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WHY DIDN'T NEPAL JOIN THE INDO-PACIFIC STRATEGY (IPS)? A CRITICAL ASSESSMENT OF NEPAL'S FOREIGN POLICY RESPONSE TO IPS

Introduction

After returning from his visit to England in 1853, Nepal's first Rana Prime minister Jung Bahadur Rana was counseled by the Brahmin priests to offer prayers in the holiest shrines of Nepal and India as Jung Bahadur had traveled across the ocean ⁴. To landlocked Nepal, located between India and China, the practice of crossing the sea was culturally regarded as a sinful act. Foreign policy power elites of Nepal had popularized such culture to bolster their isolationist foreign policy strategy, at least until the political change of 1950 A.D. As such, the sea was not deemed as the source of connectivity and trade diversification. But, with the theatrical changes in Nepal's neighborhood, particularly following the establishment of independent India in 1947 in its south and the creation of communist China in

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⁴ Leo E. Rose, *Nepal Strategy for Survival*, University of California Press, 1971.

1947 in its north, Kathmandu pursued the policy of foreign policy diversification. Consequently, to the new leadership in Nepal, the sea became the source of lessening the constraints induced by Nepal's landlocked status. However, it was more in economic terms. Today, while several strategic partnerships have been devised to contain the rise of China, Kathmandu has perceptively manifested its reluctance to join United States-led Indo-Pacific Strategy (IPS) owing to Nepal's strategic location. Despite its constitutional adherence to the policy of non-alignment, the ambiguity and ambivalence in Nepal's foreign policy responses to IPS were visible. Thus, this qualitative study aims to identify the actors and factors behind Nepal's reluctance in joining the IPS by making a survey of Nepal's foreign policy behavior towards the US-led IPS.

The idea of Indo-Pacific embraces Asia to incorporate the Indian Ocean region, which is of utmost importance to the United States in containing China. Reframing Asia as Indo-Pacific, today, serves the interest of three other countries – India, Japan, and Australia⁵. The modern concept of the Indo-Pacific goes back to 2007 when the Japanese Prime Minister stated that “the Pacific and the Indian Oceans are not bringing about a dynamic coupling as seas of freedom and of prosperity. A ‘broader Asia’ that broke away geographical boundaries is not beginning to take on a distinct form”. Although during Barack Obama's presidency, references to the Indo-Pacific began to appear in US foreign policy, the strategic importance of the Indo-Pacific captured the attention of U.S. policymakers only after the publication of *Monsoon* in 2010, which was a geopolitical travelogue of strategist Robert Kaplan. *Monsoon* hypothesized that the Indian Ocean will be at the center of the great power politics in the 21st century.⁶ During the Trump administration, the US Department of State's 2019 Indo-Pacific Report mentions “future of the Indo-Pacific is one of freedom and openness rather than coercion and corruption,” signaling the US's center of attention in the Indo-Pacific region which is made up of two very dynamic sub-regions: The Indian Ocean Region (IOR) and the Pacific Ocean which further has its economic, political, and geostrategic significance. Because of its location, the Indo-Pacific is a critical sea lines of communications (SLOCs) that promotes global sea-borne trade and if there's a sense of any newer developments in the region, it may heavily impact the global economy's health. Furthermore, the presence of two Asian rising powers (i.e., China and India) and another re-emerging power (i.e., Japan) and established superpower (i.e the United States), and emerging powers such as the ASEAN countries have contributed variously to making the Indo-Pacific region more vibrant and significant. Hence, the activities

⁵ Van Jackson, *Foreign Affairs*, “America's Indo-Pacific Folly,” March 12, 2021

⁶ Robert D. Kaplan, *Monsoon : the Indian Ocean and the future of American power*, Random House, New York, 2010

and relationships of these countries in the region will influence the future of global politics necessitating knowledge of regional developments ⁷.

Although Shinzo Abe advocated the concept of the Indo-Pacific in his 2007 “Confluence of two seas” speech to the Indian Parliament, it was largely due to the US administration’s efforts that the term began to occupy a position in the geopolitical imagination. Washington’s efforts to re-prioritize the region emerged against the backdrop of Obama’s “pivot to Asia” policy following the region’s relative neglect during Bush’s “war on terror” campaign. It was also a recognition of the need to work with “like-minded” allies to preserve its position in expanding multipolar power distribution and create a hedging strategy against China. What commenced as a diplomatic effort to persuade Asian friends (and win new ones) of the US commitment to the region during the Obama administration became a crucial foreign policy consideration for the Trump administration ⁸. After all, the Indo-Pacific region is the fastest growing in the world. During the last five years, it has contributed 60% of global GDP and two-thirds of total economic growth. It is home to more than half of the world’s population and seven of the top fifteen economies ⁹. Despite its frequent mentions and references during the Obama administration, a conceptual definition of the idea of Indo-Pacific was yet to emerge. US Secretary of State Hillary Clinton used the term “Indo-Pacific” in her October 2010 speech in Honolulu in a geopolitical sense, referring to the new developments in the Asia-Pacific region¹⁰. Since 2011, the term has been used countless times. In its 2013 Defense White Paper, Australia mentioned of the Indo-Pacific acknowledging the arc of commerce routes, energy flows, and strategic links between the Indian and Pacific Oceans. The term has however vexed Beijing¹¹ suggesting the increasing geopolitical tensions between China and the members of the IPS.

