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# Narratives of Chinese policies on route R3A tourism development: A question in collaboration

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**Abstract:** The R3A Route represents a collaborative initiative involving the governments of Thailand, Laos, and China aimed at bolstering connectivity along the North-South Economic Corridor, as a vital component of the Greater Mekong Subregion Economic Cooperation Program (GMS). Since its inception in 2008, this endeavor has substantially enhanced the logistical framework between Thailand, Laos, and China. However, it has also revealed an imbalance in the benefit distribution of value chains within the tourism industry. One of the fact that, local stakeholders in each country often leverage their home country's advantages, leading to the exploitation of counterparts with lower capacity in other nations. This unfair utilization goes against the initial intentions of fostering collaboration among these countries. Given China and its development as a starting point for tourism and its popularity among tourists traveling this route, this study provides a comprehensive analysis of China's policy and insights of its influences on R3A tourism development in Laos and Thailand. The study constructs a content analysis with an umbrella of stakeholder analysis based on reliable data and is cross-verified through data triangulation. The findings lead to recommendations aimed at making Thai-Lao-Chinese tourism cooperation more sustainable and effective.

**Keywords:** R3A; collaboration; tourism; China policy; development; GMS; value chain

## 1. Introduction

Route R3A or R3E, a part of the Asian Highway AH 3, plays a pivotal role in connecting South-Western China, Northern Laos, and Thailand. Locally, this road is known as the Kunming-Bangkok Highway, strategically linking China with Thailand. Departing from Kunming, the capital city and transportation hub of Yunnan Province, and extends all the way to the China-Laos border at Mo Han, Xishuangbanna Dai Autonomous Prefecture. This scenic route covers a distance of 759 km, primarily on first-class highways, and typically takes about 10 h to traverse. Upon entering Laos at the Boten Border, it winds through Mhong Singh in the Luang Nam Tham district, ultimately reaching the Thai-Laos border at Huay Xai, the capital of the Bokeo district, covering a distance of 243 km with an approximate travel time of 6 h. Further along the journey, it crosses the Thai-Laos Friendship Bridge No. 4 and enters the Chiang Khong district of Chiang Rai Province, as shown in **Figure 1**. The remarkable aspect of this route is its close alignment with the Mekong River, making it an indispensable artery for transportation, serving both trade and tourism needs.

Based on the information from the years 2013 to 2016, following the opening of the Thai-Laos Friendship Bridge No. 4 in Chiang Khong district, it was observed that

the number of tourists, both incoming and outgoing, significantly increased (Kallayanapatharasit et al., 2019; Sukdanont et al., 2019). This was because it is a route that connects to important tourist destinations between China, Laos, and Thailand, making it particularly attractive to tourists from China. However, the notable rise in the number of tourists traveling along this route led to changes in the tourism landscape in the region and introduced foreign investment, particularly from Chinese entrepreneurs (Saichan, 2018). This also resulted in unforeseen external influences.

In fact, most people who traveling on Route R3A are from China to Thailand for visiting purpose (Rowedder, 2020; Saichan, 2018; Sukdanont et al., 2019). This means that China is one of the primary sources of tourists on this route, which is crucial for tourism industry in this route. Therefore, good understanding about the policies from China on this route may help involved countries design better tourism policies for supporting the growth and competency of their tourism businesses. It is also expected to be typical guideline for shaping tourism policies for other routes to connect GMS in the future.

