China-Thailand North South Economic Corridor
The Case Study of Sustainable Tourism Development on Road R3A

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Outline

• China Belt and Road Initiative
• China-Indochina Peninsular Corridor
  • Rail Transport in Thailand
  • China-Lao PDR Railway
• Trade Diversion Effects on Tourism Industry on the Northern Part of Thailand
• Framework of Sustainable Tourism Development
• SWOT Analysis and Policy Recommendations
Silk Road Economic Belt
3 Routes, 4 Economic Corridors
1. New Eurasian Land Bridge, running from Western China to Western Russia
2. China–Mongolia–Russia Corridor, running from Northern China to Eastern Russia
3. China–Central Asia–West Asia Corridor, running from Western China to Turkey
4. China–Indochina Peninsula Corridor, running from Southern China to Singapore

21st Century Maritime Silk Road
2 Route, 14 Ports, 2 Economic Corridors
1. Bangladesh-China-Myanmar Corridor, running from Southern China to Myanmar.
2. China–Pakistan Corridor, running from South-Western China to Pakistan
3. Maritime Silk Road, running from the Chinese Coast through Singapore to the Mediterranean
OBOR Forum for International Cooperation

- The First OBOR Summit 2017 in Beijing
  - 29 foreign heads of state and government, representatives from 130 countries and 70 international and regional organizations

- The Second OBOR Summit on 25-27 April 2019 in Beijing
  - 283 concrete results in 4 categories i.e.
    - Boosting Infrastructure Connectivity
    - Promoting Sustainable Development
    - Strengthening Practical Cooperation
    - Advancing People-to-People Exchanges,
Economic corridors and other projects catalyzed and supported by connectivity

1. Addis Ababa-Djibouti economic corridor, including the development of industrial parks along the economic corridor
2. Agua Negra Pass International Tunnel
3. Baku-Tbilisi-Kars new railway line and Alyat free economic zone in Baku
4. Brunei-Guangxi economic corridor
5. China-Central Asia-West Asia economic corridor
6. China-Europe Land-Sea Express Line
7. China-Indochina Peninsula economic corridor, including Laos-China economic corridor
8. China-Kyrgyzstan-Uzbekistan International Highway
9. China-Laos-Thailand Railway Cooperation
10. China-Malaysia Qinzhou Industrial Park
11. China-Mongolia-Russia economic corridor
12. China-Myanmar economic corridor
13. China-Pakistan economic corridor
14. Eastern Economic Corridor in Thailand
15. Economic corridor in Greater Mekong Subregion
16. Europe-Caucasus-Asia International Transport corridor and TransCaspian International Transport Route
17. the EU Trans-European Transport Networks
18. the Industrial Park “Great Stone”
19. International North-South Transport Corridor (INSTC)
20. the Lake Victoria-Mediterranean Sea Navigation Line-Linkage Project (VICMED)
21. the Lamu Port-South Sudan-Ethiopia Transport corridor
22. Malaysia-China Kuantan Industrial Park
23. the Nepal-China Trans-Himalayan Multi-dimensional Connectivity Network, including Nepal-China cross-border railway
24. New Eurasian Land Bridge
25. the New International Land-Sea Trade Corridor of the China- Singapore (Chongqing) Demonstration Initiative on Strategic Connectivity
26. Northern Corridor Trade Route in Africa linking the maritime port of Mombasa to countries of the Great Lakes region of Africa and Trans-Africa Highway
27. North-South Passage Cairo-Capetown Pass-way
28. the Port of Piraeus
29. Port Sudan-Ethiopia Railway Connectivity
30. Regional Comprehensive economic corridors in Indonesia
31. the Suez Canal Economic Zone
32. Transcontinental shipment of cargo using the capacities of the Northern Sea Route
33. Transoceanic fiber optic cable
34. “Two Corridors and One Belt” Framework
35. Uzbekistan-Tajikistan-China International Highway
Sectoral multilateral cooperation initiatives and platforms

1. the Advisory Council of the Belt and Road Forum for International Cooperation
2. the Alliance of International Science Organizations in the Belt and Road Region
3. Beijing Initiative for the Clean Silk Road
4. Belt and Road Energy Partnership
5. Belt and Road Initiative Tax Administration Cooperation Mechanism
6. Belt and Road News Alliance
7. Belt and Road Studies Network
8. Digital Silk Road Initiative
9. Guiding Principles on Financing the Development of the Belt and Road
10. the International Academy of Science of the Silk Road
11. International Coalition for Green Development on the Belt and Road
12. Joint Statement on Pragmatic Cooperation in the Field of Intellectual Property Among Countries Along the Belt and Road
13. Joint Working Group on China Railway Express to Europe
14. Ningbo Initiative on the Maritime Silk Road Port Cooperation
Other relevant efforts referred to by participants

