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Building a Framework for Regional Cooperation

**Expanding Economic Activity along the Sino-Indian Border
&
Developing Infrastructure for Connectivity**

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Building a Framework for Regional Cooperation in Southern Asia

The Institute of Peace and Conflict Studies, since 2011 has undertaken a three-year project titled “Developing a Framework for Regional Cooperation in Southern Asia”, focusing on three critical areas:

- Developing confidence-building measures between India and China;
- Expanding economic activities along the border region in South Asia; and
- Developing infrastructure for connectivity.

The first part of this project on developing CBMs between India and China was extensively discussed at a conference on military CBMs held in Beijing earlier in March 2010; papers were presented by scholars from both sides and the findings are being compiled as an edited volume to be published shortly.

The second and third parts of the project, focusing on “Expanding economic activity along border regions,” and “Developing infrastructure for connectivity” are under progress. The Institute organized a conference in Chengdu, Sichuan in China in collaboration with the Chinese People’s Association for Peace and Disarmament, Beijing in December 2010. The IPCS-led delegation had interactions with representatives of the Sichuan provincial government. Besides the interactions, draft essays were presented by scholars from India and China on the above two subjects. (For a summary of this interaction, see IPCS Conference Report # 29, March 2011 <http://www.ipcs.org/conference-report/china/developing-a-framework-for-regional-cooperation-in-south-asia-29.html>)

As a follow up to the above, the IPCS organized another interaction in collaboration with the Sikkim University in Gangtok February 2012. This interaction in Sikkim had the following three components:

- Analysis of the Sino-Indian economic dialogue (See IPCS Conference Report # 40, April 2012)
- Revisiting Border Connectivity and Economic Interactions in J&K, Sikkim and India’s Northeast (Current Report)
- A Field trip to Nathu La (See IPCS Special Report #116, April 2012)

This publication is a report of the second component in Gangtok, Sikkim.

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“Expanding Economic Activity along Border Regions” & “Developing Infrastructure for Connectivity”

Premature or Political Investment?

Border Trade and Developing Infrastructure for Connectivity in Ladakh-Tibet-Kashgar (LTK) Sectors

D Suba Chandran

Director, IPCS

The study attempts to answer three specific questions: First, should one view border trade as a tool to improve India-China strategic relations? Second, is the emphasis on Ladakh part of an economic strategy to improve larger India-China trade? Third, is this part of an economic and political strategy to improve the economic conditions and political stability in border regions/peripheries? A historical sketch is necessary here. Ladakh is a part of the Indian state of Jammu and Kashmir which adjoins Tibet and Xinjiang. As a border area, Ladakh holds immense significance in international trade. The main routes earlier were linked via Lhasa to Leh, which were more of trading posts than points of origin or destinations. The southern Silk Route was actually a feeder route depending on the political situation in the rest of Asia and traders were really more peasants than proper merchants.

Ladakh today, from an economic and border trade perspective, faces physical challenges, lack of agricultural productivity, deterioration of animal husbandry, environmental concerns and shift to tourism. Under different regimes and rule, these three regions interacted closely – in economic and cultural terms. In sum, border trade will be ineffective in the present scenario, opening of Kailash - Mansarover road is a more viable option for pilgrim tourism.



There is a willingness from the Chinese side to accommodate trans-boundary tourism through Nathu La. There is a need to speed up infrastructure development projects and finish them in a time bound manner

- Teiborlang Kharsentiew

As far as building a Ladakh- Tibet- Kashgar integrated Corridor is concerned, the need for this is propelled by an unstable Afghanistan and the growth of Radical Islam in the region. Growth of Sunni militancy in Gilgit - Baltistan, Thus, connectivity needs to be improved for the purposes of confidence building, border trade and future international trade, and tourism: especially to Kailash Mansarovar. These propositions would only be able to brought into existence if there develops an understanding to address political sensitivities. Infrastructure investments and inputs from the peripheries would be highly essential to accommodate regional interests.

Expanding Economic Activity along the Sino-Indian Border areas:

A Case Study of Nathu La in Sikkim

Teiborlang Kharsentiew,
Assistant Professor, Sikkim University

Like all Border States, the history of Sikkim is closely associated with its neighbouring countries. The state is surrounded by the Tibetan plateau in the north; Chumbi valley and the Kingdom of Bhutan in the east; Darjeeling district of West Bengal in south and Nepal in the West. It has been divided into four districts, North, South, East, and West.

The re-opening of Nathu La in 2006 has resulted in first direct attempt on border trade between Northeastern India and the Southwestern China. The Nathu La Pass is located 54 kms from Gangtok, the capital of Sikkim. The road through Nathu La is considered to be the shortest route to Lhasa which is 525 km from Nathu La pass. According to the agreement on the re-opening of trade, the two sides accepted Sherathang in the Indian side as the place of trading, and Rinqingang in TAR for the same purpose.

Priority on revision of enhancing of trade list is needed. More local



products needs to be included. There is a need to lift the Restriction Area Permission as a first step towards relaxation of movement of people across the border. There is a willingness from the Chinese side to accommodate trans-boundary tourism through Nathu La. But for this to materialize, there is a need to speed up infrastructure development projects and finish them in a time bound manner. Finally, it requires a political will on the part of Delhi to see China's willingness to engage through this pass as a partner rather than an adversary.

