

**EAST-WEST ECONOMIC CORRIDOR:
A ROUTE OF ECONOMY AND FRIENDSHIP**

Patthira Phon-ngam

Associate Professor, North Bangkok University, Thailand

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Abstract

East-West Economic Corridor (EWEC) has originated from the cooperation of the countries in the Great Mekong Basin Sub-Region which consists of China, Myanmar, Vietnam, Laos, Cambodia, and Thailand. The purpose of this route is to create economic opportunity expectedly to generate more income and reduce poverty for the countries in this region . The length of this road is 1,450 kilometers. 950 of the 1,450 kilometers is in Thailand from Mukdahan Province to Tak Province. It will be the route of international cooperation based on warm friendship and trust in both social and economic aspects The promotion of business investment, travel and services, as well as human resource development will contribute to the development of the area. EWEC may cause the impact on this region in many ways: higher security risk along cross border, political problems, drugs, international crime, illegal labors, worker trading, infectious disease, including the destruction of natural resources.

Keywords: *Economic Corridor, Free Follow, Environmental Issues*

Economic corridors are an integrated system of roads, rails, and ports that connect GMS countries. They link centers of production, including manufacturing hubs, industrial clusters, and economic zones, as well as centers of demand, such as capitals and major cities. They act as gateways to the sub -region for regional and international trade.

East West Economic Corridor (EWEC) has originated from the cooperation of the countries in the Great Mekong Basin Sub-Region which consists of China, Myanmar, Vietnam, Laos, Cambodia, and Thailand. Those countries have agreed on the strategies for development of the Great Mekong area by improving its infrastructure: a road to facilitate the cross-border transportation: people, goods, and vehicles, with more flexible conditions among the member countries.

The East-West Economic Corridor (EWEC) runs from Da Nang Port in Viet Nam, through Sawannakhet Lao PDR, Thailand through many provinces: Mukdahan, Kalasin, KhonKaen, Phetchabun, Phitsanulok, and Tak, and to the Mawlamyine Port in Myanmar. It extends 1,450 kilometers as a continuous land route between the Indian Ocean (Andaman Sea) and the South China Sea,. The construction of the road is sponsored by The Asia Development Bank (ADB).

The East West Economic Corridor links important commercial nodes in each member country: Mawlamyine-Myawaddy in Myanmar, Mae Sot-Phitsanulok - Khon Kaen-Kalasin -Mukdahan in Thailand, Savannakhet -Donsavanh in Lao PDR; and Lao Bao -Hue -Dong Ha-Da Nang in Viet Nam.

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GMS Economic Corridor as show in Fig 1-2



Fig 1 - GMS Economic Corridor Source : <https://wonderfulpackagetravel.blogspot.com>



Fig 2 - GMS East West Economic Corridor Source : <http://www.adb.org/GMS/Economic-Corridor>

Objectives of East West Economic Corridor

The main objectives of the East West Economic Corridor are (ADB, 2005)

- To eradicate poverty and reduce the development gap between the East West Economic Corridor areas and others in the Mekong basin;
- To fully utilize the cooperative advantages of the East West Economic Corridor areas in terms of labor and natural resources to contribute to the common development of the whole region;
- To turn these areas into a gateway for development for the Greater Mekong Sub-region;
- Enhanced economic liberalization and facilitation cultural interaction to contribute to

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economic integration among ASEAN members also greater interaction between ASEAN and others countries outside the region.

Purpose of East West Economic Corridor

The purpose of this route is to create economic opportunity expectedly to generate more income and reduce poverty for the countries in this region. The project was completed in 2008. As a result, the countries in this region will get ready for the change. High benefit will be gained by the well-prepared countries while the negative impact will go to the unprepared.

What would Thailand get?

The length of this road is 1,450 kilometers. 950 of the 1,450 kilometers is in Thailand from Mukdahan Province to Tak Province. It will be the route of international cooperation based on warm friendship and trust in both social and economic aspects. The promotion of business investment, travel and services, as well as human resource development will contribute to the development of the area.

What benefit does the route deliver to Thailand?

