

Misplaced triumphalism reigns in Nepal

China is not yet a viable transit alternative for Kathmandu, but India should take Beijing's ambitions seriously

Shyam Saran

Nepal Prime Minister KP Sharma Oli's visit to China during March 20-27, the issue of a detailed Joint Statement on Nepal-China relations and the conclusion of 10 bilateral agreements, have been projected by the Nepali political leadership and the Kathmandu press as a fitting and powerful riposte to alleged Indian attempts to "blockade" Nepal and, according to my friend, writer and journalist, Kanak Dixit, its nefarious design to block infrastructure development in Nepal.

The most significant achievement, according to PM Oli, is the agreement on transit rights, which would allow Nepali goods to transit through China to third countries and reciprocally, allow China to transit through Nepal, to other third countries, presumably India. Nepal is welcome to these transit facilities through China. The India-Nepal Trade and Transit Treaty carries a similar provision for reciprocal grant of transit for third country trade. As India's ambassador in Nepal, I had formally requested that India should be enabled to engage in trade with China through Nepal, as provided for in the treaty. This was studiously ignored by the Nepal government. If Chinese goods can transit Nepal into India legally, this is good news because currently the large contraband export of Chinese goods through the open border is neither good for India's economic nor security interests. While granting transit to China, Nepal should have no objection to implementing the same as per our bilateral agreement.

Kanak Dixit has accused India of blocking infrastructure development in Nepal. India has contributed to Nepal's infrastructure substantially. It has hardly been successful, even if it was so inclined, to prevent Nepal from accessing Chinese or Western assistance to develop its infrastructure. China has over the past several years, built a number of highways across the Nepal-Tibet border, linking up with Nepal's East-West highway. Chinese companies have failed to invest in Nepal's hydro-electric power potential not because of Indian objections. Despite a power purchase agreement with India, no foreign contractor, including from China, wanted to invest in the West Seti project.

Kanak suggests that my earnest advocacy of connectivity has somehow boomeranged because it is "now being applied on the trans-Himalayan sector". But connectivity with all our neighbours, including China, has been advocated by me because it promotes India's economic prosperity,



■ Chinese Premier Li Keqiang (R) with Nepal's Prime Minister Khadga Prasad Oli, in Beijing, March 21

AP

does not limit it. It is in this spirit that I have recommended that India should offer Nepal national treatment for its trade with and through India, being able to use any part of India's road and rail network and any of its ports. It is true that India-Nepal connectivity projects, including road and rail links and integrated checkpoints at the border, have not been implemented with dispatch and this is India's weakness. However, some of the projects are also held up because of issues on the Nepali side, including over land acquisition.

China has agreed to consider commercial supply of petroleum products, including the construction of storage tanks in Nepal. The objective, reportedly, is to enable Nepal to source at least one-third of its oil supplies from China. India is already building a pipeline from Barauni to the Amlekhganj depot in Nepal. The supply of petroleum products will no longer be affected by disruptions at the border and will prevent pilferage during surface transport. Chinese supplies are unlikely to be commercially competitive but it is for Nepal to decide on sourcing its requirements.

It is said that Nepal will no longer be "India-locked", only landlocked, because it now has alternative access through China. It is acknowledged that this is unlikely to be a viable alternative for the present, but may become practical once cross-border infrastructure, particularly, railways link Nepal more closely with Tibet. The trend is in that direction. India must compete by offering Nepal better, more cost-effective

and efficient transport and transit services. This is not as a favour to Nepal but in India's own interest.

Having obtained transit rights through China, will Nepal also seek to obtain from China, the free travel, work and residency privileges for its citizens as are available in India? There are over 6 million Nepali citizens who live and work in India and are treated on a par with India's own citizens.

The problem with Kathmandu's misplaced triumphalism is that it may encourage the capital's elite to close the door to political compromise with the Madhesis and the Janjatis over the Constitution. The Chinese endorsement of the Constitution, which has been contrasted with more measured Indian statements, should not encourage a return to the politics of exclusion which triggered the Madhesi protests in the first place. I have pointed out before that projecting the Pahari-Madhesi divide as a Nepal-India issue is a cynical misrepresentation that could threaten Nepal's unity and political stability. There are several million Indian citizens of Nepali Pahari origin and an overwhelming majority of the 6 million Nepalis living and working in India are also from the hill areas. The Madhesis in the Terai are not migrants from India. They are overwhelmingly the original inhabitants of the area, which was conquered by Prithvi Narayan Shah and incorporated into Nepal. To equate them with Indians is as pernicious as is the convenient silence over the vast numbers of Indian citizens who are of Nepali Pahari origin and who give a lie to the India-Madhesi equation being peddled by Nepal's blinkered political elite.

India should take seriously the inroads that China is making into our sub-continental neighbourhood. This poses both an economic and security challenge. We have political, economic, geographical and cultural assets which we have yet to marshal together in a coherent, consistent neighbourhood policy. If you leave empty spaces, someone will walk in. It is only through constant high level political engagement, through better and speedy delivery on our commitments and by giving our neighbours a stake in our own prosperity that we can confront the Chinese challenge. Nepal-China friendship and cooperation should not inhibit India, nor create a sense of siege. Instead, we should respond in a measured way, leveraging our considerable assets while overcoming the liabilities we carry, mostly self-inflicted. And this applies not only to Nepal but to other neighbours as well.

Shyam Saran is a former Foreign Secretary. He was India's ambassador to Nepal, 2002-04. He is currently chairman, RIS, and senior fellow, CPR. The views expressed are personal.