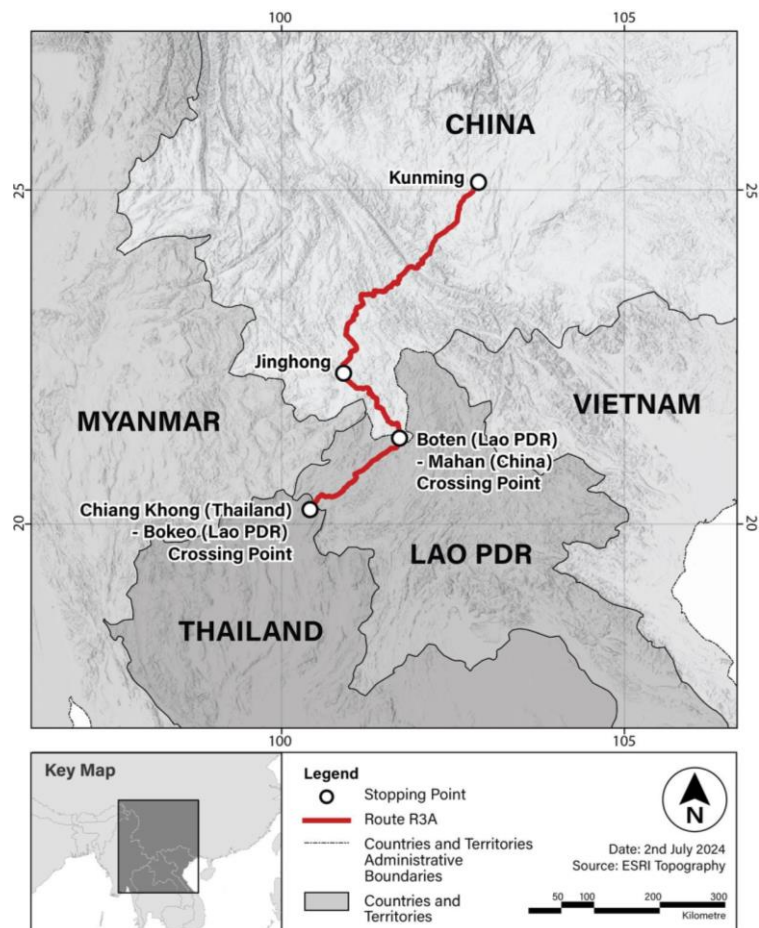


Figure 1. R3A Route.

Source: Developed by authors.

## 2. Development of R3A and establishment of regional tourism chain

Route R3A was established under cooperation among Thailand, Lao PDR, and China with the purpose to promote transportation connectivity along North-South Economic Corridor, which is the part of Greater Mekong Sub-Region Economic

Cooperation Program (GMS). From its opening in 2008 to present days, R3A has concretely become tourism route. It was initially improved by border tourism providers in Chiang Kong and the Tourism Authority of Thailand (TAT) (Sukdanont et al., 2019).

The promotion of tourism along Route R3A has been ongoing, but it became more tangible with the construction of the 4th Thai-Lao Friendship Bridge. Previously, in the absence of the bridge, independent travelers (Free Independent Travelers or FIT) from Europe and America would travel to Chiang Kong for an overnight stay and then take a ferry across the Mekong River to Huay Xai, from where they would continue by boat to Luang Prabang (Walker, 1996). With the bridge's construction, the ferry service across the Mekong River or the Boten Border Crossing was restricted to Thai and Laotian nationals only, while foreign travelers had to use the new bridge. This change led tourists on this route to adjust their travel plans, opting to stay in Huay Xai for greater convenience before continuing their journey to Luang Prabang (Sukdanont et al., 2018). This shift had a significant impact on tourism operators, accommodations, and restaurants in Chiang Kong.

To address this issue, the Tourism Authority of Thailand (TAT) developed a marketing plan to promote tourism along Route R3A, encouraging tourists from Southern China to visit Thailand using private vehicles in a caravan-style travel format. These travelers would enter through Route R3A, stay overnight in Chiang Kong, and then continue to Chiang Mai. According to Sukdanont et al. (2018), the development of tourism along Route R3A can be summarized into three distinct stages as follows:

- Stage I: Before the construction of Route R3A

This period can be considered as the pioneering stage of tourism. There was a tourism route survey project titled "Mekong Challenge." Travel began with ship transportation from Chiang Saen to Xishuangbanna Dai Autonomous Prefecture, returning to Lao PDR and then to Chiang Khong by road. Due to the poor condition of the unpaved and narrow road in Lao PDR, it was not popular among tourists.

- Stage II: After the construction of Route R3A

In the early stages, most tourists were outbound Thai tourists traveling to China by road and the Mekong River. The main destination was Jing Hong or Chiang Hong in Xishuangbanna Dai Autonomous Prefecture. After a mutual agreement between China and Lao PDR to allow Chinese vehicles into Lao PDR, the number of Chinese tourists using Route R3A increased. However, the route was still not very popular because vehicles needed to be loaded onto boats to cross the Mekong River.

- Stage III: After the construction of the 4th Thai-Lao Friendship Bridge

At this stage, most tourists were outbound Chinese travelers heading to Thailand in personal vehicles, with Chiang Mai Province as the main destination. The route to Chiang Mai became very popular, as it was only 500 km from the Boten Border Crossing in Lao PDR. Two types of tourism emerged: caravan tours and free independent travelers. Since 2012, the number of tourists dramatically increased, leading to negative externalities for local communities. One reason for this surge was that Chiang Mai Province was a major location for popular Chinese films at that time, "Lost in Thailand, making the province well-known (Du et al., 2020; Mostafanezhad and Promburom, 2018). The problems needed explicit solutions, leading the

Department of Land Transport of Thailand to issue strict regulations for Chinese vehicles. However, the uncoordinated response among agencies resulted in a decrease in the number of Chinese tourists in subsequent time (Sukdanont et al., 2019).

