

# **Bombardier, Nortel, & Power Corp. and the Tibet Railway**

## **A CTC Backgrounder**

Three Canadian corporations, Bombardier, Power Corp. and Nortel, recently announced their involvement in the operation of China's railway to Lhasa, Tibet. Slated to begin test runs in 2006, the railway threatens to increase environmental pressure on the high-altitude ecosystem, facilitate the entry of large numbers of settlers onto Tibetan lands, and bolster military strength in the region. Corporate interests are now poised to benefit from these impacts despite stated policies to conduct themselves ethically in their business dealings.<sup>1</sup>

*"When the iron bird flies and the horse runs on wheels, the Tibetan people will be scattered like ants across the face of the Earth, and the Dharma will come to the land of the red men."*  
-8<sup>th</sup> century prophecy by Guru Padmasambhava

By July 2006, China is expected to complete construction of one of the most contentious infrastructure projects in the world today: a railway to the occupied Tibetan capital, Lhasa. Without consulting the Tibetan people, project approval was given by the central government's State Council in 2001. From Gormo in Tibet's Amdo region (ch Qinghai), the 1,142 km line will stretch across the Tibetan Plateau at an average elevation of 4,000 metres.<sup>2</sup> It will descend southward through the Tibet Autonomous Region (TAR), and pass through areas of permafrost, alpine meadows, and watershed areas for some of Asia's great rivers. China pegs the cost at 26.6 billion yuan (\$3.2 billion U.S.).

Linking Central Tibet to China's vast railway network was envisaged even before the military occupation began in 1950, but the rugged, high-altitude geography proved impenetrable with existing technologies. Funding constraints were also prohibitive. Engineers could only pierce the lower elevations of the Tibetan Plateau, stopping the tracks at Gormo in 1979. That line was used exclusively for the military until 1984. For the moment, the TAR can only be reached by air or arduous road trips.

Although Chinese officials claimed to have now overcome the engineering challenges of constructing and operating a railway to Lhasa, foreign expertise was sought in a number of areas. Locomotives capable of operating in thin air were needed, as were pressurized passenger cars, and specialized communications networks. GE secured the locomotive contract, while Bombardier, Power Corp, and Nortel secured the other two, respectively. These are the only outside corporations known to be involved in the project.

### **Bombardier, Power Corp., and Nortel**

On February 25, 2005 Bombardier announced that its Transportation division would participate with Power Corporation in building 361 rail cars for the railway through their joint venture Bombardier Sifang Power (Qingdao) Transportation Ltd. Most of the cars will be built at a facility in Shandong Province set up in 1999 as part of a joint and Sifang Locomotive & Rolling

Stock Works of Qingdao, a subsidiary of state-owned China South Locomotive and Rolling Stock Industry (Group) Corporation.<sup>3</sup> On March 16, Nortel announced it would provide the line with a digital wireless communications network (GSM-R). Deployment of the network follows year-long trial testing over a 186 km segment.

The three companies are iconic Canadian multinationals. Bombardier is a Montreal based manufacturer of aircraft, recreational vehicles, and rail transportation equipment. Power Corp. is a holding corporation, also based in Montreal, with controlling interests in some of Canada's biggest blue chip companies including Canada Life Insurance, London Life, Mackenzie Financial, and Investors Group. Nortel is global telecommunications equipment and services provider with headquarters in Brampton, Ontario.

*"We behave with integrity and in an ethical manner in everything we do and say, thereby earning and maintaining the trust and respect of customers, shareholders, suppliers, colleagues, partners and communities."* – Bombardier's Code of Ethics, March 2005

*"Companies have obligations that extend well beyond the payment of taxes, employment of people, and provision of goods and services. As a global company, we face a special challenge: to uphold consistent corporate standards of ethical business conduct, while respecting the culture and varying business customs of every community and country in which we operate"* – Nortel's Guide to Ethical Business Practices (p. 20), March 2005

### **Railway's Political Rationale**

The limited size of the TAR's population and existing conditions there do not justify the projected \$3.2 billion U.S. construction cost on economic grounds. Jiang Zemin unveiled the rationale in 2001. He told the New York Times that "some people advised me not to go ahead with this project because it is not commercially viable. I said this is a political decision." While the railway to Lhasa, like other flagship projects of Beijing's Western Development strategy, is new, its politics are not.

### **Impacts**

Under China's current policy framework, the Gormo-Lhasa railway will have a tremendous impact on the lives and livelihoods of the Tibetans in Qinghai and the TAR as well as on their natural environment. It will travel entirely through Tibetan lands, beginning at Gormo in Qinghai Province, before reaching its southern terminal at Lhasa in the Tibet Autonomous Region. Over a prolonged time horizon, the socioeconomic, environmental, and political effects will extend over a Tibet-wide zone of influence. As one senior railway ministry official put it, the line will "exert a far-reaching impact in political, economic and military terms."

For the Tibetan people, who can exercise virtually no independent decision-making, these effects may be devastating. None of the impacts described below are included in a 2003 web article about China's Western Development strategy posted on a Government of Canada website.<sup>4</sup>

## **Increased entry by settlers**

Among Tibetans' chief fears is that the railway will result in an overwhelming influx of settlers from China. While transportation infrastructures are not by themselves sufficient to drive large-scale settlement, other factors make this outcome predictable. They include the existence of preferential housing subsidies and wages, provision of government services, and other forms of official encouragement. In conjunction with improved access to the region from the railway, and the economic activity it will foster, these combined elements could stimulate sudden, massive, and in some areas, unprecedented population influxes.