The question means what advantages Thailand would get and how Thailand would get the maximum advantage from the route. Advantage for Thailand is that the cheaper products will be widely available because of the lower cost of transportation. The made-in-Thailand products can be distributed to Myanmar which will also to be more conveniently exported to India and Africa without going through Malaca Channel which may get dangerous and risky from pirates. Thailand would take this opportunity to improve its logistics system to get more income from international transportation. The East West Economic Corridor is a very special economic area with merging the future Industry and the transportation network and all new logistics both by land, by boat and by air. This will lead to investment by the private sector in Thailand and abroad. The value is not less than \$ 50 billion. The target industries is in new cities and the tourism sector also transport network. This will elevate Eastern Thailand as a new economic hub for ASEAN and Asia, creating a future for Thai children. And help Thailand out of Middle Income Trap.

The route connecting Thailand – Laos-Vietnam as fig 3



Fig 3 - The route connecting Thailand – Laos-Vietnam Source : <http://gothailandgoasean.tourismthailand.org/>

What is the impact from the East-West Economic Corridor?

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The East West Economic Corridor may cause the impact on this region in many ways higher security risk along cross border, political problems, drugs, international crime, illegal labors, worker trading, infectious disease, including the destruction of natural resources. The East West Economic Corridor may also create problems of free follow of labors, goods and services especially sexual service, which can be provided in the form of legal international business, free capital market, free follow of international investment, knowledge and technology, which needs an efficient knowledge management for information technology system.

The route will lead wealth and happiness to every province in Thailand where the East West Economic Corridor reaches. Provinces at the borders along the route will receive benefit if they have planned both active and passive strategies for the impact. In addition, there will be more intense competition. As a result, the business operation of the operator is more difficult. There are also major barriers to the development of the East West Economic Corridor such as lack of knowledge and understanding of SMEs entrepreneur also lack of interest in the East West Economic Corridor, transportation costs, especially high fuel costs. So for the development. The benefits to stakeholders all sectors should be adapted also to solve problems and obstacles for further development.

Today, are you ready for the impact from East-West Economic Corridor a route of economy and friendship?

Further Impacts

Tourism connectivity: Tourism constitutes a significant component of GDP in GMS countries. The most obvious and tangible benefits of tourism include income, foreign exchange earnings, tax revenue, and the creation of jobs. Tourism is involved with too much public capital social, cultural, and environmental. Benefits go into the pockets of a few people or groups while costs are borne by the general public. Even with community based tourism, incomes tends to be more unevenly distributed than with agricultural exchanges, as it requires investment which most of the poor could not afford. Commercial use of culture by tourism may lead to modification and distortion or even lead to practices that show disrespect. Environmental consequences: The challenges of environmental is the growth of big city Urbanization for Industrialization. People from other regions migrate to big city such as central Vietnam given the opportunity to find jobs in emerging industries; Unskilled laborers migrate to other areas

Labor Migration in the East West Economic Corridor

The economic potential and social challenges of spontaneous migration from community to other countries in the East West Economic Corridor. Easy transportation to the East West Economic Corridor countries, fast and cheap official document processing at the border and the availability of jobs at the destination are identified as the potentials of labor migration. Not only the job but also the role of social networks in supporting this working process. It considers the social links with the origin and destination country and between the migrants and those who stay behind. Social networks are seen as providing protection and security for migrants at their destination. However, migrant workers have to face numerous challenges during their

migration, including difficulties in accessing social welfare in their destination country, being abused, exploited and becoming illegal workers due to the lack of legal documents. The migration to the East West Economic Corridor countries is a survival strategy for the poor in community

Impacts of the East West Economic Corridor on local livelihoods and forest

The East West Economic Corridor contains many forest-dependent villages, about 37% of the total area in Quang Tri province, Vietnam; about 34% of Kyaikmaraw in Myanmar and about 45% of total areas in Savannakhet province in Laos, with a significant number of people living below the poverty line.