1. African Continental Free Trade Agreement (ACFTA)
2. Ancient Civilizations Forum initiated by Greece
3. APEC Economic Leaders’ Meeting in 2019 in Chile
4. Belt and Road Forum for international cooperation in Belarus
5. Belt and Road lane for fast-track entry and exit at the land and air ports set up by Mongolia and interested countries
6. the First Forum of Mayors of Silk Road Countries held in Kazakhstan in 2018
7. the Global Silk Road Award initiated by Kazakhstan
8. the initiative by Mongolia to establish an award that encourages young scholars and diplomats to promote the Belt and Road cooperation
9. Pan-Arab Free Trade Agreement (PAFTA)
10. the Santiago Climate Change Conference on its 25th Session of the Conference of the Parties (COP25) to the UNFCCC in 2019 in Chile
11. Sustainable Blue Economy Conference in Kenya in 2018
12. the United Nations Convention on International Settlement Agreements Resulting from Mediation
13. the UNWTO International Meeting on the Silk Road Tourism in Greece in 2018
14. the World Forum on inter-cultural dialogue within the framework of Baku Process
15. the World Youth Forum held in Egypt in 2018
China–Indochina Peninsula Corridor

• From 2013 - 2018, numerous infrastructure development projects - building high-speed railways and roads for connectivity - have been initiated in countries involved in BRI routes.

• Under BRI, China and Thailand have jointly initiated a high-speed railway project from Bangkok to Northeastern Province of Nakhon Ratchasima to improve transportation infrastructure.

• There are several other infrastructure projects in other South East Asian countries. For instance, Jakarta-Bandung high-speed railway in Indonesia and China-Laos Railway among others.
Rail transport in Thailand

• The railway network of Thailand is managed and operated by the State Railway of Thailand (SRT).

• Thailand has 4,431 kilometres of Metre Gauge railway tracks not including mass transit lines in Bangkok. All national rail services are managed by the State Railway of Thailand.

• The four main lines, covered only 44 provinces (out of 77 provinces), are the Northern Line, which terminates in Chiang Mai, the Northeastern Line, which terminates at Ubon Ratchathani and the Lao border in Nong Khai Province, the Eastern Line, which terminates at the Cambodian border in Sa Kaeo Province, and the Southern Line, which terminates at the Malaysian border in Songkhla and Narathiwat Provinces.

• According to the strategies on Thailand’s infrastructure development in transportation (2015 – 2022) by the Office of Transport and Traffic Planning, 887 km of rail will be laid by 2020.
High-speed Rail in Thailand

- In September 2017, the government outlined the building of the HSR network in three stages:
  
  **Stage 1 (2017 to 2021)**
  - Eastern HSR to U-Tapao Airport
  - Northeastern HSR to Nakhon Ratchasima
  - Southern HSR to Hua Hin

  **Stage 2 (2022 - 2026)**
  - Northern HSR to Phitsanulok
  - Northeastern HSR extension to Nong Khai

  **Stage 3 (2027 - 2036)**
  - Northern HSR extension to Chiang Mai
  - Southern HSR extension to Surat Thani
  - Southern HSR extension to Padang Besar
  - Eastern HSR extension to Trat
The Vientiane–Boten Railway is a 1,435 mm standard gauge that runs for 414 kilometres between the capital of Laos, Vientiane and Boten on the border between China and Laos, that will be connected to Chinese rail system by Yuxi–Mohan railway. It will be majority-owned by China, financed by Chinese funds, and built by China Railway Group.

The cost of the project is estimated at 5.95 billion USD, to be financed 12% by Laos directly, 28% by China, with the remaining 60% being financed by loans.

47% of the railway will be in tunnels and 15% will pass over viaducts, spread over 75 tunnels and 167 bridges. As of 2017 year end, the construction phase is 20% completed. There are 32 planned stations along the route. The final station would be Thanaleng railway station, not Vientiane Station (under construction).

