

DEVELOPMENT POLICY BEYOND CHINA RISING: EAST-WEST ECONOMIC CORRIDOR (EWEC) AND LOWER-NORTHERN THAILAND**Prateep Chaylee*****Abstract**

This article explores regional development policy in lower-northern Thailand through the Indo-China Intersection (ICI). The ICI arrived when East-West Economic Corridor (EWEC) was officially opened in Thailand in 2008. Interestingly, the return of EWEC at this time came along with the rise of China's power, which is the main key factor to run this hopeful mega-project in Phitsanulok and in the northeastern region. Thai geography places this area in the middle of the ASEAN region. Therefore, it is likely to be the focal point of economic and political powers in this region. The southern part of China's Yunnan province is a landlocked area. Since 1989, China has played a role through GMS Economic Cooperation to nearby countries, which was the first project initiation. During the 1990s, China's FTA with other ASEAN countries was expanded to gain from trade with new economic partners. Consequently, Guangxi Economic Strategy through Beibu Gulf Economic Zone (BGEZ) was established and integrated with the Quadrangle Economic Cooperation or GMS Economic Zone. The second phase of the Guangxi strategy mainly focuses on opening the gate to ASEAN countries by using the "one axis, two wings strategy." This strategy is not only a global strategy of land-link but is also a factor of change in lower-northern region and nearby areas.

Keywords: EWEC, ICI, BGEZ, Guangxi strategy

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I. Introduction

Phitsanulok is the main city of the lower-northern region of Thailand, which borders northern and central Thailand. Phitsanulok is an important and historic city, located approximately 377 km north of Bangkok, and is the capital of Phitsanulok Province, which stretches all the way to the Laotian border. Phitsanulok is one of the oldest cities in Thailand, founded over 600 years ago. It is probably best known as the birthplace of King Naresuan, who freed Siam from Burmese domination in the late-sixteenth century, and his brother and successor King Ekathosarot (Sanphet III). As the cross-road between the northern and central regions, Phitsanulok has long been important both for political and strategic reasons, and was fought over many times.

Phitsanulok was the capital of Thailand for 25 years during the reign of King Boromma Trailokanat of Ayutthaya. The city is located on the banks of the Nan River and it was originally a small Khmer outpost known as Song Kwae, before the Khwae Noi River changed its course in the eleventh century. Phitsanulok was also a provincial center of the Angkorian Empire during the Angkorian period.

Phitsanulok has recently become one of the hubs of educational center in Thailand's lower-northern region. It is also home of tertiary institutions such as Naresuan University and Pibulsongkram Rajabhat University, as well as to a major Royal Thai Army base. This reflects the geographical significance, and the economic and societal development of the city. Phitsanulok is primarily built on flat lands with some hills. The eastern portion of the city has some wooded areas. The city is situated in the Nan Basin, which is part of the Chao Phraya Watershed.

Phitsanulok hopes to become a central hub of logistic and supply chain, that is likely to be a new hope of economic development as a strategic zone of transport links within nearby regions and neighboring countries, especially CLMV countries. In the first phase of initiation, the center of transportation and logistics was proposed and promoted by the Phitsanulok Chamber of Commerce to develop Phitsanulok's infrastructure. The related development policy aimed to fit with the big changes of regional integration that would happen in the future. Another main gateway of links in this region came from the proposed development policy of the Thai government in terms of North-South Economic Corridor (NSEC) and East-West Economic Corridor (EWEC). However, the future development and its real opportunities and obstacles are still unclear.

Economic opportunity can be picked up ahead of time by a visionary former president of Phitsanulok Chamber of Commerce, Mr. Virot Jirattikalachoti, who proposed the master plan and its steps of action for Phitsanulok City as a main gate of the Indo-China region and not only a narrow view of the past. It is forecast that this plan will lead to a huge influx of trade from Southern regions of China and Thailand because it is cost - effective and time saving (Interviewed; 2018). Consequently, the ICDI was initiated and approved by the Thai government in 1997. The resolution of the Cabinet's meeting in Chiang Rai on 29 July 1997 shows the approval of northern region development strategy, as follows:

1. Revival and reservation of natural resource, environment, and culture;
2. Development of people and society;
3. Develop areas with potential that can support linkage to neighboring

countries Among these, Phitsanulok is set to develop as a link of the East-West Corridor by making protocol for infrastructure and economic linkage development for Phichit, Petchaburi Uttaradit, Sukhothai and Kampanghet, in line with the city's growth rate.

4. Restructuring of agricultural and industrial production.

Phitsanulok and its vicinity are established as a developing area for the “Indo-China Intersection” (ICI), covering Sukhothai, Phitsanulok, Phichit, Phetchabun and linked economic areas as Tak, Kamphaeng Phet and Uttaradit. However, this development must consider the links between the existing economic areas of Nakorn Sawan and Khon Kaen. Therefore, National Economic and Social Development Board was assigned to study and collect information in the area.

Similarly, the master plan of regional development in Chiang Rai, the northernmost province, is as a gate to neighboring countries by developing the Mae Sai-Kunming route and Chiangsaen Port, tourism network under the Greater Mekong Sub-region Cooperation (GMS) or “North-South Tourism Corridor”, Mae Sod border, Tak and Mae Sai border, Chiang Rai and the linkage between the Greater Mekong Sub-region Cooperation (GMS) economic cooperation (economic hexagonal area) and economic area.

Likewise, the geographical advantage of the Phitsanulok area can be developed into a center for distribution before transporting to other parts and both sea shores. Interestingly, although this development project has been ignored and has not been continually developed for 12 years, it also directly affects the economic development strategy of the lower-northern region. Consequently, the name of this project and its signpost raise the question: “Can we really go to CLMV countries by this route?”

