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**FOREIGN POLICY OF NEPAL: NAVIGATING
GEOPOLITICAL AND GEOECONOMIC TRENDS**

Keynote Speaker
Dr Baburam Bhattarai

29 June 2026

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Dr Baburam Bhattarai is a prominent Nepali politician, scholar and architect who served as the 35th Prime Minister of Nepal from August 2011 to March 2013. Widely recognised as the chief ideologue of the Maoist movement, he played a defining role in the decade-long revolution (1996–2006) that transitioned Nepal from a monarchy into a federal democratic republic. Later, he spearheaded a new alternative political path, and is currently acting as an advisory figure for new and alternative political forces.

Born in a farming family in Gorkha, Dr Bhattarai earned his Ph.D. in regional development planning from Jawaharlal Nehru University (JNU), New Delhi in 1986. Earlier, he stood out as national topper in both the board exams of School Leaving Certificate (SLC) and Intermediate Science studies from Amar Jyoti High School, Gorkha and Amrit Science College Kathmandu, respectively.

Dr Bhattarai was elected three times from Gorkha: twice to the Constituent Assembly (2008, 2013) and once to the House of Representatives (2017). He also served as the Minister for Finance from August 2008 to May 2009.

He has authored several books and articles in Nepali and English, delivered lectures/keynotes in national and international forums.

Dr Bhattarai is married to Ms Hisila Yami, an architect/educator, politician and former minister and they have one daughter.

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Disclaimer: The views expressed in this lecture series are those of the Keynote Speaker and do not necessarily reflect the views of the Ministry of Foreign Affairs.

Part I

A Question, a Memory and a Laliguras

Can a Laliguras survive and thrive between two big rocks?

Hon. Foreign Minister Mr Shisir Khanal,
Foreign Secretary Mr Amrit Bahadur Rai,
Distinguished Guests,
Ladies and Gentlemen,

I have begun my presentation with a question because it has been the central question of Nepal's foreign policy ever since its emergence as a modern state in the mid-eighteenth century.

Before elaborating on my argument, let me take a moment to thank the Ministry of Foreign Affairs for providing me with this opportunity to share my thoughts at such a crucial juncture in Nepal's history.

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I would also like to share about a personal meeting with Professor Yadu Nath Khanal.

In 1990, immediately after the restoration of multiparty democracy in Nepal, a seminar on India-Nepal Relations was organised in New Delhi, jointly by the Indian Ministry of External Affairs and Jawaharlal Nehru University, where I did my doctoral study.

I was the youngest participant among a gathering of high-level dignitaries and distinguished scholars from both countries, including Professor Khanal.

As a radical young man, I raised several uncomfortable questions, including the unequal provisions of the 1950 Indo-Nepal Treaty of Peace and Friendship. My remarks caused quite a stir among the participants.

Incidentally, our return flight to Kathmandu from Delhi was cancelled at the last moment due to a technical snag and the Nepalis delegation was accommodated in a five-star hotel near the airport.

That evening, we had an informal and fun get-together among the members of our delegation. In hushed tones, several of my senior compatriots congratulated me for speaking so courageously during the seminar.

Our most senior compatriot, Professor Khanal, simply smiled at me but remained silent. Perhaps this quiet composure was one of his defining characteristics which enabled him to serve successive governments in Nepal, from King Mahendra to the leaders of the Nepali Congress.

*

Why a Laliguras and Not “a Tarul” Anymore?

Now, let me return to the question I posed earlier.

King Prithivi Narayan Shah, as you all know, had described Nepal as a “tarul” or yam between two large rocks.

In over two and a half centuries since he made that remark, the metaphor of two rocks has become even more relevant than before because both China and India, poised to be new global superpowers, have grown bigger in power and strength and are likely to grow even bigger still in the decades to come.

However, perhaps, the metaphor of a flower does more justice to describing Nepal today than “a tarul.”

This is because the kingdom founded all those years ago has, since then, matured into one of the most beautiful countries in the world, with remarkable stories of persistent resistance and struggle, not just

to preserve the country's sovereignty and independence, but also to extend rights, freedoms, justice, and equality to its people.

We all know the history of how Nepal successfully resisted the threat of the most powerful British empire during its early days of formation saving itself from colonial rule.

This meant that by the 1940s, when other non-industrialised countries like Nepal were still struggling for independence from colonial rule, we were already claiming our democratic rights and freedoms on par with the most developed industrialised nations.

We also need to recognise something important. The country's transformation into a democratic republic laid a strong foundation for social inclusion in the post-2006 period. This new order also opened up new spaces for youth leaders from diverse communities to rise up for change. It is why Nepal is the only country in the world where a Gen Z revolution has succeeded in bringing youth to power. It was only in a republican Nepal that a young man from Madhesh could rise to become prime minister.