A new Thai-Lao PDR Friendship bridge will be constructed by 2023 from Thanaleng to Nong khai to connect the high speed rail network into Thailand.
Railway connecting Kunming to Bangkok will be operated by 2026 and this will create a negative externality to the travel and tourism Industry on the Northern Part of Thailand.
Trade Diversion

• Trade diversion is an economic term related to international economics in which trade is diverted from a more efficient exporter towards a less efficient one by the formation of a free trade agreement or a customs union. Total cost of good becomes cheaper when trading within the agreement because of the low tariff. This is as compared to trading with countries outside the agreement with lower cost goods but higher tariff.

• In this context, Trade (in tourism services) diversion is diverted from the Northern region of Thailand towards the new mode of transportation which is the railway linked Southern China via Lao PDR to the North-Eastern region of Thailand.
Mode of Transportation is going to diverse from Road to Railway...

Strong Negative Externality on the Tourism Industry on the Northern Part of Thailand and Lao PDR
Road R3A

เส้นทาง R3A เชียงราย-กุนหมิง
## Framework of Sustainable Tourism Development

### Safety
- Road Safety/ Criminal and Theft/ Law and Enforcement/ Insurance/ Fraud/ Hygiene/ Standards

### Accessible
- Media and Knowledge management, Signs and Signals, Online Platform Applications, Language, Payment Systems, Visas and Immigration, Border Protocol, Infrastructure (hotels, restaurants, shops), route links and mode of transportation

### Positive Sum
- Every party at all levels, both within Thailand and among Thailand, Lao PDR and China, must have mutual benefits. Must not let anyone feel left out. It must be a 2-way tourism as well as open for the tourists from the 3rd countries. Rules and cooperation on tourism business in each country that is clear and compulsory. Practical Benefit/Profit Sharing System is also strongly required.

### Volume of Tourist
- Not only from Thailand and China but from the 3rd Countries, especially Europeans, Americans, Japanese, Koreans. Global Recognition.

### Tourist Magnet
- Tourist attractions, nature, culture, traditions, creating Campaign gimmick, Creating a new attraction, Re-branding Repositioning Original attraction, Events Concerts and Fairs, Travel with Themes, Arts Exhibition

### Be Prepared
- Action Plan on Crisis Management which integrated and recognized by all sectors
## Chiang Rai

| Strengths on tourism on R3A | 1. There are many tourist attractions and a variety of tourist attractions.  
2. Almost 100% complete infrastructure |
|-----------------------------|------------------------------------------------------------------|
| Weakness towards tourism on R3A | 1. Work of various agencies That does not harmonize in promoting tourism in the same direction  
2. Government agencies involved in tourism still do not understand the real needs (Insight) of tourists. Focusing on the promotion of tourism from Supply Side by not paying attention to the real needs of tourists. |
| Opportunities for tourism on the R3A | 1. Low-cost airlines that open new routes To Chiang Rai, making it easy to use Chiang Rai as a starting and/or ending point to travel  
2. Tax structure and life style changed in Thailand, causing the expanding middle class to continue to focus on new forms of tourism such as adventure, environmental conservation and socio-cultural trip. Therefore, caravan travel (Cars and motorcycles) trekking and overnight with ethnic groups will be more popular among tourists who want to travel on the R3A. |
| Threat to tourism on the R3A | Railway system that links China - Lao PDR - Northeast Will reduce the importance of using Chiang Rai as the starting point / ending of travel |
| Target | Position Chiang Rai to become the source - the destination of traveling on the R3A route, especially pulling tourists from the 3rd country |
| Obstacles encountered | How to make 1) tourists stay longer in the area 2) more tourists to buy 3) benefits fall to people in the area |
| Guidelines for development | 1. Develop tourist routes In particular, make a circle, not repeat the same route, both in / abroad. Must negotiate with Myanmar  
2. Develop tourist attractions  
3. Develop travel facilities across the border  
4. Promote Demand Driven travel plans  
5. Need to brainstorm and create a network of agencies related to tourism throughout the supply chain |
### Ban Houayxay, Bokeo, Lao PDR