Route R3A is the short route connecting three countries on the Upper Mekong. This strategic route is significant as a mechanism to connect the economy, society, and politics of these three countries. Even though the policy of each country towards the route is different, the main purpose is to directly and indirectly promote tourism on Route R3A. A research gap has been identified when looking at its development. The majority of studies on tourism along this route focus on analyzing tourist behavior and developing tourist attractions. However, studies related to strategic analysis and policy implementation by the Chinese government influencing this route are very limited. As a result, the evaluation of value and the proportion of benefits derived from the utilization of this route for tourism remain unclear and lack concreteness. This gap in research highlights the need for comprehensive studies that emphasize Chinese tourism development in order to integrate strategic, economic, and policy perspectives to fully understand and enhance the tourism potential of Route R3A.

### **3. Research design**

This study is established to comprehensively review the relationship between the development plans in China and its impacts to the tourism specific to Route R3A. Our content analysis consisted of three sections. Firstly, we delved into the development of China's connectivity with neighboring nations, encompassing infrastructure, trade, and investment, and scrutinizes the resultant economic and political ramifications. Key policies including with "Going Out," "Good Neighbor," and "Bridge Head" are analyzed for their impact on fostering regional integration and development. "Secondly, we analyzed the structure of tourism promotions in China and its influence on the value chain in R3A tourism, aiming to identify gaps in exploitation for related stakeholders in each country. Lastly, we highlight the implications of these policies on various Chinese stakeholders along Route R3A, with a particular emphasis on the diverse competitive dynamics in leveraging the advantages presented by this strategic route.

The study constructs a content analysis in relation to stakeholder involvement, gathering data from reliable sources in Thai, English, Lao, and Chinese languages. Information was ensured its reliability by only obtaining from authoritative governmental and official websites of pertinent agencies, as well as peer-reviewed academic papers. In light of the limited information available on the Lao development plan, we explored other relevant sources for cross-referencing. For example, to gather data on the Chinese-Lao border development, we used international academic papers and official documents from the Embassy of the People's Republic of China in the Lao People's Democratic Republic. To ensure data validity, we employed the data triangulation method, systematically comparing and cross-referencing data to ascertain consistency and identify any discrepancies. (Carter et al., 2014). In cases of discrepancies, we collaborated to reach a consensus.

## **4. Development China's policy and impacts to R3A**

The development of China's policy towards R3A underscores its strategic commitment to regional economic integration, trade expansion, and enhanced geopolitical influence in Southeast Asia. These policies have diverse impacts, promoting trade and investment growth, supply chain integration, and regional economic stability. However, they also present challenges that require careful management and cooperation among all member countries. According to Sukdanont et al. (2019), China implemented measures to exploit route R3A largely for trade and investment benefits, but an international political dimension was also hidden behind the policy. Considering the Bridgehead Strategy, Go Out Policy, and Good Neighbor Policy, in this section, we examine the development of those three policies and how they shape R3A, particularly in dominating the tourism industry in Laos and Thailand.

### **4.1. Go Out Policy**

Following the national strategy towards the stable development of China, "Go Out Policy" was considered as the initial step of this long journey. The "Go Out Policy" was first announced in 2000 by the president Jiang Zemin. According to the 12th National Economic and Social Development Plan of China, it is a significant strategy in encouraging Chinese firms to invest abroad, especially to nations and territories abundant in natural resources. This planning policy suggested the directions to diversify risk by investing in various regions around the world and making use of China's vast foreign reserves (Carter et al., 2014; Chen, 2012; Wang et al., 2016). In the government-led sector, China supports investments by both the public and private sectors across all industries. For the financial sector, wealth funds have been established to invest in infrastructure, especially in Asia. These include the Silk Road Fund and the Asian Infrastructure Investment Bank (AIIB), both of which fall under the "One Belt One Road" strategy to tighten the connection between China and other countries (Wang et al., 2016).

In addition, the substantial investments in infrastructure development of the "Go Out" policy has induced significant impacts on transportation systems in Southeast Asia. Chinese investments in ports, railways, highways, and other key infrastructure projects have provided many opportunities to modernize their transportation networks, facilitating trade and connectivity. This stipulated the Belt and Road Initiative (BRI), a flagship program under this policy, has contributed to the connection between regions, making Southeast Asia become a focal point for land and maritime routes (Sukdanont et al., 2019)

Despite these opportunities, China's "Go Out" policy has raised concerns in Southeast Asia, including political risk, economic crisis, and debt sustainability. As China invests in developing infrastructure, some Southeast Asian countries suffer accumulated substantial debts (e.g., Laos, Cambodia, Myanmar, and Thailand) (Chan-Fishel et al., 2007; Gilley, 1998). The fear of falling into a debt trap has prompted calls for cautious and transparent negotiations to ensure that these projects are financially sustainable.

