



# State Sovereignty in the Shadow of Great Power

*Prakriti Khadka*

*M.Phil–Ph.D. scholar in Political Science (TU)*

*MBS, MA Political Science, LL.B (TU)*

*Faculty Member Political Science RR Campus, Bhrikuti Mandap*

*Email:prk.nature@gmail.com*

**Article History :** 2025 September 3

## Abstract

*The research explores the relationship between foreign policy autonomy, sovereignty, and great power politics, using Nepal as a case study. It reveals that Nepal faces challenges like economic dependencies, domestic political fragmentation, and rivalry between India and China. Despite these, it has managed through strategies like non-alignment, diplomatic diversification, strategic hedging, and active multilateral engagement. The study recommends further economic diversification and agile diplomacy for resilience. The research concludes that maintaining sovereignty requires a continuous and pragmatic balancing act, and it recommends further economic diversification, strengthened domestic institutions, and agile diplomacy to enhance resilience and safeguard national interests in an increasingly contested regional order.*

**Keywords:** *power politics, foreign policy, autonomy, sovereignty, geopolitics*

## Introduction

The ability of a state to autonomously create and carry out external policies while defending its interests as a nation against outside influences is known as foreign policy autonomy. Economic resilience, political stability, and institutional capacity are examples of internal factors that shape this autonomy, while global power dynamics, regional security dynamics, and economic interdependence are examples of external factors (Vigevani & Cepaluni, 2007; Kutlay & Öniş, 2021; Long, 2017). Achieving and maintaining autonomy requires a careful balance between engaging with the international community and preserving strategic flexibility, particularly for smaller states or those located in geopolitically contested regions (Efremova, 2019; Tang, 2018).

The foundation of the international system and a key component of foreign policy is sovereignty, the traditional idea of absolute control over a state's territory and people without outside intervention (Hansen & Stepputat, 2006; Lake, 2003). Traditionally, sovereignty has

been interpreted as both external—other governments' recognition of one's independence—and internal—exclusive domestic rule. However, the absoluteness of sovereignty has been tempered by modern realities such as interconnectedness, globalization, and unequal power relations (Reinalda & Verbeek, 2011; Tang, 2018). Foreign policy autonomy, closely linked to sovereignty, represents the practical capacity to make independent external decisions (Efremova, 2019; Long, 2017). While large states sustain autonomy through economic, military, and institutional strength, smaller states are more vulnerable due to their reliance on external powers for trade, security, or development. Consequently, their autonomy often ranges from near-full independence to conditional alignment with more powerful actors (Bhattarai, 2016; Malagodi, 2023).

The concept of great power politics examines how dominant states influence the international order through military, economic, and diplomatic capacities (Patil, 2007; Scott, 2008). Small states navigate this environment by balancing alignment with major powers—seeking protection or material benefits—against neutrality to avoid antagonism. Strategies such as hedging, bandwagoning, or leveraging multilateral institutions enable small states to exercise agency, though their autonomy remains constrained by the strategic interests and rivalries of stronger actors (Khadka, 1999; Sharma, 1965; Yu, 2017). Geostrategic significance can enhance bargaining power, for example, through roles as mediators, transit hubs, or symbolic allies, but it also entails risks of entanglement and dependence on larger powers (Acharya, 2022; Bhattarai, 2022; Shrestha, 2021).

- To examine how Nepal's geostrategic location between China and India affects its ability to create and carry out an autonomous foreign policy.
- To investigate the particular tactics Nepal uses to manage challenges from large powers and maintain its sovereignty, including hedging, balancing, and multilateral involvement.
- To determine the main external and internal obstacles limiting Nepal's foreign policy independence, such as asymmetric power dynamics, domestic political unrest, and economic reliance.