Many settlers and migrant workers have already moved to areas where the line is passing through in the expectation of finding work on construction. By 2002, the number had already reached 20,000 according to Chinese media. Thousands more will come to demographic transformation will accelerate. TAR officials recently admitted that half of Lhasa's inhabitants were Han Chinese. It was a surprising admission even though observers have long noted the changed demographics.

## **Environmental Impacts**

Rail-induced migration and development pressures from activities such as mining, which will be made more cost-effective, will become a source of major environmental damage. Existing population nodes will grow, and the spatial pattern and type of human activity could spread to previously unsettled areas. In either case, environmental conditions could be affected far from the main line, even across international borders, causing pollution of air and water, habitat and biodiversity loss, and land degradation.

Environmental risks arise from the susceptibility of Tibet's high altitude ecosystems. Aside from the warmer Southeast, where deforestation is blamed on the Yangtze Rivers' catastrophic flooding in 1998, much of the Plateau is characterized by low levels of precipitation and cool climate. Historically, the land provided the Tibetan people with natural abundance, but government introduced population and development pressures are already straining Tibet's fragile landscape. A 1998 World Bank Report said that in Qinghai Province on the Tibetan Plateau, "increasing cultivation and grazing pressures in mountainous areas are having devastating ecological impacts and there appear to be limited and possibly even no environmentally sustainable options available in those areas."

## **Consultation with Tibetans**

The Tibetan people neither approved of nor directed the planning of the railway's construction or operation. Ever since Tibet's administrative structures were swept aside under Chinese occupation, Beijing's doctrinaire approach has deprived the Tibetan people of independent economic policy-making power. In the central part of Tibet, an area now called the Tibet Autonomous Region (TAR), Beijing dictates all major economic policy initiatives through periodic Tibet Work Forums and other mechanisms. It underscores the fiction of autonomy Tibetans are supposedly accorded in the Tibet Autonomous Region and other Tibetan autonomous areas of the PRC.

All peoples have the right of self-determination. By virtue of that right they freely determine their political status and freely pursue their economic, social and cultural development. – Art 1. International Covenant on Economic, Social and Cultural Rights Many Tibetans have anonymously expressed fear and opposition to the railway. However, public dissent is not tolerated by the state. Those who speak out against the security, a punishable offence that can result in lengthy imprisonment or placement in forced labour camps, the laogai.

### **Misplaced development priorities & Economic Inequities**

The railway's cost is almost triple the amount Beijing spent for the entirety of expenditures in the TAR on health care and education between 1952 and 2000. While massive injection of funds are made in key infrastructure projects of the Western Development strategy, scarce resources are being directed away from rural development where the majority of Tibetans eke out a living, many as agro-pastoralists. Their access to adequate and appropriate education, healthcare, product and input markets, finance, or political decision-makers will remain limited.

Since railway-facilitated development will concentrate in market towns, industrial centers, and resource extraction points where the machinery of civil administration, settlers and migrant workers have clustered together, it will propagate the segregated economic structures that have marginalized Tibetans for the last five decades. That outcome is foreshadowed by many of the railway's construction sites where not a single Tibetan worker can be found.

### **Social and Political Impacts**

Even within the TAR's state sector, Tibetans are losing ground to the Chinese. Recent government statistics indicate that Tibetans no longer constitute the majority of state sector workers there. The decline in numbers, which fell below 50% for the first time in 2003, coincides with the launch of the Western Development campaign in 1999. Without adequate institutional safeguards, the Tibetan language, community characteristics, and traditional livelihoods will all be exposed to intensified threats from railway induced settlement and the resulting economic dislocations. Effects will be compounded due to the scarcity of resources committed to Tibetan education and training. Those with fewer skills will be most vulnerable. They will have to struggle with institutional biases and discrimination, and the increasing marginalization of the Tibetan language in commercial and public affairs. Increased Chinese migration will put at risk any prospects for Tibetans to achieve genuine autonomy. Even if existing provisions of regional autonomy in the Chinese constitution and other laws were treated expansively, autonomous status can be revoked by the State Council.

### **Increased Militarization of the Tibetan Plateau**

As with the civilian population, China's military has been constrained by the constantly crumbling and often treacherous roadways into the Tibet Autonomous Region. The tremendous hauling capacity of a railway will significantly enhance the mobilization of personnel, heavy machinery, armaments and supplies over the main trunk and feeder lines. Deployments could be made to maintain its iron-fisted rule over the region, and to bolster its forces near the Indian border. It will also enable China to extend its nuclear arsenal further onto the Plateau.

<sup>1</sup> Parts of this briefing are reproduced from a report by the International Campaign for Tibet, “Crossing the Line: China’s Railway to Lhasa, Tibet,” September 2003. See [www.savetibet.org](http://www.savetibet.org).

<sup>2</sup> Gormo is the Tibetan place name for what the Mongols called Golmud. Amdo is a region in Eastern Tibet that was incorporated into Qinghai Province when the latter was established in 1928. However, most of Qinghai remained beyond the control of the Chinese state until the 1950s.

<sup>3</sup> China South Locomotive and Rolling Stock Industry (Group) Corporation was created when China National Railway Locomotive and Rolling Stock Industry Corporation (LORIC) was divided into two new companies.

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