

# News from Southeast Asia

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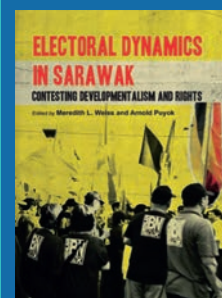
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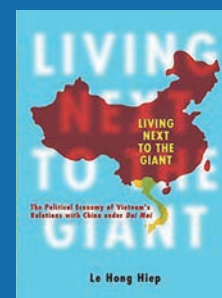
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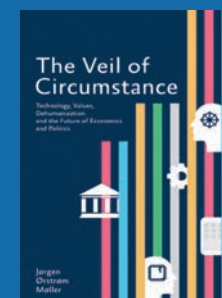
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## China's footprint on its neighbours

Terence Chong and Benjamin Loh



Billboard advertisement for development (Source: Terence Chong)

WE WERE GREETED by the sounds of frantic development as we walked across the border 'friendship' bridge from Hekou into the northern Vietnamese town of Lào Cai. All around us were residential complexes and office buildings under construction. Accompanying these rising buildings were huge advertising boards announcing 'My China Dream'. It became increasingly clear that along with capital, the Chinese were exporting the 'good life' to its periphery.

The articles in this section originate from a project by the Regional Social Cultural Studies programme at the ISEAS-Yusof Ishak Institute, which aims to better understand the impact of a rising China on its immediate neighbours in Southeast Asia. They are excerpts from a selection of chapters from an edited volume covering Cambodia, Laos, Myanmar and Vietnam (CLMV), to be published by ISEAS Publications. Collectively, these chapters explore how Chinese capital and labour flows are pouring into these countries, as well as the local responses to these flows. With a strong ethnographic flavour, they attempt to capture the complexities that arise from the inescapable, sometimes undesired, presence of China on the one hand, and on the other hand, the convenient source of growth and development it represents to the CLMV governments.

As China continues to mature economically after reaching almost four decades of market reform and openness, its influence is exerted in different ways. From money, cheap labour and goods, to dreams, China's footprint on its

immediate neighbours is not only large but also ever changing. Fuelled by a complex mix of Chinese government policies, varied interests of private enterprises, and myriad strategies employed by different groups of migrants in adapting and seeking out new opportunities in foreign lands, the narrative of China's rise and critique of modernity is now passé and debates should move on to examine how such an alternative modernity is presented and transferred from China to the region – and, indeed, beyond – and the local reactions.

The different historical and political experiences of these four countries with their giant neighbour ensure a diversity of local responses. While Laos and Cambodia seem to be more sanguine with the increased Chinese presence and influence, Myanmar more neutral and Vietnam more guarded, it is still important to, for example, understand the ways in which cheap Chinese plastic and electronic goods are driving local merchants out of business. Or how Chinese contract labourers do not return to China upon completion of their projects, but instead float between borders. Not to mention the longer-term impact of Mandarin as the most popular foreign language in certain communities. How will these everyday on-the-ground dynamics play out over time?

What is certain is that the China dream will have different meanings for everyone.

Chong is Senior Fellow and Loh is Fellow at the Regional Social Cultural Studies Programme at the ISEAS-Yusof Ishak Institute.

## A Chinese Special Economic Zone in Northern Laos

Pinkaew Laungaramsri

LAOS HAS FOLLOWED its Chinese neighbor in creating Special Economic Zones (SEZs) as part of the new economic engine that allows special economic policies and flexible governmental measures conducive to doing business that do not exist elsewhere in the country. Since 2000, SEZs have become the key strategy employed by the Lao government to turn the country's economy towards market-based economic systems and a short cut towards urbanization and infrastructure development through foreign investment. Currently, thirteen SEZs have been granted to foreign investors, four of which are operated by Chinese firms. 19,499 hectares have already been allotted for SEZ development, and the government is planning as many as 40 SEZs in the next 10 years.

But contrary to China's Shenzhen model, the Lao SEZs have witnessed a retreat of the state's role in the process of zone development; full planning and regulatory authority is granted to zone developers. As a result, most zones, especially those operated by Chinese investors, have become single firm zones that are badly designed and misplaced. Failing to create further business development or employment within the zone, many SEZs are unable to generate economic growth. Furthermore, special judicial autonomy given to zone developers has created a 'state of exception' where coercive transformation of local resources and economy has been normalized, and dispossession and displacement depoliticized. In several zones, deprivation of local livelihoods in the name of modernization has been striking, resulting in the relocation of vast numbers of lowland inhabitants and direct confrontations between local communities and government officials.

The Golden Triangle Special Economic Zone (GT SEZ) is a case in point. Located at the border between Laos and Thailand (Ton Phueng district, Bokeo province), the zone has been operated by a Chinese firm, Kings Romans company, since 2007. As a border SEZ with a 75 year contract (extendable to 99 years), the aim of the zone development, as put forth by the Chinese investor, is to turn the 3,000 hectares of agricultural land into a top international casino entertainment complex, and to create a new image of a green city at the 'drug border' of the Golden Triangle. Such a plan is, however, not necessarily appreciated by local people and heritage preservation experts, who view the area as part of the ancient archaeological area of Suvannakhomkam that stretches from Bo Keo in Laos to Chiang Rai's Chiang Saen on the Thai side. While GT SEZ has been ranked by the Lao government as a successful model of SEZ, with its fast track development of infrastructure and tourist facilities, and shown off by the Chinese developer as a 'merit making' project to help civilize the poor Lao population, local people regard it as an excruciating process of dispossession. Resettlement of Ban Kwan village took almost four years to settle while 116 households were involuntarily forced to move to a new site. Abrupt de-peasantization has left most villagers jobless while less than 10% of the total population has been offered a job by the company, most of whom are just 15-25 years old. The majority of the working force is instead made up of Burmese migrant laborers, who are willing to endure exploitation under precarious working conditions.

The legal authority granted to the zone has allowed a network of shadow economies to flourish and operate through the euphemism of 'entertainment complex'; they include sex and wildlife trade industries. Interestingly, the wealth generated from this type of economy is concentrated only in the hands of a few Chinese, including the investors, their cronies, and other Chinese entrepreneurs in the zone.

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