This research is grounded in a theoretical framework drawn from international relations theories, specifically concepts of sovereignty, autonomy, and hedging strategies, as established by scholars such as Hansen & Stepputat (2006), Lake (2003), Efremova (2019), and Tang (2018). Using documentary research of historical events, current foreign policy initiatives, and Nepal's participation in multilateral forums, the primary method entails a thorough, longitudinal evaluation of Nepal as a critical case study. In order to find trends, tactics, and difficulties, this method depends on the methodical examination and synthesis of the body of current scholarly literature, policy papers, and historical records. In order to examine the causal linkages between Nepal's geostrategic situation, its policies (hedging, diversification, and balancing), and the limitations it encounters (political disintegration, economic dependency), the data is

qualitatively evaluated. By combining theoretical concepts with case-specific empirical data, the methodology enables a detailed evaluation of how a small state handles complex external forces to preserve its sovereignty and policy autonomy.

## **Nepal's Geostrategic Position and Foreign Policy Autonomy in South Asia**

Nepal's foreign policy autonomy is significantly impacted by its geostrategic placement between China and India. Managing the strategic interests of its powerful neighbors while maintaining sovereignty is a constant struggle for Nepal, a landlocked country that borders two emerging global powers (Bhattarai, 2016; Malagodi, 2023). Maintaining this delicate balance is critical for safeguarding Nepal's independence and strategic flexibility in an increasingly competitive regional environment (Efremova, 2019; Tang, 2018). Historically, Nepal has pursued a policy of cautious neutrality, often described metaphorically as the "yam between two boulders," to prevent dominance by either India or China (Baral, 1981; Kharel, 2020). This approach emphasizes active engagement with both neighbors, thereby reducing vulnerability to unilateral influence.

The 1950 Indo-Nepal Treaty of Peace and Friendship, which institutionalized close ties with India, has periodically generated tension due to perceptions of asymmetric influence (Patil, 2007; Sharma, 1965). In contrast, Nepal's diplomatic and economic relations with China, formalized in 1955, have grown over time to include initiatives such as the Belt and Road Initiative, providing additional avenues for economic cooperation and strategic leverage (Yu, 2017; Verma, 2024). During the Cold War, Nepal navigated the ideological divide between the Western and Communist blocs, leveraging its commitment to non-alignment to secure aid and support from multiple actors, though this also placed constraints on its autonomy (Vigevani & Cepaluni, 2007; Baral, 1981). The post-Cold War era and the advent of globalization introduced both opportunities and challenges, as Nepal sought to diversify its economic and diplomatic relationships while safeguarding its sovereignty (Kutlay & Öniş, 2021; Lake, 2003).

In recent years, Nepal's foreign policy has been tested by the intersecting ambitions of regional and extra-regional powers. The 2015 blockade imposed by India following the promulgation of Nepal's new constitution illustrated Nepal's vulnerability to external pressures and underscored the need for diversified foreign relations (Acharya, 2022; Bhattarai, 2022). China's growing regional influence, through infrastructure investments and strategic partnerships, has offered Nepal alternatives to its historical reliance on India, yet this also introduces complexities as Nepal must balance engagement with both neighbors to maintain autonomy (Shrestha, 2021; Bhatia & Rana, 2023).

Nepal's geopolitical environment is further shaped by its interactions with extra-regional powers, such as the United States and the European Union. The U.S. frames Nepal within the broader Indo-Pacific strategic context, while the EU engages through development cooperation and governance programs (Kutlay & Öniş, 2021; Reinalda & Verbeek, 2011). These relationships present Nepal with opportunities to strengthen its foreign policy autonomy, but they also expose the country to the dynamics of great power competition, requiring careful diplomatic navigation (Hansen & Stepputat, 2006; Long, 2017).

## **Nepal's Sovereignty amid Major Power Pressures: Strategic Balancing between India and China**

Due to its geographical location between China and India, Nepal must carefully balance its foreign policy in order to protect its sovereignty from ongoing external influences. Economic, cultural, and historical ties between India and Nepal have frequently resulted in significant political clout. The disruption of vital supplies caused by the 2015 economic embargo made Nepal's susceptibility to Indian influence and the dangers of becoming overly dependent on one neighbor very clear (Jenkins, 2003; Sharma, 1965). In contrast, China's Belt and Road Initiative (BRI), initiated in 2017, offers Nepal alternative trade routes and infrastructure development opportunities, potentially mitigating reliance on Indian ports while promoting connectivity and regional integration (Yu, 2017; Verma, 2024).

