

EFFECTIVENESS OF REGIONAL TOURISM INTEGRATION —Case of Quadrangle Economic Cooperation Zone in Great Mekong Region

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ABSTRACT: The Quadrangle Economic Cooperation Zone in Great Mekong Region, where the Golden Triangle is located, is composed with the border areas of China, Laos, Thailand and Myanmar. The poorest and inaccessible remote Golden Triangle now faces the opportunity to develop and participate in the global economic system. Not only has the traditional border tourism between two countries in this region been growing rapidly and various tourism products cross the regions also have been developed. The article attempts to explore the multiplier effects of tourism on regional cooperation. These consequences of tourism cooperation take effect through the infrastructure improvement, facilitation of the free movement, improvement of communication and promotion of the alternative economy. The study also points out the unexpected negative consequences to limit its role as a regional cooperative engine due to the lack of consideration of the dual economic and social structure in tourism development. The special attention should be drawn to consider the limited benefits for the marginalized community, the high transaction of the social costs related with the drug tourism and sex tourism. The paper calls for more rigorous cooperative regional plans and policies to the complexity of tourism development in this region.

KEY WORDS: Quadrangle Economic Cooperation Zone; regional tourism cooperation; feedback analysis; Mekong River

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1 INTRODUCTION

Quadrangle Economic Cooperation Zone (called the Golden Quadrangle) among China, Laos, Myanmar and Thailand is one of the most isolated and troublesome regions in the world. It has a long history as one of the most politically sensitive spots in the world. Wars, refugee migrations, drug, closed national borders and lack of infrastructure have long been constant barriers to this area.

Quadrangle Economic Cooperation Zone is now the focus of Asia. Thailand, Myanmar, Laos and China are working together to develop the area of more than $180 \times 10^3 \text{ km}^2$ to become one of the most significant economic foci of the world. On February 5, 1999, China and Thailand signed the joint declaration on the cooperation plan in the 21st century (LI, 2002). Both China and Thailand will attach great importance to and support the economic cooperation in the Golden Quadrangle and the sub-regional cooperation within the framework of Greater Mekong River Sub-regional Economic Cooperation. It is expected that through the regional economic

cooperation, especially in transportation and tourism, regional instability can be reduced and regional economic development can be accelerated.

Although tourism is considered as an effective way to facilitate peace, to reduce poverty and to bring regional cooperation, it is uncertain how the tourism development can really benefit the regional development. Although regional tourism cooperation is a growing worldwide, tourism development is occurring in unhealthy way because little attention is paid to managing the existing social-economic background (GHIMIRE, 2001). Without careful planning and implementation of the tourism development programs in the region, the tourism development can trigger the conflicts already imbedded in the region. This study attempts to explore the interaction between the tourism development and political structures from a dynamics and systematic view.

2 REGIONAL BACKGROUND

Quadrangle Economic Cooperation Zone is a typical pe-

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peripheral area at the border areas of the four countries of China, Laos, Myanmar and Thailand. It is the poorest region and has been historically one of the most politically sensitive spots in the world (REBBICK, 2004). Geographically this highland region is where China meets Southeast Asia and is heavily rugged. The tropical weather and malarial summer conditions bring great difficulty to activities which prevented the governing directly in most parts of it. The population in the area is more than 350×10^6 , of different nationalities, and is increasing rapidly. It is inhabited by ethnic minorities, many of whom are socio-economically marginalized people.

2.1 Social and Political Background

In terms of political institution, Thailand is constitutional monarchy. China and Laos are socialist countries undergoing changes from the planning economy to the market economy. The openness to the outside world is still low in Laos. Myanmar is a federal republic consisting of seven divisions. The different political systems have added to the complexity of the problem and introduced obstacles to joint, mutually beneficial cooperation.