## 4.2. Good Neighbor Policy

The border areas of China are the most complex when compared to countries with large landmasses such as Russia, Canada, or the United States. This is because China has land borders spanning over 22,000 km, sea borders extending more than 18,000 km, and shares borders with 15 different countries, each with varying economic, social, religious, and cultural differences. China has had longstanding interactions with its neighboring countries, shaped by differing historical backgrounds, which have had ongoing effects up to the present day. Both benefits and conflicts are awaiting resolution. Therefore, during 2006–2010, China’s foreign policy emphasized the importance of neighboring countries and border regions. It involved the establishment of the Border Economic Cooperation Zones along China’s border with neighboring countries for performing diverse economic activities in line with this policy. Adapting information from different sources, we have compiled figures on economic development zone in China. In **Table 1**, since 1992, a total of 5 such zones have been established between China and Southeast Asia (China Briefing, 2012). These Border Economic Cooperation Zones differ from city-based economic zones in that they are not solely aimed at attracting foreign capital or economic benefits. They also aim to foster economic cooperation for enhancing the relationship with neighboring countries.

**Table 1.** Economic development zone across China’s border in Southeast Asia.

No.	Economic Development Zone	Province/Autonomous region	Border
1	Dongxing	Guangxi	China-Vietnam
2	Pingxiang	Guangxi	China-Vietnam
3	Hekou	Yunnan	China-Vietnam
4	Ruili	Yunnan	China-Myanmar
5	Wanding	Yunnan	China-Myanmar

Source: Compiled by authors (2024).

For Southeast Asia, China has provided economic support, investments, unconditional financial aid, technology, and expertise to encourage the development of those countries, particularly Laos, which is the poorest in the region (Tsai et al., 2011). Western scholars view this international aid policy as part of what is known as ‘Soft Power’, however. It is noteworthy that China has not established an economic zone in the China-Laos border area, unlike in other border regions. This is because Laos has its own policy for attracting foreign investments to its special economic zones, with China being one of the major investors in Laos’ special economic zones (Sukdanont et al., 2019).

## 4.3. Bridgehead Policy

The ‘Bridgehead City’ strategy began when President Hu Jintao visited the Yunnan Province in 2009. Considering the strategic geographical location of Yunnan with three bordering ASEAN countries Myanmar, Laos, and Thailand, this strategy was promoted to be a national-level strategy during the 12th Five-Year Plan (2011–2015) for China’s economic and social development through the connection between China’s southwest region—Southeast and South Asia (Summers, 2013). The main

purpose of this strategy is enhancing connectivity through various means of transportation, including roads, railways, aviation, and boats or ships via the Mekong River (Han et al., 2022).

In the 13th Five-Year Plan (2016–2020) for Yunnan Province, a strategy called ‘1 Core, 2 Rings, 2 Axes, 3 Belts, and 6 Regions’ was outlined, with Kunming as the central core of development. It was surrounded by two economic ring cities in the central region of Yunnan, including Qujing, Yuxi, Chuxiong, and Honghe (upper part) (Sukdanont et al., 2018). The plan aimed to connect two economic axes, namely the Bangladesh-China-India-Myanmar Economic Corridor and the China-Indochina Peninsula Economic Corridor. This Bridgehead policy attributed to promote the establishment of border economic cooperation zones, such as the Lancang-Mekong River Economic Belt and the Jinsha River Economic Belt (Sukdanont et al., 2018).

Regarding tourism, which is a significant revenue generator for Yunnan Province, the Yunnan provincial government also developed the ‘Yunnan Tourism Industry Development Plan 2016–2020,’ with border tourism being one of the ten key tourism products found in the plan (Sukdanont et al., 2019). This focus on border tourism not only encourages their businesses to explore opportunities in border regions connecting to Yunnan but also promotes cross-border cooperation and investment.

#### **4.4. A nexus of Chinese policy and R3A tourism value chain**

Tourism on the R3A Route keeps growing, with Chinese tourists emerging as the predominant group. When the China policies have changed their own economies and made China’s western region more prosperous, this has made life better in the western areas, especially where the R3A Route starts in Yunnan Province. Higher salaries and more focus on services, like leisure and relaxation, have made people in this area want more vacations, generating demand for traveling R3A as a result.

The aforementioned Chinese development policies have obviously seen several impacts on tourism along the R3A in different dimensions. Firstly, the development of transportation infrastructure initiated by the “Go Out” Policy connecting China’s Western and Eastern regions, as well as linking with Southeast Asia, has made road travel more convenient and faster. Besides planes or trains, passengers can now drive from Kunming to Bangkok within a day at a low cost, making it favorable for tour caravans, which is a popular travel format in China, not only in Yunnan, Sichuan, and but also other southern provinces like Guangdong. Most passengers use the R3A Route to enter Thailand for tourism (Sukdanont et al., 2019).

Secondly, the Chinese population, especially in the western regions, has experienced improved economic conditions, higher living standard, and changing lifestyle, resulting an increase in spending power and a growing demand for tourism. This is evident from the large number of Chinese tourists traveling on this route, many of whom use expensive private cars like Mercedes Benz, BMW, Audi, and choose 4 to 5-star hotels for accommodation (Sukdanont et al., 2018, 2019).

