Enclaves of Capital in Myanmar: Urbanization and the Dawei Special Economy

Carli Melo, Research Officer, Mekong Migration Network

The Dawei Special Economic Zone (SEZ) in southeastern Myanmar (Burma) is slated to be the largest industrial complex in Southeast Asia. The development of the SEZ is driving contemporary urbanization and giving rise to uneven development. Dawei and Karen villagers are being dispossessed of their land and livelihoods as a direct result of construction and as an indirect result of speculation. Land grabbing, enabled by the state, is reorganizing labour dynamics as people are expelled from agriculture without being absorbed elsewhere in the economy. This research is influenced by a three-month internship placement in Myanmar through the UCRSEA Partnership. From June to August 2015, I conducted a document analysis and key informant interviews with community-based organizations, NGOs, municipal government officials, independent consultants, and development corporations. Based on my analysis, it is recommended that the Union Government of Myanmar amend the 2014 Special Economic Zone Law to require a system for meaningful public participation, fair compensation, and environmental and social impact assessments in accordance with international standards. It is also recommended that Township Development Affairs Organizations form planning departments and create long-term strategic plans to manage future urban growth. The Dawei SEZ stands as a showpiece initiative for Myanmar’s liberalization processes and has the potential to set a precedent for industrial development in the rest of the country.

KEY WORDS: Dawei Special Economic Zone, urbanization, industrialization, socio-spatial transformation, regional integration

Carli Melo is currently working as a Research Officer for the Mekong Migration Network (MMN) based in Chiang Mai, Thailand, conducting research on women migrant garment factory workers employed in Special Economic Zones across Myanmar, Thailand, and Cambodia. She completed a Master’s degree in Planning at the University of Toronto in 2016 and holds a Bachelor’s degree in International Development Studies from McGill University. Over the course of May to August 2015, she interned with the Urban Climate Resilience in Southeast Asia (UCRSEA) Partnership in Yangon, Myanmar. She can be reached at carli@mekongmigration.org.
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<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
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<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
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<td>BSPP</td>
<td>Burma Socialist Program Party</td>
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<td>CBO</td>
<td>Community-based Organization</td>
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<td>DAO</td>
<td>Development Affairs Organization</td>
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<td>DDA</td>
<td>Dawei Development Association</td>
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<td>DDC</td>
<td>Dawei Development Company Limited</td>
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<td>ESIA</td>
<td>Environmental and Social Impact Assessment</td>
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<td>FDI</td>
<td>Foreign Direct Investment</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GMS</td>
<td>Greater Mekong Subregion</td>
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<td>ITD</td>
<td>Italian-Thai Development Public Company Limited</td>
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<td>KNU</td>
<td>Karen National Union</td>
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<td>MIMU</td>
<td>Myanmar Information Management Unit</td>
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<td>MPA</td>
<td>Myanmar Port Authority</td>
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<td>NGO</td>
<td>Non-governmental Organization</td>
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<td>NLD</td>
<td>National League for Democracy</td>
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<td>SEZ</td>
<td>Special Economic Zone</td>
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<td>SLORC</td>
<td>State Law and Order Restoration Council</td>
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<td>SPDC</td>
<td>State Peace and Development Council</td>
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<td>TWU</td>
<td>Tavoyan Women’s Union</td>
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<td>UCRSEA</td>
<td>Urban Climate Resilience in Southeast Asia Partnership</td>
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<td>UNHCR</td>
<td>United Nations High Commissioner for Refugees</td>
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<td>USDP</td>
<td>Union Solidarity and Development Party</td>
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<td>VFV Law</td>
<td>Vacant, Fallow and Virgin Lands Management Law</td>
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1. Introduction

In November 2015, Aung San Suu Kyi led the National League for Democracy (NLD) to electoral victory in Myanmar (Burma). The 2015 general election was the country’s first openly contested poll in 25 years. Although the NLD won an outright majority in both houses of parliament, Nobel Peace Prize winner and democracy icon Aung San Suu Kyi is barred from the country’s highest elected office as the 2008 military-drafted Constitution prohibits Myanmar’s president from having a foreign spouse or children – both of Suu Kyi’s sons, as well as her late husband, are British nationals. On March 30, 2016, Htin Kyaw, a trusted confidant of Aung San Suu Kyi, was sworn in as Myanmar’s newest president.

Myanmar is a Southeast Asian nation bounded by Bangladesh, India, China, Lao PDR, Thailand, the Bay of Bengal, and the Andaman Sea (see Figure 1). From 1962 to 2011, the country was governed by a military dictatorship and subject to Euro-American sanctions. In 2011, the military junta officially dissolved and a nominally civilian government was installed. Although political and economic reforms have sparked greater trade, foreign investment, and export-led growth, the World Bank (2014b) classifies Myanmar as a lower middle-income country with a gross domestic product (GDP) per capita of US$ 1,203. According to the United Nations Development Programme (2014b), this country of 51.4 million people ranks 150 out of 187 countries on the Human Development Index, which scores countries on the basis of their life expectancy, educational attainment, and GDP per capita. While Myanmar remains one of the least developed countries in the world, it is relatively rich in natural resources, including oil, natural gas, gems, and minerals, has a young workforce, and is a gateway to the dynamic trading economies of China and India (UNESCAP 2012).

In addition to inheriting Myanmar’s significant political and socioeconomic challenges, the NLD will assume the task of completing three special economic zones (SEZs). Also referred to as export processing zones, economic processing zones, free zones, or foreign trade zones, SEZs are mechanisms devised to create liberalized markets attractive to foreign investment (Farole 2011). In Myanmar, the laws governing SEZs provide several incentives for foreign investors, including low taxation rates, exemption from import duties on raw materials, and relaxed foreign exchange control (Buchanan et al. 2013). Myanmar’s three SEZs include Thilawa in Yangon Region, Kyaukphyu in Rakhine State, and Dawei in Tanintharyi Region (see Figure 2).
Figure 1. Map of Myanmar
United Nations, 2012)

Figure 2: Map of
Myanmar’s Special
Economic Zones
(Myanmar Report,
2014, myanmarre-
port2014feb.blog.
f2.com)
The Dawei Special Economic Zone is slated to be a regional economic gateway that will irreversibly transform a remote area in southeastern Myanmar. Dawei, a district in Tanintharyi Region, has a population of close to 500,000 people (Myanmar Department of Population 2014b). The area is home to Dawei and Karen rural and urban populations who live in the foothills of the Tenasserim mountain range, which forms a natural barrier between Thailand and Myanmar. Farmers have cultivated and prospered off the land for generations, while the urban area thrives off of small-scale agriculture processing industries (Loewen 2012a).

In 2008, a Memorandum of Understanding was signed between the Myanmar Port Authority and the Italian-Thai Development Public Company Limited (ITD), awarding ITD a 75-year concession to develop the Dawei SEZ (Min and Kudo 2012). The completed SEZ is anticipated to include a deep-sea port, oil refinery, coal-fired and liquefied petroleum gas power plants, steel mill, petrochemical complex, and other medium and light industries (see Figure 3) (DDA 2014). A highway, railway, and oil and gas pipelines are also being constructed linking Dawei to Thailand and establishing the coastal city as a node on the Asian Development Bank’s regional economic corridor network (see Figure 13). Project partners estimate that the Dawei SEZ will require US$ 50 billion in investment and be completed by 2020 (DDA 2014; Thabchumpon 2012). In July 2015, Japan became an official partner in the project (Mekong Watch 2015). Although the SEZ is still in the initial phase of construction due to financial setbacks, the completed project is projected to be the largest industrial complex in Southeast Asia (DDA 2014).
Industrialization is driving contemporary urbanization processes in Myanmar. Following Lefebvre ([1970] 2003), I define urbanization as a multi-scalar process of socio-spatial transformation. Urbanization does not refer to a fixed form or unit (such as a city or town), but rather a dynamic and historically evolving process that materializes in built environments and destroys and (re)creates socio-spatial organization (Brenner and Schmid 2015; Harvey 1985). In Dawei, global capital accumulation, regulatory restructuring, and land grabbing are shaping these processes and giving rise to uneven development, defined as asymmetrical and exploitative relations between classes and companies (Peck 2015). As a direct and indirect result of the Dawei Special Economic Zone, many poorer rural and urban households are experiencing the dispossession of their land, which is leading to the loss of livelihoods, forced migration, and increased commodity prices. In order to find solutions that address these impacts, it is first necessary to understand the processes producing this context (Brenner and Schmid 2015).

