The GMS East-West Corridor and Its Impact on Regional Development

San Myint Yi

Abstract

The Greater Mekong Subregion (GMS) cooperation has focused on economic corridor approach to development. The East-West Economic Corridor (EWEC) is one of the most recognized programs of the Asian Development Bank (ADB) within the GMS initiative. This development program is named after the physical linkages in the transportation network from East to West across four GMS Countries—Myanmar, Thailand, Lao PDR and Vietnam. This paper states the concept of three GMS corridors: the North-South Economic Corridor (NSEC), the East-West Economic Corridor (EWEC), and the Southern Economic Corridor (SEC). This paper is intended to analyse and assess the EWEC only. This paper also explains the Myanmar's transport system in the GMS and examines the opportunities and challenges of this corridor.

Keywords: GMS, Economic Corridors, East-West Economic Corridors, Transport, Myanmar.

Introduction

Subregional cooperation in the transport sector is the basic means for promoting economic linkages among the member countries. It facilitates cross-border movements of goods and people, thereby enhance trade and investment, labor and social mobility, and access to markets and other economic opportunities. To maximize investments in subregional transport infrastructure, the GMS program has been focused on the economic corridors which are also being developed to link major transport routes with specific production and trade opportunities within a given geographic space that could extend to rural areas. Improved infrastructure, coupled with expanded cross-border cooperation among the GMS countries, can accelerate the process of integrating the subregion's economic corridors into the rest of the world and the global market.

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Three GMS Economic Corridors

In the past, economic integration among the GMS countries was limited and highly informal, and was conducted bilaterally. Recent economic and political developments within and outside the region have helped to strengthen economic cooperation. In 1992, with the assistance of ADB, the six countries – Cambodia, Lao People’s Democratic Republic, Myanmar, Thailand, and Viet Nam, as well as Yunnan Province and Guangxi Zhuang Autonomous Region of the People’s Republic of China (PRC) entered into a program of subregional economic cooperation, designed to enhance economic relations among the countries. Although the GMS officially began in 1992, it was not until 1994 at the Third Conference on Subregional Economic Cooperation in Hanoi that the GMS got its feet on the ground. The Third Conference represents the transition from merely consultation and background studies to feasibility assessments and implementations. Since then, Myanmar has worked for closer economic ties together with other member countries by taking part in the implementation of the GMS programs.

The GMS cooperation program has contributed to the development of infrastructure to enable the development and sharing of the resource base, and promoted the free flow of goods and people in the subregion. It has also led to the international recognition of the subregion as a growth area.

The GMS countries adopted the economic corridor approach to development during the 8th GMS Ministerial Meeting held in Manila in 1998. This holistic strategy seeks to improve and enhance investments in transport, energy, and telecommunications in the subregion.

A highly efficient logistics system means goods and people move around the subregion without excessive cost or delay. This improvement promotes further economic growth and regional development, thus contributing to poverty reduction. According to the ADB, an Economic Corridor has the following characteristics:

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1 Economic Cooperation in the Greater Mekong Subregion: Facing the Challenges, ADB, Manila, June 1996, P.3
• Covers smaller, defined geographic space, usually, straddling a central transport artery such as a road, rail line, or canal;

• Emphasizes bilateral rather than multilateral initiatives, focusing on strategic nodes particularly at border crossings between two countries;

• Highlights physical planning of the corridor and its surrounding area, to concentrate infrastructure development and achieve the most positive benefits.

In the GMS, it is of great importance therefore that linkages among neighbouring countries are strengthened to facilitate trade and develop logistics for better access to the global market. This is particularly true for the three agreed upon GMS economic corridors: the North-South Economic Corridor (NSEC), the East-West Economic Corridor (EWEC), and the Southern Economic Corridor (SEC) (See Figure 1).

The NSEC has three branches that link Kunming-Bangkok, Kunming-Hanoi-Haiphong, and Nanning- Hanoi, respectively. The Kunming-Bangkok corridor travels through either Myanmar or through the Lao People’s Democratic Republic (Lao PDR) or along the Mekong River. Thailand does not share a land border with the People’s Republic of China (PRC).

