



## India, China and the Nathu La Securing Trade & Safeguarding the Eco System



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In the recent years, though there have been numerous perspectives on the potential Sikkim and Nathu La for larger trade, the dominant discourse has always been on Sikkim and the surrounding regions as a part of the rich Himalayan eco-system. The Himalayan biosphere is considered one of the richest treasure troves of natural resources; but this eco system is fragile, and any disregard to it could affect the local and surrounding regions.

In this context, the debate should also focus on conserving the existing eco-system and simultaneously construct a model for sustainable development. How to pursue such a strategy?

### I NATHU LA: DEVELOPING THE REGION WITHOUT ENDANGERING ITS ECO SYSTEM

The large scale construction projects linked to the Nathula trade could disturb the natural conditions resulting to far-reaching environmental repercussions to man and his entire eco-system in the region. Therefore, development should focus on various small to mid-scale range of projects in an assortment of domains. The aim of these projects is based on the model of 'doing what one is cut out for' in a sustainable environment where nature and human activities each do not suffer from a clash of interests.

However, an economic model for expansion of trade and commerce is bound to have adverse

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*This brief is a part of a series on Nathu La within the larger IPCS project on improving connectivity between India and China. Also see the IPCS Task Force report titled "Trans Himalayan Trade and Development 2020: Looking Beyond Nathu La."*

affects on the natural eco-system of a region especially if industrialization becomes an inalienable factor for promoting this activity.

The economic engagement of Sikkim with the rest of the country necessitates the construction of infrastructure for proper transport connectivity, dry ports, and commercial hubs. The main objective of the Nathula border trade is to accomplish favorable economic viability for Sikkim and the surrounding regions through trade, tourism and sustainable development.

How to fulfill the human based requirements of economic prosperity by sustainable development methods? Undertaking these projects has a three-pronged approach. First, it seeks to expand the Nathula border trade; second, boosting the local GDP and third, sustenance and preservation of the natural resources in the local and surrounding eco-system.

### Prospective Areas for Development

Sikkim being a bio-diversity hotspot is home to a diverse range of wild natural resources in the Trans-Himalayan region. However, over the recent years the neglect towards the preservation of the natural habitat is a disconcerting observable reality. As a natural habitat for rare flora and fauna species, the government has a responsibility to take remedial measures to correct the balance between ecological maintenance and infrastructure development. In the bid to purport a sustainable development strategy, the government at the centre and state level could promote the setting up of 'natural habitat and environmental preservation facilities.' This would basically involve conservation at two levels of entry.

## China Research Programme (CRP)



Firstly, production and marketing of medicinal plants and herbs is a potential area to invest. There is a dearth of management methods in this field as no full-scale organized conservation policies on these medicinal herbs have been implemented so far. These medicinal herbs and tubers grow in the wild and are sold in the open market by local collectors of who most have very little concern for replanting and conservational practices. As a result, many important plant species with medicinal properties face the threat of extinction (Singh and Rai 2002: 308). There is a need for protecting these medicinal plants from extermination and therefore the promotion, preservation and proper management could help the development of herbal industry which in the long run stands as a thriving enterprise both for commercial and preservation purposes.

The large-scale production of herbal and medicinal plants could provide raw materials for domestic and cross border supply. With collaboration with the existing G.B Pant Institute of Himalayan Environment and Development, (Sikkim unit), conservation and production facilities of herbal medicines could be set up across the state creating a thriving industry. Pradhan and Badola (2008) have cited around 118 species of medicinal plants commonly used by the locals in the upper reaches of Sikkim and Singh and Rai (2002) have cited 64 medicinal plants that are the most common to the rest of the state. According to the Sikkim State government website, there are 160 different types of medicinal plants for various ailments. Bamboo cultivation and sericulture (silk-cultivation) are budding industries of the state but are still under-researched. Technology and know-how could be developed indigenously or from foreign countries like China to develop its production.