Heeding the call for a deeper contextual understanding, this paper examines the spatial practices, regulatory mechanisms, and transformations of quotidian life as urbanization processes recreate space in Dawei, Myanmar. I begin with a review of the literature on industrialization, looking specifically at special economic zones, and land grabbing. Secondly, I present a brief historical analysis of Myanmar's political economy and urban trends from the colonial era to today. Next, I present the context of the Dawei Special Economic Zone. This is followed by an examination of the actors and regulatory mechanisms managing and justifying industrialization processes in the region. I then attempt to deconstruct the socio-spatial transformations–specifically land grabbing, the reorganization of labour, and urban growth–that are being driven by industrialization and giving rise to uneven development. Finally, in light of the negative impacts of these transformations on the local population, I propose recommendations to the Myanmar government for supporting more equitable development processes.

2. Methodology

Under twenty-first century capitalism, the world is experiencing rapidly changing geographies of urbanization (Brenner and Schmid 2015). Dawei was selected as the study site for this research as its landscape embodies these socio-spatial changes, which are being driven by industrialization. Dawei is an exceptional case of industrial and urban development given the Dawei SEZ’s unique geographical position to facilitate regional economic integration (discussed in Section 6.1). The governments of Myanmar and Thailand, private investors, and the Greater Mekong Subregion at large are well positioned to profit from the construction of the SEZ and,
as a result, are forcibly supporting the project’s development (DDA 2014; Loewen 2012b; Sekine 2016; Thabchumpon et al. 2012).

Urbanization is not a homogeneous process therefore individual case studies are useful in identifying differences as well as commonalities across spaces (Seto 2010). Given that urbanization is a dynamic process that transforms rural landscapes as much as urban ones (Brenner and Schmid 2015), the scope of this study is not confined by the administrative boundaries of Dawei city. When gathering data, I considered the surrounding rural areas in Dawei District and the changes they are experiencing through the processes of industrialization and land grabbing. The transformation of rural lands is inevitably reshaping socio-spatial formations in Dawei City.

Additionally, analyses of urbanization processes in the Greater Mekong Subregion have tended to focus on larger urban areas, yet secondary towns and cities, such as Dawei City, are also growing rapidly and experiencing increased challenges (Middleton and Krawanchid 2014). Middleton and Krawanchid (2014) explain that urbanization in secondary cities in the Greater Mekong Subregion is producing greater social and environmental consequences as these areas frequently have “weaker basic services, higher poverty rates, and local governments that are institutionally weaker” (75). According to Myanmar’s 2014 Population and Housing Census, almost 30 percent of the country’s population resides in urban areas (areas classified as wards by the General Administration Department). While the World Bank predicts that Myanmar’s total population is growing at a rate of 0.9 percent (2014a), the rate of urban growth is estimated at 2.8 percent (2015). Dawei City is not only experiencing rapid population growth, but also direct and indirect impacts from the development of the adjacent SEZ. Given the City’s currently weak governance structure and basic social service provision (Arnold et al. 2015; Martin 2016), substantial improvements to urban governance and planning systems are imperative to more effectively manage urbanization processes and, in particular, to mitigate the growing challenges facing the area’s vulnerable populations.

This exploratory study is guided by the following three questions:
1. What are the key drivers and impacts of urbanization in Dawei, Myanmar?
2. How are regional, national, and local institutions managing urbanization in Dawei, Myanmar?
3. How can the Myanmar government create a more equitable process of development in Dawei?
My analysis of socio-spatial transformations in Dawei is influenced by a three-month internship placement through the Urban Climate Resilience in Southeast Asia (UCRSEA) Partnership. Based in Mercy Corps’ (an international non-governmental organization) Yangon office, I collected primary and secondary data for a context analysis of Dawei District. In August 2015, I conducted fourteen interviews using a semi-structured interview guide with community-based organizations (CBOs), non-governmental organizations (NGOs), municipal government officials, independent consultants, and development corporations operating in Dawei District or with expertise in the fields of local governance, land management, or industrial development and based in Yangon. I arranged interviews with key informants using contact information available on the Myanmar Information Management Unit’s (MIMU’s) Who, What, Where Database. Additionally, from August 18 to 21, 2015, I visited Dawei with Professor Saw Win, a UCRSEA member, and conducted interviews using a snowball sampling technique. Data from key informant interviews was supplemented and cross-referenced with information from existing documents. These documents include reports by CBOs, NGOs, multilateral organizations, and corporations, census data, policy documents, academic literature, graduate theses, newspaper articles, and websites.

Given the country’s history of military governance and academic suppression, my analysis is limited by a lack of reliable data and research in English. Specifically, academic literature on urban development in Myanmar is severely limited. Therefore, this paper relies heavily on interviews with and reports from civil society organizations and research institutes for the current and accurate information. As a result of the Dawei Special Economic Zone’s negative socioeconomic and environmental impacts on local communities, a strong resistance movement is emerging from the bottom-up. Civil society groups have conducted extensive surveys and interviews with surrounding villagers to measure the current and anticipated impacts of the development. Systematic analyses of the situation from the Dawei Development Association (2014), Tavoyan Women’s Union (2014), and Dawei Project Watch (2012), as well as from researchers supported by the Transnational Institute (an Amsterdam-based international research and advocacy institute), including Elizabeth Loewen (2012a, 2012b), Yukari Sekine (2016), and John Buchanan, Tom Kramer, and Kevin Woods (2013), largely influence the content of this paper. My analysis is also supported by fieldwork from Dawei City conducted from September to December 2015 by my UCRSEA co-intern, Taylor Martin (2016).

3. Special Economic Zones and Land Grabbing: A Review of the Literature

In order to achieve rapid capital accumulation, many states have pursued a path of economic liberalization. Market liberalization became a major policy goal
in the 1990s and has contributed to the commoditization of land and other natural resources (Brenner and Theodore 2007; Zoomers 2010). With the dissemination of a neoliberal economic model and the support of multilateral and bilateral organizations, including the World Bank, United Nations, and European Union, many governments in Asia, Latin America, and Africa prioritized the creation of dynamic, free, and transparent markets (Deininger 2003; Zoomers and van der Haar 2000; Zoomers 2010). Liberalized markets attract foreign direct investment (FDI), which largely finances the exploitation of natural resources, the production of biofuels and food, and the development of infrastructure corridors and services (Zoomers 2010).

One of the mechanisms used by governments to create liberalized markets attractive to foreign investment are special economic zones (SEZs). Farole (2011) defines SEZs as “spatially delimited areas within an economy that function with administrative, regulatory, and often fiscal regimes that are different (typically more liberal) than those of the domestic economy. Operating through a variety of different forms—such as export processing zones, economic processing zones, free zones, and foreign trade zones—SEZs aim to overcome barriers that hinder investment in the wider economy, including restrictive policies, poor governance, inadequate infrastructure, and problematic access to land” (17). While SEZs can act as basic FDI-capturing instruments, they can also be vehicles for widespread land grabbing (Arnold 2010). The development of SEZs is often accompanied by the forced displacement of local populations and environmental degradation (Levien 2012; White et al. 2012; Zoomers 2010). As well, SEZs can create “enclave economies” (Hall 2011) that are poorly integrated into their surrounding society and economy and disrupt labour and power relations. They can also create an “agrarian question of labour” (Bernstein 2004) as they expel people from agriculture without absorbing their labour elsewhere in the economy (Li 2009, 2010, 2011; White et al. 2012).

Industrialization strategies, such as the development of special economic zones, can be seen to represent Karl Marx’s (1967) theory of “primitive accumulation” and David Harvey’s (2003) theory of “accumulation by dispossession.” For Marx (1967), primitive accumulation is the “‘historical process of divorcing the producer from the means of production’, transforming ‘the social means of subsistence and of production into capital’ and ‘the immediate producers into wage laborers’” (714). While Marx sees primitive accumulation as a historical phase of capitalist development, De Angelis (2001) argues that he also sees it as a process that formed a condition for capitalist production, rather than just a historical precondition. It has been argued that the phenomenon of primitive accumulation remains salient in today’s context of capitalism (De Angelis 2001; Glassman 2006; Ince 2014). David Harvey (2003) adapted Marx’s theory under the heading of
“accumulation by dispossession.” Harvey sees accumulation by dispossession as the economic process of over-accumulated capital finding new outlets. His repackaging attempts to capture today’s dispossessions that are generated by fully developed industrial and financial capitalism (Levien 2011). Harvey (2001) also argues that capitalism cannot survive without being geographically expansionary and that it attempts to resolve its “inner crisis tendencies” by “spatially fixing” loose capital, for example by investing in large industrial zones and infrastructure projects.