Figure 1: Indo-China Intersection



The ICI project was reactivated in September 15, 2009 by the joint cooperation of the Ministry of Interior and Chamber of Commerce of Thailand, who found that *“Phitsanulok has its own highly capacity and well deserves to be center of distribution.”* They found that this project should be steadily supported and promoted in the long run to prepare related infrastructures to fit any changes in the future. However, the last period of neglect was a huge waste of time and opportunity cost. Another challenging problem is the legitimate project director or organization among the Thai government, which should foster, implement, and promote its progress. Moreover, the Thai Chamber of Commerce would serve as a tax securitized organization for long container transportation within this route from one country to any destination in a final route, where a container truck would not be opened until it reached its destination.

In turn, a regional organization such as the Provincial Chamber of Commerce, could also serve a new role as tax auditor assigned by the Thai Chamber of Commerce. At present, a Thai exporter, Nimsiseng, has transported agro-foods to Kunming-Yunnan, China through the R3A route that substitutes the conventional route of Lam Cha-Bang seaport, which saves its transportation cost and is also much faster. The Greater Mekong Sub-region (GMS) Ministerial Meeting on 11 to 13 January 2000 resolved to set up new strategy to focus on the East-West Economic Corridor (EWEC) linking Myanmar, Thailand, Lao People’s Democratic Republic, and Vietnam as pilot project of the GMS (Cambodia, Myanmar, Lao People’s Democratic Republic, Vietnam, Southern China (Yunnan), and Thailand). This area will eventually be expanded to Myanmar to complete the economic bridge to link the China Sea with the Andaman Sea. This will foster the concrete development of the NSEC linking

Thailand - Myanmar, Lao People’s Democratic Republic, and Southern China.

This research article aims to explore regional development policy in lower-northern Thailand, particularly Phitsanulok Province, through the Indo-China intersection (ICI). It will also analyze the benefits and problems of the development of the project.

II. Establishing a Logistics Center for the ICI Project

In 2005, Phitsanulok Province Office engaged the University of Thai Chamber of Commerce to study and design logistics system in the province to accommodate the development of the ICI area and the economic growth of the region. The university, as the project consultant, submitted the final report summarizing the findings as follows:

1. A Distribution Center (DC) should be established in the following phases:

- Phase 1: From 2005 onward, a DC is established that requires an investment of 530 million baht with a breakeven period of 8 years and a yield of 10% in 10 years. In this phase, there are three appropriate locations, ranging in order of suitability: Ban Bungpra 89.8%, Ban Tengnam, Hua Ror sub-district 74.2% and Tha Tong sub-district 65.8%.
- Phase 2: From 2007 to 2017, the DC is developed for multimodal transportation.
- Phase 3: From 2012 to 2017, the DC is developed as an ICD.
- Phase 4: From 2015 to 2022, the DC is developed as an LCS.

2. The consultant presented two additional parts for the project for the province to consider according to the state

of readiness and economic conditions, as follows:

2.1 Phitsanulok's central vegetable and fruit market project has potential and ability to develop a regional agricultural market for vegetable and fruit, with following activities:

- Trade and exchange of agricultural production,
 - Market information provider,
 - Warehouse,
 - Place for selecting products,
 - Provide production for exporters.
- These measures can be implemented and operated in appropriate locations, such as in Don Thong sub-district, Muang District where the Thai Charoen Market is already in operation.

2.2 Safe parking-lot project for a truck terminal for travelers to other regions that includes facilities such as food center, parking lot, shops and travel information, service station and residence for 24 hours. This project can be operated in many sites within the following areas:

- Area before Naresuan University on Highway no. 117,
- South of Naresuan University on Highway no. 117,
- Eastern area of Muang District on junction of route no.11 and 12,
- North of Muang District at Don Thong sub-district (Highway no. 11).

Furthermore, in terms of policy and regulation- It focuses on incentives in doing business in the province, for instances; zoned in BOI zone-3: targeted entrepreneurs will enjoy the following benefits;

- Exemption of import duty on machinery.
- Corporate income tax exemption for 8 years provided that a project with capital investment of 10 million baht or more (excluding

cost of land and working capital) obtains ISO 9000 or similar international standard certification within 2 years from its start-up-date, otherwise the corporate income tax exemption will be reduced by 1 year.

- Exemption of import duty exemption on raw or essential materials used in the manufacturing of export products for 5 years.
- Deduction from net profit of 25 percent of the project's infrastructure installation or construction costs in addition to normal depreciation, and such deductions can be made from the net profit of one or several years within 10 years from the date of first revenue derived from the promoted activity.
- 50 percent reduction of corporate income tax for 5 years after the exemption period.
- Double deduction from taxable income of transportation, electricity, and water costs for 10 years from the date of first revenue derived from promoted activity.
- 75 percent import duty reduction on raw or essential materials used in manufacturing for domestic sales for 5 years, based on annual approval. (This incentive is not available to projects in Laem Chabung Industrial Estate and industrial estates or promoted industrial zones in Rayong province.)

III. Beyond the Go-west Strategy of China: Return of ICDI beyond the Rise of EWEC

The emergence of an ICI in Phitsanulok Province of lower - northern Thailand during 1990s is another part of China's regional Go - West policy development. This area of China is

composed of 12 western provinces; Chongqing, Sichuan, Guizhou, Yunnan, Tibet, Shaanxi, Gansu, Ningxia, Xinjiang, Inner Mongolia, Guangxi, and Qinghai, which are home of more than 400 million people. In particular, Yunnan is one of the main target provinces for the great transformation of economy and society.

The Dengist regional development strategy may be interpreted as an application of the growth center doctrine within the concept of international competition and an unbalanced development strategy within China. This is most evident in the sixth development plan (or the five-year plan), alias the National Economic Development Plan (NEDP), which had different levels of economic development between China's coastal and interior areas. In contrast, the seventh NEDP focused on the interior, which is further divided into the central and the western regions, and aimed to speed up the development of the coastal region relying on the construction of raw materials and energy in the coastal region, as well as the preparation for further development of the western region. Each region was assigned a special advantage based on its own resource endowment (Dali Yang, 1997, p.10, pp.18-20).

