

Transportation System Development in Myanmar under the GMS

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Abstract

Transport systems worldwide are undergoing rapid change. Globalization has created a demand for goods and services that makes improved infrastructure and more efficient transport systems a precondition for economic development. In this context, subregional cooperation in the transport sector is the basic means for promoting economic linkages among the GMS member countries. The main purpose of this paper is to assess the prospects of Myanmar's economic growth under the GMS transport system. This paper argues that GMS countries need to develop regional transportation and transit network that offers efficient transportation. This paper also examines how to benefit the local and regional development.

Keywords: Greater Mekong Subregion(GMS), Economic Corridor, Myanmar, Transportation

Introduction

Regional economic cooperation is an important element of development strategy for all countries. The GMS economic cooperation program represents a major undertaking in rich natural and human resources of the subregion. The Greater Mekong Subregion nominally comprises the CLMV countries (Cambodia, Laos, Myanmar and Vietnam) as well as Thailand and the two Chinese provinces of Yunnan and Guangxi. Under the GMS Economic Cooperation Programs, a multitude of new developments have been brought to much of mainland Southeast Asia. The GMS was initiated in 1992 by the ADB and intended to create a formal mechanism for dealing with poverty elimination. The GMS Program has nine sectors, namely transportation, energy, communication, environment, human resources, tourism, trade, investment and agriculture. The Program emphasizes most on the transportation sector. Thus, corridor development strategy adopted for the GMS places an initial emphasis on physical connectivity, to be followed by transport and trade facilitation, and eventual economic development along the corridors.

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GMS Transportation Corridors

Transportation sector is considered to be the most important among the GMS sectors. As a matter of fact, ADB initially felt the necessities for rebuilding transport infrastructure that was badly damaged by almost forty years of conflicts. In the 1994 list of the projects, the nine cross-border transport infrastructure (CBTI) routes were designated as road improvement projects of the subregional priority projects.

- R1. Bangkok-Phnom Penh-Ho Chi Minh City-Vung Tau Road Project
- R2. Thailand-Lao PDR-Viet Nam East-West Corridors
- R3. Chiang Rai-Kunming Road Improvement Project via Myanmar and Lao PDR
- R4. Kunming-Lashio Road System Improvement Project
- R5. Kunming-Hanoi Road Improvement Project
- R6. Southern Lao PDR-Sihanoukville Road Improvement Project
- R7. Lashio-Loilem-Kentung Road Improvement Project
- R8. Southern Yunnan Province-Northern Thailand-Northern Lao PDR-Northern Viet Nam Road Improvement Project
- R9. Northeastern Thailand-Southern Lao PDR-Northeastern Cambodia-Central Viet Nam Corridor Project

R1 is the Central Subcorridor of the Southern Economic Corridor (SEC). R2 is part of the East-West Economic Corridor (EWEC). R3 and R5 are parts of the North-South Economic Corridor (NSEC). The purpose of the projects is to construct and improve road infrastructure only.¹ Nevertheless, the economic effects of the cross-border road infrastructure turned out to be larger based on the concept of the economic corridors and CBTA.

¹ Ishida, M. : "GMS Economic Cooperation and Its Impact on CLMV Development", <<http://www.cria.org/research/images/pdf/PDF, No.4/ No.4 Part 1/4-GMS-pdf>> p.122 (Henceforth, Ishida:"GMS Economic Cooperation")

The Asian economic and financial crisis had made the environment for subregional economic cooperation more complex and cooperation. Although the crisis poses real challenges for the GMS program, it also presents opportunities. For some countries in the subregion, inadequate transport infrastructure and high logistics service costs have constrained economic corridor development and integration. GMS countries are already investing in major infrastructure projects and more are planned. Physical connectivity between neighbouring countries will be significantly improved on completion of these investments in infrastructure. 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. During the 8th Ministerial Conference in October 1998, GMS Countries endorsed the concept of economic corridors - the North-South Economic Corridor (NSEC), the East- West Economic Corridor (EWEC), and the Southern Economic Corridor (SEC) (See Figure 1).

