

# **THE ROLE OF CHINESE ACTORS IN THE URBAN TRANSITION IN LAOS**

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# THE CHINA'S BELT AND ROAD INITIATIVE

- In 2013, the Chinese President Xi Jingping first declared the China's Belt and Road Initiative (BRI) (Dicarlo, 2021);
- The massive infrastructure development of China are circulating, including trade route expansion, promoting of peace and cooperation, and providing of necessary infrastructure to developing countries;
- The BRI's scope and scale has far-reaching implication for geopolitics, capital markets and environment: the project have covered **69** countries across Asia, Africa and Europe (Dicarlo, 2017);
- Majority of investment about \$1 trillion to massive infrastructure project, for instance roads, rail, seaports and airport.

## **BACKGROUND: CHINESE INVESTMENT INFUX IN LAOS**

- The Chinese population in Laos steady increased since Laos introduced the economic reform in 1986, and in 1990, the Premier LI Peng visit Vientiane marked a turning point in China-Laos relations;
- China began expanding its aid to Laos in 1999, when it gave a large loan to help the country weather the Asian financial crisis (Stuart, 2009)
- In 2003, Chinese investments accounted for less than 1.5% of the total direct investments in Laos;
- China would later become the largest investing country in Laos, accounting for more than USD 5 billion.
- In November 2006, Chinese president HU Jintao visited Laos and prompted bilateral economic and political relations;

## **OVERVIEW OF THE "BRI" AND IN LAOS**

- From 2001 to 2007, Chinese foreign direct investment in Laos was \$1.1 billion;
- In the present the Chinese population growth about 2% of the Lao population;
- In 2005, the GDP in Laos is increased at 7.0% (WB, 2006);
- During 1989- 2011, China had 443 investment items with a total capital of \$4,052 billion, becoming the largest investors in Laos, with the major investment fields in mining, construction (Power grid, hydropower dam), agricultural, services and manufacturing sectors (Shanghai Institutes for International Studies, 2016 & Yen, 2017);

# REGULATORY FRAMEWORK

- Law on Investment Promotion No. 032/NA, date 17/11/2016
- Resolution of the National Assembly Standing committee on Approval the Decree on SEZ in Laos No.48/SC, dated 26/10/2010
- Decree on SEZ in Laos No. 188/PM, dated 07/06/2018
- 8th-9th National of Socio-Economic Development Plan (2016-2020) & (2021-2025)
- Law on Urban Planning No 072/NA, dated 11/11/2017
- Land Law No. 14/NA, Dat 21/06/2019