Since this plan, the coastal province has been urged to strengthen the technological transformation of traditional industries and develop knowledge with technology intensive and high value-added consumer products industries. It would also gradually transfer high energy consuming and high pollution producing factories to less developed regions that had more or affluent resources (Yang, 1997, p. 29, referred to Mingzi 1985, Xinjishu 1986 and Guangdong Jiuji 1986).

The central region should concentrate on producing energy and raw materials, and certain machinery and electrical products, including agricultural products. Likewise, the western region concentrated on agriculture, forestry, animal husbandry, transport, and selectively develop its energy and mineral resources, including certain local processing industries. Therefore, this plan highlighted on regional complementarity rather than regional self-sufficiency (Yang, 1997).

This pilot project started in the 8th to 10th Five-Year Plans (FYPs), beyond the authority of presidency of Jiang Zhemín. Additionally, the northern and western regions are main targeted regions of development. Initially, the main pilot project was carried on through the Quadrangle Economic Cooperation or GMS Economic Zone comprises Cambodia, the People's Republic of China (specifically Yunnan Province and Guangxi Zhuang Autonomous Region), Lao People's Democratic Republic, Myanmar, Thailand, and Vietnam. With assistance from the Asian Development Bank (ADB), these six countries entered into a program of sub-regional economic cooperation that was designed to enhance economic relations. With support from ADB and other donors, the Greater Mekong Sub-region Economic Cooperation Program supports the implementation of high-priority sub - regional projects in agriculture, energy, environment, health and human resource development, information and communication technology, tourism, transport, transport and trade facilitation, and urban development (ADB, 2018). This program has forged Thailand's regional development policy and its determination into the role of China in ASEAN. The former chairman of Phitsanulok Chamber of Commerce reported that many people in this province

did not believe that the small intersection in this province could not go further or link to other nearby neighboring countries, as stated in its name: ICI (Interview, 2017). However, in the first decade of the 1990s the ICI development project was delayed and kept from both the central and local authorities thanks to the vagueness of the authorities in signaling the right direction, as well as the lack of budget in running this kind of mega-project. The role of the chamber of commerce in these provinces was to monitor and send their feedback to the related authorities to return this project back to operation again as soon as possible. The same issue was brought back to the headline news in Thailand in 2010.

Even though the concept was agreed upon in 1998 at the Ministerial Conference of GMS in Manila, the Philippines, this corridor only became operational on December 12, 2006. This corridor is created based on a road of 1,450 km with the west end at port city of Mawlamyine (Myanmar), crossing Kayin Division, Thai provinces of Tak, Sukhothai, Phitsanulok, Phetchabun, Khon Kaen, Kalasin and Mukdahan and Laotian provinces of Savannakhet, Vietnam-Danang city as the east end. Additionally, from Myanmar it is further connected to India via India – Myanmar - Thailand Trilateral Highway which is being upgraded, with most parts already completed. The remaining upgrade will be completed by 2020.

This directly redeveloped and nurtured a lagged ICDI project and gave it a new life of hope. It has changed many physical changes in this project, especially the expansion of No.12 Asian-Highway (Phitsanulok-Lomsak) from traditional two lanes to four lane High Way to evaluate its capacity of the bulk logistic and mass transportation from southern region of China via northeastern region of Thailand

before boarding at Danang sea port in Vietnam. Moreover, it is a pilot preparatory project for related facility improvements. In fact, it is in total 105 km long. However, this project does not have funding from ADB but was directly sponsored from Thai Highway department totally 900 ฿ million.

Phitsanulok has also proven its capabilities as a capital of the lower-northern region of Thailand. This province has high purchasing power: not only purchasing power by itself but it also purchases powers from nearby provinces (i.e., Uttaradit, Sukhothai, and Phichit). Interestingly, it also has new purchasing power from neighboring countries that support economic development in this area. Moreover, it is also a center of education in various levels, especially tertiary education as Naresuan University, which has around 30,000 students and staff. This another supportive factor of provincial prevalence. Later, it contributed to the rise of regional economic integration through China's role in ASEAN region. This directly signals the existence of ICDI and related development effects. There are various new kinds of business groups, as follows:

1. **The establishment of Cambridge Regional College:** This is the first branch of ASEAN that officially opened in September 2011, which will be the center of international education in this region in a coming future- ASEANIZATION within EWEC.
2. **The development of Thai premier department stores:** This is led by Central Pattana Group (CPN), a premier department store of Thailand and its well-known brand of Central group. It has opened a Central Plaza department store in Phitsanulok, which is the biggest branch in this region. Tesco, Big-C and Home-pro are

- also expected to expand its own branch or space to fit with new life-styles and new high purchasing power groups. Once a high-speed train link commences in Phisanulok, it will also attract another leading group to survey its trade capability: The Mall group.
3. **Retail auto business groups:** Most of these are well-prepared for this big change by investing in renovation and opening new branches in many sites in this area. Interestingly, the big rental car business, Thai rent a car, has already opened its branch here with totally 25 ฿ million.
 4. **Housing and property:** This attracts various leading housing brands from Bangkok to set up their new projects here. For example; AP-group has opened its new condominium project beyond “COO brand” with totally its 728 ฿ Million (Manager 2014: online). This referred to an interview of vice-president of marketing strategy of AP-group about new area of business competition. He said that Phisanulok is a real center of lower-northern region with its full capacity as a logistics center. Therefore, whenever ASEAN accession is completed, it will directly attract new business groups or consumers who have high purchasing power. Whereas CP land has also opened the same project beyond “Kalaprapuek brand”, which is worth 260 ฿ million. Moreover, it has another project on building new hotel and rental office in Phitsanulok. The three giant housing groups—Land & House (L&H) and Saensiri and Supalai group—intentionally took some lucrative areas for new business opportunities.
 5. **Center of medicine:** Phitsanulok is promoted to be medical tourism hub in the lower-northern region. Interestingly, foreign patients from neighboring countries are gradually coming to the private hospitals in this area, especially Burmese. This trend will be more popular after ASEAN accession. In addition, the rise of Business Merger between local capital and central/internal capital. For example; the BGH buys 70% of Rattanavej hospital capital stock, which it renames as the “Bangkok Hospital Phitsanulok”. At the same time, Thonburi hospital group undertook the same concept with Inter-vejakarn hospital. Later, the most popular leading group as Bamrungraj Hospital also took capital stock of Phitsanuvej with 51%, which is the first step of investment in this region.

