Walking among Giants

Foreign policy and development strategies of small and landlocked countries

Edited by Chandra Dev Bhatta and Jonathan Menge

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Walking among Giants: An Introduction

Chandra Dev Bhatta and Jonathan Menge¹

In recent times, the rising tensions between great powers – especially the US and China – has taken centre stage in world politics. Sometimes this is also referred to as the 'new great game' (Mori, 2016), 'the return of geopolitics' (Mead, 2014; Almqvist und Linklater, 2022) or 'new geopolitics', where some authors see nothing less at stake than the rules of the game and with that the game itself (Maçães, 2022). In context of such a great power stand-off, smaller states are often, at least rhetorically, reduced to 'passive pawns' on a chessboard dominated by major international players. The 'other states' seem to be ascribed very limited agency and room to maneuver. However, this would be a misconception since geopolitical competition also offers opportunities, especially for countries in strategic relevant locations. In this geopolitically charged global competition of great powers, smaller states might even matter more because of their desertion from one side, whether through defection or coercion, will be seen as a gain for the competing side (Maass, 2017: 185). But does this also apply for small and land-locked countries to the same extent? Since land-locked countries depend on their neighbours for sea access and with that for many economic activities, maneuvering the given space comes with unique challenges.

This new geopolitics also come with a number of new challenges, despite many developments that seem to implicate that `space` has become less important in the world, especially through technological advancements and the processes of globalization. This in turn calls for re-visiting development and foreign policy strategies, especially for smaller and land-locked states. Against this background the Nepal Office of the Friedrich-Ebert-Stiftung (FES) already set out to explore some of the main challenges for Nepal in the edited volume "Gaida's Dance with Tiger and Dragon" (Bhatta and Menge, 2021). The book also includes two chapters on the foreign policy approaches of Mongolia (Jargalsaikhan, 2021) and Central Asian states (Muratalieva, 2021), which made us realize the potential to learn from different strategic approaches – for example, the Mongolian Third Neighbour Policy – and, therefore, we decided to take the exploration of small states foreign and development policies further.

We wanted to look deeper into some of the conceptual questions and cover more case studies from around the world to broaden the scope for potentially learning from the respective experiences. Overall, this book includes ten contributions: Four chapters shed light on small states in the international system from different thematic angles, while six chapters focus on case studies – they cover Afghanistan, Bhutan, Bolivia, Laos, Nepal and Rwanda.[2,3] Even if all these countries are set in a unique context and look back at their very individual historical trajectories, it is again and again astonishing to discover many small and bigger similarities between them regarding the challenges they face and the strategies they have applied to deal with these. We hope that this book can serve as a starting point for further exchanges on small states' foreign policy options and to explore strategies to navigate the increasingly murky waters of international relations to realise the possibilities ahead.

For a book focusing on foreign policy and development strategies of small and land-locked states, there is a rather obvious point to start, since the notion of a 'small state' is a notoriously vague one. Thus, when studying the role and challenges of small states in a multipolar world order, a few conceptual questions need to be addressed first, which we will do in the following. After that we will look into the position of small states in the changing geopolitical environment and, finally, review some of the strategic angles small states employ.

When is a small state 'small'?

While the study of small states has occupied an important place in international relations, the very notion of 'small states' has attracted quite a bit of critical inquiry over the years. Overall, there neither has been a universal approach nor a widely accepted definition of what constitutes a small state (Amstrup, 1976; Crowards, 2002; Baldacchino, 2009; Prasad, 2009; Maass, 2009). Some scholars have preferred the terminology of 'small powers' (Kassimeris, 2009), while others use the terms 'weak powers' (Castro, 2010) or 'weak states' (Reeves, 2016); though, these terms are often used rather synonymously (Elgström, 2000). The concept of 'small states' has also been criticised for the sharp dichotomy between larger and smaller states that it implies (Baehr, 1975). Consequently, some scholars have even argued that the concept of small states should not be

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[2] The main body of the contributions to this volume has been written in 2021 and 2022 and only cover recent developments until the point of writing.

[3] We are much indebted to our colleagues at FES Afghanistan, FES Rwanda and FES Bolivia for supporting us in identifying the authors of the respective country studies and coordinating with them. Without them this volume would not have been possible!

used as an analytical category to prevent methodological problems but should rather be understood as a focusing tool (Knudsen, 1996; Hey, 2003: 3-11; Sulg and Grandall, 2020: 2). However, most scholars still agree that small states exist and are an empirically relevant unit of study for the discipline of international relations (Maass, 2009: 65).

The conventional theory of states emphasises that the territorial and geographical size of modern nation-states plays an important role in world politics. The size of nations has been measured in various absolute terms, most of which are referring to the geographical size, the size of the states' population or – less often though – the size of a state's economy. For example, organizations such as the Commonwealth, the World Bank, the UN Commission on Small States and the Forum of Small States (FOSS) define small states either from the perspective of geography or population.[4] However, a state's size does not necessarily let us draw conclusions about its influence and power.

A classic historical example of how a smaller state has been ruling over larger ones is the British Empire, which ruled half of the world – with the help of the East India Company and its headquarter located in a small office in London (Chaudhuri, 1978; Lawson, 1993; Srivastava, 2022). Even if states are smaller in physical size, they might be able to project their power. And there are many examples of smaller states that have excelled politically, culturally, economically, or militarily.[5] For example, Singapore, as a small city-state, has a per capita income far ahead of many countries in the world and has become one of the world's technologically most advanced countries. Israel is also a rather small country, but one of the most powerful states in West Asia in terms of military power. Likewise, some Scandinavian states are rather small in territory and all of them are also small in terms of population but are highly developed economies and influential in the areas of social justice, the welfare state and at times have even been called 'humanitarian superpowers'. However, these examples might just be exceptions to the rule, which still applies to smaller countries with locational constraints like land-locked countries. A question we will explore in more depth later.

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[4] Cf. Acharya and others in this volume.

[5] Michael Mann in his seminal work 'The Sources of Social Power' distinguishes four principal 'sources' of power: Control over economic, ideological, military, and political resources (Mann, 1986).

Regarding the concept of small states, scholars have also advocated a 'relational approach' to measure 'smallness' to provide new perspectives in recent years. For example, by focusing on how countries develop or exercise their power vis-à-vis those who they consider as great or small powers (Long, 2017a). What makes some countries more powerful than others has always been an important area of inquiry in international relations. However, power is also notoriously difficult to measure. Power can generally be defined as an individual actor's ability to influence and change the behaviour of others (Khatri, 2001: 7) through the control of resources, control over actors as well as events and outcomes (Hart and Spero, 2009). According to this definition only a few countries might qualify as being truly powerful and having the capability to exert significant impact in world politics.

The notion of relative power can also be linked to a countries' self-image and to the comparative benefits and advantages it has to offer. Every country, big or small, has their own experiences, history, pride, and role in world politics and no state automatically considers itself a 'small' state. Nations are built on (their own) narratives, and these can also impact the influence a country is projecting. By and large, most smaller states, including Nepal, not only remained underdeveloped, but they have also been repeatedly projected as poor. For example, many Nepalese scholars are influenced by the way the countries' history is often portrayed as a story of 'survival', located between its two much larger neighbours India and China (Rose, 1971). This has led Nepalese scholars to understand the country primarily from the perspective of a small state (Khatri, 2001; Shrestha, 2001; Dahal, 2001 and 2022; Aditya, 2021a and 2021b; Bhandari, 2022). In connection with the notion of being a poor and a least developed country, this has contributed to shape the psyche of the ruling elites and the population as well as impacting foreign policy formulation (Adhikari, 2018). The portrayal by scholars and others of their society and values also prevents its citizens from building confidence in their home country (Bhatta, 2018). As one Nepalese saying puts it: Mana ko Bag vs Bana ko Bag (the tiger of the mind vs the tiger of the jungle). Sometimes the imaginary tiger calling the mind his home becomes even more dangerous than the real tiger in the jungle. Though, of course, there would be plenty of ground to tell another story, given Nepal's history of skillful diplomacy and the immense cultural and spiritual richness it has to offer.

Considering these psychological effects, some scholars advocate that it would be more effective to think about states in terms of asymmetry in relationships,

rather than in categories of small and large (Long, 2017b). After all, while using the concept perpetuates hierarchies that exist in the real world of nation-states, from a normative vantage point all states are sovereign and equal members of the United Nations (UN). Consequently, the idea of 'small states' – like the categories of developed and underdeveloped – has also been interpreted as being part of sustaining the existing American-centric world order (Botts, 2006; Lake, 2007; Kurecic, 2017: 284).

What should also be noted is that 'small' and 'great' are no fixed categories. History teaches us that great powers and even empires have been rising and falling many times (Kennedy, 1987; Münkler, 2007; Mearsheimer, 2014). A great power can easily be degraded to a second-rate power, and a small power can rise to great influence (Rabby, 2015). Some of today's small and middle powers, for their part, have lost power in the course of time. And, considering the larger picture of history, all of today's great powers have been rising rather recently, even though we can even observe a major shift that is underway.

Some of the smaller states are not only small in size but they are also landlocked (as well as airlocked) and, as a consequence, face a set of specific challenges. For them, both size and geography/location may produce 'multiple discriminations' as their access to trade and transit is restricted (Kurecic, Kozina and Kokotovic, 2017). For most part, they have to rely on their neighbours for access to the sea as well as for air routes, which puts restrains on them in regard to choosing their own developmental path. This dependence puts them in a position of complex vulnerabilities, which forces them either to reorient their foreign policy or succumb to the pressure of their neighbours. The situation becomes even more severe when the respective countries' neighbours are competing bigger powers, which is the case for Nepal or Mongolia among others. Thus, the smaller country will have to craft strategies and policies to keep these competing and conflicting neighbours at bay, trying to not get drawn into their quarrels or at least not to lose out during their clashes.

We can conclude from the above discussion that the term 'small states' should be understood as being fundamentally relative: While absolute definitions proof to be largely flawed, the concept of small states can only properly be understood in an existing 'concert' of big and small states. In addition, the notions of small can be formed and changed in principal and it has a 'psychological' dimension to it. This, at least in principle, implies that small

states have real agency through their development and foreign policy to influence their position in international relations.

Small states in an ever-changing world

In our world of multilateralism and globalisation it is often said that the power of states is increasingly eroding.[6] However, many of these predictions seem rather farfetched and states are still the primary actors of the international system. Meanwhile, globalization in combination with technological developments has turned the world into a 'smaller place' and through this interconnectedness has also become a place of opportunities for smaller states to gain access to new markets and production sites. Ever-increasing digitalization also creates new opportunities to overcome landlockedness, which has given rise to hopes of 'leapfrogging' in development in many places. Indeed, some countries like Rwanda successfully apply digitalization strategies with great consequence and have been able to position themselves as regional industrial and technological centres. New ways have been opening up to escape the dilemma of small and landlockedness, though, of course, not all small and landlocked states have been able to benefit.

Moreover, the era of globalization might have already reached its peak and we will likely see trends of 'de-coupling' and 're-shoring' in the coming years, due to the rising competition between the US and China. Trends we have already seen unfolding in context of the US 'trade war' with China proclaimed by former president Donald Trump and the COVID-19 pandemic, which – partly due to the extended tough 'Zero Covid' policy in China – disrupted supply chains around the world and created painful shortages. These developments have already put the brakes on the hyper globalization as we knew it in recent decades (Gong et al., 2022). In addition, it is often said that a 'new Cold War' is dawning with its epicenter in Asia, unlike the original Cold War whose epicenter was located in Europe. Powerful countries have already started to compete for increasing their respective spheres of influence in the region, mainly through projects focused on connectivity and infrastructure development (Ferdinand, 2016; Blanchart and Flint, 2017). The growing 'asianisation' of the international economy is also leading towards a gradual 'asianisation' of international politics – often

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[6] In an extreme version this is expressed in ideas like Srinivasan's (2022) network state – the virtual, techie-version of the successor of 20th century territorial nation-states – or in the market state (Brieding, 2019), where the power of states is eroded by private multinational companies. The power of some of those even superseding the power of a number of nation-states.

described as 'Asian pivot' – which will put, at least, four major powers into direct competition: India, China, the US (including its allies), and Russia (Kurecic, 2017: 280-94). This will give rise to new power configurations in the Indo-Pacific and the Himalayan region. However, the new geopolitical chessboard also reaches beyond Asia. The impacts can be observed in Africa, Latin America and other world regions as well. China ranks not only ahead of the US but also the former colonial powers in terms of investments in Africa and, today, is the largest trading partner of many Latin and South American countries. These are all shifts that took shape in the last two decades alone and with the Belt and Road Initiative (BRI), China has largely been able to consolidate its position – even if the appeal of the BRI might have already passed its peak as well. All six countries covered in the case studies of this volume (Afghanistan, Bhutan, Bolivia, Laos, Nepal and Rwanda) are members of the BRI. To counter these developments, the US has revised its strategic approaches and increased its engagement on various levels in recent years.

The 're-politicisation' of economic development is reinforced by geopolitical competition, especially in situations where smaller states' development depends on the security of others (Khanal, 2000: 501; Wagle, 2021). Many smaller states, including Nepal, Afghanistan, and Laos have been or are facing the impacts of such constellations.[7] Where developmental initiatives are driven by geopolitical or geoeconomic interests, achieving developmental goals often becomes challenging and countries are facing the danger of being caught in between great power rivalries.

Similarly, technology certainly has been impacting the political economy and set new norms for social engagements. We can also observe that technology can be weaponized in geopolitical conflicts – e.g. through fake news and bot-armies – and create new vulnerabilities. Since technologies have become so much intertwined in what individuals and states do on a day-to-day basis, this also gives rise to questions of 'digital sovereignty' in the future (Suri, 2022) – even more so in the dawning age of artificial intelligence (AI).

Overall, we can identify at least four transitions that will impact geopolitical dynamics in the years ahead: changes in the capital formation process towards more data-driven processes ('data as the new oil/gold'), an energy transition

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[7] See the respective case studies in this volume.

from fossil fuel to renewable energy sources, the further rise of digital forms of communications as well as wireless mobile networks such as 5G, and climate change as the existential threat of our times (Klement, 2021). Nation-states irrespective of their size and level of development will have to face geopolitical challenges brought about by these dynamics.

At the same time, while the resident powers, especially the US, would like to maintain the status quo, re-emerging powers like China are reclaiming what they see as their legitimate space in world politics. During this, the US and China have been ignoring the global consensus on issues like climate change and other transnational issues in recent years or have been trying to drive the international order according to their own interest. Meanwhile, we can also observe trends of rising nationalism unfolding in many countries around the world that feed skepticism towards the established international order. The rivalry between the US and China is undermining the work of multilateral organizations like the World Trade Organisation (WTO) or the World Health Organisation (WHO) and will likely further impact the mechanisms of global governance. With Russia another major power has recently, with the attack on Ukraine, displayed its complete disregard for the existing rule-based international order and clearly seems to favour a world of exclusive spheres of influence based on crudely justified historical entitlements.

These developments should be especially worrying for smaller states, who traditionally have been protected by this order and often decidedly followed strategies of international insertion to secure their interests[8], and now, once again, face the threat of being bullied around by larger powers in a new version of a Hobbesian international order. This is even more true for small and landlocked states whose rights (e.g. for access to sea) are protected by a number of special international agreements. Even though these are not always properly implemented, and some have been criticized for not benefitting landlocked states in the way they should, they at the very least provide a normative reference framework. At a time when mechanisms of global governance are increasingly becoming irrelevant or declining (Dann, 2021), the journey is not going to be easier for small and landlocked countries.

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[8] Cf. for example Franz Isaac Orozco Padilla on Bolivia in this volume.

Small, landlocked, and least developed countries (LLDC) are especially vulnerable to the emerging geopolitical conflicts, which has been already exemplified by the economic fallout of the Russian attack on Ukraine. However, there might also lie new opportunities ahead. Small states are increasingly becoming important for great powers, since the power equilibrium becomes a crucial focus for them. Therefore, great powers often use 'carrot and stick' tactics to influence smaller countries, something that was also observed during the Cold War times. Against this background, it is likely that financial assistance will be increasingly provided along geopolitical lines, which will make it a more complex task for smaller countries to steer the overall direction according to their developmental policies. We already see a clear focus on building infrastructure and connectivity projects in geopolitical development initiatives like BRI and others. And while these efforts may fulfill some of the developmental needs of smaller states, they come with their own geopolitical baggage and might be difficult to integrate with each other, especially when initiatives are financed by competing powers and fueled by diverging interests – something many countries already have experienced in the past.[9] Yet, smaller and land-locked states might have limited influence in shaping these initiatives and, therefore, need to be careful that instead of economic opportunities they do not result only in high political and financial commitments.

Rethinking foreign policy and developmental agendas

Small and land-locked states are already facing tremendous challenges and their situation may even further complicate with the dawning of the new geopolitics. While the changes underway have the potential to open new opportunities, the realisation will depend on how smaller states craft their foreign policies and terms of engagement at the international level. Thus, it might be a good time to revisit, evaluate and possibly recalibrate foreign policy approaches. In the following we would like to offer a few notes to consider in that regard.

Neal Jesse and John Dreyer (2016) have provided a comprehensive discussion of the role of small states and their policy choices in the international system. They consider three theories of foreign policy choices: Realism with its focus on structural factors, domestic factors, and social constructivism, which emphasises factors like norms and identity. Their discussion provides an insightful theoretical

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[9] Cf. Achyut Wagle's (2021) assessment of foreign investments in Nepal.

orientation to think about small states policy choices. In their contribution to this volume they revisit and update their reflection.

It is also worth to reiterate that smaller states are by no means a uniform group, rather they differ considerably from each other. Thus, we should neither assume that they can pursue uniform foreign policies, nor that their ability to recalibrate foreign policy is without limitations. It would be rather difficult for many smaller states to reinvent their foreign policy like the US and China have done in the past (Mandelbaum, 2022). Yet, this also does not mean that smaller states cannot change their foreign policy and some indeed have been shifting their policy approaches time and again. To successfully do so, it is certainly helpful for small and land-locked countries to depart from the usual focus on geography and the connected limitations in foreign policy discussions. Instead it would be more productive to focus on identifying the whole range of the respective states' comparative advantages, strengths and resources to build on when recalibrating their foreign policy – economical, ideological/cultural, military and political. This will provide ground for crafting positive narratives and escaping the psychological effects that come with focusing primarily on geographical burdens and limitations.

For example, scholars have argued over the importance of controlling the 'logistical power' for small states, especially when they are surrounded by bigger powers, which is often directly linked with limitations of sovereignty (Narlikar, 2022). However, since the very idea of sovereignty is ambiguous, it might be more helpful to focus on the potential for maintaining 'self-sufficiency' (Srivastava, 2022: 692). Consequently, such an approach points to the need for (mid- to long-term) policy coherence and synchronising foreign policy with economic policies and/or the mobilization of international cooperation for development. Nepal, for example, has been suffering through border blockades in the past, especially due to the fact that almost all fuel used in the country is imported from/via India. This also contributes to a massive imbalance of payment deficit that at times leads to challenges with regard to foreign currency reserves. At the same time, Nepal has a considerable potential in developing power production from hydro-power, which could be used to substitute the use of fossil fuels for mobility. The realization of such a transition, of course, would require the mobilization of substantive investments, a long-term policy vision and a coordination of policies on several levels.

At the same time, the rise of new geopolitics might prompt small states to be more selective in their policy approaches, since there is a need for flexibility in the evolving situation. COVID-19 for many countries, especially smaller and less developed countries, was a very painful experience, during which the mostly bilateral vaccine diplomacy made the shortfalls of the existing global governance system rather obvious. The growing uncertainty and connected vulnerabilities might call for a foreign policy that is adaptive to crisis situations and still provides stability.

The multipolar world, which has emerged in recent years, has often been hailed for providing more options for smaller states to engage at the international level and to bring about some changes in the world order. However, for smaller states like Nepal, Afghanistan and Laos the world always appeared multipolar – divided between New Delhi and Beijing, Washington and Moscow or London and Paris. The only difference seems that the number of centres has increased, but the outlook from the periphery for many smaller countries stays the same. For example, King Prithvi Narayan Shah – the founder of modern Nepal – coined the very influential metaphor of Nepal being 'a yam between two boulders' as a note of caution regarding the relations with its northern and southern neighbors, imperial China and British India. Today, it can be claimed that there are even more boulders to be careful about – e.g. with the growing engagement of the US in Nepal. And while ideas like 'equi-distance' or 'equi-proximity' might discourage meaningful engagement of smaller and landlocked states and might lead to (self-)isolation, the trends of globalization have made the realisation of non-alignment more difficult as well. Against this background Apekshya Shah, in her contribution to this volume, suggests that an approach of balancing or bandwagoning might be a more suitable way to think about foreign policy. This might also mean for some countries to critically revisit their nostalgia of a successful conceived past and long-held traditional principles in foreign policy. The principle of 'continuity and change' may also be an important element to consider in foreign policy formulation under these conditions. While 'continuity' might be useful to tread carefully regarding hard security issues, which are mostly ranked very high on larger states' agendas, 'change' leaves room for necessary adaptation and diversification of relations.

Another strategy that has been applied by small states is the creation and use of regional or international institutions for strengthening their position. The basic principle can also be observed in Baghchal, a strategic game played in Nepal,

where twenty goats take on four tigers. Using their numbers and strategic skills the twenty goats can corner the four tigers, though the tigers are far superior in power. The principle of strength in numbers and in working together – at least in theory – can be a powerful enabler for smaller states to further their interests vis-à-vis great powers. It is hardly surprising that great powers prefer bilateral engagements and often show little appetite for supporting regional integration or strengthening international institutions, since they have the means and with that a clear preference to further their interests unilaterally.[10] Yet, to successfully band together smaller states need to enhance their negotiating skills and identify converging interests. Smaller (land-locked) states might also have a shared interest with a number of states on a global scale, for example Germany, – at least in principle – in working towards upholding 'the rule-based international order' (Günther, 2022). Though, of course, the actual terms of this international order might be subject for debate since many countries would not agree that the liberal world order as we know it has always worked in their interest.

Institution-building is often helpful for smaller states, since it contributes to the creation of international norms, which are especially important in protecting their interests. It also allows them to be heard and seen at international forums more frequently, provides opportunities to practice sovereignty equally and enhance recognition in multiple ways. However, only acting on normative grounds might not be a feasible option for smaller states either, especially in cases when it leads to a conflict of interest with larger powers on which they are dependent in certain ways. Thus, there might be a need to strike a right balance between normative values and political realism.[11]

While the developing situation between the US and China is often compared to the times of the Cold War, there is one fundamental difference to be kept in mind that might make it difficult for smaller states to pursue classic foreign policy strategies from the times of principles of 'non-alignment'. Even though the US is invoking the narrative of 'democracies vs authoritarianism', global politics today seems much more driven by geoeconomic factors than it is by ideological ones. Therefore, it indeed might be time for smaller states to reconsider their foreign

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[10] This should also imply a note of caution for small states in regard to mini-lateral formats driven by one large power or the other, which we can see as the increasingly preferred modus operandi for example by China and India when it comes to engaging states in South Asia (cf. Wagner, 2021).

[11] The voting pattern in the UN in context of the Russian attack on Ukraine can be seen as a very interesting case in this regard.

policy approaches. Hopefully, this volume can provide a modest contribution to support some of these debates.

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Theories of Foreign Policy Priorities of Small and Landlocked States

Neal G. Jesse and John R. Dreyer[1]

The study of small state foreign policy has greatly expanded in the two decades since the turning of the 21st century. A field that was dominated mainly by theories derived from the study of great power foreign policy is now open to research on how states of medium and small size fit into the international system. Given that literally dozens of medium and small states exist in the world today, the study of small states has taken on an increased urgency, as explaining small state behaviour has implications for all regions of the world.

In 2016 we set out to place the emerging studies of small states into the broader academic fields of international relations (Jesse and Dreyer, 2016). In particular, we examined the behaviour of small state foreign policy and whether it empirically fit with the predictions of three dominant theories in international relations that sought to explain that behaviour: realism, domestic factors, and social constructivism. We hope to update that study in our chapter in this volume, adding to the knowledge that scholars have accumulated over the last five years. We also extend our discussion in particular to small, landlocked states, looking at their unique position and foreign policy priorities. As such, we examine whether our definition of state size, our use of relative measures, our use of the competing theories approach, and our conclusions about small state behaviour have been borne out in the intervening years.

Small states defined

The study of small states must always begin with establishing a clear definition of a small state. Not to belabour the point, but such a task begins with defining what is and what not a state is. Many and varied definitions of the state exist. We take the starting point that a state is not a nation and vice versa. In other words, a nation is a group of people, often with a similar ethnic identity. In contrast, a state is a constant bureaucratic apparatus with sovereignty over a

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defined geographical area and population. Thus, as one author clearly posits, "one cannot easily get around the fact that any discourse about 'small states' presupposes – one way or another – 'the state' (Knudsen, 2202: 184). The field of international relations (albeit as a misnomer) relies on the central idea that the state is the primary actor in the international system (Waltz, 1979). There is also the assumption that states must share common properties as a distinct unit of analysis. One such preposition drawn from the assumptions is that all states must behave the same way under similar circumstances.

A conclusion from such theorising is that if all states act the same, the study of great powers and how they behave would logically be extendable to states of all other sizes. This brings up an interesting question: does the size of the state even matter? There is evidence that scholars asked just such a question and concluded that size does indeed matter, rejecting the idea that states of all sizes act the same (Rothstein, 1968: 13). Once one rejects the notion that states of all sizes are just more or less smaller versions of great states, one needs to delineate now what one means by "state size" and how best to conceptualise such a measurement.

Scholars in the 1970s began to examine just such issues. Their work provides us with two separate methods to define state size: absolute measures and relative measures (see, Varynen, 1971 and East 1973). Determining the small state via the first method requires isolating the basic components of state power. Typically, this includes traits such as geographic area, population, size of the military, economic output, etc. (East, 1973: 556-576). The researcher would then create a summary index of power based on these attributes (modelled in any plausible and reasonable way). The final step would be categorised rankings of absolute power (e.g. great, middle, and small) or a quantitative vector ranking.

One common difficulty in such a research design is defining what "small" means on such an absolute scale. While absolute measures do allow for comparative (and transitive) statements as "this state has more power than that state" or even "this state has three times the power of that state," they lack an explanation of why and when that makes a distinction in size. Hey points out that small state research employing the absolute measure as a definition often fails to adequately define what makes a state "small" (Hey, 2003).

Another issue with absolute terms is that they tend to lack any meaning when applied historically. A good example is the use of population size to define the size of a state, which is a fairly popular method in the literature. For example, in one edited volume, the authors were asked to use the threshold of one million citizens as the definition by which a state stops being small (Clarke and Payne, 1987). As Mueller makes clear in his PhD dissertation, such a definition applied in the early 20th century would leave almost no sovereign states as "small" (Mueller, 1991: 68). Continuing the absurdity of using such a firm dividing line is that the contemporary definition of a "microstate" is now that of one million or fewer (see e.g. Wivel and Oest, 2020: 429-453). Some have tried to slide the defining number as the world's population has grown, although this approach has not been very satisfactory. For example, the World Bank in 2012 defined a small state as having 1.5 million or fewer citizens, a bar which the nascent state of Kosovo rose above with its 1.8 million people, making it too large to be considered small (Marleku, 2013: 287-300).

We argue that relative measures to define state size have greater merit (Vital, 1971; Hey, 2003; Jesse and Dreyer, 2016). Of course, the term relative implies that the size of a state must be measured against that of one or more other states. Mares suggests that a reasonable approach is to measure a state's size against that of its neighbours (Mares, 1988). Using this approach, Mares posits four different sizes of states: great, secondary, middle and small. The next step is to define each category and how the differences between the categories matter for understanding foreign policy behaviour.

Rothstein picks up this line of thought. Regarding the differences in the categories, he suggests that differences in power produce not just a transitive ordering of states along that dimension (as is suggested by absolute power definitions) but rather a fundamental difference in how states behave based on their relative size and power (Rothstein, 1968: 23-27). Specifically, regarding small states, Rothstein argues that they cannot resolve any security dilemma solely through their actions, but rather must rely on the behaviour of other nations to help preserve their security (e.g. through a security alliance). In contrast, great powers can reasonably resolve security issues without assistance of other states. Rothstein also suggests that small states, might possess a set of foreign policy strategies that larger states do not possess precisely because of their smallness and insignificance. Along the same line of thought, Vital asks us to consider that "members of the classes of secondary and tertiary states are

simply not defined as the great powers lacking power, but rather as something truly different" (Vital, 1971: 15-28). Regardless of whether Rothstein is correct about small states and their foreign policy alternatives, other authors have also suggested the merits of the relative approach to defining small states (e.g. Keohane 1969; Mathisen, 1971, Mueller 1991; Wivel and Oest, 2010). In our earlier work, we also adopted this approach, dividing up the world's states into Superpowers, Great States, Middle States, Small States, and Microstates (Jesse and Dreyer, 2016).

The utility of the comparative approach versus that of the absolute measure approach is that the former allows for the conceptualisation of states into distinct categories based on size while also conceptualising the differences between the categories. Mueller explicitly took this approach regarding the Middle States. He placed such states into a category between great states and small states. Doing so, he could elucidate the particular problems facing Middle States and how their foreign policy differed from that of their more powerful or weaker neighbours (Mueller, 1991). We did the same in our earlier work (Jesse and Dreyer, 2016). By categorising states by size, we could define how small state foreign policy behaviours differed from that of their larger neighbours and how smallness contributed to that difference.

Landlocked states

Landlocked states pose a categorisation issue similar to that of small states. To begin, landlocked states are easy to define, as such states are surrounded by other states, contain no coasts, and therefore have no access to sea or ocean. Landlocked states of any size have significantly constrained foreign policy options. Of primary concern is that the lack of access to the sea creates transit issues. A good portion of the economic activity of a landlocked state must traverse one or more neighbouring countries to reach a port, which leads to distribution to the wider world. In short, economic goods from a landlocked country must traverse through a neighbouring country's territory by land, rail, etc., to a tranship seaport. For example, much of Nepal's international trade traverses through India's territory to the transit seaports of Mumbai and Calcutta. International law and regimes around rights of transit do exist, often around theories of Freedom of Transit, the Principle of the Freedom of the Sea, and other international norms. However, much of the actual transit practice relies

on bilateral relations between the landlocked state and the neighbouring state or states (Uprety, 2006).

The need for transit can often create dependence in foreign policy, where the landlocked country and the desire for international trade are held hostage by the neighbour with coastal ports. Suppose a landlocked state is also smaller than its coastal neighbours, all of the asymmetrical economy, military capability, population size, and other factors related to relative smallness also occur. Good examples of landlocked countries that face these foreign policy constraints are in South Asia: Afghanistan, Bhutan, and Nepal (Bhatnagar and Ahmed, 2011).

One study of small landlocked nations argues that the landlocked country's proximity to the sea can determine the foreign policy orientation of the small state (Idan and Shaffer, 2013). In an examination of post-Soviet states in Central Asia, Idan and Shaffer argue that small, landlocked states that are closer to the sea have stronger cooperation with the United States and Europe, whereas those geographically more distant have stronger ties with Russia. One study suggests that the political development of small, landlocked states can be greatly influenced by developments in its larger neighbours. Lambert argues that Paraguay's foreign policy options have been severely constrained by the larger regional neighbours Brazil and Argentina (Lambert, 2011).

In summary, the foreign policy priorities of small landlocked states are even more constrained than that of small states with coastal access. The need for secure economic transit creates an additional challenge. The nature of the transit issue, as it straddles foreign security policy, foreign economic policy, and domestic economic policy, creates a unique complexity for a landlocked state. Typically, this should focus the foreign policy of the small landlocked state more on regional development and regional cooperation than the international system.

Theories of state behaviour in international relations

Another important consideration before looking at small state behaviour is identifying the accepted theories in international relations to explain the behaviour of states of all sizes. As we examine in much more detail elsewhere, there are three main schools of theories: realism, domestic factors, and social constructivism (Jesse and Dreyer, 2016). Realism posits that the structure of the international system shapes the policy choices and strategies of all states. In an

anarchicaland self-help international system, all states seek to survive, typically by increasing their security. In this mutual quest for security, the distribution of power and capability among the world's states determines their behaviour. Consequentially, as states gain the power to increase their security, they threaten other states. The general term for this phenomenon is the security dilemma.

A security dilemma is a perceived and/or real threat from a neighbour that can cause another state to increase their power to provide for greater security (Waltz, 1979). As each state perceives a threat from the other, a cycle of increasing power can lead to an arms race, as each side does not feel secure and seeks even more power. This security dilemma can be quite acute if there is an asymmetry of power. In such a situation, realist theory predicts that the weaker state may not be able to increase its power enough to provide it with security, and thus seeking an external solution. For example, when a stronger state threatens a weaker state, the weaker state should seek allies to help defend itself (i.e. balancing) or seek to cooperate with the belligerent aggressor (i.e. bandwagoning).

Annette Baker Fox was one of the first to examine the position of small states from a realist thought (Fox, 1959). Fox looked at how and whether small states could resist the demands of larger states. Importantly, she concluded that empirical reality and realist thought were in agreement: that in determining the ability of the small state to resist, the structure of the international system (e.g. how many potential allies were available, the relative balance of power in the region, etc.) was more important than any actions taken by the small state. Rothstein, and others, have looked at small state behaviour in regard to balancing and alliances, and much of that work duplicates the conclusions of Fox (see e.g. Rothstein, 1968).

The works by East and Hay also examine the universe of small state behaviour from a realist theoretical perspective. They argue that small state behaviour is constrained by the "smallness" of the state, leading to small states behaving differently from larger states. In general, they conclude that small states typically participate less in world affairs, have a narrower scope of foreign policy issues, participate mainly in local or regional affairs, emphasises liberal norms in the global order, and avoid confrontations with and between larger powers, especially through the foreign policy choice of neutrality (East, 1973: 556-476; Hey, 2003). Other scholars suggest that as external threats to the security of

a small state grow, the small state should display behaviour more in line with realist expectations (e.g. Elman, 1995).

Contrasting with realist theories of foreign relations are domestic factor theories. The need for domestic factor theories is due to the realist theory's strict reliance on the external international system as its conceptual driving force. Foreign policy, after all, is always created and implemented from within the state. It is drafted and realised through the interplay of institutions, domestic actors, societal groups, individuals, organisations, economic markets, interest groups, public opinion, and many more players. Studies of domestic factors and their influence on foreign policy are both too numerous and too varied to list here, but they are popular in the literature particularly among area specialists (see e.g. Elman, 1995; Thelen and Steinmo, 1992; Jesse, 2006; Jesse, 2007; Dreyer and Jesse, 2014).

One commonality of domestic factor theories is that competition for the levers of state control (e.g. capturing the executive or the legislature) determines which actor's or actors' interests shape the state's interests and behaviour. Foreign policy becomes responsive to not only the interests of the groups that control the state, it also changes as those groups change (e.g see McCraw, 1994). Elman argues that domestic factors may even be more important than realist, structural factors in foreign policy choice, stating that "if we can show that domestic politics matters even in these instances where we would expect that it should not, then we will have provided the strongest possible support for domestic level theorising" (Italics in original) (Elman, 1995: 182).

Studies on the domestic factors theory and small states emphasise that small state foreign policy appears to be determined by domestic politics commonly. Studies point to the changing of the executive as a key factor (Lefebrve, 2010), changing factions controlling the state (Khatib, 2013), the influence of ideologies on national leaders (Aksin, 1937), ethnic divisions (Dahal, 2011), parliamentary politics and coalition formation (Doeser, 2011), or a focus on the outcomes of post-war settlements (Knudsen, 1993). Other studies suggest that small state foreign policy remains stable even when the international system undergoes a structural change (i.e. when realist theory would predict that change in the system would lead to change in foreign policy choice). Examples include the continued neutrality of Ireland (Jesse, 2006; Jesse 2007), post-Soviet Georgian foreign policy (Gvalia, 2013), and Croatian politics in the 1990s (Rasidagic, 2013).

The third school of thought is social constructivism. This theory is the newest, being developed since the 1990s. It emphasises the existence and prevalence of norms as the driving force of foreign policy choice (Wendt, 1999). A norm is a behaviour that a community or society finds acceptable in a given situation (Finnemore and Sikkink, 1998). Most norms derive from a common identity, historical precedents, and a shared understanding of the state's place in the international system (Finnemore, 1995; Badescdu and Weiss, 2010). These shared interests and identity provide a shared culture of collective meaning, history, language, and behaviour. As such, social constructivism replaces the structural factors common in realism with identity and norms, or in other words, "shared ideas rather than material forces" (Wendt, 1999: 1).

Importantly, as each ethnic or national group possesses its own set of norms, each group gains a unique perspective on the international system and of other actors in it (Hopf, 1998). Unlike in realist theory, states in a social constructivist viewpoint do not all act the same because they do not see the system the same way. Moreover, social constructivism does not see the international system as naturally anarchical. Rather, the international is created by the exercise of choice flowing from norms. Often among these norms is the belief in a liberal international system. In other words, a state's belief in the centrality of international law, international organisations and international norms in the international system. Commonly, smaller states will try to create a liberal international order derived from the small state's belief that such an order should exist. On the flip side, large states routinely see the system as anarchical because the dominant states have chosen to view it that way (Ruggie, 1998).

A good deal of work applies social constructivist theory to small states. Some have shown that the choice of a neutral foreign policy is closely tied to domestic norms and identity (Aguis, 2006; Aguis 2011; Aguis and Devine, 2011; Jesse, 2006; Devine, 2008; Goetschel, 2011). Many studies focus on small European countries (Pedersen, 2012; Bergmann, 2014). Others take a comparative approach to show how different norms in neighbouring European states lead to different foreign policy choices (Möller and Bjereld, 2010). Social constructivist theories have also been applied to non-West European states, particularly in the Caucasus and elsewhere (Kavalski, 2010; Gvalia et al., 2013).

Comparative foreign policy

While the study of comparative foreign policy is not new (see e.g. Rosenau 1968; Rosenau 1971), in the early 2000s, scholars began to employ the comparative theory approach to explain and understand small foreign policy behaviour in a comparative perspective. In particular, Jesse and Dreyer detailed the key differences between the three theories and the differing predictions from each theory (Jesse and Dreyer 2016). As illustrated in Figure 1, change in foreign policy should occur in each of the following ways:

For realist theory, change in foreign policy should follow changes in the structure of the international system. This can arise either from the increased/decreased capabilities of the state or from a change in its relative position in the international system due to the actions of other states.

Realistic	■ Structural Variables ⟶	■ Foreign Policy	
	⊘ Structural Variables ⟶	⊘ Foreign Policy	

Domestic	■ Domestic Power ⟶	■ Foreign Policy	
	⊘ Domestic Power ⟶	⊘ Foreign Policy	

Social Constructivist	■ Norms/Identity ⟶	■ Foreign Policy	
	⊘ Norms/Identity ⟶	⊘ Foreign Policy	

■ Change
⊘ No Change
⟶ Movement from cause to effect
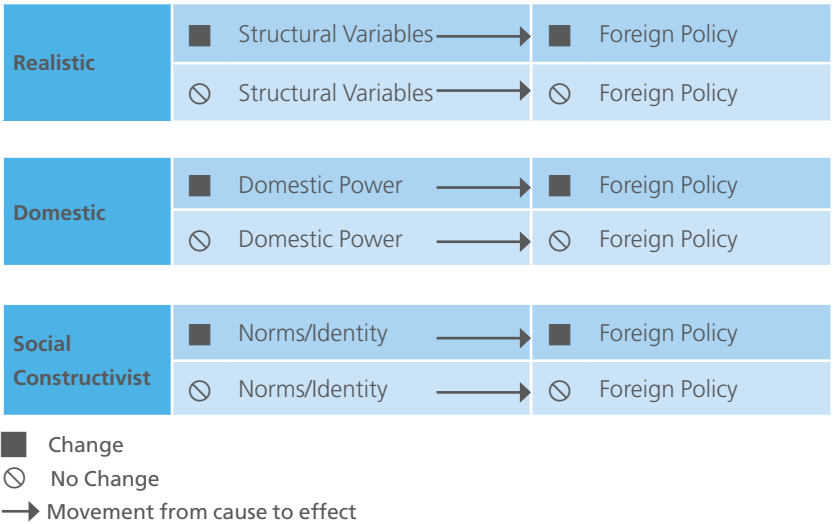
For domestic factor theories, change in foreign policy should follow a change in which actors capture the state (as long as the interests of the new actor/s differ from that of the previous actor/s).

For social constructivism, change in foreign policy should occur with a change in norms and/or identity. Because norms and identity change very slowly over time, foreign policy should be relatively stable for long periods of time.

Figure 1: Predictions of Foreign Policy Change by the Three Theories

Our analysis and predictions

In our 2016 study, we examined several studies to identify which theories were borne out empirically. We refined the theories into nine testable hypotheses to which we applied the cases:

Realist theory

R1. Small states should react to structural constraints, most likely by bandwagoning or balancing.

R2. As threat levels increase, small states should act more and more realist along the lines of R1 above.

R3. Foreign policy choice is constrained for small states and the smaller they are, the greater the constraint. The more constrained the choice, the more the state should follow the lines of R1 above.

