

Chapter 1: Overview of Country Situations



In this chapter, the highlights of the recent political, economic and social issues in the GMS countries are summarised to give a background picture behind migration.



Photo Courtesy of MAP Foundation

The Rohingyas, Muslim population along the border with Bangladesh, has faced severe discrimination and poverty resulting in mass exodus of people in 70s and 90s. Arakan State, Burma, 2005.

Regional Overview

1. Background of the Greater Mekong Subregion (GMS)

The Greater Mekong Sub-region (GMS) is composed of the six countries in Southeast Asia that traverse the Mekong River: Thailand, Lao PDR, Cambodia, Burma/Myanmar, Vietnam and the Yunnan Province of China, together are home to more than 260 million people. Up until the latter half of the 1990s, most of the countries (Vietnam, Cambodia, Lao PDR, Burma) were embroiled in serious internal strife, subject to repressive regimes, cross-border conflicts, recurring political instability and economic stagnation. At the time of writing Burma remains under the tight control of a military regime and has recently suffered a humanitarian catastrophe, in the form of cyclone Nargis.

Years of social upheavals, including civil and international armed conflicts has decimated large sections of the population, caused irreversible physical and psychological damage among survivors and rendered vast tracts of land to waste. These circumstances have spurred massive internal, cross-border and international movements of the population; Factories, infrastructure, productive capacity and the economies of these countries have been destroyed. These events have largely isolated the subregion from international trade and commerce. Today, Lao

PDR, Cambodia, and Burma remain classified by the UN as being among the world's Least Developed Countries (LDC).¹ Since the mid 1980s, as conflict diminished, these countries have increasingly embarked on efforts to encourage development, as they attempt to catch up with the rest of Asia. Aggressive economic and social reform have been pursued to liberalise their economies, and integrated them into the global capitalist system. All of these countries have to varying degrees opened their doors in search of foreign inward investment. These reforms have of late begun to show signs of success, registering impressive economic growth.

2. Economic Situation

The economic discrepancy among the six GMS countries remain large. In 2006, the GDP per capita in Cambodia, the People's Republic of China, Lao PDR, Burma, Thailand, and Vietnam was USD513, USD2,012, USD573, USD232, USD3,166, and USD723, respectively.² While Cambodia, Lao PDR, Thailand and Vietnam experienced single-digit growth rates, at 9.6 percent, 8 percent, 4.8 percent, and 8.5 percent, respectively, China achieved a double-digit growth rate at 11.4 percent. China's expansion is at a 13-year high, and it was the fifth consecutive year that China's economy grew higher than 10 percent. In Burma, official figures estimate the country's GDP to have grown by more than 10 percent in recent years. However, variables correlated with GDP suggest that actual economic growth was significantly less.³

In the Lao PDR, the mining and hydropower industries helped the economy grow at a rapid rate in 2007, and the forecast for 2008-2009 is further growth at a more moderate pace. The government is hoping to improve trade and investment conditions to join the World Trade Organization (WTO) by 2010. In neighboring Cambodia, increased garment exports, construction, and tourism led to strong economic growth in 2007, but the economic expansion is expected to slow in 2008 and 2009 due to reduced external demand for domestically-made clothes. Cambodia continues to face the challenges of diversifying sources of growth and reducing poverty at a faster pace. In Vietnam, strong expansion of investment and consumption helped the country achieve a GDP growth rate of more than 8 percent for the third straight year. In 2009, inflation is expected to moderate while GDP growth is expected to increase. Vietnam's economic problems include controlling inflation, maintaining stability of the banking system, and easing infrastructure constraints.⁴

In the People's Republic of China, high domestic and external demand helped the GDP growth experience a multiyear high in 2007. As a result of high global oil and grain prices, domestic price pressures of certain foods, and excess liquidity in the banking system, inflation also accelerated. Due to weaker external demand, the Chinese economy is expected to slow in 2008 and 2009. On the other hand, the economy in Thailand is also expected to pick up in the next few years. In 2007, exports generated moderate economic growth in Thailand, with consumption and investment affected by political instability. With an elected government taking office in January 2008, Thailand is predicted to have revived domestic demand and to embark on large infrastructure projects. In Burma, high prices for natural gas exports, heavy public expenditures, and better agricultural performance has led to modest growth rates in recent years. However, fiscal deficits have threatened macroeconomic stability, causing double-digit inflation. The government plans to work toward a more market-oriented system in the agriculture and finance sectors.⁵

Meanwhile remittances sent by migrant workers and Diaspora communities to the GMS countries are significant features of their domestic economies. The World Bank estimates that total workers' remittances and compensation of employees received in 2006 amounted to USD117 million for Burma, USD200 million for Cambodia, USD22.5 billion for China,⁶ USD1 million for Lao PDR, USD1.3 billion for Thailand, and USD4.8 billion for Vietnam.⁷

3. Economic Development in the GMS

The Greater Mekong sub-region Economic Cooperation Program was initiated in 1992 by the Asian Development Bank (ADB). It brought together the six GMS countries to enhance economic relations through the coordinated development of infrastructure. The Program involves the implementation of high priority sub-regional projects in transport, energy, telecommunications, environment, human resource development, tourism, trade, investment, and agriculture. The majority of existing projects assisted by the ADB through the provision of loans and technical assistance relate to the construction of hydropower dams or the upgrading of highways and other transportation links.

The GMS countries cooperate through other similar subregional groupings and initiatives. In November 2003, based on a proposal from the then Thai Prime Minister Taksin Shinawatra, leaders of Cambodia, Lao PDR, Burma and Thailand agreed to the creation of the cooperation framework known as 'Ayeyawady-Chao Phraya Mekong Economic Cooperation Strategy (ACMECS)'. A Plan of Action was endorsed, under which 46 common projects and 224 bilateral projects were listed for implementation over the next 10 years. In May 2004, Vietnam also joined ACMECS.⁸

Border Economic Zones

Since its establishment in April 2003, ACMECS has continued to foster economic collaboration by promoting the formation of Border Economic Zones. Examples of these collaboration areas include the border between Vietnam's An Giang province and Cambodia's Takeo province⁹, China's Yunnan Province and Guangxi Zhuang Autonomous Region and corresponding Lao Cai (Laojie) and Lang Son (Liangshang) provinces in Vietnam.¹⁰ Thailand has been especially supportive of Border Economic Zones. It is trying to encourage investment in neighbouring countries and has made it their policy to use the human and natural resources of their neighbours in border development projects.¹¹ At the time of writing, Thailand is cooperating with its neighbours to create Special Border Economic Zones in areas between Trat in Thailand and Kok Kong in Cambodia, Mukdahan in Thailand and Savannakhet in Lao PDR, and Mae Sot in Thailand and Miyawaddy in Burma.¹²

East-West Corridor Project

Proposed by the Asian Development Bank (ADB) in 1998, the East-West Transport Corridor Project will create a road transportation corridor linking northeast Thailand through Lao PDR to the port of Da Nang in Vietnam. The primary strategic development objective of this project is to encourage economic growth, while the secondary aim is poverty reduction. The project actively assists the Government of Lao PDR to improve approximately 78 km of Road No. 9 between Maung Phin and the Vietnamese border. The improvements includes transforming

the crumbling road that currently exists into a two lane bituminous surfaced highway with new bridges, drainage structures, and other ancillary works.

Central Vietnam has favourable geographic conditions to serve as a gateway for the East-West Corridor with several existing seaports (Cuo Lo at Vinh, Tien Sa at Da Nang, and Quy Nhon) and planned deep-sea ports (green field ports at Dung Quat, Chah May, and Lien Chieu), which are close to important international shipping lanes. These ports currently assist the landlocked Lao PDR with some of their international trade needs. With the planned green field ports and the improvement of Da Nang port, the East-West Corridor will allow access to a large hinterland covering northeast Thailand, central Lao PDR, and central Vietnam. According to ADB, Northeast Thailand has the capacity for agricultural development and production of consumer goods while central Lao PDR could potentially develop its agricultural, forestry, mineral, and hydropower resources. Central Vietnam also has land suitable for industrial crops, forestry, and the potential to develop its mineral resources.¹³

Hydropower projects

Hydropower projects have either started or are being planned in the Lao PDR, Vietnam, Cambodia, Thailand, and China. In addition to the ADB financing of these ventures, individual governments and the private sector have also contributed to the funding of hydropower projects.

