



The Quest for Nepal's Foreign Policy: Autonomy amid Great Power Politics in the Himalaya

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ABSTRACT

This paper examines Nepal's quest for foreign policy autonomy amid the challenging geopolitical realities in the Himalayas. Strategically positioned between two major powers—India and China—Nepal, a relatively small state, has seen its immediate neighbor influence its foreign policy choices. Grounded in the concept of a small state, Nepal navigates the complexities of relations with great powers. The essence of Nepal's foreign policy is to achieve autonomy by diversifying its relations. The policies of non-alignment, hedging, and neutrality could be significant considerations. While Nepal strives to implement a multi-aligned policy strategy, it remains susceptible to coercive diplomacy and regional distrust. This study posits that the challenges posed by Nepal's internal and external geopolitical dynamics in managing the interests of major powers hinder its capacity to achieve meaningful autonomy. Methodologically, the paper employs a descriptive and analytical approach, drawing on relevant secondary sources available for review.

Introduction

Nepal, which lies between the two regional and emerging global powers of Asia—India and China—is relatively small in terms of size, population, and economy. As a developing and landlocked buffer state, Nepal extends over a thousand kilometers along the central Himalayas. "Nepal holds around one-third of the Himalayan bastion upon which South Asia relies for security—never more so than today" (Rose, 1971). As it extended over a thousand kilometers, the central Himalayas, with several passes, led to the Indo-Gangetic plains, which provided greater room for maneuver between India and China (Frankel, 2020). Due to the high Himalayan mountains acting as natural barriers to the north, Nepal is essentially 'India-locked.' This means it must rely on India for trade, transit, and other essential daily needs (Sharma, 2000). Nepal also served as a melting pot of two civilizations, Sinic and Indic, and the interactions in the region established Nepal as an important contact point. In the context of the Himalaya region, "Buddhism served as a glue that held numerous Asian civilizations together" (Khanna, 2019, p. 33). However, any interference in Tibet may prompt corresponding interference in Nepal.

To pay more attention to China's increased role in South Asia, India is trying to focus more on its periphery (Marshall, 2015). Nevertheless, the civilizational heritage of Buddhism continues to link Chinese and Indian civilizations even today. It's possible due to the discovery of the trans-Himalayan trade route in the seventh century, linking Tibet (China) and India, which enhanced the geopolitical and strategic significance of Nepal. Nepal's geostrategic position between two nuclear states provides few options to maintain what policymakers refer to as balanced relations with major powers. However, the reality is different. Nepal's increasing engagement with the West in recent years has nudged policymakers towards establishing good relationship with it.

Given its geostrategic position, King Prithvi Narayan Shah, who unified Nepal in the late part of the eighteenth century, famously stated, 'Nepal is a yam between two boulders'. This metaphor of the yam, arguably, continues to haunt the Nepali mindset and foreign policy behavior even today (Acharya, 2019, p. 645). Nepal's geography has significantly influenced its history. As Spykman (as cited in Khadka, 1992, p. 136) stated, 'Geography is the most fundamentally conditioning factor in the foreign policy of a state because it is the most Of course, geography remains a crucial factor in influencing trends and developments across various times and situations. In this regard, the country's policy must adapt to meet the needs of its neighbors and other powers, regardless of their size, as it engages in the international community (Baral, 2023).

The great powers will not hesitate to use their military strength. Otherwise, the term "great power" would lose its significance (Handel, 2006). The traditional Asian great power, even hegemon in early modern times, was China, with India playing a dominant role in its sub-region (Auslin, 2020). The re-emergence of China and India, both economically and politically, on the world stage has generated reverberations of great magnitude, while Nepal's interactions with the West and other regions increased as well and have taken a new momentum (Bhatta & Menge, 2021). The increased involvement of the United States in the region is altering traditional geopolitical dynamics. A prime example of this shift is India, which historically viewed South Asia as its natural sphere of influence. This perspective is evolving, prompting countries like India to reevaluate their own policies. Great power competition is now the primary focus of U.S. national security strategy (Mearsheimer, 2018). This focus is also evident in the current National Security Strategy of the U.S. "The pivot in American foreign policy has caused concern for China and India as it redirects Washington's attention and resources from the Middle East to Asia" (Allison, 2017).

