

THE WATER TRANSPORT NETWORK BETWEEN YUNNAN AND MAINLAND SOUTHEAST ASIA

——A Study of GMS Water Transport Network Construction——

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With total area of 394,000 square kilometers and with Special location of highland connecting Southwest China to Mainland Southeast Asia, Yunnan Province has six water systems, namely Lancang—Mekong River, Irrawady River, Yuanjiang—Honghe (Red) River, Nujiang—Salween River, Yangtse River and Zhujiang (Pearl) River. Known as “the Water Tower of Asia”, Yunnan is one of China’s provinces that are plentiful of water supply as well as the only area in Asia which has six water systems. Among these water systems, Lancang-Mekong River is an international River with great significance to the riparian states, which flows from China to Mainland Southeast Asian countries. Originating from Tanggula Mountain of Northwest China’s Qinghai province and with total length of 4,880 kilometers, Lancang-Mekong River flows through Qinghai Province, Tibetan Region and seven prefectures of Yunnan Province. It enters into Mainland Southeast Asia from Xishuangbanna Prefecture at Sino-Lao PDA 244 Border Merestone and then is called Mekong River. The Mekong River flows through Lao PDA, Myanmar, Thailand, Cambodia and Vietnam, and finally affluxes into the Pacific Ocean at Mekong Delta in Southern Vietnam. Since the initiative of GMS cooperation in 1992, the Lancang-Mekong sub-region has been called Greater Mekong Sub-region (GMS) with a total area of 2.30 million square kilometers and around 250 million heads of total population. There are four international rivers within this sub-region, namely, the Greater Mekong River, Irrawady River, Yuanjiang—Honghe (Red) River and Nujiang—Salween River. All of the four rivers flow from Yunnan Province into respective Mainland Southeast Asian Countries. Among them, the three rivers of Mekong, Irrawady and Yuanjiang—Honghe are with great potentials for water transport development. These rivers could become water passage and transport network connecting China’s Yunnan Province with the five Mainland Southeast Asian countries by joint

cooperation and development.

Construction of Water Transport Network between Yunnan and Mainland Southeast Asia

1. Development of Lancang-Mekong Sub-regional or GMS Water Transport

The Lancang-Mekong River flows through the six countries and has long been the natural link among the people of the riparian countries since the ancient times.

With further development of GMS cooperation, the people of the six riparian countries started to construct water transport beginning from 1990s. China's Yunnan Province, together with Myanmar, Thailand and Lao PDA, chose Lancang-Mekong navigation as the breakthrough of GMS water transport construction. After six rounds of negotiations over the continuous seven years beginning from 1993, the said four countries signed *An Agreement of Lancang-Mekong Commercial Navigation*, and formulated a series of following-up rules and regulations, which makes Lancang-Mekong navigation between the four countries to be under legitimate measures and guarantees. In accordance with the agreement, the commercial navigation starts from China's Simao Port to Louangphrabang of Lao PDA, with a total length of 786 kilometers. The Navigation route has 14 open ports and docks among which Simao, Jinghong, Menghan and Guanlei are in China's Yunnan Province; Ban Sai, Muang Mo, Vang Baleng, Houei Sai and Louangphrabang are in Lao PDA; Wan Beng and Suo Loi (2002) are in Myanmar; Chiang Saen and Chiang Khong are in Thailand. The four countries held the Opening Ceremony of the Commercial Navigation in China's Jinghong City on June 26th, 2001, which was counted as a new milestone of GMS navigation story.

The number of Yunnan's commercial ships on Lancang-Mekong River increased from eight to eighty-eight over the ten years from 1993 to 2002, with total carrying capacity of 9,152 tons, and with the biggest single carrying capacity increased from 60 tons to 250 tons over the same period. Recently, the freight capacity reached 300,000 tons and annual passenger carrying capacity is more than 50,000 person-times. Myanmar, Lao PDA and Thailand also have more than 50 cargo ships entering into China's Guanlei Dock. The commercial ships from the four countries now have free access to the said navigation route.

2. Construction of Sino-Myanmar Road-Water Through Transport

Irrawady River originates from the east transverse mountain range of Himalayan. It was respectively named Jitaiqu River and Dulong River in China's Tibetan Region and Yunnan Province. After the river flows into Myanmar from Sino-Myanmar 41 Border Merestone in Yunnan's Gongshan County, it affluxes into Nmai HkaRiver at Kanpetlet, and flows further

south and affluxes into Mali Hha River, where it is regarded as the upper stream of so-called Irrawady River. Before the River affluxes into Indian Ocean near Rangoon City, it flows north-south through Myanmar's major cities of Myitkyina, Bhamo, Mandalay and Pagan, which is known as "the Town of Pagoda". With riparian areas of 430,000 square kilometers, Irrawady River has a total length of 2,200 kilometers among which 171 kilometers are in China (80 kilometers in Yunnan), and the other 2,029 kilometers are in Myanmar. The 1,277 km long Bhamo—Yangon section of Irrawady River began commercial shipment as early as in 1867 under British colony.

