

The new colonialism of special economic zones in the Mekong subregion

Received: *February 21, 2022*

Revised: *June 3, 2022*

Accepted: *November 24, 2022*

John Walsh

English Language Programs, International College, Krirk University, Thailand

dr.john.wal@staff.krirk.ac.th

Abstract

Historically, colonialism was conducted by states acting in their own interests or through commercial organizations licensed to act as an instrument of the state. More recently, new forms of colonialism have taken place as a result of the actions of coalitions of economic interests involved in spreading capitalism to new areas or to intensifying its actions where it already existed. The places at which their processes occur are commonly configured as special economic zones (SEZs), which are areas in which the prevailing legal system is varied to provide extra privileges for capital and fewer for labour in a temporally and spatially-bounded location. This phenomenon is particularly evident in the Mekong Subregion (i.e. Cambodia, Lao PDR, Myanmar, Thailand and Vietnam), where governments have chosen a path towards rapid economic development that passes through export-oriented, import-substituting intensive manufacturing based on low labour cost competitiveness. Sovereignty over SEZs is routinely given, albeit to varying extents, to combinations of economic actors, many of whom will represent overseas interests. This gives rise to a variety of different types of new colonialism, depending on a variety of location and governance factors for the purpose of extracting resources from the location for repatriation. This paper investigates the different forms of colonialism taking place on SEZs in the region and attempts to analyse their significance.

Keywords: capital, labour, Mekong Subregion, new colonialism, special economic zone

1. Special Economic Zones

Special economic zones (SEZs) are specific areas bound in time and space in which the standard laws of the land are relaxed so as to promote economic activities. Routinely, the changes in the law work in favour of capital and against labour by, for example, providing tax holidays and financial incentives to locate activities within their borders while restrictions are enforced on freedom of association and collective bargaining rights. SEZs comprise a wide range of different sub-types, ranging from the first modern type of the export free zone of Dublin's Shannon airport up to the Specific Economic Zones (SpEZs) of Lao PDR which contain residential and hotel accommodation, retail and leisure activities, health and education institutions to enable managers and executives of inwardly investing companies to live as if they were in their own country. However, although a comparatively modern (post-WWII) invention, SEZs build on a much longer tradition of reserving particular areas of land for categories or classes of people who are privileged to take advantage of them. An early example of this is the use of 'forest,' which in fact means the reserved land intended for Norman nobles and their allies as a result of William the Conqueror's invasion of Britain. Early SEZs also had strict borders between what was inside and the rest of the world, because the inside offered access to tax-free goods that might attract thieves. As time has passed, the concept of at least some SEZs has changed so that inside and outside connections are encouraged for greater economic and commercial efficiency and borders have become porous and even, in the case of Cambodia, absent altogether since it is the activity that is now designated as special rather than the place. Further evolution is inevitable as new forms of connectivity are introduced into business practice and technologies such as 3D printing further weaken the link between skilled work and place of production. These changes will be accompanied by societal changes as the new international division of labour is replaced by newer versions.

That the SEZ is recognized as being successful as a concept is demonstrated by the numbers of them that have been opened around the world. UNCTAD (2019:128) reports that there were 5,400 SEZs in operation around the world as a whole, of which 1,000 had been opened in the preceding five years and another 500 were scheduled to open in the next few years. There is scarcely a country in the world which does not have at least one example, even a country as resolutely anti-capitalist as North Korea has experimented with a cross-border zone at Kaesong, with mixed levels of success (Walsh, 2014). However, the success of SEZs has really been a result of their adoption by China. As part of opening the country to the world but suspicious of the workings of capitalism and ambivalent about encouraging it within Chinese territory, the government opened a series of SEZs in coastal areas where they could be kept

under strict scrutiny and at a distance from the less developed western part of the country. This approach adopted the aspect of SEZs as places of policy experimentation, as has been used quite systematically by the Vietnamese government more recently (Walsh, Schrage & Trung, 2021:77-91). The coastal SEZs were enormously successful by any measure and were central to the achievement of lifting hundreds of millions of people out of poverty. Significantly, the Chinese government was able to achieve extraordinary things in the field of economies without having to yield anything in terms of political plurality. This represented an obvious challenge to the Washington Consensus approach of the countries of the Global North who associated assistance with enabling rapid economic development with openness and the institutions of liberal democracy. For the rulers of many countries in Asia, Africa and beyond, this Chinese model appeared very attractive in its overall actions. From a less ideological perspective, it also appealed to bureaucracies of all sorts because it provided an easily measured series of quantitative measures by which their own performance could be assessed.

The reputation that SEZs have garnered means that their use has spread ever further and wider, even to places where there is little if any likelihood of them making any kind of sense. In common with other attempts to use spatial initiatives to promote economic development, success is only likely to be achieved when there is a demonstrated demand for the products that will be created and that firms and investors have an incentive to use them rather than another place with which they may be more familiar. The basic direction of international business, that locational decisions are based on either resource-seeking or market-seeking motives (Dunning, 1980) has been modified in recent years by the reduction in travel-based transaction costs and the establishment of complex and sophisticated supply and value chains. As a result, opportunities for profit-making have extended further in range than might have been anticipated. However, this situation is challenged both by the ongoing coronavirus pandemic and its attendant economic crisis. By limiting the mobility of people and goods because of fear of spread of the virus, supply and value chains have come under considerable stress and is far from clear that they will snap back into their previous configuration, especially because of the diminished demand for goods and services brought about by potential unemployment and under-employment in most countries of the Global North which have been in receipt of vaccines. There is also the growing call for deglobalization in various forms that have been re-energized by the ever-increasingly obvious symptoms of global climate change. The results of these changes are far from clear at the time of writing and, while it is possible that a new normal might be reached which resembles the situation before COVID-19, it is also quite possible that this will not take place and cross-border production and trading will be negatively affected.

