



## CHINA'S INCREASING INROADS INTO NEPAL

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The delicate balance between India and China that existed till the past decade in landlocked Nepal, now threatens to gradually tilt in China's favour. Prompted mainly by the internal security imperative of quelling unrest in the Tibet Autonomous Region (TAR), elevated now to a high national priority, Beijing's strategic planners some years ago accorded Nepal a higher profile and adopted a more assertive foreign policy. This synchronised, perhaps coincidentally, with the growing political uncertainty in Nepal. Nepal has, in any case, always been important in China's South Asia policy.

China's strategic objectives in Nepal are clear. These are to neutralize and eliminate Indian influence, secure China's borders by ensuring that the Tibetan refugee population is effectively curbed, and recover what it considers as one of its 'lost' territories seized by 'imperialists'. After China took over Tibet in 1951, it viewed Nepal, along with Ladakh, Sikkim, Bhutan and Arunachal Pradesh, as a 'new buffer' between India and China. Till recently its efforts in Nepal were, however, effectively circumscribed by culture and geography. This balanced the triangular relationship between Kathmandu, Delhi and Beijing despite occasional turbulence for over half a century. The situation began to alter about a decade ago.

Till recently China followed a cautious policy, which included supporting Kathmandu's effort to designate Nepal a 'Zone of Peace' and signing a Treaty of Peace and Friendship in 1960. A boundary agreement followed. Gradually, as its modernization programme began to yield results, China's policy towards Nepal became confident and political efforts were supplemented with economic content. Chinese officials simultaneously began increasingly alluding to India's 'hegemonism' and assured

Nepalese dignitaries that China will continue to support Nepal's effort to safeguard national independence, sovereignty, and develop its economy.

As imbalances between China's coastal areas and the hinterland got accentuated consequent to implementation of economic reforms, China's leaders sought to assuage domestic discontent by encouraging the landlocked, hinterland provinces to explore economic opportunities. Trade was encouraged between the Tibet Autonomous Region (TAR) and Nepal and it increased remarkably between 1983-89. A five-year trade agreement was

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concluded, followed by an agreement on economic and technical cooperation during Nepalese Prime Minister G.P. Koirala's visit to China in 1992. The following year Koirala visited Lhasa, becoming the first Nepalese Prime Minister to ever visit Tibet. China began providing Nepal grants and assistance and in 2006, offered a grant of Yuan 100 million (US\$ 13 million) and concessional loan of Yuan 200 million

(US\$ 26 million). The advent of the Maoist government under Prime Minister Prachanda, who was openly critical of India, elevated China-Nepal ties. He made revision of the India-Nepal Trade and Transit Treaty an issue. China increased the grant offered to Nepal to Yuan 150 million (US\$ 21 million) and allowed duty free access to 500 Nepalese goods. As part of its policy where strategic interests are involved, China identified infrastructure projects for cooperation and particularly eyed Nepal's estimated 83,000 megawatts of hydro-electricity. It extended a loan of US\$ 187 million for the construction of two power plants.

China soon expanded the relationship to include the sensitive defence sector. In June 1992, it offered Nepal anti-aircraft guns worth US\$ 70 million. This was a subtle gesture 'unfriendly'

to India. Though not accepted, the offer paved the way for further contacts. The next year Nepal's Defence Secretary led a delegation to China, described by China's then Defence Minister Chi Haotian as 'a major event in the history of contacts between the armed forces of the two countries'. In mid-1994, Nepal's Inspector General of Police visited Beijing for the first time ever, during which Beijing voiced its concern about 'anti-China' activities by Tibetans inside Nepal. China was assured that such activities would be stopped. Chinese defence supplies to Nepal and military exchanges escalated appreciably after the visit of the Royal Nepal Army Chief to Beijing in 1999. The shift in Nepal's weapons procurement policy was enunciated in June 2005 by the Royal Nepal Army's Master General of Ordnance. He identified China as the only country which continued to supply arms and ammunition to Nepal, adding that Nepal was entirely dependent on China for military supplies. Major deals for the purchase of ammunition and military equipment were signed the following years, ousting India from the position of solitary supplier of ammunition. In December 2008, the visiting Deputy Chief of General Staff of the Chinese PLA, Lieutenant General Ma Xiaotian, pledged US \$2.6 million as military assistance for Nepal. The previous year China had announced military aid worth \$ 1.3 million, the first such assistance to the Maoist government in Nepal. Beijing also supported the Maoists' proposal to integrate approximately 19,000 Maoist guerrillas with the Nepal Army. Meanwhile, China ingressed Nepal's critical telecommunications sector, thus ensuring long-term leverage in the country. Within two years Chinese companies were engaged in 27 projects and ZTE and Huawei, both intimately associated with the PLA, made major inroads. Huawei set up the mobile telephone networks in Kathmandu and other cities while ZTE secured an over US\$ 50 million turnkey contract for upgrading Nepal Telecom's nationwide mobile phone capacity.

