



Border economic zones: Two sides of the coin

As the integration of Southeast Asian nations into the ASEAN Economic Community takes effect at the end of 2015, member countries are churning out policies to promote economic activities and links within the region, especially between neighboring countries, to facilitate trade, investment and movement of capital, labour, technology and manufacturing projects.

Similarly Thailand, under the Prayut Chan-o-cha administration, issued a Special Economic Zone (SEZ) policy to increase the country's competitiveness and counter migration of foreign investment due to the country's increasing costs of production. To be established in the border areas with Laos, Myanmar, Cambodia and Malaysia,¹ these areas will differ from the Special Economic Zones previously established in the Eastern Seaboard as the latter has better supervision over the movement of goods and labour and better control of its impacts due to its location within the country.

SEZs in Thailand

The world's first SEZs were established around tax-exempted ports to promote trade. Later, they were established by developing countries to encourage trade and manufacturing in areas with favourable physical characteristics and potentials. In addition, tax and non-tax incentives were given to attract foreign investment and increase local employment in these areas. Most SEZs in ASEAN focus on industries with low-skilled labour and export-oriented processing industries.²



Until now, Thailand has established SEZs through Board of Investment (BOI) policies under the Investment Promotion Act BE 2520 (1977).³ On the other hand, border SEZs are being established in accordance with the Asian Development Bank (ADB)'s action plan and financial support to develop an "economic corridor" connecting SEZs in the Mekong subregion together with infrastructures, as well as a transport system to link SEZs to ports, distribution points and destination markets.⁴

Such SEZ policy gained prominence under the NCPO, which held meetings of the Policy Committee on Special Economic Zone Development, chaired by the Prime Minister himself. The SEZ committee approved the establishment of SEZs in five areas, namely Tak Province's Mae Sot District, Sa Kaew Province's Aranyaprathet District, Trat Province's border area, Mukdahan Province's border area and Songkhla Province's Sadao District (including Sadao and Padang Besar border checkpoints).⁵ On Jan 19th 2015, the Prime Minister signed into effect the establishment of SEZs in 36 sub-districts of ten districts in the above mentioned provinces, covering a total area of 1.83 million rais.⁶

SEZ development

The purpose of SEZ establishment, according to the SEZ committee,⁷ is to attract foreign direct investment, increase the country's competitiveness, promote economic growth in the regions to reduce inequality and elevate quality of life and address national security issues. SEZs will have the advantage of: 1) investment-related benefits; 2) one-stop services; 3) exemptions on the use of migrant labour; and 4) infrastructure development and customs benefits. Each SEZ will focus on are appropriate economic activities. For example, the Mae Sot SEZ will be a hub for labour intensive industries whilst Sadao SEZ will be a transportation and logistics center.

The other side of the coin

The establishment of an SEZ is aimed to promote border area trade, which totaled 924.2 billion baht in 2013, 51.4% from the Thai-Malay border.⁸ Thailand also hopes to use SEZs to attract migrant workers from neighbouring countries to address labour shortages as the country becomes

an ageing society,⁹ as well as solve the challenge of irregular migrants, human trafficking and city congestion that allegedly results from labour migration.

Regardless of benefits, SEZs pose challenges which are rarely discussed by the SEZ committee, especially concerning health and public health impacts, questions on personal legal status and human trafficking. The SEZ policy, despite its extensive impact, also suffers from a lack of public participation.

1) Personal legal status and human trafficking

Personal legal status issues are chronic challenges along Thailand's borders. SEZ establishment may pave the way to a faster and more systematic solution to this challenge although the opportunity can be wasted by inefficiency in implementation.

Many people who live and move across border areas are migrant workers and their dependents whilst others are those omitted from past civil registration surveys or those who straddled the area before the borders were demarcated, designated as "people with registration status problems"¹⁰ by the Strategic Plan to Resolve Personal Legal Status and Rights BE 2005. There is concern that the SEZ may further complicate this situation as it is known that apart from ad hoc management, the Thai State does not have a long-term plan to systemically solve these challenges.

In its effort to address issues of undocumented migrant workers, the NCPO made an announcement to allow employers and businesses to register undocumented employees and apply for work permits at "one stop service"¹¹ centers from July 2nd to October 31st 2014.¹² However, only 1,626,235 migrants and 92,560 dependents were registered.

As it is estimated that there are more than three million migrant workers (documented or undocumented)¹³ in Thailand, many more migrants remain unregistered. Without proper management, the SEZ's relaxed regulations on daily migrant workers will likely compound the challenge of undocumented migrants.

