

Chiang Mai Centred Subregional Development: Chiang Mai-Kunming Axis

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Abstract

Through the initiative of the Northern Thai Chamber of Commerce and local politicians the Economic Quadrangle was established in 1992. This sub-regional organization is comprised of four Mekong riparian countries: Southern China or Yunnan, Laos, Myanmar and Northern Thailand. The success of this project has resulted from the new strategy of China during the Post-Cold War period to open up its economy to the outside world and readily accept foreign investment in numerous business sectors. Having been given considerable autonomy in developing cross-border trade, in line with the national policy of export-led growth, Yunnan's investment policies and related regulations are evolving and earlier difficulties regarding the imposition of numerous charges on foreign firms have been removed. In 2000, the representatives of the Chambers of Commerce of the Economic Quadrangle established the Joint Economic Quadrangle Committee whose aim was to strengthen cooperation in trade and investment as well as other aspects of economic development of the region.

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To conclude, decentralization of decision-making in Thailand and Southern China during the 1990s paved the way for sub-regional cooperation among Mekong riparian states. The private sector in participating regions are playing a significant role in promoting sub-regional development with the support of their own governments and international financial institutions like UNDP and ADB.

1. Introduction

After the communist victory in China in 1949 and the growing strength of communist forces in North Vietnam, Cambodia, Laos, Myanmar and the Philippines; Thailand strengthened its security ties with the United States and joined SEATO (Southeast Asia Treaty Organization) in 1954. This further consolidated anti-communist sentiment and activities in Thailand. Moreover, Thailand's staunch policy against communist neighbors has led to hostility between the countries in this sub-region.

The Thai government was strongly anti-communist and tried to suppress Thai communists who enjoyed strong support from China, Laos and Burmese communists in the Shan state area. Transportation lines and diplomatic relations between these countries were cut off. Legally, from 1945 until the late 1980s, the people in these border areas were not allowed to cross the border. Legal trade was not allowed because of the security issue.

This situation has changed tremendously during the last decade. With the improved relationships between Laos and China, the decline and demise of Thai and Burmese communist forces, and particularly the improved relationships among China, Thailand and Myanmar; attempts have been made to establish and develop all-round ties among these four countries (Thanet, 1994).

With the initiative of the Chiang Rai Chamber of Commerce, the Chiang Rai Governor, some leading groups of the mass media and particularly

local politicians who have close connections with cabinet ministers who have their own business in the northern area, the establishment of the Economic Quadrangle has been realized. Obviously, the growth of tourist-related businesses in Chiang Rai and other neighboring areas would not only benefit individual businesses but also help strengthen economic, environmental, and cultural cooperation in the sub-region. Preservation of natural resources along the Mekong River together with the elimination of narcotics and transborder crimes, such as human trafficking, are examples of such cooperation (Kosum, 1995).

The objective of this paper is to describe how Thailand and her neighboring countries along the Upper Mekong River started their economic cooperation. The readiness of China after her southward foreign policy and decentralization within the country together with the initiative of local Thai Chambers of Commerce in the Northern Region has improved trade cooperation between the two countries and paved the way for a navigation agreement and further trade and investment in Northern Thailand and in Kunming. This type of initiative can enhance understanding among countries along the Mekong River who were enemies during the Cold War period.

Data and materials were mostly collected from newspapers, journals, books and web-sites concerning trade and economic cooperation during the last decade. The main objective of this paper is to provide information about local initiatives and present economic activities along the Mekong River Basin.

2. General Information about Yunnan

Yunnan Province is located in southwestern China and is the eighth largest province in the country. With a total area of 394,000 square kilometers or 4.1 per cent of the country's landmass, Yunnan shares 4,060 kilometers of border with Myanmar, Laos and Vietnam. The border with Myanmar spans nearly 2,000 kilometers, while the Yunnan-Lao border covers 710 kilometers

and the portion with Vietnam extends 1,350 kilometers. Overland connections with these countries are well developed with 20 roads connecting Yunnan with its three neighbours.