The Nam Theun 2 Hydroelectric Project in the Lao PDR includes the development, construction, and operation of a 1,070-megawatt trans-basin diversion power plant on the Nam Theun River. The Project will export 5,354 gigawatt-hours (GWh) of electricity to Thailand, supply about 200-300 GWh of electricity to consumers in the Lao PDR, and generate about USD1.9 billion of revenue for the Government over the course of its 25-year operating period.

ADB is supporting the project through a USD20 million public sector loan to the Lao PDR Government to help fund the purchase of equity in the Nam Theun 2 Power Company Limited (NTPC), a USD50 million private sector loan directly to the NTPC, and a USD50 million political risk guarantee to NTPC. Full construction of the Project began in 2005 and is expected to be completed in 2009. The reservoir created for the dam will be inundated by 2008 and power generation is expected to begin in 2009. Revenues generated by the Project will provide substantial funding for initiatives under the Government's National Growth and Poverty Eradication Strategy, the strategic framework in developing and implementing the Government's future growth and poverty reduction programs.¹⁴

ODA from Thailand

Thailand, a middle-income country, plays an influential role in development policies and programs in the GMS, while contributing a significant amount of Official Development Assistance (ODA), the majority of which is to LDC, in the region. In the fiscal year for 2003, Thai ODA was measured at around USD167 million, or 13 percent of Thailand's Gross National Income (GNI).¹⁵

From 1995 to 2001, Thailand was the largest single investor in Lao PDR (30 percent of all FDI). In Myanmar, Thai investment ranked fourth (6 percent), in Vietnam ninth (2.7 percent), and in Cambodia eighth (5 percent). Thai investments over the same period were equal to 2.8 percent of GDP in Myanmar, 1.3 percent of GDP in Lao PDR, and 0.9 percent of GDP in Cambodia.¹⁶

4. Border issues

Many of the countries in the GMS have a long history of border conflicts and disputes, which from time to time affect diplomatic relations and can adversely impact upon the safety of migrants crossing borders. Some of the border regions that experienced armed conflict in the not so distant past are discussed below.

Cambodia-Vietnam

The improvement in relations between Cambodia and Vietnam, neighbours with a long history of armed conflict, has contributed to the opening of international border gates that had remain closed until very recently. One of these border gates is the Cay Me-Tho Look gate that links Tay Ninh province in Vietnam with Svay Rieng province in Cambodia.¹⁷ At a meeting of the Joint Committee on Land Border Demarcation and Landmark Planting in 2008, Vietnam and Cambodia expressed their determination to expedite land border demarcation and landmark planting, which is aimed to be completed by 2012.¹⁸

Burma-Thailand

The border areas between Burma and Thailand are littered with landmines, which endanger all those crossing the border between the two countries.¹⁹ The SPDC army and ethnic minority groups in Burma have used landmines throughout their ongoing civil war.²⁰ For example, from October 2004 to January 2005, and in March 2005, the SPDC Army reportedly laid mines along either side of the Kushaw-Shwekyin road in northern Karen State to prevent insurgents using the road.²¹ During the fighting between the Royal Thai Army and the Burmese Armed Forces in 2003, Burmese soldiers planted landmines on territory claimed by Thailand.²²

China-Vietnam

After the brief Sino-Vietnamese border war in 1979, which occurred following Vietnam's stationing of troops in Cambodia, leaders of China and Vietnam have worked towards establishing friendship and cooperation between the two countries. Recently, some border gates, including the one at the Lao Cai-Hekou border, have extended their hours of operation, allowing for greater strengthening of economic ties.²³ The Vietnamese government has approved a project increasing the number of border gate economic zones to 30 by 2020.²⁴ China and Vietnam will complete the erection of border markers by the end of 2008.²⁵

Thailand-Lao PDR

After 1984, when Thailand and Lao PDR clashed over three border villages, relations between the two countries have been gradually improving, with the exception of a further border dispute in the late 1980s.²⁶ Citizens of both countries cross the border easily,²⁷ however, like Thailand's borders with Cambodia and Burma, the border areas between Thailand and Lao PDR is the home to many landmine-impacted communities.²⁸

Thailand-Cambodia

Thailand and Cambodia have a long history of border disputes, dating back to Cambodia's status as a French colony. One recent resolution of border disputes over the Preah Vihear Hindu temple, involved the creation of separate entrances, one on either side of the border.²⁹

During the Second Indochina War, Thai soldiers laid defensive minefields along the Thai-Cambodian border to prevent Vietnam's troops from entering Thailand.³⁰ Likewise, Vietnamese, Cambodian, and Khmer Rouge forces placed mines along the border.³¹ As a result, Thailand's border area with Cambodia is home to the communities most heavily afflicted by the serious landmine problem. Landmines along the border routinely threaten the safety of the large numbers of migrant workers who cross the border everyday. More than half of land mine incidents in Thailand occur along this border.³²

Endnotes

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⁴ *Ibid.*

⁵ *Ibid.*

⁶ Figure for China PDR as a whole. Data regarding remittances sent exclusively to Yunnan Province are currently unavailable.

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⁸ MMN & AMC, *Resource Book: Migration in the Greater Mekong Subregion*, 2005, page 5-6.

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Photo Courtesy of MIMN

Vendors along the Burma Thailand border, Myawaddy, Burma, 2006.

Overview of Country Situation: Burma/Myanmar

Burma, officially known as the 'Union of Myanmar', is composed of 14 states and divisions. Seven of these states and two of the divisions share borders with neighbouring countries. Geographically, Burma is situated between Bangladesh and India to the west, Lao PDR and Thailand to the east, and China to the north and northeast. The country's population in 2005 was estimated to be 54 million.¹

Along the Burma-Thailand border are four official permanent crossing points between Tachilek and Mae Sai, Myawaddy and Mae Sot, Kawthaung and Ranong, and the Three Pagoda Pass and Kanchanburi. In addition, hundreds of informal crossing points dot the border where migrants often cross on foot.

Following a coup d'état in 1988, the country has been governed by a military junta known as the 'State Peace and Development Council' (SPDC), formerly known as the 'State Law and Order Restoration Council' (SLORC). The country's democratically elected leader, Aung San Su Kyi, whose National League for Democracy (NLD) party won a landslide victory in the 1990 election, was placed and remains under house arrest.

The Global Fund to fight AIDS, Tuberculosis (TB), and Malaria withdrew USD98.4 billion in funds over a five-year period because of new travel restrictions placed on UN and NGO bodies by the regime in 2005. However, in August 2006 the fund reversed this decision on humanitarian grounds.

Since March 2002 the SPDC has begun to release some of its political prisoners, including high profile detainees such as student leader Min Ko Naing, who had been held in solitary confinement for the majority of the 16 years in which he was imprisoned. In September 2006, just before the convening of the National Convention, Min Ko Naing and other high-profile student activists were re-arrested. This wave of new arrests ensured the continuation of the authority's policy to constrain activities promoting free speech and democracy within Burma.

The authority's use of forced labour continues to be criticised by the international community. The SPDC has been blamed for failing to demonstrate its commitment to its international obligation to eliminate the practice of forced labour.

The road map to democracy introduced by the then Prime Minister Gen. Khin Nyunt in August 2003 moved slowly. The majority has lost all hope in this process and consider the road map merely a delay tactic introduced by the SPDC to prolong their grip on power. In October 2006, the National Convention resumed, and the chairman of the Convention announced that it would take a further three months to finalise this road map.

