

# Languishing by a bridge over a troubled border

Big business booms on the link to Laos, but small operators are suffering *By Jeerawat Na Thalang*

**P**ichai Inno, a 59-year-old native of Chiang Khong in Chiang Rai, still vividly recalls the day that led to the construction of the fourth Thai-Lao Friendship Bridge.

On a sunny day in 1988, the late prime minister Chatichai Choonhavan wanted to cross the Mekong River, to meet a high-level delegation in Laos, on a large boat moored there.

With the border closed, Mr Pichai believes the meeting was one step in the process of allowing travel between the two countries.

At the time there were no checkpoints or immigration controls along the border, the Mekong River.

Chatichai's staff members were initially looking for a boat service from Chiang Khong to transport the leader.

Mr Pichai, who was then 31 years old, offered to transport the prime minister and five staff

members on his own small boat for the diplomatic mission.

"After taking them there, I waited in the boat for around one hour before the prime minister and his people came back," recalled Mr Pichai, a former village headman. "I don't exactly know what they discussed."

"[At the time] Chatichai was promoting his policy to turn the 'battlefield into a trade zone'. I assumed they had discussed the opening of the checkpoint."

About a year later, on Jan 27, 1989, the Thai and Lao authorities opened Buck Pier as a temporary border checkpoint for Thai and Lao people to cross the Mekong River. The pass connected Chiang Khong in Thailand to Ban Houayxay district, Bokeo province in Laos.

Five years later, in 1994, Buck Pier became a permanent checkpoint, offering a passport-stamping service for all nationalities. From

then, the area flourished and small businesses emerged to meet demand.

For two decades, Mr Pichai, along with other small boat operators, earned a good income offering their services to people crossing the Mekong River. Small guesthouses, vendors and restaurants also sprang up around the pier on the Thai side, from which the scenery of Ban Houayxay is visible.

But since the Thai-Lao Friendship Bridge opened in December 2013, small businesses have suffered.

Immigration checkpoints relocated from the pier to an area near the bridge about 12km north, meaning a far lower number of people visit the pier area.

Today, Buck Pier remains a checkpoint only for Thai and Lao passport holders. All other passport holders must go through the recently established Chiang Khong immigration checkpoint near the bridge.

While small local shops have closed down, larger-scale construction such as hotels and infrastructure such as new roads has emerged in their place.

"The small shops and boat operators at Buck Pier never thought the bridge would affect us badly," Mr Pichai said. "I thought it would be good for us."

## EMERGING CITY

Due to Chiang Khong's location, it is supposed to benefit from regional agreements such as the Asean Economic Community and Greater Mekong sub-regional trade pacts, according to

Romyen Kosaikanont, a lecturer at the School of Social Innovation at Chiang Rai's Mae Fah Luang University.

After the borders opened up, the provinces on both sides were set to enjoy better economic opportunities. Generally, border provinces enjoy higher economic growth than the country's average, Ms Romyen said, citing a study from the Thailand Development Research Institute.

In the past decade Chiang Khong, which was designated a Special Economic Zone last year, has seen a rapid change in terms of infrastructure and population.

"Chiang Khong is a new emerging border city," Ms Romyen said.



PHOTOS: JETARAS NARANONG

**HEAVY LOAD:** A ferry is set to carry bags of cement across the Mekong River in Chiang Khong. Before the bridge opened, it shipped a greater variety of goods between the two countries.



Chalongrat Charoensri, also a lecturer of Mae Fah Luang University, said that less restrictive border control has led to a greater flow of people. For example, Lao students often cross the border to pick beans on Thai farms during their three-month school break before returning home to study.

Additionally some Thais have moved just across the border, many marrying locals. "Many of them hold dual citizenship after marrying a Lao man or woman," Mr Chalongrat said.

"Also a number of Thai people who also carry Myanmar citizenship in the northern province went back to vote in Myanmar, when the general elections were held." >>

>> Chiang Khong's landscape has changed considerably with new construction as outside investors spot business opportunities. A four-lane road expansion from Chiang Saen to Chiang Khong was also built in anticipation of good economic conditions.