Overall, Beijing adopted a watch and wait policy amidst the fast paced political developments which witnessed consecutively the removal of King Gyanendra, rise of the Maoists, gathering momentum of the pro-democracy movement and protracted impasse over the Constituent Assembly. China moderated its stance and veered to supporting pro-democracy forces. Chinese State Councillor Tang Jiaxuan's visit to Kathmandu in March 2006, signalled this shift and marked the commencement of a more assertive policy. He urged reconciliation between the contesting forces and, departing from the earlier

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practice of only meeting Palace officials, met prominent leaders of the 'anti-King' Seven Party Alliance. China additionally initiated contact with the Maoists, whom a Chinese Ambassador had, in 2003, described as an embarrassment to the image of China's Chairman Mao!

Significant visits were those of Wang Hongwei in July 2006 and Wang Jiarui the following year. Wang Hongwei, a retired Major General of the People's Liberation Army (PLA) and Research Fellow at the prestigious Chinese Academy of Social Sciences (CASS), expanded China's political base in Nepal and quietly met Maoist cadres. China already had contact with the then almost 30,000-strong Nepal Communist Party (United Marxist-Leninist). He expressed the hope that they would participate in the interim government in Kathmandu. Wang Hongwei was later instrumental in inviting a number of senior Maoist leaders to China. Similarly reflecting China's newly assertive policy, Wang Jiarui, Minister in the Chinese Communist Party's powerful International Liaison Department, met a number of senior Nepalese leaders including Prime Minister Koirala and Nepal Communist Party (United Marxist-Leninist) leader Madhav Nepal. He emphasized that stability in Nepal would benefit China's bordering regions, that Nepal should hold

elections early, and requested assistance in curbing the activities of Tibetan refugees who could plan to enter China to disrupt the Olympics.

Political interaction accelerated during the period Prachanda was Prime Minister. He broke with tradition and travelled to Beijing on his first visit abroad. He went twice more. An estimated 38 Chinese delegations visited Nepal in 2008-09 while 12 high-level Nepalese economic, technology and defence delegations travelled to China. China cultivated a spectrum of political parties including the Communist Party of Nepal-Maoist (CPN-M), the Nepal Communist Party (United Marxist-Leninist) and the Madhesi People's Rights Forum. In April 2009, a NCP-UML delegation led by Jhala Nath Khanal visited Beijing and was informed that China wants "a new kind of relationship" with Nepal. The pronounced pro-China tilt was corrected with the installation of GP Koirala as Prime Minister.

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offensive includes the China Radio International's local FM radio station in Kathmandu and a Nepal-China Mutual Cooperation Society (NCMCS), funded by the Chinese Embassy in Nepal.

The real game changer in China-Nepal relations is, however, the Qinghai-Lhasa railway which was operationalised in July 2006. China's decision to extend the Qinghai-Tibet Railway line – capable of carrying an estimated 7 million tons of cargo a year – from Lhasa to Zhangmu, bordering western Nepal and Yadong in the east, by 2015 underscores China's strategic interests. The railway is augmented by all-weather expressways radiating out of Lhasa and stretching up to Yadong, on the border with India's Sikkim and, connecting with the Western Highway which runs to the north of the border along western Nepal. To enhance connectivity, China built a road link between Lhasa and Khasa, a border town located some 80 kilometres north of Kathmandu and is constructing another road along the shortest route from Tibet to Kathmandu. Though built to cater to the need of military logistics, the expressways fulfill important strategic objectives. Completion of these major infrastructure projects inside China, coincidentally when Nepal was undergoing historic political changes, has given China a crucial immediate advantage. China's new transportation network has provided alternate trade routes to a landlocked Nepal. China moved quickly to exploit Nepal's sensitivities and reopened the Kathmandu-Lhasa highway in 2008 and designated Zham in TAR as a dry port for Nepal. Next year it agreed to open two more custom posts bringing the total to seven. Chinese Ambassador Zheng Xianglin observed in August 2008 that "Nepal is situated in a favourable geographical position in South Asia, and a passage linking China and South Asia". Separately, Chinese Foreign Minister Yang Jiechi indicated that both countries were working towards a 'strategic partnership', while Liu Hongcai, a Vice Minister in the CCP's International Liaison Department, reiterated the caution (Feb 2009): 'we oppose any move to interfere in the internal affairs of Nepal by any force'.

The priority target of China's revised policy towards Nepal was its 20,000-strong Tibetan community which, anticipatedly, was the first to feel the impact of China's rising influence in Nepal. After King Gyanendra assumed power in a Palace coup in 2001, two offices of the Dalai Lama were

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shut down at Chinese insistence and only sustained international pressure ensured that the government in Kathmandu allowed the Dalai Lama's establishment to retain one office. Beijing coerced Kathmandu into prohibiting activities that were sponsored by pro-Dalai Lama elements or organized by the Dalai Lama's representatives in Nepal. The Nepalese police and border posts were instructed to apprehend

Tibetans attempting to illegally cross over into Nepal from Tibet, either to escape or visit Dharamsala for a glimpse of their exiled Tibetan religious leader, the Dalai Lama. Those apprehended were detained and handed over to the Chinese authorities, who either incarcerated or executed them.