A large proportion of the people in these villages are largely dependent on subsistence agricultural production, cattle raising and access to forest for wood and non-timber forest product collection. There are only a few households involved in small services and cash crop cultivation. The establishment of the East West Economic Corridor has brought some kinds of benefits to some regions and stakeholders. These include employment in services such as hotels and guesthouses, increase in trade and investment, tourism and agriculture. However, other stakeholders such as disadvantaged communities or those dependent on natural resources for their livelihoods have been affected. More importantly, the East West Economic Corridor activities have resulted in putting more pressure on the forest resources due to the rapid clearing of forests for the expansion of intensive cultivation of cash crops, illegal logging, and infrastructure development. (Bui Duc Tinh ,2010)

Impacts of East West Economic Corridor in Savannakhet, Laos

East West Economic Corridor impact on Laos, especially in Savannakhet as follows (<http://www.carecprogram.org>)

Increased connectivity and regional integration: 1.1 reduced travel time and cost of transportation thus increased competitiveness (Road 9 cum CBTA), e.g. from 12 hours to about 3 hours; 1.2 Growth in transport sector : number of buses increased from 600 buses in 2000 to 1,600 in 2005, while number of transport operators has doubled during the same period; 1.3 Emergence of township and economic activities : New concrete houses, markets, guesthouses and restaurants, trade and services activities such as petrol stations, automobile repair shops and other micro enterprises, never before observed in these remote areas along the EWEC.

Fast economic growth: 2.1 GDP Growth at average 10.1% over 2001 -2005 Per capita GDP -\$371 in 2000 to \$425 in 2005 Since 2004, Savannakhet has become a budget surplus province Expanded job opportunities and income generation; 2.2 Greater movement of labor and increased jobs from investment projects Increased commercialized production , cross -border transfer of knowledge and cheap inputs resulting from better connectivity complementarily between the East West Economic Corridor rural road access cash crops, livestock, contract farming and export -oriented production From rice deficit to rice export . Fast growth in manufacturing sector since 2001.

Increase in cross border trade and Import export: Cross -border trade increased by 2.2 times from 2004 to 2005 Trade licensing increased from a mere thousand in 2001 to about 7,000 units in 2005. The value of imports increased by 39 times during 2001 -

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2005, from 31.8 million in 2001 to \$124 million in 2005 . The value of export increased from \$63 million in 2001 to \$152 million in 2005 . Establishment of Savan -Seno Special economic zone and Dansavanh -Lao Bao Free Trade Area. The use of Savannakhet Airport as a regional airport

Increase in investments: FDI flow to Savannakhet about \$250 million during 2000-2005 and FDI up to \$422 million in 2006 . so that poverty reduction, especially in the remote and border areas

Improvements in social indicators: 5.1 On expenditures side betterment in the living conditions through reduced costs of transport better access to cheaper consumer goods and food stuff; 5.2 Improvements in access to economic and social services for remote and border areas; 5.3 Improvements in health care, reduced morbidity and mortality rates. Building of cluster hospital along the East West Economic Corridor; 5.4 Increase access to education, increased enrollment rate, especially basic and secondary education for girls and ethnic minorities; 5.5 Better control of HIV/AIDS and other communicable diseases through cross -border and regional cooperate

Localization and Globalization: Degradation of the environment directly impacts the livelihoods of local people, especially the poor. Their survival is based on knowledge which has been practiced and passed-down from generation to generation. The healthier the environment, the better the livelihoods and the happier the local people. Garbage rapidly follows the rapid development of the area. This is an undesirable option to the poor. In the new money-oriented society, natural resources are usually privatized by rich people.

Environmental Issues

The East West Economic Corridor, while it promises to promote economic development along the route, will also adversely affect critical ecosystems and areas valued for their high biodiversity by fragmenting habitat. Over the long-term, environmental degradation, if not addressed, will undermine the region's environmental security and long-term socioeconomic development. To address these problems, the ADB is promoting the creation of "Biodiversity conservation corridors.

