

Chapter 4

External Power and Indo Nepal Relation

The role of external powers in fomenting anti-India feelings in Nepal has not been investigated so far. There are reports that both China and Pakistan are providing financial support to media houses who add fuel to the anti-India fire in Nepal. Pakistan has made its presence felt in Nepal since the 1960s and its intelligence agencies have used Nepalese territory to export terror to India, taking advantage of the open border between India and Nepal. Therefore, Pakistan's ability to foment anti-Indianism through sponsorship should not be underestimated. Some Madheshi leaders indicated to the author that due to growing anti-India feelings in the Madheshi region, China, US and other countries have been trying to build their constituencies in the region. Some analysts in Nepal admitted that the Nepalese often hared the resentment against India with officials from the Western embassies in Kathmandu.

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The Nepalese urge that India needs to recognize changes in the demographic and economic profile of Nepal that have taken place over the past decade. Nepal now has an expanding middle class which was practically absent earlier. This segment of the population has few personal or familial relationships across the border, unlike either the feudal top strata or the poorer Madheshi belt. These changes call for a restructuring of the India mind-set.

People in Nepal perceive that India does not have any consistent foreign policy towards Nepal. Till date, India has hardly clarified its stand on controversial bilateral issues in any public forum. The absence of any high-level political engagement from the Indian side has added to misunderstandings and misperceptions. During the last 12 years, seven Nepalese Prime Ministers have visited India while no Indian Prime Minister has gone to Nepal on an official visit. India does maintain very good relationship with many leaders of Nepal cutting across party lines; however, it is yet to formulate a comprehensive and clear-cut policy

towards Nepal. The present security centric approach has to make room for a more mature, sensitive and people-centric approach towards Nepal.

The role of external powers in fomenting anti-India feelings in Nepal has not been investigated so far. There are reports that both China and Pakistan are providing financial support to media houses who add fuel to the anti-India fire in Nepal. Pakistan has made its presence felt in Nepal since the 1960s and its intelligence agencies have used Nepalese territory to export terror to India, taking advantage of the open border between India and Nepal. Therefore, Pakistan's ability to foment anti-Indianism through sponsorship should not be underestimated. Some Madheshi leaders indicated to the author that due to growing anti-India feelings in the Madheshi region, China, US and other countries have been trying to build their constituencies in the region. Some analysts in Nepal admitted that the Nepalese often shared their resentment against India with officials from the Western embassies in Kathmandu.

There is a common view in Nepal that India's insensitivity or over- reaction to Nepal's assertions of sovereignty (even when they do not affect legitimate Indian interests) has fuelled anti-Indianism over the years. Nepalese analysts give several examples of India's misconceived Nepal policy. These include: India's inconsistency in supporting various Nepalese political players and thereby giving one or the other a sense of political insecurity; the recurring effort to micro-manage Nepal's democracy (an effort which can be said to date back to the 1950 Treaty); its intrusive profile in Nepal's internal politics (a historical pattern rather than occasional aberration); and a hegemonic intent which is all too apparent to most Nepalese, despite New Delhi's professions of respect.

For Nepal's sovereignty. Other irritants include: the Indian Embassy in Kathmandu lobbying for an Indian company to get the Machine Readable Passport (MRP) contract without following due process; holding up the Kantipur printing consignment at the Kolkata sea port; the undiplomatic manner of treating Nepalese leaders, i.e., allegedly threatening a CA member of the Maoist party; and statements on linkages between Nepalese Maoists and Indian Maoists without sufficient evidence. These have further contributed to the recent anti-Indianism in Nepal.¹

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personal or familiar relationships across the border, unlike either the feudal top strata or the poorer Madheshi belt. These changes call for a restructuring of the India mindset.

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Himalayan frontiers after Indian independence

The Himalayas were the arena for competition between British India and China in imperial times, with important buffer considerations being in play. The 'ring fence' system operated by Britain resulted in an independent but friendly and co-operative Nepal, with Sikkim and Bhutan as Indian protectorates, and with Tibet as an autonomous buffer state guaranteeing India's commercial and strategic interests there.² One hundred years later and similar dynamics and similar concerns were in play for India. Jawaharlal Nehru, India's architect of foreign policy, wanted to continue the British policy towards the Himalayan states, but he failed to do so. It might have happened due to the lack of long-term strategic vision or excessive idealistic structures of Indian foreign policy.