A great deal has been written on land grabbing in relation to capital accumulation in the past five years (Borras et al. 2011; Fairhead et al. 2012; White et al. 2012; Wolford et al. 2013). Borras and Franco (2012) define contemporary land grabbing as “the capturing of control of relatively vast tracts of land and other natural resources through a variety of mechanisms and forms that involve large-scale capital...and demands for resources from newer hubs of global capital” (851). However, the process of land grabbing need not be large-scale nor is it merely contemporary. Small-scale, everyday, normalized acts of land grabbing occur around the world and are capable of giving rise to widespread displacement and intense social conflict. Edelman et al. (2013) note that the rush to accumulate land for SEZ development in India after 2005 generated widespread conflict even though the amount of land confiscated was quite small in comparison to more spectacular land grabbing processes in other regions of the world. Different responses, they explain, are attributed to pre-existing land tenure and use, the types of projects implemented or planned, how the land is acquired, and the level of capital needed.

Researchers have also challenged the idea that land grabbing is novel (Edelman and León 2013; Mollett 2015; Peluso and Lund 2011; White et al. 2012). Peluso and Lund (2011) ask, “what is so new...about ‘land grabbing’? Dutch, French, Spanish, Portuguese, and English colonizers were heavily engaged in both land grabbing and the creation of private property” (627). Prior to the intrusion of European colonial powers in the Global South, pre-colonial rulers grabbed land during territorial wars (White et al. 2012). The more recent wave of land grabbing is “less a new phenomenon than a significant surge in the continuing capture of ordinary people’s rights and assets by capital-led and class-creating social transformations” (Alden Wily 2012: 751). While land grabbing itself is not new, the most recent surge does possess characteristics that set it apart from acts of land grabbing carried out under pre-colonial, colonial, and post-colonial rule (Peluso and Lund 2011; White et al. 2012). Some of the differing characteristics include new mechanisms of land control, an increased scale and speed of accumulation, different justifications for seizing the land, and a political economic context of neoliberalism (Peluso and Lund 2011; White et al. 2012). Some of these characteristics can be
seen in Dawei, Myanmar where capitalist industrialization, manifested in the form of a special economic zone, is producing land grabbing and other socio-spatial transformations.

4. A Brief History of Myanmar’s Political Economy and Urban Trends

Myanmar has a rich and complex history that is moulded by three Anglo-Burmese wars, a century of British colonial rule, a Japanese invasion and occupation, and five decades of civil war (Myint-U 2006). This history plays an indispensable role in shaping the industrialization processes and socio-spatial transformations that are unfolding in Dawei today.

The effect of colonization on Myanmar’s economy is the most conspicuous historical feature of urban growth (Oo 1989). Similar to foreign investors today, the British viewed Myanmar (referred to as Burma) as a market to be captured and a lucrative backdoor to China (Godrej 2008). In the early decades of the colonial period, the British transformed Burma’s economy from one that was largely supported by subsistence farming to one based on commercial agriculture (Furnivall 1956). With the commercial exploitation of the delta region, the country became the world’s largest exporter of rice and a significant exporter of teak and crude oil. As trade expanded, related activities such as processing, transportation, storage, and marketing developed in cities and towns (Oo 1989). Strategically positioned urban centres—in particular coastal cities including Rangoon (Yangon), Bassein (Pathein), Moulmein (Mawlamyine), and Sittwe—became trade, administrative, and military hubs. During this time, urban growth was synonymous with colonial economic expansion (Oo 1989).

In order to justify the expropriation of land for development, the British enacted policies that are still in effect today. The 1894 Land Acquisition Act was created to allow the State to appropriate “waste land”—often land left fallow—for “public purposes” (Ferguson 2014; Sekine 2016). In 1947, a year before Burma’s independence, the state declared itself the ultimate owner of all land and natural resources. This right was reaffirmed in both the 1974 and 2008 Constitutions (Sekine 2016). Although purported to protect smallholding farmers, these policies facilitated, and continue to facilitate, widespread land grabbing by the State across the country (for more information on Myanmar’s new land laws refer to Section 6.2).

The newly independent socialist government, led by U Nu from 1948 to 1956, developed a national economic plan that mirrored the industrialization plans of the West. These strategies strived to achieve economic development through import substitution (Burma Economic and Social Board 1954; Oo 1989). However, the plan
dissolved when the terms of trade on major export commodities, particularly rice, disadvantaged Burma and hampered the country’s ability to import intermediate and capital goods. In 1958, widespread unrest led to the installation of the army as a “caretaker government.” Enjoying this taste of power, General Ne Win staged a coup in 1962 marking the beginning of a military dictatorship (Godrej 2008).

Similar to U Nu’s government, Ne Win’s Burma Socialist Program Party (BSPP) denounced private capital—which was associated with colonialism—and adopted a developmental socialist ideology (Aung and Campbell 2016). During this time, the military nationalized private businesses and introduced a centralized planning system for resource allocation. Although emphasis was given to heavy industries in the early years of the military’s reign, priority shifted to agro-based industries and resource-based primary production (Oo 1989). While socialist in name, the BSPP’s policies have more accurately been described as “state capitalism” (Aung and Campbell 2016).

In the period following the Second World War, Burma’s urban population increased rapidly. From 1953 to 1973, the urban population grew at a rate of 4.9 percent per annum and increased by 160 percent reaching a total of seven million in 1973 (Oo 1989). In the same period, the total population of Burma increased by only 50 percent (Oo 1989). Major factors responsible for rural-urban migration included civil unrest in the countryside and the establishment of new towns (Oo 1989). Under the rule of Ne Win, Burma’s rapidly growing population outpaced the rate of economic production (Maung 1979). The BSPP’s industrialization strategy had a low absorptive capacity for labour in the secondary sector, which forced the growing urban population to seek employment in the overcrowded insecure tertiary sector (Oo 1989). Impoverished urban residents faced additional challenges including a lack of adequate housing and services (Oo 1989).

Driven by economic desperation, demonstrations broke out in 1988 known as the “8888 Uprising” (Godrej 2008). During this time, the National League for Democracy (NLD) emerged as the country’s most prominent organized opposition and Aung San Suu Kyi – daughter of nationalist leader General Aung San – rose to fame as its leader. Although the NLD won 392 of 485 parliamentary seats in the 1990 elections, the military nullified the results and reconsolidated its power as the State Law and Order Restoration Council (SLORC) and in 1997 as the State Peace and Development Council (SPDC) (Aung and Campbell 2016; Xu and Albert 2015). Faced with popular dissent and international condemnation, the military council gradually implemented a process of economic liberalization. This process involved loosening restrictions on imports and exports and actively courting private inter-
Asian investment (Euro-American sanctions prevented the military from accessing north Atlantic capital). Economic liberalization also gave birth to a small capitalist class comprised of “crony businessmen” who had close ties to the military or were former military leaders (Aung and Campbell 2016).

In August 2007, a sudden hike in fuel prices sparked a new wave of public unrest known as the “Saffron Revolution.” These protests were violently crushed, stunning the international community and prompting tougher Euro-American sanctions (Thabchumpon et al. 2012). Heeding the cries for change, an election was called for November 7, 2010. The NLD boycotted the fraudulent election and the military-founded Union Solidarity and Development Party (USDP) won a landslide victory (Thabchumpon et al. 2012). Since 2011, the USDP has ushered in a series of political and economic reforms. President Thein Sein collaborated with Aung San Suu Kyi and amended the electoral law, which led the NLD to re-register as a party and win 43 of the 44 parliamentary seats they contested in the 2012 by-election (Thabchumpon et al. 2012). The USDP is also recognized for releasing some political prisoners and signing ceasefire agreements with some of the country’s non-state armed groups. In 2012, American and European capitals became reacquainted with the country.

Myanmar’s total population and urban populations have also expanded. In April 2014, the government conducted its first Population and Housing Census in three decades, which unearthed a total population of over 51.4 million people (Myanmar Department of Population 2014a). Approximately 30 percent of this population lives in urban areas. While Myanmar’s total population is estimated to be growing at a rate of 0.9 percent (World Bank 2014a), the rate of urban growth is predicted to be 2.8 percent (World Bank 2015).

