

Location of the SEZs and Resource Dependent Economy – Comments and Questions –

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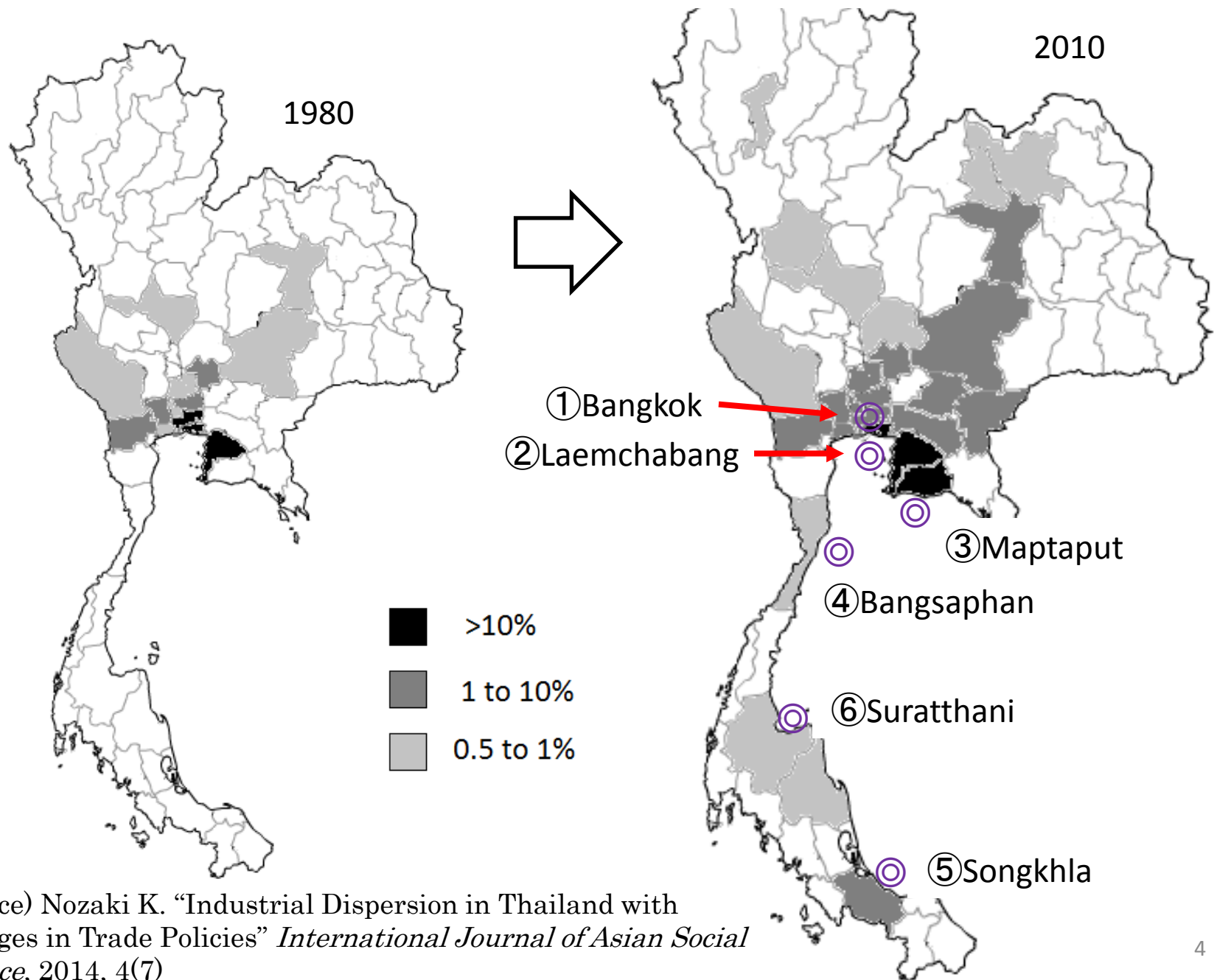
I Location of the SEZs

- Importance of SEZs
 - For CLM countries, a policy tool to catch up with advanced countries
- Industrial dispersion under trade liberalization
 - AEC will facilitate economic liberalization in the region.
 - As for the case of Thailand, trade liberalization made industrial dispersion from Bangkok concentration to border areas.
 - Border areas includes seaports and airport
- SEZs are expected to become cores to produce export goods.
 - Under the liberalization by AEC, most production cores need good access to neighboring countries.