The fault lines started with the Indian policy on Tibet. From 1946 to 1951 the Tibet policy of Nehru and his associates reflected that of the British: treating Tibet as an autonomous buffer state between that of India and China, recognizing vague Chinese suzerainty but not sovereignty over Tibet. Thus, in March 1947 a Tibetan delegation was invited to the Asian Relations Conference in Delhi, despite protests from Chinese (Kuomintang) delegates. When the Chinese People's Liberation Army (PLA) marched into Tibet in 1950, Indians (including Nehru), vociferously protested against the invasion. Such actions indicated India's preference for continuing the British policy towards Tibet. Nehru wanted to protect the Indian security interests in the Himalayan regions.³ As the Chinese communists neared their revolutionary

victory, Nehru rushed through a series of defense treaties with Bhutan (August 1949), Nepal (July 1950) and Sikkim (December 1950). These countries constituted Nehru's definition of a redrawn security zone. Throughout the 1950s Nehru demonstrated his serious commitment to this Himalayan doctrine. In February 1951 he established the North and North-Eastern Defense Committee, and visited the North-East Frontier Agency (NEFA), Sikkim and Bhutan.

In public statements in August and December 1959, Nehru offered support in the defense of Nepal, Bhutan and Sikkim in case of Chinese invasion. Gradually, though, India started losing ground in the Himalayan regions vis-à-vis China. Neither India's vital interests in the Himalayas nor its stand on the border problem were recognized in writing or respected in practice by China. Nor was the autonomy of Tibet respected by China. In recognizing full Chinese control of Tibet, as a 'region of China' in the 1954, strategically India surrendered its outer ring of defense without gaining anything substantial in return from China. Ginsburg and Mathos, in their study on Communist China and Tibet (1964) clearly brought out the geographical importance of Tibet in this domino-theory type logic: 'he who holds Tibet dominates; he who dominates the Himalayan piedmont threatens the Indian sub-continent; and he who threatens the Indian sub-continent may well have all of south-east Asia within its reach, and with it, all of Asia'. The Chinese occupation of Tibet brought home to India the urgency of taking effective steps to safeguard its national security in the north.

The occupation of Tibet by China was in itself a grave threat to India's security. To add to India's woes, the Chinese claimed that the Himalayan kingdoms of Nepal, Bhutan and Sikkim were in fact Chinese 'Middle Kingdom' territories that China had lost to the imperialist in her bad days and now that China had acquired strength it would try to regain the 'lost territories'. Occupation of Tibet by a strong China exposed the Himalayan states and India's northern frontier to a grave potential threat, with Nepal-Bhutan-Sikkim constituting what Dawa Norbu described as a 'new buffer zone', after the old buffer (Tibet) had fallen under China's sovereign political-military control in 1951.

Importance of Nepal for India

The Himalayan kingdom of Nepal has occupied an important place in India's foreign policy scheme. The importance of this Himalayan actor for India can be visualized from two different angles:

- (a) The strategic importance of this Himalayan actor for India's national security.
- (b) The place of this Himalayan actor in India's own role perception in international politics.
- (c) In the context of China Nepal is the most important country for India's foreign policy.
- (d) Nepal is working as the buffer state between India and China, after the annexation of Tibet by China.

The Himalayas have become the southern border of the People's Republic of China, but they do not occupy such an important place in the Chinese life and culture as they do in India. The Himalayan kingdoms of Nepal, Bhutan and the erstwhile kingdom (now Indian state) of Sikkim were considered an integral part of the Indian regional system. As such, these three units are right in the middle of India's whole 'Himalayan frontiers', its northern 'borderland' flanks.

The Importance of Nepal's International Boundary with China and India

Like most of the countries of the world, the existence of Nepal had been recognized even before the international boundaries had been fully and finally established.⁴ Mention of Nepal is found in the ancient history of both China and India. Nepal-China boundary is as old as the history of the two countries, but in contrast to the very ancient cultural, social, political and economic relations, Nepal-India boundary has a comparatively recent origin and its present boundary demarcation and delimitation took place after the Anglo-Nepal War of 1814-16. In contrast to Nepal's boundary with India on three sides: west, south and east, the boundary between Nepal and China lies in the north only. However, the demarcation of Nepal-China boundary had been a problem in the past, because more than 90 percent of the frontiers run through high altitudes with rocks and snow, glaciers and ice fields which are entirely uninhabited. Both countries have respected and continue to respect the existing traditional and customary boundary line and have lived in amity. No remarkable or noticeable territorial dispute has existed between Nepal and China. The few territorial disputes that existed were over rival claims for the settlements of Kimathanka in the Sankhuwasabha and Taplejung

districts, the area adjoining the border of Rasuwa, and Nara Nangla of Humla district with the origin of dispute dating back to 1815, 1818 and 1834 respectively (Nepali, 1964:1).