The resurgence of geopolitics, in the wake of the US-China strategic contestation, has shifted the domestic priorities of the countries. The Russian-Ukraine crisis further heightened the divide between East and West and North and South. The great power rivalry between China and the US and between Russia and the West has revitalized the concepts of hot spots and strategic domiciles, suspending the

⁷ Aditi Malhotra, *India in the Indo-Pacific*, “Verlag Barbara Budrich”, June, 2022.

⁸ Rushali Saha, *Positioning the Indo-Pacific in India’s Evolving Maritime Outlook*, “Indian Foreign Affairs Journal”, 2020, pp. 125–138.

⁹ Antony J. Blinken, *A Free and Open Indo-Pacific*, <https://www.state.gov/a-free-and-open-indo-pacific/>. [accessed: 10.01.2022].

¹⁰ D. Gnanagugunathan, “*India and the idea of the ‘Indo-Pacific’*,” East Asia Forum, 20 October, 2012

¹¹ The Indo-Pacific: Political and Strategic Perspectives, *Institute of Peace and Conflict Studies*. https://www.jstor.org/stable/pdf/resrep09307.pdf?refreqid=excelsior%3A5d28adea798a3c11c8e8720d01848b88&ab_segments=&origin= [accessed 09.27.2022].

importance of regionalism, connectivity, people-to-people relations, policy coordination, and trade corridors. The fate of strategically-placed countries appears more unpromising. A Himalayan country like Nepal, which is geo-strategically located between India and China, has always aspired to draw benefits from the spectacular economic development in India and China. Landlocked Nepal has often endorsed economic diplomacy as the principal tool of its foreign policy behavior in dealing with its two immediate neighbors. But, owing to the Sino-Indian border conflict and the competition between two nuclear powers in different multilateral forums, Nepal's economic diplomacy has faced numerous challenges, specifically when it comes to attracting aid and assistance from its two neighbors. After all, Kathmandu is not in a position to take sides. And same applies to Kathmandu's reluctance in joining US-led IPS to contain the rise of China.

As Sino-Indian competition and Indo-Pak animosity have halted any development in South Asian regionalism, South Asia remains the least integrated region in the world that have spoilt the hopes and aspiration of the post-conflict countries including Nepal. On the one hand, China intends to speed up its economic engagement in South Asia through its ambitious BRI projects. But alarmed by China's increasing influence in the South Asian region, New Delhi has briskly heartened BIMSTEC over SAARC. On the other hand, India expects to reduce Chinese influence in the region by strengthening its strategic partnership with the United States. For instance, the US-led Indo-Pacific Strategy and QUAD, of which India is a member, predominantly aim to contain the rise of China. Against this backdrop of foreign policy securitization, impelled by the variations in the great power politics, strategically-located small powers like Nepal have to bear the brunt, particularly on its economic interactions with both the neighbors and beyond. Nepal is a representative case of many strategically placed countries which face copious challenges in the wake of the magnitudes of great power competition and geopolitical vulnerabilities¹².

The geographical location of a country shapes its leaders' outlook. As such, foreign policy decisions are tangibly influenced by geographical factors¹³. Equally, geopolitics is deemed as the "rationalization of power politics"¹⁴. At present, geopolitics has emerged in newer forms than in the ways it used to be termed earlier. While Rudolf Kjellen emphasized state power as similar to what Friedrich Ratzel

¹² Narayan Khadka, *Geopolitics and Development: A Nepalese Perspective*, "Asian Affairs: An American Review", 1992, pp. 134–157.

¹³ Francis P Sempa, *From the Cold War to the 21st Century*. New Jersey: Transaction Publishers, 2002.

¹⁴ Charles B. Hagan, "Geopolitics," *The Journal of Politics*, The University of Chicago Press, Nov, 1942

described the state as a living organism comparing its evolution to the biological entity. Here, the behavior of the state is considered a living being. Mackinder, referred to heartland as a primary calculator of power referring to the dominance over East Europe. Countering Mackinder's hypothesis, Spykman proposed that control of the outer shore is equally important adding a tally to the geopolitical approach by coining the 'Rimland' concept. The control of the world's oceans was a crucial component of European empire creation and continues to be a critical component of European and neo-European supremacy in the postcolonial world¹⁵. Mancke's articulation and discovery of events match Mahan's idea where he asserts that effective control over the seas was a necessary requirement for any state to achieve the stature of great power. With the renewed interest and strategic and economic engagement of the United States and its allies in the Indo-Pacific region, Washington's desire to sustain its great power status amidst the new threats emanating from the rise of China is revealed. Today, when Nepal-U.S. relations are budding following the parliamentary approval of the U.S. Government's \$500million grant assistance under Millennium Challenge Corporation (MCC), Kathmandu cannot afford to harm its bilateral ties with China. In the same context, this study aims to make a survey of Nepal's foreign policy behavior towards the US-led IPS to map the perception of the Indo-Pacific outside of the region and concurrently reveal how the states outside the region is engaging with it. Nepal's case may be more representative. Methodologically, the deductive technique is at the heart of the exploratory research design used in this study.

