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Note on the Cooperation between His Majesty's Government of Nepal and the Government of Switzerland in favour of Tibetan Refugees in NEPAL

1. The last decade : 1963 - 1973

- 1.1. On April 3, 1963, The Foreign Ministry of H.M.G. officially requested the Swiss Federal Council to continue the projects started by the International Committee of the Red Cross in favour of Tibetan Refugees in Nepal.
- 1.2. Since June 1st, 1963, SATA- on behalf of the Government of Switzerland-has been providing capital and experts for the implementation of projects in the manufacturing and marketing of carpets, agriculture, education and health. For activities in the four settlements of Chialsa (Solu), Jawlakhel (Kathmandu), Tarshi Palkhiel (Pokhara) and Dhorpatan (Baglung) Switzerland has provided several dozens of man-years in Swiss personnel and some two million rupees in working capital and shares.
- 1.3. On November 22nd, 1964, His Majesty's Government of Nepal and the Government of Switzerland concluded an agreement concerning the activities in the above mentioned settlements. The spirit of cooperation between the two governments aimed at making the Tibetans economically self-sufficient and at integrating them in Nepal.
- 1.4. Accordingly, agreements were signed in 1966 between SATA and Nepal Red Cross Society, according to which NRC acted as trustees on behalf of the Tibetan in view of their land holdings in the four settlements. NRC was to assign this land and the settlement buildings to the Tibetans at the time of their acquiring Nepalese citizenship.



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(See e.g. the agreement concerning Tarshi Palkhiel, dated June 4, 1966).

- 1.5. The main source of income for the Tibetans of Chialsa, Jawalakhel and Tarshi Palkhiel soon was found in the production of woolen carpets. In Dhorpatan agriculture prevailed. The Handicraft centers were organized as Private limiteds with the Government of Switzerland holding a minority, the Tibetans a majority of shares. Settelements and handicraft centers were handed over to the Tibetans in the following order :

| | <u>Settlements</u> | <u>Handicraft Centers</u> |
|-------------------|--------------------|---------------------------|
| - Jawalakhel | 1967 | 1966 |
| - Chialsa | 1970 | 1966 |
| - Tarshi Palkhiel | 1972 | 1966 |
| - Dhorpatan | 1973 | - |

- 1.6. In order to guarantee permanent export channels for Tibetan carpets to the European and other markets, the Carpet Trading Company was established in 1966 with NC 50'000.- of shares belonging to the Government of Switzerland and NC 10'000.- to the Dalai Lama. Unfortunately it was not possible to receive the permission for share-participations of the three Handicraft centers.

- 1.7. All through the years, the cooperation between the Handicraft centers and the Carpet Trading Company was very close and fruitful. CTC not only assumed the export of the carpets, but also the import of dye-stuffs, and the procurement of raw-wool for all the centers.

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Whatever profit could be made in CTC was—according to the 1964 agreement with HMG—ploughed back to the workers of the carpet industry and the Tibetan settlements in general. Income tax and other taxes were paid to HMG according to the existing rules.

- 1.8. The cooperation between His Majesty's Government of Nepal and the Government of Switzerland in favour of Tibetan Refugees was confirmed by the Agreement on Technical Cooperation signed between the two Governments on August 18, 1972.
- 1.9. On March 4, 1974, a Representative of the Foreign Aid Division, HMG, pointed out to the Ambassador of Switzerland, that, after having been refugees for more than a decade, the Tibetans should now be integrated in the Nepalese society, and the projects in their favour should be handed over to them. Loyal Tibetans should obtain Nepalese citizenship upon individual requests.
- 1.10. This intention of His Majesty's Government and the plans of the Government of Switzerland correspond completely. In view of the positive results of the various projects, SATA intends to terminate its activities for the Tibetans by 1975. The management of the Carpet Trading Company is to be handed over to especially trained Tibetans during the second half of 1974.

2. Recent difficulties

However it seems highly uncertain at present, whether the above mentioned program can be implemented. SATA has recently met the following difficulties :

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- 2.1. In spite of the fact that individual Tibetans working in SATA-projects have made respective applications to HMG, they have not obtained Nepalese citizenship even though they have stayed in Nepal for more than 12 years.
- 2.2. According to the new rules and regulations of the Ministry of Industry and Commerce, no export licences are granted to enterprises with foreign share capital. This rule applies also to the CTC, where the Government of Switzerland and the Dalai Lama are the share holders. While Switzerland and the Dalai Lama have already expressed their willingness to withdraw from CTC, new solution to guarantee permanent export channels and to assume good cooperation with the Handicraft centers have to be worked out.
- 2.3. In view of this, the Foreign Aid Division advised the SATA that "everything should be done as before" with the exception of the exports being channelized through an entirely Nepalese Company. Consequently, two Nepalese citizens with close relations to SATA (former employees) have set up the "Continental Trading Company", buying the carpets from CTC and exporting them to overseas countries. It is to be noted, however, that the Department of Commerce expressively forbade this Company to accept any loan or grant from a foreign agency (including the Government of Switzerland.)

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- 2.4. After receiving a first export licence for about 600 sq. m. of carpets, the Continental Trading Company met new obstacles. An export licence for handicraft goods was refused by the Department of Commerce without any explicit reason.
- 2.5. All further export licences for carpets were equally withheld. One argument put forward inofficially by the Department was, that the Continental Trading Company was managed by a foreigner (Mr. Leuenberger, SATA). To SATA's knowledge, there is no HMG-rule prohibiting foreign management of trading companies.
- 2.6. Meanwhile, thousands of sq. meters of carpets are piling up in CTC's stores. There is the danger of loosing important customers in Europe and incurring serious losses from damages by humidity and insects.

3. Conclusions

- 3.1. If Nepalese citizenship cannot be obtained by Tibetans who have spent more than twelve years in Nepal, and if the management of a trading company must not be assumed by a foreigner, then the responsibility for exporting carpets can never be handed over to the Tibetans who were trained for that purpose. The very purpose of SATA's and HMG's efforts during the last decade is spoilt.


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- 3.2. While the Government of Switzerland fully understands and accepts the reasons why foreigners have to be excluded from export business in Nepal, the question may be raised whether the Tibetan Communities as legal entities (not as individuals) could not be allowed to be collective share holders of the Carpet Trading Company. These communities are integrated to a large extent into Nepalese society and thus should not be treated like other foreigners.
- 3.3. Unless such a solution (or a similar one) can be implemented, it is difficult to see how the profit of the Carpet Trading Company can be ploughed back to the Tibetan Communities as prescribed by the 1964-agreement. The economic status of the Tibetans would thus be considerably weakened.
- 3.4. There seems to be a contradiction between efforts to make Tibetans economically self-supporting and to integrate them into Nepalese society on the one hand, their complete exclusion from an important part of their commerce on the other hand. To deny them citizenship and thus to bar them from export activities is to alienate them from Nepal, not to integrate them.
- 3.5. If practical solutions for the problems of citizenship and of the legal form of the export firm cannot be found soon and in close cooperation between the Government of Switzerland and HMG, SATA is no more in a position to conclude its program for the Tibetans and to fulfill the task given to it by the two Governments.

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- 3.6. Therefore, SATA requests His Majesty's Government to provide clear guidelines for the further activities concerning the export of carpets and the integration of Tibetans by granting Nepalese citizenship. It is only under such directives that the present efforts of the SATA experts can be continued.

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