Nathula: Trading in uncertainty

by | **A C Sinha**

The increased bonhomie between India and China in recent years has opened up the possibility of building newer avenues of cooperation between the two countries. There are reports that after a gap of four decades, the Nathula route (located on the Tibet border with Sikkim) will be opened for trade between India and China in late September, which could give a boost to transnational economic ties in the region. However, an assessment of the ground situation reveals that the implementation of the proposal has not proceeded apace with public pronouncements.

Prior to 1962, Nathula (*la* = pass) was open as a trade route between India and China. Initially an offshoot of the ancient Silk Road, the pass was brought into use by the British in 1904 as part of an attempt to connect Calcutta to Lhasa. The short border war between India and China in 1962, however, led to the closure of the pass and subsequent limitations on trade between the two nations.

Until very recently, relations between India and China had been friction-laden. The signing of the "Memorandum on expanding border trade" on 23 June 2003, however, marked a change in the way the two states dealt with each other. Traders from both China and Sikkim supported their governments' decision to establish a trade mart at Nathula by September 2005. The trade center was to have banking services, warehouses, customs offices, and other facilities essential for cross border trade. The proposal also included a plan to link the pass to the commercial metropolis of Siliguri, a major center in India's commercial network, via a four-lane road.

Official Chinese map showing Sikkim merged in to India, with Indian foreign secretary Shyam Sharan's marker pen encircling the area in question at a press conference

Despite the recent easing of relations between New Delhi and Beijing and the ensuing agreement to reopen the trade route, there are no visible results in Nathula. There is hardly any activity on the snow bound ridge currently under the charge of armed forces from the two states. There are no settlements, no markets, no banking facilities, no customs offices, no civil police, nor any form of commercial activity. Even the narrow roads, built for armed vehicles, have been closed to tourists because of landslides.

Although Indian strategists have pointed out the economic benefits of reopening the pass, to both India and China, the complexities lie in politics. Since China has made the figurative first move, acknowledging that Sikkim is part of India, the pressure remains on the Indian government to show a change. For India, the opening is more symbolic than practical. In early August 2005, the Indian government announced the need to postpone the creation of the crossborder market, citing national security concerns as a key issue. Nonetheless, the Indian government has said, the route will be opened on 30th September.

There is also an additional complexity vis-à-vis the tribal communities in the region. The land around the proposed trade mart is within the zone of Bhotia territory, where an order of a former Namgyal ruler forbids outsiders (i.e. those not of the tribe) from

buying land and settling as permanent residents. Thus, a sizeable section of the Sikkimese people will not be able to take advantage of this mercantile opportunity. Naturally, the Bhotia interpret Delhi's reluctance to open the pass as unwillingness to help Sikkim's economy. The Sikkim state government has also had difficulty finding a way out of this impasse.

Interestingly enough, while strategists outside Sikkim see the opening of Nathula as an opportunity to bring a massive boost to *regional* trade, the Sikkimese establishment simply expects a continuation, albeit on a larger scale, of the traditional trade of fresh fruits, vegetables, and wool via coolies and mules. Historically, it is the Bhotia who have been the main operators and traders on this and other Himalayan passes. With the Bhotia benefiting from the trade of local products, it is expected that they would have more goodwill towards the state government.

Despite the Indian government's dilly-dallying in opening Nathula, the Gangtok government of Chief Minister Pawan Kumar Chamling clearly means business. It has established the 'Nathula Trade Co-ordination Committee' presided by the state chief secretary, that also includes key bureaucrats, representatives of the army, the Border Roads Organisation, the Bharat Sanchar Nigam (telecommunications), and officials from a wide variety of departments, from roads to health. After a preliminary study, it was proposed to shift the site of the mart from earlier suggested Tsomgo in upper Sikkim down to Sherathang, an army base. The Indian army has reportedly agreed to surrender Sherathang once an alternative site is provided for it. While the Government of Sikkim is willing to provide access to the Chinese traders up to Rinchengang, north of Gangtok on the way to Nathula, the Chinese have sought access right up to Rangpo on the West Bengal-Sikkim border. Furthermore, the Chamling government is keen to open a Lhasa-Gangtok bus service via Nathula.

In regional terms, opening the trade route to Kakarbhitta in Nepal, Paro in Bhutan, and Rangpur and Rajshahi in Bangladesh would create much needed new opportunities for transnational trade, thereby strengthening the economy of the region as a whole. However, since no infrastructure has been erected in Nathula nor its approach, the likelihood of extensive trade in an assortment of commodities, involving a variety of stakeholders, does not appear possible in the existing situation. Achieving this vision requires a progressive leadership willing to rise above the prevailing pettiness and distrust that has marked the politics of Sikkim. Only then will it become possible to create and maintain transnational trade.