Since SEZs rely upon cross-border investment for the majority of their growth, therefore, it is possible that their importance will be diminished in the future. It is possible that those people who have invested in existing SEZs will accept this and move on to other activities, it is also possible that they will instead try to wring whatever profits might still be made from those investments while it is still possible to do so. According to some scholars (e.g. Harvey, 2001; Glassman, 2007), the falling level of profitability with existing investments will lead to a spatial fix, by which capital is moved from its current site to another one, probably one previously unused by capitalism, where the profit rate might be expected to be higher because, in most cases, the new host government will be so pleased to welcome the investment they will be willing to make more concessions to investors.

This paper focuses on the political impact of SEZs in the Greater Mekong Subregion (GMS). Specifically, it considers whether they represent a form of new colonialism or neo-imperialism that represents a new stage of development from the neo-colonialism with which they are normally associated. It continues with an explanation of the business rationale for SEZs and then considers the political system in which they operate and how this is developing before going on to lay out evidence of their action and the implications of this. The paper makes use of critical analysis of SEZs and the impacts they have on various aspects of the overall environment of the GMS. This analysis is conducted within a framework outlined in the third section. It is motivated by the increasingly evident need to hold business to account for its role in sustainability and climate justice by measuring results in terms of the triple bottom line, which adds environmental and social impacts to the existing financial bottom line in assessing the business in a more meaningful way (Elkington, 1994).

2. The Business Case for SEZs

From an economic or business perspective, the argument for having SEZs within a country's territory is quite well-established and marshalled into three areas. First, there are the direct effects. The investing company provides capital for the local economy, creates jobs and revenue flows through taxation, through contracting secondary services with local firms or from employers' spending their salaries. Although many people will look at the working conditions available in SEZ factories and consider them exploitative and unwelcome, it is nevertheless the case that such firms rarely find it difficult to fill the vacancies they advertise while they can draw people from the agricultural sector, where incomes and life opportunities are generally even worse. Second, there is the possibility of technology transfer. Incoming firms possess an advantage or advantages over domestic firms or else they would not be competitive when

establishing themselves there. Often, that advantage lies in the type of technology, broadly defined to include various expressions of managerial competence. In due course, the domestic government will hope that the relevant technology will be passed on to local companies who will thereafter be able to compete with them nationally and then internationally. They will bring into play various measures to try to ensure that this takes place, which the overseas company might initially try to resist but eventually will take the position that its continued investment will depend upon reaching a new configuration of ownership of key resources with local interests. Third, there will be spillover effects (Driffield, Love & Menghinello, 2010), which mean that local companies, faced with a new form of competition that has advantages over them, realise that they will have to improve their offerings or face bankruptcy. Inevitably, some companies are better able to respond to this challenge than others. While these three areas represent the principal areas of benefit to the home government, there are other areas which can apply, such as the increase in standard of living represented by the ability of international goods and services not previously available and the increase in attractiveness to international tourists arising from the same source. There is a substantial strand of literature relating to modernity, urban development and social relations that is rooted in this access for foreign goods (e.g. Chappatte, 2014). It should also be noted that there is a great measure of scepticism about the extent to which these effects really do bring benefits to host countries. There is a strand of literature that argues, for various reasons, that inwards investment damages an economy, perhaps because it subverts economic efficiency and encourages corruption, crowds out local companies and investors or simply does not deliver what is claimed for it. The situation is complex and many variables can be influential at different periods during the existence of an SEZ.

Changes wrought by the presence of SEZs can also be negative. As previously mentioned, the history of SEZs is clearly related to the history of enclosure and its enforcement of removing people from productive spaces in which they are no longer welcome. This approach has been followed in many cases of SEZ development in India, where the approach has come to be widely acknowledged as being another means of removing farmers and other powerless people from land which can then be repackaged for sale at a much higher value. This has led to resistance against the implementation of SEZs in, for example, India, which threatens the dispossession of thousands of people without meaningful compensation (Sampat, 2010). Indeed, it is possible to distinguish between a so-called Chinese model and an Indian model. The former is planned on a rational basis and is intended to deliver developmental goals to the local economy in addition to the normal business benefits. The latter is planned as a means of

enrichment by vested interests who wish to dispossess local people and sell the land at a profit, no matter what happens to it subsequently. The China model may be likened to the spatial fix which causes investment to move to new areas so as to overcome falling profits in existing areas while the Indian model may be likened to the concept of accumulation by dispossession (Harvey, 2003). The intention of the SEZ and its inhabitants makes a difference: in southern Africa, resource-seeking activities such as mining serve to heighten inequalities because of the inevitable limitation of linkages to actors outside the zones (Makgetla, 2021).