On May 18, the then Indian Prime Minister Jawaharlal Nehru declared to the Indian Parliament that Nepal's foreign policy would be coordinated with that of India, which was interpreted in Nepal as suggestive of India's intention to manage Nepal's foreign policy (Joshi & Rose, 1966). In the immediate period following India's independence in 1947, India's policy toward Nepal reflected a legacy of the British Raj (Khadka, 1992). Prime Minister Nehru addressed India's Constituent Assembly, asserting that a military alliance with Nepal was unnecessary; however, he emphasized that any foreign invasion of Nepal would directly threaten India's security. Since then, the India's security policy "Himalayan frontier," which viewed Nepal as a "buffer state" against China, continues to be a crucial element of India's

security strategy for Nepal. In fact, India's security concern has been vividly reflected in the 1950 India-Nepal Treaty of Peace and Friendship. Likewise, the Sino-Nepalese Treaty of Peace and Friendship, 1960, was enacted to equilibrate the relationship.

China is also aware that Nepal's strategic location, especially its proximity to Tibet, can be exploited by elements inimical to China, to launch anti-China activities. Nepal keeps reassuring China. According to Puri (2021), "Nepal shares a 1,400 km land border with China (Tibet), and the conventional view was that the high Himalayas acted as a natural barrier that was difficult to transcend." However, the Himalayas have served as a proxy arena of competition between India and China for a long time. It's because of an unresolved border dispute in this extensive mountain range that stretches from Ladakh to Arunachal Pradesh (Stobdan, 2019, p. ix). The competition, rather than cooperation, among great powers like the US, China, and India in the Himalaya indicates a great power struggle. Nepal has always been under the radar of neighbors due to their security concerns. With this background, how does Nepal, a relatively small and developing state, confront the difficulty in formulating and implementing its foreign policy autonomy? Therefore, the question of foreign policy autonomy has always been centered on Nepal's diplomats, leaders, and foreign policy experts.

The issue has become more complex because foreign powers, in addition to China and India, such as the USA, have become increasingly involved in Nepali politics (Baral, 2023). The MCC's affairs in Nepali politics have drawn the US into the debate and polarized supporters and opponents. The MCC Compact's ratification process and its debate across the country posed a threat to the internal political landscape. "Washington has utilized the agreement to incite political strife within the country" (Li, 2022). Overall, among global powers, the discourse on development has undergone significant change, substantiating these claims that development and foreign policy are intertwined and developmental aspects have been emerging as a key component of the foreign policy agenda.

Objective

This study aims to identify and analyze the foreign policy strategy, through the lens of small states theory, adopted by Nepal. It specifically examines whether Nepal employs a policy of non-alignment or neutrality, and hedging in navigating its geopolitical relationships with its two nuclear-armed neighbors, China and India.

Methodology

This paper employs a process-tracing research method that provides a window to investigate subject matter related to small power and the foreign policy autonomy of Nepal. It attempts to deepen understanding of the historical as well as contemporary geopolitics of the country, putting its great power at the center of analysis. The research is qualitative, descriptive, and analytical in nature. It draws on relevant secondary sources, including books, journal articles, web sources, and newspaper articles to make the research more valid.

Literature Review

The study of small states remains largely disconnected and marginalized within the field of international relations. Thorhallsson (2019) explains that the notion of a small state and its

associated literature emerged in the field of international relations during the decolonization period of the late 1950s and 1960s. Small states are primarily viewed as weak within the international system. The survival of a small state depends on its capacity to either form an alliance with a larger state, preferably one of the superpowers, or to adopt a stance of neutrality, avoiding entanglements in the conflicts between these superpowers. Consequently, many states opt for neutrality as a strategic approach to protect themselves from a hostile international environment.

These small states are often perceived as inconsequential actors, exerting little to no influence on international affairs (Pedi & Wivel, 2024). Small states are those countries that are too weak to exert any leading influence at the regional or sub-regional level of either system (Yan, 2019, p. 60). Small states were all those states that were not great powers and defined by what they are not (Neumann & Gstöhl, 2006). As small states were not great powers, they were left to follow the rules of the game. They are too weak to be taken seriously when the rules were negotiated (Archer, Bailes, & Wivel, 2014). In the anarchical international system, small states seldom have enough military capability to protect their security and must rely on a powerful state for protection. A leading state's adoption of a policy of absolute nonuse of military force amounts to a denial of its duty to protect international order and justice (Yan, 2019, p. 66). The great powers have always been a minority in the society of states: the vast majority of states have been and are minor powers (Neumann & Gstöhl, 2006). Neumann & Gstohl (2006) cite Keohane (1996), who asserts that a small power is a state whose leaders consider that it can never, acting alone or in a small group, make a significant impact on the system. The great powers determine the course of world politics, and the small powers can do little but acquiesce in their decisions (Fox, 2006, p. 40). Small states employ a hedging strategy that aims to avoid situations where states are unable to make straightforward decisions, such as balancing, bandwagoning, or neutrality (Johny, 2024) and deferring to a small state's suggestions is presented as an act of grace by a major power, thereby enhancing, rather than diminishing, its prestige (Berridge, 2015).