## BRI INFLUENCE IN VIENTIANE, LAOS

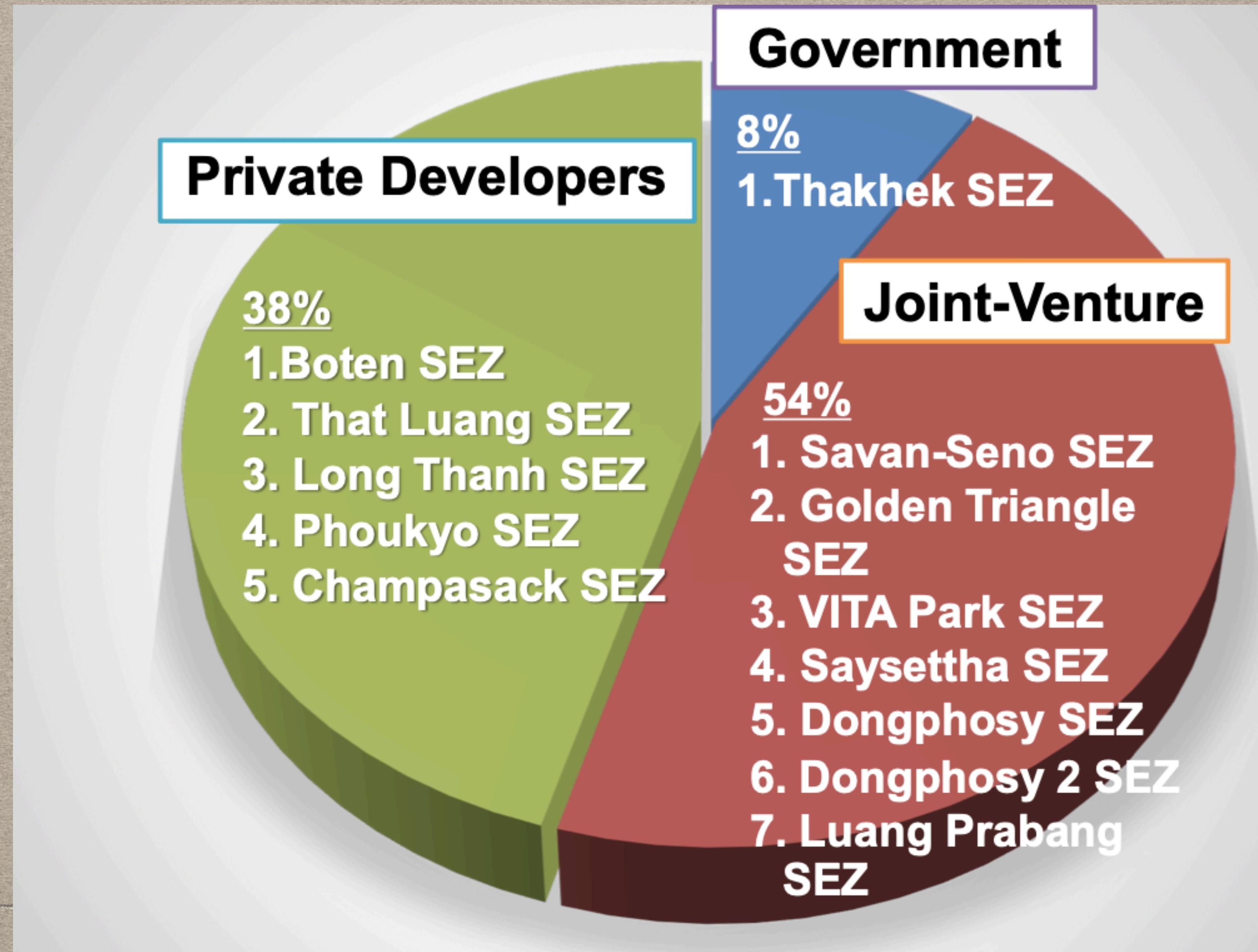
- In 2010, Vice President Xi Jingping visited Laos;
- In 2015, the Chinese FDI was about \$5.1 billion (Yen, 2017);
- Average the GDP between 2012 to 2015 at 7.5% (Wb, 2016).
- Vientiane is capital city of Laos, with the population slightly 950,000 inhabitants (2020 Census).
- In 2016, Chinese firms' investment in Laos grew rapidly in term of scale and scope, owing to the ongoing development of bilateral economic and trade relations;

## BRI INFLUENCE IN VIENTIANE (CONT)

- In 2018, FDI in Laos increase 79%;
- By 2020, Chinese investment cover over \$12 billion in 785 projects, including special economic zones to mega-infrastructure projects (RFA, 2021);
- Chinese investments have spread to areas such as real estate and transportation. Most of the new development occurring in Vientiane can be connected to Chinese investors;

No	SEZs	Loation	Established (Year)	Estimated Investment (USD)	Areas (ha)
1	Savan-Seno SEZ	Savannaket	2002	74,000,000	1,012
2	Golden Triangle	Bokeo	2007 (Upgrade 2014)	1,000,000,000	3,000
3	Boten SEZ	Luangnamtha	2003 (Upgrade 2012)	500,000,000	1,640
4	VITA Park	Vientiane	2009 (Upgrade 2010)	43,000,000	110
5	Saysettha SEZ	Vientiane	2010 (Upgrade 2011)	128,000,000	1,000
6	That Luang SEZ	Vientiane	2011	1,600,000,000	365
7	Long Thanh SEZ	Vientiane	2008 (Upgrade 2012)	1,000,000,000	560
8	Dongphosy SEZ	Vientiane	2009 (Upgrade 2012)	50,000,000	54
9	Dongphosy 2 SEZ	Vientiane	2015	100,000,000	28
10	Phokhyo SEZ	Khammuan	2011	708,000,000	4,850
11	Thakhek	Khammuan	2012	80,000,000	1,035
12	Champasak SEZ	Champasak	2015	162,500,000	995
13	Luang Prabang SEZ	Luang Prabang	2016	1,200,000,000	4,850
<b>Total</b>				<b>6,645,500,000</b>	<b>19499</b>

