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Himalaya Dehradun 2015

UNFOLDING CENTRAL HIMALAYA
The Cradle of Culture

Edited by

B.K. Joshi and Maheshwar P. Joshi



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Chapter 15

From barter to Dollar: Revival of SSR in Central Himalayas and its implications

Nihar R. Nayak

Introduction

Historically, Nepal has played a vital role in linking two major civilizations – China and India – of the world. The role of Nepal as a vibrant bridge in ancient period was discovered when western archaeologists found presence of Silk in Samdzong 5, in upper Mustang district of Nepal. The study found that upper Mustang region was not known for Silk production, but that the material might have reached that region somewhere from silk production areas of China. Therefore, the study concluded that Nepal was part of ancient Silk route network of China and perhaps was a triangular trading point between South Asia, Central Asia and inner China (Gleba *et al* 2016). While Nathula, Lipu-Lekh and Shipkila were direct trading routes between India and Tibet, Taklakot, Mustang, Rasuwagadhi, Kodari were important trading routes between India and Tibet via Nepal.

Nepal's quest to regain its pre 1904 status as a vibrant bridge between India and Tibet (now TAR of China) found expression when China agreed to extend the Tibet railway up to Kyirong and then to Bihar border of India under the One Belt, One Road (OBOR) project. The relationship leapt to new heights when Nepal and China signed ten MoUs in May 2016, including a new transit treaty and for undertaking feasibility study to extend Tibet railway up to Kathmandu. In return, Nepal acknowledged the OBOR of China. The transit agreement, feasibility study for exploration of oil and gas resources and agreement on exchange of ideas and proposal on construction of cross border railways and railway network in Nepal are significant ones. Although

many Indian scholars question the cost benefit of Chinese Railways beyond Tibet, one Chinese embassy official in Kathmandu on April 4, 2016, said, “This is not for Nepal. This is for India as well. Not for India only, but for whole of South Asia”. In this regard, China may discuss with India about Nepal-China-India trilateral cooperation in near future.

While Nepal has expressed its enthusiasm about its newly found role in the region, closure of Tatopani trading point by China in 2015-post earthquake period and keeping only one international trading point between both the countries raises question about the seriousness of China over execution of OBOR project. At the same time, India has also made its project based support to the OBOR. The so called tri-lateral cooperation between China-Nepal-India proposed by the then Prime Minister of Nepal, Puspa Kamal Dahal, for economic and strategic cooperation in the region has remained a cold starter and the discussion is confined to track-II level only. It appears that Chinese are more interested on revival of South West Silk Route (SSR) under OBOR project by giving priority to Bangladesh-China-India-Myanmar (BCIM) corridor.

Strategic relevance of Nepal

The strategic relevance of Nepal was re-defined by major world powers during the Cold War period and then contemporary developments in international relations.

The Himalayas have long been a natural barrier between the two great Asian civilizations – Indian and Chinese. Both the civilizations have treated it as their protector against external and mutual threats. However, the myth of Himalayas as the natural protector proved wrong when China and India fought a war in October 1962. The invention and application of modern technology brought about a new but peculiar scenario that led to significant change in the nature of warfare. And thus the concept of security was redefined with the changing needs and demands of global politics.

Following the success of anti-colonial movement in China and independence of India, the Himalayan region drew the

attention of major powers from other continent(s), who were involved in ideological rivalry. This caused concern for both China and India. Given their geographical proximity, both the countries integrated their part/portion of the Himalayas as their natural frontier. This resulted in competition for extension of influence in the proximate neighborhood for strategic advantage. Even after 60 years, both the countries while looking for solutions on the disputed borders, make unilateral claims on certain parts as their exclusive zone of influence. A sense of competition and mutual suspicion has intensified further to control the Himalayan water due to rapid urbanization and industrialization in both the countries and military infrastructure developments in Tibet. Since India is the only major power located in the south of Tibet, it can be implied that the military build-up in Tibet is possibly targeted at India.