These disputes were resolved by the Nepal-China Joint Boundary Commission on October 5, 1961.

The ruggedness of Nepal-China boundary is clearly revealed by its length which is 1415 kilometers, while Nepal-India boundary which runs along three sides of Nepal is only 1850 kilometers, 465 kilometers longer than Nepal-China boundary. The 1415 kilometer length of Nepal-China boundary is based on measurement in the maps. If the actual measurement is made on the ground along the slopes and ridges of the mountains, the length of the boundary will be more than that indicated by the measurement in the maps. So far as Nepal-India boundary is concerned, the mountainous portions of the boundary lie in Sikkim State and Darjeeling district of West Bengal State in the east, while rest of the boundary runs along the plains in the south and along the Mahakali River in the west.

Strategic location of Nepal

Of the three Himalayan units, Nepal is the largest, covering an area of 140,797 sq km (54,362 sq miles). Bounded on the north by China (the Tibetan region) and on the south, east and west by India, Nepal is a land-locked state, smaller in size than several states of the Indian Union. Nepal is separated from the Tibet region of China by the great Himalayan range. Except for 8,000 sq miles of the southern plain strip, 80% of the total area of Nepal is mountainous. The three principal river systems of Nepal (the Karnali, the Gandak and the Kosi) all have their sources in Tibet, and enter Nepal through three gorges that cut across the Himalayas. Nepal's strategic importance can be fathomed not only from its geo-political location, being sandwiched between the two rising Asian giants but also from its transformation into a new buffer zone between India and China in the 1950s. This buffer has assumed even more importance in the current times with Royal Nepal being transformed into a People's Nepal in the aftermath of the Maoist victory in the election to the Constituent Assembly on April 10, 2008. The victory of the Communist Party of Nepal (Maoist) CPN(M) a one-time rebel group, has significant geopolitical repercussions for the region. If one stands back, then 'Indian-Chinese rivalry in Nepal' indeed continues to provide the main strategic feature surrounding Nepal.⁵

Changed status of Tibet and its implications for Nepal

The withdrawal of Britain from the Indian subcontinent in 1947 brought India's inheritance of British pre-eminence in Nepal. Nehru's sense in 1948–49 was that 'politically our interest in Nepal is so important' and that Indian policy was 'to prevent the exploitation of Nepal by other foreign interests', but to 'help in developing Nepal to the mutual advantage of Nepal and India'. However, one new 'foreign interest' raising its head was the emergence of a strong People's Republic of China. On 6 December 1950, summing up India's security concerns vis-à-vis Nepal, Nehru had said to parliament: 'from time immemorial the Himalayas have provided us with magnificent frontiers.⁶ We cannot allow that barrier to be penetrated because it is also the principal barrier to India. Therefore, as much as we appreciate the independence of Nepal, we cannot allow anything to go wrong in Nepal or permit that barrier to be crossed or weakened, because that would be a risk to our own country'. The Indo-Nepalese Treaty of Peace and Friendship (July 1950) had the two states 'agree mutually to acknowledge and respect the complete sovereignty, territorial integrity and independence of each other'. However, with regard to sensitive military-defense matters, Article 5 gave India an important role: 'the Government of Nepal shall be free to import, from or through the territory of India, ammunition or warlike material and equipment necessary for the security of Nepal. The procedure for giving effect to this arrangement shall be worked out by the two governments acting in consultation'.