Nepal's Response to Indo-Pacific Strategy: Policies and Practices

The term Indo-Pacific conceptually may include all the Asian countries. Nepal, being landlocked and not having direct access to the sea, still occupies a central position in the Sino-Indian rivalry. As such, Nepal's response to the IPS may be interesting to understand. After all, Nepal has its own urgencies and interests from the changing global order triggered by the relative decline of US supremacy and the concomitant rise of China, and the shifts in ongoing regional power dynamics promoted by the Sino-Indian contestation. At the policy level, Kathmandu reiterates the policy of non-alignment and *Panchasheel* (five principles of peaceful co-existence). But, Nepal's foreign policy priorities and foreign policy behavior, following the ratification of the MCC project, suggested a stern departure from the constitutional guidelines on Nepal's foreign policy. Constitutionally speaking,

¹⁵ Elizabeth Mancke, *Early Modern Expansion and the politicization of Oceanic Space*. "Geographical Review", 1999, pp. 225–236.

Nepal's foreign policy is to be guided by "the principles of the United Nations Charter, nonalignment, *Panchsheel*, international law and the value of world peace." In practice, however, Nepal's foreign policy is directed towards accommodating the interest of the major powers to eventually preserve its autonomy. Nepal's response to IPS should be understood along the same line.

Nepal's national security policy, too, prioritizes safeguarding Nepal's nationality and interests by ensuring Nepal's freedom, sovereignty, territorial integrity, national unity, independence, and dignity, as well as preserving national borders ¹⁶. The defense of Nepal's freedom, sovereignty, territorial integrity, nationality, independence, and dignity, as well as its rights, border security, economic well-being, and prosperity, are necessary elements of Nepal's national interest, according to Article 5 of The Constitution of Nepal ¹⁷. As characterized in Constitution and National Security Policy any alliance that jeopardizes sovereignty, freedom, and independence is instantly rejected.

The rise of China has brought both opportunities and challenges to strategically-placed countries like Nepal. Kathmandu's bargaining capacity may have increased with the rise of China. Concurrently, strategic alliances devised to contain the rise of China has stimulated newer threats to Nepal's sovereignty and autonomy. It signals although a lot has changed since the establishment of modern and unified Nepal in the 18th, Nepal's security dilemma has remained unchanged. ¹⁸ Nepal's response to IPS is constantly influenced by the same historical consciousness about its geostrategic location.

Nepal's denial to join IPS was based on the national political consensus among the major political stakeholders. But, ad-hocism and ambiguity in Nepal's foreign policy response are noticed when a major stakeholder demonstrates a foreign policy divergence from the erstwhile consensus. For instance, despite the reluctance of Nepali Political leaders to join IPS, the Nepal Army has shown its regular presence at the biennial Indo-Pacific Chiefs of Defense (CHODs) meeting for the past twenty years. The powwow, which is being held under the auspices of the United States Indo-Pacific Command, is very little known to the Nepali folks. This year, though, it raised a lot of eyebrows because the subject was also brought up in the national parliament after the Chief of Army Staff Prabhu Ram Sharma left for the conference in Sydney, Australia. The Maoist Party Lawmakers Amrita Thapa and

¹⁶ National Security Policy, *Government of Nepal Ministry of Defence Singh Durbar, Kathmandu*. https://kms.pri.gov.np/dams/pages/download_progress.php?ref=2105&size=&ext=pdf&k=e763966226. [accessed: 9.28.2022].

¹⁷ "Constitution of Nepal," art. 51(m), part. 4.

¹⁸ Gaurav Rana, *A lot has changed but Nepal's security dilemma has remained unchanged since the 18th Century*, <https://www.recordnepal.com/a-lot-has-changed-but-nepals-security-dilemma-has-remained-unchanged-since-the-18th-century>. [accessed: 10.01.2022].

Anjana Bishankhe protested in Parliament against the visit of the Chief of Army Staff. Thapa stated in the parliament that “Sharma’s visit to Australia goes against the spirit of Nepal’s constitution”. Bishankhe questioned, “why the Nepal government sent the army chief while Nepal’s parliament has already decided that Nepal won’t be part of the IPS”. Such episodes demonstrate not only how members of IPS desire to influence Nepal through their engagement with Nepal Army,¹⁹ but also illustrate Nepal’s ambivalent response to Indo-Pacific Strategy because of the divergence in foreign policy agendas among the key foreign policymakers and implementors.

Back in 2015, the then Chief of Army Staff Rajendra Chhetri wrote to the US expressing Nepal’s readiness to be part of the U.S. State Partnership Program (SPP), which necessitates an exchange of personnel between the U.S. national guard and a partner foreign country. When the letter was made public on the heels of the MCC ratification which was perceived as the key component of IPS, it ignited a new debate on the intent of the Nepal Army’s external engagements. While Prime Minister Deuba was accused of joining the American camp in containing China, he had to put off his official US visit and stressed that Nepal has no intention of joining State Partnership Program (SPP). According to the US Embassy in Nepal, the SPP has been in place for over 25 years and involves agreements with over 90 nations, the bulk of which are not in the Indo-Pacific region ²⁰. The U.S. Embassy’s official website mentions that:

“The State Partnership Program is not and has not ever been a security or military alliance. The United States is not seeking a military alliance with Nepal... It is an exchange program between an American state’s National Guard and a partner foreign country. The U.S. National Guard domestically supports U.S. first responders in dealing with natural disasters, such as earthquakes, flood and wildfires”.

