

## Research Article

# NEPAL'S AMBIGUITY IN INDO-PACIFIC STRATEGY: AVOIDING "TRAP" IN GREAT POWER COMPETITION

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### ABSTRACT

Owing to Nepal's geostrategic location, and neutral foreign policy that Nepal has been pursuing historically, Nepal's ambiguity towards Indo-Pacific strategy is not inexplicable. However, the display of such ambiguity has been perceived by Nepal's southern neighbour and the U.S. as Nepal's proximity to China through Belt and Road Initiatives (BRI). Taking the same perception into consideration, this paper aims to analyse how Nepal's entry into China-led BRI is only economic, not strategic. But, Nepal's failure lies in its diplomatic inability to convince India and the United States that Nepal's entry into BRI is only economic. Even Nepal has not been able to convince China, from whom Nepal is aspired to attain economic benefits, about Nepal's participation in joint military exercise under Indo-Pacific design. Nepal could have convinced China that joint military exercise was meant only for the disaster preparedness. If Indo-Pacific strategy is helpful for Nepal in mitigating natural disasters and crises, BRI too is useful for getting connected with the global value chain. Therefore, Nepal needs to be loud and clear about its preferences. But, Nepal has failed to compartmentalize economic aspirations against strategic interests. While it has not been compartmentalized, ambiguity has resulted. But, whether such ambiguity will lead anywhere? Do the foreign policy objectives of equidistance and neutrality always yield ambiguity? Why Nepal cannot articulate clear-cut foreign policy against such ambiguities? Blames are often laid on Nepal's geo-strategic location, on whose vicinity there is the presence of immensely powerful neighbourhood. Taking the aforementioned research questions into consideration, this paper argues that Nepal should make an endeavour to resolve such ambiguities by essentially exercising "meticulous diplomacy," which is usually practised to avoid predicaments. But, "meticulous diplomacy" should not be misunderstood as passive diplomacy. Rather, it is a balanced approach. Hence, this paper concludes with a note that Nepal's apparently ambiguous stance over Asia-Pacific is the result of Nepal's disinterestedness to be dragged into the great power competition in the Himalayan region. Thus, Nepal's ambiguity in Indo-Pacific strategy is to avoid being trapped in the great power competition. Therefore, if Nepal is ensured by India and United States that Indo-Pacific strategy is more about institutions, infrastructure, cross-border cooperation and open rules-based order, it might help Nepal to get rid of such ambiguities. It is where "meticulous diplomacy" prevails, and ambiguities are brushed aside to materialize connectivity and reciprocity.

**Keywords:** Indo-Pacific, Nepal, Meticulous Diplomacy, BRI.

### INTRODUCTION

The strategic challenges exposed after China's rise have forced powerful nations to pursue solid counter model to ensure neutral order in the Indo-pacific region. The birth of Indo-Pacific strategy is actually a concert strategic response to China's Belt and Road initiative (BRI), which is a massive blueprint envisioned to create a cross-continental geo-economic and geostrategic space, both on land and sea, through infrastructure investments and connectivity. Amid such context, some of the nations like US, Japan, Indian and Australia seem interested to venture in common endeavor to counter-balance China's influence by creating new geostrategic space under Indopacific strategy. The primary reason China's initiative remains subjected to repulsion by other world power is because of the fact that the country has framed investment model very differently than conventional one adopted by the financial institution of US after world war II. Under the BRI Project, the Chinese banks have been investing in many massive infrastructure projects around Asia, Africa and Latin America, which challenges the primacy of other actors in host countries. Therefore, the United State is making strategic response by offering an alternative model of investment to counterbalance potential Chinese economic supremacy. "The renaming of the US Pacific Command into Indo-Pacific Command last year, designating India as a Major

Defence Partner, the joint Malabar 2017 exercise in the Indian Ocean involving the navies of India, Japan and the US, the revival of the Quad Alliance of Japan, Australia, the US and India as an effort to 'contain' China, are all indications that Sino-US competition is heating up in the region".(Editorial: NepaliTimes)

