CHAPTER SIX

CONCLUSION

The economic development and prosperity of the region mainly depends on the development of cross-border infrastructure like roads, railways, airways and seaways. History has shown that the development of infrastructure not only minimizes transaction costs for the transport of goods and passengers but also enable import and export development of the region by making "it easier and faster to deliver products to overseas markets and to import raw materials for further manufacturing and processing." As a result, employment opportunities are generated and help in increasing the income of the people living in the region. Taking into consideration the benefit of joint infrastructural development, the Greater Mekong Sub-region (GMS) countries in its effort to derive maximum benefits from the region have adopted a "holistic approach" towards development in the form of economic corridors. Hence, the GMS programme is multi-dimensional in nature.

The GMS Programme is being supported by the Asian Development Bank (ADB) and other donors, covering both the "hard" (infrastructure development) and "soft" (multi-country agreements and reforms) aspects of co-operation. Since, the main aim of the GMS is to jointly capitalize on the use of natural resources and develop infrastructure by leveraging on geo-political interests and geographical proximity for the development of the Mekong basin sub-region, it culminated in the idea of political rapprochement through economic co-operation. The GMS programmes also aim to bring about equitable development to the entire region of Southeast Asia especially in the less developed countries of the region through economic co-operation. Henceforth, various important social, cultural, economic and political agreements were signed and agreed upon bilaterally and multi-laterally by the member countries to achieve the objectives.

Several Mekong countries are in the transition stage towards market-based and diversified economies. Although some areas of the Mekong sub-region are developed and competitive, much of the sub-region remains poor and dependent on subsistence farming. Moreover, the uneven distribution of natural resources and manpower in the region has become a hindrance to regional co-operation and development.
This point of view is clearly demonstrated by the fact that apart from the provinces in Thailand, most of the provinces of EWEC countries (Vietnam, Lao PDR Cambodia and Myanmar) are geographically remote and suffer from lack of economic and infrastructural development. Economic disparity has thus become one of the main problems that the countries of the region face. In the light of this background EWEC came into being which can bring about rapid socio-economic development of the people of the GMS countries.

The EWEC has been considered as one of the priority development projects of the sub-region. The initiative for the EWEC directly supports, strengthens infrastructure linkages, facilitating cross-border trade and investment, enhancing private sector participation in development and improving its competitiveness. The EWEC seeks to strengthen trade and investment complementarities among the countries of the GMS region. The realisation of these potentials will form the “engine” behind the EWEC’s development. Because EWEC can widely present itself as a single, stable, and attractive investment location in agro-industry. Nonetheless, the ability of EWEC countries to exploit existing complementarities in the region depends heavily on a favourable policy and regulatory environment for cross-border trade.

However, it is surprising to find that, in general, national trade policies of most EWEC countries are biased against the agriculture and natural resource-based activities that are particularly important to economic development along the Corridor. At present, substantial policy and procedural barriers hinder the movement of goods across borders within the EWEC, causing unwarranted delays and transport costs. The trend at the national, EWEC provincial and local levels seems to be moving on the same line, because thought EWEC countries agreed on an overall ambitious programme, the practical development vision and effort are lacking. Therefore, the governments need to show high-level commitment to the strategy and to genuine regional economic co-operation. Also sustainable development and socio-economic impacts in terms of poverty, environment, women in development, etc., are of particular importance. Thus, development of skills and upgrading of human resources in the EWEC is crucial for long-term sustainability.

The successful implementation of the EWEC programme will have an immense impact not only to the socio-economic development of the people of the riparian countries but the region as a whole. In turn, the implementation of the proposed strategy for the EWEC requires commitment to substantial economic and
fiscal resources from member countries. While virtually all the initiatives impose development costs on the EWEC participants, at both the national and local levels, the proposed physical projects account for the vast bulk of EWEC development costs. This makes it imperative to categorise potential sources of investment for the EWEC according to productive facilities i.e. private sector investment opportunities and supporting programmes.

While the foregoing analysis may indicate that the development of the East-West Economic Corridor seems bleak, there are also considerable potentials for the development of the region. However, no one EWEC area (or part thereof) can serve as the economic engine for the Corridor, as has happened in other countries. As a result, the public sector must play a catalytic role to facilitate private economic activity and sub-regional co-operation, and to alleviate poverty level. Again, the reduction of trade barriers will lead to the gradual normalisation and acceleration of cross-border trade, and eventually, intra-industry and intra-firm trade.