Like SPP, when MCC was publicized as the component of IPS by the pro-Chinese Maoist leaders of Nepal by publicly disseminating that parliamentary approval of this project would push Nepal into a military alliance, the US Embassy issued a 10-point clarification in January 2020 expounding how MCC is free of military components “the \$500 million is a grant, with no strings attached, no interest rates, and no hidden clauses. All Nepal has to do is commit to spending the

¹⁹ Biswas Baral, *Making Sense of the Nepal Army’s Engagement with Big Powers*, <https://thediplomat.com/2022/08/making-sense-of-nepal-armys-engagement-with-big-powers/>. [accessed: 10.03.2022]

²⁰ PK Balachandran, *Nepal Backs Away from US State Partnership Program*. <https://thediplomat.com/2022/06/nepal-backs-away-from-us-state-partnership-program/>. [accessed: 09.25.2022].

money, transparently, for the projects that have been agreed upon²¹. While registering MCC in the parliament, two major political parties of Nepal- – the Nepali Congress and the Communist Party of Nepal-United Marxist Leninist—agreed to endorse the compact. But, Maoist leaders, under Chinese influence cautioned that ratification of the MCC might harm Nepal's bilateral ties with China and the implementation of Belt and Road Initiatives (BRI) projects in Nepal. As such US-sponsored MCC and China-sponsored BRI were made hostile to each other. Nepali public perception of MCC was further shaped by the Indo-Pacific Strategy Report made public in 2019 by the U.S. Department of Defense and the Department of State mentioning Nepal as a key partner in IPS²².

Precisely, there was no tension over MCC endorsement in Nepal until the project was elucidated as a component of IPS by the assistant secretary for South Asia at the US State Department David J Ranz during his visit to Nepal in May 2019. Above all, the requirement of the parliamentary ratification made leftist political leaders in Nepal more distrustful towards the compact even though the US clarified that in all the countries where MCC project is registered, ratification from the House is a prerequisite as it offers “transparency and an opportunity for Nepal to understand the project”²³. Although News surfaced in 2018 that the visiting Foreign Minister of Nepal Pradeep Gyawali and his US counterpart Michael R. Pompeo discussed Nepal's central role in IPS, Gyawali outrightly refuted reports about Nepal supporting IPS. Calling a press conference on December 23, 2018, Gyawali clarified that Nepal's playing a role in the Indo-Pacific region and endorsing the Indo-Pacific Strategy are two different things. He stated, “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”. Although the visiting US officials have already signaled that all the American support to Nepal will be from the IPS basket, Nepali policymakers have been consistently refuting that.

All these instances hint at a traceable divergence in the practices between the different foreign policy institutions of Nepal, including the Nepal Army, political parties, ministries, and governments, particularly in dealing with the interests of the great powers, and Indo-Pacific Strategy (IPS) being one of them. While Nepal has not made its national security policy public, such a divergence has become starker resulting in ad-hocism and ambiguity in the foreign policy behavior of Nepal. The

²¹ The US Embassy in Nepal, 2020

²² Department of State (DoS). A free and open and Indo-Pacific advancing a shared vision. US Department of State, 2019. Also see: Department of Defense (DoD). Indo Pacific strategy report preparedness, partnership and promoting a networked region. United States of America, 2019 .

²³ US Embassy in Nepal, 2020

rise of China and the US's attempt to contain China's rise through IPS has further convoluted Nepal's foreign policy priorities.

Nepal's Response to China's Rise and Sino-US Competition

Most of the available literature—mostly newspaper reports, opinion articles, and interviews—suggests understanding Nepal's response to IPS from the perspective of Nepal's geostrategic location between India and China. While India has joined IPS under the pretext of a strategic partnership with the United States in containing the rise of China, it is also apposite to understand Nepal's response from the perspective of China's rise and Sino-US competition.

Kathmandu has perceived China's rise as an opportunity in dealing with its southern neighbor India but as a challenge in dealing with its distant neighbor the United States. Decision makers in Kathmandu have always looked for ways to minimize India's influence in Nepal and China's rise and its increasing presence in Nepal, today, have already made New Delhi anxious. But, when it comes to the United States, Kathmandu is not in a position to harm its bilateral relations with both the countries—China and the US—whose increasing rivalry globally has placed strategically-located countries like Nepal in a difficult position. Nepal's response to IPS is an apt example. While Nepal joined China-led BRI in 2017, Kathmandu didn't want to harm US interests in Nepal. Thus, political parties finally agreed to ratify the MCC project from the parliament. Policymakers in Kathmandu wanted to keep the balance intact but following the approval of the compact, US's presence in Nepal has heavily increased as suggested by the high-level visits. While Kathmandu was entertaining the high-level visits from the United States, not a single project under BRI has got momentum despite of the frequent visits of high-level Chinese officials to Nepal.