The EWEC stretches from Mawlamyine in Myanmar to Danang in Viet Nam through several cities in Myanmar, Thailand, Lao PDR and Viet Nam. The 1,110 kilometre route is currently utilised, albeit there are some missing links. Infrastructure was constructed to support the physical linkages within the EWEC such as the 2nd Lao-Thai friendship bridge between Mukdahan (Thailand)-Sawanakhet (Lao PDR) and the Hai Van tunnel in Danang, Viet Nam. Today, physical connections within the EWEC are almost complete with some links needing rehabilitation in Myanmar.

The SEC runs through southern Thailand, Cambodia, and southern Viet Nam. Originally, the SEC consisted of only one route, the Bangkok (Thailand)-Phnom Penh (Cambodia)-Ho Chi Minh City-Vung Tau corridor. All three corridors are oriented towards seaports. For landlocked Laos and China's Yunnan Province, this provides valuable access to world markets.

To develop economic corridors, enhanced cooperation and integration are needed among GMS member countries. With infrastructure and service integration, enhanced opportunities will exist for cooperation on matters such as cross-border trade, co-production, and overland tourism.

**GMS corridor analysis**

The corridor analysis will reveal the actual development status of existing economic corridors. This assessment is based on the assumption that a corridor can be defined as in Table 1.

### Table (1): Economic Corridor Development Stages

<table>
<thead>
<tr>
<th>Stage</th>
<th>Type of corridor</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Transport</td>
<td>Corridor that physically links an area or region.</td>
</tr>
<tr>
<td>2</td>
<td>Multimodal</td>
<td>Corridor that physically links an area or region through the integration of various modes of transport.</td>
</tr>
<tr>
<td>3</td>
<td>Logistics</td>
<td>Corridor that not only physically links an area or a region but also harmonises the corridor institutional framework to facilitate the efficient movement and storage of freight, people and related information.</td>
</tr>
<tr>
<td>4</td>
<td>Economic</td>
<td>Corridor that is able to attract investment and generate economic activities along the less developed area or region. Physical linkages and logistics facilitation must be in place in the corridor as a prerequisite.</td>
</tr>
</tbody>
</table>

Source: "Banomyong: Benchmarking Economic Corridors Logistics Performance", P. 34
This framework is used to assess the existing development level of the EWEC corridor. The approach is based on a segmented perspective of the EWEC in each EWEC country is identified and assessed. The following assessment of the EWEC is presented in Tables 2.1

Table (2): EWEC Corridor Assessment Level

<table>
<thead>
<tr>
<th>EWEC Section</th>
<th>Corridor Level Assessed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tak-Mukdahan (Thailand)</td>
<td>Logistics corridor</td>
</tr>
<tr>
<td>Mukdahan-Sawanakhet border crossing (Thai-Lao)</td>
<td>Transport corridor</td>
</tr>
<tr>
<td>Savannakhet-Dansavahn (Lao PDR)</td>
<td>Logistics corridor</td>
</tr>
<tr>
<td>Dansavanh-Lao Bao border crossing (Lao-Viet Nam)</td>
<td>Transport corridor</td>
</tr>
<tr>
<td>Lao Bao-Danang (Lao-Viet Nam)</td>
<td>Logistics corridor</td>
</tr>
<tr>
<td><strong>OVERALL ASSESSMENT</strong></td>
<td><strong>Transport Corridor</strong></td>
</tr>
</tbody>
</table>

Source: “Banomyong: Benchmarking Economic Corridors Logistics Performance”, P.34

The overall assessment level of the EWEC is based on the weakest link of the corridor. It must be noted that logistics corridors do exist but only within the boundary of a country and not at the EWEC or cross border level. The current status of EWEC border crossings is still based solely on existing physical links as the institutional framework facilitating border crossing has not been totally implemented.

**GMS East-West Corridor**

The East West Economic Corridor (EWEC) was launched a decade ago at the Eighth GMS Ministerial Meeting held in Manila in 1998 as one of the flagship initiatives of the Greater Mekong Subregion (GMS). It has adopted a holistic approach to developing a cost-effective way of instituting an efficient transport system for moving goods and people in the subregion, while simultaneously developing telecommunications and energy infrastructure, tourism, and a policy and regulatory environment that facilitates and encourages private sector development2 (See Figure 2).

