

Thailand's Kra Canal: A Crucial Link On the New Maritime Silk Road

Pakdee Tanapura, a member of the National Committee for the Study of the Kra Canal in Thailand, and a longtime collaborator of and contributor to *EIR*, gave an interview to journalist Erich Parpart for the Thai publication *The Nation*, which published the report excerpted below on Feb. 2. Tanapura describes the increasing potential for a multinational agreement to construct a canal through the Isthmus of Kra in southern Thailand.

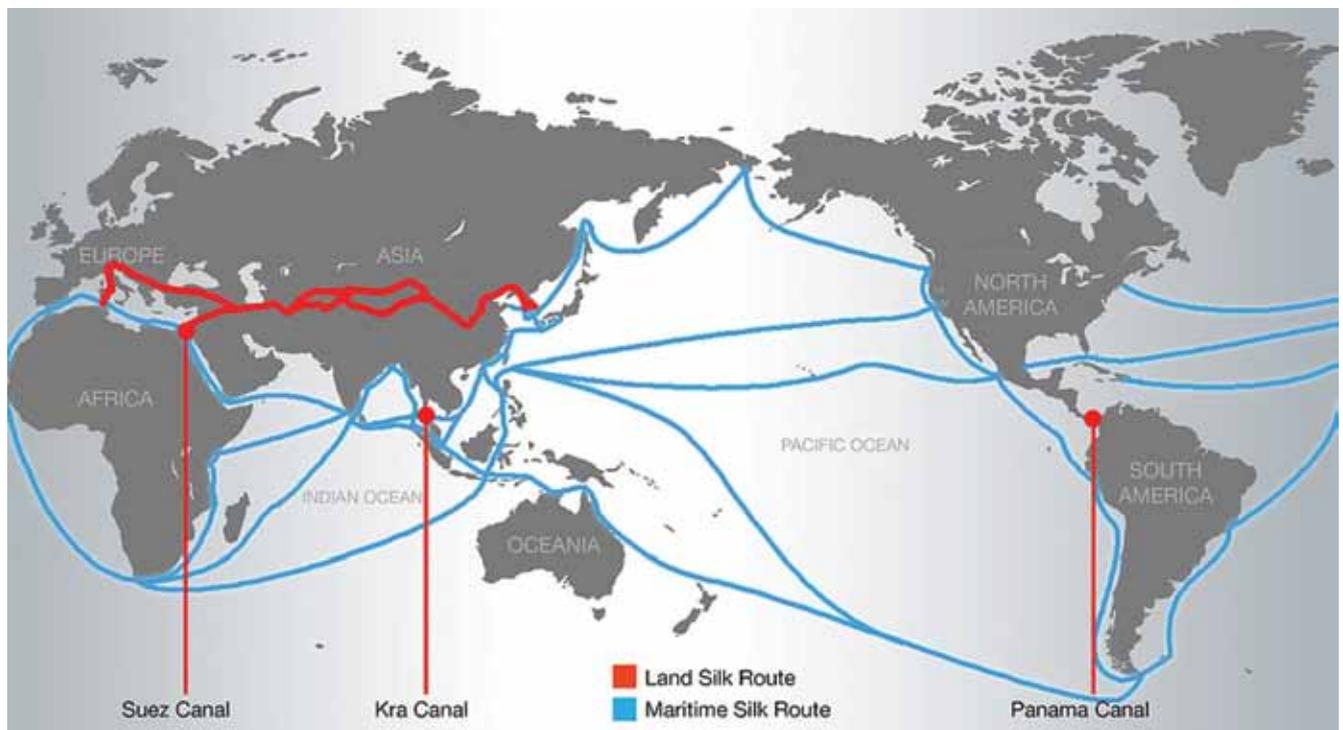
EIR and its founder Lyndon LaRouche have long championed the building of the Kra Canal as one of the critical “Great Projects” internationally required to spark a global economic recovery and create a future based on cooperation and development, rather than the current descent into confrontation and war. Tanapura

and *EIR* organized two conferences in Bangkok, in 1983 and 1984, in collaboration with the Thai government, on the proposed building of the canal as a centerpiece of a “Fifty-Year Development Policy for the Indian-Pacific Oceans Basin.”

Another co-sponsor of those conferences, the Mitsubishi Global Infrastructure Fund (GIF), is still actively promoting the canal today, along with other Japanese institutions.

The major difference today—and the reason there is optimism that the project may now proceed, after being stalled since the 1980s—is that China has become a sponsor of large-scale infrastructure projects internationally. Together with the other BRICS nations, China has created new international development banks and

FIGURE 1
The Maritime Silk Road and the Overland Silk Road



Thai Chinese Cultural and Economic Association

allocated resources to fund such projects—including a \$40 billion fund for infrastructure development along the New Maritime Silk Road, an area that has been almost totally neglected by the IMF, World Bank, and Asia Development Bank.

One sign of the renewed interest in building the Kra Canal is the fact that the interview with Tanapura in *The Nation* was covered in several shipping journals, including *Sino Ship News*, *Sea Ship News*, and the *Maritime Executive*.

Gearing Up the Process

President Xi Jinping called on Feb. 10 for speeding up the establishment of the Asian Infrastructure Investment Bank (AIIB), first announced in October 2013, and for “concrete investment plans” under China’s \$40 billion Silk Road Fund. Speaking to a central government financial meeting, Xi said the bank’s main mission will be to provide financial support for infrastructure projects in Asia and notably along the land-based and maritime Silk Road economic belts.