Another tactic to delay the re-introduction of a democratic system of governance was the relocation of the country's capital city to Nay Pyi Daw at Pinyinmana in early 2006. Yangon is no longer the official capital of Myanmar and is now only an economic centre. Located in a relatively isolated position 300 miles to the north of Yangon, the new capital, Nay Pyi Daw, is the political and military centre of the country.

On 27 March 2006 the SPDC announced an increase in salaries for civil servants employed within all government departments. The lowest ranked government employees received five-fold increases, while the highest-ranked officials received twelve times their previous salary. In contrast, the income and quality of life for the majority of the population has worsened due to mounting inflation. The gap between the official exchange rate and the rate obtained on the black market has continued to increase. In December 2004 the official exchange rate was USD1.00 to MMK6.5, while on the black market USD1.00 was equivalent to MMK 930. In October 2006 the official rate was USD1.00 to MMK5.8 while on the black market the rate had climbed to USD1.00 to MMK1,350.

On 15 August 2007, the SPDC suddenly announced hikes in the cost of all basic fuels without any prior warning. This caused chaos and hardship among an already impoverished population. In response, and despite the very real and serious risk of government retaliation, the people staged protests rarely seen in Yangon, leading to the arrests of dozens of activists, including women.

Even after the arrest of the protest leaders, the protests spread to other parts of the country. On 18 September, Buddhist monks, highly respected in the predominantly Buddhist country, began holding a series of anti-government protests. These protests gradually grew into pro-democracy demonstrations. A small number of monks attempted to march to Aung San Suu Kyi's house, where she was allowed to leave her house to greet the monks, and to make her first public appearance since 2003. While monks urged ordinary people to stay away from the protest in order to reduce the likelihood that the military would attack, an overwhelming number of ordinary people braved the streets in Yangon and other cities to make human chains to protect the monks. Despite the SPDC's warning, the scale of protests rapidly grew into a crowd of more than 100,000 protestors. Finally, on 26 September, the authorities began a bloody crackdown. Monasteries were reportedly raided at night, with an unconfirmed number of monks taken into detention. The SPDC announced that only 13 people were killed in the unrest, but foreign sources place the figure in the hundreds. The UN recorded 31 deaths. Foreign sources reported that up to 10,000 monks had been detained,² while the BBC reported on 19 October that a senior UK diplomat was quoted as saying that 2,500 people continued to be held in detention.

Though protests in Burma were violently suppressed, a small-scale resistance continues to operate sporadically within the country, while on the outside, a series of demonstrations in support of the people of Burma endures. Major protests in support of the democracy movement took place in a number of countries including, the UK, the US, Thailand, Canada, Australia, Ireland, Norway, Hong Kong and Japan.

In September 2007, the SPDC announced that 14 years of constitutional talks had been completed and that the National Convention could now be closed.

In an attempt to bring about peace in the country, UN envoy Ibrahim Gambari visited the country in September and October 2007 and again in February 2008. During these visits he was allowed to meet with the deposed leader Aung San Suu Kyi.

In February 2008, the SPDC announced that a national referendum on a new constitution would be held in May. Pro-democracy groups subsequently urged voters to reject the draft charter as it perpetuates military control.

Despite economic sanction by the US, the EU and Canada, the SPDC has been working to promote trade and investment with the remaining countries willing to continue trading with the SPDC. Significant trade relationships have been maintained with neighbouring countries and those within ASEAN. Burma's largest trading partners are currently China, Singapore and India.

Endnotes

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Overview of Country Situation: Cambodia

1. Geography and Population

Cambodia is bordered by Lao PDR to the north, Thailand to the north and west, Vietnam to the east, and the Gulf of Thailand to the south. Cambodia's total land area covers 181,035 square kilometres. Phnom Penh is the largest city and capital. The population of Cambodia was just under 14 million as of July 2007,¹ and the rate of population growth is estimated at 1.8 percent. An estimated 85-90 percent of the population lives in rural areas. Ethnically, the population consists of about 90 percent Khmer, 5 percent Chinese, 5 percent Vietnamese, and small numbers of hill tribes (e.g. Chams). Khmer is the country's official language, spoken by more than 95 percent of the population. Theravada Buddhism is the state religion, and approximately 95 percent of Cambodians are Buddhist.

At the heart of the country is a saucer-shaped, gently rolling alluvial plain drained by the Mekong River and shut off by mountain ranges. Nearly half of the land area of Cambodia is covered by tropical forest. Generally, Cambodia has a tropical monsoon climate, with the wet southwest monsoon occurring between November and April, and the dry northeast monsoon, the remainder of the year. During the rainy season, the Mekong swells and flows into the Tônlé Sap (Great Lake), increasing the size of the lake almost threefold. The seasonal rise of the Mekong, floods almost 400,000 acres (162,000 hectares) around the lake, leaving rich silt when the waters recede.

2. Political situation

Cambodia is a constitutional monarchy, headed by King Norodom Sihamoni, who came to the throne in October 2004. The Prime Minister and Vice-President of the Cambodian People's Party (CPP), Hun Sen, who has been in power since 1985 as a member of various coalitions, is expected to remain firmly in control in the coming years. It is likely that the two-party coalition of CPP and the National United Front for an Independent, Neutral, Peaceful and Co-operative Cambodia (FUNCINPEC) will survive its five-year term, but relations between the two may become strained, given its failure to secure a majority in the 2003 general elections and the political deadlock of 2004. Opposition-leader Sam Rainsy, who left Cambodia for France in 2005 after losing immunity from prosecution, received a royal pardon regarding his conviction for defamation and came home in February 2006. However, the Sam Rainsy Party (SRP), the sole opposition, appears to be sidelined. King Norodom Sihamoni maintained a politically neutral stance, unlike his predecessor King Norodom Sihanouk. In October 2006, the FUNCINPEC dropped Prince Norodom Ranariddh as its leader, and in March 2007 the prince, who was then living abroad, was sentenced to 18 months in prison for selling the headquarters of the FUNCINPEC party and earning USD 3.6 million, a charge that he denies.²

In July 2007 the UN-backed tribunal to bring those responsible for the genocide by the Khmer Rouge finally began. In November 2007 the genocide tribunal held its first public hearings, regarding the prosecution of a former prison chief, Khang Khek Ieu, better known as 'Comrade Duch'.³

3. Economy

The Cambodian Government's priorities for development are reflected in the 'Rectangular Strategy' developed to address Cambodia's Millennium Development Goals (MDGs). The strategy includes the following four key priorities for growth: enhancement of the agricultural sector; improvement of physical infrastructure; private-sector development and employment-generation; and capacity-building and human resource development. The Strategy provides the basis for the preparation of the National Strategic Development Plan (NSDP) that the Government has endorsed as the single development plan for 2006-2010.⁴

Despite concerns over the pace of reform and the passage of anti-corruption legislation, multilateral donors have remained generally supportive of the government. The World Bank in May 2005 announced a new assistance strategy that will support the government's Rectangular Strategy. The IMF, which in December 2005 announced relief on Cambodia's outstanding USD 82 million debt, has also indicated that it is ready to support the government to implement Poverty Reduction and Growth Facility (PRGF).⁵

One of the major impediments to economic growth is corruption, an issue that continues to perturb foreign donors and investors. In February 2007 the US Ambassador to Cambodia expressed disappointment on behalf of donors that Cambodia had failed to enact an anti-corruption law that had been in the works for more than a decade. At the time of writing, the law remains under review by the government's Council of Ministers.⁶

Nonetheless, during the Cambodian Development Cooperation Forum (CDCF) held in Phnom Penh between 19-20 June 2007, and attended by the country's top donors, including representatives from the US, Japan, Europe, IMF, WB, and the UN, donors who together had pledged USD 690 million in Official Development Assistance (ODA). This is a 15 percent increase since 2006, following the country's progress in the long-delayed Khmer Rouge genocide trials and the prime minister's promises to battle corruption.⁷ Currently, around half of the country's budget is made up from ODAs.