In addition, the Himalayas are strategically important for countries like Nepal and Bhutan. These small states act as partial geographical buffers between India and China separated by hundreds of miles, and they are also more dependent on their southern neighbor – India – for easy access to sea for trade with other countries. Between these two states, Nepal has attracted greater attention of the external powers. Historically, Nepal has remained a strategic location for big powers since the Cold War. Also, it has always figured prominently in the regional power politics centered around the Himalayan region. In return, Nepal took advantage of major/external powers' presence on its territory to counter balance the influences of its two neighbors and also to secure its territorial integrity. Despite that, Nepal's foreign policy has mostly been focused on maintaining balance between its two big neighbors (Nayak 2014).

Ancient trading routes and erosion

Nepal was part of South west silk route and a connecting point between India, China and Central Asia via Tibet. Other than local trading points between Tibet and Nepal, two ancient trading routes – (1) Kathmandu-Kodari-Kuti (Nyalam in Tibet)-Lhasa, (2) Kathmandu-Rasuwagadhi-Kyirong-Lhasa (Cowan

2013) – in central Himalayan region were engaged as international trading points. Besides, there was a trading pass in Upper Mustang region of Nepal. It has been a vibrant internal trading pass between India and Tibet and Central Asia since 5th century BC. Goods produced in central and eastern India were being transported to Tibet via Banaras-Mirzapur-Pokhara-Mustang-Lhasa route. This trading route was active until the “ascendancy of the Gurkhas in Nepal in 1769” (Sen 1971). Apart from economic benefits to Nepal, these trading routes supported the livelihood of the local people, promoting cultural and religious activities amongst academicians and religions preachers of the region to undertake goodwill visits (Heide 2012).

Trading and ethnic groups

Other than trading routes, there were some traditional merchant communities in the Nepal-Tibet border. A large number of Bhotia community and sub-tribes of Central Himalayan region were engaged in trans-Himalayan trade. Some of the important ethnic groups like Bhotias (Limi herders/valley) of Humla, Nyishangba of Manang, Thakali of Mustang (Kali-Gandaki valley), Dolpo-pa of Dopl and Newar of Kathmandu valley controlled the Kodari and Rasuwa passes in Sindhupalchowk. The economy and livelihood of these trading ethnic groups depended on border trade. Many studies of this area have found that despite unfavorable condition for major economic activities in these areas, these communities were economically well off and had spread their trading networks both in north-south and east-west destinations. Their success and trading routes were mostly determined by geographical location of other settlement, ecology, local and adjacent products, and demand and supply of the region. The choice of this occupation was not due to culture or skills, but due to “an element of necessity then in concurrence of extra-local activities” (Spengen 2014: 109) to survive in high altitude area with limited resources. For example, despite living close to Nepal-Tibet border, Trans-Himalayan trade with Tibet has hardly played a role in the Nyisangba economy (*Ibid*: 10; see also, Mazardo) of Manang. This community was mostly doing

their business with southern part of their locality. However, all ethnic groups in the region were not successful in trans-Himalayan trading.

Factors of erosion

India-Nepal-Tibet trade lost its relevance with development of modern technology and bilateral agreements between Nepal and China since 20th century. Nepal's role as entrepot trading country was diminished after British India-Tibet treaty in 1904 and opening of direct and shortest route to Tibet via Sikkim (Pant 1962). First major blow to ancient traders came in 1956 when Nepal and China signed a trade agreement limiting the movements of Nepalese traders to 30 days and 30 kilometers in Tibet from the border. Second, the movement of ancient caravan and traders were further restricted under 1963 border protocol. Nepalese nomads failed to access pasture lands of Tibet. Third, government of Nepal's decision to provide iodine based salt from India to curb goiter problem in Nepal further restricted the salt-grain trade between Tibet and Nepal in 1973. Since Tibet salt lost its market value in Nepal, this brought to an end the barter system (Lama 2001). Fourth, in 1975, Nepal government became a party to the Convention on International Trade in endangered species of Wild Fauna and Flora and introduction of community forestry in 1978.¹ This further restricted the forest products' trading items. That was already earlier affected due to Nepal government's policy of nationalization of forest in 1957. Both provisions restricted traditional winter grazing land in upper Himalayan region. These provisions forced the traders to focus southwards (Saxer *et al* 2013).