China Increase Inroads in Nepal

The delicate balance between India and China that existed till the past decade in landlocked Nepal, now threatens to gradually tilt in China's favor. Prompted mainly by the internal security imperative of quelling unrest in the Tibet Autonomous Region (TAR), elevated now to a high national priority, Beijing's strategic planners some years ago accorded Nepal a higher profile and adopted a more assertive foreign policy. This synchronized, perhaps coincidentally, with the growing political uncertainty in Nepal. Nepal has, in any case, always been important in China's South Asia policy. China's strategic objectives in Nepal are clear. These are to neutralize and eliminate Indian influence, secure China's borders by ensuring that the Tibetan refugee population is effectually curbed, and recover what it considers as one of its 'lost' territories seized by 'imperialists'.⁷ After China took over Tibet in 1951, it viewed Nepal, along with Ladakh, Sikkim, Bhutan and Arunachal Pradesh, as a 'new buffer'

between India and China. Till recently its efforts in Nepal were, however, effacer circumscribed by culture and geography. This balanced the triangular relationship between Kathmandu, Delhi and Beijing despite occasional turbulence forever half a century. The situation began to alter about a decade ago. Till recently China followed a cautious policy, which included supporting Kathmandu's effort to designate Nepal a 'Zone of Peace' and signing a Treaty of Peace and Friendship in 1960. A boundary agreement followed. Gradually, as its modernization programme began to yield results, China's policy towards Nepal became confident and political efforts were supplemented with economic content. Chinese officials simultaneously beginning creasingly alluding to India's 'hegemonism' and assured Nepalese dignitaries that China will continue to support Nepal's effort to safeguard national independence, sovereignty, and develop its economy. As imbalances between China's coastal areas and the hinterland got accentuated consequent to implementation of economic reforms, China's leaders sought to assuage domestic discontent by encouraging the landlocked, hinterland provinces to explore economic opportunities. Trade was encouraged between the Tibet Autonomous Region (TAR) and Nepal and it increased remarkably between 1983-89. A five-year trade agreement was concluded, followed by an agreement one economic and technical cooperation during Nepalese Prime Minister G.P. Koirala's visit to China in 1992. The following year Koirala visited Lhasa, becoming the first Nepalese Prime Minister to ever visit Tibet. China began providing Nepal grants and assistance and in 2006, offered a grant of Yuan 100 million (US\$ 13 million) and concessional loan of Yuan 200 million(US\$ 26 million). The advent of the Maoist government under Prime Minister Prachanda, who was openly critical of India, elevated China-Nepal ties. He made revision of the India-Nepal Trade and Transit Treaty an issue.⁸ China increased the grant offered to Nepal to Yuan 150 million (US\$ 21 million) and allowed duty free access to 500 Nepalese goods. As part of its policy where strategic interests be involved, China identified infrastructure projects for cooperation and particularly eyed Nepal's estimated 83,000 megawatts of hydro-electricity. It extended a loan of US\$ 187 million for the construction of two power plants. China soon expanded the relationship to include the sensitive defense sector. In June 1992, it offered Nepal anti-aircraft guns worth US\$ 70 million. This was a subtle gesture 'unfriendly' to India. Though not accepted, the offer paved the way for further contacts. The next year Nepal's Defense Secretary led a delegation to China, described by China's then Defense Minister Chi Haotian as 'a major event in the history of contacts between the armed forces of the two countries'. In mid-1994, Nepal's Inspector General of Police visited Beijing for the first time ever, during which Beijing voiced its concern about