Cambodia's economy has experienced steady growth in GDP: 2004 (10.0%), 2005 (13.5%), 2006 (10.8%), and 2007 (9.1%).⁸ These growth rates continue to be bolstered by a strong tourism sector, expansion in residential construction and real estate, and the good performance of the garment industry, due in part to the temporary measures taken by the US and EU to restrict their garment imports from China. The Asia Development Bank (ADB), however, predicts that the growth of Cambodia's garment industry may decelerate as a result of competition from lower-cost competitors, such as Vietnam, which joined the World Trade Organization (WTO) in January 2007, as well as a more general deceleration in world trade and in industrialised countries such as the US, currently Cambodia's largest export market. Moreover, the removal of the safeguard measure against China's clothing exports to the US is scheduled to end in 2009, leaving the future growth of Cambodia's garment industry uncertain.⁹

As mentioned earlier, Cambodia has planned a series of construction projects, including bridges across the Tonlé Sap and Mekong rivers, a number of special economic zones, and even a new town. The economic zones will be located on Cambodia's borders with Thailand and Vietnam. While concerned governments see these economic zones as a development strategy, critics have raised their concern over the inevitably poor living conditions in the newly developed zones and the lack of access by the workers in isolated areas to trade unions or support groups, thus leaving them vulnerable to exploitation.

As the economy has become more commercially oriented and as government expenditure has risen, the flow of Foreign Direct Investment (FDI) has increased from USD148 million in 2000 to USD379 million in 2005. The discovery of off-shore oil and gas in 2005 has also attracted inward investment. The ADB predicts that the rate of inflation will reach 4.2 percent in 2007 and fell to 3.5 percent in 2008.¹⁰

Though the country's economic growth over the past decade has led to a decline in the overall incidence of poverty from an estimated 47 percent of the population in 1994 to 35 percent in 2004, the incidence of rural poverty remains high at around 39 percent, and income disparities between rural and urban areas are also increasing.¹¹ This is largely due to the fact that both the garment and tourism sectors, Cambodia's main source of income, are concentrated in Phnom Penh and Siem Reap, respectively, while the economic links between urban centres and rural areas have been limited.

In rural areas, the poorest people derive little benefit from the country's macro-economic growth. Agriculture employs 70 percent of the working population yet accounts for only 30 percent of GDP.¹² By the end of 2006 agricultural production expanded more strongly than expected, 4.4 percent from the record levels achieved in 2005. This was principally a function of an increase in arable land under irrigation.¹³ Nonetheless, growth in the agriculture sector has been modest at best, despite considerable assistance from donors over the years.¹⁴ Of particular concern is 'the chronic lack of investment in rural livelihoods, persistently high child mortality rates, the low levels of secondary education for girls, high cost or unavailability of energy, and the unsustainable exploitation of the country's natural resources'.¹⁵

While many young workers in rural areas migrate to bigger cities seeking employment, only 13 percent of rural households received remittances from family members working in the cities.¹⁶

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Overview of Country Situation: Provinces of Yunnan and Guangxi, China

1. Overview of China

There are 56 different ethnic groups in China, while the Han ethnic group makes up 92 percent of the total population. Currently, the country is divided into four independently administered municipal districts, 23 provinces, five autonomous districts and two special administrative regions.

In 2006, China's economy developed rapidly at a GDP growth rate of 10.7 percent¹. By the end of 2005, China's national international reserves had reached USD825.59 million, the second highest in the world.²

Although China has made great strides in economic development, it must be recognised that it remains a developing country – a developing country with 1.3 billion people, the largest in the world. China's per capita GNI is only USD1,740 in 2005.³ According to UNDP *Human Development Report 2006*, China ranks 81st in the world according to the Human Development Index.⁴ Economic development has been accompanied by inequalities. Regional imbalances in development described in China as 'the rural problem' are manifest in three distinct dimensions:⁵ first, the slow rate of modernisation in the agricultural sector; second, the underdevelopment of social infrastructure in rural areas; and third, a lack of job opportunities to absorb redundant workers in rural areas. These factors pose a threat to China's continued economic development.

Policies to narrow the regional imbalance of development

During the 1990s China's agricultural and rural economy faced unprecedented challenges. The year 2004 proved to be a turning point, with grain-production reaching 469.47 million tonnes, reversing a five-year decline.

Premier Wen Jiabao said in his government work report of 2004 that stimulating rural development was the top priority of his government.⁶ The Chinese government established a plan to abolish agricultural taxes within five years, which amounts to a total of RMB8 billion per year, with the aim of reducing the financial burden on farmers. In 2005, the government decided to accelerate this process, pledging to abolish the taxes within three years.⁷

By 2006 China's GDP reached RMB20,940.7 billion (about USD2,626.3 billion), and non-agricultural industries accounted for 88.2 percent of gross domestic product.⁸ The proportion of revenue generated through agricultural taxation, which formerly account for 41 percent of income in 1950, has now fallen to less than 1 percent.

To narrow the disparities between the rural and urban populations, as well as between the eastern and western regions, the government has increased central fiscal expenditure to support the agricultural sector, seeking to strengthen basic development of farmland and to accelerate construction of such infrastructure projects as roads, drinking water supplies, biogas facilities, power grids and communications.

Labour force

In 2005, the numbers of people employed in the primary, secondary and tertiary sectors were 339.70 million (44.8%), 180.84 million (23.8%) and 237.71 million (31.4%) respectively.⁹ The primary industry, despite absorbing the largest number of labourers, makes up only 12.5 percent of the GDP, while the secondary and tertiary sectors comprise 47.5 percent and 39.9 percent of GDP, respectively.¹⁰ In response, China aims to shift the labour force from primary industry into the secondary and tertiary sectors.

Meanwhile, China's labour force is increasing by nearly 7 million each year. It has increased by 7.68 million from 2003 to 2004 and by 6.25 million from 2004 to 2005.¹¹ At the same time, there is an excess labour force of about 200 million in rural areas. With annual economic growth at 8-9 percent, eight to nine million new jobs can be created annually. Unfortunately, this is insufficient to absorb the excess labour force. As of 2006 the unemployment rate in urban areas was 4.1 percent,¹² equating to more than 8 million people.

Increases in the size of the labour force and regional imbalances of development result in dynamic patterns of labour migration within China. Currently there are over 120 million 'floating labourers' in China, most of whom are rural-urban migrant workers. Among them 60 million are cross-provincial migrants, comprising almost half of the total rural-urban migrant population. Floating labourers face many serious problems. First, rural migrant workers remain in an unstable state on a long-term basis. Second, due to regional divisions in governance between the urban and rural, migrant workers cannot enjoy the same labour rights and social protection as urban residents. Creating a unified labour market and promoting a sustainable process of urbanisation is a formidable task for the Chinese government.

While China has yet to collect statistics regarding workers in the informal sector, initial estimates suggest that this sector is substantial. According to figures from a sample survey of 66 cities conducted by the Ministry of Labour and Social Security, 70-80 million people work in various jobs in the informal economy. These workers face unstable employment prospects, have no social security, live outside labour-protection laws and have low incomes, all while working long irregular hours. This has resulted in the emergence of a group of working poor.

Unskilled workers, especially those in the private sector, suffer low pay and will continue to do so due to the excess labour supply. This has created a power imbalance between the capital and labour markets, which has resulted in a situation where workers are unable to unionise effectively or to organise systems of collective bargaining to demand employment rights. For example, within the Pearl River Delta, the nominal wages of workers have not increased in real terms over the past 20 years. This means that actual income has decreased. Similar situations are common throughout the country. Consumer spending in 2006 had fallen to 36 percent, down from 47 percent in early 1990s.¹³ This proportion is the lowest among the world's largest economies. The share of wages as part of GDP has also fallen from 53 percent in 1998 to 41 percent in 2005.¹⁴ This situation has caused an increase in the income disparity and an inequitable distribution of social resources, which have prevented the majority of people from benefiting from economic development.