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The objectives of the East-West Economic Corridor flagship initiative are: (i) to further strengthen economic cooperation and facilitate trade, investment, and development between and among Lao PDR, Myanmar, Thailand and Vietnam; (ii) to reduce transport costs in the project influence area, and make the movement of goods and passengers more efficient, and (iii) to reduce poverty, support development of rural and border areas increase the earnings of low-income groups, provide employment opportunities for women, and promote tourism. The EWEC is also expected to provide focused support for development opportunities, including in agro-industry and tourism. Transformation of the EWEC transport corridor into an economic corridor is the overarching objective of its member states. The development of the economic corridor has involved a broad-based strategy supporting networks of transport information, energy, goods and people.

The East-West Economic Corridor is one of Asian Development Bank's key flagship programs for developing the Greater Mekong Sub-Region (GMS), aiming at developing the infrastructure to enable the development and sharing of the resource base, and promoting flow of goods and people within the subregion. The GMS program had started since 1992 and more than US$4 billion had been already invested. The East-West Economic corridor is named after the physical linkage connecting 4 GMS countries, stretching from Mawlamyine in Myanmar to Danang in Vietnam through several cities in Myanmar, Thailand, Lao PDR and Vietnam. The 1,110-kilometre route is currently utilised, albeit some missing links. Infrastructure was constructed in order to support the physical linkages within the EWEC such as the 2nd Lao-Thai friendship bridge between Mukdahan (Thailand)-Sawanakhet (Lao PDR) and the Hai Van tunnel in Danang, Vietnam. Today, physical connections within the EWEC are almost complete with some links needing rehabilitation in Myanmar.

2 "Logistics Benchmark Study of EWEC", P.1.
The Corridor extends 1,320 km as a continuous land route between the Andaman Sea in the Indian Ocean and the South China Sea (see Figure 3). The provinces bordering the Corridor are as follows: In Vietnam – Da Nang, Dong Ha, Thua Thien Hue, and Quang Tri; in Lao PDR – Dansavanh and Savannakhet; in Thailand – Mukdahan, Kuchinarai, Kalasin, Khon Kaen, Phitsanulok, Mae Sot, and Tak; and in Myanmar – Mawlamyline and Myawaddy. Its notable geographic characteristics are as follows:

Figure 3. East West Economic Corridor (EWEC) Nodes

Source: EWEC Strategy and Action Plan, P.1
Commercial Nodes – It links important commercial nodes in each member country: (a) Mawlamyine-Myawaddy in Myanmar; (b) Mae Sot-Phitsanulok-Khon Kaen-Kalasin-Mukdahan in Thailand; (c) Savannakhet-Dansavanh in Lao PDR; and (d) Lao Bao-Dong Ha-Hue-Danang in Viet Nam.

Border Nodes – It contains the border nodes border checkpoints of Myawaddy-Mae Sot between Myanmar and Thailand, Mukdahan-Savannakhet between Thailand and Laos, and Dansavanh-Lao Bao between Laos and Viet Nam.

Gateway Nodes – It includes the important gateway nodes of Da Nang in Viet Nam and Mawlamyine in Myanmar for access to external markets.

Interchange Nodes – It intersects several north-south arterial routes at interchange nodes: (a) Mawlamyine in Myanmar for the interchange of Yangon-Dawei, (b) Phitsanulok in Thailand for the interchange of Chiang Mai-Bangkok, as part of the North-South Economic Corridor, (c) Khon Kaen in Thailand for the interchange of Nong Khai-Bangkok, (d) Khamthabouly in Laos for the interchange of Route 13 leading to the Southern Economic Corridor, and (e) Dong Ha in Viet Nam for the interchange of Highway 1A leading to the North-South Economic Corridor\(^1\). In the interchange and commercial nodes, create better commercial opportunities along areas that have lagged behind the growth of other centers, especially along the western portions of the EWEC in Thailand and Myanmar and portions of Vietnam and Laos; and in port gateway nodes, improve facilities so that they are able to achieve their potential as important access points to major shipping routes.