### BRI: The Economic Entry of Nepal

The foreign policy stakeholders of Nepal have already understood that the Indo-Pacific Strategy is a counter move against Belt and Road Initiatives (BRI) of which Nepal is a signatory. Nepal's participation in BRI is a bilateral collaboration with China to achieve infrastructural support and for other economic prospects in upcoming future. Looking at the framework of BRI, it seems more tilted to cooperative initiative than any kind of strategic alliance. However, unlike BRI, the Indo-Pacific Strategy can be explicitly seen as constructive approach to bring small nations under influence zone of four 'QUAD' nations comprising US, Japan, India and Australia. Nepal remains as one of the eighty or so countries who are members of the Chinese initiative and has already witnessed growing Chinese investment and diplomatic engagements. China has introduced BRI as dream project which aims to construct massive global platform for economic collaboration, including policy coordination, free trade, commercial and financial cooperation along with socio-cultural partnership within the region. With six main economic corridors spreading over Eurasia, this initiative would redesign the region's substructure network, increase connectivity across the continent, and mend some of the underdeveloped grounds along the way. Till now,

BRI has not mentioned of any security or strategic promises that recipient nation may be required to fulfill as reciprocal of economic and humanitarian perks of the project. So far it is believed to be an attempt to recreate the glorious history of trans-border trade, network of connectivity and collaboration of civilizations. Today Nepal seeks to raise from the level of a least developed country to being middle-income country before 2030. In this crucial time economic partnership under the BRI would lessen Nepal's geographical and economical over dependency with its southern neighbor, ultimately minimizing its future vulnerability. The revival of the Silk Route will boost up connectivity, increase trade and investments, increase mobility of the people and most significantly open up new economic opportunities mainly integrating trade and investment in Nepal. Nepal used to thrive as one of the important root-link historic silk roads and its revival is expected to benefit the contemporary economy of Nepal. The essence of connectivity remains inevitable in case of Nepal as the country is fragmented within itself because of poor infrastructure. According to World Bank study, Nepal needs infrastructure investment equivalent to 12 per cent of GDP, which amounts to nearly US\$13–18 billion over a decade, to maintain the current pace of economic growth. It needs to spend 2.3 to 3.5% of annual GDP to improve its connectivity, including strategic and local roads. The transportation sector alone needs anywhere between US\$3.7–5.5 billion in investment for new projects. (Chalise, B. 2017) Amid such context, the Belt and road initiative project which exclusively centres on mitigating the infrastructural gap can help achieve both physical and financial objectives of Nepal. It will have a revolutionary impact on the overall development of the Himalayan economy and to take bilateral relation in new height. Similarly, Nepal's prospect in term of Hydropower, tourism and agriculture can also be further enriched under BRI project. The Himalayan country needs large investment and global connectivity to best utilize these potentials. Firstly there is high possibility and technical viability to produce 42,000 mw of electricity from numerous rivers in Nepal. And easy access with many countries through BRI, the produced electricity can find wide range of global market for selling. Secondly even if a small fraction of people from the two densely populated neighborhood inroads Nepal as tourists it would be a breakthrough achievement for Nepal to lift up tourism industry. Thirdly, the prospect from agriculture can be achieved only after improvement in irrigation facilities. The total cultivated land in Nepal is 2.64 million hectares, out of which only about 1.76 million hectares are irrigable and to this also only about 20 percent lands has year-round irrigation facility. In short Nepal's agriculture highly depends on Lord Shiva's grace or monsoon rain. If China finds ways to fund the construction of permanent irrigation system in Nepal under BRI project, the small country can transform itself as huge agricultural market and can send loads of organic agro products to the whistling train back China. Apart from this, the BRI project will bring changes beyond our dreams and expectation. There will be credible ground for Foreign Direct Investment (FDI) wherein the assurance of international investors surges along with access to a broad global market. Chinese government is constantly encouraging their domestic firms and interested groups to invest in Silk Route countries. Trading firm and investment boards are mushrooming in many BRI countries to ease interested parties for investment. And those investors are exploring prospects in various areas like hydropower, tourism, agro-economics and other sectors. Nepal can take benefit of FDI as well as enjoy global products inside its territory. Thus, owing to all these perks and possibilities after joining BRI, Nepal's proximity towards Chinese initiative can be deemed as a pure strategic step for sake of its economic interest.