Despite the physical evidence of big development and infrastructure, Ms Romyen said other issues were affecting smaller businesses.

She said her research, sponsored by the Thailand Research Fund, concluded that as policy was coming from the top down, city management did not understand local people's needs at a grassroots level.

"Local municipalities still see themselves as just another step in the administration that has to respond to a top-down policy even though development can adversely affect them," Ms Romyen said.

"[In this case] they are an emerging border town and don't realise that they have specific needs.

"The local municipality hasn't caught up with the changes."

This appears to be at the core of the issue with the Thai-Lao Friendship Bridge.

Mr Pichai said authorities had only informed local businesses one day after the bridge had opened that the immigration service at Buck Pier would no longer operate for non-Thai and Lao people.

"We were not informed of this change before," he said. "Most people did not realise the impact this would have.

"Previously, local people thought the bridge would be a good idea. They did not realise that the bridge would change the flow of tourists and the behaviour of the visitors."

At 630 metres long and 14.7 metres wide, the bridge is located about 10km from Chiang Khong

District and about 12km from Ban Houayxay, Bokeo's provincial capital in northwestern Laos. It is connected to the R3A highway in Laos and Highway 1129 in Thailand.

The bridge was jointly financed by the governments of Thailand, Laos and China, along with the Asian Development Bank, in an effort to boost trade and development in the Greater Mekong Subregion.

But local guesthouses in Chiang Khong, par-



**CONCERNED:** Chiang Rai Chamber of Commerce vice-president Sa-nguan Sonklinsakul.

ticularly those targeting backpackers and walk-in tourists, have also noticed a downturn in trade.

Before the opening of the bridge, many backpackers would spend a night or two in Chiang Khong before crossing the river to Laos. Most did not want to cross the river at night.

"Now, many backpackers choose to travel straight across the bridge from Chiang Rai to Laos as the new immigration checkpoint is by the bridge," said Thitirat Rawan, a guesthouse operator in Chiang Khong. "They do not need to stay overnight in Chiang Khong."

Larger hotels survive as they team up with the operators from Bangkok or nearby provinces that organise group tours which include pre-paid accommodation, she said.

Big companies, such as CP Land, have set up hotels with more than 100 rooms to receive large groups.

## BRIDGE OF TRADE

Instead of attracting walk-in tourists and backpackers to the simple lifestyle of Chiang Khong, the new bridge has brought trucks and buses that carry produce from large companies in Bangkok straight to China.

The vice-president for logistics in the Greater Mekong Subregion at the Chiang Rai Chamber of Commerce, Sa-nguan Sonklinsakul, said companies can easily transport goods such as agricultural products and construction materials straight from Bangkok to China via the R3A route in Laos, connecting through Luang Prabang.

"More than 40 tonnes of frozen food is being transported via this route every day," he said.

The emergence of large companies from outside the province transporting goods has affected local entrepreneurs who used to transport fresh produce to Laos and China.

"Importers can bypass local suppliers because they can order produce directly from big companies in Bangkok," Mr Sa-nguan said.

Previously, small suppliers would ship produce from local suppliers to Laos via the car ferry

along the river.

But today, the ferry carries goods such as cement from local suppliers.

"Today we have to compete with big-time suppliers such as Tesco Lotus, which absorb the income from both sides of the river and the satellite cities of Chiang Khong," Mr Sa-nguan said.

## LITTLE BENEFIT FROM AGREEMENT

Pathompong Manohan is a lecturer for the International Development Programme which falls under Mah Fah Luang University's School of Social Innovation.

His research team has examined the impact of the Asean Comprehensive Investment Agreement on four industries: agriculture; retail; transport and logistics; and real estate, between 2009 and 2012.

In principle, the agreement provides certain benefits to member countries including lower tariffs and a more conducive investment environment. But the research found local industries had received little benefit from the agreement as it contained too many exemptions.

"Too many products are excluded from the agreement and it does not provide any advantage for local traders," Mr Pathompong said.

In addition, the situation is unpredictable as border guidelines are constantly changing.

