

Report from Bangkok by Sophie Tanapura

How the Kra Canal can be financed

The Kra Canal, a recent seminar in Bangkok concluded, can be built by pooling regional financial resources.

On Feb. 6-7, the Chulalongkorn University of Bangkok once again organized a conference to debate the economic and financial feasibility of an eventual Kra Canal, that would link the Andaman Sea to the Gulf of Thailand across the southern "Golden Peninsula." The organizer of the conference was Dr. Boonrod Binson, chancellor of Chulalongkorn University.

The conference was attended by many Thai business, military, and government leaders, reflecting the growing consensus here that the Kra Canal and the economic thinking behind it are the alternative to depression under conditions of global economic collapse. Along with Dr. Boonrod, Dr. Aoki of the Mitsubishi Research Institute of Japan, and Dr. Uwe Henke v. Parpart of the U.S.-based Fusion Energy Foundation, presented studies on the economic feasibility of the canal, emphasizing the opportunities for industrialization the canal would open up in the entire region.

This is not the first time Dr. Boonrod has backed the canal project. Already back in the 1970s, he was working with K. Y. Chow, the Thai-Chinese oilman who had, on his own, funded the preliminary study of the Kra Complex by the American engineering firm Tippetts, Abbott, McCarthy, Stratton (TAMS). On the verge of receiving the green light from the Thanon Prapass government, the project was then thwarted, when the violent student uprising of 1973 led to the overthrow of the government.

The canal project was, for all prac-

tical purposes, shelved until the Fusion Energy Foundation (FEF) and *EIR* brought it into the limelight again in 1983, when the American presidential hopeful, Lyndon H. LaRouche, went on an Asian tour and spoke at a Kra Canal Conference organized by the FEF and the Thai Communications Authority. The FEF has since held several conferences on the canal, both in Thailand and India.

For Dr. Boonrod, the question of how to finance the project is a significant one, which demands a thorough debate, as the amount needed for the canal construction would easily exceed the total national annual revenue of Thailand. Foreign capital, Dr. Boonrod believes, would be readily available for investment in the project, should the international waterway prove to be economically and financially feasible.

However, what concerns Dr. Boonrod, as well as many Thai policymakers, is that local and regional raw materials, labor, and technological know-how should be utilized to the extent possible, in order to maximize the economic impact of the project already in the construction phase.

Dr. Boonrod also believes that a large portion of the funds needed for the infrastructure project could be raised domestically. A corporation should be formed according to Thai law, he suggested. In line with the idea of encouraging regional participation in the project, stocks and bonds should be sold to investors from countries situated within a 3,000-kilometer

radius of the canal site. This would encompass India, China, and other developing countries of the region, representing a total population of over 2 billion.

Promoting regional financial participation in the infrastructure project, as well as utilization of raw materials and technological equipment from countries in the region, would in itself create quite a significant amount of maritime traffic, thereby ensuring the utilization of the waterway and its ports in the initial phase.

For instance, let us suppose that Thailand decides to import iron ore or steel products from India. These would have to be transported by sea. In return, Thailand would export her products to India. Let us again suppose that for the excavation of the canal, Thailand chooses to import explosives from China. In this case, Thailand would also be exporting her products to China. New trade patterns created because of the canal project, could already take place once the port facilities have been developed and even before the canal has been excavated.

According to Dr. Boonrod, 51% of the "Kra Canal Corporation" should be in the hands of Thai investors. Regional investors from within the 3,000-kilometer radius should hold another 39% of the corporation's shares; the remaining 10% should be held by investors from industrialized nations. It is expected that only 16% of the total canal construction fund would be needed and would have to be raised each year for the first five years, and for the remaining five years only 4% each year, with the aim of making the canal operational at the end of the first five years of construction. The remaining five years of the construction would be devoted to development of canal transportation and cargo-handling facilities.