The role of Thailand in the development of EWEC can not be overlooked. On various occasions, the leaders of other EWEC countries look up to Thailand as an advanced developed country and even seek Thailand’s economic, technical and manpower assistance in the overall development of the region. Thailand has been playing an important role in the development of the sub-region by assisting other less developed countries financially and materially. Between the mid-1980s and 1990s, Thailand set the standard for economic development with its record-breaking growth rates. Subsequently, Thailand adopted the plan to expand industrial estates to local and border areas so that their economic efforts would reach the neighbouring countries by initiating economic co-operation for building infrastructure such as roads and bridges between Thailand and neighbouring countries. Further, the policy makers of Thailand formulated an “area-based development plan based on the economic potential and roles of each area” to enable every parts of the country to benefit “from new economic trends and opportunities, thereby enhancing the international competitiveness of the country.” It also emphasised to develop the border provinces along the East-West Economic Corridor.

Financially, ADB and Thailand are working together to bring about faster socio-economic development in the region. The preparing of a Partnership framework to define strategic directions of co-operation with Thailand on national development issues, and to support Thailand’s growing role as a regional donor and global development partner is a turning point in Thailand-ADB relations. Here, national-
level issues cover infrastructure development, capital markets development and institutional capacity building. At the regional level, the partnership focuses on sub-regional co-operation and regional economic integration. Sub-regional co-operation includes co-financing of cross border infrastructure investments and building capacity for managing development process and enhancing competitiveness of less developed GMS neighbours, thereby strengthening Thailand's role as regional donor.

On the East-West Economic Corridor project, Thailand provides financial assistance for the construction of road linking Mawalabyine-Myawaddy-Mae Sot. Further, Thailand's policy makers also aim to play a vital role in the Southeast Asian economic affairs. The Thai government regards participating in GMS economic co-operation as an important opportunity to expand its trade and investment, obtain necessary resources and enhance the international competitiveness of Thai products so as to quicken the development of frontier economy, and an important measure to promote the sustainable growth of Thai economy. Eventually the importance of these interconnections will increase substantially as Thailand has free trade agreements with China, ASEAN and India, which will make Thailand a central hub for international production and trade.

Another project of Thai government is expediting the construction of Kunming-Bangkok Road, which has been listed as the priority project of GMS economic co-operation. Further, the newly inaugurated multi-billion-Baht Suvarnabhumi Airport (Thailand) demonstrated Thailand establishing itself as one of the key aviation hubs in the region. Thailand also contributed inputs to the study undertaken by the Regional Power Trade Co-ordination Committee (RPTCC) created under the IGA to advance GMS power trading arrangements. Thailand is also working with China and Laos in preparing the proposed 500 kilovolts GMS Power Transmission Line to enable power exports from Yunnan to Thailand. Thus far, we see that Thailand's foreign policy towards the region has been directed by a wider vision that places Thailand in the role of economic transformer for mainland Southeast Asia.

The Thailand government since the 1970s made conscious efforts to integrate with the global economy by adopting an export-led growth strategy. As a result, Thailand's economy expanded in the 1980s and 1990s. Thailand also initiated the process of regional development from the central area initially and gradually expanded out to the periphery where they have close relationships with neighbouring countries. Hence, the regional development policy of Thailand has now been
deployed along with the framework for wide-ranging regional development plans under the idea of cross-country economic zones. The above policy was adopted by Thailand with the plan "to expand industrial estates to local and border areas so that their economic effects would reach the neighbouring countries. This "people-centered" and "area-based" development plans on harnessing the economic potential and roles of each area will enable every parts of the country to benefit from new economic opportunities, thereby enhancing the international competitiveness of the country. The northern region of the country has been planned to "more closely integrate" with the GMS, with the core group of provinces like Chiang Mai, Chaing Rai, Lamphun, and Lampang to serve as the centre and economic gateways for the region.

The benefits that Thailand will derive from the aforementioned initiatives will accelerate the economic development of its North and Northeast region. Consequently, Thailand can also become the financial centre for mobilising and allocating funds in this region; and the hub of trade and investment as the participating countries in the economic co-operation open up to each other. In addition Thailand can become the centre for foreign assistance. Thailand is also scheduled to receive grants and loans of which the amount has not been decided. Also there is a plan to renovate Tavoy Harbor located in the South of Myanmar in order to improve transportation to Thailand through the Andaman Sea. Yet, despite the optimistic hype of rapid economic developmental work taking place in the region some political and economic analysis indicated that much more needs to be done if Thailand is to derive full benefits from development of the East-West Economic Corridor, because the benefit of development in the region has not reached the grass root level.