<table>
<thead>
<tr>
<th>Strengths on tourism on R3A</th>
<th>The area is suitable for being the starting point for traveling beside the road trip on R3A e.g. travel from Thailand to Laos via road trip then return by boat cruising along Mekong river.</th>
</tr>
</thead>
</table>
| Weakness towards tourism on R3A | 1. Travel companies lack experience, especially in the knowledge of tourist attractions and border crossing/immigration procedures  
2. Tourist attractions have not been developed.  
3. Facilities and infrastructure are not enough to accommodate top market tourists.  
4. Throughout the R3A route, even though the current road conditions are in good condition but still lacking facilities such as parking spots, gas stations, shops |
| Opportunities for tourism on the R3A | Northern region of Lao PDR and the Mekong River are also new areas for tourism. Making it possible to attract a large number of tourists from third countries |
| Threat to tourism on the R3A | Railway system that links China - Lao PDR - Northeast will reduce the importance of traveling to Ban Houayxay |
| Target | Start and/or end points for traveling with Mekong River (to Luang Prabang /Vientiane / Southern Laos/ Southern China |
| Obstacles encountered | Must link Chiang Rai and Huayxay to encourage tourists from the 3rd country to come to Chiang Rai and continue to travel in the north of the Lao PDR and return to Chiang Rai again to continue the journey |
| Guidelines for development | 1. Must create a network of travel companies for information and customer transfers between each other with a sustainable benefit sharing agreement/system.  
2. Linking various tourist attractions on both side of Mekong River to extend longer stay and increase spending in the form of 2-Country Tour Package  
3. Must negotiate with other agencies Both in the country and in the Lao PDR to relax the rules and support to facilitate tourists who want to travel in 2 countries |
## Luang Namtha and Bo Ten, Lao PDR

<table>
<thead>
<tr>
<th>Strengths on tourism on R3A</th>
<th>Luang Namtha is a diverse and beautiful area of nature (forests, mountains, caves, waterfalls and wildlife) and cultural especially various ethnic groups that has its own identity</th>
</tr>
</thead>
</table>
| Weakness towards tourism on R3A | 1. Modernization makes it a natural tourist attraction and socio-cultural deteriorates  
2. Travel companies lack experience, especially in the knowledge of tourist attractions and border crossing/immigration procedures  
3. Tourist attractions have not been developed.  
4. Facilities and infrastructure are not enough to accommodate top market tourists.  
5. Throughout the R3A route, even though the current road conditions are in good condition but still lacking facilities such as parking spots, gas stations, shops |
| Opportunities for tourism on the R3A | Airports and Low-cost airlines will make Luang Namtha become a new tourist destination. If developing a good travel plan, it can be a well link to the R3A route |
| Threat to tourism on the R3A | The railway system that links China - Lao PDR – North-Eastern of Thailand will make Luang Namtha and Bo Ten become an industry zone which will cause degraded natural resources as well as the way of life of people in the area that will lose their identity. |
| Target | Adventure travel and cultural learning of ethnic groups (Hiking & Adventure trip/ Hill Tribes Cultural Trip) |
| Obstacles encountered | 1. Ethnic groups in the area need modernity until losing one’s identity  
2. Natural resources are destroyed and there are no concrete conservation plans. (Due to the need to develop the industrial sector to draw more foreign investment)  
3. Linking the route with Thailand on the R3A route for tourism still lacks development. |
| Guidelines for development | 1. Must create a network of travel companies and government agencies across the two countries for information and customer transfers between each other with a sustainable benefit sharing agreement/system.  
2. Must develop the knowledge in planning sustainable tourism to preserve natural resources, environment and identity of each ethnic group |
<table>
<thead>
<tr>
<th>Xishuangbanna Dai Autonomous Prefecture, China</th>
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</thead>
<tbody>
<tr>
<td><strong>Strengths on tourism on R3A</strong></td>
</tr>
<tr>
<td>1. The R3A route in China has been developed as a modern freeway with full facilities. Travel along the route is very convenient.</td>
</tr>
<tr>
<td>2. Tourist attractions throughout the route are numerous and diverse.</td>
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<table>
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<tr>
<th>Weakness towards tourism on R3A</th>
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<tbody>
<tr>
<td>1. Delayed and complicated visas and immigration procedures.</td>
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<tr>
<td>2. China’s socio-cultural tourist attraction has a form of forced development and modernized by the government. Which may preferred by Chinese tourists but tourists from other countries consider them in the opposite direction</td>
</tr>
<tr>
<td>3. Ethnic diversity and identity of each group are in a deteriorating state. Causing tourists who want to experience a virgin culture, do not want to visit</td>
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<table>
<thead>
<tr>
<th>Opportunities for tourism on the R3A</th>
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<tbody>
<tr>
<td>1. Chinese economy continues to grow and the Chinese policy of regional linkage (BRI) makes tourism in the caravan style grow even more.</td>
</tr>
<tr>
<td>2. Full-service and Low-cost airlines began to open more flights. Causing opportunities for multimodal transportations such as traveling by car and returning by plane.</td>
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<table>
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<tr>
<th>Threat to tourism on the R3A</th>
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<tbody>
<tr>
<td>Traveling with lower air-ticket prices and future highspeed train system will reduce the number of Chinese and Thai tourists traveling on the R3A route</td>
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<table>
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<th>Target</th>
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<tr>
<td>Increase the number of Chinese caravan tourists to Thailand</td>
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<table>
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<tr>
<th>Obstacles encountered</th>
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<tbody>
<tr>
<td>1. Travel companies in China are still unable to fully adapt to the FIT tourism model (Free Individual Traveler), which requires a complicated travel plan design.</td>
</tr>
<tr>
<td>2. Border control, Immigration and Visas procedures are complicated and take times</td>
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</tbody>
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<th>Guidelines for development</th>
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<tr>
<td>1. Must create a network of travel companies for information and forwarding customers between each other with a sustainable benefit sharing agreement/system</td>
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<tr>
<td>2. Must negotiate with the government agencies both in Thailand and China to relax the rules and facilitate tourists who want to travel, especially on visas and immigration processes</td>
</tr>
</tbody>
</table>
# The 3rd Countries

