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China-ASEAN High-Speed Rail Project

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The Chinese Railway Ministry has big ideas, not only for its country, but for the world. It is currently in negotiation with several other countries discussing its ultimate plan to build a trans-continental high-speed rail line that could possibly reach as far as the United Kingdom. A smaller portion of this potential rail system will be constructed in Southeast Asia. Part of China’s 12th five-year plan is to build a high-speed rail connecting the countries involved in the Association of Southeast Asian Nations (ASEAN). The goal in building the rail line is to improve transportation, collaboration, and trade in the China-ASEAN Free Trade Area. This construction could help the smaller countries in a number of ways. Most importantly, employment rates and the economic status of the smaller countries would likely grow due to the introduction of the rail. The purpose of this paper is to explain China’s plans to build high-speed rail in Southeast Asia and how this will affect each of the countries involved.

Background: ASEAN and its relationship with China

The Association of Southeast Asian Nations, also known as ASEAN, is a union created to ease trading and exporting among its constituent countries. The declaration of ASEAN states that it represents “the collective will of the nations of Southeast Asia to bind themselves together in friendship and cooperation and, through joint efforts and sacrifices, secure for their peoples and for posterity the blessings of peace, freedom and prosperity.” The founding countries of Indonesia, Malaysia, the Philippines, Singapore, and Thailand, signed a Declaration on August 8, 1967 in Bangkok, Thailand, which commenced association. The other countries to join included: Brunei on January 7, 1984; Vietnam on July 28, 1995; Laos and Myanmar on July 23, 1997; and Cambodia on April 30, 1999. This is the complete list of ten countries that are currently involved in the association. One of the organization’s aims consists of “the expansion of trade, including the study of problems of international commodity trade, the improvement of their transportation and communications facilities and the raising of the living standards of their peoples” (Overview, 2011). Building the high-speed rail could facilitate this aim of trade expansion.

Why would China want to aid the ASEAN countries? Although China is not a member of ASEAN, it has created a Free Trade Area (FTA) agreement with the association. China is one of the largest trading partners, behind Japan and the European Union, with this collaboration of countries. The FTA is

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The China-ASEAN high-speed rail could help with the main objectives desired in the creation of the FTA, though the plans for the rail have changed several times. Originally, the capital of China’s Guangxi Zhuang region, Nanning, was going to be the starting point of the trans-continental train. Ma Biao, the chairman of the Guangxi Zhuang regional government, announced plans to build a line from Nanning to Pingxiang (bordering Vietnam) during the second half of 2011. Nanning is already considered a trading hub in China; utilizing this capital would be convenient and further increase recognition of the city’s importance in the trade world. The ASEAN countries are the largest traders with the Guangxi region. “The bilateral trade volume was $6.53 billion, a rise of 31.9 percent year-on-year, and accounted for 37 percent of the region’s total trade volume” (High-speed, 2011). The Nanning-Singapore Economic Corridor was to start in Nanning and continue to Hanoi in Vietnam, Vientiane in Laos, Phnom Penh in Cambodia, Bangkok in Thailand, Kuala Lumpur in Malaysia, and ending in Singapore. Although this plan held some benefits for Nanning and the ASEAN, there was no follow-through.

The citizens of Laos are not as enthusiastic as their Deputy Prime Minister about the plans. The construction of the rail requires many Laotian residents to leave their homes. They may be compensated, but nothing is definite, and compensation requires many Laotian residents to leave their homes. They may be compensated, but nothing is definite, and compensation would not change the fact that all of those people will have their lives completely changed. Many of the citizens are farmers, so loss of their homes will include loss of land, which would be detrimental to their income. Laos could become a transit country as a result of the rail because the trains would cut through the country to get to desirable locations such as Bangkok and Singapore (Montlake, 2011). This point raises another issue: using Laos as a connecting country could create another issue: using Laos as a connecting country could create
a lot of sound pollution. All of these changes would have large effect on the life styles, traditions and culture of Laos. China has its own agenda, some of which matches up with the goals of the ASEAN countries, but some of which does not. China’s main interest is in gaining control of the high-speed rail system, and its plans do not necessarily consider how the building of this rail will affect individual people in other countries. Laotian common people may endure many hardships without many promises for benefits.

