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IMPLICATIONS OF THAILAND'S KRA CANAL DEVELOPMENT FOR THE SURROUNDING COUNTRIES

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ABSTRACT

The Kra Canal is a proposed canal that would cut across the Isthmus of Kra in southern Thailand, connecting the Indian Ocean and the South China Sea. The concept has been around for centuries, but serious plans and debates about its construction have emerged in recent decades. This article explores the history of the Kra Canal proposal, highlighting the potential benefits and drawbacks for various countries in Southeast Asia. It discusses how the canal could impact trade routes, economies, and geopolitics in the region. The article will examines the environmental and social concerns surrounding the project. Moreover, after the start of China's Belt and Road Initiative that may provide progress but also able to bring complications to the region. Using descriptive qualitative approach, the article will utilize data from library research and realted sources to analyze the issue. The article concludes by mentioning the alternative proposal for a land bridge across the Kra Isthmus, along with its potential advantages and disadvantages.

I. INTRODUCTION

The idea of building the Kra Canal connecting the Andaman Sea and the Gulf of Thailand in the Isthmus of Kra, Thailand, is not a recent development plan, it was first proposed by King Narai of the Kingdom of Ayutthaya (1629-1688) in 1677. King Narai asked a French engineer named De Lamar to research a feasibility study to see if a canal could be built. King Narai of Ayutthaya suggested digging the Kra Canal and said that it would allow time-efficient trade routes between the east and west of the Kingdom of Siam. The younger brother of King Rama I, Khrom Phra Rajawangborworn Mahasurasihanart otherwise known as Prince Surasihanaj or Prince Bovornmahasurasinghanart also designed the Kra Canal or giant klong connecting

Songkhla and Saiburi (Perlis) for military and security reasons. Prince Chakri wanted to protect the cities on the Andaman coast from Burmese attacks. He became the first proponent of this canal to be militarily utilized. During the reign of King Rama III Phra Nangklao (1824- 1851), the first serious plans were made to dig the Kra Canal on the Isthmus of Kra. When King Rama III ascended to the throne in 1824, it was during the turbulent period of European colonialism in Southeast Asia. The Kingdom of Siam under King Rama III was very cautious in its dealings with the West.

A report by Sir R. Schomburgk in 1859 on the advantages and feasibility of a canal through the Isthmus of Kra was proposed to the British Parliament at Westminster. The proposed Kra Canal was highly favored to bridge the trade between India and China. In the end, Schomburgk's attempt to bring the Kra Canal proposal closer to King Mongkut failed. The King of Siam remained uncommitted to the canal project. Ultimately, the increasing competition of French-British imperial interests in Siam prompted King Mongkut to refuse further concessions to survey or build the Canal on the Kra Isthmus. Eight years later, in 1866, the Kra Canal proposal resurfaced. After the completion of the Suez Canal connecting the Mediterranean and the Red Sea in 1866. France requested permission to dig a canal to connect the seas on both sides of Thailand. However, King Mongkut refused the permission as it was in the interest of honoring the British in Penang and Singapore (Ngui, 2012).

During European colonialism in Asia, especially in Southeast Asia. A British company, The British East India Company, conducted a field survey, and they found that the geography of the Kra region, which is located close to the mountainous terrain, would make the construction of a canal very expensive. The British Empire, which wanted to maintain Singapore's dominance in the route of the international sea transportation center, agreed not to make the Kra Canal. This policy was later outlined in the Anglo-Thai treaty Article 7 which contained something like this, “The Siamese Government undertakes that no canal linking the Indian Ocean and Gulf of Siam shall be cut across Siamese territory without the prior concurrence of the Government of the United Kingdom”. The design of the Kra Canal came under scrutiny again in the 1980s. In October 1983, the Thai Ministry of Transport received assistance from the Fusion Energy Foundation (FIF), a foundation owned by American politician Lyndon H. LaRouche Jr, to conduct a comparative study. The main objective of the study was to determine the benefits to the Thai economy (Harahap, 2019). Based on the historical context and potential impacts discussed in the passage, how will the Kra Canal project, if completed, affect the

geopolitical landscape of Southeast Asia, particularly regarding trade, security, and regional power dynamics?

II. Method

This article use descriptive qualitative method in the analysis. Meanwhile, the data is using secondary sources from library researches, including academic journals and articles on the Kra Canal project, its history, and potential impacts, and also reports from international organizations like the World Bank or IMF regarding trade routes and economic development in Southeast Asia, last but not least it will also include news articles from reputable sources that cover current developments and discussions surrounding the Kra Canal. As for the data analysis, this article will try to evaluate the potential economic and geopolitical impacts by reviewing academic journals, reports from international organizations, and news articles from credible sources. This research is projected as a starting point for a comprehensive analysis of the Kra Canal project. By using a variety of data sources and conducting a thorough analysis, it may serves as a early checkpont to gain a deeper understanding of this complex issue and its potential implications for Southeast Asia.

