



Graduate School of Development Studies

**States, Capital, and Enclosures:  
Thailand, Myanmar, and the Dawei Special Economic Zone**

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## **List of Acronyms**

ADB	Asian Development Bank
ASEAN	Association of Southeast Asian Nations
BRICS	Brazil, Russia, India, China, South Africa
CoC	Code of Conduct
FDI	Foreign Direct Investment
DDA	Dawei Development Association
DDC	Dawei Development Corporation
GMS	Greater Mekong Sub-region
KNU	Karen National Union
IFPRI	International Food Policy Research Institute
ITD	Italian-Thai Development Corporation
MIC	Middle-Income Country
MoU	Memorandum of Understanding
MPA	Myanma Port Authority
RATCH	Ratchaburi Electricity Generating Holding Public Company
SEZ	Special Economic Zone
TNC	Transnational Corporations
TNI	Transnational Institute

## Abstract

This paper builds upon current debates in land grabbing and agrarian political economy, in the context of Myanmar (Burma). It seeks to provoke insight into how states are both facilitators and promoters of land grabbing, reflecting on the state's need to accumulate capital and maintain a certain level of political legitimacy in this process (Fox 1993).

By critically reviewing the conventional ways of understanding land grabbing, research finds that these definitions/abstractions are unsympathetic to new trends that have the global spotlight in 2008. By recognising the gaps, the role of the state becomes an analytical departure point, and I offer certain conceptual clarifications from a political economy perspective. Situating the Dawei Special Economic Zone within current theoretical discussions, it becomes apparent that the conventional framing of land grabbing is limited when attempting to capture this particular case study. It becomes more appropriate to understand land grabs as the capture of control over land by various actors, and emerging out of key roles of the state and the state-capital.

Three points can be established about the role of states in facilitating and promoting land grabs: by making land available for investment through its enclosure; by seeking out new ways to satisfy capitalism's spatial fix through the pursuit of capital accumulation and resource security; and lastly, states promote the free-flow of capital, within and beyond their borders through regional and bilateral trade agreements, as well as state institutions (e.g. the legal system). From this point of departure, we can begin to frame more effective resistance that tackles the underlying processes driving the phenomenon.

## Keywords

Land Grabbing, States, State-Capital Alliance, Accumulation, Special Economic Zones, Territorialisation, Myanmar (Burma), Thailand

# Chapter 1

## Introduction: The Geopolitical-Economy of States and Land Grabs

*All fixed, fast-frozen relations, with their train of ancient and venerable prejudices and opinions, are swept away, all new-formed ones become antiquated before they ossify. All that is solid melts into air, all that is holy is profaned [...] the need of a constantly expanding market for its products chases the bourgeoisie over the whole surface of the globe. It must nestle everywhere, settle everywhere, establish connections everywhere. (Marx and Engels 1967: 3)*

### 1.1 States and Land Grabbing: The Logic of Capitalism and Enclosures

Global capitalism seems to be taking a new precedence in the global South, and is having crippling effects in rural spaces. As growing economies try to satisfy accumulation and resource imperatives closer to home, intra-regional seizures over the control of land and its associated resources are on the rise. These consequences are little different than the recent wave of enclosures that have culminated out of crises of capitalism, food, energy, and climate, which were brought to the global spotlight in 2008. This enclosure of space/land/territory has become popularly known as “the global land grab”.

This study analyses the role of the state and state-capital relationships in the context of facilitating and promoting enclosures that result in land grabbing. It breaks from a conventional understanding of global land grabbing, and focuses on the critical role of states in the global South. While states prioritise both their own interests to accumulate capital, they also facilitate capital accumulation for private investors. In the logic of capitalism, capital accumulation proceeds through continuous enclosures (Akram-Lodhi 2007). This is a challenge for states, as they try to find a balance between accumulating both the capital and resources needed for development, but also in maintaining a certain level of political legitimacy (see Fox 1993). One way that states satisfy this is by creating opportunities for investment abroad, to compliment accumulation strategies at home. This is especially evident in countries like Thailand, where continued industrial growth relies on certain inputs—inputs which are increasingly acquired beyond its borders due to rising resistance against ‘dirty’ industries at home.

Likewise, in countries where land is being grabbed, the state must balance between facilitating investment needed to propel economic growth, but also keep its own political legitimacy. The clash between the two partly accounts for some reversals of large-scale controversial projects (Borras et al. forthcoming[a]), like the recent cancellation of a massive copper smelting complex in Sichuan Province, China, after waves of demonstrations persuaded the central government to take action (Bradsher 2012).

## *The Problem and Purpose of Study*

As states transfer control over resources to domestic and foreign private capital, and sometimes even foreign states, the result is a reconfiguration of rural power dynamics, often driving farmers out, or adversely incorporating them into the new rural economy as workers or as contracted small farmers. In Myanmar (Burma),<sup>1</sup> the need to create income opportunities for the state, by inviting investors into the country, is a central driver of land grabs. When largely agricultural/rural states like Myanmar (where approximately 80 per cent of the population is rural), embark in developing its industrial and resource extractive capacity; there is evidence that suggests that rural people are largely left out of the development equation. With no alternative opportunities, people are left with little option but to pack up and leave.

In Myanmar, in the Thanintharyi division in the southeasterly corner of the country, this is just what is happening. The developer of a large-scale industrial project—the 204 square kilometre Dawei Special Economic Zone (hereafter Dawei SEZ)—has announced it will finalise the displacement of at least 30,000 people this coming June, to make way for project infrastructure. People will be relocated to new settlements, leaving them with virtually no land, little compensation, and scant opportunities (Nyien 2012).

But how is a country and a government, which is being praised for the recent progress it has made in terms of human rights, transparency, and democracy, able to justify such a move? After nearly five decades of civil war, corruption, and rampant abuses of power, is this the kind of development that will bring Myanmar, and more specifically the Dawei region and its surroundings, into the 21<sup>st</sup> century Southeast Asia? These are the kinds of questions that led me to Dawei, to see for myself how the project was unfolding on the ground.

What I found was a community angered by the fate that awaits them. Having been left out of any consultation process before their futures had been decided, it is fair to say that the Dawei land deal happened in a non-transparent, non-inclusive manner. According to Wolford and others (forthcoming), these kinds of non-transparent land deals privilege foreign markets, and neglect the voices and needs of local communities. The result is the displacement or loss of control over land by residents with informal or traditional rights to land.

The pending dispossession in Dawei has spurred strong organised resistance at a local level, with farmers, fishermen (and women), Buddhist monks, church groups, youth groups, and student activists putting up their efforts against the developer, Italian Thai Development Company (ITD). At community meetings, and in national media, activists (like the Dawei Development Association [DDA]) constantly target the project developer (Italian-Thai Development Company [ITD]) as the wrongdoer. In community

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<sup>1</sup> Myanmar has been the official name of the country, since military rule was instated in 1989, though many governments and individuals do not recognise this official name for political/ideological reasons, and choose to call the country by its previous name,

meetings they show up in solidarity with each other, bringing hand-made signs, making it difficult for ITD to take ‘cooperating community’ photos for its webpage (U Byin Mya Won Tha, 15.08.2012). Their message is that: people do not want to move for ITD, because it is becoming clearer that they will be the ultimate losers of the Dawei SEZ.

Despite strong local resistance, Dawei activists like the DDC, are failing in their efforts to stop the Thai developer, as the project pushes forward. This is likely because efforts are not addressing the fundamental reasons behind the SEZ project. In order to understand how to effectively challenge projects like the Dawei SEZ, which compromise local livelihoods and the surrounding rich ecology (instead of promoting a development model that benefits an already powerful capitalist class), it is critical to understand the underlying processes and actors enabling them.

**Figure 1**  
**Signs of Resistance: Fighting ITD's Dawei SEZ Dam Reservation**



*Source: Author's Own*

The failure of current efforts to address negative outcomes of the Dawei project mirrors the same orthodox approaches found in existing land grab literature. Many studies, for example, have focused predominantly on the role of capital, and also on the role of weak states and governance (Deininger et al. 2011). Codes-of-conduct emerged as one answer to the failure of states and

capital to bring positive outcomes to rural communities affected with ‘large-scale land acquisitions’ (and have been supported by organisations like the World Bank, FAO, IFAD, UNCTAD). But this approach largely fails in signalling the broader processes and underlying factors driving land grabs (Zoomers 2010), and thus inadequately recognises the role of the state in land grabs, either as a facilitator or promoter.

Orthodox literature aside, since 2009 many studies have taken a more critical approach, by focusing on the underlying logic and operation of capitalism as a driving factor of land grabs (Borras and Franco 2012b), and on the outcomes of dispossessing people from the land (Kenney-Lazar 2011, Li 2011); raising questions about the future of farming (Akram-Lodhi 2012, White et al. 2012). But there still remain a fairly large gap in linking literature that bridges the reason states act with theories of land grabbing, which is especially important if critical academics wish to break free from the sometimes narcissistic nature of academia and actually make a difference. As a result, this builds upon recent discussions that have brought such an analytical focus forward, in linking the state’s role in land grabs (see Hall 2011b, Lavers 2012, and the entire special issue of *Development and Change*, guest edited by Wolford et al. forthcoming).

This study also emphasises a growing intra-regional land grab dynamic in Southeast Asia, which until only very recently, has been largely left out of focus. Maybe it is because shady land deals by powerful capitalists and even violent dispossession by states are not uncommon in regions like Latin America and Southeast Asia, and have persisted for centuries during periods of colonial rule, post-independence, and repressive military rule. Furthermore, because they are less overtly connected to discussions about global crises (food, feed, fuel, financial) and their link to land grabs (though one should not assume they play no role), it has made little sense to highlight intra-regional land grabs in the conventional literature. Most of the spotlight has been on North-South land grabs, or land transactions that have been exceedingly *global* in nature (for example, Chinese companies grabbing land in Africa, GRAIN 2008).