Inside each region, there exists the problem of integration with the rest of the country at various degrees. The domestic integration is particularly problematic in Myanmar. Politically and economically, the Union of Myanmar has been a state struggling to maintain itself, especially in the north (LINTNER, 1994). In Laos, insurgent activities among the tribal population in the hills are still going on. The nation could not address these problems since the entire economy collapsed after the Vietnam War. The integration of the northern Thailand, such as Chiang Mai and Chiang Rai, the mountainous areas, unifying the non-Tai hill tribes with Bangkok is recent. The People's Republic of China founded in 1949 is a strong country. Xishuangbanna was established as the first autonomous prefecture in Yunnan Province of China in 1953. The integration of Xishuangbanna to the rest of China has been completed. Yet, the problem of center and periphery still exists.

Because of the political and social complexity, the border area of Myanmar, Thailand and Laos, which is the core area of the Quadrangle Economic Cooperation Zone, had developed in the notorious Golden Triangle, famous for drug production and trafficking. The opium production started one hundred years ago in the region. Since 1950, the unstable political situation gave the chances for the local groups to expand opium production. Since the late 1990s, the governments of Myanmar, Thailand, Laos and China have acknowledged the harm of the illicit drug production, abuse, and trafficking to

the security of the countries and the people in the region. According to UN report, opium production in Southeast Asia dropped by 30%, from 1237t in 2001 to 944t in 2002 (UN, 2002).

2.2 Rationale of Regional Cooperation

The regional cooperation in the area is much influenced by the international institutions. There are several cooperation frameworks relating to the regional cooperation in the Great Mekong Region, including the Great Mekong Sub-region Program supported by the Asian Development Bank (ADB), ASEAN-Mekong Basin Development Cooperation, the Cooperation for the Sustainable Development of the Mekong River Basin, and Quadrangle Economic Cooperation. These frameworks intend to strengthen the economic ties of the entire countries, which are China, Thailand, Laos, Myanmar, Laos and Vietnam, with ultimate goals of creating employment and raising life standard, supporting technology transfer and exchanging knowledge, sustaining efficient utilization of natural resources and increasing competitiveness in world market. Tourism has been identified as a priority industry within all four frameworks. The initial development was in the middle 1990s when some adventurers went into golden triangle area mainly from the northern Thailand.

3 TOURISM DEVELOPMENT IN QUADRANGLE ECONOMIC COOPERATION ZONE

3.1 Tourism Attraction

The unique cultural and natural characteristics have been always great attractions to the modern tourists. Lack of access to the outside world, the area has been isolated to the world. So it is also called as the last primitive terrain in the world.

The area is rich in tropical rainforest and has outstanding natural beauty, habits for many endangered species, such as Asian elephants and golden monkeys. The area is famous for the diversities of the ethnic groups. Most of the ethnic groups such as Dais, Lahu, Hmong, Karen, etc., are all cross-border minorities. Luang Prabang in Laos is one of Asian oldest capitals, designated as a World Heritage Site in 1995. International borders are also a major attraction for the modern tourists because of the unique landscape, such as the border landmark, the different political institutions and border shops (TIMOTHY, 2001).

3.2 Tourism Development

In recent years, tourism in the Lancang-Mekong sub-re-

gion is developing rapidly and has become the economic growth engine in this region. Tourism in Laos started in 1989 and was identified as one of the eight key industries of Laos in 1995. Since then the tourism developed at a rapid pace, international tourists in Laos reached 73.3×10^6 and became the third largest foreign currency earner in 1997 (YAMAUCHI and LEE, 1999). Tourism is one of the most important economic activities in Luang Prabang Province, the northern Laos. It is estimated that in Luang Prabang tourism directly and indirectly brings 60% of the local income. The estimated turnover from tourism in 2001 was US\$3 $\times 10^6$ - 5 $\times 10^6$ (DOBBELSTEIJN, 2002). Yunnan of China and the northern Thailand are traditionally tourism destinations, and have already established good infrastructure system and business network. The proximity to China, the largest potential travel market in the world, would drive further rapid expansion of tourism in the Mekong region.