Secondly, poaching and general apathy for natural habitat preservation have been the cause for rapid deterioration of rare wildlife in the region. On this account, the state should seek to promote and establish a world-class breeding and research facility of rare mammal species like the snow leopard, red panda, Himalayan black bear, blue

sheep, kiang, musk deer, etc. The establishment of a breeding and research facility should aim to restore the population of endangered species and to preserve them in the wildlife sanctuaries within the state.

Establishment of above research facilities could have a twin purpose of encouraging eco-cum-wildlife tourism and also help develop research in the field of Himalayan ecology. A joint private-public undertaking between the forest and wildlife department, the tourism department and private tour and guide operators could initiate seasonal permission for safaris to some of the many wildlife sanctuaries but for a select and restricted number of tourist at steeply priced rates per season. Serious measures should be taken to check poaching and deforestation practices. These effective measures could fairly contribute to the enhancement of the state's overall capacity in environment protection.

## II TOURISM AND CONNECTIVITY

Tourism sector has been one of the central players that have primarily contributed to the state's economy. Tourism industry has been dominated by hotels, home-stays and similar accommodation services. Besides luxurious hotels, there is a need to expand to new avenues in tourism amenities. Branching out to different ranges of services could bring about more variety and develop the quality of tourism industry of the state.

In this context, the Nathula could function as an attractive tourist destination. With the opening of the Gangtok- Lhasa/Shigatse bus route it would foster cultural ties between the people of India and China and simultaneously expand the trade and commerce. The Kathmandu- Lhasa 'Friendship Route' between China and Nepal could be similarly emulated between China and India Friendship- Route from Gangtok- Lhasa/ Shigatse.

As Sikkim is richly endowed with natural hot-springs across the state, the construction of spa and ayurvedic treatment centers with professional expertise to manage these centers would boost the tourism industry. Apart from expanding the tourism services these spa treatment centers and similar health camp resorts if spread across the state would facilitate the local people with employment and road connectivity to the local markets and would enhance the overall local livelihood of the people. Similarly, the expansion of new avenues in tourism could include adventure tourism. Trekking to the Kanchenjunga base camp and white water rafting have become run-of-the-mill activities. Besides these attractions, tourism itinerary could also expand with the introduction

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of several new recreational adventure sport activities like angling, paragliding, basic skiing and snowboarding etc.

The re-opening of the Nathula border trade in 2006 faced several bottlenecks of which poor infrastructure was one of them. Besides Gangtok, there are several other smaller towns which function as commercial hubs but are limited in scope due to the lack of proper infrastructure. Given their proper development, these towns could facilitate to be manufacturing centers as well as markets for indigenous agro-based products in the region. Undertaking such projects would be ideal as these centers are comparatively more populated therefore cheap unskilled labor would not pose a problem for the setting up of these basic-industries. The government should promote medium scale and couple of large scale agro-based industrialization and more of household manufacturing units. Other bigger industries such as a mint factory for manufacture of coins, food and liquor factories and several other industrial plants have sprung-up in the industrial zone of the south district. These large industrial units have contributed largely to the state's GDP.

Connectivity is a major hindrance in the hill state and the lack of alternate transportation links has been one of the main reasons that the vast resources of economic and social potential are yet to be tapped. The National Highway 31A (NH 31A) is the only link that connects the state to the rest of the country. For the Nathula trade route to become an economically viable option, it remains a prerequisite to investigate into alternative avenues. However, the proper management of the existing route also needs to be revisited by conducting a study on understanding the major weak links throughout the terrain and thereby making alternative routes for it.

The Border Roads Organization (BRO) and the State Department of Roads and Bridges have maintained the existing road network of approximate 2074 kilometres as on 31st March 2011. In the light of promoting the Nathula Border trade and boosting the overall economic growth of the state, there is a need for alternative transportation linkages. The existing NH 31A could be complemented with a route constructed specifically to function for transportation of heavy goods and materials and an alternate thoroughfare during monsoons. The plans to construct an airport in the outskirts of Gangtok which has been on the pipeline needs to be sped up and railway links till the foothills could assist in goods and population transportation.

