings by Chinese

Marxism experts have referred to the knock-on effect for the global communist movement. The Chinese Communist Party thinks that the existence of the communist government boosts the confidence in communist movements around the world, which were demonized after the collapse of the Soviet Union.[148] To ensure that the communists return to power, China may try to weaken non-left democratic forces, especially the Nepali Congress, which could pose a serious challenge to the communists if they can overcome their differences. China might also undermine other institutions like the army and police. Those Nepali Sinophiles who argue that China stands for "friendly stability" and that whatever it does is for Nepal's good might wish to examine how beneficial the BRI has proved for a country like Poland, which is seen by China as a transit country to Western Europe, or how China's subterranean involvement in Myanmar's ethnic issues has led to political instability.

In a broader regional context, Nepali strategic experts might also wish to consider the consequences of a Sino-centric regional order. China's foreign policy objectives in Nepal are predominantly strategic. If the Nepali political elite continues to play on the India-China rivalry, the country may well pay a high price.[149] Stoking India's insecurities might bring unwanted consequences. If New Delhi is unwilling to permit China a passage to India, or if China thinks that India is a threat to its security interests, Nepal may become a proxy battlefield, a bystander caught in the crosshairs of vaulting regional ambitions. A prominent Nepali scholar writes that China's BRI agenda and India's growing concerns over the developing relations between Nepal and China need to be properly balanced. The sensible alternative might be for Nepal to adopt a credible strategy with transparency, geopolitical objectivity, and mutual understanding of each other's sensitivities if it hopes to become the bridge between them.[150]

The future of China-India-Nepal relations is likely to be determined by three factors:

- whether China sees relations with Nepal as a zero-sum game vis-à-vis India,
- whether Nepal recognizes the new situation and can adapt, and
- whether India has the capacity to structurally recalibrate relations with Nepal.

Recent pronouncements from China on the strategy of Australia, India, Japan, and United States (as the "Quad") to contain China and on the United States' efforts to bring Nepal into the ambit of its Indo-Pacific policy,[151] as well as its diplomatic efforts to build counter-coalitions in South Asia, suggest that the view of India's neutrality might be undergoing a reevaluation in Beijing. The space for coexistence and cooperation is decreasing as China believes it has gained superiority over India in the region, builds connectivity with India's neighbors, and becomes a resident power.[152] It should therefore be presumed that China's presence in Nepal is irreversible and that in this decade it will tighten its strategic grip. However, some recent Chinese writings display a certain realism about the prospects of China's influence in Nepal. There is the realization that domestic politics might not allow the country to tilt completely away from India. China also recognizes that Nepal's policy seems to be to extract economic benefit from its competition with India.[153]

It is debatable whether China has the ability to entirely exclude India from the Himalayan strategic calculus. According to one study,[154] its policy toward Nepal is more likely to contain the following elements:

- Strengthening China's political grip through greater leadership exchanges as well as through training of Nepali federal and provincial government cadres, and by creating support for China's political system among all political parties with a view to building a China-friendly faction.

- Enhancing security cooperation to reduce Indian influence in the Nepali army and to eliminate the possibility of the United States and Britain using Nepali soil to cause security problems for China in Tibet.

- Deepening BRI cooperation to build a southern access route to India that will also help Tibet's development.

- Strengthening cultural and educational cooperation to inculcate a value system favorable to China in Nepali public opinion.

In December 2015, Foreign Minister Wang Yi said that Nepal should not become a "boxing arena" between India and China and proposed the development of a China-Nepal-India corridor.[155] Although India-China relations have undergone substantial stress during the border standoffs in 2017 (Doklam) and in 2020 (East Ladakh), there are no signs that China has given up on this idea or that it sees India's presence in Nepal as an existential threat.

For India, this moment is a window of opportunity to reflect upon seventy-five years of relations with Nepal. The temptation to play local politics has clearly not yielded goodwill, nor deterred China from making inroads there. Perhaps India's overwhelming influence in Nepal until 2008 meant that there was no real pressure to change course, but this is no longer the situation. China is now an active player and is there for the long haul. One lesson that India ought to draw from the so-called blockade in 2015 is that Nepal should be treated as a foreign country and not simply as a factor to be used in India's domestic politics.[156] Since 2017 New Delhi appears to have been rethinking its policy. If this should translate into a long-term strategic posture, it might help to reinforce the civilizational and political linkages with Nepal that are vital to the preservation of Indian influence and security in the face of a growing Chinese presence and posture.

Non-interference in day-to-day Nepali politics would be a good beginning but may not be enough by itself. The Nepali desire to feel different from India, coupled with lingering doubts over Sikkimization, could be addressed by a clear and unambiguous endorsement of Nepal's independence and sovereignty by New Delhi. Related to this, it may be the right time to update some of the elements of the relationship, beginning with the 1950 Treaty of Peace and Friendship. The "special relationship" defined therein has, allegedly, been something that Nepali leaders have chafed at for long.[157] A former Indian ambassador has

also opined that a large section of the Nepali population sees the treaty as unequal.[158] S. D. Muni notes that Nepal has selectively eroded such provisions of the treaty as did not suit its perceived interests over the last half-century.[159] Relations are no longer dictated by the treaty. If Nepal wants a revision and is prepared to place all issues that arise from it on the table, it may be the right time for India to engage. This might also be the right occasion to address Nepali concerns about migration and citizenship issues within the context of the open border, which benefits both sides.