Heywood (2011) briefly talks about the etymological and basic aspects of foreign policy. The term "foreign" originates from the Latin word "*foris*," meaning 'outside.' Engaging with another country, area, or group of people often connotes something strange or unfamiliar (p. 128). Policy typically refers to the course of action taken by the government to advance its national interests. Therefore, foreign policy broadly encompasses efforts by governments to influence or manage events beyond their borders (p. 129). However, the distinction between 'foreign' politics and 'domestic' politics has become increasingly difficult to maintain (p. 128). A commonly held view is that foreign policy extends from domestic policy. The foreign policy of a country is determined by the times in which it is conducted. It is also influenced by its history and its geographical position (Dutta, 2007, p.1). Nepal's geostrategic location has historically drawn the attention of global powers since the Cold War. Nepal holds a unique status in the neighborhood policies of India and China due to its geographical proximity (Nayak, 2021). While the US policy towards Nepal is guided by its relations with China and India, the geographical constraints limit Nepal's ability to effectively pursue an autonomous foreign policy, both with India and China.

The foreign policy choice of neutrality often contradicts realist predictions of bandwagoning and balancing. Small states tend to choose neutrality primarily due to domestic factors and ideational considerations (Jesse & Dreyer, 2023). Survival is understood as a primordial goal that is necessary for the pursuit of all other political ends. The drive for power stems from human nature (Lake, 2008). States in the international system also aim to guarantee their survival (Mearsheimer, 2001). The survival of small, politically isolated states as independent powers is thus precarious, depending on a multitude of factors over many of which they themselves have little influence (Vital, 2006). The most obvious fact about small powers is that their foreign policy is governed by the policy of others (Handel, 2006). Similarly, Nepal's foreign policy is heavily influenced by the great powers, China, India, and the West, which limits its autonomy in foreign policy devising and implementing.

Nepal is small in terms of geographical area, economy, military and diplomatic strength, and overall power projection in the international system compared to its immediate neighbors, China and India. Here, the meaning of smallness can be viewed through the binary opposition of greatness. Bhattarai (2022) states that the 'yam' theory put forward by unification leader Prithivi Narayan Shah reflects the small state syndrome arising from its geographic location, and this mindset will continue to haunt its foreign policy priorities and behaviors.

Aditya (2021) notes that a traditional aspect of small state analysis is its preoccupation with 'survival,' which emphasizes national security concerns. Consequently, issues of growth and prosperity often remain either understressed or under-assessed. Small states tend to adopt more outward-oriented policies. Nepal exemplifies this tendency, particularly in relation to its two neighboring countries, despite its prolonged period of isolation. However, this is a feature that arises more from its dependence on the supply of commodities and values than as a source of strength.

The 'Great Game' in the Himalayas has intensified and continues unabated, albeit in different forms, despite both India and China's best efforts to resolve the boundary issue (Stobdan, 2019). In this backdrop, Nepal's foreign policy is driven by the spirit of non-alignment in evading its probable entrapment in the great power competition. With the increasing Sino-US and Sino-India competition, the policy of non-alignment has once again drawn contemporary relevance for Nepal. Historically, Nepal has avoided the great power competition either with its claim to neutrality or through its non-aligned posture (IFA, 2022). Nepal's foreign policy is guided by the principle of non-alignment, which helps it navigate potential entrapment in the competition among great powers. As Sino-US and Sino-Indian rivalries intensify, the policy of non-alignment has regained significant relevance for Nepal. In the past, Nepal has steered clear of great power competition, either by asserting its neutrality or adopting a non-aligned stance (IFA, 2022). As a small state, Nepal lacks the luxury of relying solely on its own national means of power. Additionally, it cannot depend on its ambitious neighbors for clear reasons. Therefore, how have Nepal's foreign policy and international relations evolved? How should it move ahead? Institutional processes must make policy decisions, not personal preferences (Kumar, 2021). Normally, foreign policy is the prerogative of the executive, but the problem arises when personal preferences do not align with national interests.