Consequently, today this intersection would be highlighted to be the landmark of economic development of lower-northern region of Thailand and also the neighboring countries in the future. Therefore, the role of external force as EWEC directly supports the re-emergence of the ICI and related Economic Development Zones in these areas, especially the increase of China’s power in Economic and Societal Development in EWEC and also in Guang-Xi Strategy/ Pan-Beibu Gulf Economic Cooperation in Nanning since July 2006 onwards.

IV. EWEC in terms of China Strategic viewpoint: The systematically driven force

EWEC is not a normal phenomenon but it directly relates to China’s political and economic strategies. China has tried to expand its economic cooperation with

other members by focusing on ASEAN countries since 2011. Likewise, China’s 11th five-year plan (2006–2010) focused on the significance of neighboring countries, especially in ASEAN countries. Previously, China had shown its own interest in this region by issuing and joining the Treaty of Amity and Cooperation in Southeast Asia in 2003, before initiating its own new concepts of security in the following year. Ultimately, the new security concept of China based

on various asymmetric strategies are outside the realm of conventional military power. China is playing a different game based on economic investment, trade, immigration, and smile diplomacy (Leonard, 2008, pp. 108-109). As a result, the first ASEAN Summit has official organized since 2005 onwards. In this aspect, some scholar called this new term as “*The many facets of Unrestricted Warfare*” (ibid) as illustrated in the following table.

Table 1: The many facets of Unrestricted Warfare

Military	Trans-Military	Non-Military
<ul style="list-style-type: none"> ▪ Atomic Warfare ▪ Conventional Warfare ▪ Bio-chemical Warfare ▪ Ecological Warfare ▪ Space Warfare ▪ Electronic Warfare ▪ Guerilla Warfare ▪ Terrorist Warfare 	<ul style="list-style-type: none"> ▪ Diplomatic Warfare ▪ Network Warfare ▪ Intelligence Warfare ▪ Psychological Warfare ▪ Tactical Warfare ▪ Smuggling Warfare ▪ Drug Warfare ▪ Virtual Warfare (Deterrence) 	<ul style="list-style-type: none"> ▪ Financial Warfare ▪ Trade Warfare ▪ Economic Warfare ▪ Resource Warfare ▪ Regulatory Warfare ▪ Sanction Warfare ▪ Media Warfare ▪ Ideological Warfare

Source: Mark Leonard, 2008: ibid

Strategically, China’s power expansion through geographical advantage in engaging with the new countries. Later, Guangxi province was promoted as a new gate to ASEAN countries in 2006, or the early part of the 11th five-year plan. This is primarily a sub-regional mechanism involving China’s Guangxi Zhuang Autonomous region and also the six ASEAN countries: Vietnam, Malaysia, Singapore, Indonesia, Philippines, and Brunei. It focuses on the 21st Century Maritime-Silk Road in enhancing the China-ASEAN networks for port cooperation and building a new rail-sea track corridor. It has held 10 fruitful forums (China Report ASEAN, 2018, p.30). Consequently, the other land-bridge project has been initiated and established as EWEC in 2006 beyond the name of the

“ICI” in Phisanulok province - lower-northern part (EWBIZ, 2015).

The Guangxi strategy is the main key factor of change in these countries in terms of the political and economic development framework. Most countries of the south highly expect to gain economic benefit from this mega-project. The rise of China since 1989 and its rapid progress of economic diplomacy means that China always plays its own strategy towards the South-landlocked areas, especially Yunnan province as the gateway to Southeast Asia and South Asia. Therefore, China has been a sole key economic player in this region through GMS Economic Cooperation since the 1990s. Ultimately, China can reach and connect the west and east coasts for its own economic benefits in the long run.

Thailand is the only one country that is located in the middle of China's strategy.

Under the framework of ACFTA and Strategic Partnership Agreement, China enhanced the momentum of the regional cooperation by organizing every year in Nanning China-ASEAN Trade Fair and China-ASEAN Business & Investment Summit. Then they came to propose the Pan-Beibu Gulf Economic Cooperation at the Forum on Pan-Beibu Gulf Economic Cooperation in Nanning in July 2006 (Hosokawa, 2009, p. 9). These are main objectives of Pan-Beibu Gulf Economic Cooperation:

1. Pan-Beibu Gulf Economic Cooperation would play an important role in future of speeding up the construction of China-ASEAN free trade area, integrate the economy and promote social and economic development in the countries involved.
2. To enhance exchange and coordination and include the new Pan-Beibu Gulf sub-regional cooperation in the framework of the construction of China-ASEAN free trade area.
3. Pan-Beibu Gulf Economic Cooperation would be a supplement of the existing sub-regional cooperation mechanism, such as the Great Mekong River Sub-regional Cooperation.

In January 2009, Guangxi Zhuang Autonomous Region released the "Policies and Regulations on Promoting the Opening-up and Development of the Guangxi BGEZ." Preferential policies were issued in seven major categories including as follows:

1. Industry: the government reward funds will offer rewards to major industrial projects.
2. Taxes: additional tax exemptions will be applied from 2008 to 2010 to enterprises which have already enjoyed preferential tax policies.
3. Land use: major industry projects that are in line with national policies on industry, environment protection requirements and land supply policies will be prioritized in the annual land-use plan.
4. International economic cooperation and foreign trade: the policies and regulations permit foreign funded enterprises to expand their business scope and conduct cross-industry operations.