Thirdly, the promotion of foreign investment, including the Chinese government’s allocation of funds to Chinese trade associations in various countries, has made it easier for Chinese entrepreneurs to raise capital for tourism-related businesses. As a result, Chinese entrepreneurs have invested in tourism-related

ventures in both Laos and Thailand, including hotels, tour companies, restaurants, and souvenir shops, catering to both tour group travelers and individual foreign tourists (FIT) (Sukdanont et al., 2018, 2019). This has had a significant impact on local businesses. Additionally, Chinese entrepreneurs utilize tourism as a means to explore trade and investment opportunities. For example, China introduced Agro-tourism and Cultural Tourism Developing at the Science and Technology Department of Guangxi Zhuang Autonomous Region in 2004. The integration of agricultural resources with tourist management concepts has the potential to considerably increase the added value of agricultural resources, making it a reliable source of revenue for farmers. Local governments are increasingly encouraging the integrated development of agriculture and tourism to increase farmer incomes and promote non-agricultural employment (Luo et al., 2023).

## **5. Chinese policy on tourism extension and promotion: From country to Yunnan to Xishuangbanna**

China divides its legislative bodies into two levels: national and local. National laws are the highest level and are enforced throughout the entire country, while local laws, such as those at the provincial or municipal levels, apply only within their respective areas. Consequently, China's national tourism laws establish broad frameworks to allow flexibility and guide the formulation and enforcement of provincial and municipal laws to ensure consistency.

### **5.1. National tourism mechanism**

In 2016, the Chinese government enacted the Tourism Law of the People's Republic of China (2016 Revision). This law aims to protect the rights and interests of tourists and tourism operators, particularly preventing zero-dollar tours, protecting and appropriately utilizing tourism resources, and promoting sustainable development in the tourism industry. According to Standing Committee of the National People's Congress (2016), the law is divided into three main sections:

- Supervision of tourists

This section of the law protects tourists' rights regarding the purchase of tourism products and services as agreed upon. It also regulates tourists to adhere to local customs, traditions, morals, and religious beliefs to protect diverse tourism resources and environments. Additionally, group travel (Tour Group) for both Chinese and foreign tourists must remain together throughout the tour, and tourists must truthfully declare any personal health issues to the tourism operator for safety management and tour arrangement.

- Promotion and development of tourism

Local governments, especially those with abundant tourism resources, must collaborate with the central government to outline the direction of tourism industry development in the national economic and social development plan. This includes setting development goals, protecting and utilizing resources, promoting tourism product development, improving service quality, creating tourism culture, enhancing tourism image, and building infrastructure and public services. Local governments must also have specific development plans for their areas, considering China's vast



size and unique local needs. The central and local governments are responsible for implementing these development plans to ensure continuous and sustainable tourism growth, fostering interregional tourism cooperation, and integrating tourism with other sectors like industry, commerce, culture, health, sports, science, education, and ethnic minority regions.

The Chinese government has actively promoted tourism by establishing organizations to enhance both overall and local tourism images, such as creating Tourist Information Centers in key areas to provide essential travel information and assistance.

- **Tourism operation regulation**

Tourism agencies must obtain licenses from the Department of Tourism and register according to law, meeting five essential criteria: having a fixed place of business, necessary business facilities, legal capital, trained managers and guides, and other legal conditions. Agencies operate in five forms: domestic, international, border, inbound tourism, and other tourism forms. Special permits are required for international and border tourism, and agencies must place a security deposit to compensate for any tourist rights violations or emergencies. Non-compliance can result in license revocation and fines.

Under this umbrella, tour agencies must accurately advertise, use appropriate products and services, and avoid underpricing to attract tourists and recover costs through other means. Tourists can return products and request refunds within 30 days after the tour for any violations. Agencies must also contract guides legally, ensuring proper compensation and social insurance, and guides must adhere to professional ethics and approved itineraries without unauthorized changes.

## **5.2. Provincial tourism laws (Yunnan Province)**

Yunnan's tourism initiatives reflect its unique environment, which borders Myanmar, Laos, and Vietnam, and is home to various ethnic groups. The Yunnan government plays a crucial role in developing policies and measures that support the growth of the tourism industry in Southeast Asian countries (Zhang, 2023). These efforts include integrating tourism with related industries, commerce, exchange rate, and environmental conservation.

Significant investments and funding have been directed towards tourism development in Southeast Asia, underscoring the region's strategic interest in expanding its tourism sector. Additionally, the government provides valuable knowledge and information to enhance service standards and safety, ensuring a high-quality experience for visitors.

