



**Belt and Road Initiative and
the Development of Thailand's
Northeastern Region**

A Shift of World Order from West to East

China had become world's number one Recipient of Foreign Direct Investment, and had since been considered to be a large market. Due to a lenient Regulatory Control towards foreign investors, China had attracted intensive investments from all over the world (UNCTAD, 2015 : 12).

Right now, buying US bonds with its large sum of investment fund and foreign exchange reserves like in the old days was far less profitable than to invest them in their own infrastructures. So China had a plan to conclude agreements with other countries along the Silk Route Economic Belt, which are Central Asia, West Asia, South Asia and ASEAN, in order to support and promote collaboration in many aspects, making it become more profound and intensive. The aspects taken into account were communications and transportation, trade, investment, energy, regional integration, Yuan currency usage etc.

The Reconstruction of History: Birth of One Belt One Road

The Silk Road is known to all as China's trading and cultural route. The Silk Road had long been gaining its reputation through a lucrative trade of silk along its route since the time of Han Dynasty (206 BC - 220 AD). All the trades on the route played vital role on the development of China's civilization, as well as those of India, Persia, Europe and Arabian Peninsula.

"One Belt One Road", widely known as "Belt and Road Initiative" was first formally announced by President Xi Jinping. "Belt and Road Initiative" is a China's multilateral economic development framework, which can be divided into 2 parts, as followings:

1) Silk Road Economic Belt was formally introduced for the first time by President Xi Jinping during his visit in Kazakhstan. The aim of the initiative was to connect countries located in the region of the original Silk Road

2) Maritime Silk Road was first mentioned in the discourse of President Xi Jinping. The purpose of the said initiative was to promote collaboration in many aspects, including investments between China and ocean rim countries: ASEAN, Oceania, North Africa, Pacific and India Ocean.



The Operation of the 21st Silk Road Project

The 21st Century Silk Road Project was introduced as a program with a framework that provided all the countries along the Silk Road with an ability to directly ask for a bilateral negotiation with the Chinese Central Government.

The Central Government acts as a liaison, encouraging connections between each party, by having itself, Local Government, state enterprise, bank, multinational company and Chinese private sectors as vital figures in this cooperation plan.

Belt and Road Initiative and the Development of Northeastern Region of Thailand

The Northeastern Region of Thailand (Isan) had initiated an intimate economic interaction with the Southern Region of China, which consists of 6 member countries: Thai, Lao People's Democratic Republic, Myanmar, Cambodia, Vietnam and China (Yunnan Province and Autonomous Region Guangxi). Among all of them, R12 Route (Nakhon Phanom – Kham Muan – Hanoi – Pingxiang – Guangxi – Guangdong) is one of the routes within the East – West Economic Corridor. A Part of R12 cuts across the Northeastern Region of Thailand, connecting the region with the regional economic development.

GDP of ASEAN Countries

Country	GDP (Nominal) (Billion USD)
Cambodia	22.252
China	
- Yunnan Province	302.09
- Autonomous Region Guangxi	244.84
Thailand	455.378
Myanmar	66.537
Vietnam	220.408
Lao People's Democratic Republic	16.984
Total	1,328.489

Source: International Monetary Fund, World Economic Outlook Database April 2018

“the Era of High-speed Rail”

still hadn't attain a concrete accomplishment, at least, land transportation routes like R3A and R3B could already be called a success, especially in conducting border trade or trade across border.

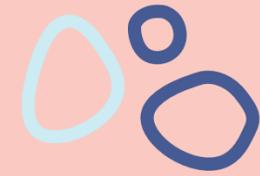
Statistics of Thai – South China Border Trade (only through custom in the Northeastern Region)(2009-2017)

Customs	2009		2011		2013		2015		2017	
	Value (Million Baht)	Proportion (%)								
<u>Mukdahan</u>	508.08	6.64	13,493.26	48.86	11,674.32	30.85	12,121.10	19.93	64,200.57	80.58
<u>Nakhon Phanom</u>	688.18	9.00	1,597.49	5.78	13,383.70	35.37	33,950.85	55.83	3,164.52	3.97
Etc. ¹	6,450.37	84.36	12,524.65	45.35	12,785.99	33.79	14,741.92	24.24	12,310.52	15.45
Total	7,646.63	100.00	27,615.40	100.00	37,844.01	100.00	60,813.87	100.00	79,675.61	100.00

Source: Department of Foreign Trade, Ministry of Commerce cited in Pipu Boosabok, 2018

Conclusion

Silk Road Project was introduced as a new strategy with large sums of funds, it could also be considered a sequel of China Development Strategy, which was still a work in progress right now. The project's aim was to promote linkages and trading routes within the region, increase roles of the Chinese government, enterprises and Chinese corporation in the international stage, as well as enhancing the accessibility of China to the world market, in other words, continuing the Going out Strategy through the government's external investment measure, which had been going on for more than a decade. One Belt and One Road Strategy would be able to help Thailand raise its status in the world stage, and would also benefit Thailand and other ASEAN countries in improving mutual cooperation and encouraging their participation with AIIB. Furthermore, the financial aid for investments on the improvement and development of Thailand's and region's infrastructures in the big picture was in line with foreign policy and strategy of Thailand



THANK YOU