Table 1: List of High-level visits from China and the US to Nepal in recent years

China	U.S.
Visit of Li Zhanshu, outgoing chairman of the Standing Committee of the National People's Congress of China from September 12–14, 2022	Vice President of Millennium Challenge Corporation Compact Operation Fatema Z Suman reached Kathmandu on September 9, 2021, to make preparation for the parliamentary approval of a \$500 million American grant that Nepal signed up to in 2017.
Chinese Foreign Minister Wang Yi, who is also the State Councillor of China, visited Kathmandu from March 25–27, 2022	US Assistant Secretary of State Donald Lu visited Kathmandu on November 17, 2021 to get MCC ratified by Nepal.

China	U.S.
Head of the International Liaison Department of the Communist Party of China, Liu Jianchao visited Nepal on June 10, 2022	United States high-ranking Congressional delegation arrived in Kathmandu on April 22, 2022
Xi Jinping, President of the People's Republic of China paid a state visit to Nepal from 12 to 13 October 2019.	Under Secretary for Civilian Security, Democracy, and Human Rights Uzra Zeya visited Nepal from May 20–22.

After approval of the US-sponsored 500 million MCC compact on February 27, 2022, Nepal has witnessed a greater US engagement in Nepal. In addition to the grant gotten under the MCC project, the US announced another grant of \$659 million to Nepal under the United States Agency for International Development (USAID) framework. It should be understood that the grant was given after Kathmandu supported the US in condemning Russia's invasion of Ukraine. Although both the immediate neighbors of Nepal abstained from condemning Russian aggression, the US managed to ensure that Kathmandu doesn't follow its neighbors' footsteps vis-à-vis Ukraine. In Nepal, some senior communist leaders and fringe parties still oppose the MCC project and see the US project as a scheme to contain the rise of China. Having constantly adhered to the "One China Policy," Kathmandu has always put in extra efforts to address China's concerns over Tibet and Tibetan refugees. But there have been several episodes that have displeased Beijing. For instance, on May 20, 2022, when visiting US Under Secretary Uzra Zeya who is also a special coordinator for Tibetan issues for the Joe Biden administration visited a refugee camp in Kathmandu and interacted with Kathmandu-based Tibetan refugee leaders, Nepal's Foreign Ministry wasn't informed.

From China's rise, Nepal seeks two things: economic development through connectivity and concurrently warding off Indian influence in Nepal. Now, the strategic partnership between New Delhi and Washington to contain China has fetched newer challenges to Nepal's act of balancing. Nepal's response to IPS should be understood in the same context. On the regional front too, the US withdrawal from Afghanistan taught a lesson to countries like Nepal that they cannot solely rely on US aid and assistance. Similarly, while US pandemic diplomacy resembled an act of protectionism, Kathmandu must have realized the limitations of working together with the United States. But, with China, despite the linguistic and geographical barriers, the presence of trust in the bilateral relations instigated by the Indian blockade on Nepal in 2015 conceivably played a role in Nepal's response to IPS.

Unlike the disintegration of the Soviet Union in 1989, China knows the art of drawing profits from its colonial heritage ²⁴. While the United States has assert-

²⁴ Ashley Smith, *China's rise as a world power*. <https://isreview.org/issue/112/chinas-rise-world-power/index.html>. [accessed: 09.18.2022].

ed itself in the Indo-Pacific region in response to China's rise and which is being globally perceived as a "New Cold War" of the twenty-first century,²⁵ China's maritime expansion is perceptible in its influence and dominance in the East China Sea, the South China Sea, and the Indian Ocean. China's maritime activities has brought countries like Japan, the Philippines, Vietnam, India, and the United States into escalating maritime disputes with Beijing. The Indo-Pacific region is anticipated to see increased rivalry²⁶. Equally, the Indian Ocean maritime silk route and port construction activity as part of the China-led BRI has drawn attention of the QUAD member countries. The Indian Ocean, which is at the crossroads of global trade, connecting major countries in the North Atlantic and Asia-Pacific, is vital not just as a conduit for global commerce, but also geo-strategically. The northern Indian Ocean region is bounded on three sides, not only by the fact that they are entry points to the Indian Ocean but also by the fact that more than half of world petroleum transits pass through these straits²⁷.

Today, while the United States is finding difficult to cooperate with China,²⁸ the relationship between the world's largest and second largest economies, the United States and China shapes the geopolitics of the twenty-first century²⁹. After the Second World War, the United States has always explored ways to improve its ties with the Asian region by signing treaty alliances with the countries including Australia, Japan, the Republic of Korea (ROK), the Philippines, and Thailand. Recent alliances that are being devised, however, intends to restrain China's rise. The G7 leaders have already decided to create a B3W strategy in countering China-led BRI led by China. The Quad, which consists of the US, India, Japan, and Australia, too, plans to contain the rise of China. The Basic Exchange and Cooperation Agreement (BECA) between India and the US also have similar goals but employs different tactics, such as geospatial intelligence in the Himalayan region³⁰. While various strategic partnerships and alliances are being formed to contain Nepal's northern neighbor China, the Himalayan country ratified the MCC compact but refuted its

²⁵ Jonathan Marcus, *US-China relations: beyond the 'Cold War' cliché*. <https://www.bbc.com/news/world-asia-56382793>. [accessed: 10.04.2022].