Nepal's engagement with China, however, is not devoid of strategic concerns. The BRI has faced criticism for potentially creating debt dependency and expanding China's leverage in participant countries, thereby complicating Nepal's efforts to maintain autonomous decision-making (Kutlay & Öniş, 2021; Yu, 2017). The 2015 blockade, occurring shortly after the promulgation of Nepal's new constitution, was widely perceived as a coercive measure aimed at influencing Nepal's internal political dynamics, particularly regarding Madhesi representation. This episode underscored the vulnerability of smaller states to the strategic interests of larger neighbors (Patil, 2007; Sharma, 1965).

In response to such pressures, Nepal has actively pursued diplomatic diversification, engaging with both regional powers while seeking partnerships with extra-regional actors, including the United States and the European Union. These relationships provide avenues for development assistance and strategic collaboration but may also introduce conditionalities that constrain policy autonomy (Rich, 2004; Lake, 2003). Nepal's sovereignty and foreign policy flexibility are therefore continuously shaped by the intersecting ambitions and strategic priorities of both regional and extra-regional powers, requiring nuanced diplomacy and careful calibration of alliances (Hansen & Stepputat, 2006; Long, 2017).

## **Nepal's Foreign Policy Strategies: Balancing Sovereignty, Non-Alignment, and Strategic Engagement**

The core tenets of non-alignment, sovereign equality, and mutual respect serve as the foundation for Nepal's foreign policy, which reflects the nation's need to maintain its independence in the face of intricate regional and international influences. Nepal's strategic location between China and India allows it to engage both countries in infrastructure, security, and economic cooperation while avoiding over-reliance that would compromise its sovereignty (Bhattarai, 2022; Jenkins, 2003). Nepal's diplomatic channels are further diversified by multilateral participation through organizations like the UN, SAARC, BIMSTEC, and the Non-Aligned Movement (NAM), enhancing its global visibility and strategic adaptability (Shrestha,

2021; Nesa, 2022). Complementary strategies, including economic and cultural diplomacy—ranging from trade promotion and tourism to heritage-based soft power—ensure coherence with constitutional provisions on neutrality and national sovereignty (Bhattarai, 2022).

Nepal's historical non-alignment, anchored in NAM membership since 1955, shielded the country from Cold War bloc pressures and preserved decision-making autonomy (Baral, 1981; Kharel, 2020). In the contemporary multipolar context, non-alignment functions flexibly, enabling Nepal to navigate the India–China–U.S. triangle without overt alignment, although implicit strategic expectations increasingly complicate strict adherence. Operationally, Nepal blends balancing and hedging strategies. Balancing entails equitable engagement with India and China to prevent excessive dependence, while hedging involves cultivating alternative partnerships with extra-regional actors such as the United States, European Union, Japan, and multilateral organizations, mitigating risks from strained bilateral relations (Bhatia & Rana, 2023; Bhattarai, 2022). This dual approach is exemplified by Nepal's simultaneous participation in China's Belt and Road Initiative (BRI) and U.S.-funded Millennium Challenge Corporation (MCC) projects, reflecting both developmental ambitions and sensitivity to geopolitical pressures (Yu, 2017; Bhatia & Rana, 2023).

Multilateral engagement also functions as a mechanism to protect sovereignty, enabling Nepal to shape regional norms and secure development partnerships without exclusive dependence on any single power (Shrestha, 2021). Economic diplomacy and aid diversification further enhance strategic autonomy by reducing vulnerability to coercion and ensuring that developmental initiatives align with long-term national interests. Nepal's foreign policy thus reflects a highly adaptive and integrated framework that combines non-alignment, strategic balancing, multilateral participation, and economic diplomacy to preserve sovereignty, enhance policy flexibility, and navigate pressures from both neighboring and extra-regional powers (Bhattarai, 2022; Jenkins, 2003; Yu, 2017).

