

Unity Journal
 Vol.7, 256-269, Feb 2026
<https://doi.org/10.3126/unityj.v7i1.90473>
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The Indo-Pacific Construct and South Asia: Security Dilemmas in a Fragmenting World Order

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ARTICLE INFO

Article history

Received: 30 Oct 2025

Accepted: 20 Jan 2026

Keywords

Indo-Pacific

South Asia

Hedging

Neorealism

Regional security

ABSTRACT

This article explores how the Indo-Pacific framework is altering South Asia's security setting and what that means for the strategic autonomy of smaller states, using Nepal as the central case. It addresses two questions: how the Indo-Pacific has recast South Asia's security dilemmas, and its effects on the small-state autonomy in general and Nepal in particular. The study examines great-power rivalry, changes in regional institutions, and domestic contestation over foreign policy choices. It adopts a qualitative descriptive approach and applies a three-level analysis (systemic, regional, and domestic) using theoretical lenses of neorealism and Regional Security Complex Theory. The study is developed through secondary evidence drawn from scholarly work, policy and institutional reports, and selected media and think-tank analyses. The Indo-Pacific construct has pulled South Asia more directly into the U.S.–China–India rivalry. This region has witnessed intensified militarization and securitization through initiatives like BRI and maritime expansion. Regional cooperation has been fragmented due to the stagnation of SAARC. Nepal's case shows how these pressures turn development and borders into geopolitical contests (MCC vs. BRI and the Kalapani border issue). This power contestation has pushed Kathmandu to adopt a policy of hedging through selective economic and non-traditional security cooperation while avoiding military alignment. Overall, this study highlights how structural constraints and limited agency coexist. It recommends stronger regional cooperation, diversified partnerships, and greater focus on non-traditional security to protect small-state autonomy.

Introduction

Since the advent of the 21st century, the Indo-Pacific region has been playing a pivotal role in shaping world politics as well as global security. Unlike in the past, the Pacific and Indian oceans are now combined to form a strategic region that not only influences international trade and supply chain but also contributes to global power competitions (Brewster, 2016). The main purpose of creating this construct is to promote shared economic and security interests by containing China's rise and maintaining a free and secure maritime environment. The key players of this construct are the United States, Japan, Australia, and India. This strategic shift

from Asia-Pacific to Indo-Pacific is accounted as a redistribution of global power balance more than a geographical extension. This has a direct impact on South Asia's strategic environment, putting the region at the crossroads of the competition among the U.S., China and India. Due to growing strategic, economic, and even ideological interests of the world powers, countries in the region are looking for external partnerships, inducing negative dependencies. As a result of such partnerships and growing dependencies, the Indo-Pacific construct is now persuading countries of the South Asian region to shape their domestic as well as regional policy discourses.

Smaller states in the South Asia region are facing difficulties in navigating this competing and complex international environment. The U.S., being a sole superpower, is using most of its energy to promote the 'Free and Open Indo-Pacific' concept. Whereas, China, on one hand, is advancing its Belt and Road Initiative (BRI), and India, on the other, is exercising its influences for regional leadership. As a result of these competing strategies, existing regional frameworks like the South Asian Association for Regional Cooperation (SAARC) are already being undermined due to their overlapping spheres of influence. In addition, the enduring hatred relationship between India and Pakistan has already incapacitated the SAARC's ability to function as an effective regional platform. In response to this nonoperational status of SAARC, new initiatives of flexible issue-based coalitions like 'Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation' (BIMSTEC) have emerged to promote cooperation in areas like- trade, connectivity, and disaster relief.

Within this rapidly changing regional and global environment, Nepal, being a small state sandwiched between giant nations India and China, is facing great challenges to adapt to the new situation, minimizing its vulnerabilities. To manage competing pressures from neighbors and to balance growing engagement from other external powers, Nepal is struggling with great dilemmas to protect and promote its national interests. Domestic debates over sensitive issues in Nepal are also being highly politicized, which is unfortunate for the promotion of national interests. Debates among political parties and common people over the U.S.' Millennium Challenge Corporation (MCC), China's Belt and Road Initiative (BRI), and border disputes with India are such events which question national unity and demand the dire need for consistent and pragmatic foreign policy formulation. Hence, these issues clearly reflect that Nepal is being exposed to the shifting dynamics of the Indo-Pacific region.

