

4 EXTERNAL ECONOMIC DEVELOPMENT SCENARIOS IN THE KHAMMUANE REGION

4.1 Savannakhet-Khammouane Region Development Plan

In predicting the possible cumulative impacts on health, for different populations living in the NT2 project intervention area, it is essential to foresee to what extent proposed external macro and micro-economic development plans are implemented. In 2001 a series of detailed studies were published suggesting various economic development scenarios for the Savannakhet-Khammouane Region (SKR) which included a three-phased implementation period [i.e. 2001-2005, 2006-2010, and 2011-2020]. The studies proposed that the provincial centers of Savannakhet (Khanthabouly) and Khammouane (Thakhek) strengthen their urban functions as consumption centers, high value added production centers, higher education and training centers, and information centers. Urban town development would be promoted in conjunction with improvements of road networks and the promotion of market oriented agricultural and local industries. Rural center towns would be developed for the tourism and mining industries.

It was suggested that Thakhek be promoted as a gateway for tourism, as well as an industrial city for resource-based manufacturing industries. Its historical buildings would be preserved and renovated, and tourism related facilities would be constructed [especially along the Mekong River]. Mahaxay district center, and to a lesser extent Nhommalat, located near the junctions of Routes 12 and 8B, would become important distribution centers serving the inner land area of Khammouane, as these two road junctions would become major arteries for transporting rural products in Khammouane to domestic and international markets. Nakai, after the completion of the Nam Theun 2 Hydropower Project, would be the site of a large artificial lake envisioned to become one of the major tourist destinations in the SKR. The town of Nakai would become a “mother town” for tourists visiting the lake, as well as the center for a local wood based industry. Boualapha, after the completion of Route 12 would be the closest eco-tourism spot in the region. Hence it was proposed that this town become a tourist as well as a distribution center of local agricultural and handicraft products in the district.

The proposed SKR Development Plan contained several components for major urban-based development initiatives that included, but was not limited to, the following:

- Savannakhet Special Economic Zone (SEZ): The SEZ is to be established adjacent to the new Mekong Bridge to make optimal use of the newly constructed East-West Corridor aimed at linking Thailand-the Lao PDR-Viet Nam. The SEZ will serve multiple functions, including the promotion of logis-

tics (e.g. bonded warehouses, cargo-terminals), processing of export-oriented and resource-based industries, free-markets, and the promotion of the service industry [e.g. hotels, recreation, etc.]. A belt along Route 9, from the Mekong Bridge to the junction of Routes 9 and 13 at Seno [in Outhoumphone District] will be designated as the SEZ. Enterprises in the SEZ would enjoy special investment incentives under a proposed SEZ law.

- Woodworking Industrial Park in Thakhek: A woodworking industrial park is to be established in and around Thakhek; integrating the currently operating small-scale sawmills. It will have a facility for the log auction market, as well as facilities for design, marketing, and testing for wood-processing industries. The furniture industry will also be invited to locate in the park.
- Tourism Free Zone: The designation of a Tourism Free Zone (TFZ) along the East-West Corridor would be an effective mechanism for the promotion of the Lao Tourist Industry in the SKR. It would integrate tourism development and natural/cultural preservation; as well as facilitate the joint promotion of Mekong Tours for international, Thai, and Vietnamese tourists. It could also promote comprehensive tourism management with a one-stop visa control mechanism for international tourists entering the TFZ. The TFZ could serve as a joint training/education site for tourism related human resources in the East-West Corridor, as well as an attractive incentive for Direct Foreign Investment in the Lao tourism industry.

4.2 Tourism

At the present time major destinations for international tourists, visiting the Lao PDR, are Vientiane and Luang Prabang. An increasing number of tourists, however, are going to other sites such as the Plain of Jars (Xieng Khouang), Champassack, Luang Namtha, Bokeo, and Savannakhet. Surveys have indicated that international tourists are mainly interested in seeing nature and observing local life and culture. As such the Lao PDR has, in a relatively short period of time, become an international destination for eco-tourism, rather than ordinary sight-seeing tourism.

