

To Promote the Sustainable Development of Regional Economies in South Asia by Enhancing Economic Cooperation of the Pan-Red River Basin

Feng Li^{1*} & Zhaorui Wang²

¹ Faculty of Economic and Trade, Haikou College of Economics, Hainan Province, China

² China University of Geosciences, Wuhan, Hubei Province, China

* Feng Li, E-mail: lifeng197053@163.com

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Abstract

In the significant trend of economic globalization, the regional competence becomes increasingly fierce. China and Southeast Asia are inevitably involved in this competition. In framework of China-ASEAN Free Trade Area, the Pan-Red River basin is the complement and expansion of it. The Red River mainly flows through China, Vietnam and Laos, especially China and Vietnam. The concept of the Pan-Red River basin plays an important role under the new situation. The overall stable political and economical situation, the complement of industrial resources, the improvement of transportation conditions and the further development of regional cooperation all provide certain foundations and conditions for accelerating the development of the Pan-Red River basin. In order to achieve the development of the Pan-Red River basin, developing consensus should be reached, regional factors flow and industrial upgrading and transfer should be achieved, transportation advantage should be played, the logistics centers of China and Vietnam should be built, multipolar regional development impetus should be achieved, and the port construction and border regional cooperation zone should also be built and strengthened.

Keywords

the Pan-Red River basin, regional development, economic cooperation

1. Introduction

The Red River is an international river. As indicated in the relevant data, the main stream of the Red River is about 1140 kilometers long with 500 kilometers of which located in Vietnam, flowing through China, Laos and Vietnam, and eventually flows into the Beibu Gulf. The Pan-Red River basin mainly refers to the related areas that flow through China's Yunnan and Guangxi Province, Vietnam and Laos as well as the adjacent areas of Southwest China. By putting forward the concept of the Pan-Red River

basin, this paper attempts to include this basin in the development of international regional economy and explore building a new pattern of the development between Southwest China and Southeast Asia.

2. The Significance of Promoting the Concept of the Pan-Red River Basin's Regional Development

2.1 Meeting the New Competition of Economic Globalization and Regionalization

Economic globalization and regionalization have become the main symbol of the global economic integration. As the global regional competition becomes more intense, China-ASEAN Free Trade Area was started in January 1st in 2010 considered as a symbol of the birth of the free trade area in Asia, the world's largest population, the scale in third place and consisting of developing countries. Data shows that comprising a market of 1.9 billion consumers, 6 trillion dollars of GDP and 4.5 trillion dollars of trade volume, China-ASEAN Free Trade Area will provide a good institutional frame and protection for the improvement of all countries' economic competitiveness, even Asia, by gradually eliminating tariff wall and achieving zero-tariff policy. In the face of accelerated economic globalization, regional differentiation and integration will never stop but be fiercer. It is obvious that China and Southeast Asian Nations will inevitably be involved in the new competition in economic globalization and regionalization. Thus, promoting the Pan-Red River basin's regional cooperative development and accelerating the free flow of economic factors not only meet the needs of new competition but also benefit the rapid development of the local economic cooperation.

2.2 A New Element of Neighboring Countries' Economic Cooperation Spreading

The development of the Pan-Red River basin is a complement and refining to China-ASEAN Free Trade's basic cooperation framework. A new element will be involved in the economic cooperation with adjoining nation if the development of this basin is paid much attention to. Basin economy is a second and trans-regional economic system based on natural water system, with human, financial and material resources disposition as the core. The Tennessee Valley was successfully developed in 1930s, setting a model to follow, and bringing the importance of basin economy into people's vision. The development of Dharma Dahl River in India and the Kitakami River in Japan all take it as a template. The economic development of the Pan-Red River basin emphasis more on the close link of basin economy, the coordination and development of industrial division and distribution as well as infrastructures. What's more, on the basis of local natural resource and production factors, forming a new system of basin economy and industrial division that has complementary resource advantage can achieve common development.

2.3 A New Act of Constructing Regional Development of Southwest China with Southeast Asia

Initiated by the Asian Development Bank, the plan, Greater Mekong Subregion (GMS) which refers to the six countries and areas that shares the Mekong River basin, including Cambodia, Vietnam, Laos, Burma, Thailand, China's Yunnan and Guangxi province, was formed in 1992. However, from a basin

economic perspective, GMS mainly stimulates the development of the Mekong River basin, not others. There is also other regional cooperation between Southwest China and Southeast Asia. In 2004, “Two corridors and one ring” economy cooperation was built between China and Vietnam, including two economic corridors, “Kunming-Lao Cai-Hanoi-Haiphong-Quang Ninh” and “Nanning-Lang Song-Hanoi-Haiphong-Quang Ninh”, as well as “Beibu Gulf Economic Rim”. Nevertheless, “two corridors” shows a “Y” distribution with Vietnam being the combination and China’s Kunming and Nanning province being the two ends. Other related areas involved in this program are marginalized, losing the economic interests they should have. These shortages will be covered by developing the Pan-Red River basin’s economy, which presents a trend of the complementation between east and west in geographic. And social economic relationship between China and Vietnam will be further united through the Pan-Red River basin, forming a mechanism of common development and coordinated benefit sharing. One point is affirmative that accelerating the development of the Pan-Red River basin is an important measure to achieve the regional coordinated development between Southwest China and Southeast Asia.