This paper attempts to address two main questions. First, how has the Indo-Pacific construct reshaped South Asia's security environment? Second, what do these shifts mean for the strategic autonomy of the smaller states in general and Nepal in particular? This study incorporated three levels of analysis: global, regional, and domestic. Three arguments are guiding the discussion. First, the 'structural constraint thesis' argues that the Indo-Pacific construct has embedded regional rivalries within global power competition, which eventually undermines the autonomy of smaller states. Second, the 'selective agency thesis' highlights the importance of maintaining limited but meaningful agency by such smaller states through cooperation in areas like trade, climate change, and disaster management. Third, the 'fragmentation thesis' argues that the Indo-Pacific construct ultimately contributes to eroding South Asia's regional institutional initiatives. As a result, externally driven arrangements will replace regional cooperation initiatives that may create risks as well as new openings.

Neorealism and Regional Security Complex Theory (RSCT) are two theoretical lenses used to analyze the issues in this paper. According to Waltz (1979), neorealism highlights the importance of the balance of power in international relations and explains how power imbalances induce systemic constraints. Likewise, RSCT highlights the importance of regional interdependence and the possibility of external penetration in the regional arrangements (Buzan & Waever, 2003). Both theoretical lenses present the Indo-Pacific construct as a geopolitical idea and a structural condition that not only influences the individual country's conduct but also the regional behavior. This paper mainly focuses on Nepal as a case to discuss how small states navigate constraints, negotiate with agencies, and adapt in a fragmenting global order.

Literature Review

The Indo-Pacific Concept and South Asia's Strategic Transformation

Now, Indo-Pacific has evolved into a central strategic concept from mere geographical terms. It has contributed to shaping global power relations and regional politics. Contemporary scholars have described this concept as both a material as well as discursive framework. This concept describes how states understand maritime governance, economic corridors, and power rivalries (Brewster, 2016; Medcalf, 2020; Mohan, 2012). Rising above the interlinking of two oceans, the Indo-Pacific concept highlights the ever-growing interdependence between the two maritime systems. It emphasizes the importance of trade routes, choke points, and naval capabilities (Brewster, 2016). This transformation in the 21st century aligns with the transition to the emerging competitive multipolar order from the U.S.-led unipolar world order (Sukaedi & Yogaswara, 2024). Constructivist scholars argue that the Indo-Pacific concept as a political narrative is as much a geographical one as an economic concept. Major global powers extensively use buzz terms such as 'free and open', 'an inclusive Indo-Pacific' in various international forums, persuading their interests and influences. Their sole aim is to get their policies and alignments legitimized (Acharya, 2018; Smith & Bacon, 2025).

Indo-Pacific concept is a geopolitical framework for narrative construction linking infrastructures, security, and influences across two oceans (Aryal & Pulami, 2024). It has increased the importance of South Asia. It has drawn the states in the region into a global power contestation. According to Aryal and Pulami (2024), the eventual intersection of the U.S. Indo-Pacific Strategy (IPS), China's BRI, and India's regional ambitions has produced overlapping zones of competition in the region. Medcalf (2020) views the Indo-Pacific concept as a reorientation of strategic focus towards maritime connectivity and economic corridors that determine regional hierarchies.

Regional Security and Great Power Rivalry in South Asia

Buzan and Waever (2003), while describing RSCT, explain how neighboring states promote an interdependent security concept that is primarily rooted in geography, conflict history, and power imbalance. South Asia resembles this RSCT framework due to its characteristics of enduring India-Pakistan rivalry and India's hegemonic dominance over smaller neighboring states (Sukaedi & Yogaswara, 2024). The Indo-Pacific framework amplifies the existing regional dynamics by introducing external actors. The aggressive involvement of the U.S., Japan, and Australia under the informal security partnership mechanism of 'Quadrilateral

Security Dialogue' (Quad) and China's strategic ambition of 'Maritime Silk Road' campaign have put the South Asia region on a boiling condition (Brewster, 2016; Sukaedi & Yogaswara, 2024). These aggressive external interventions dragged South Asia into the global security agendas and strategic competition of world powers. Sharma (2025) argues that the stagnation of SAARC since 2016 and major power contestation in the region have significantly weakened the regional cohesion. Moreover, alternative smaller platforms like BIMSTEC or ad-hoc coalitions of member states for disaster relief may provide functional but fragmented cooperation in the region (Sharma, 2025).