Yunnan has a diverse population of over 42 million people. Fifty-one ethnic minority groups inhabit Yunnan, 15 of these are indigenous to Yunnan. Ethnic minorities comprise around 14 million of the province's total population. Some of the main ethnic groups are the Bai, Hani, Dai, Lisu, Wa, Lahu, Naxi, Jingpo, Bulang, Pumi, Nu, De'ang, Dulong and Jinuo. The various languages, traditional dress and customs create a fascinating microcosm of cultural diversity. Yunnan is well endowed with natural resources. Over 24 per cent of the province is covered with forests, and 39 per cent of this is pine. As a result, Yunnan has an estimated 1.2 million tons of pine resin available for various industrial uses. The province contains six major river systems comprised of over 600 rivers. The extensive river systems and variations in elevation offer Yunnan massive hydropower potential with an estimated potential of 90 million kilowatts of power. The Manwan Hydropower Station has an installed capacity of 1.25 million kilowatts. Another major natural resource in Yunnan is coal, which serves as the leading form of energy used in the province. Yunnan's estimated coal reserves amount to 67 billion tons, with 23 billion tons already proven. A total of 76 per cent of the reserves are brown coal, and 21.6 per cent are bituminous.

Yunnan has 16 prefectures and 126 counties. Eight of the prefectures have the status of ethnic minority autonomous prefectures. The three main cities, Kunming, Qujing and Yuxi, are also classified as prefectures and fall under the jurisdiction of the provincial government. Yunnan contains three national development zones; Kunming Dianchi National Tourism and Vacation Zone, Kunming Economic and Technological Development Zone, and Kunming Hi-tech Zone. Additionally, there are 22 development and holiday zones at the provincial level.

The economy of Yunnan grew rapidly throughout the 1990s. With growth rates reaching 10 per cent for ten consecutive years, Yunnan's GDP is now the seventeenth largest in China. Much of the progress has been facilitated by rapid industrialization. The core industries are tobacco, machinery, metallurgy, agricultural products, chemicals and building materials. Agriculture is still the base of the provincial economy. Major crops include rice, corn, wheat, beans, tobacco, tea, sugar cane, rubber, vegetables, and fruits.

Yunnan, like the rest of China, has gradually liberalized its economy and has reaped substantial benefits from opening up to the outside world. Through its policy of open border cities, international trade has flourished in Yunnan, especially with neighbouring countries. International trade reached US \$ 1.03 billion in exports from Yunnan and US \$ 625 million in imports. Major import items include agricultural products, tobacco, technology, and equipment. Most imported goods originate from Myanmar, the United States, Germany, Hong Kong, the United Kingdom, and Japan. Yunnan trades actively with its border neighbours; Laos, and Vietnam; but Myanmar is the main border trade partner, accounting for 80 per cent of border trade, while Vietnam and Laos each make up 10 per cent.

As a part of its policy of opening to the outside world, Yunnan has invested heavily in development of infrastructure. Being landlocked, Yunnan has to rely on developing extensive land connections with its neighbours in order to conduct trade and facilitate communications. There are ten national land ports in Yunnan, ten provincial land ports, and 80 outlets for cross-border trade.

Traveling by road is made easy in Yunnan by a vast network of roads that span over 76,900 kilometers. There are over 1,500 kilometers of grade 2 highways or better. The highway system links Yunnan with the surrounding provinces of Sichuan, Guizhou, Guangxi, and Tibet, along with neighbours, Myanmar, Laos, Vietnam, and indirectly, Thailand. Under the Five-Year Plan

which ended in 2001, the province was busy upgrading and extending six trunk highways that link Yunnan to neighbouring provinces and countries. By 2005, a complete highway system will connect Yunnan to Bangkok, Thailand and Yangon, Myanmar.

Yunnan has 2,076 kilometers of railroad and a new rail link is under construction between Neijiang and Kunming. Yunnan will eventually be a part of the proposed pan-Asia railroad, a project that is intended to link all the countries of Southeast Asia by rail. In 1998, the railways in Yunnan carried 31 million tons of freight and nearly 13 million passengers.

Currently there are 10 airports in Yunnan, the major one being Kunming International Airport with an annual passenger capacity of 10 million passengers. The other nine airports, located throughout the province, are domestic.

Rivers are also an important means of transportation in Yunnan. Over 1,300 kilometers of rivers are currently used for transportation, and altogether there are over 8,000 kilometers of navigable waterways. The main water ports are in Shuifu, Sujiang, Jinghong, Simao and Dali.

A key factor leading to increased access to the region is an agreement signed by four countries to open up the Lancang-Mekong River for commercial purposes. In April 2000; China, Laos, Myanmar, and Thailand signed an "Agreement on Commercial Navigation on the Lancang-Mekong River". This agreement, which took effect in 2001, is intended to develop the river as a major means of international passenger and cargo transportation in the Greater Mekong Sub-region (Asian Development Bank, 2000). Telecommunications in Yunnan are continually improving and expanding. The telecommunication network utilizes advanced digital fiber optics and other high-tech components such as satellites. As of 1998, there were over 3 million telephone lines and nearly 2 million users. Mobile telecommunications are also widely available through the GSM system (United Nations ESCAP, 2002).