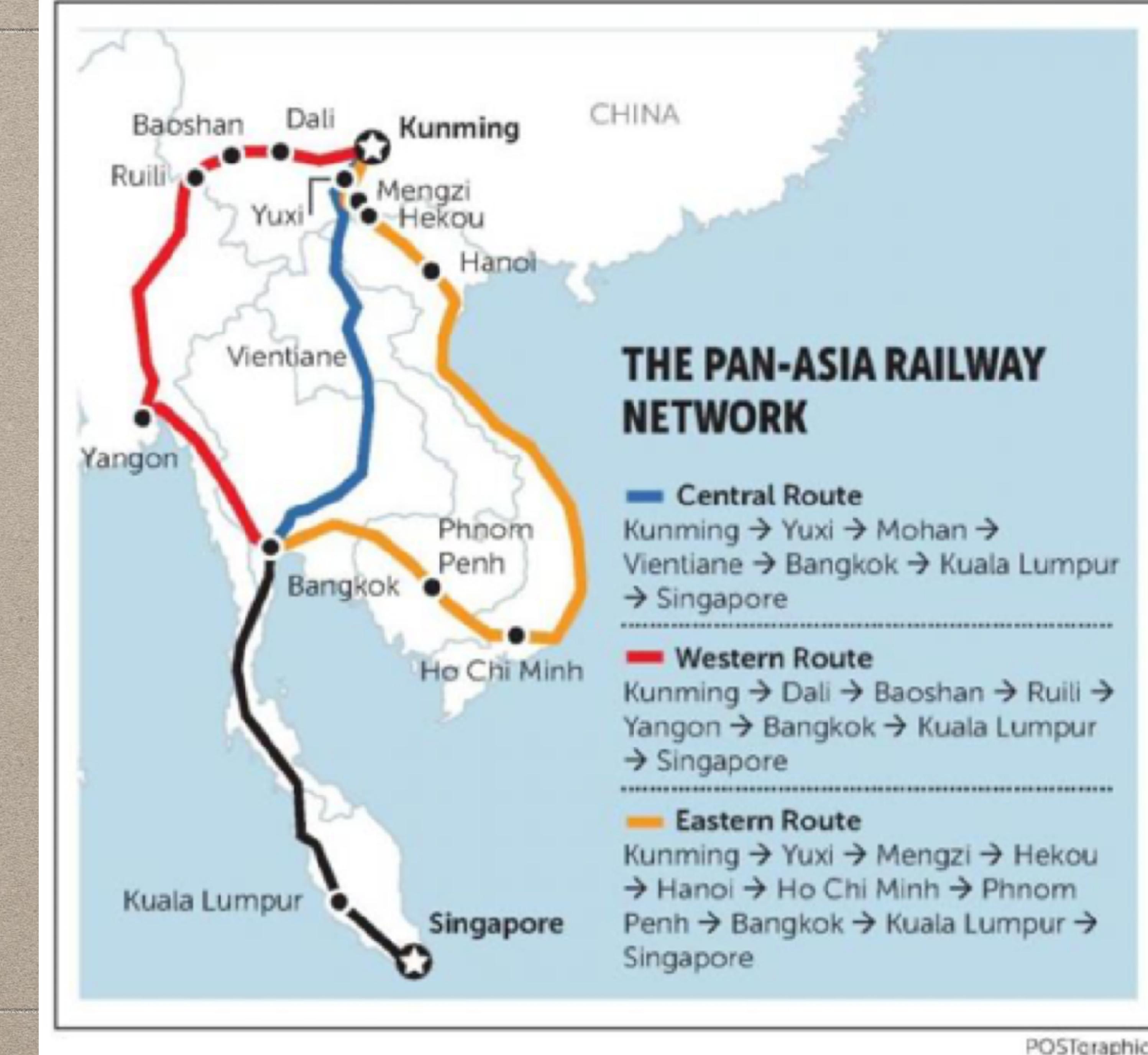
# THE STATISTIC OF SPECIAL ECONOMIC ZONES IN LAOS