A further blow is the Thailand Board of Investment's policy of assisting large-scale investment, leaving local entrepreneurs with small businesses to fend for themselves.

"The faces of new investors have changed. Most of them come from outside. If local, they are the nominees of foreigners," Mr Pathompong said.

Mr Sa-nguan shared Mr Pathompong's view. "Small-time investors do not benefit from the regional trade agreement because the rules and regulations are not conducive for us."

## PLEA TO REOPEN

Locals in Chiang Khong have called for the authorities to reopen the immigration service at Buck Pier for non-Thai and Lao people to rejuvenate small business.

"The bridge is there, we cannot change it," Mr Pichai said.

"But we would like the governments to let Buck Pier continue the passport stamp service to provide more options for tourists to cross the border."

Mr Pathompong said, "The government should listen to their calls for the resumption of the passport control at Buck Pier. The authorities should spread out the opportunities to local people. The sub-regional liberalisation should strengthen the local community instead of weakening it."

He said his research team believed Chiang Khong residents should assert their ownership of the city by defining its future identity.

"People should have a clear direction in regards to the kind of tourism or industries they want to promote in order to maintain the city's charm," he said. ■





PHOTO: JEEBAMAT NA THALANG

**THIS WAY PLEASE:** The new immigration checkpoint near the Friendship Bridge, where all people crossing the border other than Thai and Lao citizens must be processed.



**MAKING THE MOST OF IT:** Small businesses still engage in cross-border trade by boat, but operators say the opportunity to expand imports and exports has been limited.





**BEING IDLE IS NOT IDEAL:** Buck Pier and the businesses set up nearby have noticed a drop in tourism and trade since the bridge opened.



**HEYDAY IS OVER:** Boat operator Pichai Inno, 59, has seen business decline in recent years.



**CRUNCHING THE NUMBERS:** Romyen Kosaikanont from Mae Fah Luang University.





**STAMP OF APPROVAL:** The border pass at Buck Pier, which used to be the main crossing, now serves only Thai and Lao passport holders.



# SEZS, WHAT'S SO SPECIAL ABOUT THEM?

The northern part of Chiang Rai province, which borders Laos and Myanmar, is one of 10 new Special Economic Zones announced by the government.

The others lie in Tak and Kanchanaburi provinces, which border Myanmar; Mukdahan, Nong Khai and Nakhon Phanom on the Laos border; Trat and Sa Kaeo on the Cambodia border; and Songkhla and Narathiwat in the South, bordering Malaysia.

The Board of Investment wants to use the SEZs to promote business activities with neighbouring countries, capitalising on Asean Economic Community liberalisation and new logistics and transport facilities along the border.

Border trade currently accounts for 10% of Thailand's total exports and was projected to grow by 20-25% in 2015, according to the Board of Investment.

The special investment incentives are designed to attract more investment to the areas and, the Bol claims, promote

effective economic wealth distribution. The Bol believes they will provide an enhanced atmosphere for investors looking for opportunities in the region.

Thailand has identified 13 industries that stand to benefit from the SEZs: agriculture and fisheries; ceramics; garments, textiles and leather; furniture; gems and jewellery; medical equipment; cars and parts; electronics; plastics; pharmaceuticals; logistics; industrial estates; and tourism.

Companies operating any of those 13 target business activities will be offered maximum incentives through the Bol, including an eight-year corporate tax exemption, import duty exemption on machinery and raw materials, and an

additional 50% reduction on corporate income tax for five years.

Other incentives include double deductions from the costs of transportation, electricity and water supply for 10 years; an additional 25% cost deduction for installa-

tion or construction of facilities; and other non-tax incentives.

