



# Delhi Policy Group

Advancing India's Rise as a Leading Power



## POLICY BRIEF

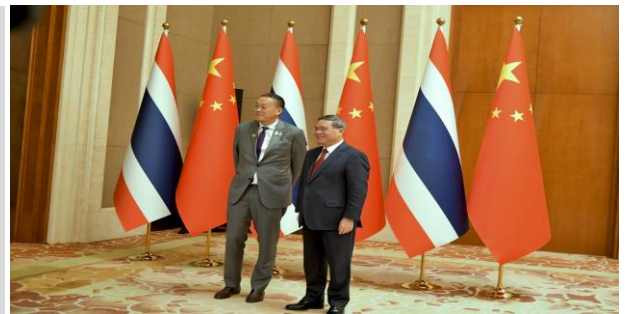
### The Strategic Dimensions of Thailand's Kra Land Bridge

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Volume VIII, Issue 30

December 9, 2023



Delhi Policy Group

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*Thailand's Prime Minister Srettha Thavisin with China's Prime Minister Li Qiang at the Third Belt and Road Forum for International Cooperation in Beijing October 25, 2023. Source: Royal Thai Government*

*Indian Armed Forces Personnel at INS Baaz in Great Nicobar, astride the Six Degree Channel and the route to the Kra Land Bridge or Malacca Strait, March 2022. Source: Andaman and Nicobar Command.*

*PLA(N) Warships from the Southern Theatre Command on a training exercise at sea, October 23, 2023. Source: Chinamil.com.cn*

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# The Strategic Dimensions of Thailand's Kra Land Bridge

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# The Strategic Dimensions of Thailand's Kra Land Bridge

by  
Lalit Kapur

## Introduction

Concerns regarding the construction of a canal across the Kra Isthmus, thus creating an alternate to the Malacca route into the Andaman Sea and the Indian Ocean, have been raised India's strategic commentators for nearly two decades<sup>1</sup>. These had abated after the Thai government headed by Prime Minister Prayut Chan-o-cha showed no interest in the project, and China and Thailand both denied reports that they had reached a \$ 28 billion deal to build a 102 Km long canal<sup>2</sup>. That Thai government did, however, approve a study to determine the prospects of a "land bridge" linking Ranong in the Andaman Sea with Chumphon in the Gulf of Thailand through rail and road connections<sup>3</sup>.

Speaking at the Third Belt and Road Forum for International Cooperation on October 18, 2023, the current Thai Prime Minister Srettha Thavisin noted that the Thai Cabinet had endorsed the study and its implementation plan, and expressed the hope that the project would work in harmony with BRI infrastructure and help connect the world<sup>4</sup>.

The reaction in India was largely muted, but one commentary in a mainline newspaper described the Thai proposal as having global ramifications, similar to those of the Panama and Suez Canals, for international trade and security. Stating that the project could reduce transportation time by four to six days, it dwelt on the strategic implications of China's interest in the project for India, and went on to posit the need for a policy that would ensure India's primacy in the Bay of Bengal<sup>5</sup>.

<sup>1</sup> See for example Dipanjan Roy Chaudhury, "Boosting Maritime Capabilities in the Indian Ocean", August 23, 2007, <https://www.worldpress.org/Asia/2908.cfm>

<sup>2</sup> No, China isn't building a Game-Changing Canal in Thailand (yet), May 21, 2015, <https://thediplomat.com/2015/05/no-china-isnt-building-a-game-changing-canal-in-thailand-yet/>

<sup>3</sup> Thailand Studies Malacca Bypass to Link India, Pacific Oceans, August 24, 2020, <https://www.bloomberg.com/news/articles/2020-08-24/thailand-studies-malacca-bypass-to-link-indian-pacific-oceans>

<sup>4</sup> Statement by HE Mr. Srettha Thavisin, Prime Minister of Thailand at the High-Level Forum "Green Silk Road for Harmony with Nature" at the 3<sup>rd</sup> Belt and Road forum for International Cooperation (BRF) on 18 October 2023, China National Convention Centre (CNCC), Beijing, <https://www.thaigov.go.th/news/contents/details/73496>

<sup>5</sup> Kra, New Delhi's new KRA, Vijay Gokhale, <https://timesofindia.indiatimes.com/blogs/toi-edit-page/kra-new-delhis-new-kra-why-a-little-known-isthmus-in-thailand-tells-us->

This brief seeks to evaluate the Thai proposal of linking the Andaman Sea with the Gulf of Thailand via a land bridge from the perspectives of its global significance, economic viability, Thai strategic security, and the overall strategic impact for India.