3.3 Cooperative Tourism Products

3.3.1 Border tourism

Border tourism also has made great progresses. For example, large scale border tourism has developed between China/Thailand and Myanmar border and between China/Thailand and Laos's border. Chinese and Thai are the major tourists of the border tourism products.

Border tourism of Myanmar has been developing quite rapidly (Fig. 1). In 1998- 1999, the income of border tourism of Myanmar and China exceeded 1 $\times 10^6$ yuan (RMB) and that of Myanmar and Thailand exceeded US\$1 $\times 10^6$ (Table 1).

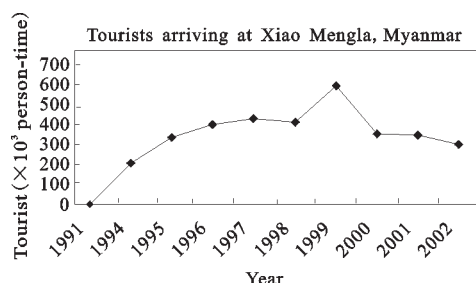


Fig. 1 Growth of border tourism between China and Myanmar in Xiao Mengla, Myanmar

The border town, Xiao Mengla of Myanmar was a tiny village in the early 1980s. Due to the border tourism, the small village has grown into a prosperous town with the population of more than 20 $\times 10^3$.

Table 1 Border tourism income of Myanmar in 1998- 1999

Border	US\$	RMB(yuan)	Buk (Kyat)
Muse/Nam Khan (Myanmar and China)	210 124	1 252 980	-
Tachilek/Kyaing Tong (Myanmar and Thailand)	329 354	-	-
Kawthaung/Thahtay Kyun (Myanmar and Thailand)	535 897	-	1 121 775
Total	1 075 375	1 252 980	1 121 775

Border tourism between China and Laos shows some fluctuation, however, it is still a growth pattern (Fig. 2). The fluctuation was due to unstable political situation in Laos, therefore, the border was closed temporarily.

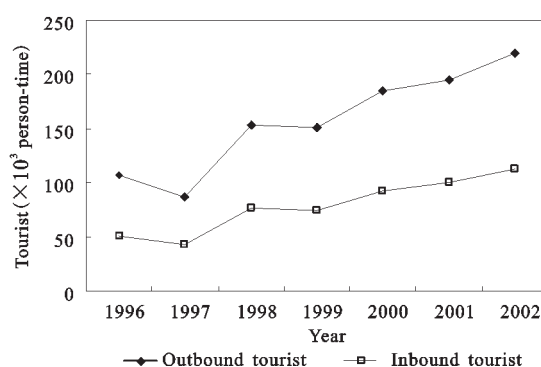


Fig. 2 Cross-border tourist at Mohang Border between Laos and China in 1996- 2002

3.3.2 Multiple destination tourism

Integrated tourism circuits covering multiple destinations in this region are being developed and promoted mainly by Thai business sector. The popular tourist products for western and Japanese tourists are those between Thailand- Laos. In 2002- 2003, the world cultural heritage tour in Mekong proves to be quite successful. Yet, Yunnan of China and Myanmar have not fully integrated in the circuits.

3.3.3 Cruise on Mekong River

Laos and Thailand are the most active countries to develop the cruising products within their own terrain. The popular cross border cruise cooperation is also developing rapidly between the two countries. The popular cruise tourism products for backpackers are at the border areas among Thailand, Myanmar and Laos. The trip from Xishuangbanna to Mae Sai of Thailand and Luang Prabang of Laos, which crossed three countries, is promoted by the Chinese business sector. The product is still

The data were provided by the Tourism Bureau of the Fourth East Shan Special District during the field trip in April 2004.

The data of 1996- 1999 was provided by Social Economic Bureau of Mouhan Border District of China in April 2004, and the data of 2000- 2002 was provided by Yunnan Border Trade Management Office of China in June 2005.

at the starting stage. Meanwhile expedition of navigation of the whole trip was initiated by Diethelm Travel and the Brooker Group in 2002. It was expected that the expedition of Mekong is a stimulus to put the Mekong region back on the blueprint for tourists and businessmen in the 21st century. However, cross border cruise tourism faces more difficulties than the tourism on the land.