In China's intention, there are many things would like to achieve (Hosokawa 2009, pp.5-6), as follows:

- China as well as Guangxi Region wishes to develop coastal area of Beibu Gulf by economic cooperation with neighboring regions and countries.
- Development of Guangxi can promote Western Development of China through the fact that Guangxi is the only region which has ocean ports. Development of ports in Beibu Gulf and transport infrastructure to the ports from Chongqing or Kunming facilitate the export of products in these inner western regions.
- It serves as a platform for ASEAN-China Free Trade Area ACFTA. China has been seeking to strengthen political and economic relationship with ASEAN countries. In economic field, it is agreed between ASEAN and China that ACFTA shall be formed by

2010 by 2015 for Indochina countries through abolishing customs duty. China expects to facilitate its export and investment trade much more. Pan-Beibu Gulf area is the place where the agreement shall be applied and its benefit shall be enjoyed.

- Pan-Beibu Gulf Economic Cooperation is an initiative with ASEAN where China can have a leadership. GMS is another means for China to work with ASEAN. Nevertheless, GMS is led by ADB and China can play the role as one participating country. China expects to create the relationship with ASEAN in its own way by Pan-Beibu Gulf Economic Cooperation.
- China needs sources of energy and natural resources for its sustainable economic development. It is apparent that China looks for oil and mineral resources in ASEAN countries in Pan-Beibu Gulf Economic Cooperation.
- China also needs a peaceful and friendly environment for its sustainable economic development. There still exist the disputes on sovereignty of South-China Sea, especially on the Spratley Islands among China and ASEAN countries including Vietnam, the Philippines. China has been strengthening its navy to force its claim on the territorial issues. There continues to be some collision in the South-China Sea between Vietnam and China. So, China expects to dissolve the perception “Threat of China” prevailing in ASEAN countries through Pan-Beibu Gulf Economic Cooperation.
- China seems to try to establish **East-Asia Economic Community EAEC** by its initiative and leadership through Pan-Beibu Gulf

Economic Cooperation. The basic structure of this community will be made of Chinese economic network between Chinese in China and pro-Chinese in ASEAN countries including overseas Chinese.

To achieve these aims, China also sets its own plan to serve both its short- and long-term plans. Therefore, we can learn from these (Hosokawa, 2009, pp.4-5), as follows:

1. The short-term targets for 5 years (2006–2011)
 - To build the regional cooperation mechanism and the platform, which are efficiently and influentially managed.
 - To establish the basic networks of land, maritime and air traffic between China and ASEAN by improving the traffic infrastructure.
 - To make human traffic and trade of goods convenient between China and ASEAN.
 - To make efforts for establishing a mechanism in forming Beibu Gulf Economic Zone (BGEZ), and for getting remarkable progress and outstanding results in some concretized cooperation projects between China and Vietnam.
 - To aim to complete a basic tourism zone in Pan-Beibu Gulf. To plan to prior develop the Guangxi BGEZ.
2. The long-term targets for 10 to 20 years (2016–2026)
 - To build the regional three-dimensional traffic network with well-equipped land, maritime and air traffic infrastructure.
 - To build the Pan-Beibu Gulf Port League, which has a well-developed merchant service, a good role sharing and cooperation.
 - To build the relatively developed Pan-Beibu Gulf Tourism Zone.

- To build the pro-ecologic region in which the maritime resources and ecologic environment are efficiently protected, and the harmony between economy, society and natural environment are kept and sustainable development is viable.
- To build the logistic base, trade base, processing manufacturing base and information center for Pan-Beibu Gulf Economic Cooperation in Guangxi BGEZ.
- To build the harmonious, reciprocal, and highly unified Pan-Beibu Economic Community and

to establish a newly economic growth zone in the West bank of the Pacific Ocean.

As a result, there are now many land-bridge megaprojects in Thailand and nearby neighboring countries, both NSEC and EWEC, which are the result of China's power through the Guangxi Beibu Gulf Economic Cooperation in Guangxi (BGEZ). This framework is shown in Figure 2.

Figure 2: Strategy of Guangxi BGEZ



Other than a big scope of BGEZ, we can analyze solely on EWEC and find that the rise of EWEC through China's power is the main key factor to run this mega-project. Therefore, the superiority of Thailand is that it stays in the middle of ASEAN as the focal point of economic and political powers in this region. Also,

the southern part of China-Yunnan province is a landlocked area. China has played its role through GMS Economic Cooperation to nearby countries since 1989 as the first project initiation. Later, during 1990s China's FTA was expanded with other ASEAN countries to gain from trade and new economic partners

(Hosokawa, 2009, pp. 5-7). Consequently, the Guanxi Economic Strategy through BGEZ has been established and integrated with the Quadrangle Economic Cooperation or GMS Economic Zone. In the second phase, the Guangxi strategy mainly focus on opening the gate to ASEAN country by using “One axis, two wings strategy.” This is also called “3M principles”

(Wiboon, 2012, pp. 20-21). These are shown in Figure 3.