Understanding the impact of transport infrastructure developments and lower border costs is essential to motivating national authorities to implement regional integration programs. The initial stage of the EWEC’s development has concentrated on the establishment and improvement of the transport infrastructure needed to efficiently transport goods, services and people across borders. Improvement of this type of infrastructure has been considered to be essential in furthering linkages along the Corridor. For the eastern portion of the corridor, physically linking areas that were not previously connected has been achieved with the support of both the ADB and the Japan International Cooperation Agency (JICA) and the Japan Bank for International Cooperation (JBIC).

\(^1\) “Logistics Benchmark Study of EWEC”, P.2.
The remaining task is the improvement and expansion of the existing links. In the western portion, plans are underway for completing the Mawlamyine to Myawaddy section of the highway with assistance from the Government of Thailand. While the ADB has provided much of the technical cooperation for the EWEC transport corridor, JBIC has been the dominant financing source for much of the construction of the infrastructure. It has accounted for about four-fifths of the nearly $900 million equivalent of the EWEC’s transport infrastructure. The ADB has supported nearly 10 percent of the funding for that infrastructure, mainly for the rehabilitation of Road 9 in Lao PDR between Muang Phin and Dene Savanh near the border with Vietnam, and the upgrading of Road 9 in Vietnam between the Lao border and Dong Ha on Highway1.

The ADB has been in the forefront of development financing in the second stage of the Corridor’s development focusing on the reduction of poverty, development of rural and border areas, improvements in the earnings of low income and vulnerable groups, including the provision of employment opportunities for women, and the promotion of tourism along the Corridor.

**EWEC Transport System**

A number of important improvements have occurred in the development of the EWEC highway during the last ten years. The EWEC in Myanmar covers areas from Myawady of Mawlamyine via Eindu village for a distance of about 200 km. Where 160-km section from Myawady to Eindu village are ready, the rest, 40-km section and two major suspension bridges between Eindu and Mawlamyaing, is yet to be complete. The rehabilitation of the remaining road as well as the development of a deep-sea port at the western end of the EWEC is also critical of EWEC development. The EWEC in Thailand starts from Mae Sot to Mukdahan with a total length of about 620 km. Where more than 280 km are fourlane divided highways, another 100 km are currently upgrading from 2 to 4 lanes. There is only a 70 km section from Kalasin to Na Krai that needs full rehabilitation. The 2nd Mekong Friendship Bridge including the connecting road at the Thai-Lao border between Mukdahan and Sawanakhet was opened to traffic in January 2007 and has been funded by a Japan Bank for International Cooperation (JBIC). The total length of the project is 6.1 km including a

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bridge length of 1.6 km. The 229-km EWEC road section in Lao PDR was completed in 2006 with assistance from ADB and the Japanese government. The road surface is new and in superb condition, however, high maintenance cost is expected as freight traffic increases. The EWEC in Vietnam starts from Lao Bao to Danang Port. The road between Lao Bao and Dong Ha, which is 83.5 km long, has been upgraded to a class III road. The EWEC has its easternmost tip at Danang Port. The port has a capacity of 5 million tons per year and its freight yards and warehouses are nearby to support the increased throughput at the port. All the physical infrastructure projects on the Vientamese side for the EWEC have been completed.\(^1\) It can be seen that the infrastructure of EWEC was completed and ready to use. However, the utilization of the corridor, e.g., trading and export-import activities, are still under estimated.

Figure (4) EWEC Road Network

![EWEC Road Network](image)


The EWEC road network is distributed among member countries is as follows: Myanmar, 11%; Thailand, 54%; Lao PDR, 16%; and Vietnam, 19%. Although most of the EWEC transport infrastructure has been completed, the road quality and number of lanes vary\(^2\). Figure 4 shows the various distances and number of lanes along the EWEC.

There are plans to establish a rail link in Laos along the EWEC borders. The proposed electrified line would run through Atsaphangthong, Phalarn, Phin and Sepone to Lao Bao on the Vietnamese border, with a link onward to the port of Da Nang. There would be three main and seven minor stations on the route, with immigration and customs facilities at the two international frontiers. The government plans to develop the project on a Build-Own-Operate-Transfer (BOOT) basis. The

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construction period has been estimated at eight years at a cost of $3 billion.\textsuperscript{1} Future
development in the region will be implemented along the railway of the economic
cooperation program. As learned from the case of Danang port, developing of
infrastructure along does not bear fruits but its relation to the overall welfare of every
member country.