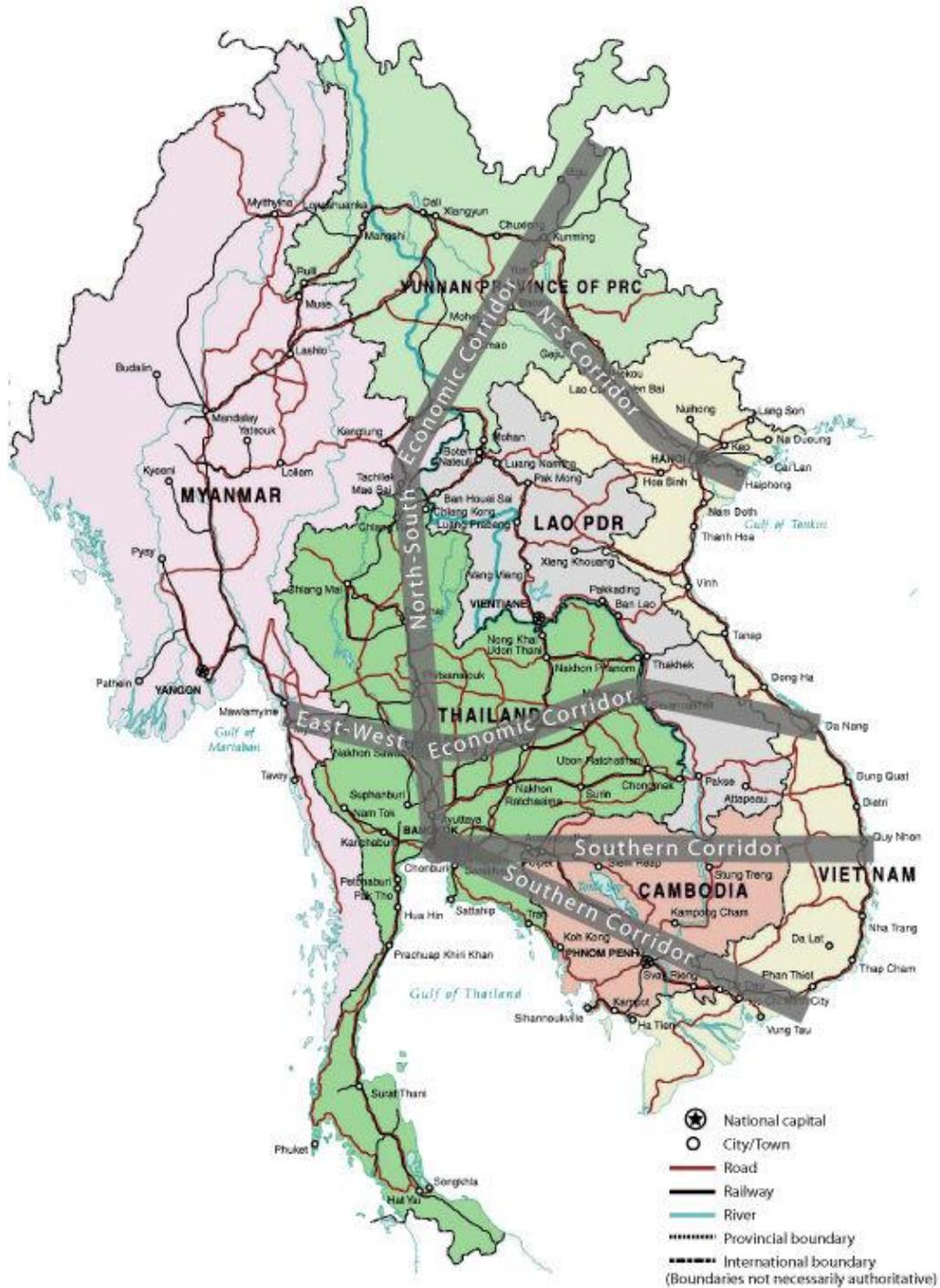
The NSEC has three branches that link Kunming-Bangkok, Kunming-Hanoi-Haiphong, and Nanning- Hanoi, respectively. The EWEC stretches from Mawlamyine in Myanmar to Danang in Viet Nam through several cities in Myanmar, Thailand, Lao PDR and Viet Nam. Today, physical connections within the EWEC are almost complete with some links needing rehabilitation in Myanmar. The SEC runs through southern Thailand, Cambodia, and southern Viet Nam.¹ All three corridors are oriented towards seaports. For landlocked Laos and China's Yunnan Province, this provides valuable access to world markets. Among these sectors, the EWEC connects Da Nang on the Pacific Ocean and Mawlamyine on the Indian Ocean; this save time needed for passage by way of the Malacca Strait. Thus this corridor is important from a strategic point of view.