3. Colonialism, Neo-Colonialism and New Colonialism

Colonialism has been defined as “... the process by which the European powers (including the United States) reached a position of economic, military, political and cultural domination in much of Africa, Asia and Latin America (Stam & Spence, 1983).” It was indelibly involved with asymmetric extraction of resources and the reconfiguration of social and power relations with colonized societies that this necessitated. Slavery and the slave trade were vital mechanisms in ensuring its successful operation. Its imprint may be found today around the world in the form of the geography of colonial cities, the marginalization of those caught between the realms of the colonisers and the colonized and the economic inequalities within and between countries. The colonized states became part of the capitalist world because, according to Polanyi (cited in Meiksins Wood, 2017:23), “Because human beings and nature – in the form of nature and land – are treated, however fictitiously, as commodities in a self-regulatory system of markets driven by the price mechanism, society itself becomes an ‘adjunct’ of the market society.”

That the colonized would become part of the same system introduced by the colonisers would not have pleased all of the latter, who had systematized the process of racism so as to salve the consciences of those doing the work of colonizing and decontaminating the profits arising from it (Lindqvist, 2018). Colonisation in this state-led form continued until WWII, at the end of which new arrangements were deemed necessary to meet the challenges of nuclear power and international communism. European nations, obliged to recognize their reduced influence in this new world, were led, dragging and screaming in some cases, to yield their colonies to local representatives. When violence was no longer enough to preserve colonialism, a new system of neo-colonialism came into being. Kwame Nkrumah (1965), one of the most important and useful participants in the process, wrote that: “The neo-colonialism of today represents imperialism in its final and perhaps its most dangerous stage.” Observing that old-

fashioned colonialism may be in decline but remained a problem in many parts of Africa, he describes the new threat arising from its evolution into a new form:

“The essence of neo-colonialism is that the State which is subject to it is, in theory, independent and has all the outward trappings of international sovereignty. In reality, its economic system and thus its political policy is directed from outside (*ibid.*)”

There are various ways in which neo-colonialism can come to afflict a country, although the most common of these occurs when a colonial power, realizing its grip on power is starting to slip, reconfigures its economic and social relations in the country such that economic control replaces political control and, thereby, undermines it. In doing so, the representatives of neo-colonialism may negotiate with economic or political elites in the colonized country who will be willing to do their bidding. To preserve their own positions, those elites will be prepared to ensure that external investments are intended mainly for exploitation rather than development and this leads to ever-higher levels of inequality. This category of capitalism also includes the various types of predatory extractivism which are seen in the GMA and around the world, since they routinely involve exclusion of outside interests and the direct conversion of resources into money, which is then translated into new iterations of power relations.

Nevertheless, at times of crisis, it has proved possible and even inevitable that capitalism would evolve into newer forms so as to readjust its workings to be more efficient in negotiating new and emerging contours of society. Such a crisis may be identified in the early 1980s, when neoliberalism grew in response to oil shocks and disturbances in international currency exchange markets. Finance, usually the servant of society, become its dominant master and, as a result, “... rent seeking, cultural capture and out-of-control financial innovation resulted in financial and social instability (Hansen, 2014).” These phenomena have been very evident in the banking crisis and the crisis of austerity that followed it. Its emergence has led to a change in the nature of neo-colonialism through the creation of a new stage of historical development, known as neo-imperialism, which combines economic globalization and the financialization of monopoly capitalism. Neo-imperialism has five specific features:

- The new monopoly of production and circulation;
- The new monopoly of finance capital;
- The monopoly of the US dollar and intellectual property;
- The new monopoly of the international oligarchic alliance and
- The economic essence and general trend (Cheng & Lu, 2021).

If this new stage of capitalism has been reached, then it should be reflected in the operation and impact of SEZs. Specifically, power will be wielded by capital-owners rather than providers of labour, local adaptations will be prohibited through the auspices of protecting intellectual property rights (IPRs), production will be maximized without consideration of local needs and all will be done in the interests of the prevailing coalition of corporate and state interests. Like neoliberalism, new colonialism is conducted for financial as well as political gain and so transforms all institutions, customs, cultural productions and non-commercial social relations into market-based transactions. All that is solid melts into a financial equivalent. As Davies (2020) observed: “Neoliberalism is a system that progressively devours the conditions of social trust and converts it into revenue streams (e.16).”

The following sections will provide evidence as to how SEZs actually do act in the region considered.

4. The Greater Mekong Subregion

The Asian Development Bank (ADB) designated the countries of mainland Southeast Asia (i.e. Cambodia, Lao PDR, Myanmar, Thailand and Vietnam) together with Yunnan Province of China and Guanxi Zhuang Autonomous Zone as the Greater Mekong Subregion (GMS) in 1992. The logic of this was to create a conceptual region for planning purposes that contained internal coherence and consistency and which was bound together by a shared history of historical, social and economic connectivity, including migration. Historically, the principal means of travel in the region was along rivers or river banks, since so much of the land is mountainous and thickly forested and difficult to pass. The rivers flow mainly from north to south and it is north-south relations and trade which were of most importance. East-west relations have generally been antagonistic and it has proven more difficult to organize infrastructure in this orientation than it has been from north-south. This affects SEZs directly since they are generally located with respect to functioning transportation links. The Asian Highway Network (AHN), organized by the ADB, together with the Belt and Road Initiative (BRI) of the Chinese government have helped to add some much-needed transportation infrastructure, often at considerable expense (the extent to which host countries indebted themselves to pay for this is a separate but equally important issue). The Chinese built railroad from Kunming to Vientiane, which is due to open before the end of 2021, contains 198 km of tunnels and 62 km of bridges along its length (Thanabouasy, 2021).

