



# **The Economy of Tibet**

## **Transformation from a Traditional to a Modern Economy**



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**罗莉 著**

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*By Luo Li*



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# *Chapter 1*

## A Survey

### **(1) Nature and Resources**

Tibet Autonomous Region is one of the five autonomous regions of the People's Republic of China. Of the region's over two million people, Tibetans make up 94.7 percent. Located on the southwest border of China, Tibet has an area over 1.2 million square kilometers, accounting for one-eighth of the total size of the country. Lhasa, the regional capital, is its political, economic and cultural center.

Known as "roof of the world", the Tibet Autonomous Region is the main part of the Qinghai-Tibet Plateau with an altitude averaging 4,000 meters above sea level.

**Abundant water and aquaculture resources** Rough calculations reveal that Tibet has 200 million kilowatts of natural water energy reserves, making up 29.17 percent of the national total and ranking first in China. The origin or upper reaches of Asia's famous rivers of Jinsha, Nujiang, Lancang, Yarlung Zangbo, Ganges, Indus, Brahmaputra, Mekong, Thanlwin and Ayeyarwady are all found in Tibet. The sources of water of these rivers mainly come from rain, melting ice, snow and underground water. The

rich flow of water is of good quality and carries little sand. The Tibet Plateau has 1,500 lakes of varying sizes with a total water area of 24,000 square kilometers.

**Rich geothermal, solar and wind energy resources** Being the most active region of geothermal resources in China, Tibet has over 600 identified geothermal locations with a power generating potential of 800,000 kilowatts. Most areas in Tibet have over 3,000 hours of sunshine per year with a total amount of solar radiation over 6000-8000MJ/square meter, thus ranking first in terms of solar energy resources in the country. The northern area of Tibet is rich in wind energy, having a yearly effective wind speed time of over 4,000 hours.

**A land of wildlife and ample mineral resources** Many varieties of flowers, plants, bushes and trees of subtropical, temperate and frigid zones, and of dry, semi-dry and semi-wet and wet categories grow in the region. Within the ecological system, there are all types of biological species including ancient, rare and unique groups, and particularly medicinal plants. The unique ecological environment and rich biological species in Tibet have provided the population with ample resources.

On the existing 224,000 hectares of land in Tibet, over 40,000 hectares of uncultivated land is suitable for development.

Rich in mineral resources, Tibet has 94 types of minerals that have been discovered and 1,800 locations that have been explored, uncovering 39 types of minerals proven to have reserves in significant quantity. Tibet's lithium reserve makes up half of the total reserves in the world. Among the mineral reserves, twelve types of minerals, including chromium, corundum, mica, arsenic, graphite and crystalline black stone, are in China's top five list in terms of quantity. Experts predict that the potential value of



all the mineral resources in Tibet is equivalent to RMB 650.4 billion yuan, ranking first in per capita reserves in the country. Tibet has ten proven large-size and ten medium-size ore beds of which Yulong copper mine, Norbusa and Xianggashan chrome ore mines, salt lake boron, cesium, rubidium and geothermal resources rank among the most significant in China. Yulong copper mine and salt lake minerals are world-class mines in terms of their reserves.

## **(2) Traditional Highland Economy**

The Tibetan, Monba, Lhoba and Hui people, important ethnic groups of the Chinese nation, who have lived on this piece of land for thousands of years, are hard-working, brave, sincere, honest and bright. About 50,000 years ago, the most primitive residents in Tibet were found in the Sugra area where the Tibetan, Monba, Lhoba and Sharpa people have lived and prospered. Historical materials, folk legends and archeological excavations have proven that all of these ethnic groups have experienced a long primitive society. With accumulated production experiences and improved labor techniques, these people tried to plant crops to meet their daily needs. They made positive contributions to the development of the Tibet Plateau, to the culture of the Chinese nation and to the construction of the country. They accumulated precious experience in economic development on the plateau and by living on the “roof of the world.”

The history of crop cultivation on the Tibet Plateau can be traced back to the Neolithic Age about 4,000 years ago. In 1977, archeologists found chestnut seeds at the Karub ruins near the Lancang River in Qamdo, showing that the ancestors of ethnic Tibetans settled down in this region to start an agricultural life more than 4,000 years ago. Through these contacts

with the Han people, Tibetans learned many techniques of agricultural production, improved their techniques and pushed forward agriculture in the region.

Animal husbandry in Tibet goes back 4,000 years. The archeological studies at the Karub ruins and other historical cultural sites have confirmed this point. The excavated bones of cows, sheep, pigs, foxes, roe deer, deer, and river deer from the Karub ruins have shown that animal husbandry in Tibet at that time had been probably separated from crop cultivation. Animal husbandry on a larger scale started later than crop cultivation. Historical records indicate that in the Turbo Dynasty, people mainly raised cows, horses, sheep, dogs, pigs, yaks, donkeys, camels, and etc. Animal husbandry had already reached a relatively high level with rich varieties of animal products. Tax income from animal husbandry in Turbo was its main source of income and also served as its economic pillar.