Interestingly, despite development of road connectivity in the border regions, the daily lives of the trading communities became more difficult. For example, Bhote communities in Bajura had difficult time finding grazing field due to restrictions inside community and national forest. Chandra Thapa Bhote, a herd owner felt that "roadways are being developed and people are gradually taking to vehicles to transport their goods and commodities. Given all this, it's very difficult for [herd owners]

to give continuity to [their] occupation.” (*Himalayan Times* 2016).²

Therefore, the traditional barter system was replaced by US dollars. That has also virtually brought to an end to the traditional trading items. Those are now replaced by rice, flour, alcohol, kitchen utensils, clothes, shoes, cement, tinned roofs, electronic items, etc., from Tibet. Some of them do jobs in Tibet restaurants. From Nepal side major export items in that region is Himalayan herb like *yarsagumba*. Animal husbandry, agro farming, and tourism have emerged as major occupations instead of caravan trading and mountain pastoralism (McVeigh 2004).

Nepalese response on OBOR

There are mixed responses about revival of ancient trading routes under OBOR project. Kathmandu and Terai based modern traders are enthusiastic about the new trading infrastructure between Nepal and China via Tibet. They feel that it would reduce travel time, transportation cost and open an opportunity for alternative trading sources instead of depending on India. OBOR as an alternative trading route has picked up momentum in Nepal, especially in post Madhesi border blockade period. This has been a major debate in Nepal, and strongly supported by youths, ultra-nationalists and political leaders. Rabi Bhakta Shrestha, a well-known Nepali Newar businessman, feels that “this is a very good initiative because enhanced connectivity is a must to improve environment for doing business in Nepal. Enhanced connectivity to be brought by this initiative will bring down transport costs for both export and import transactions for Nepal. Nepal’s lengthy shipment cost has eroded our competitiveness in the global market” (see for more reactions from the traders, *Asia Pacific Daily* 2016).³

Even some border ethnic groups have similar feelings, but with a different context. They think in terms of better facilities and ease of travel to Tibet side. For Mingma Dorje Ghale, a Bhotia trader from Syabrubesi of Rasuwa district, the new roadways between Tibet and Nepal will improve living standards of border region. “Nepalese people will be able to visit Lhasa, in

Tibet, and other parts of China, and Chinese tourists and businessmen will come here...”, the new road will mean he can drive in and out of China and that his children will be spared the journey, so they can stay at home and attend school. "Life for the next generation will be easier," he said (Jolly 2010).⁴

On the contrary, for communities living in Dolpo, new roads are not very helpful. They would lose job. They recall that “fifty years ago, business was brisk, profits were high and the animals decked in bells and colorful bridles ruled the snow-capped mountains” (*mail online* 2016).⁵ They feel that all these things are gradually vanishing due to modern transportation system between Tibet and Nepal. There are also similar feelings amongst other border-living ethnic communities who do not see any benefits of new roads to Nepal from Tibet. Rather they feel that modern infrastructure and laws of the State have failed to improve their living conditions. These communities have failed to compete with modern technology and trading system. They in fact feel marginalized due to “new rules designed to protect forests, which allowed local residents to charge traders high taxes for use of traditional grazing grounds for their animals” (*Ibid*).⁶

SSR and OBOR

Given the unfolding geo-economic and geo-strategic developments in Asia, Nepal made its entry into the OBOR. Revival of old silk routes of China with Southern Himalayan region has been one of the important projects under President Xi Jinping’s favorite “One Belt, One Road” (OBOR) idea. There have been mixed responses since the proposal was declared. From Southern Himalayan countries’, especially Nepal and Bhutan, point of view, the project offers an alternative route of trading and reaching out to rest of the world by land. This viewpoint converges with Chinese interests of connecting to India by land route for closer economic cooperation.