Domestic actor theory

D1. Small states will support and appeal to international laws and organisations more than larger states.

D2. Small state foreign policy choice will be dictated by the interests of domestic actors and thus will change as the domestic actors in control of the state change.

D3. Domestic coalitions will constrain small state foreign policy choice and respond slowly to changes in the international structure.

Social constructivist theory

S1. Small states will create and develop norms that support their identity.

S2. Small state foreign policy choice will be consistent with these norms

S3. Small state foreign policy will be constrained by these norms and will only slowly respond to changes in the international structure.

In our examination, Ireland, Switzerland, Finland, and the European neutrals (Norway, Belgium, and the Netherlands) acted according to domestic actor theory and social constructivist theory. Belgium, for example, had its neutrality ensured by the British in 1914. When the Germans crossed the border to invade France, that violation became the reason for Great Britain to declare war against Germany and enter on the side of the Allies. In 1940, Belgium was once again the target of German aggression but this time relied on international treaty and convention, as well as a substantially larger army. The Germans ignored the former and steamrolled the latter. In the face of large state aggression, Belgium identified as a small neutral and believed that identity would protect them against invasion. Norway and the Netherlands behaved much the same, relying on a series of norms and treaties to ensure their safety versus a large state that cared not for convention and believed only in their strategic vision (D1, D3, S1, S2, S3).

Finland is closely related to the European neutrals. They fashioned an identity that of a small, tough nation ready to fight and relied on promises of allied assistance against a threatened Soviet attack. The Winter War was brought on by the Soviet Union's insistence that the Finns were a buffer state between them and Germany. Domestic actors reinforced the insistence of Finland to fight against overwhelming odds. Worldwide the story of brave little Finland was played out until the inevitable victory of the Soviet Union (S1, S2, S3).

Ireland and Switzerland are both small states, and both have worked hard to establish their neutrality. Both have domestic forces that shape their foreign policy to conform to international treaties and norms. Further, their choices are also constrained by domestic options, giving them a smaller toolbox to work with and thus making neutrality a viable and safe option. Both also have geopolitical forces at work. The Irish can rely on British protection and the Swiss

occupy a defensible geographical position where other states would prefer not to travel through. Ireland and Switzerland also have carefully constructed identities as neutral states. The Swiss have cultivated the image since the end of the Napoleonic wars. The Irish built theirs after independence in the 1920s (Ireland: D1, D3, S1, S2, S3 Switzerland: D3, S1, S2, S3).

A number of our case studies arrived at different conclusions. We observed that when small states fight other small states, there is a hard turn to realism as the best theoretical view. The 1979 Sino-Vietnamese war sees two regional competitors fighting for influence in Cambodia and Laos. China's limited war was justified as getting Vietnam to stop their invasion of Maoist Cambodia and preserve China's regional influence.[2] The war was limited in scope by the Chinese with no airpower and limited ground forces to minimise international attention and outrage. Both sides claimed victory after the short conflict. However, the analysis here demonstrates that Vietnam acted with a far more realistic bent than anything else. Constrained by geography and force disposition, Vietnam reacted by mobilising reserve forces and counterattacking when possible. There was no identity creation and few domestic forces were in play. State survival was the key concept, as well as a regional power (R1, R2, perhaps S3).

The 1977 Ogaden war between Ethiopia and Somalia is a strictly conventional conflict involving organised forces to obtain a piece of land. Somalia possessed an army that was well trained and armed with Soviet tanks and widely considered one of the best tank forces in Africa. Ethiopia had an air force that was the best in Africa and, despite an ongoing revolution and associated internal strife, Ethiopia still had a substantial army well equipped with American weapons. The 1977 war saw both small states acting within the regional structure and constraints imposed by the primary superpower in the region, namely the Soviet Union. Outside of these, however, both combatants fought a conventional conflict that was very much reminiscent of any number of wars between large states and/ or great powers (R1, R2).

The 1932 Chaco War between Bolivia and Paraguay also fits this pattern. After the Spanish granted independence and left the continent, many South American states were uncertain about their borders. This problem led to several wars in the 19th and 20th centuries, with the fight in the Chaco region being one of the

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[2] Some readers will think "China is small?". In 1979 China acted as a regional power with a slant towards the concept of "people's war" as pushed by Mao. Despite its physical size, China acted very much like it's rival, Vietnam.

longest. From 1932 to 1935, the two poorest states in South America fought each other for an arid patch of land rumoured to contain oil. Both sides took heavy losses, with Bolivia bearing the larger share. By the end, both states were so destabilised by the war that they experienced a series of failed governments and dictators for the next few decades. Much like the 1977 Ogaden war, the Chaco war saw two small states acting like much larger states. The only thing limited by their size was their ability to keep the war going after serious losses and expenses (R1, R2).

To summarise, realist theory explain small state foreign policy behaviour mainly in balanced conflicts between small states. In other words, the more symmetrical the balance between the two states, the more likely shifts in structure power and capability produced foreign policy change. In asymmetrical encounters, typically between a small state and a large or medium state, the small state's foreign policy did not display characteristics of realist theory. Rather, in asymmetrical confrontations, small state foreign policy conformed more with domestic factor theories and/or social constructivist theories of foreign policy behaviour.

Recent scholarship: Do they support or refute our predictions?

How well have these theories played out since 2016? What follows is in no way an exhaustive list of contemporary studies but rather an illustrative list. One study appears to go against our findings. Edström, Gyllensporre and Westberg, in their 2020 work on Nordic state experiences, describe how four Nordic states (Denmark, Sweden, Norway and Finland) responded to 9/11, the Ukraine-Russian conflict and the rise of ISIS through coordination of their security policies (Edström et al., 2020). They emphasise realist balancing considerations, and thus their study supports the R1 theory about small states reacting to structural constraints.

However, the bulk of the studies tends to support our findings. For example, Bakhturidze and Vasilyeva show that Georgian foreign policy has been primarily centred around the pursuit of international legitimisation of its statehood through international organisations and institutions (Bakhturidze and Vasilyeva, 2018). In short, they argue that Georgia has sought reliance on international legal norms as a means to establish their national interest separate from their large, regional hegemonic neighbour Russia. Another study of Georgian foreign policy emphasises the role of domestic public opinion in supporting Georgia's

foreign policy orientation toward the United States and Europe (Siroky et. al., 2017). An examination of landlocked Macedonia's foreign policy emphasises the unique dependency of landlocked small states, particularly that domestic instability pre-disposes small states threatened by Russia toward security alliances with the West (Vankovska, 2017). A study of Cambodia emphasises a domestic agenda and agency in its foreign policy (Chheang, 2021). An examination of the foreign policy of Djibouti argues that the state balances into domestic priorities with diplomatic activism to create a strategic and intentional dependence on external actors (Le Gouriellec, 2018).

Conclusion

From the preceding, we posit that examining the priorities of small and landlocked states should entertain three considerations. First, any analysis should position the small state within its regional and/or international order. The capabilities and power of larger, regional powers surely constrain and influence small state foreign policy alternatives, particularly landlocked small states. This is, of course, just a given. Small states are not free to impose their foreign policy priorities on the world, let alone on stronger neighbours in their region. For example, landlocked states surrounded by larger neighbours realise that their need for transit and access to seaports will create both a dependency on their neighbours but also that their smallness will be a weakness in negotiations and bargaining over the transit.

Second, realism is not the only consideration in the priorities of small states. Domestic factors can play a key role in determining the foreign policy choice from among the available alternatives. Studies of small and/or landlocked states should examine whether any change in state control by domestic actors has altered foreign policy choice. From our research and that of other scholars, there is some broad consensus that changes in domestic actor, capture of the levers of state, do indeed change small states' foreign policy.

Third, the presence of identity or norms among the public and/or elite in a small state can lead foreign policy. As we have shown, the foreign policy choice of neutrality is often one that belies realist predictions of bandwagoning or balancing, with small states choosing neutrality mainly due to domestic and ideational considerations. Examinations of small and/or landlocked states should investigate whether any long-standing identities or norms exist that can

condition or constrain foreign policy choice. Likewise, any new development of norms can produce foreign policy change.

In a nutshell, small state foreign policy priorities cannot just be thought of as similar to that of large or great powers. Rather, the foreign policy priorities of small states are a class of phenomena that deserves to be studied separately. Small states cannot be understood as simply large state terming them as small, rather smallness in and of itself creates foreign policy priorities for small states that induce them to behave differently from their larger brethren. Landlocked small states inherit a greater vulnerability and dependency than small states with coastal access. The overriding priority of access to secure transit across neighbouring territory puts small landlocked states into a further category of their own. Examinations of their behaviour should entertain the complexity of realist, domestic, and ideational considerations as possible sources of foreign policy choice to meet a small and/or landlocked state's foreign policy priorities.

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Reflections on the Role of Small States in the International Order

Gyan Chandra Acharya

Small states are not only an integral part of the international community, but they also make up the majority in numbers even if we take less than ten million of population into account. With regard to the definition there are no universally accepted criteria yet small states can be defined both in absolute and relative terms, based on power asymmetries or perceptions. Consequently, the definitions can vary from organisation to organisation. For example, the Commonwealth (n.d.) defines them as countries with no more than a population of 1.5 million, while the Small States Forum (SSF) within the World Bank Group has 50 members, of which only 42 countries have a population of less than 1.5 million. The remaining eight countries have a bigger population but are mostly islands and landlocked countries with similar vulnerabilities (The World Bank, 2021). However, both institutions look at the issues of small states from the perspectives of their developmental indicators as well as challenges such as climate change vulnerability, the impact of disasters and economic integration. Singapore also established the Forum of Small States (FOSS) in 1992 at the United Nations in New York. It defines small states from the perspective of population, according to which countries with a population of less than ten million people are small states, and has 108 countries as members (MoFA-Singapore, n.d.). However, there are even some scholars who have proposed to consider developed countries with a population up to 15 million and developing countries with a population with less than 30 million small states (Thorhallsson, 2016). Likewise, there is also a school of thought that provides differences between the large and small states in terms of power balancing (Labs, 1992: 384).

Regardless of all these competing definitions, for the purpose of this inquiry, I would propose that we should rather understand small states through the prism of the level of vulnerability and restricted freedoms that they face due to their lack of capabilities, limited choices, as well as fewer ingredients of material power as the most relevant criteria for their smallness. While material power alone is not the only determining factor in defending sovereignty of countries and promoting prosperity, it also makes a significant difference in developing resilience, confidence, and protecting oneself from security threats. Because of the lack of strategic thinking, small states must make an extra effort to improve

resilience and vigilance. As a result, small states should receive special attention in international relations. Their perceptions, expectations, constraints, and opportunities necessitate strategies and approaches that differ from those of the great powers.

Considering all this, Nepal certainly does not fall under the small state category defined through population thresholds. It is rather a state with limited current capabilities and a high degree of vulnerability. It also appears small due to its location between two giant neighbours, China and India, which are larger not only in terms of geography and population, but are also the second and fifth largest economies in the world. Because of their proximity to larger neighbouring states, smaller states like Nepal face challenges and opportunities of various nature. Other examples of states in a comparable situation are Mongolia, Laos and Kazakhstan. Yet, there are also numerous examples where these countries have successfully balanced their stance on foreign policy issues, promoting principled positions on regional and international concerns and taking initiatives to advocate for solutions to global problems. With this background, this paper investigates how small states can work effectively in the extant international order and have their say on issues that concern them most for their development and security.

Power and principles

Power of states has been broadly defined as the capacity to persuade others to follow ones lead and influence their behaviour and ability to withstand external pressures (Vital, 1967). However, when we consider complexities available in the international relations, it becomes apparent that power is also determined by geostrategic location as well as strategic attractiveness, internal political dynamics and the way countries project their power. This is derived in more than one way but largely from interactions or networking with others, international norms and principles, global advocacy of one's cause and leadership's personality and charisma among others. Therefore, small states should prioritise factors that enhance their room to manoeuvre if they wish to pursue an independent path to strengthen their capabilities to reduce vulnerabilities.

The fact of the matter, however, is that acquiring and accumulating power has become the primary objective of the nation-states. This is also true both in the

realist, liberalist, and post-modernist context despite the fact that there are ideals, norms, principles, and institutions developed over the years to ensure peace and stability and conduct international relations in a more equitable way. No doubt, constraints and limitations do exist for the smaller states to unravel their potential, aspirations, and grasp the opportunities under the extant nature of international relations due to which neither the notion of sovereign equality nor the idea of collective security, an inclusive and global order has been in operation in a real sense of the term. In fact, countries big or small cannot necessarily ignore their aspirations and expectations. Yet there is a great deal of urgency to promote the notion of inclusiveness and fairness to conduct international relations which can alone bring about positive consequences not only for the smaller but also for the larger powers. All said, what certainly will have to be understood is that the power – at least the crude power principles – should not be the primary guiding factors whilst conducting international relations and small countries should collectively work to diffuse that power through institutional mechanism.

Internalisation as security strategy

Security concerns of small states are unique. Often, they have limited resources and capabilities, and, thus, do not consider increasing offensive power as a top priority. Their primary aim is rather to consolidate defensive power through various means. Other important measures include having a cohesive approach to their internal and external policies, avoiding entanglement with or dependence on a single power, promotion of collective regional power, consolidation of international norms and principles pertaining to international peace and security, promotion of their international personality, dense engagement in global forums, and measured, balanced, friendly, and cooperative relationships with their immediate neighbours and beyond. For small states, diversification of relationships with countries in their home region and extra-regional powers increases trust and understanding of others beyond the region. It also emboldens their larger national interests and prepares them to take a resolute stand against potential threats, protecting them from any erosion of their independent status, including sovereignty. This enables them to conduct a prudent analysis of the security situation both in the neighbourhood and beyond the region.

In addition, smaller states also tend to get out of the regional cocoon and diversify their relationships in every possible way so that they can participate

in the international order in a more meaningful way. Such an approach will improve their presence and image at the global level, further reinforcing their elements of sovereignty. This will also allow them to maintain their policy space and improve their capacity for manoeuvrability and freedom of action. Together, all these measures can contribute to increased security internally and externally. But small states have to pay a higher level of attention to foreign and defence policies – forward thinking and strategic preparedness is therefore crucial.

Development and progress

In an increasingly integrated and interconnected world, promoting lasting peace and stability, inclusive prosperity, sustainable development, social progress and reducing inequality within and across the countries should be pursued collectively as the global common good. Based on the recognition and adoption of the Sustainable Development Goals (SDGs) as a global development framework, no country, particularly smaller, underdeveloped, and landlocked ones, should be left behind in the global drive for development. Yet it all depends on collective global action or on the extent developed countries from the Global North are seriously committed about resolving persistent multidimensional poverty and structural vulnerabilities faced by some countries from the Global South. In fact, sustained economic development, equitable social progress and resilience combined with a high degree of coherence and a unified approach to fundamental national issues can act as an antidote to the vulnerability of small states as it reduces their dependency towards the world and unites internally. With that, they greatly can contribute to developing and reinforcing their strength, resulting in increased freedom of choice and action.

Yet smaller, underdeveloped, and landlocked countries often face asymmetrical power relationships in their neighbourhood. In most of the cases, the lack of attention to or marginalisation of their interests and concerns by the international community makes them over-dependent on one or more powers in political, economic, or commercial relationships. Physical barriers, low economic development with structural constraints, a lack of good infrastructure and institutions, as previously mentioned, increases their reliance on the outside world. Moreover, a high degree of multidimensional poverty, disproportionate reliance on international concessional financing or grants for development expenditures, less diverse economic and trading relationships, low productivity and a narrow base of production adds up to their vulnerabilities. Keeping

these factors in mind, a two-pronged approach is needed: ensure rapid and inclusive progress and promote resiliency. Within the country, they must ensure a more cohesive and united approach to inclusive participation of all in state affairs with accountable and responsive governance in place, in tandem with commitment to strategic economic restructuring, inclusive and sustainable development, equitable social progress, full utilisation of their human and natural resources in the course of ensuring natural resources sustainability and promotion of entrepreneurship and productive sectors. A prescient strategy with clear pathways to success is required to ensure inclusive progress and prosperity on the one hand and the consolidation of sovereignty and independence on the other. Similarly, at the external level, there should be a conscious policy of diversification of relationships, avoidance of over-reliance on one power, forward-looking engagement with all in the neighbourhood and beyond. This will be critical in promoting country's rapid economic development and sustainable long-term progress.

A more balanced, engaged, proactive, and meaningful economic cooperation with the neighbouring countries and major global powers is crucial for development. Small states can harness various resources through bilateral cooperation with all powers, both established and emerging, if economic relationships are sufficiently diverse. Put together, these all can assist these states in not only withstanding negative external pressures but also enhancing their interests and soft power.

Many countries from the Global South have matured in the last thirty years in terms of contributing to the promotion of economic development in small and developing countries. Today, their capacity, size of the market and political, economic, and commercial engagements are substantial. Therefore, in addition to traditional North-South cooperation in terms of financial assistance, investment, preferential market access, and the availability of competitive goods and technology, technical cooperation between the countries of the South have become critical, particularly for small, vulnerable, and land-locked countries. It is important to remember that today the top investors in the least developed or landlocked countries or small states come from both the developed North and the re-emerging South. This is also true in terms of international trade and technical assistance.

Technological revolutions and globalisation

The scientific and technological revolutions that are underway are critical not only for the small states but also for less developed states in general. Many small states face structural barriers, such as landlockedness, small island status, small market size, a lack of natural resources or latecomer disadvantages, which prevented them from reaping the full benefits of the second industrial revolution. The third industrial revolution provided some significant opportunities to catch up with the rest of the world. However, the fourth industrial revolution is impacting the world with unprecedented intensity, speed, and systemic impacts. Yet, artificial intelligence, quantum computing, and the merging of physical, digital, and biological spheres offer almost unprecedented economic opportunities as well as for sustainable development, social activities, humanitarian assistance, and even security to all the countries irrespective of their size and power.

A good combination of these new scientific and technological revolutions with fair globalisation has the potential to work in favour of smaller, underdeveloped, and landlocked countries, but this can only materialise when there is an inclusive technological regime and equitable economic order. The smaller, lesser developed and landlocked states are upbeat about these changes, but their access to technology is increasingly becoming complicated and there are chances that they might once again fall behind. Perhaps, it is the right time for smaller countries to prioritize their issues, needs, and concerns more succinctly and prudently to benefit from the dividend of the fourth industrial revolution.

Regional cooperation

It is generally acknowledged that encouraging regional cooperation strengthens collective identity, regional solidarity, competitiveness, and regional networks. This can further consolidate the freedom to manoeuvre for small states while deepening collaborative engagements with one another. Small states have multiplied their capabilities and interests while also helping instil collective interests through their deliberate and focused promotion of regional cooperation architecture. Increasing welfare through cooperation and competitive advantages through regional integration, based on equity and solidarity, promotes amity, stability, and solidarity.

In cases where regional cooperation frameworks have been more mature, they have worked together to enhance their collective bargaining power vis-a-vis external powers on issues of mutual interests. Many small states have also promoted cooperation with great powers through regional groups, thereby reducing the power asymmetries. Even when countries have divergent perceptions and interests, they tend to work together to develop a common strategy through dialogue and consultations within regional groups. Because of the greater importance that the small states place on regional organization, they have also been innovative and proactive in exploring, expanding, and consolidating new areas of cooperation within the regional cooperation frameworks that would not have been possible through bilateral cooperation alone.

International economic cooperation

The establishment of norms and principles to ensure a just and inclusive international economic and trading order, concessional and facilitative access to the global markets, enhanced and fair access to development financing should be put in place. In addition, measures to promote sustainable and responsible investment and regular, orderly, and dignified global migration policies are fundamental to reap the full benefits of globalisation in an increasingly integrated global economy. While promoting international economic frameworks and norms, the concerns of smaller and vulnerable states' must be fully considered so that they can also become part of the global order. Such an approach will not only help them to break away from a vicious cycle of vulnerabilities but also enhance the ownership of the order.

From the perspective of the smaller states, forming coalitions and alliances with countries in similar situations around the world will increase their bargaining power, voice, and representation in the international community. The collective approach has a better chance of success than individual advocacy on the common issues which are important for them. Through this mechanism, they can also put pressure for restructuring the global financial and other regimes, which certainly will allow them to have access to and benefit from the international political, economic, and trading regimes. However, it is critical that they consider their own national interests as well as the livelihood of the people while doing so.

Landlocked states' trade vulnerability

Some of the particular challenges and vulnerabilities of landlocked and small states are worth considering when analysing the interplay of power dynamics and developmental challenges. There are over 40 landlocked countries in the world, out of these 32 are developing countries. They are usually small or have asymmetrical power relationships with their neighbours. Almost half of them have four or fewer, and about ten have only two or one neighbour(s). All these countries have used globalisation and ever-increasing global integration to promote international trade, reduce poverty, and accelerate progress and prosperity through competitive participation and global connectivity. However, for landlocked countries their reliance on immediate neighbours for transit to the sea or other countries for trade, travel, and connectivity to the rest of the world has remained a fundamental structural constraint.

Moreover, landlocked states also do not benefit from nature's coastal living and non-living resources. In contrast, they are inherently less competitive than coastal states, because seaborne trade is far more viable than land-based trade. To assist in overcoming these predicaments a long list of international instruments and conventions has been developed, which have now been established as customary international law. Through the Barcelona Convention of 1921, the General Agreement on Tariffs and Trade (GATT) Agreement of 1947, the New York Convention on Transit Trade of Landlocked States of 1965 as well as the UN Conference on the Law of the Sea of 1982 it has been firmly established that landlocked countries have the right of access to and from the sea, the freedom of transit and the high seas and the right to the common heritage of mankind (United Nations General Assembly, 1982).

Yet, a fundamental unresolved issue for landlocked developing countries (LLDCs) is a smooth, fair, and uninterrupted transit facilitation with an efficient infrastructure network and trade facilitation with their respective transit countries. Despite the development of major bilateral, regional, and international instruments, what still fundamentally determines the smooth operation of such transit and trade facilitation is their political and power relationship with the transit countries. There have been cases where landlocked countries have been subjected to blockades, delays, and disruptions due to differences and political

conflicts with neighbouring transit countries.[1] Therefore, diversification of transit corridors, further consolidation of bilateral, regional, and international legal and economic instruments, infrastructure development and its maintenance, trade facilitation, regional integration and cooperation, structural economic transformation, concessional access to financing for investment in LLDCs and transit countries will be critical to these landlocked countries.

Landlockedness has also resulted in low levels of productive capacity development, slow economic growth, high trade costs and limited structural transformation. In fact, according to a 2013 report published by the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN OHRLLS), the average LLDC only achieves a level of development that is 20 per cent lower than the average coastal country. It also claims that the cost of exporting or importing from/to LLDCs is more than twice as high as the cost of exporting and importing from/to transit countries (UN OHRLLS, 2013: 20). Even when there is no direct conflict, LLDCs are extremely vulnerable to the political vagaries of their neighbours (Faye et al., 2004: 45).

We can clearly see that the small and vulnerable states rely more on their neighbours than others. Therefore, to promote their long-term national interests, they must maintain a just and fair relationship with neighbours, focus on trade diversification, progressive development and consolidation of international law, multilateralism, regional and global support, and solidarity. By doing so and cooperating with their neighbours and promoting regional cooperation, landlocked countries hope to transform themselves into land-linked countries with seamless connectivity and diverse networks, thereby promoting and enhancing regional economic interactions and opportunities for all. This approach has the potential to create win-win situations for everyone. Many landlocked countries in Europe, including Switzerland, Luxembourg, and Austria, have become land-linked with their neighbours and the region as a whole.

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[1] C.f. Shweta Karki and Gaurab Thapa in this volume.

The United Nations and small vulnerable states

With its principles and institutions, the UN, as part of its commitment to promote a fair and inclusive international order, has a long history of developing frameworks for the cause and concerns of vulnerable countries. Over the years, the UN has championed the cause of vulnerable, least developed and landlocked as well as small island states[2] not only through focused advocacy but also through institutional support. The UN established the Least Developed Countries (LDC) category in 1971 to recognise the unique and severe challenges that LDCs face, such as high levels of poverty and low levels of human and economic development as well as extreme vulnerabilities. Since 1981, the UN has hosted decennial LDC conferences and helped rally global support for them, particularly in official development assistance, trade, debt, investment, technical cooperation, and participation in international conferences. Similarly, the UN has recognised the LDCs' specific challenges of the right of access to the sea, freedom of transit and high costs of trade and development, infrastructure development and global and regional cooperation. In that regard, since 1994, the UN has also been holding dedicated conferences every decade to assess their situation and strengthen its support for these countries.

Holding such conferences has immensely contributed to raising the profile of small states' an LDCs' issues at the global level. They have also enhanced their freedom of action, galvanising support for them to overcome structural challenges and to promote international assistance and cooperation as part of collective global solidarity. Likewise, some development partners such as the World Bank and regional development banks have also initiated specific programs to assist these vulnerable countries. While more assistance is needed for these countries to effectively confront the multiple challenges they face in terms of development, international and intergovernmental organisations, they have also introduced some focused and targeted programmes such as earmarked funding and greater concessionality to cushion the impacts of their adversities on the lives and livelihoods of the people in these countries.

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[2] There are 38 UN member states as well as 20 non-UN members falling into these categories.

Initiatives by small states

As staunch supporters of the rule-based international order, small states have taken numerous initiatives at the international level to help make the order more equitable and inclusive. Without attempting to be comprehensive, some indicatives are mentioned here. For example, Singapore has taken the lead in advocating for accountability, coherence, and transparency (ACT) at the United Nations Security Council. Switzerland, Finland, and Qatar have all taken significant steps to promote global mediation efforts. Similarly, Mongolia has taken initiatives on the issue of the Korean peninsula, and Nepal has been vocal on issues affecting landlocked and least developed countries, including the impact of climate change in the Himalayan region. Other examples include Ireland's engagement in the reform of peacekeeping operations, Norway and Switzerland's global humanitarian initiatives, Costa Rica's support for the Arms Trade Treaty, Rwanda's pro-active role in strengthening the African Union and security implications of climate change initiative by the small island developing states (SIDS) as well as Trinidad and Tobago's participation in International Criminal Court. All these instances clearly indicate that small states are active at the regional and international levels to advance larger interests and strengthen inclusive, peaceful, and stable international order.

Current challenges

Despite their manifold efforts and active participation in establishing and consolidating global norms and principles, unilateral decisions by powerful countries or persistent pressure on small states to take sides continue as major challenges for small states and threaten to marginalise their issues and concerns. Multilateralism, which in most cases tends to work in their interest, is under stress today. Even in the best of circumstances multilateral principles and norms are not always followed, but in times when unilateralism and power rivalry are on the rise, multilateral institutions tend to be marginalised or rendered less effective. There is more than one reason for rising protectionism, narrow nationalism, disruptions of value chains and exclusivist approaches. Still, these factors create obstacles for promoting global cooperation and progress. Furthermore, a sharper, deeper, and more comprehensive rivalry between an established power and rising powers has increased volatility in the global order, which, if not properly managed, could have negative consequences especially for smaller

states. Such contestations have become global in scope affecting all aspects of relationships between states, including politics, security, economics, commerce and even technology.

A tightrope walk in terms of balancing relationships while being committed to the fundamental principles and norms of the rule-based international order demands clarity of vision, skills and a thorough understanding of the dynamics of changing relationships. Yet, this also demands a more inclusive globalisation with a global economic order that is fair, participatory, and development oriented. However, despite unprecedented progress in global poverty reduction, we are all still confronted with multidimensional poverty, humanitarian crises, low-income levels, rising global inequality, global economic volatility, social instability, a lack of fair access to markets and high vulnerability to global shocks from disasters, pandemics, and climate change. Smaller states are more vulnerable to these shocks than larger states. The capacity and prospects of many vulnerable countries, including small states, have been undermined by a lack of either stronger commitment or delivery on the commitment to promote global public goods, as well as the devastating effects of ever-increasing global disasters and volatility.

The Covid-19 pandemic has further exacerbated these difficulties for small states. Once again, the global crisis has revealed our collective frailty and incapacity. Taken together, this calls for an increased global cooperation and solidarity to make the global order just, effective, and inclusive. The pandemic has not only exposed our health systems but has also unleashed an unparalleled economic catastrophe and social crisis with trade disruptions, lockdowns, and job losses, thereby pushing a large number of people into poverty and deprivation. The vaccine geopolitics triggered by the developed and mostly larger states have created multiple security challenges for smaller and underdeveloped countries like Nepal. In addition to the pandemic, issues of climate change and transnational terrorism are becoming more pressing for smaller states and demand holistic and robust global responses to be effectively addressed.

Geopolitical dynamics in the Asia-Pacific and small states

It may be worthwhile to pay special attention to the growing geopolitical competition and rivalry at the global level and their impact on small states. In the Asia-Pacific region, the contest is getting increasingly intense and comprehensive. This is because the region is the largest in terms of population,

markets, economic strength, and the size of its military. The region certainly has high potential for economic growth, but has also become more of a geopolitical flash point and a centre of gravity at the global level. In the course of time, smaller Asian states might get entangled in this fast-developing geopolitical struggle.

Therefore, their future, largely hinges on how the power games play out in the region and beyond over the next few decades. There is already a growing contest between the established superpower – the United States – and a new superpower – China – but there are also other major Asian powers aspiring to become global powers. Many smaller states in the region are treading carefully to avoid being entangled in the current geopolitical roundabouts. For smaller states siding only with one power or de-globalisation will not serve their short and long-term interests. What becomes important for them, therefore, is not becoming completely dependent on one power, as a client state, which will limit their manoeuvrability significantly.

Perhaps, small states will rather band together to hedge their bets with one power or balancing a big power against another to respond to the high ends of realpolitik in the extant international order founded on values and principles which is still a work in progress. Small states, for their part, have to coexist with powerful pushes and pulls all the times. Keeping these factors in mind, small states perhaps will have to strike a delicate balance between immediate short-term needs and long-term values and interests. However, supporting multilateral principles and siding with one or the other power on specific issues and concerns does not have to be mutually exclusive approaches, especially if small states do not go against fundamental principles of international relations and contribute to promoting a just, stable, and peaceful global order. Small states should have more than one option on their table to maintain the principles of sovereign equality and enhance the cooperative global order. Small states naturally take a firm stand on the basis of fundamental principles of international cooperation, such as the UN principles, and the rule-based international order, since these principles act as restraints on raw power politics at all levels, particularly when power rebalancing is at play. They are aware that any conflict in the region will have severe and negative impacts on everyone but will have a disproportionate impact on them, due to their reliance on regional and global markets and a high degree of vulnerability. On that basis, small states believe that it is imperative

to collaborate with all powers, whether global, regional, or middle powers to reduce tensions and confrontation.

Similarly, small states also prefer to collaborate with all middle powers within the region and beyond, owing to their shared approach to a cooperative international relationship. They all value strategic autonomy, global solidarity, historical ties, economic, financial and commercial interdependence, and mutual benefit. Strengthening ties with superpowers and middle powers cannot be an either/or proposition for them. In today's world, it is critical that all powers, including small states, maintain constant engagement with one another to promote a just and stable international order.

We are in the midst of a major transition from an established mostly unilateral world order that is being challenged by an emerging super power on one hand and other emerging powers on the other. Working with all of them thoughtfully, with long-term interests in mind, rather than blindly following any one of them in an exclusive manner, is a critical task for small states. It is more of a diplomatic art than a scientific one. Managing this require clarity of vision, greater diplomatic skills and broadening of domestic consensus in and also among small states.

Prospects and opportunities

A fair and inclusive international order is a priority for small states. They have a greater stake in maintaining the rule-based international order than big powers, which can rely on other aspects of power and capabilities to protect and project their interests. Therefore, small states prefer multilateralism and the promotion of global public goods and values in international relations. Small states, due to their limited resources to maintain national self-interests, are disposed to have working relationships with all. They often also carry little or no historical baggage, they can take a neutral position on certain key issues of global governance. Small states should, therefore, concentrate their efforts on promoting international cooperation in some niche areas with a clear vision and commitment.

On the other side, today's global issues are so complex and interconnected that no single or two countries, no matter how powerful they are, can resolve them on their own. What is required here is comprehensive and inclusive cooperation and collaboration at all levels to effectively address them. Hence, we need to place a premium on robust and supportive cooperation at the global level. It is

well-understood that the current form of multilateralism is a compromise solution to achieving a workable balance between power and principles. However, the successive marginalisation of multilateralism and the rise of unilateralism are surely of concern. There are also a number of characteristics of the international order that might need to be revisited. For example, the disproportionate power of the Security Council in comparison to the General Assembly of the United Nations, a growing divergence of views among great powers on major issues of international peace and security, the limitation of veto powers to a few World War II victors and the very limited presence, voice and representation of small or vulnerable states in the decision making processes. As a result, while small states generally agree on the fundamental principles of the UN and the multilateral global order, small states consistently call for significant reforms of global institutions, working modalities, and structures to better reflect current realities and effectively deal with new challenges of the twenty-first century.

Playing a proactive role at the international level in setting global norms and rules and ensuring their effective implementation can help enhance small states' national interests, promote opportunities for rapid and inclusive progress and defend their fundamental interests. Another area in which small states excel is their contribution to the global cause of peace and stability. For that reason, they are prominently supporting and contributing to UN peacekeeping operations, peace building, conflict resolution and mediation efforts. The fact, however, is that while the global community is largely based on the Westphalian model, the world is made up of states as sovereign units. However, cooperation at the global level has fundamentally changed the discourse in recent years, despite the fact that states are the primary units of global governance. Because the vast majority of states are small states, their perspectives must be given due weight in the global discourse on and practices of international relations.

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Nepal's Diplomacy and Foreign Policy Amidst the Changing Geopolitics in Asia

In Need of a New Strategy?

Apekshya Shah

The United Nations and the World Bank do not officially classify Nepal as a small state. With a territory larger than Bhutan, the Maldives, and Sri Lanka in South Asia and a population of more than 30 million, it can be considered a significant power on the subcontinent. Nepal also has a long institutional memory of diplomacy and foreign policy and is one of the modern-day sovereign states in the region. However, given Nepal's power imbalances with its neighbours, China and India, and its landlocked location, the country is a rather small or weak power. Nonetheless, Nepal's weak power status has also given a strategic advantage. Whether it is the strategic position the country holds as a potential source of economic growth between Asia's two (economic) heavyweights, or the rivalry between the two and their desire to keep using Nepal according to their own interest, the country's location has been both a boon and a curse. As a result, Nepal's external behaviour as a small power is heavily influenced by the systemic reality in which it finds itself, rather than its economic and military strength or territorial size.

The purpose of this paper is to investigate how Nepal's diplomacy and foreign policy are affected by the Indo-Sino rivalry and shifting geopolitics in Asia. The first section of the paper briefly examines the Indo-Sino rivalry in South Asia as well as the defensive responses that China's rise has elicited from other powers. Following that, the paper explores Nepal's relations with its neighbours and the rest of the world through the lens of a buffer state. The chapter attempts to understand the increasing complexities of Nepal's diplomacy and foreign policy in the context of great power rivalries by reflecting on past policies. Finally, it outlines Nepal's challenges and opportunities in navigating the shifting geopolitical realities. Nepal is increasingly finding itself in a situation where it must hedge its bets. In this context, the country must look beyond traditional rivalry-based balancing tactics and develop a solid diplomatic strategy for better

managing great power rivalries to navigate the system. It becomes apparent that it might be promising to explore potentials of hedging strategies and strategic diplomacy further to carve out a foreign policy path in the future.

Indo-Sino rivalry in South Asia

India has always considered itself as South Asia's "natural hegemon" and has worked to ensure South Asia's stability since the country's independence (Malone et al., 2015). Nehru quickly adopted the British ring-fence security policy, signing treaties with some of the states in the Himalayan region such as Bhutan, Nepal, and Sikkim (Kumar, 2011). Nepal was bound by a friendship treaty signed in 1950, while Sikkim and Bhutan chose to remain Indian protectorates. To maintain its unipolar role in the subcontinent, India advanced the Indira Doctrine, which prohibited outside powers from exerting influence in South Asia (Ogden, 2011). Except for Bhutan, India's unipolar role in South Asia has never been popular with its neighbours, who have all worked to limit its hegemony.

Following the 1962 Indo-Sino war, India was wary of Chinese relations with South Asian states because of unresolved territorial disputes – until today, India claims China's Aksai Chin region, while China claims India's Arunachal Pradesh. Beijing thought its South Asian ties were legit, but Delhi disagreed. Given Beijing's geographical and financial constraints, the Chinese acknowledged their limitations in assisting South Asian states as well (Garver, 1992). However, China's rise has changed things considerably, and its Belt and Road Initiative (BRI) has started to worry Delhi more and more. The BRI can be interpreted as a means to achieve strategic as well as political goals, challenging India's role in South Asia. Chinese companies building commercial ports in Pakistan, Sri Lanka, and Bangladesh under the BRI are seen as encircling India (Scott, 2008; Brewester, 2015).

Chinese investments in South Asia have also grown considerably. Chinese foreign direct investment (FDI) in Nepal has surpassed all other sources, while Bangladesh has seen a 200 per cent increase in recent times. Chinese influence also extends increasingly to military and public diplomacy. Bangladesh and Pakistan have strengthened military and security ties with Beijing. China is the only country that has a Defense Cooperation Agreement with Bangladesh (The Times of India, 2002). Beijing prioritises people-to-people connections through Confucius Institutes, scholarships, educational partnerships, Buddhist diplomacy,

and South Asian countries in return benefit from Chinese tourists. To strengthen ties, the Chinese Communist Party (CCP) has reached out to other parties in the region and, among other engagements, signed an agreement with Bangladesh's ruling Awami League in 2019 (Pal, 2021).

The Indo-Sino rivalry is not new to the region, but recent border clashes in 2020/2021, the fourth since 2013, have heightened tensions. Even after a year of negotiations, the 2020 border clash on the Indian side of the Line of Actual Control (LAC) remains unresolved. India is also a signatory to international initiatives that are largely perceived as counter-Chinese initiatives such as the US-backed Free and Open Indo-Pacific (FOIP) strategy and the Quadrilateral Security Dialogue (QSD or Quad) (Tillerson, 2017). In this context, India's neighbours, particularly Nepal, must balance the interests and intentions of China and India, whose relations with its northern neighbour have long been a source of contention between Kathmandu and Delhi.

The southern neighbour

Nehru's emphasis on the Himalayan frontiers for India's security after independence made it apparent that India wanted Nepal under its influence. Although the Treaty of Peace and Friendship of 1950 stated that the two countries "agree mutually to recognise and respect each other's complete sovereignty, territorial integrity, and independence" (Art. 1), India was able to secure its key security interests through Art. 2 and 5. The Art. 2 states that "the two Governments hereby undertake to notify each other of any serious friction or misunderstanding with any neighbouring state that is likely to cause any breach in the friendly relations existing between the two governments". Given Nepal's two neighbours, this provision can only point to China. While Art. 5 allows Nepal to import necessary military equipment from or through Indian territory, the accompanying letter states that this must be done with the assistance and agreement of the Government of India and that "neither Government shall tolerate any threat to the security of the other by a foreign aggressor" (Baral, 1992; Subedi, 1994).

Since its inception, the Treaty has been a source of contention between the two countries, with Nepal accusing India of imposing security obligations on its sovereignty. A growing economic reliance on India increasingly also turned into a concern. Furthermore, Nepal's position in the eyes of its neighbours

changed when China took over Tibet in 1950-51 and India recognised Tibet without resolving its boundary disputes with the Chinese, pushing Nepal into a buffer state position, even more so after the 1962 Indo-Sino conflict (Kumar, 1990).When Nepal established ties with its northern neighbour in 1955, India was concerned that the Chinese influence would grow in Nepal. This changed when King Mahendra ended democracy in Nepal and put the party-less Panchyaat system in place in 1960. Despite India's direct assistance for his father overthrowing the Rana regime, Mahendra was dissatisfied with India's growing influence in Nepal's internal affairs and relations with the democratic forces within the country. King Mahendra and his successor Birendra, therefore, tried to re-establish Nepal-India relations during the Panchayat era by diversifying diplomatic relations to support domestic development and strengthening relations with China to pursue equitable relationships with both neighbours to counter Indian influence and ensure neutrality (Maniruzzaman, 1982).

Strengthening Nepal-China ties was viewed with suspicion by India, while the monarchs maintained an anti-India stance due to India's hosting of Nepalese democratic leaders, military interventions in the region, and the annexation of Sikkim. The decision to build the Kathmandu-Lhasa Road between Nepal and China contributed to deteriorate relations further, with India closing borders after the Indo-Sino confrontation in 1996, although this only lasted for a short time. Nepal's 'Zone of Peace' proposal in the 1970s aimed at establishing a policy of neutrality between the neighbours was also shot down by India, despite more than 100 countries endorsing it internationally. The arms purchase deal with Chine in 1989 was the final nail in the coffin (Garver, 1991). Following the purchase, Delhi refused to extend the Trade and Transit Agreement with Nepal and instead supported the Nepalese democratic movement launched against the absolute monarchy.