Neorealist theorist Waltz (1979) argues that redistribution of power intensifies the security dilemmas. The evolution of the Indo-Pacific concept can also be viewed as the quest for the redistribution of power. India's every effort, ranging from modernization of its navy to active participation in the Quad, can be viewed as a balancing conduct against China. Hence, it strengthens the neorealist perspectives to analyze the Indo-Pacific construct. China is also expanding its influence through growing maritime reach and investments in the ports under BRI (Mohan, 2012; Khobragade, 2016). Furthermore, Medcalf (2020) argues that U.S. efforts to promote a 'free and open Indo-Pacific' institutionalize the strategic competition across the region. This power triangle among the U.S., China, and India undermines the relative autonomy of smaller South Asian countries, which limits their room for neutrality. Smaller and relatively weak states of South Asia like Nepal, Bangladesh, and Sri Lanka are struggling to balance between dependence on Chinese infrastructure financing and economic integration with India. Meanwhile, they also need to address the security expectations of the U.S. and the West in general. Consequently, smaller states in the region find hedging, bandwagoning, and selective engagement as the most viable options to maintain limited agency under external pressure (Kuik, 2008; Haacke, 2019).

Small-State Agency, Nepal's Strategic Choices, and Institutional Erosion

Previous studies on the strategies adopted by small states provide an understanding of how secondary powers manage external pressures in South Asia. Hedging by small states is a flexible approach, engaging all major powers but aligning exclusively with none (Kuik, 2008; Haacke, 2019). According to Haacke (2019), the concept of omni-enmeshment suggests that small states can engage great powers in cooperative frameworks where their main aim is to balance great power influences. However, Thorhallsson et al. (2018) warn that structural dependence still limits the freedom of relatively small states. Nevertheless, these arguments highlight how the countries in South Asia, such as Nepal, Sri Lanka, and Bangladesh, diversify their partnerships in trade, infrastructure development and aid while avoiding any kind of military alliances.

Nepal's geographical setting and fragile political economy are the main impediments to maintaining its neutrality with major powers (Baral, 2012; Khobragade, 2016). Since Nepal has been traditionally dependent on India for trade and transit, it has witnessed several unwarranted pressures in the past. Thus, Nepal has tried to diversify its dependency through closer relations with China and other countries. The 2015-16 border blockade with Nepal actually exposed the vulnerability of overdependence on a single country. This episode has encouraged Nepal to diversify its trade and transit by opening new routes and energy links with China. However, India still sustains a monopoly over Nepal's economy, which limits Nepal's

autonomy. Scholars describe Nepal's stance as 'non-alignment plus', which means engaging in economic and environmental cooperation but avoiding security commitments. (Acharya, 2018; Sapkota, 2020).

Nepal has witnessed contestation between the U.S.'s MCC and China's BRI. This illustrates how even aid and investments in infrastructure developments can become tools of geopolitical competition. The MCC faced criticism as part of the U.S. Indo-Pacific Strategy, whereas BRI projects raised debt concerns (Bhattarai, 2022). Nepal has accepted MCC with 'interpretive clauses' endorsed by the House of Representatives and has also limited BRI involvement. This can be interpreted as portfolio hedging that seeks economic benefits but avoids strategic alignments (Baral, 2012; Sapkota, 2020).

Likewise, according to Jones (2012) and Giri (2020), border issues with India, like the Kalapani issue, further complicate diplomacy. It has fueled nationalism and reduced flexibility in foreign relations. Dalby (2020) argues that the threat induced by climate change and disasters has doubled Nepal's vulnerabilities, but cooperation on these issues is often overshadowed by power politics. Regional solidarity in South Asia hardly exists due to the paralyzed SAARC. Hence, small states are bound to rely on BIMSTEC and other ad hoc arrangements. (Buzan & Waeber, 2003; Sharma, 2025). In the absence of strong regional institutions, Nepal has to rely on selective partnerships to maintain limited autonomy in the complex Indo-Pacific order of today.