### Nepal's Position: In or Out

On June 1 2019, United States department of defence unveils the Indo-Pacific strategy report in which Nepal along with SriLanka has

been added to the US's 'State Partnership Programme in the Indo-Pacific'. This revelation triggers various controversies in Nepal as such engagement is against non-alignment foreign policy. The document entitled 'Indo-Pacific Strategy Report: Preparedness, Partnership, and Promoting a Networked Region' suggest that all countries included in the document are counted as fundamental part of the strategy. The report has further fuelled the long going controversy of US defense relation with Nepal. Some of the senior level visits from US to Nepal and US Army pacific-led Land Forces talks in June 2018 have been regarded as growing defense partnership between United States and Nepal. The United States, in the Indo-Pacific Strategy Report, has stated that it seeks to expand defense relationship with Nepal under the Indo-Pacific Strategy. "The United States seeks to expand our defense relationship with Nepal, focused on HA/DR, peacekeeping operations, defence professionalization, ground force capacity, and counter-terrorism," reads the report published by US Department of Defense (Ghimire, S. 2019, June 1). That small line is all about Nepal mentioned in this sixty-four-page report, which precisely talks of cooperation in various areas. However, the confusion begins when the US began to interpret this cooperation as part of the Indo-Pacific Strategy, and the rest of the world including China too started suspecting the involvement of Nepal in US-led initiative. Moreover Nepal found itself trapped in a diplomatic conundrum when Robert J. Palladino, the Deputy Spokesperson of the US State Department announced at the end of Nepal's Foreign Minister Pradip Gyawali's Washington visit that Nepal has a central role to play in US-led alliance called Indo-Pacific Strategy. Responding to this revelation, in one press conference, Nepal's foreign minister Pradeep Gyawali rejected the mentions in report regarding Nepal's inclusion and support in Indo-Pacific Strategy. "Since Nepal is the chair nation of SAARC and a member state of BIMSTEC, the US reckons that Nepal can play a crucial role in the Indo-Pacific region. But the reports about the US including Nepal in its Indo-Pacific strategy are false," Gyawali responds to the report emphasizing on the point that 'region' and 'strategy' are two different things. (Giri, A. 2019, June 3). He further added "We discussed Nepal's central role in the Indo-Pacific region, but not on the basis of strategic partnership" (The Himalayan Times, 2018). Similarly, some of the integral values embedded of Nepalese foreign, particularly - the principle of non-alignment policy forbids Nepal to line up with any strategic alliance like Indo-Pacific Strategy. Given the fact that Nepal's first priority is to maintain friendly relation with its neighbour India and China, thus the Himalayan country will never embrace US at stake of its relation with immediate neighbour. After when Nepal chaired SAARC and also become member state of Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), the US began to see Nepal as perfect tool to contain China by encouraging Nepal to play key role in Indo-Pacific Strategy. However instead of gullibly accepting United States' implicit pitch, Nepal seems well aware of its potential diplomatic hurdles and tactfully rejected the proposal.

### Trapped in Between

In an international ground, any states are free to initiate any their strategy and sometime the powerful states tries to put pressure in small states like US did to Nepal. Yet as a sovereign state Nepal has all right to remain firm in its foreign policy and that's what Nepal did. (Khanal, G. 2019) Till now Nepal has not made any official commitment regarding its participating in Indo-Pacific Strategy. In same regard minister for Foreign Affairs Pradeep Kumar Gyawali said "Global powers have their own ambitions, and regional powers have their own agenda. Nepal engages with all based on its domestic priority and necessity. We won't be involved in any activity that is against our basic foreign policy principles or that impinge on genuine concerns of our neighbors. Perhaps due to the long transition there is

a tendency in Nepal to be overly suspicious.” (Annapurna Express, 2019) The major actors – US, India and China, who appears in the frontline while analysing Nepal’s position in Indo-Pacific Strategy, have organized some successful joint military exercise with Nepal. However Nepal didn’t partake in the BIMSTEK military exercise organized from September 10 to 16, 2018 because it was unilaterally sponsored by India. The United States is implicitly trying to start cold war by disguising its pacific command as Indo-Pacific to tackle Chinese influence in the region. Then Nepal was forced to participate in the military exercise which was likely invite diplomatic consequences against China and Pakistan. Thus, with such diplomatic consciousness, Nepal didn’t take part in BIMSTEK military exercise to avoid biased strategic manoeuvre. Though not declared from official level, such steps of Nepal should be seen as its reluctance to get involved in Indo-Pacific Strategy. Likewise, the proposal of US to Nepal for playing dominant role in Indo-Pacific Strategy has become a hard choice because of its possible multiple consequences. On one hand the proposal has put forward some opportunities of economic gains for Nepal but on other hand it’s also disposed to result some questionable diplomatic circumstance that would put Nepal against the interest of its immediate neighbour China. In present context when Nepal is going through economic turmoil, its relevant choice for Nepal to ponder over accepting the international proposals like BRI and IPS if such engagements are likely to yield economic perks for Nepal. But when such proposals comes with obscure strategic codes that could force Nepal to take uncertain steps in future, then the country should put its national interest over international pressure.