What is most remarkable about Nepal today is: our aspiration for progress, to be better with every generation and our history of frequent political resistance and repeated revolutions, which shows that we as a nation do not want merely to survive but to thrive, overcoming all the structural constraints of being a landlocked country between two competing global powers. Moreover, our refusal to compromise the country's political independence under extreme pressure and our instinct to fight even the most powerful external threat when needed, have made Nepal one of the distinctive nations in the world.

That is why, perhaps, the metaphor of a Laliguras between two large rocks is more apt for Nepal today than a "tarul" which described Nepal when it was newly born and had not yet bloomed.

Now, I will move on to the main topic of discussion. I have divided my presentation into three main parts. First, I will present the key trends of an emerging world order. Then, I will provide a brief overview of Nepal's foreign policy and finally share the three key proposals for its new strategic vision.

Let me begin the main part of my presentation by briefly laying out the key trends of an emerging new world, to provide the broader context in which Nepal's current foreign policy is situated.

Part II

An Emerging New World Order

The post-Cold War international order, long characterised by the unipolarity of the United States and the dominance of Western-led liberal internationalism, is undergoing a profound transformation. The rise of new powers, the resurgence of great-power rivalry, and the growing assertiveness of the Global South have collectively challenged the foundations of the rules-based international order that emerged after 1945. In this context, it is important to understand the broad contours of this emerging world order before examining Nepal's position within it.

One of the most compelling frameworks for understanding this transformation is Amitav Acharya's (2024) concept of the "multiplex world order." Moving beyond the conventional debate between unipolarity and multipolarity, Acharya argues that the contemporary world order is not simply defined by a shift in the distribution of material power among states. Rather, it is characterised by a plurality of actors, institutions, norms, and governance frameworks operating simultaneously across multiple levels. In a multiplex world, no single power or set of norms dominate. Instead, diverse regional orders,

rising powers, non-state actors, and transnational networks all contribute to the construction and contestation of global order. Drawing on Acharya's multiplex framework to understand this emerging world order, this paper identifies four emerging global trends that will have the most impact on Nepal's foreign policy.

The first is the shift from unipolarity to multipolarity. There is growing consensus among scholars and policymakers that the era of unchallenged US hegemony is ending and that the world is moving towards a multipolar order characterised by multiple centres of power. Given that the emerging great powers in this multipolar configuration are Nepal's immediate neighbours, the implications for us are significant. Nepal will have to carefully recalibrate its foreign policy to navigate the growing global power and influence of both China and India.

The second trend is technological competition. Artificial intelligence, cyber capabilities, and semiconductor technology have become central arenas of competition among states aspiring to economic development through technological power. For Nepal, this shifting landscape presents both unprecedented opportunities and significant challenges. Technological advancement offers landlocked countries like Nepal the possibility of transcending the structural constraints imposed by the absence of direct sea access. At the same time, the risk of a deepening digital divide threatens to leave economically less developed countries further behind.

The third trend is the rise of geoeconomics, particularly after President Donald Trump's re-election in 2024. Consequently, economics is no longer seen as a separate sphere of activity that can be insulated from politics, technology, military affairs, and culture, but as a tool for advancing political power (World Economic Forum, 2026). This means the line between national security and economic growth has

blurred, and Nepal needs to adapt its policies to reflect this emerging entanglement between security and economic issues.

Finally, there is the emergence of new transnational crises that demand collective global responses, most pressing among which is the climate crisis. This has significant implications for Nepal, as one of the countries, most vulnerable to the effects of climate change. It also means Nepal's foreign policy needs to rise above the confines of the traditional understanding of state sovereignty, while seeking collective global solutions to global problems such as climate change.

Part III

Theoretical Perspectives on International Relations: Towards Pragmatic Idealism

The philosophical and intellectual foundations of international relations and foreign policy are as ancient as organised political life itself. The South Asian tradition offers some of the earliest insights into the dynamics of inter-state relations through the *Mahabharata*, believed to have originated in oral tradition as far back as 400–200 BCE. This epic reflects deeply on competition over territory and resources as a trigger for large-scale war, the ethics of war, the nature and dynamics of power, the tension between personal emotion and the *dharma* (the righteous duty) of rulers, and the role of women both as instruments for consolidating or undermining power, effectively illustrated through the character of Draupadi. These themes continue to resonate in contemporary international relations.

Any reference to the South Asian tradition in relation to international relations and foreign policy would be incomplete without mentioning Kautilya's *Arthashastra* which is considered as one of the most useful manuals on statecraft. Comprising fifteen books and one hundred and fifty chapters dealing with politics, economy, law, military diplomacy, and foreign policy, the *Arthashastra* is also considered as one of the

most elaborate and systematic works on strategic thinking and realist approaches to state-building even though this text has not received the attention it deserves in dominant theories of international relations (Bhattacharya, 2024).