Despite the NLD’s recent electoral victory, the military continues to occupy 25 percent of parliamentary seats granting the army veto power over constitutional change. The 2008 Constitution also requires the Ministers of Defense, Home Affairs, and Border Affairs—the three most powerful ministries—to be serving military officers. The military’s post-1988 economic liberalization policies ultimately lay the foundation for today’s burgeoning market-oriented economy—an economic system that Aung San Suu Kyi intends to advance (Aung and Campbell 2016). Domestic and foreign businesses are optimistic that they will profit from increased foreign investment under an NLD government (Zaw and Slodkowski 2015; Wiriyapong 2015). Although the NLD are trumpeting a message of change, the military and crony business elites are content with their inexorable influence on Myanmar’s economy (Aung and Campbell 2016).
5. Developing Dawei: The Context of the Dawei Special Economic Zone

5.1 Tanintharyi Region
Located in southeastern Myanmar, Tanintharyi Region (also known as Tenasserim Division) is a narrow strip of land bounded by Mon State to the north, Thailand to the east and south, and the Andaman Sea to the west (see Figure 4). As of 2014, 1.4 million people populated the Region’s approximately 43,000 square kilometre area (Myanmar Department of Population 2014b). This area is primarily rural with only 24 percent of the population living in cities and towns (Myanmar Department of Population 2014b). The Region is divided into three districts – Dawei, Myeik, and Kawthaung – and ten townships (see Figure 5).
Dawei District is comprised of four townships–Dawei, Launglon, Thayetchaung, and Yebyu–and has a population of 493,576 people (see Figure 6) (Myanmar Department of Population 2014b). According to the 2014 Population and Housing Census Report for Tanintharyi Region, 22 percent of this population lives in urban areas. The majority of urban dwellers live in Dawei City, the capital of Tanintharyi Region. The 2014 Census Provisional Results report that Dawei City has a population of 125,239 individuals and 25,540 households, is comprised of 15 wards, and is spread over an area of approximately 26 square kilometres (see Figure 7). Given the Region’s mountainous terrain, most of Dawei District’s rural population lives near the Andaman coast or along the shores of one of the rivers and engages in subsistence agriculture, both permanent and shifting, or fishing (UNHCR 2014). Other livelihoods are based on urban cashew nut and rubber processing industries or large-scale plantation agriculture (Loewen 2012a).

While the majority of residents in Dawei District are believed to belong to the Bamar ethnic group, the dominant ethnic group in Myanmar, many people self-identify as members of ethnic minority groups. A Dawei resident explained, “Daweian is a minority ethnic group and we are not recognized as ethnic. Now is better than previous times because in previous times we were not considered as Daweian, we were [considered] Bamar...we have our own culture, our own language, our own traditions” (personal communication, August 20, 2015). This resident believes that national recognition of the Daweian ethnic group has
Figure 6: Map of Dawei District (MIMU, 2015, District Map – Tanintharyi Region)

Figure 7: Map of Dawei City and Surrounding Village Tracts (MIMU, 2015, Dawei City Map – Tanintharyi Region)
improved, particularly with the registration of the Dawei Nationalities Party in 2013. Tanintharyi is also home to a small portion of Karen people, an ethnic minority group in Myanmar who are primarily led by the Karen National Union (refer to Section 6.3 for more information) (UNHCR 2014).

Although the Karen National Union (KNU), a non-state armed group, operates in the Region, there have been relatively low levels of conflict in Tanintharyi since independence in 1948 (refer to Section 6.3 for more information) (UNHCR 2014). As a result of its relative stability, natural resource wealth, and strategic position along the Andaman coast, Tanintharyi is developing faster than neighbouring Karen (Kayin) and Mon states (UNHCR 2014). Vast rubber and palm oil plantations and processing plants have proliferated in the Region. Mining operations in tin, tungsten, coal, iron, and lead, and natural gas fields have also emerged. Some of the most notable and contentious foreign-owned projects include the Heinda tin mine (Snaing 2015; Vrieze 2014), Ban Chaung coal mine (Tarkapaw Youth Group et al. 2015), and Yadana and Yetagun offshore gas fields (Dawei Project Watch 2012) (see Figure 8). Although the United Nations High Commissioner for Refugees (UNHCR) reports that these developments have benefitted the region economically, they have also produced extensive environmental damage, human health risks, displacement, and strong opposition from local communities (Dawei Project Watch 2012; Tarkapaw Youth Group et al. 2015; UNHCR 2014). One of the most controversial developments in both Tanintharyi Region and Myanmar is the Dawei Special Economic Zone (UNDP 2014a).

5.2 The Dawei Special Economic Zone

One of the most contentious and high profile developments in Myanmar is the Dawei Special Economic Zone (SEZ), which is anticipated to be one of the largest industrial zones in Southeast Asia (DDA 2014; UNDP 2014a). Located 20 kilometres north of Dawei City and 300 kilometres west of Bangkok, Thailand, the industrial site extends over 204.5 square kilometres of populated agricultural land (DDA 2014). The completed SEZ is projected to include a deep-sea port and an industrial estate with an oil refinery, coal-fired and liquefied petroleum gas power plants, steel mill, petrochemical complex, and other medium and light industries, including a fertilizer and pulp and paper processing plants (see Figure 9). A highway, railway, and oil and gas pipelines are also being constructed linking Dawei to Thailand and establishing the coastal city as a node on the Asian Development Bank’s regional economic corridor network (see Figure 13) (Sekine 2016). Project partners estimate that the Dawei SEZ will require US$ 50 billion in investment (DDA 2014) and be completed by 2020 (Thabchumpon 2012). A site visit in August 2015 revealed that a small port, quarry, reservoir, resettlement village, staff residences, visitor centre, and two-lane
road linking the SEZ to the Myanmar-Thailand border have been constructed and land has been cleared for the industrial complex.

In December 2008, a Memorandum of Understanding was signed between the Myanmar Port Authority (MPA), an entity of the former military junta operating under the Ministry of Transport, and the Italian-Thai Development Public Company Limited (ITD), awarding ITD a 75-year concession to develop the Dawei SEZ. Although the project was officially launched in 2008, an agreement was forged between MPA and ITD to execute a feasibility study for a deep-sea port in 1996 (Min and Kudo 2012). In 2010, ITD partnered with Max Myanmar Group of Companies operated by Zaw Zaw, a US-sanctioned crony businessman who is known for his close ties with the military. Together, the companies formed and registered the Dawei Development Company Limited (DDC). In July 2012, Max Myanmar withdrew its investment from DDC, coincidentally around the same time as the resignation of Vice President Thiha Thura Tin Aung Myint Oo—former chairman of the Foreign Investment Committee and Zaw Zaw’s companion (Thabchumpon et al. 2012).
Figure 9: Dawei Special Economic Zone Project Layout (MIE, 2015, Dawei Special Economic Zone. www.daweiindustrialestate.com)

Figure 10: Two-lane Road Connecting Dawei to the Myanmar-Thailand Border (MIE, 2015, Dawei Special Economic Zone. www.daweiindustrialestate.com)

Figure 11: Residential Township for House Workers (MIE, 2015, Dawei Special Economic Zone. www.daweiindustrialestate.com)
In March 2013, the Myanmar and Thai governments announced the withdrawal of ITD from the project due to its inability to find new investment partners. The governments jointly established the Dawei SEZ Development Company, a special purpose vehicle, and agreed to share equal stakes in the development (Kruaechaipinit 2014). Since 2008, ITD reportedly spent US$ 189 million on the project with most of this money channelled into the construction of a road link to Thailand (Deboonme 2014). On July 4, 2015, Japan officially joined the project signing a Memorandum of Intent at the Seventh Mekong-Japan Summit Meeting in Tokyo (Mekong Watch 2015). In August, the Bangkok Post reported that ITD signed a new agreement with the Myanmar government recommitting to the project’s development (Apisitniran 2015).

The construction of the Dawei Special Economic Zone is underway today and is actively supported by the Myanmar government, neighbouring states, crony business elites, and foreign investors. Processes of industrialization are transforming socio-spatial formations in the area to the detriment of the local rural population and the urban poor. Prior to examining these transformations and impacts, the following section analyzes the regulatory mechanisms being used by powerful domestic and foreign actors to facilitate and justify capital accumulation in Dawei.