All of the governments of the GMSR have taken advantage of the SEZ concept, to differing extents. In some cases, it is the private sector which has led the way but, more

commonly, these have been public sector-managed projects and this has meant some have suffered from a lack of demand. For example, the Thai government had a policy to implement 12 border SEZs which would take advantage of cross-border labour from neighbouring countries from which people would travel every day. However, there was very little business logic in locating the zones in places which had often poor transportation links and inadequate services such as electricity and water supply. Further, local communities were divided, as some took advantage of price increases on nearby land and others protested against the development near their homes. As a result, the policy has been quietly abandoned and replaced by the Eastern Economic Corridor (Apsitniran, 2016).

Nevertheless, the governments involved have been more than content that foreign investment be directed into specific areas, both in terms of sector and of location. In Myanmar, three principal locations have been selected: Dawei in the south is the designated home for offshored Thai manufacturing; Thilawa is dominated by Japanese investment and Kyuakphyu SEZ and deep-sea port is the point at which imported hydrocarbons can be transported by dual pipelines to Kunming and is under Chinese management. China has also been permitted to open several semi-formal SEZs in the north of the country, which have the function of regulating cash-based activities such as jade and amber trading and maintaining the peace in an area in which armaments, narcotics and undocumented cross-border trade are considered to be threats. These projects are usually presented as extensions of the BRI (Lwin, 2019). In Vietnam, on the other hand, the government has encouraged the growth of hundreds of SEZs of different types and these help in distributing investment around the country and to mitigate some of the growing economic inequality in the country while acting as places of experimentation. Successful experiments may be permitted to continue but rarely will it spread beyond its designated limit. The other countries also use SEZs for their own purposes, welcoming the opportunity to benefit from direct investment effects, spillovers and technology transfer but wishing to do so in a way that does not lead to any form of political plurality.

During the coronavirus pandemic, government responded by limiting mobility of individuals moving on their own behalf and those who were part of cross-border supply chains. The disarrangement of supply and value chains that this has caused has contributed to the economic crisis that has afflicted most of the world and it is possible that this will give greater support to the emergent but nascent deglobalization movement that is based on a combination of environmental sensitivity and populist nationalism in various countries of the global north. However, the results are uneven and, to some extent, unpredictable. If a new normal emerges post-pandemic, it is likely to be characterized by the increase in the use of digitalization and the

withdrawal of the individual from personal interactions. In that case, SEZs will resume their pre-existing forms and functions. It is not clear, though, that this will be the case. However things transpire, the current system of laws will remain in place that permits the investors to repatriate the bulk of their capital and profits. International business depends to a considerable extent on this ability and the alternative is for host countries to design incentives to reinvest in the country which few are capable of offering on attractive terms.

5. Positive and Negative Aspects of SEZ Usage

This section presents evidence of the impact of SEZs in the GMS in various aspects: gender and social relations; governance issues; environmental and ecological issues and economic impacts.

5.1. Gender and Social Relations

The SEZ brings a form of capitalism to places which may or may not have experienced it before and, as a result, they will undergo for the first time what Schumpeter (2008) (in)famously termed ‘creative destruction’ that will produce winners and losers. This is noticeably true in the phenomenon of the creation of a labour force where one did not exist before (Hui, 1996). Both men and women are attracted from the agricultural sector into the industrial sector because of the lure of regular wages which may be remitted back home. For men, this is a continuation of an existing trend that has seen many younger men move from the countryside to cities in the search for regular wages and better life opportunities. This has contributed to the greying of agriculture in a number of countries where the average age of farmers continues to rise and there are increased chances that unwanted farming land will be sold to investors and developers. There may also be issues of risk-taking behaviour if groups of men unaccompanied by family members find themselves together in an urban setting or overseas as part of a work crew.

In the case of women, the situation may be somewhat more complicated. Women may be taking the opportunity to live away from the farm and family for the first time, which can be a stressful activity for anyone. Further, they find that their position has changed from being an unpaid provider of domestic and emotional labour to a regularly paid worker who is absent from the house and can only attempt to replace her previous inputs with money or with the items that money can buy. Further, it is likely that the women will be living away from home and may be able to undertake personal relationships on their own terms. Lacking experience, these experiences may not always be successful. In any case, it is evident that there are numerous issues which might lead to household level controversy and it may be difficult for

women who have become accustomed to taking responsibility for their own lifestyle to return to the family home.

SEZs provide employment for women largely because there are some types of work which are considered to be particularly suitable for women for physiological or psychological reasons. Inevitably, the gender of the workers involved has an impact on the level of remuneration for the work involved. However, placing the women together in one place makes communication and the ability to organize more convenient and in a number of cases women have led the way when it comes to demands for better pay and working conditions (e.g. Nuon, Serrano & Xhafa, 2011). The level of abuse of employees within factories generally has tended to decline to some extent in recent years but antagonistic situations certainly do still exist. Again, it is often women who are the victims in these cases and they might be able to organize the resistance to such antagonism. To date, though, there are very few examples of meaningful political change at a large scale to have emerged from the factory.