'anti-China' activities by Tibet an inside Nepal. China was assured that such activities would be stopped. Chinese defense supplies to Nepal and military exchanges escalated appreciably after the visit of the Royal Nepal Army Chief to Beijing in 1999. The shift in Nepal's weapons procurement policy was enunciated in June 2005 by the Royal Nepal Army's Master General of Ordnance. He identified China as the only country which continued to supply arms and ammunition to Nepal, adding that Nepal was entirely dependent on China for military supplies.⁹ Major deals for the purchase of ammunition and military equipment were signed the following years, ousting India from the position of solitary supplier of ammunition. In December 2008, the visiting Deputy Chief of General Staff of the Chinese PLA, Lieutenant General Ma Xiaotian, pledged US\$2.6 million as military assistance for Nepal. The previous year China had announced military aid worth \$ 1.3 million, the first such assistance to the Maoist government in Nepal. Beijing also supported the Maoists' proposal to integrate approximately 19,000 Maoist guerrillas with the Nepal Army. Meanwhile, China ingresses Nepal's critical telecommunications sector, thus ensuring long-term leverage in the country. Within two years Chinese companies were engaged in 27 projects and ZTE and Huawei, both intimately associated with the PLA, made major inroads. Huawei set up the mobile telephone networks in Kathmandu and other cities while ZTE secured an over US\$ 50 million turnkey contract for upgrading Nepal Telecom's nationwide mobile phone capacity. Overall, Beijing adopted a watch and wait policy amidst the fast paced political developments which witnessed consecutively the removal of King Gyanendra, rise of the Maoists, gathering momentum of the pro-democracy movement and protracted impasse over the Constituent Assembly. China moderated its stance and veered to supporting pro-democracy forces. Chinese State Councilor Tang Jiaxuan's visit to Kathmandu in March 2006 signaled this shift and marked the commencement of a more assertive policy. He urged reconciliation between the contesting forces and, departing from the earlier practice of only meeting Palace officials, met prominent leaders of the 'anti-King' Seven Party Alliance. China additionally initiated contact with the Maoists, whom a Chinese Ambassador had, in 2003, described as an embarrassment to the image of China's Chairman Mao! Significant visits were those of Wang Hongwei in July 2006 and Wang Jiarui the following year. Wang Hongwei, a retired Major General of the People's Liberation Army (PLA) and Research Fellow at the prestigious Chinese Academy of Social Sciences (CASS), expanded China's political base in Nepal and quietly met Maoist cadres. China already had contact with the then almost 30,000-strong Nepal Communist Party (United Marxist-Leninist). He expressed the hope that they would participate in the interim government in Kathmandu. Wang Hongwei was later instrumental

in inviting a number of senior Maoist leaders to China.¹⁰ Similarly reflecting China's new assertive policy, Wang Jiarui, Minister in the Chinese Communist Party's powerful International Liaison Department, met a number of senior Nepalese leaders including Prime Minister Koirala and Nepal Communist Party (United Marxist-Leninist) leader Madhav Nepal. He emphasized that stability in Nepal would benefit China's bordering regions, that Nepal should hold elections early, and requested assistance in curbing the activities of Tibetan refugees who could plan to enter China to disrupt the Olympics. Political interaction accelerated during the period Prachanda was Prime Minister. He broke with tradition and travelled to Beijing on his first visit abroad. He went twice more. An estimated 38 Chinese delegations visited Nepal in 2008-09 while 12 high-level Nepalese economic, technology and defense delegations travelled to China. China cultivated a spectrum of political parties including the CPN-M, the Nepal Communist Party (United Marxist-Leninist) and the Madhesi People's Rights Forum. In April 2009, a NCP-UML delegation led by Jhala Nath Khanal visited Beijing and was informed that China wants "a new kind of relationship" with Nepal. The pronounced pro-China tilt was corrected with the installation of GP Koirala as Prime Minister. A network of CSC, set up to popularize the Chinese language and, more importantly, disseminate anti-India propaganda, reinforce traditional Chinese diplomacy. At least 35 China Study Centers, entirely funded by Beijing, are strategically established in southern Nepal along India's border.¹¹ China's propaganda offensive includes the China Radio International's local FM radio station in Kathmandu and a Nepal-China Mutual Cooperation Society (NCMCS), funded by the Chinese Embassy in Nepal. The real game changer in China-Nepal relations is, however, the Qinghai-Lhasa railway which was operationalised in July 2006. China's decision to extend the Qinghai-Tibet Railway line — capable of carrying an estimated 7 million tons of cargo a year — from Lhasa to Zhangmu, bordering western Nepal and Yadong in the east, by 2015 underscores China's strategic interests. The railway is augmented by all-weather express ways radiating out of Lhasa and stretching up to Yadong, on the border with India's Sikkim and, connecting with the Western Highway which runs to the north of the border along western Nepal. To enhance connectivity, China built road link between Lhasa and Khasa, a border town located some 80 kilometers north of Kathmandu and is constructing another road along the shortest route from Tibet to Kathmandu. Though built to cater to the need of military logistics, the expressways fulfill important strategic objectives. Completion of these major infrastructure projects inside China, coincidentally when Nepal was undergoing historic political changes, has given China a crucial immediate advantage. China's new transportation network has provided alternate