Synthesis and Gap

Within the purview of three theoretical approaches, neorealism, RSCT, and small state strategy, the literature provides three distinct insights. First, the Indo-Pacific construct directly invites global rivalries into South Asia's regional security complex. South Asia has witnessed intense external pressure resulting in redefinitions of local alignments (Brewster, 2016; Sukaedi & Yogaswara, 2024). Second, small state agencies are shaped and limited by geography, economic dependence, and institutional fragility. Nepal has adapted hedging and selective engagements to preserve its autonomy; however, options available are constrained due to its asymmetrical interdependence with neighboring countries and domestic political instability (Kuik, 2008; Haacke, 2019; Acharya, 2018). Third, non-traditional security challenges like climate change, natural disasters, and resource scarcity are essential dimensions of regional stability. As a result, small states are increasingly marginalized due to great power contestation and the securitization of connectivity (Dalby, 2020; Woods, 2008).

Nepal demonstrates both the agency and vulnerability of small states that are exposed to external economic and security influences. However, the literature offers limited theory-driven and in-depth Nepal-specific analysis. Likewise, most of the studies give less attention to domestic policymaking, internal coalition politics, and the geopolitics associated with external sponsorship. These gaps need to be addressed to refine our understanding of strategic autonomy and adaptive hedging in the Indo-Pacific era. It would provide a more comprehensive explanation of how small states navigate through structural dependence and changing regional orders.

Research Design and Methodology

This paper has used a qualitative descriptive design grounded in neorealism and RSCT. According to neorealism perspectives propounded by Waltz (1979), international systems are anarchic in nature, which compels every state to pursue its survival and security. This lens helps understand how the balance of power among the U.S., China, and India constrains the strategic behavior of small states. Similarly, RSCT, described by Buzan and Waever (2003), focuses on regional arrangements. It explains how the proximity, rivalry, and external involvement induce interconnected security dynamics in the region. Both frameworks explain the Indo-Pacific construct not only as a policy narrative but also as a structural condition that shapes South Asia's security order.

This study analyzes the security environment and impact of the Indo-Pacific construct in South Asia. Security realignments, institutional decline, and the rise of non-traditional threats such as climate change and maritime risks are discussed. Similarly, MCC, BRI, and border tensions are being deliberated to explain how the Indo-Pacific construct has affected Nepal's strategic autonomy and foreign policy. This paper analyzes the impact of global competition on the national decision-making process that links structural pressures to policy outcomes. The analysis covers three levels: systemic, regional, and state levels. At the systemic level, neorealism guides the study of global rivalries. The indicators are alliance behavior (Quad), strategic narratives (free and open Indo-Pacific), and influence channels (BRI and MCC). Likewise, at the regional level, RSCT helps to assess South Asia's asymmetrical interdependence and institutional adaptation under external pressure. The defunct SAARC, the rise of BIMSTEC, and persistent India-Pakistan-China tensions are the indicators to analyze the impact of the Indo-Pacific construct in the region. At the state level, Nepal serves as a focal case. It explains how a small and landlocked country manages domestic politics, foreign policy, and security despite overlapping great power strategies.

The selection of Nepal as a focal case suits both empirical and theoretical perspectives. Empirically, Nepal's experiences of MCC, BRI, and border tensions with India illustrate Indo-Pacific contestation. Theoretically, the small state framework propounded by Kuik (2008) and Haacke (2019) to a non-maritime setting extends scholarship that largely centers on Southeast Asia.

This paper is largely based on secondary sources that include academic literature, policy papers, and institutional reports from regional organizations and national governments. It also incorporates media and think tank analyses such as Diplomat, Carnegie Endowment for International Peace, and Kathmandu Post. Triangulating these sources enhances the reliability of the paper.

However, this study also has some limitations. Sole reliance on secondary data and the evolving nature of the Indo-Pacific region itself may put some constraints on making this paper up to date. Although Nepal, as a case taken, provides analytical depth, future research could include Bhutan, Sri Lanka, and the Maldives to develop comparative insights. Despite the natural limitations of this paper, the multi-level framework used in this study could offer a good understanding of how smaller South Asian countries navigate restricted agency within a fragmenting Indo-Pacific construct.