6. The Actors and Regulatory Mechanisms

Institutions, which I define as systems of established regional, national, subnational, and local rules and regulations, are shaping industrialization processes in Dawei. Diverse actors with multiple forms of power control these institutions. In order to better understand the socio-spatial transformations and uneven development being driven by industrialization, it is necessary to examine the actors and regulatory mechanisms shaping industrial development. In Dawei, the Myanmar government, neighbouring states, regional organizations, and non-state actors are using national and regional policies and programs, domestic laws, and ceasefire agreements to manage, and ultimately justify, the development of the Dawei SEZ.

6.1 National and Regional Policies and Programs

The Myanmar state is the primary gatekeeper for the entry of capital in the Dawei SEZ as well as a stakeholder in the project itself (Loewen 2012b). Political and economic reforms—initiated in 1988, forwarded by the USDP, and endorsed by the NLD—are encouraging the removal of sanctions and greater cross-border investment (Buchanan et al. 2013). To justify the rapid implementation of recent reforms and industrial development, the government is adopting rhetoric around “the desire to catch up” (Thant Myint-U 2014) to the rest of the region economically. This desire
was expressed during the inaugural speech of the former President of Myanmar, Thein Sein, on March 30, 2011:

If our country is not economically strong, it will face underestimation and unfair treatment from other countries...[We] must turn to national industrialization to transform [the] country into a developed, rich one with a lot of employment opportunities and high per capita income...We will attract foreign investments and establish special economic zones to create jobs and technical know-how.

Aung San Suu Kyi has also been heard echoing sentiments regarding the need for economic development. She urged investors to “not merely invest for their own benefit, but also look to the benefits of the people of Myanmar in terms of the creation of more job opportunities for the millions of young people seeking work in the country” (Thabchumpon et al. 2012, 14).

While the Myanmar state publicly confirmed its commitment to attract private and foreign capital by enacting new laws (described in Section 6.2) and signing development contracts, this commitment was consolidated when the country joined the Greater Mekong Subregion (GMS) Economic Cooperation Program (Loewen 2012b). In 1992, with assistance from the Asian Development Bank (ADB), Myanmar, Cambodia, China, Lao PDR, Thailand, and Vietnam entered into a program of subregional integration designed to enhance economic relations among the six countries (Buchanan et al. 2013). The program's goals were reaffirmed with the 2007 signing of the Acceleration of the Establishment of an Association of Southeast Asian Nations Community by 2015 (Loewen 2012b). These economic cooperation programs, along with the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy, support the development of economic corridors and SEZs within the GMS (Kruaechaipinit 2014).

The Dawei SEZ is one of the intersections on an economic corridor network designed to facilitate regional integration. The Dawei SEZ was envisioned to link Southeast Asia and the South China Sea to the Indian Ocean through the Andaman Sea, connecting Indian, Middle Eastern, African, and European cargo ships to the Southeast Asian mainland and China (see Figure 12) (Sekine 2016). This route will significantly reduce transportation costs by bypassing the Malacca Straits, one of the busiest shipping channels in the world (DDA 2014). The Dawei project will also connect the East-West Economic Corridor with the Southern Economic Corridor, linking Myanmar, Thailand, Lao PDR, and Vietnam to Cambodia, and connect the
While the Dawei SEZ will significantly increase trade between member states of the Association of Southeast Asian Nations (ASEAN), Thailand stands to gain a great deal from this development (Chachavalpongpun 2012; Loewen 2012b; Thabchumpon et al. 2012). First, the Dawei SEZ will connect Myanmar to Lao PDR, Vietnam, Cambodia, and China—all via Bangkok. In addition, the East-West and Southern Economic Corridors will traverse Thailand’s Tak and Kanchanaburi Provinces—two areas lagging behind Thailand’s other rapidly industrializing provinces (Thabchumpon et al. 2012). Thailand, located at the strategic intersection of Southeast Asian capital by means of the ADB’s economic corridors, is well-positioned to profit from the Dawei SEZ. Moreover, Dawei is the nearest gateway to the Andaman Sea from Bangkok and, as a result, will accelerate Thailand’s commute to India, the Middle East, Africa, and Europe (Loewen 2012b). Lastly, the Dawei SEZ will fuel the Thai economy by facilitating the import of Myanmar energy products while also correcting for Thailand’s poor environmental track record. Chemical industries are central to the Thai economy and its byproducts are in increasingly high demand (Loewen 2012b). According to former Thai Prime Minister Abhisit Vejjajiva, “Some industries are not suitable to be located in Thailand. This is why they decided to set up there in Dawei” (International Herald Tribune 2010). Mr. Tanit Sorat, former Vice President of the Federation of Thai Industries, was also quoted as saying, “Myanmar still ignores environmental issues. Dawei is the world’s solution
Figure 13: Greater Mekong Subregion Economic Corridors (ADB, 2008, Transport and Trade Facilitation in the Greater Mekong Subregion—Time to Shift Gears)
for industry that affects the environment, heavy industry and the industry that is banned in other countries” (Thubchampon et al. 2012, 15). The Dawei SEZ will allow Thailand to meet its long-term resource needs while avoiding the risk of public outrage, which was experienced during the development of the highly controversial and similarly sized Map Tha Phut Industrial Estate in Rayong Province (Loewen 2012b; Hurights Osaka 2012).

Although funding has fluctuated and development has stalled over the past seven years, very powerful political factors are driving the Dawei SEZ forward (Aung 2012a). Soe Lin Aung (2012a) explains, “Were the project actually to be cancelled, it would be against the grain of some of the most important national and regional trends of the neoliberal era in Southeast Asia.” This sentiment was also demonstrated by the ADB Director of the Office of Regional Economic Integration, Arjun Goswami, who remarked on how “the Dawei project is critical for the GMS’s credibility and failure would damage the group’s reputation” (Mizzima 2012). Given the Dawei SEZ’s unique position to facilitate regional economic integration, the governments of Myanmar and Thailand, and the Greater Mekong Subregion at large, are supporting national and regional policies and programs that encourage the project’s continued development.

6.2 Domestic Legal Mechanisms

The Myanmar state is using legal mechanisms to control industrialization processes. From 2012 to 2014, five laws were enacted under the leadership of Thein Sein to facilitate and regulate the development of rural lands: the Farmland Law, the Vacant, Fallow and Virgin Lands Management Law, the Foreign Investment Law, the Myanmar Special Economic Zone Law, and the Environmental Conservation Law (Sekine 2016).

In 1894, the British enacted the Land Acquisition Act enabling the state to forcibly acquire “waste land” for “public purposes” (Ferguson 2014; Sekine 2016). The state reaffirmed its control over land in 1947 by nationalizing ownership of all lands across the country (Sekine 2016). While these policies are still in effect today, the newly enacted Farmland Law and Vacant, Fallow and Virgin Lands Management (VFV) Law create the legal conditions for the increased commercialization of land through the purchase of land titles (Buchanan et al. 2013). Under the Farmland Law, farmers can apply for land use certificates from their local Farmland Administration Body, which operate under the Ministry of Agriculture and Irrigation (Kattelus et al. 2014). These certificates grant individual farmers “permanent land use rights to sell, transfer, mortgage or lease agricultural land” (Sekine 2016: 4). The registration process requires money and documents, which many smallholding farmers do not have (Sekine 2016). Farmers who do not possess land titles are classified as
“squatters” and can be forced to leave their land (Buchanan et al. 2013). The law is also criticized for limiting smallholders to “productive” land uses, as determined by the government, which does not recognize customary land uses such as communal ownership or upland cultivation (Kattelus et al. 2014; Loewen 2012b; Sekine 2016). The VFV Law compliments the Farmland Law by affirming the government’s right to lease up to 50,000 acres of untitled “vacant, fallow or virgin land” to private entities for up to 30 years with the possibility for renewal (Franco et al. 2015). These lands are often allocated for private large-scale “agricultural production, livestock farming, aquaculture and mining deemed of long-term interest of the state and the public” (Sekine 2016: 4). In reality, these lands are often local villagers’ homes, community-managed resources (such as village forests and grazing lands), or being left fallow (Franco et al. 2015; Sekine 2016). Both of these laws were reportedly designed behind closed doors and hastily pushed through parliament by Myint Hlaing, a former military commander, and Htay Myint, owner of the Yuzana Company, which is involved in construction, agriculture, hospitality, real estate, and fishery operations and tied to several high-profile land grabbing cases (Franco et al. 2015; Buchanan et al. 2013). Although purported to protect smallholding farmers, Myanmar’s new land laws are being used to justify widespread land grabbing by the State for development (for information on how these laws are being used to expropriate land in Dawei refer to Section 7.1).