Then, on Feb. 16, the People’s Bank of China (PBOC) announced that the \$40 billion fund to finance development along the New Silk Road Economic Belt and the New Maritime Silk Road is now operational, with a \$10 billion initial deployment of funds.

“The priority is to seek investment opportunities and provide monetary services throughout the Belt and Road Initiatives,” according to a statement released by the PBOC.

President Xi Jinping announced the creation of the fund in November 2014, and it was established on Dec. 29, 2014. The fund will invest mainly in infrastructure and resource development, as well as industrial and financial cooperation.

“The Silk Road Fund welcomes ... domestic and overseas investors,” the statement said. “Other institutions can invest in the company’s second and third phase as long as they can make a long-term commitment,” said PBOC Governor Zhou Xiaochuan.

The initial \$10 billion fund comes entirely from state institutions, with foreign exchange reserves taking up 65%, the China Development Bank 5%, and with the China Investment Corp. and the Export-Import Bank of China each investing 15%.

As referenced in the interview below, Tanapura spoke on the Kra Canal at the two-day international [forum](#) held in Quanzhou, Fujian Province, China, Feb. 11-12, titled “Collectively Building the 21st Century

Maritime Silk Road and Building a Community of Common Destiny.” Over 280 academics and experts from 30 countries attended.

Speaker after speaker emphasized that cooperation among all the nations along the Silk Road Economic Belt and the New Maritime Silk Road was essential in lifting the world out of division and confrontation, into a world characterized by what President Xi Jinping calls “win-win” relationships. The Chinese company that built the Three Gorges Dam is already constructing a “new Panama Canal” in Nicaragua, while Egypt, which is closely collaborating with the BRICS nations, is building a second Suez Canal. Combined with the Kra Canal, these three great projects will facilitate the global extension of the “New Maritime Silk Road” concept, as presented in *EIR*’s [Special Report](#) *The New Silk Road Becomes the World Land-Bridge*.

Interview with Pakdee Tanapura

Excerpted from The Nation, Feb. 2.

Academics would not give up on an idea dating back 200 years to the first Rattanakosin period, that Thailand and the ASEAN region could greatly benefit from the building of a canal linking the South China Sea (Pacific Ocean) and the Andaman Sea (Indian Ocean).

Pakdee Tanapura, deputy director of the economic section at Thai-Chinese Cultural and Economic Association and a member the National Committee for the Study of the Kra Canal Project, said the Kra Canal could be part of the new “Maritime Silk Road” in the South of Thailand.

It could ease the increasing congestion in the Malacca Strait, reduce global shipping times, and boost the country’s and the region’s economies from job creation and increase in investment, while solving the unrest in the deep South by narrowing the economic disparity.

A pre-feasibility study on the Kra Canal and a spe-



FIGURE 2
Proposed Route of the Kra Canal



cial economic zone has revealed that the 26-metre-deep and less-than-100-kilometre-long waterway would cost about US\$20 billion to build, and reduce shipping times between the South China Sea and the Andaman Sea by at least 48 hours.

The best route is the “5A” line between Songkhla and Satun [Figure 2]; because it is situated right on the shipping lane, it is one of the shortest of all the possible routes and it has the most potential for industrial estates.

“The Maritime Institute of Malaysia’s study shows that the Malacca Strait is expected to be over-congested in 10 years. This important chokepoint has about 90,000 ocean-going vessels passing through it every year and about 12 million barrels of oil passing through each day. By 2025, there will be about 140,000 vessels and ocean freighters passing through the strait, but it can only accommodate about 122,000 ships,” he said.

The strait is the shortest shipping route between the Pacific and Indian oceans. More than 90 per cent of ocean-going vessels navigate through the strait and the value of cargo passing through it is about 15-20 per cent of world trade.

The obvious consequence from the over-congestion is the slowdown in shipping, which could affect the global economy and increase shipping costs because most of the shipping cost depends on timing.

Other choices are the Sunda and Lombok straits in

Indonesia, but they would be even more time-consuming since they would double or triple the pass-through time.

The Kra Canal would cut logistics costs and increase trade in the region, while its construction along with the expected investment in the special economic zone developed alongside the canal could create at least three million jobs and attract more foreign direct investment to the region.

The canal would answer Thailand’s craving for major investment, which is needed to escape from the middle-income trap, while easing the problems in the deep South from the increase of economic activities and job creation, since the fuel that adds fire to the unrest in the South is economic disparity.

China is interested in helping Thailand build the canal, since it would improve connections between Thailand and the southern part of China. Chinese goods from Kunming could go through Laem Chabang Port to reach the Indian Ocean via the Kra Canal.

China has recently signed an agreement with Thailand that gave the Chinese a leading role in developing the 1.435-metre gauge railway stretching 734 kilometres from Nong Khai to the Map Ta Phut Industrial Estate in Rayong.

Feasibility Study

Pakdee said the University of International Business and Economics in Beijing has been working with the National Committee for the Study of the Kra Canal Project on the pre-feasibility study.

China’s Information Office of the State Council, in conjunction with the Chinese Academy of Social Sciences and the Fujian Academy of Social Sciences, will arrange an international seminar on the 21st Century Maritime Silk Road Initiative on February 11 in Quanzhou.

The Kra Canal is one of the main projects that will be presented at the seminar.

The Kra Study Committee plans to conduct a complete, detailed, and multidimensional feasibility study that would take one year to complete before presenting it to the government, but governments in the past have always hesitated to adopt the project, he added.