

**THE NANNING-SINGAPORE
ECONOMIC CORRIDOR:
ITS PROMISES AND PROBLEMS**

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Executive Summary

1. The proposal for a Nanning-Singapore (N-S) Economic Corridor was first raised by Guangxi Academy of Social Sciences in 2004, and later proposed by Guangxi, China, as a blueprint for China–ASEAN economic integration during the first Pan-Beibu Gulf Economic Cooperation Forum in 2006.
2. The proposed N-S Economic Corridor is estimated to be 5,000 km long with 198 km in China’s territory. Starting from Nanning, Guangxi province in China, the corridor will span Hanoi in Vietnam, Vien Chang in Laos, Phnom Penh in Cambodia, Bangkok in Thailand, Kuala Lumpur in Malaysia and Singapore by railways, expressways, waterways and air routes.
3. The N-S Economic Corridor is more than a mere transportation link; it is a comprehensive development zone connecting China’s Nanning in the north to Singapore in the south, with the potential of becoming a new growth engine for China and ASEAN.
4. It encourages capital flow into the slow-developing countries, narrowing their development gap and connecting neighbouring countries, and stimulates the development of China-ASEAN free trade area. This is in line with the concept of *ASEAN Connectivity* which was further reiterated in a symposium held in Ho Chi Minh, Vietnam, on 17 December 2010.
5. Countries within the N-S Economic Corridor can take advantage of Guangxi’s listing as a free cross-border renminbi settlement trial location to expand trade cooperation, strengthen investments and cooperation and promote development of high-tech and modern services, as well as expand the capacity of the corridor and create a new engine of growth for the economic corridor.
6. At the other end of the corridor, Singapore can operate as the Corridor’s gateway to the global economy through Singapore’s well-established sea and air linkages and re-enforce its position as a regional transportation hub, while

taking advantage of mainland ASEAN countries and South and Southwest of China as its economic hinterland.

7. Many challenges such as economic and social diversity, “software” issues and competitions between local Chinese provinces – Yunnan and Guangxi – over their “going out” strategies still loom. As such, Yunnan has taken the lead as the construction of the railway linking Yunnan and Vietiane, the capital of Laos, will be launched in 2011.
8. Although much has been discussed and ASEAN governments have voiced their support for the project, problems still exist. Other than the Guangxi government, a major player for the N-S Economic Corridor, there is in fact little substantial progress made by rest of the ASEAN countries.
9. Although the N-S Economic Corridor is still at its conceptual stage, China is already pushing very hard for it. China has established a US\$10 billion China-ASEAN Investment Cooperation Fund as well as another US\$15 billion China-ASEAN Loan Program for the construction of the logistical highway network for the ASEAN countries.