States within the international system are significantly influenced by their survival concerns, which lead them to closely monitor the balance of power and ultimately pursue hegemony (Mearsheimer, 2018). In the case of small states, chances of survival seem slim, as Handel (2006) cites Karl Haushofer, who predicted the disappearance of small countries and recommended that they unify with larger states, stating, "we may say that small states have a constantly decreasing chance of independent survival." For the small state, diplomacy is the tool of statecraft in whose use it can, on occasion, hope to excel (Fox, 2006, p. 40).

When the matter of the survival of small states comes up, it's plausible to observe it through a realistic theoretical lens. Struggles between states to secure their often-conflicting national interests represent the main action on the world stage. Power is the determining factor in which country prevails; it is argued that politics is focused on increasing, maintaining, or showcasing power (Rourke & Boyer, 2004, p. 14). International politics is a continuous struggle, with no clear distinction between war and peace. The scope of foreign policy is limited to the state's willingness and ability to support it through force (Huntington, 1957). The structure of the international system is anarchic, not hierarchic, which means that liberalism applied to international politics cannot work. Countries thus have little choice but to act according to balance-of-power logic if they hope to survive (Mearsheimer, 2018). Geopolitically, Nepal's foreign policy strategy focuses on ensuring the survival of the Nepali state, a key characteristic of small states (Bhattarai, 2022, p. xiv).

Data Presentation

This article examines Nepal's foreign policy choices and autonomy in the context of great power competition in the Himalayas, utilizing small state theory and realism in international relations. It discusses the challenges and debates surrounding Nepal's foreign policy interactions with its neighboring countries and the USA, illustrating how these policies have impacted over time. The study employs qualitative content analysis, focusing exclusively on secondary literature regarding small powers and the historical analysis of Nepal's foreign policy.

Small State Behavior and Theory of Realism

The study of the foreign policies of small powers is a relatively unworked field (Fox, 2006, p. 44). How 'small' is small? Does the qualifying adjective refer to area, population, or resources and wealth? (Alford, 1984). There is no suitable definition that can meet the criteria of a small state. Neumann and Gstöhl (2006) assert that smallness is a comparative concept: micro-states are smaller than small states, and small states are smaller than middle or great powers. This observation raises questions about the criteria and extent of these comparisons. If not only relative power and international institutions are significant, but also ideational factors, then small states may encounter new opportunities to maneuver in their foreign policy. "...they can and do maneuver within the international system to obtain help from other states" (Handel, 2006, p. 190). According to Waltz, the structure of the international system forces states to pursue power to enhance their prospects for survival (Mearsheimer, 2001, p. 15). Hence, small states have been vulnerable to the military power of larger neighbors. More recently, existential threats such as climate change and global pandemics have drawn attention to the vulnerability

that small states can experience as a result of their economic dependence on open borders and transnational markets (Koff, 2024).

Panke and Thorhallsson (2024) present three distinct approaches in the small state literature that connect to realist and neorealist concepts regarding the impact of power dynamics between small and large states on the behavior of small states in International Relations (IR). These approaches are the shelter-seeking strategy, the neutrality approach, and the hedging approach. The shelter-seeking strategy highlights that small states lack the capacity to emerge as leaders on the international stage and require protection from larger states and regional and international organizations (IOs) to address domestic vulnerabilities linked to their size. The neutrality approach illustrates how small states, as international actors, differ from their larger counterparts by adopting a policy of neutrality in international affairs, explicitly avoiding taking sides during disputes or conflicts. Bastola (2025) emphasizes that the delicate balance between the two powers (China and India) may restrict Nepal's ability to prioritize its national interests. Consequently, adopting a hedging strategy could be an effective approach for Nepal to navigate the evolving geopolitical landscape and maintain its autonomy. "With increasing competition, the pressure to align with one side may intensify in the future, making it more challenging to maintain balanced relations. Furthermore, any resulting imbalances could have negative repercussions both politically and economically" (Bhatta & Menge, 2021).

Thorhallsson and Steinsson (2024) reference Fazal (2004), noting that some small states may have a highly limited number of shelter options. Buffer states, in particular, are vulnerable to interference and coercion from powerful neighbors, which contributes to the higher incidence of state death. Nepal exemplifies this condition with unmistakable clarity. Positioned between India and China—two dominant regional powers with divergent strategic ambitions—Nepal's foreign policy autonomy is continuously tested by the pressures of proximity and dependency. The country's historical and contemporary efforts to maintain sovereignty and political independence thus reflect the broader vulnerability of buffer states, demonstrating how limited shelter options can translate into persistent exposure to external influence and existential insecurity within the international system.

