

CHAPTER II

INTRODUCTION OF SAVANNAKHET AND MUKDAHARN PROVINCES

2.1 Savannakhet Province

2.1.1 Location

Savannakhet Province is located between latitude 16° C 0.5'' South- 17° C 07'' North and longitude 104° C 3.6'' West – 106° C 7.2' East, with the total area of 2, 177,400 ha.

Savannakhet is located in the southern part of Lao PDR. To the north is bordered with Khammouane province, the east the province of Quang Tri and Quang Binh of Vietnam, to the South the province of Saravane, and to the west the provinces of Mukdaharn, Nakhon Phanom, Ubon Ratchathany , and Anatchareun of Thailand with the Mekong flowing in the middle as a natural border. Savannakhet is the largest province in the country, with a land surface of 21.774 square kilometers, of which 61.05 % is covered with deciduous and dense forest: there are three national protected areas, namely: Phouxanghae with an area of 109,900 ha, Dongphouvieng with 197,000 ha, and Xabangnuane with 150,000 ha of land area. These forests are rich with numerous species of plants and animals. They are homes of biodiversity.

From this geographical viewpoint, Savannakhet has a strategic location as it shares borders with two countries, an advantage in terms of access to foreign markets and potential for attracting foreign investment. Furthermore, Savannakhet is the largest province in the country.

Savannakhet Province is separated in two main areas: lowland area 59% and upland area 41% (separated according to the height relative to sea level). The lowland can be divided by two more areas such as: the lowland area is composed of area along the Mekong River with 4 districts as: Saybouly, Kaisone Phomvihan, Sayphouthong and

Songkone districts. This region is very fertile and source of many foods and cereals, many crops from bean family and animal husbandry (poultry, cattle and fish), the height relative to the sea level is between 140 and 180 meters. There is other plain area locating between upland and above mentioned lowland composing of 6 districts: Outhoumphone, Atsaphangthong, Phalansay, Champhone, Sonbouly and Atsaphone. In this area there grow cereals, industrial trees and practice animal husbandry (buffaloes, cattle), the height relative to the sea level is between 180 and 200 meters. The people in this area still face many difficulties because low technology on producing agricultural product with the poor infrastructure. Education, health services are still poor.

The upland area is composing of 5 districts: Nong, Sepone, Vilabouly, Phine and Thapangthong. This region is the source of humidity and water for the plain areas suitable for planting fruit trees, industrial trees and animal husbandry, the height relative to the sea level is between 200 and 1.000 meters.¹ This region is poorest area in the province; it is difficult for communication within village to village, village to district or even district to province especially in the raining season which is unable for transportation. This area is also the home of many ethnic minorities (Khamu, Khatang, Tri, and Ta Eoey), the living condition based on subsistence agriculture (slash and burn, and animal husbandry), the people in this region have very limited opportunity access to education, public health, public information.

Although the old French colonial quarter of the town, along the Mekong River-front, is depressed and crumbling, the town's proximity to Thailand's booming economy has brought about new commercial development in the Western part of the town, near both the river crossing.

2.1.2 Population

According to Khun Bourom Legend, the forebears of Savannakhet people migrated from Meuang Thene (Nanoi Oinou), the Sipsong Joutai Empire (the present

¹ Savannakhet Province, Potentials and Investment Opportunities (Department for Planning and Investment of Savannakhet Province, August, 2007), p. 3-4.

Dien Bien Phou in northern Vietnam) and settled at what is now known as Phousim, naming the settlement Meuang Luang Phonsim in the honour of its founder: Luang and his wife Sim. The town was founded at the time King Fangum united the Lanexang empire.

In 1542 A.D. the man named Keosimmaly, the second son of Luang and Simmaly led people of Meuang Luang Phonsim to settle on the bank of the Mekong at a place now known as Ban Nakham. Most of new temples were built with laterite, (in Lao *Hin Hae*) and *Markhon*, the settlers called the place after the building material: Ban Tha Hae.

At the time of King Anouvong, Ban Nakham's name was changed to Meuang Khanthaboury, meaning the town filled with pleasing fragrance.