In the development and implementation of the EWEC, state and non-state actors like the Asian Development Bank, Japan Bank and others have played a major role. The reason for the interest shown in the EWEC projects by the GMS countries, and various other countries like China, Japan, United States, Europe as well as international organisations like Asian Development Bank, ESCAP and the Mekong River Commission is because the region is brimming with economic activities and liberal economic policies adopted by the host countries. The Asian Development Bank reports that from the 1960s up to the 1990s, Japan has invested about US$ 61.9 billion in ASEAN. Donors from around the world has also been assisting the GMS in almost all of the sectors at the national, regional and sub-regional level, including
development policy analysis, human resources development, natural resources and environmental management, rural development, social development, tourism promotion, trade and investment promotion, transport and infrastructure development.

No doubt, the life of the people of the region witnessed a tremendous change with the development of the EWEC. The possibility of having breakfast in Hue (Vietnam), lunch in Savannakhet (Laos) and dinner in Khon Khaen (Thailand) with the completion of EWEC is a major achievement of the regional co-operation. Yet, despite all these remarkable developments, the region still faces many internal and external challenges. For instance, although EWEC region is rich in natural, cultural, and historical assets and as such tourism is included as one of the GMS priority sectors. However, the lack of infrastructural development, entry restrictions into countries like Myanmar for people of many developed countries and international organisations by its military ruler, accompanied by the large-scale incidents of human rights violation, impinge on the successful implementation of EWEC programme.

Another common and troublesome issue that impinges on the good relations and development of the states is the inter-state conflict and border disputes. This is evident from the recent protest by the Thai army against the building of casino resort just inside Cambodia opposite Thailand’s Si Sa Ket province pending demarcation of the border between the two neighbouring Southeast Asian countries. Therefore, the establishment of confidence building measures (CBMs) like the opening of the second Thai-Lao Friendship Bridge and allowing other countries vehicles with any type of steering to pass through its territory as in Laos was a welcome sign, since such CBMs would brings about better understanding among different countries of the region and subsequently lead to political rapprochement.

Likewise, the declaration made by the Yunnan Provincial Government at the twelfth meeting of the working group on tourism held in Kunming, Yunnan Province, People's Republic of China in March-April 2001, to relax visa “for official passport holders from Lao PDR, Vietnam, and Thailand” and “visas on arrival” to foreigners in certain border areas in Yunnan Province should be taken as a role model for all the countries in the region. Therefore, it is high time that like the Laos governments, more government of the region need to relinquish their narrow political interest and join hands with other countries of the region to strengthen the regional co-operation through such noble initiatives.
Another experience in the region has shown that development of towns and cities without taking into consideration the welfare of its citizens does not necessarily bring about any sustainable improvement in the life of the people, because displacement in the name of development only further complicate the socio-economic and political environment of the region. Hence, any development initiatives should take into consideration the views of the local people for smooth functioning development programmes and overall growth of the people of the region. With the commencement of the development work there were reports of large scale human rights violation and environment destruction in the region. The perpetual incident of Human rights violation in the country like Myanmar compelled many international organisations to restrict and boycott foreign tourism in the country. Citing Burma Border Consortium reports, Earth Right International (ERI) stated about 31,000 and 135,000 persons were internally displaced in Mon and Karen states of Burma due to counter-insurgency campaigns against civilian populations by the Burmese military. It is an irony that while western countries are campaigning against visiting Burma due to its dictatorial autocratic rule in the country, Thailand and Burmese tourism officials are trying their best to invest more in tourism industry to attract more foreign tourist in their country. It should be noted here the ERI statement that “ADB’s projects will encourage sustainable and equitable forms of development in the region,” only after the use of forced labour is eliminated, should be given due weightage and thought.

Besides, environmental factor has to be seriously taken into account. Since most of the Southeast Asian countries are surrounded by sea, the region faces potential threat of natural disasters originating from the sea. The occurrence of Tsunami in December 2004 is a reminder for the policy makers of the region to seriously look into the preservation of ecological system and take the ecological disasters management programme into serious consideration. Because, deforestation, soil erosion, salt intrusion and frequent occurring of floods not only affect the life of the people in the region but also drastically hamper the economy of the region. Therefore, more disaster management programme and policies like the meeting of the expert on “Technical Options for Disaster Management Systems: Tsunamis and Others,” to exchange ideas, improve capabilities and discuss regional co-operation on disaster management should be organised more often. Consequently, the dream and expectation of EWEC turning into “an impetus for boosting economic development and cultural and social exchange between Southeast Asian countries” and the member
localities could take place only when the welfare of the people goes along with the
development of the countries of the region. Despite problems and existing hazards, it
may be observed that EWEC is one of the most important initiatives that have been
evolved for socio-economic transformation of the region. It is bound to fulfill the
vision of former Thailand Prime Minister, Chatichai Chunhawan who talked about
"turning Indochina from battleground to a market place."