## **5.3. Municipal tourism extension and promotion (Xishuangbanna)**

Xishuangbanna's tourism initiatives, reflecting its border location and diverse ethnic population, emphasize leveraging natural and cultural resources while ensuring social, economic, and environmental benefits. The local government supports private investment, promotes tourism cooperation, and integrates tourism into economic and social development plans. Several initiatives have been implemented to encourage private investment in developing local products and fostering tourism cooperation,

considering local religious and cultural aspects (Wang and He, 2016). Importantly, the Border Tourism Regulation has been enacted. Authorized tour companies and local residents from Xishuangbanna can cross borders within specified periods, adhering to strict legal guidelines. This regulation could expedite tourism investment promotion with neighboring countries, such as Laos, with significant support from their governments (Gao et al., 2022).

## **6. Influences of Chinese policy on R3A cross-border tourism in Lao and Thailand**

In this section, we attempt to point that the countries involved have relationships with each other either direct or indirect ways, and these relationships lead to different benefits proportions based on the activities within the tourism value chain on the R3A Route. More influential or competitive stakeholders within the value chain might intervene in favor of weaker ones to increase a share of the income. Accordingly, this analysis focuses on the roles of different stakeholders in the value chain and factors affecting their income proportions, with a country-by-country breakdown.

### **6.1. China: A journey of dragon power**

Since China's opening and economic reform, including infrastructure development to connect Southeast Asia, adjustments to economic and social development plans, the Chinese population has seen improvements in income and status. This, alongside the encouragement of outbound investments under the "Going Out" policy, has had ramifications on the R3A Route, which has witnessed a surge in Chinese tourists. However, Chinese entrepreneurs play a significant role in managing tourism along the R3A Route. Some entrepreneurs operate covertly, using tourism as a channel for seeking products and investing in various sectors. Chinese tourism operators can be perceived as a threat by stakeholders in the tourism value chain in this route (Sukdanont et al., 2019).

Tourism along the R3A Route is particularly noteworthy, as it predominantly involves Chinese tourists who are ready to leave their home country to visit Thailand and Laos. Nevertheless, a group of more capable and skilled Chinese entrepreneurs, backed by financial and informational supports from the Chinese government, likely exploits legal ambiguities and holds sway over various segments of the tourism value chain in destination countries (Sukdanont et al., 2019). This is evident when the Chinese government funds trade associations in Thailand and Laos, enabling Chinese entrepreneurs conducting business abroad to conveniently secure loans. On top of that, they establish Chinese chambers of commerce in various prominent tourist destinations to serve as a bridge of communication with Chinese entrepreneurs. These chambers also serve as a platform for Chinese entrepreneurs to voice their concerns and seek assistance in case of issues affecting their businesses or their standing in the destination area. Although these strategies may not directly promote Chinese individuals to travel or operate tourism businesses along this route, upon closer examination, it becomes evident that these advantages are leveraged to increase capacity for Chinese entrepreneurs to have more competitive within the tourism value chain for local entrepreneurs (Kuik et al., 2021; Sukdanont et al., 2019).

## **6.2. Lao: Connection or extension**

Comparing the relationship between Thailand and Laos as ‘sibling countries’, the relationship between China and Laos is even closer, more stable, and pronounced since the establishment of diplomatic relations between the two countries in 1961 (Fujimura, 2010). Later, in February 1976, another agreement between the Laos and China Friendship Association was signed for the engagement in reciprocal visits at various levels, including high-level state visits, ministerial-level visits, and inter-agency exchanges (Embassy of the People’s Republic of China in the Lao People’s Democratic Republic, 2013). Between 1989 and 2010, totally 86 agreements were signed, promoting economic and social cooperation between them (Sukdanont et al., 2018).

Given the historical context of Laos, a small country situated in the midst of more economically powerful and politically influential nations, Laos has pursued political and foreign policies based on reliance and support received over time. Alongside the long-standing close relationship that Laos has maintained with China since its opening up, China has extended substantial support, including financial investment, through bilateral agreements at the state-to-state and agency-to-agency levels. As of 2014, the Chinese government had plans to invest in 240 flagship projects within the border economic cooperation zones, valued at over 200 billion RMB (or 31.45 billion US dollars), along the China-Laos border (Leungaramsri, 2016). This was part of the regional development plan under the framework of economic cooperation, aiming to address economic imbalance between Laos and China (Kuik et al., 2021; Sukdanont et al., 2019).

Relying on foreign loans has left Laos unable to steer the direction of its tourism development efficiently (Rowedder, 2020). This is primarily because countries providing these loans often prioritize their own interests, sidelining the development of tourism infrastructure. Consequently, Laos has made limited progress in developing its tourism sector, including tourism sites, workforce, and amenities, as it is required to allocate its own budget for development (Sukdanont et al., 2019). In addition, Barney and Souksakoun (2021) argue that Laos is facing the risk of a sovereign default due to an overdependence on major investment from China.