The Road-Water Through Transport between China and Myanmar links Yunnan-Myanmar Road built in World War II with Irrawady water passage in Myanmar. Now the Yunnan section of Yunnan—Myanmar Road has been improved as highway. The Sino-Myanmar Road-Water Through Transport originates from Kunming and enters into Myanmar from Ruili of Dehong Prefecture via Kunming—Ruili Expressway (807 km). It has 116.3 km of road length from Yunnan-Myanmar border to Bhamo, where it connects Irrawady river and then extends to Yangon, with total length of waterway around 1,277 kilometers. The associated transportation agencies of both Chinese and Myanmar governments have conducted talks and surveys on this road-water through transport.

3. Sino-Vietnam Cooperation on Honghe River Transport

Originating from Weishan County of Yunnan's Dali Prefecture, Yuanjiang—Honghe River flows through 14 counties/cities within Yunnan Province and enters into Northwest Vietnam after Nanxi River joins it at Hekou City. In Vietnam, the river flows through the country's capital, Hanoi City, and then enters into the Gulf of Tonkin. Honghe River has 1,200 kilometers length, among which 695 kilometers are in Yunnan Province. It was historically a major water passage connecting Yunnan with Vietnam though the passage was later broken for a variety of reasons. With steady development of GMS cooperation over the past decade and further improvement of Sino-Vietnam bilateral relations, both Yunnan Province and Vietnam are increasingly showing interest in restoring Yuanjiang—Honghe River transport and making it as an important way of Yunnan-Vietnam water passage. The 99.4 km long section from Manhao to Hekou County of China's Yunnan Province (the opposite side is Lao Cai Province of Vietnam) is to be developed into 7-level water passage with carrying capacity of 50 tons while the 505 km long section from Hekou to Vietnam's Hai Phong, especially the 155 km long section between Hekou and Yen Bai, has many reefs and riffle. By dredging up, this section will have carrying capacity somewhere from 100 tons to 200 tons, and with total carrying capacity of the whole river around 1.0—1.5

million tons. Recently the two sides of Yunnan and Vietnam conducted a series of talks and feasibility studies on navigation of the river.

Sub-regional Water Transport Construction: Its Implications to GMS Cooperation

1. To meet the needs of infrastructure improvement for GMS countries

Lancang-Mekong River is a natural link which closely connects the six riparian countries. The establishment of China-ASEAN FTA and development of GMS economic cooperation requires the transport passage linking China with Southeast Asia and the GMS transport network to play as the major channels. Under GMS cooperation mechanisms, Lancang-Mekong sub-regional navigation, Pan-Asian Railway, Kunming-Bangkok Highway are listed as multinational or ADB-funded projects while Lancang-Mekong sub-regional navigation is the key opponent as well as the initiative of all these projects. In 2000, then Chinese Premier Zhu Rongji addressed at the 4th Sino-ASEAN Summit, “China is willing to provide financial assistance for Lao PDA and Myanmar to dredge up the Mekong River within their respective territories so as to improve the navigation conditions and to ensure security for commercial ships of the four countries.” Later on, the four countries reinforced cooperation in this respect. The China-Myanmar Road-Water Through Transport and the Yuanjiang—Honghe River water passage will also respectively improve Sino-Myanmar and Sino-Vietnam Transport networks. The sub-regional navigations of the said rivers will therefore become common interest and strategic choices of the riparian countries.

2. To speed up economic development and urbanization of the areas along the rivers

Although road transport plays the most important role in GMS cooperation, water passage also occupies a large share due to its advantages in less investment with low cost of transport as well as the conditions of river areas being diverse to those of road-route areas. Over the past ten years from 1995 to 2005, the export/import volume of Yunnan Province via Lancang-Mekong water passage amounted to 3 million tons, with an accumulated trade value of RMB10 billion. Agro-byproducts, such as vegetables and fruits, are the major items of export/import trade between Yunnan and Mainland Southeast Asia. Meanwhile, the sub-regional water passages of the GMS countries also bring about prosperous businesses of commerce, plantation, stock raising, building materials, tourism as well as urbanization along the river areas. China’s Simao Port and Guanlei Dock, for instances, are now under rapid development while these two sites were nothing but remote and poor villages one or two decades ago. Along the Mekong River,

Bang Xiangkheng of Lao PDA, Suo Loi and Tachilek of Myanmar and Chiang Saen of Thailand are all under rapid development in building port, dock and road facilities as well as commercial business along with the development of Mekong navigation business.

The major tasks of Sino-Myanmar Road-Water Through Transport are to expand bilateral trade between China and Myanmar, and to provide more convenient transport conditions for export/import goods between China's Southwest provinces and Indian Ocean countries. This route is 3,000 kilometers shorter than the existing route via South China Sea and Malacca strait.