\textbf{Myanmar's Transport System in GMS}

Myanmar is actively taking part in regional cooperation in a bid to further its
pace in the process of regional integration. Myanmar stands as the biggest nation in
Southeast Asia in term of inland area with the sole link between Southeast Asia and
South Asia\textsuperscript{2}. Hence, Myanmar’s geographic location will offer to play an increasingly
important role in the development of the GMS. When transport infrastructure was
further improved, Myanmar would serve as a gateway for land access to China and
India, the world’s largest consumer markets. Myanmar's join to this subregion is
importance to the utilization of regional cooperation as a platform to endeavor for
better play of its strategic location.

In the context of Myanmar's regional cooperation with neighboring countries,
the government is implementing the international highways. They are :

- ASEAN Highways
- Asian Highways
- Greater Mekong Sub-region (GMS-Highway)
- GMS, East-West Economic Corridor Highway
- India-Myanmar-Thailand Trilateral Highway\textsuperscript{3}

ASEAN Highways is connected the ASEAN member countries. Regarding
international road linkages there are 4 Asian Highways passing through Myanmar, in
the Asian Highway Network which has 32 member countries, starting from Tokyo,
Japan to the border of Turkey and Bulgaria, linking to the European Road Network
(E-road). Four Asian Highways – AH1, AH2, AH3 and AH14 in Myanmar link to the
neighboring countries China, India and Thailand and provide access to Yangon Port.

\footnote{1 \textit{EWEC Strategy and Action Plan}, P. 68}
1. AH 1- Myawaddy - Tamu (1665 Km)
2. AH 2- Tachilake - Kyaiton- Taunggyi - Meikhtila (807 Km) and then link with AH 1
3. AH 3 - Kyaiton - Mylar (93 Km)
4. AH 4 - Mandalay - Muse (453 Km).

They are an important bridge between South and South-East Asia. Myanmar is working to maintain and upgrade the main load network including Asian Highways out of our national budget and private sector participation. The Asian highway sections also play an important role in connecting the East-West Economic Corridor Highway. Connecting Thailand's Maesot, the Asian highway Myanmar section stretches as Myawaddy-Thingan Nyinaung-Kawkareik-Mawlamyine with a total length of about 1,400 kilometers. Of the Myanmar section, the construction of 18-km Myawaddy-Thingan Nyinaung section has been completed and that of the 40-km Thingan Nyinaung-Kawkareik section is to be continued by Thailand.¹

The Asian highway was planned according to an inter- governmental agreement endorsed in Shanghai, China, in April 2004 between 26 out of 32 member countries of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP).

GMS Highways is connecting the countries, which is located in Mekong valley, China, Cambodis, Lao PRC, Thailand, Vietnam and Myanmar. The routes of GMS Highways crossing the Myanmar territory are:

1. R₃ - Tachilake - Kyaiton - Mailar (257 Km)
2. R₄ - Lashio - Muse (163 Km)
3. R₅ - Kyaiton - Loinlin - Thibaw - Lashio (666 Km)
4. R₇ - Lashio-Loinlin-Kyaiton

Under the GMS development scheme, the following transportation projects have been formulated.

(1) East - West Economic Corridor (EWEC)
(2) Northern - Corridor (NC) : Yunan-Myanmar-India via Ruili and by Stillwell road.
(3) Southern - Economic Corridor (SEC)
   (a) Bangkok-Dawei, and
   (b) Bangsaphan-Bokpyin

North-western Economic Corridor (NWEC) which links GMS countries with South Asia is as follows:

1. Mae Sot-Thaton-Bagan-Kalay-Tamu/Morei
2. Kawkareik-Mawlamyine-Thaton
3. Mawlamyine-Thaton-Kanchanaburi
4. Myanmar-Bangladesh (Kyauktaw-Bawli)

North-South Economic Corridor (NSEC):

1. Kunming-Bangkok via Laos/Myanmar
   (Mongla-Kyaiton-Tachilake-Mae Sai)\(^1\)

Myanmar together with Thailand and India are planning to construct a highway from Moreh in India to Mae Sot in Thailand through Bagan in Myanmar, known as the India-Myanmar-Thailand Trilateral Highway Project.