There is now an increasing realisation among a few scholars that in fact intra-regional dynamics of land grabbing are equally important areas of focus. This is shown in the works of Ruth Hall (2012) in Africa, and in the entire forthcoming Canadian Journal of Development Studies collection edited by Borras and others (forthcoming[a]) in Latin America. However, deeper analyses of intra-regional land grabs in Southeast Asia however, still remain largely outside of the discussions. To date, only a few studies have mentioned the phenomenon (Borras and Franco 2011, Polack 2012).

The role of the state, and its relationship with capital in the global land grab has also been relatively neglected in the emerging land grabs literature where often the view is that the invisible hand is the force at play, while it remains up to responsible companies to keep harm at bay (an example of this position can be found in Deininger et al. 2011). When states have been mentioned, it has mostly been in reference to predatory deals by state-owned companies (e.g. Gulf States and South Korea) in sub-Saharan Africa. But the actual role of states in facilitating, and promoting private capital investments,

as well as the influence of capital over states, have been largely void (until only very recently), in discussions on land grabs. Perhaps the first most systematic attempt in problematising the role of the state in land grabbing is the special issue in *Development and Change* that is guest edited by Wolford and others (forthcoming). This study builds on this scant and welcome literature on state and land grabbing.

In bridging the lessons learned in Dawei, we can begin to address the underlying challenges that have been missed by the existing literature. Adopting a political economy perspective on the Dawei case makes clear that the Myanmar state is not only supporting the project, but has actually facilitated and promoted the foreign investment in Dawei. But why? And why is Thailand actively pursuing, through federal support and engagement, the project? And how is it that a private company from Thailand has come to transform this long-neglected corner of Myanmar? In other words, we must ask questions about who influences the establishment of industrial zones, for whom are they created, i.e. who do they benefit, and why. In seeking to answer these questions, we can better understand how to move forward in challenging projects that contradict the kind of development that people want and need.

## 1.2 Research Questions

This study builds upon the following question: What is the role of the state and state-capital alliances in facilitating and supporting contemporary land grabbing, how is it carried out, and why?

This question can be disaggregated into the following guiding sub-questions:

- What is the character of contemporary land grabbing according to conventional literature, and how can filling these gaps contribute to a more comprehensive understanding of land grabbing and its underlying processes?
- Why has the Myanmar state chosen to pursue SEZs for industrialisation? In other words, how do SEZs calm tensions between state, capital, accumulation, and political legitimacy?
- What are the implications of incorporating the state in the conceptual analyses of land grabbing?

This paper argues that there are three key ways to understanding how the state facilitates and promotes land grabbing, which also lends insight into what roles of they play, and why. By taking each perspective into account, we can then begin to implicate the state within the wider processes underlying the global land grab, bridging to a starting point for resistance. First, by making land available for investment, domestic states facilitate land grabs through the use of legal means to justify, define/reclassify/quantify, identify, appropriate, and reallocate land (Borras and Franco 2012a). One example has been the ‘marginal land’ narrative—a central apparatus used to enclose space for ‘more economically-productive’ means (Borras and Franco 2010, Borras et al. 2012).

Second, as new global economic powers (especially middle-income states) emerge, they are hunting for new ways to accumulate the capital and resources fundamental for sustaining growth. They achieve this by capturing control over space either through state-owned enterprises, or in supporting (through financial or infrastructural means) inward-and-outward-oriented private enterprises. For example, the rise of BRICS (Brazil, Russia, India, China, and South Africa) and middle-income countries (MICs, see Appendix 1 for a definition) are translating into a rise in land grabs, especially intra-regional land grabs. Up-and-coming states, are seeking new methods to acquire capital through foreign gatekeepers, and incorporating them into their logic of accumulation. *External* territorialisation, or the capture of control over land abroad, is one way of incorporating the logic of states in the land grab discourse.

Thirdly, in the context of globalisation, states consolidate their relationship with private entities, by allowing the free-flow of capital within and beyond their borders. The Brazilian state for example, has become a broker for private capital, its role an extension of the dominant classes of capital (foreign and domestic) (Borras et al. 2012). The signing of regional trade agreements is another way states can consolidate their relationship with capital. For example, all ten member-states of the Association of Southeast Asian Nations (ASEAN) have signed-on to the ASEAN Economic Community by 2015, which will facilitate the free-flow of trade, capital, and labour throughout Southeast Asia.

### 1.3 Overview of Chapters

The rest of the paper is organised in four chapters. The following chapter presents a theoretical discussion on the relationship between land grabbing and the state, in order to present a framework through which to analyse and politicise contemporary land grabs. Chapter three presents the Dawei SEZ case. The evidence presented points to the state and capital's role in this capital-and-land-intensive land grab. Chapter four begins by justifying the claim that Dawei is a land grab case, and follows by bridging the three roles of the state highlighted above to the empirical data. The concluding chapter calls attention to the implications of this study.

### 1.4 Notes on Methods and Methodology

This research has applied a case study approach that supports qualitative methods through a political economy lens, with a geopolitical focus. The geopolitical emphasis understands that “the production, reproduction, and reconfiguration of space have always been central to understanding the political economy of capitalism” (Harvey 2001: 23-4). The political economy lens lends to an understanding of class, and class-based relations. My units of analysis are primarily the Thai and Burmese states and their relationship with the capitalist class.

According to Della Porta, case studies “tend not to be determined at the beginning of a research project – instead, ‘they often coalesce in the course of the research though a systematic dialogue of ideas and evidence’” (Ragin 2004, in Della Porta 2008: 209). Indeed, my selection of the Dawei SEZ did not

occur until much later on in the research process, after already having entered the field.

The course of research for this study transpired in two phases: first, the initial desk research phase included browsing through online news sources, and independent reports on Myanmar. I also spent time researching current land-based investments in Myanmar (found only in unofficial reports), and the legal framework and history of rural development strategies in the country. The second phase began in July of 2012, where I spent one week in Dawei, Myanmar meeting with a wide range of informants from around the Tanintharyi region, conducting qualitative interviews and focus group discussions (see Appendix 2).

The DDA activists and Thant Zin (a Dawei native and DDA Coordinator) acted as my gatekeepers and were very influential in my research's success. Thant Zin's assistance allowed me to overcome time and language constraints, and the need to build trust (as a foreigner, I did not have the time to build up rapport with my respondents). This helped to circumvent the otherwise serious ethical challenges of conducting research in a region that holds such a long history of political repression and conflict. Because of the sensitivity of my research, and the fact that I was conducting my research on a tourist visa, I was unable to interview Italian-Thai Company representatives or Myanmar government officials.

## Chapter 2

# Land Grabbing and the Role of the State: Reviewing and Reviving Concepts

This section attempts to bridge ideas from two distinct pools of theory: a comprehensive break-down of the state, and the more recent literature emerging on the political economy of contemporary land grabs. First, this chapter presents conventional discourses on land grabbing and identifies its shortcomings. From this, I will build a working definition of land grabbing. Secondly, in keeping the state as the central unit of analysis, I will clarify the four main assumptions this paper makes about the state, all of which speak to the domestic and foreign role of states in land grabs. This chapter then concludes by bridging the two sections to explain the link between land grabbing for special economic zones (SEZs), and the role(s) of the state in this process.

### 2.1 Land Grabbing

Since 2008, land grab literature has pointed in particular to the food, fuel, and financial crises, and the response of state-owned enterprises and private capital to these crises. As a result, land is being enclosed and appropriated for agricultural use, i.e. food, feed, and fuel production (GRAIN 2008, Cotula et al. 2009, Zoomers 2010); for biomass production (McMichael 2012); for the conservation of space and natural resources, i.e. ‘green grabs’ (Corson 2011, Fairhead et al. 2012); to gain control over precious water resources (Mehta et al. 2012); and for SEZs and large-scale industrial projects (see Zoomers 2010, Levien 2012).

While the conventional framing of land grabs in response to global crises has been pivotal in calling alarm to the problems emerging out the new wave of global land grabbing, it has not captured the complete picture and gaps have been left in the process. By filling the gaps left by the conventional framing of land grabs, this subsection calls attention to a need to: consider land grabbing as not a purely foreign phenomenon; think beyond agricultural land grabs to include non-agricultural forms enclosure; and lastly, consider secondary land grabs (resulting from speculation) as equally significant, especially when they arise in the context of land-*and*-capital-intensive land grabs.

#### *The Geopolitics of Land Grabs*

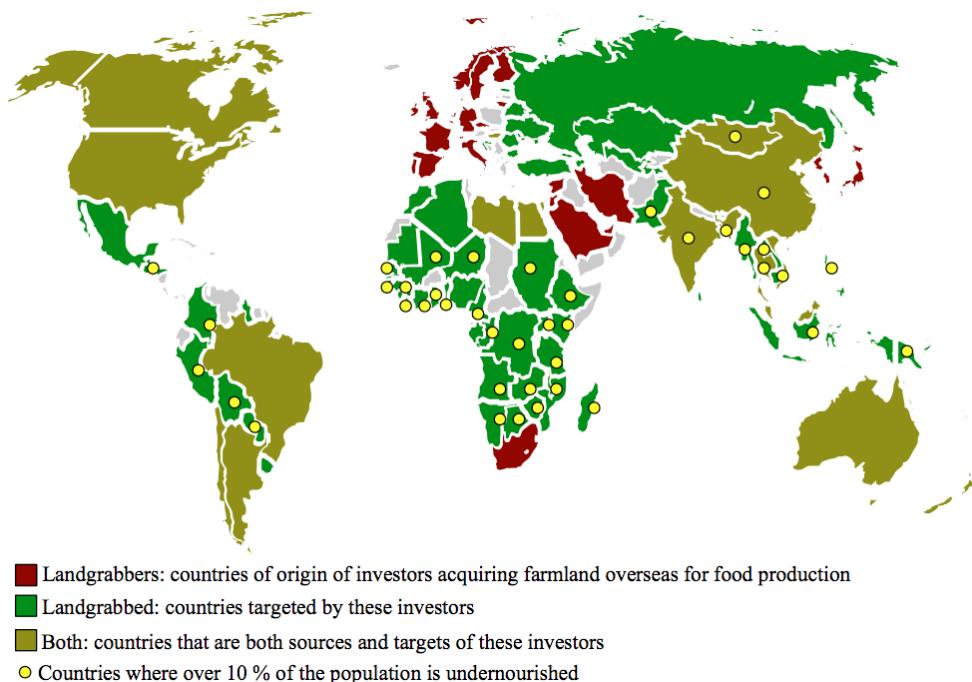
Land grabbing is not only happening in Africa, and emerging out of capital-rich Gulf States and East Asian Giants, as originally emphasised in land grab literature (Von Braun and Meinzen-Dick 2009, Deininger et al. 2011). More recent geographical perspectives on land grabbing have linked the phenomenon to the North Atlantic, referencing ‘clean’ energy initiatives, and policies promoting biofuel consumption (Franco et al. 2010). This has led to a surge in agrofuel investment in the global South. In Southeast Asia, evidence

points Indonesia, Malaysia, and the Philippines as the top exporters, but also among the most land grabbed (see White and Dasgupta 2010, Franco et al. 2010, TNI 2012). But still this remains far from the whole picture.