During the past, the development of the ICT (Information and Communication Technology)

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infrastructure progressed at a tedious pace which explains Sikkim's problem of low connectivity in trade and commerce. However, with the introduction of the Power Grid Corporation of India (PGCIL) optical fibre network, the Optical Ground Wire (OPGW) cable technology, would enhance the current bandwidth and help connect the urban and the rural areas. The connectivity network envisages development of the tourism industry, creation of BPO industries, IT parks thereby creating lucrative opportunities for the local and outside investments in other potential sectors of the state.

### III NATHU LA: POLITICAL, ECONOMIC AND SOCIETAL EXPECTATIONS & IMPLICATIONS

The reopening of the Nathula brought in apprehension and anticipation among the Sikkimese. The latest available figures for tradable items in 2009 were Rs. 1.29 Crore from India to Tibetan Autonomous Region (TAR) and Rs. 2.96 Lakh. The trade comprises of raw material items and illicit cheap household items, hence the effects of the trade per se have yet to affect the locals. However, the changes have been deliberate and have created a lucrative condition for commerce and business opportunities. Although the trade has been nominal, undoubtedly it has brought in investment from outside, particularly from West Bengal. This has facilitated business opportunities as traders and businessmen from Siliguri and Kolkata have established their branch offices in Gangtok. Both the skilled and the unskilled immigrants have contributed largely to building the economy. However, one can realize the growing discrepancy between the towns and the capital. In the recent years, Gangtok has experienced an overhaul in its socio-economic conditions with the establishment of several banking and financial institutions, shopping malls, educational institutions, tourism facility and several other urbanization projects. With most of the investments

and development projects being concentrated in Gangtok it could become a case of 'putting all the eggs in one basket'.

The growing discrepancy in development within the state may cause rapid over-population growth which could lead to growing inequality and conflict for resources. Be that as it may, the situation may aggravate due to improper resource distribution. Sikkim being a border state, security concerns loom large especially in the event of internal political volatility. The union government's myopic policy approach to ensure stability within the state has been to pour in huge funds. However, due to this policy the distribution of resources is skewed with the few elite controlling the major portion of resources causing a yawning gap between the elite rich and the common masses. There is a need to revisit the socio-political order of Sikkim to ensure that there is no cause for long term repercussion especially in the light of a growing disillusioned mass.

However, the situation is not as dismal as it appears to be. In a period of six years, there has been wide range of avenues that have opened up which would not have been so without the Nathula trade reopening. The overall development of the communication links and infrastructure has also lent to wider commercial benefits. As Nathula trade brings in raw material and cheap illicit household items it may create bigger trade avenues in the future. For the locals, the commercial activities from neighbouring urban centres like Siliguri, Darjeeling and Kalimpong have created employment opportunities, others have benefitted from joint venture partnerships while many who are rent-seekers have also profited from these new establishments. Since the reopening of the Nathula trade, Sikkim's backbone sector- the tourism industry has expanded in several ways and is becoming more professional especially with a new trend of tie-up ventures with tour operators across the country.

To conclude, in 2006, the Nathula trade opened with tremendous fanfare as there were expectations of large scale commercial activities in the region. However, the trade remained restricted with select 'tradable items' permitted from either side. The glitch behind this arrangement has given the Chinese an upper-hand because a lot of unaccounted trade or dumping practices have been widespread in the region. Cheap electronic and other household

items which are not mentioned in the list have flooded the local market. Should this practice be brought to check, the existing trade would also eventually fade out. At this juncture, it remains imperative to strengthen Sikkim's capability by promoting its indigenous industries and also creating wider communication links with easy transportation access to neighboring commercial centers. The state government needs to revisit their existing policies and launch initiatives which involve private-government partnerships, group-based micro financing policies, capacity building projects and similar other projects which would empower the local communities.

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