After the independence war when King Anouvong was defeated, in 1830 A.D. Siam improved its administration and changed the name of its frontline town from Khanthaboury to Souvannakhet (in Pali it mean golden land)

In 1893 A.D. French colonized Laos, and due to administrative reasons, in 1896 Meuang Souvannakhet was upgrade to become the Province of Savannakhet (the sound slightly changed according to popular appellation). It was divided up into five administrative districts, namely: Khantaboury, Champhone, Songkone, Atsaphangthong, and Sepon. In 1900 the French appointed the first Lao district chief administrator, (*chaomeuang*) for Khantaboury. His name was Thao Hom, or Mr. Hom; and in 1942 the first Lao provincial governor, named Liam (*Lord Liam*) was appointed.²

Like all Lao cities, Savannakhet has a mixed population of Lao, Thai, Vietnamese and Chinese, as well as minority peoples from the Lao interior.³

There are 11 principal ethnic groups living at Savannakhet: Lao, Phouthai, Taidam, Katang, Mangkong, Chaly, Lava, Suai, Pako, Kaleung, and Ta-oi. Thanks to conducive environment; having natural scenic beauty; long history and thanks to

² Savannakhet, The Charming Golden Land (Investment and Tourism Magazine No. 1, October, 2007), p. 7-8.

³ WWW.Wikipedia.com.

creativity, multi-ethnic people of Savannakhet have unique traditions, culture and way of life as well as their own beliefs. People of this region are praised for their pottery skills, wickerwork, woodcarving, painting, and weaving. In addition, Savannakhet province also gives birth to four types of popular folk music, namely: Lam Khonesavanh, Lam Phouthai, Lamtangvay and Lam Bansork where rhythmic features are gracefully pleasing.⁴

Savannakhet Province has Kaisone Phomvihan District as municipality. The whole province composing of 1,013 villages, 134,546 households with a population of 843,245 people (from population census 2006), with 51% female, density of 39 people per km, with 8% of economic growth in 2003 and GDP per capita US\$415. In addition, Savannakhet has the largest population in the country, accounting for 15 per cent of the total population. In 2000, the economically active population was estimated at 340,000 and is expected to reach 494,000 in the year 2010.⁵

The percentage of labor power is rising to 74.45% and composing of different professions as follows:

- Farmers 64%
- Slash and burn plantation (cereals lots, land paddy field, hills' cereals) 4%
- State officers 4%
- Private companies officers/workers 2%
- Trader 3 %
- General in the construction 1%
- Other occupations 21%

⁴ Savannakhet, The Charming Golden Land (Investment and Tourism Magazine No. 1, October, 2007), p. 8.

⁵ The National Statistical Centre and the Development of Planning and Investment of Savannakhet province, Lao PDR.

Table 2.1 Population in Savannakhet province, 2003

No.	Name of district	Area (km ²)	Population (person)
1	Kaysone Phomvihan	521.4	105,038
2	Outhoumphone	942.6	74,627
3	Atsaphangthong	697.8	37,594
4	Phine	2,699.4	49,162
5	Sephone	3,254.7	41,874
6	Nong	1,928.3	20,865
7	Thapangthong	2,930.8	20,865
8	Songkhone	1,372.9	82,205
9	Champhone	840.6	102,301
10	Xonbouly	1,527.1	50,031
11	Xaibouly	1,109.9	51,160
12	Vilabouly	1,141.4	29,164
13	Atsaphone	1,496.5	48,961
14	Xayphouthong	512	43,081
15	Phalanxay	798.6	30,244
Total		21,774	797,605

Source: Department of Planning and Cooperation. Savannakhet, June 2004. Statistical Yearbook 2003

Lowland people consist of 70% located in lowland and urban area, people in this area have more opportunity than the people in highland area, and thus there is a development gap between these two groups of people. The local people especially highland people faced great difficulties during rainy season when the water rose and the river reached a width of 30 meters, with a strong current. This meant that the people had no way of bridging their products to the markets during rainy months, people were cut off from the outside world and their lifestyle is completely dependent on nature.