The incident exemplified Indian determinism in Nepal. Nepal was called "an ungrateful neighbour" who "reactivated" the "China card" in the 1980s to hurt India's "sensitivities" (Kumar, 1990). As stated in the 1950 treaty and subsequent letters and treaties, India maintained that an open border could only exist based on mutual security. "Equal friendship" with China and India was unacceptable, and even though the 1950 treaty and subsidiary letters did not mention Nepal importing weapons only with India's permission, India claimed the Treaty's spirit implied this. The Nepalese side, on the other hand, stated that the purchase of weapons did not violate the 1950 treaty because they were not

brought from Indian territory and obtained after Nepal's request to India was denied. Subedi (1994), along these lines, also argues that the Treaty and letter lack essential alliance characteristics and are not a military pact. However, both countries maintained their positions: India wanted its own security interests to dominate Nepal-China relations, while Nepal wanted a partnership based on mutual sovereignty, equality, and neutrality. Despite its opposition to India's hegemonic behaviour, China stayed out of the fray, due to geographical and economic constraints in supporting Nepal (Garver, 1992).

In the mid-1990's, with the Maoist insurgency quickly engulfing the country, Nepal was pushed into a decade of civil war, with India becoming its major external stakeholder. India persuaded Western powers not to overly involve Nepal and that India was responsible for Nepal's security (Sharma, 2021). India was also sceptical of the United Nations' (UN) presence during the peace process and together with its anti-Maoist rhetoric after the first constituent assembly elections, it also lobbied hard for their early departure (Jha, 2011). Finally, India's mediation of a pact between the political parties, the Maoists, and the monarchy ended the civil war and brought the rebels into politics. The peace process accomplished abolition of Nepal's monarchy and legitimised the Maoists as a political force in the country. However, India's role in Nepal was met with scepticism. Whilst Maoist were banned by the then government, many Indian actors were covertly involved in Nepal's conflict and later on in the peace process as well. At the same time, multiple Nepalese policies were at play on the Indian side of the border, complicating matters further. India's meddling in Nepalese politics, as well as Nepalese leaders' sloppy diplomacy, fueled anti-Indian sentiment. However, during this time, from intelligence to envoys, India's influence on Nepal was unprecedented (Sharma, 2021).

Nepal-India relations reached an all-time low when Nepal promulgated its constitution in 2015. India noted the endorsement but criticised the document for omitting the voices of people in Nepal's southern plains, the Terai, who have a strong socio-cultural affinity with India. Soon after, India halted economic supplies to Nepal, citing security concerns from border town riots. Kathmandu accused Delhi of imposing an undeclared embargo and for backing the protesters. The incident exposed the country's crippling reliance on the Indian economy. Nepal immediately faced shortages of essential supplies like petrol. Prime Minister Oli's left-wing alliance refused to bow to Indian pressure and instead reached out to China (Shah, 2018). Once again, Delhi accused Kathmandu of playing

the "China card", warning the smaller neighbour that such a game will not go far (Jha, 2015). The incident was a major setback for Prime Minister Modi's "neighbourhood first" policy, which he has supported since taking office. It also harmed the goodwill generated by his visit to Nepal a year ago, which was the first by an Indian prime minister in 17 years (Haidar and Jayshi, 2014).

Nepal-China relations accelerated after these developments in 2015, with Nepal and China signing a transit and transportation treaty, Nepal joining the BRI, and the two countries agreeing to build a railway link through Tibet. Prime Minister Oli rode on nationalism and hailed treaties with China as a turning point in Nepal's transition into a 'land-linked' country (Iyengar, 2016). Nepal stated that it wanted to be connected to both of its neighbours for economic growth and cooperation (The Kathmandu Post, 2018). Things between Nepal and India reached new lows after the Indian Defense Minister opened a new route that crosses through Nepalese territory up to the Lipu Lekh Pass bordering China, while both countries were under Covid-lockdown. Nepal protested vehemently, while the Indian establishment accused Nepal of attempting to cause trouble at China's request. Nepalese leaders were even further offended by remarks by the Indian Army Chief and accused Delhi of refusing to negotiate despite repeated requests. Shortly afterwards, the Nepal government endorsed a revised map of the country that included the contested areas (Pradhan and Giri, 2020).

The territory around Kalapani, Lipu Lekh, and Limphuyadhara, which is on the trijunction of Nepal, India and China, has been contested since an Indian military post was stationed there with Kathmandu's approval in the 1950s (Cowan, 2015). Nepal was alerted in 2005 when India and China reached a landmark agreement to resolve a boundary dispute that recognised the area of Kalapani as Indian territory. While successive governments in Nepal were unable to raise the issue with India, efforts to resolve it after 2014 were futile, owing primarily to India's unwillingness to engage in dialogue (Giri, 2020). The issue reappeared in 2015 when China and India agreed to enhance trade and acknowledged, once again, Kalapani as part of India. In reaction to which, Nepal voiced its concerns to both neighbours (The Economic Times, 2015). Similarly, in 2019, when an Indian government agency updated its map to include the area, Nepalese officials sent a diplomatic note (Neupane, 2019). As a result, Nepal was accused of conspiring with the Chinese, which was interpreted as an insult in here in Kathmandu and aggravated the situation even further.

The northern neighbour

China's rise has altered Asian and global geopolitics. The country is no longer a passive observer in South Asian problems. With Tibet's growth, China and Nepal also see an opportunity to boost trade. Relations between the two countries have traditionally been based on the five principles of peaceful coexistence, known as *Panchsheel,* formally articulated in the 1954 agreement on Trade and Intercourse between the Tibet region of China and India. According to Khadka (1999), China's traditional strategic goals in Nepal have been twofold: (a) to secure Nepal's active assistance in not allowing Tibetan rebels and external forces to use its territory for anti-Chinese actions; and (b) to obtain Nepal's commitment to neutrality on the Tibetan question. The CIA-backed Khampa revolt in Tibet and the Dalai Lama's departure to India also alerted Beijing to Nepal's reliance on foreign powers (Khadka, 1999).

The Chinese approach to Nepal is consistent and wary of Indian influence. Since the beginning of modern diplomatic relations, Nepal has adhered to the one-China policy, and Beijing has backed Nepal's governing elites' desire for an autonomous, impartial foreign policy because it worked in Beijing's favour – a stronger independent Nepal would be better equipped to address China's security concerns (Garver, 2001). However, Nepal-China relations can still be divided into three time periods: 1950-1989, 1990-2008, and post-2008.

From 1955 to 1989, China wanted to help Nepal achieve freedom and development but its support was constrained through geography as well as limited economic and military resources. Despite difficulties, China was able to build a presence in Nepal through foreign aid, which was less than India's but on better terms, and loud political support for Nepal's autonomous foreign policy (Khadka, 1999). With the 1975 Indian annexation of Sikkim, Nepal moved closer to China, and it was also the background in which late King Birendra's 'Zone of Peace' idea was floated. At this time, Chinese aid to Nepal reached $2 million, nearly matching Indian aid for the first time. Graver (2001) asserts that "this stage of intense, direct rivalry continued until after Mao Zedong's death". However, Chinese arms sales to Nepal revealed the limits of Chinese assistance and India's clout in Nepal. Nonetheless, two things were clear at this point: Kathmandu and Beijing no longer agreed to Delhi's absolute veto over Sino-Nepal relations, and China no longer recognised India's primacy in Nepal, which had been acknowledged when India and China established relations.

China's relationship with Nepal and its political class was mostly limited to the Palace from 1990 to 2008. King Gyanendra reengaged India and the West in Nepal's affairs after the 2001 royal massacre. The deportation of 18 Tibetan refugees and the closing of the Dalai Lama's Representative Office as well as the Tibetan Refugee Welfare Office, however, signalled an increase in Chinese influence in Nepal (Yardley, 2010). When King Gyanendra abolished the parliament and took full control of Nepal in 2005, China claimed it was an internal issue and provided military aid to quell the insurgency after India, the U.S., and the UK cut off military supplies. The king suggested China should join SAARC as an observer, which infuriated India (Upadhya, 2012). Western countries, especially the U.S., were concerned that if China backed the coup, it might destabilise the country further. While a disgruntled India viewed the involvement of Western nations with suspicion (Heritage Foundation, 2005), China contacted the Maoists, anticipating their rise to power.

Many believed the China card failed the palace when the monarchy was overthrown in 2008, while China quickly built ties with the new political class. China-Nepal relations improved after 2008, particularly after anti-China protests in Kathmandu before the 2008 Summer Olympics put Chinese politicians on edge. Beijing encouraged Nepal's political, economic, and social development, during a time when Kathmandu was struggling with India's heavy-handed approach. In the years that followed, China arrived in Nepal as a capable and willing neighbour, investing in infrastructure like hydropower development and rail connectivity as well as into boosting cultural and educational exchanges (Palit, 2010). Meanwhile, China's deepened economic and social ties with Nepal put pressure on Kathmandu to rein in Tibetan exiles (Yardley, 2010). Over the years, the Nepalese police has become more aggressive with Tibetan refugees and patrols have been established to monitor the northern borders. After 2008, repeated high-level Chinese visits boosted security relations between the two countries (Kumar, 2011). In 2013 even the National Armed Police Force Academy, the first of its kind in Nepal, was built with Chinese grant assistance.

By 2015, China had established itself as an economic superpower, and President Xi's outward-looking foreign policy gave Nepalese elites a chance to strengthen ties with the northern neighbour. Before the BRI was announced in 2015, China's willingness to invest in trans-border connectivity and hydropower infrastructure in northern Nepal was already very clear (Murton and Lord, 2020). In this line, Mulmi (2021) also asserts that China's foothold took shape before the

introduction of BRI: "Although the 2015 blockade was India's biggest foreign policy failure in Nepal, the actual failure occurred between 2009 and 2011. Beijing's deft diplomacy won it many allies, unlike Delhi's". However, China-Nepal relations took off after the 2015 border blockade. The countries signed major trade and transit agreements and Nepal's admission to the BRI made a rail link with China more feasible. Nepal signed a BRI framework agreement in 2017 and a first train feasibility study was conducted in 2018. President Bidya Devi Bhandari signed a Transit Protocol in 2019 and, at her request, Chinese President Xi, who came into power in 2013, paid his first visit to Kathmandu which had not taken place for more than two decades (Bhandari, 2021). During the visit, Nepal committed to a "strategic partnership of cooperation" with China (Ministry of Foreign Affairs, 2019).

In recent years, Chinese investments have boosted trade between the two countries. Not only economic ties have grown, but also the people-to-people relations have been strengthened (Pal, 2021). While Chinese tourists are important to Nepal's tourism economy, Nepalese students are increasingly studying in China. The Chinese government has aggressively promoted collaboration, student exchanges, and Confucius Centres in Nepal. In recent years, the countries' party-to-party relations with Nepal's leftist forces have also drawn attention. Before President Xi's 2019 visit, the then unified Nepal Communist Party (NCP) and the Chinese Communist Party signed a bilateral MoU and held a two-day Xi Jinping Thought training programme (Khaphle, 2021).

China was largely viewed as a major driving factor behind the development of the left coalition in context of the 2017 elections that led to the merger of the two main communist parties of Nepal, the Communist Party of Nepal (Unified Marxist-Leninist) and the Communist Party of Nepal (Maoist Centre). China was also seen as striving to maintain the status quo after divisions in the Nepal Communist Party (NCP) became more and more obvious in 2020. However, Chinese officials' proactive efforts in mediating the party dispute was widely interpreted as overstepping the boundaries, both inside and outside Nepal. The incident contradicted the belief that China does not interfere in Nepal's affairs (Mulmi, 2021). In addition, reports of the disappearance of a Nepal-China border post in Humla and Chinese development near the border point caused controversy. Nepal's Foreign Ministry (Giri, 2021) quickly denied the claims, saying the two countries' borders remained unchanged.

Yam between multiple boulders

Given its historical and geopolitical ties, Nepal has worked to maintain equal relations with its neighbours. Nepal has always been more oriented towards India due to sociocultural and economic links. However, India has failed to build a long-term economic vision to deepen Nepal-India relations and link it to regional initiatives. Raja Mohan (2019) called this a "lack of understanding of geoeconomics" that led to India's failure in Nepal. While Indian security and political class viewed Nepal as a protectorate, Delhi's economic bureaucracy did not. Given the two economies' structures and geography, Nepal's progress was tied to India's, but the latter did not value or cultivate commercial interdependence with landlocked Nepal. Poor implementation of India-backed development projects, SAARC's failure to foster economic progress, and Nepal's untapped hydropower resources have all hurt the country's economic ambitions. India's micromanagement of Nepalese politics led many to believe India wanted a weak, controllable Nepal. With no choice for transit or trade, this sentiment grew when the 2015 economic embargo exposed the country's growing trade gap with India. So, while India-Nepal relations were tested, Nepal's expanding ties with China reached new heights, especially given Beijing's good image in Nepalese eyes vis-à-vis Delhi.

Nepalese leaders have long recognised the impact of great power behaviour and their limited ability to manage their external environment, first with the expansionist British Company and the Chinese Empire, and later with India and China. With escalating Indo-Sino rivalry, Nepal finds itself in a difficult position to conduct diplomacy and foreign policy, which includes balancing the interests of both neighbours in securing its national interest. A larger geopolitical conflict between China and America will complicate things for Nepal. The aftermath of Nepal's 2020 map approval is an example.

India sent high-level delegations to Kathmandu after the map was approved – the Head of Intelligence, the Army Chief, and the Foreign Secretary, respectively – but the country descended into political chaos, with Prime Minister Oli dismissing the parliament in December 2020 (Lal, 2021). Chinese efforts to preserve the left alliance failed, and Prime Minister Oli, in a bid to stay in power took a 180 degree turn and was seen cosying up to India. He gave interviews to Indian media (Giri, 2020), Nepal awarded India's state-owned corporation a $1.3 billion hydropower project (Laskar, 2020), and textbooks with updated Nepalese

maps were suspended (Ghimire, 2020). It was also agreed to speed up Nepal-India rail connectivity. This was a drastic turn from Oli's earlier stance, when he criticised the southern neighbour and called the 'Indian version of corona' more dangerous to Nepal (Giri, 2020). His diplomacy was unreliable and haphazard. Oli was chastised for politicising foreign policy and making unilateral moves that isolated Beijing and Delhi. It was a reminder of how difficult it was to achieve the policy of equidistance between India and China and that ties with "India cannot be equated with those with any other country" (Baral, 2021).

Moreover, growing contact with China in recent years has added new baggage. Decoupling from India will be slow because China's transit routes are far from Nepal and the viability and funding of Chinese infrastructure projects are uncertain. Due to the risk of falling into a debt trap, Nepal has also been wary of China's financing and has primarily sought grants. Nepal reduced BRI-funded infrastructure projects from 35 to nine in 2019 at China's request (Giri, 2019). However, investment and funding procedures remain unresolved. For example, the West Seti hydro plant has been suspended since 2018 due to a financial impasse (Murton and Lord, 2020). There were also concerns about the growing costs at the Pokhara International Airport (Prasain, 2014) and questionable working modalities of Chinese firms (Prasain, 2021), which made Kathmandu policymakers increasingly wary of doing business with the Chinese companies. Also, when it comes to hydropower energy produced in Nepal, India and Bangladesh remain the only markets for exporting excess energy, and India's assurance of purchasing the energy will determine Nepal's hydropower development. Similarly, the unilateral closure of the Chinese border during the pandemic raises concerns about freedom of movement on the Nepal-Tibet border (Prasain, 2021), another notable difference from the open border with India. Nepalese and Indian citizens have fought to keep the border open during the 2015 blockade and corona pandemic.

Sher Bahadur Deuba took office and the lead in foreign policy in July 2021. He inherited a complex situation. A suspicious death along the Nepal-India border made headlines, while the administration was under pressure to address a year-old border issue with China (Giri, 2021). The situation demanded fair treatment of both neighbours. Meanwhile, the debate over a $500 million grant in context of the US-American Millennium Challenge Corporation (MCC) development initiative to upgrade Nepal's electricity grid and highways sparked public outrage. The pact, negotiated by Nepal and the US in 2017 and endorsed

by four administrations, including Oli's, caused controversy due to large scale misinformation and politicisation.

The public's negative perception of the MCC was fueled by unfounded suspicions that the U.S. Army would be stationed in Nepal, undermining the country's sovereignty. It was widely assumed that the MCC was part of America's Free and Open Indo-Pacific Strategy to encircle China and became overstated in context of ratification (Rana, 2021). According to Nepalese law, the treaty must be ratified because the MCC agreement, like other multilateral agreements Nepal has signed with donors, requires international status. Experts argued that failure to fulfil the agreement could have harmed Nepal's diplomatic reputation and ability to carry out future agreements with other states and multilateral institutions (Sharma, 2020). Observers questioned why a country in desperate need of infrastructure development, particularly in the energy sector, was debating a US-American grant while Chinese loans were regarded favourably. The MCC debacle demonstrated how foreign policy politicisation and the region's geopolitical complexities are putting Kathmandu under pressure. It was also a reminder how increased attention to Nepal brings economic benefits, but it will depend on Nepal's diplomatic ability to make the most of it.

This scenario is largely linked to the country's democratisation of foreign policy. Political instability and politization of foreign policy issues have hurt Nepal's diplomacy and foreign policy post-1990. After the democratic forces took power, Nepal's foreign policy became the focus of many parties and interests. Political uncertainty has enslaved and weakened state actors and institutions, reducing their effectiveness. Nepal's diplomacy and foreign policy have suffered as a result of this scenario. Moving forward, Nepal should hedge its bets carefully, weighing the benefits of Chinese cooperation versus isolating India or other countries with which it has close relations.

Buffer state diplomacy

Nepal is a weak power that relies on its neighbours for trade and transit because of its landlocked location between two Asian giants, but it also places it between two rival nations. As a result, perceptions of Nepal's status as a weak power vary according to its role in large power rivalries, autonomy, and ability to influence big power behaviour. Relationships with weak states benefit great powers by preventing other great powers from doing so. As a result, weak states have the

potential to act as a buffer between two major powers (Kassab, 2015). In this regard, Nepal's perception as a buffer state has shaped its foreign policy more than its perception as a small state. Meanwhile, Nepal's foreign policy has evolved over time, revealing the agility that comes with competing major powers.

1923's agreement with the British Crown recognised Nepal's sovereignty but imposed a security arrangement. During colonisation, Himalayan nations were labelled buffer states due to their protectorate status, but they were only semi-buffers at best. Because a country cannot be a buffer unless certain systemic conditions are met, it is best to think of a buffer state in terms of a buffer system rather than in isolation. A typical buffer system has three actors: a small power located between two large and powerful rival states and their desire to create a stable or neutral zone between them. So, the buffer state is "independent," while its larger neighbours are "typically rival states" (Partern, 1982). The buffer's main function is to keep the peace by separating opposing parties. To maintain independence, a buffer state can remain close to a great power, pursue neutrality, or seek help from a third state. Second and third options keep the buffer state buffered, while the first makes it semi-buffer.

The decision not to conquer the Himalayan countries (Nepal, Bhutan and Sikkim) had an irreversible impact on the region's geopolitics for Nepal-India relations because Bhutan and Sikkim agreed to become protectorates of India after the British withdrew. As stated above, normalising relations between India and China shifted Nepal's stance. The Indo-Sino conflict of the 1960s increased bitterness between Nepal's two neighbours, and its position became a buffer due to its desire to remain impartial. During King Mahendra's reign, Nepalese policymakers wanted an autonomous foreign policy to reduce Nepal's "semi satellite" relationship with India (Rose and Roger, 1969). While the success or failure of a buffer system is determined by the power balance between two opposing big powers and their acceptance of the buffer state, the buffer state's strength and commitment to national autonomy and independence play a significant role (Maila, 1986).

After establishing bilateral relations, Nepal and China moved quickly to demarcate their borders, resolve the Mount Everest issue, and reach trade and aid agreements. The willingness of China to interact with Nepal on favourable terms positioned China as a potential counterbalance to India in Himalayan affairs (Garver, 2002). Nepal's foreign policy during the Panchayat-era was to balance

India through China and exploit their differences to protect national interests while remaining neutral in the event of a conflict between the two. The policy was heavily derived from Nepal's participation in the non-alignment movement. Nepal was highly predisposed to the emerging rule-based international order, where independence meant independence in foreign policy (Maniruzzaman, 1982). Nepalese policymakers recognised that diversifying diplomatic relations and actively participating in international affairs would broaden Nepal's autonomy while maximising benefits and opening new policy space beyond the Indo-Sino conflict.

From the Non-Aligned Movement to the UN, Nepal was among the first to seize post-war diplomatic opportunities. Nepalese leaders recognised the importance of multilateral settings for asserting sovereignty, forging alliances, and diversifying the economy. During the Panchayat, Nepal strengthened its international role and was appointed to the UN Security Council, boosting its global image (Khanal and Poudel, 2021). Nepal had friendly relations with the United States, and it was the first country to provide Nepal with foreign aid. American support during the Panchayat times was crucial to Nepal's development goals. By balancing international influences, Nepal was able to reduce the Indian strain on its sovereignty and contribute to Nepal's security against external invasion by "requiring cooperation from all key protagonist states in some fashion" (Rose and Roger, 1964). Due to its international presence, Nepal's proposal for a "zone of peace" seemed likely and was a good policy aimed at neutrality; however, such a policy would be ineffective without India's participation. This raises an important buffer system issue: asymmetric perceptions of buffer states and their neighbours.

Malia (2019) argues that a buffer will always regard itself as a minor neutral power, asserting its autonomy and right to exist by detaching itself from its dangerous surroundings whenever it is controlled or challenged. It will maintain its neutral position, which it regards as normal. On the other hand, the perceptions of the buffer's external powers rarely match the buffer's perception of itself. Buffers are portrayed as a constant source of trouble by external forces. The majority of buffers' external neighbours may regard neutrality as hostile behaviour. They are concerned that the buffer's land will be used against them as a launchpad (Maila, 2019). As a result, they try to make buffers choose sides. This perception, on the other hand, asserts the buffer state's independence and the possibility of a change in policy maintained by the buffer state, which could have a significant impact on

the buffer system. In such a case, the buffer state must engage in robust diplomacy to exercise autonomy without incurring costly consequences.

This phenomenon can also be seen in Nepal-India relations. China's engagement in Nepal has always been viewed as a threat to India's security concerns, while Nepal's policy of equal friendship is viewed as a blackmail tactic. India has always maintained a zero-sum view of China's presence in Nepal and has not shied away from using coercive measures. This situation takes a great deal of diplomatic skill and a strong policy to persuade its neighbours of its good intentions. Or as Partem (1983) outs it: "The buffer must know when to lean with the wind, when to assert its neutrality, and when to appeal for third-power support". If the stakes of the neighbours' security sensitivities in the buffer state are as high as they are in the case of India-Nepal-China, it becomes even more difficult for a country like Nepal to balance the interests of its neighbours to gain neutrality. Its actions have systemic implications and can have multiple effects depending on other states' reactions.

Poor management of affairs can lead to a tragic scenario, similar to the one Nepal found itself in recent times. The ad hoc move of endorsing the new map made the situation more stringent between Nepal and India, the events following the party conflict among the left alliance has left China feeling miffed, and the MCC fiasco raised questions over Nepal's diplomatic standing and strained Nepal-U.S. ties for the first time in history. Nepal appears to have stained the relations with all the protagonist powers from which it needs cooperation to maintain autonomy and pursue economic growth. In the past, Nepal could handle great power rivalries due to political stability, sound diplomatic practises, and limited international engagement. Due to globalisation and geopolitics, Nepal must now handle multiple sensitivities by compulsion, not choice. Political instability, poor governance, politicised foreign policy, and slow economic growth have increased Nepal's vulnerability to external shocks and influence. While the focus has been on drafting foreign policy documents, the required diplomacy has been largely absent.

Navigating geopolitical realities: Looking for strategy

Nepal's geographical location between two rival nations boosts its strength. Geography has shaped the India-Nepal-China triangle and the systemic reality for Nepal has been twofold if we take the larger international system in question. Meanwhile, Nepal and other states are interconnected, so changes in some

elements or their relationships affect other parts of the system. However, the concept of buffer nations is outdated, and Nepal must find new ways to comprehend its position and move beyond traditional rivalry-based strategies. The "yam syndrome" has largely pushed Nepal to play off the neighbours but has not always worked in its favour. The earlier policy of balancing the neighbours needs to be reviewed in changing circumstance. Nepal is caught in a classic case of great power rivalry, in which powerful nations support weaker adversaries to strengthen their position. The weaker state cannot sway a large power in this situation. However, the strength of a weak state is derived rather than inherent (Long, 2017). As a result, the country must focus on its foreign policy and diplomatic strategy to manage great power rivalry in a systemic context. A strategy must be understood as creating a favourable environment to secure interests beyond the balance of power perspective. As power rivalry in the region and beyond heats up, Nepal will be forced to pick a side, and South-East Asia may provide some lessons.

South-East Asian (SEA) countries have long faced China's rise and the US-China battle for regional dominance. SEA states use hedging to manage the environment. Hedging is the practise of placing bets on multiple positions to avoid costly decisions. Smaller states commonly hedge due to structural uncertainty. When the balance of power among great powers is ambiguous, the source of imminent threats is unknown, and the competition's outcome is uncertain, states hedge. Smaller states engage in dual-track, proportional engagement with multiple great powers to avoid overreliance. They try to avoid full and specific alignments that require them to support a great power's security interests (Goh, 2005; Jackson, 2014). SEA states use hedging to manage risks and as: a set of tactics to avoid (or prepare for) a situation in which nations can't choose balance, bandwagoning, or neutrality. Instead, they build a middle ground to avoid choosing one side [or straight forward policy stance] at the obvious expense of another" (Goh, 2005, 2007). Hedging requires a state's ability to strengthen or reduce risks through diplomatic engagement, soft balancing, and collaboration with multiple powers to promote regional order.

Due to its marginal status in the East Asian economic-security sphere dominated by the U.S., Japan, and a rising China, SEA countries actively promoted trade and investment with China, causing Beijing to worry about regional order and peace, while several member states made themselves available to help the U.S. maintain a military presence in East Asia and Japan's desire to bolster its economic weight

in the region. To institutionalise collaboration among major powers and socialise China, the countries have developed regional multilateral organisations like ASEAN and other mechanisms. Goh (2005) argues that Southeast Asian states have normalised regional strategic competition by distributing power so that regional countries can maintain a stable external environment conducive to trade and investment opportunities. This involves publicly politicising balance and expanding its scope and area to include non-military aspects. The idea is to shift regional competition away from balance of power concerns and toward balance of influence problems.

The SEA states' hedging strategies can be summed up as indirect balancing, which encourages the U.S. to act as a counterweight to Chinese regional influence; complex engagement with China at the political, economic, and strategic levels; and entangling several great regional powers to give them a stake in the regional order (Goh, 2005 and 2007). Effective diplomacy is key to hedging, which requires a clear foreign policy and diplomatic finesse. Strategic diplomacy, diplomacy with long-term systemic consequences, has been used by SEA states to strengthen the Southeast Asian system. Strategic diplomacy is a diagnostic framework to understand systemic complexities and a policy tool with a strong strategic rationale to preserve or change the system. Short-term diplomatic practises include disputing and negotiating opposing ideas and priorities (Prantl, 2021). It is a conceptual framework for investigating what holds the system together and developing diplomatic strategies for engaging with it. At the same time, effective strategies are needed to expand policy space and reduce uncertainty (Goh and Prantl, 2017).

Although Nepal's situation is unique compared to SEA states, it is in a similar position when it comes to hedging and in many instances, it has already been practising the technique. Nepal maintains ties to India, the U.K., and the U.S. while engaging China. Its buffer state perception makes Nepal more likely to pursue dynamic policies. Thus, given the overreaching impact of systemic reality, Nepal's diplomacy and foreign policy should focus on managing great powers in a systemic context. The systemic effects of strategic diplomacy could give Nepal more policy options and less uncertainty. Opening transit routes with China did open policy space and has long-term systemic implications, but the diplomacy required to manage Indian concerns was poor. While the policy should be implemented with long-term systemic impact in mind, short-term diplomatic activities should be done with caution to avoid costly consequences.

Nepal and other South Asian countries lack a functional regional organisation to regulate interactions with China and India. This is a major setback. Unlike ASEAN, SAARC has failed to create a reliable pattern of peaceful interaction to pursue shared interests and strive for a single regional identity. India's refusal to engage China complicates matters further. That is changing, however. Nepal and other South Asian countries could work together to ease regional pressures and manage rivalry among bigger powers. Long-term systemic consequences – regional or global – must be prioritised, and diplomacy must emphasise a strategy to navigate complexity and uncertainty.

Conclusion

Nepal should not view its relationship with India solely in terms of economic dependence or costs. Nepal has easier access to Indian markets than it does to Chinese markets. It is difficult to cross or establish a porous border with Tibet. Furthermore, it is critical to recognise the cultural and interpersonal ties that exist between Nepal and India. The two countries' relationship is unrivalled by Nepal's relationship with China. Nepal's historical relationship with India is its strength, not its weakness. Nepal requires an India-Nepal strategy. Indian Prime Minister Narendra Modi has visited Nepal four times since 2014. The inability of Nepal to obtain concessions during his visits calls into question the country's ability to persuade India.

As China's global interaction grows, so will the complexities. Nepal cannot ignore China's economic potential, but it must be cautious not to overestimate its benefits. It is too far to travel to the Chinese coast and building big infrastructure projects takes time. The economic benefits of a Chinese-backed project will be determined by Nepal's ability to negotiate favourable financing terms and complete the project on time. Nepal, on the other hand, has the potential to encourage Chinese FDI and people-to-people contacts. Understanding Chinese culture is essential for working with Chinese officials and people in general. At the same time, Nepal must exercise caution in dealing with China. Past diplomatic mistakes with India must be remembered when dealing with the northern neighbour.

Given the opposition from India a trilateral economic cooperation between India, Nepal, and China is speculative. Until a new *Modus Vivendi* for South Asia is

agreed upon, Nepal may have to deal with its neighbours bilaterally. Given that Kathmandu has been advised not to play neighbour off against neighbour due to unsatisfactory results, Nepal must look beyond balancing techniques and develop a strong foreign policy to deal with changing geopolitical realities. Hedging may be a viable option for Nepal in this regard. Successful hedging strategies, on the other hand, necessitate sound diplomatic practises and increased regional engagement. As a result, in order to engage all protagonist powers, Nepal's foreign policy requires a strong diplomatic strategy. The goal is to manage great powers and create a favourable regional environment.

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Assymteric Dependence between Small and Landlocked States and Maritime Neighbours

The Case of Nepal

Shweta Karki and Gaurab Shumsher Thapa

Most of the landlocked nations in the world face consequences of their geographical location when it comes to matters of development and growth. While there are arguments that some landlocked states (LLS) like Switzerland do tend to flourish, the access of these states to seaports is less costly and time-consuming than those of many LLS's (Uprety, 2006: 18). For example, Switzerland's financial specialisation, as well as the relative stability of the wider European market, have aided in the nation's success in developing among his neighbours (The Economist, 2015). It would be a fallacy, however, to assume that this success story can be replicated with a formula that may seem stable at a cursory glance.

For many landlocked states, like Nepal, it becomes impossible to separate politics and economics when factoring in transit as a viable stem of its progress in the globalised world. LLS gear their foreign policies on three distinct routes: i) specifically bent towards their maritime neighbours, often allowing concessions, ii) forming "multi-directional" policies that decrease the possibilities of having to form limited alliances, and iii) securing the issue of transportation as a priority concern in the broader scheme (Barenzi, Juma and Sitienei, 2021: 176). For the most part, these priorities stage/mirror the dependency of LLS on their neighbours, with relation to "transportation infrastructure, stability, administrative procedures, and cross-border political relations" (ibid.), creating an interdependent system. This has been evident in Nepal's historical associations towards the Indian neighbour in the South.

There is no universal definition of small states (Pace, 2000: 113). For understanding why any state, including Nepal, would be considered small in this research, it would be pertinent to traverse through the traditional and evolved utilisation of the adjective small in defining a country. Beginning with the consideration of the diversity in the conceptualisation of small states, this

chapter focuses on the aspects of dependence between the landlocked and maritime neighbours.

Accentuated vulnerabilities of small and landlocked states

The concept of small states has often been measured in terms of quantitative and qualitative parameters. Due to this, the interpretation of the concept of small states can vary and is contested. The World Bank and Commonwealth have defined states having a population of 1.5 million or less as small states (Charles, 1997). Another popular argument, often utilised in contemporary categorisations of small states, revolves around the concept that developed states having a population of less than 10-15 million and developing states with a population of less than 20-30 million people could be classified as small states (Vital, 1967: 8). Though, Vital (ibid: 9) himself cautioned about his classification and stated the distinction was for the purpose of his research and "frankly subjective, if not arbitrary". Analogously, Crowards (2002: 144) had categorized states that have a population of 2.7 million or less, a Gross Domestic Product (GDP) less than USD 25 billion and span over an area of less than 40,000 square kilometres as being small.

On the other end of the spectrum, theorists have chosen to define smallness over the notions of power and influence. Keohane (1969: 291) famously categorised power imbalances in world politics and has termed small states as "system ineffectual", because they are not in a position to influence the international system. Rothstein (1968: 15) adds to this lane of thought in stating that small states are actors in the global system that often rely on external help for their security and East (1973: 557) claimed that these states are less active in the international system. Within this path of understanding, small states often lack influence in the international system – or rather, they are highly vulnerable against external influences (Clarke and Payne, 1987). They also have been described as posing no threat to neighbouring states (Goetschel, 1998: 3) and being mainly concerned with ensuring their own survival (Schweller, 1997), due to which their manoeuvrings in the geopolitical chessboard are more often than not limited from the get-go.

Scholars have further conceptualised small states in relative terms. Vital (1971: 36) later argued that a state can be termed as a small power only with respect to a greater power. As such, the idea is relative, and a state is perceived to be

small only in relation to a bigger one (Bjøl, 1971: 18) and is considered to be the weaker part in an asymmetrical relationship (Steinmetz and Wivel, 2010). Handel (1990: 40-41) concluded, in this respect, that the external influence plays a significant role in the domestic politics of small states. The notion of smallness can also be a matter of perception, if the people and the government of a certain state consider their home state as small or another state sees it in this way (Hey, 2003). Consequently, the foreign policy behaviour of small states often depends on both the internal and external political environment (Elman, 1995: 171). Due to weak defence mechanisms, the threat perceptions of small states are more focussed on external factors rather than the domestic political environment (Vital, 1971: 38). Therefore, the foreign policy behaviour of small states tends to be strongly influenced by their leaders as well as the wider system that they operate in (Rosenau, 1990: 174-175).

As a consequence of all this, small states often find it difficult to pursue an active foreign policy due to the influence of external factors and lack of internal capabilities (Jackson and Rosberg, 1982: 2). While small states do place faith in international organisations and multilateral forums to pursue their foreign policy objectives (Rothstein, 1968: 18), their influence in determining international affairs is often limited – restricting their scope of foreign policy, taking normative positions on global issues and avoiding provoking powerful states (East, 1973: 558). The foreign policy behaviour of a small state also depends on how much major or great powers value it (Vital, 1967: 39). Some scholars have further highlighted that small and landlocked states face more constraints in the international system, occupying a unique position of vulnerability and sensitivity in world politics. Partem (1983: 5) has argued that small landlocked states may face economic difficulties and find it hard to pursue an independent foreign policy. Gallup, Sachs and Mellinger (1999) have also claimed that apart from facing geographical constraints, small and landlocked states are also heavily impacted by the foreign policy of their neighbouring states. Or as Mishra and Singh (2008: 56) have put it:

> "One of the most striking features of land-locked countries is their dual vulnerability, i.e. they are vulnerable on their own account as well as on account of being dependent on one or more transit countries. Not only are they deprived of access to the sea, but their neighbouring countries often have little interest in making the flow of goods across their borders easy for them. In fact, their neighbouring countries may

additionally have economic or military interests to block their access to the sea or transit through their territory".

There have been many cases in recent years, apart from the case of Nepal's asymmetric economic interdependence, which shall be the prime focus of this paper. Mongolia, for example, notably faced issues at its borders shared with China for hosting the Dalai Lama in 2016. A Buddhist majority state that was looking towards securing Chinese assistance in development projects had faced a deadlock with the then spokesperson of the Chinese Foreign Ministry claiming that Ulaanbaatar should "adopt effective measures to eliminate the negative effects of the Dalai Lama's visit" (Dao, 2016). The notion permeated that the LLS was "paying a very heavy economic price for putting religious freedom ahead of economic necessity" (Aljazeera, 2016). On the other end of the spectrum are LLS like Armenia that face regional, at times violent tensions that obstruct its economic development. Armenia's involvement in the conflict over the long-disputed Nagorno-Karabakh region with Azerbaijan, along with a difficult history with Turkey, has multiple times resulted in border blockades. With an additional reliance on Russian gas, any sensitivity arising in the Southern Caucuses affects Armenia's policy alternatives. This becomes evident with Russia's support of the small nation partly hinged on its support for the Collective Security Treaty Organisation (CSTO) over the North Atlantic Treaty Organisation (NATO) (Mikhelidze, 2009: 37). The blockades also ensured "a severe scarcity of goods, which, in turn, fostered widespread corruption and distorted market-based prices and economic activity" (Bertelsmann Stiftung, 2016: 3). This exemplifies that embargoes and blockades often are used for reasons beyond a coastal state only wanting to protect its territorial sovereignty.

For this study, the idea of relativity in comprehending the small states status of landlocked states and their capabilities in safeguarding transit, has been utilised. The prism of relativity allows to analyse varying degrees of vulnerability that small states have to cope with. Before we will proceed into looking this further, the aspect of transit and the "right of access" for LLS will be discussed in more detail to grasp how dependence is not inherently connected with geographical location but also depends on regional geopolitics.

The 'right of access' for landlocked states

Historically, transit-trade has been a source of wealth and development for nations. Adam Smith (1778) already stressed in the Wealth of Nations that coastal states could more or less secure their prosperity from having direct access to the seas and the trade that comes with it. On the flipside of the coin, he also saw the barriers for trade for certain territories that are created by the restricted access to the oceans. He noted:

> "All the inland parts of Africa, and all that part of Asia which lies any considerable way north of the Euxine and Caspian seas, the ancient Scythia, the modern Tartary and Siberia, seem in all ages of the world to have been in the same barbarous and uncivilised state in which we find them at present" (ibid: 305).

This perspective can also be found in Glassner's (1978: 305) account, though less harshly formulated, who witnessed in the 1970s that landlocked nations situated in Asia and Africa faced high port costs, a pressing fear of isolation and the ever-present reality of poverty due to a lack of direct access to sea routes. The geographic limitations placed on these states that deny them direct contact with sea lanes, which carry a significant portion of global trade, often cause power asymmetries in the relations with transit states (Blij and Glassner, 1989: 389). When a landlocked nation borders a growing economy, the traditional perception would assume that a spill over effect would contribute to the development of the landlocked neighbour as well. A closer geopolitical assessment of case studies suggests that they cannot be separated rather than lumped into a single category of small states. Yet the inherent vulnerabilities and sensitivities for landlocked states place trade at the centre of this assessment, especially when geopolitical and bilateral externalities affect their development.

This became a major point of contention for several nations that had emerged in the twentieth century with new borders and new avenues of associations. The answer to the right of access for LLS was simple – it did not exist. But the understanding of why this question arose and the importance of transit-trade, especially in the current global order, is necessary to understand to grasp the nature of the somewhat asymmetrical relations between nations, habitually dictated by geopolitical histories and realities.

The importance of access to global markets has already been enshrined in major institutions of economic globalisation: "The increasing importance of the World Trade Organisation (WTO) and the concept of free trade it has endorsed mean that, in order to survive, all countries must be able to compete in the world market" (Uprety, 2006: 3). Towards that effect Article V under the General Agreement on Trade and Tariff (GATT), the predecessor of WTO outlined in paragraph 2 that "freedom of transit" for landlocked states should be granted "through the territory of each contracting party, via the routes most convenient for international transit, for traffic in transit to or from the territory of other contracting parties" (World Trade Organization, 1994). Even before that, the Convention of the High Seas dating from 1958, the precursor to the United Nations Convention on the Law of the Seas (UNCLOS), had already mentioned that by "mutual agreement" the landlocked state should be allowed to access the ports of a transit country.

Before UNCLOS came into effect, the fifth working committee had convened, with state representatives from within the UN, to consider the issue of a "right" of access that various landlocked states had been advocating for. It added to the blueprint for what would eventually lead to the drafting of UNCLOS in 1982. The United Kingdom, which still several states were depending on it for conducting global relations as an after-effect of colonial times, had commented that transit was a matter of agreement between coastal and landlocked nations (United Nations Office of Legal Affairs, 1958: 12). It was as much of a concern of sovereignty for transit states as it was a concern for the landlocked states not just for development but also survival, pressing upon the matter that such rights depended upon "reciprocal or corresponding duties which a land-locked State might owe to its coastal neighbours" (ibid).

