Is China Truly Friendly?: Case of China's "Good Neighbor" Policy toward Nepal

Grace Natasya and Paween Rungtaweechai
Department of International Relations, Faculty of Social and Political Science, Universitas Airlangga

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Abstract: The purpose of this paper is to examine China's "good neighbor" policy through the use of cultural diplomacy, economic cooperation, and infrastructure development assistance to Nepal. To explore the topic, this paper has a qualitative background with descriptive design. Furthermore, the translation of this paper will describe the influence of China's policy on Nepal as a country that has geographical proximity to China. China-Nepal's cultural and geographic proximity provides great advantages for long-term cooperation between the two countries, especially for China's highly ambitious mega project of OBOR (One Belt One Road). The strategic layout of Nepal enables the expansion of China's trade route wider, so the significance of the OBOR project to the Chinese economy is growing. However, the problem that arises later is whether Nepal earns a worthy profit through the implementation of China's "good neighbor" policy? For that reason, the main argument put forward in this paper is that China is more profitable, more strategic, and dominates Nepal economically, culturally and politically. This kind of relation produces a stratified relationship. So, China's foreign policy towards Nepal is still very fluid and potentially unfriendly.

1 INTRODUCTION

This paper will explore border issues between China and Nepal through the implementation of "Good Neighbor Policy". Namely the application of China's foreign policy closely connected with the use of soft power for the purpose of perpetuating China's mega project in the form of One Belt One Road (OBOR). Through this mega-project, China's obsession to expanding trade market and the desire to facilitate labor mobility from China to Nepal looks very clear. That the geopolitical agenda and China's ambition to gain the maximum economic profit has encouraged the use of soft power diplomacy towards South Asia countries, especially in Nepal.

The form of Chinese soft power diplomacy is to build large cultural centers along ancient silk roads. The development is intended to extend the influence of Chinese culture to the entire region that is now planned to be traversed by the OBOR project. The influence of China's soft power utilization has been expanded from the nearest neighboring countries to geographically distant countries from mainland China. Thus, the target of this development will be as close as Nepal and as far as Turkey.

According to Nye's definition in Liu & Tsai, the power to assimilate or adjust can come from aspects of culture, ideology, and international institutions. Other than that, economic development and performance of transnational corporations can also be viewed as a source of strength to the assimilation of the two sides, in this case, the soft power that is implemented by the Chinese attempted to elaborate themselves with economic and geopolitical interests of Nepal (Liu & Tsai, 2014).

In addition to the cultural spread form, from the side of infrastructure development, China also provides a large amount of funds used by the Nepalese government to build paramilitary forces in securing its territory from Tibetan refugees. All facilities within the Nepal Armed Police Academy building were brought from China, including classroom furnishings and equipment. Following the massive and diverse forms of Chinese power in Nepal, including the provision of hydropower for cement manufacture in Nepal has been ruled by Chinese businessmen. In addition, China's influence has also defeated the Indian monopoly in providing internet access for Nepal. The existence of China in Nepal can be seen also from the number of Chinese tourists who continue to flood Nepal, the center or the Chinese language institutions are mushrooming in the neighboring country, as well as more Nepalese students traveling to China and hundreds of Nepalese...
officials invited to travel to China each year. Infrastructure development agreement in the form of the airport in popular tourist town of Pokhara and effort to continue the railway line from Qinghai-Tibet to Nepal become a profitable cooperation for both parties. For Nepal, this railway line can connect its country with all of South Asia and Central Asia countries. As for China, the realization of Qinghai-Nepal rail line construction is an important step to achieve the main goal of China’s mega projects, OBOR.