It is time that India made a serious effort to resolve the boundary issue with Nepal. The longer this is delayed, the more it will become a political weapon to be used by Nepali politicians to disrupt ties. While Nepal's unilateral cartographic action in 2020 is not the proper way forward, India taking a broader political perspective (similar to that it took with respect to the land border with Bangladesh) might lead to a final settlement. Ninety-eight percent of the boundary has already been agreed to and plotted on strip maps by a Joint Technical Boundary Committee between 1981 and 2008. Two enclaves have eluded resolution so far. Of the two cases, the Susta-Narsahi dispute has arisen from the shifting of the river Narayani's main channel in the past 200 years, and a compromise might involve relocation and rehabilitation of small number of the settled population. This is not an insurmountable task—similar actions have been taken with respect to displaced populations when building recent infrastructure projects. The Kalapani dispute is more sensitive as the enclave is in strategic territory. Nepal's claim that the boundary begins at Limpiyadhura Pass would not pass muster (even China has never accepted this claim), but reasonableness on both sides might elicit a solution that preserves India's strategic interests. A former director general of Nepal's Survey Department has made the valid point that such bilateral issues not only affect present relations but will have a negative impact on future relations as well, and offered suggestions on how the issue might be finessed.[160]

At the same time India needs to be mindful of China's strategic moves with respect to Nepal's army and police forces as well as other constituencies like the media, and also of the possibility of China introducing the Beijing model of governance through gradual subversion of the non-left democratic forces. Nepal's youth also need sustained attention because this segment of the population now considers China, not India, the aspirational model. India might wish to track such Chinese engagement as well as which Nepali constituencies gain most from it.[161] Though China's ingress is substantial, it can be mitigated over time—provided India takes consequential actions based on the new reality. New Delhi has tended in the past to rely too much on its soft power to woo various constituencies in Nepal. However, as Constantino Xavier observes, such soft power is a necessary but not sufficient condition to counter the growing asymmetry with China. It should be seen as an add-on to delivering tangible benefits that might balance China at the material level as well if India is to neutralize Chinese inducements to such constituencies.[162] A viable alternative could be built on the current development partnership programs begun by India in Nepal. Substantial progress has been made in improving the delivery of projects and further improvement is on the cards. Rather than playing a zero-sum game, India might acknowledge the limits of cooperation and talk to Nepal on what India would like to see happen. In

return Nepal might also consider being more transparent in consultations with India and avoiding needless provocation by unilaterally taking actions that goad it. This means that India may need to allow Nepal to feel different, as one scholar has put it.[163] Nepal, in turn, needs to respect India's security red lines.

The U.S. factor will likely remain a central point in China's calculations. During the previous administration, statements by secretary of state Mike Pompeo about Nepal being part of the U.S. Indo-Pacific strategy and the visits by deputy assistant secretary for defense Joe Felter and acting assistant secretary of state for South Asia David Ranz in 2019 were seen in Beijing as evidence of heightened efforts to use the country to curb China's rise.[164] Chinese writings claim that the United States is infiltrating Nepal in order to turn it into a high altitude scientific and military monitoring base.[165] Such concerns have led China to see South Asia as of no less strategic importance to itself than it is for India.[166] Hypersensitivity to a U.S. presence in Nepal and the possibility of bandwagoning by Nepal and India are likely to sharpen Chinese interest in Nepal. The Millennium Challenge Corporation's work in Nepal might just become the front-line in this contest of wills between China and the United States, especially if the expectations that China has raised in Nepal through its BRI promises do not lead to meaningful investments or become a financial drain on either or both.

Hence, the U.S. factor and its impact on China's thinking will also need to be factored into India's assessment of Beijing's Nepal policy. This will also hinge on how India looks at the United States' involvement in Nepal. Policy coordination is needed if it is not to be seen as ceding the initiative to Washington, including by Beijing. This will call for greater policy dialogue between India and the United States, fleshing out how both can sustainably assist Nepal on connectivity, and coordinated public diplomacy and outreach that reinforces the special India-Nepal relationship.[167]

It may also be worthwhile for India to ask Nepal to consider whether an overwhelmingly dominant China or a weakened India in South Asia expands the country's options or forecloses them. Kathmandu should be persuaded to recognize that Beijing's Nepal policy is not about Nepal, but about weakening India's influence and establishing political control. Nepal might become more realistic in recognizing that its policy cannot solely be about substituting China for India if its goal is to benefit from both. Playing the China card may no longer yield special benefits, especially if India and China establish a new equilibrium after the military standoff in Eastern Ladakh in 2020. Lest Nepal forget history, it could recall that there was another alternative for India-China trade in the late nineteenth and early twentieth centuries, through Sikkim. It would be a misjudgment to think that this option cannot be revived.

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