The strategy and tactics of warfare formulated by ancient Chinese strategist Sun Tzu are widely celebrated worldwide even today. His famous work “The Art of War” remains a manual for all strategists. His doctrine ‘The greatest victory is that which requires no battle’ is well known.

Dominant realist thinking in international relations traces its origin to ancient Greece, most notably through the work of Thucydides. In the Melian Dialogue of his *History of the Peloponnesian War*, Thucydides offered what has become one of the most quoted lines in the realist tradition: that the strong do what they can, while the weak suffer what they must (Thucydides, 416 BCE). This is regarded as a seminal articulation of realist statecraft, even though some scholars argue that his work does not correspond neatly to modern categories of realism (Johnson, 2014). In later years, Plato and Aristotle moved beyond the realist preoccupation with survival and power, introducing instead a philosophical foundation premised on justice, equality, and civic participation, which laid the normative groundwork for thinking about political life and by extension, international relations (Hawkins, 2025).

In Renaissance Europe, Niccolò Machiavelli brought realist approaches to politics and international relations to prominence through his collected works, particularly *The Prince*, written in the late fifteenth and early sixteenth centuries. His work captures themes such as the constraints that context places on political decisions and their outcomes, the central role of fear in shaping foreign policy, the ways in which domestic and international politics interact, and the similarities and differences between the foreign policies of republics

and principalities, among others (Cesa, 2014). His work offered a radical perspective for its time, establishing an amoral concept of statecraft that argued foreign policy should operate on self-interest and power, independent of traditional Christian morality and universal ethics.

The Enlightenment that followed challenged this realist tradition and laid the foundation of liberalism, which soon became one of the most powerful philosophies shaping the modern world. John Locke, considered the father of liberalism, argued in his *Second Treatise of Government* that every person is naturally free from coercion and therefore holds the rights to liberty and life. Locke argued that the move from the natural to the political condition is justified by the consent of free individuals expressed through a social contract (Gerson, 2024). At its core, liberalism centres on individual rights, liberty, the consent of the governed, and equality before the law. Such liberal values gave rise to new thinking in international relations which emphasised on ethics and morality as enshrined in the norms of a rules-based order, human rights, international law, and democratic peace.

These diverse intellectual contributions have together shaped a rich plurality of theoretical perspectives that continue to inform how we understand and analyse international relations and foreign policy today. Realism, the oldest and one of the most influential perspectives in the field, suggests that human beings are by nature self-interested and driven to compete with one another for dominance. Hence, the primary obligation of every state as the principal actor in an anarchic international system, is to acquire power in pursuit of the national interest. Liberalism, by contrast, rejects the realist view of human nature as fixed and pessimistic. It holds that human nature is capable of moral progress and therefore carries genuine potential for cooperation. Liberal scholars accordingly emphasise the role of international institutions, economic interdependence, and democratic

governance in fostering cooperation and reducing conflict, arguing that foreign policy need not be governed by the logic of power alone (Baylis et al., 2014; Blanton and Kegley, 2017).

In recent decades, these two dominant paradigms have been challenged by alternative perspectives, including constructivism, Marxist critique, feminist theory, and postcolonial theory. Unlike realism and liberalism, which rest on rationalist foundations, constructivism offers a fundamentally different lens: it argues that identities, norms, and ideas shape foreign policy behaviour. As such, the international order is not a fixed given but a social construction that can be transformed through changes in shared beliefs and practices (Blanton and Kegley, 2017). The Marxist perspective offers a critique of the global capitalist economic system that benefits some countries at the expense of others. According to Marxist historical-materialist logic, capitalism's inherent drive toward profit maximisation produces uneven and unequal development, both within and among nations. This gives rise to monopoly capitalism, which transcends political boundaries in search of profitable markets. As nation-states act on behalf of their own monopoly capitalists, friction between states intensifies, periodically erupting into war. Foreign policy, in this view, is merely an extension of states' domestic policy (Lenin 1917).

Feminist perspectives draw attention to the gendered dimensions of foreign policy, challenging the masculine assumptions embedded in realist and liberal frameworks and highlighting the experiences and contributions of women and subaltern groups in international affairs (Lee-Koo, 2011). Postcolonial perspectives, meanwhile, foreground the enduring legacy of colonialism in shaping the foreign policies of states across the Global South, including those countries that were not directly colonised but nonetheless suffered the adverse consequences of colonisation, in effect, indirect colonisation. This perspective

argues that mainstream international relations theory reflects the interests of powerful Western states and fails to capture the distinctive experience and agency of both formerly colonised peoples and those who bore its negative indirect effects (Baylis et al., 2014; Compaoré, 2025).