An estimation of the labor force in by the ratio method based on the proportion of Savannakhet's population to Lao PDR's population, it was found that in 1995, the population of Savannakhet was 671,758; of whom 336,655 were labor force (15-59 years old). In 2005, the number of Savannakhet's population was 824,662, of whom 413,199 were labor force. 80% of the labor force is in the agricultural sector. And, there are a total of 11,588 workers in the industrial sector. Hence, the number of unemployed labors and agricultural workers is 401,611.⁶

2.1.3 Agricultural areas

The agricultural areas of Savannakhet province are about 15% of the total areas, which has ¼ of the agricultural land over the country. The field for rainy-season-rice cultivation reaches 139,500 ha, making it the highest in the country. This is a very important region for the production of cereals, especially the rice (the main product is sticky rice), production of whom is sufficient for the whole province and some exported to the neighboring provinces and countries.

Savannakhet is the basin for rice and fish of the country due to foodstuffs not only being for consumption within the province, but also being the main product for export. Such success stems from a large area of land available for agriculture and a one-open-door policy for investment, as well as the promotion of using new technology

⁶ Industrial Estate Authority of Thailand, The Feasibility Study on the Establishment of Savan-Seno Special Economic Zone, Lao PDR. (Panya-Src-CMCL, 2006), p. 8

under the policy of shifting from agriculture to modern industrialization. In addition, the agricultural and forestry sector stands on the first rank for all FDI in Savannakhet.

Mr Boun-Ai Nounouannavong, Head of the Agriculture and Forestry Service of Savannakhet says about the implementation of strategic targets and measures on agriculture and forestry products, which are the highlighted goods of the province, that they are the rice and livestock. The export value officially amounts to approximately over USD 15 million (including the export value of wood and forest products). Exported goods include 50,000 cubic meters of woodworks, 978 cubic meters of timbers and parquet, 1,384 tons of eucalyptus, 6,395 tons of rice (including 3,384 tons of sticky rice and 3,011 tons of white rice), 500 tons of paddy rice exported to Thailand, 191 cattle (buffaloes and cow), 2,461 goat, 913 pigs, 110 tons of peanuts, 12 tons of job's tear, 2,113 tons of ripe tamarinds, 56 tons of kapok and peanut husk, 452 tons of resin and 36 tons of Bong bark.⁷

The gradually shifting from agriculture to modern industrialization stresses on moving from using buffaloes into mechanical means. As result, in 2006, the province has 29,735 mini tractors. The irrigation system consists of 179 weirs, which this year is adequate against drought and flood for 450,000 ha. There is a turn from building big-scale weirs into small reservoirs to lessen the budget.

With the forestry management, the forestry area covers 50% of entire provincial, including three national forest conservation areas, along with provincial conservation forests such as Dongnatad, Dongmak-ue and Donglaoluang. This year, the province is able to produce nearly 8,000,000 million of eucalyptus, rubber and teak saplings, including 5,000,000 made by the state sector, 400,000 produced by the people and 7,000,000 made by companies. The companies are able to produce more saplings because the foreign investment employs high techniques and the province has many nursery companies.

2.1.4 Forest area

⁷ Ibid.. p.

The forest area of Savannakhet Province account 50% of the total area. There are 3 National Biodiversity Conservation Areas such as: Phouxanghae, Dongphuvieng and Dongsithuan. Future more, there are provincial conservation areas such as: Dongnatat, Dongmakeuk and Donglaoluong.

2.1.5 Water Resources

Savannakhet Province is one of the rich provinces of the country in rivers, which can be used all year round and suitable for the cultivation and animals husbandry, natural river-eco-tourism, generating electricity by hydropower dams and for the transportation such as: Se Bang Hiang, Se Bang Fhai, Se Lanong, Se Kok, Se Champhone and Nam Noy.

2.1.6 Mineral ores resources

Savannakhet Province is rich of natural resources, which are becoming important infrastructural factors for socio-economic development. According to the Pali's meaning of the province's name "Savannakhet", composing of: "Souvanna" means: gold and "Khet": means areas or land. The clear meaning is: the land of gold (gold means richness) Interpreted full name of Savannakhet is "The Land of Enrichment".⁸

Savannakhet has several mineral ores resources in exploitation like: Gypsum with two mines (Ban Khok Hin Keo and Ban Lao Mak Kha in Champhone District), 2 salt mines (Ban Na Teuy in Kaisone Phomvihan and Ban Dong Ta Liang in Champhone District). Further more, there are other mineral occurrences as follows:

- Copper ore in Thapangthong
- Copper ore in Phine
- Gold ore in Sepone, Phine

⁸ Savannakhet Province, Potentials and Investment Opportunities (Department for Planning and Investment of Savannakhet Province, August, 2007), p. 5-6.