(Location of the SEZs)

- Most of SEZs in Lao PDR locate close to border
 - Especially border with Thailand
 - Access is considered through Mekong international bridges
- Many SEZs in Cambodia locate close to border
 - Border with Vietnam (Hoh Chi Minh City)
 - Border with Thailand (Poi Pet is not so far from Bangkok along EWEK)
 - Some locate at seaports

Change of Manufacturing Share of Each Province



(Source) Nozaki K. "Industrial Dispersion in Thailand with Changes in Trade Policies" *International Journal of Asian Social Science*, 2014, 4(7)

Location of Special/Specific Economic Zones in Lao PDR

Most of the SEZs locate along the border area with Thailand



- ① Savan-Seno Special Economic Zone
- ② Boten Beautiful Land Special Economic Zone
- ③ Golden Triangle Special Economic Zone
- ④ Vientiane Industrial and Trade Area
- ⑤ Phoukyo Specific Economic Zone
- ⑥ LongThanh Vientiane Specific Economic Zone
- ⑦ Saysetha Development Zone
- ⑧ Thatluang Lake Specific Economic Zone
- ⑨ Dongphosy Specific Economic Zone
- ⑩ Thakhek Specific Economic Zone

- I The 1st Mekong International Bridge
- II The 2nd Mekong International Bridge
- III The 3rd Mekong International Bridge

Location of the Major SEZs in Cambodia

No.	Name of SEZ	Location	Access to Market
1	Phnom Penh SEZ	Phnom Penh	(Alongside the EWEC)
2	Manhattan SEZ	Svay Rieng Province	Border to Vietnam (Hoh Chi Minh City)
3	TaiSeng Bavet SEZ	Svay Rieng Province	Border to Vietnam (Hoh Chi Minh City)
4	Sihanouk Ville SEZ	Shianoukville Province	Sihanouk Ville Port
5	Neang Kok Koh Kong SEZ	Koh Kong Province	Koh Kong Port
6	Goldfame Pak Shun SEZ	Kandal Province	Border to Vietnam (Hoh Chi Minh City)
7	Sihanoukville Port SEZ	Shianoukville Province	Sihanouk Ville Port
8	Dragon King SEZ	Svay Rieng Province	(Close to Phnom Penh?)
9	Poi Pet O'Neang SEZ	Banteay Meanchey Province	Border with Thailand

(Note) Number, name of SEZs and Location are from presentation slide of Ms. Saran. Access to market is suggested by the map of JETRO.

Questions 1

- To Ms. Saran:
 - Will the roles of PPSEZ change as Cambodian production base, in particular after more liberalized regional economy under AEC?
 - Although PPSEZ has good access to both Bangkok and Hoh Chi Minh City, it is farther from Bangkok than Poi Pet SEZ which is located at the border with Thailand. Do you find any relationship such as division of labor between PPSEZ and other SEZs in Cambodia? Does PPSEZ have any future development vision to border area?
 - PPSEZ is investing as a developer at SaSEZ in Lao PDR. Is it a sign of change of the company's development policy?

(Questions 1)

- To Dr. Phouphet:
 - How do you think it possible to “lead and manage the SEZ countrywide”? ... Slide 22
 - Many of SEZ in Lao PDR do not aim to invite manufacturers. Do you think the SEZ system in Lao PDR is effective to promote industries in Lao PDR?

II Resource-dependent Economy

- Dr. Phouphet pointed the negative impact of resource-dependent economy
 - According to the econometric model simulation, if the resource-dependent economy like Lao PDR increases the FDI in this sector, trade balance will deteriorate, although the growth rates are relatively higher than the case without FDI.
 - If resource rich countries need sustainable economic development, they should regulate FDI in this sector.
- Myanmar is also a resource rich country such as natural gas and petroleum.

Question 2

- To Dr. Ni Lar:
 - The increase of “industry” since around 2000 should come from oil and natural gas. Major FDI during 1990 to 2010 is also oil and natural gas related.
 - Can I get some comments on the presentation of Dr. Phouphet?
 - In order to achieve sustainable development, is it necessary special policy measures to prevent from “Dutch Disease”?
- To Dr. Phouphet:
 - Do you think it possible for Lao authority to regulate FDI in specific sector, such as resource related projects?

III Technical Issues (Questions 3)

- If there is enough time remained...
- To Dr. Phouphet:
 - I understand the model explained does not distinguish the resource related FDI from other FDI.
→ Can I get your comments the way to estimate more in detail?
- To Dr. Ni Lar:
 - The Slide “Industrial Upgrading: Localization” is a very inspiring analysis. Although there is a large difference between two sectors about minimized domestic value added ratio, the level of per capita income is around over \$5,000.
→ Could you explain the method to these equations in detail?