III. DISCUSSION

The term "Malacca's Dilemma" was first coined in 2003 by Chinese President Hu Jintao. The term refers to the challenges China faces concerning its growing energy supply needs and significant reliance on the Strait of Malacca as a major supply route. As China is among the world's highest oil-using countries, it must ensure the smooth running of this energy route to fuel its rapid growth. China uses the Strait of Malacca not only for exports of commercial and oil but also as a vital passage to supply or receive its military hardware, including ballistic missiles, which are too large to ship by air. Despite its importance, the Malacca Strait has the potential to trigger conflict at any time. The Malacca Strait is considered an important route for terrorist organizations or transnational crime. The United States itself also has interests in the strait that go beyond terrorism control measures. These interests include control over North Korea, China, and the geopolitics of the Asia-Pacific region. China has concerns about trade routes that pass through the Malacca Strait, as stated by Lanteigne in "China's Maritime Security and the Malacca Dilemma", there are two main concerns that China faces in the Malacca Strait. First, by disrupting or obstructing Chinese energy and commodity shipments through the Malacca Strait, Western state actors may attempt to block Chinese trade routes. Second, it is vulnerable to acts of terrorism intended to damage economic resources in the

region. Based on these two variables, it can be concluded that the first component has a higher likelihood of occurring because China and Western countries are engaged in trade competition in the global economy. Today, the Malacca Strait remains a major international trade transit hub, handling half of global oil and gas resources and one-third of global trade. The security situation within the Malacca Strait is one of the critical factors in sustaining world economic growth. The importance of the Malacca Strait in the geopolitical environment is summarized by the National University of Singapore (NUS) Marine Research Center. According to their figures, the strait serves as a gateway for 60% to 90% of China, South Korea, and Japan's annual energy imports.

In 2013 China's President Xi Jinping adopted the principle of the ancient Silk Road, Xi revitalized the idea of the "Ancient Silk Road" principle into a modern name under the name One Belt One Road (OBOR), also known as the 21st-century Silk Road. OBOR will be the centerpiece of President Xi Jinping's foreign policy during his administration, serving as a tool for China's economic diplomacy. China has begun bidding to cooperate with Thailand to build the Kra Canal, which would connect the Indian Ocean and The South China Sea in southern Thailand. If this idea is successfully implemented, this canal can not only reduce the danger posed by the United States but also bring significant economic benefits to neighboring countries. By opening up new trade and investment possibilities, the Kra Canal project will boost the economies of neighboring countries in the long run. Future benefits will accrue to countries such as Thailand, Cambodia, Vietnam, and other Northeast Asian countries including China, Japan, and South Korea. In addition, China's influence in the Malay Peninsula will grow as a result of the construction of the Chinese-led canal (Kusumawardhana, 2023).

The Kra Canal can be referred to as one of China's efforts in completing the design of the Maritime Silk Road which is expected to increase the economy of China. With the efforts of China provided loan assistance to technological assistance to the Thai government as a form of real commitment to the construction of the Kra Canal. The Silk Road Economic Belt program created by China will later connect China, Central Asia, and Europe. This route if expanded will connect China with Southeast Asia, South Asia with the Indian Ocean and finally connect to Europe through the South China Sea which continues to pass to the South Pacific. Neighboring countries in Southeast Asia will benefit and lose from the construction of the Kra Canal. The three countries that will benefit the most from the canal are Vietnam, Cambodia,

and Myanmar. The Southern Economic Corridor (SEC) between these countries has the potential to extend from its coast to boost industry and tourism along Thailand's east coast. The construction of a jetty from Vietnam's southern region would challenge Singapore and could drastically change sea shipping routes, as Vietnam would benefit greatly from sea shipping routes that would pass through its southern coastline.

The coastal states that are most affected by the Kra Canal are Singapore and Indonesia, which are located in and directly control the Malacca Strait. Singapore benefits financially from ships traveling through the Malacca Strait. Singapore utilizes ports in the Malacca Strait to unload cargo ships, transit ships, and resting zones, which provide several days' stopovers for ships before continuing their journey. The Malacca Strait is therefore crucial to the country's economic calculations, and the construction of the Kra canal has a significant bearing on them. Apart from its successful growth in every aspect, Singapore's dominance can be attributed to the way it has capitalized on its strategic and advantageous location. In particular, it has built and managed the largest and fastest ship unloading and transit port in Southeast Asia. After Singapore seceded from Malaysia in 1963, a system of power control was established in the Straits of Malacca. Singapore took on the role of gatekeeper and checkpoint for trade vessels crossing the world's second-busiest strait thanks to this established infrastructure. As a result, Singapore earns a fantastic profit for its economic coffers, A Small Country with a Big Power. Singapore's revenue from the Malacca Strait port contributes 7% of maritime industry revenue to the country's economy (Persada & Setyawanta, 2021).