In public international law, where equality serves as a basis of international relations between states, the notion of a right of access to the seas for landlocked countries forms a precarious point of inquiry. Though transit has been coded into most global agreements concerning trade and utilising available ports, there has still been instances where nations faced difficulties in dealing with their development due to geopolitical constraints. Being a recognised state in contemporary politics ensures that states have a platform to make their voices heard, though the evenness of the playing field has been questioned. The relationship that generally exists between a landlocked nation and the transit state is a system of asymmetric interdependence, in which "a small state

(…) is unable to change the nature or functioning of the relationship on its own" (Archer, Bailes and Wivel, 2014: 9). Thus, the LLS is faced with a set of geopolitical and developmental conditions that it holds relatively less sway in. While international institutions in these cases provide a way for smaller nations in these systems to voice their concerns, it is not necessarily ensured that the voice is heard (Fox, 1969: 964).

Pakistan that had participated in the fifth committee meeting, alongside several other nations, had also sympathised with the cause of LLS but had clarified in no uncertain terms that the relative concerns for transit nations were far weightier, since "it was they who were called upon to sacrifice a part of their sovereignty despite perfectly satisfactory existing arrangements" (United Nations Office of Legal Affairs, 1958: 26). The arguments presented at the event are compiled in the table below.

Table 1: Arguments brought forward by coastal states and its counter by landlocked states

Arguments brought forward by coastal states	Counterarguments of landlocked states
Right of access to sea is lower in hierarchy than sovereignty of coastal states. General international duty to provide transit facilities to neighbours does not exist. Transit passage is subject to bilateral arrangements only, not a binding duty of transit states.	Right of free access to the sea is not a courtesy, cooperation or goodwill of the neighbouring coastal states, but international legal rights supported by practice and treaties. Many countries, including Argentina supported the transit rights of LLS to be an integral part of IL.

Source: K.C. (2016: 303-04).

In hindsight, the idea of a binding duty to provide transit could not have been realised, which was highlighted by the treaties that followed. The United Nations that sought to gain headway in the conundrum in a 1965 treaty – the Convention on Transit Trade of Land-Locked States – had declared correspondingly, under Principle V, that the coastal nation "maintaining full sovereignty over its territory, shall have the right to take all indispensable measures to ensure that the exercise of the right of free and unrestricted transit shall in no way infringe its legitimate

interests of any kind" (United Nations General Assembly, 1967). The treaty was later effectively replaced with UNCLOS, with mostly the same content. Hence, when UNCLOS came into force in 1994 after much deliberation, the concern remained. It mentioned in the first paragraph of Article 69 that:

> "Land-locked States shall have the right to participate, on an equitable basis, in the exploitation of an appropriate part of the surplus of the living resources of the exclusive economic zones of coastal States of the same subregion or region, taking into account the relevant economic and geographical circumstances of all the States concerned and in conformity with the provisions of this article and of articles 61 and 62" (United Nations General Assembly, 1982).

The convention relegated that those transit agreements would be finalised under the reasonable consideration of the sovereign jurisdiction of coastal states. Under the provisions of the aforesaid article (paragraph 2) it was articulated that any transit relations established between nations were to be conducted under "terms and modalities" that were to be mutually agreed upon by "the States concerned through bilateral, subregional or regional agreements taking into account, inter alia" (ibid). The concerns of each state involved in the process were different. The wariness that transit states held was palpable and justifiable on many accounts. Especially since they would be the ones allowing ships to dock on their ports and ascertaining the transit procedures. Though, it becomes near inescapable that LLS, by default, become a part of an uneven exchange on multiple accounts as well.

However, the question that we want to pursue here in more detail is not that of a right of access or the value of territorial jurisdiction, but the circumstances that lead to the impediments in the development of landlocked developing states and ascertaining whether sovereignty can be used as a veil during bilateral and/or geopolitical tensions to bend wills. Instances of landlocked states developing a system of dependence, often asymmetric, on their transit neighbours have been well documented. The trade of landlocked nations is based on treaties that may not be long lasting, and these documents may also not guarantee a regime that is equitable to both parties. Though global institutions and conventions have sought to secure the path of cooperation for transit, bilateral stability is often the most significant factor in securing trading routes for LLS.

Dependence and impacts of geopolitical tensions on small LLDCs

As of October 2021, the United Nations Conference on Trade and Development (UNCTAD) has identified thirty-two landlocked states, and amongst them, seventeen have been tagged as landlocked least developed countries (LLDC) (UNCTAD, n.d.). The reasons are varied in retrospect, as internal and external forces drive the speed (or lack thereof) for development in these nations. One of the determining factors in the development of LLS is transit trade. From freight rates to the minute logistics of conducting transit-in-trade, the general acceptance has been that high transport costs, infrastructural arrangements, and high sensitivity to external shocks impede LLDCs development prospects (UN Documents, 2018). The Almaty Programme in 2003 and the Vienna Programme of Action in 2004 both were initiated to identify and address the needs of LLDCs. Both initiatives stressed the importance of promoting smoother transit policies, transport infrastructure, and global trade facilitation, but they also highlighted the significance of regional assimilation and the requirement of "political stability" between landlocked countries and the coastal states that could lead to better transit relations (United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, 2014: 37).

Furthermore, though there have been indications that countries do experience positive spill over effects due to economic growth in their neighbourhood, for LLDCs the reality may be quite different (ibid). The vulnerabilities that underlay the foundations of geopolitical cooperation and competition build a separate set of conditions for small LLDCs. Considering the facets of dependences that interlay and interconnect the various strands of treaty agreements as well as the state relations that go beyond it, there are several externalities that affect a developing state's capability to ensure a conducive environment for its development.

The process of conducting smooth and hassle-free trade for LLS is dependent on multiple factors: i) their political relations with their neighbours; ii) the peace and stability of those relations; iii) the administrative processes of transit as well as iv) transit infrastructure (Faye, McArthur, Sachs and Snow, 2004: 40-43). The dawn of the twenty-first century indicated that the world would be carved in a much different manner than the anxious tensions of the cold war, and its resulting fallout. The new dimensions were characterised by interdependent

state transactions that found their base in the globalising world order. The question of development for most small LLS in this scenario has been interlinked with its capability to maintain stable relations with their maritime neighbours. This impact of political relations on the dynamics of transit relations between countries will be the focus of the following section.

In international humanitarian law, a blockade is considered to be an act of war, whereby "a belligerent completely prevents movement by sea from or to a port or coast belonging to or occupied by an enemy belligerent" (International Committee of the Red Cross, 2021). On the flip side embargoes or sanctions relate to the practice of a somewhat legal measure "constituting a legitimate government action that legally restricts the flow of goods, services and capital" (Hernández-Truyol, 2009: 55). While these words are thrown about on similar scales of perceptions on general media platforms, the context to the practice of the measures differ and so do the accounts of legitimacy. Analogously, the impact that these measures have and the intent of the application also vary. Bilateral relations between maritime states and their landlocked neighbours build a system of asymmetric interdependence that has been frequently offset by (unilateral) economic blockades, with a lopsided impact on the LLS.

For states that have traded as part of their economic growth model and also depend upon their neighbours to obtain necessary goods, the overall tendency to be on the receiving end of asymmetric economic interdependence for multiple reasons and, at a time, can even act as a coercive power:

> "The coercive power that actor A can derive from asymmetrical economic interdependence over actor B depends upon three factors: First, A must have high degree of control over the supply of something that B values. (…) Second B's need for this supply must be intensive. Third, B's cost of compliance must be less than the cost of doing without the supply" (Knorr, 1997: 103).

One such example in that regard is the 1989 blockade that India levied on Nepal after the latter signed a weapons deal with China in 1988 The Rajiv Gandhi administration had closed "all but two of the fifteen transit points between India and Nepal" (MEA Library, 1989). The arms deal with Beijing was considered to

be against the letter of exchange signed between Nepal and the dying East India Company (Subedi, 1994: 276).

The blockade rendered Nepal in a state of crisis, its growth rate that had been 9.75 per cent in 1987-88, fell to 1.5 per cent in 1988-89. Nepal also had to clear off 240 hectares of forest every day to provide wood for fuel in the shift from the use of kerosene and gas" (Koirala, 1990: 141-142). This energy dependence and the effect that it had on the daily lives of the general populace was also plain during the 2015 "unofficial" blockade that India levied on Nepal. Though this was before UNCLOS entered into force, the standard yet remains in situations of tensions, bilateral rifts or geopolitical conflicts. Agreements have to be, in most cases, renegotiated and in times of uncertainty when a formal agreement is absent, it becomes apparent that coastal states are not bound to provide transit, and LLS neither have an absolute right to demand one.

Case of Nepal: 2015 "unofficial" blockade and limited options

When Nepal promulgated its Constitution in 2015, it faced considerable backlash, both from within and from its Southern neighbour. India and Nepal relations were always complex given the history of asymmetric interdependence, with the former standing as a regional hegemon, and the latter occupying a precarious position between India and China – the two nations being seen as the only points of viable access to the trading routes through the seas. Although Nepal has attempted to diversify its transit relations in the past, India has yet remained its major maritime neighbour in matters of both trade and transit. The tendency of micromanagement in India's foreign policy approach towards Nepal's affairs becomes apparent in policy as well as academic discussions.

Nepal's small state status, so to speak, is derived from its historical associations with the towering neighbours on both sides of its borders. It can be understood as relative due to several elements: "Nepal is very small as compared with its immediate neighbours, India and China (…) The consciousness resulting from its size, is clearly evident in Nepal's relations not only with its neighbours but also with various other countries of the world" (Muni, 2016: 32). "India has always viewed Nepal – a small, weak and poor independent state next to a giant rival, China – as its perennial security concern (...) India will continue to view Nepal

as a security soft spot as long as Sino-Indian rivalry persists" (Karki and Poudel, 2015: 407-408).

The blockades remain a stark example of a continuing asymmetry between India and Nepal. After India gained independence, Jawaharlal Nehru, had asserted that Delhi had "legitimate" concerns in looking at Nepal's internal affairs since the latter fell under its strategic considerations in the region (Muni, 2016: 74-75). He stated that as "much as we [India] appreciate the independence of Nepal, we cannot allow anything to go wrong in Nepal or permit that barrier to be crossed or weakened, because that would be a risk to our own security" (Rose, 1971: 192). China's move into Tibet undoubtedly solidified the paranoia of the ruling elites in New Delhi (Khadka, 1992: 142). Nehru's position on Nepal was largely echoed in his successor's policies, as well as the treaties that solidified the asymmetric power relations between the states, which led to Kathmandu remaining wary in its continued associations with Delhi.

Towards the South, Nepal has transit agreements with India and Bangladesh, though the latter is contingent on Indian corridors, and the six points of entry confirmed in the 1976 Transit Agreement between Nepal and Bangladesh are linked through a strip of Indian land. Delhi granted access only in 1997 via Kakarbhitta (Nepal)-Banglabandha (Bangladesh)-Phulbari (India), citing security interests. However, "owing to insufficient cross-border infrastructure and facilitation measures in all three countries, robust growth in commerce has not been achieved" (Shah, 2021: 155). India later also provided the Radhikapur-Birol access point later on, which has largely not been operational due to "gauge incompatibility" (ibid: 155) but does retain possibilities for further infrastructural development.

Through India, Nepal has access to 27 trading routes, out of which 15 have been utilized for transit-trade (International Think Tank for LLDCs, 2017: 37) through the 1999 Treaty of Transit between His Majesty's Government of Nepal and the Government of India, which is revised every seven years. The Kolkata and Vishakhapatnam (Vizag) ports are among the most accessible lanes for transit. Although Kolkata has handled the bulk of the cargo that goes through the 15 points, Vizag, which is a deep-sea port, has been considered as an alternative route, especially with the introduction of the Electronic Cargo Tracking System (ECTS) that would in effect reduce the logistical costs of trade (Himalayan News Service, 2019). The question of stability within the state relations, though

would be vital for these developments to ensure a long-term constancy in these developmental initiatives.

The 2015 case of economic turmoil and political stalemate at Nepal's southern borders has been labelled as an "unofficial blockade", an "economic embargo", or even the "result of internal strife". Whatever the parties concerned called it, the effect on Nepal's economy and social structure was disastrous. Prior to the 2015 fiasco, Nepal had already faced two blockades in the past, in 1962 and 1989. The border tensions in 2015 followed a devastating earthquake that had already affected the nation economically, politically, and socially. Yet, the blockade created a more "chronic" situation than the quake could (Acharya, as cited in Karki, 2018: 87), as it significantly cooled the political climate between Nepal and India and impacted the latter's political and economic situation on a grand scale. It triggered a humanitarian crisis, with the UN agencies warning that a veritable shortage of "fuel, food, medicines and vaccines are putting more than three million infants at risk of death or disease as winter begins in Nepal" (BBC, 2015). India, on the other hand, opted to blame the discontent that arose in the Madhesh following the promulgation of the Constitution for the hindrance of any trading activities.

Though some points of transit were left open, the Birgunj custom point, where almost 80 per cent of Nepal's trade activities were focused on was closed-off, and to exacerbate the matter, the busy traffic-in-transit location was also a point

from where the fuel from the Raxaul depot was brought to the landlocked nation (Karki, 2018: 93). India's response and its actions thenceforth conveniently painted the unrest a result of the new Constitution alongside Nepal's end of the border as the cause for the impediments on the movement of goods. Data shows that even those borders that were reasonably unaffected by the unrests during that time like the custom points in Bhairawaha and towards Eastern Nepal in Mechi were hit by the blockade (Nepal Rastra Bank, 2015/2016: 7).

Table 2: Exports and Imports of Nepal in 2014/15 and 2015/16

Customs Point	Exports			Imports		
	2014/ 2015	2015/ 2016	Per cent Change	2014/ 2015	2015/ 2016	Per cent Change
Birgunj	3993.8	2495.3	-37.5	80329.5	43205.3	-46.2
Bhairawa	2075.1	600.3	-71.1	26666.5	25459.2	-4.5
Biratnagar	6076.5	4612.1	-24.1	23993.5	18864.4	-21.5
Tribhuvan International Airport	5730.1	6724.8	17.4	22304.8	22011.7	-1.3
Dry Port	792.4	465.7	-41.2	21249.9	9224.2	-56.6
Nepalgunj	436.8	313.0	-28.3	7393.9	4329.5	-41.4
Mechi	2418.5	1416.7	-41.4	4607.1	3368.5	-26.9
Tatopani	636.4	0.0	-	0.0	2066.3	-
Others	374.9	181.2	-51.7	5969.8	1975.0	-61.8
Total	**22534.4**	**16809.1**	**-25.4**	**191915.1**	**130486.1**	**-31.9**

Source: Nepal Rastra Bank Research Department (2015/16).

In consequence, Nepal underwent a social and economic crisis during those months. Completely dependent on India for fuel, it faced added power-cuts after Nepalese authorities claimed fewer tankers were being loaded, even from points not affected by protests, and it added to the crisis created by the earthquake since the lack of fuel impacted development and reconstruction projects – the overall growth forecasts falling from six per cent to two per cent (Acharya, Phuyal and Dhakal, 2015). Nepal's private sector underwent a

loss of NRs. 202.5 billion, also lending to a destabilised economy that allowed for the growth of black markets (The Kathmandu Post, 2016). As "19 out of 20" very vital trade points were closed off, it "did force Nepal to diversify the trade and transit routes" (Ghimire, as cited in Karki, 2018: 91-105) towards the North, though these efforts have yet to come to complete fruition. China, seen recently as a viable and accessible alternative, has been a relatively unknown player on the chessboard and transit towards the North is still largely limited to agreements on paper.

It becomes pertinent to consider that Nepal is linked to China through the highly sensitive Tibetan Autonomous Region (TAR). The trading ports guaranteed to Nepal through the Transit and Transport Agreement in 2016 and the Protocol in 2019 are Tianjin, Shenzhen, Lianyungang and Zhanjiang, however, no route has been operational for trade as of yet (Giri, 2021). The Tatopani route that has long served as a trading point with China was closed off after the 2015 quake due to the effects of the disaster. Furthermore, "China unilaterally closed the border because of the Covid-19 pandemic without prior consultation" (Gokhale, 2021: 20). Thus, causing a realisation that alternative routes can be opened up, but they may not be more stable than pre-existing routes. Also, while diversifying transit is of interest to small LLS, its cost has to be taken into account. The distance to the nearest port in China is 4000 km, the distance three times to that of the Kolkata port, from where the majority of Nepal's foreign trade activities are conducted (Business Standard, 2020).

Conclusion

Since transit is not a guaranteed right for LLS, small countries consistently deal with uncertainty in cases of political fallout with their maritime neighbours or struggle in setting and revising transit agreements to their benefit. Asymmetries, whether driven by resource scarcity or externalities, have resulted in a system of interactions and associations between interdependent relations that have, in essence, effectively tipped the scales of power to one side. This power imbalance has, in turn, transpired into an asymmetric economic interdependence. Occurrences, like blockades, bear down on LLS, like Nepal, on multiple counts, since it exposes "the dangers of dependence on one dominant market and infrastructure link" (Pal, 2021: 15-16). Since small-ness, in relative terms, transpires from vulnerabilities, the sensitivity to external shocks and sitting in between two dominant and competing powers forming the only passages for transit. For Nepal, its small state status is

further boosted through this geopolitical setting. With India periodically utilising blockades as a tool to micromanage Nepal's internal dynamics and China being an unknown element, the small LLS should prioritise to ensure transit in its foreign policy. This not only includes the economic costs of transit but also focusing on bilateral agreements and political stability to guarantee it.

The case of Nepal is unique in the sense that it deals with a distinct set of external probabilities, which impact its domestic and foreign policies – worsened by internal political fractures. It borders two nations considered to be rising powers in the interdependent global economy and has largely been unable to create a balance in dealing independently with these two competitors. The reasons for this can partly be found in the regional power dynamics as well as Nepal's own domestic instability. These larger powers have influenced the development of Nepal's economy in the past, thereby, shrinking the space for the LLS to manoeuvre the conflicting interests or choosing sides. The latter seems an unattractive option anyway, since, among other reasons, Nepal already deals with a significant trade deficit with both India and China and has security entanglements with the South as well as an uncertain perspective in regard to the economic connections with the North.

India and China have both signed pivotal transit agreements with Nepal, and both stand as the country's largest trading partners. Moreover, Nepal has been operating with a trade deficit with both. In the fiscal year 2019/20, the trade deficit logged at "NPR 665.19 [billion] which accounts for 60.5 per cent of Nepal's total trade deficit" of which a deficit of NPR 180.73 billion comes from trade with China (Department of Customs, Ministry of Finance, Government of Nepal, 2020: 21-22). Another matter to consider here is the products that Nepal trades with its neighbours that create such a markable deficit. Nepal's most valued good imported from India is fuel – diesel, to be specific – and it mostly imports manufactured products like garments and software from China, while its exports mostly consist of raw materials (ibid: 21-22). The markable deficits combined with the reliance on imports of critical goods creates a system of asymmetric dependence that unethical practices like blockades and halted transit deals help exacerbate.

It can be argued that Nepal presents a position of importance through a strategic lens for India when matters of the Himalayan frontier arise. Nepal also already deals with issues regarding Tibetan refugees and has adhered to the One China

Policy that frames its strategic significance for China. It needs to leverage its interests and balance the neighbours independently because the situation yet remains that the pathways leading to China are unexplored and India remains the single dominant trading partner for Nepal. While transit agreements and the Belt and Road Initiative deal with China provides Nepal in principle with alternative trade routes, China can by no means be considered a definitive alternative to India, and vice-versa. Additionally, while it would be improbable and uneconomical for Kathmandu to decouple with Delhi, the opportunities for diversifying both transit and trade for Nepal through the Northern routes cannot be ignored. Therefore, the stunted proceedings to ensure the proper logistical arrangements for foreign trade through China needs to be pursued.

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Small State Sovereignty in the Digital Age

A Case Study of Nepal's Foreign and Security Policy

Keshab Giri

These are interesting times when it comes to questions of sovereignty and statehood. With the dawn of the digital age in the 1990s, there were concerns about the continued relevance of state sovereignty beyond the analogue age. Since cyberspace is a de-territorialised domain that operates outside of the conventional purview of the state, some scholars have proclaimed the independence of cyberspace (Barlow, 2006). Still, the digital age brings a great conundrum in that it violates some key notions of sovereignty while vigorously reinforcing them in other ways. This situation brings about many challenges as well as a few opportunities for small states. Using Nepal as an example, this chapter explores the challenges and opportunities that small states face in the digital age regarding their sovereignty and how they can turn these challenges into opportunities that benefits their peace, security, and prosperity.

The challenges for small states in the digital age can be highlighted with reference to a few high-profile cases in recent years. One such instance involved allegedly North Korean hackers audaciously hacking Bangladesh Bank, the Bangladeshi national bank, and nearly escaping with almost USD one billion in 2016 (White and Lee, 2021). It started with an innocuous-looking email sent to Bangladesh Bank employees by the hackers. After that, or more than a year, the hackers were prowling the bank's computer network, carefully planning the heist. While they only managed to steal USD 81.1 million from the bank in the end, this episode serves as a foreshadowing of the unique digital vulnerabilities that any state may be exposed to not only in the banking and financial sectors. To make matters worse, recent hackers use more sophisticated deception to illegally hack computers, phones, and other digital devices for illegal purposes.

Spy software like Pegasus, for example, has been used by various government agencies (both democratically elected and authoritarian regimes) to extract private data and information to monitor thousands of politicians, journalists,

businesspeople, and activists (see Pegg and Cutler, 2021). This software, developed by a private company NSO Group based in Israel, can turn any phone into a 24-hour surveillance device by accessing messages, files, and recording calls. It can remotely activate the camera or microphone to record video, capture conversations, and identify the location. Anyone using this software can bug a phone through 'zero-click' and 'zero-day' vulnerabilities. This means that the phone can be hacked without the user clicking on a malicious link, and the hacking can go undetected by the phone's operating system, since the software exploits flaws or bugs in an operating system that the phone's manufacturer is unaware of and thus has not been able to fix (Pegg and Cutler, 2021).

Similarly, independent or state-sponsored hackers can procure and anonymously leak politically sensitive emails. They can share compromising documents online and fabricate the origin and authorship of materials. These operations are not bound by the traditional fiscal and time constraints of print publishing, and they are also not restricted by geography or political position and power. Digitisation makes it exceedingly difficult to pinpoint the source of cyber operations, let alone identify the perpetrators (Finlay and Payne, 2019). For example, the Cambridge Analytica scandal demonstrated just how cost-effective and simple it is to acquire intelligence on individuals and whole populations electronically. The use of information based machine learning opens complete new possibilities and produces digital means of manipulating the targets' behaviour (Bakir, 2020).

These cases demonstrate how the advent of the digital age is posing new security threats with both state and non-state actors being able to breach the privacy and security of people living within and beyond the jurisdiction of the state. They can also attack and cripple critical infrastructure such as energy grids, transportation systems, hospitals, and communication networks, putting thousands of people's lives at risk (Ávila Pinto, 2018; Pohle and Thiel, 2020; Orr and Geddis, 2021).

Contemporary foreign interference differs significantly from analogue-era interferences because digitisation has revolutionised subversion tactics. To a large extent, foreign interference has morphed into cyber interference (Jamieson, 2020). It is now cheaper, faster, and less risky for malign foreign entities to conduct non-kinetic subversion of adversaries in today's virtually interconnected world. While covert subversion of foreign political competitors is not new and has been used by and against all types of political regimes, the current operating environment is globalised and digitised at an unprecedented level.

Notably, conceptualisations of foreign interference also emphasise the potential consequences of interference, particularly undermining democratic processes and disrupting critical infrastructure (Orr and Geddis, 2021).

Small states, by definition, often have limited resources and infrastructures to deal with these new vulnerabilities. Moreover, while all political systems are vulnerable to foreign intervention, liberal democracies are uniquely vulnerable to digital-era foreign interference, because information circulates freely. Freedom of information, communication and expression in liberal democracies also allows for disinformation and misinformation to proliferate largely unchecked. Countering information interference remains problematic in liberal democracies due to legal, ethical, detection and mitigation dilemmas (Taylor, 2019).

In this context, it is critical that we investigate where small states and fledgling democracies like Nepal stand in this increasingly complex interconnected world. How can small states not only survive but also thrive in the face of societal digitisation? What kind of domestic and foreign policies might be necessary to capitalise on digital technology innovation? This chapter will attempt to answer these questions but will also raise a few others. It begins with an overview of Nepal's foreign policy as a small state. This section briefly elaborates what constitutes a small state and how Nepal as a small state formulates its foreign policy. The following section delves deeply into the concept of digital sovereignty and how various countries around the world have adopted it. The chapter then highlights Nepal's challenges and opportunities in an increasingly digitised world. It also outlines practical steps Nepal can take to prepare for the digital era. Lastly, the chapter concludes with reflections and recommendations for further research in this area.

Foreign policy of Nepal

Nepal's foreign policy and security interests have been concentrated on preserving its autonomy and distinct identity while striving for peace, security, and prosperity, despite its small size compared to its giant neighbours. While Nepal counts as a small state in every possible dimension when compared to China and India, the parameters of what determines a small state is debatable. Material and non-material elements are often used to define the parameters of a small state. Material aspects are easily quantifiable elements such as GDP, land area, population, and military power. These are relatively straightforward

indicators, but their combination complicates comparison. For example, Nepal has nearly five times more population than New Zealand, but New Zealand has roughly five times higher GDP per capita than Nepal. As a result, the comparison is prone to subjective persuasion.

Similarly, there are non-material aspects such as behavioural attributes and perception. Small states have been prominently defined as being 'system ineffectual', meaning that they cannot influence the power structure of the international system (Keohane, 1969: 296). Small powers are also referred to as 'power consumers' in the international system, while great powers are regarded as 'power suppliers' (Spiegel cited in Amstrup, 1976: 170). In the classical and structural realist tradition, small states are pawns in international politics. Thucydides captures such predicament in 'The History of Peloponnesian War' through the Melian dialogue, in which Athenians (powerful state) say to Melians (small state): "The strong do what they can and the weak suffer what they must" (Strassler, 1996: 352). Moreover, classical realists argue that small states can be independent as long as they pursue clever balance of power or are unattractive to great powers' imperialist ambitions (Morgenthau, 1949).

In this sense, Nepal's geostrategic reality as a small state remains critical in the digital age. Nepal may be a small state, both in material and behavioural attributes and perception, but it has recently elicited intense interest in the rapidly shifting geopolitical context. In this background, China is vying for its rightful place in global politics, making the reigning superpower, the United States, anxious and proactive in attempting to limit its rise (Mearsheimer, 2014). Nepal provides an exciting geopolitical arena to capture this unravelling rivalry. This is nowhere aptly reflected than in Nepal's dilemma regarding the China-backed Belt and Road Initiative (BRI) project and the US-backed Millennium Challenge Cooperation (MCC) project (Chand, 2021). This is complicated further by the presence of an ambitious regional power, India, which has traditionally been influential in Nepal (Paul, 2019).

However, there is one more inevitable layer of complexity that requires attention. The newly minted Constitution of Nepal (2015) fails to address the challenges and guiding principles necessary to protect Nepal's sovereignty in the digital age. Article 50(4) of the Constitution on the directive principles of Nepal's foreign policy states that "the State shall direct its international relations towards enhancing the dignity of the nation in the world community by maintaining

international relations on the basis of sovereign equality, while safeguarding the freedom, sovereignty, territorial integrity and independence and national interest of Nepal". Similarly, article 51 (m) explains policies relating to international relations: "(1) to conduct an independent foreign policy based on the Charter of the United Nations, non-alignment, principles of *Panchsheel,* international law and the norms of world peace, taking into consideration of the overall interest of the nation, while remaining active in safeguarding the sovereignty, territorial integrity, independence and national interest of Nepal, and (2) to review treaties concluded in the past, and make treaties, agreements based on equality and mutual interest".

While the Constitution clearly adheres to the principles of sovereign equality, non-interference, independence, non-alignment, and territorial integrity that befits a small state, their manifestation in the increasingly digitised world is lacking. The territorial-based concept of sovereignty often remains out of sync with digital sovereignty and the cases presented in the introduction section highlight the need for serious re-thinking of the territorial-based notion of sovereignty.

Digital sovereignty

Today, sovereignty mostly refers to a state's independence from other states (external sovereignty) as well as its supreme power to command all powers within the territory of the state (internal sovereignty) (Pohle and Thiel, 2020: 3). The fundamental concept of sovereignty refers to the notion that each state is sovereign within its territory. According to Hans J. Morgenthau, "on a given territory only one state can have sovereignty, that is, supreme authority, and that no other state has the right to perform governmental acts on its territory without its consent" (Morgenthau, 1949: 245). However, because the digital realm has no geographical boundary, there cannot be a supreme authority over it (Mueller, 2019).

Sovereignty has traditionally been thought of as an enforceable law that is backed by clear structural arrangements, such as the state monopoly on violence (Weber, 1968: 56). The state is conceived as a more or less coherent actor, capable, independent, and hence autonomous. Although the definition of sovereignty has always been imperfect – Stephen Krasner (1999) famously depicted it as "organised hypocrisy" – the means of sovereign power in the Westphalian system have been relatively simple, as illustrated by Max Weber (1968) and Morgenthau (1949).

The concept of sovereignty has become more complicated due to digitalisation, globalisation and platformisation. In this background, the term 'digital sovereignty' has been coined to emphasise the limited scope of applying traditional concepts of sovereignty to cyberspace. Because of the difficulty of governing cyberspace by the state, John Perry Barlow has proposed that cyberspace be treated as a sovereign space in its own right (Barlow, 1996). The principles of territoriality and state hierarchy appear to be at odds with the diffuse, flexible, ever-changing constellations of global digital networks. Yet, the realists were quick to point out that since there was no authority or no Leviathan, both of which are required for sovereignty as a theoretical construct, the cyberspace should be deemed as a Hobbesian anarchical space (Mueller, 2019). Governments have used the term digital sovereignty to convey the idea that states should reassert their authority over the internet and protect their citizens and businesses from the numerous threats to self-determination in the digital sphere (Pohle and Thiel, 2020: 2).

Three concepts have become prominent in the discussion of digital sovereignty. The first approach questions the usefulness of state sovereignty in cyberspace. The second advocates for the role of multiple stakeholders in effectively governing and benefiting from the cyberspace. The final approach emphasises the significance of user autonomy and individual self-determination in cyberspace. The first approach considers digital space as a threat to the Westphalian notion of state sovereignty (Pohle and Thiel, 2020: 3; Barker, 2020). It is framed as 'cyber exceptionalism' and draws on liberalism to propose cyber libertarianism (Keller, 2020). According to cyber libertarians, digitally mediated forms of politics will lead to a decentralised organisation of societies, putting a check on the unlimited power of untrustworthy traditional political institutions. It should come as no surprise that this idea received enthusiastic cultural and economic support especially in Silicon Valley (Barbrook and Cameron, 1996; Turner, 2006).

On the other hand, external sovereignty, law, and territoriality are expected to matter less in the context of transnational networks, which is supported by numerous arguments. The inability of national jurisdiction to deal with the global reach of digital networks; the inability of legislative frameworks to keep up with the pace of innovation in digital technologies; and the ability of individuals to avoid liability in the digital world all indicate that states are not well prepared to impose traditional sovereignty on the cyberspace (Post, 2007). Hence, unlike a world bound by territories and sovereign nations, the world invoked by cyber

libertarianism necessitates the existence of cyber sovereignty, with cyberspace as a new and autonomous virtual realm free of governmental interference (Barlow, 1996).

The second approach, multi-stakeholder digital governance, focuses less on the different and non-sovereign roles that states can play rather than the shortcomings of the state in regulating digital matters. It is argued that multiple stakeholders can engage in decentralised processes to support the development and application of shared norms, rules, and procedures for the maintenance and development of the internet (Klein, 2002; Chenou, 2014). In this vision, self-governance would take place in a multi-stakeholder governance structure based on the principles of openness, inclusion, bottom-up collaboration, and consensual decision-making, with no need for a central decision-making authority (Hofmann, 2016; Raymond and DeNardis, 2015). However, the arguments for dismissing state sovereignty have weakened significantly in recent years. Instead, various actors have started proclaiming the importance of establishing sovereignty in the digital realm. The enormous power of the corporate actors who benefit from a commercialised internet environment increasingly concern states and the broader public (Christl, 2017). Internet corporations provide the infrastructures of our societies, and therefore, interfere with state matters at susceptible points. Yet, they largely cannot be held accountable through traditional political mechanisms, prompting some states to consider more structural and often more expansive thinking about the demands and domains of democratic self-governance (Van Dijck, 2020).

The slightly paradoxical response of governments to Edward Snowden's 2013 revelations about the massive global surveillance practices of the United States' intelligence services and their allies provides a second justification for expanding and pushing digital sovereignty (Hintz and Dencik, 2016; Tréguer, 2017). Actors who highlight the risks of foreign interference by citing examples ranging from disinformation (Tambiama, 2020) to telecommunication infrastructure (Voelsen, 2019a) and industrial policy have evoked the demand for national (or regional) digital sovereignty (Hobbs et al., 2020). IT security and national regulation of internet issues would interfere with the open and universally accessible nature of the internet (Hohmann et al., 2014) and ultimately lead to the re-territorialisation of the global internet, causing its fragmentation into national or regional internet segments and spheres of influence (Drake et al., 2016; Mueller, 2017).

The third approach to digital sovereignty has only emerged in recent years. It emphasises the importance of individual self-determination, focusses on the autonomy of citizens in their roles as employees, consumers, and users of digital technologies and services. Simply put, it refers to the autonomy of individuals in relation to a sovereign, supreme authority – or authorities if one assumes that there are no territorial sovereignties in the digital realm. The extraction of data from billions of people, powered by sophisticated surveillance and monitoring capabilities of a handful of big tech companies, both public and private, based mainly in one jurisdiction, has resulted in rapid erosion of state sovereignty and democracy (Ávila Pinto, 2018). Never before has a small sector wielded so much power over the entire world, with the ability to monitor and influence the present and predicted future behaviours of entire populations, rather than just individuals.

Against this background, it is worth considering whether digitisation has reshaped foreign interference or whether changes in the execution of covert subversion operations simply conceal what is, at its core, an unchanged and perennial fixture of geopolitics. Notably, conceptualisations of foreign interference also emphasise potential effects of interference, particularly undermining democratic processes and disrupting critical infrastructure (Orr and Geddis, 2021). Meanwhile, digitisation has distorted the distinction between foreign and domestic and state and non-state actors, making foreign interference more difficult to detect. Although digitisation and globalisation have radically altered the modus operandi of foreign interference and the raison d'etre of foreign interference, the fundamental goals of malign foreign entities remain unchanged. Foreign interference usually revolves around two goals: stimulating the target state to alter its behaviour or destabilising the target state to induce weakness (Herzog, 2011; Rid, 2020).

Digital sovereignty in different countries

Before discussing how the concept of digital sovereignty might be useful in Nepal's foreign policy, it is helpful to illustrate how the idea is addressed in different countries. In recent years, especially authoritarian states like China began developing their concepts of digital sovereignty, which is primarily framed as cyber sovereignty or internet sovereignty (Creemers, 2020; Zeng et al., 2017). Other authoritarian and semi-authoritarian countries later adopted the underlying ideas, most prominently Russia (Budnitsky and Jia, 2018). Although

control over the digital space has conflicted with liberal-democratic ideals and previous understandings of technology as inclusive and pluralistic (Möllers, 2020), many liberal democracies in the West have also demonstrated the need for control and independence in digital matters for security reasons. As people and states became more aware of their vulnerabilities, which mainly manifested itself in issues of infrastructure control, cyber security was translated into national security and expanded into other policy areas as well (Hansen and Nissenbaum, 2009). The role and capabilities of democratic states, as well as infrastructure control, have been significantly strengthened during this process (Cavelty and Egloff, 2019). The Snowden revelations in 2013 fuelled the emphasis on state autonomy and security as core elements of digital sovereignty discourses (Pohle and Thiel, 2020; Ruohonen, 2021).

Furthermore, proposals for data localisation have been made in countries such as Brazil and India to assert digital sovereignty (Panday and Malcom, 2018; Selby, 2017). In India, the proposed measures are often framed as a countermove to digital imperialism or digital colonialism. Both terms refer to the overly dominant position of Western technology corporations in the Global South, which leads to new forms of hegemony and exploitation (Ávila Pinto, 2018). Unsurprisingly, some Western countries have labelled such claims and initiatives as digital protectionism and created barriers that impeded digital trade (Aaronson and Leblond, 2018).

However, data localisation is not only discussed by emerging global powers. Another data localisation initiative in Europe is the Schengen Routing concept, which aims to avoid routing data flows within Europe via exchange points and routes outside Europe (Dammann and Glasze, 2022). Similarly, the CLOUD Act stresses the EU's complete territorial sovereignty over the personal data of citizens (Ruohonen, 2021: 445). Another example is the European cloud service Gaia-X, which France and Germany jointly announced in 2019. This project plans to connect small and medium-sized cloud providers in Europe through a shared standard, allowing them to offer an open, secure, and trustworthy European alternative to the world's biggest (often US-based) cloud service providers (e.g., Amazon, Google, Microsoft), while also respecting European values and data protection standards (Pohle and Thiel, 2020).

Challenges and opportunities for Nepal

Given the unique vulnerabilities countries face, it is important to consider what the specific challenges are for small countries like Nepal. It is becoming increasingly clear that entire nations and their industries rely on critical infrastructure, software, and hardware provided by a handful of companies based in a small number of countries. Almost every activity is mediated by our interaction with technologies and services provided by an increasingly small number of big tech players (Ávila Pinto, 2018). As technology continues to penetrate the core activities of governments, they become more vulnerable.

According to Renata Ávila Pinto (2018), wealthy and powerful countries and companies possess three characteristics that most developing nations and even middle-income countries lack. First, they have financial resources (ownership and control of cables, servers, and data) and intellectual resources (the most advanced technicians and research institutions). The second element is the current domestic and international legal architecture, which prevents small countries from enacting policies that favour the production and purchase of domestic goods and services by threatening them with legal actions in international courts for adopting anti-competitive measures. Finally, related with the first two elements, the availability of financial capital to experiment with and create new models (ibid: 16-17).

Recently, tech giants are engaged in a race to invest and expand in areas that have traditionally been the domain of state or other specialised agencies and providers. For example, Facebook, Google, SpaceX, and OneWeb compete to connect the 'disconnected'. The business model of these companies rests on providing critical infrastructure and services for citizens in exchange for their personal data and becoming potential recipients of advertising (ibid: 17). In principle, Nepal can exploit this competition to its advantage. However, the government must adopt a cautious stance and policy that best serves its own and its people's interests. It is well known that these tech giants seek to influence politics and policy to shape national and global standards to serve their business models, which are increasingly based on data collection, monitoring, and pattern identification, inevitably eroding many people's privacy.

Big tech companies frequently prioritise their financial greed and interests over any ethical and security concerns. In an article titled, 'Dark Google' Von Shoshana

Zuboff (2014) elaborates, "Google and other companies rushed into the new space too, and for a while, it seemed that they were aligned with the popular expectations of trust and collaboration. But as pressures for profit increased, Google, Facebook, and others shifted to an advertising model that required the covert capture of user data as the currency for ad sales. Profits rapidly materialised and motivated ever more ruthless and determined data collection".

In such an environment, small states may feel compelled to participate in the business models of these big tech companies, which offer little benefit to their citizens while exposing them to numerous vulnerabilities and coercion. The response of Australia to Facebook's coercion can serve as a model for Nepal. In response to proposed legislation in Australia that would require Facebook and Google to pay media companies for the content shared on its site, Facebook wiped its pages clean across Australia of any local media contents in February 2021. Emergency services, hospitals and domestic violence support groups were among the items removed. This resulted in a huge backlash and tarnished Facebook's image, while Google also threatened to withdraw its search engine from Australia (Glover, 2021). However, ultimately, Facebook and Google yielded to the Australian government's demands and began negotiating contracts with several local providers to pay for the use of their content (Cellan-Jones, 2021).

While Australia is a wealthy country, Nepal has a growing young population, accounting for 40.3 per cent of around 26.5 million (UNFPA, 2014). Its young population will be avid internet users in the coming years. Internet users, like natural resources, serve as data points for these tech companies, from which they generate their revenue. When combined with sophisticated algorithms and computational power of the concentrated tech conglomerates, user data is the basic raw material for machine learning and artificial intelligence (Ávila Pinto, 2018).

Moving forward

As a small state, Nepal can implement digital policies that are both flexible and pragmatic. First, there has been progress in the legal structure, which allows for investment and the expansion of the digital economy. However, this should be aligned with the country's overall national security interests. Countries must ensure that they retain the ability to legislate and regulate emerging technologies and their impact on citizens' fundamental rights at the constitutional level. This

is not to give the government more leeway in controlling people's fundamental rights in the same old rhetoric of sovereignty and security, but to ensure that big tech companies do not control and misuse data for their commercial gains. The constitution should be amended to prohibit the executive from entering international commitments that would deprive the government of its ability to enforce rights at home. The constitution should also explicitly guarantee that the state exercises autonomy and control over critical technology infrastructures and key positions in important assets and industries (Watts, 2013; Ávila Pinto, 2018).

Nepal should be able to attract investment from countries and companies with advanced digital technologies to achieve this. Deft diplomacy is essential to drive investment in the digital economy. The government must look beyond partisan interest to focus on the long-term interests of the country. Clear policy directives and guidelines along with the right infrastructure and incentive structures are pre-requisites to attract investments and steer the country toward a digital economy.

