

Chapter 7

The Main Challenges in Implementing SEZs in the Least Developed Countries of the Greater Mekong Sub-Region (GMS): A Comparative Study of Myanmar, Cambodia, and Lao PDR

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ABSTRACT

This chapter identifies the current and potential challenges arising from the creation of Special Economic Zones among the least developed countries of the GMS (Myanmar, Cambodia, and Lao PDR). A comparative approach is useful to analyse the challenges faced by several major SEZs now operating in each of these countries, in the context of each country's zone policy, governance, development objectives, development progress, and problems. The goals of this comparative study are to show the similarities and differences among the SEZs in the sub-region, to look for potential strategies for the three target countries to address the problems, and to help the sub-region, as a whole, to adopt a cohesive strategy to address common challenges.

INTRODUCTION

The Greater Mekong Sub-region (GMS) is an under-developed area within the Asia-Pacific region. Nations in the sub-region, seeking to hasten national development projects, have set up Special Economic Zones (SEZs) to attract foreign investments. This chapter aims to identify the current and potential

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challenges arising from the creation of SEZs among the least developed countries (LDCs) of the GMS: Cambodia, Lao PDR, and Myanmar (CLM). These CLM nations' SEZs are all very young and the challenges they face are different from those of other, more mature, SEZs. The goal of this comparison is to understand the similarities and differences among these CLM SEZs, so that more cohesive strategies may be formulated to address their challenges.

BACKGROUND

The development of the GMS has been researched by scholars from many countries, with particular interest in the process of regional integration. Regional developmental studies have praised the GMS as a success story of regional cooperation (Dosch & Hensengerth, 2005). While the great majority of publications have examined economic aspects, some have focused on political aspects such as the politics behind hydropower development (Bakker, 1999), state power in the border zones (Gainsborough, 2009), and China's strategies for influencing the Mekong region through coordination with international organizations and GMS national governments (Glassman, 2010; Su, 2012; Cui, 2018). In recent years, researchers have also begun to explore the development of SEZs within the region. Below, a few selected studies related to the challenges of SEZs in the GMS are discussed. The key ideas of these related works are summarized, reclassified, and listed in Table 2.

In analysing the challenges SEZs face in the GMS, understanding the government policies is crucial. For example, Hughes (2011), in his examination of the patterns of violence in border areas across the Greater Mekong Sub-region, found that the process of integration has facilitated collusion by state actors to dispossess the poor, particularly affecting ethnic minorities, internal migrants, and other vulnerable populations. He also pointed out that national political processes failed to resolve these conflicts. His research shed light on the kinds of integration challenges that SEZs may face (Table 2, Point 2.2). Arnold (2012) also wrote about border economies and how state activity addressed territorial integrity and the regulation of migrant labour (Table 2, Point 3). Focusing his research on Cambodia and Thailand, he found that SEZs reflect, reinforce, and expand the state's reach, rather than providing exceptions to broader national power. The role of the state is therefore important in the study of SEZs.

The extent of regional integration greatly depends on governmental initiatives to improve connectivity. Walsh (2013), in a major study of the economic and social development of the GMS, emphasized how the creation of a large-scale highway network within the sub-region, supported by both Chinese capital and government investment, may change the economic geography of the region and cause uneven development. The future of SEZs is in doubt, if they cannot benefit the local population and integrate into the country to which they belong (Table 2, Point 2.1). Walsh (2015b) further extended his work into how social relations and social capital transform into market relations when land is redefined and configured as a commercially important space. His research looked more closely at how SEZs had affected the lives of those who had lived on or near the land now transformed into these SEZs (Table 2, Point 2.3). In another research study, Walsh (2015a) pointed out that, even though the growing number of investment projects in the GMS has been impressive, it is less clear that the value added to the economies has been correspondingly high (Table 2, Point 4.1). No doubt, connectivity is important, but so are environmental social concerns (Table 2, Point 6.1). These will certainly continue to pose challenges for the SEZs in the GMS.

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