- Iron ore in Sepon
- Lead ore in Vilabouly⁹

2.1.7 Rice promotion and cultivated area

Agriculture land can be planted up to 700.000 ha, now it has been planting 129.199 ha cover 27-45%. In 2006 the total cultivated areas is 171.294 ha which is the biggest one in Champhone district with 16%, then Songkhone district comes after with 15% and Saybouly at the third place with 11%.

2.1.8 Industrial plantation trees

The rural development stresses on upland agriculture by clearing old slash and burn cultivation areas to plant industrial trees as a project, such as Eucalyptus trees, rubber trees, cassava, acacia trees or sugar canes.

Sugarcane plantation areas of 20,000 ha are allowed for concession to two companies from Thailand in three districts in Saybouly, Atsaphangthong and Champhone. In addition, the Sayo AA Company from Thailand is encouraging the people to plant Eucalyptus trees. For rubber trees, Savannakhet gives the concession of 9.850 ha in Phine district to company from Vietnam, Sepone to China and Vietnam, Saybouly-Outhouphone-Atsaphone to Thailand. The projects of cassava plantation are allowed for concession of 6.210 ha in Phalanxay for two companies from China, and from Vietnam in Sepone.¹⁰

The concession of Eucalyptus trees plantation are of 50.200 ha is given specially to Birla Lao company from India, which has basically to promote the plantation and contact-farming in Saybouly, Outhoumphone, Atsaphangthong and Phalanxay districts. However, many people complained about the concession of large areas for Eucalyptus

⁹ Ibid., p. 6-7.

¹⁰ Ibid., p. 9-10.

and other industrial plantation tree in Savannakhet, some of them eyes Eucalyptus as a problematic tree or “invasive plant”, to response for this, the government of Laos lunched the project to study the impact of plantation. The result indicated that Eucalyptus is non-invasive plant and government gives land concession to investor in degrade-land areas.¹¹

2.2 Mukdaharn Province

2.2.1 Location

Mukdaharn is one of the north-eastern provinces (*changwat*) of Thailand. Neighboring provinces are (from south clockwise) Amnat Charoen, Yasothon, Roi Et, Kalasin, Sakon Nakhon and Nakhon Phanom. Mukdaharn located 642 km from Bangkok and located in the Mekong valley. To the west lie the Phu Phan Muantian Ranges, which some parts are covered by thick forests, to east province has the Mekong River as a 72 km borderline between Thailand and Lao PDR. This is the gateway to Indochina which is connected to the three countries; Thailand, Laos and Vietnam.

The city of Mukdaharn was founded in 1770 by Lord Chanthakinnaree of Phonsim (today is Savannakhet). It was originally administrated from Udon Thani, but in 1907 it became a district (*amphoe*) of Nakhon Phanom Province. On September 27, 1982 Mukdaharn was upgraded to province status.

The province is subdivided into 7 districts (*Amphoe*). The districts are further subdivided into 53 sub-districts (*tambon*) and 475 villages (*muban*). The districts are:

1. Mueang Mukdahan
2. Nikhom Kham Soi
3. Don Tan
4. Dong Luang
5. Khamcha-i
6. Wan Yai

¹¹ Interview with informant number 10. 13 January 2007

7. Nong Sung

2.2.2 Population

Mukdaharn has beautiful nature and the province consist of 8 native people living here; Thai Isan, Puthai, Thaikha, Thaikasoe, Thaiyaw, Thaisaek, Thaikula and Thaikalerng.

The province of Mukdaharn with the area of 4,339.8 km², has a population of around 333,674 (2006), with male 167,208, population density: 72 inh./km² and is a very rural area compared to another northeast province of Thailand, but, basic infrastructure well organized. It borders the Mekong River so there are many migrant workers who come into Thailand from Laos during planting and harvest season. After the harvest season, many of the rural people of Mukdaharn must also leave to find work so often, only the children and elderly are left at certain times of the year. Due to migrant nature of the area, 'high risk behavior' is very prevalent.