In addition, deeper and sustained deliberation by informed citizens is vital for well-informed policies and legislation. The key to creating such an informed citizens is digital literacy, which refers to the ability to access, analyse, evaluate, and produce digital material in a variety of forms. To have a meaningful deliberation on the topic, the voices of everyone affected by a particular digital policy should be heard. Input is only considered valid when it is backed by qualified reason and informed discussions that are free of manipulation, coercion, and misinformation (Gaus et al., 2020). Deliberation further requires the use of public channels to deliver input to political representatives. Since, disinformation and other information warfare tactics can potentially destroy such delivery channels effectively (Ruohonen, 2021: 452).

The development of indigenous digital technology is important for cultivating digitally literate citizens. A few countries have taken steps to prepare for the replacement of foreign providers with domestic ones. In India, the use of open-source software by the state has been mandatory since 2005 (Yu, 2015). Latin American countries such as Brazil and Venezuela enacted laws establishing free software migration of government data in 2004. Ecuador, Uruguay, and Bolivia are among other Latin American countries that have been following this path (Ávila Pinto, 2018: 21). All these countries also implemented strategies to increase free software literacy among primary school children, such as Plan Ceibal in Uruguay and Canaima in Venezuela. To circumvent the US embargo and to

maintain control over their systems, Cuba developed its own operating system, Nova (Ávila Pinto, 2018: 21). Also, education remains critical in nurturing a digital-savvy next-generation capable of meeting the demands of the digital age.

Examples of investment in digital technologies from small states like Venezuela, Ecuador, Uruguay, Bolivia, and Cuba can be useful in the Nepalese context. Nepal can learn from their determination to train a new generation of developers and creators of digital content. The next generation of technologies, developed outside the tech giants, can produce digital services tailored to meet local values, societal behaviours, and dynamic needs. The exchange of skills, information, and research within the Global South can be instrumental in driving innovation in digital technologies in the region. In an age where the line between war and peace in the digital space is blurred (Ruohonen, 2021: 445), digital innovations and capacity are a sure way to prepare states, particularly small ones, for the new challenges.

Conclusion

This chapter discussed the vulnerabilities and challenges that small states, like Nepal, face in an increasingly digitised world. In many ways, the digital world deviates from traditional notions of sovereignty and security. The chapter addressed the concept of digital sovereignty that captures unconventional threats to state sovereignty and security. It demonstrates how other countries are responding to the new and unique challenges in the digitised world before illustrating specific challenges for Nepal. It went on to outline opportunities and potential ways Nepal to capitalise on these opportunities.

To some extent, the problems and dilemmas of sovereignty addressed in this chapter are not new, and nor are the solutions proposed. Some of the structural disadvantages that characterise Nepal will persist in the future. This paper is not negating the structural constraints and vulnerabilities that many small states face and live with. Nepal, a small landlocked country, on top of geopolitical limitations and conundrums, faces several unique economic problems, such as higher costs of production, transportation, and export of goods (Lahiri and Masjidi, 2012), which has serious implications for sovereignty (Diener, 2016). However, the paper tries to emphasise the important questions connected to Nepal's sovereignty and security in the face of a rapidly changing world fuelled by digital transformation.

Thus, identifying pathways of how small states can defy their size to better care for its citizens and play an important role in world politics.

While unavoidable, structural constraints could still be ameliorated by leveraging Nepal's growing youth population and by providing them with education focused on digital skills to fuel an economy based on digital productivity and innovation. Nepal can also adopt pragmatic policies to draw a large number of skilled Nepalese diaspora working and residing in different parts of the world back home. Governments around the world invest growing resources into cyber security to protect their systems and critical infrastructure from external intrusion. Nepal may lack technical, financial, and human resources at present, but with the right incentives, careful planning, and long-term policies, it can overcome these hurdles and better prepare for the future. Failure to do so will jeopardise Nepal's sovereignty and security in the future.

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Foreign Policy of Afghanistan

Fatima Airan

Afghanistan has been at the center of the global geopolitics for the most part of its modern history. From the second half of the nineteenth century until 1947, the geopolitical competition between Great Britain and Tsarist Russia (Soviet Russia from 1917) has directly affected Afghanistan's internal politics and foreign policy. Afghanistan had been considered as a strategically vital country by these imperial powers, who were looking to transform it into a buffer state along their own interest. During this great power conflict, Afghanistan became effective in maintaining a balance of power and avoided to fall under the sphere of influence of either imperial power. This policy of neutrality became central to its foreign policy persuasion.

Yet, with the demise of the presence of the British Empire in the region, Afghanistan fell right into the next big power competition between the United States of American (USA) and the then, Soviet Union (USSR) at the height of cold war. During this time, it received a significant amount of development aid from both countries, but the Soviet Union provided more military and political support. While, principally, Afghanistan adopted a non-alignment approach in its foreign policy to stay away from the potential conflict between the US and the USSR, it was finally invaded by the Soviet Union in 1979. In response to which the United States supported resistance groups – Mujahideen – to overthrow the communist-backed regime of the USSR.

While many thought that after the Soviet withdrawal from Afghanistan, with the signing of Geneva Accord in 1988, things would improve. During a time when the end of the Cold War sparked new hope in the world politics, these hopes did not materialise. Afghanistan rather entered a new phase of a destructive civil war. During the 1990s Afghanistan saw many ups and downs and from 2001 to 2021 Afghanistan was an US-ally to counter Taliban and received substantial amount of development aid as well as political and military support. In the midst of this, Afghanistan, however, failed to craft an independent foreign policy and refrained from using the term neutrality. Instead, regional connectivity was prioritised as an important component of its development strategy.

Afghanistan as a landlocked country has three maritime neighbours: Pakistan, Iran, and China. While Pakistan provides the shortest and most cost-effective route for goods entering and leaving the country, due to territorial disputes over the Durand Line[1] and the issue of Pashtunistan, the relations between the two countries have been antagonistic since Pakistan's separation from India in 1947. Meanwhile, the routes to Iranian ports are still under construction and have only been partially developed. Though both countries do not have territorial disputes, disagreements over water resources and refugees persist. In addition, during the last 20 years, Iran saw the US military presence in Afghanistan as a threat and has been accused of supporting the Taliban insurgencies. At the same time, it is extremely difficult for Afghanistan to reach Chinese ports due to the long distances and the challenging terrain of the routes.

This paper reviews Afghanistan's foreign policy decisions in the above outlined four periods: the days of the Anglo-Russian competition, the Cold War times, the Post-Cold War period, and the period after 2001. The final section then discusses regional dynamics and Afghanistan's relationship with Pakistan and Iran in particular.

Anglo-Russian competition

For a long time, during the Anglo-Russian competition, Afghanistan was under intense pressure from both sides. While the British saw the country as a defensive line for their colonial interests, Russians saw it as a gateway to British interests beyond Turkestan. As a consequence, Britain invaded Afghanistan twice in the nineteenth century to counter Russian threats to make Afghanistan strategically vital to fulfil their own interests. Both powers considered it to be in their best interest to transform the country into an effective buffer zone, separating the Russian imperial domain from British colonial possessions (Saikal, 2004).

The 'gentleman's agreement' of 1873 accepted the Oxus (Amu Darya) river as Afghanistan's northern border, however, the north-western and the north-eastern borders were only established in 1887 and 1895 respectively. The Durand Line (south and southeast border), for its part, was laid in 1893 (Mishra, 2015) and turned Afghanistan into an effective buffer state between the two

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[1] In 1893, Great Britain dispatched a British diplomat, Mortimer Durand, to negotiate an agreement to delineate the border between British India and Afghanistan. The agreement resulted in a 1,584-mile boundary that was later delineated between March 1894 and May 1986.

superpowers until the fall of the British Empire in the region in 1947. To this day many consider the Durand Line as the most damaging settlement in regard to the country's borders, since it is the source of territorial dispute until this day.

The Treaty of Gandamak, which officially ended the first phase of the Second Anglo-Afghan War and was signed in 1879, gave the British effective control over Afghanistan's foreign policy. Following this, under British pressure, Amir Abdur Rahman Khan (1880–1901) ascended to the status of Afghan sovereign from the local feudal leader of independent tribes. While this step might have protected Afghanistan's independence from the Russians and Persians, it certainly compromised its sovereignty (Saikal, 2004). Later on, Afghanistan adopted a policy of neutrality during World War I, despite persuasion from a Turco-German delegation which visited Kabul in September 1915 to support the Central Powers. Yet, during the reign of Habibullah (1901-1919), while reaffirming Afghanistan's neutrality to the British, the government also signed a treaty of friendship with Germany. The neutrality which Afghanistan adopted corresponded to the general definition of wartime neutrality outlined in the 1907 Hague Convention (Andisha, 2021: 87).

The situation, however, changed after Afghanistan gained independence in 1919. Its relations with the British turned hostile and the country became cautious of Russian ambitions. The ruler of that time Amir Amanullah Khan (1919-1929) wanted to forge ties with the US, but Washington was reluctant of any diplomatic relation with Afghanistan. Yet, in the course of counterbalancing with British, Amanullah was bound to seek friendship with Russians, which finally led to the recognition of Afghanistan's independence by Russia in 1920 (Jacobson, 1994: 72). This also paved the ground for the conclusion of the first Afghan-Soviet Treaty of Friendship and Good Neighbourly Relations in 1921. Kabul also signed treaties of friendship and cooperation with Turkey, Persia, Egypt, Italy, Germany, and France between 1919 to 1922, all of whom recognised Afghanistan's independence (Saikal, 2004: 65).

After a short period of Amir Habibullah Kalakani's reign, Mohammed Nadir (1929-1933) seized power in Kabul with British support. In 1931, London provided Nadir with 10,000 rifles, 5,000,000 cartridges and £180,000 in aid (Saikal, 2004: 99). Once again, Afghanistan had come under the British sphere of influence. Yet, Nadir declared neutrality as Afghanistan's foreign policy principle and confirmed all of Amanullah's treaties with Moscow. He even concluded a

new Treaty of Mutual Neutrality and Non-aggression with the Soviet Union in 1931 and supported Soviet initiatives in a number of international conferences. The Anglo-Afghan Treaty of 1921 and the Trade Convention of 1923 were also confirmed in 1930. In addition, treaties of friendship and cooperation were signed with Iraq and Saudi Arabia in 1932 (Saikal, 2004: 102-3).

For the first two decades of Zahir Shah's (1933-1973) four-decade reign, foreign policy of Afghanistan followed the principle of neutrality (Azmi, 1986: 332). The country signed the Saadabad Pact, the first regional security organisation of its kind, in 1937, alongside Turkey, Iran, and Iraq. In 1939, Afghanistan declared that it would remain neutral during the Second World War. The King convened a grand assembly of elders (*Loya Jirga*) to strengthen their position in 1941. The *Jirga* supported the government's policy of neutrality, declaring that Afghanistan would not allow belligerents to use its territory against each other (Andisha, 2021: 89-90). By and large, we can see 'neutrality' as Afghanistan's preferred policy approach, but this did not stop great power rivalry to impact the country.

The Cold War

After the demise of the British Empire, and the growing rivalry between the US and the USSR, the United States initially did not consider Afghanistan as strategically vital. It rejected military assistance and stopped providing training despite repeated requests by the Afghan government. That further fuelled Afghanistan's dependence on the Soviet Union for military assistance. Yet, both the US and the USSR continued to provide development aid and supported infrastructure projects to Afghanistan to maintain a strategic balance. As a result, Afghanistan received one of the highest levels of development aid per capita of any country in the world during these times. This illustrates how the cold war in the region was fought rather with money and technical support than with spies and bombs. Meanwhile, Afghanistan was also divided into two: with the Soviet Union's influence being more present in the north and the United States in the south of the country.

Interestingly, the United States made southern Afghanistan a showcase of nation-building in the 1950s and 1960s with a dazzling project – the Helmand Venture, which was part of a larger project focussed on development, nation-building, and modernisation and supposed to represent the superiority of the

American development approach. The United States continued to pour money into the project until it failed due to a drought in 1965 (Cullather, 2002: 512-537). By 1979, the total amount of US economic aid for the infrastructure projects had reached a total of USD 520 million (Saikal 2004: 26). However, later the foreign aid dramatically dropped to USD 34.32 million in 1971-72. During these years, the US support was particularly reduced from USD 4.79 million to USD 2.35 million. The decrease in foreign aid coupled with severe droughts, mounting debt service as well as a growing trade deficit and a 2.3 per cent annual population increase paved the way for the Soviet Union to strengthen its economic position in Afghanistan (Ali, 1974: 46).

The close Soviet Afghan relations had begun in 1955 when Nikita Khrushchev and Nikolai Bulganin visited Kabul and signed the first post-war economic agreement between the two countries. Afghanistan received a USD 100 million low-interest loan (Azmi, 1986: 333) and the Soviet Union developed civilian infrastructure projects like the Salang Tunnel and the Afghanistan-Uzbekistan Friendship Bridge. By 1960, Afghanistan's dependence on the USSR had risen to 100 per cent for arms, 90 per cent for petroleum products and 50 per cent for total foreign trade. From the mid-1950s onwards particularly to the communist coup in 1978, the Soviet bloc trained over 5,000 Afghan military officers and 2,000 Afghans received scholarships to USSR schools (Azmi, 1986: 334-35). At the same time, the establishment of the People's Democratic Party of Afghanistan (PDPA) in 1965 signalled the beginning of serious efforts to organise a communist movement in Afghanistan. The presence of Soviet-trained personnels in both the army and the government prepared the ground for the communist coup of 1978 which brought the PDPA to power. During this period (1954-1991), the Soviet Union became the largest donor of economic and technical assistance to Afghanistan. Between 1955 and 1979, the Soviets provided approximately USD 1, 265 billion of credits. The majority of Soviet assistance were in the form of loans with interest rates ranging from two per cent to three per cent over periods varying from 10 to 30 years (Robinson and Dixon, 2010: 600-610).

However, the Soviet invasion of Afghanistan in 1979 was seen as threat by the US to their access to the oil resources of the Persian Gulf. Thus, the US responded to the invasion by arming the Afghan resistance, known as the Mujahideen, who were fighting the Soviet Union. They supplied weapons to the Mujahideen through the Pakistani authorities. It is estimated that nearly USD two billion was spent on

the war between 1979 to 1989 (Cogan, 1993:77). People from all over the Muslim world were encouraged to join the Jihad during these years. The US-sponsored Pakistani policy of grooming Mujahideen in Afghanistan resulted in huge losses of human lives and promoted a shadow economy. Consequently, militancy and the drug trade became transnational issues in the region (Mishra, 2015: 94).

During the cold war, Afghanistan's foreign policy behaviour is characterised by non-alignment, which its leaders frequently described as positive neutrality (Jayaramu, 1989: 526). In fact, non-alignment emerged as a strategy due to the rising tensions between the great powers during the Cold War, with non-aligned states trying to stay out of the escalating conflict between the East and the West (Mates, 1970). For Afghanistan foreign relations improved under Prime Minister Shah Mahmoud (1946-1953) but the King's appointment of his cousin, Mohammed Daoud, effectively ended Afghanistan's long-held tradition of neutrality. The new government employed a positive and active type of neutrality which enabled it to attract military and political support from the Soviet Union and also receive a considerable amount of development aid from the US government (Andisha, 2021: 91).

Afghanistan officially joined the United Nations on 19 November 1946, as the Kingdom of Afghanistan and became a founding member in the Non-Aligned Movement (NAM) in 1961, whose objectives, among others, were to maintain national independence, sovereignty, territorial integrity, and security at the height of the Cold War. It also remained a member of NAM after the Soviet withdrawal from Afghanistan during the five years of the Mujahideen government in Kabul from 1992 to 1996 (Andisha, 2021: 93).

Post-Cold War era

Following the Soviet withdrawal from Afghanistan under the Geneva Accord, the nationalist and religious sentiments that were building up against the Soviets quickly disintegrated and subsequently resulted in three inter-Afghan conflicts in September 1992, February 1993, and May 1993 over the control of the capital Kabul (Cogan, 1993: 77-78). This happened precisely because Soviet invasion has largely suppressed the religious sentiments of the people which only started dissipated after its withdrawal.

Even though, the US continued to send small amounts of monetary support and arms to the Mujahideen through Pakistan's Inter Service Intelligence (ISI) to help overthrow the Soviet-backed communist regime, Afghanistan was no longer under the US security system. The ISI continued to fund the most extremist groups like Hezb-e-Islami headed by Gulbuddin Hekmatyar. In 1994, young men, who were war refugees living in Pakistan's *Jamiat-ul-Ulema-e-Islam madrassas* (a refugee camp-spawned group based on the Saudi tenets of Wahhabism and empowered to recruit fundamentalist warriors) received religious indoctrination and military training. The group later became the Taliban and swept through Afghanistan with the help of the Pakistani army. Despite knowing their doctrine, the Bush administration supported the Taliban with USD 44 million dollars and its rise to power by actively encouraging Saudi Arabia and Pakistan to back it (Hartman, 2002: 478-484). During their reign between 1996 and 2001 it became clear though that the Taliban lacked competency as they had very few well-educated cadres among their ranks. As a result, they had a narrow understanding of modern world diplomacy and foreign policy. They basically only had two objectives: to gain broader acceptance for their rule in Afghanistan – they were only recognised by Pakistan, the United Arab Emirates, and Saudi Arabia – and to obtain revenue from international sources (Maley, 2000).

Afghanistan after 2001

The 9/11 attacks fundamentally changed world politics and no other country has been affected more by its consequences than Afghanistan. President George W. Bush declared the war on terrorism, which primarily targeted Osama Bin Laden, the leader of Al-Qaida, who was hiding in Afghanistan since 1996 after the Taliban came to power (US CRS, 2017). Although Afghanistan was Al-Qaida's base, but none of the 19 hijackers of 9/11 events were from Afghanistan (Laub and Maizland, 2022). Still the Bush Administration decided to overthrow the Taliban militarily when they refused to hand over Bin Laden which led to the rise of airstrikes on 7 October 2001 with the support of the British. The focus was also to reconstruct and rebuild Afghanistan and a huge amount was spent for that purpose. Yet despite all the efforts and spendings, the Taliban returned to power on 15 August 2021, and terrorism remains a high concern. Based on the United Nations Security Council, there are large numbers of Al-Qaida fighters and other foreign extremist groups aligned with the Taliban in various parts of Afghanistan (UNSC, 2021).

With regard to foreign policy, the post-2001 government kept its membership in NAM, but refrained from using the word neutrality in its foreign policy statements. In addition, President Hamid Karzai expressed reservations about a regional approach based on Afghanistan's future as a permanently neutral state (Andisha, 2021: 93). In contrast, he expressed his desire to strengthen ties between Afghanistan and NATO member states and subsequently become a major non-NATO ally with the signing of major strategic partnerships with the US in 2005 (US DOS, 2005), in 2012 (Strategic Partnership Agreement – SPA) and in September 2014 (Bilateral Security Agreement – BSA (US DOS, 2022).

Moreover, during the past 20 years Afghanistan has prioritised regional economic cooperation as part of its development strategy. In that regard a number of initiatives were taken such as Regional Economic Cooperation Conference on Afghanistan (RECCA) and The Heart of Asia – Istanbul Process with the aim of deepening Afghanistan's connectivity in the region and beyond. Afghanistan has also joined a number of international and regional organisations such as Central Asia Regional Economic Cooperation Program (CAREC) in 2005 (CAREC, n.d.), Shanghai Cooperation Organisation (SCO) as an observer in 2012 (Firstpost, 2021), the World Trade Organisation in 2016 (WTO, 2021) and the South Asian Association for Regional Cooperation in 2007 (India Review, 2007). Starting from 2003, Afghanistan also signed a series of agreements on transit with its neighbouring countries (ibid.). However, its endeavours to increase regional connectivity did not eventuate due to Afghanistan's poor infrastructure and security issues. The foreign policy of Afghanistan remained undeclared until President Ashraf Ghani (2014-2021) described his administration's foreign policy as "a bundle of relations, the thickness or thinness of which depends on mutual trust and respect for our sovereign right to make choices that serve the interests of our people, the region and the world" (as cited in Asey, 2018). For the most part, Afghanistan failed to construct and declare an abstract foreign policy in its relation with neighbours and the world at large between 2001 to 2021.

Regional dynamics and Afghanistan's relations with maritime neighbours

Besides the influence of great power competition, foreign policy decisions of Afghanistan have directly been affected by regional rivalries. Afghanistan has served as a proxy war zone primarily in the rivalries between Pakistan and India as well as between Iran and Saudi Arabia. While India considers the

country important for the reason that Afghanistan should not fall under Pakistan's influence, Pakistan has remained focused on countering India's influence. Likewise, Saudi Arabia has also maintained its close ties to Sunni insurgent movements in Afghanistan to offset the Iranian influence. Two of these rivals, Pakistan and Iran, are Afghanistan's most important maritime neighbours. Thus, Afghanistan's relations with them are discussed in detail in the following.

Pakistan

Pakistan, located to the south-east of Afghanistan, offers the shortest and most cost-effective and, therefore, most frequently used overland route for the transport of goods in and out of Afghanistan. The distance between Kabul and Pakistan's port of Karachi is 1843 km and it takes a truck 8-10 days to cover the route. However, the controversy over the Durand Line has soured the relations between the two countries since the separation of Pakistan from India as Afghanistan started questioning the validity of the Durand line. It became more intense and a major component of foreign policy during Daud's premiership (1953-1963) and his presidency (1973-1978).

The Durand line is challenged mainly on three grounds: (1) the treaty was concluded under duress, (2) the majority of the people living along the border did not vote in the election held on the eve of partition in 1947 and were not given the option of independence, and (3) the arbitrary line had divided the Pakhtoon territories into two. Therefore, it is often argued that people should be given the right of self-determination and choose whether they want to remain with Pakistan, join Afghanistan, or become independent (Ali, 1974: 47-48). Kabul raised this issue several times at international forums such as the conference of non-aligned nations, the UN General Assembly sessions, the second Islamic summit meeting, and with the Muslim heads of states. When Pakistan applied for membership in the United Nations, Afghanistan was the only country opposing Pakistan's admission due to the Durand Line controversy (Hussain, 1984: 499).

Though Afghanistan has challenged the border issue under the article 11 of the 1978 Vienna Convention on Succession of States in Respect of Treaties which states that "succession of States does not as such effect: (a) a boundary established by a treaty; (b) or obligations and rights established by a treaty and relating to the regime of a boundary". Furthermore, in the referendum held on 6 July 1947 for the separation of Pakistan and India, 572,798 of the

eligible voters voted for Pakistan and 2,874 voted for India (Razi, 1979: 35). Yet, following the establishment of Pakistan, the transit trade was conducted in accordance with the provisions of the treaties signed on 22 November 1921 by the Afghan Government and the British Government, and the Anglo-Afghan Convention of 1923. Though neither of these treaties addressed transit trade in detail, they emphasised freedom of transit as mentioned in the League of Nations at the Barcelona Conference of 1921 (Khan et al., 2017). However, the hostile relationship between Pakistan and Afghanistan led to the closure of the border for at least three times in between 1950s and 1960s. The reasons for the closures in 1951, 1955 and between 1961-1963, among others, were attributed to Afghanistan's efforts to incite the people of North-West Frontier Province (NWFP) and the Pakistani province of Baluchistan to revolt against the Pakistani government. Consequently, Pakistan has become the only country in the world to block the transit trade of a landlocked country three times since the end of the Second World War (Hussain, 1984: 500-501).

The bilateral relations with Pakistan to some extent improved following Daud Khan's resignation as Prime Minister, which was followed by the signing of the first written transit trade treaty on 2 March 1965, the Afghanistan Transit Trade Agreement. The treaty recognised Afghanistan's right to access to Pakistan's seaports but did not address Pakistan's access to Central Asia through the Afghan territory (UNCTAD, 2011). In 1974, the relations then again deteriorated when flights between the two countries were suspended, and Afghan forces were deployed along the Durand Line. Afghanistan accused Pakistan of violating its airspace and a Pakistani helicopter was detained and seized after landing in Kabul by mistake. Pakistan, on his part, accused Kabul of engaging in subversive activities and supporting rebels in two of its provinces (Ali, 1974: 54). Due to the tensions between the two countries, from the mid-1950s until the end of the Soviet occupation, Afghanistan's exports and imports had to be moved through the Soviet Union whenever the transit routes were blocked (Cullatheral, 2002: 520). This increased Afghanistan's dependency on the Soviet Union and was a contributing factor to the Soviet invasion of the country.

With its support of Islamist groups, after 1979 Pakistan was able to reverse this trend. When the US approved a broader plan directing the Central Intelligence Agency (CIA) to provide military supplies and humanitarian aid to the Mujahideen in their fight against the Soviets, Pakistan insisted that all aid be routed through the Inter-Services Intelligence (ISI). The US agreed to this arrangement, delegating

the main political decision about which groups support ISI without monitoring the inflow of resources. The ISI allocated these resources mostly to extreme fundamentalist groups such as Hizb-I Islami, headed by Gulbuddin Hekmatyar, which became the primary benefactor (Hartman, 2002: 477-479). However, by the mid-1990s, Gulbuddin Hekmatyar was replaced by the Taliban, which was seen as a more potent Islamist group. ISI used these groups to project destructive and subversive power in Afghanistan (Shahrani, 2018: 141). Furthermore, in an attempt to influence the fighting between the Burhanuddin Rabbani government in Kabul and the Taliban, Pakistan suspended trade access, though the Transit Trade Agreement of 1965 remained in place until the 1990s (Threlkeld and Easterly, 2021).

After the United States-led international coalition forces invaded Afghanistan in 2001, tensions between the two countries subsided and Afghanistan became eager to improve relations with Pakistan. Hamid Karzai (2004-2014) chose Pakistan as his first foreign destination after assuming the chairmanship of the Afghan interim administration in 2002 (Akthar, 2008). The Afghanistan Transit Trade Agreement of 1965 was replaced with the Afghanistan-Pakistan Transit Trade Agreement (APPTA) of 2010 which recognised Afghanistan's right to freedom of access to the sea and the importance of Pakistan's access to Central Asian markets (APTTA, 2010). However, Afghan traders repeatedly complained about Pakistan's inability to comply with the terms of the agreement (Dawn. com, 2013). Over the last two decades, Pakistan has also provided shelter to the Taliban. Despite being an US-ally, the Taliban's leadership and their families were able to find refuge in Pakistan and were even provided medical care. Thus, Pakistan has internationally been accused of protecting the Taliban and using them as proxies in Afghanistan (Khan, 2016). After the Taliban's takeover of Kabul in August 2021, Pakistan's Prime Minister Imran Khan, in support of the Taliban, declared that the Taliban have broken the shackles of slavery (Muzaffar, 2021). Pakistan has not recognized the Taliban government formally yet but its embassy in Kabul remains open.

Iran

Afghanistan and Iran share a 585-mile border. The main official border crossings between the two countries are Islam Qala in Heart province and Zaranj in Nimruz province. Afghanistan's shipments go through the Iranian port of Chabahar on

the south-eastern and Bandar Abbas on the southern coast. Despite historical and cultural similarities, the relations between Iran and Afghanistan only improved in the 1960s due to good terms between the Shah of Iran and the Afghan King. A five-year transit agreement was concluded in 1962, based on which Iran provided an alternative exit route for Afghan goods (Ali, 1974: 59). However, the route from Islam Qala to the Iranian port of Bandar Abbas was long and in poor condition and, thus, more expensive for Afghan traders.

Even though Afghanistan and Iran do not have any territorial disputes, disagreements over the waters of the Helmand River and refugee issues have persisted. The dispute over water dates back to the 1870s when a British officer drew the border along the main branch of Helmand River. Attempts were made to settle the dispute, but due to Afghanistan's refusal to ratify agreements and Iran's demand for a larger share of the river's water the issue remains largely unresolved. Though, a principal agreement on water sharing was reached and Iran also opened the ports of Bandar Abbas and Chabahar to Afghanistan without further conditions, a formal agreement was never finalised. This was mainly due to a series of political developments in both countries such as the overthrow of monarchy in Afghanistan in 1973, the Iranian revolution of the 1979, the Soviet invasion of Afghanistan in 1979, and the rise of the Taliban to power in 1996 (Aman, 2016).

When Daud became the first president after the coup in 1973, initially there were some reservations on the Helmand Treaty, but this was quickly resolved when Iran recognised the new regime and participated in Afghanistan's economic development. As part of it, an agreement was concluded with Kabul to construct a 960 kms highway linking the Iranian port of Bandar Abbas with the Afghan border. The agreement also included duty free access to the port at Bandar Abbas on the Gulf as well as a protocol for a comprehensive development project in Afghanistan along the Helmand River including the construction of dams and an irrigation network. Likewise, a five-year transit accord providing reduced freight rates for Afghan goods transported on Iranian railways was concluded and a protocol was signed which envisaged joint-projects in the fields of agriculture, industry, and banking between the two countries (Ali, 1974: 60). Besides Iran's involvement in economic development efforts, Afghanistan's good relations with Iran were also influenced by the fact that the oil-producing Iran covered 40 per cent of Afghanistan's oil demand on concessionary terms.

However, after the Soviet invasion of Afghanistan, increasingly tensions over refugees arose. While Iran initially joined the US, Pakistan and Saudi Arabia in countering the Soviets in Afghanistan, this coalition did not hold. The situation changed following the end of the Iran-Iraq war and resulted in the deterioration of the country's relations with the US. Around 1.5 million Afghans fled to Iran, taking advantage of this opportunity. Iran also started to train an indigenous Afghan force of Afghan Shi'ites to create an ideological sphere of influence in Afghanistan. In 1990 and 1991, Iran supported Hezb-e Wahdat, the largest Shi'i organisation, and Jamiat-e Islami, a large organisation under the leadership of Burhanuddin Rabbani and Ahmad Shah Masoud. Iran did not recognise the Taliban government in the late 1990s and assisted the Northern Alliance instead (Milani, 2006).

After 2001, Iran's ill-treatment of Afghan refugees and forced deportation of migrants suggests that the refugees were used to put pressure on Afghanistan. A report of the United States Institute of Peace also shows that up to 50,000 Afghan refugees and labour migrants were recruited to fight in Syria (Jamal, 2019). To counter this, Afghanistan used the access to water resources as leverage to put pressure on Iran to improve its treatment of Afghan refugees. There are also suspicions that Iran attempted to stall the construction of Salma Dam, a hydroelectric and irrigation dam on the Herat River that reduces Iran's share of water significantly, by providing support to the local Taliban (Aman, 2016).

In terms of cross-border trade Afghanistan and Iran signed a trade deal worth USD 50 million in 2015 and the Afghan Minister of Trade and Industries announced customs exemptions for Iranian businessmen/women who would invest in Afghanistan and relocate production lines to the country (Grawert et al., 2017). Following this, India, Iran and Afghanistan signed the Chabahar Agreement in 2016 to make the Iranian port of Chabahar a transit hub, bypassing Pakistan and connecting India to Afghanistan and Central Asia (Chabahar Agreement, 2016). However, narcotics trafficking remains a major problem. Afghanistan produces around 90 per cent of the world's illegal opium, the majority of which is smuggled through Iran (Worden, 2018).

Iran was among the Taliban's key adversaries from 1996 to 2001. The two countries were on the verge of war after Taliban members assassinated nine Iranian diplomats at the Iranian consulate in Mazar-e-Sharif in northern Afghanistan (Jehl, 1998). When the US militarily overthrew the Taliban in 2001, Iran backed the US invasion. In the Bonn Conference Iranian envoy Javid

Zarif worked closely with the US envoy Dobbins on all major issues (Rubin and Batmanglich, 2008). However, the cooperation was shortly ended after President George W. Bush included Iran in his "Axis of Evil" speech a year later. Following this, Iran began reaching out to the Taliban to chase the United States out of Afghanistan (Fassihi, 2021). It provided the Taliban with military equipment to put pressure on the United States but was careful to not overdo it and induce American retaliation. The Taliban were also invited to Tehran on numerous occasions. When the Taliban's chief was killed by an US drone strike in 2016, it was even reported that he had returned from Iran (Worden, 2018). By and large, Afghanistan-Iran relations were mostly cordial, and Afghanistan tried to prevent the tensions between the US and Iran from escalating and impact its relations with either country. Iran contributed USD 560 million in 2002 and USD100 million in 2006 to Afghanistan's reconstruction. In 2006, Iran and Afghanistan also signed a bilateral investment treaty which came into force in 2008 (Milani, 2015: 251). With the Taliban returning to power, issues like a potential refugee crisis, water dispute, narcotics, threats by the Islamic State (IS), and border security once again will become major concerns for Iran.

Conclusion

Neutrality in foreign policy kept Afghanistan out of the great power rivalry and ensured its sovereignty and territorial integrity to a large extent. However, apart from the First and the Second World War, Afghanistan never managed to take the position of an actual neutral state. Economic needs and Afghani rulers' desire to consolidate their power directed the country under the spheres of influence of one or the other rival power. When turned into a buffer state, Afghan leaders received substantial amounts of money and political support from the British and occasional support from the Soviet Union. For the second half of the twentieth century, even though Afghanistan declared non-alignment as its foreign policy doctrine, Russian influence grew stronger. The Afghan government used the Cold War rivalry and put the country on a course of modernization in which Afghanistan was divided between Russia to the north and the US to the south. Political and military backing from the Soviet Union finally brought the country under the Soviet spheres of influence and opened the path to 1979 invasion. Consequently, neutrality and non-alignment turned out to be rather unproductive approaches during this era of its foreign policy, mainly for the reason that Afghan leaders were excessively occupied with receiving foreign aid that never truly worked on developing a self-reliant economy. After

2001, Afghanistan was turned into an US-ally and pushed into the war against terrorism. Besides, the US and its international allies got deeply involved in a wide variety of governmental tasks through economic and political support. Historically, alignment with any big power has been proven destructive and destabilizing for the country and has come with great cost for the Afghani people. However, Afghanistan's location could in principle be used as an asset in connecting Central and South Asia as well as the Middle East. The momentum of connectivity emerged after 2001, but never fully materialized due to the instability of the country and infrastructure deficits. Afghanistan's bilateral relations with its maritime neighbours, Pakistan and Iran, have fluctuated over time. Other than the conflict over water and refugees, the relations with Iran have been mostly cordial. Afghanistan-Pakistan relations on the other hand have been hostile from the very beginning of Pakistan's separation from India due to border disputes. In addition, both countries have invested in proxies to create strategic depth in the face of threats from their rivals. This turned Afghanistan to a proxy war zone and negatively affected its security.

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Bhutan's Foreign Policy and its Strategic Handling of Big Nations

Govinda Rizal

Bhutan, a small landlocked Kingdom in the central Himalayas has to deal with powerful neighbours and maintain friendly relations with them. The border of the Kingdom of Bhutan has never been fixed, and has been frequently shifted through battles, treaties or negotiations. In the course of this, it has lost land and population, despite its declaration of neutrality, compromises in its policies, and remaining an allegiant neighbour to both China and India. In fact, Bhutan's history is based on the histories of its neighbouring countries; though, its early history is largely speculative. There are only few written materials available on the period between the seventh and mid-nineteenth century. During these times, Bhutan's relationships with its neighbours Bengal, China, Cooch Bihar Gorkha, Kamarupa (modern-day Assam), Ladakh, Gorkha (modern-day Nepal), Sikkim, and Tibet were based on religious principles (Aris, 1980). The variations of the countries name Bhutan, Bhootan, and Bhootang have all been mentioned in the history of the region since the time of Guru Padmasambhava – a tantric Buddhist Vajra master from India (modern-day Pakistan) – who introduced Vajrayana Buddhism in Bhutan around the 8th to 9th century. Guru visited Bhutan at the invitation of King Sindhu to cure him from a disease and help him fight his enemies (Sinha, 2004).

Tibetans, to avoid political and religious persecution, fled from their homeland and arrived in Bhutan during various phases of history. In the early seventeenth century, one of the monks who fled Tibet consolidated the western part of modern-day Bhutan, and his successors unified the eastern part of modern-day Bhutan under one administration (Hasrat, 1980). The powerful Ugyen Wangchuck of Tibetan descent, who was able to silence his opponents, with the moral support from the British government declared himself the hereditary King (Directorate of Field Publicity, 1964) and since then the country has been ruled by five Kings of the Wangchuck dynasty.

Bhutan has traditionally pursued an isolationist foreign policy, limiting its interactions at the international level. The Royal Government of Bhutan (RGoB) has always weighed the benefits, risks, and consequences of participating in

international forums and conventions. That said, it did join a few international organisations and conventions and has permitted a few elite international organisations to establish offices in the country. Bhutan in recent years has been expanding its diplomatic outreach. It has now embassies in six countries and two permanent missions and as well as consulate offices in 17 countries (refer to Table 1 on page 127 for more information). (Sibbal, 2020; Bhutan, Ministry of Foreign Affairs, 2021). Each embassy handles consular issues in more than one country. As a process of the transition from an authoritarian to a constitutional monarchy, the RGoB promulgated a new constitution in 2008, lifted the ban on political parties partially, and introduced periodic parliamentary elections. The conditions on the formation of political parties included, among other things, an absolute support of the monarchy, adopting gross national happiness as the only ideology and that the party leader must be a recipient of a medal from the King. There were no radical reforms in regard to the contents of the constitution and it cemented the monarchy's firm and rigid position. The RGoB is currently siding with and following India in dealing with international issues and agendas, while being a member of various intergovernmental, international and regional organisations (Royal Government of Bhutan, Ministry of Foreign Affairs, 2021).

The RGoB has issued limited foreign policy documents, some of which are available online (Royal Government of Bhutan, Ministry of Foreign Affairs, 2021). In addition, only a few publications have examined Bhutan's foreign policies and its strategic survival as a small landlocked mountainous country (Bhosale, 2020). Against this background, the goal of this chapter is to highlight Bhutan's foreign policies, which have ensured the survival of a small landlocked state between two giant, populous, and frequently hostile countries, China and India. An extensive review of literature and discussion with Bhutanese historians and scholars were conducted for that purpose. The article discusses the effect of India's annexation of Sikkim on Bhutan, Bhutan's relationships with the five permanent (P-5) members of the United Nations Security Council (UNSC), internal reforms as well as external policies and dealings. The findings clarify the current scenario of Bhutan's foreign policy, laying the foundation for discourse and theorisation in the future.

Bhutan's state formation and survival

The establishment and survival of Bhutan were possible through peoples' continuous struggle and quiescent relationship with its neighbours. During the

ancient and medieval periods, the rulers and the people formed bonds based on basic survival, and the focus was on education and security needs. They traded with neighbouring states, mainly with Tibet and India, and the interaction occurred primarily between traders, scholars, and warriors. Frequent clashes with Cooch Behar, Sikkim, and Tibet brought heterogeneity in the population. Bhutanese troops once reached up to the river Brahmaputra in the East, the Ganges in the South, the Koshi River in the West, and Lhasa in the North. Dharmaraja (Shabdrung) Nawang Namgyel unified the existing fiefdoms into one country in the 17th Century AD (Sinha A. C., 2001). Following his death, the country was administered in accordance with his master plan for governance.

Bhutan received its current recognition in 1865, following the treaty of Sinchula with the then-British (East India Company) in India (Malhotra, 2010). The treaty was concluded after Bhutan and the East India Company fought fierce battles in which both sides incurred tremendous losses (Rennie, 1866). Bhutan lost about 15 per cent of its fertile lowland called Duars to British India under the terms of the treaty as a war reparation (Rennie, 1868; Malhotra, 2010). In exchange, British India agreed to pay a decent lump sum amount of Rs. 50, 000 (approx. 600 USD in present times) as rent and loyalty to the treaty (Sunder, 2013). As a result, Bhutanese rulers shifted their allegiance and dependence towards British India. The treaty also allowed Bhutan to manage its internal affairs freely; though, it had to consult with British India when dealing with its neighbours and other countries.

Four main treaties govern the Bhutan-India relations as well as partly the country's relations with other countries: a) the Treaty of Sinchula (1865) between Bhutan and East India Company; b) the Treaty of Punakha (1910) between Bhutan (following the installation of a hereditary Maharaja in 1907) and the British in India; c) the Bhutan-India Friendship Treaty (1949) between the RGoB and Independent India; and d) the Bhutan India Friendship Treaty (2007) between the governments of Bhutan and India.

Following the 1949 treaty, independent India returned a small area of 83 sq. km called Dewangiri (present-day Deothang) to Bhutan. Between 1949 and 2006, the area of Bhutan was 48000 sq. km. However, between 2006-2008 Bhutan gave up on its claims vis-à-vis India over the Duars with the Bhutan India Friendship Treaty (2007) and ceded its highest peak, Mount Kulakangri, to China without a public announcement. Consequently, in 2021, Bhutan was left with an

area of 38,500 sq. km, while the borders with China and India are still disputed in many places (Ghoshal, Katakam and Bhandari, 2022; Rizal, 2018).

In the 1990s, the RGoB reduced its population by 15-20 per cent through a premeditated eviction (Dixit, 1992). This evicted population makes up the majority of the Bhutanese diaspora and resettled mostly in Australia, Canada, Denmark, Germany, India, Nepal, the Netherlands, New Zealand, Norway, the United Kingdom, and the United States of America (UNHCR Nepal, 2013). It remains to be seen how this Bhutanese diaspora will affect activism at home and Bhutan's international relationships in the future (Banki, 2013).