For a country like Nepal—landlocked, economically least-developed, and without significant military power, positioned at the intersection of two nuclear powers that are also emerging economic superpowers—no single theoretical perspective offers a complete and adequate framework for navigating a rapidly changing world order. A pluralistic approach integrating different theoretical perspectives is necessary to chart a new strategic direction for Nepal's foreign policy. This integrated framework must be guided by the Constitution of Nepal, which envisions a delicate balance between the pragmatic need to safeguard the country's independence, sovereignty, and economic development, and the normative commitment to world peace, *Panchasheel*, universal norms, and international law. In short, Nepal's international relations and foreign policy need to be guided by pragmatic idealism, which I elaborate on further below. A number of other countries facing similar geopolitical compulsions have adopted similar frameworks and their experience offers useful inspiration for Nepal.

Part IV

Reimagining Nepal's Foreign Policy: A New Strategic Vision

As a former prime minister with a long career in revolutionary and progressive politics, I do not wish to limit myself to scholarly analysis in these remarks. I want to share insights drawn from long practical experience, which I hope will guide our young leaders who now occupy the decision-making seat. This section, therefore, presents my reflections on a new strategic vision for Nepal's foreign policy. Let me

begin with a brief overview of how that policy has evolved over two and a half centuries.

From Isolation to Diversification: Nepal's Journey from Survival toward Prosperity

A quick survey of Nepal's foreign policy shows that from its emergence as a modern state until the early 1950s, Nepal's international relations centred on one overriding concern: survival as an independent, sovereign country. As Ludwig Stiller (1993) has observed, the nation of Nepal was born against improbable odds, forging unity across the most challenging terrain imaginable and then withstanding British ambitions to dominate South Asia. Leo Rose, in his 1971 study *Nepal: Strategy for Survival*, makes a similar point: Nepal's most formidable foreign policy challenge was preserving its independence against two concurrent but distinct threats including British India's emergence as a regional power to the south and the slow expansion of Chinese presence in Tibet to the north.

Prithvi Narayan Shah had the foresight to capture this predicament in the *Dibya Upadesh*, where he described Nepal as a “tarul” wedged between two boulders. He counselled that Nepal must maintain strong friendship with the emperor of China and the “emperor of the sea” (the English) to the south, while warning that the latter was exceptionally clever and would seek to expand toward Nepal sooner or later. He advocated a defensive strategy capable of resisting attacks from any quarter and emphasised a policy of isolation to protect both Nepal's territorial integrity and its domestic production and culture. This became the guiding principle of Nepal's foreign policy in the early years of the nation's life.

Territorial disputes over parts of northern India, then a protectorate of the British East India Company, led to the Anglo-Nepalese War of 1814-1816. Nepal fought several battles against the East India

Company and the Treaty of Sugauli was signed in 1816, which ended the war. Under its terms, Nepal had to cede one-third of its territory. Although Nepal retained its independence, it was compelled to accept a permanent British resident in Kathmandu (Acharya, 2024, Cartwright 2022; Regmi, 1971; Shah, 1990).

In the aftermath of the Sugauli Treaty, when Jung Bahadur Rana seized power in 1846, Nepal's foreign policy prioritised cultivating good relations with British India, recognising it as the pre-eminent regional power until its eventual departure from the subcontinent. In 1923, Nepal established its first formal diplomatic relationship with the United Kingdom through a new Treaty of Friendship (Ministry of Foreign Affairs, Nepal, n.d.). Professor Surya Subedi (2023) has argued that this was the first formal recognition of Nepal's sovereignty and independence by the United Kingdom, bringing the conduct of relations between the two countries within the framework of international legal principles for the first time. With it, the long-standing insecurity among Nepalis about a possible British invasion to consolidate control over South Asia finally came to an end. Nepal nonetheless continued its broader policy of isolation: by 1950, when more than a century of Rana rule ended, Nepal maintained diplomatic relations with only four countries including British India, France, Great Britain and the United States (Ministry of Foreign Affairs, n.d.).

After 1950, despite the end of colonial rule in the immediate neighbourhood, Nepal's vulnerability did not subside. In 1951, following the formal integration of Tibet into the newly established People's Republic of China, the intermediary role once played by Tibet between India and China passed to Nepal. Newly independent India regarded the Himalaya as the principal barrier protecting the resource-rich Gangetic plains from the north (Nehru, 1961, p. 436). For China, Nepal was equally significant from a security standpoint, given its border with the sensitive Tibetan region. The 1962 war

between India and China further heightened Nepal's strategic importance, as both countries came to see Nepal as integral to their respective security.

To navigate between the strategic interests of these two emerging Asian powers and to secure its own survival, Nepal pursued a policy of neutrality, maintaining equidistance from both its neighbours. Nepal also pursued a policy of diversification, expanding relations with other countries and joining the United Nations in 1955. Nepal, as a founding member, played an important role in the Non-Aligned Movement, launched in Belgrade in 1961 and in 1985 it helped establish the South Asian Association for Regional Cooperation (SAARC). By the time multiparty democracy was restored in 1990, Nepal had established diplomatic relations with around one hundred countries and opened fifteen diplomatic missions abroad (Ministry of Foreign Affairs, n.d.), a clear shift from the earlier policy of isolation to that of diversification.