Yunnan has opened up its economy to the outside world and readily accepts foreign investment in numerous business sectors. Yunnan is also committed to closer economic cooperation with the other Greater Mekong Sub-region countries. Many of the province's investment policies and related regulations are relatively new and therefore still evolving. Some earlier difficulties with government agencies imposing numerous charges on foreign firms have been removed, due to a firm commitment by the province to wipe out corruption.

2.1 Institutional and Support Network: Public and Private Sector Organizations

At the end of 1999, foreign investment in Yunnan totaled US \$2.54 billion in approved projects and US \$1.22 billion in contracted and actual investments. Over 1,850 foreign investment enterprises from 41 countries and territories were in operation in 1999. Yunnan's main foreign investors include the United States, Singapore, Thailand, Japan, France and Canada. It also receives substantial investment from Hong Kong and Taiwan. Most foreign firms enter into joint ventures in Yunnan. Only 28 per cent of the foreign firms in the province are 100 per cent foreign-owned (www.invest-yunnan.com).

Government Organizations and Agencies

The administrative structure of the Yunnan Provincial Government is rather elaborate, therefore only the government agencies that investors are likely to deal with are presented here.

1) The Office of Foreign Investment Affairs (OFIA) was established in 1997 to enhance and facilitate foreign investment in the province. Its main functions include:

- Implementing foreign investment policies and measures determined by the Yunnan provincial Party Committee and the Provincial Government

- Coordinating relations between the province and the external environment
- Serving as the leading coordinating agency for provincial and local government agencies and administration with foreign funded enterprises
- Scrutinizing and approving foreign investment applications

2) Yunnan Provincial Foreign Investment Service Centre provides numerous services to foreign investors. Its services cover three broad areas: legal advice for businesses, investor services, and information supply.

3) Yunnan Provincial Complaint Centre for Foreign Funded Enterprises seeks to uphold the rights of foreign investors and to facilitate the set up and smooth operation of their businesses. The Centre can also serve as an arbitrator between disputing parties.

Chamber of Commerce

The Yunnan Province Chamber of Commerce is a non-government organization for industrial and commercial entrepreneurs. Despite its NGO status, it is a part of the Yunnan Committee of the Chinese People's Political Consultative Conference. The Yunnan Province Chamber of Commerce has 34,000 members in more than 20,000 private enterprises. It performs several functions to enhance the business climate throughout the province and the region. Firstly, it participates in economic and social decision-making that affects the province through its involvement in policy formulation and regulations. Secondly, it protects the legal interests and rights of its members and acts as a channel of communication to government authorities. Its third area of activity is providing services for its members, such as information, technology assistance, training, and advisory assistance in various facets of business. Fourthly, it promotes cooperation between foreign and local companies and fosters relations with other

chambers of commerce in Southeast Asia, particularly those in the Greater Mekong Sub-region.

2.2 Main Opportunities for Investment

Investment is welcomed in most sectors of the economy and from all nationalities. A major source of investment in China is from overseas Chinese and from Taiwan, Hong Kong and Macao. The State Council produced the provincial "Regulations on the Guidance of Foreign Investment" and the "Guiding Catalogue of Industries for Foreign Investment". However, the Yunnan government promotes the following selected sectors and activities for foreign investment:

Infrastructure

- Development and operation of local railways and related bridges and tunnels
- Construction of highways, bridges and tunnels
- Development and operation of civil aviation airports
- Development and operation of hydropower stations and thermal power stations with a capacity of 300 MW or more

Agriculture and biological resources

- Cultivation and processing of tropical cash crops
- New varieties of commercial plants and fruit trees
- Investment in nurseries, plantations, and processing plants
- Developing post-harvest technology
- Livestock rearing and processing

Minerals

- High density phosphorous compound fertilizers, food and feed additives and other refined chemicals

- Iron and steel activities
- Nonferrous metals

Tourism

- Development of national and provincial tourist destinations and scenic spots
- Construction of recreational facilities in vacation zones

Technology

- Development of new high technology
- Upgrading of conventional industries through applied high technology

Environmental protection

- Recycling industrial waste products
- Equipment for urban sanitation
- Pollution control and equipment