Bhutan's foreign policy principles and diplomatic relations

Article (9:24) of the 2008 Constitution governs the foreign policy of the Kingdom of Bhutan (RGoB, 2008a). The constitution entails seven guiding principles on foreign policy: a) safeguarding the sovereignty, territorial integrity, security, and unity; b) preserving political, cultural, and spiritual heritage; c) developing friendly and mutually beneficial relations with all countries; d) achieving socio-economic self-reliance; e) enhancing sustainable socio-economic development; f) contributing to the development of a peaceful, secure and prosperous world; and g) promoting respect for the rule of law, peaceful co-existence and peaceful settlement of disputes (Royal Government of Bhutan, Ministry of Foreign Affairs, 2021). India was the first country to establish diplomatic relations with Bhutan and opened an embassy in Thimphu, followed by Bangladesh and Kuwait (Royal Government of Bhutan, Ministry of Foreign Affairs, 2021).

Table 1: List of countries having diplomatic relations with Bhutan and the year of the establishment of relationships

SN	Country	Year of Establishment	SN	Country	Year of Establishment
1	India	1968 Jan	28	Fiji	2011 Nov 18
2	Bangladesh	1973 May 12	29	Morocco	2011 Nov 21
3	Kuwait	1983 May 23	30	Luxembourg	2011 Dec 01
4	Nepal	1983 Jun 03[1]	31	Czech Republic	2011 Dec 02
5	Maldives	1984 Jul 20	32	Serbia	2011 Dec 09
6	Netherlands	1985 Jun 10	33	Indonesia	2011 Dec 15
7	European Union	1985 Aug 09	34	Mongolia	2012 Jan 18
8	Denmark	1985 Aug 13	35	Vietnam	2012 Jan 19
9	Sweden	1985 Aug 27	36	Myanmar	2012 Feb 01
10	Switzerland	1985 Sep 16	37	Argentina	2012 Mar 14
11	Norway	1985 Nov 05	38	Costa Rica	2012 Mar 21
12	Japan	1986 Mar 28	39	Andorra	2012 Mar 23
13	Finland	1986 May 01	40	Mauritius	2012 Jul 02
14	Sri Lanka	1987 May 13	41	Eswatini	2012 Aug 21
15	Republic of Korea	1987 Sep 24	42	United Arab Emirates	2012 Sep 13
16	Pakistan	1988 Dec 15	43	Republic of Slovenia	2012 Sep 26
17	Austria	1989 May 08	44	Armenia	2012 Sep 26
18	Thailand	1989 Nov 14	45	Turkey	2012 Sep 26
19	Bahrain	1992 Jan 06	46	Egypt	2012 Nov 14
20	Australia	2002 Sep 14	47	Kazakhstan	2012 Nov 20
21	Singapore	2002 Sep 20	48	Republic of Poland	2012 Nov 29
22	Canada	2003 Jun 25	49	Colombia	2012 Dec 21
23	Belgium	2009 Jan 21	50	Tajikistan	2013 Jan 24
24	Brazil	2009 Sep 21	51	Republic of Azerbaijan	2013 Feb 07
25	Afghanistan	2010 Apr 20	52	Oman	2013 Mar 15
26	Spain	2011 Feb 11	53	Federal Republic of Germany	2020 Nov 25
27	Cuba	2011 Sep 26	54	Israel	2020 Dec 12

Source: Royal Government of Bhutan, Ministry of Foreign Affairs (2021) and other sources.

[1] https://mofa.gov.np/nepal-bhutan-relations.

In recent years, the RGoB has also appointed honorary consuls for Kagoshima and Tokyo (Japan), Seoul (South Korea), Colombo (Sri Lanka), The Netherlands, Madrid (Spain), Canada, Vienna (Austria), Prague (Czech Republic), and Manila (The Philippines) (MoEA-RGoB, 2021). As of now, the RGoB has diplomatic relations with 54 countries, 30 of which were developed between 2008 and 2013 (see Table 1) to gain support for Bhutan's election as a non-permanent member in the UN Security Council. Diplomatic activities then ceased until 2020, when Bhutan and Germany exchanged diplomatic notes and agreed to establish honorary consulates in each other's capitals (Haider, 2020). In 2020 a formal diplomatic relationship with Israel was established as well (Agence France-Presse, 2020).

In addition to this, the Bhutanese royal family maintains relations with other royal families around the world. The Bhutanese and Japanese royal families, for example, exchange visits frequently. In 2011, the Inner Temple of the United Kingdom installed the King of Bhutan as its Royal Bencher (Cabinet, 2012). Bhutan's and Thailand's royalties exchange visits as well and have initiated student exchange programs. The Bhutanese royalties have connections with several former royal families in India as well.

Bhutan and Nepal share several commonalities. However, the relationship between the two countries deteriorated after the RGoB expelled about seventeen per cent of Bhutan's citizens, most of them eventually were seeking refuge in Nepal. Later on, more than 100,000 Bhutanese refugees have been relocated to eight developed countries, which has decreased the refugee burden on Nepal. However, the problem remains largely unresolved, even though a small number of Bhutanese refugees are awaiting repatriation to Bhutan (Rajbansi, 2018). As a consequence of all this, the Bhutanese diaspora can now be found all over the world.

The RGoB has been promoting its soft power globally. The usage of the concept of Gross National Happiness (GNH) to measure the people's level of socio-economic wellbeing, instead of Gross Domestic Product (GDP), has sparked the interest of many economists. The concept of GNH is also used as a way of preventing the mall-consequences of the logics of globalisation dominating national economies (Kelly, 2012). In addition, the RGoB has set a limit on the number of tourists who can visit the country and mandatory daily fees for them (Lonely Planet, 2020). While the citizens in industrialised countries are

urging their governments to act on climate change mitigation and long-term environmental conservation, the constitution has mandated the RGoB to always maintain a 60 per cent coverage of its territory with forest (RGoB, 2008a). On the political front, the RGoB has made it compulsory for the candidates to the national parliament to hold a formal university degree (RGoB, 2008b). Though it received domestic criticism, but it has been applauded globally. Overall, Bhutan's image has improved due to this soft power diplomacy.

Bhutan government's position in international conflicts and issues

The Constitution of Bhutan explains that no military force shall be used against a foreign state except in self-defence or to maintain its security, territorial integrity, and sovereignty (Article 28:6; RGoB, 2008a). This has remained its guiding principles in conducting international affairs. Yet, Bhutan appears to have taken a very pragmatic approach whilst conducting international affairs. For example, Bhutan's fourth King Jigme Singye Wangchuck and Palestinian leader Yasser Arafat were considered to be very close friends, due to which RGoB has always sympathised with the Palestinians' situation (Times of India, 1984). However, Bhutan's position has shifted after 2000, and the country established diplomatic relations with Israel. The shift occurred after Bhutan and the United States increased their cooperation on the issue of Bhutanese refugees in Nepal. Until 2000, the RGoB was officially on the side of Palestine in the Israel-Palestine conflict and voted accordingly on the international stage (Commission on Human Rights, 1999). However, after 2004, the RGoB began to vote on the side that the US supported; it either voted in accordance with the US's position or abstained. On December 12, 2020, the RGoB formally established diplomatic relations with Israel (see Table 1). Similarly, the RGoB's stance on the Cuba-American relationship has also shifted over the years. Before 2000, RGoB was closer to Cuba, but now stands with the USA (Sibbal, 2020).

Bhutan's rulers were shocked when India annexed Sikkim in 1975, so the RGoB enacted stricter marriage and migration laws in the Bhutan Citizenship Acts of 1977 (Royal Government of Bhutan, National Council, 1977). It also established a firm rule for the King's choice about marriage. A throne-holder who marries someone who is not a natural-born Bhutanese citizen (Drukpa) forfeits his or her right to the throne (Article 2:3f, RGoB, 2008a). In recent years, since 2014, Bhutan is also sending its soldiers to the United Nations Peacekeeping Force.

Bhutan-India relations

Bhutan and India have always been friendly neighbours. Bhutan's survival as a nation is primarily owed to India but at the cost of reduced size and a constrained international role. British India was the first foreign government to intervene in Bhutan's internal affairs. Following the 1864-65 Bhutan-India War, the British began to impose, through the treaty of Sinchula 1865, restrictions on Bhutan's laws and policies. Among others, The Article VIII of Treaty of Sinchula, 1865 states that the Bhutan Government agreed to refer to the arbitration of the British Government regarding all disputes with, or causes of complaint against the Rajahs of Sikkim and Cooch Behar, and to abide by the decision of the British Government, and the British Government hereby engage to enquire into and settle all such disputes and complaints in such manner as justice may require, and to insist on the observance of the decision by the Rajahs of Sikkim and Cooch Behar.

The people of the two countries had equal rights in each other's territories. In that regard Article IX of the Treaty of Sinchula (1865) states that there shall be free trade and commerce between the two Governments. No duties shall be levied on Bhutanese goods imported into British Territories, nor shall the Bhootan Government levy any duties on British goods imported into or transported through Bhootan territories. Bhutanese subjects residing in British territories shall have equal justice with British subjects and British subjects residing in Bhutan shall have equal justice with the subjects of the Bhootan Government. The later revised treaty included a similar provision (Treaty of Punakha, 1910).

Bhutan transitioned from a dual system of government led by religious and secular rulers, the former chosen based on the principle of reincarnation and the latter through an election, to an absolute hereditary monarchy in 1907 (Harsat, 1980). The treaty between Bhutan and British India was updated after the system changed in Bhutan. The conditions remained the same as the treaty of Sinchula1865, but the annual allowance was increased to Rs. 100, 000 (approx. 1200 USD in present times) (Blaustein, Sigler and Beede, 1977).

Two years after India gained independence, the treaty was revised once again in 1949 and some additional provisions were introduced. Now, Bhutan not only had to follow India's lead in foreign affairs but also only purchase weapons from India (India, MEA, 1949). Even though, Article Two of the treaty stated that the Government of India will not interfere in the internal administration. Likewise,

the annual allowance was raised to Rs. 500, 000 (approx. 6000 USD in present times)(India, MEA, 1949) and the Duars remained under Indian administration.

In 1958, Bhutan's third King Jigme Dorji Wangchuck made a historic statement with regard to Bhutan's relationship with India and stated that India and Bhutan, like milk and water, cannot be separated. Bhutan's stance on its relations with the Indian neighbour remained consistent since then. The treaty further stated that Bhutanese citizens residing in India shall have equal rights as Indian citizens, and that Indians residing in Bhutan should be treated as Bhutanese citizens (Article V, India-Bhutan Friendship Treaty, 2007).

India annexed Sikkim, Bhutan's neighbouring kingdom, in 1975. Therefore, Bhutan became apprehensive that it could face a similar fate. The ruling elite assumed that the marriages of Sikkim's rulers and leaders with foreigners as well as pliant immigration policies played a role in the annexation. Thus, the RGoB amended its domestic policies on marriage, nationality, land, and inheritance as well as migration and made them stricter (Royal Government of Bhutan, National Council, 1977; Royal Government of Bhutan, National Council, 1980). The treaty with India was again revised in 2007, and both the allowances and claims over Duars were removed from the treaty. The arrangement now also allows Bhutan to purchase weapons from countries other than India after informing the latter. And possibly most importantly, the provision of India's guidance over Bhutan's foreign affairs was removed (India, MEA, 2007).

Bhutan had a desi (foreign ruler) at the helm of the state from the early 18th to mid-19th century, who was supported by three to five governors known as *penlops*. The *penlops* used to collect the taxes in cash from the Duars and often sent their men to plunder, kidnap, and loot. After the Duars were taken by British-India and the annual allowance was implemented, the *penlops* felt like they did not receive their fair shares. Therefore, the *penlop*, known in the West as *Ha Penlop*, which commanded the North of Bengal Duars, began mass resettlements of people from Nepal, Sikkim, and Darjeeling areas in exchange for taxes and border security. The *penlop*, in the East called *Tongsa Penlop*, rose to prominence in the country, but only received little remittances from the Assam Duars under his command. Later on, the *Tonga Penlop* became the hereditary monarch and gradually eliminated the system of appointing *penlops* in other areas. The royal family no longer depended on the allowances from the Duars as well, because it received financial assistance from India as well as from other countries.

Over the years, the trust and friendship between Bhutan and India became closer due to frequent high-level visits. Between 2008 and 2013, the first elected government of Bhutan tried to implement reforms in several fields, including diplomatic relations (Cabinet, 2012). However, the Government of India suddenly stopped the subsidies on fuel, which it was providing to Bhutan just days before the 2013 election. The effect was brief but alarming. It also contributed to a shift of votes that pushed the incumbent ruling party into opposition (Rizal, 2013). The reduction in India's fuel subsidies created pro- and anti-India debates in public. A section of the Bhutanese population for the first time started to publicly criticise the Indian government.

Bhutan was Prime Minister Narendra Modi's first destination for a foreign state visit after he took office in 2014. Addressing a joint session of the Bhutanese parliament, he said that in the next ten years, the development model of Bhutan will become a source of inspiration for other small countries of the world that would closely observe how Bhutan progressed despite many difficulties (India, MEA, 2014). His visit contributed to ease relations with Bhutan and the Indian subsidies on fuel were reinstated. However, Narendra Modi is not the first Prime Minister to visit Bhutan as the head of his government. In September 1985, Prime Minister Rajiv Gandhi's first official foreign visit was also to Bhutan (Wakankar, 2015).

Another important connection between Bhutan and India is hydropower. Bhutan's electricity is produced and purchased solely by India. India constructs dams across rivers in Bhutan, harvests electricity, and purchases it. Thus, Bhutan earns money from water that would otherwise flow freely into India. The other aspect of the Bhutan-India relationship is economic interdependence as Bhutan's largest donor, exporter, and importer is India.

Bhutan and India's final border demarcation is on hold since 2006, when the technical teams of the two countries had prepared the demarcation. It may be finalised and signed soon after Bhutan completes its border demarcation with China (Rizal, 2018). Bhutan, China, and India clash at the tri-junction in Western Bhutan's on the Doklam Plateau on an annual basis (Rizal, 2017). Using the Chinese presence in Doklam as a pretext, India upgraded its northeast military bases, including the Rafale Squadron stationed at Hasimara. The Rafales are equipped with lethal weapons, advanced avionics, radars, and electronic warfare systems, and have a combat range of 780 to 1,650 km (Pandit, 2021).

Meanwhile, it is only 15 km to the Bhutanese border (100 km to Thimphu), 50km to the Bangladesh border (320 km to Dhaka), 115 km to the Nepalese border (with Kathmandu 415 km away) and it is only 80 km to the Chinese border from Hasimara Rafale. Bhutan has little options, with the Indian missiles stationed in firing range, other than seeking India's military protection. Regardless of the ups and downs, India has served as Bhutan's guardian neighbour, connecting the country to the rest of the world; the country has been transformed from an India-locked to an India-connected nation due to this privilege.

Bhutan-China relations

Bhutan shares borders with India in the east, south, and west and with China in the east, north, and west. Bhutan and China had friendly relations since the Middle Ages. Bhutanese and Chinese rulers frequently exchanged visits and tokens during the 18th and 19th centuries. After the Chinese annexation of Tibet in 1959, they became direct neighbours as well. In the aftermath of the Chinese army's invasion of Tibet in 1959, six thousand Tibetans were seeking refuge in Bhutan, later their number grew to 10,000. The RGoB offered them Bhutanese citizenship, but only a small number of Tibetans accepted; many of those who declined the offer were expelled from Bhutan. Between 1980 and 1985, about 3,100 Tibetan refugees had further migrated to India, while 4,200 Tibetans had accepted Bhutanese citizenship (Savada, 1991). In 2017-18, 1847 Tibetan refugees were living in seven settlements in Bhutan (United States Department of State, 2018). Tibetans continue to enter Bhutan in small numbers. However, the majority are only traveling through on their way to India.

When China occupied Tibet, it also seized at least eight Bhutanese enclaves in the region around Mount Kailash. The Chinese government, led by Mao Tse-tung, even claimed suzerainty over Bhutan. Since then, the RGoB cut all ties and contacts with China. There are still unresolved disputes over the border demarcation, and the territorial claims of both countries overlap in places (Rizal, 2013). During the 1962 China-India War, Bhutan chose to remain unarmed, while supporting India. However, Indian soldiers were not permitted to use Bhutanese soil during the conflict. Though, Bhutan aided the evacuation of Indian soldiers injured in the war. In exchange, India sponsored Bhutan's membership of the United Nations (UN).

Bhutan-China relations pivot around border negotiations. In 1980, the two governments began their border talks. Bhutanese delegations included Indian experts in the first four talks until 1987, while China preferred talks without India's involvement. In 1988, China presented its version of the borders, which included at least nine areas of Bhutan, and proposed a land swap to resolve the differences. The two countries signed an "Agreement on Maintenance of Peace and Tranquility in Bhutan-China Border Areas" in 1998 and further agreed that until they resolved border issues, "the status quo of the border prior to March 1959 should be upheld". China reaffirmed its unequivocal support for Bhutan's independence, sovereignty, and territorial integrity. The two governments agreed to develop good-neighbourly and friendly relations by following the five *panchsheel* principles of peaceful co-existence. Since 1959, the RGoB has agreed to adhere to the 'One China Policy' to maintain friendly relations with China. According to Article III, 14 of RGoB's foreign policy, "Bhutan supports the 'One China Policy' and engages with China on issues of common interest" (Royal Government of Bhutan, Ministry of Foreign Affairs, 2021).

Bhutan is embroiled in border disputes with both China and India. The conflict with China is publicly discussed and the Indian media pays close attention to it. The dispute with India, on the other hand, is dealt with quietly. It is normally considered that India will settle its differences with Bhutan once Bhutan-China border disputes are settled. Bhutan quietly ceded a chunk of its northern part, including its tallest mountain, Mount Kulakangri, to China in 2007-2008. Over the years, the tugs-of-war between China and India over Bhutanese land have resulted with the Duars in falling to India and Mount Kulakangri to China. Meanwhile, China still has a number of claims to resolve with Bhutan (Rizal, 2013). Still, unless and until the border between Bhutan and China is finally demarcated, the three countries will continue to struggle over border disputes.

In a regional perspective, China wishes to expand its cooperation with members of the South Asian Association for Regional Cooperation (SAARC). When Afghanistan was admitted as the organisation's eighth member at the 2009 SAARC summit in Dhaka, China and Japan were invited as observers. Later on, China expressed its desire to become an official member of the cooperation in 2014 (Jha, 2021). However, India strongly rejects such an arrangement as Delhi expects stronger resistance in SAARC if China, Pakistan's all-weather ally, would be included. Bhutan, as it has always done, firmly supports India's position on China's membership of SAARC. Consequently, China proposed

alternative regional cooperation in South Asia in the name of poverty alleviation. Afghanistan, Bangladesh, Nepal, Pakistan, and Sri Lanka were included in the proposal, while Bhutan, India, and the Maldives were not (Jha, 2021). China upgraded the concept to form the China-South Asia Cooperation Forum (CSACF), also known as the Himalayan Squad, which is perceived as a Chinese counter-initiative to the Quadrilatreral Security Dialogue (Quad) between Australia, India, Japan, and the United States (Siow, 2021).

In 2016, China founded the Asian Infrastructure Investment Bank (AIIB), of which India has become a member and beneficiary (AIIB, 2020). Bhutan has not joined the AIIB so far, since it has access to enough external funds from the Asian Development Bank, International Fund for Agricultural Development (IFAD), the Kuwait Fund, and the World Bank (Bhutan Broadcasting Service, 2015). Yet, China inched closer to Bhutan since 2017 and has engaged in constructing roads, helipads, and bunkers in Doklam, at the Bhutan-China-India trijunction to the west of the country. While international observers have detailed the Chinese construction using satellite maps (Rossow, Bermudez and Upadhyaya, 2020), there is no confirmation of the claim by some Bhutanese that China has built tunnels beneath their feet.

Bhutan's presence in the region

Bhutan has a strong presence in many regional bodies like SAARC, the Non-Aligned Movement (NAM), and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC). Bhutan is a founding member of SAARC and has been an active member since the inception in 1985. It has also hosted the sixteenth SAARC summit in 2010. Moreover, as a part of its role in the region, Bhutan was the first country to recognise Bangladesh after it declared its independence in 1971. Not only was Dhaka immediately invited to establish its embassy in Thimphu (Savada, 1991), the government of Bangladesh also awarded the 'Bangladesh Liberation War Hero' decoration to the third king of Bhutan (reign 1952-1972) in 2012 for a firm stand to recognise the new country. Bhutan has also made efforts to strengthen its ties to the North-Eastern Indian states bordering the country. The RGoB opened a Royal Bhutanese Consulate General in Guwahati in February 2018. Moreover, Bhutan's national flag carrier, Druk Air, has been operating a regular flight between Paro and Singapore, with a stopover in Gauhati since September 2018. Bhutan's air link has brought Bhutan and Northeast India also closer to the Association of

Southeast Asian Nations (ASEAN) (Borah, 2018). Druk Air's seasonal, regular, or chartered flights connect Bhutan to the Indian cities of Bagdogra, Delhi, Gaya, Guwahati, Kolkata, Mumbai as well as to Dhaka (Bangladesh), Kathmandu (Nepal), Bangkok (Thailand), Tokyo (Japan), Dili (Timor-Leste), Dubai (United Arab Emirates), Singapore, and Ho Chi Minh City (Vietnam) (Druk Air, 2021).

Bhutan's membership in international organisations

Bhutan chose to remain neutral during the cold war period. Following China's occupation of Tibet, the country ended its self-isolation to seek friends and means to survive in the face of the perceived threat by its big neighbours. Bhutan joined the Colombo Plan in 1962, the Postal Union in 1969, the United Nations Organisation (UNO) in 1971 and the Non-Aligned Movement in 1973 (Savada, 1991). Furthermore, it adopted the Alma Ata Declaration of Health for All in 1979 and became a member of the World Health Organization in 1982 (World Health Organization, 2020). Bhutan's exposure on a regional and global scale increased the recognition of the country as an independent sovereign state, gradually reducing the fear of annexation. Bhutan houses offices of UNDP, UNICEF, Save the Children-UK, World Wildlife Fund, International Union for Conservation of Nature and other organisations.

The RGoB has not joined the World Trade Organisation (WTO) till now, due to the belief that Bhutan would benefit far less as compared to the trade with India. A joint research team comprising of the RGoB, the Enhanced Integrated Framework, and the UNDP have recommended that Bhutan should join WTO to reap greater benefits as it transitions from the group of least developed economies to the lower-middle-income group. As per the diagnostic trade integration strategy update 2020, the RGoB is carefully considering giving up its observer status and becoming a member of the WTO (UNDP, EIF and RGoB, 2021). However, the parliament of Bhutan must ratify before acceding to any international conventions and agreements as per Article 10, 25 of the Constitution of the Kingdom of Bhutan (RGoB, 2008a).

Relationships with five permanent members of the United Nations Security Council

Bhutan has been tactful enough to ask the five permanent members of the United Nations Security Council (UNSC) China, France, Russia, the UK, and the

United States, not to set up embassies in the country (Chaudhury, 2017). There are several reasons for this hesitancy. One of the main reasons is Bhutan's fear that their differences will come to Bhutan as well and that the country is used as a base to work against its neighbours, China and India, which the current system could not handle. Bhutan's limited resources would be insufficient to monitor all their activities and limit them to their assigned roles. Bhutan held this position firmly, even though China and the US have approached the country about establishing their embassies. Thus, Bhutan remains one of only three countries that do not have an US-embassy; Iran and North Korea are the other two (Schiavenza, 2015).

However, several Bhutanese leaders and bureaucrats had received their higher education from elite institutes of the P-5 countries. The US government provides fellowships to Bhutanese students to study in the US and the US, along with seven other developed countries, took in Bhutanese refugees languishing in Nepal. Jim T Kolbe, a US Senator, who led delegations to Nepal and Bhutan, clarified the condition of their resettlement in developed countries with the following words "… if they (Bhutanese refugees) believe Bhutan is their homeland and they are not able to return, they will be resettled in third countries like the US (Bhutan News Service, 2006). If the population of refugees accommodated in the US is taken into consideration, then the US is home to 13 per cent of the global Bhutanese citizenry or one in every eight. In the future, these people can play instrumental roles in bringing about changes in Bhutan.

Yet, there are chances of UNSC permanent members to persuade the RGoB to allow them to open embassies in Bhutan in the future. One pathway for this, could be the proposed inclusion of Brazil, Germany, India, and Japan as permanent members of the UNSC – all of them already have embassies in Thimphu. Bhutanese leaders have also supported the resolution in the United Nations General Assembly (Arora, 2020). In that regard, they could support Bhutan in becoming a non-permanent member for two years and seek a reciprocal favour. Bhutan already contested unsuccessfully once for the position in 2012 (Rizal, 2011; Press Release, 2012).

Conclusion

Bhutan's foreign policy evolved as this small country struggled for survival between the two populous, ancient civilisations of China and India. Bhutan's current shape and size is, in large parts, the result of the cartographic works

of its two neighbours. Long and bruising political squabbles in the country's past have shaped both its foreign and domestic policies. It survived by pursuing non-aligned, non-interfering foreign policies and neighbour-friendly external approaches. Unlike in many democratic countries, where foreign policy changes with changes in governments, the parties elected to the government in Bhutan must adhere to the established policies. The first elected government (2008-2013) tried to tangentially increase Bhutan's diplomatic presence; consequently, the ruling party was defeated in two subsequent elections. It was also a test of the 2007 amendments to the Bhutan-India Friendship Treaty, which quashed the earlier provision requiring Bhutan to seek India's approval in foreign affairs. The test revealed that India had yet to put the treaty's words into action.

An active monarchy has ruled Bhutan for more than a century. Thus, the domestic and foreign policies are framed to preserve the system. Bhutan's land and population are shrinking, and the country is fighting diplomatically and tactically to maintain its sovereignty and independence. Both China and India are emerging global superpowers, and to handle their ambitious endeavours, Bhutan will require a higher level of diplomacy, strategies, and connections. The role of the US and the Western World will become more important than ever in the coming days for Bhutan. In this, the large Bhutanese diaspora has the potential to play a strategic role in saving and shaping Bhutan in the future.

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Bolivia's Foreign Policy

Development Strategies of a Small Landlocked State[1]

Franz Isaac Orozco Padilla

This paper aims to explore the foreign, development and security policies of the Pluri-national State of Bolivia within the framework of small and landlocked countries (von Däniken, 1998).[2] It also seeks to understand how Bolivia has been able to manage its geopolitics and defined its strategies to meet its foreign and development policy goals, and how it should balance its relations with its neighbours and beyond.

Bolivia is a pluri-national state located in the heart of South America and is surrounded by three large transboundary water basins: the Amazon, the River Plate, and the closed Highland basin. Since 1939, the country has extended across 1,098,581 km² and is home to 11,841,955 million inhabitants with a population density of around ten people per square km, most of whom live in the main urban centres (capital cities of each department) (INE, 2020 and INE, n.d.). Rural areas are sparsely inhabited; even more so in the border areas where the population is concentrated around the border crossings. All of which contributes to a rather specific socioeconomic context. Bolivia's international border length is 6,750 km. The country shares borders with five countries: Brazil to the northeast (50 per cent of its border); with Paraguay to the southeast, Argentina to the south and Chile and Peru to the west. Along the borders, 33 provinces and 72 municipalities are located, with 9 municipalities hosting border cities (Sánchez Serrano, 2018). In sum, Bolivia is a landlocked country with a number of international borders.

Bolivia's geography and geopolitics have changed dramatically since its independence from Spain in 1825, when Bolivia covered around 2,363,769 km², much more than it does today, including some territories which it had no factual control over and the Littoral Province that allowed sovereign access to

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the Pacific Ocean. The province was annexed during the so-called "War of the Pacific", which was fought in 1879 alongside Peru against the Republic of Chile. This traumatic event left Bolivia cut off from the sea after losing its coastline. After this substantial loss, Bolivia lost further territories in armed conflicts with Brazil in 1903 and Paraguay in 1932, and even more due to arbitrations and diplomatic negotiations with its neighbours Argentina and Peru, and others. To sum up, over the years, Bolivia has lost 53.52 per cent of the territory it gained in 1810, according to the American principle of *uti possidetis iuris*[3], which has resulted in two main geographical ills that have wielded and still wield great influence on the country's development: loss of territories and being landlocked. Both still weigh heavily on Bolivia and can be attributed to their neighbours' greed for Bolivia's natural resources, such as rubber, saltpetre, guano, and copper that led to armed conflict, and Bolivia's poor foreign and defence policies.

The geopolitical configuration has some advantages and disadvantages for Bolivia's development. The country is still having a hard time of integrating its different geographical parts: the Andean-centred "mining superstate," which has been in place for more than 100 years, the country's inter-Andean valleys, the Amazon, and the lowlands, which are now seen as the most dynamic economic and urban areas. Consequently, these regions have recently developed more independent relationships with their respective neighbouring countries Argentina, Chile, Brazil, Peru, and Paraguay. And some of these countries, at the turn of the century, crossed into Bolivia via roads and railways.

Bolivia's international relations have been driven by the export of minerals and rubber to overseas markets, which meant that certain zones and cities on the border were better connected to neighbouring countries. In contrast, internal linkages were slower and even today lack economic resources as well as political and social agreements to undertake large-scale road network projects. Only at the end of the nineteenth century (1884) and the first half of the twentieth century (1909 to 1917) major roads were built to link the east of the country with the Pacific Ocean and from Santa Cruz de la Sierra to the interior of the country (Rodríguez Ostria, 2012).

It was not until the 1950s, in the context of the National Revolution of 1952, that a major road network was planned in the country to overcome the geographical,

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[3] A principle of customar y international law that serves to preserve boundaries of colonies emergiinas States.

geo-economical and internal development challenges. This was also the goal behind efforts making some of the geopolitical doctrines more practical and coherent by putting them into practice through Bolivia's foreign policy with involvement at the regional and international levels. The current geopolitical structure of Bolivia results in a number of interrelated factors that are critical to the drafting and implementation of the country's foreign and security policy vis-à-vis development strategies. For example, the axis for geopolitical planning and developing major infrastructure and economic factors are mainly interoceanic, using a corridor running from east to west and vice-versa, i.e., linking the Pacific and Atlantic oceans. On the other hand, the North-South geopolitical axis is the least dynamic.
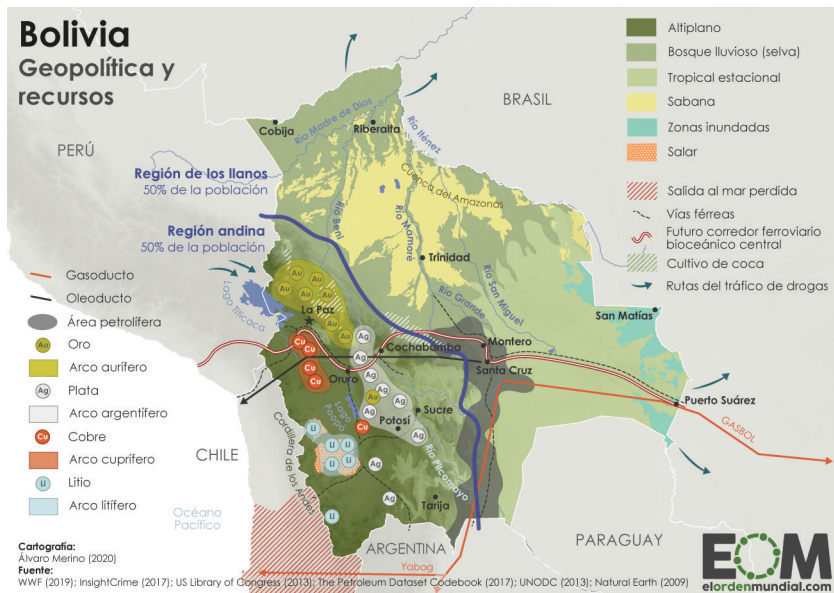

Figure 1: Map of Bolivian geopolitics and resources

Source: Merino (2020).

Despite geopolitical advantages, such as a large surface area, a variety of climates and terrains, home to rich biodiversity, and an enormous wealth of strategic natural resources, Bolivia has not been able to move beyond being a small and dependent economy. Its most recent economic cycle shows a high dependence

on the price of oil, gas, gold, zinc and tin (OFEP, n.d.) due to its limited product diversification and exports of raw materials, as well as its weak integration into the intermediate links of global value chains (Castilleja-Vargas, 2020). Bolivia's exports plummeted in April 2020, falling to USD 238 billion from USD 603 billion in March of the same year, but are showing signs of recovery after the Covid-19 pandemic loosening its grip on the global economy (Fundación Milenio, 2021). However, in terms of the Human Development Index (HDI), despite moving from a medium to high HDI, Bolivia still remains below the average for this group of countries, including its regional peers. Bolivia's HDI value in 2019 was 0.718, which was lower than the average of Latin American and the Caribbean countries (0.766) and ranked 107 out of 189 countries. Bolivia ranks similar Ecuador (86) and Paraguay (103) in the region and globally is tied with Indonesia and the Philippines (UNDP, 2020).

Geography as a foreign policy challenge

Given the overall geopolitical context, Bolivia's foreign policy has faced a myriad of challenges. These are not limited to development and a lack of hard power to address or balance its security with neighbouring countries or others, but also the challenge of overcoming the constraints of being a landlocked country. Bolivia's situation is even more complex and challenging as it is plagued by political instability and internal social conflict. Since the restoration of democracy in 1982, the political-ideological polarisation between right and left, racism, regional stand-offs between the eastern and western part of the country, weak state capacity, too many ineffective development plans, a lack of public policy, corruption and various other factors may explain why Bolivia has yet to effectively leave behind its condition of "small state". These factors also impacted its ability to develop a foreign policy to successfully navigate an increasingly dynamic, interdependent, conflict-ridden international context that is the result of a geopolitical conflicts among great powers.

In the first few years after Bolivia gained independence, politicians, diplomats and intellectuals understood and projected the country's geopolitical and developmental situation in context of three basic precepts:

- The survival of the Bolivian state as such, given the latent and effective threats to its security from its "semi-powerful neighbours" seeking to take advantage of the country's natural resources and encroach on its territory.
- Its economic and social development.
- The projection of its foreign and security policy to consolidate the state-nation as an autonomous and relevant player on the international stage.

These factors have been interpreted by different Bolivian geopolitical doctrines when formulating foreign policies and can be grouped into three main trends: i) the notion that Bolivia is a 'geopolitical joke' or is of little geopolitical importance in the Southern Cone[4];
 ii) the stance that Bolivia is a geostrategic area vital to the containment of South America; and
iii) the view of Bolivia as an area of multiple gravitational forces for South American integration (Hoffman Pfrimer, 2011).

Yet, Bolivia takes pride of its place right in the centre of the Southern Cone, which geographically positions it – deliberately or not – in the middle of five major South American countries, in terms of landmass, population and development. In fact, today, two of these five countries, Brazil and Argentina, are the main importers of Bolivian hydrocarbons and agricultural products and partners in political exchanges and dialogue. Likewise, by being situated in the three major basins of South America, Bolivia has a first-class geopolitical advantage, such as the potential use of the Bolivia-Paraguay-Paraná (Brazil) Waterway to reach the Atlantic Ocean and the Bermejo River Basin to Argentina as alternative strategies to minimise the disadvantages of being a landlocked country, i.e., the limitations of not being able to access the Pacific Ocean continually and freely. Therefore, its geographical and hydrographic diversity has enabled Bolivia to function as an area of multiple gravitational forces and integration in the Southern Cone. However, these advantages also pose serious problems, even threats to Bolivia's foreign and security policies, as well as its stability. Illegal drug trade and contraband are eroding state control in certain zones, particularly in the Chapare-Cochabamba region. Thus, Bolivia's status as a region of multiple gravitational forces offers opportunities for an integration as a "negative interoceanic trade

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[4] One champion of this doctrine was the Spaniard Carlos Badia Malagrida, who published: "El Factor Geográfico en la Política Sudamericana" in 1919. Other, more contemporary authors, such as Martin Ira Glassner, maintain this line stating that Bolivia is an artificial state, an afterthought, a country with little internal cohesion, fuelled by regional conflicts and lacking a clear sense of national identity. See: Salazar Paredes (2000).

route" as well. These illicit economic activities benefit from Bolivia's unique geography, which necessitates a significant investment of money and logistical resources on the part of the government. As a result, Bolivia's development plans and insertion into the contemporary international system are distorted and diverged from their original intent.

Foreign and security policy

Since the end of World War II, Bolivian foreign policy (BFP) has swung back and forth, mirroring the ideologies of the world's superpowers, sometimes shifting to capitalism/liberalism and other times to socialism disguised as nationalism. Nevertheless, following the fall of the Berlin Wall, it underwent significant changes in context of globalisation and the emergence of multiple major regional power centres (Russia, China, India and Middle East countries) that resulted in a multipolar and fragmented new world order as well as a result of internal political processes in the country (van Klaveren, 1992; Kissinger, 2016; Salazar, 2000). BFP determines the country's interests, objectives, and diplomatic actions based on how long the government will be in office and its ideology (Bolivia, MoFA, 2014). For example, recently, Bolivian foreign policy has managed to isolate itself from North American pressure by forging links with Venezuela in accordance with the concept of "twenty-first-century socialism". Since president Evo Morales Ayma came to power in 2006, Bolivian foreign policy has turned in on itself, moving away from the traditional formula of internalisation (Quitral Rojas, 2014; Ceppi, 2014).

However, Bolivia has not been able to develop a foreign policy based on its contemporary doctrine with realistic long-term goals that can enhance its capabilities as well as a vision for the country as a relevant and independent actor in the international community. Much of this can be explained by an underlying lack of capacity to develop foreign policy, owing to the absence of professional diplomats, despite the existence of a law to that effect (Law N°465). The Bolivian Ministry of Foreign Affairs is constantly besieged by "political-party co-optation" and pressure from economic interest groups who impose their own agendas. Also, there have only been a few instances of operative and strategic planning in the last decade. The last evaluations done of the Foreign Ministry's Strategic Plan (PEI, 2016-2020) highlight the fact that there are no internal controls to ensure integrity (Bolivia, MoFA, 2017). Basic shortfalls in the formulation of the plan include, for example, that ongoing actions are confused with strategic actions.

Yet, given its geopolitical and institutional limitations, BFP has made frantic efforts, based on various ideologies, to move towards Latin American integration by accepting its forced condition of being a landlocked country, primarily in the spirit of being a good neighbour. As previously stated, the fact of being a landlocked state, along with complex development challenges, external dependencies and institutional weaknesses has shaped BFP's design and implementation. Thus, the scope of BFP has been focused on Bolivia's neighbours and the region, while its global outreach is limited. The common thread running through all foreign policy of different political parties in power is regaining sovereign access to the Pacific Ocean, strengthening relations with its neighbours and integrating the region. This agenda is summed up in the phrase: "Bolivia, land of contacts, not hostilities".[5]

Due to its failure to raise its low levels of development, at times, BFP turned to and became dependent on powers such as the United States and the European Union under the guise of cooperation and development aid as well as the war on drugs. In recent years, a similar situation has developed with the bilateral relations with Russia, China, Venezuela, Iran, and other middle powers such as Brazil and Argentina, placing energy at the heart of this relations. Furthermore, when it comes to multilateral relations, BFP is weak and insists on formalism when dealing with institutions such as the United Nations (UN), the Organisation of American States (OAS) and, to a lesser extent, in the Andean Community (CAN), the Southern Common Market (MERCOSUR), the Union of South American Nations (UNASUR), the Community of Latin American and Caribbean States (CELAC) or the Bolivarian Alliance for the Peoples of Our America – Peoples' Trade Treaty (ALBA-TCP) (Bolivia, MoFA, 2014). For much of its history, Bolivia has prioritised participation in various regional and multilateral organisations to counter the geopolitical isolation imposed by its landlocked status and to reduce its economic and political reliance on its neighbours. Therefore, multilateral relations, as one of the main pillars of BFP, mainly serve as "containment" to mitigate exposure to multiple centres of power, as well as a platform for Bolivia to present its maritime claims and requests for development cooperation (Agramont Lechin and Peres Caijas, 2016).

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[5] This doctrine, still in force today, was best summed up in the words of the then foreign minister, Fernando Guachalla, in the 1930s. The geopolitical importance of Bolivia was also interpreted early on in Bolivia's history (1872) by Julio Méndez, who stated that: "[…] the three surface areas that make up Bolivia and afford her the privilege of belonging to three international systems: the Pacific, the first; the Plate, the second; the Amazon, the third […]". In: Fernández Saavedra, 2014: 174.

However, despite its membership in over one hundred international organisations, Bolivia has never reaped significant political or economic benefits from this approach (Salazar Paredes, 2000). In fact, the country has become more dependent in the last 20 years because of its political-ideological alignments, which has led to even more international isolationism and thus little insertion, despite the claims made in the political and governance discourse on the matter (Keseberg Dávalos, 2017).