Although Honghe River navigation is not opened yet, it has only around 500 kilometers from Yunnan's Hekou to Vietnamese Hai Phong, and is the shortest water passage to reach seas from Yunnan Province. The existing Yunnan-Vietnam Railway (narrow gauge) is limited in its carrying capacity and is unable to meet the needs of increasingly expanding economic and trade cooperation between the two sides. Therefore, Honghe River navigation has great implication in carrying cargos from Hekou to Vietnam's Hai Phong Port. This water passage will also help build the overall transport networks and systems between China and Mainland Southeast Asia.

3. To form a new pattern of GMS tourism industry development.

The riparian countries of Lancang-Mekong River, Honghe River and Irrawady River have a great number of tourism spots with worldwide fame. The construction of water passage will help connect China's Southwest Provinces with Southeast Asian Countries, especially linking Xishuangbanna of Yunnan province with the Golden Triangle area, both being internationally famous tourism destinations. Tourists both from the riparian countries as well as from outside world can easily reach these destinations via Lancang-Mekong water passage. Till now, the major part of water passage improvement in upper Mekong River has been completed and tourism transport has opened within this section with security guarantee. The overall completion of the whole Lancang-Mekong River water passage will help build up new tourism pattern between Southwest China and Mainland Southeast Asia, and will bring about great implications in forming Southwest China-Southeast Asia tourism circle.

4. To speed up economic growth of the underdeveloped areas in the GMS countries.

Within the GMS countries, the northern parts of Vietnam, Lao PDA and Myanmar, which are close to Yunnan province, are the remote and montane areas with a variety of ethnic inhabitants in poor conditions. Some of the local inhabitants have long history of poppy growth and some areas are under severe drug abuse, which caused a variety of adverse impacts on the local people. Construction of water transport will hence play significant roles to economic

development of these poor areas. The construction of water navigation will help improve local transport conditions and accelerate alternative development programs. It will also 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.

Existing Issues and Policy Recommendations

1. Water transport network of China's Yunnan Province and Mainland Southeast Asia are counted as sub-regional cooperation concerning the six riparian countries, and thus need to bring into GMS cooperation mechanism and China-ASEAN FTA framework so as to reinforce intra-nation cooperation and coordination among the associated parties.
2. The water transport construction needs more input, more consolidated facilities and sustainable development. Currently the sub-regional water navigation of the riparian countries encounters difficulties with respect to carrying capacity and unsecured network. All these issues require an even increasing investment of infrastructure facilities and try to obtain financial assistance from GMS countries, ADB and other international organizations.
3. China's Yunnan Province and Mainland Southeast Asia are of great biodiversity. The sub-region along the above-mentioned three navigable waterways has varied topography and geological structure with high mountains and deep cloughs. This makes it more difficult to build transport infrastructure and bring forward challenges to reconnaissance, design and construction of water passages in this area. Therefore, construction of waterway transport infrastructure must place environmental protection as its priority, and secure a sustainable development with protection of resources and environment.

Outlooks of Water Transport Development Connecting China's Yunnan with Mainland Southeast Asia

1. Lancang-Mekong sub-regional navigation is facing favorable opportunities. GMS cooperation mechanisms, China-ASEAN FTA, and duty-free policies, all these will help increase the export/import volume of vegetables, value-added products and complementary goods between Yunnan and other GMS countries by water transport. Transnational transport of fresh products and container shipment will also obtain an ever faster development pace. Foreign trade, economic and technological cooperation as well as transnational tourism via

Lancang-Mekong water transport are under rapid development.

2. Lancang—Mekong water-route will be further improved by 2010. The carrying capacity of Jinghong-Houei Sai section will reach 500 tons during the rainy seasons while the 744 km long section from Houei Sai to Vientiane and Kong Waterfall section at Lao—Cambodia border area are also listed on schedule of dredging-up programs. Guanlei Dock and Jinghong Port will become China's major anchorages for ships from the four countries whereas the cities and towns of Thailand and Lao PDA along the river will also be in great prosperity.

3. In the coming five years, Sino-Myanmar Road-Water Through Transport will make considerable progress along with *the agreement of GMS Convenient Transportation* and with the further development of Sino-Myanmar economic cooperation. The key projects include road construction between China's Ruili to Myanmar's Bhamo and the construction of Bhamo Port.

4. The conditions of Yuanjiang—Honghe River are ripe for water transport between China and Vietnam. The water route of Manhao-Hekou-Yen Bai section is expected to be improved in the near future, promoting the potential carrying capacity to 50—100 tons. Now the Section down from Yen Bai is already available for smooth navigation.

5. By 2010, the three water routes, namely, Lancang-Mekong River, Sino-Myanmar Road-Water Through Transport and Yuanjiang—Honghe River will become the major transport routes connecting China's Yunnan Province with the other GMS countries. These routes, together with ADB-funded GMS north-south corridors and east-west corridors, will form a complete transport network in the GMS countries.