Two other laws regulating industrial development in Myanmar include the Foreign Investment Law and Myanmar Special Economic Zone Law. Approved in November 2012, the Foreign Investment Law includes provisions to encourage the influx of foreign direct investment, particularly in Myanmar’s extractive sector (Buchanan et al. 2013). The law gives the Myanmar Investment Commission, a government-appointed body, power over the approval of foreign investment in any sector if it is considered to be in “the national interest” (Buchanan et al. 2013). Despite decentralization measures set out in the 2008 Constitution, State and Regional governments are not required to consent to investment directed within their borders, maintaining the central government’s high level of power (Buchanan et al. 2013).

In January 2014, the government ratified the Myanmar Special Economic Zone Law to regulate newly established SEZs, revoking the 2011 Myanmar Special Economic Zone Law (SLOR Law No. 8/2011) and the Dawei Special Economic Zone Law (SLOR Law No. 17/2011). This law provides several incentives for investors, including “significant tax incentives, such as an average of 50 percent tax relief during the first five years of operation and partial relief on reinvestments of export profits. In addition, certain export goods produced within a Special Economic Zone may be exempt from customs duties during the first five years of operation, with
additional exemptions possible during years six to ten. Finally, import duty relief may be granted for importation of raw materials, equipment, and some goods related to manufacture, with tax relief even extended to profits obtained from offshore sales during the first five years of operation. Non-tax incentives include the ability for investors to secure long-term leases of up to 75 years” (Frangos and Ramirez 2015, 23). The law also requires the developer or investor to adequately compensate those who are affected by development. In Dawei, some people have received compensation for the dispossession of their land while many people have not (Loewen 2012a). Kruechaipinit (2014) posits that this is due to the law’s failure to clearly articulate how much people are owed and by whom.

In addition to the aforementioned legal frameworks, in March 2012, Myanmar’s parliament enacted the country’s first Environmental Conservation Law, which requires public and private development projects to conduct environmental and social impact assessments (Thabchumpon et al. 2012). In Dawei, ITD hired Chulalongkorn University and Tesco Company Limited to conduct an environmental impact assessment and TEAM Consulting Engineering and Management Company Limited of Thailand to conduct a social impact assessment of the SEZ and related projects (Min and Kudo 2012). While carrying out an environmental impact assessment of the Dawei-Kanchanaburi road link in May 2013, surveyors from Chulalongkorn University failed to invite eight of the twelve villages in the area to a public consultation and to provide information on the meeting's purpose. When people asked the surveyors to share their findings they refused (Ehna 2013). In a public letter to Dr. Prasert Patramai, Chairman of the Board for TEAM Consulting Engineering and Management Company Limited, residents of Kalonehtar Village wrote: “Failure to engage our communities early in the process leads us to believe that ITD does not value our rights or opinions, and is only carrying out its current consultations in order to comply with the ESIA [environmental and social impact assessment] process required under Myanmar law” (Dawei Development Association, December 4, 2015).

The Myanmar state, particularly the military-backed USDP, exercised its power to create laws that allow for the dispossession of land for industrial development. These tools ultimately facilitate land grabbing and favour a small number of state actors, crony business elites, and foreign investors at the expense of local populations.

6.3 Non-State Actors and “Ceasefire Capitalism”

The Myanmar government is also using peace negotiations and ceasefire agreements with non-state armed groups as a mechanism to shape industrialization
processes in Dawei. The Karen National Union (KNU) is an additional actor with a presence in Dawei District and a stake in the SEZ’s development. Founded in 1947, the KNU is a political organization seeking self-determination for the Karen people (South 2011). The KNU and their armed wing, the Karen National Liberation Army, have engaged in armed conflict with the Myanmar military in one of the world’s longest running civil wars (South 2011). The KNU continues to operate in the mountainous regions of Southeast Myanmar, including in the Tenasserim mountain range in Dawei District. As previously noted, there have been relatively low levels of conflict in Tanintharyi since independence in 1948 (UNHCR 2014). UNHCR (2014) states that this is a result of KNU Brigade 4’s limited capacity and isolation from the central KNU authority in Karen State (Kayin State).

The KNU controls areas of Dawei that are considered pivotal to the SEZ’s development (UNHCR 2014). Throughout 2011, the KNU halted construction of the road that runs through their territory and links the SEZ to the Myanmar-Thailand border after villagers voiced their concerns about the project’s social and environmental impacts (Ehna 2011; Linn 2014; Weng 2012). This delay was met by eight battalions under the command of Colonel Hein Zaw Latt of the Myanmar army (Ehna 2011). During 2011, pro-business KNU officials participated in ceasefire talks with the government despite resistance from the central KNU authority. Delegates from the company Dawei Princess Co., Ltd., a local partner in the SEZ at the time, were also present during these talks (Wade 2013). On January 12, 2012, the military-backed government signed a ceasefire agreement with the KNU by enticing these pro-business officials with development assistance to deviate from hardline KNU factions (Wade 2013). This agreement opened the door for future industrial development and investment in the region. Woods (2011) refers to this tactic as “ceasefire capitalism,” which Wade (2013) describes as “that familiar shadowy nexus of military, political, and business elites that has dominated Burma’s economy for 50 years, exploiting periods of calm to assert control over land.”

7. Socio-Spatial Transformations

The development of the Dawei Special Economic Zone, facilitated by powerful actors and regulatory mechanisms, is ultimately transforming socio-spatial formations in the area. These transformative processes involve land grabbing, changing labour and migration dynamics, and urban development. These processes are having negative impacts on the local rural population and urban poor, which are being worsened by ineffective governance and planning systems.
7.1 Land Grabbing

Industrialization processes in Dawei are reshaping socio-spatial organization primarily through land grabbing. Loewen (2012a) argues that land grabbing is occurring as a direct and indirect result of the Dawei SEZ. The Dawei SEZ requires 204.5 square kilometres of land to construct a deep-sea port and industrial estate. The designated project area is not vacant (Thabchumpon et al. 2012). Dawei and Karen populations have cultivated and prospered off the land for up to 4,000 years (Loewen 2012a). Land in Dawei also has historical and ecological importance as it is the site of sacred Buddhist relics and globally important biodiversity, including dense forests, species-rich rivers, and marine resources, which are also critical resources for local communities (Loewen 2012a; WWF 2015).

ITD reports that 32,274 people from 19 villages in Dawei District will be relocated as a direct result of the SEZ. This accounts for people who will be displaced to construct the deep-sea port, oil refinery, power plants, steel mill, petrochemical complex, and other medium and light industries. ITD plans to resettle this population across four relocation sites and provide financial compensation. Loewen (2012a) states that ITD’s official figure fails to capture the number of villagers whose land is being grabbed for the construction of the road link, dam reserve, and, ironically, the relocation sites. Data on the size of the total affected population does not exist, however Loewen (2012a) estimates that the SEZ and related projects will require 63,768 acres of land (approximately 258 square kilometres).

Additional land grabbing is occurring indirectly as a result of speculation. Anticipating an economic boom associated with the Dawei SEZ, domestic and foreign “business-elites with strong ties to the military-backed government are easily securing hundreds of acres for eventual re-sale and to develop smaller industries,” such as coal mines and gas refineries (Loewen 2012a: 10). Civil society organizations report that “property prices [have reached] up to fifteen times their pre-2008 value. Meanwhile, the local people often remain in the dark about the price tag placed on their land, and often fear future consequences if they resist” selling their land to military-backed investors (Loewen 2012a: 11). Exact data on the number of people currently affected by speculative land grabbing is unknown.

Institutionally legitimized legal mechanisms (discussed in Section 6.2) allow the state and investors to dispossess villagers of their land to accumulate capital. A local activist explained:

They [villagers] don’t have land title in the remote area because the government never educated people to do land title...The cronies really want that land because land prices go up so they
While lacking the required knowledge and money, villagers are unable to secure titles for their land. Consequently, under the Vacant, Fallow and Virgin Lands Management Law, companies are paying to lease large swaths of untitled populated land (personal communication, August 20, 2015). Compensation to rural dwellers—if any—is often delayed and below market value (Loewen 2012a).