## Strengths on tourism on R3A

A diverse and beautiful area of nature (forests, mountains, caves, waterfalls and wildlife) and cultural especially various ethnic groups that has its own identity made the Northern region of Lao PDR, Mekong River and Southern China are new areas for tourism. Making it possible to attract a large number of tourists.

## Weakness towards tourism on R3A

1. Modernization makes it a natural tourist attraction and socio-cultural deteriorates
2. Travel companies lack experience, especially in the knowledge of tourist attractions and border crossing/immigration procedures
3. Tourist attractions have not been developed.
4. Facilities and infrastructure are not enough to accommodate top market tourists.
5. Throughout the R3A route, even though the current road conditions are in good condition but still lacking facilities such as parking spots, gas stations, shops.

## Opportunities for tourism on the R3A

Tourists view traveling to Thailand and Laos is the same travel plan. But considering that China is a different path. They mainly interested in using R3A for traveling in Thailand and Lao PDR. That makes Thailand an opportunity to be both the starting point and the end of travel of tourists.

## Threat to tourism on the R3A

The linking of the travel route to the Circle route has not been possible due to conflicts between the government and minorities in neighboring countries. And security issues (drugs, extremist groups / religious extremists and beliefs).

## Target

Chiang Rai become the start and the ending point for tourists who want to travel to Lao PDR, China and Myanmar.

## Obstacles encountered

1. Develop tourist routes In particular, make a circle, not repeat the same route, both domestic and among neighbor countries. Must negotiate with Myanmar.
2. Must negotiate with other agencies both in Thailand and abroad to relax the rules and facilitate tourists who want to travel in 2 countries, especially on visas and immigration processes. GMS Single Visa is highly recommend.
3. Must create a network of travel companies and government agencies across the two countries for information and customer transfers between each other with a sustainable benefit sharing agreement/system.
4. Must develop the knowledge in planning sustainable tourism to preserve natural resources, environment and identity of each ethnic group.
5. Create a new theme tour route.
Policy Recommendations for Ministry of Tourism and Sports

Current duty: Tourist attraction development, Tourism Personnel Development, Promote activities with the Tourism Authority of Thailand (there is no joint organization and / or formal relationship)

New Mindset: Must be a proactive tourist attraction developer Emphasizing the needs of real tourists. For sustainable tourism development
Action Plan

Must cooperate with tour operators, hotel, and restaurant throughout the supply chain. Research with local university to explore the true insights of tourists (Both Thai and foreign tourists) by focusing on in-depth interviews from tourists.

Analyze the research outcome with the whole supply chain to realize the real insights

Coordinate with the provincial governors to establish a "Provincial Tourism Committee by inviting all parts of the supply chain to be a working group both from the public, private, academic and civil society sectors. The governor is the president and has a provincial tourism as secretary.

Present the Insights of tourists to the Provincial Tourism Board to brainstorm the joint development of the provincial tourism development plan.