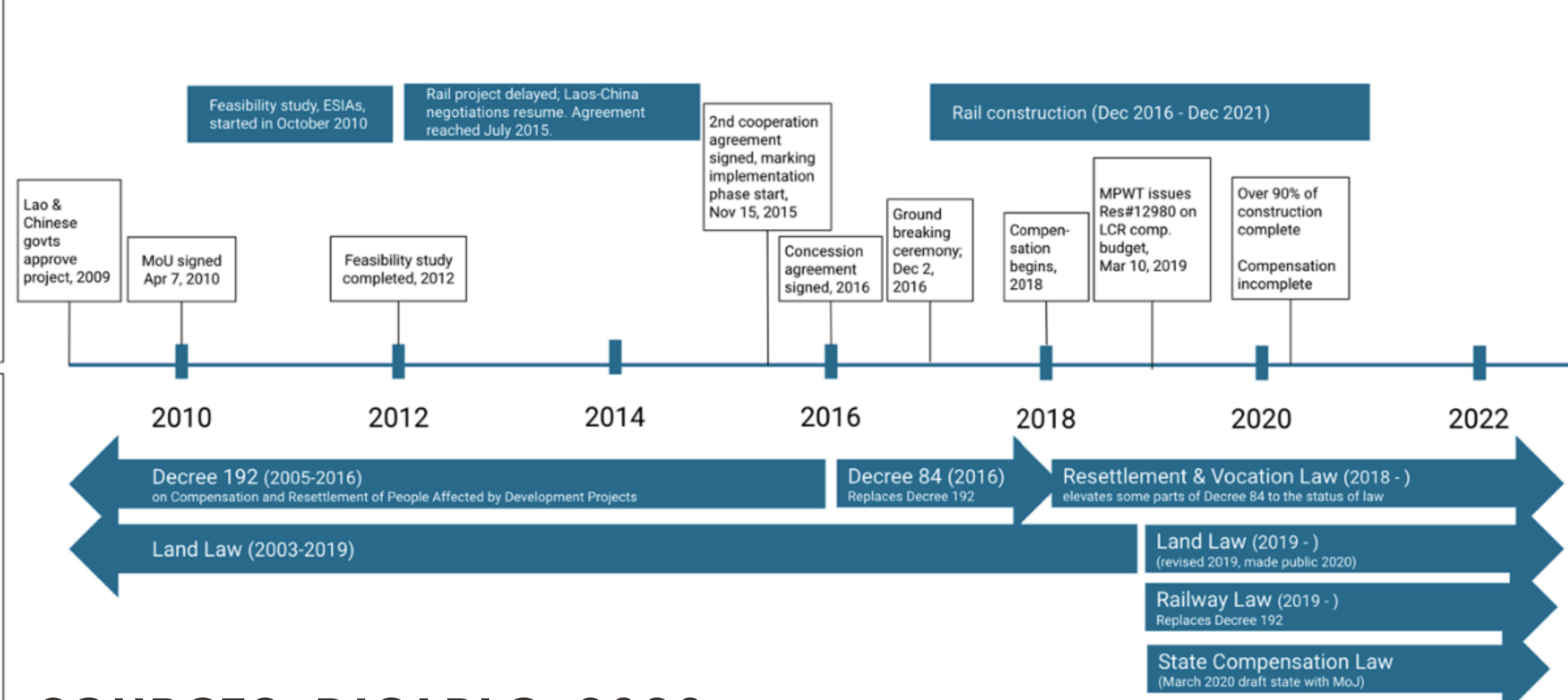
# **SELECTING CASE**

- The Criteria of Selection of Linking with the priority of the BRI policy
- The Investment actor is the key-role on linking the real estate project
  1. That Luang Marsh Special Economic Zone (TLMSEZ)
  2. Saysettha Development Zone (SDZ)
  3. Don Chan Island
  4. Vientiane Centre

# CHINA-LAOS RAILWAY ROUTE



# TIMELINE OF CHINA-LAO RAILWAY IMPLEMENTATION



SOURCES: DICARLO, 2020

## BRI IMPLEMENTATION IN VIENTIANE

- In 2009, the new National Stadium (for the 25th SEA games), part of the \$100 million Lao National Sport Complex funded by a Chinese consortium in return for a development concession in the central Vientiane (Creak, 2011);
- In late 2011, the TLM SEZ approved 365 hectare for 99 years. The Formal implemented in 2012, Implementing by the Wan Feng Real Estate Group and the Lao government hold only 5% of the share (Chen, 2020).