5.2. Governance

There are countries in which the central government does not fully control all of the territory. This may be because of technical limitations and poor infrastructure but it might also result from the resistance to rule mounted by different groups. In Myanmar, for example, even before the military coup of February 1st, 2021 sparked prolonged resistance throughout the country, there had been longstanding insurgencies by armed ethnic minority groups working towards autonomy. There are other cases, for example in Lao PDR, where an area of land may be taken out of government control because of a combination of corruption, lack of competency and inadequate infrastructure. In these cases, capital invested in an SEZ can be used to create a space where there is no effective form of government oversight and cowboy capitalism forms the governing mode. Here, as in the former case of Boten Golden Land SEZ, otherwise illicit casinos can flourish with all the other attendant services that generally accompany them. This form of SEZ is generally unwelcome anywhere because it puts workers at risk and incentivises risk-taking behaviour. These semi-autonomous areas have flared up in various parts of the GMS and governments have only at a late stage taken action against them (Walsh, 2016). New projects are still emerging in this vein: Shwe Kokko on the Myanmar-Thai border is one of the latest to come to light. It seems to be based on Hong Kong capital to build a zone that will incorporate, ambitiously, not just a casino city but an extensive urban area, industrial area, airport and even its own cryptocurrency (Clark, 2020). However, it has been disowned by the Chinese government as part of the BRI and the likelihood of building an airport in that location

seems unlikely to receive permission. Nevertheless, there are 17 casinos operating along the River Moei there and so it is evident that there is money to be made.

The Jiegao Special Export Processing Zone project was initiated in 1990 and has become a leading light in border management in the south of China (Fang & Ran, 2021). It is part of what is now designated as a national open city and a leading border trade city, with as much as 64% of border trade from Myanmar to China flowing through it and 26% of trade flowing in the opposite direction (UNESCAP, n.d.). The zone also has the benefit of regulating what would otherwise have been a potentially chaotic cross-border system with people of similar ethnicities divided by a border they only partially recognize. The military coup on February 1st, 2021 intensified the antagonism between ethnic minority groups in Myanmar and the central state. Historically, armed groups could only sustain their struggles by trading in illegal narcotics and this is considered a security threat by the Chinese authorities. Creating stable market systems helps to maintain the peace. The Indian government has also announced plans (as yet unfulfilled) to open its own SEZ in Sittwe in Myanmar as a means of opening a beachhead for Indian business to establish themselves in what they consider to be a somewhat hostile environment with poor east-west infrastructure (Chaudhury, 2016). This is the reverse process to that taking place in Vietnam, where SEZs are used to contain economic activities that might otherwise contaminate, as it is seen, the rest of the economy. This is, therefore, a policy that can have political as well as economic implications.

5.3. Environmental and Ecological Issues

In common with all forms of physical and real estate development, construction and management of SEZs will threaten the environment if it takes place without the required amount of transparency. Environmental impact assessments (EIAs) are required and monitoring of progress is also necessary. Unfortunately, the required level of transparency is not available in the GMSR at the best of times and, when significant amounts of money are involved with sometimes quite remote locations involved, then there can be powerful disincentives for not revealing information from their competitors and even from their own stakeholders. As a result, therefore, there is reason to suspect significant damage to environment and ecosystems in a number of different places. The example of the building of dams for hydroelectricity generation indicates the kinds of problems that exist. For the Dawei SEZ, building of the zone and connecting roads directly affects somewhere between 22-43,000 villagers, who will lose their land and homes and be rehoused elsewhere in places with unfamiliar farming conditions (Focus on the Global South, 2019). Kuaycharoen *et al.* (2020) review a number of SEZs in the GMS and find numerous examples of the dispossession of local people and other abuses. They

conclude: “While some SEZs have attracted investments in the industrial sector and created some employment opportunities, the development and operation of SEZs have resulted in human rights violations associated with forced evictions, land grabs, poor labor conditions and environmental damage. If SEZs are to have a more positive impact and produce wider societal benefits, they would need to be developed, managed and operated in a way that avoid the many negative social and environmental impacts they currently generate, and respect the rights and interests of local communities and workers (*ibid.*)” This report is one of a number that have these findings consistently expressed. The problems lie in the ways in which SEZ development customarily takes place, without meaningful government oversight of activities, in areas where transparency is rarely available and the incentives for behaving badly not balanced by the fear of being caught in the culture of impunity which persists in so many parts of the GMS.

A related issue is the opportunity that SEZs provide for expanding and making more efficient forms of trade that are illegal but nevertheless flourishing, such as the trade in exotic wildlife. This has been associated with various SEZs at Boten, Bokeo and Sihanoukville, among others and have a common thread that the ultimate market is in China (Tong, 2021). Meanwhile, there are numerous examples of opacity in SEZs being associated with negative externalities such as pollution (e.g., Meta & Baliga, 2016). The different legal regimes and relatively efficient infrastructure available in SEZs mean that they offer convenient means of distributing goods covertly. In the recent past, some SEZs have attracted a reputation for illicit activities (Walsh, 2012). There can be chaotic forms of development in addition to the cowboy capitalism that is characteristic of casino complexes such as at Poipet and Boten. Cash-based economies become associated with risk-taking behaviour and, in the absence of effective governmental control, that can lead to violence and death. Sihanoukville, also known as Preah Sihanouk, is an example of a city in which this type of chaotic development can take place (Amarthalingam, 2021).