Chinese pressure increased once Prachanda took over as Prime Minister. A visible result is the drastic reduction in number of Tibetans entering Nepal and the severely curtailed activities of the Tibetans resident in Nepal. From the 2,900 Tibetans who escaped into Nepal in 2006 en route to India, the number dropped to 658 in 2008 and 752 in 2009. The Chinese Embassy in Kathmandu became more active and started monitoring Tibetan activities very closely. There was enhanced interaction between the Chinese Embassy and Nepalese authorities on the Tibet issue. Annual commemorative functions organized by Nepal's Tibetan community or the Dalai Lama's official representatives began to be disallowed.

China's interference in Nepal became more noticeable with the beginning of the 'Year of the Tiger', which marked the unveiling by China's leadership of a new, tougher policy towards Tibetans inside the Tibet Autonomous Region (TAR) and Tibetans resident elsewhere in China. The new policy clarifies too that Nepal, as a country bordering the restive TAR, is now viewed by Beijing as a 'frontline' state in its struggle against Tibetan 'separatist' elements. Nepal is seen as a possible base for US-sponsored anti-China activities involving Tibetans. There has been appreciably increasing pressure on Nepal since December last year, when a Counsellor in China's Embassy in Kathmandu expressed concern at the number of Tibetans illegally entering Nepal. He urged Nepal's Home Secretary to heighten vigilance along the borders. In February 2010, during bilateral talks at Kyirong in the Tibet Autonomous Region (TAR)'s Xigaze prefecture, the Chinese authorities renewed their appeal. This time, however, they expanded the scope

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of their effort to include palliatives to the local populace in a bid to co-opt their support. Among the measures discussed to strengthen vigilance along the border, the Chinese for the first time undertook to provide commodities and goods worth Nepalese Rupees three million to the people of the area. The offer will be attractive to people who live in areas where transportation links are poor due to difficult terrain.

The pressure applied by the Chinese prior to March 2010, to obviate the possibility of anti-China activities and demonstrations by Tibetans in Nepal on the anniversary of the Tibetan Uprising on March 10, was considerable. China's Defence Attache in Kathmandu, Chen Chong, was noticeably active and suggested to Nepal's Home Ministry a list of measures to curb activities by the Tibetans, which he said were on the rise. He especially identified the Dolakha district, which he had visited the previous month. On March 7, the Chief Coordinator of Tibetan Refugees in Nepal, Thinley Gyatso, who is a functionary of the Dalai Lama's establishment, was arrested in Kathmandu to prevent him from organizing any anti-China or pro-Dalai Lama functions. In another pre-emptive move the Nepalese authorities conducted a series of raids on Tibetan hotels, restaurants and homes in Tibetan areas across the country. Joint efforts to curb activities by the Tibetans continue.

This includes visits for senior Nepalese officials to places along the China-Nepal border for studying the ground situation.

Another factor which is disturbing in the backdrop of Beijing's strengthened policy towards Nepal, is the negative opinion regarding India that is circulating among Parliamentarians and in governmental circles in Kathmandu. This asserts that India is 'overbearing' and cites around 'forty

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**five points of confrontation'**. These refer to alleged territorial intrusions by India ranging from a few square kilometers to larger areas. Such negative impressions in influential circles will facilitate Beijing's efforts to expand influence in Nepal. They could make it easier for Beijing to deepen inroads into Nepal's

political, bureaucratic, security and military establishments. In the event of a Maoist government coming to power in Nepal, the development would be to China's benefit.

An interesting, but little-noticed, development with a potential for exploitation is that of the 128-130 Buddhists, who are members of Nepal's parliament but are affiliated with the Maoists, and are gradually coalescing into a pressure group. These individuals, who continue to be staunch Buddhists and belong mainly to northern Nepal, have joined the Maoists as they feel they have no alternative. This group maintains quiet contact with the Dalai Lama's establishment in Dharamsala.

Koirala's demise in February 2010, particularly before the new Constitution has been finalised, re-introduces a high degree of uncertainty in Nepal's politics and in India-Nepal relations. A lot will depend on the support that Prachanda and the Maoists are able to garner and their determination to alter the agreements and treaties that bind India-Nepal relations. Nevertheless, compulsions of

culture, geography that inhibits easy travel, and similarities among the people of India and Nepal will continue to impose limits on Nepal-China relations for at least a few more years. There is also the unsettled question of the Chinese occupation of three villages in Nepalese territory in the disputed area of Dhongbasain bordering Mustang and TAR, which has remained unpublicised in recent times.

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