Perhaps it is more appropriate to contextualise the trajectory of the global land grab in light of the new hubs of global capital and the rise of the BRICs and MICs (Borras et al. 2012). In actuality, land grabbing is “reaching farther inside and outside the global South than initially reported” (TNI 2012:8), as these new hubs of capital seek to satisfy accumulation and resource demands (see Figure 2).

Evidence shows that there is an increasing intra-regional dimension to South-South land grabbing, driven by powerful BRICs and MICs, and linked to the reconfiguration of global capital. For example, Ruth Hall (2011a) mentions South Africa’s role in Southern Africa and Oane Visser and Max Spoor (2011) emphasise land grabbing in former Soviet Eurasia by extra-, but also intra-regional actors (e.g. Russia). More recently, Borras and others (2012) have highlighted intra-regional land grabbing in Latin America, by emerging players including Argentina, Brazil, Chile, Colombia, Panama, Mexico, and Costa Rica. In terms of Southeast Asia, Polack’s (2012) recent synopsis targets China as the main actor in the region, but also identified a rising trend of intra-ASEAN investment, though the specifics were absent. In Southeast Asia, almost all of the MICs are involved in intra-regional land grabbing (see chapter three), though there has not yet been an explicit study highlighting this phenomenon.

**Figure 2**  
**The Geography of Land Grabs**



### *Beyond the ‘Foreignisation’ narrative*

Framing land grabs from an intra-regional perspective alone is not enough. One of the common trends in conventional discussions on land grabbing, has been based on the ‘foreignisation’ narrative, which focuses explicitly on through land grabs, space becomes *foreignised*, through foreign direct investment which emerges out of globalisation and the liberalisation of land markets (e.g. Zoomers 2010). But this focus has failed to identify another significant characteristic of contemporary land grabs. In capturing current land grab trends, we must also consider the role of *domestic* capital, as well as the alliances between capital in general and both international and domestic states. All land grabs result from state-capital alliances and changes in the *control* over land, but by incorporating domestic land grabs, we must reframe how conventional literature has defined land grabs. This study builds upon recent studies which have highlighted these domestic, or *internal*, land grabs (Borras et al. 2012, Woods 2011), and which have provided the entry point for my own inclusion of internal or domestic land grabs in chapters three and four.

### *Beyond Agriculture-Centric Land Grabs*

Since the new spotlight on land grabs emerged in 2008 in the context of the food crisis, discourses of land grabs have focused primarily on agriculture-related land grabs. Publications have highlighted the agrofuel production (White and Dasgupta 2010) and flex crops, or crops that can be allocated as food, fuel, or feed depending on market demand (like soya, sugarcane, oil palm, and corn) (TNI 2012, Borras et al. 2012). There has also been a significant focus on the “flow of finance capital searching for safe investments after the collapse of housing markets in the North” (TNI 2012: 7), many manifesting as investments in large-scale monoculture agriculture plantations. Water grabs also often fall within the category of land grabs for agriculture, as water is the most critical input needed to expand large-scale agribusiness (Mehta et al. 2012). Climate change mitigation schemes can be also often framed within the realm agricultural land grabs, when they manifest as ‘planting forests’ in order to save real forests, or ‘carbon neutral’ palm oil plantations (Fairhead et al. 2012).

There is a need need to move beyond an agriculture-centric focus if we are to consider the waves of industrial and other non-agricultural forms of land grabs, which emerge under the same logics of capitalism, and because of the same motivations of states. In considering the ratio of *scale of capital* in addition to *scale of land* as one of the defining features of land grabs (Borras et al. 2012), we can begin to include industrial land grabs. For example, the Dawei SEZ capital-land ratio may differ from a large-scale industrial rubber plantation in Northeast Burma, but leads to the same processes in changes in land-based power relations.

Academics and research organisations in the past two years have begun to incorporate non-food land grabbing in their analyses. Annelies Zoomers (2010) was one of the first who included SEZs, large-scale infrastructure projects and urban extensions, as well as large-scale tourist complexes, as some of the key areas that land grabs are taking place. Zoomers (2010) also mentioned

resettlement zones resulting from land grabs, as also being sites of land grabs themselves (see also Loewen 2012). Derek Hall and others(2011), in writing explicitly about Southeast Asian land grabs, linked rapid regional economic growth to land being converted for industrial, residential, commercial, and infrastructural uses (roads, highways, seaports, airports, power plants, dams, etc). In the context of India, Michael Levien (2012) has discussed explicitly how SEZs and economic corridors, constitute as land grabbing. But whether the industrial transformation of agriculture, or the enclosures<sup>2</sup> of land for industrial projects, all of these processes require the enclosure of land for commodification, capital accumulation, and the ‘restructuring of social property relations’ (Akram-Lodhi 2012), often resulting from some form of dispossession.<sup>3</sup>

Including industrial projects and SEZs in analyses of land grabbing, help shed light on the role that domestic states, like Myanmar play facilitating land grabs. In the case of the Dawei SEZ, the state is the ultimate land-owner and has the power to designate land throughout the country to foreign and domestic investors, in order to boost investment earnings. Levien (2012), in a recent publication on Indian SEZ-related land grabs, also highlighted this facilitating role of the state. States facilitate and broker land deals, investors are given tax breaks, and TNCs have the potential to reap huge economic benefits. SEZs also have the potential for huge exclusionary effects. As land is enclosed, and new legal frameworks drafted for these new ‘territories’, vast populations lose control over land. Thus, SEZs offer a potential entry point on analysing the processes behind the state, their alliance with capital, and what they mean for land grabs.

Lastly, in framing beyond agricultural land grabs, we also have to consider the emergence of speculative land grabbing, which often arise in the context of capital-intensive land grabs. With the need for capitalism’s spatial fix (the capture of more land, and its incorporation under the capitalist logic), and in

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<sup>2</sup> Haroon Akram-Lodhi, here distinguishes enclosure from the kind of enclosure that Harvey (2003) discusses in accumulation by dispossession. According to Akram-Lodhi, “enclosure is about more than the privatisation of space-specific assets, in either their physical or geographical aspects, although these dimensions will be critical for people who live through the process” (2012).

<sup>3</sup> A defining logic of many of the capital-intensive land gabs, is their labour-expelling nature: as advanced capital moves in, people are left out of the equation. Levien argues that this is the case in India, as SEZs marginalise more than exploit labour, “accumulation by dispossession is, in this case, about capitalising the land while not exploiting the peasant” (2012: 964). It is important to acknowledge that while explicit expulsion is not always the case, especially where projects for contract farming are concerned: *control* is always given up over the land, and this is a form of dispossession from the means of production. However, as far as this paper is concerned, when accumulation occurs through the creation of large-scale industrial developments and infrastructural projects, low-skilled labour is rarely absorbed into the project, and always results in some form of dispossession, displacement, or expulsion of peasants who stand in the way of a ‘modern’ state. This conceptualisation of dispossession is in line with the ‘dispossession by displacement’ argument (Araghi 2009).

the capitalisation of the countryside, speculative land grabbing (or a real-estate boom) often emerges especially “in the vicinity of urban areas, industrial zones and tourist hotspots” (Hall et al. 2011: 118). As prices of land rents soar “powerful actors use coercion to grab valuable land” (Hall et al. 2011: 118). While Hall and others (2011) argue that this is an outcome of market forces, I agree that they are additionally coupled by the role of investment-hungry states, who turn a blind eye to the shady nature of the land deals. Thus, speculative land deals are often not transparent, and involve big power (and information) imbalances between farmers and investors (Hall et al. 2011).

### ***Reorienting Land Grab Discourse***

In this section, I have called for a re-orientation in the conceptualisation of land grabs. Specifically, I have called for the following to be included in ideas about land grabbing: first, the trajectory of global capital, which allows for recentralisation of analyses within new regional hubs of power and their actors; second, the relationship between domestic and foreign actors, both private and the state, and incidences when land grabs are entirely domestic in nature; and lastly, the need to focus on non-agricultural forms of land grabs as well as the incidence of speculation that arises in the context of capital-intensive industrial and infrastructural projects.

A fundamental starting point in incorporating these discourses is through a slight modification of the Borras and others’ (2012: 851) working definition of land grabbing.

*[C]ontemporary land grabbing is 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 that often shifts resource use orientation into extractive character, whether for international or domestic purposes, as capital’s response to the convergence of food, energy and financial crises, climate change mitigation imperatives, and demands for resources from newer hubs of global capital.*

It is important to add that not only are land grabs based on the capture of land explicitly for resource-extraction, but that sometimes large tracts of land are being captured also for their *strategic* geopolitical position (although they both produce the same exclusionary effects as land grabs for extractive purposes). In fact, strategic geopolitical land grabs also have an element of extraction, though not of natural resources, *per se*, but capital extraction through industrial complexes for example.