South Asia's Security Environment Under the Indo-Pacific Construct

From Regional Rivalries to Globalized Competition

The security environment of South Asia has been defined primarily by the India-Pakistan contestation and the poor performance of regional institutions. India's prevalent dominance in the region and Pakistan's opposition are motivations to create what Buzan and Waever (2003) described as a tightly connected yet conflict-prone subsystem. The emergence of the Indo-Pacific idea has transformed South Asia into an essential part of a larger geopolitical order. Today, the South Asia region has become a stake of global competition led by the U.S. and China (Brewster, 2016). This shift has intensified existing rivalries. Introduction of external involvement in the region has further complicated the security environment. South Asia is now recognized not only as a regional hotspot but also as a testing ground for multipolar power politics. Local disputes existing in the region also intersect with global strategies.

India's Dual Role and China's Expanding Presence

India's approach to the Indo-Pacific construct reflects its ambition to act as a regional leader and a balancing power. India's activities witnessed by the world suggest its desire to make the Indo-Pacific an 'inclusive order'. Modernization of the Indian Navy, association and active role in the Quad, and conduct of joint exercises like 'Malabar' with other regional powers make this argument credible (Mohan, 2012). However, India faces simultaneous challenges from Pakistan and China. The Pulwama-Balakot crisis of 2019 and the Galwan clash with China in 2020 are some examples that India's leadership in the region is being directly undermined by Pakistan and China (Panda & Pankaj, 2025). Additionally, this type of conflict questions India's ability to project its influence outward while maintaining stability at home.

Meanwhile, China has expanded its footprint through major projects under BRI. China-Pakistan Economic Corridor (CPEC) and Hambantota Port, located on Sri Lanka's southern coast near a major Asia-Europe shipping route, are some of the strategically significant projects completed by China. This type of investment gives smaller states development opportunities but creates long-term dependency and strategic exposure (Sapkota, 2020). India views these types of involvement in the region as encirclement. Hence, India gets encouraged to deepen its Indo-Pacific partnership as a countermeasure of Chinese assertiveness in the region (Brewster, 2016).

The U.S. and the Free and Open Indo-Pacific

The U.S. has formally recognized the Indo-Pacific as its strategic priority and has advocated the notion of 'Free and Open Indo-Pacific' (FOIP). In practice, this has involved extending defense cooperation with India to strengthen maritime surveillance and humanitarian capacities in South Asia. Similarly, the U.S. also has its economic engagement with Nepal, promoting the MCC compact. Washington's growing involvement in South Asia underscores the global shifts from a unipolar to a multipolar world order. U.S. Strategy in the region aims not only to maintain influence but also to counterbalance China (Medcalf, 2020). As a result, smaller states in the region have experienced intense alignment pressure to take positions on strategic initiatives outlined in the Indo-Pacific construct.

Institutional Decline and Emerging Insecurities

The Indo-Pacific construct has also coincided with the weakening of South Asia's regional architecture. SAARC has been inactive since 2016, which is the spillover effect of political tensions between regional powers, mainly because of India-Pakistan tensions. Newly emerged platforms like BIMSTEC and other Indo-Pacific mini-laterals remain issue-specific. They are also fragmented rather than cohesive (Sharma, 2025). For smaller states like Nepal, the loss of SAARC as a buffer increases the exposure to external rivalries.

The South Asian region has faced shared traditional threats along with non-traditional security issues like climate change, disasters, maritime security risks, and terrorism. The unfolded complexities after the 2015 earthquake in Nepal highlight how humanitarian aid can become politicized as powers compete for influence (Dalby, 2020). It further undermines the cooperation among states in the region. Thus, the Indo-Pacific construct has layered South Asia's old rivalries, which have contributed to making the region further volatile due to emerging economic, environmental, and institutional challenges. It undermines the prospects for collective stability.

Synthesis

All these dynamics discussed above illustrate how the Indo-Pacific construct has fundamentally altered South Asia's security environment. Strategic activism of the U.S., the expanding footprint of China, and India's ambitions are contributing collectively to reshape the regional order. In addition, institutional paralysis and non-traditional insecurities have deepened the complexities of cooperation. Smaller states in the region have faced greater dilemmas due to the complex and volatile strategic environment. States' autonomy is eroded by overlapping pressures of global powers. In this scenario, the case of Nepal becomes further complex due to its unique geography, asymmetric dependency, and greater interests of global powers. Hence, Nepal is facing multiple challenges in navigating through South Asia's fragmenting order.