It creates a new trans-Himalayan trading route through Nepal to reach South Asian countries. While Nepal is excited about emerging as an economic bridge between China and India,

both China and India have taken a calculative move on the project. Nepal has officially declared its support to the OBOR during PM Oli's visit to Beijing in Feb 2016. China has also been unofficially pushing for a trilateral cooperation between China-India-Nepal. It is also, at the same time, willing to construct both railways and highways to connect India via Nepal under OBOR. China has agreed to extend the Silk Road Economic Belt (SREB) to South Asia by connecting Nepal with the Eurasian transport corridor (Aneja 2015a). Nepal formally signed a four-point agreement endorsing the SREB during a meeting in Beijing on Nepal-China Inter-governmental Business and Investment Coordination in December 2014. Under the SREB project, both countries agreed to revive the old Silk Road that connects Lhasa to Patna via Kathmandu. However, it is observed that China is much strongly pushing for BCIM corridor rather than connecting India via Tibet and Nepal (Aneja 2015b).

As per the new Silk Route blueprint, the Chinese want to open up the transportation channel for Nepal to connect to rest of the world by railway and highways. It wants to connect with Nepal and South Asia by extending the Qinghai-Tibet railway. The railway line has already been extended up to Shigatse from Lhasa. The Chinese plan to build two lines from Shigatse. One would connect to Kyirong, the nearest Chinese town from Rasuwagadhi of Nepal. The other line would connect to Yadong, a Chinese city close to Bhutan border and Siliguri corridor of India (*Ibid*).

China has already set up two dedicated land route trading points with Nepal and five more are in the pipeline. Off late, Nepal has requested China to expand these roads connecting to both the trading points as alternative trade sources while Madhesi agitators had imposed blockade on India-Nepal trading routes. The SREB could be completed by merging with BCIM corridor by using the BBIN (Bangladesh-Bhutan-India-Nepal) motor-vehicle arrangement. Railways and improved road connectivity with China could boost the economy of two land-locked Himalayan countries. Further, Nepalese goods could be transitioned to the international markets through Southwest Silk

Road network. It might promote tourism by reconnecting cultural routes (Buddhist and Hindu pilgrimage circuits) between India, Nepal and China (Ray Chaudhuri 2015).

In an effort to reduce India's apprehension about Chinese trans-Himalayan connectivity in south of Himalaya and making Nepal as a major transit hub between South Asia and China, some Nepalese leaders proposed a trilateral cooperation between Nepal, China and India. Given the security concerns of India and China in the central Himalayas, both the countries have given cold responses to the proposal. Chinese President in fact encouraged limiting the trilateral to bilateral cooperation with Nepal during his meetings with Prachanda in April 2013 and with other Nepalese leaders separately. Interestingly, the issue has not been figured in the bilateral meetings between China and India ever since the proposal was floated by Nepalese leaders in 2010.⁷

It is observed that various maps published on OBOR including some Chinese organizations do not show any original connectivity with Nepal. Interestingly, although China has agreed to revive old silk routes and put some new silk routes under OBOR project, none of the Chinese OBOR maps indicates Nepal as part of ancient southwestern silk route (SSR), which was in an oval shape by connecting Yunnan back to Yunnan via India-Nepal-Lhasa. "This Southwestern Silk Route started in Yunnan in China, moved towards Myanmar then came to India, moved up to Lhasa via Nepal and back to Yunnan. Interestingly, it was also the ancient tea route".⁸

