

Chapter 2

The Mekong-India Economic Corridor

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1. Background

The economic integration of East Asia has been unprecedented in recent years and has given rise to the formation of international production/distribution networks in various sectors such as machinery, textiles and garments. The integration has been supported by various regional/sub-regional cooperation frameworks such as ASEAN, ASEAN+3, East Asia Summit, Greater Mekong Sub-region Economic Cooperation (GMS), Brunei, Indonesia, Malaysia, Philippines (BIMP) East ASEAN Growth Triangle and Indonesia, Malaysia, Thailand (IMT) Growth Triangle.

Among multiple policies supporting robust integration among East Asian countries, Free Trade Agreements (FTA) have been under spotlight since the start of ASEAN Free Trade Area in 1992. Furthermore, “Economic or Industrial Corridor” concept has attracted significant attention to effectively promote economic integration of the region. Economic or Industrial Corridors constitute state-of-the-art transportation infrastructure such as modern expressway and high speed railway transportation that connect major industrial agglomerations, modern Airports, Special Economic Zones and other industrial infrastructures alongside the route -with enabling policy frameworks. Advantages to businesses and industries along the corridor include benefits arising from smooth access to the industrial production units, decreased transportation and communications costs, improved delivery time and reduction in inventory cost. The ‘corridor’ is thus intended to develop a sound industrial base, served by world-class competitive infrastructure as a prerequisite for attracting investments and industries particularly manufacturing. Sub-regional development initiatives such as GMS has employed Economic Corridor concept and achieved significant progress in the construction of road networks and transportation regulatory arrangements.

Recognizing the importance of corridors, the Economic Ministers during a meeting of ASEAN+6¹ endorsed the idea of an East Asia Industrial Corridor (EAIC) to be studied by Economic Research Institute for ASEAN and East Asia (ERIA) as the model project for the integration of East Asia. EAIC is envisioned to be region-wide comprehensive development plan, affirming the importance of linking the infrastructure development and industrial development planning.

EAIC further aims to facilitate and enhance economic growth by linking economies in East Asia.. EAIC is envisaged to be realized through development of several inter-regional industrial belts such as the Delhi-Mumbai Industrial Corridor (DMIC), East-West Economic Corridor (EWEC)², Southern Economic Corridor², etc. EAIC is an umbrella project and as part of this project, an important component in integration of East Asia and EAIC is linking India with Mekong region. ERIA conceptualized a corridor named ‘**Mekong-India Economic Corridor**’ as a step towards this direction. The corridor based on Southern Economic Corridor alignment (Ho Chi Minh City-Phnom Penh-Bangkok) further extended to Dawei in Myanmar. Adding Dawei to this corridor links it with the Andaman Sea and connecting Mekong Region to India on its Eastern coast. Link to India is an important step towards realizing the potential for an East Asian Industrial Corridor.

2. The Mekong-India Economic Corridor

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

¹ Note: Ten ASEAN countries + six countries - People’s Republic of China, Republic of India, Japan, the Republic of Korea, Australia and New Zealand

² ADB, 2005

due to growing trade and investment linkages between India and Mekong countries. The share of total trade of India with Mekong countries has more than doubled in a span of 15 years. India has signed partial FTA with Thailand and Comprehensive Economic Cooperation Agreement (CECA) with Singapore. India's FTA with ASEAN was signed on 13 August 2009 and FTA with Malaysia as individual country is under negotiation and close to signing.

The corridor would provide opportunities to individual countries of Myanmar, Thailand, Cambodia and Vietnam to build a strong economic and industrial base and a world-class infrastructure. The emphasis of the corridor is on expanding the manufacturing base and expand trade with rest of the world particularly India. The corridor will enable these economies to further integrate and collectively emerge as a globally competitive economic bloc.

MIEC is expected to augment trade with India by reducing travel distance between India and MIEC countries and removing supply side bottlenecks.



Table 1: Distance Comparison between India and MIEC Countries (with and without MIEC)

Country	Approximate Current Travel Distance between India and MIEC Countries (Km)	Approximate Expected Travel Distance between India and MIEC Countries (Km)
Thailand	4,500	2,500
Cambodia	4,200	3,000
Vietnam	4,200	3,500

The secondary alternative for possible connection between India and Mekong can be through Southern Seaboard located in South Thailand on Andaman Sea and borders with Malaysia. The Government of Thailand is developing a Southern Seaboard Development Project (SSBD) in the region on the similar lines of Eastern Seaboard project. Thus a route through SSBD forms an alternative to the Andaman Sea for MIEC which can be accessed through Pak Bara Port. The details of possible connection between MIEC and SSBD are appended in Annexure 3.

3. Corridor Alignment and Influence Zone

MIEC corridor is conceptualized to be the region around the main highway connecting Vung Tau in Vietnam to Dawei in Myanmar passing through Ho Chi Minh City, Phnom Penh and Bangkok. The highway passes through three borders of (i) Moc Bai-Bavet (Cambodia-Vietnam); (ii) Poipet-Aranyaprathet border (Cambodia-Thailand); and (iii) Sai Yok-Bong Tee (Thailand-Myanmar). There is an existing road from Vung Tau to Bong Tee on Thailand-Myanmar border, after which there is only unpaved path till Dawei. In addition to several major cities it covers key towns - such as of Bien Hoa (in Vietnam), Battambang, Sisophon (in Cambodia), Chachoengsao, Prachinburi and Kanchanaburi (in Thailand).

This road alignment connecting major economic centres will serve as the main transport spine for the corridor. The **Influence Zone** for the corridor is considered to be extended up to 80-100 km on