Area of multiple gravitational forces

As previously mentioned, the benefits of having a large surface area as well as geographic and hydrographic diversity have led to Bolivia being known as an area of "multiple gravitational forces" – a phrase that has found its way into the political slant of its foreign policy. The concept itself has been tested, given Bolivia's development of wider infrastructure in the region – from the Atlantic to the Pacific and from the Plate Basin to both oceans (Huméres Flores and Bernal Jimenez, 2012). In fact, integration projects in regard to trade, physical and energy integration have been developed since the end of the 1950s and have demonstrated that Bolivia and its foreign policy can wield certain influence. Thus, the country principally has the capacity to gravitate in the three basins to optimise its development and position itself in the region and the global system.

One example of this potential is the country's participation in integration processes such as the CAN as a full member and, two decades later, as an associate member of MERCOSUR. Here the process was initially halted due to

problems with the constitutive treaties, which underscored Bolivia's position as having multiple geopolitical functions. The table below summarises some of the main factors underpinning Bolivia's membership in the two trade zones.

Table 1: Bolivia, an area of multiple gravitational forces

Bolivia – CAN	Bolivia – MERCOSUR
• Bolivia shares 1,131 km of its borders with CAN countries – Peru	• Bolivia shares 72 per cent of its borders with MERCOSUR countries
• CAN is the main recipient of Bolivian value-added exports in terms of trade, with 33 per cent of Bolivian exports of manufactured goods going to CAN	• At least 60 per cent of Bolivian migrants live in MERCOSUR countries
• Of all Bolivian exports to the CAN, 62.2 per cent are value-added exports that generate employment and economic growth	• Over 50 per cent of foreign trade is done with MERCOSUR countries
• CAN regulations allow free movement of Bolivian people and goods, allowing them to reach the shores of the Pacific Ocean	• In economic terms, the main exchange between Bolivia and MERCOSUR is in the gas sector
• Bolivia may access Peruvian ports and has a coastal strip called "Boliviamar" gifted by Peru, which is currently unused	• Bolivia exported 302 products to MERCOSUR countries valued at USD 1,923 million, of which gas represents 94 per cent of sales (data to 2021) even though in global trade terms, MERCOSUR has accumulated a trade deficit of almost USD 35,000 million (Rodríguez Álvarez, 2021)
• Bolivia's participation in the CAN enables it to join in the bloc for political and trade negotiations with other blocs and countries outside the region	• Bolivia has access to two ports in Argentina and Paraguay allowing it to reach the Atlantic Ocean
	• Bolivia uses the Paraguay-Paraná (Brazil) Waterway to move its agricultural produce to the Atlantic Ocean

Source: Own compilation based on CAN (n.d) and Bolivia, MoFA (2020).

Bolivia's experience in this matter is also a challenge for BFP. Opening its economy in terms of competitive resource allocation, attracting foreign investment and using technology that stimulates innovative and more diversified productivity

has not been easy for the country. When small landlocked states like Bolivia are trying to integrate with the rest of the world, and these integration processes are moving toward free trade, it means less state control (Ortiz Morales and Vieira Posada, 2019). However, they are also giving countries like Bolivia a "leg up" to help them get out of their way and into more dynamic and integrated political and economic dialogues, like the MERCOSUR-EU, CAN-EU, and CAN–Asia-Pacific dialogues, to name a few.

For the time being, geographical projection and the multiple articulations of geopolitical spaces have become a means, rather than an end, by which small landlocked states can achieve greater relative growth as well as greater international insertion and become significant global players, whether in the political, cultural, or economic spheres. Both theory and practice imply that exerting influence in integration processes with other states is likely to strengthen states' own power (Malamud, 2011). This would hopefully be the outcome for Bolivia, given that so far, this targeted outcome is still barely noticeable, which is another challenge to be addressed in its foreign policy. Therefore, it should be noted that the 'multiple gravitational forces' prioritised in Bolivia's foreign policy do not simply happen – as a result of gravity – but rather as a result of a succession of strategies. For example, for these forces to be effective, the country must coordinate its foreign policy with that of its neighbours and promote the development of regional integration as good relations cannot be taken for granted in international relations. This is part of the political-diplomatic game played by the states, where not everyone agrees on what national interest is. This is precisely where the BFP needs to i) avoid sidestepping or freezing out the state and ii) making the Bolivian state attractive for investors, trade, energy technology and long-term political dialogue.

Developing infrastructure to connect with Southern Cone neighbours

An undeniable condition for a country to develop and become a player in the increasingly connected and integrated international economy is that it must have access to a solid wide-reaching connectivity network, such as it is envisioned by the Chinese New Silk Road project that will run through Latin American countries, including Bolivia (BBC, 2019). Developing infrastructure to connect Bolivia with its neighbours has always been a political priority. However, some

projects have been completed successfully, while others have been left on the back burner for political and social reasons.

As previously stated, Bolivia faces some obstacles, such as difficult terrain in some regions, sparse population in some areas and dense in others, and, perhaps most importantly, forced confinement. Therefore, to reverse this situation and strengthen its economic and social development, BFP has prioritised the construction of road networks like the so-called "Integration Corridors" or "Interoceanic Corridors", which aim at greater internationalisation, especially with countries in the Southern Cone. The long-term goal of these integration corridors is to link the Port of Santos in Brazil (Atlantic) with the ports of Arica and Iquique in Chile and Ilo in Peru (Pacific), thereby connecting important productive regions within the country and extra-regional markets. Bearing this in mind, Bolivian Land-Use Planning (OTB) has been steering foreign policy and prioritised strategic actions on the following corridors (CAF (Andean Development Corporation), n.d.):

- Tambo Quemado-Patacamaya-Cochabamba-Santa Cruz-Puerto Suarez Integration Corridor
- La Paz-Riberalta-Guayaramerín Integration Corridor
- Desaguadero-La Paz-Potosí-Tarija-Bermejo Integration Corridor
- Trinidad-Santa Cruz-Yacuiba Integration Corridor
- Multimodal Santa Cruz-La Palizada-Sucre-Potosí-Uyuni-Ollague Integration Corridor

It is worth noting that these strategic actions are primarily linked to the transport, energy, and telecommunications grids that the Initiative for the Integration of the Regional Infrastructure of South America (IIRSA – MERCOSUR) has been working on through nine integration and development hubs, five of which pass through Bolivian territory. All are at various stages of completion, with some stretches already completed and others still being designed or built:

- Andean Hub: 65 projects divided into ten groups of projects with an estimated investment of USD 28,141 million (IIRSA, n.d. a).
- Capricorn Hub: 77 projects divided into five groups of projects with an estimated investment of USD 15,851 million (IIRSA, n.d. b).
- Paraguay-Paraná Waterway Hub: 84 projects divided into five groups of projects with an estimated investment of USD 7,534 million (IIRSA, n.d. c).

- Central Oceanic Hub: 63 projects divided into five groups of projects with an estimated investment of almost USD 19,901 million (IIRSA, n.d. d).
- Peru-Brazil-Bolivia Hub: 24 projects divided into three groups with an estimated investment of USD 32,648 million (Ibid.).

However, despite the wide-ranging regional plans and the substantial resources poured into it, mainly from the Andean Development Corporation (CAF), IDB and Fund for Development of the River Plate Basin (FONPLATA) and the World Bank (WB), the IIRSA is facing some serious obstacles in developing its projects in Bolivia. One example is social unrest, which reflects a key dilemma in current economic thought in Bolivia and other IIRSA-countries – the conflict between "neo-developmentalism" and "environmentalism". Protests by indigenous and local populations as well as NGOs have put the brakes on some major development projects and even led to the discreditation of the Bolivian government and its development policy. This includes the Isiboro Secure
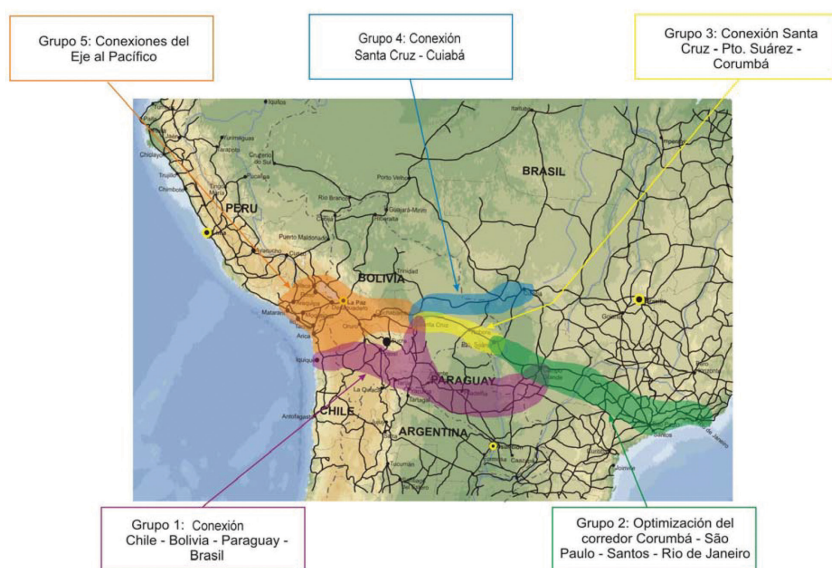
Indigenous Territory and National Park (TIPNIS), where major highways are planned, and Cachuela Esperanza, where a hydroelectric plant is included in the IIRSA-portfolio.

Figure 2: Overview of IIRsSA hubs

Source: IIRSA (2010).

On the other hand, Bolivia has also made some great efforts to include other types of infrastructure in its foreign policy to connect with neighbouring countries in the Southern Cone. For example, by investing in and developing **port infrastructure**, some of which is also covered in the IIRSA portfolio, since as a landlocked country Bolivia has only minimal experience with ports. The country has only six small ports, three of which are located in the Bolivia-Paraguay-Paraná (Brazil) Waterway zone. The other three ports are located on lakes and rivers inside the country. Apart from this, Bolivia has access to eight seaports in five countries: On the coast of the Pacific Ocean these are the Chilean ports of Arica, Iquique and Antofagasta, which are mainly used for exports (and imports) as well as the ports of Ilo and Matarani in Peru. With regard to the Atlantic Ocean, it is the Argentinian ports of Rosario, Palmira in Uruguay, and the port of Villeta in Paraguay (Sánchez Heredia, 2017).

In terms of **energy connectivity**, Bolivia, as a small and weak country with significant gas and oil reserves, has succumbed to the pressure of international institutions and the political and party ideologies successive governments. Many of the energy projects developed in the last 30 years were in line with the political agenda of the respective governments at the time, stifling the overall development of the country's energy sector (Torres Orías, 2011). However, it should be noted that hydrocarbon projects have been in place in Bolivia since 1925, but the sector was only recognised as a potential foreign policy asset in the 1950s by mitigating the effects of the country's regional isolation and its landlockedness. Bolivia's international energy connectivity began with the export of hydrocarbons to Argentina and Chile (via gas pipeline since 1956), taking advantage of Chile's Right of Free Transit granted by the 1904 Peace Treaty. Only recently, in the first decade of the 2000s, did the energy sector begin to permeate BFP, with the discovery of vast liquefied natural gas (LNG) fields and the capitalisation of strategic companies that invested in the sector.[6] Bolivia was planning to export LNG to North American markets via Chilean ports and a project called Pacific LNG was developed to negotiate a sovereign outlet to the sea with Chile as part of resolving the maritime issues. The geostrategic nature of the project was highlighted in a statement made by former president Jorge Quiroga Ramírez in a speech on August 17, 2001: "Our gas is and will

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[6] Hydrocarbons Law N° 1689 of 30 April 1996 (replaced by Law N° 3058 of 17 May 2005) and Law N°1961 of 23 March 1999 on Energy, Hydrocarbons and Telecommunications Export Corridors encouraged investment in these sectors by establishing 11 export corridors so that Bolivia could become the energy centre of the Southern Cone.

be our best ambassador, foreign minister and representative in the twenty-first century". However, the project had to be cancelled following the results of the referendum held on 18 July 2004 at the behest of the public and politicians.

Bolivia's regional energy connectivity has begun to solidify though as a result of diplomatic negotiations to export gas with Brazil and Argentina. In 1999, a gas pipeline GASBOL was built to Brazil (GTB, n.d.) and the Juana Azurduy Integration Gas Pipeline (GIJA) was connected to Argentina following these negotiations. Both projects contribute significantly to the strengthening of bilateral relations and Bolivia's economic integration into MERCOSUR and with overseas markets (ANH, n.d.).

Finally, in terms of **telecommunications connectivity**, which is another major element for present-day international insertion, and one which Bolivia was struggling with due to its terrain, lack of adequate technology and the fact that the issue was not sufficiently reflected in the country's foreign policy despite its strategic importance. Bolivia has launched its first communications satellite, Túpac Katari 1, and, by expanding fibre-optic network, internet service providers in Bolivia are connected to neighbouring countries via a new Bolivia-Paraguay connection, both of which are important steps to improving the country's telecommunications connectivity.

One of the main objectives proposed to improve Information and Communication Technology (TIC) infrastructure in the UN Vienna Program of Action (2014) is the development of a national broadband policy to improve access to high-capacity international fibre-optic cables (ITU, 2018). Though, Bolivia inaugurated its fibre-optic connection to the Pacific in September 2020 (SELA, 2020), increasing international broadband connectivity is a complex challenge that Bolivia still must address in a more strategic manner.

Bolivia's security and defence policy

In the last ten years, Bolivia's security and defence policy, which is intertwined with the country's foreign policy, has been subjected to budget cuts that have severely impacted the armed forces. During this time, the defence has prioritised humanitarian assistance during natural disasters over participation in the country's development (Bolivia, Ministerio de Defensa Nacional, 2007). Nevertheless, with the new Constitution and Bolivia's declaration of being

a peaceful nation in 2009 new missions were outlined, such as ensuring the country's sovereignty and independence, protecting the territory and its people, defending its strategic natural resources, and expanding participation in integrated development to contribute to improving the Bolivian people's quality of life.

There are a number of bilateral and multilateral agreements in place to address the structural weaknesses in security and defence. Defence cooperation with neighbouring countries was primarily focused on border issues, such as the fight against the trafficking of humans, drugs and other contraband. In addition, cooperative military operations are being conducted like exercises and exchanges, training courses and protocol visits to enhance trust with Brazil, Argentina and Chile (Direccion General de Planificacion, n.d.). Bolivia has also pursued an active policy to strengthen bilateral relations with countries such as Russia, China, and Iran (Sol Gastaldi, 2015).

The armed forces' support of development efforts has contributed to improvements of the port infrastructure at Puerto Quijarro and Puerto Busch, through a project developed by the Empresa Naviera Boliviana (ENABOL) to provide an alternative for Bolivian foreign trade to the Atlantic Ocean via the Paraguay-Paraná Waterway. The armed forces also run five companies that make explosives and ammunition as well as a development corporation, two airlines and a car company (Hernandez, 2016). However, due to the inefficiency and lack of competitiveness of these companies, their role in the country's economic development as established in the security and defence policy is of little relevance.

Development and technology

According to the Human Development Index, Bolivia ranks after Brazil, Colombia, and Chile in terms of income distribution inequality. Despite of the country's wealth of natural resources (mainly minerals and hydrocarbons) and its relative geopolitical advantage (Muriel Hernandez and Velasquez-Castellanos, 2019), nearly half of the population is impoverished and access to health and education is highly unequal. In terms of GDP per capita, the Bolivian economy has been growing by an average 2.2 per cent over the last 20 years. This includes periods of low performance such as 1996-2006, when the growth rate was only 1.3 per cent on average, and periods of high growth like 2007-2013, when the average

growth rate reached 3.2 per cent, and finally from 2019, when the economy collapsed but is showing signs of recovery (Evia and Jemio, 2021). These ups and downs exemplify Bolivia's vulnerability to changes in the global economy, which has made it difficult for the country to maintain steady levels of development.

A glance at the National Development Plan to Live Well 2016-2020 (MPD, 2016) shows that achieving the 13 essential development goals shows slow progress. Most of the targets have only been achieved by less than 50 per cent (Andersen et al., 2020; Red Unitas Bolivia, 2020). With this Bolivia is in a difficult position and faces great challenges when it comes to overcoming its status as a small landlocked economy. The country's march towards development has virtually ground to a halt, which gives rise to questions like: What obstacles does Bolivia need to overcome as a small landlocked country to develop? And why has the country been unable to achieve its development goals?

There are numerous answers to these questions, but the following are noteworthy:

1. It is widely acknowledged that political instability, lack of consensus, corruption and short-sighted public policy have rendered human development in Bolivia almost imperceptible, even though the financial bonanza (2006-2013) did accelerate progress in reducing extreme poverty over the last decade. Empirical evidence shows that progress in wellbeing requires stability, legal certainty, freedom, and solid public policies and institutions aimed at sustained growth and efficient wealth distribution. All of this has hardly occurred in Bolivia over the last 20 years.
2. The pendulum politics practised in Bolivia and reflected in its BFP have meant that many moves to international insertion have been abandoned, which has undermined faith in the state and its institutions. The architecture of international agreements and negotiating abilities has been eroded and the country plunged into unnecessary isolation.
3. Bolivia has not managed to build a solid wide-reaching connectivity infrastructure. The lack of fully operational sea and riverways, which could compensate for the lack of direct access to the sea, as well as issues with land transport and the inability to commit to major strategic projects all hampered development and a more effective regional insertion.
4. Lack of economic diversification: According to the Economic Complexity Index, Bolivia is the 93rd largest export economy in the world and the

102nd most complex economy (out of 133). Bolivia had only added six new products to its exports since 2004, which contributed to an increase of one USD in income per capita in 2019 (Atlas of Economic Complexity, n.d.).

5. Finally, another factor hampering development in Bolivia is the fact that technology and innovation are not prioritised in the economy. Even though it ranked 104th out of 132 countries) in 2021, up from 110 in 2019, it was only second to last after Honduras in the Global Innovation Index (Dutta et al., 2021). The Bolivian economy is vulnerable to commodity processes and demand shock.

Technology and innovation are a potentially important part of strategies for landlocked countries to benefit from their geopolitical environment. Bolivia has made substantial progress in its Innovation Index since 2010, reaching a peak in 2014 (3.15) and ranking 75th globally. Bolivia's level of innovation was above the South American average between 2013 and 2015. However, since 2015, Bolivia has suffered a sharp drop to the 135th place in 2017 and 105th in 2021 (Dutta et al., 2021).

Overall, Bolivia lacks the capacity to innovate due to institutional decay over the last 14 years, a lack of policy initiatives to fund innovation, and concrete actions to promote technological ventures. According to data of the World Intellectual Property Organisation, Bolivia has little innovation capacity, evidenced by the low number of patents registered in 2019 (WIPO, 2022). In addition, the commodities Bolivia exports are not complex, which makes competition and integration in international markets difficult, especially when the lack of access to ports adds additional costs. However, as part of the National Development Plan 2016-2020, Bolivia established the National Innovation System (NIS) to contribute to national development by applying scientific, technological and innovation knowledge in production processes to add value and has completed several projects as part of its technology and innovation development policy (Bolivia, Ministerio de Educacion, 2011). Bolivia also drafted additional science, technology and innovation strategies and policies to boost the country's science and technology system, but due to the lack of coordination among several line ministries the implementation of the policy has not been effective.

Strategies to address the challenges of a small and landlocked state

Bolivia has come up with various strategies and developed architecture of bilateral and multilateral agreements in politics, economics, trade, sociocultural relations to deal with its challenges as a small and landlocked state.

Until 1985, Bolivia followed the general global development policy trends, applying an "import substitution strategy ". However, since this did not bring about the envisioned success the country changed its economic development model since 1985. The New Economic Policy (NEP) is primarily based on promoting an outward integration strategy under the liberal principle of allocating resources based on the market and reducing trade barriers. The largest state companies (hydrocarbons, telecommunications, transport, and basic services) were partially privatised and attracted foreign direct investment (FDI). Bolivia also sought to promote and diversify exports through tax exemptions. BFP tried to consolidate free trade zones, attract FDI, actively participate in regional and bilateral agreements (CAN and MERCOSUR), negotiate the Generalised System of Preferences (GSP), a Free Trade Treaty with the US (ATPA/ATPDEA) and Economic Complementation Agreement with Chile, as well as with the WTO at the same time. However, this strategy only had mixed results. One the one hand non-traditional exports increased between 1985 and 2005, the investment in the hydrocarbons sector increased and the gas market to Brazil was opened. On the other hand, exports remained focussed on natural resources and the overall trade pattern as well as FDI inflow had little effect on poverty reduction. Finally, FDI's neither met the expectations of the public nor those of the export industries. Consequently, non-traditional exports did not perform well and FDI in the manufacturing industry was low (World Bank, 2005; Muriel and Barja, 2006).

In recent years, Bolivia has been working on and implementing its National Development Plan (NDP) since 2006, with the primary goal of upgrading its export model to a new integrated and diversified model, which focuses on the industrialisation of renewable and non-renewable natural resources. The NDP strategy also refers to protecting and strengthening the domestic market to create a base for a more diverse export model with increased added value – like previous strategies – and positioning a brand for the country through highlighting ecological and organic production. In addition, the new trade agreement policy outlined in the Peoples' Trade Treaty would subject the FDI to

the principle of "respect for the country's sovereignty and dignity". However, the outcomes of this approach still have to be thoroughly evaluated by the government or non-governmental entities.

The BFP tries to implement its main goal, a new industrial development model, by forging new strategic alliances to improve the country's capacity to negotiate and reduce structural dependencies significantly. For example, the Bolivia's accession to MERCOSUR had significant political and commercial ramifications, and the CAN has reported significant benefits based on productive complementarity, particularly in the agroindustry sector, albeit less than the MERCOSUR. According to 2020 data, MERCOSUR was the main destination for Bolivian exports (31.2 per cent of total exports), followed by CAN countries (14.7 per cent) (CAN, 2021).

A closer look at the overall outcomes of this strategy demonstrates that the NDP was supported by an extremely favourable context that drove macroeconomic performance far beyond expectations. However, achievements in terms of economic growth, investment rates and achieving social goals such as poverty reduction are much more modest (Inesad, 2010).

Therefore, the results of this strategy show that the country has experienced a slight increase in productivity due to public investment and small steps taken in some manufacturing sectors to increase exports. At the same time, the main tendency of the Bolivian development model has been one of "re-privatisation", boosting investment, production and exportation of raw materials. However, the current situation is casting serious doubts on the Bolivian model with its current high fiscal deficit and negative trade balance. Bolivia, as a landlocked country, faces some additional challenges in overcoming limitations to economic internationalisation, such as increased transport costs, redirecting its foreign trade, imposing nontariff barriers, limiting the complexity of its economy, being cut off from the flow of global trade, the impossibility of exploiting marine resources, and the limits and additional costs of export logistics. Given this situation, and because of its forced condition of being a landlocked country since 1879, Bolivia has developed strategies to overcome its situation by focusing on specific actions, such as denouncing Chile for violating the 1904 Treaty on free transit, signing cooperation agreements with Peru, Argentina, Paraguay, and Brazil, and agreements with the CAN, MERCOSUR, Latin American Integration Association (ALADI) and Latin American and Caribbean Economic System (SELA).

In this context, the first priority has been developing transport networks and bio-oceanic corridors with the first railway laid in the 1840s. This network was originally intended to support exports of saltpetre and mining products overseas via the Pacific Ocean. The railway worked and connected Bolivia with regional and global markets until 1995 when it was privatised.

On the other hand, Bolivia wanted to increase economic exchange with Brazil through its riverways since 1840s, but this was only realised in 1969 when the Paraná-Paraguay Waterway project connected the country with the Atlantic Ocean. Likewise, the IIRSA started developing corridors and infrastructure in 2000 as part of integration and development hubs that cut through Bolivian territory from east to west. These all have provided significant benefits to the country, both in terms of investment and development, however, they also face social problems that may impede it (UNASUR-COSIPLAN, 2017).

To complement the road networks and oceanic corridor strategy, Bolivia has implemented its strategy to use port infrastructure in neighbouring countries to gain access to the Pacific and Atlantic oceans for its right to free transit. However, the cost remains high, and the strategy has been partially successful. In addition to this, Bolivia is also attempting to overcome its limited access to the sea through the United Nations Convention on the Law of the Sea adopted in 1982 (United Nations General Assembly, 1982) which was ratified by Bolivia in 1994. This has allowed Bolivia to enter into maritime transport business and the country is negotiating with Cuba, Mexico, and Panama to harness marine resources.

Bolivia has adopted the Vienna Declaration and the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014-2024 as well as the Livingstone Call to Action to implement the Vienna Programme of Action held in Zambia. It is also working to implement the commitments made at the Ministerial Declaration of Landlocked Developing Countries Adopted at the High-Level Meeting on Sustainable Transport of Landlocked Developing Countries in Santa Cruz, Bolivia on 14 October 2016.[7]

Bolivia also kept following its strategy to settle the maritime issue, according to which it demands that Chile returns or cedes the territory lost in the Pacific

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[7] The Ministerial Declaration can be found here: https://att.gob.bo/sites/default/files/archivospdf/SEPARATA%20PAISES%20 SIN%20LITORALFINAL.pdf.pdf.

War in 1879. Based on this strategic approach, the BFP has developed and negotiated formulas for sovereign access to the Pacific coast at various points over the last 140 years. In its latest effort in 2013, Bolivia sought legal recourse at the International Court of Justice (ICJ) in The Hague with a petition on Chile's alleged Obligation to Negotiate Access to the Pacific Ocean (unilateral act), which was rejected in 2018. Chile's authorities declared that Bolivia's demand for access to the sea has been settled once and for all. This strategy has never been favourable for the country, but judicializing Bolivia's historical maritime claim the government of Evo Morales Ayma nevertheless had a significant impact on the country's political-diplomatic strategy. In 2021, when the government was trying to re-establish diplomatic dialogue with Chile on several bilateral agendas, Bolivian's sovereign access to the Pacific Ocean was excluded as a result of the ICJ ruling. Therefore, BFP and the "maritime policy" have to find ways to resume negotiations with Chile on regaining sovereign access to the sea, while taking a realistic approach to the strategic goal of changing Bolivia's status as a landlocked country.

Overall, Bolivia's strategies for overcoming its condition of being a landlocked country have often run parallel and contradicted one another in their approach to solving this structural problem. Due to a lack of coordination in strategy implementation, along with ambivalence and a desire for immediate gains, no single coherent strategy has been formulated to deal with this complex international challenge.

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The Quest for a Foreign Policy for Laos

Éric Mottet

Laos occupies a special geographical and geopolitical position. It is the only landlocked country on the Indochinese peninsula and is located at a geostrategic crossroad between being a blind spot and a keystone in the region.[1] It is also the only country in the Greater Mekong Subregion (GMS) that shares borders with all of the other countries.[2] In fact, it shares borders with almost every country located in the Southeast Asia peninsular[3], as well as one Chinese province. To the east is Vietnam (with a shared boarder of 2,069 km); to the west is Thailand (1,835 km, of which 919km follow the course of the Mekong River); to the south is Cambodia (535 km); to the north is the Chinese province of Yunnan (505 km); and to the northwest is Myanmar[4] (236 km). This "land in between" has been the object of dominance, control or protection by major powers competing to exploit its vast territory rich in natural resources and control its position as a buffer state throughout its history. With the persistence of traditional centre-periphery relations, the provinces of Laos have been torn between a number of allegiances throughout its history, changing protectors according to the situation and interests. That said, Laos as a whole has been portrayed as a David surrounded by Goliaths, most notably Thailand and Vietnam (Stuart-Fox, 1993; Nouguérède, 1998; Taillard, 1989). This is, at least, the picture painted by most of the literature in the last fifty-years. However, the assessment of Laos' geopolitical position warrants a re-evaluation in light of the rising power and presence of China in Laos during the last 15 years and the Laotian government's ability to lead a foreign policy that maintains a balance between its neighbours and other Asian powers. However, overall, China's influence in Laos is growing, and the country's foreign relations are becoming much more complicated.

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[1] Laos is part of the UN Almaty Programme of Action, a partnership designed to address the needs of landlocked and transit developing countries.

[2] The Greater Mekong Subregion is a regional integration program supported by the Asian Development Bank that includes the five countries of the Indochinese peninsula and two provinces in southern China.

[3] Except for Malaysia and Singapore.

[4] Relations between Laos and Myanmar are not dealt with in this chapter. They are diplomatically limited with the exception of security issues along the common border and hardly have any economic weight (US$14 million in bilateral trade in 2020).

Progressive construction of a "good neighbour" diplomacy

Thailand: difficult yesterday, yet agreeable and constructive today

The weight of the past continues to be an important factor in understanding the relations between Laos and Thailand. Relations between the two neighbours have never been easy or balanced. Between the seventeenth century and late nineteenth century the three kingdoms comprising Laos were vassals of the kingdom of Siam (the name of the country was changed to 'Thailand' in 1939). However, the intervention of French explorer and diplomat Auguste Pavie, then resident minister in Thailand, in 1893 prevented Siam from annexing Laos, and instead Laos was placed under French protectorate (Ngaosrivathana and Breazeale, 2002).

Although the two countries share a familial, cultural, religious, linguistic and political history,[5] the kinship term used by each country to refer to their understanding of one another is not always accepted by their counterpart, poisoning their relationship. For example, the Thai will use the phrase *ban phi muang nong*, which translates as "home of the elder brother, the land of the younger brother," referring to themselves as the elder brother and Laos as the younger one (Ngaosyvathan and Ngaosyvathan, 1994; Pholsena, 2011). A condescension that the Lao have always found difficult to accept. The Lao people, on the other hand, use the more neutral phrase *ban kai heuang kieng,* which translates as "neighbouring countries," to emphasise that Laos and Thailand are on equal footing (Pholsena and Banomyong, 2004).[6] Because of their sense of superiority, Thais tend to treat Laotians with disdain, fuelling ongoing squabbles on both sides of the Mekong. Consider the release of the Thai comedy film *Makté Talung Lok* in May 2006, which caricatures and mocks the Lao people.

The ties forged between Thailand and the United States during the Vietnam War undoubtedly reinforced the Laotian leaders' age-old distrust of their neighbour. Both countries suspect each other of plotting covert operations to destabilise the enemy. Moreover, the memory of the two countries' tense relations during

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[5] The dominant ethnic groups in Thailand and Laos share the same family tree, that of the Thai, comprised of various Thai-speaking ethnolinguistic groups originating from the south of present-day China (Yunnan, Guangxi) and who, under the pressure of Chinese (Han) expansion, migrated during the first millennium CE to the northwestern regions of mainland Southeast Asia (Goudineau and Vienne, 2011).

[6] The Thai-speaking population in Laos (Lao-Thai language family) is representing 64.9 per cent of the population of Laos (2005 census).

the 1980s due to border incidents is still very much alive in Laos. From December 1987 to February 1988, a three-month border war erupted in the province of Xayaboury, pitting Laotian and Thai troops against each other and culminating in the deaths of several hundred soldiers on both sides (Vorapheth, 2007).

In addition, when Laos opened up at the end of the 1980s, Thailand began unrestricted exploitation of its neighbour's natural resources. After exhausting nearly all of Laos' natural resources, Thai businessmen turned their attention to the resources of adjacent countries, resulting in intensive logging not only in Laos but also in other countries of the region, such as Burma and Cambodia (Jerndal and Rigg, 1999). Their predatory enterprise was supported by Bangkok, which considered Laos to be a natural reserve for Thailand's growth and as one of its territories lost in 1893 (Hirsh, 1995). The unethical behaviour of Thai businessmen was so scandalous that the Thai Prime Minister at the time, Chatichai Chonnhavan (1988-1991), took it upon himself to intervene and denounce the "unilateral exploitation" of Laotian resources (Pholsena and Banomyong, 2006). To say that Laotian leaders saw cooperation with Thailand as a necessary evil at the turn of the 1990s is an understatement.

However, since the end of the Cold War, relations between the two countries have significantly improved, with no geopolitical and ideological animosities and no threat of armed conflict. Given their common economic and security interests, the two countries signed a Treaty of Friendship and Cooperation (1994), confirming their willingness to put the past behind them. The first cross-border Lao-Thai Friendship Bridge is undoubtedly the most visible symbol of this new bilateral relationship[7] (Mittaphap Bridge). Inaugurated on April 8, 1994 and financed by Australia (US$30 million), the bridge spans the Mekong River to link the province of Vientiane to the Thai city of Nong Khai. The treaty and the bridge were the first visible signs of reconciliation, followed by Thailand's expulsion of Vang Pao[8], a former general who had used Thai territory to raise funds for the Hmong guerrilla, whose goal was to overthrow the Laotian Communist Party. Thailand no longer harboured any Lao opposition movement on its territory after 2007, and for the first time collaborated in solving the problem of Hmong refugees

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[7] Since 1994, five Lao-Thai Friendship Bridges have been built or are in the planning stages: Mukdahan-Savannakhet Bridge (2006), Nakhon Phanom-Thakhek Bridge (2011), Chiang Khong/Chiang Rai-Bokeo Bridge (2013), Bueng Kan-Bolikhanxay Bridge (opening in 2023) and the Udon Ratchathani-Saravan Bridge (opening in 2025).

[8] Vang Pao (1929-2011) is a historic Lao Hmong warlord who is said to have belonged to a Hmong government in exile in the United States.

and securing the common borders (smuggling, trafficking, illegal migration), which has been continuously reinforced since by various agreements (Vorapheth, 2007). Laos' admission to the Association of Southeast Asian Nations (ASEAN) in 1997 definitively sealed the rapprochement between the two countries. Today, the partnership is well-established with numerous bilateral meetings and trade agreements (US$4.5 billion in bilateral trade), energy agreements (export of Laotian hydroelectric production), defense agreements, scientific and cultural cooperation agreements, and massive investments in Laos (US$4.7 billion between 2000 and 2020).

However, while trade and political relations between the two countries are flourishing, the Laotian government is concerned about the media and Thai social mores – clothing trends, consumerism and violence, among others. It is particularly concerned about Thai television, which is watched by roughly half of the Laotian population living within fifty kilometres of the Thai border, notably for access to information that is not subject to censorship in Vientiane (Pholsena and Banomyong, 2004). To mitigate the situation, Laotian authorities banned the broadcasting of Thai television programs in public places such as cafes, restaurants, airports, markets and hotels in 2004 (Vorapheth, 2007). Hence, despite their cultural, linguistic, geographical, economic and geopolitical proximity, and the strong allure of Thai *soft power*, the Thai remain the "others" in the eyes of the Laotians. Thai economic and cultural dominance in Laos has resulted in an ambiguous push-and-pull dynamic, with contrasting effects on the Laotian people and territory.

Vietnam: "special relationship" and continuing influence

While Laos remains ambivalent toward Thailand, it has no reservations about Vietnam, with whom it has a balanced and pragmatic relationship. The influence of Vietnam on Laos dates back to the eighteenth century, when, to keep a semblance of autonomy, the kingdom of Luang Prabang paid tribute to Siam, the Chinese Empire and the Dai Viet Empire. During this period, Siamese territorial expansionism clashed with the hegemonic ambitions of the Dai Viet Empire that aimed to continue its "march to the south,"[9] which began in the middle of the

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[9] Blocked to the west by the mountainous foothills, the Viet populations were channelled southward along the central corridor. This descent of rural peasant populations along the coastal plains began in the middle of the eleventh century and continued uninterrupted until well into the modern era. This millennial movement has been called Nam tiên or the "march to the south" (Papin, 1999).

eleventh century, despite the presence of Laotian, Cham and Khmer (Cambodian) territories in its path. The conflict between these two great regional powers resulted in a treaty in 1847 that established shared suzerainty over the Plain of Jars[10] (Pholsena and Banomyong, 2004). French colonisation, beginning in 1893, contributed to the perception of Laos as a mere extension of Vietnamese territory by promoting the migration of Vietnamese workers and officials (Tan, 2011).

The Democratic Republic of Vietnam (DRV) largely initiated and supported the *Pathet Lao*, a communist independence movement, through its political and paramilitary organisation, the Vietminh. The *Pathet Lao* was to become one of the signatories of the Geneva Accords on July 20, 1954, with the support of the latter, which occupied the northern provinces of Huaphanh and Phongsaly that recognised the movement's control over the conquered territories in the country's north. The "thirty-year struggle" against the French and then American "imperialists" undoubtedly strengthened the "special relationship" between the communist leaders of the two countries. The strong involvement of the Vietminh troops in Laos can be seen as part of North Vietnam's effort to secure its 2,069-km shared border with Laos. This border includes, notably, access to the Ho Chi Minh trail,[11] which was essential to the success of the Vietnam's military operations against the French and American troops (Evans, 2003).

The *Pathet Lao's* seizing of power not only pushed the Lao People's Democratic Republic (LPDR)[12] into the socialist camp, but it also increased Laos' dependence on Vietnam. Consequently, Laos became more reliant on its "big Vietnamese brother" for security and access to significant budgetary and technical aid. The take-over also saw the consolidation of very close ties between the new Laotian leaders and their Vietnamese comrades-in-arms as well as the training and supervision of Laos' leading cadres by the ideologists of the Communist Party of Vietnam (Stuart-Fox, 2009). In this way, Vietnam has benefitted – and continues to benefit – from a steady influx of new recruits to maintain its proximity to Lao leaders, cadres, senior officials and students.

The Declaration of Friendship signed on 18 July 1976, between the two governments paved the way for a multifaceted cooperation, as expressed in

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[10] Located in the current Xieng Khouang province.

[11] A set of roads and tracks used to supply food and weapons to South Vietnamese militiamen (Viet Cong). It links North and South Vietnam through Laos and Cambodia.

[12] The Lao People's Democratic Republic (LPDR) has been the official name of Laos since December 2, 1975.

the Lao-Vietnamese Treaty of Friendship and Cooperation, signed on July 18, 1977.[13] The treaty, which has a twenty-five years term and is then tacitly renewed every ten years (as it was done in 2002 and 2012), focuses on military solidarity, economic development and bilateral trade, which had a volume of USD 1.44 billion in 2020.

The military ties between Vientiane and Hanoi are an important aspect of this relationship. According to Article 2 of the Friendship Treaty, the two countries agree to provide each other with dedicated support and assistance, and to cooperate closely to strengthen their defence capabilities. This includes joining forces to combat acts of imperialism and foreign reactionary forces (Vorapheth, 2007). Because of the risk of the conflict spreading beyond Lao borders, Vietnamese military support was particularly active in the Hmong repression as a pillar of the relationship between the two countries. According to Grant Evans (2003), the Vietnamese army sent nearly 30,000 soldiers to quell the Hmong resistance in 1977, and they did not hesitate to use napalm bombs.[14] During the 1987 Lao-Thai conflict, the Vietnamese sent contingents to protect Laotian military bases. More recently, a series of unexplained explosions in Vientiane and attacks on public buses by the Hmong ethnic group in 2000, 2003 and 2006 were quelled by Vietnamese military intervention on Lao territory. As Vatthana Pholsena (2011) points out, these events clearly demonstrate that the internal affairs of Laos are closely monitored at the highest levels of power in Hanoi. Vietnam regards Laos (and Cambodia) as part of its strategic security zone, and any weakening of the Laotian government is viewed as a threat to Hanoi.

Investments are encouraged within the framework of this special friendship, mainly in strategic sectors of the Laotian economy (agriculture, energy, natural resources, and infrastructure). This economic cooperation is accompanied by the arrival of many Vietnamese workers and tourists, whose movement has been greatly facilitated by the signing in 2004 of a bilateral agreement on the free movement of people (visa exemption for thirty days). Further, as part of a collaboration agreement between the central banks, the two countries' banking sectors have also been involved in the creation of joint venture banks

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[13] On the same day, the two countries also entered into an agreement on border demarcation, committing to the restoration of their network of border markers. The demarcation was completed on July 18, 2012 and was celebrated on the 35th anniversary of the agreement.

[14] The Ministry of Foreign Affairs announced in November 1988, at the time of the withdrawal of all the Vietnamese troops from Laos, that nearly 40,000 Vietnamese soldiers had been present on the territory of the LPDR between 1975 and 1988 (Stuart-Fox, 1997).

(Lao-Vietnam Bank) as well as the establishment of Vietnamese commercial banks since March 2000.[15]

The historical ties and the personal relationships that the leaders of the two countries have maintained for decades, with the majority of the Lao Politburo members being fluent in Vietnamese, explain the strength of this relationship. In addition, many of them, including former President Kaysone Phomvihane[16], are Lao Vietnamese who grew up immersed in both cultures and both languages. Overall, these ties are multifaceted and extend far beyond the political and military frameworks. They also concern economic and strategic interests in the context of regional integration, with Vietnam relying on its "special relationship" with Laos to seize economic opportunities, notably with regard to Laos's abundant natural resources.

Laos and Vietnam can count on mutual loyalty. The Vietnamese ensure the Lao People's Revolutionary Party (LPRP) and its regime's sustainability by sending Vietnamese advisors to all Lao ministries on a regular basis to improve the country's capacity and economic base. Moreover, the Vietnamese investments of USD 3.9 billion between 2000 and 2020 have contributed to economic development. In turn, Laos guarantees Hanoi's security perimeter to the west and business opportunities (Stuart-Fox, 2009). However, the situation is shifting with a generational change taking place as a result of the deaths of several important members of the Party who were educated at the Vietnamese Communist Party's school. The opening of Laos toward China, sometimes to the detriment of Vietnam, reflects the new Laotian leaders' attraction with the Chinese model – a political regime that manages to reconcile economic liberalism and the one-party system.