## That Luang Marsh SEZ



*Source by Kesone, 9 May 2021*

- Formal approved once in late 2011 with \$1.5 million
- The Construction of the Project started in December 2012

*Credit to Jarabejo, 2019*

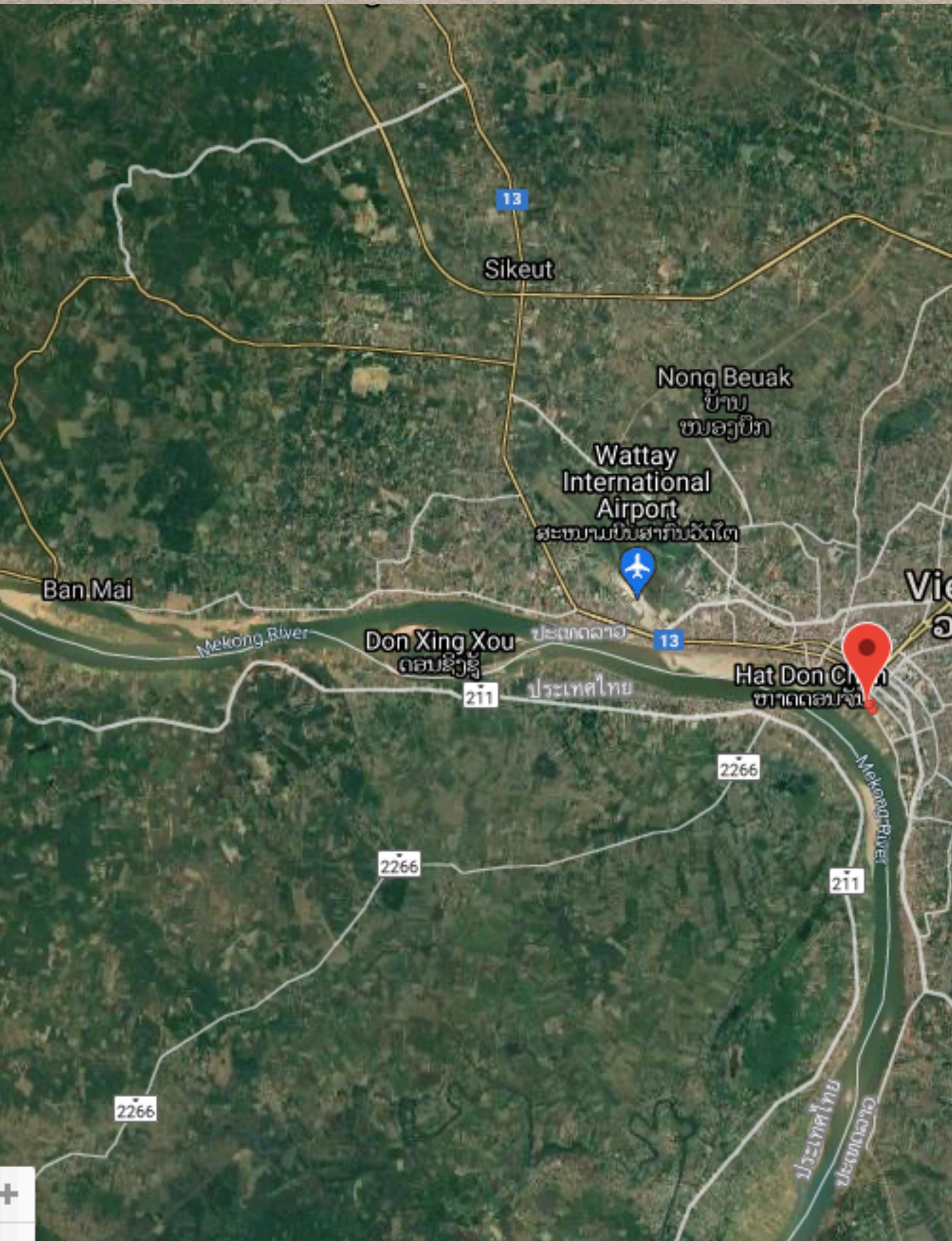
- In 2010, Kittaphong Group (Lao Construction Company) has joined with the China CAME Engineering Co.,Ltd took over the management rights to the Don Chan Place hotel from Malaysian developers and other mega projects include the Vientiane New World (VNW) development projects, the ASEAN Villa and Land Mark hotel on the Don Chan Island along the Mekong River bank.

Covering area 42 hectares with 50 Years and option extend for 40 years (Keobountham, 2019).