A cursory review of the third country trade route options before Nepal indicates that using northern route both for third country and bilateral trade purposes could be costlier than Nepal's southern route for that purposes. For example, a 20 feet container takes approximately 45 days (one side) to reach Birgunj, Nepal, via Kolkata from any Chinese ports located in the eastern flank of China. The transportation charges for entire length from any Chinese port located in Southeastern flank of China to Birgunj varies from \$1700 to \$1900. Nepalese traders pay high transportation charges via Kolkata port to Birgunj due

to “current infrastructure and procedural problems” (Mitra 2016). On the other hand, imported goods from Lanzhou, a western industrial zone of China, takes 35 days to reach Kathmandu via Kyirong, Tibet. It covers the distance around 3,155kms by both railways and roadways. The Tianjin seaport, which is allotted to Nepal for reaching out to third country, is 4,987kms distance from Kathmandu via Kyirong, Tibet. As of 2016, there is no direct railway services between Tianjin to Kyirong.

It would be pertinent to mention here that India and Nepal had signed an agreement in February 2016 to allow Nepal to use Visakhapatnam seaport for third country trade other than Kolkata port. Chief Secretary to the Government of Nepal, Somlal Subedi, inaugurated the route for Nepalese traders by sending containers from Visakhapatnam on June 24, 2016. Visakhapatnam port authorities have assured to provide all facilities for reaching of the goods at Birgunj within the shortest possible time in comparison to other third country trading facilities offered to Nepal. Visakhapatnam port as second port of call for Nepal in India has many advantages than other ports, like handling bigger vessel, mechanized loading and unloading facilities, and hassle free single window customs clearance system. The port has MoUs with Container Corporation of India Limited (CONCOR) for faster movement of goods, and most importantly there would be no need for transshipment from Visakhapatnam port (Sarma 2016). A 20 feet container reaches Birgunj from any Chinese port located in Southeastern flank of China via Visakhapatnam port in approximately 22 days (one side) with half of the freight rates via Kolkata and Lanzhou-Kyirong-Kathmandu (LKM) routes.⁹

There are certain limitations with Nepal’s northern trading routes. First, although Lanzhou-Kyirong-Kathmandu (LKM) route takes less time than Shanghai-Kolkata-Birgunj route, the LKM route gives Nepalese traders access to only western industrial zones/commercial hubs of China while Nepalese traders mostly import Chinese goods from southeastern industrial cities of China. Second, Nepal’s northern trading

routes are not viable for carrying bulk goods like raw minerals and oil due to mountainous routes. Not only in Himalayan region, “globally, there is no history of container freight movement [by railways] at such high altitudes due to environmental issues. The technical challenges will further determine the carrying capacity of the track and the cost of such transportation” (Bose 2016). That also applies to highways passing through high altitude mountain passes. However, since China and Nepal trade is based on containerized trade, this does not affect their bilateral trade much. Therefore, in future, if Nepal wanted to be a vibrant bridge between India and China with its own industrial zones and as a transit point, then facilities offered in Visakhapatnam or any other port facilities by India could be economically beneficial to Nepal since its industrial zones are located in Terai.

Challenges

Despite agreeing to set up a Trans-Himalayan economic corridor, both China and India have been treading slowly on the proposal. Although the proposal was initiated by China, revival of south silk route as BCIM corridor has been the major focus rather than the trans-Himalayan connectivity. That could be due to (i), prolonged security threat to Tibet region by Tibetan refugees living in Nepal and India, (ii) hostile terrain and lack of funds for massive investments in infrastructure and in maintenance in post-construction period, (iii) ongoing research for making tunnels through mountains of Nepal to lay down a risk free and durable infrastructure, (iv) waiting for an agreement with India and Nepal in this regard, and (v) strategic issues like opening up several border points and modalities on tripartite trade.