With this framing in mind, the Dawei SEZ and deep seaport can be considered as a type of land grab that is becoming more common in Southeast Asia, and framing the Dawei SEZ as a land grab is critical for resistance, action, and global solidarity (see concluding chapter).

## **2.2 Central Unit of Analysis: The State**

Globalisation theorists argue that there is an increasing disintegration of state power due to global flows of capital and labour. More specifically, there has

been a deterioration of the spatial character, or importance of state territories for capital accumulation (Sassen 2000, Steinberg 2009 etc.). Contrarily, this paper argues that states may not act explicitly through the capitalist logic of power (controlling via capitalism) (Arrighi 1994), but rather combine both territorial and capitalist logics of power (Harvey 2001), often in coalescence with non-state actors (Corson 2011). States continue to operate based on territorial logic, i.e. the process of *internal* territorialisation (Vandergeest and Peluso 1995) and *external* territorialisation (this section). Also (and more importantly in relation to framing resistance), the state remains the sole entity capable of shaping economic and social policies within its borders.

### *Defining the State, Assumptions and Clarifications*

For the purposes of this paper, the state is defined as that which “comprises the range/composition of political, social, economic and coercive institutions that exercise ‘public’ authority in a given territory” (Fox 1993: 11-12).<sup>4</sup>

Within the parameters of this study, the reader might find a limited overview of the wide ‘range of political, social, economic, and coercive institutions’ present in the countries under analysis. While I am not contesting that “there *exists* an identifiable set of actors and institutions that exert legitimate authority over a given territory” (original emphasis, Lund 2011: 887) an analysis of specific institutions will be limited to: the legal means used to attract incoming land investments; the legal conditions that force states and capital abroad in order to maintain political legitimacy; and the regional institutional context, which states sign onto, to facilitate the free-flow of capital, which is in itself a testimony to state-capital relationships.

From here, this paper clarifies three assumptions made about the state: the state’s alliance with capital, the spatial character of the state, and the state’s need for capital accumulation. Each clarification represents a building block, which, when assembled together, exemplify the role of the state in land grabs. While ideal-types should not go unproblematised, since the state is so central to this study it calls for analytical clarity.

First, according to Borras and others, “it is almost always the state-capital links that drive land grabs” (2012: 859) and understanding the forms and patterns of this provides a stronger basis for critical enquiry (Borras et al. forthcoming[b]). Land policies, and I would argue any policies affecting land relations “neither emerge from, nor are carried out, in a vacuum” (Borras and Franco 2012b: 50), they should be politicised in reference to the interests of both states and capital. Emerging out of and embedded in existing power relations, there is a strong tendency for changes induced by land and investment policies to favour (or end up favouring) dominant landed classes

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<sup>4</sup> Following this logic, and for the purposes of my analysis, the state is regarded as an institution which is separate from society and family, despite arguments like those by Anderson(1991) and Ferguson and Gupta that perhaps it is “imagined” or constructed through “imaginative and symbolic devices” (Ferguson and Gupta 2002: 981).

and groups, as well as powerful state officials and bureaucrats (Borras and Franco 2012b). Land (and investment) policies are produced in “interactions between various, often conflicting, actors within the state and... activated and implemented (or not) in a variety of ways, from one place to another and over time” (Franco 2008 in Borras and Franco 2012b: 50). States who grant long-term land leases to private capital is an example of this (TNI 2012).<sup>5</sup>

One useful approach to understanding the relationship between state and capital, is by adopting Jonathan Fox’s combined approach (1993). Fox argues that by rather focusing on the autonomy and capacity of state actors, one can rather seek to understand *why and how* states act (Fox 1993). In his view, “state action is the result of a reciprocal cause and effect relationship between changes in the balance of power within the state and shifts in the balance of power within society” and “[t]hrough conflict, each is transformed” (Fox 1993: 22). To understand this further, we can examine state policies that influence land grabs: the decisions that reclassify land to make it available for land grabs, which materialise as a result of forces within the state *and* society.

The capitalist class in both Myanmar and in Thailand have historically retained key ties with and within the governments, and equally as often, actors within the government have key stakes in the private sector. For example, Max Myanmar, a key initial stakeholder in the Dawei project, is a long-time friend and preferred business partner of the past military government in Myanmar (Panason and Pongsudhirak 2012). This kind of view allows us to go further than the state-centric discourses that emerged in initial reports of land grabbing; for example South Korean state-owned companies grabbing land in Sudan (Von Braun and Meinzen-Dick 2009), and understand that states also act on capitalist interests.

In the context the autonomy and capacity of state decision-making, states are trying to satisfy two functions: to accumulate capital and to maintain political legitimacy (Fox 1993). We must ask then, how do states maintain political legitimacy, while pursuing capital accumulation, especially if accumulation occurs through the enclosure of resources and territory? What happens if the state cannot approve a project on home territory because its own legal framework provides enough leverage for civil society to resist?

An example is the resistance to the expansion of the Map Ta Phut Industrial Complex in Rayong Province, Thailand (see Appendix 4), where devastating health and environmental costs have been highlighted (HURIGHTS Osaka 2012).<sup>6</sup> One way that states in this situation, like Thailand,

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<sup>5</sup> This study will make multiple references to the state with this state-capital alliance assumption in mind, but it should be noted that this is a long-debated assumption within Marxist political economy (society-centered approaches), and between Weberian political economy (state-centered approach), and further analysis can be found in Appendix 3.

<sup>6</sup> It should be understood here that I am not associating the legitimacy claim as the sole reason for environmentally-destructive industries to move to lesser-developed countries. The export of polluting industries to the ‘periphery’ has also been linked to

can avoid these kinds of confrontations and risk of political illegitimacy, is by supporting initiatives abroad in countries that have significantly more lenient social and environmental protection laws, (as in the case of Myanmar) – projects that are hinged on the acquisition of land. This is where capital accumulation and the state's use of space enters the debate.

This leads us to the second clarification: the spatial nature of the state. States still exert power through territorial means, and one of the ways states accumulate capital is through acquiring or establishing control over physical space, or territory, either within their own 'sovereign' territory, or another's.<sup>7</sup> According to Sack, territoriality is the "attempt by an individual or group to affect, influence, or control people, phenomena, and relationships by delimiting and asserting control over a geographic area" (Sack 1986: 19). This supports the claim that (state) capitalism "is addicted to geographical expansion" (Harvey 2001: 24). In combining the role of the state, territorialisation, and capitalism, we can find evidence of this outward expansion within the wave of land grabs associated with growing MICs.

Territorialisation is a "state controlled process" where the state acts "as a vehicle through which numerous non-state entities" (see also Baletti 2012) and seek to "expand their control of and authority over" resources (Corson 2011: 703). In "prescribing specific activities within spatial boundaries", (i.e. rules of access for private actors) territorialisation facilitates changes in control over land (Vandergeest and Peluso 1995: 387). In other words, states, in their alliance with capital, institute the enclosure of space. Thus states are not the only actors operating under territorial logic, but private actors in alliance with the state, also seek to control land.

In some cases, control over territory is passed on to domestic *and* foreign entities. While internal territorialisation happens when the government creates the legal means to legitimate spaces of accumulation/investment within national boundaries (Vandergeest and Peluso 1995),<sup>8</sup> I believe states are also

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lower production costs because of "low wages, cheap resources and energy, low taxes and other subsidies" not just the "limited state control of the environment and the health, safety, and well-being of its citizens" (Frey 1998:70).

<sup>7</sup> This paper does not deal explicitly with sovereignty, though traditionally linked with concepts of territory and states. Territory here, is about *governmentalising* space, and the control of a territory in this ideal type, does not require an analysis on sovereignty. If a sovereign territorial state has "the autonomous capacity of controlling their own territory and population in isolation from external relations" (Emel et al. 2011: 72) then the same state decide to free up territory for the control of another. "What we see is not state sovereignty as much as state-capital sovereignty through which sovereignty itself is made through a constellation of mutually reinforcing conditions and constraints placed upon the state by capital, and vice versa" (Emel et al. 2011: 77)

<sup>8</sup> For example, land grabs *within* a nation's borders, i.e. domestic land grabs, like the Myanmar land grabs highlighted by Kevin Woods (2011), Malaysian Cambodian, Philippine and Indonesian land grabs as highlighted by Borras and others (Borras et al 2012).

involved in a process of *external* territorialisation. External territorialisation, is when a space is enclosed for the purposes of another state's accumulation, and emerges out of alliances between states (not just state-capital alliances). Both internal and external territorialisation involve state-led strategies that promote accumulation, for state and capital. This can be found in the example of Dawei, where both states are acting in alliance with each other, and with capital (see chapter 4).

The last area of clarification is the state's role in capital accumulation. As mentioned earlier, the state's two central functions are contradictory: to accumulate capital and maintain political legitimacy. But what lies at the core of capital accumulation? While capital accumulation according to Karl Marx, initially appeared in England, with capitalism emerging via primitive accumulation, or “the state's use of direct force to evict peasants from their land and separate them from ownership and their means of production” (in Elyachar 2005: 27). More recently, David Harvey (2003), in light of contemporary capitalism, writes about the *overaccumulation* crisis of capitalism, one in which capitalism inherently needs to continue to commodify and capture new resources, as its driving force. This is a process of accumulation by dispossession, as the crisis of capitalism leads to winners and losers.