2.2.3 Historical relationships between Mukdaharn and Savannakhet

Movement across the two banks occurs on a daily basis. These activities are not solely motivated by local trade, though; they possess their own dynamic, and with shared history among the populations of the twin cities (Savannakhet and Mukdaharn). After all, their inhabitants used to belong to the same political entity until Siam was forced to cede the eastern banks of the Mekong to France in 1983. However, this switch of sovereignty did not bring to an end the development of family and socio-economic ties through the decades, although the Vietnam and Cold War periods considerably reduced these interactions.

The Mekong, far from being a mighty obstacle to overcome, has constituted an awesome link between the two communities. It is therefore not so much the geographical proximity that accounts for these daily travels between Savannakhet and Mukdaharn as a sense of shared ethnic origins (the inhabitants of Savannakhet and

Mukdaharn would say that they share to some degree the same ethnic identity, i.e. Lao) as well as linguistic and cultural closeness. These populations indeed follow the same Buddhist calendar and celebrate the same Buddhist festivals. Consequently, the people of Savannakhet and Mukdaharn go back and forth across the river in the most informal way for work, business, trade, shopping, family visits, participation in festivals, and so on. The concept of international frontiers seem to be less enforced in this part of the region.

Mukdaharn of Thailand and Savannakhet of Lao PDR is sister provinces with a long period of good relationship between the two provinces. The economy of the two provinces began in the ancient time. Nowadays they still are commercial and traveling centers.

From a sense of shared ethnic origins to forming one community of identity would not be, however, an accurate description of the relations between the peoples of Savannakhet and Mukdaharn. The sharing of cultural, religious and family ties does not erase economic inequality and dissimilar social realities, nor does it obliterate people's sense of national belonging.¹²

Table 2.2 Comparing Mukdaharn and Savannakhet provinces

Description	Mukdaharn	Savannakhet
Area km ²	4,339.8	21,774
Population (year 2006)	333,674 people	843,245 people
District	7 districts	15 districts
Village	475	1.013
GDP (year 2004)	9,699 millions bath	13,658 millions bath
GDP per capita per annual (2005)	28,944 bath/year	17,000 bath/year

¹² Maria Serena I. Diokno and Nguyen Van Chinh, *The Mekong Arrange & Rearranged* (Thailand: Mekong Press, 2006), p. 58-60.

Import value (year 2005)	954.91 millions bath	4,570.45 millions bath
Export value (year 2005)	5,371,00 millions bath	5,764,67 millions bath
Cross border trade (import value), year 2005	1,334. 68 million bath	2,391.30 million bath
Cross border trade (export value), year 2005	4,090.12 million bath	2,392.40 million bath
Trade deficit	4,416.09 million bat	1,194.22 million bath
Financial Institute	11	3
Airport	-	1
Public Health Service	161	112
School	278	1,524

Source: Mukdaharn and Savannakhet Administration Office

2.2.4 Agriculture area and employment

To the North and the South of Mukdaharn is upland area, to the west lie with Phu Phan Mountain which is cover by forest, to the east is lowland area cover 20% .The forest areas of Mukdaharn province are 1,311.18 km (831,998 rai) or 30.68% of the total areas. The province has 1,066,024 rai of agriculture area and number of doing agricultural are 57,183 households.

There were 16.4% holder's household income from agriculture only, while 83.6% from agriculture and other sources. This indicated that most of the holder's household did not rely only on income from agriculture but also on income from other sources. Regarding income from agriculture product of holding. It was found that the holders 40.6% have income from agricultural product from 20,001-50,000 Bath per year.

Population 84% are agricultural worker with 1,953.33 km (1,226,63 rai) of land holder cover 45% of total area, the main agriculture product are the rice, cassava, sugar

cane, bean, rubber, crop and vegetable. There are 198 industrial factories with the registered capital 2,015,065,177 million Bath (year 2005); there are 156,690 labor forces cover 46.22% of total population.