5.4. Economic Impacts

Foreign direct investment (FDI) in SEZs in the GMS have increasingly featured the establishment and management of value chains. These are described by the OECD (2021) as: “International production, trade and investments are increasingly organised within so-called global value chains (GVCs) where the different stages of the production process are located across different countries. Globalisation motivates companies to restructure their operations internationally through outsourcing and offshoring of activities.” Most of the value added by production in manufacturing is captured at the beginning (e.g., R&D) and the end (e.g., marketing and retail), with the actual manufacturing and assembly processes that take place in

the GMS add least value and are competitive based on continued low labour costs. Some authors (e.g., Suwandi, 2019) argue that the value chain concept represents a distinctive form of imperialism as a new stage in social relations in the developing world. However, there is very little difference between the value chain concept and previous iterations of overseas investment. It has routinely depended on extraction of value from host countries, where the finished goods were rarely sold. In China, export-oriented production, often for foreign investors, depended entirely on low, suppressed labour costs. As that approach became less tenable, because of rising living standards and the global economic slowdown resulting from the banking crisis and now the pandemic, Chinese authorities have realized the importance of boosting domestic consumption in parallel with the existing policy as part of the ‘dual circulation’ strategy (Kan, 2020). In other words, this is a logical progression and what has changed is that more value is now captured by intangible rather than tangible aspects of production.

There are also indications that south-south business connections are starting to be established within regional SEZs. For example, Cambodia’s O’Neang SEZ opened with two garments factories and a jewellery box maker, with interest from Thai electronics producer Wireform Precision Parts. There are also investment plans from NHK Spring, which manufactures car-seat covers and supplies Toyota, as well as Sam Chai Steel (De Carteret & Muihong, 2015). NHK Spring car seats are trucked to Thailand’s Gateway Plant No.2 in the eastern seaboard region for additional processing by Toyota workers. This is part of Toyota’s Thailand +1 strategy, in which the main activities in manufacturing automobiles take place in Thailand, with its long-established factories, while lower value-adding activities are delegated to neighbours with lower labour costs. The same strategy was followed by the Thai government under PM Yingluck Shinawatra, when a rise in the minimum wage of about 40% was accompanied by moves to make it possible for factories relying on low labour costs to move across borders to Myanmar, Lao PDR and Cambodia. This can be seen as a chain of exploitation but this is the nature of capitalism. That some Chinese-owned companies in Cambodia’s SEZs provide some Chinese language education for employees may be interpreted either as a means of reducing transaction costs or a means of promoting loyalty among workers or, more likely, both.

6. Analysis

In the GMS as elsewhere, SEZs take different forms and purposes. When they act in a purely business sense, there is reason to believe that, broadly speaking, they behave in the way they are supposed to do. The examples of a Chinese company providing education to

Cambodian workers and the Thailand +1 strategy, although perhaps relatively minor in importance in themselves, nevertheless indicate spillover effects in action, in addition to the obvious direct employment effects, SEZs which have been opened in the GMS rarely have much difficulty in filling rosters of jobs. This is true even when the SEZs are diverse in population. New projects routinely include support facilities such as schools, hospitals, accommodation, restaurant and leisure services. These are built to support the expatriate community that has located to the host country but does not really want to live there. This resembles colonialism rather than new colonialism, with an elite class living in segregated areas to which local people cannot gain access except to provide service sector labour within specified limits. Profits that are made are mostly repatriated, the activities that take place in GMS SEZs are generally those which are low in terms of value-added and which can take advantage of low labour costs. If it is possible to establish a new normal in international business after the coronavirus pandemic, then it is likely to be characterized by more intensive digitalization of activities than before and the withdrawal of the individual. Investment in technology that can monitor business activities within SEZs from a distance will become even more necessary.

Any form of autonomy within the territory of the nation state can be interpreted as a threat by a government lacking either legitimacy or self-confidence. The differential legal regime that gives investors space from government intervention also makes them less susceptible to government pressure. That pressure might be justifiable when it involves, for example, encouraging investors to provide more training for employees but there is, of course, a darker aspect to it.

Table 1 Characteristics and Impacts of SEZs in the GMS; source: author

Category	Impact	Mode
Gender	Creation of a female labour force, women become waged providers of income rather than unwaged providers of emotional and domestic labour. They have more freedom in transacting personal relationships.	Capitalist modernity
Environment	Dispossession of land from local people and their forced removal. Pressure placed on natural resources (e.g. water) and utilities (e.g. electricity and energy). Loss of habitat for local species and their capture and sale	Colonialism Capitalist modernity Capitalist modernity

Category	Impact	Mode
Governance	Creation of semi-autonomous areas beyond the reach of central governmental control.	New colonialism
	Politically and economically motivated SEZ creation	Neo-colonialism
Economic	Creation and maintenance of cross-border value chains	Neo-imperialism
	Establishment of intra-GMS business relationships	Capitalist modernity

Table 1 above attempts to identify different effects that SEZs have had in the GMS based on the evidence summarized in the previous section. The actions are categorized into the same broad areas used in that section and are placed into one or more of four classes of political impact: colonialist, neo-colonialist, new colonialist (or neo-imperialist) and capitalist modernity. The last of these represents changes to society that are brought about by the movement towards capitalism and does not have a specific implication of colonialism. The other categories have been explained previously. It is found that there has not, to date, been a radical rupture with previous practice in this regard. That does not mean that such changes may not take place in the future, as issues such as financialization replace assemblage and manufacturing in the region.