In response, the Chinese government has implemented its eleventh Five-Year Plan (2006-2010), which targets an annual growth rate of 7.5 percent, as well as:

- Increasing farmers' incomes;

- Promoting service sector development;
- Balancing regional development;
- Building an environmentally friendly society;
- Deepening structural reform and promoting good governance; and
- Strengthening international economic cooperation.¹⁵

2. Overview of Yunnan and Guangxi province

Geography

Both Yunnan and Guangxi provinces share borders with neighbouring countries and have the advantage of being important bridges between China and ASEAN countries.

Yunnan is situated in the southwest corner of mainland China. It has an area of 394,000 km² with mountainous highland planes comprising 94 percent of its topography. To the south and west, the province shares 4,060 km of international borders with Burma, Laos PDR and Vietnam. Within Yunnan, the Sino-Burmese border measures 1,997 km; the Sino-Laotian border, 719 km; and the Sino-Vietnamese border is 1,353 km in length. Yunnan has nine national level ports, eight provincial level ports and over 80 customs points. The construction of the Kunming-Bangkok highway and the Trans-Asian railway are hoped to gradually advance the economic development of Yunnan.

Guangxi Zhuang Autonomous Region, situated in the southwest extremity of the coast of mainland China, borders Beibu Bay to the south, Yunnan province to the west and Vietnam to the southwest. Guangxi has a total land surface area of 236,000 km², and is surrounded by high terrain.

Guangxi lies at the intersection between the central, eastern, and western regions of China. It possesses transportation infrastructure, such as roads and ports, and has become a hub among the markets of southwest China, south China, central China and the ASEAN. It is also the most convenient route to reach the sea from the southwest and northwest of China.

Currently three major routes connect China to Southeast Asian countries via Vietnam. Among the three routes, the shorter two pass through Guangxi province. One route goes via Nanning, Dongxing and Mangjie to Hanoi, a total length of 538km. The other passes through Nanning, Pinxiang Friendship Gate and Liangshan to Hanoi, a total distance of 419km.

People

The population of Yunnan in 2005 was 44.4 million, while Guangxi was home to 46.5 million people.¹⁶ Yunnan is home to more individuals belonging to ethnic minority groups than any other province in China. Fifteen million ethnic minority people from 25 different ethnic groups comprise 34.6 percent of Yunnan's population and one seventh of the nation's total ethnic minority population. Among them, the Yi ethnic group is the largest, with a population of over 4 million. The Bai, Hani and Dai ethnic groups have populations of more than 1 million. Fifteen ethnic groups, including the Lagu and Hani are unique to Yunnan province. Ethnic minorities from 16 different ethnic groups mainly populate the border region.

Guangxi Zhuang Autonomous Region is one of five minority autonomous regions within China and is home to 18 million ethnic minorities, as of 2004. The Han population is estimated at approximately 30 million and comprises 61.6 percent of the total population. The Zhuang

population numbers more than 15 million, making up 85.7 percent of the ethnic minority population in the province. The twelve main ethnic minority groups include the Zhuang, Yao, Miao, Dong, Jing, Yi, Shui and Gelao. There are some 25 other smaller ethnic groups within the province.

Ethnic groups on either side of the international borders are often related and share a common culture and language. There is a deep and abiding relationship between ethnic groups in Yunnan, Guangxi and the people of peninsular Southeast Asia. The borders are dotted by numerous border crossings, formal and informal, large and small, facilitating visits by migrants across both sides.

Key indicators of economic and social development

Yunnan is one of the poorest provinces in China. In 2003, it ranked 28th out of the 31 provinces in China in terms of the Human Development Index. Guangxi ranked 22nd. In 2005 Yunnan's provincial GDP was RMB 3,472.89 billion (USD 423.8 billion) and per capita GDP was RMB 7,835 (USD 956.15), while Guangxi's provincial GDP was RMB 4,075.75 billion (USD 497.39 billion), and per capita GDP was RMB 8,788 (USD 1,072.45).¹⁷

Both provinces are rich in natural resources. Yunnan has abundant copper, lead, zinc, tin and aluminium reserves, while Guangxi is rich in aluminium and rosin. In terms of agricultural production, Yunnan is one of the major coffee growing and processing regions in China, while Guangxi produces 60 percent of China's total sugar production. Despite being rich in natural resources, the two provinces remain remote, and have historically had little contact with more developed regions of China. The economies of both provinces remain underdeveloped.

China's ethnic regions have 11.7 million people living in poverty, accounting for 49.5 percent of the country's poor rural dwellers.¹⁸ China officially designates 592 counties for state poverty alleviation and development, 267 of which are in ethnic autonomous areas.¹⁹ In 2003 the average per capita GDP of an ethnic autonomous area was just 66.3 percent of the national per capita average.²⁰ In 2005 the Chinese government provided RMB 4.84 billion (USD 590 million) for poverty reduction projects in eight provincial level regions, including Yunnan and Guangxi.

Cross-border trade

ASEAN and China have agreed to establish the ASEAN-China Free Trade Area (ACFTA), and the Agreement on Trade in Goods was enacted on 20 July 2005. It aims to eliminate tariffs on 90 percent of products from ASEAN-6 and China by 2010.

Since the initiation of the tax reduction process in 2005, trade between China and ASEAN countries has increased rapidly. Between July 2005 and May 2006, China's imports from ASEAN was USD 74.15 billion, 20.6 percent higher than the previous year. China's exports to ASEAN increased by 23.1 percent, totalling USD 55.57 billion.²¹

Yunnan has a long history of friendly relationships and trade with countries in the Greater Mekong Sub-region (GMS). In the first three quarters of 2006, trade between Yunnan and ASEAN amounted to USD 1.595 billion. Exports from Yunnan to ASEAN reached USD 1.156 billion, an increase of 42.8 percent from the previous year. At the same time imports from ASEAN reached USD 439 million, an increase of 25.4 percent. The trade surplus between Yunnan and ASEAN reached USD 717 million, a 37.6 percent increase on the previous year.²²

Guangxi-ASEAN trade has also showed rapid rates of increase due to China-ASEAN free trade agreements. The Chinese Council for the Promotion of International Trade (Nanning) sent

more than 20 trade delegations to Thailand, Malaysia, Singapore, the Philippines, Vietnam, Indonesia, Lao PDR, and Myanmar as of 2005. ASEAN has now become Guangxi's largest trading partner.²³

With China's economic development and an increase in trade with the GMS, a new form of migration has appeared in Yunnan and Guangxi provinces. In addition to sending migrants, these provinces have also become a stopover point for outgoing migrants from other provinces of China.

Endnotes

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Photo Courtesy of Centre for Population Studies, National University of Laos



Some migrants who have worked in Thailand are able to build a new house which in return encourages other villagers to migrate. Savannakhet, Lao PDR, 2006.

Overview of Country Situation: Lao PDR

The Lao People's Democratic Republic (Lao PDR) is the second-smallest country in Asia, with a total land area of 236,800 square kilometres. This mountainous and forested nation is landlocked, has a population of 5.8 million, a population density of 24 persons per square kilometre, and is home to around 49 different ethnic groups. The economy is predominantly agricultural, currently employing 82.2 percent of the population, the highest proportion among all the Southeast Asian countries.¹ The country's labour force aged 15 or older numbered more than 2.6 million as of 2003.

Lao PDR shares its borders to the north with China, to the northwest with Burma/Myanmar, Thailand to the west, Cambodia to the south, and Vietnam to the northeast. Its longest border is shared with Thailand along the length of the Mekong River. Extensive cross-border trade with neighbouring countries has taken place for many years. In total Lao PDR has 15 international checkpoints and 55 border posts. Many of the local border checkpoints were established between 1960-1990, and 2000-2002. Most of the international checkpoints were created during the 1990s.