New one-stop service centres will also be set up to allow for faster licensing and

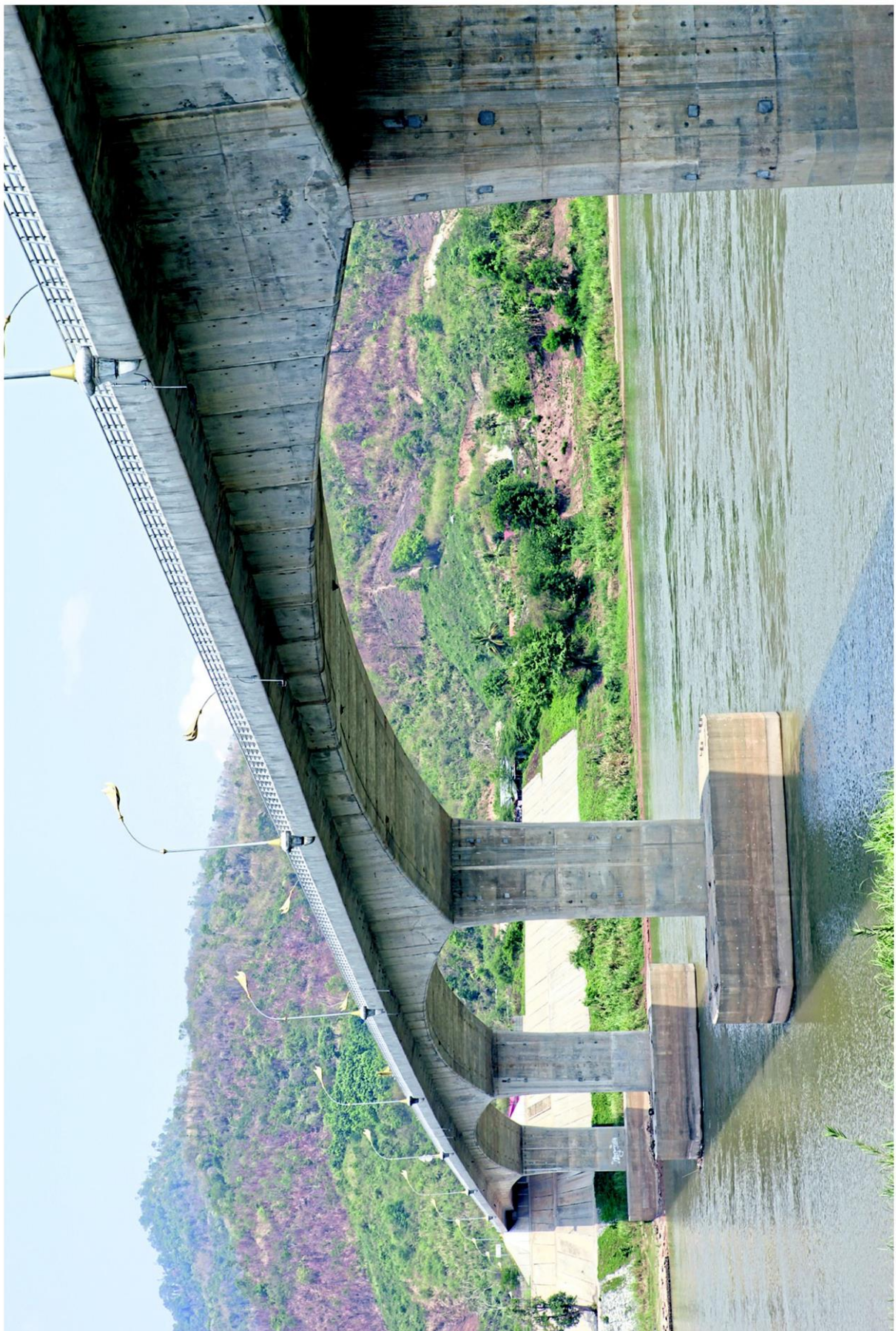
permission issuance procedures, and the government has announced it will improve basic infrastructure and customs check-points and related services.

Other than those 13 target industries, eligible investments under the Bol promotion list will also be offered additional incentives, depending on the type of industry, with a maximum three-year corporate income tax exemption. ■



PHOTO: JETJARAS NA RANONG





TAKING THE HIGH ROAD: The Thai-Lao Friendship Bridge in Chiang Rai's Chiang Khong district opened in 2013 and offers a fast track to China and greater trade among Asean countries for large companies.