3. Cross-Border Trade under Quadrangle Cooperation

In 1993, the First Kunming Export Commodities Fair was jointly organized by Yunnan, Sichuan, Guizhou, Guangxi, Tibet and two municipalities of Chongqing and Chengdu. These areas are home to a population totaling 225 million. The theme of the fair—"Face to Southeast Asia, Go to the World"—is an indication that the provincial governments concerned regarded increased trade with Laos, Thailand, Myanmar, Cambodia and Vietnam as essential to their economic success. Trade between Yunnan and its neighbours has a long history. In former times, the ancient Southern Silk Road linked Yunnan with India through Myanmar in a lucrative trade which included textiles, jade and other precious stones, medicinal herbs, opium, and tea. Other traditional trade routes reached

south, into Vietnam and Thailand. The boom in Southeast Asia, particularly in Thailand before the economic crisis in 1997, has provided a golden opportunity for Yunnan, traditionally one of the poorest and most remote provinces of China, to market its products and buy raw materials. The Trade Fair represents an ambitious attempt to seize this opportunity.

The present Chinese strategy of export-led growth has its origin in an experiment initiated in Guangdong. In 1978 Guangdong producers were encouraged to cater to neighbouring Hong Kong people's tastes for meat, fruit and fish. This was a distinct departure from the Maoist 'grain first' approach to rural production. The experiment was a success, and in 1984 the policy was introduced nationwide under the slogan: "Trade-Industry-Agriculture". However, all provinces were not equally well placed for access to international trade. Guangdong, located so close to Hong Kong was especially well situated. That is why Sichuan, Guizhou and Guangxi, provinces without seaports and those located far from international borders, were keen to combine forces with Yunnan in the trade fair.

In Yunnan, there has recently been a spontaneous growth in cross-border trade with Myanmar, Laos and Thailand. This has been accelerated by the economic reforms in China with accompanying relaxation of border controls, the economic boom in Thailand, and the expansionary forces this has set in motion. Also affecting economic reforms has been the removal of Soviet support for Laos, which has forced the Lao government to seek closer economic relations with its neighbours. At the same time, China has capitalized on the need of SPDC-the present ruling junta in Rangoon-for armaments and international credibility, to successfully promote its military and economic interests across the border into Myanmar.

During the last decade, there has been a great deal of raw commercial energy in both China and Thailand. This has yet to be converted to sustained

economic achievement. This is partly because roads, rail and riverine routes are still primitive, but there are less tangible factors. These include a residual wariness born of decades of confrontation through the Cold War, bureaucratic conservatism in both Thailand and China, confusion regarding laws and procedures governing customs and immigration, and sheer lack of information about markets and products in the region. The Trade Fair represented an imaginative attempt to overcome some of these impediments.

3.1 Regionalism within China: The Role of Yunnanese Township Enterprises

Most of the exhibits at the fair were presented by Township Enterprises. A Township Enterprise is run by a township government. Townships are subdivisions of counties and comprise approximately 5000-10,000 people in a number of villages. Township Enterprises were originally instituted in 1978, to absorb labour released from agricultural production after decollectivization. They are essentially small rural industries which produce a great variety of goods. In rural Yunnan, food processing is probably the most common activity - processing tea, packaging honeyed walnuts, making buckwheat crisps, refining sugar, producing oil from rape seed and brewing beer.

The subdivision of the fair into exhibits from different provinces, prefectures, and counties was a reflection of a regionalism which has been accentuated by recent changes in government policy involving a devolution of fiscal policy and economic responsibility. This has had both positive and negative effects. On the positive side, local authorities have been given much greater latitude to raise capital. Yunnan province, for example, has been dealing directly with the Asian Development Bank without having to work through the central government (Asian Development Bank, 1993).

Another positive outcome is that local authorities have been given con-

siderable autonomy in developing cross-border trade. This is in line with the national policy of export led growth and follows the model of Guangdong's economic success. It is; however, unlikely that provinces like Yunnan will ever be granted as many inducements and incentives as Guangdong. Nevertheless, border counties have been allowed to retain a fair proportion of the customs and excise revenue they collect. In one case, a designated official cross-border post (Mengla) has been allowed to retain all revenue in order to boost trade with Laos.

On the negative side, devolution has meant that the central government has cut the funds it allocates to provinces, leaving it up to the provinces to raise the lost income. The provincial authorities have little option but to increase taxes in order to pay for a wide range of social services which are still largely intact from the pre-reform era, but without the large subsidies from Beijing they once received.