## Comparing the Suez and Panama Canals

The 193 Km long Suez Canal connects Port Said, in the Mediterranean, with Port Suez, in the Red Sea, thereby linking the Atlantic to the Indian Ocean. Constructed between 1859 and 1869 by the Suez Canal Company and owned by French shareholders and the Khedive of Egypt, it was built against the active opposition of Henry John Temple, 3<sup>rd</sup> Viscount Palmerston, the British Prime Minister for much of this period. It was only after Lord Palmerston's demise and the election of the Earl of Beaconsfield, Benjamin Disraeli, as Prime Minister that Britain bought out the Khedive's shares and assumed joint control over the canal with France.

The canal reduced the distance between Britain and India, the jewel in the British crown, by nearly 7800 Km. Control over it became a critical part of British strategic thought, with some scholars attributing the 1882 British occupation of Egypt to the desire to retain control over the canal after a nationalist revolt had deposed the Khedive. Seven decades later, Israel's connived invasion of Egypt in 1956 provided the excuse for Britain and France to intervene, ostensibly to oppose Israel's invasion, but in reality to overthrow Egyptian President Gamal Abdel Nasser, who had nationalised the Suez Canal Company in July 1956. Substantial pressure from both the US (President Eisenhower threatened to destroy British financial stability) and the Soviet Union, and UN condemnation, forced Israel, Britain and France to withdraw, effectively marking the end of Great Britain's long reign as one of the world's great powers.

The Suez Canal is extensively used today, providing a far cheaper alternative to the Cape of Good Hope route between Western Europe and Asia. For a container carrier doing an average speed of 14 knots (about 26 Km/h), it saves more than 15 days of travel time. The Canal reported a revenue of \$ 8.4 billion for the year ended June 30, 2023<sup>6</sup>.

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[much-about-chinas-indo-pacific-strategy-and-why-it-impacts-andamans-strategically-key-for-india/](#)

<sup>6</sup> Suez Canal annual revenue hits record \$ 9.4 billion, chairman says, June 21, 2023, <https://www.reuters.com/world/africa/suez-canal-annual-revenue-hits-record-94-bln-chairman-2023-06-21/>

The 82 Km long Panama Canal, connecting Cristobal, in the Atlantic to Balboa, in the Pacific, has similar significance. Begun by Ferdinand de Lesseps, the French diplomat behind the Suez Canal, it was completed by the US Army Corps of Engineers who took over the project and engineered the secession of Panama from Colombia. The US then retained control over the canal till nearly the beginning of the 21<sup>st</sup> century. Panama provides an alternate route to the Strait of Magellan round South America's southern tip, saving more than 24 days travel time for container carriers moving at 14 knots. It also enables the quick transit of USN warships between the Pacific and Atlantic coasts, or vice versa. It is expected to generate a revenue of \$4.9 billion in fiscal year 2023-2024<sup>7</sup>.

Could the Kra Project command similar global significance? It could, if it enabled China's warships to move quickly between the South China Sea and the Andaman Sea, bypassing the American naval presence in the region. A land bridge, however, permits transfer of only cargo, not warships. Its military significance, therefore, is minimal. How economically significant it becomes will be a function of the volume of commercial traffic using it, and how much time and money it saves.

## Economic Viability

The overland distance between Ranong and Chumphon, the two Thai ports at either end of the Project, is about 90 Km. Ranong lies on the Thai border with Myanmar, a country in turmoil. The sea distance between the two ports via the Malacca Straits is about 2800 Km, or about 4.5 days travel time for a container carrier doing 14 knots. It will certainly be cheaper to move goods 90 Km overland as compared to 2800 Km by sea. But the viability of the land bridge will not be impacted by the negligible volume of traffic between these two Thai ports. It will be determined by its ability to attract traffic away from the main global east-west International Shipping Lane (ISL).

Global container traffic runs on the hub-and-spoke model, with very large container carriers plying between hubs lying on east-west ISL and transshipping containers destined for other regional ports to smaller vessels at these hubs. The smaller vessels then transport the containers to regional ports. The main transshipment ports in the Indian Ocean Region are Jebel Ali,

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<sup>7</sup> Panama Canal seen losing \$ 200 million next year as ship crossings dip, August 4, 2023, <https://www.reuters.com/business/autos-transportation/panama-canal-seen-losing-200-mln-next-year-ship-crossings-dip-2023-08-04/>

Colombo and Singapore. To compete with them, a new transshipment port must lie close to the ISL; a long diversion becomes uneconomic.