Nepal's Foreign Policy Dilemmas in the Indo-Pacific Era

Between Two Powers: Geography and Strategic Limits

Nepal's foreign policy is deeply guided by its geographical position. It represents a small state struggling between two competing powers for its survival (Baral, 2012; Khobragade, 2016). Historically, Nepal has maintained a delicate balance through the policy of non-alignment. The rise of the Indo-Pacific order, characterized by wider U.S.-China rivalry, has reduced Kathmandu's room to maneuver. Overlapping ambitions of Nepal's two giant neighbors, India's dominance posture in South Asia and China's expansive influence through BRI, have turned Nepal's strategic location from an asset into a vulnerability (Observer Research Foundation, 2020). According to Waltz (1979), smaller states often face limited choices: either align with a stronger power or hedge between rivals to survive.

The MCC-BRI Dilemma: Development or Dependence

Nepal has been juggling the U.S. US MCC Compact and China's BRI in the last decade. This unique experience of Nepal illustrates how development ventures become an arena of strategic competition. The MCC, worth 500 million dollars for road and energy projects, is viewed by

critics as a strategic tool of the U.S. for advancing its Indo-Pacific agenda and has raised fears of sovereignty loss among many Nepalese intellectuals (Adhikari & Acharya, 2025). Nepal ratified MCC through Parliament in 2022, only after adding clarifying declarations to maintain its posture of non-aligned policy. In contrast, progress on BRI has stalled due to debt concerns and political divisions despite several infrastructure projects being promised during mutual agreement in 2017 (Sapkota, 2020). Both frameworks highlight how external funding embeds strategic influence against weaker states (Woods, 2008). Nepal has chosen dual engagement cautiously; it has accepted MCC while implementing BRI projects selectively. This reflects a hedging strategy often implemented by weak, smaller states (Kuik, 2008; Johny, 2024). This balancing approach allows Nepal to meet development needs without committing fully to either side. But it ultimately reinforces dependence on external assistance for development.

Borders, Security, and Politics of Balance

Territorial disputes with its immediate neighbor, India, further complicate Nepal's diplomacy. The Kalapani/Lipulekh issue with India had been enduring for several years. It flared again in 2019 after India released a political map claiming those territories. Nepal responded promptly to assert its claim through constitutional amendment (Giri, 2020). Jones (2012) argues that borders often become symbols of national sovereignty for any sovereign country. This episode of territorial claim and counterclaim has exacerbated nationalism in Nepal, which seems obvious, but this has reduced diplomatic flexibility to maintain strategic balance. China's tacit support for Nepal's position added another input into Indo-Pacific competition.

Kathmandu always avoids any kind of defense alignments while joining non-military initiatives such as humanitarian and climate resilience programs (Aryal & Pulami, 2024). Acharya (2018) defines this type of approach as the 'non-alignment plus' model. This allows smaller countries like Nepal to embark on global cooperation without militarization. However, as Khadka (2020) warns, complete exclusion from emerging security frameworks risks Nepal's ability to shape regional outcomes in its favor.

Selective Engagement and the Search for Regional Shelter

Nepal has adopted a balancing strategy that combines selective engagement and restrained hedging. It participates actively in BIMSTEC and United Nations-led initiatives but remains extremely cautious in SAARC to avoid undue pressures emanating from India-Pakistan rivalry (Sharma, 2025). Nepal pursues diversification of collaborative partnerships across multiple platforms to reduce dependence on any single power (Haacke, 2019). Nevertheless, this type of flexibility exercised by Nepal to engage global players often faces growing U.S. and Chinese pressures to choose sides, which are evident in domestic divisions over MCC and BRI.

Non-traditional threats are adding further strain to an already delicate balancing foreign policy of Nepal. Humanitarian aid during any disasters demands international cooperation, but there is always a high chance to get it being politicized. Major powers often use relief efforts to gain influence over the country's victims (Dalby, 2020; Woods, 2008). Thus, Nepal faces the dual challenge of seeking assistance while guarding its autonomy.