At the first Summit in November 2002, the 10- year strategies for 11 flagship projects have been set up.

- 1) The North-South Economic Corridor
- 2) The East- West Economic Corridor

¹ Bamomyong, R. "Logistics Benchmark Study of the East-West Economic Corridor," Sopadang, A., *Business Management Quarterly Review*, Vo. I, No.ii, CSIRD; Kolkata, Ramingwong, S. : India, 2010, p.1. (Henceforth, "Logistics Benchmark Study of EWEC")

Figure (1) Three Economic Corridors



Source: “ASEAN Divides”, *New Mandala* <<http://asiapacific.anu.edu.au/newmandala/>>, p.2

- 3) The Southern Economic Corridor
- 4) The Telecommunication Backbone and Information and Communication Technology (ICT)
- 5) Regional Power Interconnection and Trading Arrangements
- 6) Facilitating Cross-Border Trade and Investment
- 7) Enhancing Private Sector Participation and Competitiveness
- 8) Developing Human Resources and Skill Competencies
- 9) Strategic Environment Framework
- 10) Flood Control and Water Resource Management
- 11) GMS Tourism Development

Among the flagship projects, transportation related to facilitating cross-border development is the major target of the GMS program.¹ The GMS initially focus on physical connectivity, and has gradually expanded to include trade, investment and other issues. Through infrastructure development, the GMS cooperation has made active contribution to accelerating poverty reduction, narrowing development gap, and improving life of people in the Mekong river basin.

The Development of Transport System in Myanmar

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 Asia². 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

¹ "Development Matrix", < [http:// www. adb. Org/GMS/devmatrix-asp](http://www.adb.org/GMS/devmatrix.asp)>

² "Myanmar actively takes part in regional cooperation" <<http://english.people.com.cn/200610/28,6/14/2007>> p.1.

neighboring countries, the government is implementing the international highways. They are - ASEAN Highway, Asian Highways, Greater Mekong Sub-region (GMS-Highway), GMS, East-West Economic Corridor Highway, GMS North-South Economic Corridor Highway, and India-Myanmar-Thailand Trilateral Highway (See Figure 2).

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. (1) AH 1- Myawaddy - Tamu (1665 Km);¹ (2) AH 2- Tachilake - Kyaiton- Taunggyi - Meikhtila (807 Km) linking 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 road 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.²

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, Cambodia, 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.

¹ Cho Cho Thein : *Regional Cooperation in Transport : Myanmar perspective on BIMSTEC*, CSIRD, Kolkata, India, September 2008, p.13. (Henceforth, Cho Cho Thein: *Regional Cooperation in Transport*)

² "Vietnam seeks to trade with Myanmar through East-West economic corridor" <<http://www.english-peopledaily-com.cn/9009/90778/6233828.htm>> access 19/9/2011.