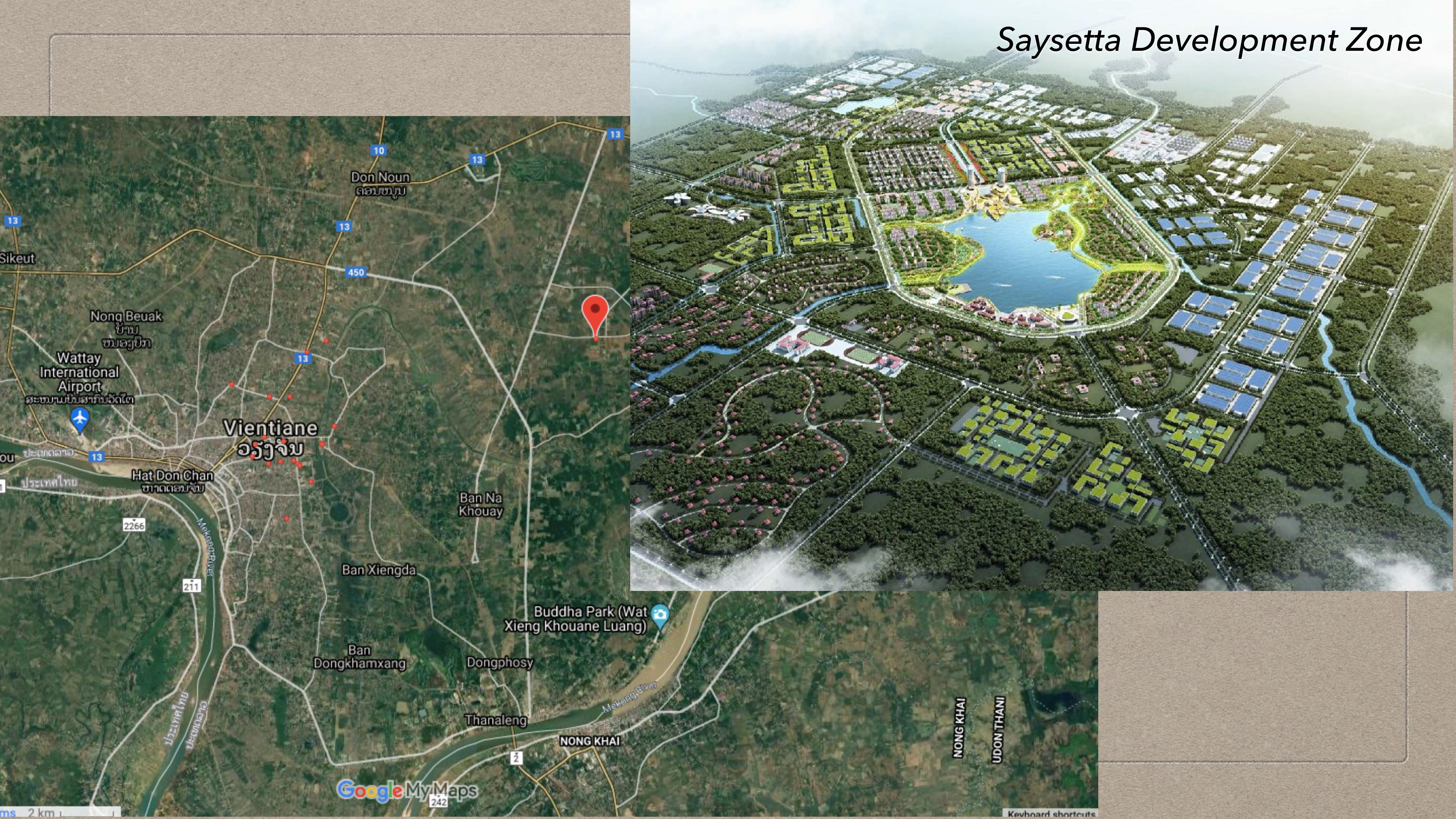
The Same year (2010), the Vientiane Saysettha Development Zone Project is a national economic zone in Vientiane and has been listed as a priority project in China's the BRI. Operating by Lao-China Joint Venture Co.,Ltd, co-funded by Yunna Provincial Overseas Investment Co., Ltd (YOIC) and the Vientiane government. <http://en.yoic.cn/m/1865.html>.