Finally, the defunct SAARC has deprived small states of the region, like Nepal of a collective voice (Buzan & Waeber, 2003). Nepal can get limited relief through alternative

platforms like BIMSTEC and extra-regional partnerships with the U.S., Japan, and China. That said, stability can be questioned. (Sharma, 2025). Hence, Nepal's diplomacy now depends on careful balancing through engaging all powers while avoiding entrapment. Although geography and economic dependence constrain its autonomy, Nepal has moved from a passive buffer state to a cautious balancer.

Synthesis

Nepal is experiencing tension between structural constraints and selective agency in the Indo-Pacific strategic environment. Kathmandu's room to maneuver is becoming narrow due to its unique geography, deep economic and transit dependence, and great power rivalries in the region. As a result, Nepal is greatly exposed to external pressure. However, Nepal still exercises agency through selective engagement and hedging and rejects any kind of military entanglements. Nepal always seeks activities that convert competition into mutual benefits. These options can be in the form of export revenues, funded connectivity, and operational cross-border infrastructure. They modestly reduce dependency on a single power. However, the autonomy of any state depends on its domestic implementation capacity and external influencers. External influencers can play a deterministic role in getting market access and transit permissions. Hence, a creative agency is best suitable for smaller states as it manages dependence. Absolute strategic freedom can be understood as unattainable for countries like Nepal. Finally, Nepal's autonomy is limited by its geography and dependence. It still has some room to maneuver as opportunities and risks come together.

Implications for Theory and Policy

Revisiting Structural Constraints and Agency

Nepal's unique case under the premise of the Indo-Pacific construct confirms the relevance of neorealism but also highlights its limitations. Waltz's (1979) proposition appears right that small states operate under structural constraints. Their behaviors are often shaped by power distribution. The MCC-BRI dilemma and border disputes with India exemplify the notion of how global rivalries influence Nepal's strategic choices. Nepal's selective engagement intends to counter total dependency. Nepal demonstrates a bounded agency having the ability to act strategically within limits. These agencies can be listed as cooperating on climate, trade, and disaster relief while rejecting military alignments (Sapkota, 2020; Aryal & Pulami, 2024). These behaviors that Nepal is demonstrating as a smaller state in the region reinforce the neorealist perspectives with small state theories such as hedging (Kuik, 2008; Haacke, 2019). Hence, it amplifies adaptive decision-making in contested regions.

Fragmentation of South Asia's Regional Order

Nepal's varied experiences confirm the key arguments of RSCT (Buzan & Waever, 2003). South Asia has remained a deeply interconnected sub-system within the Indo-Pacific construct. The Indo-Pacific construct has made South Asia susceptible to external penetration and weakened the internal institutions. The continuous decline of SAARC and the recent rise of BIMSTEC, along with issue-specific coalitions, tell us how regional arrangements evolve under global competitiveness (Sharma, 2025). BIMSTEC facilitates cooperation on trade and climate

issues, but it fails to address enduring structural rivalries existing in the region like India-China competition or India-Pakistan rivalry. Due to the fragmented regional order of South Asia, Nepal has to rely on its flexible but fragile diplomatic networks. In addition, Nepal is struggling with inadequate credible institutional shelter in the South Asia region. Hence, strengthening inclusive regional mechanisms is crucial to mitigating dependency on extra-regional powers.

Broadening Security: Beyond Militarization

Considering the challenges Nepal presently faces, the scope of security extends far beyond the military issues. Non-traditional threats like climate change, glacier melting, floods, and disasters pose direct risks to national survival (Dalby, 2020). Nepal's experiences during the mega earthquake in 2015 reveal how the quest for humanitarian assistance can turn into a stage for geopolitical competition. Nepal has witnessed on several occasions that not only its immediate neighbors, China and India, but also the U.S. were competing for perceptibility of influence (Woods, 2008). The realities of small states will best be reflected when nontraditional concerns are integrated into RSCT. For policy input, shared vulnerabilities should be a point of departure for regional cooperation, putting rivalries aside. Thus, joint disaster preparedness and climate adaptation programs could foster trust that helps to reduce trust deficiency among neighbors.