Shelter can be provided by either single or multilateral regional and international organizations, such as the United Nations, the European Union (EU), NATO, ASEAN, and the Organization of American States (OAS). Small states have increasingly sought to protect themselves within these forums rather than depend on a single protector (Thorhallsson, 2019). Likewise, the economy significantly influences the behavior of small states. For instance, small European states do not exist on the periphery of the world capitalist system. Their insertion into the international economy occurred at an earlier date, when political and economic conditions favored national autonomy (Katzenstein, 2006). However, many Least Developed Countries (LDCs) are more susceptible to political pressures from the states that purchase their products, typically the great powers (Handel, 2006). Nepal is a developing and relatively small state compared to its larger neighbors. It is also considered a peripheral country within the global economic system, which limits its foreign policy autonomy. Nepal's dependency on foreign aid was almost unavoidable to carry on its development activities (Sharma, 2000). However, foreign aid often comes with conditions that may be influenced by values or interests. Given

that Nepal's development process relies heavily on donor support and is subject to external influences, the country must navigate a complex landscape of diverse ideas, conditionalities, and approaches to development (Bhatta & Menge, 2021). Therefore, it was essential to carefully engage with major powers, such as the United States, China, India, and other regional influences, to foster developmental investment. Foreign aid evolved as a tool for both promoting the government's internal legitimacy and aligning its policies with those of major powers. Such evidence indicates that absolute foreign policy autonomy is unattainable; instead, it is relative in the context of globalization.

Great powers fear each other. They regard each other with suspicion, and they worry that war might be in the offing; from the perspective of any one great power, all other great powers are potential enemies (Mearsheimer, 2001). As the world evolves and power shifts from the West to the rest, China's emergence is transforming the economic and political landscape. However, it is also being influenced by the global context in which it is rising (Zakaria, 2008). And the American foreign policy establishment would resist any move to abandon the pursuit of liberal hegemony and adopt a foreign policy based on realism (Mearsheimer, 2018). The realist approach is that rivalry and strife among nations exist in various forms. This ongoing contest for power and influence within international society cannot be effectively regulated by international law or government (Malhotra, 2016). A rule-based order provides a suitable environment for small states like Nepal. Whose rules? There is another question to be dealt with. Regardless of whose rules apply, small states seek to conduct much of their foreign policy within the framework of international organizations, agreements, or alliances (Henderson, 1980). While conducting small-state foreign policy, bilateral diplomacy is eschewed in favor of multilateral diplomacy, and foreign policy actions are more frequently undertaken jointly by smaller states. Furthermore, the role of international organizations is more crucial in the foreign policies of small states than in large states (East, 1973).

Realism posits that the structure of the international system shapes the policy choices and strategies of all states. In an anarchical and self-help system, all states seek to survive, typically increasing their security. In this mutual quest for security, the distribution of power and capability among the world's states determines their behavior. As a result, as states gain the power to increase their security, they threaten other states. Such a phenomenon is called a security dilemma (Jesse & Dreyer, 2023). Offensive realists believe that status quo powers are rarely found in world politics, because the international system creates powerful incentives for states to look for opportunities to gain power at the expense of rivals, and to take advantage of those situations when the benefits outweigh the costs. A state's ultimate goal is to be the hegemon in the system. It should be apparent that both offensive realism and human nature realism portray great powers as relentlessly seeking power (Mearsheimer, 2001, p. 21). Offensive realism has faced criticism for overlooking the roles that small states play in the international system.

Due to the nature of power dynamics among great powers, a small, landlocked country like Nepal, situated between two rival nations, is often a source of concern. Nepal's foreign policy autonomy and security are heavily influenced by its interactions with these two giant neighbors. The relationship between these powers has been characterized by more competition

and less cooperation in the realm of world politics. Knudsen (2002, p.182), observes three aspects of small states: self-determination, foreign policy options (neutrality or alliance), and politics and policy formation in small states. Overall, non-alignment is a defensive approach employed by Nepal to avoid military threats from its two neighboring nuclear power states through hedging (Johny, 2024).