Indonesia has a good location for sea route deals because of its geographical proximity to the Strait of Malacca. Indonesia still has an opportunity if the Kra Canal is built properly, by utilizing Batam City which will develop into the largest transit port to rival Singapore. Another possibility to emerge as the most favorable transit port for ships heading to Indonesia without having to stop at Singapore is the Kuala Tanjung Port in North Sumatra province. During the presidential period, BJ Habibie also initiated the development of the Malahayati Port in Aceh as one of the largest transit docks like the Kuala Tanjung Port plan on an international scale. In response to the construction of the Kra Canal, Indonesia also received positive impacts, such as externalities or increased economic activity as a result of indirect benefits. The Kra Canal has a positive influence on Indonesia's marine economic development and does not conflict with economic planning (Persada & Setyawanta, 2021). Some of the countries bordering the Kra Canal in southern Thailand include Indonesia. The construction of the Kra Canal has

political and economic consequences for the entire world. Much research has been done on the economic effects of interdependence in the literature, and it has been shown that changes in one market impact another, especially when it comes to Southeast Asia. The effects of social and political transformation are also exposed to countries through the increasing interconnectedness of regionally connected markets even in situations where governments and supranational organizations do not have "formal" economic relations. Therefore, sudden changes and disruptions to a country's markets can result in uncertainty and raise the level of risk in doing business in a particular country (Pedrason, 2021).

Figure 1. Proposed Route for The Kra Canal

(Source: Indo-Pacific Defense Forum)

The Kra Canal takes its name from the Isthmus of Kra in Thailand, which has long been recognized as a great crossing point to connect the Indian Ocean and the South China Sea. The Kra Canal has reduced ship voyage times by 72 hours or 1,200 kilometers by eliminating the need for ships to sail through Peninsular Malaysia and Singapore (Ferida, 2017). China's economy is predicted to become dominant thanks to China's New Silk Road initiative, the Kra Canal Policy. This is because China will benefit from this new route due to cheaper export and

import costs. In contrast, China's New Silk Road initiative integrates geopolitical and geoeconomic factors. China serves as a hub to connect the Eurasian continent with this combination. The transit structure of the Kra Canal should initially be created by figuring out the current tanker transits. To identify transit tanker routes and vessel types, data from two main sources were used in this process. With the proposed Kra Canal and its impact on the tanker market, ships will benefit from cheap time carter rates and high fuel prices in several ways, especially concerning economic growth, political stability, and security in Southeast Asia.

In addition to the benefits that Thailand stands to gain from the construction of the Kra Canal, Myanmar is also one of those that will directly benefit from the development projects associated with the Kra Canal. With the construction of the Kra Canal, cities along the coastlines of Thailand and Myanmar now provide important waterways. This will become even more crucial. For example, a Memorandum of Understanding (MoU) was signed in May 2008 between Thailand and Myanmar to explore the construction of a deepwater jetty at Dawei, also known as Dawei Port. The construction of a deep-sea port connected to the industrial park at Dawei, formerly known as Tavoy, in Southern Myanmar, will be linked to the completion of the Kra Canal. The Laos economy will benefit economically from the construction of the Kra Canal. For this reason, a country like Laos relies heavily on the trade factor to sustain its economy. For exports outside the region, it depends on nearby countries such as Thailand. Laos will benefit from any kind of infrastructure development along the Kra Canal.

While it may bring much-needed investment to the Thai economy, which will result in greater economic activity for the country and Southeast Asia as a whole, the construction of the Kra Canal can be considered an important project that could save the region from the economic crisis. However, if Thailand goes ahead with this very expensive project, it will result in a huge debt. Thailand has reached out to many possible investors to increase project funding due to the anticipated cost of completing the canal. Currently, China is the main backer of this mega-project. Some countries in the region are concerned about China's interest and willingness to invest in the construction of the Kra Canal, as well as its potential impact on China's area of engagement. Thus, if the Kra Canal is effectively built, it will be an important trade route. Not only China, but even countries such as South Korea, Japan, and India will also be affected.

In addition, the Kra Canal will physically separate the coastal region of Southeast Asia from the mainland. The canal can also be used to influence the power struggle between superpowers

such as China, India, and the United States. It is pointed out that the presence of China, India, and the United States, three countries that will compete with each other, will create a more hostile and war-prone environment, which may force Southeast Asian countries to join various blocs. (Pedrason, 2021). The head of Thailand's Kra Canal Study Team, Pakdee Tanapura, claims that one of the benefits of developing the Kra Canal will be to reduce traffic in the Strait of Malacca by about 20%, which should reduce accidents. The path used by international ships will also change. The Malacca Strait is no longer an important route for large international ships sailing from Europe to East Asia (Far East), let alone stopping at connecting ports in Singapore, Malaysia, and Indonesia. Therefore, it is anticipated that throughput at each of these berths will decline, and services such as pilotage and bunkering will see a decrease in throughput (Kuncoro et al., 2019). Not only is the geography elusive, but there is also disagreement on how to dig the canal. While dynamite can be used, using nuclear weapons to dig the Kra Canal is not the best option. This is because there are many natural attractions nearby, so tools that do not negatively impact the landscape are needed to build a canal connecting two oceans (Ma, 2019).