In 1997 Lao PDR became a member of ASEAN and, in the same year, submitted an application for membership to the WTO. In the context of regional and global integration, the government stressed the importance of its border trade while the Asian Development Bank (ADB) saw Lao PDR as key to

the success of the GMS Economic Cooperation Program.² As a member of Ayeyawady-Chao Phraya Mekong Economic Cooperation Strategy (ACMECS), Lao PDR is involved in several projects involving the development of transport infrastructure, and its industrial and agricultural sectors. As part of its negotiation efforts to become a member of the WTO, in October 2006 the Lao PDR Government submitted its first offer on market access for industrial products to the membership working party meeting of the WTO. While the WTO members welcomed the first offer, they asked the Lao PDR Government to provide more information on its trading regime as well as its offer on services³.

1. Economy

Since the Government of Lao PDR adopted the New Economic Mechanism in 1986, the economy has moved away from a central command system towards a market-orientated approach. This allows the private sector to play more of an active role in the country's socio-economic development, which has seen steady improvements according to key social and economic indicators. For example, during the Asian financial crisis, the macro-economic climate remained stable, and the growth rate was maintained throughout the 1990s and 2000s. Gross Domestic Product grew by 6.5 percent in 2004, 7.1 percent in 2005 and 7.3 percent in 2006.⁴ The amount of foreign direct investment (FDI) in Lao PDR has drastically increased. In 2000, the total FDI was USD 31 million, which was only 1.78 percent of total GDP. In 2007, the total FDI is projected to reach USD 785 million or 19.85 percent of the GDP.⁵ Between 2001-2005, the five countries with the highest inward investment were Thailand, Vietnam, France, Australia and China.⁶

Nonetheless, poverty coupled with high illiteracy rates continue to be issues affecting people's daily lives within the country. Lao PDR remains classified as one of the least developed countries (LDCs). In 2005 it ranked 130 out of 177 countries on the Human Development Index (HDI), with adult literacy rates of just 68.7%.⁷ According to the Lao Women's Union, the literacy rate for women is just 59 percent while for men it is 80 percent.⁸ According to the *Lao Expenditure and Consumption Survey 2002/2003 (LECSIII)*, the primary school completion rate for females was just 14.4 percents, while the UNDP reports the combined primary, secondary and tertiary gross enrolment ratio was 61.5 percent.⁹ UNIFEM reports that almost two thirds of Lao girls aged six and over have not completed primary school education and that nearly one third of that same group is illiterate.¹⁰ As a result, about 25,000 youths aged between aged 15-18 years, enter the labour market each year, including those who have dropped out of school.¹¹

This rapidly expanding work force is a dictating factor in the country's macroeconomic growth, as 54 percent of the current population is under 20 years of age, while the population of the country is expected to double over the next 15 years.¹² In order to absorb the rapidly expanding work force and move out of its current LDC status by the year 2020, the country will have to raise its per capita income to USD 1,000. The country will also need to achieve an annual growth rate of 7.5 percent. The country's GDP growth between 2004-2006 approached but did not quite meet this target.

As part of the third National Socio-economic Development Plan (1991-1995), the priority development objectives were to consolidate macro-economic reforms in order to ensure a smooth transition to a market economy. This was to be achieved by enhancing the efficiency and performance of the public sector, accelerating socio-economic development, improving living standards through the expansion of economic and social infrastructure, strengthening social services, and halting the degradation of the natural resource base. Within the fourth Plan (1996-2000), the main development

goals focused on continuing the structural transformation of the economy and improving the population's quality of life. The National Assembly's declared priorities under the Plan included development of human resources, rural development, food-production, commercial production, stabilisation and reduction of shifting cultivation, expansion of foreign economic relations and infrastructure development. The main objectives of the fifth Plan (2001-2005) was to achieve rapid economic growth, food production, reduction of poverty, shift away from slash-and-burn agriculture, prohibition of poppy cultivation and enhancement of political and social stability.

While Lao PDR's economy continues to be predominantly based around the agricultural sector, tourism, mining and hydroelectric power generation are seen as the sectors that must be developed in order to bring about the structural transformation necessary for future economic growth. Hydroelectric power is currently an important export earner, which accounted for 27 percent of total export earnings during 2004.¹³ Currently, under the country's sixth Plan (2006-2010), endorsed in July 2006, the National Growth and Poverty Eradication Strategy (NGPES) has been integrated into the National Socioeconomic Development Plan, placing emphases on food-processing, hydropower-generation, mining development and greater involvement within ASEAN. As of 2007, exports of hydropower had increased and now comprise approximately 30 percent of the country's total export earnings¹⁴.

2. Rural-Urban Migration

According to an ILO survey, significantly smaller proportions of the total migrating population move within the country. Less than 20 percent of the migrating population surveyed stated that it had moved within the country. Of these internal migrants 42.5 percent had moved to Vientiane, the Capital.¹⁵ According to the 2005 national census, fewer than 200,000 people have moved to another province since 1995. Vientiane is the most popular destination for rural-urban migrants with 72,789 people moving to the capital between 1995-2005, of these about 54 percent came from the northern provinces; 29 percent, from central Laos; and 17 percent, from the south. By far the vast majority of the migrating population in Lao PDR migrate to the neighbouring country of Thailand¹⁶.

Table 1: Rural-Urban Migration in Lao PDR 1995-2005

Number of migrants from		Number of migrants into	
Provinces	Number	Provinces	Number
Luangphrabang	26,584	Vientiane Capital City	72,789
Xiengkhuang	20,039	Vientiane Province(except Viantiane Capital City)	22,550
Vientiane	19,837	Bolikhamxay	12,771
Houaphanh	19,602		
Champasack	11,773		
Phongsaly	11,655		

Sources: National Statistic Center, Population Census data 2005

Endnotes

¹ Followed by Vietnam and Burma where the proportion of the workforce employed in the agriculture sectors are 69.1% and 62.7% respectively. See the National Statistic Center of Lao PDR, *Population Census Data*, Vientiane, 2005 and ADB, *Key Indicators of Developing Asian and Pacific Countries: Lao PDR*. Last accessed at: <http://www.adb.org/Documents/Books/Key_Indicators/2007/pdf/LAO.pdf>.

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Overview of Country Situation: Thailand

Thailand, with a population of more than 65 million,¹ and a GDP per capita estimated at USD 3136.50,² is currently the major migrant destination country in the GMS. The country enjoyed robust economic growth between the 1980s and the mid-1990s, making it one of the fastest developing countries in Asia. The collapse of the Thai baht in 1997 sparked a regional crisis in Asia and drove the Thai economy into recession in 1997 and 1998. The economy recovered in 1999, recording 4 percent GDP growth. Despite the impact and aftermath of 9/11 on the global economy, the tsunami in December 2004, and the ongoing violence in the south, the country's GDP has maintained a relatively steady growth rate, with percent records at 5.3, 7.1, 6.3, 4.5 and 5.0 for the years 2002-2006. The GDP growth in 2006 and 2007 was mostly driven by relatively strong exports, and was maintained despite the continuing appreciation of the baht against the US dollar. However, the rate of economic growth was projected to slow to 4 percent in 2007.³ The manufacturing sector accounts for approximately 30 percent of Thailand's economic output and employs 13 percent of the country's labour force. The agricultural sector, meanwhile, accounts for just 9.9 percent of production yet utilises 42 percent of the labour force.⁴

Politically, 2006 ushered in a year of turmoil for Thailand, with street demonstrations, an annulled election and a military coup. Having won a second general term on 6 February 2005, Thaksin Shinawatra and his Thai Rak Thai party controlled 374 seats in Parliament's lower house. However, his increasingly autocratic and corrupt style of government, including the appointment of family members and cronies to key positions of power and involvement in business deals that appeared far from transparent and clean. These allegations prompted people to take to the streets to call for his resignation. The public protests against Thaksin in turn sparked pro-Thaksin demonstrations, and the country became polarised into camps for and against the Prime Minister.