## **Nepal's Foreign Policy Strategies and Sovereignty under Major Power Pressures**

Nepal's geostrategic placement between China and India has a significant impact on its foreign policy, necessitating careful balance to preserve autonomy and sovereignty in the face of regional and international challenges. Nepal's vulnerability was demonstrated by the 2015 India–Nepal border blockade, which also highlighted India's power to influence politics and the economy by exposing Nepal's reliance on Indian transit channels for necessary imports. (Bhattarai, 2021; Pant, 2025). In response, Nepal pursued diplomatic diversification, engaging China for petroleum supply and infrastructure cooperation, though practical limitations constrained immediate outcomes (Khadga & Bhattarai, 2021). Attempts to internationalize the crisis were limited by the lack of effective third-party mediation, underscoring structural asymmetries in Nepal's geoeconomic position.

Nepal's participation in China's Belt and Road Initiative (BRI, 2017) and the United States' Millennium Challenge Corporation (MCC, 2017) exemplifies a deliberate hedging strategy, balancing relations with multiple powers to avoid exclusive alignment (Yu, 2017; Khadga & Bhattarai, 2021; Gong & Balazs, 2025). While the BRI offers potential connectivity and investment benefits, it carries risks of strategic dependence and debt obligations (Yu, 2017; Hussain et al., 2021). Similarly, the MCC compact, though framed as development aid, provoked domestic debate and external scrutiny over perceived alignment (Adhikari, 2022). Nepal's engagement in regional forums and multilateral initiatives, such as BIMSTEC and trilateral dialogues, demonstrates the strategic use of its geography to maximize benefits without committing to a single power (Khadga & Bhattarai, 2021; Gong & Balazs, 2025).

Nepal's sovereignty and foreign policy autonomy remain conditioned by economic dependence, strategic competition, and domestic political dynamics. Reliance on external aid and critical infrastructure projects creates asymmetrical dependencies, which shape foreign and domestic policy decision-making (Gehrke, 2022; Van den Abeele, 2021). Domestic politics—characterized by coalition governance, elite interests, and bureaucratic considerations—interacts with external pressures, making negotiated balancing central to Nepalese diplomacy (Christensen, 2012; Child, Elbanna, & Rodrigues, 2010). Public perception also mediates Nepal's strategic autonomy. Historical memory, national identity, and narratives of resisting domination influence how citizens evaluate foreign agreements, as reflected in reactions to the MCC and certain BRI projects (Luedtke, 2005; Rusciano, 2003). Aligning foreign engagements with domestic expectations of independence is crucial to maintaining legitimacy and sustaining long-term strategic planning.

## **Challenges to Maintaining Foreign Policy Autonomy in Nepal**

Economic reliance, internal political unrest, and regional security dynamics—particularly the strategic rivalry between China and India—restrict Nepal's foreign policy autonomy, or its ability to freely develop and carry out international initiatives. Reliance on a small number of commercial partners and outside investment gives more powerful states leverage, so economic fragility is still a major constraint. (Lai & Anuar, 2021; Gnanngnon, 2016; Read, 2010). Heavy dependence on Indian transit routes and concentrated trade links restricts Nepal's ability to adopt independent diplomatic stances, while asymmetrical economic relationships, intertwined with regional security concerns, create compounded vulnerabilities (Gehrke, 2022; Van den Abeele, 2021). To safeguard autonomy, Nepal must pursue trade diversification, develop domestic industries, and enhance macroeconomic resilience.

Domestic political instability and elite-level fragmentation further undermine foreign policy coherence. Fragmented political elites generate inconsistent diplomatic messaging, reactive decision-making, and heightened vulnerability to external influence (Saunders, 2022; Rathbun, 2007). External actors can exploit these divisions by selectively engaging with factions to advance strategic interests, while governments preoccupied with internal crises may trade autonomy for short-term economic or security support, weakening sovereign decision-making.