The difference between Marx and Harvey's ideas has to do with the character of contemporary capitalism. Where in Marx, once primitive accumulation occurs, capitalist logic takes over, with Harvey, “primitive or original accumulation is constant and central to the ongoing ability of capitalism to reproduce itself” (in Elyachar 2005: 28). Capitalism reproduces itself through the commodification and privatisation of land; the creation of private property rights; the suppression of rights; the commodification of labour; the appropriation of assets (including natural resources); the monetisation of exchange and taxing of land; debt and credit driving primitive accumulation (Harvey 2003). It requires “the strong backing of state powers” with the motives being “internally driven (as in the case of China), or externally-imposed (as in the case of neo-colonial development in the export-processing zones of Southeast Asia)” (Harvey 2003: 154). It also breaks from (Marx's) historical analyses of modes of production, ‘freeing it for application’ to contemporary contexts: “SEZs, slum clearances, large-scale agricultural plantations, dams, real estate development, infrastructure projects and all manners of privatisations of natural resources and public wealth” all of which rather than create the preconditions for advanced capitalism, are a function of advanced capitalism (Levien 2012: 938).

According to Glassman (2006) and Levien (2012), contemporary dispossession happens through extra-economic force. They break from Harvey (2003) who argues that dispossession happens because of processes of financialisation, and argue rather that accumulation by dispossession is “fundamentally a political process in which states – or other coercion wielding entities – use extra-economic force to help capitalists overcome barriers to accumulation” (Levien 2012: 940). In building upon this idea, this paper argues that we can then begin to look policies and *political claims* that states make that promote and facilitate land grabbing, and frame them under processes of accumulation by dispossession. This is especially useful for analysing land grabs

that fall within the (state-capital) profit motive (Levien 2012, Hall et al. 2011), like in the case of SEZs.

### 2.3 Special Economic Zones as Territorialisation, and Land Grabbing: Resulting From the Tension Between Capital Accumulation and Political Legitimacy

In the above discussions on useful ways to frame land grabbing, and the role of the state, we can begin to bridge the two to provide a working theoretical framework for the following analysis. Consequently, we must focus on:

- The link between the new polycentric nature of global capital, MICs, and the regionality of land grabs;
- The role of state-capital relationships in facilitating these land grabs;
- The capture of control over land, often via extra-economic means, for the purposes of capital accumulation.

States in Southeast Asia continue to rely on territory for state-building and capital accumulation. As new middle-income countries emerge in the region, they are seeking new ways to accumulate capital, while maintaining political legitimacy. The less-developed states in the region also face the same accumulation/legitimacy conflict, though can often evade significant tensions through established ties between capital and the state, but also because of pre-existing weak legal protection of the population and environment. Thus, the capture of control over territories, whether via internal territorialisation or external territorialisation, always emerges out of key state-capital alliances.

As I will explore in further detail in chapter four, SEZ and infrastructural projects share the same contextual drivers and implementation processes as conventional land grabs, and therefore should not be excluded. Despite sometimes requiring *less* land than conventional land grabs (though not always, as in the Dawei SEZ), SEZs require significant capital investments (the Dawei project will require up to USD \$58 billion). As rural spaces become highly capitalised, rural populations face the loss of control over their land—through dispossession—but also in the form of expulsion, both directly because of the projects, but also because of local economic speculation.

The territorial/spatial dimension of SEZs is important in linking industrial/infrastructural projects to land grabbing, because the state must put forth the legal manipulations to facilitate the enclosure of land (via extra-economic means). According to Harvey, “any social formation or territory that is brought or inserts itself into the logic of capitalist development must undergo wide-ranging structural, institutional, and legal changes” (2003: 153). Examples of institutional and legal changes can be found in the creation of specific legal frameworks for SEZs, as in the case of the Myanmar Special Economic Zone Law – the purpose of which is to attract investment.

In terms of the spatial dimension of both SEZs and contemporary land grabs, the state acts as the primary gatekeeper for accessing the land. The state acts either in its own capital accumulation interests, or on behalf of capital's.

This is evident in contexts where the state is the legal landowner (as in the case of Myanmar and the Dawei SEZ), or invites private investment to further its own growth. In other words, states in the global South are not only *facilitators* of capital accumulation, but the state is an actual *actor* in the process of capital accumulation through its own pursuit to satisfy economic growth and industrial pursuits (Hui 1985).

In reviewing the discussion on land grabbing and the state, it becomes possible to consolidate the role of the state (and alliance with capital) in land grabbing in three main points. The first is the role of the state in facilitating land grabbing by use of legal means to attract investment. States, according to Borras and Franco facilitate all investments, through the: “(i) invention/justification, (ii) definition, reclassification, quantification, (iii) identification, (iv) acquisition/appropriation and (v) reallocation/ disposition of land” (2012a: 4). The second role of the state is that in light of continued growth, states themselves act to accumulate capital and resources needed to sustain their own development. For states that hold more accountability to its citizens, as in the case of Thailand, they instead seek to capture control over territory abroad, or external territorialisation, to fuel their own capital accumulation (and that of the private sector), but also in order to satisfy political legitimacy. The third role is that states facilitate the free-flow of capital, for example through the creation of SEZs, or the signing of intra-regional trade deals. Where state-capital alliances are strong, states exert their power and authority to facilitate accumulation and in some respects, are *puppeteering* the invisible hand within their borders and through key alliances abroad.

## Chapter 3

# The Dawei Special Economic Zone: Evidence of the Role of the State (and Alliance with Capital) in Land Grabbing

**Figure 3**  
**Thanintharyi Region: Future Dam Reservation Site**



*Source:* Author's Own

This section presents key elements needed to answer the study's research question: How do states and the state-capital alliances facilitate and drive contemporary land grabbing, while attempting to accumulate capital and maintain political legitimacy? This section will focus on how Myanmar in its pursuit to attract foreign investors, coupled by the rise of one particular Southeast Asian MIC, i.e. Thailand, and the accumulation imperative, has led to the establishment of a SEZ in Dawei. This SEZ will likely expel tens of thousands of people from the region, which will have ripple effects on the remaining 500,000 residents in Thanintharyi region. In presenting the components and initial outcomes of the Dawei SEZ, we begin to see how, through the enclosure or capture of control over territory via state-orchestrated means, there is a consolidation of state-capital alliances in Myanmar.

### 3.1 The Regional and National Contexts

Within regional and national contexts, the Dawei SEZ is the consequence of two converging phenomena: the newly emerging economic hubs within Southeast Asia seeking new investment opportunities to fuel their capital and

resource needs intra-regionally; and the desire and urgency to attract and accumulate capital in Myanmar, after decades of near-solitude in a globalised world.

New MIC demands for capital and resources lead to an intra-regional surge in land grabbing, which has gone widely undocumented in Southeast Asia. In conducting even the most preliminary web-searches, it is possible to find evidence of domestic and foreign land grabbing, occurring in each of the MICs: Thailand, Malaysia, Vietnam, Indonesia, and the Philippines (see Table 1). It is also becoming apparent that each country is present abroad in terms of land grabs in the region (see Map 1).

**Table 1**  
**Regional Land Grabbing Trends by ASEAN MICs**

Middle-Income Country	Evidence of Domestic Land Grabs?	Evidence of Outward Land Grabbing? Example(s).
Thailand	Yes	Yes. Thailand, Cambodia, Lao.
Malaysia	Yes	Yes. Myanmar.
Vietnam	Yes	Yes. Laos, Cambodia.
Indonesia	Yes	Yes. Vietnam
Philippines	Yes	Yes. Myanmar.

*Source:* Author's Own Research.

Outward investment in the region is on the rise, growing from 0.4 per cent in 2002 to 3.5 per cent in 2011, with Malaysia, Thailand and Indonesia performing above the others (UNCTAD. 2012). Most of these investments occur within the Southeast Asian region (UNCTAD 2012). Countries with significant intra-regional incoming investments and a high presence of land grabs are also among the poorest, including Myanmar, Cambodia, and Laos (see Table 2).

Myanmar is no exception. After decades of political repression, conflict, and human rights abuses, the country has been left economically plundered, and desperate for income. On March 30, 2011, the military junta transferred power to a civilian government, spurring a welcome wave of political and economic reforms (Thabchumpon et al. 2012). In his inaugural speech, President Thein Sein called for a new era in Myanmar, shifting from an agricultural-based to industrial-based economy, in order to bring the country up to the regionally competitive standard (Thabchumpon et al. 2012).

**Map 1**  
**Southeast Asia and Evidence of the Growing Intra-Regional Land Grab**



Notes: Arrows represent outward land grab cases. Actual sites of land grabs are not represented here.

**Table 2**  
**Southeast Asia: Share of Incoming Foreign Direct Investments, 2010.**

Country	Intra-ASEAN	Extra-ASEAN
Myanmar	38.1	61.9
Cambodia	44.6	55.4
Lao PDR	40.7	59.3

In percentage points. Source: <http://www.aseansec.org/stat/Table25.pdf>.

Reforms have occurred the fastest in the economic sector, in hopes of attracting the foreign investment needed to transform the country. Myanmar's inward investment grew from USD \$428 million in 2006 to USD \$850 million already in 2011 (UNCTAD 2012). In addition to amendments to the monetary policy and the banking sector, three laws that facilitate land-based investments have been approved; two new land laws were approved in March 2012, and the

foreign investment law which was approved in early November 2012 (see Appendix 5).

While published copies detailing the new investment law have not been released yet, the Financial Times reports that the law lifts the previous requirement for foreign investors to hold 35% joint ventures with local partners, allowing them to decide more specifically between themselves (Robinson 2012). As in the 1988 law, foreigners can still operate alone, without the need of a local partner, and in areas where there are restrictions (such as in agriculture and fisheries), the Myanmar Investment Commission can decide case-by-case whether it wants to approve foreign investment (Reuters 2012). Also amended was the allowable length of land leases, and according to one media report, the new law allows foreign investors to lease the land from the government for up to 50 years, and can be extended twice for a total of 20 more years (Reuters 2012). In the new law, foreign firms also can enjoy tax benefits, with tax relief and holidays for foreign investors, to be decided case-by-case (Reuters 2012).