Seeing the execution of China's soft power towards Nepal not only in terms of culture alone but rather includes development assistance infrastructure and business lines, then Nepal can be regarded as one of the most important country for China. The first reason for China's OBOR transport strategy proposed by president Xi Jinping passed the Nepalese route. Secondly, the geographical position of Nepal is flanked by two competing industrial nations stricter between India and China become significant as the two countries have the same interests. For example India imposes a very high tax on Nepal for every Nepalese imported goods passing through India. Deliberately, India took benefit of its geographic advantage to attract more tributes from Nepal. Therefore, India pursues economic interests against Nepal. Similarly, China is also seeing the growing and stable economic potential of Nepal, so the Beijing government continues to work as closely and as much as possible with Nepal in various aspects that can bring economic benefits to China.

The presence of China in Nepal as a business partner and a sprightly neighbor seeing the needs of its peers, is able to provide significant benefits through various forms of cooperation. For example, Nepal's interest in enhancing cross-border railway connectivity, infrastructure development, trade, investment and tourism cooperation with China under the BRI (Belt and Road Initiative) framework is considered an important development initiative as it can provide much-needed assistance to Nepal. One of them China's benefits to Nepal are apparent when Chinese investment is used to investigate Nepal's potential energy, especially in exploring water resources (Nepal Senior Minister in Xinhua News).

The ethnic proximity of the culture and the population of Nepal is a very large composition in China’s point of view. This composition can significantly bring together China's economic development interest through various cooperative projects along the neighborhood country. One way to achieve China's economic development is to open a railroad that connects neighboring countries directly adjacent to China, thus facilitating acceleration of goods, human mobility, and providing a larger market for Chinese products. Therefore, if the OBOR project really succeeds, then China will greatly benefit because the opening of trade routes will provide access to new markets, then the permanent presence of China in many countries will give an advantage over its competitors in the trade sector, so this can give long-term benefits to the Chinese economy and help China create economic empires in Asia and Africa, possibly even to Europe. Therefore, the opening of China-Nepal's border access as a first step has opened up little room for the implementation of OBOR's Chinese mega projects, particularly in South Asia.

One of China's agenda in pursuing its geopolitical interests not only targeted Nepal alone, but indirectly also affected India which refused to cooperate with China in OBOR project. It is legible from the relationship between India and China is not so good, this two countries is seen as a regional foe since 1962 in the struggle dispute zones (Godement, 2014). For this reason, India continues to raise awareness of China, especially as China has already begun to dominate infrastructure projects and increase its overseas investment in Nepal which is slowly starting to approach Nepal's once enormous influence on India. On the other hand, fears of ethnic and cultural integration of China-Nepal will also have an impact on India-Nepal border region, so it will encourage instability populations and capable of triggering a border conflict. India’s uncomfortable feeling because of China's presence in Nepal proved that this neighborhood country is so important and strategic for China for it can surpass India as its main competitor.

China's dominance of Nepal is evident from the implementation of infrastructure development projects, economic cooperation, learning centers and FDI. Taking advantage of its cultural diplomacy and soft power, China outperformed Nepal from various forms of cooperation that existed between them. China is leading Nepal in the form of bilateral cooperation because Nepal's reliance on China's investment will increase, as a result, Nepal will be shackled to China. However, it can be tolerated by the opening of rail routes between China and Nepal. So, China can open trade gates and be able to export more of its commodities and manufactured products such as steel, cement, machinery and others.

Speaking of Nepal, a brief overview of the country's demographic contours. Nepal is unique, as a democratic country with a predominantly Hindu population, the policies taken by government
stakeholders should make Hindureligious values a parameter and the movement of state supremacy. This country is also among the most multicultural in its region, so it is suitable to be a case example of acculturation products of local and foreign cultures. The disadvantage come from its bustling area, when the citizen’s more interested in foreign languages than using the Nepali language. Not only that, community groups also prefer to interact with foreign tourists, dressed modern western, and tend to eat food and homogenous western branded drinks. In fact, local residents are encouraged to learn a foreign language for two reasons. First, because the number of foreign tourists who come on holiday in Nepal is increasing. Secondly, because of the lack of a language preservation center in the Nepalese community itself. Hence, socially and culturally and economically and politically, Nepal's position is particularly vulnerable to an identity crisis and possibly intimidated by the huge debt burden that China provides.