4 ROLE OF TOURISM DEVELOPMENT IN REGIONAL COOPERATION

Tourism has been identified as the prior sector and regarded as great development potential in this region. Rationale behind the strategies mentioned above can be summarized in the feedback shown in Fig. 3. Through these feedbacks, the willingness for the governments to actively participate in this region can increase. Meanwhile the domestic stability and international peace can be also obtained. Throughout these efforts, this area will be transformed from the barriers and inaccessible region to a tourism destination.

4.1 Economic Growth Through Tourism Development and Internal Stability

In the regions within the each country, the historically political disjunctions and economic gaps between the upland and the lowland widely exist with the low land people controlling most of the resources and economically more wealth. Because of the remote condition of the region and the lack of full political control, there has never been investment in upgrading the infrastructure in the upland, and therefore the integration of the lowland and upland, is limited. In Myanmar and Laos where the

capacities of the political control by the central governments are limited, the internal instability has lasted for a long time.

A general belief is that through the tourism development, the economic growth in the peripheral area can be achieved and therefore the domestic stabilities can be obtained (Loop 1 in Fig. 3).

4.2 Facilitation of Movement by Relieving Political Barrier

Tourism plays a major role in peace. It has long been recognized as people-to-people diplomacy for fostering better understanding and friendship among people with different culture and political belief. From a political standpoint, tourism is considered as low-politics activity because communication between tourists and local people in the host country occurs at the local level, which does not greatly affect sensitive strategic, secure and military issues. Jordan, South Africa and other political sensitive regions have attempted to promote peace through tourism. The rationale can be illustrated as the following.

Although the communication between tourists and host communities is limited, the contact can enable tourists and hosts to better understand each other. It is expected that the mutual understanding can lead to improved relationships between the people and governments (Loop 4 in Fig. 3).

Border-related policies, differences in administrative structures on opposite sides, and the physical barrier created by borders can affect many aspects of tourism. Therefore demand for tourism development thus has great potential to push the political reform, and facilitate

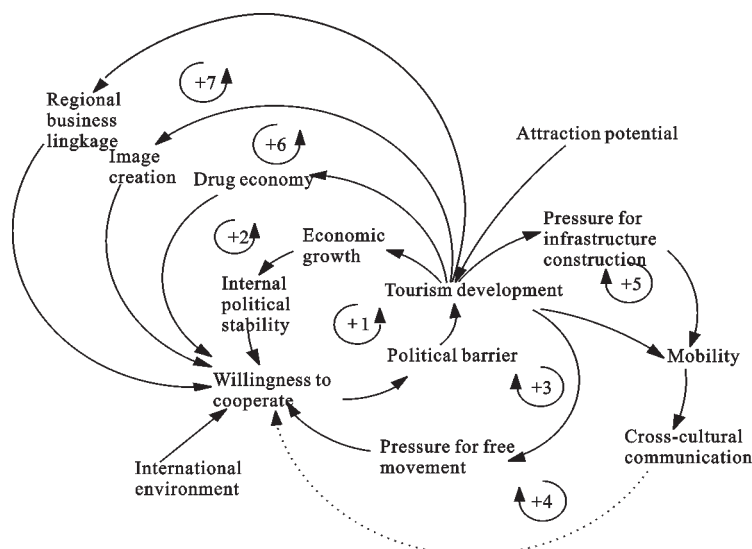


Fig. 3 Tourism feedback in golden triangle economic cooperation

the further economic cooperation in the region. Negotiations are being made to improve the effectiveness of the border control. The Ninth Mekong Tourism Forum in Chiang Mai of Thailand closed with a robust call for visa liberalization and a reduction in red tape. An official visa is no longer necessary from Laos, Vietnam, and Thailand. The visas on arrival could be granted to foreigners in certain border areas in Yunnan Province. In October 1994, a "free navigation" agreement was agreed upon by senior officials of the Thailand, Myanmar, Laos and China (Loop 3 in Fig. 3).