The primeval handicraft industry, Tibet's second major industry involving a social division of labor, came into being later than agriculture and animal husbandry. Archeological discoveries have revealed that in the late Neolithic Age, earlier settlers in Lhasa, Nyingchi and lower reaches of the Yarlung Zangbo River were already capable of manufacturing pottery with different kinds of clay, water containers made of bamboo and bamboo mats for roofing. The delicacy of the "double animal body-shaped clay jar" excavated from the Karub ruins was highly valued by archeological workers. Valuable relics prove that ancient residents in Karub Village had already learned farming and raising domestic livestock in addition to leading a purely nomadic life. Carpets from Gyangze, aprons from Konggar, woolen fabrics from Namgyaixoi, clay wares from Kunggar Tagba in Maizho, seeds from Lhasa, Tanka paintings from Qamdo and

gold, silver and bronze wares in U-Tsang are of better quality than the products of the same type produced elsewhere. These are still famous handcrafted products in today's Tibet.

The practice of commodities exchange in Tibet can be traced back over 1,500 years. When the grandfather of the 39th King (Tsenpo) Songtsen Gampo succeeded to the throne, units of measurement such as *sheng* and *dou* and balance were already in use, proving that commercial activities were common. When Songtsen Gampo took over, commerce and trade in Tibet, known as Turbo, were then prosperous for the first time. The Turbo ruling institutions already had "commercial officers", symbolizing that commercial exchanges had been fairly popular and had become an important part of social and economic activities. Trade activities between the Turbo and Tang dynasties were very frequent. A great number of businessmen from Turbo shipped their horses, cattle, sheep, native and indigenous products, arts and crafts to inland areas in exchange for silk, as well as bows and arrows to be sold at their home markets.

There also appeared horse and tea markets which had a great impact on the history of the region. The horse and tea markets, an important medium of trade between the Han and the Tibetan people, first appeared in the Tang Dynasty and were most prosperous in the Song and Ming dynasties. During the prosperous time of the Tang Dynasty, the two royal families of the Turbo and Tang dynasties maintained close ties. Particularly when the Turbo and Tang royal families cemented relations through marriage, trade between the Han and the Tibetan people greatly advanced. The Han people in the Central Plains used gold, silver, cast coins, silk and tea to exchange with the Tibetan people for horses, sheep, leather and medicinal materials. The horse and tea trades became a key political link

between Turbo and the authorities. In the Ming and Qing dynasties, horse and tea markets in the Tibetan region were not only large in scale, but also numerous with all kinds of systems of trading. In order to promote such trade, the Ming court promulgated a law and introduced many specific rules and regulations. The then Ganzhou, Guazhou, Longzhou, Riyue Mountain, and a number of cities in Sichuan and Yunnan were the key markets, bringing the horse and silk trades and horse and tea trades to new heights of prosperity.

However, the feudal slave system in old Tibet had severely hindered the advancement of social productivity so that the economy there had long been backward. In agricultural production, farmers relied on wooden ploughs pulled by two yaks and grain husking by stamping yaks. The slash-and-burn farming, a primeval farming mode, was still practiced in a few places. In 1952, the average grain output in Tibet was only 1,200 kilograms per hectare and the annual per capita grain holdings were only 125 kilograms. Animal husbandry mainly depended on the weather. Natural disasters often killed large herds of animals. The year 1952 witnessed the whole region having only a total of 9.74 million head of livestock.

The ethnic handicraft industry in old Tibet was also very underdeveloped and there was no modern industry whatsoever. With poor and dangerous means of communication and tough roads in old Tibet, transportation of cargo and mail relied on the backs of people and livestock. On the Yarlung Zangbo River flowing through Tibet, there was no single bridge that vehicles could pass, only several chain bridges remaining from the Ming Dynasty. When the British presented a car to the Dalai Lama, since there were no roads, the car had to be dismantled and carried by livestock to Lhasa. There was also scarce utilization of energy resources. Before its

peaceful liberation in 1951, Tibet had only a hydropower station of 125 kilowatts generating electricity intermittently.

Commerce played a central role in the old Tibetan economy, but the scale was small and the exchange of agricultural and animal by-products, handicrafts and medicine was carried out on the basis of barter trade. Foreign trade was also conducted through barter by shipping out fur, leather, native products and minerals in exchange for some necessities of daily life and production. The government of old Tibet, through feudal commercial operations, exploited people by purchasing at low prices and selling at high prices. In short, the old Tibetan economy was extremely backward as transportation was cut off, there was no modern industry and the economy was supported only by animal husbandry, small-scale agriculture and handicraft trade.

### **(3) Rise and Growth of Modern Industries**

Since the 1950s, Tibet has experienced democratic reform and socialist transformation, built up a socialist economic system and secured the attention of the Central Government and assistance from the people of the whole country so that Tibet now has a completely new look in terms of economic progress. The industrial structures have developed from only agriculture and animal husbandry to multi-industries covering modern agriculture, animal husbandry, industry, commerce, tourism, in particular modern transportation, as well as post and telecommunications that have seen unprecedented achievements.

