

## Chapter 11

### Reconsidering the Dawei development: Road, border gate, and peace

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#### **Policy suggestions**

- There is an urgent need to develop a comprehensive master plan for the Dawei development, by reconsidering the existing package and redefining the role of the government and the public sector. The government should take more of the burden for basic infrastructure development, while the construction of industrial estates and industrial development should be devoted to the private sector.
- The development of the road connecting Dawei and the Thai border will activate the local economy. The economic effect of the road will be enhanced by the development of “Border gates”, including liberalisation of the border control on the movement of people and agricultural trade, as well as the improvement of border measures.
- The key is to create a virtuous cycle of “Economic development” and “Peace” through these efforts.

#### **Introduction**

The Government of Myanmar plans to develop the 196-square kilometre Dawei Special Economic Zone (SEZ), which will connect to Bangkok and the Eastern Seaboard of Thailand by new highways. It also plans to build the first deep-seaport in Myanmar adjoining the SEZ, which is expected to become a concentration of the heavy and chemical industry.

The Italian-Thai Development PCL (ITD) of Thailand, under concession from the Government of Myanmar, started construction in 2008, but it has been delayed. In November 2013, the development framework was reviewed. Upon signing the Memorandum of Intention on Cooperation for Construction of the Dawei SEZ Project among Myanmar, Thailand, and Japan in 2015, the consortium headed by ITD restarted the development project of the early stage according to the scaled-down

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development plan.

### **The development package needs redefining**

In addition to the SEZ, the Dawei development project includes construction of a deep-seaport, road links, an electricity generating plant, as well as a water resources package. We consider that it was reckless from the beginning, because the military-led government at that time decided that the Thai construction company, ITD, shall be solely responsible for this complicated mega project.

Therefore, it is necessary to review the content of the development package in order to sort out the infrastructure projects that should be pursued by the government as public works, and the projects that the private sector should implement. While the infrastructure development and industrial development within the SEZ will be implemented by the private sector, it is necessary for the government to take responsibility to develop and improve the deep port, roads, power plants and water resources. In order to determine the specification and priority of the relevant infrastructure development projects, as well as to consider how these projects contribute to the local economy, it is inevitable to make a more comprehensive master plan based on reliable research, which is yet to be done.

### **Improvement of the road and border measures**

The author would like to point out that there are three challenges for the Dawei development based on the author's field trip in December 2016.

Firstly, the importance of improving the roads connecting Dawei to the Thai border. In 2013, ITD opened the route between Dawei and Htee Khee / Phu Nam Ron as the access road to transport materials for construction of the SEZ. However, the condition of this road is far from satisfactory. Nevertheless, the road has activated the movement of people and revitalised the local economy. I understood this effect when travelling along this road in December 2016.



Picture 1: Road connecting Dawei and Htee Khee / Phu Nam Ron border, constructed by ITD in 2013 (photo taken by the author on December 23, 2016).

I would like to introduce an experience of the driver I hired in this trip. The driver, 44 years old, comes from Dawei, and has a wife and four sons. After graduating from high school, he entered the construction industry. When the access road was opened by the ITD in 2013, he bought a second-hand pick-up truck with the money he had saved for years, and started a transportation business. The fee is 20,000 Kyat (approximately 1,800 Japanese yen) for a one-way trip from Dawei to Phu Nam Ron. According to the driver, sometimes his Toyota Hylux accommodates twenty passengers at one time including in the load area!! Then he charges 400,000 Kyat (approximately 36,000 Japanese yen) for the one-way trip. Now he owns three vehicles, two of which are operated by hired drivers. Construction of the road has improved the living standard of his family considerably. He employs three personal tutors for his oldest son who will take the final examination for tenth grade students (admission exam for university). He wants his son to enrol at the Yangon University of Technology, if the score is good enough. A new house with three floors is also under construction.

Along the road, there are more the farms growing banana, maize, sugar cane and

others. These agricultural products are brought to Dawei for sale in the domestic markets, and some export of these products has started to Thailand. The farmers started growing commodity crops because they have new market access. During the author's interviews, the senior officials at the Chamber of Commerce of Dawei expressed their expectations concerning development of local resources such as rubber, cashew nut, betel nut, pineapple, seafood, and minerals.

Dawei also has the tourism resource of a beautiful sea coastline and beaches. In recent years, there has been an increase in the number of small, but clean hotels. Many foreign and domestic tourists visit Kanchanaburi on the Thai side to visit the "Bridge on the River Kwai", and the rich natural resources (forests and mountains). Some started to extend their trip to Dawei and Maung Ma Gan beach at the sea. Now, Thai nationals are allowed to travel for seven days from the Phu Nam Ron border gate to Dawei without a visa. If the access road is improved, the visa requirements for foreigners are relaxed, and the facilities and services for immigration control are improved, Dawei will receive more tourists. Liberalisation of border measures and improvement of control are necessary to encourage the movement of people and the trade in agricultural produce, hereafter called the "Border gate" development. This is the second challenge.