4.3 Impact on Infrastructure

Not only are many of these countries granting visa-free or visa-on-arrival access, they are also being increasingly linked up by roads, highways, airports and seaports, which are providing vital transportation linkage. Upcoming developments in road, railway, and air transport are expected to facilitate the flow of tourists to and within the region (Loop 5 in Fig. 3). The most importance is Chiang Rai-Kunming Road Improvement Project via Myanmar and Laos Project, which would improve the international north-south road connection between and among Yunnan Province of China, Myanmar, Laos, and Thailand.

4.4 Peaceful and Cooperative Regional Image

As Hall pointed the role of tourism in establishing regional images through place-marketing processes, it can be a factor in supranational policy development (HALL, 2001). A cooperative regional tourism destination can setup a regional security and trustworthy regional image, which not only brings more tourists but also attracts outsiders' investment and professionals (Loop 6 in Fig. 3).

On the other hand, it has been quite understood that a shared image is the beginning of the cooperation. The 1990s is the decade of the image creation and generation, especially in the field of the tourism destination development and management (SELBY and MORGAN, 1996).

4.5 Alternative Economy

The region is so poor in economic infrastructure yet so rich in natural resources, thus the four nations develop only relying on the exploration of natural resources and some even on opium production. In the Golden Triangle region which is the core area of the Quadrangle Economic Cooperation Zone, the governments hope to find an alternative for production of opium and over-exploration

of natural resources for the peoples' livelihood. Tourism serves as the potential alternative (Loop 2 in Fig. 3).

4.6 Intra-region Trade Instead of Inter-region Trade

A key objective of the ADB program is thus the development of Great Mekong Sub-region markets and the movement of goods and people across common borders. The promotion of transport and economic corridors was central duty to this objective. This is essential to achieve improvements in competitiveness, while deepening the sense of community among the people of the region (Loop 7 in Fig. 3). The intra-region tourism trade is indeed booming. In 1995, the number of Chinese tourists traveling in Southeast Asian countries was only 800×10^3 , yet in 2001 it exceeded 3×10^6 , and will be continuously increasing (Xishuangbanna Tourism Bureau, 2004). In Thailand, the total inbound tourists reached 9.58×10^6 in 2001. Japan, Malaysia, China, Singapore were the major tourists source countries (PATA, 2003). In Myanmar, the total international tourists reached 200×10^3 in 2001-2002. They were mainly from Taiwan, Japan, Thailand, China and France, of which Asian tourists were over 60% (PATA, 2003). According to the Laos National Tourism Bureau, from 2000-2003, Thailand was the No. 1 tourist source country for Laos, accounting for 70% of all the inbound tourists, then next was Vietnam, about 7%.

5 LIMITATION AND NEGATIVE CONSEQUENCES OF TOURISM

Although the tourism potential is quite high and substantial achievements have been obtained, there are many constraints to the further developments. Some of the constraints are caused by the negative feedbacks due to the existing tourism development.

5.1 Barrier for Tourism Development Outside Tourism Sector

Although political environments have improved, recent history suggests that it is difficult to overcome suspicion between the nations, drug production and drug trafficking and the rampancy of AIDS still are not under control (DONG, 2003), and the future of a stable environment is still uncertain, especially in Myanmar.

Building reliable transport networks, however, will be more difficult politically and economically. The Chinese government has already made progress on its road network in the southern and western Yunnan, but Myanmar

and Laos are much further behind. How fast the national governments and ADB can build adequate transport infrastructure will be critical to success of the development schemes. Yet capital costs are so high and actual completion of the transport projects is not a foregone conclusion. Without great capital investments in infrastructure, the Golden Quadrangle will be unable to link up a network of roads in the near future.

5.2 Negative Consequence of Tourism Development

Although ADB has sponsored a Technical Assistant Project to carry out a regional tourism plan, this plan was mainly to provide the consultative advice to ADB. The local governments have not reached agreement to formulate a bilateral and multi-lateral plan. There is a lack of shared vision on the goal and strategies of tourism development. Tourism developments are driven by the business sector in every country and by every government. The tourism development practices and policies have not taken the fully consideration of the political structures inside the region.