According to the ADB, these corridors will connect valuable habitat and permit species to naturally migrate between areas currently threatened with fragmentation. Major causes of fragmentation include habitat loss due to sustainable forms of resource exploitation: intensive agriculture, logging, and gold mining activities carried out in close collaboration with state-owned enterprises, SPDC military battalions, and armed cease-fire groups such.(ERI ,2003) Some areas, especially along the Salween River and its tributaries inside Burma, are also threatened with inundation from hydropower development . The construction of roads into these remote regions has also caused severe damage; roads lead to increased rates of soil erosion and facilitate hunting and wildlife trafficking. A series of high-level meetings involving the ADB and its partners are to be held this year, with the Action Plan for the creation of these corridors to begin implementation in January 2006. The "Western Forest Complex," which straddles the Thai-Burma Border, is of particular concern. (ADB,2005).

GMS East West Economic Corridor Transportation Infrastructure as show in Fig 4

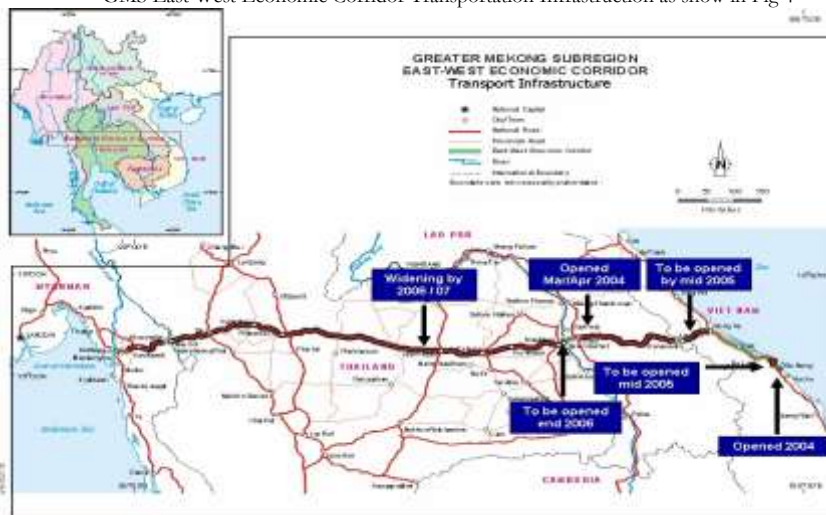


Fig 4 - GMS East-West Economic Corridor Transportation Infrastructure

Source: <http://www.osm-ne1.com/webboard/>

Development for the East West Economic Corridor. Development Issues:

While the major infrastructure components of the East West Economic Corridor have now been completed, and much progress has been made in facilitating trade and promoting the private and tourism sectors, the pace of transformation from a transport corridor to a full-fledged economic corridor has been slower than originally anticipated. Among the critical remaining issues are the following: cross-border investment liberalization policies, agribusiness development, financial schemes to support business operations along the corridor, infrastructural improvements in the gateway nodes, secondary roads to allow rural communities to access the main artery of the corridor, business development services for micro and small-sized businesses along the poorer areas of the corridor, coordination of tourism initiatives at both the national level and across the East West Economic Corridor countries, infrastructural services and road access to tourist destinations, and benchmarks to monitor the performance and progress in achieving the goals that have been established for the East West Economic Corridor EWEC.

Challenges

Weak transport and logistic services. Weak tourism infrastructure and inadequate tourist services, young industry for local people, community and pro-poor tourism, development of the EWEC tourism ring. Weak human resource skills and lack of entrepreneurial skills. Need to strengthen and streamline customs procedures, regulations and standards. Strengthening the implementation of CBTA

Recommendations: Require social and environmental impact assessments to be conducted by a qualified and neutral agency for all large-scale development projects connected to the East West Economic Corridor; Conduct all matters related to the development of the corridor in a transparent and open manner, which includes the

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meaningful involvement of local people in the decision making process; Accede to the following international human rights treaties: the International covenant on economic, social and cultural rights; the convention against torture and other cruel, Inhuman or degrading treatment or punishment, and its optional protocol as well as the ILO conventions on forced labor; Policy-makers need to facilitate information access to the public: The East West Economic Corridor needs to open space for local people in the decision-making process; The East West Economic Corridor needs to conduct an Environmental Impact Assessment together with local people and publicize the outcome of the report; The East West Economic Corridor needs to be accountable for the environmental and social costs of this large-scale development project.

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