Tracing the Struggle for Foreign Policy Autonomy

Nepal's foreign policy autonomy was compromised during its military confrontations with colonial powers, and this became increasingly clear with the signing of the Sugauli Treaty. The Sugauli Treaty, signed in 1816 between Nepal and the East India Company, marked the conclusion of the Anglo-Nepalese war (1814-16). The treaty guaranteed Nepal's status as a sovereign state and a neutral buffer between British India and Qing-controlled Tibet (Keay, 2022, p. 262). On December 21, 1923, Nepal finally obtained an "unequivocal" recognition of its independence in the treaty signed at Sugauli, where the 1816 treaty had also been concluded (Rose, 1971). Theoretically, Nepal never lost its autonomy, but it did come under the strong influence of British India (Pokharel, 2021). Nepal reluctantly accepted British guidance in the international sphere in exchange for internal autonomy (Rose, 1971).

In the nineteenth century, Great Britain gained control over much of China's territory, specifically the southern tributaries of Nepal and Burma, as the Qing Dynasty became the dominant power in East Asia (Kaplan, 2012). The 1856 Treaty of Thapathali, which ended the Nepal-Tibet War, exemplified how British mediation reshaped local power dynamics and entrenched a frontier order designed to serve British interests. The interventions in Tibet, Nepal, and Bhutan created a diplomatic ecosystem where the British could manipulate rivalries, shift their frontier lines as needed, and foster dependency among smaller Himalayan states (Bhadauriya & Singh, 2025). Nepal was integral to the broader geopolitics of the Himalayas, which impacted its foreign policy autonomy.

During the Rana regime (1846-1951), Nepal remained largely isolated from the outside world, apart from its traditional ties with India and Tibet (Malla, 2012). In 1951, a popular revolt led to the establishment of democracy, effectively ending the Rana feudal oligarchy's rule, which had lasted for over a century. This shift also marked the end of Nepal's centuries-old self-imposed political isolation, which had kept the nation disconnected from modern developments globally (Sharma, 2012). The policy of isolationism failed to address any of Nepal's political and economic challenges (Khanal, 1977). The prolonged policy of isolationism was largely justified by security concerns.

In the aftermath of the 1950 revolution, the first interim government focused heavily on domestic issues, leaving little room for consideration of foreign policy matters. There was also no pressing need to address this, as the context in which Nepal emerged from a century of Rana-imposed isolation and autocracy served to define the general features of Nepali foreign policy (Joshi & Rose, 1966).

During the Panchayat period (1960-1990), under the leadership of King Mahendra, Nepal established bilateral relations with China in 1955. Nepal diversified its relations with other countries. He realized that Nepal could no longer remain isolated from the international

pulls and that she must come out and seek her place. He set two basic objectives before himself: to preserve and assert Nepalese independence and the economic development of the country (Kant, 1971). The construction of the Araniko Highway established a direct strategic connection between Nepal and China (Acharya, 2019). He recognized that China may have served as a counterbalance to India's influence in Nepalese politics (Jaiswal, 2016).

Nayak (2014) cites S. D. Muni, observing that "small countries in South Asia, including Nepal, took advantage of the big power politics in the region during the Cold War to enhance their bargaining power with India". Nepal maintained a stance of neutrality and non-alignment, successfully balancing its relationships with the United States, the Soviet Union, China, and India while developing the east-west highway. For example, the Soviet Union contributed to the construction of the Pathlaiya-Dhalkebar section, while India assisted with road sections to the east of Dhalkebar and to the west of Butwal. Additionally, China played a role in building the Kathmandu-Kodari highway during this period. Nevertheless, the growing interest of Russia and China in the Himalayan periphery of Nepal compelled the United States to strengthen its relations with Nepal (IFA, 2022, p. 84). Consequently, this relatively small nation has engaged with great powers while adhering to a policy of non-alignment in its foreign affairs.

India's implementation of the Forward Policy was a significant provocation to China in September 1962 (Riedel, 2016). When Tibet's spiritual leader, the Dalai Lama, fled to India and received asylum in 1959, tensions escalated further. These border disputes ultimately led to the two-front war of 1962 between China and India (Khanna, 2019). With this war, the myth of the Himalayas as the natural protector proved wrong (Nayak, 2014). During and after the war, India prioritized security interests in maintaining its supremacy over the southern flanks of the Himalayas (Hachhethu & Gellner, 2010). Such an approach has disturbed the principle of coexistence and mutual trust in the Himalaya, which is largely desirable in the region.