Transforming the area from a largely self-sufficient agriculture-based economy to an industrialized export-oriented special economic zone will cause—and has already caused—significant loss of livelihoods and growing economic insecurity (Thabchumpon et al. 2012). For example, the construction of the road in 2010 destroyed land that grew betel nut, rubber, and cashew nuts, and provided a main source of income for surrounding villagers (Weng 2013). ITD’s relocation sites offer little space and are disconnected from the sea, further isolating former fishing and farming communities from any means of subsistence (Loewen 2012a). A local activist explained how life in Dawei today is more difficult than during the war between the military and KNU:

After they [villagers] came back to the village, their garden and their house were still here. Now, after [the] ceasefire, the government gave a concession for mining, logging...all the land was cleared. It's more difficult to deal with the businessman than the army. (personal communication, August 20, 2015)

7.2 Reorienting Labour Dynamics

The dispossession of land as a result of industrialization processes is reshaping labour dynamics and, consequently, migration flows in Dawei. Although Thein Sein’s administration stated that SEZs will “provide jobs for returning migrants, refugees or even demobilised soldiers from armed groups” (Buchanan et al. 2013: 30), opposite effects appear to be occurring. The widespread dispossession of land, aggravated by a lack of employment opportunities for the local Dawei population, is reported to be causing many people to seek work in Thailand (Sekine 2016).
In 2010, Premchai Karnasuta, president of ITD, declared, “We need tons of workers...We will mobilize millions of Burmese” (International Herald Tribune 2010). Today, the project’s labour force does not come close to the previous estimate of “tens of thousands of workers’ said (in 2010) to be necessary for the project’s first five years” (Aung 2012b). As of 2012, the labour force consisted mainly of a small number of migrant workers, specifically 800 workers from Thailand and 600 workers from Upper Myanmar (Aung 2012b). Soe Lin Aung (2012b) explains how even when the project is fully developed, it will not substantiate claims of “tens of thousands” of jobs as it will consist largely of heavy industry opposed to medium and light labour-intensive manufacturing industries.

While the Dawei SEZ is being marketed as a tool for economic growth, it is dispossessing people of their land without absorbing their labour elsewhere in the economy (Aung 2012b). These land grabbing and labour-expelling dynamics are not unique to Dawei. Many companies operating in economic zones across Asia often do not hire from within local labour markets (Cross 2015). In a study of the Andhra Pradesh SEZ in India, Cross (2015) found that Brandix, the Sri Lankan garment company operating in the zone, preferred to hire “workers who lived far from the zone and whose families or communities were less well placed to hold an employer accountable than workers who had been displaced by its construction and who now lived in its immediate vicinity” (433). Levien (2011), in a study of the Mahindra World City SEZ in India, similarly noted, “the vast majority of workers are more exploitable migrants shipped in from other states like Bihar or far-flung districts of Rajasthan” (13). In an effort to solidify unequal power dynamics and minimize dissent, these large-scale industrial projects typically bring few benefits to local communities highlighting “the predicament of people whose labor is not needed by the global capitalist system” (Li 2011: 281).

Rather than securing promised formal employment in the SEZ, some people from Dawei are working as casual and temporary labourers with sub-contractors to clear land for the road link and construction site (Aung 2012b). According to a 40-year-old labourer, “I don’t have a farm, I totally rely on my daily work for my income to feed my family. Now, I have a job from the Thai construction company [ITD]. I had to work by clearing brush, digging the earth and building the workers’ temporary houses. They paid me 4,000 Kyat a day,” approximately US$ 3 (Dawei Project Watch 2012: 15). These kinds of jobs vary day to day and are few in number relative to the number of landless unemployed people. While some economists may argue that a large-scale industrial estate is “the highest and best use” of land (Levien 2011: 14), many farmers contend that their land has far more value than insecure and precarious employment in this new economy (Franco et al. 2015).
As land concessions to private companies and urban development associated with the SEZ increase (described in Section 7.3), more people may choose to migrate to Dawei City for work; however this trend is yet to be seen. Typically, industrial development is accompanied with rural-urban migration, but as employment opportunities in the industrial sector are limited and the overcrowded insecure service and informal sectors remain unappealing, a large number of people are choosing to seek work in Thailand (Seth 2014; Sekine 2016). One Dawei villager affirmed “that since his 7 acres were confiscated in the 1990s, three of his six sons have migrated to work in Thailand, and have supported him and his wife. This is not an uncommon trend among families who lose their land to confiscation” (Sekine 2016: 10).

Higher daily wages and a demand for semi-skilled workers have lured both men and women across the border (Seth 2014; Krainara & Routray 2015). Tanintharyi Region has the fourth highest record in Myanmar of household members living abroad (14 percent) after Mon, Karen (Kayin), and Shan State, with residents from Dawei District accounting for more than half of this number (65 percent) (Myanmar Department of Population 2014b). While rural women across the country have recently started migrating to work in Yangon’s garment factories, similar urban opportunities remain to be seen in Dawei City (Htwe 2015). Myanmar’s strategies to incentivize the return of migrants appear to be generating opposite effects and reshaping socio-spatial formations in Dawei.

7.3 Urban Economic and Infrastructure Development

Located 20 kilometres north of Dawei City, the SEZ is reorganizing socio-spatial formations by stimulating urban economic and infrastructure development. As previously mentioned, the project is recruiting migrant and foreign workers, which is reportedly boosting the urban economy. A representative of the Dawei Development Affairs Organization, a municipal government agency, explained, “The area is more developed than the previous time. Project staff also have to get their food from the city. The economy of the city is better” (personal communication, August 19, 2015). In addition to enlisting workers and thus local consumers, the SEZ is attracting private companies to the City and igniting a wave of investment in infrastructure.

Anticipating an increase in tourists and workers in the area, companies are flocking to Dawei City to engage in speculative land deals and invest in the construction of hotels, commercial centres, restaurants, and housing (Loewen 2012b; Martin 2016). Investors predict that the currently unexploited pristine coastline of the Andaman Sea, a twenty-minute drive from the city, will draw more
tourists to the area alongside greater infrastructure development and the country’s recent political reforms (Sekine 2016). Based on field observations and interviews in Dawei City, Martin (2016) describes how “[i]n the past three years alone, hotels and three-storey buildings have begun to tower over the downtown core...and perhaps most outstanding is the unceremonious new shopping complex at the north end of town” (34).

Transportation infrastructure is also being developed to support the SEZ and urban growth. Some studies and experts point to a lack of sufficient transportation infrastructure connecting industries to other markets as a major cause of failure for SEZs (Wong and Chu 1985; Zhu 1996; Mullins and Aye 2015). In Dawei, the Ministry of Construction in partnership with private companies is working to ensure the success of the project by funneling capital into developing the built environment. One resident remarked on the extent of this development:

Previously transportation is really bad, the roads and bridges are very poor, but now, you can see they have improved the roads – concrete and tar – previously on soil. And previously, there were no very good bridges – only wooded and old bridges – and now the bridges are very good. (T. Martin, personal communication, September 21, 2015)

The recent expansion of the Dawei airport runway is another testament to the area’s economic and infrastructure development in the last few years (UNHCR 2014).

The development of the built environment, propelled by economic growth, is driving up land and housing prices for urban dwellers (Levien 2012). According to a Dawei resident, “[one of the] biggest changes is land price...Some plots are 2 US million in Dawei because of the money for the infrastructure projects” (T. Martin, personal communication, September 22, 2015). Increased housing prices will likely have a detrimental impact on Dawei’s poorer urban residents. In China’s Shenzhen SEZ, comparable speculative land deals inflated housing prices forcing migrant workers into slums along the city’s periphery (Chen and de’Medici 2010). Consequently, special economic zones have the ability to not only attract and shape financial investment, but also create “new urban paradigms” (Easterling 2008: 31) imbued with the power to reorganize groups of people, disproportionately impacting more vulnerable populations (Bach 2011).
7.4 Managing Urban Growth

Negative impacts from the development of the Dawei SEZ on the local population are being exacerbated by ineffective governance and planning systems. The Dawei Township administration’s limited capacity to plan for the increased demand for urban land and services is resulting in uneven development. Today in Myanmar, Development Affairs Organizations (DAOs) are located at the township level and responsible for municipal governance, local economic planning, and service provision, including trash collection, the construction and maintenance of small roads and bridges, drainage, and urban water supplies (Arnold et al. 2015). Despite the DAO’s legal mandate to carry out urban planning, there are no departments within the organization dedicated to this practice hampering integrated urban development (Arnold et al. 2015).