Figure (2). Myanmar International Highways



Source: ¹ Cho Cho Thein: *Regional Cooperation in Transport*, p. 15

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 Still well road; (3) Southern - Economic Corridor (SEC) - (a) Bangkok-Dawei, and (b) Bangsaphan-Bokpyin; (4) North-western Economic Corridor (NWECC) which links GMS countries with South Asia is as follows:

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

(5) 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

¹ Cho Cho Thein: *Regional Cooperation in Transport*, p. 14.

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 Myanmar¹ 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 region². In addition, the Myanmar government upgraded the 163 km road section from Muse to Lashio³ 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, Lashio-Thibaw- Lointin-Kyaiton road and Tachilake-Kyaiton-Mylar road by using its own funds and participating private sector⁴.

Economic corridors are being developed along transport routes to link infrastructure with production and trade.⁵ 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.⁶ Based on the map of GMS economic corridors, new economic

¹This section is part of the (R3) Chiang Rai-Kunming Road Improvement Project via Myanmar and Lao PDR. Krongkaew, M. : "Thailand and the Development of the Greater Mekong Subregion (GMS)", *Development in the Mekong Subregion*, Workshop Proceeding 1-2 October 1996, Edited by Stensholt, Bop., Melbourne, Monash Asia Institute, 1996, p. 97.

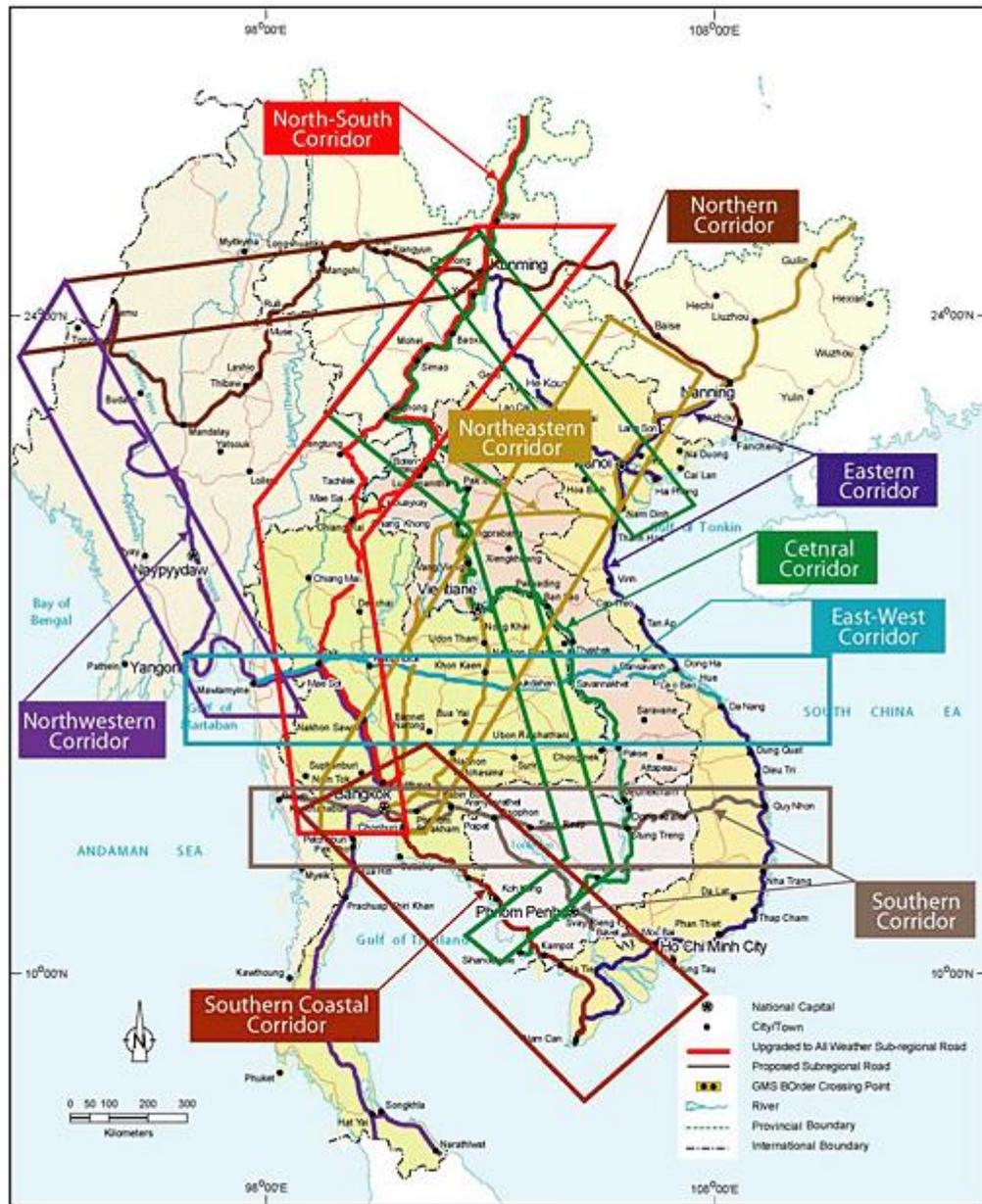
² Mya Than : "Myanmar's Cross-Border Economic Relations and Cooperation with the People's Republic of China and Thailand in the Greater Mekong Subregion", *Journal of GMS Development Studies*, Vol. 2, No.1, ADB, December 2004, P. 51. (Henceforth, Mya: Myanmar's Cross-Border Economic Relations")

