

Cross-border Economic Zones/Clusters

July & September 2013



In light of ongoing negotiations between the Lao People's Democratic Republic's (Lao PDR) government and the Chinese People's Republic (PR China) provincial authorities of Yunnan to set-up a cross-border economic zone (CBEZ), which is supposed to connect Boten, Luangnamtha province (Lao PDR) and Mohan, Yunnan province (PR China), GIZ Regional Economic Cooperation and Integration in Asia (RCI) Programme in cooperation with the Secretariat to the Lao National Committee for Special Economic Zones (S-NCSEZ) conducted several joint activities on the topic of "Cross-border Economic Zones/Clusters" in July and September 2013.

Study Tour July 2013

From 21 to 25 July, a Lao delegation consisting of nine ministries' representatives, which are involved in the CBEZ negotiations at the Northern frontier of Lao PDR with China, accompanied by staff of the GIZ RCI Programme, visited Viet Nam and the Chinese Guangxi Autonomous Region in order to enhance the Lao government's position in CBEZ negotiations and to provide in-



depth practical knowledge on conceptualization, implementation and management of CBEZs. Whereas Viet Nam, which, jointly with China, has already set-up the Dong Dang–Pingxiang



CBEZ, served as a best practice model within the Pan-Beibu Gulf (PBG) Region, the meeting with representatives of the Department of Commerce (DOFCOM) in Guangxi, PR China provided the delegates with the opportunity to gain profound insights into the Chinese approach towards CBEZ. Among the institutions visited were the Central Institute for Economic Management (CIEM) in Hanoi, the Department for Border and Mountainous Trade of the Vietnamese Ministry of Industry and Trade (MoIT), the Dong Dang–Lang Son Border Economic Zone Management Board, the Management of Pingxiang–Dong Dang CBEZ, DOFCOM Guangxi as well as the China-Malaysia Qinzhou Industrial Park.

Key Lessons for the S-NCSEZ

For successfully setting-up CBEZs, a strong commitment of all involved parties is indispensable. Furthermore the following aspects are crucial and need to be taken into consideration during the negotiation and conceptualization phase:

- Unequal distribution of benefits due to different levels of economic development – How to ensure that both sides benefit equally from the CBEZ?
- Concerted alignment of development plans and strategies.
- A thorough cost and benefit analysis and feasibility study as necessary preconditions (financed by ADB in Vietnam's case).
- Capacity building on both sides (including physical infrastructure and human resources).
- The implementation process should be designed as a gradual approach, which is divided into predefined stages.
- In order to ensure that the private sector can make full use of the CBEZ market mechanism, local capacities need to be strengthened.

Expert Roundtable September 2013

As follow-up to the successful study tour in July 2013, and considering the manifold SEZ approaches that have evolved regionally and worldwide, GIZ RCI Programme organized an expert roundtable in Beihai, PR China from 5 to 7 September 2013 to provide technical staff members of the S-NCSEZ with in-depth knowledge on the topic of CBEZ and SEZ. While CBEZs and SEZs bear great potential for economic development, an adequate design, clear policy frameworks as well as sufficient regulatory and administrative knowledge are crucial to ensure successful implementation.



Against this background, this expert knowledge exchange aimed at sharing general and country-specific experiences about SEZ implementation strategies and identifying possible solutions for Lao PDR's development bottlenecks. Its main purpose was to convey to the S-NCSEZ a clearer understanding of the specific role of SEZ in economic development strategies and to strengthen their capacities to effectively manage cross-border economic zones. The roundtable was divided into three sessions, in which the participants discussed achievements, but also challenges of their national SEZ policy.

Roundtable Session I: SEZ as Part of National Development Policies

The first session was designed to give an overall overview on SEZs as policy tool for fostering national economic development. After giving an introduction to the general underlying political rationales and guiding economic principles, the session moved on to elaborate the varieties of national SEZ approaches on the basis of case studies from China, Malaysia, Thailand and Vietnam in more detail. Whilst highlighting their inherent differences, particular focus has been given to the discussion of positive and negative aspects of setting-up SEZs as well as to their potential economic impact.

Roundtable Session II: SEZ Governance Considerations and Best Practices

Divided into three subsections, session two aimed at scrutinizing the policy frameworks of the country cases introduced in session one as well as on issues and considerations in regards to the regulation of SEZ development. Particularly in view of the current deliberations of the Lao authorities in charge of the SEZ strategy to decentralize competencies, the major part of the session was dedicated to the devolution of responsibilities from the national to the provincial and local level as well as to the conflicts of interest between different levels of government and the private sector.

Round Table Session III: Open Expert Q&A Session

During the last session, the participants had the opportunity to openly discuss topics of particular interest. Important issue areas, which emerged during the discussion, were related to rules and regulations, SEZ monitoring mechanisms, the division of responsibilities between national and provincial level and between government and management board as well as labour skills development.

Imprint

Published by the

Deutsche Gesellschaft für
Internationale Zusammenarbeit (GIZ) GmbH

Registered offices
Bonn and Eschborn, Germany

Regional Economic Cooperation and Integration in Asia

China Office

TaYuan Diplomatic Office
14 Liangmahe South Street, Chaoyang District
10600 Beijing, PR China
T +86-10-8532-5344
F +86-10-8532-5744

Office Mongolia

Naiman Zovkhi Building
Seoul Street 21
Ulaanbaatar 14251, Mongolia

Office Thailand

193/63 Lake Rajada Office Complex
New Ratchadapisek Road, Klongtoey
Bangkok 10110, Thailand

rci-asia@giz.de
www.giz.de

As at

September 2013

Photo credits

Copyrights for all pictures: GIZ RCI

Text

Ina Schmitt

GIZ is responsible for the content of this publication. The findings and conclusions expressed in this documentation are entirely those of the author. They do not necessarily represent the view of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). The information provided is without warranty of any kind.

On behalf of the
German Federal Ministry for Economic Cooperation and Development (BMZ)