Regional security dynamics in South Asia amplify these challenges. The India–China competition encompasses economic, infrastructure, and diplomatic spheres, compelling Nepal to balance engagements carefully to avoid alienating either neighbor (Chand, 2019; Menon, 2017). Policy options are limited by economic reliance and security concerns since siding with one power may result in retribution or limit strategic prospects from the other. Nepal must thus strike a careful balance between involvement and non-alignment, making participation in regional forums and strategic relationships both essential and limited. The need for regional power balance, internal political division, and structural economic linkages all influence Nepal's foreign policy independence. Integrating economic diversity, bolstering domestic institutions, and deftly handling ties with other major powers are all necessary to preserve autonomy while preserving strategic flexibility and sovereignty.

## Conclusion

Nepal's geostrategic location between China and India has a significant impact on its foreign policy autonomy and sovereignty, requiring it to maintain its independence while navigating a challenging environment of great power competition. As demonstrated by the 2015 Indian blockade and its subsequent shift toward China through programs like the Belt and Road Initiative (BRI), Nepal's capacity to develop totally autonomous policies is limited by the interaction of economic dependency, political instability, and regional security dynamics. To balance relations with neighboring nations and extra-regional powers like the U.S. and EU, Nepal has used a comprehensive approach that combines non-alignment, hedging, and multilateral engagement. It has also used institutions like SAARC and BIMSTEC to diversify diplomatic contacts.

Economic diversification, institutional resilience, and strategic agility are necessary since structural vulnerabilities, including as trade dependence, debt issues, and domestic political fragmentation, continue to test its sovereignty. In the end, Nepal's foreign policy represents a difficult balance between autonomy and involvement, where practical balancing acts are necessary to protect national interests in an increasingly disputed and multipolar regional order while mitigating external pressures.

## References

- Acharya, G. P. (2022). Soft security strategies to enhance Nepal's national security. *Unity Journal*, 3(1), 121–140. <https://doi.org/10.3126/unityj.v3i01.43358>
- Acharya, M. R. (2022). Broadening choices for Nepal through economic diplomacy. In *Gaida's dance with tiger and dragon* (p. 55). Nepal Institute for Policy Studies.
- Bhattarai, G. (2021). Challenges to diplomatic efforts in resolving Nepal-India border problems in the Himalayas: A foreign policy analysis (FPA). *Nepal Public Policy Review*, 1(1), 1–30. <https://doi.org/10.59552/nppr.v1i1.2>
- Bhattarai, G. (2022). Rediscovering the contemporary relevance of national security strategies in *Divya Upadesh: A history–policy relationship*. *Unity Journal*, 3(1), 165–182. <https://doi.org/10.3126/unityj.v3i01.43361>