Ranong lies about 610 Km northeast of the Six Degree Channel between Great Nicobar Island and Aceh, where the east-west ISL turns southeast to go through the Malacca strait. Chumphon lies over 850 Km west of the same ISL as it passes through the South China Sea. For these Thai ports to become hubs, the cost of services they provide will have to be a small fraction of the cost of transshipment services in Colombo or Singapore, where infrastructure costs have already been amortised. Whether this is at all feasible appears highly unlikely.

Costs will also determine whether traffic shifts from the ISL to the land bridge. One factor will be the saving in distance. A calculation using Google Maps shows that the actual saving in distance via the land bridge as compared to the ISL is barely 680 Km, or about 26 hours motoring for a container carrier doing 14 knots.

The land bridge, however, necessitates unloading of containers from the ship and transfer to land transportation at the port where it begins. These containers must thereafter be moved by rail/road to the terminal where it ends, and then loaded on a waiting ship for the passage to their final destination. The planned capacity of the Kra land bridge is 20 million TEU<sup>8</sup>. A container carrier such as MV Ever Given, the largest size the Suez Canal can accommodate, carries over 20,000 TEUs. The land bridge will thus cater for a maximum of 1000 such ships per annum, or just under three ships per day. It will transport only cargo, not petroleum or natural gas, for which there are no plans at present.

This means that 20,000 TEU per ship will have to be transferred to rail wagons. Assuming two TEUs per flatbed wagon, this would require 1000 wagons, each at least 40 feet long, per ship. If a train pulls 100 wagons, its length would be at least 4000 ft, or about 1.2 Km. The capacity of the land bridge thus translates into the movement of around 30 1.2Km long trains per day each way. This is technically feasible, provided the infrastructure is designed accordingly. For it to be cost-effective, however, the costs of transshipment and transportation would have to be substantially lower than those for movement by sea for the 26 hours saved. Prima facie, it would be surprising if there is any saving of either time or cost at all; chances are that both will be higher.

The economic rationale of the proposed land bridge should not, therefore, depend on the limited prospects of drawing traffic away from the Malacca

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<sup>8</sup> TEU is an abbreviation of 'twenty-foot equivalent unit', effectively a container twenty feet long. <https://www.maersk.com/support/faqs/what-is-teu>

route. It must be based on the prospects of additional development and traffic that can be generated along the new connectivity corridor. Concerns that this land bridge will impact the viability of Singapore, or new ports such as Galathea, Port Klang or Tanjung Pelepas, appear overblown.

## Thai Strategic and Security Considerations

That the Kra Canal project was never given a go-ahead by the Thai government was in part due to internal security considerations. The Anglo-Siamese Treaty of 1909 fixed the borders between Malaysia and Siam, leaving the largely Muslim Patani Sultanate within Siamese borders. Consequently, Thailand's southern provinces of Satun, Pattani, Yala and Narithiwat have faced a simmering separatist movement since 1948. Their population is predominantly Muslim, with ethnic Malay links<sup>9</sup>, and there is discontent due to discrimination as these are Thailand's least developed provinces. A bomb blast in Yala Province in May 2023 speaks of the continuing insurgency and violence. Thailand has no desire to see this movement being internationalised, or exploited by others<sup>10</sup>. It has, therefore been wary of putting in place a man made, deep water obstacle between its southern part and the rest of the country.

The land bridge solution alleviates these fears, but changing times have generated new ones, not very different from those experienced by the China-Pakistan Economic Corridor. Though that corridor runs some distance from the Afghan border, security considerations have forced Pakistan to accept China's presence, particularly in the northern section of the Karakoram Highway. The water channel leading to Ranong Port is divided into two parts by the Myanmar Thailand border. Will instability in Myanmar, coupled with a separatist movement in southern Thailand, lead to China demanding that it maintain a military presence in the region to protect its investments? Will such a presence be acceptable to the Thai government and people, or to Thailand's formal ally, the United States?

The Hambantota example will also form a factor in Thai calculations. Sri Lanka's inability to pay off the debt it had taken from China to create a loss-making port led to its handing over a 70% stake in the port on a 99-year lease to

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<sup>9</sup> Rungrawee Chalernsripinyorat, "Thailand's deep south conflict is approaching a critical point", September 13, 2022, <https://asia.nikkei.com/Opinion/Thailand-s-deep-south-conflict-is-approaching-a-critical-point>

<sup>10</sup> Rahul Mishra, "What's Behind the Growing Number of Attacks in Southern Thailand" June 07, 2023, <https://aei.um.edu.my/what-s-behind-the-growing-number-of-attacks-in-southern-thailand> ,



China in December 2017<sup>11</sup>. A report indicates that the lease included an option clause, enabling China to extend it by another 99 year period, i.e. to a total of 198 years<sup>12</sup>. A nationalist perspective in Thailand could make it wary about giving the project in its entirety to China. There is, moreover, no certainty that China will invest the money on what could be another 'white elephant' project, more so as the strategic benefit of moving warships quickly between the South China Sea and the Andaman Sea no longer exists with a land bridge plan.