⁴This section is part of the (R4) Kunming-Lashio Road Improvement Project.

⁵Myanmar to host Four-Country Commercial Navigation Meeting" <<http://www.burmanet.org/news/2007/04/05/xinhua-general-news-service-myanmar-tohost...5/30/2007>>

corridors were added, and some parts of North-South Economic Corridor were changed (See Figure 3).

Figure (3) GMS Regional New Economic Corridors



Source: *GMS Transport Sector Strategy*, ADB, 2007, P.6

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.¹ Kunming-Bangkok Highway, Yunnan-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 Yunnan 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 development along the route from Yunnan to Myanmar but also on China's economic relations with the South Asian market.²

For the Kunming-Chaing Rai via Myanmar road improvement project, the Thailand Government has approved a grant to construct a bridge to connect China and India by road.³ Kunming-Bangkok Highway, Yunnan-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 Yunnan will make great effort to build up three North-South Economic Corridors.

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¹ Ishida: "GMS Economic Cooperation", p. 126

² He Shengha and Sheng Lijun : "Yunnan's Greater Mekong Sub-Region Strategy", *ASEAN-China Relations: Realities and Prospects*, Institute of Southeast Asian Studies, Singapore, 2005, pp. 307-8

³ "GMS Program-History and Background", <[http:// www. adb.org/ GMS/ background-asp](http://www.adb.org/GMS/background-asp)> 7/1/2009

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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 country³. 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

¹ He Shengha and Sheng Lijun : "Yunnan's Greater Mekong Sub-Region Strategy", *ASEAN-China Relations: Realities and Prospects*, Institute of Southeast Asian Studies, Singapore, 2005, pp. 307-8

² "Thailand and GMS", *AMRC's Mekong Brief Series*, <www.adb.org/gms>

³ Mya: Myanmar's Cross-Border Economic Relations, p.51

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.