Nevertheless, Laos still emphasizes tourism development and opens doors to foreign investments in the tourism industry. Foreign companies are permitted to hold up to 70% of shares in Laos’ tourism industry, and some sectors, such as hotels and restaurants, are allowed 100% foreign ownership (Sukdanont et al., 2018). This implies a tendency for a significant influx of foreign investors, especially in key tourist destinations, including the capital city, Vientiane. The improvement of road construction and railway networks provides important benefits for the tourism industry to attract more visitors (Khamphengvong et al., 2022). Specifically, R3A is expected to transform Laos from a “landlocked” to a “land-linked” nation, which would boost commerce, attract investment, and improve connectivity—all of which will strengthen Laos’ economy (Kuik et al., 2021).

Considering the R3A tourism value chain in Laos, focusing on Vientiane, previous studies have shown that Chinese tourism operators have infiltrated every aspect of Laos’ tourism value chain, including tour companies, accommodations,

restaurants, tourist sites, and various services. As a result, Chinese-owned tour companies in Laos act as intermediaries for Chinese tourists (Danielle, 2012; Strangio, 2020). According to Rowedder (2020), China gains one-sided benefit from the project whereas it affects Laos' long-term development. Chinese tourists often prefer to select those companies with majority Chinese ownership due to the fact that they can negotiate prices and communicate more easily. Consequently, the majority of revenue in Laos' tourism sector falls into the hands of Chinese entrepreneurs. Current literature reveals that Laos mainly benefits from fees collected at border crossings, amounting to approximately 5000 Baht (USD 1400) per trip per person, accounting for just 8% of total expenses (Sukdanont et al., 2018). The R3A section in Lao PDR was developed to serve as a gateway for Chinese travelers to Thailand (Sukdanont et al., 2019).

More considerably, it's worth noting that when it comes to the development of special economic and economic zones, which play a pivotal role in driving economic and societal progress in Laos, they are notably dependent on substantial Chinese investments (Rowedder, 2020). Within this context, there exist two specific economic zones tailored for tourism development. These zones are strategically positioned not just along the R3A Route but also at its very extremities. To be specific, we have seen the Bo Ten Special Economic Zone, situated at the border between Laos and China, and the Ton Pheung Special Economic Zone, located on the Mekong River, right across from Ban Sob Ruak in Chiang Saen District, approximately 56 km away from Huay Xai on the Lao-Thai border (Jumlongnark, 2024). These zones have seen considerable investments from Chinese entrepreneurs, with backing from the Chinese government, particularly in the enhancement of transportation infrastructure encompassing roads, railways, air travel, and boats or ships via the Mekong River. Despite the fact that the route passes through three nations, China controls the majority of development strategy, which can pose positive or negative impacts on the economies of Thailand and Lao PDR (Kuik et al., 2021; Sukdanont et al., 2019). Consequently, this transformation has essentially turned Laos into an extension of China's economic expansion along the R3A Route, presenting a significant challenge for the future of tourism in both Laos and Thailand along this critical route (Jumlongnark, 2024; Kuik et al., 2021; Rowedder, 2020).

### **6.3. Thailand: Challenges on top of the opportunities**

Although the promotion of Thailand tourism along the R3A Route has been continuous, it took a new form when there was a completion of the construction of the fourth Thai-Lao Friendship Bridge. The Tourism Authority of Thailand (TAT) implemented a marketing strategy to promote tourism along the R3A Route. The TAT aimed to attract travelers from southern China to explore Thailand via private car travel, also known as "caravan tourism." Passengers would enter Thailand by car, following the R3A route, and stay in Chiang Khong before continuing to Chiang Mai. This approach gained popularity, resulting in the development of tourism along the R3A route, especially when Thailand allowed Chinese travelers to apply for Visa on Arrival for up to 15 days, similar to Chinese tourists arriving by air (Sukdanont et al., 2018, 2019). Chinese tourists traveling on the R3A Route increased significantly in

2012 due to the reputation of Chinese movie ‘Lost in Thailand’, which had a profound effect on the local population (Du et al., 2020; Mostafanezhad and Promburom, 2018).

The huge wave of Chinese tourists coming to Thailand, driven in part by the popularity of the movie ‘Lost in Thailand’, has created some big challenges for local authorities. This situation has caused disruptions in Thai tourism (Sukdanont et al., 2018, 2019). The influx of Chinese tourists, who have come in large numbers, has had uncontrolled impacts on the local situation. Because of this, the Department of Land Transport has had to introduce rules to manage these tourist vehicles.

One important rule that helps the tourism industry is that only vehicles organized by Thai tour companies can enter, and independent travelers are not allowed to do so. Nonetheless, some of these tourists find ways to bypass these rules, which allows Chinese tourism companies to become part of Thailand’s tourism industry along this route. Since these tourists often use apps for booking temporary accommodations, it creates opportunities for Chinese companies to directly promote their services to Chinese tourists (Sukdanont et al., 2018, 2019). Consequently, even though many tourists are coming in, it cannot ensure that Thai tourism operators get benefit from their spending.