2 METHODS

This paper is a qualitative research and has a descriptive style, that is to illustrate the implications of China's foreign policy called "good neighbor policy" towards Nepal. This article will explain about the definition of Chinese policy as a good neighbor for Nepal. The instruments used to collect data are through international online news media and book reviews or academic journals.

3 RESULTS

The results section contains information about data that has been collected from articles, online media, books, and academic journals. This section will be divided in two sessions. First, a review of China's foreign policy towards Nepal. Second, Chinese diplomacy forms to Nepal.

China's foreign policy is built on cooperative relations with Nepal. Since 1955 the two countries have agreed to establish diplomatic relations based on mutual support, respect for the sovereignty of each other, and have their own independence and territorial integrity. Starts with mutual consideration to maintain international peace by opposing war and respect for sovereignty and not interfere with internal relations of each party. Thus, the five principles of Sino-Nepalese peace coexistence agree to consolidate peaceful and friendly border areas not only for the two countries but also contribute to the strengthening of peace in Asia and the world (Peking Review, 1961). Border issues between China and Nepal is no longer something that is considered potentially cause conflicts and threats as both sides have reached a peaceful coexistence under Panchasheela agreement. Thus, the focus of the relationship between the two countries shifts to forms of technological and economic cooperation (Ministry of Foreign Affairs of Nepal).

Since the formation of the People's Republic of China, the government has paid more attention to the principles of respecting the sovereignty and territorial integrity of other countries, taking equity and mutual benefits, and not interfering the internal affairs of other countries. With this awareness, the Chinese government adopted a friendly and good-neighborhood policy that applied to all bordering countries, ranging from small to big countries, and regardless of the political orientation and social system of its neighbors. The birth of Panchasheela's deal followed by friendly and good-neighborhood policy shows that China is oriented toward economic interests by pursuing growth and strengthening its economic condition. The goodwill of Chinese policy is illustrated in the closing remarks of a meeting between Liu Shao-Chi and King Mahendra of Nepal, that China also hopes economic growth and prosperity is not only achieved by the Chinese, but the same achievement must also be felt by its neighbors, a fast, solid, and stand-alone economy. Seeing that economic interests can be achieved from various forms of cooperation with many countries, Liu's chairman insists that China will embrace all the countries, both small and large nation-states, weak and strong states, all should be treated equally and not may be distinguished by a superior or inferior state (Peking Review, 1961).

Similarly, China's good-neighborhood policy is applied in line with China's ambitions in pursuit of economic interests, China sees that trade and all economic activity such as investment, foreign development aid, and foreign lending as a basis for development and economic improvement (Burles 1970). Thus, friendly policy implementation towards neighboring countries including Nepal is an important approach, so that good relations facilitated by the use of good-neighborhood policies can provide the greatest economic benefits for China (Reeves, 2013). However, Reeves sees the negative impact of China's foreign policy on developing countries in Asia. According to him, economic activities and exchanges between China and small countries in Asia result in negative consequences such as
environmental degradation, natural resource exploitation, and excessive dependence on Chinese trade (Reeves, 2013).

Chinese diplomacy forms against Nepal were executed along with soft power forms such as cultural diplomacy, foreign policy, and so on. Pang (2007) mentions that China conducts cultural diplomacy after economic diplomacy. Implementation of China's diplomatic or soft power model in pursuit of harmony in the world and in society. China's idea of pursuing a harmonious relationship with its neighbors is supported by other ideas of achieving regional and global stability. Given the stable and peaceful global conditions, China takes advantage of these opportunities for sustainable economic development (Hsu, 2007). Later China mastered the strategy of soft power through "harmonious worldview" and "good neighbor policy" to get to the peace and stability. Both the basic principles of "harmonious worldview" and "good neighbor policies" are intended to enhance good relations with neighboring countries and reduce threats to national security and contribute to a favorable environment for China's development (Liu & Tsai, 2014).