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. Considering the cross-border transport infrastructure in East Asia, the location of Myanmar is crucial in connecting China, India and ASEAN countries. As a matter of fact, neighbouring countries have started infrastructure investment in Myanmar. 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. The deep seaport project at Mawlamyine has been underway 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. To facilitate trade and investment in the country, Myanmar opened new transport linkages being planned or built include the new deep-sea port of Kyaukphyu to be constructed on the island of Madaya. In May 2010, China and Myanmar reached an agreement on developing a China-Myanmar corridor project to link Ruili and Kyaukphyu. This will include a road link running Kunming-Mandalay-Kyaukphyu-Sittwe. Kyauk Phyu has been developed as a transit point of a Mekong- India Economic Corridor (MIEC)¹ a pipeline to China from Shwe Gas Field and the Middle East.² When transport infrastructure was improved,

¹ The Mekong-India Economic Corridor (MIEC) involves integrating the four Greater Mekong Countries viz. Myanmar, Thailand, Cambodia and Vietnam (here-in after referred as Mekong Countries of MIEC) with India through its east coast. It is proposed to connect Ho Chi Minh City (Vietnam) with Dawei (Myanmar) via Bangkok (Thailand) and Phnom Penh (Cambodia) and further linking to Chennai in India.

²“ASEAN Divides”, *New Mandala* < <http://asiapacific.anu.edu.au/newmandala/>>, pp. 4-5

Myanmar would serve as a gateway for land access to China and India, the world's largest consumer markets.

The other major maritime development is a deep-sea port at Dawei, which will connect up with Bangkok and then to China. Thailand is enthusiastic in developing deep sea ports and industrial complexes at Dawei, which will create a new alternative international trade route other than the present maritime route through the Malacca Strait. Other port developments include Hainggyi, Coco, Myeik and Zadetkyi Kyun.¹ And China is also interested in investing in the port and industrial complex at Thilawa, a city located about 30 km from Yangon, and now it will appear as a special economic zone (SEZ). India has started to develop the port of Sittway in order to open a gateway from the northeastern part of India and link to a sea line through the Kaladan River and Sittway Port. The development of these port areas increases the connectivity among Thailand, India, China and Myanmar.

In addition, the cities on the opposite shore of the Ayeyawady River, such as Monywa and Pakokku, have obtained a better possibility of being industrialized by constructing new bridges.² As part of the Asian highway project to be implemented jointly by India, Myanmar and Thailand, Public Works under the Ministry of Construction has constructed the Ayeyawady Bridge (Pakokku) over the Ayeyawady River to link Letpanchepaw in Bagan and Pakokku in order to have easy access to Kalewa and Tamu through Myawady, Ottwin, Pyawbwe, Kyaukpadaung, Letpanchepaw and Pakokku. In the upper part of Myanmar, both Monywa and Pakokku are well-connected with Yangon and the Mandalay market. The road from Pakokku to Yangon or Mandalay will be well-connected through the Ayeyawady Brige (Pakokku), the longest bridge in Myanmar. The bridge was completed on 14 December 2011 and officially opened on 31 December 2011. Border trade between Tamu and Moreh of the Myanmar-India border is improving but routes from Monywa to Tamu at the India border have to be improved as it takes two days for a trip of about 300 miles.³ The bridge will make Pakokku accessible to Bhamo in

¹ "ASEAN Divides", *New Mandala* < <http://asiapacific.anu.edu.au/newmandala/>>., p. 9

² Ishida: "GMS Economic Cooperation", pp. 128-9

³ Aung Min & Kudo, Toshihiro : "Newly Emerging Industrial Development Nodes in Myanmar: Ports, Roads, Industrial Zones Along Economic Corridors", *Emerging Economic Corridors in the Mekong Region, BRC Research Report No. 8*, edited by Masami Ishida, Bangkok Research Center, IDE-JETRO, Bangkok, Thailand, 2012, pp. 221-22

Kachin State, Kengtung in Shan State, Myeik in Taninthayi Division, Kyauktaw-Sittway Region in Rakhine State, Kalay, Moreh and Kyalkhaung. The Ayeyawady River is a gift of nature to Myanmar but also a natural barrier separating areas in the east and west of the nation. It is noteworthy that the Ayeyawady Bridge (Pakokku) is a grand bridge on the Thailand-Myanmar-India ASEAN BIMSTEC Road.

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.¹ They 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.