On 24 February 2006 Thaksin dissolved parliament and called a snap general election held on the 2 April 2006. The opposition parties decided to boycott the election and the Thai Rak Thai party "won". However, this unopposed election victory caused a constitutional crisis, and on 4 April 2006 Thaksin announced that he would step down as prime minister as soon as parliament had selected his successor. The supreme court then declared that the election results were void and that new elections should be held on 15 October 2006, with a new caretaker prime minister to be appointed in the interim. Within a month, Thaksin was back heading the caretaker government. As the new election neared and with Thaksin clearly continuing to hold the reigns of power, the anti-Thaksin factions got ready to re-group. Then on 19 September, a six-man army junta led by Gen. Sonthi Boonyaratglin, seized control of Thailand's government, deposing and forcing Thaksin into exile. The military junta promised a swift restoration to civilian rule and installed an interim government, headed by the well respected, retired general Surayud Chulanont. As part of this promise, the junta vowed to hold free and fair elections within a year. Following the coup, martial law was immediately imposed. By January 2007 the junta had lifted the martial law in more than half of the country, though in several southern provinces it remained in force. Throughout this period issues of national security often outweighed basic human rights, resulting in the issuance of provincial decrees restricting migrants' rights in Phuket, Rayong, Ranong, Pang Na, Suratane, and Samut Sakhorn.⁵

Following the coup, the military also revoked the People's Constitution and established a

constitutional assembly, composed of 100 members, to draft a new Thai Constitution, to be submitted to the electorate in a referendum.

Although there was little opposition to the military coup and the general public showed faith that the junta could restore democracy to Thailand, they have faced some major challenges to justify their actions and their ability to maintain the initial confidence shown in them by the public. Former Prime Minister Thaksin was charged with corruption and the erosion of democracy, as the military looked to take the moral high ground following the coup. However after just a few months in power, individuals within the junta were already facing allegations which tainted their moral image. Gen. Sonthi Boonyaratglin was accused of having two wives, which, if proven, would violate two articles in Thailand's Criminal Code. While Surayud was said to have made an irregular land deal, building his home on property meant for landless farmers. At present, concern is growing among civil society that the military may not have such honorable intentions as first assumed. It was revealed at the last cabinet meeting of 2006 that the military-appointed cabinet approved to assign THB 556 million (USD 14 million) of the national budget towards a 'secretive' 14,000-strong special security force to monitor political dissents in areas of the north and north-east of the country where Thaksin enjoys widespread support. Suggestions that the new constitution could make the Prime Minister an unelected position and the talk of installing an appointed senate have fanned fears that the junta may not hand over power so willingly.

On New Year's Eve, 2006, eight bombs exploded across Bangkok, killing three people and injuring dozens. The prime minister suggested that Thaksin and his allies were behind the bombings, Thaksin rejected these allegations and maintained that it was most likely separatist insurgents from the south of Thailand that were behind the attacks. Others speculated that the military might have been behind it themselves as a way of trying to justify the need for them to remain in power.

At the beginning of 2007, the economic policies of the Council for National Security (CNS) began to hit the headlines. The controls imposed on trading of the country's currency had resulted in a crash in the Thai stock market and restrictions imposed on business were introduced to limit property-ownership by foreigners. These measures resulted in a fall in confidence by investors and a flurry of explanations by the CNS.

In April 2007 a committee appointed by the military administration approved a first draft of the new constitution. In May, ousted Prime Minister Thaksin Shinawatra's Thai Rak Thai party was formerly banned. In August 2007, voters in a referendum approved the new constitution drafted by the military.

In December 2007 general elections finally took place, and the People Power Party (PPP), a party formed by former members of the Thai Rak Thai party and backed by Thaksin, achieved a parliamentary majority. In February 2008 the country returned to civilian rule and Samak Sundaraveg, an old ally of Thaksin, was sworn in as Prime Minister.

While Thaksin was in exile, he maintained regular public appearances in the media partly through the purchase of Manchester City, the English Premier League Football Club. In February 2008, he returned to Thailand although he denied that he had any intention or ambitions to return to politics.

Minimum Wage

According to The Ministerial Regulation of Minimum Wage Rate (No.8), dated 12 November 2007, the cabinet approved the increases in the minimum wage proposed for 2008 by the Ministry of Labour. The regulation was set to come into force on 1 January, 2008. The changes brought the minimum daily wage in Bangkok and Samut Sakorn up to THB194, in Chiang Mai to THB159, in Phucket to THB193 and in Ranong to THB163.

The South

2006 and 2007 witnessed continued unrest in the three southernmost provinces of Pattani, Yala and Narathiwat, Thaksin had in the past dealt with the situation through the use of force but with little success. The Council for National Security tried a more reconciliatory approach but similarly achieved little progress after four months of efforts. Since January 2004 more than 2,800 people have been killed in the region.⁶ The killings have become increasingly random, arbitrary and cruel in nature throughout the separatist-controlled insurgent areas. In the first week of January 2007, a Buddhist couple were beheaded; a few days later two Muslims and a Buddhist were shot dead. The violence has directly impacted schools and teachers in the south, with arson attacks on schools and more than 60 teachers being killed, forcing schools to shut down periodically throughout the year. As a result, more than 2,000 teachers have asked to be transferred out of the region, creating an acute shortage of teachers.

Other workers have also moved out of the area for their own safety, creating a general labour shortage in these provinces. In January 2007, a policy was announced to register migrant workers in the five southern-most provinces that have been declared as special economic zones. Migrant workers in these areas would be issued a distinct colour-coded work permit permitting them to work only in the five designated provinces, effectively imprisoning them in an area of violence and insurgency.

On 15 January 2007, the Cabinet approved the extension of emergency rule in the three southern provinces of Yala, Narathiwat and Pattani for a further three months. The emergency rule grants them the right to detain suspects without charge for a period of 30 days.

Avian Flu

According to the Ministry of Public Health website there were five confirmed human cases of avian influenza resulting in two deaths in 2005. Three confirmed deaths caused by the human strand of the virus were confirmed in 2006, in Phichit, Uthai Thani and Nong Bua Lampoo provinces. Since the outbreak began in 2003, there have been 17 human deaths in Thailand.⁷ In the second week of January 2007, a new outbreak of the flu was found in ducks in Phitsanulok, northern Thailand.⁸

Endnotes

¹ ADB, *Key Indicators 2007*.

² Correct as of 2006. See IMF, *World Economic Outlook Database*, April 2007.

³ World Bank, "Country Brief: Thailand", October 2007, in ADB, *Asian Development Outlook 2007*, pp. 232-235. Last accessed at: <<http://go.worldbank.org/IS43PD1U20>>.

⁴ "Thailand", in ADB, *Key Economic Indicator 2007*, p. 348.

⁵ See page 66 for more details about the provincial decrees.

⁶ "Southern Thai violence increases", in *Aljazeera. Net*, 15 January 2008. Last accessed on 6 March 2008 at: <<http://english.aljazeera.net/NR/exeres/89D1AEBB-6038-4423-8CDA-FEC89B46E12D.htm>>.

⁷ As of 30 January 2008. "Tracking Avian flue", in *Washington Post.com*, 30 January 2008. Last accessed on 6 March 2008 at: <<http://www.washingtonpost.com/wp-srv/health/interactives/birdflu/>>.

⁸ Ministry of Public Health. Last accessed at : <http://thaigcd.ddc.moph.go.th/AI_case_report_070116.html>.

Photo Courtesy of Southern Institute of Social Sciences



Rural life in Vietnam is closely linked to rivers. Mua Nuoc Noi, Vietnam, 2005.

