

Rail plan may boost China's regional sway

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China has put its ties with other Asian nations on a fast track as it competes with the United States for influence in the region.

In recent weeks, US President Barack Obama visited Indonesia while US Secretary of State Hillary Rodham Clinton visited Cambodia. Around the time of these US visits, China's National People's Congress chairman Wu Bangguo visited Indonesia, Cambodia and Thailand, signing several deals with these countries.

"That both Hillary Clinton and President Obama have been on important Asian visits recently is an indication of the seriousness with which the US is treating the region and the effort the US is making to cement its influence," said Hugo Williamson, managing director of consultant Risk Resolution Group.

But unlike the US, China is offering its neighbours tangible benefits of alliance, such as high-speed railway and infrastructure investments.

China and Thailand are in advanced talks over a high-speed railway that will pass from southern China through Laos to Thailand, but the plan awaits full confirmation.

In October, the Thai parliament approved a framework for further negotiations with China on a high-speed railway in Thailand, the *Bangkok Post* reported. The plan would see China build rail lines in Thailand up to the Thai-Malaysian border, with trains running at 250 kilometres per hour. The project is estimated to cost US\$23 billion to US\$27 billion.

The first section to be built would be a link between Bangkok and Nong Khai in northeast Thailand on the Thai-Lao border, Thai Transport Minister Sophon Sarum told media this month. Sophon said this 615-kilometre section would cost 208 billion baht (HK\$52.93 billion).

Construction began on the section between China and Laos in October, according to China's Ministry of Railways' website.

The high-speed railway that will operate between China, Laos and Thailand in the next few years is part of China's long-term plan to have a high-speed railway from China all the way through Malaysia to Singapore.

In September, Malaysian Prime Minister Najib Razak proposed a high-speed rail link between Singapore and the Malaysian capital Kuala Lumpur, but this is yet to be officially approved by both nations.

The proposed high-speed rail link between China and Thailand will integrate other

Asean members with China physically and spread prosperity from the wealthier to the less developed Asean nations, said Pavin Chachavalpongpun, a Thai researcher at the Institute of Southeast Asian Studies in Singapore. "It will boost economic activity. More importantly, it will boost the tourism industry. This is a very effective way of promoting intra-Asean plus China economic activity," Pavin said.

Professor John Wong, an adviser and former director of the East Asian Institute in Singapore, said: "High-speed rail is suitable for Southeast Asia. It will shorten the time in moving people and goods."

A high-speed railway will have greater economic and social impact on the region than air travel because trains stop at multiple places, while air travel is just between two cities, Wong said. Air travel is also more expensive and transports fewer people, he said. "The problem is money and the cost. If China provides loans, that will help," Wong said.

China has expressed willingness to invest in a high-speed railway in Thailand. The scope of this investment was discussed during Thai Deputy Prime Minister Suthep Thaugsuban's visit to China in July, according to Thai media reports.

China and Thailand are ready to jointly invest in the proposed high-speed railway in Thailand, Thai Prime Minister Abhisit Vejjajiva told Chinese Premier Wen Jiabao at the opening ceremony of the 2010 Asian Games in Guangzhou on November 12, Thai media reported.

"China is now a capital-surplus country. It can provide economic aid and loans," Wong said.

The proposed high-speed railway pushed by China notably bypasses Vietnam but goes through Laos and Thailand to the Malaysian border instead. The Vietnamese government, meanwhile, is planning its own 1,570-kilometre high-speed railway between Hanoi and Ho Chi Minh City.

Vietnam will adopt Japanese high-speed rail technology for its project, which would cost US\$55 billion and take 10 to 15 years to build. A Chinese system would require a fraction of the cost and time, the *South China Morning Post* earlier reported.

"Vietnam is particularly conscious of its problems with China because of history and geography," Wong said. Over the past 2,000 years, China and Vietnam have often been at war, the latest being the Sino-Vietnamese war in 1979. Vietnam and China still have lingering territorial disputes over the South China Sea, which the Vietnamese call the East Vietnam Sea, Wong said. "In Vietnam, some quarters are still anti-China, but other elements are quite neutral. They want China's investment, tourism and trade."

China has said it may help in the construction of a 257-kilometre rail link between Phnom Penh and Ho Chi Minh City with an estimated cost of US\$600 million, according to media reports.

Then there is Cambodia, one Southeast Asian country where the US and China are

keenly fighting a "hearts and minds" campaign, Risk Resolution's Williamson said.

Cambodia is highly reliant on international aid, but Western aid comes with governance and human rights strings attached, which can be difficult for Cambodian leaders to stomach, he said.

"China, by contrast, has employed a no-strings-attached approach to its aid and support. This is a strategy China has successfully utilised in Africa over the last decade to gain influence, providing considerable aid and investment under a policy of political non-intervention, in contrast to the strict aid conditions Western countries enforce," he said.

In early November, Wu Bangguo met Cambodian Prime Minister Hun Sen in Phnom Penh, when the two nations announced a US\$1.6 billion deal on developing Cambodia's infrastructure over the next five years.

Within the next five years, Cambodia and China will have 23 joint projects, Cambodian government spokesman Khieu Kanharith told reporters, with initiatives funded by China to include dams, bridges and railways. Wu's visit to Cambodia came just days after Clinton's visit, when she urged the nation not to become "too dependent" on China.

Wu also visited Indonesia just days before Obama arrived there. On November 8, one day before Obama arrived, China signed US\$6.6 billion worth of deals with Indonesia in Jakarta, including infrastructure, energy and agricultural projects.

"It will be the biggest breakthrough for China if it can win the friendship of Indonesia as it is the biggest Asean country," Wong said.

In the past, Indonesia was the biggest obstacle for Southeast Asia to improve relations with China, partly because it feared it would lose foreign investment to China, he said.

During Suharto's rule from 1965 to 1998, relations between Indonesia and China were at best lukewarm because of China's friendly relations with Indonesian communists during the rule of Suharto's predecessor Sukarno, Wong said. Indonesia was the last Asean country to recognise China in 1990.

Pavin said: "China is rising and it would be crazy for Asean nations not to engage economically with it."