Despite minor amendments to the two pre-existing land laws, what is important here is that the state remains the primary proprietor of all land in the country. In the new laws, the state retains the right to decide upon the allocation of land, so long as it can be legally classified as fallow land, or that it is not used in a productive manner, according to state-definitions (Loewen 2012). In précis, with the rollout of both FDI and land law reforms, the state maintains the power to decide who benefits from incoming investments.

In the hopes of attracting foreign investors, Myanmar seems have followed an Asian trend of this past decade, which is to establish SEZs. According to one report, as of 2012 Myanmar's investment commission has already committed to 25 SEZs in the country, partnering with investors from Thailand, Malaysia, Japan, South Korea, China, and Singapore (Mizzima News 2012b).

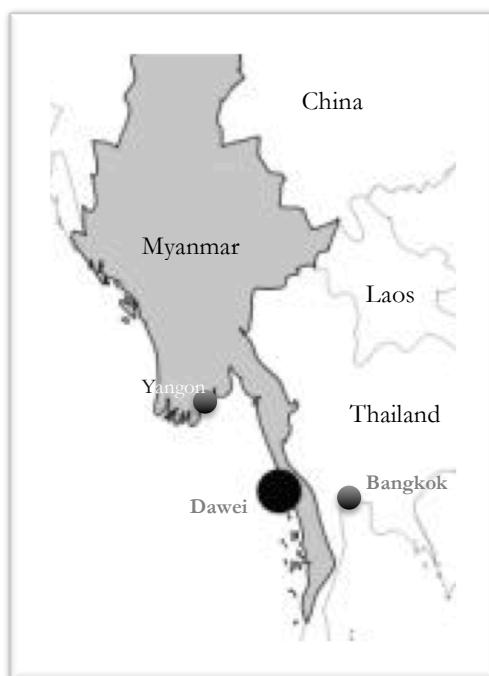
The changes seem to be making an impact already. Investors from within the region are especially active in the country—less sceptic than investors from the North—and are taking advantage of their strategic relationship and proximity to Myanmar. Evidence can be found in the surge of land-based investments. As of 2008, 198 companies were granted leases to 627,000 ha of land in Burma, and one report suggests that this has risen to 216 companies and nearly 708,000 by earlier this year (Kramer and Woods 2012). While neighbouring Chinese state-owned and private corporations heavily dominate investment in the country, Thailand's investment comes at close second (at 23.8 per cent of total foreign investments in Myanmar) (Ridhiprapart 2012). Thailand's volume of investments have been on the steady increase since 1989, with a brief slowdown during Thailand's financial meltdown in the late 1990s and early 2000s. With the re-emerging outward investment strength of Thai capital, investors are 'going out' with fury, seeking new ways to fill stagnant bank accounts, capitalising on their state's close proximity to the Myanmar State (in terms of political and economic rapport and in geography). Also, Malaysian, Indonesian, and Filipino investors are seeking to capture their piece of the Myanmar pie.

### 3.2 Project Area

Dawei is situated in the southernmost region in Myanmar, Tanintharyi Division (formerly Tenasserim Division), bordering Mon State to the North, and Thailand to the East, connecting the Malay Peninsula with mainland Asia (see Map 2). Due to its ecological-diversity and strategic position along the Andaman coast, the region has remained highly populated and prosperous for thousands of years. Current estimates suggest that 500,000 people live in all of Tanintharyi Division; an ensemble of farmers and labourers, families and villages, both present and those working abroad (Anonymous [A1], 14.08.12). An estimated 85 per cent of local livelihoods are in small-scale plantation cultivation in the mountains and valleys (Loewen 2012). Other livelihoods are based on fishing, and small-scale agriculture processing industries in small and peri-urban centers like Dawei (Anonymous [A1], 14.08.12).

The area and its peoples also have a complex history (far from notions of a peaceful, rural existence), with outside violent intervention lingering in the region for decades. In 1997, one year after an initial Thai-Myanmar road link survey was completed, the Myanmar military government launched an offensive against the Karen National Union (KNU) resistance group, leading to an estimated 20,000 people who were either internally displaced (hiding in jungles, etc), forced into military-established resettlement camps, or those who fled to Thailand (Abreau 2012, Anonymous [A3], 15.08.12). Now, the residents who are left face a wave of extra-economic force that will likely drive many of them out in order to make way for the industrial, trade, and logistical hub (Thabchumphon et al. 2012).

**Map 2**  
**Location of Dawei, Myanmar**



### 3.3 Project Background: Scope and Scale of Dawei SEZ

In 2008, the Thai and Myanmar governments signed a memorandum of understanding (MoU) to construct the Dawei SEZ and transport links to Kanchanaburi, Thailand, integrating it into a larger Asian Development Bank's (ADB) Greater Mekong Sub-region (GMS) transport corridor (see Figure 4). In the same year, another MoU was signed between ITD, Thailand's biggest construction company, and the Myanma Port Authority (MPA), which secured ITD the right to conduct a ground survey in Dawei (Thabchumpon et al. 2012). Finally in 2010, the MPA granted ITD a 75-year concession to develop the infrastructure and manage the project (Thabchumpon et al. 2012, Sukkomnoed and Porkar 2012). ITD agreed to pay US\$ 37.5 million for the total land lease (Thabchumpon et al. 2012).

In January 2011, the Dawei SEZ Law was drafted by the Myanmar State, which established the legal parameters to render the project area a separate territory, or an enclosed space, with its own tax framework and incentives to attract foreign direct investment (Thabchumpon et al. 2012). The Dawei SEZ Law, a 104 page document, grants ITD and other future investors (operating under the name Dawei Development Corporation, or DDC), control over the development 204 square kilometer project area (within the legal provisions), granting private bodies decision-making over the components of the project, the resources, and the disposing of people who currently live within its borders. The DDC will seek rents from industrial investors once they have completed the infrastructure.

The Dawei SEZ is not expected to be completed until 2020 (Thabchumpon 2012), though a recent visit to the region suggests that works on the road link, relocation sites are already well underway, and people within the project site area have begun to be displaced. One source reports that ITD intends to complete infrastructure construction (phase I of the project), before the inception of the ASEAN Economic Community in 2015 (Thabchumpon et al. 2012).

When completed, the Dawei SEZ will include: a deep seaport, shipyard, a large petrochemical complex, heavy industry zone (including a steel mill), oil and gas refinery and complex, as well as medium and light industries (fertilizer plant, pulp and paper), energy complex (coal-fired power plant, hydro power plant), relocation sites, and a road/pipeline/rail link that will extend 350 kilometers to Bangkok. In total, the 204 square kilometer SEZ will cost over USD \$50 billion in infrastructural investments and will be Southeast Asia's largest industrial complex (ITD 2011). Research estimates suggest that in total, the project will occupy an estimated 63,768 total acres, and will cause an official amount of 32,274 displaced peoples (Loewen 2012). Actual SEZ-related dispossession is underestimated though, as initial ITD figures do not include displacement from within the dam, road link, and relocation areas. Actual numbers are difficult to calculate, since no census has been conducted since the 1980s, and many residents have migrated to Thailand for work, in the hopes of eventually returning home.

**Figure 4**  
**Transport and Trade in The Greater Mekong Sub-Region**



### 3.4 Myanmar State

In light of the country's reform process, legal framework, and hunger for capital, the Myanmar State is the primary gatekeeper for the entry of Thai State and capital that are involved in the Dawei SEZ project, and is a central stakeholder in the project itself. According to President Thein Sein, if Myanmar wants to be competitive with its neighbours and the broader Southeast Asian region, the country has to attract foreign private investors (New Light of Myanmar 2012). According to Wolford and others (forthcoming) this kind of discourse is one way that large-scale dispossession, appropriation and extraction are seen to be necessary for national development.

Dawei is also strategic for the Myanmar State to materialise its ambitions for industrial prowess, a new economic order; in other words, accumulation and development. If the state continues to cooperate with the Thai State (its more powerful capitalist neighbour), and the wider ADB's vision for the GMS, the two countries could become strategic economic partners within the GMS (Thabchumpon et al. 2012).

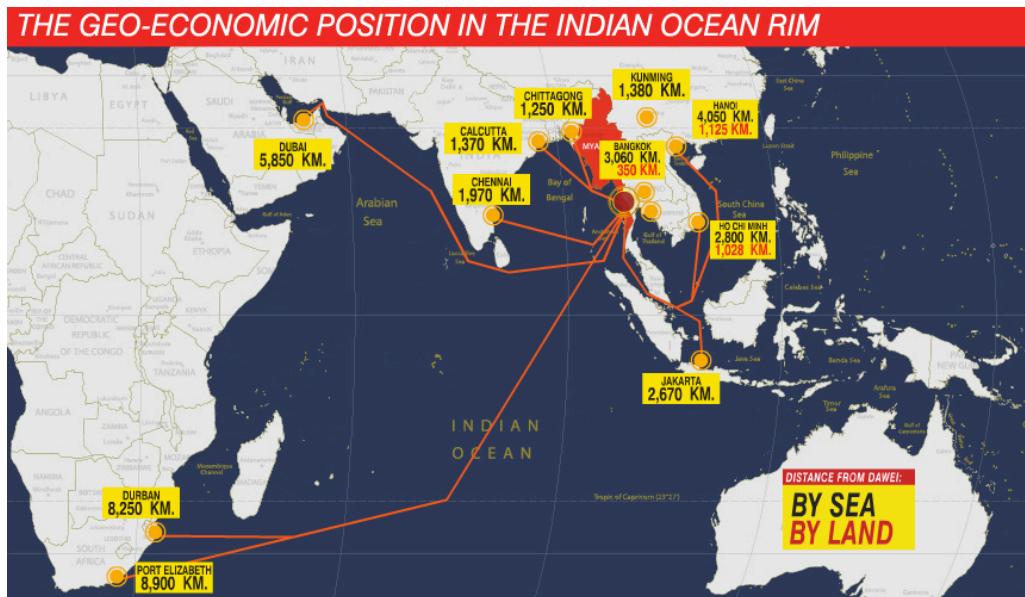
### 3.5 Thai State

There are two elements of strategic geographical importance for Thailand in the Dawei SEZ. First, Dawei happens to be the nearest gateway to the Andaman Sea from Bangkok, slashing trade distances, and bringing the Thai economic/industrial hub in closer proximity to India, the Middle East, and South Africa (Loewen 2012) (see Figure 5). Second, the project strategically plugs into the ADB's East-West Economic Corridor, which connects Dawei to Laos, and Vietnam, via Bangkok; the Southern Economic Corridor to Cambodia and Vietnam, via Bangkok; and the North-South Economic Corridor with rail links to Kunming, China, once again, via Bangkok. The key point here, is that Thailand is set to make big gains from linking these three strategic trade and transportation routes in the West, to the Andaman Sea and beyond.