Substantial progress has been achieved in the implementation of transportation sector project linking the subregion. In the implementation of the projects, Myanmar has been forced to rely largely on its own resources and bilateral cooperation, as a result of economic sanctions and a complement halt to financial assistance from multilateral institutions, including ADB. However, most encouraging, Thailand offered a soft loan to Myanmar for the road construction from Chiang Rai in Thailand to Kyaiton in Myanmar\(^2\). Moreover, Thailand and Myanmar signed an agreement on 19 May 2003 to build a second "friendship bridge" across the Mae Sai River to facilitate trade, communication, and tourism in the upper Mekong region\(^3\). In addition, the Myanmar government upgraded the 163 km road section from Muse to Lashio\(^4\) through a 30 year “Toll Road System” under a build-operate transfer (BOT) scheme. The road has already been opened to traffic. Lashio-Lointin-Kyaiton Road (R7) is a linkage between R3 and R4. Thus, it will certainly promote trade and tourism between China, Lao PDR, Thailand and Myanmar. Covered by the Mekong projects in the road transport sections, Myanmar has implemented projects of Lashio-Muse road,

\(^{\text{2}}\) This section is part of the (R3) Chiang Rai-Kunming Road Improvement Project via Myanmar and Lao PDR.

This section is part of the (R4) Kunming-Lashio Road Improvement Project.
Lashio-Thibaw- Lointin-Kyaiton road and Tachilake-Kyaiton-Mylar road by using its own funds and participating private sector.¹

Economic corridors are being developed along transport routes to link infrastructure with production and trade.² Among these are the upgrading of the eastern part of the East-West Corridor connecting northeastern Thailand, Lao PDR, and Central Vietnam and the Kunming - Chiang Rai Road Via Lao PDR.³ Based on the map of GMS economic corridors, new economic corridors were added, and some parts of North-South Economic Corridor were change.

The Eastern Economic Corridor (EEC) is based on National Road No.1 (NR 1) of Vietnam; NR 322 or Expressway No.075; and Changsha of Hunan Province. The Western Economic Corridor (WEC) is part of the Route No.1 of Asian Highway and it connects Mawlamyine and Tam (through the new capital of Naypyidaw) and Imphal of Northern Part of India. The Northern Economic Corridor (NEC) Plans to connect China and India by road.⁴ Kunming-Bangkok Highway, Yannan-Vietnam Highway and Yunnan-Myanmar Highway these highways are part of the Asian Highway, of which the Kunming-Bangkok Highway is of great significance, functioning as a land-bridge between Southern PRC and other GMS countries, particularly Thailand. It is the most important North-South economic corridor of the Greater Mekong Subregion. However, the progress of the ADB-initiated North-South economic corridors is falling far behind the development of the East-West economic corridors. Therefore Yannan will make great effort to build up three North-South Economic Corridors.

One of these corridors is the Kunming-Mandalay-Yangon Economic Corridor. This economic corridor connects Yunnan with Myanmar and further extends to South Asian Countries. Along the Yunnan-Myanmar Economic Corridor some large and medium sized cities have emerged, such as Kunming, Anning, Chuxiang, Xiangyun, Dali, Baoshan, Luxi and Ruili. This economic corridor is the main linkage between China, Myanmar and South Asia, and it has a deep impact not only on the economic

³ "Mekong Brief", December 2006, P.5
development along the route from Yunnan to Myanmar but also on China's economic relations with the South Asian market.\(^1\)

For the Kunming-Chaing Rai via Myanmar road improvement project, the Thailand Government has approved a grant to construct a bridge to connect Mae Sai (Thailand) and Tachilake (Myanmar). On the East-West Economic Corridor, Thailand has provided financial assistance for the construction road improvement project of the missing link in Myanmar connecting Mawlamyine-Myawaddy-Mae Sot.\(^2\) The development of this economic corridor will be mainly through developing trade, tourism, agriculture and industries which have their comparative advantages.