China's soft power model against Nepal is divided into three categories. First, cooperation or economic aid. This wave was marked by an "economic assistance" agreement between China and Nepal in 1956. Subsequently, it followed the promise of the Chinese government to provide grant aid to the Nepalese government under a program of economic cooperation in the mid-1980s. Now the economic cooperation between China and Nepal has included three kinds of foreign aid, namely free aid (grant), interest-free loans, and soft loans. China's financial aid to Nepal has contributed to infrastructure development efforts, industrialization processes, human resource development, education, health, water resources, sports and similar activities. There are at least five major projects under way in Nepal with funds from China, such as power generation projects and transmission lines. Furthermore, China grants for food aid or material at 15 border points in northern Nepal. Subsequently, China also granted assistance to the Kathmandu roundabout repair project with the flyover and the Tatopani border station inspection project. And finally, the Pokhara International airport project in Nepal that comes from China's lending funds.

In 2017, Nepal approved bilateral cooperation with China to improve Nepal's vital infrastructure, while increasing cross-border connectivity between China-Nepal under the BRI (Belt and Road Initiative) program. The main push of the MoU on infrastructure development in Nepal is one of the efforts to promote mutual cooperation in various fields such as economics, environment, technology and culture, and cooperation in exchange of policies, trade and community connectivity, and financial integration. From 2015 to 2018, a wide range of Chinese spontaneous assistance in search and rescue of earthquake victims, funding support for the Syaphrubesi-Rasuwigadhi highway improvement and upgrading project, to the upgrading and renovation of Civil Service Hospital and post-disaster reconstruction projects has been mutually agreed by both parties.

The second category, cooperation in trade, tourism and investment. China is Nepal's second largest trading partner, as evidenced by the total increase in the export sector to China by 2015/2016. Likewise in the import sector from China which has grown 39% per year. There are at least 370 products that Nepal has exported to China including noodle products and agro products. For that reason, economic exhibitions and trade fairs are held regularly every two years in China. So, this can be an important media for both parties to improve business interaction and promote economic cooperation. In addition, China is also the largest source of foreign direct investment (FDI) Nepal, which spent 8.3 billion dollars during 2017. From the tourism sector, China occupies the 2nd position as the largest source of foreign tourists. More than 100 thousand Chinese travelers visit Nepal annually. This is possible because China has set a priority scale to its people to visit Nepal as the first tourist destination in Asia. In response to a priority call for tourists from China, Nepal also frees visa fees for Chinese tourists effectively enforced since January 1, 2016. In 2017, both China and Nepal have been promoting Nepal's tourism sector massively in China and pushing the China's company to invest in Nepal's tourism sector (Nepal's foreign ministry).

The latest cooperation in the education and cultural sector has provided scholarships to approximately 100 Nepalese students studying in China each year. To support the interaction and fluency of communication between Nepalese and Chinese, the Chinese provides Chinese language training for 200 Nepalese tourism entrepreneurs over the next five years since they are enrolled in the Chinese language training program. The activities of the two countries in the tourism sector have been established since 1999 by promoting human relationships through regular cultural festivals, friendly visits from different walks of life, exhibitions, cultural and film shows, food festivals,
and so on. Activities in the cultural sector have encouraged exchange and cooperation in many areas such as trade, economy, transportation, culture, tourism, science and technology, education, sports and health, and many other cooperative operations agreed by both parties.