²⁶ Montgomery Blah, *China's Rise and the Pandemic's Side-effects*, "Indian Journal of Asian Affairs," June 2021, p. 23–42.

²⁷ Priyanshi Chauhan, *Energy Dimension of the Belt and Road Initiative*. "Indian Journal of Asian Affairs," June 2019, p. 119–152.

²⁸ Mahbubani Kishore. *The U.S. Must Approach China With Humility*, <https://mahbubani.net/the-u-s-must-approach-china-with-humility-newsweek-opinion/>. [accessed: 10.01.2022].

²⁹ Weixing Hu, *The United States, China, and the Indo-Pacific Strategy*. "China Review", August 2020, p.127–142.

³⁰ Khadga KC & Gaurav Bhattarai, *Nepal amid Sino-US Contestation*, In Peng. N., Ali., G. & Zhang. Y. (ed.), *Crossing the Himalayas*, pp. Springer, Singapore, 2021, p. 157–174.

entry in Indo-Pacific Strategy. As such, Nepal's response to IPS can be possibly understood as the upshot of Kathmandu's balancing strategy.

Following Trump's trade battle, which coincided with proposals for a broader "decoupling" of the two countries' economy, the Biden administration has exerted pressure on Beijing, while also opening avenues of communication. But these efforts have failed to produce substantive results³¹. US President Joe Biden has been pushing hard in Congress to pass signature legislation aimed at competing with China economically and technologically, but his National Defense Strategy remains a closely guarded secret fueling congressional frustration³². The U.S. has missed all the opportunities to approach China with humility³³. The struggle between the United States and China in the Pacific is heating up, with both countries trying to establish their dominance in the region. They have offered loans, security assistance, and development assistance to Pacific states³⁴. The visit of US House Speaker Nancy Pelosi to Taiwan heightened tensions furthermore³⁵. Military competition within the Western Pacific Island chains will continue to be an unavoidable part of US-China relations, and Taiwan will remain a ticking time bomb for the foreseeable future.

While a "new Cold War" has been staged, both the countries leave no stone unturned in luring other countries to support their cause. They have been influencing and engaging countries from different regions through aids and investments³⁶. While China's rise has largely benefited Nepal's strategic maneuvering, accommodating the conflicting interests of major powers is both dangerous and challenging³⁷. While Nepal remains aware of the "Thucydides Trap," (a concept popularized by Graham Allison, which holds that when a failing hegemon feels threatened

³¹ World Politics Review, <https://www.worldpoliticsreview.com/how-a-rising-china-has-remade-global-politics/>. [Accessed: 09.15.2022].

³² Joe Gould, *White House aims to release overdue security strategies within weeks*, <https://www.defensenews.com/pentagon/2022/08/01/white-house-aims-to-release-overdue-security-strategies-within-weeks/> [accessed: 10.02.2022]

³³ Mahbubani Kishore. *The U.S. Must Approach China With Humility*, <https://mahbubani.net/the-u-s-must-approach-china-with-humility-newsweek-opinion/>. [accessed: 10.01.2022].

³⁴ Ben Westcott, *Why US-China Competition Is Heating Up in the Pacific*, https://www.washingtonpost.com/business/why-us-china-competition-is-heating-up-in-the-pacific/2022/08/15/4f749ac2-1cdd-11ed-9ce6-68253bd31864_story.html [accessed: 09.23.2022].

³⁵ Brian Hioe, *Pelosi's Taiwan Visit: The Substance and the Aftermath*, *Pelosi's Taiwan Visit: The Substance and the Aftermath – The Diplomat* [accessed: 10.02.2022].

³⁶ Rand Corporation, *U.S. Versus Chinese Powers of Persuasion*, https://www.rand.org/pubs/research_briefs/RB10137.html [accessed: 10.01.2022].

³⁷ Khadga KC & Gaurav Bhattarai, *Nepal amid Sino-US Contestation*, In Peng. N., Ali., G. & Zhang. Y. (ed.), *Crossing the Himalayas*, pp. Springer, Singapore, 2021, p. 157–174.

by a rising force, conflict is inevitable), in the context of the U.S.-China rivalry³⁸, Nepal's response to IPS was driven by balancing strategy: accepting MCC project but concomitantly rejecting its entry into IPS. By funding the MCC compact, the United States also recognizes Nepal's role in maintaining a balance against Chinese influence.

U.S.-Nepal Relations in the Context of Great Power Competition

China factor has played an important role in U.S.-Nepal relations. Policymakers in Nepal acknowledged the same factor in their response to IPS. Nepal's first foreign aid from the United States in 1951 was to deal with frontline communist China following the Chinese occupation of Tibet. When the Point IV Agreement for Technical Cooperation was signed on January 23, 1951, USAID became the first bilateral donor. The Point IV Program, named after President Truman's fourth point in his 1949 Inaugural Address, represented an expression of the United States' concern with the need for material progress in underdeveloped countries, as a humanitarian end in itself, and because such progress advances human freedom, the secure growth of democratic ways of life, the expansion of mutually beneficial commerce, and the development of international understanding and goodwill³⁹.