3. The Foundation and Condition for Accelerating the Development of the Pan-Red River Basin

3.1 General Political and Economic Situation is Beneficial to the Development of the Pan-Red River Basin

Although China and Southeast Asia encounter some financial adversity influenced by American financial crisis, their political and economic situations remain stable generally. Economic development is still considered to be the priority of their nations. Taking Vietnam as example, Vietnamese government tried to implement measures to curb economic downturn, stable the macro-economy and guarantee people’s livelihood. All these have achieved some effects like social development is relatively steady and GDP was increased by 5.32% in 2009. The financial crime also extends to China, weakening external and domestic demand. Chinese government implemented the policy of expanding domestic demand to guarantee rapid growth of economy. Financial crime is starting to wear off at present, relative stable social economic situation and inherent power that China and Vietnam needs to accelerate economic development are macro background and preconditions for the further development of the Pan-Red River basin.

3.2 Improved Regional Traffic Provides the Basic Condition for Economic Trade

In 2006, China and ASEAN countries reached *the Trans-Asian Railway Network Agreement*. The Trans-Asian Railway has been called “Golden Corridor” and “Iron Silk Rod”, the north and south lines of which pass by China. And the route enters China’s Yunnan province from Singapore, passing by Malaysia, Thailand, Laos (or Cambodia, Vietnam, Burma), started to be built in June 2014. The improvement of railway network system in Yunnan province is being accelerated now and the initial network system, except the railway network system, which connects China and Southeast Asia’s

highway, has been formed. According to Xinhua, some highways, such as the highway between Kunming and Bangkok, Thailand, Kunming and Hanoi, Vietnam, Kunming and Mandalay, Myanmar, Kunming and Myitkyina, Myanmar, all these international routes that connect Yunnan and ASEAN nations have been improved to a higher grade. One railway and two high-grade highways that link Guangxi and Vietnam have been built. The section from Baise, Guangxi to Longbang, Chongzuo to Shuikou and Fangcheng to Dongxing have been started. The preparatory work for the second-class highways from Napo to Cao Bang via Pingmeng, Daxing to Cao bang via Shuolong, Longzhou to Cao Bang via Shuikou, Ningming to Lang son via Aidian is carrying on. A relatively perfect border road network will be gradually achieved.

3.3 Industrial Resources Complementary Promotes the Expanding of Regional Trade

Taking China and Vietnam for example, each of them have their own resource advantages and different industrial structures, showing a strong complementary and cooperation potential. China's exports to Vietnam based more on labor-intensive products and capital-intensive products, such as textile, steel, petroleum products, mechanical and electrical products and chemical products. Vietnam's exports to China based more on natural resource-intensive products, such as coal, oil, natural rubber and so on. By comparing the industrial structure of Southwest China to Vietnam, Singapore, and the Philippines, some scholars found that there is a higher similar in their three industries, but lower in manufacture, showing a complementary. Meanwhile, scholars proposed that the complement of manufacture trade is not enough, developing inner-industry trade and carrying out distinguish manufacture in the same industry is also needed. Seen from the economic relationships between Yunnan and Vietnam, they are also complementary. For example, Yunnan is in need of Vietnam's coke and billets while Vietnam has need in materials such like mineral. What's more, the railway connecting Yunnan and Vietnam reduces transport cost and accelerates their trade development. Guilin and Vietnam are also very complementary. The heavy industry of Vietnam are distributed in north while light industry and petrochemical industry in south. It is very easy for them to be complementary for North Vietnam adjacent to Guangxi where many middle and small-sized and private enterprises are based on light industry.

3.4 Regional Economic Cooperation Further Promotes the Form of the Pan-Red River Basin

The region's self-promotion of regional development is more beneficial to forming a proper development patterns relying on the actual situation. Rising to national strategy can be achieved after summing up the local experience and obtaining feasibility demonstration. The cooperation of local governments and enterprises between Yunnan, Vietnam and Guilin provides a powerful support for the economic and trade development of the Pan-Red River basin. The Red River Highway Bridge connecting China and Vietnam facilitates land traffic, and Lao Cai, Ha Giang, Lai Chau and Dien Bien province in North Vietnam will build cross-border economic cooperation together with Yunnan province. Yunnan government has already formally signed *the Framework Agreement of Further*

Advancing of the Cross-border Economic Cooperation between Hekou, China and Lao Cai, Vietnam with Lao Cai people's committees. The present and practice of "the Red River, China-Lao Cai, Vietnam cross-border economic cooperation" will form a new regional development pattern. To be specific, in the first phase, the Beishan area in Hekou port will build a "China and Vietnam red river business district" together with Lao Cai Jincheng business district, connected by the Red River highway bridge. Trade logistics industry, service industry like finance, information, and tourism shopping are the main body in the area, and "two countries one region, closed-end operation and free trade inside and outside" management model is implemented. In the second phase, building "the Red River, China-Lao Cai, Vietnam cross-border economic cooperation" together with the Beishan area in Hekou port and the Red River industrial park, Lao Cai port industrial park, Tenglong industrial park and Guisha mining. In the third phase, extending development fields and expanding development space. In the cooperative region, China strives for all trades calculated with RMB, which will benefit two sides' cooperative enterprises. The cross-border economic cooperative project, Boten and Moten, Ruili and Muse, has been actively putting forward all the time. Some cross-border economic cooperative regions have already been built and develop very fast, such as the cooperative regions of Pingxiang, China and Dong Dang, Vietnam, Dongxing, China and Mong Cai, Vietnam.