The country is also, in conjunction with these projects, upgrading domestic airports at both Kyaukphyu and Dawei to international standards. Myanmar Airways International began flights between Yangon and Guangzhou in 2010. China needs Myanmar in order to meet its expanding energy needs, and intends to use the country as a conduit for oil imports from the Middle East and Africa, as well as to provide gas from the Shwe field. To this end, a major refinery in Yunnan is being developed to refine crude oil and natural gas delivered through the pipelines being built across Myanmar by the China National Petroleum Company.

A spur line of the Singapore-Kunming Rail Link (SKRL) project - led by Singapore and Malaysia - covers part of the EWEC. The regional railway line will pass through Singapore, Malaysia, Cambodia, Thailand, Vietnam, Myanmar, and Kunming in China and link major cities of each country that may span some 7,000 km in length to extend to Andaman Sea by rail.² The Mawlamyine-Thanyuayay-Three Pagoda Pass rail link, which would connect Myanmar and

¹ Ishida: "GMS Economic Cooperation.", p.138

² Makishima, Minoru & Yokoyama, Mitsunori : "Japan's ODA to Mekong River Basin Countries", *A China – Japan Comparison of Economic Relationships with the GMS*, <[www. Ide.go. jp/English/Publish/Download/Brc/ 01.html](http://www.ide.go.jp/English/Publish/Download/Brc/01.html)>, p.192

Thailand, has been included in the EWEC flagship program. The Mawlamyine–Thanbyuzayat section is being upgraded by the Government of Myanmar.

China started building a rail link between Dali and Ruili, on the Myanmar border, which will link with the Myanmar railways system. Myanmar is now constructing the Mong Nai-Kyaiton - railway which will also later extend into China. In late 2010, it was announced that a 2,000 km high-speed railway will be built between Kunming and Yangon, with formal discussions to begin in early 2011.¹ 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.

Research Finding

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. Thus, 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 joins to this subregion is importance to the utilization of regional cooperation as a platform to endeavor for better play of its strategic location.

Myanmar is rich in much-needed energy resources and has a role to play in the region. Myanmar's main investors are from Asia. Of the four largest, China and Thailand are GMS countries. As a matter of fact, Myanmar can offer a favorable market for the economic and geopolitical interests of individual GMS countries and their corporate sectors. Myanmar stands as the biggest nation on Southeast Asia in term of inland area with the sole link between Southeast

¹ "ASEAN Divides", *New Mandala* < <http://asiapacific.anu.edu.au/newmandala/>> p.8 .

Asia and South Asia, which would serve as a land-bridge by linking East Asia and South Asia for greater trade facilitating of the subregion.

Conclusion

The adoption of the concept of economic corridors is seen as a key milestone. However, the next step is to channel investment projects and complementary economic development along these corridors. The opportunity for multilateral dialogue that focuses on the core objectives of the GMS economic corridors as identified during the Eighth GMS Ministerial Conference is a key benefit of the GMS program. To capture the magnitude of this benefit, there needs to be a monitoring system that measures to what extent the transport corridor is being transformed into an economic corridor. GMS road transport projects have reduced vehicle operating costs and brought significant savings in traveling time for goods and passengers. A significant benefit arising out of the improvement in road infrastructure and the opening up of the borders has been an increase in informal trade across the border. This is carried out across informal gates or village paths. Such informal trade has enabled access to a greater variety of goods and at lower prices to the local areas. Other benefits include access to more markets as well as indirect employment opportunities at the border from formal cross-border trade.

Although Infrastructure is vital for economic growth through the development of industry, trade and commerce, the GMS countries are being faced with many challenges such as environmental problems, disparities between urban and rural communities, a growing gap between rich and poor, emerging threats to human security, terrorism and cross-border crimes, especially drug smuggling and trafficking in persons. To overcome the challenges and to maximize the benefits from economic integration, the GMS members would sharpen common and redouble efforts for the structure cooperation

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