Policy Implications for Nepal and South Asia

Four policy lessons emerge from this study. First, reforming regional institutions such as SAARC into a more functional platform is essential to provide small states with institutional protection (Acharya, 2018). Second, Nepal should continuously diversify its partnerships. Any engagements with MCC and BRI projects should be transparent at all possible levels to ensure economic growth without strategic dependency. Third, prioritization of nontraditional security operations can serve as a neutral ground for regional collaboration. A historical example of collective response for humanitarian cooperation during the 2004 Indian Ocean tsunami demonstrates that confidence building is possible across divides (Dalby, 2020). Finally, Nepal should invest its resources and use existing capabilities in building a strategic narrative to project itself as a proactive balancing state. Nepal can move beyond its image as a passive buffer by leading on climate diplomacy and maintaining its leadership in global peacekeeping roles (Thorhallsson et al., 2018).

Synthesis

Past experiences that Nepal illustrate the complex interplay of structure and agency in shaping the behavior of small states in the region. Existing structural constraints due to geographical dependence, economic asymmetry, and external rivalry remain powerful. However, they open up avenues for strategic action. Nepal's concerts of hedging, selective engagement, and humanitarian diplomacy illustrate how small states innovate within constraints. The Indo-Pacific construct provides South Asia both opportunity and risk. It opens access to global partnerships, but it also extends vulnerability to external competition.

To sum up, Nepal's dilemmas under the Indo-Pacific framework contribute both to theory and policy. For theory, there is a need to integrate neorealist structural explanations

with the RSCT and small state hedging framework so that it captures the interplay between global rivalry and local agency. Nepal's experience suggests that small South Asian states can safeguard their independence and autonomy by engaging major powers selectively. In addition, regional institutions need to be strengthened to create a better environment of cooperation. Greater cooperation among countries on non-traditional security issues eventually builds resilience in an increasingly divided regional structure. Thus, Indo-Pacific serves as a testing ground to assess the strength and flexibility of small states steering between opportunity and vulnerability. It will alter the image of the Indo-Pacific as a site of great power competition.

Conclusion

The Indo-Pacific construct has redefined South Asia's security architecture by recasting historical enmities and conflicts within an emerging global power rivalry. India's preeminence is now witnessing increasing competition and engagement from the U.S. and China. This external competition has highlighted pressures and choices surrounding alignment. The importance of regional institutions such as SAARC has been overshadowed. Thereby, it also heightened the strategic dilemmas of smaller states.

Regarding the first research question on South Asia's security environment under the Indo-Pacific construct, there are three major findings. First, South Asia has become a key arena in the U.S.-China rivalry where India finds its place as the regional power and an Indo-Pacific balancer. Second, China's BRI and India's expanding maritime reach have contributed to the militarization as well as securitization of the region. Third, the fragmented regional cooperation framework has exposed South Asia to external competition. Even though nontraditional issues such as climate change and disaster risks affect all states, these concerns are often sidelined by power politics.

The second research question about the effects of the Indo-Pacific construct on Nepal's foreign policy and autonomy highlights its struggle to balance between powers. The debate over MCC and BRI illustrates how development financing has become a matter of geopolitical contest. Likewise, the Kalapani border dispute reflects how local tensions are linked to global rivalries. Nepal has taken a selective approach to cooperation on trade, environment, and disaster preparedness, rejecting any kind of military alignment. It illustrates a hedging strategy that helps to maintain its autonomy. Nevertheless, Nepal finds very little space for maneuver amid its geography, economic dependence, and external pressures from global powers. Nepal's case exemplifies the broader challenge that small states are currently facing while balancing between structural limits and selective agency.

The finding fortifies theoretical insights. It confirms the postulates of neorealism that emphasize systemic constraints. It also validates postulates of RSCT that emphasize regional interdependence and cooperation. Likewise, the small state strategy framework describes selective engagement and hedging.

Policy implication of this paper basically emphasizes the need for fresh commitment to regional cooperation through SAARC or the creation of new platforms to protect smaller states from asymmetric pressures. For Nepal, there is a need to diversify its partnerships to preserve its autonomy. While diversifying the partnerships, there should be ample focus on nontraditional

security challenges and the need for stronger strategic narratives. Nepal's experience reveals that the Indo-Pacific arena is not only a spot of great power rivalry but also a testing platform of small-state resilience. Future studies comparing other states in the region, such as Bhutan, Sri Lanka, and the Maldives, could reveal how small states adapt within a fragmented Indo-Pacific order.

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