The evolution of Nepal's foreign policy shows that its two principal pillars today are neutrality and the diversification of foreign relations, both serving to balance competing geopolitical influence. According to the latest records of the Ministry of Foreign Affairs, Nepal now maintains diplomatic relations with 183 countries, including the Holy See, a United Nations observer state. Yet even as Nepal's foreign policy has evolved to respond to emerging challenges and opportunities, there is an urgent need for a new strategic vision grounded in the broad guiding principles enshrined in the republican Constitution for navigating the rapidly shifting geopolitical currents of the twenty-first century. Within this context, I would like to present three new proposals for this vision.

Pragmatic Idealism

Following the promulgation of the Constitution in 2015, which provides broad principles for Nepal's international relations, several efforts have been made to develop new frameworks to guide our foreign policy. However, as one young international relations scholar has pointed out, these frameworks have lacked a clear guiding conceptual framework (Rana, 2026). Therefore, I propose pragmatic idealism to guide the new strategic vision of Nepal's foreign policy. The inspiration for this framework comes principally from the Scandinavian countries, which have used it successfully to balance the pursuit of hard-core national interests with their normative commitments.

The existing Constitution envisions an independent foreign policy that combines the pursuit of core national interests including the safeguarding of sovereignty, territorial integrity, independence and dignity with a normative commitment to world peace, the principles of *Panchasheel*, non-alignment, the United Nations Charter and international law. To balance the pursuit of national interests with these normative commitments, pragmatic idealism is well suited to guide Nepal's new strategic vision.

Under a strategy of pragmatic idealism, Nepal's foreign policy should first prioritise our two core national interests: safeguarding the country's territorial integrity and sovereignty, and ensuring sustainable economic development. The ruling Rashtriya Swatantra Party, at its recent national convention, has articulated a policy of "development diplomacy." This emphasis on economic development as a central goal of foreign policy aligns closely with the approach I advocated and pursued during my premiership. Nepal's historical necessity at this moment is economic development, without which our political independence and sovereignty will remain under threat.

A geo-economic comparison is useful here. Until the 1970s, the economic growth rates of China, India, and Nepal were broadly similar. Following China's economic reforms in the late 1970s, however, its GDP growth rate nearly doubled, from a moderate five per cent to more than ten per cent; by 1984, it had reached 15.2 per cent (Jian and Yu, 2019). China's economy is now projected to surpass that of the United States within the next decade (Cronin, 2026). India's growth trajectory tells a similar story: GDP growth averaged 3.5 per cent between 1950-51 and 1979-80 increased to roughly six per cent in the decades following economic liberalisation (Devi, 2015). According to the World Bank, India remains one of the fastest-growing major economies in the world, a trend expected to continue over the coming decades.

Against this background, Nepal's need for economic development is inextricably linked to the effective exercise of its political independence and full sovereignty in practice. As long as we remain economically dependent, we cannot be fully independent in practice. Thus, Nepal needs a pragmatic approach to economic development in order to safeguard its political independence. The example of Finland, which transformed its geopolitical vulnerability into an opportunity for economic growth, offers useful insights. A pragmatic foreign policy would require Nepal to remain sensitive to the security concerns of our immediate neighbours while preserving full neutrality between them. If we strengthen our negotiating capacity, we can secure significant economic benefits in return for addressing the security concerns our neighbours with us.

Alongside our strategic interests, our normative commitments in foreign policy matter equally in the modern world. These commitments shape how the international community perceives us and they provide a foundation for expanding and deepening our relationships with other countries on the basis of shared values. More

importantly, several of these commitments are directly instrumental in advancing our national interest. For instance, a rules-based global order is of paramount importance to a country like Nepal, squeezed between two nuclear powers. Our foreign policy should, therefore, give due priority to these normative commitments in tandem with our core national interests, within the overall framework of pragmatic idealism.

A Vibrant Bridge for Economic Prosperity

During my premiership, I proposed the idea of Nepal as a vibrant bridge for the development and economic cooperation of the wider region. I am aware that this is an ambitious vision, mainly because of the constraints of Nepal's landlocked geography. One may reasonably ask how a country with no direct access to the sea can serve as a trading link between two economic powers that already trade with each other directly through established maritime routes.

Yet our history suggests that this vision is not beyond realisation. For centuries, Nepal has served as a dynamic conduit for the exchange of ideas, trade and culture between the regions to its north and south. Nepal's distinctive geography as an elevated transition zone between the high plateau of Central Asia and the Indian subcontinent has created natural conditions for precisely this kind of connecting role. That's why there is no reason to hesitate in imagining Nepal as a central bridge between China and the Indian subcontinent, to the economic benefit of all three countries.