Meanwhile, the strict measures implemented by the Department of Land Transport, which have caused significant delays, have made it difficult for group tours to operate effectively, resulting in a substantial reduction in the number of tourists (Sukdanont et al., 2019). Indeed, these actions taken by Thailand’s Department of Land Transport are seen as a step in the right direction. They have been effective in reducing external impacts and protecting Thai tourism operators in the R3A Route’s tourism value chain. However, these measures are unlike completely align with the behavior of Chinese tourists. While they have helped in reducing external impacts, they have also led to a decrease in revenue from this group of tourists, who tend to spend more. These are seen as the challenges on top of the opportunities for Thai tourism to encompass the revenue from Chinese tourists on this route.

## **7. Conclusion and upcoming challenges**

R3A is a short route that passes through three countries (i.e., China, Lao, and Thailand), and is considered a crucial strategic route that all three countries use to connect in terms of economics, society, and politics. It could be said that “tourism” is just a byproduct of utilizing the R3A route, on the other hand. Determining the success of utilizing the R3A route for tourism depends on market-oriented capabilities.

While China defines a policy to use the R3A route for the benefit of expanding trade and investments, carrying significant political implications as seen in “Bridgehead”, “Go Out”, and “Good Neighbor”, it promotes Chinese people to go abroad in search of new markets for trade and investments. When their disposable income increase, it motivated them for consuming services related to lifestyle and relaxation, encouraging those Chinese citizens to travel abroad for experiences and goods of their desire. One of their journey preferences is travelling by R3A route.

Laos, on the other hand, seeks to exploit its landlocked location by establishing connections with neighboring nations, especially within the Mekong region. It has sought to enhance its land-linked status, particularly in relation to Thailand and China.

The R3A route is crucial for both internal and international connections, but Laos remains dependent on foreign capital and aid due to its economic challenges. Consequently, this dependence on external assistance makes Laos susceptible to the influence of foreign entities, including China, and contributes to its role in facilitating China's development projects.

Since the inception of the R3A Route, Thailand has actively promoted tourism along this route, adapting to changing environmental conditions and tourism situations. When the construction of the Fourth Thai-Lao Friendship Bridge was completed in 2013, Thailand recognized the potential of the R3A Route for tourism. This involved connecting the southern Chinese tourists to northern Thai tourist destinations using private vehicles, with a particular emphasis on Chiang Mai province, which is a highly popular destination among Chinese tourists. However, an enormous number of Chinese vehicles along route R3A reflected the lack of evaluation on area's capability and communities' recognition of tourism. To promote new tourism destination, there should be integration among involved public and private sectors, such as, Ministry of Tourism and Sports, Tourism Authority of Thailand, tourism businesses sector, communities, and related civil society. These key players should collectively work on a risk management plan to overcome this challenge.

Laos is a small local market and limited financial, technological, and human resources; therefore, it is essential for them to be connected to China and other ASEAN markets. Hence, to promote tourism development in Laos, in the long run, the Lao PDR must work toward making its tourist and agriculture industries more competitive while strengthening their connections. Along with developing human capital, it is also necessary to invest in physical infrastructure for transportation, irrigation, urban services, and digital connection. In addition, trade expenses can be significantly decreased by the construction of extensive rail and road networks, especially for individuals who live near these networks.

In order to promote the coordinated development of tourism among China, Laos and Thailand by utilizing the construction of the R3A corridor, we need to concentrate on enhancing collaboration and openness among those countries. With an eye toward sustainable development, we should actively seek more resources for funding, consolidate and expand the market scale, and concentrate on the development of specified markets. Moreover, strengthening cooperation with other nations in Southeast Asian countries is also vital. Ultimately, we should innovate in the development of tourism industry dialogue and exchange activities to find more practical strategy to satisfy the demands of the future market.

R3A is a regional initiative aimed at developing transportation routes to connect with neighboring countries in Thailand, Laos, and Yunnan, China, primarily focusing on trade and transport benefits. Despite the importance of developing cargo transport and logistics to the regional economy, local residents have derived minimal benefits. This situation affects the local micro-economy in particular Lao and Thailand as local businesses lack the necessary knowledge, financial resources, and understanding to adapt to rapid economic structural changes. This would say that China plays a critical role in influencing tourism along this route. Specifically in an upcoming mega project, the development of the Belt and Road Initiative (BRI), although not directly part of the R3A route, is significant due to its proximity, impacting local tourism stakeholders

and influencing patterns of mobility for both people and trade transport in the region.

Beyond merely listening to public opinion, the government should earnestly provide accurate and comprehensive information before embarking on tourism projects that affect communities and local residents, particularly those that bring about swift economic and social transformations. Additionally, the government should prepare contingency plans to promptly support localities in adapting to these changes. Should any negative impacts or losses arise subsequently, the government must step in earnestly to mitigate and manage these issues in collaboration with the community, ensuring that state development policies benefit both the micro and macro levels of the economy.

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