Contemporary SEZs may be viewed as islands of concentrated economic activity that are connected to each other and the major places of production and consumption but which are rarely deeply embedded in the local context. Since many of the benefits conventionally associated with their existence can only be meaningfully realized if porous borders between SEZ and local economy and, hence, greater connectivity, can be encouraged. Doing this encourages closer relationships between government and corporations and this too can be problematic if not properly accountable.

7. Conclusion

This paper has considered the nature of SEZs within the GMS and investigated whether their actions were taking a new form of political-economic relationship with the people and governments of the region. It was found that such changes had not really become evident to date, since the activities taking place in SEZs were not significantly different from previous iterations of FDI within countries. It is quite possible to identify the extraction of resources or added value as a form of imperialism or colonialism but this has not yet been converted into a

new form of relations. It is possible to argue that this represents greater centralization of power in the hands of corporate interests but, at the same time, the ongoing pandemic has demonstrated that the state and its government are going to be the leading players in the global political-economy for the foreseeable future.

The research reported on in this paper is necessarily limited in both time and space. It is possible that additional research (or even research of a different type) would yield different results. It is also true that the mode of analysis employed here may involve some subjective judgements and there is scope for disagreements in interpretation. However, as noted above, the conclusions drawn are in accordance with, at least, some other works. Additional research in this and related matters is always to be welcomed. Of particular interest would be a form of longitudinal research which would document and interpret changes in the actions of SEZs over time. Concepts such as the spatial fix rely upon this form of work. There is also a need for more serious consideration of the relationships between host and investor in terms of social relations and how these vary across territories. It should be possible to categorise host countries so as to compare like with approximate like across regions.

References

- Amarthalingam, Sangeetha, "Purging Sihanoukville's Past with a New Masterplan," *The Phnom Penh Post* (September 16th, 2021), available at: <https://www.phnompenhpost.com/special-reports/purging-sihanoukville-past-new-masterplan>.
- Apisitniran, Lamonphet, "EEC, SEZs Top Priority for Industry Head," *Bangkok Post* (December 23rd, 2016), Business B2.
- Chappatte, André, "Chinese Products, Social Mobility and Material Modernity in Bougouni, a Small but Fast-Growing Administrative Town of Southwest Mali," *African Studies*, Vol.73, No.1 (2014), pp.22-40. DOI: <https://doi.org/10.1080/00020184.2014.887742>.
- Chaudhury, Dipanjan Roy, "India Planning to Set up SEZ in Myanmar's Sittwe," *The Economic Times* (August 2nd, 2016), available at: <https://economictimes.indiatimes.com/news/politics-and-nation/india-planning-to-set-up-sez-in-myanmars-sittwe/articleshow/53496839.cms>.
- Cheng, Enfu and Lu Baolin, "Five Characteristics of Neoimperialism," *Monthly Review*, Vol.73, No.1 (May, 2021), available at: monthlyreview.org/2021/05/01/five-characteristics-of-neoimperialism/.

- Clark, James, “Shwe Kokko New City – A Planned Casino City in Myanmar on the Thai Border,” *Future Southeast Asia* (September 8th, 2020), available at: <https://futuresoutheastasia.com/shwe-kokko-new-city/>.
- Davies, William, *This Is Not Normal: The Collapse of Liberal Britain* (London and New York, NY: Verso, 2020).
- De Carteret, Daniel and Chan Muyhong, “Plans to Turn Poipet into Automotive Parts Manufacturing Hub,” *The Phnom Penh Post* (June 20th, 2015), available at: www.phnompenhpost.com/post-weekend/plans-turn-poipet-automotive-parts-manufacturing-hub.
- Driffield, N., Love, J.H. and Menghinello, S. (2010) The multinational enterprise as a source of international knowledge flows: Direct evidence from Italy. *Journal of International Business Studies* 41 (2): 350–359.
- Dunning, J. H. (1980). Towards an Eclectic Theory of International Production: Some Empirical Tests. *Journal of International Business Studies*, 11(1), 9-31. DOI: <http://dx.doi.org/10.1057/palgrave.jibs.8490593>.
- Elkington, John, "Towards the Sustainable Corporation: Win-Win-Win Business Strategies for Sustainable Development," *California Management Review*. Vol.36, No.2 (1994), pp.90–100.
- Fang, Xie and Yin Ran, “Jiegao: The First Special Economic Zone on the Inland Border,” *China Daily* (2021), available at: http://www.chinadaily.com.cn/m/dehong/2010-10/18/content_11425333.htm.
- Focus on the Global South, “Pursuing Accountability, Peace and Participation: 10 Years of Uncertainty in the Dawei Special Economic Zone” (August 27th, 2019), available at: <https://focusweb.org/pursuing-accountability-peace-and-participation-ten-years-of-uncertainty-in-the-dawei-special-economic-zone/>.
- Glassman, Jim, “Recovering from Crisis: The Case of Thailand’s Spatial Fix,” *Economic Geography*, Vol.83, No.4 (2007), pp.349-70. DOI: <https://doi.org/10.1111/j.1944-8287.2007.tb00378.x>.
- Hansen, Per H., “From Finance Capitalism to Financialisation: A Cultural and Narrative Perspective on 150 years of Financial History,” *Enterprise and Society*, Vol.15, No.4 (2014), pp.605-42. DOI: 10.1093/os/khu047.
- Harvey, D. (2001). Globalization and the “spatial fix,” *Geographische Revue: Zeitschrift für Literatur und Diskussion*, 3(2), 23-30.
- Harvey, David, *The New Imperialism* (Oxford: Oxford University Press, 2003).