I want to give this vision high emphasis because, if realised, it could address one of the central obstacles to our economic prosperity. A key reason Nepal remains among the world's economically least developed countries is because geopolitical constraints have left us dependent on a single country for our trade. If we can take advantage of the growing economic weight of both China and India and convert

our geopolitical position from a constraint into an opportunity, we can resolve this long-standing structural blockage to Nepal's economic development. The first step is to persuade both neighbours, through smart diplomacy, that Nepal's economic prosperity is in fact a precondition for their own long-term security (Rana, 2022).

It is not possible to lay out the specific details of implementation in this presentation, given time constraints. But, before proposing this vision to our neighbours, Nepal needs to be clear about the strategic advantages it can offer as a neutral bridge and how it intends to overcome its structural constraints. We also need concrete plans to develop the infrastructure and logistical capacity required to fulfil such a role. Above all, we need to secure the trust of both immediate neighbours through smart diplomatic engagement before undertaking this ambitious project.

Hence, I would like to urge the Ministry of Foreign Affairs to take the initiative in developing a viable implementation framework, bringing together political leaders across parties, scholars, diplomats, and other relevant experts and stakeholders. The Ministry should also draw on the experience of established trading entrepôts such as Switzerland, Singapore, Hong Kong and Dubai.

I want to share one exchange that is relevant here. During Chinese Premier Wen Jiabao's visit to Nepal in 2012, while I was prime minister, he warmly praised, in our one-on-one meeting, my idea of developing Nepal as a vibrant bridge between China and India for shared economic prosperity. I was naturally pleased and thanked him.

Then, toward the end of our meeting, he added something which struck me: that China understood and appreciated Nepal's need to maintain good relations with India. I was surprised by that remark, because it clearly signalled that China understood Nepal's strategic compulsion to remain closest to India and had no intention of competing for

influence in a way that would antagonise India. I asked him to repeat the same message to the leaders of the other parties he was scheduled to meet afterward and he kindly agreed to do so.

I believe this was an important lesson for those leaders who sought to strengthen their domestic politics by playing one neighbour against the other. It is unfortunate that a few leaders continued that game until recent years. This does not serve Nepal's long-term interests. What we need instead is a framework that allows Nepal to act as a vibrant and dynamic link between our two neighbours, both emerging economic superpowers, by leveraging our genuine neutrality, facilitated by our unique geography.

Nepal as the Nation of Peace (Shanti Rashtra)

In thinking about a new strategic vision, it is important to define the kind of national identity Nepal wishes to project to the broader international community. There are good reasons why Nepal should embrace its identity as a Nation of Peace (NoP). Before turning to that idea, it is useful to recall King Birendra's proposal for a "Zone of Peace" (ZoP) and to distinguish it from the framework that is proposed here.

King Birendra officially announced the ZoP proposal in 1975, during a farewell address to the foreign dignitaries who had assembled for his coronation. His vision for the ZoP was closely intertwined with Nepal's policy of non-alignment. He explained that this policy was needed because it was necessary for promoting peace which in turn, was essential for the country's independence, security and development. To institutionalise this peace, King Birendra appealed to declare Nepal as a Zone of Peace (Muni, 2016). While King Birendra's vision of the ZoP was an assertion of the country's independent and non-aligned foreign policy, not only vis-à-vis the two superpowers of

that time, but also its two immediate neighbours, it also recognised the significance of peace for the country's prosperity.

To understand why this proposal ultimately failed, it is important to consider the context in which it emerged. Developments in the region culminating in the creation of Bangladesh and the annexation of Sikkim following Indira Gandhi's rise to power in 1966 had generated a pervasive sense of insecurity in Nepal regarding India's intentions. King Birendra's proposal was primarily intended to strengthen Nepal's neutrality amid this growing regional insecurity. Nevertheless, India viewed the initiative as an attempt to constrain its regional influence (Muni, 1984) and consequently did not support the proposal. As a result, despite being endorsed by more than one hundred countries (Khanal, 2019), the proposal was never implemented. At home too, this proposal by a monarch who had yet to agree to democratic reforms failed to win support from prominent political forces such as the Nepali Congress and Left parties. Therefore, the context and content of the idea of Nepal as a Nation of Peace, differ substantially from King Birendra's ZoP proposal.

A nation of peace is not born out of fear and concerns over regional insecurity; rather, it is rooted in confidence in Nepal's new republican order, which has strengthened us as a nation. In this republican framework, Nepal's identity is no longer based on a monolithic conception of nationhood but on a pluralistic understanding that recognises the country's social diversity as a source of strength rather than vulnerability. The republican Constitution has provided the foundation for greater national unity by addressing substantially, even though not yet fully, the sense of alienation and discrimination long felt by various identity groups. Framed this way, NoP vision reflects the country's ongoing progress towards sustainable peace, advanced through successive political movements, including the recent youth-led transformation.