The Dawei SEZ will also fuel Thai economic growth, through the import from energy-projects in Myanmar, and the secondary-commodity exports which are in high demand for Thai economic growth (Sukkomnoed and Porkar 2012). Chemical industries are central to the Thai Economy, as seen in the financial success of the Map Tha Put Industrial Estate in Rayong Province, and increasing domestic demand for its products. As a result, the Thai State has made significant investments in petrochemical industries, between 2004 and 2018, and the Thai State is expected to invest around €10 billion (USD\$ 13 billion) to expand the industry.

As Thailand "stands to gain the most in the project" through increased trade volume between the two countries, and by transforming Thailand into a major transit and export hub between ADB's economic corridors and to India and beyond (Chachavalpongpun 2012, Thabchumpon et al. 2012), the strategic expansion of economic influence in Burma will ultimately secure long-term accumulation and resource needs (Chachavalpongpun 2012).

**Figure 5**  
**Dawei Deep Seaport: Bringing the World Closer to Bangkok**



Source: [www.daweidevelopment.com](http://www.daweidevelopment.com)

The importance of Thai State accumulation in Dawei can be reflected in three areas. First, by promoting the capture of resources and financial opportunities abroad through bilateral and regional agreements. The Thai State, before 2006, had already signed “39 bilateral investment treaties and 56 double taxation treaties with partner economies by 1 January 2006, and concluded various regional arrangements (including the ASEAN Free Trade Area, ASEAN Investment Area, ASEAN Framework Agreement on Services)” (Wee 2007: 108). Thailand has also promised to boost its bilateral affairs with Myanmar (Bernama 2012), and the obvious link between the two in ASEAN is one way that barriers for investments between the two countries is being dissolved.

Second, Thai State accumulation is driven by promoting outward investment, and providing key investments which plug into projects which boost the Thai economy. Despite no explicit outward FDI policy, “the (Thai) Government has been encouraging [...] enterprises to go abroad since the early 1990s through various measures and institutional support facilities” (Wee 2007: 108). One way the Thai State encourages firms to invest abroad is the provision of finances (Wee 2007), or, in the case of the Dawei SEZ, by paying for key infrastructure needed to link Dawei to Bangkok. In May 2012, it was reported that the Thai government had approved a USD \$1.1 billion public investment for the construction of the infrastructure related to the SEZ (Lefevre and Raybould 2012). There will be a four-lane road linking the Myanmar border towns to Bangkok, government offices, and houses for Thais eventually working in Dawei (Lefevre and Raybould 2012). This project has been granted to Italian-Thai Development (ITD), the main investor in the Dawei SEZ.

The third reason is the attention the Thai State has given to Dawei since 2008. From the former to the present Thai government, Dawei has consistently been favoured the state, and this is consolidated in repeated visits by high-level Thai State officials (who often visit with powerful potential investors) to the Myanmar capital and the project location. This is a sign of state efforts to consolidate the opportunity for accumulation. One of the more recent visits was in January 2012 when the Finance Minister of Myanmar hosted a Thai delegation which included the Thai Finance Minister and “high-level executives from the Asian Development Bank (ADB), Siam Commercial Bank, Krungthai Bank, and Bangkok Bank” (Thabchumpon et al. 2012: 12). While accumulation is being promoted by the Thai State, projects that do not undermine the state’s political legitimacy, tend to be favoured over ones that do.

Avoiding challenges to its political legitimacy is one main motivating factor for Thailand. Some critics suggest that the state is motivated to invest in Dawei, because similar projects, like the highly controversial Map Tha Put project (See Appendix 3), have failed to generate civil society support, it becomes logical to export the dirty industries in order to save face. According to former Thai Prime Minister Abhisit Vejjajiva, “[s]ome Industries are not suitable to be located in Thailand. This is why they decided to set up there in Dawei” (The International Herald Tribune 2010). Mr. Tanit Sorat, of the Federation of Thai Industry was also quoted as saying “Myanmar still ignores environmental issues. Dawei is the world's solution for industry that affects the environment, heavy industry and the industry that is banned in other countries” (in Thubchampon 2012: 15). By avoiding the expansion of its existing industrial estates (EARTH & TERRA 2012), and by promoting them in Dawei, the Thai State avoids the risk of civil society outrage at home. This is because Thailand has come a long way in the past decades, and now has increasingly progressive human rights and environmental protection laws (Loewen 2012).

### **3.6 The Role of Capital in Dawei**

Thai capital, Italian-Thai Development Company (ITD) is perhaps the most visible in the Dawei SEZ. In 2011, ITD registered the Dawei Development Company Limited (DDC) to implement and manage ITD business in Myanmar, and initially owned 75 per cent of the DDC shares (Thabchumpon et al. 2012). Apparently, ITD has had its eye on the project for a long time; Sukkomnoed and Porkar (2012) suggest that at least sixteen years ago, ITD had already begun conducting feasibility studies to secure its interest in the project into the field.<sup>9</sup>

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<sup>9</sup> There has been recent speculation that the company will announce its withdrawal of 50 per cent of the total project investment (Loewen 2012) and begin actively pursuing other investors to join the project. Currently, the company is trying to secure USD \$8.5 billion to finance the first phase of the project (Lefevre and Raybould 2012), and is apparently seeking investors from beyond both Thailand, and Japan, to secure the

But ITD is not the only Thai investor linked to the project, and other Thai companies are “currently negotiating prospective investments in Dawei’s second and third development phases” (Chachavalpongpun 2012). The potentially lucrative deal has attracted “Thailand’s oldest and largest trading business, Loxley Public Company Limited,” interested in power transmission lines and oil and gas projects “sent a team to Dawei in April 2011 to assess the project’s feasibility” (Chachavalpongpun 2012). Also, in November 2011, together with the Ratchaburi Electricity Generating Holding Public Company (RATCH) (Thailand’s largest private electric utility company), ITD signed a MoU to develop three coal-fired power plants in Dawei: a 400MW plant, and two 1800MW plants (Thubchampon 2012). In the MoU, ITD secured 70 per cent of the total investment, and RATCH, only 30 per cent.

Though at first glance, media and civil society reports mentioning the project often exclude the role of Myanmar capital involvement (Mizzima News 2012a), from the conception of the project, there has always been private domestic participation in alliance with Thai capital. Max Myanmar Co Ltd, the local stakeholder in the DDC, initially held 25 per cent of the company’s shares, but due to supposed financial concerns, the company has since pulled out (Mizzima News 2012a).

But, this does not mean that domestic capital is no longer involved in the projects associated with the Dawei SEZ. According to sources in Dawei, there are two significant investments that have led to land grabs by Myanmar capital, hoping to secure strategic vantage points near the industrial and manufacturing zones. The first is a 150,000-acre rubber and oil palm plantation established in 2012 near Tainintharyi township, by Vantage Myanmar Co Ltd (Anonymous [A5], 20.08.12). Second, there is rumour of a 1,000-acre coal-fired power plant established in Nan Taunt Village, Palaw Township, by Htoo Trading Co (owned by U Tay Za, a crony businessman—perhaps Myanmar’s wealthiest—who has been linked to dirty business ties to the former military junta. (Anonymous [A5], 20.08.12).

Domestic capital also has been linking up with foreign capital. One example is the Htoo Group (Htoo Trading Co’s parent corporation) and the Union of Myanmar Economic Holdings Ltd (a former creation of the military junta), who have teamed up with Guangdong Zhenrong of China (which one of China’s top four state petroleum traders), to build a USD \$2.5 billion, 2,619-acre oil refinery in Launglon (22 kilometers South of Dawei) (Aizhu 2012, Loewen 2012).

Beyond these easily-targeted land grabs, is vast land acquisition by several companies from Dawei and upper-Myanmar, who have been buying up land leases from local land brokers in shady deals, without the consultation of

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capital necessary. In any case, the DDC will remain the primary stakeholder, with ITD as its main stakeholder. ITD will profit as the owner and developer of the infrastructure, and as the rent seeker of the industrial complex.

farmers (Anonymous [A2], 14.08.12). The deals are conducted behind closed doors, and one land broker said that the process was as easy as pointing one's finger at a map, identifying which land is desired, and then putting the money forward (Anonymous [A9], 18.08.12). In other words, the Dawei project has led a wave of speculative land grabbing—a result of a real estate and local economic boom associated to the SEZ project. Because of these deals, land prices have skyrocketed, reaching as high as 25 times their pre-2008 prices (Anonymous [A9], 18.08.12).

Compensation in these deals, if any, is often delayed and always below market prices, evidence of fragmented power dynamics (but with new, private actors) in the region (Loewen 2012). The land registry maps are in government offices, which have remained essentially out-of-bounds throughout decades of military rule, and many farmers still feel they do not have the right to inquire about these official matters, let alone resist the individual deals (Anonymous [A2] 14.08.12).

According to Akram-Lodhi (2012), this kind of market-led exclusion is a universal process in capitalist development. Certainly, this real-estate boom and subsequent wave of indirect land grabs is an inevitable process linked to the Dawei SEZ, and is resulting to a final squeeze in Dawei and the wider Thanintharyi region. Initial research attempting to quantify the indirect land grab (which only seeks to raise attention to the issue, and not make any definitive claims), is at minimum 153,919 acres (Loewen 2012).