Some potential tourism sites identified in Khammoune are:

- The Nakai-Nam Nature Reserve (NBCA): to observe natural forests and mountainous scenery.
- Phou Hinboun National Reserve: to observe spectacular landscapes with limestone mountains, stone forest formations located on the northern edge of the nature reserve [accessible by Route 8A], and natural caves with underground streams.
- Ethnic minority villages: to observe daily life and culture.
- Pha That Sikhottabong: to visit the 29 meter-high stupa built in the 14th century.
- French Colonial Style Buildings in the Center of Thakhek.

4.3 Infrastructure

Long-term and short-term economic plans and proposals are constantly in state of flux. New studies are conducted, keeping in tune with the changing nature of national, regional, and international commercial and political priorities. The Sec-

ond Friendship Bridge, across the Mekong River, connecting Mudahan, Thailand and Savannakhet, Lao PDR, will be an important development in “linking” the Lao PDR to its neighbors and to international markets through the East-West Corridor. The bridge is scheduled for completion in 2006. At the same time the Thai Government has recently publicly stated its intention to support the construction of other bridges across the Mekong River. One would connect Nakorn Phanom and Thakhek, while another would link the northern towns of Chiang Khong and Houay Xay, not far from the so-called “Golden Triangle”; the point where Myanmar, Thailand, and the Lao PDR meet along the Mekong River. A bridge connecting Nathorn Phanom to Thakhek, coinciding with the construction and/or renovation of Routes 8A, 8B, and 12, could in effect create a “mini” East-West Corridor, that would pass through many communities and district towns in the NT2 project intervention area. This bridge would probably be constructed during the period 2010-2020, but depending upon political priorities it could take place earlier.

4.4 Industry

Another interesting recent development concerns the establishment and perhaps expansion of the cement industry in the Lao PDR. The SKR Development Plan identified the cement industry for intensive expansion, based upon the discovery of a large-scale limestone deposit in Mahaxay District. At the present time the Lao PDR imports approximately 90% of its cement requirements from Thailand. Demand by the year 2005 is expected to reach 1.6 million tons; of which 1.3 million tons will be imported. In April 2004 the *Bangkok Post* reported that 8 of Thailand’s largest cement producers have agreed with a Ministry of Commerce request to gradually cut their exports to “zero”, within the next 5 years to reduce environmental impacts in both Saraburi province as well as Thailand as a whole. In 2004 exports will drop from 12 million to 10 million tons. Most of these exports go to the Lao PDR, Cambodia, and Vietnam. Cement exports surged after the “Economic Crisis” of 1997 when local demand dropped sharply and Thai cement producers needed foreign exchange to offset losses caused by the depreciation of the Thai currency. By 1998 cement exports from Thailand totaled more than 20 million tons. Will this recent decision stimulate direct foreign investment of Thai capital and technical know-how to the Lao PDR, to rapidly expand the capacity of the Lao cement industry? Will Mahaxay District be the major beneficiary of this expansion, and if so could this development have a cumulative impact on health for residents of the NT2 Project intervention area?

Another recent development has been an indication from the Thai government that Savannakhet rather than Mukdahan should become the focal point, or “economic hub”, of the East-West Corridor. This could mean a rapid up-grading and modernization of the recently renovated Savannakhet airport to handle an increased number of international tourists and businessmen. It could also result in the construction of a large airport cargo terminal and other related facilities. What effect will such a decision have on the size and composition of the proposed SEZ?

4.5 Future Scenario

To what extent will all of these proposed developments alter current migration patterns in and around the SKR, as well as throughout the country and the neighboring region as a whole? Many of the above mentioned macro and micro-economic developments will commence, or be completed, within the same five-year time frame that the NT2 reservoir, power station, and other infra-structure

inputs are scheduled to be implemented. Others will not reach fruition until a later point in time. Taken as a whole, or even separately, their potential synergistic cumulative impact on health can be considerable for selected communities and populations living in the NT2 Project intervention area. Many of these plans are based on the assumption that the Nam Theun 2 Hydropower Project will harness and provide electricity needed to plan and undertake large-scale economic development initiatives. Another assumption is that a suitable local labor force will be available to participate in these planned developments. Who will comprise this labor force, and from where will these migrants come?