Expanding Economic Activity Along the Sino-Indian Border Areas:

A Case Study of Manipur and Arunachal Pradesh

Vijaylakshmi Brara

Reader, Manipur University

There are four important market centers in Moreh. They are: i) Prem Nagar (also known as morning market), ii) Hao Keithel, iii) Dharmashala and iv). Meitei Keithel (also known as Parking market). Among these, Prem Nagar is the largest. Prem Nagar and Meitei Keithel remain open both in the morning as well as in the evening. On the other hand, Hao Keithel and Dharmashala open only in the morning. In Hao Keithel, the vendors are mostly Kukis.

After 1998 with the coming up of Namphalong trade centre on the Myanmar side of the Indo-Myanmar territory, the once flourishing trade centres in Moreh steeply declined. Of late, the Ministry of Home Affairs, GOI has enlisted Moreh as one of the three most important land Custom Centers of India and new infrastructures have been provided. However, despite that, most of the market centers in Manipur side of the border have shrunk with all the informal trading being conducted in the Namphalong Trade Centre following the signing of Free Border Trade in 1995 between India and Myanmar.

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-Sanasam Amal Singh

Cloths made in traditional loom of Manipur are also exported. Some medicinal drugs are not legally permitted to be exported but openly trafficked to Myanmar without any obvious intervention. Illegal trade is the major obstacle to formal border trade. Already 16 rounds of talks have taken place between Indian and China, yet there is no discussion on border trade. As mentioned by the Indian PM, the proposed ASEAN region is seen as an Arc of advantage and India should utilize this opportunity appropriately.

Developing Infrastructure for Connectivity between India and China:

A Case Study of Arunachal Pradesh

Sanasam Amal Singh

Research Associate, Manipur University

The Indian government has neglected the border states for many decades. After 1962, national attention was focused on the development of border area states from the defense point of view. Development was given top priority which was essentially to meet the defense requirement. But infrastructure development for civilian areas was given less importance.

Infrastructure development for connectivity is a major electoral issue in the state. The local communities feel disconnected much of the time. They have a perception that the state is a victim of injustice in more ways than one. Out of the three, NH 39 is the shortest to reach the Moreh Land Customs Station (LCS) and is the most important lifeline for economic activities. The Moreh LCS is not rail linked. The nearest railhead is at Dimapur (Nagaland), which is about 329km from Moreh.

Geographically, Manipur has a good prospect for road connectivity with ASEAN and East Asian countries. The Trans Asian Railways crosses Manipur from Silchar (Assam) via Moreh and goes further to Mandalay (the old capital of Myanmar) and beyond. Southeast Asian countries have a



good prospect of connecting Manipur with East and Southeast Asian countries. This will give the Northeast people access to Southeast Asia and also to China and Russia.

Regarding air connectivity, the town of Moreh does not have an airfield so tourists or business travelers have to depend on Imphal airport which is the second largest in Northeastern region. Other infrastructure like telecommunication, banking, internet and electricity are also available in Moreh. Telecommunication and banking services function at a mediocre level. The improvement of physical infrastructure like road connectivity is a top priority in this border state because of its economic importance. But it appears that local communities are more concerned with the disturbance caused by militants than bad road conditions. Even the politics of ethnicity and mis-governance by state machineries is a major obstacle to achieving better connectivity and infrastructure.

Expanding Economic Activity along the Sino-Indian border areas:

A Case Study of Himachal Sector

Uttam Lal

Assistant Professor, Sikkim University

Himachal Pradesh, the Western Himalayan state of India shares a natural boundary with Tibet Autonomous Region (TAR) of China. This natural boundary comprises of numerous peaks towering above six thousand meters. The border communities enjoyed free flow of men and materials till the time it was suddenly punctuated by Sino-Indian border conflicts. The condition continued for about next three decades followed by joint decision of New Delhi and Beijing to formally open Shipki-la for cross border trade. Protocols were signed in this regard in 1992 and 1993, following which this trade route was officially opened.

The Government allowed mainly those items in the list of trade which were in great demand when the trade was driven mainly for subsistence of peripheral mountain societies across the borders. With time, the societies have changed, so

With time, the societies have changed, so have the requirements and demands of the people. Thus, the nature of trade also has to change. There is urgent need to revisit the list of items allowed to be traded across and make it contemporary so that the profit accruing to the traders are not only economically sustainable but appealing also.

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Though the area has been earmarked for market and is known as 'Indira Market' presently it is just a patch of land fenced by barbed wires. In order to make this trade appear more promising, construction of shops, warehouses, guesthouses, along with simpler paperwork for incoming traders and friendly attitude of government agency personnel are required on priority basis. Besides, goods laden vehicles should also be allowed till Indira Market from Tibet Autonomous Region (TAR) and from Himachal to near Shipki village; the first village in TAR. New initiatives will not only add to the confidence building measures between the two neighbours and local economies but will also keep the border more humane and easier to patrol even when there are no activities from the civilians during the larger part of the year.



*Photos by IPCS
Research Team.*

*Indo-Myanmar
Border (Above);
Sherathang Trade
Mart for India-
China Border
Trade in Sikkim
(Left); The Road to
Nathu La (Front
Page)*

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