Although shipping emissions currently account for only 3% of global emissions combined, this represents a huge increase, and shipping emissions are predicted to rise to 10% of total global emissions by 2050. These costs have many unintended consequences in terms of decarbonization and emissions reduction. Initially, to secure the required capital, any investor may have to enact various revenue-generating policies, impose hefty fees on vessels crossing the canal, or greatly increase the economic revenue potential of nearby ports. Indirectly, actions that damage the environment or increase GHG emissions may be required to justify the need for such policies. This is not always the case, but if significant infrastructure needs to be built, for example, there may be a requirement for significant landscape surveys and high greenhouse gas emissions during the construction process. Large amounts of greenhouse gas emissions can result from the amount of fuel required for the machinery used to create the canal. Similarly, despite advances in technology and capacity to reduce greenhouse gas emissions, nuclear explosions can have adverse impacts on the environment (Tseng & Pilcher, 2022).

The combined corporate sectors of China and Thailand are seeking to have a public policy on the Kra Canal formed sometime between 2017 and 2021. The aim is to dig a canal that will connect the Gulf of Thailand with the Andaman Sea. Fear of natural disasters and poor project management for the Thai Canal, such as concerns over handling potential large-scale

earthquakes on the Ranong-Klong Marui Fault and handling earthquakes that may occur along the canal's path or in surrounding provinces (Eumsin, 2021). Due to fears of political instability and environmental damage, one in three Thais oppose the construction of the Kra Canal. There are fears that the construction of the Kra Canal in the area where it is being built will become a conflict that will exacerbate the instability caused by separatists in Thailand's southern provinces, disrupt commercial routes, and discourage foreign investment in the region (Pedrason, 2021).

In the social sector, factors to consider include religion, education, employment status, and income. Socially, the canal provides the possibility of short- and medium-term employment during construction as well as long-term employment for community members who help service and maintain the canal. As such, it is an example of a positive social feature. However, there are some negative social issues associated with the Kra Canal. One is that the canal will physically and psychologically divide the Malay Muslim minority in the south of Thailand with the Buddhist population in the north of the country. Between the Thai military and Muslim militant groups, there have been 6,000 fatalities and 10,000 injuries in the last ten years to 2018 (Tseng & Pilcher, 2021)

The idea of a land bridge over the Isthmus of Kra is also making a comeback. Thailand's current Prime Minister, Srettha Thavisin has been the main proponent of the old idea to build a land bridge over the Isthmus of Kra. This plan is coupled with the construction of a deep sea port in Chumphon Province on the Gulf of Thailand side, and then a port in Ranong Province on the Andaman Sea side. Both of these ports are planned to be connected by a 90-kilometer railway, highway, and pipeline. Containerized cargo from ships carrying goods made in East Asia, such as China, South Korea, Japan, and North Korea will be unloaded at Chumphon. After that, the goods will be taken to the other side of Ranong Port via truck or train. Conversely, ships carrying goods from the West Asian and European regions will do the same at Ranong for delivery to Chumphon. The Kra Canal land route was first initiated by Prime Minister Thaksin Shinawatra in 2005. However, it was canceled a year later as he was deposed in a military coup (Putri & Dzulfaroh, 2024).

IV. CONCLUSION

The construction of the Kra Canal in Thailand has the potential to significantly reshape the geopolitical landscape of Southeast Asia, impacting trade, security, and regional power dynamics. From the trade aspect, the canal could shorten shipping times and reduce costs,

potentially benefiting countries like China, Japan, and South Korea. However, established shipping hubs like Singapore and Malacca Strait countries could see a decline in traffic and revenue. Meanwhile, from the security perspective, the canal could create a new strategic waterway, potentially raising concerns about regional security and competition between major powers like China, the US, and India. Still, environmental damage during construction and increased shipping traffic could raise concerns about sustainability. Last but not least, regrading regional power dynamics, Thailand could benefit economically from the project, but also faces challenges like potential debt and environmental impact. It is also a concern that the canal could exacerbate existing tensions in southern Thailand's separatist conflict. Overall, the Kra Canal project is a complex issue with both potential benefits and drawbacks. Its ultimate impact on Southeast Asia will depend on various factors, including how it's financed, constructed, and managed.

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