In Mukdaharn province, there was 74.6% of the total holdings employed agricultural worker, of which most of them employed workers on an occasional basis. The data show that only 0.1% of the total holdings employed permanent agricultural workers with 602 persons, among these 1.3% were the foreigner worker.¹³

There are 13 National Biodiversity Conservation Areas such as: Dong Bang Ei No.1 to 7, Dong Mue No. 1 to 4, Dong Phu Sei Than and Dong Phu Phan which cover 2,321,758.75 rai.

Table 2.3 Agriculture areas separated by districts, Mukdaharn (2005)

District	Holding Area (rai)	Agriculture area (rai)	Agricultural Household (rai)
Mueang Mukdahan	739,680	289,102	17,885
Khamcha-i	442,172	146,389	9,117
Nikhom Kham Soi	235,724	140,808	677
Don Tan	319,327	202,461	7,950
Dong Luang	672,598	141,679	7,520
Wan Yai	52,802	40,528	3,573
Nong Sung	256,467	104,967	4,361
Total	2,718,770	1,066,024	57,183

Source: <http://Klang.cgd.go.th/mdh>

¹³ National Statistical Office, Ministry of Information and Communication Technology. 2003 Agricultural Census: Changwat Mukdaharn, p 28.

2.2.5 Industry

Most of industries in Mukdaharn are medium and small industries; agro-industry such as food industry which is important sources contributed to the GDP of the province. Table 2.6 showed, from 200-2005, Mukdaharn has had 579 investment projects with total value 3,995,274,494 baths. The agricultural and forestry sector stand the first range

Table 2.4 Investment in industry sector in Mukdaharn, separated by categories

(Unit: Bath)

Item	Type of Industry	2000-2003 (Accumulated)		2004		2005	
		Number	Capital	Number	Capital	Number	Capital
1	Agriculture	198	45,221,700	3	2,550,000	16	35,462,000
2	Food	15	1,435,836,500	1	800,000	16	1,350,506,500
3	Beverage and drink	1	1,000,000	0	0	1	1,000,000
4	Textile	3	30,411,000	0	0	2	30,261,000
5	Clothing	5	23,895,000	0	0	6	23,895,000
6	Wood and wooden product	12	77,541,339	0	0	12	95,941,339
7	Furniture	7	1,477,000	0	0	7	1,477,000
8	Paper and	1	578,000	0	0	1	578,000

	product						
9	Printed matter	1	1,400,000	0	0	0	-
10	Chemical	1	1,280,000	0	0	1	1,280,000
11	Petro-chemical and product	0	0	0	0	1	15,000,000
12	Rubber	5	12,750,000	1	600,000	5	12,850,000
13	Plastic	1	6,000,000	0	0	1	6,000,000
14	Non-metal	25	134,535,000	7	37,415,000	30	166,770,000
15	Metal product	11	21,757,000	4	3,505,000	17	32,092,000
16	Machine	5	8,940,000	0	0	5	8,940,000
17	Electricity	1	42,000	0	0	0	-
18	Transportation	31	86,607,278	23	15,581,000	56	100,125,778
19	Other	19	120,486,500	0	0	21	132,889,500
	Total	342	1,919,758,317	39	60,451,000	198	2,015,068,177

Source: <http://Klang.cgd.go.th/mdh>

2.3 Conclusion

Savannakhet is a province rich in mineral and forestry resources. It has good quality land, and a favorably high land-to-population ratio. With its rich natural resources and geographical location of being surrounded by large external markets, province has good prospects for high economic growth in the future. But as a land-locked province, it is highly dependent on economic relations with neighboring

countries for access to critical supplies and international markets as well as Thailand because of historical and geographical reasons;¹⁴ Mukdaharn is Savannakhet's predominant foreign trading partner and the main conduit for other external economic relations.

Mukdaharn is border city and a gate way for Indochina, the province has border with the largest province and population of Lao PDR. In the future will see the development of Mukdaharn parts of the Greater Mekong Sub-region's economic corridor (The East-West Economic Corridor that spans mainland Southeast Asia from Danang, Vietnam, through Savannakhet, Lao PDR, Mukdaharn, Thailand up to Moulamein, Myanmar). This will further enhance the economic growth potential of the province.

¹⁴ Seiji Finch Naya and Joseph L.H. Tan, Asian Transitional Economies: Challenges and Prospects for Reform and Transformation (Singapore: Institute of Southeast Asian Studies, 1995), p. 197-198.