trade routes to a landlocked Nepal. China moved quickly to exploit Nepal's sensitivities and reopened the Kathmandu-Lhasa highway in 2008 and designated Zham in TAR as a dry port for Nepal. Next year it agreed to open two more custom posts bringing the total to seven. Chinese Ambassador Zheng Xianglin observed in August 2008 that "Nepal is situated in a favorable geographical position in South Asia, and a passage linking China and South Asia". Separately, Chinese Foreign Minister Yang Jiechi indicated that both countries were working towards a 'strategic partnership', while Liu Hongcai, a Vice Minister in the CCP's International Liaison Department, reiterated the caution (Feb 2009): 'we oppose any move to interfere in the internal affairs of Nepal by any force'.¹² The priority target of China's revised policy towards Nepal was its 20,000-strong Tibetan community which, anticipated, was the first to feel the impact of China's rising influence in Nepal. After King Gyanendra assumed power in a Palace coup in 2001, two offices of the Dalai Lama were shut down at Chinese insistence and only sustained international pressure ensured that the government in Kathmandu allowed the Dalai Lama's establishment to retain one office. Beijing coerced Kathmandu into prohibiting activities that were sponsored by pro-Dalai Lama elements or organized by the Dalai Lama's representatives in Nepal. The Nepalese police and border posts were instructed to apprehend Tibetans attempting to illegally cross over into Nepal from Tibet, either to escape or visit Dharamsala for a glimpse of their exiled Tibetan religious leader, the Dalai Lama. Those apprehended were detained and handed over to the Chinese authorities, who either incarcerated or executed them. Chinese pressure increased once Prachanda took over as Prime Minister. A visible result is the drastic reduction in number of Tibetans entering Nepal and the severely curtailed activities of the Tibetans resident in Nepal. From the 2,900 Tibetans who escaped into Nepal in 2006 enroute to India, the number dropped to 658 in 2008 and 752 in 2009. The Chinese Embassy in Kathmandu became more active and started monitoring Tibetan activities very closely. There was enhanced interaction between the Chinese Embassy and Nepalese authorities on the Tibet issue. Annual commemorative functions organized by Nepal's Tibetan community or the Dalai Lama's official representatives began to be disallowed. China's interference in Nepal became more noticeable with the beginning of the 'Year of the Tiger', which marked the unveiling by China's leadership of a new, tougher policy towards Tibetans inside the Tibet Autonomous Region (TAR) and Tibetans resident elsewhere in China. The new policy clarifies too that Nepal, as a country bordering the restive TAR, is now viewed by Beijing as a 'frontline' state in its struggle against Tibetan 'separatist' elements.¹³ Nepal is seen as a possible base for US-sponsored anti-China activities involving Tibetans. There has been appreciably increasing

pressure on Nepal since December last year, when a Counselor in China's Embassy in Kathmandu expressed concern at the number of Tibetans illegally entering Nepal. He urged Nepal's Home Secretary to heighten vigilance along the borders. In February 2010, during bilateral talks at Kyirong in the Tibet Autonomous Region (TAR)'s Xigaze prefecture, the Chinese authorities renewed their appeal. This time, however, they expanded the scope of their effort to include palliatives to the local populace in a bid to co-opt their support. Among the measures discussed to strengthen vigilance along the border, the Chinese for the first time undertook to provide commodities and goods worth Nepalese Rupees three million to the people of the area. The offer will be attractive to people who live in areas where transportation links are poor due to difficult terrain.¹⁴ The pressure applied by the Chinese prior to March 2010, to obviate the possibility of anti-China activities and demonstrations by Tibetans in Nepal on the anniversary of the Tibetan Uprising on March 10, was considerable. China's Defence Attache in Kathmandu, Chen Chong, was noticeably active and suggested to Nepal's Home Ministry list of measures to curb activities by the Tibetans, which he said were on the rise. He especially identified the Dolakha district, which he had visited the previous month. On March 7, the Chief Coordinator of Tibetan Refugees in Nepal, Thinley Gyatso, who is a functionary of the Dalai Lama's establishment, was arrested in Kathmandu to prevent him from organizing any anti-China or pro-Dalai Lama functions. In another pre-emptive move the Nepalese authorities conducted a series of raids on Tibetan hotels, restaurants and homes in Tibetan areas across the country. Joint efforts to curb activities by the Tibetans continue. This includes visits for senior Nepalese officials to places along the China-Nepal border for studying the ground situation. Another factor which is disturbing in the backdrop of Beijing's strengthened policy towards Nepal, is the negative opinion regarding India that is circulating among Parliamentarians and in governmental circles in Kathmandu. This asserts that India is 'overbearing' and cites around 'forty five points of confrontation'. These refer to alleged territorial incursions by India ranging from a few square kilometers to larger areas. Such negative impressions in influential circles will facilitate Beijing's efforts to expand influence in Nepal.¹⁵ They could make it easier for Beijing to deepen inroad into Nepal's political, bureaucratic, security and military establishments. In the event of a Maoist government coming to power in Nepal, the development would be to China's benefit. An interesting, but little-noticed, development with a potential for exploitation is that of the 128-130 Buddhists, who are members of Nepal's parliament but are affiliated with the Maoists, and are gradually coalescing into a pressure group. These individuals, who continue to be staunch Buddhists and belong mainly to