Upadhyaya (2012) notes that King Birendra proposed the concept of Nepal as a Zone of Peace (ZOP) as a foreign policy strategy in 1975. This proposal emerged against the backdrop of India's actions concerning Sikkim and its nuclear tests. New Delhi interpreted the proposal as a bold effort to bypass the "special relations" that the 1950 Treaty purportedly established between the two countries (p. 103). Besides India, China, Pakistan, and Bangladesh emerged as the most vocal supporters of the ZOP proposal (p. 104). The strong criticism of Sikkim's merger with India and the call for equidistance between India and China, as embodied in Nepal's designation as a ZOP, were not well received in India (Rae, 2021, p. 129). As a sovereign state, Nepal has been striving for foreign policy autonomy, peace, and stability in the region. Hence, since the beginning, Nepal has continued to view non-alignment as a vital strategy for maintaining its status as a free and independent sovereign nation (IFA, 2022, p. 85).

Discourse of Debate and Multi-aligned Approach

China's Belt and Road Initiative (BRI) and the U.S. Indo-Pacific Strategy (IPS) represent two competing visions for influence in the Himalaya region. Together, the BRI and the Millennium Challenge Corporation (MCC) illustrate how Nepal is pursuing a multi-aligned approach to address its development challenges with major global powers, rather than adhering to a strictly non-aligned policy. Nepal's foreign policy is multi-aligned when it comes to development

issues, but it stays neutral when it comes to security issues from both of the great powers. The competition between China and the United States in Nepal has significant developmental implications. For instance, before the ratification of the MCC compact, the two nations confronted each other directly. Assistant Secretary of State for South and Central Asia, Donald Lu, sternly communicated the US desire to see the Compact ratified (De Silva, 2022). China labeled this an example of "coercive diplomacy". The MCC Nepal Compact generated intense political divisions within the country. Opponents of the Compact view it as part of a broader strategy by the US to draw Nepal closer and counter China's BRI.

On another front, the power generated by the Chinese-built hydropower project in Nepal would not be purchased by India, thereby limiting Nepal's options regarding energy sales. The 456-MW Tamakoshi Project produces electricity that must be consumed domestically within Nepal or potentially exported to China; however, exporting to China does not seem to be a practical alternative (Baral, 2023). Nevertheless, Nepal is expected to export electricity to India or through India to a third country in South Asia, which is generated from a hydropower project built by China and transmitted through a line developed by the United States. And geopolitical competition in the Himalaya largely defines the relationships among these nations. In this context, Nepal must employ diplomatic skills to navigate the differences among these great powers, ensuring its foreign policy autonomy throughout its development process.

Likewise, the Pokhara International Airport, which was built with a Chinese loan and technical support, remains underutilized because India has refused to grant permission for international flights to use its airspace, citing security sensitivities (Acharya, 2025). The situation may be even more concerning, as small states currently struggle to capitalize on investment and development opportunities offered by the great power (East, 1973). This challenge largely stems from the smaller states' inability to grasp the broader geopolitical context and communicate effectively, as is the case with Nepal. Nepal recognizes the threats posed by various state and non-state actors in its pursuit of foreign policy autonomy through diplomacy. At the same time, it acknowledges the opportunities arising from the rise of its neighbors within the international system. However, there are challenges to consider when navigating the great power competitions in the region.

Challenges to Achieving Foreign Policy Autonomy

There are both internal and external challenges in achieving foreign policy autonomy. The internal political dynamics in Nepal, often divided into 'pro' and 'anti' camps, pose significant challenges to the development of a coherent foreign policy that prioritizes national interests. This division hampers the ability to strike the right balance in foreign relations (Pokharel, 2021). Moreover, the polarization of Nepali society along the geopolitical lines of powerful states and the ideological polarization of political parties have their own consequences, which are often reflected in the state's foreign policy orientation (Bhatta & Menge, 2021). This trend is also indicative of a systemic erosion of democratic values, complicating the consolidation of the political order (Kumar, 2000). Furthermore, Political party leaders are undermining the democratic system, despite their historical struggles for freedom and social justice (Baral, 2023). Consequently, such a situation invites instability in foreign policy, allowing major

powers to exploit it for their own advantage. On the economic front, the increasing trade deficit with both neighboring countries continues to pose a significant internal challenge that has persisted for an extended period.