This vision is also grounded in our foreign policy tradition of a sense of responsibility towards the world. Our past rulers advocated world peace and stood against nuclear weapons, the arms race, colonialism, imperialism and racism. They have courageously appealed to powerful countries to divert resources from the production and sale of arms toward the economic development of poorer countries (Muni, 2016). For more than a century and a half, Nepal has not fought a war or attacked another country and peace has remained a guiding priority in its external relations. Nepal neither produces nor sells arms, unlike some European countries that claim to champion peace while exporting weapons. Nepal's persistent contribution to United Nations peacekeeping missions further demonstrates this commitment.

At a deeper level, this vision draws on our uniquely unbroken history of political independence and on rich culture that make Nepal's connection to peace more distinctive than many other countries. Since ancient times, people from around the world, including from India, have travelled to the Himalaya in search of wisdom and peace. Violence among the broader community has remained relatively limited, even though Nepali politics has at times been violent (Whelpton, 2013). The absence of direct colonial rule may have helped preserve this peace at the community level, in contrast to colonised countries such as India, where colonial policies sowed seeds of division among diverse religious communities and nationalities. Nepal's rich indigenous culture such as the *Guthi* system also embodies valuable ingredients for promoting peace within communities.

The new framework based on these three key foundations means that unlike the Zone of Peace, the contemporary vision of a Nation of Peace need not be interpreted in geopolitical terms. Instead, it can be understood as a strong commitment to advancing peace at home while maintaining peaceful relations abroad. NoP vision should be

understood primarily as an aspiration to reflect peace in the everyday lives of ordinary people by ensuring that their basic needs are fulfilled. This idea can also be understood as a commitment to promote justice for historically marginalised groups and to address social, political and economic inequalities. In summary, NoP reflects Nepal's own aspiration for sustainable peace within the country, achieved through rapid economic progress.

In international relations, the NoP vision reflects respect for the principle of peaceful coexistence and the cultivation of friendly relations with all countries. It also calls for expanding the conventional understanding of neutrality into a positive neutrality marked by a proactive and dynamic approach, associated with countries such as Switzerland and Oman (Assist, 2025; Hirschhorn, 2025) rather than a passive and cautious one. Within this expanded framework, Nepal could aspire to become a leading global voice against war and violence. It could contribute to mediation and peace facilitation during armed conflicts, support countries facing crises to the best of its capacity, and share its own experience of pursuing sustainable peace despite multiple structural constraints. As a Peace Nation, Nepal could also advocate affirmative international support for the least developed and environmentally vulnerable countries of the Global South, which continue to bear a disproportionate share of the costs of industrialisation and economic development elsewhere. This expansive conception of the NoP, in turn, creates greater scope for support from the international community, including India whose backing is essential to realising this vision, as our past experience with the ZoP has taught us.

The most important step towards building this identity is to identify a broad guiding philosophy. For this purpose, I want to propose Scientific Humanism (Bhattarai, 2020; Wilson, 2013).

Billions of years of evolutionary history on our planet show that the inherent imperatives of competition and cooperation, present in all higher species, ultimately gave rise to our own species, *Homo sapiens* or a “thinking being.” We are the only species, so far, with the ability to “understand” and “change” the world. Humans alone are sufficiently wired, genetically and socially, to combine their inherent capacities for cooperation and competition judiciously, in ways that create higher forms of civilisation.

In the past, the European Enlightenment introduced the ideals of liberty, equality and fraternity. In practice, however, it gave rise to two dominant but incomplete schools of thought. The first combined liberalism and capitalism, emphasising liberty and competition alone. The disastrous consequences of this ideology included two world wars. The second, socialism and communism, also emerged from the Enlightenment tradition but emphasised equality and cooperation alone. In turn, this led to prolonged economic stagnation and decay, as demonstrated by the failure of many communist countries to achieve necessary economic growth.

What our era urgently needs, then, is a new Enlightenment, that moves beyond these two dominant schools of thought and combines them into a single coherent whole: liberty, equality, and fraternity together; competition and cooperation in synchrony, rather than in opposition. This synthesis is Scientific Humanism. It could serve as a guiding philosophy for a peaceful world grounded in our ancient tradition of *vasudhaiva kutumbakam* (the world is one family.).

Identifying this guiding philosophy, however, is only the first step. We need to conduct broad-based consultation across all sections of Nepali society, to forge a national consensus around the NoP vision. At the same time, its implementation should remain dynamic rather than rigid, evolving in response to changing domestic and international

circumstances. The purpose of this presentation, therefore, has not been to offer a fixed blueprint, but to offer inspiration for a national project that can elevate Nepal's standing both at home and on the global stage.