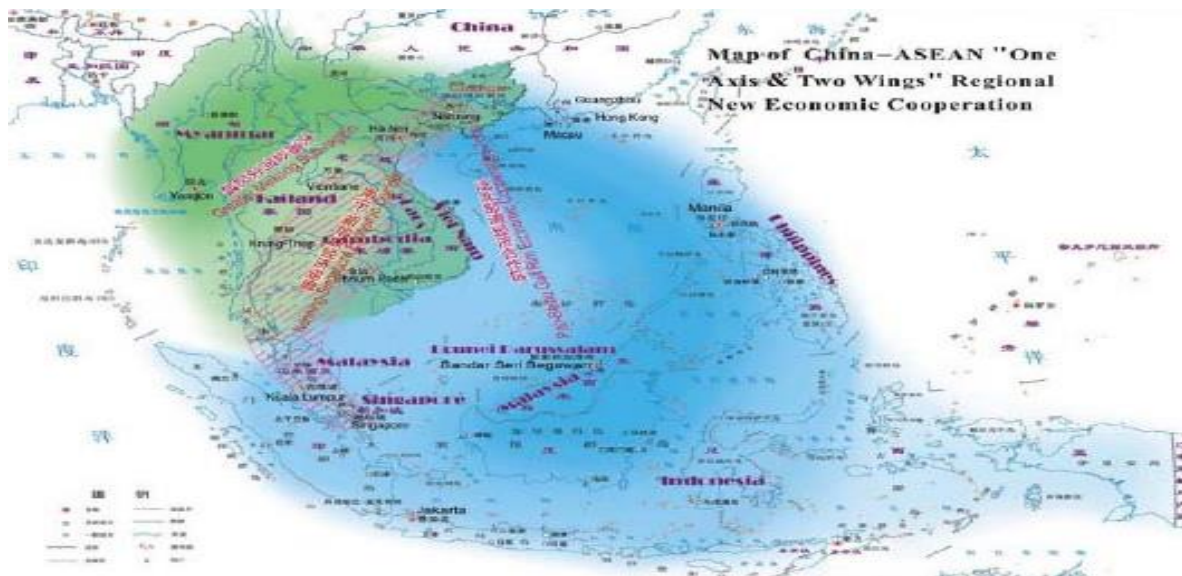
- **M1** = Mainland Economic Cooperation,
- **M2**= Mekong Sub-region Cooperation, and
- **M3** = Marine Economic Cooperation.

Figure 3: One Axis, Two wings strategy (small scale)



Moreover, two wings can be viewed and categorized into two sides (as Figure 4).

Figure 4: One Axis, Two Wings strategy (big scale)



From these two figures, it can be seen why China tries to promote their presence in the global stage, especially in the new form of big sponsor for megaprojects in any countries around the globe. The rise of China since 1989 has been in the new form of economic diplomacy that mainly composes of economic and political aspects. Interestingly, it varies depending on the fertility of the raw materials and natural resources that China requires (Wiboon, 2013, p.18).

Interestingly, a world - renowned political scientist, Joseph Nye, Jr., calls this as a means of success in the world politics in searching for a new alliance based on some attractive agenda, which is called “*soft power*.” Moreover, not just in purely political issues but also in related business issues, he said soft power is viewed as “the second face of power” or the indirect way to get what you want. A country may obtain the outcomes it wants in world politics because other countries admire its values, emulate its example, aspire to its level of prosperity and openness, and want to follow it. Hence, it has to set agenda and attract others in global politics. We can conceptualize it as

getting others to want the outcomes that you want - co-opts people rather than coerces them (Nyre Jr., 2004, p.5).

This concept is also used in the business world through smart business executives whose leadership is not just a matter of issuing commands but also involves leading by example and attracting others to do what you want. Naturally, it is difficult to run a large organization by commands alone. The influence of soft power in any countries primarily depends on the following three resources (Nyre Jr., 2004, p.11):

- Its culture: in places where it is attractive to others.
- Its political values: when it lives up to them at home and abroad.
- Its foreign policies: when they are seen as legitimate and having more authority.

Importantly, culture is a set of values and practices that create meaning for society. Because a country’s culture includes universal values and its policies promote values and interests that others share, it increases the probability of obtaining its desired outcomes due to the

relationships of attraction and the created duties. Hence, narrow values and parochial cultures are less likely to produce soft power. While others look at soft power as a popular cultural power, they make the mistake of equating soft power behavior with the cultural resources that sometimes help produce it. They confuse the cultural resources with the behavior of attraction. For example; Coke and McDonald do not necessarily attract people in in the Islamic world to love the United States. Or excellent wines and cheeses do not guarantee attract people to France. However, we cannot deny the role of popular culture as a resource that produces soft power. Therefore, the effectiveness of any power resource depends on the context.

Commerce is only one of many ways in which culture is transmitted. It also occurs through personal contacts, visits, and exchanges. These represent through the ideas and values that US exports in the minds of more than a half a million foreign students who study in American universities every year and then return to their home countries. Likewise, in the minds of Asian entrepreneurs who return their home after succeeding in New York or Silicon Valley, tend to reach elites with power. Similarly, in trying to persuade other world leaders in any regions all the globe to change their policies and be more supportive of Americans in any measures, it probably helped that he/she could hear from a network in that country. In the same way, both government policies at home and abroad are vital potential sources of soft power. The interaction of power in world and also Chinese political economic interactions are summarized in Table A:

Table 2: Interplay of three powers in global politics

Type of power	Behaviors	Primary currencies	Government policies
Military Power (Security)	Coercion Deterrence Protection	Threats Force	Coercive diplomacy War Alliance
Economic Power	Inducement Coercion	Payments sanctions	Aid Bribes Sanctions
Soft Power	Attraction Agenda setting	Values Culture Policies Institutes	Public diplomacy Bilateral & multi-lateral diplomacy

Source: Joseph Nyre, Jr.; p.31

Since July 1991, China has attended ASEAN's meeting for Foreign Minister as an observer, where China started diplomatic relations with ASEAN. At the same time, China participated in ASEAN Regional Forum (ARF), which is the mechanism to guarantee the security

dialogue in the region. When the first summit meeting of ASEAN+ 3 including Japan, China, and South Korea in Kuala Lumpur in December 1997, the first summit meeting between China and ASEAN was also held and the "Joint Declaration of ASEAN and China on Good

- Neighbor and Friendship Partnership towards 21st Century” was signed.