3.2 Cross-Border Trade

To promote trade in the poverty-ridden border districts of China and Vietnam, the railway linking China's Guangxi and Yunnan with Vietnam was reopened even before the boundary treaty ratifying the land border between the two countries was signed in December 2000. In addition, toll-roads are being built between the two countries. China is also planning to help the Lao Government build a road connecting the ancient royal capital of Luang Prabang to Yunnan's provincial capital of Kunming, which on completion, will become a stretch of the planned Pan-Asian Highway joining Singapore to Beijing. China's participation in the Mekong Development Project entitled "Greater Mekong Sub-Region or GMS" as a dialogue partner with Myanmar, Thailand, Vietnam, Laos and Cambodia, as well as with the United Nations and the Asian Development Bank, allows it a major say on the improvement of transportation, hydroelectric

generation, environmental management, and commerce along the Mekong River.

For the purpose of promoting and regulating legal trade between the border provinces of China, Laos, Thailand and Myanmar; the governments of the four countries decided in 1993 to construct two highways linking Kunming with Chiang Rai in northern Thailand. One highway passes through Kengtung in Myanmar, and the other through Luangnamtha in Laos. Both highways are expected to be completed by 2004 (Asian Development Bank, 2000).

3.3 Joint Economic Quadrangle Committee (JEQC)

On October 3, 2000 in Chiang Mai, Thailand, Laos, Myanmar and Yunnan Province initialed a Letter of Understanding and Cooperation. Based on this agreement, representatives from the four chambers of commerce decided to establish the Joint Economic Quadrangle Committee or JEQC with the aim of promoting exchange between the chambers of commerce in the quadrangle region as well as strengthening cooperation in trade and investment.

A summary of the role of JEQC is as follows:

- JEQC will organize the activities of trade, economic and trade talks, and commodities fairs that will be held in each country on a rotating basis.

- * JEQC will guide and promote investment in each member country by the other three countries, either through wholly-owned enterprises or joint ventures. Chambers of Commerce will support such investment and will provide to the investors assistance and services such as supply of detailed information of investment environment, law and policies, and assistance in selecting a reliable partner.

- * JEQC will assist investors in completing the necessary formalities for setting up " an enterprise and will expedite solutions to problems that the investor encounters in setting up or operating an enterprise.

- * JEQC will train and coordinate the exchange of personnel as well as human resource training courses.

According to its 2003 Year Plan, JEQC is promoting conferences and seminars of business clusters among JEQC members as well as exchange visits. Chiang Mai, Thailand was chosen as the temporary Office of the JEQC Secretary General for two years. JEQC has increased its number of meetings to twice a year. Financial assistance to cover office expenses will be raised from both government and private organizations including international agencies such as ADB, ESCAP and Hamwerkskammer Hamburg. The Web-site and magazine of JEQC will be a source of income to support office activities.

4. Impact of Cross-Border Trade on Cross-National Crimes and Migration

As part of China's defense of the difficult mountainous terrain at its borders with Myanmar, Laos, and Vietnam; Chinese border guards are conducting joint patrols and exchanging intelligence with the military forces of these countries to combat common threats such as illegal migration, drug trafficking, smuggling and guerrilla activities undertaken by ethnic minorities fighting against their central government.

Illegal migrants are mostly men who engage in cross-border trading, smuggling, and, in northern Myanmar, the cultivation of opium on idle land. They also produce amphetamine pills in jungle factories and sell them in neighboring countries, especially Thailand. On the other hand, many women from Myanmar, Laos, Cambodia, and Vietnam are lured to China to become the wives of farmers or prostitutes in city brothels. The number of illegal migrant women is expected to rise. In the past three years alone, 1,400 Vietnamese women were reported to have been abducted to work as prostitutes in China. China is trying to patrol the border in such a way as to deny safe sanctuary for ethnic-based guerrilla groups engaging in subversive activities against the governments of Myanmar, Laos or Vietnam. To raise funds for their activities,

many of these insurgent bands are also engaged in the trafficking of narcotics from the so-called "Golden Triangle" into Yunnan and beyond. This has led to a significant rise in the number of drug addicts in China. To interdict this traffic, the Yunnan and Guangxi authorities have been working with Myanmar, Laotian and Thai law enforcement agents to try and capture drug tycoons and smugglers operating in the area. The U.S. war in Afghanistan has disrupted a major heroin trade route from the Near East to this part of the world. China needs more cooperation from her GMS partners in the fight against this influx of "new opium".