Also very encouraging, the East-West Corridor Project is well advanced, thanks to aid from Thailand and technical assistance from ADB. When this project is finished, this road would link the Indian and the Pacific Ocean, greatly facilitating intraregional transportation and trade. Myanmar and Thailand signed a memorandum of understanding in May 2005 on cross-border transportation so that trucks would be able to pass through the Myawaddy-Mae Sot checkpoint to deliver freight to cities in either country\(^3\). This arrangement is part of the East-West Corridor. These road transport projects are truly subregional, and will open up new areas to trade and investment. Myanmar has successfully implemented domestic projects related to regional development by developing linkage schemes with regional countries.

In the water transport subsector, aimed at developing the international passenger and cargo transportation, trade and tourism on the Lancang-Mekong River – the four countries in the upper reaches of the Mekong River – China, Laos, Myanmar, and Thailand – signed a commercial navigation agreement in April 2000 in Myanmar. The Lancang-Mekong international waterway was officially opened to commercial navigation in June 2001. Lancang-Mekong subregional navigation is facing favorable opportunities. It will help social and economic development of the poor areas along the river and change some of the unwelcome economic behaviors so as to contribute to drug control, poverty alleviation and economic development of these areas.

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3 Mya: Myanmar's Cross-Border Economic Relations P.51
Myanmar also signed an agreement and a protocol with regard to cross-border transportation in April 2004 in Phnom Penh. Moreover, the Wan Pon Port checkpoint from the Myanmar side was upgraded along with Ban Muang Mom checkpoint from the Lao side to meet international standard to boost arrivals of world tourists and those from the third countries visiting the two border areas. In doing so, improved transportation links within the GMS are central to increasing trade and economic exchange. Physical infrastructure links, combined with cross-border facilitation measures, promote trade, investment, and tourism; enhance labor and social mobility; and increase access to markets and other economic opportunities.

Ports are the gateways for export markets. The goods produced in CLMV (Cambodia, Lao PDR, Myanmar, and Vietnam) countries can be exported to the overseas markets. The deep seaport project at Mawlamyine in Myanmar's southern Mon state, which will contribute to the development of the East-West corridor in terms of regional cross-border transportation and trade, has been underway. For the cities and villages in the EWEC, the Dan Nang and Mawlamyine ports are designed as the gateways to the Pacific and Indian Oceans, respectively. Dawei is another potential deep sea port. Thus, the route between Sattahip and Dawei is passing through the deepest port of Andaman Sea. In this way, commodities produced in the Eastern Seaboard Area can be exported to India, the Middle East and Europe without passing the Malacca Strait. As for the other sea ports, Thilawa, Chi Vai and Cai Mep, and Cailan Port will also be developed to serve as the substitutive sea ports of Yangon, Saigon and Hai Phang, respectively. Thus, improving the subregional transportation system is a necessary condition for economic cooperation in the GMS. These economic corridors are arteries which vitalize the GMS economic development. Through infrastructure development, the GMS cooperation has made active contributions to accelerating poverty reduction, narrowing development gap, and improving life of peoples in the Mekong River basin. The facilitation of cross-border movement of goods and people via procedure simplification and one-window and one-stop services has slashed cost and time considerably.

1 Ishida, M : "GMS Economic Cooperation", PP. 135-6
2 Ibid., PP. 128-9
3 Ibid., P.138
Once the remaining 1,360-km section from Kawkareik to Mawlamyine, where a planned deep-sea port locates, is further built, it will provide a link to Europe through Asia's China, India and Thailand. On completion of the project, Myanmar will become a key seaport in the GMS region and will benefit from being lying in the corridor.

A spur line of the Singapore-Kunming Rail Link project covers part of the EWEC. The Mawlamyine-Thanbyuzayat-Three Pagoda Pass rail link, which would connect Myanmar and Thailand, has been included in the EWEC flagship program. The Mawlamyine–Thanbyuzayat section is being upgraded by the Government of Myanmar.