Therefore, besides the threats from the outside of the tourism sector, negative consequences caused by the tourism development limit the potential contribution to the regional cooperation and peace.

(1) Dilemma of the tourism image in this region. Many tour operators and businessmen have treated the Golden Triangle as a great tourism destination brand. Both Myanmar and Thailand have set up the signs and landmarks of the Golden Triangle. There are the Golden Triangle restaurant, the Golden Triangle bar, the Golden Triangle hotel, etc. However, some critics argue that the use of the golden triangle is contradictory to the wars against terrorism, AIDS, poverty and numerous other ills.

(2) Limited benefits for the marginalized community. It is only on the village level that ethnic individuals in the upland can participate in changing their own lives. Although present plans for building major roads and railways, and dredging river channels can speed up goods traveling through the region, the connectivity in the upland is poor. The tourism benefits mainly flow to the towns and lowland people. The benefits from the tourism to the upland minority groups are very limited.

(3) The danger of the deterritorialization process. It is generally assumed that the methods to regulate economic flows politically are being decreased when detachment of production systems and consumer markets from national governing occur (HAZBUN, 2002). In this region, Thailand and China are economically powerful. Laos and Myanmar are among the poorest countries in the world. Investment and tourists mainly come from Thai-

land and China. Being landlocked in the middle of Indochina, Laos wants to promote overland travel among Thailand, Vietnam and China as a way to explore cultural and natural tourism in the region. Yet, it faces the danger of being used for passing through without benefits and the loss of controlling its territory.

(4) Transaction of the social costs. Although casinos tourism and sex tourism are not allowed inside the four countries, casinos were invested and developed along the border areas in Laos and Myanmar. The external social costs are transferred to the neighboring country. For example, the border towns of Xiao Mengla and Daluo in Myanmar begin to develop due to the border trade and border tourism. Xiao Mengla has been developing at more rapid speed than Daluo due to the no-control of casino development and sex tourism. Xiao Mengla now has turned into a casino prosperous town. Although Chinese tourists complain to Tourism Bureau in Xishuangbanna after they have lost money from casino, nothing can be done by Chinese side. Casino is also not permitted in Thailand and therefore casinos have developed at Burma-Thai border and Laos-Thai border to attract casino tourists of Thailand. Similar problems along the Canadian and American border (TIMOTHY, 2001) and Egypt and Israel border (FELSENSTEIN and FREEMAN, 2000) have been observed. They also point out the final equilibrium can only be reached when both sides open casino and share the costs.

(5) The growth of drug tourism. Laotian communists shut down opium dens and most of their contact with the outside world after taking power in 1975. But visa controls have gradually eased and the government has promoted the Laos as tourism destination. One result is an influx of opium-seekers. According to the local officials (meeting on 29th Nov. 2002 at Luang Prabang), a substantial part of the 80 $\times 10^3$ - 90 $\times 10^3$ trekkers are drug seeker in Namta Province in the northern Laos. Travelers go a trek through the Golden Triangle opium country in the northern Thailand, then cross into Laos.

6 CONCLUSIONS

As the poorest and inaccessible remote golden triangle now, the Quadrangle Economic Cooperation Zone in Great Mekong Region faces the opportunity to develop and participate in the global economic system. Regional peace and regional cooperation are the key factors that can promote the regional development, of which these consequences of tourism cooperation take effect through the infrastructure improvement, facilitation of the free movement, improvement of communication and promo-

tion of the alternative economy. Although tourism has the great potential to be the pioneer industry and to bring multiplier effects, a simple reorganization of the potential of regional tourism is hardly sufficient to produce tangible results. The negative feedbacks are generated to limit its role as a regional cooperative engine due to the lack of consideration of the dual economic and social structure in tourism development, and have impacts on the economic development and regional cooperation.

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