Overview of Country Situation: Vietnam

Vietnam borders China to the North, Lao PDR to the West, and the Pacific Ocean to the East and South. Vietnam is divided into 59 provinces and three municipalities, with a total land area of 329,141 square kilometres and more than one million square kilometres of sea.

The rate of population growth has remained relatively stable since 2005, recording a 1.3 percent per annum increase in 2006.¹ By the middle of 2007 the population had reached more than 85 million.²

Vietnam is home to 54 different ethnic groups, of which the Kinh majority accounts for around 87 percent. Other minority groups include the Tay, Mung, Nung, Thai, Hoa (Chinese), and Khmer. Most ethnic groups live in the country's mountainous regions.

The Government of the Socialist Republic of Vietnam was officially formed in July 1976 when the divided country was unified and Hanoi was named the national capital. This followed the fall of the Saigon Regime in 1975 and the end of the war with the United States, which lasted from 1954 to 1975, claiming the lives of an estimated 1.3 million Vietnamese and 58,000 American soldiers. Vietnam-US relations were only normalised in 1995. In June 2005, Vietnamese Prime Minister Phan Van Khai made the first visit to the US by a Vietnamese leader since the end of the Vietnam War, and in June 2007, President Nguyen Minh Trient made the first visit by a head of state to the US. The Vietnamese government now sees the US as a potential receiving country for its migrant workers.

1. Governance

Measures are presently being implemented to reform the functioning of the Vietnamese government, with the goal of reducing bureaucracy and improving efficiency. The main focus of the reforms have been the administrative units that are in direct contact with the public on a daily basis, such as the departments that process applications for various permits.³ For example, it has been reported that the introduction of 'One-Stop Shops' to improve the delivery of government services to individuals and businesses has been quite successful and has reduced the opportunities available for government employees to commit acts of petty corruption.⁴

The implementation process is guided by principles of decentralisation and delegation, which are intended to give greater authority to some government units in managing their tasks. Within the scope of this reform, the officials of particular government units have greater and more significant powers, which allow them to reorganise and restructure their operations by managing their own budget. The decentralisation scheme means that many government decisions are now taken at the lower levels, such as at the provincial and municipal levels. This is reflected in the increase of local government spending.⁵

The process has also included initiatives that encourage civic participation and promote grassroots democracy, particularly in areas where there is a public need for information, such as current regulations and policies; administrative procedures; local socio-economic strategies; plans for land use; formulation of budget and expenditure; programs financed by the government; and activities related to poverty reduction. Public consultation and input are sought in infrastructure and community development programs and the establishment of funds at the local level and its usage, as well as in the drafting of the local authorities' plans, the activities of the People's Council, the implementation of government decisions, and the treatment of complaints. However, in reality, a huge gap exists between policy and practice. According to the Vietnam Development Report 2005, the degree of public participation was not equal across the board. The highest degree of participation related to activities that require financial contributions, such as the upgrade of infrastructure at the sub-ward level in urban areas and at the village level in rural area.

2. Economy

Since the implementation of the Doi Moi (renovation) policy in 1986, Vietnam has been taking steps towards implementing market economy reforms. In January 2007, after 12 years of negotiations, Vietnam finally became the 150th member of the World Trade Organization (WTO). With the continuing trend of industrialisation and modernisation, the Vietnamese economy has been growing steadily, and GDP growth is being projected at 8.3 percent for 2007. The rate of unemployment has hovered around 2 percent for the past few years. Foreign Direct Investment (FDI) has increased to USD 2.8 billion. Living standards have also improved in both urban and rural areas, and the percentage of the population living below the poverty line has declined to 29 percent in 2006 from 58 percent in 1993. Investment in the public sector has seen a slight increase from 6% of GDP in 1997 to 8.5% in 2003.⁶ Public spending focused on modernising the country's cities and building information-exchange networks between such cities and other cities outside Vietnam.

Doi Moi has accelerated the speed of urbanisation in Vietnam by creating conditions that encourage further industrialisation and rural-urban migration. This has led to a rapid growth in the population of a number of cities. The total number of urban dwellers increased from 18.8 million

(24.2 percent of the population) in 2000 to 21.6 million (26.3 percent of the population) in 2004. However, the process and effects of urbanisation have not been evenly distributed across the country, but have instead been focused on top-tier cities, such as Hanoi, Ho Chi Minh City, Da Nang, and Can Tho. In Hanoi, the number of inhabitants increased from 2,738,200 in 2000 to 3,082,800 in 2004 or by 12.5 percent and in reality, the actual number of residents is higher than shown by official statistics. The figure may be as much as three times more than official statistics show, due to a large number of migrants who are not registered with the authorities.⁷ There is a significant gap with respect to social and technological infrastructures between old and new urban areas where present conditions are unable to respond to the demands and pressures of population growth. If the demand on infrastructure development is not resolved soon to respond to the urban population growth, estimated at about 3.5 percent per year, pressure will undoubtedly increase on improving the quality of life in the urban areas of Vietnam. Notably, the phenomenon of ‘urbanisation of poverty’, where poverty becomes more concentrated in the urban areas than rural areas, has been intensifying with the migration of the rural population to urban areas at the rate of one million people per year as rural dwellers migrate in search of a better livelihood.

Since mid-2005, the Vietnamese government has made efforts to change some regulations relating to the permanent residency registration and legalisation of housing and land entitlements⁸. Upon the reform, permanent residency will no longer be determined by house ownership and vice versa, which brought hope for many migrants. However, in practice, it has been reported that there was nonetheless a very small number of people who benefited from this measure, receiving approval on applications for permanent residence. Those who are considered ‘illegal’ land users or ‘squatters’ – who are in fact long term residents – still experience difficulties. Migrants are unable to obtain legitimate status, which is affecting the efforts to reduce poverty and to improve urban management. The large gap between long-term and short-term residents in compensation rights and land entitlements has been the subject of discussion by the Vietnamese government and international donors on the implementation of the relocation and resettlement projects.

3. Labour Issues in the Country

In 2006, rural-urban migrant workers employed in factories at the large-scale processing zones where many Singaporean, Taiwanese and Korean joint venture enterprises are situated, went on strikes before and after *Tet* New Year Holidays. The strikes spread fast with migrant workers’ more actively involved as the dispute continued. The main demands of the strikes related to calls for an increase in the minimum wage, the implementation of overtime payment and insurance-related benefits. The strike of migrant workers in large processing zones were followed by strikes in small and medium-size enterprises (SMEs) and caused a significant impact on the production during the first quarter of 2006. This series of strikes prompted the Vietnamese government to issue a decree by which the minimum wage of factory workers was increased by 40 percent from VND600,000 (approximately USD40) per month to VND850,000 (approximately USD55) per month, excluding salary for night shifts or extra shifts. The issuance of the decree took place one week after the mass strikes.

4. Avian Flu

Vietnam has been among the countries worst hit by avian flu. The Ministry of Health in February

2008 confirmed a new outbreak human infection of H5N1 avian influenza, bringing the total case of avian flu to 103 in the country, 49 of which have been fatal.

Endnotes

¹ ADB, *Key Indicators of Developing Asian and Pacific Countries*, “Vietnam”, P.410

² Central Intelligence Agency, *CIA Factbook*. Last accessed on 22 November 2007 at: <<https://www.cia.gov/library/publications/the-world-factbook/geos/vm.html>>.

³ Wong 2004 cited in *Vietnam Development Report (VDR)*, 2005: p.7.

⁴ “Governance: Executive Summary”: i., in *VDR*, 2005.

⁵ *VDR*, 2005: p.81.

⁶ “Governance”, in *VDR*, 2005: p.57.

⁷ J.M. Cour, “Urbanization and Sustainable Development: A Demo-economic Conceptual Framework and Its Application to Vietnam”, Draft Report. 2003.

⁸ For background information about the restrictive policies toward the rural-urban migrants, please see MMN and AMC, *Resource Book: Migration in the Greater Mekong Subregion*, p. 87.