Currently, Millennium Challenge Corporation (MCC) is perceived by the pro-Chinese Maoist thinkers of Nepal as a ploy against China. Visiting US officials have been trying their best to eliminate the doubts and suspicions attached to MCC in Nepal by advertising the compact as an independent US foreign assistance agency established by the US Congress in January 2004 to provide grant support for economic growth, poverty reduction, and institution building. It establishes partnerships with developing countries that are committed to good governance and economic freedom. Compacts are five-year agreements between MCC and an eligible country to fund specific programs aimed at reducing poverty and stimulating economic growth. Despite its ratification from the parliament of Nepal, the USD 500-million project for investment in roads and electricity transmission is presented to the Nepali public as hostile to China-led BRI.

The State Partnership Program (SPP), too, faced the same fate in Nepal because of the controversy aired about Indo Pacific Strategy (IPS) in Nepal. The SPP grew out of the 1991 decision take by US European Command to establish the Joint

³⁸ Farah Mohammad, *Can the US and China Avoid the Thucydides Trap?* Can the US and China Avoid the Thucydides Trap? – JSTOR Daily [accessed: 09.19.2022].

³⁹ USAID, *Four Decades of Development; The History of U.S. Assistance to Nepal 1951–1991*, https://pdf.usaid.gov/pdf_docs/PNABR755.pdf [accessed: 09.27.2022].

Contact Team Program in the Baltic Region involving Reserve Component Soldiers and Airmen. A subsequent National Guard Bureau proposal paired US states with three nations emerging from the former Soviet Bloc, and as a result, the SPP was born, becoming a key US security cooperation tool, facilitating cooperation across all aspects of international civil-military affairs and encouraging state-to-state ties⁴⁰. Nepal has already withdrawn from SPP after the Nepal Army interfered on June 15, 2022 in the midst of a political debate over the plan, claiming that it will not support a contract that undermines Nepal's non-aligned foreign policy. Three days later, however the Deuba government emphasized the significance of SPP in "humanitarian and disaster management"⁴¹. Despite the constitutional objective to adhere to the non-aligned foreign policy, different governments in Nepal have been endorsing the interests of the major powers. While the erstwhile Oli government was purported of accommodating the interest of the Chinese State, the incumbent Deuba government is reported of endorsing the interest of the American State. While the power elites in Nepal were already bearing the brunt of the Sino-Indian competition in Nepal, the renewed interest of the U.S. in Nepal divulges the resurgence of a great game in the Himalayas.

Its geostrategic location between China and India has always encouraged Nepali leaders to exercise the policy of balancing with both neighbors and beyond. Nepal's response to IPS can also be understood as the act of balancing the interests of the US and China in Nepal. Still, Nepal's survival strategy of balancing has encountered assorted challenges. Nepal's 'special' relationship with India is a key factor in achieving such a balance. Despite having open and porous borders with India and the bilateral ties cultivated by the civilizational linkages, India-Nepal faces numerous political problems. Politically, Nepal is located between many India(s), which means surrounded by many Indian interests. Numerous stumbling blocks in Indo-Nepal bilateral ties stem from the fact that one Indian state agency remains unaware of the other's intentions. As such, one Indian state agency may be happy with increasing US influence in Nepal, while the other may not. Usually, all the Indian state agencies converge when it comes to Chinese engagement in Nepal. Notably, such a dubious face of the Indian state was fundamentally realized after understanding India's role in Nepal's Maoist insurgency (when some Indian agencies were reportedly involved in training the rebels), the Indian blockade of 2015 (when someone in a darkened New Delhi cubbyhole decided to punish Nepal for

⁴⁰ US Embassy in Nepal, <https://np.usembassy.gov/state-partnership-program-factsheet/> [accessed: 10.01.2022].

⁴¹ Yubaraj Ghimire, *Explained: Nepal's abandoned partnership with US troops, and how its Army weighed in*, <https://indianexpress.com/article/explained/nepals-abandoned-partnership-with-us-troops-and-how-its-army-weighed-in-7992913/> [accessed: 09.26.2022].

going its own way in adopting the new Constitution), and the India-Nepal squabble over ownership of the Limpiyadhura-LipuLekh stretch (when the Indian Army's plans to open the road to the LipuLekh pass were not informed to South Block)⁴².

Nepal's acceptance of MCC despite its debated association with IPS should also be understood from the perspective of foreign aid dependency. Regardless of who led the foreign aid bureaucracy in the ministry of finance, foreign-offered projects are always welcomed with open arms. It is the upshot of Nepal's trade deficit status requiring foreign exchange revenues from other sources to deal with its balance of payments problems. Thus, foreign money pouring into Nepal in any form is seen with optimism and hope. Any project is indiscriminately and aimlessly welcomed. MCC and SPP set the two apt examples.

Despite of Kathmandu's readiness to accept any projects that bring money to the country, Nepal-U.S. relation has been fashioned by several other factors that could have psychologically influenced Nepal's foreign policy response to IPS. Donald Trump's perception of Nepal had upset Nepali policymakers when the former used the "Shithole" statement when meeting with senators in January 2018. Trump's remarks not only demonstrated his "racially discriminatory motives against non-white and non-European immigrants"⁴³ but also provided Nepal with an understanding of how the United States perceives small and developing countries, possibly prompting Nepali policymakers to be skeptical of the Indo-Pacific Strategy.

