

Nepal's Connectivity with the Neighbors: Progress, Challenge and Expectationⁱ

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Today, we come together in Dehong Autonomous Prefecture, Yunnan, the closer point to the Bay of Bengal, to review and move forward for adding thoughtful impetus on Trans-Himalaya development cooperation. At the time I came to this serene and connectivity-inspiring place to participate in the first Trans-Himalaya Development Forum, I had noticed an airliner named Dehong-South Asia Airline in the Mangshi airport. This example is just to highlight that China thinks and plans ahead and efficiently, and the traditional distances and geographical limitations are relative to technological innovation, political will and an urgent sense of duty to help out our peoples who have been linked by the mountains and rivers and our common sense of a secure and prosperous neighborhood.

1. Nepal's situation

All these years, Nepal has been effortful to have its fair share in the Trans-Himalaya development. But political instability at home allowed foreign elements ground to weaken these efforts. After the promulgation of the new constitution 2015, Nepal has completed the elections of all three-tiers of governments under the federal system. Such constitutional task was accomplished for the first time establishing the government at all three levels-local, provincial and central.

With the new central government constituted with the two-third vote of the central parliament, the country has been steadily attempting to adopt an independent foreign policy. This independent foreign policy starts with the immediate neighbors. One of the key characteristics of this policy is to try its best to avoid historical confusion and compromises that were created by messing up one international relation with another.

In this context, Nepal took a step forward when it agreed in principle to work with China under the framework of the Belt and Road Initiative (BRI). Prime Minister K.P Sharma Oli paid a historic visit to Beijing in March, 2016. The BRI as cooperation facilitation and financing platform for creation of significant public goods supports Nepal's Trans-Himalaya infrastructural connectivity requirements. The 2016 Transit Transport Deal with China and protocol to implement it, have given Nepal much needed access to China's four sea and three dry ports.ⁱⁱ The recent July 2018 visit of Prime Minister KP Oli took the collaboration one step further when several agreements related to energy, cross-border connectivity and cooperation on physical infrastructure developments were signed between the two governments. These agreements and understandings have the potential of transforming the age-old traditional bilateral ties into a strategic partnership that serves the mutual needs of the 21st century.ⁱⁱⁱ

2. Favorable Neighborhood

The government leaderships in the neighborhood-China and India have evolved and been outreaching. President Xi's vision of rejuvenating China and belt and road initiative (BRI) for global connectivity demonstrate Chinese desire to prosper together with the community of nations. Prime Minister Modi holds his initiatives of "Make in India" and divine linkage with countries in the neighborhood. These initiatives work in the framework of his vision "Sabka Sath Sabka Vikas". Nepal's Prime Minister Oli succeeded to secure two-third of votes in the 2017 central parliamentary election for his communist alliance on the promise of "prosperous Nepal Happy Nepali". Developing infrastructural connectivity with China under the framework of BRI plays a central role in the delivery of this promise.^{iv} The vision of development expressed by the leadership of these three countries is though in different language yet these visions impinge upon connectivity with each other.

Assuming Oli's great push towards China, India wished to improve relations with Oli right away. It repeatedly got connected with Oli even before he was sworn in as prime minister of Nepal for the second time. India pursued him to visit Delhi first. Oli did oblige. During Oli's second visit to India in April 2018 after assuming the high office of premiership, he concluded with India deals on inland waterways and expanding rail linkages between the two countries. It is good for Nepal that apparently, India was getting friendly.

3. Connectivity Progress-China

China and Nepal lack in modern and reliable all-weather land-based infrastructural connectivity. The first road between China's Tibet's Zhangmu and Nepal's capital city Kathmandu was built in mid 1960s. After a more than 45 years, the second Syafrubeshi-Rashuwagadi road in Nepal linked Gilong (Kerung) in Tibet. But these road links have been facing tremendous upgrading and maintenance tasks especially on the Nepali side. These tasks are complicated by low inter-departmental cooperation and associated governance dislocation. Though in recent times, airways and optic fibre-based communication between two countries are established well, surging number of Chinese tourists find 90 weekly flights between the two countries quite inadequate. Land-based reliable and modern means of transit for people and goods have remained the most critical historical felt-need of Nepal.

i) Railway connectivity

Green energy and green transport-railway connectivity have become the most critical inter-dependent priority for modernizing Nepal's relations with China. Need of railway connectivity between China's Kerung and Nepal's Kathmandu was first jointly articulated by the leadership of the two countries in 2016, and accordingly a memorandum of understanding (MOU) was signed. As a matter of fact, Nepal's Trans-Himalayan railway dream had started to gallop right after arrival of rail from Qinghai's Golmud to Lhasa in Tibet on 1st July 2006.

