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Mules Over Shipki La: India-China Border Trade Resumes After Six Years

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Mules Over Shipki La: India-China Border Trade Resumes After Six Years

3 August 2026 · 4 min read

✓ Every fact web-verified against primary sources

Seasonal India-China border trade resumed on August 1, 2026 through three Himalayan passes after a six-year suspension dating to 2020, with sixteen traders making a crossing at Shipki La in Kinnaur district, Himachal Pradesh.

THE THREE PASSES

PASS	STATE/UT	NOTES
Nathu La	Sikkim	Reopened for trade in 2006; the highest-volume of the three in normal years
Shipki La	Himachal Pradesh (Kinnaur district)	On the route by which the Sutlej enters India; part of the historic trade route to Tibet
Lipulekh	Uttarakhand	Also on the Kailash Mansarovar pilgrimage route

At Shipki La, traders from Namgia, Chuppan, Nako and Chango made a 72-hour crossing, moving goods by pickup to the pass and onward by mule, which conveys the practical scale of the trade accurately.

On Lipulekh, the Government of India's position is that the territory is Indian, and India has rejected objections raised regarding the route.

WHY TRADE WAS SUSPENDED, AND WHY RESUMPTION MATTERS

Border trade was suspended in 2020, initially on pandemic grounds and subsequently sustained through the freeze in India-China relations following the eastern Ladakh standoff. Its resumption sits alongside other recent normalisation steps and is read as a tangible, if modest, marker of thaw.

The economic significance is genuinely small. These are seasonal, barter-based exchanges of limited commodity lists, conducted for a few months when the passes are open, at volumes that do not register meaningfully in **bilateral** trade statistics, which run overwhelmingly through maritime routes.

The diplomatic significance is larger, and rests on a distinction worth learning.

DIMENSION	ASSESSMENT
Economic value	Marginal in national terms, though locally important to border communities with few alternatives
Confidence-building value	Substantial; border trade requires functioning local military-to-military and administrative coordination, so its operation is evidence that those channels work
Livelihood value	Real for the specific communities involved, whose traditional economy depended on these routes
Signalling value	High; resumption is a decision both governments must take, so it constitutes mutual acknowledgement of improved conditions

THE ANALYTICAL POINT: FUNCTIONAL COOPERATION AMID AN UNRESOLVED DISPUTE

The boundary question between India and China remains unsettled, and the resumption of trade does not alter that. What the episode illustrates is the practice of **functional cooperation**: proceeding with limited, technical, reversible forms of engagement while the underlying dispute stays open.

ARGUMENT FOR FUNCTIONAL COOPERATION	ARGUMENT AGAINST
Maintains working channels that are valuable during a crisis	Risks normalising a status quo the disputing party benefits from
Delivers concrete benefits to border populations who bear the cost of tension	May be read as weakening the claim through acquiescence
Builds the habit of cooperation that any eventual settlement requires	Confidence-building measures have historically not prevented subsequent standoffs

GEOGRAPHY WORTH FIXING

Himalayan passes are among the most reliably tested Prelims topics.

PASS	STATE/UT
Nathu La, Jelep La	Sikkim
Shipki La	Himachal Pradesh
Lipulekh, Mana, Niti	Uttarakhand
Bara-lacha La, Rohtang	Himachal Pradesh
Zoji La, Khardung La	Ladakh
Bomdi La, Diphu, Se La	Arunachal Pradesh, an integral part of India

UPSC RELEVANCE

GS Paper 2: India and its neighbourhood; bilateral agreements involving India; effect of policies of other countries on India's interests.

GS Paper 1: Important geophysical features; the location of Himalayan passes.

Prelims pointers:

- The three border-trade passes with China: **Nathu La** (Sikkim), **Shipki La** (Himachal Pradesh), **Lipulekh** (Uttarakhand).
- Trade suspended in **2020**; resumed **1 August 2026**; conducted seasonally, largely by **barter**.
- **Shipki La** lies on the route by which the **Sutlej** enters India.
- **Nathu La** was reopened for trade in **2006**.
- **Lipulekh** also lies on the **Kailash Mansarovar** pilgrimage route.

★ FACTS CORNER, KNOWLEDGE PEDIA

THE RESUMPTION:

Seasonal border trade resumed 1 August 2026 through Nathu La (Sikkim), Shipki La (Himachal Pradesh) and Lipulekh (Uttarakhand), after suspension in 2020.

At Shipki La, sixteen traders from Namgia, Chuppan, Nako and Chango made a 72-hour crossing, moving goods by pickup and then by mule.

GEOGRAPHY: SHIPKI LA LIES ON THE SUTLEJ'S ENTRY ROUTE INTO INDIA; NATHU LA REOPENED FOR TRADE IN 2006; LIPULEKH IS ALSO ON THE KAILASH MANSAROVAR PILGRIMAGE ROUTE.

THE ANALYTICAL FRAME: FUNCTIONAL COOPERATION, PROCEEDING WITH LIMITED AND REVERSIBLE ENGAGEMENT WHILE THE BOUNDARY DISPUTE STAYS OPEN. ECONOMICALLY MARGINAL, DIPLOMATICALLY SIGNIFICANT, AND LOCALLY IMPORTANT TO BORDER COMMUNITIES.

GOVERNMENT OF INDIA POSITION: THE TERRITORY AT LIPULEKH IS INDIAN, AND INDIA HAS REJECTED OBJECTIONS RAISED REGARDING THE ROUTE.

Sources: Ministry of External Affairs, Ministry of Commerce and Industry, Business Today

Source: Mules Over Shipki La: India-China Border Trade Resumes After Six Years — Ujiyari.com | Free UPSC & State PCS Current Affairs

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