### Geo-political Cheeseboard

Amidst the wake of changed world order resulted by the rise of China and India, the geopolitics of Nepal suddenly gain higher importance in international arena. Given the geopolitical context of Nepal, the small country had remained prone to diplomatic pressure from various other countries. Apart from the pressure from India and US, recently Japan had also made failed attempt to convince Nepal to sustain its position in Indo-Pacific Strategy. The beginning of 2019 marked vivid diplomatic bewilderment for Nepal there were many visit to and from Nepal including Japanese Foreign Minister Taro Kano to Nepal and Nepali Foreign Minister Pradeep Gyawali to India as well as Admiral Phil Davidson, head of the US Indo-Pacific Command, visit to Nepal and General Purna Chandra Thapa, Chief of Nepal’s Army Staff, visit to India. In February 2018 Visit, US Deputy Assistant Secretary of Defense for South and Southeast Asia Joseph H Felter expressed the desire to further deepen military cooperation with Nepal. “While calling Nepal an “important security partner” of the US in South Asia, Deputy Assistant Secretary Felter expressed willingness of the US government to further enhance military to military cooperation in various areas such as capacity enhancement, military professionalization, civil-military relations and modernization of the army”. (Koirala, K. R.2019, February) The January 2019 visit of Japanese Foreign Minister Taro Kano to Nepal was not free of political implications. During his visit, the signing of an air services agreement and accepting migrant workers from Nepal was the major highlight as well the support for infrastructure development, agriculture, education and healthcare were discussed. However “In his meeting with Nepal’s Foreign Minister, Kano is said to have urged Nepal to participate in the Indo-Pacific Strategy in line with what the US had advised it to do”. (Bharadwaj, N. 2019). These diplomatic visits contributed to trigger international suspension regarding Nepal’s growing military proximity with US and particularly its footing on Indo-Pacific Strategy. Amid such context, the geopolitics of Nepal remains at stake as its strategic location put the country in maximum focus in front of other international actors. There are two circumstantial

nodes that connect the dots of suspension over Nepal’s non-aligned principle. On one side, Nepal’s joint anti-terrorism military drills with China trouble the US which was expecting Nepal’s role in Indo-Pacific and was on verge to make easy strategic ventilation in Nepal to monitor China. But after witness the Himalayan country slowly falling on the lap of Dragon land and its participation in BRI, the United States began to suspect Nepal’s step. On other side, after participating in Chinese military exercises, when Nepal pull out from India-led BIMSTEK military anti-terrorism drills in Pune, the Indian side too cultivated a kind of doubt towards Nepal’s stand in diplomatic ground. Thus the ambiguity regarding Nepal’s position in Indo-pacific is highly conditioned by Kathmandu’s diplomatic inability to pitch its stand in front of US and convince other nations who are suspecting the step of Nepal.

### Way forward/What next

Amid the growing concern of whether Nepal will join Indo-pacific or not? What would be the stand of Nepal? Why BRI? Why joint military exercise? All of these questions have single practical answer - Meticulous Diplomacy. Here I would like to push the concept of meticulous diplomacy which involves the strategic use of our foreign policy and diplomatic manoeuvre. First thing first, Neutrality is not a foreign policy that Nepal needs in present context rather the country should endeavour to exercise the prototypes of meticulous diplomacy by attempting to maintain Equi-distance and non-alignment with both American and Chinese initiation. Precisely Nepal should practice meticulous diplomacy by undertaking the hedging strategy- which implies shifting the policy approaches in accordance with changing circumstances. Meticulous diplomacy is when the current government responds to both BRI and IPS upholding its policy of non-alignment. It’s when Nepal manages to break the ambivalence by putting forward its precise intention of being involvement with either BRI or IPS. There has been lot of talks about Nepal relation with India, China and US, its foreign policy, Equi-distance strategy, neutrality, nonalignment, BRI, Indo-pacific and so on. In regard to Indo-pacific strategy, except some buzz in media nothing has progressed on ground and the political echo chamber ongoing on media has contributed to Nepal’s ambiguity in Indo-pacific. In middle of this ambiguity, the country may have to face some unexpected consequences. So, before footing any steps forward, Nepal need to identify the context causing this ambiguity and sought a strategic ground to exercise meticulous diplomacy.

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