For a long period of time, agriculture and animal husbandry had been the dominant industries in Tibet. Up to the beginning of the 1990s, these industries accounted for half of the economy of the whole region. The

ethnic handicraft industry, the secondary industry, was dreadfully underdeveloped, and the aggregated economy of the tertiary industry was a small size and at a low level, with a v-shaped economic structure. Since the 1990s, the country has initiated a series of key construction projects in Tibet, promoting the growth of infrastructure and economic strength in the region. The GDP of Tibet in 2007 stood at 34.219 billion yuan, nearly three times the 11.75 billion yuan in 2000. Compared with the region's GDP in 1959 (174 million yuan), it had increased by some 59 times if calculated at comparable prices, with an annual growth rate of 8.9 percent. During the Tenth Five-Year Plan, fixed asset investment in Tibet totaled 70 billion yuan, three times that in the Ninth Five-Year Plan, of which 54 billion yuan of investment was from the Central Government. Over the past fifty years and particularly since China's opening up to the outside world in the past two decades and longer, the Tibetan economy has progressed from a situation in which people were given aid to one in which people are able to help themselves. The local fiscal income reached 100 million yuan for the first time in 1992. It was close to 200 million yuan in 1993 and 1.199 billion yuan in 2004.

Nowadays, new agricultural machines and power generated machines with walking tractors serving as the major ones in the primary industry have substituted for the traditional manpower and livestock power. The output value of primary industry is not the dominant one anymore. The secondary industry has grown at a great pace. Tourism, telecommunications, post and modern commerce in the tertiary industry have advanced at an enormous speed, making up 57 percent of the GDP in the whole region. The structures of the three industries have become more and more optimized. The statistics from the Development and Reform Committee

of the Region showed that in 2005, the tertiary industry in Tibet had an added value of RMB14.25 billion yuan. The new emerging industries such as modern commerce, tourism, post and telecommunications, food and beverage service, culture and entertainment, and IT have made remarkable progress. With fast developments at an advanced level, the telecommunications industry has built up a network with Lhasa as a center, covering the whole region with optical fiber and satellite transmissions that combine program-controlled exchange, satellite, digital and mobile communications.

“A golden delta” in Lhasa, Xigaze and Shannan has been formed, experiencing rapid economic growth. With the fast-paced advancement of the modern transportation and communication industries in Tibet, the goal of future economic development is to build up a unique and complementary economic zone along the roads from Sichuan to Tibet, Xinjiang to Tibet, Qinghai to Tibet, and China to Nepal.

Firstly, to build economic core areas centered in Lhasa, Shannan and Xigaze with attractive functions. These areas in central Tibet aims at becoming the base for producing grains, vegetables and non-staple food items, a model for the promotion of science and technology and the ethnic industry in the region.

Secondly, to play an advantageous role in Ngari and Xigaze, the border areas in the west, and to vitalize the trade there. The border trade and tourism industry should be boosted in Yadong, Zham, Burang and other places, serving as ports to the neighboring countries.

Thirdly, Nyingchi and Qamdo, the economic zones in the eastern part of Tibet, are the largest forest areas of the region. This area also has the Yulong Copper Mine with the second biggest reserve in China, and the

world famous Namjagbarwa, and Yarlung Zangbo River Valley. Given preconditions to protect the ecological environment, both domestic and international cooperation will be emphasized to develop copper mines, forest products and tourist resources.

Fourthly, to steadily develop animal husbandry in Nagqu and Nyari (namely the northern part of Tibet), strengthen the infrastructure of husbandry, improve the capability to prevent and fight natural disasters, speed up comprehensive development, nurture and expand the basic industries so as to enhance the supporting abilities of this industry to the economy of the whole region. Meanwhile, the gold, salt, mirabilite and borax in the northern part of Tibet will also be developed together with the husbandry industry.

Since the beginning of the new century, the reforms of the rural and urban economic systems have been consistently promoted and the framework of the socialist market economic system has been preliminarily built up. The opening up to the outside world has made headway. The market resources have been allocated more appropriately. With the construction of a number of major projects such as the Qinghai-Tibet Railway, some key projects have been completed and are operational. Tibet has entered a new period of modernization in the midst of developing China's west. It has caused the process of building a moderately prosperous society to move more quickly.



# *Chapter II*

## Agriculture and Animal Husbandry

Tibetan agriculture and animal husbandry are pillar industries of the local economy, accounting for about 80 percent of the regional GDP. Since as much as 80 percent of the total population in the region work in these industries, the per-capita income of farmers and herdsmen is on the low side. In 2005, the Central Government earmarked 204 million yuan for a poverty-relief fund for Tibet and initiated 198 projects relating to rural energy, water conservancy for agricultural fields, rural road construction, and the building of power stations to improve the production and lives of farmers and herdsmen, effectively upgrading the standard of living of the local poor people.

With a lengthy history, Tibet was a society with a traditional economy based on agricultural and animal husbandry. Before the 1950s when agriculture and animal husbandry were operated under the feudal slave system, a majority of the farmland, pastures, forests, livestock and slaves were owned by the three feudal lords. Slaves were kept on the lords' farms and