The rapid increase in cross border trade as well as the social and cultural links between Yunnan and Thailand has contributed to a significant increase in cross border migration of Chinese women into Thailand in recent years. Generally, they need the assistance of traffickers to facilitate their travel through the Shan state of Myanmar. Some enter Thailand as tourists and use forged documents to travel to work in third countries such as the U.S., Europe and Australia. Studies and research concur that Thailand has become a "major hub" for trafficking of women and children from southern China, Myanmar, Laos and Cambodia for sex work and other labour purposes (Kobkun, 2002).

5. Economic Quadrangle under North-South Corridor Framework of Greater Mekong Sub-region

Since 1992, the six member countries of the GMS, namely, Cambodia, Laos, Myanmar, Thailand, Vietnam and the Province of Yunnan, have actively participated in a comprehensive program of economic cooperation which is called GMS (Greater Mekong Sub-region). This program, supported by the Asian Development Bank (ADB), now covers eight sectors which are: transport, energy, telecommunications, environment and natural resource management, human resource development, tourism, trade and investment.

Some examples of significant progress achieved under the GMS Program are as follows:

1) Infrastructure: Three high-priority road projects have advanced toward implementation:

- Phnom Penh-Ho Chi Minh City Road Project linking Bangkok, Phnom Penh, Ho Chi Minh City and Vung Tau in Vietnam.

- East-West Corridor Project linking Thailand, Laos and Vietnam.

- Chiang Rai-Kunming Road Project or North-South Corridor which will upgrade important sections in Yunnan and in Thailand.

2) Energy: The GMS countries have established a regional power market and transmission grid system.

3) Telecommunications: Important connections for the planned backbone transmission network for the sub-region have been established.

4) Tourism: The promotion of the GMS as a single tourist destination has become a highly successful and continuing activity. The quadrangle area, especially the Mekong/Lancang River, has huge potential in terms of tourist attractions. North-South flows of tourists in the GMS and tourist routes that utilize overland, aviation, and waterway routes in the North-South direction are recommended.

5) In the areas of trade facilitation and investment, the GMS countries agreed to closely cooperate on simplifying and harmonizing customs procedures for cross-border trade. In investment, activities are planned to harmonize investment promotion policies across the GMS countries and to formulate joint investment promotion and marketing strategies. The GMS Business Forum has been established to promote private sector support in the GMS Program, and to serve as a mechanism for dialogue between the GMS governments and the private sector.

A significant amount of resources has been mobilized for sub-regional projects by the ADB, donor agencies, and the GMS countries themselves. ADB has provided US \$772 million in loans and mobilized US\$234 million in co-financing for ten priority sub-regional projects. Technical assistance grants amounting to US\$42 million have been extended and US\$13 million worth of co-financing for 32 priority sub-regional activities has been raised (Asian Development Bank, 2000).

Economic Corridor Development

An economic corridor is a geographically designated area that facilitates the transnational movement of goods, services, finance, people and information.

The East-West Corridor linking southern Myanmar, northern Thailand, southern Laos and central Vietnam has been selected as a pilot case for economic corridor development. Potential benefits in developing the East-West Economic Corridor include access to raw materials, both onshore and offshore, regional development and poverty alleviation, greater trade and investment, efficient use of economic space, and provision of a testing ground for new policies including the corridor concept itself. There is a medium-to long-term development strategy, where the public sector must play a catalytic role to facilitate private economic activity and sub-regional cooperation to alleviate poverty levels.

The North-South Corridor linking Yunnan Province, Laos, Myanmar and Thailand is the next economic corridor under the GMS Program. Specifically, this corridor links Chiang Rai in Thailand to Kunming via Laos and Myanmar. The North-South Economic Corridor development is clearly of interest to this quadripartite cooperation initiative.

6. Conclusion

Decentralization of decision-making in Thailand and Southern China during the 1990s has paved the way for sub-regional cooperation among Mekong riparian states. Private sectors in these states are playing a significant role in promoting sub-regional development with the support of their own governments and international financial institutions like UNDP and ADB. The role of states as major actors in sub-regional cooperation, particularly in economic groupings, is eminent under the Thaksin Shinnawatra regime in Thailand and under the new leader of China since he took power and after China entered WTO. Local Thai businessmen at present have full support from their prime minister to initiate new projects for further economic cooperation both under the Economic Quadrangle and GMS. The question remaining is how this cooperation will be able to benefit local Thai farmers who will be at a disadvantage because of the cheaper agricultural products from neighboring countries, especially since the bilateral trade agreement between Thailand and China now allows for zero import taxes for both countries.

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