

The impact of road construction on commercial activity in the Annapurna Conservation Area, Nepal

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In 1986 the Annapurna Conservation Area Project (ACAP) established the first and largest conservation area in Nepal in a region recognized for its rich biological and cultural diversity. Even as the Conservation Area has developed into the premier trekking destination in Nepal, it continues to be globally recognized for its innovations in protected area management, particularly in its utilization of multiple land use principles that combine environmental protection and conservation with sustainable community development. Programs to enhance the living standards of the local people are woven into a framework of sound resource management.

Even though road construction is a source of potential conflict with the goals of the Conservation Area, the absence of road connections to the communities within ACAP's boundaries is seen as a barrier for economic development in the region. For decades there has been a vision of road projects linking the communities within ACAP's area to the national road system. In the mid-1990s construction was started on roads following the Kali Gandaki and Marsyangdi river valleys towards the district headquarters of Jomsom (Mustang) and Chame (Manang). Facing substantial financial and engineering hurdles, construction moved in fits and starts, but disjointed sections of the roads were completed. Recently, their construction has been a national priority as a goal of Nepal's Three Year Interim Plan (2007/08-2009/10) was to connect ten district headquarters, including Jomsom and Chame, to the national road network. Spur roads would connect other communities, such as the important pilgrimage site of Muktinath. An even grander vision has been proposed: to extend the road to Jomsom northwards connecting with a spur which already links Upper Mustang (Lomanthang) with the Chinese highway system. If built, this Kali Gandaki Highway is seen as serving as a key connection for future trade between India and China.

Strategic interests have dominated in road development in the Himalayas. Throughout the region the improvement of road access has led to substantial economic, social, cultural, demographic, institutional, and

environmental impacts—both positive and negative (Singh 1989; Rawat and Sharma 1997; Kreutzmann 1991).

This paper previews the general issues related to the road construction in the ACAP region, particularly focusing on the character and extent of the adaptation of commercial activity in ACAP to the anticipated environment of greater ease of access, reduced costs, fresh competition, the shifting of population demographics, and changing visitor profiles resulting from the completion of the road links to Jomsom and Chame. It proposes a structural framework for the analysis of commercial change.

As a baseline prior to completion of the road connections, a census and mapping of businesses was undertaken in each of four diverse communities in April and May 2008: Jomsom, Ranipauwa (Muktinath), Tatopani and Manang (Bardecki 2009). Jomsom is the terminus of the current road construction in the Kali Gandaki valley, with a spur running from there to the important religious and pilgrim centre of Muktinath and the adjacent community of Ranipauwa. Tatopani lies at the junction of two roads designed to join Darbang and Jomsom to the national road system at Beni. The village of Manang lies 1-2 days on foot beyond the planned terminus of the road in the Marsyangdi valley. In coming years subsequent inventories are planned to observe changes following the completion of the road links.

What sort of changes can be anticipated as a result of connecting the communities in ACAP to the national system of roads? Certainly, the experience from elsewhere suggests such impacts can be pervasive and, particularly in the context of this study, one can anticipate substantial effects in the commercial sector. There are fears that the roads could “widen economic disparity, accelerate environmental deterioration, heighten cultural disintegration and contribute to the haphazard growth of settlements” (National Trust for Nature Conservation 2008: 1). Once the road connections in ACAP are complete significant changes will occur in those communities along the routes and in the region generally. Primary impacts may be thought of as fivefold:

- 1) Decreased transport costs;
- 2) Improved access;
- 3) Changing modes of transport;
- 4) Effects of routing decisions;
- 5) The consequences of and response to hazards.

From these a series of secondary impacts emanate.

Prior to the road construction basic goods cost twice as much in Jomsom as in the regional centre of Pokhara (National Trust for Nature Conservation 2008). It is likely that linking communities to the national road network would cause the price differential to fall, resulting in a cheaper cost of living. The greatest beneficiaries from such a change may be among the poor.

Already, as sections of the road have been completed, transportation is more efficient and the cost of commodities has decreased, land prices have increased, and investment patterns have changed (Global Travel Industry News 2008). In anticipation of the roads, land prices in areas suitable for business development have increased, attracting investments from those living outside the region and increasing competition for existing businesses. The anticipated cascade of impacts arising from improved access (and reduced costs) includes:

- An increase in the diversity of goods on offer, notably in consumer goods such as food, clothing, household items, kerosene, batteries, and tools;
- More frequent transport for individual passengers on motorized public and private transport with opportunities for the development of commercial transport and support activities;
- Increased population growth;
- Increased number of shops;
- Improved market access for local cottage industries such as apple products and carpet production and for agricultural goods;
- Growth of the formal commercial sector;
- Changes in shop stocking requirements and characteristics;
- Increased levels of competition among retailers through better mobility, knowledge of market opportunities and the development of intermediary supply links;
- Reduced pricing of imported agricultural inputs such as fertilizers and machinery, and of construction materials, thereby allowing wider use;
- Increased opportunities for the exploitation of resources such as minerals, energy and forest products;
- Increased access for government officials and activities with the potential for the advance of bureaucratic institutions, tax collection and regulation;

- Other features of development such as improvements in access to schools, health centers, and government credit.