In China and International Harmony, Paradise reveals that the role of the Confucian institution in disseminating Chinese language and culture is significant, especially when the building of Chinese foreign academic institutions is mushrooming in many countries. The significance can be on increasing the influence of soft power in China building or projecting a good self-image in the public eye. China really makes use of the agency for cultural and Chinese language promotional activities in many countries that cooperate with it to persuade public opinion, so that China is looked more positively and greeted among civilians (Paradise, 2014). In Nepal itself, institutions such as Confucian and Chinese learning centers are widely distributed and have a significant influence on citizens' acceptance of Chinese culture. Such as the procurement of cultural exhibitions and Chinese New Year celebrations that have been inaugurated since early 2018. Being sponsored by the Chinese Ministry of Culture and governed by China's cultural center in Nepal, China's festival is recognized by the Nepal government. Thus, Chinese educational and cultural institutions can be said to contain political values because of the consequent changes in Nepal's government policies that legitimize Chinese New Year celebrations in Nepal, which had not previously been done.

4 DISCUSSION

According to his spirit, good neighbor policy is created friendly to all countries, both to small and big countries, so that in the implementation there is no superior state over other countries that cooperate with China. The hope for the implementation of this policy is both parties will gain economic benefits. In the case of Nepal, from the social and cultural aspect it is seen that the number of Chinese tourists is rising and providing economic benefits to Nepal. However, the promotion of culture, education, and business opportunities derived from the China-Nepal cooperation is more strategic and benefited to China than Nepal.

In line with Paradise's (2014) argument that the Confucian institution was created to form a good and gentle Chinese image to its neighbors, the presence of the institution at the Kathmandu university over the next few years played its own role. Chinese educational and cultural institutions such as Confucian Institutions can be said to contain political values because of the consequent changes in Nepal's government policies that legitimize Chinese New Year celebrations in Nepal, although the event was unprecedented and not supported by Chinese ethnic and Buddhist populations. Thus, less critical and less urgent to be applied. Therefore, the inception of the event sponsored by the two countries, namely through cooperation between the Chinese government represented by the culture ministry and cultural center of China which is managed by the government of Nepal aims political and in order to pursue significant economic interests in the tourism and culture sector, education, and trade. Forms of strengthening such as cultural diplomacy and the use of Chinese soft power in Nepal are tendentious and aimed at achieving China's national interests, so the definition of "good neighbor" policy remains very fluid or flexible, especially in China-Nepal relations.

On the one hand, the approach to this power models tend to spoil Nepal, not by force through the use of military force, but with the power of cultural diplomacy and economic diplomacy (Nye, 2004). All forms of cultural and economic diplomacy taken by China are politically charged and intend to persuade Nepal to participate in the OBOR mega project. Such as voicing China's ambition to rule Asia through the opening of railways that will facilitate access to new markets and create a conducive trading climate especially for Chinese manufacturing products. On the other hand, concerns over Nepal's growing lending are mounting and accumulating as facilitated by a friendly cooperative model, it is not impossible that the bondage of debt will ensnare Nepal. However, it can be tolerated by the opening of the train service between China and Nepal, that cooperation will continue in a friendly way under the policy of "good neighbor" China. On the one hand the form of cooperation through infrastructure development is able to complement Nepal's shortcomings in the sector. However, on the other hand the acceleration of goods and services facilitated by the opening of the pathway involved increasing the risk of the country in which the economic dimension also will complicate the business climate in Nepal because of the China’s dominance.

Even before the railway infrastructure that connects China-Nepal operates, the imbalance has begun to emerge from foreign trade investment between the two countries. The absence comes from the much larger amount of imported Chinese products to Nepal and benefits the country compared to its
neighbors. According to a summary made by the South Asia Check organization, in the 2014/2015, the total of import goods from China covered more than 99 billion Rupees, while Nepal's exports to China were only about two billion Rupees, which means that Nepal's import/export ratio to China is 48:1.