Instead of being managed by a decentralized government agency, urban development in Dawei City is largely being shaped by powerful public and private actors. For example, government officials are using coercion to expropriate land for urban growth. A local activist explained:

We understand the way cities need some land to grow, but the government should have a proper town plan. They lack management with the people. It’s very rude when they grab the land. The secretary of the regional government – all the secretary are from the military – they are very crazy people. He came to the farmers with a gun and shot, like a Hollywood movie. I don’t understand why such a high-level [official] needs to go to the farmer and out win each other. Very bad. (personal communication, August 20, 2015)

In another case of land grabbing for development on the City’s periphery, 64 farmers were dispossessed of 300 acres (approximately 1.2 square kilometres) of land in Dawei’s Sanchi ward beginning in 2011. By threatening the farmers with lawsuits and referencing a document stating that the military confiscated the land in 1990, a private company was able to develop the area into government offices and housing (Sekine 2016; Nadi 2014). Farmers claim that their protests are stifled and their pleas ignored because military-backed government officials are direct beneficiaries of land grabbing (Nadi 2014). While Hall et al. (2011) argue that as land prices balloon, “powerful actors use coercion to grab valuable land” (118), Loewen (2012b) contends that in Dawei, land grabbing is also the result of “investment-hungry states, who turn a blind eye to the shady nature of the land deals” (12).
As development attracts more business elites, migrant workers, and tourists to the City, there will be mounting pressure on urban services, particularly the provision of water, which is currently poorly managed (Arnold et al. 2015). Although the DAO is responsible for supplying drinking water, the majority of households in Dawei Township rely on underground wells. The 2014 Population and Housing Census indicates that of the 24,943 households, 33 percent rely on protected wells, 17 percent on unprotected wells, 17 percent on bottled water, and 13 percent on tube wells. Only 4 percent of households in Dawei Township report having access to piped water (Myanmar Department of Population 2014b). These households largely include regional and district government offices and houses, hotels, and the hospital (Martin 2016). Martin (2016) reports that groundwater quality within the City varies depending on location, depth, and whether the well is protected or unprotected, and that poor groundwater quality is an issue for many households living along the riverbank.

The Dawei SEZ is also placing enormous pressure on the District’s water supplies. ITD predicts that the SEZ will require 33,300 cubic metres of water per day during the first phase of development from 2016 to 2017, and 160,000 cubic metres of water per day by 2023 (METI and Pacific Consultants 2015). An ITD representative explained that two reservoirs, Ta Laing Gya and Pa Yain Bhu, are being constructed to meet this demand (see Figure 11) (personal communication, August 18, 2015). According to the Dawei Development Association, this development will displace approximately 1,000 people of Kalonehtar Village living in the hills northeast of the SEZ (DDA 2014).
Across Dawei, land grabbing is destroying major sources of subsistence—sources of food and water—for many households. These needs are being commodified and, along with the increasing cost of housing, are draining many poorer households’ limited incomes. Long-term planning for municipal and regional land use and service provision will be critical to meet future demand and particularly to mitigate the growing challenges facing the area’s poorer rural and urban populations.

8. Recommendations for the Union Government of Myanmar

In Dawei, a strong resistance movement is flourishing from the bottom-up in response to the development of the Dawei SEZ. Civil society organizations are engaging in evidence-based advocacy and bringing targeted demands to the doorstep of the state capital. These recommendations are inspired by some of the demands made by the Dawei Development Association (2014)—a coalition of Dawei civil society groups. While unable to address the myriad of systemic issues giving rise to uneven development, I propose two recommendations that should be implemented by the Union Government of Myanmar to support more equitable development processes.

**Recommendation 1:** The Union Government of Myanmar should amend the 2014 Myanmar Special Economic Zone Law to stipulate a set of procedures that require developers and investors to engage in public participation, provide adequate compensation, and conduct environmental and social impact assessments in accordance with international standards. The Special Economic Zone Law should also be amended to outline criminal actions that will be taken against developers or investors if they fail to abide by existing Myanmar laws and international standards.

The Special Economic Zone Law (2014) states: “The developer or the investor (a) shall pay the agreed expenditures for transfer, resettlement and compensation if houses, buildings, gardens, paddy fields, fruit bearing plants and plantations on the land are required to be cleared or transferred; [and] (b) shall, as necessary, negotiate with the management committee in order to ensure that the persons who have to leave the land do not fall below their previous standard of living, their fundamental needs are fulfilled and the transfer is easy and smooth” (20).

The law fails to specify a set of procedures for determining an “agreed expenditure,” an affected person’s “previous standard of living,” and the fulfillment of their “fundamental needs.” One mechanism necessary to determine these measures is meaningful public participation. To date, there has been no informed public
dialogue with people affected by the Dawei SEZ. Participants of public meetings described these spaces as “one-way” presentations on the positive impacts of the project with no opportunity to ask questions (DDA 2014). It is recommended that the Government legally require SEZ management committees to implement mechanisms for the fair participation of affected persons.

Systematic participation should involve dialogue on compensation rates that account for all affected livelihood activities, previous standards of living, and fundamental needs. Current compensation rates are set too low to safeguard future sustainable livelihoods for affected populations. Displaced households are not able to afford equivalent land or secure adequate livelihood opportunities (DDA 2014). The Government should legally require developers and investors to create a public list of all compensation payments made to the local population.

All affected persons should also be engaged in environmental and social impact assessments related to the project. The Myanmar Environmental Conservation Law (2012) requires independent parties registered with the Ministry of Environmental Conservation and Forestry to conduct environmental and social impact assessments of public and private development projects. This condition should be reiterated in the Special Economic Zone Law and require assessments to be aligned with international standards, including the International Finance Corporation’s (IFC’s) Environmental and Social Performance Standards (2012). In particular, IFC’s Performance Standard 1 outlines principles for the assessment and management of environmental and social risks and impacts, which promote sustainable environmental and social performance. The Union Government of Myanmar should amend the Special Economic Zone Law to outline criminal actions that will be taken against developers or investors if they fail to abide by existing Myanmar laws and international standards.

**Recommendation 2:** The Union Government of Myanmar should require Township Development Affairs Organizations to form planning departments staffed with trained urban planners and create official strategic plans to manage urban growth.

There is currently limited urban planning in Myanmar outside of Yangon and Mandalay. Dawei City is currently being shaped by municipal development projects, which are largely based on immediate needs and one-year budgets (Arnold et al. 2015). The implementation of a planning department should to be accompanied by
mechanisms supporting greater public participation, multi-year budgets, increased transparency of development plans and the use of taxes, and measures to reduce corruption. A strategic plan should be created and include enforceable land use policies and address how the city will expand and sustain access to social services, particularly drinking water supplies.

9. Conclusion

Decades of military rule, corruption, and limited socioeconomic development have produced a need for far-reaching governance reforms across all levels of government in Myanmar (Arnold et al. 2015). Regardless of the NLD’s recent electoral victory, military-backed crony business elites remain at the apex of the country’s economic system (Aung and Campbell 2016; Buchanan et al. 2013). This is apparent in Dawei where powerful domestic actors, as well as foreign governments and investors, are shaping industrialization processes. This study found that industrial development, in the form of the Dawei Special Economic Zone, is driving processes of socio-spatial transformation and giving rise to uneven development. Dawei and Karen villagers are being dispossessed of their land and livelihoods as a direct result of construction and an indirect result of speculation. Land grabbing, justified by Myanmar’s legal mechanisms, is reorganizing labour dynamics as people are expelled from agriculture without being absorbed elsewhere in the economy. This is leading many people to seek work in Thailand. Impacts from the project are also being felt on Dawei City’s infrastructure and economy. Private investors are flocking to the City to construct hotels, commercial centres, restaurants, and housing in anticipation of an increase in tourists and workers, driving up land and housing prices. These processes are having negative impacts on the local rural population and urban poor, which are being worsened by ineffective municipal governance and planning systems. In light of the Dawei SEZ’s negative impacts, a strong local resistance movement is emerging. Civil society coalitions have voiced targeted demands and prompted national and international support (DDA 2014). The governments of Myanmar, Thailand, and Japan and the other project partners must listen to and address local people’s concerns in order to work towards more equitable and sustainable development.
Endnotes

1 There is a discrepancy between the Dawei urban population reported in the 2014 Population and Housing Census Report for Tanintharyi Region and the Provisional Results highlighting the need to substantiate government data.

2 A special purpose vehicle, also known as special purpose entities or variable interest entities, is a subsidiary company used to carry out activities and transactions for a “parent” company (Feng et al. 2009).
References


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