As sections of the road were completed, jeeps carried in by helicopter were used to transport travelers and goods. It was anticipated that along the route to Jomsom when the road was completed there would be 30-40 minibuses per day as well as cargo vehicles with an anticipated growth to 3-4 times that volume in a few years (National Trust for Nature Conservation 2008). The most direct impacts of motorized road traffic relate to the development of new commercial opportunities in transporting goods and people, and the competitive effect on existing carriers, particularly mule owners and porters, and, to a lesser extent, air flights. Khatri-Chhetri *et al.* (1992) estimated that there were 3000 mules in the Mustang district, and 2000 to 3000 individuals involved in portering (including those serving tourism) and itinerant vending. Reductions in these numbers as a result of new competition for transporting goods also would serve to reduce business for traditional enterprises catering to porters and mule drivers.

One of the biggest challenges facing enterprises in some communities would occur should the route (and traffic) bypass the village and its businesses. Local protests over the routing of the road to Chame have disrupted construction for periods of months (Ghale 2008). Guesthouse owners and other business owners on the routes affected by the new roads have been concerned over the loss of business. When the road is complete, passengers and drivers may stop infrequently (in contrast to porters and mule drivers), resulting in a severe drop in trade for existing restaurants and guesthouses. On the other hand, growth would be promoted in settlements with increased traffic, whereas others may decline or even disappear. Communities located along the road alignment and intermediate locations where traffic (e.g., minibuses) regularly stops may develop as geographically-focused opportunities for commercial development. Existing intermediary commercial locations may suffer. The roads are likely to suffer from landslides; even lower precipitation areas such as those around Jomsom are not immune. This offers challenges for security of supplies, and opportunities for businesses involved in maintenance and construction. At times construction debris and landslides from road construction have blocked access to the upper reaches of the Marsyangdi valley for periods of weeks. There already are concerns about the increase in accidents on the routes.

Increases are expected in the numbers of domestic, Indian and religious tourists (pilgrims) after completion of the roads with a potential boom in the services catering to them (lodges, restaurants, shops, tour and travel agencies, transportation services); although trekking may decline. However, there are reports that, as road construction has continued, both trekkers and pilgrims are spending less time in the region (Global Travel Industry News 2008; Pradhan 2008) and that trekking agencies in Kathmandu already have been directing tourists away from the region towards alternate destinations (Frieden 2007). Unfavorable comments about the roads and construction by travelers are to be found on travel blogs and in tourism reports (e.g., Ward 2008; von Geldern 2009).

Traditional pilgrimage based on frugality exerted little pressure on local economies. The experience elsewhere (Shrestha 1995; Singh 2002) suggests that improving access by road-building could lead to significant effects from increasing numbers of pilgrims. With increasing numbers of pilgrims, the institutionalization of pilgrimage and a move away from the traditions of austerity and frugality, it may be increasingly difficult to differentiate pilgrims from usual tourists and many entrepreneurs may not do so (Singh 2002).

Vinding (1998: 141) anticipated the effect of the roads on trekking tourists: “the number of trekkers on the Jomsom trail is likely to decrease if a road is built, causing hardship to many inns and hotel owners along the route.” Generally, with reduced maintenance on trekking routes paralleling roads and without the development of new trekking routes to replace those lost or impaired by the road construction, trekking tourism may suffer. With diminished numbers of trekkers, commercial establishments of all types in tourism-dependent settlements on the Annapurna Circuit route would suffer serious economic impacts. Direct impacts would be expected on the income of those: owning lodges, operating businesses providing services to trekkers, owning mules for transporting provisions, and engaged in portering.

Ease of access may increase numbers of casual tourists, both domestic and international. Differing demands may result in an increased demand for resort-style accommodation, the sale of local handicrafts and other souvenirs, the demand for traditional crafts, and the commercialization of art, culture and religious symbols. Roads have long been seen as agents of socio-economic change in mountain areas which act to accelerate the processes of social and

economic transformation. Undoubtedly, commerce in the ACA region will face new challenges. Increased access may promote an increase in the scale of commerce and the consolidation of businesses. The benefits to local consumers and producers may be limited (Hine 1982). There is no certainty that the benefits of road investment will be captured by those currently involved in commerce in the region.

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