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Nepal-China Connectivity and the Need for Regional Cooperation

BY ANIL SIGDEL

Anil Sigdel, Director of the International Studies Program at the Advanced Research and Training Institute-Nepal, explains that "The growing connectivity of South Asia with China is inevitable. Growing Chinese involvement in Nepal signifies that it will be increasingly hard for India to micro-manage domestic politics in Nepal."

May 11, 2016, marked the first ever departure of a freight train from Lanzhou, the capital of the northwestern Gansu province of China, with a cargo destined for Kathmandu, Nepal. This link is the part of a combined transportation network via Shigatse (Xigaze), Tibet Autonomous Region (TAR), where cargoes are moved from rail to road transport. Nepalese-loaded trucks will be crossing from there over the Himalayan passes through Kyirong to reach Rasuwagadhi, Nepal, and then to the capital Kathmandu. The whole journey takes 10 days, 35 days less than traditional maritime routes would take.

Although it is too soon to call this growing connectivity with TAR and the rest of China a viable geo-economic alternative for Nepal in the short-run, this train is definitely a sign of a significant change in Nepal's geo-political reality. Back in 1950, the Prime Minister of India, Pundit Nehru, stated in the Lok Sabha (the lower house of Indian Parliament) that India recognized Nepal as an independent country but "any child knows that you cannot go to Nepal without passing through India…" This showed that India wanted to keep Nepal within its sphere of influence. India patronizingly defined its relationship with Nepal as "intimate" and "special", which Nepal always resented, viewing it instead as India's aim to bar it from reaching out to other countries, especially China.

Now, years of high-speed economic growth in China has enabled it to develop an extensive road and railway infrastructure in TAR, among other regions, making the high Himalayan passes between Tibet and Nepal no longer an insurmountable barrier. China has already issued its plan to make a tunnel under the Himalayas and has extended its Qinghai-Tibet railway up to Shigatse. The Friendship Highway that connects the Tibetan capital Lhasa with Nepal through passes over five thousand meters high is asphalted almost up to Zhangmu near the Nepali border – with a road quality that approaches Western highways. Nepalese traders have been using this highway to bring their merchandise mainly from Chengdu, the capital of Sichuan province, and Guangzhou, the capital of Guangdong province. Trucks from Guangzhou travel two weeks to reach Nepal. Both countries have agreed to upgrade existing border points and open new ones for international trade which will bring the number to six or seven different points operating in the near future.

Tibet-Nepal relations are not new, having been connected since ancient times through travelers, matrimonial relationships, and cultural exchanges. Nepal had been influenced by Tibetan, Chinese, and Indian traditions. China, in particular, has always captured the Nepalese imagination with its size, culture, and development, and in Nepal there has always been a distant hope that China someday would reach out to its

tiny neighbor when Nepal needs it the most. The crisis this year caused by India's five-month long undeclared, but *de facto* blockade to give momentum to the *Madhesi* agitation in the south came as an opportunity in disguise for the earthquake-stricken Nepal. Since Nepal buys one hundred percent of its petroleum products from India, the desperate country had no option but to ask China for help. China, which has always been concerned about not stepping on India's toes with its involvement in Nepal, responded positively to the plea. Because China sees the *Madhesis*' demands in southern Nepal as being against its interests, it has endorsed Nepal's new constitution and, moreover, seized the opportunity to reach out as Nepalese citizens were grappling with the earthquake, *Madhesi* agitation, and the blockade.

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The diplomatic overtures not only accelerated the operation of the Rasuwagadhi-Kyirong crossing to bring fuel trucks, but also culminated in a historic bilateral agreement on trade and transit. This agreement made China *only the second* country to have such an agreement with Nepal, after India, carrying the symbolic meaning that Nepal has finally escaped India's sphere of influence for good. The incumbent Nepalese PM, K. P. Sharma Oli, in his visit to Beijing in March 2016, signed agreements on China-Nepal Free Trade and Transit Transport. The agreements also include areas of cooperation in multilateral fora, including the United Nations. Nepal also sealed an agreement to use transit facilities for third country trade through the ports of China, which particularly includes the prospect of accessing the port of Tianjin directly through railway.

However, there are definitely doubts regarding the implementation of such agreements, the viability of the trade relationship and transport proposals, and the much-needed long-term commitments of the two countries. The distance to Tianjin port is four times greater than to Haldia in West Bengal, which Nepal currently also uses. Similarly, in terms of balance of trade, a China-Nepal trade partnership looks impractical. Nevertheless, it all depends on China's commitment to bring the train up to Kyirong by 2020 as it has planned. If materialized, the distance will not stop Nepal reaching out to Chinese oil refineries, market, and ports. Moreover, if China responds to Nepal's request to bring the railway up to Kathmandu, that would be a "tectonic shift" which would end the exclusive dependence on India for good. Nepal is very much aware of its unenviable conditions in terms of development. Therefore, in order to benefit from trade with China, Nepal understands that it needs China to invest in key areas, for which PM Oli has a long list of requests: hydro-power projects, transmission lines, airports, roads, bridges, railways, energy, finance, tourism, post-quake reconstruction, and people-to-people contact.

All these developments have made India unreasonably anxious. The growing connectivity of South Asia with China is inevitable. Growing Chinese involvement in Nepal signifies that it will be increasingly hard for India to micro-manage domestic politics in Nepal. India's recent failed attempt to topple PM Oli's government has been a glaring example. What is truly in India's and South Asia's interest is that India should come to terms with the changing reality, start dealing with its proud neighbors as sovereign forces to reckon with, and shift its preferences from bilateral hegemony towards regional cooperation. The fact that Nepal and China are beginning to build connectivity is upsetting India. But the connectivity does not necessarily mean that Nepal will act against India's interests. What it wants is to benefit from two giant economies for its own development. As such, India needs to have a more pragmatic policy towards Nepal than the one it has pursued in the past.

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