Loans and funding support of major projects acquired by Nepal from China has led to excessive dependence, so that the initial goal of China's "good neighbor" policy to neutralize its neighboring economies is irrelevant or counterproductive because it does not match the expected outcomes (Reeves, 2013). One of the bad effects is triggered by Nepal's reliance on China, this is the main reason for the stratified relationship between the two countries, that China gained many advantages more than Nepal. Despite the growth in Nepal's economy, the presence of China with all its foreign assistance seemed to trick Nepal more than embracing and nurturing Nepal. This is in contrast to Liu Shao Chi's statement during his meeting with King Mahendra of Nepal, that China wants a healthy relationship with its neighbors, so that Nepal (in this case) is able to stand on its own.

There are also border issues to note, though that China and Nepal have reached a peaceful coexistence agreement, but the border is still important to scrutinize as it is closely linked to regional security issues that may occur on the China-Nepal border. Just as China's treatment of central Asian republic countries, China's conduct towards Nepal is a form of implementation of China's four basic policies with its neighbors after the cold war. First, China's enormous ambition for the stability of provincial security at the border. Second, the desire to improve the economic development of the interior. Third, energy needs are increasing. And fourth, China's worries about its lackluster position in the post-cold war strategic environment. If linked to soft power practices carried out by China against Nepal, then the form of cultural diplomacy and economic diplomacy of China to Nepal as a self-defense mechanism of the massive global competition, this mechanism is done in order to maintain the stability of the national economy sustainable, especially in the face of unipolar American in Asia. Thus, the measures taken by China are intended to minimize the potential for conflict or instability of the territory adjacent to its territory (Burles, 1970).

Geographically, Nepal has the potential to become a land gate for Chinese trade in south Asia. In an effort to win the attention of Nepal, China's increasing involvement in the railway projects from Lhasa (Tibet Autonomous Region) to Khasa (Nepalese border town) which is very important for trade and geopolitical both sides (Pokharel, 2013). As Godement points out that China's long-standing obsession with strategic culture, the balance of power, and geopolitical shifts have surfaced. That taking action based on a geopolitical approach can push China into a core of regional integration in south Asia. China is slowly shifting India's important role in Nepal's trade and reducing Nepal's very close reliance on India are some of the goals of implementing the form of China’s force. China is strategically striving for regional integration efforts, its approach also aimed at balancing India's strength in south Asia.

China's diverse interests in Nepal have affected Nepal's economic, political and military sectors. Through foreign assistance, tourism, economic support and Chinese investment in Nepal does help significant progress and developments in Nepal's strategic sectors, but on the other hand the relations between China and Nepal are not the interdependence but Chinese-dependent relationships, Nepal's projects are dominated by products and services from China. Dependence on one party is not a major problem to be feared, but if economic or political dependence has consequences on the social stability of society, then it is worth noting. Nepal as a melting pot which holds many varied beliefs and ethnicities so vulnerable to identity crises, moreover its position as a holy country for Buddhists who regularly travel to the country. Not to mention the impact of tourism through the interaction of local residents with foreign tourists from America, Europe and other continents have great influence for the social and cultural construction of Nepalese society.

5 CONCLUSION

The findings indicate that the national interest and the implementation of the "good neighbor" policy greatly benefit the Chinese state in terms of economic growth and geopolitical influence on the southern Asian border. Encouraged by the spirit to create regional stability and peace, the implementation of China's good neighborhood policy towards Nepal is well stimulated. However, as China-Nepal's borders tend to be stable and peaceful, economic interests are the main fuel for the implementation of the policy. When talking about the importance of economic development, the projects that China agreed with Nepal to be very ambitious and profitable. China's obsession with pursuing a wider large market for Chinese goods and services leads to the dominance of Nepal's strategic sectors through the implementation
of soft power diplomacy that tends to be accepted voluntarily because of its non-coercive and friendly nature. Thus, China's "good and friendly neighbor" policy has a small leak on economic and socio-cultural aspects. That Nepal's reliance on foreign investment and the export of goods from China actually reinforces the influence of China, even that influence also touches on Nepal's social and cultural aspects.

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