

# Indian Council of World Affairs

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New Delhi



## View Point

### **Premier Wen Jiabao Visit to Nepal: Secret, Short and Substantive?**

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Chinese Premier Wen Jiabao's state visit to Nepal on 14 January 2012 is the second high profile visit by a Chinese Premier in over a decade since Premier Zhu Rongji visited the Himalyan nation in 2001. The visit was a stopover (lasted about five hours) on his way to West Asia and was kept secret until a few hours before the Premier arrived in Kathmandu. The visit was short but the agenda seems to be fairly substantive. The Premier held talks with Prime Minister Dr. Baburam Bhattarai, President Ram Baran Yadav, and leaders of main political parties including Sushil Koirala of the Nepali Congress and Puspa Kumar Dahal of the Communist Party of Nepal (Maoist).

The Chinese Premier had been due to visit Nepal on a three day trip in December 2011 but that trip was canceled for undisclosed reasons amid speculation over security concerns. Some reports in Nepal suggested that the Chinese government was apprehensive of protests by Tibetan refugees living in Nepal during the Chinese premier's visit. And hence the Deputy Prime Minister and Home Minister of Nepal, Mr Bijaya Kumar Gachhadar visited China in the last week of December 2011 to assure that there will be no such incidents during the Premier's visit to Nepal. Reports in Nepal also suggest that arrangement for the visit was kept secret as directed by China. Even Prime Minister Bhattarai has been quoted saying "the visit was kept secret as per the request of China." The Police had also arrested hundreds of Tibetan activists.

The highlight of the visit was the Joint Statement signed by Chinese Premier Wen Jiabao and Nepalese Prime Minister Dr Baburam Bhattarai. It notes “the two sides decided to further promote Nepal-China friendly relations of a comprehensive partnership of cooperation featuring everlasting friendship on the basis of Five Principles of Peaceful Coexistence” Both countries had established “comprehensive and cooperative partnership in 2009.

China’s activism in Nepal especially since the end of monarchy in 2008 has been primarily driven by political factors including Tibet and geopolitical considerations. This has also been termed as a paradigm shift in China’s Nepal policy by some Nepalese scholars including Kanak Mani Dixit. Nepal is home to approximately 20,000 Tibetan refugees who have protested against China’s policy in Tibet Autonomous Region (TAR). China is sensitive to protests by Tibetans especially after a wave of self immolations in China over the past years in protests against Chinese rule. To satisfy the Chinese concerns the Joint Statement notes “both Taiwan and Tibet are integral part of the Chinese territory” and “the Nepalese side firmly supports the efforts made by the Chinese side to uphold state sovereignty national unity and territorial integrity, and does not allow any forces to use Nepalese territory for anti China or separatist activities”

During the visit China agreed to provide Nepal with 750 million Yuan (US \$ 120 million) in aid. The amount will be spent on mutually agreed projects under new bilateral agreement namely Economic and Technical Cooperation signed during the visit. China also announced a grant of US\$ 20 million to aid Nepal’s peace process and about US\$ 2 million for police forces. Nepalese media had reported that Nepal would seek US\$ 5 billion for various infrastructure projects including construction of its international airport in Pokhara and three large hydropower stations in the western region. It is reported that Chinese side was “positive towards the requests”.

Both leaders agreed to continue discussions regarding the bilateral agreement on the Bilateral Investment Promotion and Protection Agreement (BIPPA). Further, China also agreed to expedite the implementation of various infrastructure projects including the upgrading and expansion of existing Ring road of Kathmandu and

Tatopani dry port. The two sides agreed to strengthen border area management and signed the agreement on the managements of ports in Nepal China Border Areas and the agreement on Trans Frontier Pasturing by border inhabitants.

China's state-run *Xinhua* news agency reported that construction of railway line from Tibet to Nepal was also discussed during Premier Wen talks with Nepalese PM. It was announced on 18 January 2012 that a new railway line from Lhasa to Xigaze (Shigatse in Tibetan) will be built as a key project of five year development plan (2011-2015) of TAR.

China's economic engagement with Nepal including aid and investment has increased rapidly in the last few years. There are, however limitations of the economic relationship. The Nepalese government has declared 2012 as an investment year and welcomed Chinese companies to invest in Nepal. Yet, only a few Chinese enterprises choose to invest in Nepal primarily due to poor infrastructure and small scale market. The short and protected visit of Chinese premier became an issue for Nepali Congress to solely blame the government of Nepal. However, the visit proved to be quite substantive in its deliberations to promote Nepal-China relations which have been described as "politically warm but economically cold" in Chinese media.

It is noteworthy that India factor has always influenced China's Nepal Policy and China's activism in Nepal is directed to counter India's influence in Nepal. There has been an unprecedented number of Chinese delegations including Party and military delegations who visited Nepal in recent past and Nepalese officials have also visited China in their turn. As per Chinese government source the number of bilateral personnel exchanges reached as high as 74,000 in 2010.

Nevertheless, India and Nepal enjoy a unique relationship. They share a long open border, free movement across the border and free trade between the two countries. Nepal's trade with India accounts for two third of Nepal's total trade volume while that with China only makes one tenth. However, China's Nepal focus is targeted to achieve geopolitical and strategic goals which have implications for India.

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*31<sup>st</sup> January 2012*