

Commercial Transportation on the Mekong River

By Timothy Hamlin

May 2, 2008 – The Mekong River has provided a means of transportation for thousands of years. Recent efforts have focused on improving the commercial navigability of the water course, led to a large extent by China in the river's upper reaches, and the Asian Development Bank (ADB) in the lower Mekong. The ADB-backed Greater Mekong Subregion Economic Cooperation Program, the China-Thai FTA and the proposed ASEAN-China FTA are all major factors contributing to efforts aimed at increasing navigability. Modern transportation infrastructure is essential for economic growth, yet incredibly precarious if hastily implemented.

Transportation on the river is presently segmented by natural barriers. Shipments entering from the South China Sea can only travel slightly upriver from Phnom Penh with the Sambor Rapids and Khone Falls hindering travel upstream into Laos. Navigation of the Lancang Jiang, as the Mekong is known in China, began in 1990 when China deployed five barges on a mission to chart the river downstream to Vientiane, Laos.

The Economic Quadrangle Plan involving China, Laos, Myanmar and Thailand has further spurred development of the river as a commercial opportunity. China has initiated a program of dredging and removal of rapids, reefs and shoals in conjunction with plans for construction of a cascade of hydroelectric dams in Yunnan Province, several of which are already in operation. The stated goal is to eventually enable vessels of 500 DWT to ply the route between Simao Port in Yunnan and Luangprabang, Laos, with some twelve other ports in between.



Xiaowan, Manwan and other Lancang dams first and foremost aim to provide a cheap source of energy to fuel industry in Yunnan and elsewhere. In addition, officials maintain they will stabilize downstream water levels, decrease currents and increase depth of the river which will all improve navigability. These projects initially had a negative impact on water levels and decreased currents to the degree that silt accumulations blocked river channels, though China contends conditions will improve as the reservoirs reach capacity.

Campaigns to destroy natural rapids, reefs and shoals will have more lasting negative effects. The Mekong River boasts over 1300 fish species, many of which depend on these habitats for essential parts of their lifecycles. Plans to canalize the route will only further destroy the natural hydrology of the river. Critics also charge that very little concern has been extended towards greater pollution from increased traffic.

Thailand has responded to increased river trade by improving facilities at Chiang Khong and construction of a new port at Chiang Saen, now known as Chiang Saen 2. The original Chiang Saen Port was located in an area that constrained growth and its cultural and historic importance prevented drastic renovations, therefore an entirely new facility was constructed. Thai manufactured products are generally considered to be of better quality than those made in China, but as consumers around the globe understand, Chinese goods carry a powerful price point incentive. In China, Thailand has found an outstanding market for its wide variety of exotic fruits and vegetables. However, Thai farmers have already felt the impact of cheap garlic arriving from Yunnan, and they will continue to feel pressure until the markets equalize.

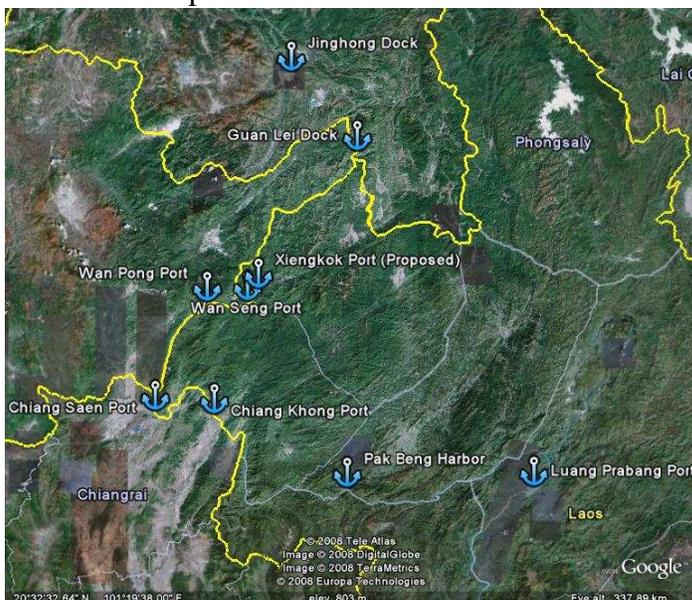
The long oil supply lines feeding the Chinese economy from Africa and the Middle East are viewed in Beijing as a strategic weakness. The majority of Chinese oil imports currently must pass through the Malacca Straits, a traditional trade choke point and favorite of modern pirates. In an effort to address these concerns, China has considered building pipelines across Myanmar and Thailand. The Thai project, which would have bisected the Kra Isthmus, now appears to be defunct, but the Myanmar option remains viable. In the meantime, China has utilized Thailand as a source of refined oil products for shipment up the Mekong to Yunnan.

Refined oil products shipped via the Mekong arrive at Yunnan's Guanlei Terminal of Jinghong Port. It is then distributed throughout the province via an onshore pipeline. Further efforts to secure petroleum supply lines are reflected in a recent agreement to develop a massive new port on the Burmese island of Ramree. In addition to serving as a traditional deep-water outlet for Yunnan's manufactured goods, it will work in tandem

with a proposed oil pipeline connecting the province to the Indian Ocean.

Myanmar and Laos have also ramped up efforts to benefit from increased river trade.

Myanmar's Wan Seng and Wan Pong ports are already entry points for cheap Chinese goods. China's Xishuangbanna Petroleum Company recently signed an MOU with a Lao



company to import diesel and gasoline via Laos. This has spurred speculation that the sleepy Mekong village of Xiengkong will be transformed into a modern port. Although China already imports oil products from Thailand, shipping diesel and gasoline via Laos is attractive due to lower costs.

China has provided considerable funding for upgrading Cambodian river ports as well as dredging operations in the Lower Mekong, and even for blasting a channel in the Sambor rapids to increase draft. These operations come in addition to Chinese offers for financial backing of future hydropower projects in Cambodia, several of which are already undergoing feasibility studies.

The main obstacle to river transport between Phnom Penh and Vietnam's Mekong Delta has been a lack of proper all-weather and nighttime navigation aids. This situation is now being rectified by the Mekong River Commission's Navigation Programme (NAP). Channel markers, buoys, beacons and shore marks have been installed to aid navigation and increase efficiency of river transportation from Phnom Penh to the South China Sea. Plans are also under consideration to dredge and widen the Hau River (Bassac) in the Mekong Delta to allow 10,000 to 20,000 ton ships to transit Tra Vinh Province. The Hau/Bassac splits from the Mekong mainstream at Phnom Penh and is a second major outlet to the South China Sea.

Economic growth is undeniably the driving force behind developments on the Mekong River. The implementation of modern transportation networks is clearly a necessary means by which to increase economic opportunity. There are however, a number of concerns regarding how this process has unfolded to date. The Mekong stands out for its incredible biodiversity and the massive population whose livelihoods depend on it. These factors make equitable development of this unique resource incredibly complex. There have been very few serious environmental or socioeconomic impact studies regarding Mekong navigation improvement. Hasty efforts to bring about regional integration could spell disaster for the very communities whose lives these projects aim to improve.

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