4. Major Measures to Carry forward the Development of the Pan-Red River Basin

4.1 Reaching a Consensus on the Development of the Pan-Red River Basin

The development of the Pan-Red River basin should be accelerated in the framework of the China-ASEAN Free Trade Area. Recently, "two corridors and one ring" the corridor Nanning-Hanoi-Haiphong-Quang Ninh has achieved rapid progress while the Kunming-Hanoi-Haiphong has made a slow progress and the results are not obvious. The reasons may be complex slow approvals, construction of infrastructure facilities, and development of mechanism of region and so on. The Kunming-Hanoi economic corridor located in the core of the Pan-Red River basin, being vital for the development of the Pan-Red River basin. Thus accelerating the consensus of developing the Pan-Red River basin and forming new development power are necessary.

Firstly, facilitate the flow of factors, industry upgrade and transfer as well as connect other economic regions. The Pan-Red River basin attaches to the Pearl River Delta region, and also overlaps partially between the Great Mekong Subregion and "two corridors and one ring". While promoting the investment environment of the Pan-Red River basin, the flow of factors and industry upgrade and transfer are also need to be note. Take suitable policy to connect the Pearl River Delta region, attracting industry transferring in the Pearl River Delta as well as the international industrial shift. Building factor flow, industry transfer connection point and platform in the Pan-Red River basin, based on regional central town and with industrial parks as its subjects. Achieving the industry and factors agglomeration to form new economic growth pole of the Pan-Red River basin, and promote the coordination

development of whole regional economy, especially accelerate infrastructure, system, market, talents and investment environment construction, and establish the divergent, fast and convenient comprehensive transportation system form a better investment environment in the Pan-Red River basin with regional central cities as the pivots. As for Southwest China, in order to achieve industry transfer and carry on factor flow, the governments can provide preferential policy in tax, financing, land usage while optimizing investment environment.

Secondly, give play to regional transportation and build a logistic site between China and Southeast Asia. Transportation conditions like railway, highway and waterway in the Pan-Red River basin, Southwest China have been improved and the build of the artery which connects China and ASEAN countries is rapid. Located along the coast, the river and the border, Guangxi province becomes the center of the Pearl River Delta and the China-ASEAN Free Trade Area, having convenient ocean-bound channel and land routes network. The international road channel in Yunnan province has already been formed. The roads within Yunnan province have all been higher grade, such as the road from Kunming to Bangkok, Thailand, Kunming to Hanoi, Vietnam, Kunming to Mandalay, Myanmar, Kunming to Myitkyina, which facilitates the economy and trade as well as personnel exchanges with Southeast Asia greatly. By taking the advantage of transportation to energetically develop the modern logistics and build a logistics site between China and Southeast Asia. Building logistics parks in the border port to speed up the construction of logistics sites and storage facility, and actively using the internet of things to carry out online trading for which can enhance transparency and provide convenient service.

Thirdly, form the multipolar regional development dynamic mechanism. The acceleration of the Pan-Red River basin's development needs various aspects of driving force to build production value chain together and accelerate the development together. The central government should create a good political environment and all local governments should transform their functions actively to create a loose investing financing environment, for example, greatly simplifying the procedure of multinational management and investment of private enterprises, attracting private capital participating in power, transportation, telecom and other constructions in the region to improve private capital shares. Middle and small enterprises, especially light industry, can invest Vietnam, Cambodia, and Laos and so on in order to form and enhance the supplementary of industry and then achieve common development.

Fourthly, strengthen the construction of the ports and build border regional cooperation zones. As the important gateway of the international communication and trade, the build of port is very important in international cooperation. For the Pan-Red River basin concerns China, Vietnam, Laos, Burma and other countries, it is particularly important to keep the port flowing in order to accelerate the healthy development of bilateral and multilateral trade. Enhancing the port construction requires improving service quality and simplifying enter-exit procedure to adapt to the increase of logistics and crowds. Current focus should be quickening the pace of electronic port construction and further

completing the port information network, accelerating the advance of the entity or virtual platform of electronic port and building a wider, large-material-flow and big-export-trade information port which based on the law enforcement management of customs check and gradually extends to related logistics business service. Meanwhile, border regional cooperation should be enhanced and existing border cooperation zones still should be valued. In order to absorb more and bigger regional trade, the scope of regional cooperation should also be extended when conditions are ripe. What's more, the governments should also explore the development patterns of border cooperation and complete different infrastructures, especially the build of land and water transportation.

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