Opportunities and Challenges of EWEC

According to the recent performance evaluation for the Lao PDR and Vietnam sections of the EWEC, the socio-economic impact of the Corridor and its feeder roads have been positive. The rural road component enhanced mobility and enabled rural communities including ethnic groups and women to gain access to markets, employment opportunities, and social services. Economic activity, as measured by growth in the services sector, has increased and improved road access has opened up markets and enhanced consumer choices by lowering prices and enhancing product availability and diversity. Furthermore, improved connectivity along the corridor has helped from surplus areas of production, which has resulted in changes in the livelihood and living standards of local residents, though that impact has varied according to household access to productive resources and adoption of appropriate technologies.¹

Despite these potentially favourable outcomes for the corridor, the negative impacts from the development of the EWEC are intertwining for the Mekong region. These include poverty and inequality, competition and emerging threats to human security drug smuggling and trafficking in persons, the spread of infectious diseases such as HIV/AIDS, Avian Flu, and environmental degradation that call for to enhance social welfare to ameliorate existing and possible negative impacts.²

¹ EWEC Strategy and Action Plan, P. 69
While the major infrastructure components of EWEC 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-pledged economic corridor has been slower than originally anticipated.

The current agenda for the GMS, including that of the EWEC, was established at the Third Greater Mekong Subregion Summit was held on 30-31 March 2008 in Vientiane, where the GMS Leaders put forward the Vientiane Plan of Action for GMS Development for 2008-2012. It addressed four key challenges for deepening the integration of the GMS:

(a) transforming the transport corridors into full-pledged economic corridors, for which trade and transport facilitation measures are critical drivers of the process;

(b) putting in place effective and sustainable institutional arrangements for transport and trade facilitation;

(c) proactively addressing the important social and environmental aspects of closer integration and connectivity;

(d) and enabling the GMS to tap more fully into the opportunities that the current economic resurgence and dynamism in Asia offers.1

While EWEC is already in place and considered a transport corridor, yet constraints that obstruct its promotion to the multi-modal or logistics corridor are still present. Of interests are (1) physical constraints and (2) non-physical constraints.

The physical linkages across the 3 EWEC countries allow intra-regional connectability. However some of the roads do not meet international standards. There are still many sections that are 2-lane wide and under rehabilitation. The current state of infrastructure is acceptable based on the existing freight volume. However, in the future, if the freight volume increases exponentially then the existing road infrastructure will be insufficient.

Support intermodal and border crossing facilities are critical to the logistics development within the EWEC. Currently, there is a large gap in terms of existing facilities that can facilitate the seamless change of transportation modes as well as integrated border management activities. It is also important to support logistics

1 *EWEC Strategy and Action Plan*, PP. 19-20
centres and the establishment of dry ports as centralised information centres. A critical issue that needs to be implemented is to integrate logistics operations across the supply chain and in connecting and linking the domestic and international movement of freight, resulting in the reduction of processing time and cost.

Another obvious constraint is the lack of information related to national or even regional business support policies. The problem affects the private sector in all EWEC countries such as shippers and consigners as well as logistics service providers. This constrains their business opportunities as the private sector is not informed of policy direction as well as national development plan or possible government support. The problem is mostly on the business sector not being able to gather enough up to date information that is relevant to their potential expansion. Therefore supporting and strengthening institutional resource, including institutions, rules and social attitude are important to the overall economic development. It is important that policy recommendations are made and presented hereunder in order to improve the logistics integration of the EWEC for the purpose of transforming the EWEC into a full-fledged economic corridor.

Conclusion

Enhancing connectivity in the EWEC is the completion of the main artery of the corridor through multi-modal transportation systems and developing secondary road systems to link rural communities to markets. By all means, spreading and expanding transport infrastructure network is effective for the remote villages to sell their goods to major markets in the region as well as overseas markets. The major infrastructure components of EWEC have now been completed. However, in the transformation of the East-West transport corridor into an economic corridor, there still remain a number of difficulties to the facilitation of trade along the corridor. Therefore, to be able to increase the function of transportation network, efforts to reduce cross-border barriers such as CBTA, the use of junctions, and ports for exports, are needed. In addition, it is also necessary to recognize the marketing demands and needs of remote areas. The EWEC is expected to future the reduction of poverty development of rural and border areas that include ethnic groups and women to gain access to markets, employment opportunities and social services.

1 Logistics Benchmark Study of EWEC, PP.10-11
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