Also, the US's policy of containing China may not excitedly lure Nepali leaders as they are historically oriented in exercising a balanced policy with both neighbors. The policy of Containment, which the US adopted from 1947 until the end of the Cold War to prevent the spread of Soviet power and influence may have been one of the most successful foreign policies of the last 65 years. Today, as foreign policy and security experts warn about a "new Cold War" erupting between the United States and China, and Russia, it's worth considering whether the strategic dimension of containment would make any sense again in the future decades⁴⁴.

Nepal's foreign policy response to IPS is characterized by the same act of balancing encouraged by Nepal's geostrategic location and driven by the constitutional guidelines on Nepal's foreign policy. Today, while several strategic partnerships have been devised to contain the rise of China, Kathmandu has perceptively manifested its reluctance to join United States-led Indo-Pacific Strategy (IPS) through

⁴² Kanak Mani Dixit, *New Delhi's new dealings in Nepal*, <https://kanakmanidixit.com/new-delhi-new-dealings-in-nepal/> [accessed: 09.22.2022].

⁴³ Leighton Akio Woodhouse, *Trump's "Shithole countries" remark is at the center of a lawsuit to reinstate protections for immigrants*, <https://theintercept.com/2018/06/28/trump-tps-shithole-countries-lawsuit/> [accessed: 09.20.2022].

⁴⁴ Deborah Welch Larson, *The Return of Containment*, <https://foreignpolicy.com/2021/01/15/containment-russia-china-kennan-today/> [accessed: 09.28.2022].

political consensus owing to Nepal's strategic location. Despite its constitutional adherence to the policy of non-alignment, the ambiguity and ambivalence in Nepal's foreign policy responses to IPS were visible, however.

Conclusion

This qualitative study made the survey of Nepal's foreign policy behavior towards the US-led IPS in third ways. Firstly, by highlighting the increased competition between the United States and China and Sino-India rivalry in the Himalayan country. Secondly, by divulging the small states syndrome in Nepal's foreign policy approaches, particularly in dealing with the interests of the great powers in the context of IPS. Thirdly, Nepal's ad-hoc and ambivalent foreign policy approaches to great power politics get surfaced against the backdrop of IPS. Thus, this study not only offers the perception of the Indo-Pacific outside of the region but also reveals how the states outside the region is engaging with it.

While identifying the causes of Nepal's reluctance to join the IPS, Kathmandu's act of balancing the conflicting interests of the great power is foregrounded. Despite the divergence in the foreign policy priorities and foreign policy agendas that have also generated ad-hocism and ambiguity in Nepal's foreign policy behavior, constitutional guidelines on foreign policy seemed to have been accomplished in responding to the IPS. Although Nepal's non-alignment has raised numerous questions, it has reinforced the act of balancing in Kathmandu's denial to join IPS.

No Nepali leaders were heard of referring to *Panchasheel* while refuting Nepal's entry into IPS, which could have saved Nepal's foreign policy response from being ambiguous. Still, policymakers in Nepal could cite the practical significance of the five principles of peaceful co-existence in shielding Nepal's denial of being part of IPS. While *Panchasheel* encompasses mutual respect for each other's integrity and sovereignty, non-aggression, non-interference, mutual benefits, and peaceful co-existence, the policy of non-alignment forbids aligning with any country which is subject to military alliances. Above all, policymakers in Kathmandu are aware of Nepal's delicate geostrategic location, where any strategic alliances can have disastrous consequences. Therefore, it's apt to examine Nepal's responses and denial to joining the Indo-Pacific Strategy not only from the perspective of geopolitics and geostrategy but also from the policy framework, which has however undeniably faced assorted challenges in terms of foreign policy implementation that can be systematically traced by identifying divergence in foreign policy agencies and ad-hocism in Nepal's foreign policy.

Abstract: The significance of maritime interactions has impacted both coastal and landlocked countries. Nepal's response to the US-led Indo-Pacific Strategy (IPS) signifies the same. For Nepal, crossing seas was culturally associated with sin as an objective to fulfill the isolationist policy adopted until the political change of 1950. As such, Nepal's interaction with the sea was not so friendly in the past. However, these historical shreds of evidence alone cannot suffice as the reason behind her denial of joining the IPS. Most of the available literature divulges the sensitive geographical position of Nepal in the context of the rise of China and the projection of a 'New Cold War' for its reluctance to join the Indo-Pacific strategy. However, they fail to probe into the domestic intricacies contributing to the hesitation. In this context, this paper primarily tries to dwell upon the actors and factors that have influenced Nepal's dubiety in joining the Indo-Pacific strategy. Thus, this paper aims to fulfill the two-fold objectives. First, to analyze the role of geographical sensitivity, and second, to scrutinize the domestic interplay of things. As exploratory qualitative research, this study reviews the official documents, agreements, statements, speeches, and reports from think tanks and newspapers to hypothesize that besides external factors there are integral internal elements that have played a part in Nepal's denial to join the strategic partnership.

Keywords: Indo-Pacific Strategy, Nepal, China, United States, geopolitics