Last August Nepal and China have reviewed in Xian, the starting point of Silk Road, the pre-feasibility study report of the Kathmandu-Kerung railway line. China Railway First Survey and Design Institute conducted the study for the preliminary technical details. The review meeting concluded with a decision to proceed with the preparation of the detail study of the project. A team from the Chinese side further agreed on the details of the project study. Nepal Department of Railways estimates that detail project report preparation would take about one and half year and it would include details of project construction plan and costs.

Pre-feasibility study report on China-Nepal Trans-Himalaya railway study has projected the total length of the railway line inside the Nepali territory from Rasuwagadhi, a border point with China, to a the north-east point of Kathmandu, will be 72 km. The project cost at the pre-feasibility study stage is Rs. 257 billion (about 2.5 USD). It will take around nine years for the project to complete. The DPR will determine the specific project cost and construction period. A network of short haul cable-car sub-systems linking adjoining areas with the railway stations can add additional connectivity value to the proposed railway.

ii) Energy connectivity

Reliable supply of energy is a prerequisite of proposed China-Nepal railway line.

The proposed trans-Himalayan transmission line will establish energy connectivity between China and Nepal. Last July, the two countries through Nepal Electricity Authority and State Grid Corporation of China (SGCC) established a joint technical team to prepare detailed project report and expedite the construction of the 400 kV cross border transmission line project,

The project officials of the two agencies have been making cross border field visits to spell out a road map for the DPR. The field visits have apprised the Nepali officials that China has already erected a high voltage transmission line up to Shigatse prefecture, Depending on the progress in the Nepali side; China has agreed to extend it to Kerung within one and a half years, and ultimately connect it with the power line in Nepal.

The Joint Technical Team has conducted its first meeting in Xian. This meeting has finalized the road map for the preparation of the DPR.

The meeting also decided to appoint a consultant to prepare the DPR for the project. Finalization of the construction and funding modality of the cross-border transmission line will follow afterwards.

The transmission line will extend from Ratmate-Galchhi in Dhading district in Nepal to Shigatse prefecture in China. As only 70 km of the estimated 800-km length of the transmission line lies within Nepali territory, Nepal has asked the

Chinese side to take the lead in developing the project. It has also suggested the Chinese side to build required converting station in the Chinese side before the two transmission lines is connected. Nepali side has reported that it has finalized the alignment of the power line on its side.

From Ratmate, the line could be further linked with the Nepal-India cross-border transmission line proposed to be built in Rupandehi district in the south with the fund from the Millennium Challenge Corporation, USA.

The concerned agencies inform that the transmission line will significantly contribute in exchanging power between China's Tibet Autonomous Region and Nepal.

4. Connectivity Progress-India

There have been multiple ways of connectivity between India and Nepal. Existing traditional Postal ways (which are being developed into modern roadways), highways, airways, electricity grids extensively connect the two countries. The recent agreements add new means of connectivity, which are in various stages of planning and development. These are inland waterways, railways including a railway between India's Raxaul and Kathmandu and several other railways that connect border towns in the two countries, and cross border petrol and gas pipelines. India and Nepal have also been establishing tourism network and routes for religious and spiritual exchanges. Moving beyond sectoral development of bilateral relations, the prime ministers of India and Nepal have directed their officials "to address outstanding matters by this September with the objective of advancing cooperation in all areas." v India on its part likes to maintain exclusive relations with Nepal.

China-Nepal-India Trans-Himalaya sub-regional development cooperation is on the horizon and is not a part of BRI framework so far. Indian mindset was clear when recently in Kathmandu, Ram Madhav, general secretary of the ruling party in the central government of India, advised Nepal to adopt a "Look South policy" and through this policy, according to him, landlocked Nepal "can have access to the Indian Ocean for better sea connectivity." vi

In this context what is noteworthy is the press statement of Chinese Vice-foreign minister Kong Xuanyou. He made the statement in a press briefing after the informal summit between President Xi and Prime Minister Modi in Wuhan. He said, "The two sides will enhance policy coordination in their neighborhood to discuss cooperation in the form of China-India plus one or China-India plus X". vii Pragmatism has always been an asset of China. It looks for larger Trans-Himalaya cooperation in its eastern section. China is willing to move ahead without a formal BRI framework. In such a case, Delhi too has reportedly welcomed China to use India's northeastern corridor to access the Bay of Bengal. viii

Challenges

China-Nepal railway line is said to be a human-technological wonder enterprise in the Trans-Himalayan corridor. The preliminary technical study has stated that the railway line will need construction of ramp along the northern slopes leading to Lake Paiku, near Kerung, to connect the tracks to the Kathmandu section. Rams construction is proposed to overcome the difference in elevation between the southern and northern toes of the Himalayan Mountains.