Chinese reservations on SSR

It appears that Chinese are comfortable with BCIM corridor by connecting Kunming to Kolkata (around 3,000 km) via Dhaka and Mandalay. Moreover, media reports also suggest that China was not comfortable with reviving the entire SSR, which took an oval shape from Kunming to Kunming via Kolkata-Kathmandu-

Lhasa-Shangri-La-Kunming. It is believed that Chinese did not want any multiple trading routes via Tibet. First, when some Indian scholars “proposed the revival of ancient Tea and Horse route, which was used as a trade route running parallel to the Silk Road since the 3rd century... Chinese rejected the proposal as it connects the Tibetan capital of Lhasa, and Beijing does not want any direct connectivity between Tibet and India”.¹⁰

Second, it would be in China’s interest not to have multiple trading points with Nepal. That could be the reason it closed Kodari-Khasa trading point immediately after the April 2015 earthquake. However, China would open some small and non-motorable seasonal local trading points at its border with Nepal for both gaining local people’s sympathy and intelligence purposes. In 1962, the China-Nepal road project survey team had identified two routes – Rasuwagadhi and Kodari. Chinese had shown interest on Rasuwa route because that was “shorter and traversed easier terrain” (Cowan 2013) than Kodari. However, the then king of Nepal Mahendra reportedly insisted on Kodari route possibly for not allowing an easy access of China to Kathmandu, suspecting communist influence in Nepal. Since Chinese were not originally comfortable with this route and they later found that that route was being used by Tibetan refugees to travel to Nepal and vice versa, China closed the border in April 2015 after the route was damaged by the earthquake. It was by late 2012 that China had decided to close the Kodari border when it had shifted its Tibet Railway lines to Nepal border from Kodari to Kyirong.¹¹

There could be multiple factors behind Chinese decision. First, Chinese security agencies observed frequent use of that route by Tibetan refugees to Nepal. Second, the US interest in Tibet is reflected by its proposed investments in Tatopani, the border town between Nepal and China, where China is already developing infrastructure. According to US embassy sources in Kathmandu, the US wants to invest in the construction, agriculture, and hydropower sectors in the (Tatopani) area.¹² Apart from that, since Sindhupalchowk district was affected badly in the April 2015 earthquake, a large number of INGOs

have been working on the rehabilitation programs there. Further, as part of earthquake reconstruction program, the US has proposed to rebuild a new earthquake-safe Barhabise Primary Health Care Center (PHCC) at Sindhupalchowk. The US \$ 1.9 million project is being implemented by the U.S. Army Corps of Engineers (USACE).¹³ Interestingly, the US had chosen training of its 20 peace corps in 2012 in the same district in the post-conflict period. Third, the existing hostile and narrow terrain to support the long-term trade between two countries, and lastly, Kyirong was much easier pass than Kodari. Therefore, guided by its undeclared one entry Tibet policy from Nepal side, China preferred Rasuwagadhi because of strategic and economic point of view. As observed by Sam Cowan, “the reason for the ramping up of investment [in Rasuwa-Kyirong trade point] is based more on China’s priorities than Nepal’s” (Cowan 2013).

Nature of Chinese economic engagements with Nepal

In that case, Chinese economy engagements could be focused first, more on investment in those industries which could be operated on locally available raw materials or those from India, which could be supplied to Indian market. That could be the reason why Chinese companies invest in cement factories in Nepal. This may encourage illegal trading at the open border. Second, since a large scale trade through high mountainous region is not possible, China would prefer China-Nepal trade would be limited to the low weight high value items produced in China’s industrial belts located in Lanzhou, Xian and Chengdu. These items will replace traditional trading items from Tibet like salt, raw woolen material, and silk. Currently, salt is being supplied to Nepal from India. At the same time, traditional trading items from Nepal like rice, barley and grains are easily available in Tibet due to better connectivity with mainland. Moreover, in post-earthquake period, Chinese government has relocated people living in the bordering areas to safer places. In that case, these people are no more dependent on trading items from Nepal. At the same time, the traditional border trading communities in Nepal like Bhotias, Thakalis and others have lost

their traditional occupation due to changes in lifestyle and new provisions in Nepal. Further, besides mechanical roads and modern transportation system, emergence of sea routes has its impact. Traders do not need any support of carriers in that region. Tourism, high mountain herbs, and agriculture have emerged as main income generating source of the people in modern times. Third, extending the Tibet Railway till Kyirong and negotiate with Nepal for hydro and other mega projects for extending the Tibet railways till Kathmandu or further down till Lumbini knowing the fact that Nepal cannot do that as the project cost would be bit expensive for Nepal. Lastly, Chinese business houses would target investing in those sectors of Nepal which are denied investments in India due to security reasons. So that China can take advantage of the most favoured nation arrangement between Nepal and India and of the informal trade at the open borders between both the countries.