## The Strategic Impact for India

Strategic concerns about the Kra project rest on three factors: its usage by the PLA to support activity in the Bay of Bengal; the impact on China's Malacca Dilemma, and the enhancement of China's regional influence.

A canal could indeed have been used by the PLA (Navy) to substantially cut the sea route for its ships into the northern Bay of Bengal by about 1200 Km, or about two days at economical speed. China's upcoming naval base at Ream, in Cambodia, was seen as enroute the path to the Bay of Bengal. A land bridge, however, does not permit passage of ships. Ranong may become a dual use port, allowing access to the PLA (N) for refuelling and taking on provisions, but it would just become one more in the list of ports already available to China for this purpose, including Hambantota in Sri Lanka and Kyaukpyu in Myanmar.

The Malacca Dilemma has generally been visualised as the US blockading China's traffic going through the Malacca Straits, primarily critical energy flows. In the first half of 2023, China imported an average of 11.4 million barrels of crude per day. Traffic from its top ten oil suppliers (excluding Russia) had to pass through the Malacca Strait<sup>13</sup>. Much of this also passed through the Strait of Hormuz, creating a Hormuz Dilemma for China in addition to the Malacca Dilemma<sup>14</sup>. But particularly after June 2020, the Malacca Dilemma has taken on the additional dimension of India choking off Chinese traffic, not only in the Straits of Malacca and Hormuz, but also throughout the Indian Ocean. Within the Andaman Sea, traffic destined for or coming from Ranong would

<sup>11</sup> China signs 99-year lease on Sri Lanka's Hambantota port, December 11, 2017,

<https://www.ft.com/content/e150ef0c-de37-11e7-a8a4-0a1e63a52f9c>

<sup>12</sup> China can extend Hambantota port lease to 198 years, Sri Lankan minister says, February 25, 2021, <https://www.scmp.com/news/china/diplomacy/article/3122975/mistake-china-can-extend-hambantota-port-lease-198-years-sri>

<sup>13</sup> China Imported Record Volumes of Crude Oil in the First Half of 2023, <https://www.eia.gov/todayinenergy/detail.php?id=60401#:~:text=China%20imported%20an%20average%20of,of%2010.2%20million%20b%2Fd>.

<sup>14</sup> The Strait of Hormuz is the World's Most important Oil Transit Chokepoint, November 21, 2023, <https://www.eia.gov/todayinenergy/detail.php?id=60401#:~:text=China%20imported%20an%20average%20of,of%2010.2%20million%20b%2Fd>.

become significantly easier to identify and track, since it has to diverge from the heavy traffic on the Malacca route.

## Conclusion

Over three years ago, one analyst had described the land bridge proposal as making little economic sense, as unloading goods at one port, transporting them across land and then uploading them at another port increases rather than reduces transportation costs. Noting that a variant of the Kra project surfaced every time Thailand's economy was in difficulty, he opined that at a time of economic stringency, a \$ 5.3 million project study provides welcome opportunity for lucrative expense claims and fact-finding missions to exotic locations<sup>15</sup>.

The Kra land bridge poses little military threat to India, which can effectively (albeit at some monetary cost) upgrade its domestic forward bases in the Andaman and Nicobar Islands to counter China's expansionism. This is, in fact, already happening. It could impact India's economic primacy in the Bay of Bengal, provided it becomes reality, spurs regional development, and regional instability is contained. The economic viability is still to be established. The land bridge remains at the proposal stage, with no indication that China will finance it, more so in view of its economic downturn, the reduced military gains and questionable economic returns. Its global significance is hardly comparable to either the Suez or Panama Canals. Whether its potential is sufficient for India to make it a Key Result Area is a matter of speculation. For the present, India should keep a close eye on developments, but there is no need to rush into action.

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<sup>15</sup> Ian Storey, "India's Obsession With Thailand's Kra Canal: Much Ado About Nothing", September 08, 2023, <https://www.iseas.edu.sg/media/commentaries/indias-obsession-with-thailands-kra-canal-much-ado-about-nothing/>



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