The registration of undocumented migrants and issuance of work permits constitute a part of the attempt to solve the challenges. After registration into the civil registration system (Tor. Ror. 38/1),¹⁴ migrants are expected to go through a nationality verification process (NV) to obtain temporary passports and visas for temporary residence in Thailand. However, efforts to resolve personal legal status remain compartmentalised. In 2013, the number of undocumented migrants who undertook the NV process totaled 847,130.¹⁵ At present, it is not known how many of these nationality-verified migrants have returned to their countries after visa expiration. In addition, many children of migrants became stateless/nationality-less as Thailand lacks clear approaches to deal with their legal status. Establishing SEZs with the aim to attract migrant registration may complicate the challenge, leaving the country with more undocumented migrants who do not wish to return to their origin countries and prone to human trafficking and exploitation by brokers.



2) Public health and health insurance

The MOPH was charged with providing health security to migrants and dependents by selling health insurance cards aimed at undocumented migrants whose NV process is pending and migrant workers in informal sectors such as fisheries, domestic work and agriculture. Migrant workers who enter the country legally, on the other hand, are expected to be enrolled in the Social Security System (SSS).¹⁶

However, the number of migrant workers enrolled in the Social Security System after the NV process is lower than expected due to many reasons.¹⁷ For example, employers or the workers themselves want to avoid paying monthly contributions into the system. The MOPH addressed this problem by selling health insurance cards only to those who did not fall within the SSS criteria. However, because of its status as a ministerial announcement rather than as legislation, implementation is ad hoc and limited.

It remains unclear how the migrant worker health insurance system will change after the SEZ establishment. As health insurance cards (with duration of 3 months, 6 months and one year) only target work permit holding migrants, questions remain how health insurance can be imposed on daily migrants in the SEZs and which of the two neighboring countries will be responsible for migrant worker health insurance.

As a result of an ease in commuting, many daily migrant workers already make use of Thailand's healthcare services along the border without health insurance, resulting in burdens on local hospitals. For example, Ranong hospital provides free healthcare to many Myanmar patients from Kawthaung at its own expenses of more than twenty million baht per year.¹⁸ Without clear health insurance measures for SEZs, border hospitals will be increasingly burdened to provide healthcare to migrant workers. On the other hand, if these workers cannot access healthcare, the health of



http://www.thaihealth.or.th/data/content/24921/cms/e_befgmnoqtx89.jpg

the local population may be jeopardized due to impact of epidemics and re emergent diseases.

Although SEZs will also allow Thais to invest and work across the border in neighboring countries, the Thai government however lacks a clear policy on health insurance for Thais in such situations. Thailand should study examples from other ASEAN countries such as the Philippines, which requires all out-bound Filipino workers and their dependents to insure themselves in the Overseas Filipinos Programme (OFP).¹⁹ Similar to Thailand's SSS, this requires insurers and the government to make contributions into the programme whilst insurers get reimbursement from OFP for their healthcare expenses. This is an issue that the SEZ subcommittee on labour, health and security should not overlook.

3) Environment, occupational health, public participation

Although the Office of the Prime Minister's Regulation on Special Economic Zones BE 2013 established a framework for SEZs, the regulation is heavier on procedure rather than the substance. It should also be noted that there is no representation of civil society in any of the SEZ subcommittees. Utmost care should therefore be taken in the implementation of SEZ policies to ensure sustainability, harmony with local way of life and responsible use of resources. Thailand already has too many painful lessons on the negative impacts of development on the environment and communities, including industrial pollution in Map Ta Phut and from the Mae Moh coal mine and power plant, cadmium contamination in Mae Sot rice fields and heavy metal contamination in

Lampoon Province.²⁰

In principle, the law requires that large projects with potentially large impacts on the community must undergo an environmental health impact assessment (EHIA) with public hearings and stakeholder consultations.²¹ The report must be subjected to approval by a panel of experts and the Environment and Health Independent Committee to reaffirm the community rights, in accordance with the 2007 Constitution. In practice however, many challenges remain. For example, this report is often so technical that it is inaccessible to the public; three public hearings are organised only to meet the requirement without meaningful dialogue with the local community; and acreage or manufacturing power of the project is reduced to stay just under the threshold to duck the EIA/EHIA requirements.²² As a result, SEZ establishment must consider issues of environment impact and public participation challenges to ensure care, appropriateness and effectiveness in sustainable development.²³

Conclusion

Thailand has expedited the establishment of SEZs to promote economic development and facilitate AEC integration. However, the projects should be implemented with care to avoid negative impacts such as undocumented migrants, personal legal status problems, human trafficking, health insurance challenges, public participation issues and environmental challenges. If not the case, SEZs will become another 'crisis' compounding existing social and public health problems.