After 2000 the China - ASEAN relationship has rapidly become closer and has enlarged. In November 2002 “the Framework Agreement on Comprehensive Economic Cooperation” was signed. This agreement prescribes the comprehensive economic cooperation between China and ASEAN under the framework of ASEAN-China Free Trade Agreement ACFTA. Good - Neighbor and Friendship Partnership Declaration of 1997 was progressed in October 2003 to Pan - Beibu Gulf Economic Cooperation (Hosokawa, 2009, pp. 3-4). The “*Joint Declaration of ASEAN and China on Strategic Partnership for Peace and Prosperity*” declares the China-ASEAN comprehensive cooperation in politics, security, economy, society, and international relations in Asian Region.

The 11th five-year plan initiated the new forum as the China-ASEAN FTA(CAFTA) as the implementation of the early harvest program in the previous 2004, which commenced and upgraded the CAFTA in aiming to expand trade to the \$US 1 trillion by 2020. Interestingly, China has enjoyed some extraordinary years of growth with its trade partners. In 2017, CAFTA reached \$US 514.8 billion, whereas the two-way investment totaled \$US 200 billion. In addition, China has remained the largest trading partner of ASEAN for nine consecutive years. While ASEAN has remained China’s third largest trading partners for seven years in a row (China Report ASEAN, 2018, p. 30).

V. Phitsanulok 2020: Towards Future Development and Sustainability

The emergence of EWEC since 2009 has been accompanied by many changes in Phitsanulok and nearby areas, especially in Phitsanulok City. The new strategy, which is called Phitsanulok 2020:

ICI - New Economic Zone, includes urban regeneration and planning. This not only focuses on economic development issue but also focuses on social development and urban governance. This strategy is initiated by many stakeholders in drafting and promoting urban development and management, composing of Phitsanulok Chamber of Commerce, Council of provincial Industry, Tourism Business Association associate with Phitsanulok Provincial Administrative Organization (PPAO), Phitsanulok Municipality, ATSME and Phitsanulok Council of Farmers.

Most of them officially declare that it is time to implement and promote the new holistic strategy of provincial development, which is called “*Phitsanulok 2020: Indo-China Intersection (ICI) New Economic Zone.*” This also directly fits with new urban development plan. To follow related economic cooperation and development strategies as described by ACMECS in its GMS strategy, the development in lower-northern region is a main issue of the 11th Thai National Economic and social Development Plan (NESDB). It should be reconciled and promulgated related issues to become a pilot development project. In addition, the Thai government released its infrastructure development for supporting continued transport with logistic and supply chain development, called “Phitsanulok Multimodal Transportation Center within 2020,” as well as a high-speed train (Bangkok - Chiang Mai) together with a railway transportation center between the route of Paknam-poe-Denchai. These committees willingly approve this government policy and its positive impact for future development in the long run.

Therefore, they form various active working teams by integrating diversified development issues to cluster within related dominant development issues to fulfill the ultimate goal of regional

development in this crucial transitional period. This mainly focuses on pushing Phitsanulok to become an economic and service center, particularly in logistics and supply chain, distribution center, and natural tourism by systematically annexing this macro-scope of development plan with holistic urban development plan with the following issues:

1. Initiated project of multi-continued transportation in Phitsanulok,
2. Mass transportation development,
3. Commercial and economic center,
4. Regional commercial and logistics center- Ban Bung Phra,
5. Innovative food industry and agricultural development zone,
6. Innovative research and production center,
7. Convention and exhibition center.

In fulfilling the goal of ASEAN ization, the committees willingly propose some suggestions to Thai government in declaring Phitsanulok would be a new economic zone by issuing various supportive means and regulations:

1. Support Phitsanulok to become a new economic zone by providing rights and benefits for investors with the same regulations as other special economic zones in the rest of the country.
2. Support Phitsanulok to become a new economic zone by providing rights and benefits as tax inducement or grace period of payback for some investors who are responsible for investing in infrastructure at the time given in the contract.
3. Upgrade some areas in a city to become regional commercial and logistics center, as well as innovative research and production

zone, especially in Bung Phra area where it is likely to be promoted as a center of high-speed train.

Conversely, in response to the transformation from the great external force, provincial authorities or local governments, and related stakeholders have delayed in their actions even though they know what is going to be in the near future in their areas. Regrettably, the active role of both central and local governments is vague in driving any pilot projects rather than the private sectors, especially the proactive actions of the chamber of commerce in systematic planning and implementing related steps of actions. Therefore, these related development zones were left to business speculation by some business groups for many years.

Hopefully, the pilot project would be initiated through practical and academic projects, such as LIMEC (Luang-Prabang-Indo – China - Malamyine Economic Corridor) by the school of Logistic and Supply Chain-Naresuan University. This is an economic corridor that most sectors or stakeholders in the first lower-northern region of Thailand in collaboration with Luang - Prabang and Xaiyaburi of Lao PDR, the Karen state of Myanmar in official inauguration in 2015 by promoting this route as the gateway to their nearby world heritage sites at Wat Xiang Tong of Luang-Prabang, Queen Sirikit Dam of Utttaradit, Phu - Hin Rongkla and Thung salaengluang National Park of Phitsanulok, The Sukhothai and Srisatchanalai Heritage sites of Sukhothai, and Rimmoei Border Market in Tak province of Thailand before further connecting to the Lay down Buddha Image of Win - Sein Dawya of Malamyine in Myanmar (as shown in figure 5).

Figure5: LIMEC



Source: limecthailand.com

Alternatively, another sub-economic corridor could merge these nearby cities where they share nearby borders, especially the dominant cultural resources. A new economic and social development platform run by the Provincial Chamber of Commerce and also their federation of industry has been introduced in these five provinces (i.e., Phitsanulok, Sukhothai, Phetchabun, Uttaradit, and Tak) to promote their business opportunities, as well as matching related business between sectors, provinces and among their groups. These areas are all world heritage sites (LIMEC, 2018, Interview).