- Bhattacharai, U. K. (2016). Geopolitical dimension of Nepal and its impact in South Asia. *Journal of International Affairs*, 1(1), 63–72.
- Chand, B. (2019). Dynamics of rivalry between geographically contiguous regional powers: The case of Sino-Indian competition. *Asian Politics & Policy*, 11(1), 122–143. <https://doi.org/10.1111/aspp.12458>
- Child, J., Elbanna, S., & Rodrigues, S. (2010). The political aspects of strategic decision making. In P. C. Nutt & D. C. Wilson (Eds.), *The handbook of decision making* (pp. 105–137). Wiley.
- Efremova, K. (2019). Small states in great power politics: Understanding the buffer effect. *Central European Journal of International & Security Studies*, 13(1), 67–84.
- Gehrke, T. (2022). EU open strategic autonomy and the trappings of geoeconomics. *European Foreign Affairs Review*, 27(Special Issue), 1–16.
- Gong, X., & Balazs, D. (2025). Where India and China meet: Competing regional statecraft in Southeast Asia. *Political Science Quarterly*. Advance online publication. <https://doi.org/10.1093/psq/qqaf059>
- Hansen, T. B., & Stepputat, F. (2006). Sovereignty revisited. *Annual Review of Anthropology*, 35(1), 295–315. <https://doi.org/10.1146/annurev.anthro.35.081705.123317>
- Khadka, N. (1999). Chinese foreign policy toward Nepal in the Cold War period: An assessment. *China Report*, 35(1), 61–81. <https://doi.org/10.1177/000944559903500104>
- Kharel, A. B. (2020). Non-aligned movement: Challenges and way forward. *Molung Educational Frontier*, 10, 1–12. <https://doi.org/10.3126/mef.v10i1.32312>
- Kutlay, M., & Öniş, Z. (2021). Turkish foreign policy in a post-Western order: Strategic autonomy or new forms of dependence? *International Affairs*, 97(4), 1085–1104. <https://doi.org/10.1093/ia/iiab121>
- Lake, D. A. (2003). The new sovereignty in international relations. *International Studies Review*, 5(3), 303–323. <https://doi.org/10.1111/1521-9488.00245>
- Luedtke, A. (2005). European integration, public opinion and immigration policy: Testing the impact of national identity. *European Union Politics*, 6(1), 83–112. <https://doi.org/10.1177/1465116505049609>
- Malagodi, M. (2023). Nepal's constitutional foundations between revolution and Cold War (1950–60). *Law and History Review*, 41(2), 273–294. <https://doi.org/10.1017/S0738248022000480>
- Menon, S. (2017). Some thoughts on India, China and Asia-Pacific regional security. *China Report*, 53(2), 188–213. <https://doi.org/10.1177/0009445517696611>
- Patil, S. S. (2007). India's China policy in the 1950s: Threat perceptions and balances. *South Asian Survey*, 14(2), 283–301. <https://doi.org/10.1177/097152310701400207>



- Rathbun, B. C. (2007). Hierarchy and community at home and abroad: Evidence of a common structure of domestic and foreign policy beliefs in American elites. *Journal of Conflict Resolution*, 51(3), 379–407. <https://doi.org/10.1177/0022002707300290>
- Read, R. (2010). Trade, economic vulnerability, resilience and the implications of climate change in small island and littoral developing economies. *International Centre for Trade and Sustainable Development*.
- Reinalda, B., & Verbeek, B. (2011). Policy autonomy of intergovernmental organizations: A challenge to international relations theory? In B. Reinalda (Ed.), *International organizations and the idea of autonomy* (pp. 87–103). Routledge.
- Rusciano, F. L. (2003). The construction of national identity—A 23-nation study. *Political Research Quarterly*, 56(3), 361–366. <https://doi.org/10.1177/106591290305600306>
- Saunders, E. N. (2022). Elites in the making and breaking of foreign policy. *Annual Review of Political Science*, 25(1), 219–240. <https://doi.org/10.1146/annurev-polisci-051120-123910>
- Scott, D. (2008). The great power ‘great game’ between India and China: The logic of geography. *Geopolitics*, 13(1), 1–26. <https://doi.org/10.1080/14650040701783243>
- Shrestha, R. (2021). Economic diplomacy for development partnership. *Journal of Foreign Affairs*, 1(1), 59–78. <https://doi.org/10.3126/jofa.v1i1.37019>
- Tang, C. M. (2018). *Small states and hegemonic competition in Southeast Asia: Pursuing autonomy, security and development amid great power politics*. Routledge.
- Van den Abeele, E. (2021). Towards a new paradigm in open strategic autonomy? (Working Paper No. 2021.03). *European Trade Union Institute*.
- Vigevani, T., & Cepaluni, G. (2007). Lula da Silva’s foreign policy: Autonomy through diversification strategy. *Relações Internacionais do Brasil*, 91, 7–39.
- Vigevani, T., & Cepaluni, G. (2007). Lula’s foreign policy and the quest for autonomy through diversification. *Third World Quarterly*, 28(7), 1309–1326. <https://doi.org/10.1080/01436590701547045>
- Yu, H. (2017). China’s Belt and Road Initiative and its implications for Southeast Asia. *Asia Policy*, 24(1), 117–122. <https://doi.org/10.1353/asp.2017.0026>