Maintaining foreign policy autonomy is crucial in the context of external challenges. Nepal's foreign policy behavior indicates that it has become more focused on its neighboring countries. Nepal has given priority to its neighbor's security concerns (Nayak, 2014, p. 36). Given the buffer-type geographic location, Nepal is forced to concentrate its foreign and strategic policies preponderantly on its first-order neighbors, India and China (Khadka, 1992).

The current situation is marked by intense great power competition and a complicated balance of power in the Indo-Pacific region (Rao, 2021, p. xxviii). The Indo-Pacific's construction reflects a form of geopolitics that aligns with the interests of the US and its key allies in a part of the world that used to be called the Asia-Pacific (Nair, 2022). Additionally, the U.S. perceives Nepal as a strategic frontier within its broader Indo-Pacific Strategy (Acharya, 2025). The geostrategic dimension is increasingly attracting extra-regional attention due to the China-US rivalry in the Indo-Pacific region. Meanwhile, Nepal's two immediate neighbors are actively working to counter each other's influence (Baral, 2023). In this context of great power competition and geopolitical intricacies, Nepal, as a small Himalayan state, faces significant challenges to its survival.

Nepal's foreign policy of neutrality has primarily been shaped by traditional security concerns related to India and China. However, not understanding non-traditional security issues will certainly hinder efforts to navigate the looming geopolitical vortex. Nepal's heightened sensitivity to these traditional concerns has, in turn, compromised its attention to other non-traditional security issues, such as trade, transit, economic development, and environmental considerations. While maintaining neutrality on traditional security matters is reasonable, it raises questions about how Nepal should address these pressing issues. This presents a significant challenge that Nepal must consider.

Nayak (2021) states that the growing interests of big powers in the Himalayan region and their intense lobbying for their individual connectivity and infrastructure projects could continue to impact political stability in Nepal. Direct contacts and political-level communications between India and China did not provide much space for smaller neighbors such as Nepal to address misunderstandings on the broader geostrategic front. Nepal has hardly been a bridging point between China and India in shaping their bilateral relations. Although Nepal favors trilateral cooperation in the Trans-Himalaya so that it could leverage its foreign policy autonomy and ensure development in the region, there is hardly any progress in this direction.

Nepal's request for the amendment of the 1950 treaty, deemed inequitable, resulted in the establishment of the Eminent Persons Group (EPG) in 2015 to deliberate on the perspectives of both nations, with representatives appointed from each country. Despite the EPG submitting its report to both governments in 2018, no decision has been rendered as of yet (Das, 2022). Consequently, Nepal's request to amend the 1950 Treaty can be viewed as an aspect of its pursuit of autonomy in foreign policy initiatives. However, it does not seem to be reviewed in the near future.

Sino-India territorial conflict, leading to violent skirmishes, often aggravates Nepal's security dilemma. But, in 2014, when India and China decided to use Nepal's Lipulekh as a trading route between them without Nepal's consent, Nepal's security dilemma had magnified (IFA, 2022, p. 363). Nepal's diplomatic relations with India were at risk at that time and are likely to remain strained due to an unresolved territorial dispute. "The dynamics of Great Power relations in the Himalayas, particularly concerning the Lipulekh Pass, demonstrate a Realpolitik approach that undermines the sovereignty of smaller states like Nepal (Thapa, 2025). In this context, Nepal should first attempt to resolve the dispute bilaterally with India. If that fails, it should cautiously raise the issue in an international forum through the appropriate channels to strengthen its case.

Conclusion

The Himalayan region is currently in a dormant state due to intense competition among great powers, specifically China, India, and the United States. Nepal, being relatively small, landlocked, and developing, is located between two nuclear-armed neighbors, which increases its vulnerability to both traditional and non-traditional security threats. Furthermore, Nepal's dependency on India for access to the coast affects its trade, transit, and overall economy. In response to these challenges, Nepal has sought to look northward to mitigate the disadvantages of its landlocked position and limited material power. It also prioritizes engagement with both state and non-state actors through multilateralism instead of depending exclusively on bilateral diplomacy.

While connectivity is important, it alone will not allow Nepal to achieve autonomy in its foreign policy. Achieving foreign policy autonomy requires a more profound understanding of broader geopolitical dynamics, developmental discourse, and the fulfillment of the People's aspirations. Although Nepal's foreign policy emphasizes neutrality, non-alignment, and multi-alignment to maintain territorial integrity and sovereignty by fostering positive relationships with great powers, it should also incorporate strategies such as bandwagoning, hedging, and balancing acts when necessary. Given the current geopolitical challenges, a pragmatic approach to foreign policy is essential.

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