India's response

India has been cautiously supporting the proposal. This may be due to its own concerns about border disputes with China. There has also been apprehension about flooding of Chinese goods in Indian market and further increase in trade deficit. Indian analysts believe that Chinese planned infrastructure projects might support expanding Chinese economy and political influence in the region.

However, the situation changed when BJP government came to power in Delhi. Prime Minister Modi during his official visit to Beijing in May 2015, reportedly, responded positively to China's proposal to build an economic corridor, which include road and rail links, connecting three countries – China, Nepal and India.¹⁴ Earlier, China had agreed to open a new route for Indian pilgrims visiting Mansarovar in Tibet from the Nathu La border point. Both the countries also agreed to open Lipu-Lekh pass for reviving traditional trade routes between both the countries. Nepal claims that the Lipu-Lekh Pass, which was mentioned in the joint statement of May 15, 2015 during Prime Minister Modi's visit to China, is a disputed tri-junction in which

Nepal has an equal share. The joint statement stated that "...The two sides agreed to hold negotiation on augmenting the list of traded commodities, and expand border trade at Nathu La, Qiangla/Lipu-Lekh Pass and Shipki La". The agreement over Lipu-Lekh had given rise to strong criticism in Nepal (see for details, Nayak 2015).

If security and illegal trade aspects are managed by China, India and Nepal, then revival of SSR under OBOR project could be beneficial to India too. This would provide an alternative trading route to reach central Asia other than reaching that region via Iran and Afghanistan. Revival of SSR under OBOR would give an opportunity to India to access western Chinese cities and central Asian market. India may get free access to some restricted Hindu and Buddhist pilgrimage sites in the region. India will also get an opportunity to reconnect the historical Buddhist and Hindu religious places in the region which were not accessible since 1950s. Moreover, this will generate goodwill between Nepal and India and may encourage joint studies on Himalayan region mainly on disaster and ecology.

Final Observations

Other than these challenges, other internal and external factors may further delay Nepal's attempt to regain its lost glory as a vibrant bridge between Asia and South Asia. Nepal was a vibrant trading transit route when sea routes had limited role to play in inter-continental trade. In an era of globalization, sea routes are still cheaper than land routes. This applies in case of bilateral trade between China and India. If Nepal wants to enhance its relevance between India and China, it has to provide smoothness and unhindered trade corridor at the Central Himalayan region by constructing sophisticated railways and highways, which have been missing in Nepal at present. Poor surface transportation system in Nepal has failed to cater to high demanding markets and quick services in neighbouring countries. The transit cost and time through those routes should be competitive with sea routes. Moreover, like tradable items, in 21st century, there are multiple-route options open to countries on bilateral trade. For

example, other than central Himalayan passes, many multi-lateral trading routes have come up in recent past like BCIM, BBIN, and Asian Highways for better connectivity between China and India.

Second, security concerns are still high for Nepal's both the neighbours. Nepal needs to ensure that multiple trading routes through central Himalayan region would not affect both internal and external security concerns of India and China. While China has concern over growing influence of the western countries and their sympathy towards Tibetan refugees living in Nepal, India has serious concerns over open border issues with Nepal and misuse of the same by both illegal traders and anti-India elements.

Finally, trade has become global rather than local in an era of globalization. In that case, trade-related infrastructure, exporting items, and facilities have become competitive. Nepal has been lagging behind in these issues. It does not have any industrial zones. Its major tradable items face market competition with products from India and China. This has created both direct and indirect trade barriers for Nepalese goods. Therefore, Nepal needs to improve its high quality tradable items to compete at international level.

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