- Hui, Alison Wee Siu, Assembling Gender: The Making of the Malay Female Labour (Petaling Jaya: Strategic Info Research Development (SIRD), 1996).
- Kan, Zhai, “China’s New Approach to Economic Development,” *China Report ASEAN*, Vol.5, No.12 (December, 2020), pp.60-1.
- Kuaycharoen, P., Longcharoen, L., Chotiwan, P., Sukin, K., Lao Independent Researchers. (2020) *Special Economic Zones and Land Dispossession in the Mekong Region*. Bangkok: Land Watch Thai.
- Lindqvist, Sven, ‘Exterminate All the Brutes’ (London: Granta, 2018).
- Lwin, Nan, , “Deal to Be Signed for BRI-Related Economic Zone in Myanmar’s Kachin State,” *The Irrawaddy* (October 7th, 2019), available at: <https://www.irrawaddy.com/news/burma/deal-signed-bri-related-economic-zone-myanmar-kachin-state.html>.
- Makgetla, Neva, “Learning from Experience: Special Economic Zones in Southern Africa,” *WIDER Working Paper* 124/2021, available at: <https://www.wider.unu.edu/publication/learning-experience-special-economic-zones-southern-africa>. DOI: <https://doi.org/10.35188/UNU-WIDER/2021/064-1>.
- Meiksins Wood, Ellen, The Origin of Capitalism: A Longer View (London and New York, NY: Verso, 2017).
- Meta, Kong and Ananth Baliga, “SEZ Polluting Bavet Canal, Villagers Say,” *The Phnom Penh Post* (August 4th, 2016), available at: <https://www.phnompenhpost.com/national/sez-polluting-bavet-canal-villagers-say>.
- Nkrumah, Kwame, Introduction to Neo-Colonialism: The Last Stage of Imperialism (1965), available at: www.marxists.org/subject/africa/nkrumah/neo-colonialism/introduction.htm.
- Nuon, Veasna, Melisa Serrano and Edlira Xhafa, Women and Gender Issues in the Cambodian Garment Industry, ILO (2011) (Phnom Penh).
- OECD, “Global Value Chains (GVCs)” (2021), available at: <https://www.oecd.org/sti/ind/global-value-chains.htm>.
- Sampat, Preeti, “Special Economic Zones in India: Reconfiguring Displacement in a Neoliberal Order,” *City and Society*, Vol.22, No.2 (2010). DOI:10.1111/j.1548-744X.2010.01037.x.
- Schumpeter, Joseph, Capitalism, Socialism and Democracy, 3rd Edition (New York, NY: Harper Perennial, 2008).

- Stam, Robert and Louise Spence, "Colonialism, Racism and Representation," *Screen*, Vol.24, No.2 (1983), pp.2-20.
- Suwandi, Intan, Value Chains: The New Economic Imperialism (New York, NY: Monthly Review Press, 2019).
- Thanabouasy, Phaybounem "Laos-China Railway Scheduled to Open in December This Year," *The Laotian Times* (August 12th, 2021), available at: laotiantimes.com/2021/08/12/laos-china-railway-scheduled-to-open-in-december-this-year/.
- Tong, Sheryl Lee Tian, "Chinese Special Economic Zones Hotspots for Wildlife Trafficking, Surveys Say," *Mongabay* (June 11th, 2021), available at: <https://news.mongabay.com/2021/06/chinese-special-economic-zones-hotspots-for-wildlife-trafficking-surveys-say/>.
- UNCTAD, *World Investment Report 2019* (Geneva: UNCTAD, 2019).
- UNESCAP, "Review of Cross-Border Transport in the Region: Case Studies" (n.d.), available at: https://www.unescap.org/sites/default/files/ECBTM-ch2_0.pdf.
- Walsh, J., Schrage, B., & Nguyen, T. Q. (2021). Labour and Special Economic Zones. In *The Political Economy of Vietnam's Industrial Transformation* (pp. 77-91). Springer, Singapore.
- Walsh, John, "Joint Operation of a Special Economic Zone by Enemies: The Case of Kaesong Industrial Complex," *The International Journal of Nepalese Academy of Management*, Vol.2, No.1 (2014), pp.80-92, available at: <http://www.nam.org.np/userfiles/IJHRM%202014.pdf>.
- Walsh, John, "Economic Geography in the Development of Cambodia: The Case of Oknha Mong Post Co. Ltd.," *International Journal of Business and Globalisation*, Vol.9, No.3 (2012), pp.236-45.
- Walsh, John, "Casino Resorts as Micro-Para-Statal Areas in the GMSR: Connectivity and Economic Development," *The Myanmar Journal*, Vol.3, No.1 (2016), pp.21-31.