northern Nepal, have joined the Maoists as they feel they have no alternative.¹⁶ This group maintains quiet contact with the Dalai Lama's establishment in Dharamsala. Koirala's demise in February 2010, particularly before the new Constitution has been finalized, re-introduces a high degree of uncertainty in Nepal's politics and in India-Nepal relations.¹⁷ A lot will depend on the support that Prachanda and the Maoists are able to garner and the indetermination to alter the agreements and treaties that bind India-Nepal relations. Nevertheless, compulsions of culture, geography that inhibits easy travel and similarities among the people of India and Nepal will continue to impose limits on Nepal-China relations for at least a few more years. There is also the unsettled question of the Chinese occupation of three villages in Nepalese territory in the disputed area of Dhongbasain bordering Mustang and TAR, which has remained unpublicized in recent times.

The expanding role of China in Nepal and its implications for India

The Chinese have always adopted a pro-establishment policy towards Nepal. Experts emphasize that Nepal-China relations are based on the Five Principles, or Panchsheel, according to which China will not intervene in Nepal's domestic politics and Nepal will respect China's sovereignty and territorial integrity with respect to Tibet and Taiwan.

But the controversial audio tape violates the principle that China will not intervene in Nepal's domestic politics. It also indicates that China seems to have adopted a proactive policy towards Nepal. China had always gained good faith in the Nepalese mind by pointing at Indian interference in Nepal's internal affairs. The current visit of the Chinese delegation, coming close on the heels of the audio tape controversy, also indicates that China may involve itself more actively in Nepalese affairs and serve as a check on interference in Nepal's internal matters by any other external power.¹⁸

The Maoists have always looked towards China for help and support. But China had made it clear to them so far that it could help only if they are in government because of their pro-establishment policy. But in the past few months, it seems that the Maoist have been able to convince the Chinese that they would not come to power until Indian interference continues in Nepal. This may explain the new Chinese behavior.¹⁹

China has always been worried about chronic political instability in Nepal and the possibility of external powers using Nepal against its strategic interests. China viewed the monarchy as

the most stable, credible and dependable partner and the mainstream political parties as pro-India. The King always played the 'China card' effectively to counter Indian influence. Chinese security interests, which have been China's prime concern in Nepal, were also served by the King in the past. The King wielded tremendous power as the Commander-in-Chief of the army.

After Nepal became a republic, China lost its most reliable partner (Monarchy). It realized that it has to choose between two major political forces in Nepal, i.e., the democratic parties, which were mostly pro-India, and the Maoists, a large party with anti-India and anti-US sentiments.²⁰

One indication of this growing Chinese influence in and on Nepal is the latter's crackdown on Tibetan protests in April 2008 at the behest of China, with Beijing deploying security officials inside Nepal to help detect fleeing Tibetans and keep a lid on unrest. Trans-border considerations are important here, China seeing Tibetan unrest as being stimulated by international forces operating from Nepal. Thus, in order to secure its southern Tibetan periphery, which it considers most vulnerable, it feels the need to monitor clandestine activities in Nepal. China can also hope to capitalize on moves by land-locked Nepal to reduce its economic dependency on India. It has been mooted the extension of the China-Tibet railway line down into Nepal. India is Nepal's largest trading partner, accounting for more than 60% of its trade and 12 of the 13 trade routes for Nepal are via India. About 50% of Nepal's remittances come from India. Thus, for strategic and economic reasons, the Maoists feel the urgent need to cultivate deeper ties with China on the one hand, and reduce their dependence on India on the other.²¹ This, therefore, also explains why the Maoists called for renegotiating the 1950 Treaty between India and Nepal. The struggle between pro-India and pro-China forces in Nepal is at a critical stage.

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