Covering an area of 11.5 Square kilometres, and the concession period is 70 years

# Vientiane New World At Don Chan Island



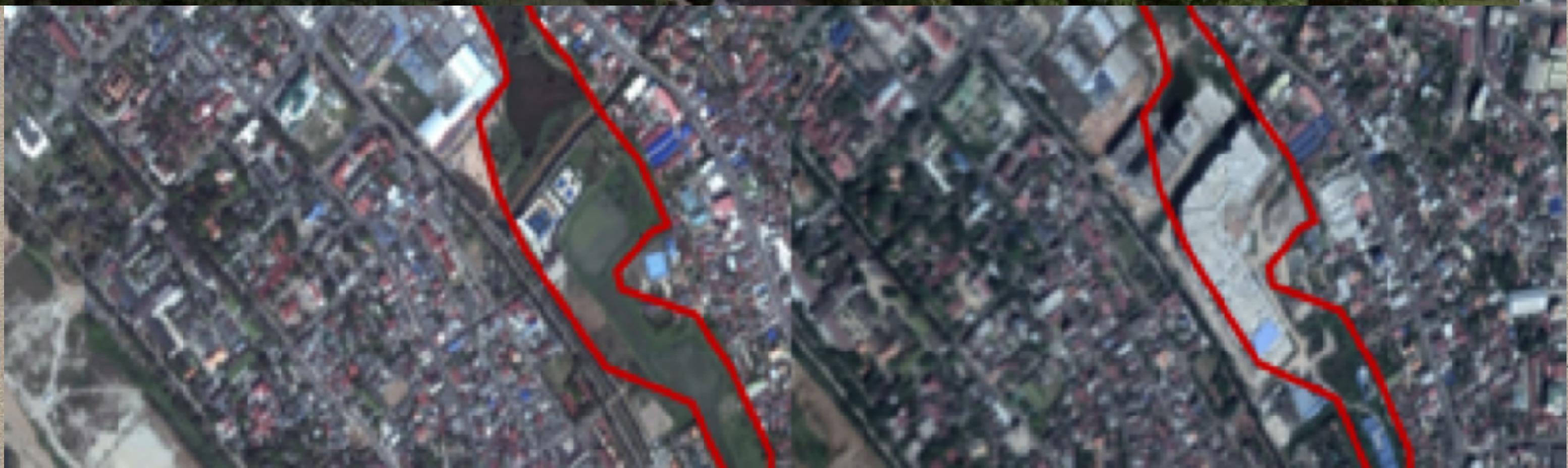
# Saysetta Development Zone



- In 2011, the Vientiane Center Project is developed by North Nongchan Complex Development Co., Ltd., which was jointly established by Yunnan Overseas Investment Co., Ltd., and Krittaphong Group Co., Ltd

which is located in Nong Chan Lake, covered 5.34 hectares with costed UDS160 million under a concession period of 50 years and the option to extend for a future 20 years. <https://rentsbuy.com/2020/12/new-shopping-center-vientiane-center-second-to-none/>

Vientiane Center was a pilot project to practice The Belt and Road Initiative and has attracted great concern from both Chinese government and Lao government <https://www.zawya.com/mena/en/project/140619032412/laos-vientiane-center-project-phase-i-shopping-mall/>



Vientiane Center Shopping  
Mall

# LINKING CHINESE ACTORS IN SELECTING CASE

Yunna Provincial Overseas  
Investment Co., Ltd

*SDZ Project*

Municipal Government of  
Vientiane



*Vientiane Center  
Project*

Kittaphong Group



*Don Chan Project*

China CAME Engineering  
Co., Ltd

# SAYSETHA DEVELOPMENT ZONE

- In July 2012, then Chinese government and Lao government signed a cooperation agreement to promote the development zone as a joint project between the two countries. The project has been listed as a priority project in "The BRI" of China. Implemented by Yunna Provincial Overseas Investment Co., Ltd (YOIC) and Municipal Government of Vientiane.
- On the state visited to the Laos in November 2017, the General Secretary of the Central Committee of the Communist Party of China, Chairman Xi Jinping published a special article in the Laotian media and mentioned that the 'Progress made in the construction of Vientiane Saysettha Development Zone ids gratifying" <http://en.yoic.cn/m/1865.html>.

# TIME FRAME OF THE RESEARCH

July	August	September	October	November	December
Literature Review and Website collection					
	Making Rapport with the Key Actors				
		Formal interview and Informal Interview			
			Transcript the recording		
				Analyse data	

# REFERENCE

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**THANK YOU**