Picture 2: Myanmar's border gate at Htee Khee (photo taken by the author on December 23, 2016)



Picture 3: Thailand's border gate at Phu Nam Ron (photo taken by the author on December 23, 2016)

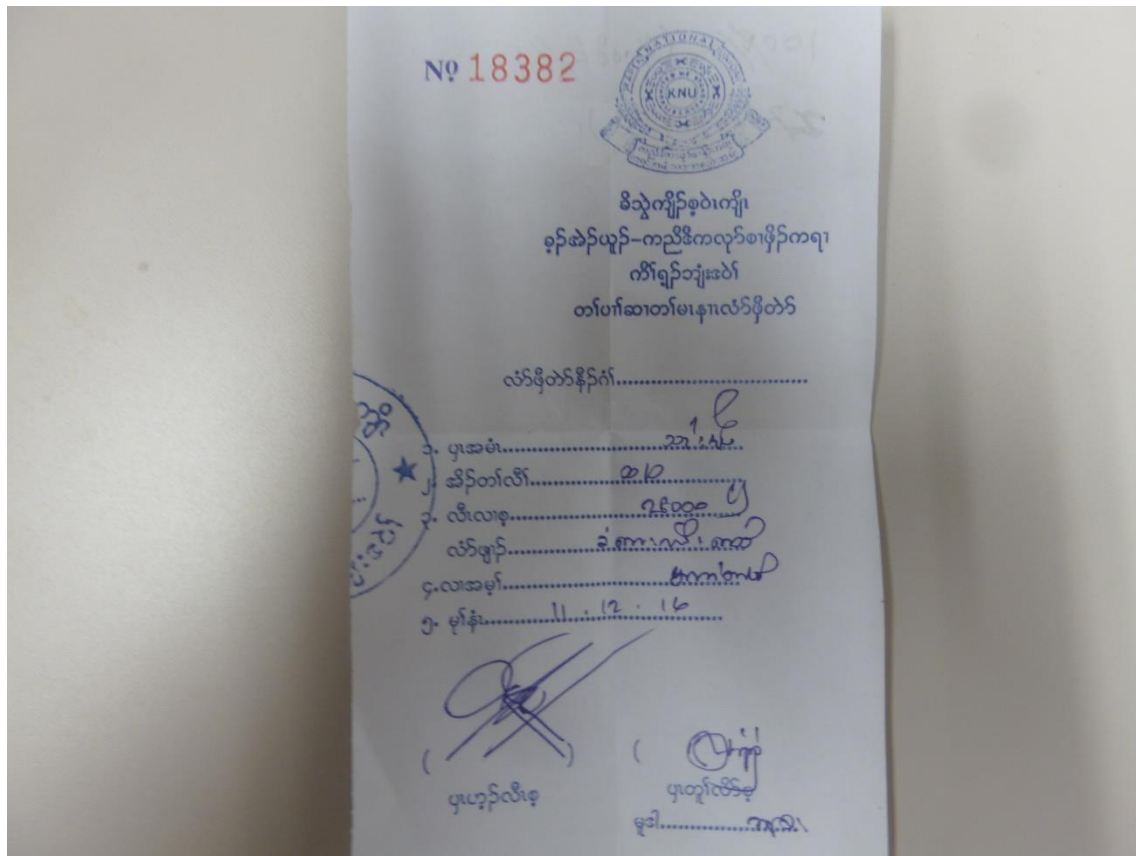


Picture 4: Road connecting Phu Nam Ron and Kanchanaburi (photo taken by the author on December 23, 2016).

### **No development without peace**

There remains another challenge that hampers connectivity between Dawei and the border. This is achievement of “Peace” with the Karen National Union (KNU), a militant ethnic minority group in the region. The KNU concluded a cease-fire agreement with the Myanmar Armed Forces, officially known as Tatmadaw, in 2012. It also signed the National Ceasefire Agreement (NCA) in 2015. Although there have been no large-scale battles with the KNU, some parts of this region are still under the control of the KNU.

The KNU collects tolls with the gun. In general, each passenger has to pay 100B (Thai Baht) or 400 Kyat (approximately 350 Japanese yen). “It is inevitable to pay money to the KNU with a gun,” the driver expressed his resignation. “Even if the leader has changed (i.e. Aung San Suu Kyi-led democratic government was established in March 2016), the reality remains the same; Things never change”.



Picture 5: A Karen-language toll receipt issued by the KNU (photo taken by the author on December 23, 2016).

Next day, I asked a KNU leader whom I interviewed in Kanchanaburi, concerning the basis for collecting tolls on the road built by ITD. He got quite angry and declared that “If you don’t want to pay that, you would better not to use it. I remembered that the driver yesterday told me that “If the road is improved and the traffic increases, the toll will be higher. If you refuse to pay, they will explode land mines”. The person organising tours to Myanmar in Kanchanaburi states that the KNU sometimes requires higher tolls when they find some foreigners on board. This makes it difficult to organise a tour because he cannot anticipate the cost correctly. The KNU is not the only problem. I saw the driver pay 1000 Kyat (approximately 90 Japanese yen) to a Myanmar police office. The driver told that it would be “inconvenient” if he did not pay, even if the officer did not demand the payment. The KNU will continue to collect tolls for its survival. I wonder if foreign companies will invest in the SEZ using this road on which landmines may be buried if payment was refused.

#### Virtuous circle

Aung San Suu Kyi once said, “No economic development without peace”. I used to think that “No peace without economic development.” However, after having travelled along Dawei’s access road, I realise it is the “Chicken or the egg first” dilemma. Once sustained peace is achieved, the economic dividend of the peace should be enjoyed not only by the KNU leaders, but also by the local people in general. This would reinforce the peace, and bring further economic growth that would further strengthen the peace. The local people who found a job, bought a car, built a new house, and saw their children go to university, never join the KNU, nor use a gun. One of the catalysts to create such a virtuous cycle is development of the road and the relevant institutions. Now, it is the right to achieve this ambition.