In addition, as part of their strategy to open up Laos, the governments of Laos and Vietnam have committed to seeking funding for the construction of railway lines to link the two territories. Furthermore, Laos, which has no maritime outlet, has been investing massively in the development of the infrastructure of the Vietnamese port of Vung Ang for several years. Financed to the tune of USD 280 million by Vientiane with contributions from private Laotian companies,

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15 These are MB Bank (Vietnamese Army Joint Stock Commercial Bank), BIDV (Bank for Investment and Development of Vietnam), Sacombank, VietinBank.

16 Kaysone was the leader of the Lao Phatet, then of the Lao People's Revolutionary Party (LPRP) from 1955. Between August 15, 1991, and November 25, 1992, he held the position of president of the LPDR.

it will be an extraterritorial Laotian port sanctioned by Hanoi and an essential commercial and logistical hub for Laotian exports.

Finally, in addition to railway lines, discussions are underway for the construction of an expressway linking the two capitals of Laos and Vietnam. The new road link will be a six-lane highway stretching 707 kilometres.

Cambodia: a geopolitical and economic weight comparable to Laos

Cambodia, a former French protectorate integrated into French Indochina, like Laos, gained its independence on 9 November 1953, at the end of the Indochina War. After becoming a constitutional monarchy (in 1947), led by King Norodom Sihanouk, the country pursued a policy of neutrality in the Vietnam War, in the same spirit as Laos. However, it did not oppose the transit of North Vietnamese troops and weapons through its territory (via the section of the Ho Chi Minh trail crossing the east of Cambodia) destined for anti-American fighters present in South Vietnam as early as 1966. Although Cambodia did not fall into communism, Laos and Cambodia have maintained strong mutual solidarity since the end of the Vietnam War.

When the People's Army of Vietnam invaded Democratic Kampuchea in 1978 to overthrow Pol Pot's *Khmer Rouge*-regime and install a pro-Vietnamese government, Laos immediately recognised the new Cambodian regime in solidarity with Vietnam, unlike the majority of the United Nations member states, notably China (Vorapheth, 2007). The fact that Hun Sen, the current Cambodian Prime Minister (since 1998), was a member of the first pro-Vietnamese government explains why relations between Laos and Cambodia have always been cordial. A treaty of friendship and mutual assistance has allowed for numerous bilateral visits since 1995. Meetings are held annually within this framework to examine all aspects of bilateral cooperation, particularly trade, which had a volume of USD 94 million in 2020.

However, the two countries are at odds over border issues. Tensions had risen since April 2017, when Cambodia accused Laos of deploying a platoon of around thirty soldiers to occupy a semi-permanent camp near the Nong Nokkhiane-Trapeang Kriel border crossing at the intersection of Stung Treng and Attapeu provinces. The 14 per cent of the Lao-Khmer border that is not clearly demarcated is at issue. The province of Stung Treng was successively owned by the Khmer

Empire, the Lao kingdom of Lan Xang, and the kingdom of Champassak before being retroceded to Cambodia during the French colonial period, which explains the lack of border demarcation. In fact, France is the only country to possess maps at the scale of 1/50,000 that show the precise delimitation of the historical border between Laos and Cambodia.

Vientiane and Phnom Penh have since agreed in a joint communiqué to resolve the border dispute peacefully. Indeed, a conflict between the two neighbours would be unwelcome, as Vietnam promotes cooperation through the Cambodia-Laos-Vietnam Development Triangle (CLV) and the Cambodia-Laos-Vietnam Economic Connectivity Action Plan 2030, which is Hanoi's attempt to counter China's multifaceted push in the sub-region.

China's multifaceted push

For the past twenty years, China has been embroiled in rivalries for control over Laos, traditionally led by Thailand and Vietnam (Stuart-Fox, 2009). Laos piqued China's interest as it sought to regain a foothold in Southeast Asia, which China considered to be part of its bastion under the *Tanxia*-tributary system[17] that had formerly prevailed in the region (Stuart-Fox, 2003; Zhao, 2016). However, unlike other neighbours, historically, China has never annexed or dominated Laos. Since the establishment of the LPDR in 1975, the two countries have also grown ideologically and politically close. Still, during the Sino-Vietnamese War, the young LPDR was forced to choose between defending Vietnam's position and renouncing friendship with China. As a result, the *Pathet Lao* leaders decided to repay North Vietnam's unwavering support, particularly the logistical assistance provided by the Vietminh that enabled them to gain power (Vorapheth, 2007).

The 1997 financial and economic crisis enabled Beijing to gain a solid foothold in Laos, building on the presence it had already established there between 1979 and 1989,[18] most notably since the introduction of the New Economic Mechanism (NEM)[19] in 1986. The turbulent period experienced by Thailand, a

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[17] The ancient Chinese understanding of the world – Tianxia ("under the sky") – envisages a globalization that transcends divisions in order to build a universal political space that invites us to go beyond the Western concept of the nation state.

[18] During the Sino-Vietnamese conflict, following the Vietnamese invasion of Cambodia, Laos chose to support Vietnam. Consequently, diplomatic relations with China were reduced to the presence of a chargé d'affaires, before being interrupted until 1989 (Vorapheth, 2007).

[19] Laotian version of the Vietnamese doi moi, which marks the beginning of the opening and regional integration.

country on which Laos was very dependent economically, at the end of the 1990s forced Vientiane to look for other partners to diversify its economic relations. This international economic strategic reorientation played in favour of China, which welcomed the rapprochement (Pholsena and Banomyong, 2004). The visits of Laos' head of state Khamtay Siphandone to China in July 2000, the Chinese Communist Party General Secretary Jiang Zemin in November 2000, and President Xi Jinping in November 2017 to Laos confirmed the growing interest between the two countries and marked watershed moments in the process of normalising diplomatic relations (Pholsena, 2011). Since then, government visits to the respective countries have steadily followed one another, as reported on in the Lao and foreign-language print media (*Vientiane Times*).

The economy is essentially the cornerstone of Sino-Lao relations, as reflected by Chinese investments totalling USD 10 billion between 2000 and 2020. Made-in-China products, cheaper than those coming from Vietnam and Thailand, flood the stalls of urban and rural markets in Laos. Chinese companies, both private or state-owned, are investing in key economic sectors such as energy (dams, power lines), real estate (shopping malls, recreation centres), natural resources (ores, rubber trees, rare woods), agro-commercial crops (bananas, etc.), infrastructure (railways, bridges, roads) and tourism (hotels, restaurants, casinos). China maintains a strong presence in northern Laos, for example, overseeing development plans. Indeed, Laos welcomes the opportunity to benefit from Chinese technical expertise. For China, Laos is a strategic corridor for penetrating the southern part of Southeast Asia, as well as a non-negligible source of natural resource potential for satisfying China's voracity. This joint strategy meets both China's and Laos's economic objectives and needs, a win-win situation. The Vientiane regime is closely following the Chinese development model, which is strongly influenced by economic liberalisation under the control of a single party. In the eyes of the Laotian leaders, this system offers the best opportunity for promoting economic development and political stability.

Politics, in addition to the economic dimension, plays an important role in Sino-Lao relations. The authoritarian government in Vientiane has found strong support from China in the face of Western criticism of their political regimes and leaders' behaviour (Mottet, 2013). In many respects, Beijing is an ally that is unconcerned about Vientiane's domestic politics and is, if anything, much more accommodating than the ASEAN countries (Mottet and Roche, 2013).

Today, China enjoys widespread support, particularly among younger Laotian leaders but also, more broadly, among the urban population. However, it does not necessarily enjoy sympathy from a segment of the rural Laotian population, who see the strategy of massive investments at the expense of local needs as *hard power or* a "Chinese invasion."

Anxious to rid itself of the qualifier "landlocked" so readily attributed to Laos, the government is underscoring its determination to turn the national territory into a "land-linked" transit and liaison zone. In this respect, Laos's full integration into China's Belt and Road Initiative (BRI),[20] which began with the construction of the Indochinese corridor linking China to Thailand through a railway line (to be complemented with a motorway by 2026) running through Laos, is a perfect reflection of Vientiane's ambitions. The Boten-Vientiane railway project, which has been announced and postponed numerous times since 2010, will be inaugurated on December 2, 2021. On the most direct route to Bangkok via Nong Khai (Thailand), its 420-kilometer route includes ten stations, 75 tunnels (198 km), and 167 bridges (62 km). Thailand is developing a high-speed rail network with Laos as part of the project, with three rail projects in the northeast (Bangkok-Nakhon Ratchasima, Nakhon Ratchasima-Nong Khai, Nong Khai-Vientiane). Once completed, the Boten-Vientiane project will allow passengers and goods to travel in six to seven hours, compared to several days by road.

The Chinese railway project, expected to cost around USD 6 billion, has contributed to an increase in Laos's public debt, which had reached 68 per cent of GDP by 2021. All observers are concerned about this rise and the budget deficit (7.5 per cent of GDP in 2020), especially since China holds the majority of this debt. More specifically, China is Laos' first creditor, with an external debt of USD 5.9 billion[21] that is estimated to rise to USD14 billion by 2021.[22] The Financial Times[23] reported in September 2021 that Laos has asked China for advice on possible debt restructuring. There is growing concern that Laos is falling into a debt trap, to the point where it may be forced to transfer the rights to use and manage its infrastructure to Beijing as collateral for repayment.[24] While the new

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[20] The "new silk roads," which is now more often referred to as One Belt, One Road, and renamed the Belt and Road Initiative by the Chinese government in 2017.

[21] Other sources indicate that China holds about 80 per cent of Laos' external debt.

[22] "Le Laos révèle un plan de paiement de dettes publiques," Vietnam+, August 16, 2021.

[23] "Laos faces sovereign default as forex reserves dip below $1bn," Financial Times, September 3, 2021.

[24] "Laos promotes PM Thongloun as leader of communist party," NikkeiAsia, January 15, 2015.

Laotian leaders will certainly seek to avoid this debt trap, they will inevitably require China's power to achieve their objective of national development, which has been compromised by the health and economic crisis connected to the Covid-19 pandemic.

Laos needs China to diversify its economic and geopolitical relations and to counterbalance its two other neighbours, Thailand and Vietnam. Although Laos maintains privileged political and military ties with Hanoi as well as strong economic and cultural ties with Bangkok, China is now an indispensable partner for Vientiane.

Laos and Northeast Asia: Bilateralism as a strategy

Japan: a future strategic partner

Japan's occupation of Laos between 1941 and 1945 was not hampered by any dispute between the two countries. Relations have been excellent since the establishment of the LPDR, with Japan becoming Laos' largest donor with an overall volume of USD 1.728 billion between 1960 and 2011[25] and funder (Vorapheth, 2007). As the largest donor to the Asian Development Bank (ADB), Japan has been and continues to be instrumental in the development of corridors through Laos (Stuart-Fox, 2009). Several bilateral agreements as well as countless major infrastructure and rural development projects have been signed between Laos and Japan to date. For example, after financing the Wattay International Airport in Vientiane,[26] Japan financed its expansion (2011-2012) with USD 23.5 million to accommodate large aircrafts like the Boeing 747 and the logistical needs of the Asia-Europe Meeting (2012). The Pakse Bridge (2000) and the second Lao-Thai Friendship Bridge (2006) were fully funded by Japan.

Staff from the Japan International Cooperation Agency (JICA) are now common in Vientiane and throughout the country. In Laos, JICA provides cooperation in the following priority areas: 1) strengthening connectivity with countries in the region; 2) developing human resources and skills to diversify Laos' industries and thus improve their competitiveness; and 3) rectifying disparities through a balanced urban and regional development that takes into account environmental and cultural preservation.

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[25] World Bank, Development Indicators in LPDR, Databank (2013).

[26] The airport is operated by Lao-Japan Airport Terminal Building Service Co. Ltd.

Although large Japanese corporations have yet to establish themselves in Laos[27] – Japan was the fifth-largest foreign investor between 2000 and 2020, with USD180 million – Japanese manufactured products are available in the country's major cities. Like Bangkok and the Chinese coastal cities, Japan has become a society whose modernity attracts an increasing number of Laotians. Its economic power and its way of life fascinate many students, who readily seize the opportunity of scholarships offered by the Japanese government.

In addition, various developments within the Indo-Pacific, ASEAN and Laos region offer new opportunities for cooperation between Laos and Japan. Among these are the signing of the Regional Comprehensive Economic Partnership,[28] the relocation of factories out of China, and the establishment of the ASEAN Economic Community (2015), all of which favour the economic rise of Laos. Japanese companies are expanding their presence in two Special Economic Zones (SEZs) (Savan-Seno and Champassak). Indeed, Chinese companies have begun relocating to Southeast Asia, mainly among Japanese companies. Japan's decision to offer subsidies to its industries to relocate out of China has resulted in several companies moving to Laos. More are expected to follow as the initiative gains momentum. The investment prospects in Laos are attractive to Japanese players who, in addition to cheap labour, want to capitalise on the so-called Thailand+1 strategy[29] and develop a market that is, despite the Covid-19 crisis, promising due to a rising GDP per capita. The official visit of Japanese Foreign Minister Toshimitsu Motegi (August 22-24, 2020) further confirmed the development of a closer strategic partnership between the two countries.

South Korea: Major investors and generous donors

South Korea has invested nearly USD 751 million in Laos between 2000 and 2020, making it the fourth-largest investor in the country after China (USD10 billion), Thailand (USD 4.7 billion) and Vietnam (USD3.9 billion). In terms of trade cooperation, the trade volume between Laos and South Korea reached USD 67.6 million in 2020, of which USD 11.2 million are exports from Laos. Since the establishment of diplomatic relations in 1995, Laos and South Korea have

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[27] Four obstacles to the establishment of foreign companies are reported by local actors: lack of qualified personnel, poor quality of institutions, poor quality of infrastructure, and a small domestic market (Hoyrup, 2007).

[28] The Regional Comprehensive Economic Partnership (RCEP) is a proposed free trade agreement between fifteen countries around the Pacific Ocean (ASEAN + 5), which was signed on November 15, 2020.

[29] Which relies on the industrial and manufacturing fabric of Thailand.

signed several agreements to launch cooperation projects in the sectors of health (construction of the first national children's hospital), education (construction of Souphanouvong University in Luang Prabang and primary schools), banking (creation and construction of the Lao Stock Exchange), trade, infrastructure (roads), natural resources (hydroelectric dams) and mining, tourism (203,191 South Korean tourists visited Laos in 2019[30]) as well as heritage protection and development. In terms of air cooperation, the two sides signed a memorandum of understanding on a direct air link between the countries.[31] From 1991 to 2011, the Republic of Korea provided Laos with USD 150 million[32] in aid. Since 2009, many knowledge exchange programs have been launched with the aim of strengthening the socio-economic development capacity of Laos.

Conclusion: Laos as key to influence around the Mekon

Laos (via the Mekong) is the site of a strategic rivalry between China and the Quad countries (Japan, United States, Australia and India) to connect the CLMV countries (Cambodia, Laos, Myanmar, Vietnam) and link the Indian and Pacific Oceans. India seeks to connect to the east-west corridor from Vietnam to Thailand and is being driven by Japan (and the Asian Development Bank). China, for its part, is attempting to bypass the Strait of Malacca by crossing the Indochinese peninsula from north to south via a corridor leading via Laos to Thailand and the Bay of Bengal, which is part of the Belt and Road Initiative.

Consequently, infrastructure development is undoubtedly the sector in which China, Japan and the Quad compete for the most in Laos. In this field, Japanese companies and public agencies have long been in the lead. Thus, JICA grants loans for the establishment of SEZs as well as financing (loans and grants) for the construction of roads and bridges to improve regional connectivity. As for China, it is pouring billions of dollars of investment into Laos in several sectors. Overall, however, it is becoming clear that this regional geo-economic and geopolitical rivalry is progressively endangering the Laotian territories, its populations and one of the great rivers of Asia.

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[30] South Korean citizens are exempt from having to obtain tourist visas when staying for a period of less than fifteen days.

[31] South Korea (Seoul) and Singapore are the only destinations served by Lao Airlines, the national airline, that are located in countries which do not share a border with Laos.

[32] World Bank, Development Indicators in Lao PDR, Databank (2013).

Laos, which is heavily indebted to China for the construction of transport and energy infrastructures, among other things, is also in a delicate position vis-à-vis its ASEAN partners. It is clear that China's rise in power is exacerbating internal tensions within the bloc composed of Southeast Asian countries, which could eventually push Laos, a country friendly to Beijing, to the periphery of ASEAN. Given its geo-economic fragility, the country faces a potentially catastrophic scenario with the escalation of the crisis at the health (Covid-19 pandemic), economic and geopolitical levels.

One prevailing analysis of Laos' situation underlines the omnipresence of neighbours. It highlights the division of the Laotian territory into three zones of influence: the north, under the control of the Chinese; the south, under the control of the Vietnamese; and the banks of the Mekong, controlled by the Thai. To a certain extent, the rise in power of China in Laos is eroding Thailand's and, especially, Vietnam's influence in the country. The theme of rivalry between China and Vietnam in relation to Laos is recurring in the country's political and geopolitical history. Within the Party, the rivalry of communist brothers, namely, between a pro-Vietnamese faction on one side and a pro-Chinese faction on the other, is often invoked (Pholsena, 2011). While the existence of such a rivalry would be difficult to confirm or deny, given the extreme opacity of Laotian political life, the weight of China in Laos is increasing, almost inexorably, and nothing indicates that the young generation to take power within the Party will not prefer China to Vietnam.

In the future, the Laotian government will have to exercise great caution when seeking to promote economic development while maintaining a certain distance from China. In other words, the crucial future challenge for the Laotian leadership will be to strengthen its ability to maintain a balance between China and other regional partners.

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Foreign Policy and Development Strategies of Small and Landlocked States

The Case Study of Rwanda

Ismael A. Buchanan

Rwanda is one of the smallest landlocked African countries with an area of 26.338 km and a current total population of 13 million. It is also known as 'the Land of a Thousand Hills' due to its hilly and a mountainous terrain. Uganda borders Rwanda to the North, Tanzania to the East, Burundi to the South and the Democratic Republic of Congo (DR Congo) to the West. Rwanda is situated in a conflict-prone region and has experienced ethnic conflicts and the 1994 genocide against the Tutsi. More than a million people were killed and millions more were displaced during the genocide. As a result, people's lives were forever altered. The government and many institutions were destroyed, and much of the country had to be rebuilt from scratch. Also, there have been noticeable disruptions and changes in international relations globally. The current trends, which include, but are not limited to, geopolitical shifts and competition among major powers, populism, identity politics, nationalism, isolationism, protectionism, requires Rwanda to put in place guiding principles to ensure the country's interests are prioritised, secured and promoted.

Together with all those challenges ahead, Rwanda had difficult relations with some of its neighbours, including other external influences. Yet, since the end of the genocide, Rwanda has made significant progress in many areas. It has the highest rate of women in the parliament and is often seen as a positive example for development on the African continent. The Government of Rwanda has made primary and secondary school compulsory for both boys and girls and, due to greater access to health services, there has been a decline in death from diseases like malaria and cholera. Rwanda has made significant progress in restoring the economy to pre-1994 levels. It has attracted major investments from Multinational Companies and is also considered a forerunner in digitalisation.

Still, being a landlocked country constitutes a major impediment to Rwanda's development. For example, trading costs are higher because of long land transport routes and high import and export freight service costs in the region. The high trading costs perpetuate dependence on the poor infrastructure and administrative procedures of neighbouring countries, Kenya and the United Republic of Tanzania. In addition, the condition of the roads and railways are slowing down transportation. Against this background, this chapter explores various dimensions of Rwanda situation (political, foreign policy, economic, development, and security) as a small and landlocked state.

This first section briefly discusses the concept of small and landlocked states. The second section outlines different strategies and principles that Rwanda has adopted in its foreign policy. The paper explores how Rwanda has been startegising its foreign relations to deal with its neighbourhood and beyond. It is essential to consider Rwanda as one of the small states in Africa to conceptualise, evaluate, and predict small state foreign policy choices and outcomes. In the third section this article explains the key aspects of Rwandan foreign policy successes and narratives. The final section then discusses the challenges that Rwanda faced in pursuing its foreign policy objectives and offers some analyses of the geopolitical dynamics that played a role in this.

Small and landlocked states

Before understanding Rwanda's foreign policy and development strategies as a small and landlocked nation, it is necessary to define key concepts which include the definition of a small and landlocked nation. Different scholars defined a small state in various ways, mostly on definitions of smallness as a shortage of the resources and capabilities that determine power and influence. The foremost variables concern the size of population, territory, economy, and military. The most common factor for defining state size is population size (Armstrong and Read, 2000; Easterly and Kraay, 2000; Vital, 1967). Others think of size as a relative concept, with small states simply being those that are far inferior to great powers or modestly inferior to middle powers in terms of influence at any given time (Handel, 1981; Morgenthau, 1972: 129-30) and struggle to influence the international system (Keohane, 1969; Rothstein, 1968). On the other hand, according to relational criteria, being a small state is seen as tied to a specific spatio-temporal context, not as a general characteristic of the state; a state may be weak in one relation and powerful in another (Wivel and Thorhallsson, 2006: 654).

Some scholars define a land-locked state as states with no seacoast. Thus, states with that are surrounded by the land of other states are called land-locked states. Land-locked states are distinct from other states in one decisive fact: they lack access to and from the sea. The oceans are important for states as a means of communication and a reservoir of marine natural resources. From economic and strategic viewpoints, it would be no exaggeration to say that the survival and prosperity of land-locked states rely on their opportunities and options to trade with their neighbours and also access to import routes and as well as to global markets.

Using context analysis, this article explores the political and economic effects of Rwanda's unique small landlocked status in its foreign relations. The paper also looks at how Rwandan authorities have been able to implement strategies they have adopted over the last 27 years to maintain external relations, thereby alleviating and leveraging challenges and opportunities.

What foreign policies have been applied?

The 1994 genocide perpetrated against the Tutsi had left the country destroyed, with a security threat on its western border. In this context, the foreign policy situation of Rwanda was dominated by a need for (1) security and stability around its borders and (2) the engagement of the international community in rebuilding the country. In addition, Rwanda 's national interest extends to meeting the environmental challenges brought about by its unique geographical and ecological features. As a landlocked country in a strategic location between Central and East Africa, Rwanda's national security depends on effective regional, continental, and international partnerships. The focus of the Government of National Unity was then to engage the Zairean Government, the UN Security Council, and its permanent members, as well as other UN agencies, mainly the UNHCR, to ensure the disarmament of the ex-FAR (The Armed Forces of Rwanda (FAR) was the army of the ethnic Hutu-dominated Rwandan regime that carried out genocide in 1994) and Interahamwe (The Interahamwe was the civilian militia force that carried out much of the killing in 1994)[1] and the repatriation

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[1] During the 1994 Rwandan genocide, also known as the genocide against the Tutsi, members of the Hutu ethnic majority in the east-central African nation of Rwanda murdered as many as 800,000 people, mostly of the Tutsi minority. In spite of their diversity, the sources of conflict in Rwanda and in Africa of the Great Lakes in general, can be classified into three categories: colonial heritage, chronic bad governance and inadequate and conflict-generating political systems. Available at https://www.history.com/topics/africa/rwandan-genocide#:~:text=During%20the%201994%20Rwandan%20genocide,mostly%20of%20the%20Tutsi%20minority.

of refugees. The government was also very active in mobilising the donor community in contributing resources for Rwanda's reconstruction. Consequently, Rwanda was able to rebuild the physical and institutional infrastructure necessary to bring peace and reconciliation to a divided nation.

Rwanda took a serious and vigorous decision to remove ethnic identities in its national identities to create a common Rwandan identity. This has been heralded as a facilitator of reconciliation and a major contributor towards reconciliation and peace. In addition to this, Rwanda has aligned its foreign policy to meet the challenges brought about by the environment and climate change and in promoting green economic growth, gender equality, international and regional peace and security, and other commitments contained in the Sustainable Development Goals (SDGs) as well as the Africa Union Agenda 2063. Moreover, it has also aligned its foreign policy in line with first 10-Year Implementation Plan 2014-2023 and the East African Community (EAC) Vision 2050.

Therefore, on the side of justice and reconciliation, the Rwandan government's focus on securing the state against enemies both at home and abroad has had the most significant impact through implementing the *Gacaca* courts (the traditional courts). These measures were proposed as diametrically opposing mechanisms to those proposed by international actors, such as the former International Criminal Tribunal for Rwanda (ICTR). These measures represent a distinct pursuit of unique solutions tailored to Rwanda's issues and translating the leader's vision into policy decisions.

This approach was part of the Rwandan concept of "home-grown solutions" within its implementation policy. For example, concerns over national security have translated into a deep distrust of international interventions and reconciliation proposals. Rwanda's leadership has publicly remonstrated against any plan of action proposed by the international community models of reconciliation and redevelopment. In addition, Rwanda's leadership has insisted on the importance of understanding the various political, socioeconomic, and cultural contexts and implement policies accordingly. For example, Rwandan President Paul Kagame's 2010 in a speech in context of the Rwandese remembrance of the Tutsi genocide stated that "foreign actors come [to Rwanda] knowing almost nothing, understanding almost nothing, and they judge and criticise and tell you what you should do, and you should not. A big part of the misunderstanding is that they expect us to be a normal country, like the ones where they are from. They do not understand that we are operating in a very different context" (Grant,

2010) in a sense that we are as diverse as anybody can think of with deep scars of colonial history.

Yet despite its painful history, meanwhile, Rwanda has been able to stand up as a nation-state and continue building partnerships and engaging as a member state in the multilateral system, with a focus on making sure that it works for all countries. This includes supporting reforms of the United Nations and the Bretton Woods Institutions, contributing to achieve the aspirations of the African Union (AU), East African Community, and other sub-regional communities/organs of which Rwanda is a member of, as well as engagements with the Commonwealth network.

Rwanda's unique history and current drive to achieve sustainable development and wellbeing for its citizens underpins the foundations of Rwanda's foreign policy principles. Another important guideline for Rwanda's foreign policy is the National Strategy for Transformation (Vision 2050), which envisions foreign policy driven by economic diplomacy, regional cooperation/integration, and Pan-Africanism. It also identifies 'strengthening diplomatic and international cooperation to accelerate Rwanda and Africa's development.'

Rwanda's foreign policy gradually shifted towards the following principles as it started to stabilise in the early twenty-first century:

1. Good neighbourliness and maintaining good relations in the international arena (political diplomacy) to prevent conflicts in the region and ensure international support;
2. Continental and regional integration to expand market access and boost the economy;
3. Cooperation based on Rwanda's development priorities – avoid flooding of foreign aid, overlapping initiatives and NGOs with hidden agendas;
4. Engagement in peacekeeping abroad – as part of responsibility to protect (R2P), the lack of which can cost lives during the genocide as in the case in Rwanda;
5. Promotion of trade and investment (economic diplomacy) – transition from aid to trade to ensure a self-reliant economy;
6. Engaging with Rwandans living abroad (Diaspora) – the significant presence of Rwandan diaspora and their contributions can constitute significantly in Rwanda's development;

7.   Image of the real Rwanda – engage in active public diplomacy aimed at portraying an accurate image of Rwanda as a country.

Geopolitical dynamics and Rwanda's relations with its neighbours

In addition to the points mentioned above, Rwanda's foreign policy with its neighbouring countries has been guided by the philosophy of securing its borders, disarm ex-FAR and Interahamwe and repatriate refugees. For that the establishment of diplomatic engagements with neighbouring countries is important (mainly DR Congo, the former Zaire). While its engagement with Tanzania, Uganda, and Burundi is productive on the refugee issue, it has not much yielded with former Zaire for the reason that Mobutu regime's support for Habyarimana's army and militias, and the inability or unwillingness of the UN and its political organs in New York to separate refugees from armed militias. This problem was exacerbated by France's activism, which not only continued to support the defeated army in former Zaire but also engaged in a negative diplomatic campaign against Rwanda, at the UN and within the donor community. With the two Congo wars (1996-2003) the security issues were eventually resolved.

Rwanda's status as an aid recipient country is also creating obstacles in moving away its foreign policy beyond aid and development. Beswick (2014) offers a useful analysis of how the Rwandan government, led by Rwandan Patriotic Front (RPF) – headed by President Paul Kagame. The party has been governing the country since 1994, attempts to maximise agency through balancing 'threats and opportunities to achieve leverage, but its attention is directed towards aid relations. Beloff (2021) provides a broader analysis of the Rwandan government's foreign policy, arguing that Rwanda's international interactions are shaped by the agenda of increased security, developmental growth, and reduced reliance on outside forces. In part, he suggests that this agenda is carried out through the agenda of Agaciro.[2] Agaciro has been described as the 'moral underpinning' for all Rwandan leadership decisions and its proponents identify it as being rooted in the pre-colonial cultural past. It is not a formal program but rather an ideological orientation upon which practical efforts are built. For example, Agaciro has guided Rwanda's efforts to manage the legacy of the genocide in

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[2] Agaciro is a Kinyarwanda term indicating self-reliance, dignity, and self-determination.

accordance with its inherent principles of dignity and self-respect, and it is also at work in areas such as trade policy, where it was used to justify Rwanda's ban on imports of used clothing from the United States under the famous the African Growth Opportunity Act (AGOA initiative that began in 2000 with an objective of promoting economic growth through good governance and free markets.[3]

Rwanda's reliance on foreign aid left it with no choice but to change its foreign aid policy, as was observed in 2012, when some donors suspended, postponed or altered aid in response to some of the accusations of Rwanda's involvement in DR Congo and the alleged support of the M23 militia[4] in the Eastern Democratic Republic of Congo. Taken together, these accusations resulted in Rwanda striving to become more self-reliant and less vulnerable to outside pressure. The Agaciro Development Fund was set up to the end of becoming less dependent on foreign aid and is largely dedicated to increasing financial autonomy and shielding the country from potential external economic shocks.

Success factors of Rwanda's foreign policy

The very idea of having a foreign policy and independent international relations has been deeply rooted in the case of Rwanda. The maintenance of peaceful relations with its neighbours during the pre-colonial period was part of Rwanda's foreign policy based on *kugenderana n'ubusabane* (transnational socialisation), *gushyingirana* (intermarriage) and *no kugaba* (cow giving). Such relations were developed through diplomatic engagements and peaceful cooperation through the formation of friendship pacts that also led to regional integration agreements and emergence of non-aggression treaties. Each king had a primary responsibility to protect Rwanda against all threats and dangers both coming from inside and outside and the country developed its own internal and external strategies accordingly. Rwanda has always believed in the peaceful resolution of disputes with neighbours. War was only waged when other cooperation strategies had failed. However, following the partition of Africa by European colonial powers, particularly the conference held in Belgium from 1910 to 1912, Rwanda lost large chunk of its territory and population to its neighbours. During the colonial period, Rwandans were no longer able to determine their destiny and relations

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[3] See at https://agoa.info/profiles/rwanda.html for detail.

[4] The March 23 Movement (French: Mouvement du 23 mars), often abbreviated as M23 refers to the Congolese Revolutionary Army (Armée révolutionnaire du Congo) - a rebel military group which is largely composed of ethnic Tutsi. See at https://military-history.fandom.com/wiki/M23_(militia) for detail.

with the outside world. However, with independence in 1962 Rwanda regained its policy sovereignty. Still, a close analysis of Rwanda's post-independence history shows that until 1994, the country's foreign policy largely influenced and served foreign interests, particularly those of former colonial and neo-colonial powers. This policy orientation contributed to political instability and eventual war and genocide. In the aftermath of the tragic events of the 1994 genocide against the Tutsi, Rwanda became the poorest country on the planet.

Since 1994, the country has set out to rebuild relations with other countries on the basis of national integrity and sovereignty, respect and promotion of mutual interest as well as the principles of sovereign equality and complementarity among nations. Rwandans embarked on a rebuilding process driven by a shared Vision 2020 based on three fundamental principles: unity, ambition, and accountability. The performance record of Vision 2020 is one of substantial progress and the countries performance in regard to growth has put the target of becoming a lower-middle-income country in reach. The country also undertook several reforms aimed at creating an inclusive and fair society with respect to human rights and the rule of law.

As reflected in the National Strategy for Transformation, and its commitment towards the Millennium Development Goals (MDGs), Rwanda has made impressive gains in extreme poverty reduction, and the country is now close to or exceeding the average of lower-middle-income (LMIC) countries on many social indicators. The World Bank's Doing Business Report of 2019 has raised Rwanda's ranking yet again: it is now in the 38th position out of 190 countries and ranked second in Africa. On the International Congress and Convention Association rankings, Kigali has maintained the second place as preferred city, and Rwanda has risen to third place in Africa. Rwanda is reported to be the world's most improved nation in human development. The country has also a strong potential as an African hub, with a highly connected African airline and being ranked fourth in Africa in the 2019 Africa Visa Openness report.

Contributing to this success are a number of factors over the last decades that include:
1. Ensuring security and stability on its borders, with demilitarisation of militarised refugees and their camps and repatriation of refugees;
2. Stopping genocide of Tutsi and bringing security to the whole nation after 1994;

3. Defeating insurgents supported by foreign powers;
4. Repatriation of refugees held as hostages by the rebels;
5. Implementing the rule of law throughout the country;
6. Ndi Umunyarwanda[5] concept (Development of I'm Rwandan spirit);
7. Nationwide high-level infrastructure, including roads, electrification of rural areas, power installations and airport modernisation;
8. Introduction of universal health insurance, free primary and secondary education, combating malnutrition and setting up universities;
9. Significant progress towards continental integration of Rwanda, including the AU chairmanship by President Kagame in 2018, the hosting of the extraordinary AU summit in March 2018 in Kigali that adopted the African Continental Free Trade Area, and the ongoing efforts to on the institutional reform of AU;
10. Joining the East African Community (EAC) and engaging in its four-pillar integration (customs union, common market, monetary union and political federation);
11. Enhancement of regional and international cooperation and state visits. Many foreign dignitaries have visited Rwanda and it has been chosen as the venue for various international conferences;
12. Creation of the Single African Air Transport Market (SAATM) for the unified air transport in Africa; the Continental Free Trade Area (CFTA) operational phase launched in the recently concluded AU Summit in Niger, which aims for free movement of goods, services, people and capital, and the Protocol to the Treaty Establishing the African Economic Community;
13. Regional integration in other African regional economic communities (Economic Commission for Central African States – ECCAS – and Common Market for Eastern and Southern Africa -COMESA);
14. Joining the Commonwealth including its representation in the key international organisations such as ADB, OIF, AU, EAC, EALA;
15. Representation of Rwanda in various regional security organisations in the region and its participation in the UN peacekeeping missions;
16. Shifting its diplomacy towards economic diplomacy, facilitated by a good track record of good governance, socioeconomic transformation, and one of the best investment and business environments;

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[5] Ndi Umunvarwanda means 'I am Rwandan' - it is a programme initiated to build a national identity based on trust and dignity. Among others, it aims to strengthen unity and reconciliation among Rwandans by providing a forum for people to talk about the causes and consequences of the genocide as well as what it means to be Rwandan. For more details, see https://genocidearchiverwanda.org.rw/index.php/Category:Ndi_Umunyarwanda_Collection.

17. To strengthen and tap the economic potentials in the central African region, Rwanda was readmitted to the Economic Community for Central African States (ECCAS); the Government of Rwanda has supported a fast-track EAC integration and consultations on expediting the process towards East African Federation. Rwanda restored relations with D.R. Congo and France; the CEPGL has been revitalised;

18. With a view to enhancing growth, development and socioeconomic transformation in Rwanda, the government articulated the Rwanda Vision 2020, now shifted to 2050 vision, which establishes three broad development goals for the country: (i) promotion of macroeconomic stability and wealth creation to reduce aid dependency in short-term; (ii) transformation from an agrarian to a knowledge-based economy in the medium term and (iii) long-term creation of productive and competitive economic sectors, including trade.

19. Rwanda was elected as a Non-Permanent Member of the UN Security Council in 2012 for the period of 2013-14. Rwanda used the term to promote the interests of Rwanda and Africa; to challenge the duplicity and double standards in international justice systems, promote international peace and security; peacekeeping and peace building; and specially to promote the UN-AU partnership and the role the African Union should have in issues that concern Africa.

20. Rwanda has been active in its diplomatic efforts. The country has currently 39 diplomatic missions, 1 General Consulate covering 147 countries, regional and international organisations. In addition, 37 honorary consuls represent the strategic interests in 17 Countries. Rwanda is a member of 201 multilateral organisations at a regional and international level (MINAFFET, 2020).

Foreign policy challenges

Rwanda's foreign policy has been challenged by various obstacles. There are conflicting interests of stakeholders in the economy and industry which does not allow it to become economically self-sustainable. Likewise, as a small and land-locked country, Rwanda is facing a number of specific challenges. In fact, Rwanda continues to grapple with a variety of challenges, including the outbreak of a new coronavirus (Covid-19 pandemic) and the effects of climate change. Insurgency and terrorism also remain a major concern.

Transport sector

The Government of Rwanda recognises the transport sector as one of the key drivers of growth. However, due to existing constraints in the transport sector and geographical constraints, Rwanda has the highest transport costs in the region. Despite the implementation of several policies aimed at improving performance, Rwanda's transport sector is still confronted with challenges including inadequate air transport infrastructure, lack of rail, water and pipeline transport, low capital and maintenance investments in unpaved roads, and delays along the two transport corridors to the ports of Mombasa and Dar-Es Salaam. Improving the quality and reliability of transport is critical to reducing transport costs and attracting domestic and foreign investment. Rwanda's territory is in parts characterised by hills and valleys, which make it hard to construct roads in those areas. Sometimes, roads are being destructed by landslides during the rainy seasons and overall, the intense rainfall increases the maintenance costs. Issues of harmonisation of customs and border agency cooperation with neighbouring countries (e.g., Tanzania) is crucial.

Economic sector

Rwanda's economic situation reveals some challenges for the realisation of the country's vision of becoming self-reliant economy. These obstacles include low investment in the development and maintenance of physical infrastructure, slow uptake of the private sector and insufficient capacity of the public sector to deliver the required services. Inadequate physical infrastructure is a major constraint to economic growth, human capital development and growth of export goods and services. In view of these factors, the Economic Development and Poverty Reduction Strategy (EDPRS) has been identified as one of its flagship programs in terms of economic transformations for employment creation and generation of exports.

Agricultural sector

A number of areas of government policy and strategy are critical for the agricultural sector to make its full potential contribution to the economy. The Rwanda's main export crops, for example, are tea and coffee. Still, the coffee production has not improved and is volatile, although the high-quality proportion is increasing. Tea production has steadily increased, but the proportion of high-

quality tea has not. It is unlikely that tea or coffee exports both in terms of volume or proportion that is high quality will meet the 2021 targets. Improving exports is hampered by the high cost of transport from farm gate to port and a lack of marketing. There is low use of fertiliser, improved seeds and pesticides due their supply shortage, poor distribution networks lack of knowledge and skills, affordability, and lack of incentives. There is a need to develop road networks and meteorological services to irrigate more land. Likewise, there is a need to undertake research and provide training in agriculture and entrepreneurship, for greater support for business start-ups and support for export drives related with agriculture sector.

Security, trade and economic development

Rwanda's political and economic development has always been largely determined by the conditions in its neighbouring countries. Even now, the difficult relations with Burundi, Uganda and especially the past tensions with the DRC have hampered Rwanda's economic development. So, the desired cooperation with the DRC now depends on its future political development under the new leadership. In recent years, Rwanda's relations with Burundi were poor due to the former orientation of the latter's regime, but relations have further normalised in recent years. The biggest challenge though might be the tense relations between Rwanda and Uganda, which are more deeply rooted. On the trade front, despite Rwanda having a fairly open trade policy, private investment remains below expectations, so improving trade, especially expanding exports, remains a challenge to alleviate aid dependency.

In terms of international cross-border transport, Rwanda, as a land-locked country located far from the sea, is also subject to administrative burdens associated with border crossings, which impacts shipping costs heavily. Rwanda is facing a number of direct transit and customs charges, some of which Rwandan products (imported from overseas) must be paid upfront and some en route. The direct costs of those imported products, however, require burdensome paperwork and bureaucratic procedures that are costly to deal with and place a high burden on Rwandan transporters/shippers. Border crossings also cause long delays in transit traffic. It is regularly noted that the time delays and the variability of time in transit are a greater concern to traders than direct costs.

Conclusion

For a small country like Rwanda, gaining access to larger markets is a precondition for the expansion of its business and economic sectors. Rwanda needs to collaborate with its regional neighbours and beyond for the future of its foreign policy. The country must continue to mobilise the Rwandan diaspora abroad for a sustained and organised image building of their motherland and for Rwanda's economic progress to flourish. It needs to continue to engage more actively in increasing the promotion of labour-intensive industrialisation and manufacturing, promoting ICT development, supporting technical education, business-process outsourcing and green technology. As Rwanda progresses with its development goals, it is also important to share with the international community the lessons learned during the conflict and subsequent reconciliation. Rwanda's history obligates it to work with and share experiences of reconciliation with other societies to affirm and protect common humanity and defend human life wherever it is threatened around the world. Rwanda needs to remain on track in fulfilling its development goals whilst also contributing to the welfare of its region and the international community.

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