To drive regional economic development, around the year end of 2017 at the special ministerial meeting at Phitsanulok led by the Prime Minister Prayut Chandra-Ocha there was an official discussion on the pilot project of this region, especially in these three lower-northern provinces of Phitsanulok, Sukhothai, and Tak to drive the development zone of the Western Economic Corridor (WEC) as a parallel economic zone and fulfill the EEC (Eastern Economic Corridor), which is a pilot mega-project proposed by this current government (Oknation, 2019). In addition, its main goal is to become the regional center for trade and investment through infrastructure investment and the comprehensive urban planning in achieving

the international standards. It is also a main linkage and transit point. Therefore, the direct investment of the government and the joint-venture of private sectors in these provinces are the key supportive issues.

The provincial airports at Phitsanulok and Tak have been upgraded to international airports, including the construction of a new airport for Tak province (Location-2). Also, modals of the linkages within the sub-region highlight railway transportation, especially in the extension zone of Tak-Sukhothai-Mae Sot in further transport facilitation, as well as connection to the high-speed rail of Myanmar and India in the near future. The logistic and supply chains of goods and services in the WEC will soon be further transported to the India-Myanmar railway networks (Oknation, 2017).

VI. Conclusions and Recommendations

The rise of EWEC is a turning point of Phitsanulok and related lower-northern region that directly comes from the role of China's power as a main key factor to run this mega-project. Moreover, Thailand is a focal point of this big change. Consequently, it is likely to be the focal point of economic and political powers in this region. In addition, the southern part of China-Yunnan province is

the landlocked area. China plays its role through GMS Economic Cooperation to nearby countries since 1989 as the first project initiation. Later, during the 1990s, the expansion of China FTA with other ASEAN countries expanded the gains from trade and new economic partners (Hosokawa, 2009, pp. 5-7).

Consequently, Guanxi Economic Strategy through BGEZ was established and integrated with the Quadrangle Economic Cooperation or GMS Economic Zone. Therefore, the second phase of the Guangxi strategy mainly focuses on opening the gateway to the ASEAN countries by using “One axis, two wings strategy,” which is also called “3M principles” (Wiboon, 2012, pp. 20-21). Consequently, the return of ICI in Phitsanulok is the result of EWEC emergence since 2009.

It is crucial to review the Thai conventional development policy determination, which is mostly based on Western viewpoint without any comprehensive or integrated approach from their thoughts to the actions. China’s rise in this new century mainly focuses on multi - faceted strategies rather than conventional security as we have known it. Therefore, sustainability to balance economic and social quality as part of a comprehensive plan should be highlighted.

The Thai economic development paradigm has always viewed this regional economic development as a development paradigm and common practice without looking to geo - political and economic factors to improve its effective strategic development plan and its applications.

Consequently, the lack of geo-political and geo-economic factors, as well as interdisciplinary perspectives in the current world are the main issues for Thai technocrats and related stakeholders

because it can directly drive its economic and social development towards sustainability in the long run. Even the economists who are interested in advanced economic theory mainly rely on the scientific method through mathematical and statistical solutions. But in reality most related economic policies stem from the process of negotiation, as well as institutional factors or issues. Therefore, we actually could not separate economic issues from of societal or political issues as theoretical proof—they are both two sides of the same coin (Teh-Chang, Lin, 2018, interview).

Crucially, Thailand is in a transitional period of change in its economic and social development. However, for more than five decades it has focused on economic growth more than structural change and related issues. Thailand strongly believes that whenever economic growth is strong, social development will also gradually develop. These ideas reflect the fact that it believes in neoclassical economic theory, which conceptualizes the agents—households and firms—as rational actors. Agents were modeled as optimizers who were led to "better" outcomes. The resulting equilibrium was "best" in the sense that any other allocation of goods and services would leave someone worse off. Thus, the social system in the neoclassical vision was free of unresolvable conflict.

The very term "social system" is a measure of the success of neoclassical economics because the idea of a system, with its interacting components, its variables and parameters and constraints, is the language of mid-nineteenth-century physics. This field of rational mechanics was the model for the neoclassical framework: agents were like atoms; utility was like energy; utility maximization was like the minimization of potential energy, and so forth. This was the rhetoric of successful science linked to the

neoclassical theory, and in this way economics became linked to science itself (Weintraub, 2015).

The alternative economist, Ha - Joon Chang, described that “Neo-classic is too accepting of the status quo by analyzing individual choice, it accepts as given the underlying social structure-the distribution of money and power, if you will. This makes it look at only choices that are possible without fundamental social changes” (Chang, 2014, p. 126). This development paradigm supports the globalization model. Actually, it is composed of eight key elements of the world economy today (Monder & Cavanagh, 2004, p. 34).

1. Promotion of hyper-growth and unrestricted exploitation of environmental resources and new markets to fuel growth.
2. Privatization and commodification of public services and of remaining aspects of the global and community commons.
3. Global cultural and economic homogenization and the intense promotion of consumerism.
4. Integration and conversion of national economies, including some that were largely self-reliant, to environmentally and socially harmful export-oriented production.
5. Corporate deregulation and unrestricted movement of capital across borders.
6. Dramatically increased corporate concentration.
7. Dismantling of public health, social, and environmental programs that are already in place.
8. Replacement of traditional powers of democratic nation-states and

local communities by global corporate bureaucracies.

These elements are the key issues that we have learned from these limitations to prepare and set up any possible solutions to achieve both economic and social development towards sustainability. To survive in the era of globalization, we should respect the following core principles (Monder & Cavanagh, 2004, p. 103-104).

1. International trade and investment systems should respect the legitimate role of democratic government at all levels and should focus on the civil society in doing anything that affects their well-being by working through transparent democratic process involving the participation of all levels of governments and other related stakeholders. Participation of the most vulnerable stakeholders is especially important.
2. International trade and investment systems should safeguard the global commons and respect and promote human rights, the right of workers, women, indigenous people, and children: any international agreement on trade and investment should properly support such local and national regulation.
3. International agreements should support the goal of creating sustainable societies: it must follow the UN Sustainable Development Goals (SDGs) to serve both local, national, and international levels.

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