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NANNING-SINGAPORE CORRIDOR: A New Vision in China-ASEAN Cooperation

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China has been pushing for an economic corridor that runs from Nanning, the capital of Guangxi province, to Singapore. In the context of the China-ASEAN Free Trade Area, the proposed Nanning-Singapore economic corridor could become the backbone of Sino-ASEAN cooperation.

IN 2006, CHINA'S Guangxi government made a proposal to build a Pan-Beibu Gulf (Tonkin Gulf) Economic Zone. In the meantime, local leaders and experts in Guangxi outlined a grand scheme of regional cooperation between China and ASEAN. This scheme has been described as an M-shaped "One Axis, Two Wings" strategy for economic integration between China and ASEAN.

One Axis, Two Wings and "3-M" cooperation

Those proposals have received strong support from the central government in Beijing. The new vision includes the Pan-Beibu Gulf Economic Zone and Greater Mekong Sub-region (GMS) as the two wings and the Nanning-Singapore Economic Corridor (N-S Economic Corridor) as the axis. The three areas of cooperation -- Marine economic cooperation (Pan-Beibu), Mainland economic cooperation (N-S economic corridor), and the Mekong sub-region -- also all start with the letter "M".

The envisioned N-S Economic Corridor attempts to encompass South China and Indochina. In all, it will cover China, Vietnam, Laos, Cambodia, Thailand, Malaysia and Singapore while Myanmar and some ASEAN maritime countries such as Indonesia can be drawn in by extension. If properly constructed and managed, the N-S corridor could become the backbone of China-ASEAN economic cooperation. It could become a corridor for the flow of human resources, commodities, information, and capital. It will make multilateral cooperation possible in many fields such as trade, investment, tourism, ports, and economic cooperation along the borders.

Transport Infrastructure Already Largely in Shape

The N-S Economic Corridor connects big cities such as Nanning, Hanoi, Vientiane, Phnom Penh,

Bangkok, Kuala Lumpur and Singapore. It is the most convenient passage that connects China with Southeast Asia. The linear distance between Nanning, the capital city of Guangxi, and Singapore is about 3000 kilometers. If the two cities are linked by highways and railways, it will take only two days from Nanning to Singapore by land transport. The terrain that this corridor passes through is mostly plain and small hills, which makes it much easier to build the necessary transport infrastructure.

Now the railway from Nanning has been connected with Vietnam's North-South railway. From South Vietnam, the railway link can be extended into Cambodia, Thailand, Malaysia, and eventually reach Singapore. The sections from Nanning to the Vietnam-Cambodia border and from the Cambodia-Thailand border to Singapore have been completed and are now in operation.

Only the 300-kilometer stretch from Phnom Penh to Hanoi needs to be built from scratch. The railway tracks from Nanning to Hanoi have already been standardized. To make the N-S railway connection operational, the tracks in other sections have to be standardized to make them compatible with the Nanning-Hanoi rail tracks.

A highway connecting Nanning and Singapore is not a technically daunting challenge either. The highway between Nanning and Youyiguan (a Chinese city bordering Vietnam) has been connected to Vietnam's No.1 highway, linking the north and the south of Vietnam, which connects with the road network in Laos, Cambodia, and Thailand. The Nanning-Youyiguan highway had been completed in 2005 and the highway linking Nongkhai-Bangkok-Kuala Lumpur-Singapore also already exists.

At present, only 500 kilometers of road from the China-Vietnam border to Vientiane needs to be built or revamped. After finishing the entire expressway from Nanning to Singapore, it will be the most important transport passage between China and the Indochinese countries. Before this N-S highway is completed, the alternative road is from Central Vietnam's Vinh city to Laos' Vientiane or the section from Quangtri, a city in central Vietnam, to Savanakheth in Laos and then to Thailand's Khon Kaen.

This envisioned transport artery has been proven feasible. Jointly sponsored by China's National General Sports Bureau and the local Guangxi government, the China-ASEAN International Car Rally Race was successfully held twice, in 2006 and 2007 respectively. Drivers in the two races largely followed the routes of the N-S corridor.

A Backbone for China-ASEAN Relations

Seven out of 11 countries in the China-ASEAN Free Trade Area are located in the N-S economic corridor. The economic corridor will greatly promote China-ASEAN investment, trade, and tourism, as well as social and cultural exchanges in this region. It is likely to contribute to further division of labour in the industrial chains between China and ASEAN countries that is already taking place in some industries, in particular in the electronics industry.

With improved transport network, many of the labour-intensive industries in Guangdong that are now considering relocating their production may opt for the Indochina countries as their new manufacturing base. It will boost various service industries in all the countries that are involved. Consequently, it could contribute to the economic growth of those less developed countries in ASEAN, namely Laos and Cambodia, thus boosting further economic integration in ASEAN itself. This economic corridor can also link the two "wings" -- the Greater Mekong Sub-region and the Pan-Beibu economic zone.

Once the railways and highways between China and Singapore are built, it will take only about two days to drive from the China-Vietnam border to Singapore. Given the numerous excellent tourist attractions along the corridor, the tourism windfall could bring immediate economic benefits for all

countries involved. South China, in particular Yuannan and Guangxi, already receives millions of domestic tourists every year.

With convenient custom procedures, many of these Chinese tourists will be willing to extend their trips to Vietnam, Laos, Cambodia, Thailand, Malaysia and Singapore. Together with the tourists from Guangdong, Hainan, Hong Kong, and Macau, a large number of tourists will travel south every year. Similarly, many ASEAN tourists as well as those from other parts of the world are likely to travel along the corridor to China.

What can Singapore do?

Singapore should take an active role in building this corridor. On the N-S Economic Corridor, Singapore is located at the southern-most end. It also has the most dynamic economy in the region and should play a decisive role in the development and construction of N-S Economic Corridor. Singapore is a centre of world finance and shipping and service industries. It can play a leading role in the corridor, integrating the economic resources along the corridor and push for a rapid growth belt in this region.

If the N-S Economic Corridor is materialized, Singapore may use the Indochina peninsular and South and Southwest China as its economic hinterland. The construction and operation of the corridor will bring many business opportunities for Singapore which enjoys many advantages as compared to other countries involved in this project.

The Nanning-Singapore corridor may further reinforce Singapore's position as a regional transport hub. Many goods that are destined for Central or West China will no longer need to detour through the South China Sea to China's east coast.

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