Part V

Final Thoughts

I want to conclude by returning to the question I posed at the beginning.

Today, in the new republican order, the question of survival is no longer central to our foreign policy.

Despite being encircled by two ancient civilisations, Nepal has forged its own distinct identity over the two and a half centuries so its survival is now fully secure. We should also remember that Nepal is not only the oldest country in South Asia but also one of the oldest nations in the world.

The key question for Nepal's foreign policy now is about thriving, about creating a strategic vision to facilitate sustainable economic development through smart diplomacy.

I want to share one more personal example here.

In 2012, the summit meeting of the Non-Aligned Movement (now defunct) was organised in Tehran, where I attended as prime minister. More than one hundred heads of state and government were present.

On the eve of the summit, all the heads of delegations including presidents and prime ministers were gathered in a spacious conference room. For some reason, the formal programme was delayed by almost two hours, leaving us spare time to interact informally with leaders from different countries.

I took the opportunity to talk one-on-one with the Prime Minister of India, Dr Manmohan Singh, and the Prime Minister of Bangladesh, Sheikh Hasina, on matters of mutual national interest.

I randomly floated the idea of trilateral cooperation on the production and export of hydroelectricity from Nepal. Prime Minister Hasina was immediately enthusiastic about the prospects of such cooperation. I suggested she persuade the Indian side too.

During my bilateral meeting with Prime Minister Singh, he also expressed his support for the idea, though in his own characteristically sober and toned-down manner.

This was how electricity export to Bangladesh via India was made possible a decade later.

This example shows how smart diplomacy which may include taking advantage of opportunities as they open, leveraging trusted relationship, and pursuing a vision of shared interests can advance a country's economic interests.

Now, once again, going back to the question.

As I have just explained, Nepal has proved that it can survive despite being in the shadows of two big rocks. Only the question of thriving remains.

Now, it is high time for the Laliguras to fully blossom!

Nevertheless, to fully thrive, our foreign policy should develop a new framework to lift the country out of the shadow of its two big neighbours and place it at the centre, as a linking bridge for economic prosperity to the benefit of all three countries.

Nepalis people and our youth in particular, have now woken up from hundreds of years of slumber and isolation. They dream of catching

up with the rest of the developed world in the shortest possible time. The strategic visions of the Vibrant Bridge and the Nation of Peace guided by Pragmatic Idealism in foreign policy can serve as pathways to fulfil this dream. They can also help end the suffering of the large numbers of Nepalis youth who are forced to sweat and toil away from home in 170 countries. The land of the Buddha's birth can finally become an apostle of peace and prosperity in the twenty-first century.

Professor Khanal's rich insights on international politics remain a valuable guide as we work to fulfill our new Nepali dream. He played a key role in shaping foreign policies that safeguarded Nepal's political independence during the most challenging times and enhanced its image globally. His insights remain a vital compass for our foreign policy as we work toward prosperity. (Khanal 2000)

Finally, I hope today's presentation can also contribute to a new beginning of reimagining Nepal's foreign policy for the country's economic prosperity so that our sovereignty and independence are fully protected for many centuries to come.

We will all die one day but our Nepal must live on for our children, our grandchildren and all their successors.

With these final thoughts, I conclude my presentation.

Thank you all for listening to my reflections. Namaste!

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About Professor Yadu Nath Khanal



Born in Tanahun district of Nepal in August 1913, Professor Yadu Nath Khanal served as Foreign Secretary of Nepal twice (1961-62 and 1967-70) and as Ambassador to China, India and the United States, while also taking up various other public responsibilities.

The contributions he made to the development and intellectualisation of Nepal's foreign policy and the conduct of diplomacy at crucial times in history have proven to be pragmatic and important guideposts to the nation. Professor Khanal demonstrated acumen on how Nepal could successfully pursue its vital national interests amidst many constraints and uncertainties. His contribution to founding a specialised, professional and well-nurtured foreign service through the constitution of a distinct Nepal Foreign Service has proved instrumental. He has left an indelible mark on the diplomatic outlook of Nepal and has been an inspiration to the practitioners of diplomacy ever since.

Beyond the domain of foreign policy and diplomacy, Professor Khanal was an erudite scholar of Sanskrit and Nepali literature and prolific writer on matters of eastern philosophy. He has left behind some impactful books and reflections in Nepali and Sanskrit literature, in addition to his books on foreign policy and diplomacy. His writings have also been published in several renowned national and international journals. He was awarded an honorary Doctor of Law degree by Claremont University of California in 1974. Professor Khanal passed away in 2004.

The Ministry of Foreign Affairs launched Professor Yadu Nath Khanal Lecture Series in 2022 as a tribute to his distinguished service to the nation.



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