Laos does not seem to gain much, but some positive impact can be seen for the people. Laos is hoping that the train stop in Boten will bring back tourists and increase the number of jobs in the city. Boten has become a ghost town ever since the casino shut down in 2010. Another possibility is that if Laos is a bridge to other travel destinations, travelers might use it as a place to rest. Travelers might spend the night at a hotel or eat at a restaurant while waiting for the next train. There is even the possibility that more travel through the country would increase the number of tourist attractions available. Many jobs would possibly be created either on the train or with new businesses in Laos due to increased tourist traffic.

The high-speed rail would help government officials and the business class the most with trade and travel. The common people would be put at more of a disadvantage due to displacement and lack of funds to use the train. The rail construction in Laos would create a lot change for the people, for the better or worse.

Thailand
The next country the rail is planned to pass through is Thailand. In August 2010 it was announced that Thailand’s Prime Minister, Suthep Thaugsuban, was planning to invest in the country’s first high-speed rail line, and that Thailand was going to be included in the connecting train from Laos into Malaysia. China promised to increase rice trade with Thailand and promote the country as a vacation spot for Chinese tourists so that they would be allowed to build the rail though Thailand. This is good for the Chinese considering that “in 2008 Thailand ranked 13th among over 180 countries and 4th in East Asia in the ease of doing business” (Gupta, 2011).

Unfortunately, the Kunming-Singapore rail plans were stopped by Thailand’s new Prime Minister, Yingluck Shinawatra. The original construction plans included a 625-kilometer segment to connect Bangkok to Nong Khai, which borders Laos. The second section of train planned for construction has the length of 980 kilometers, from Bangkok to Padang Basar, which borders Malaysia. China’s original agreement with the previous Prime Minister of Thailand also included a $400 million investment and engineering expertise in high-speed rail construction. The new Prime Minister, Shinwatra, decided that this was not necessary due to the delay of building the rail though Laos. Shinawatra’s new plan is to extend three lines from Bangkok to the north, northeast, and south to improve travel within the country. She said the high-speed rail connection to Laos and Malaysia will be revisited later (Skulpichetrat, 2011).

Malaysia and Singapore
The rail line connecting Malaysia to Singapore is planned to have many positive results. The Kuala Lumpur-Singapore line will shorten travel time from 7 hours down to just 90 minutes, which will make daily travel more possible. By providing the ability to commute between the two countries, the rail line will likely increase the number of commuting workers. Since travel will be easier, the property values and rental values are expected to increase in Malaysia. Tourism in Malaysia has risen from 5.2 million visitors in 1997 to 24.6 million in 2010. In Singapore, tourism has risen from 10.2 million visitors in 1997 to 11.6 million in 2010. The tourism rates have increased considerably in both countries over the past decade and the high-speed rail is expected to further the rise. Singapore is becoming over populated with businesses, and space is difficult to find for new operations. Businesses would be able to shift to Malaysia for more space and lower operation costs. Such a shift of businesses would also benefit Malaysia with an estimated Gross Domestic Profit increase of 6.5% (Rahman, 2011).

Vietnam, Cambodia, and Myanmar
China’s plan is to have three lines: one though Vietnam and Cambodia, another through Laos and Thailand, and final line through Myanmar. The remaining ASEAN countries are not officially on board with the Kunming-Singapore high-speed rail network proposal. There have been discussions among the countries of connecting the line between Vietnam and Cambodia. The Transportation Minister of Vietnam, Dinh La Thang, believes that the high-speed rail construction is not financially sensible for the country. Vietnam is focusing on restoring current rails intra-nationally.

Another issue that is prolonging the construction of this high-speed rail is the conflict between Cambodia and Thailand. These two countries have always had a rocky relationship. Recently the conflict arose from the Thailand government offering the position of Cambodian Advisor to Thaksin Shinawatra, who had been sentenced to two years in prison. The Cambodian Prime Minister is infuriated by alleged hypocrisy in the Thai government. The line from Aranyaphrathet, Thailand to Sisophon, Cambodia is essential for completion of the South-East Asian train network in order to connect the existing train lines. China has a great deal of power over Myanmar, though,
so it is thought that there should not be much trouble getting them involved with the Trans-Asian high-speed rail system (Thailand-Cambodia, 2011).

Conclusion
The Kunming-Singapore high-speed rail line has the potential to further ASEAN’s goal of unity among the Southeast Asian countries; however, it may have several negative repercussions on the countries involved. The new rail could bring overall improvement to the countries involved despite some discouraging disagreements among some of the countries. Tourism would likely increase and in return would generate a thriving economy due to the transportation integration. The line would also assist with the China-ASEAN Free Trade Area by creating easy migration flow throughout the region and into China.

References