The study has given adequate care to the technical challenges posed by the Himalayan geology and topography of the terrains and has proposed the following measures to negotiate them:

- i. Right speed of the railway (which would be about 100 km per hour)
- ii. Extensive drilling in several parts of the rail route (during the construction phase to assess extent of geological vulnerability and adopt safeguards)
- iii. In most of the section, laying the rails either in a tunnel or on a bridge.
- iv. Railway initially to haul cargo (after test and safety check, it will be gradually upgraded into a passenger transit system)
- v. Oxygenation of the passenger rail

But the technical study apart, interests not friendly to development of modern infrastructural connectivity in the Trans-Himalayan corridor have called these projects almost beyond technical feasibility. When their disinformation against these projects could not stand on technical analysis, scrutiny and safeguard measures, they have raised the bogey of

"financial infeasibility" or China's "debt-trap" for countries receiving Chinese finance. Professionals with the knowledge of the project and financing environment say that Nepali government can take care of the project cost if it actively goes for blended financial model. They say the project is within Nepal's capacity. Nepal has to communicate with the right political level in Beijing and Lhasa for partial grant, concessional loan and investment. But some concerned Ministry officials are habituated to think of only grant support. ^{ix}

A closer scrutiny of the so-called debt-trap educates us that China has been in the forefront of respecting decision of a sovereign country. In China's development culture, nothing is small and insignificant. Whatever China helps to build has a comprehensive and long term development vision. It is for the sovereign development partner to express its felt needs and associated requirements during the due process of project negotiation. Latest Malaysian case clearly establishes that how respectfully China goes by the judgment of the Malaysian government whereby even a significant part of BRI related projects was cancelled. For fairness and equity, an approach for Nepal can be to finance its part of the transmission line and railway and China can help on the rest.

Another "argument" raised against Nepal-China railway project is in return what Nepal will be trading with China using this mass transit line? For Nepal, the answer is simple. Connectivity projects under the Nepal-China agreed "multi-dimensional connectivity network" are more than an economic, geo-political or merely an infrastructural project for Nepal. For least developed and landlocked Nepal, modern connectivity with China adds to its trade and transit security. Nepal does not need to keep all eggs in one basket, and be destined to brutally suffer when the basket let loose.

At the end, I would like to quote Chinese Ambassador to Nepal Yu Hong. She has described 2018-the 63rd year of the establishment of diplomatic relations between China and Nepal as a "more intimate" year^x for the two countries. The extent of planning and delivery in the form of cross border electric railway will duly reflect the characteristic of the bilateral relationship.

i This paper was presented at the 4th Trans-Himalaya Development Cooperation Forum organized by China Institutes of Contemporary International Relations (CICIR) at Dehong Prefecture, Yunnan, 10-13 September 2018.

ii China has agreed to let Nepal use Tianjin, Shenzhen, Lianyungang and Zhanjiang seaports and Lanzhou, Lhasa and Xigatse dry ports for trading with third countries. This was made public in Kathmandu on 7th September 2018 after the two governments officials agreed on transit and transportation protocol the previous day in Kathmandu..

iii Talk Programme Belt and Road Initiative: Prioritizing Development over Geopolitics, Concept Note, Madan Bhandari Foundation, Anamnagar, Kathmandu, 18 August 2018 (Bhadra 2, 2075)

iv Upendra Gautam, "Nepal: Opening Up for China," <http://therisingnepal.org.np/news/24290>, 20 June 2018.

v Nepal-India Joint Statement during the State Visit of Prime Minister of India to Nepal, 12 may 2018.

vi Nepal should adopt 'Look South' policy to access sea connectivity: Ram Madhav, The Indian Express, 31 July, 2018.

vii Press Trust of India, "Chinese vice-foreign minister downplays India's refusal to endorse BRI, says both sides agree in principle on connectivity," Wuhan, 29 April 2018.

viii By Abhishek G Bhaya, "India offers China access to northeast in BRI strategic shift, <https://www.cgtn.com/>, 29 August, 2018

ix The Kathmandu Post, "Nepal, China agree on rail study," 24 August 2018.

<http://kathmandupost.ekantipur.com/news/2018-08-24/nepal-china-agree-on-rail-study.html>

x Yu Hong, "Moving Towards A Stronger Partnership," <http://np.china-embassy.org/eng/News/t1582089.htm>, 1 August 2018.