### 3.7 State-capital Alliance

State-capital alliances in Southeast Asia have both historical and contemporary relevance. Historically, authoritarian states emerging out of the colonial era relied on key capitalist allies. Relationships with individuals within top government levels create win-win situations for individuals within governments, and their key capitalist allies.<sup>10</sup> There are four relevant arguments here, which suggest that maintaining these alliances remain priorities for all project (and associated) stakeholders.

First, maintaining the relationship with capital becomes evident in the two states bilateral and regional-level commitments. In 2008, the Myanmar State and Thai State consolidated their commitment to private capital in the initial MoU signing. Both states in this case strategically signed this deal, in anticipation of its success based on its strategic trade position on the Andaman Sea, and potential as an industrial hub. But perhaps their commitment to capital was facilitated much earlier as they joined the Greater Mekong Sub-

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<sup>10</sup> Almost every country in Southeast Asia has elements of this crony capitalism, reflected in state preferences within the private sector, and the legal parameters to protect them. The Dawei case is no exception, and is rife with partnerships and alliances between the state (Myanmar and Thai) and preferred capital (local and foreign), all of whom are anticipating the potential of high economic returns (Thabchumpon et al. 2012).

Region (GMS) in 1992, along with Cambodia, China, Laos, and Vietnam, in order to encourage the development of infrastructure to facilitate interregional trade (Wee 2007). Or was it with the strategic signing of the Acceleration of the Establishment of an ASEAN Community by 2015, signed by state leaders in 2007, which seeks to enhance regional development and intra-regional trade and foreign investment flows?<sup>11</sup> Most recently, this state commitment to capital has become apparent in a recent creation of three ministerial-level committees by both governments (one of which is the Burma-Thailand Joint Committee for the Comprehensive Development in the Dawei SEZ) to oversee the completion of the project's first phase by 2014 (Srivalo 2012). In all cases, states are playing a central role in the free-flow of capital.

Second, the Myanmar State in owning all land in Myanmar, must facilitate the capture of space by incoming investors, as it has been done for ITD in the 2008 MoU between the MPA and ITD. While the most obvious winner in this case is ITD who could enter Dawei, but also the central government of Myanmar who gains in rent and in recognition, as the country attempts to market itself as a stable and attractive country to potential investors. But, in facilitating ITD entry into Dawei, the political legitimacy of the Myanmar State could come into question. In anticipation of this, the state has recently established a land grab committee to oversee the social damages caused by foreign investments in the country, and in 2012 the committee announced it would be visiting Tanintharyi Region to enquire into the Dawei land grab. This has been problematised by civil society in Dawei, in claims that some "members of this committee have direct financial stakes in the Dawei SEZ and industrial development project" (Loewen 2012:13). Thus, the motives in this attempt to maintain political legitimacy remain in question, while old habits overshadow any do-gooding of the Myanmar State.

Third, in order to connect Bangkok, Thailand's economic hub with the Dawei SEZ Thailand, more than USD \$1 billion of taxpayer dollars have been allocated 203 projects to support the Dawei SEZ. The money will be spent on "a four-lane road linking Dawei and the Thai-Burmese border, a 93-million cubic meter reservoir, a coal-fired power plant, roads in the industrial estate, new residences, new government offices, and water, drainage and wastewater treatment systems" (Irrawaddy 2012). Despite allocating public money for the project in the name of Thai national economic interest, the move could also be taken for the consolidation of state-support to powerful investors who need Thai government infrastructure in order to access the Dawei project and deep seaport.

Lastly, despite changes in government, crony-capitalism remains in Myanmar, and evidence is in analysing which companies have been permitted

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<sup>11</sup> An ASEAN Economic Community supports regional economic integration by 2015 (acting in accordance to the principles of an open, outward-looking, inclusive, and market-driven economy – the characteristics include – a single market and production base, highly competitive economic region, region of equitable economic development, a region fully integrated into the global economy) (ASEAN 2008).

to participate in realising the country's industrial-ambitions. In the new government, former corrupt military generals are now senior ministers, and the country's blacklisted business elites still get priority when it comes to investments. The Dawei case is no exception.

Max Myanmar is owned by Zaw Zaw, one of the most infamous cronies in Myanmar, and was the initial Myanmar stakeholder in the DDC. Zaw Zaw had personal affiliations with the former military junta, and received multiple concessions as state-owned enterprises and properties were privatised, before the democratisation process began (McCartan 2010). The Max Myanmar tycoon is also allegedly close to former Vice President Thiha Thura Tin Aung Myint Oo, who resigned just days before Max Myanmar pulled out of the project in July 2012. Aung Myint Oo was the former chairman of the foreign investment committee, and he personally oversaw the ITD and MPA agreement signing in 2010. Thubchampon and others (2012), suggest this is a rare coincidence, but could be linked to the interlinked nature of capital and the state in Myanmar.

Reports from the DDA also suggest that the speculative land grabbing by domestic investors is also an outcome of crony capitalism. Anonymous sources suggest that business-elites with strong ties to the military-backed government are purchasing land rights for "hundreds of acres for eventual re-sale and to develop smaller industries (e.g. coal mines, gas refineries, etc.), while foreigners are keen to cash-in on a potential boom in the hotel and hospitality industry near relatively undeveloped—but occupied—coastal areas" (Loewen 2012:10-11). Local government authorities in Myanmar are the main facilitators in this aspect, and are slated to benefit from the real estate boom.

# Chapter 4

## Rethinking Land Grabbing and the Role of the State: Insights from Dawei

In challenging the conventional discourse on land grabbing, it becomes apparent that, while often downplayed or omitted from case studies, states (even in light of globalisation) play a significant role in facilitating and promoting land grabs. This is because of the nature of states (their capital accumulation imperative) and their relationship with capital, which continues to materialise within the logic of space and territory. This chapter explores these theoretical concepts from chapter two, in light of the chapter three findings, and presents preliminary conclusions based on both.

### 4.1 Does the Dawei SEZ Constitute a Land Grab Case?

Land grabbing as it is concerned here, is essentially the capture of control over land, and can involve varying, yet significant, combination of scales of land and capital. Land-use change associated with land grabs is for extractive means, though not always in terms of primary commodity production, but can also involve extraction in terms of extracting capital via the enclosure of space for industry. Special economic zones and infrastructural projects are thus no different than what has been conventionally considered land grabbing.

Land grabs would not be so political if they did not affect rural populations through changing who can access and control the land, sometimes expelling labour (other times, adversely incorporating labourers), and creating development for elites, while leaving the locals left out of the equation. The land grab in Dawei is resulting in the same. With the potential threat of over 30,000 individuals losing access to land and their current livelihoods, and many more because of the associated speculation to this capital and land intensive project, the Dawei land grab is indeed a land grab, and should be politicised. The paragraphs that follow helps in framing Dawei as a land grab case.

First, like land grabbing in light of food-feed-fuel and energy crises (etc.), land grabbing in Dawei is also linked to trends and responses of global capital to find new methods of accumulation. What characterises regions like Latin America and Southeast Asia, is the intra-regional surge in land grabs shaped by the new polycentric (Borras et al. 2012) nature of global capital and the rise of new and powerful MICs. Dawei is the consequence of combined accumulation crises by both state (Thailand and Myanmar) and capital. Thailand is the MIC in this case, and needs the resources (petrochemicals), the energy, and most of all the accumulation opportunities created by Dawei, and through its strategic location, linking Thailand to other rising hubs of global capital via the Andaman Sea.

Second, land grabbing in Dawei also involves both significant scale of land and capital. While the Dawei SEZ and speculative land grabs currently constitutes only two per cent of all land in Thanintharyi region, expected investment in the SEZ alone amounts up to USD \$893,865 per acre. This is

significant, but should not be the only defining factor. We should not forget that people (human beings who wish to remain dignified) will be dispossessed, and seemingly have no place in the state's bid to industrialise Myanmar.

Third, in considering Dawei in light of changes over who controls the land (land control), and what the land is being used for (land use change), the land grab framing seems appropriate. Control over land in Dawei has been captured by ITD, but for the purposes of industrial development. Industrial projects, such as this one change in the following ways: how land is being used, who is using the land, the financial and strategic value of the land. Land (and water) in Dawei, though conventionally used for farming, is now being converted to industrial projects. The region's residents had official and traditional land-use rights, and now ITD has the right to develop the land. Land in Dawei, despite having use-value for the local people, now has a price tag attached: the real estate boom is causing drastic transfers of land to foreign and domestic investors wanting to cash in on the boom.

Land control change—via the Dawei enclosure—happens through extra-economic means, for both domestic and foreign investors. In this case enclosure has taken place through legal measures, which upend pre-existing relationships of power in rural areas. In this case, the Myanmar has essentially given control over land in Dawei to ITD (not to mention the other cases mentioned).

Despite the project not being an obvious case of extraction, especially in the context of natural resource-extraction (which has been conventionally associated with land grabs in the global South), extraction in Dawei is happening in an unorthodox way. In this case, land-use change will create opportunities for the creation and extraction of capital, in the form of establishing industries that will produce both resources and finance, to be extracted by powerful actors in the region. Capital is thus extracted through the enclosure of space.

Lastly, land grabs for SEZs raise the same questions about the future of agriculture<sup>12</sup> as say, land grabs for large-scale ethanol plantations do. All result in a final squeeze on farmers, who are left with little choice to pack up and leave.

But in asserting the Dawei SEZ as a land grab case, we are still left with questions about why the Myanmar State has chosen to pursue Dawei as a pillar in its quest to industrialise? We must recognise that neither capital, nor states act alone in land grabs. Both seek to capture of control over the land, often via extra-economic means, for the purposes of capital accumulation. We can then begin to ask, what role does Dawei, and SEZs in general, play in calming the tensions between state, capital, accumulation, and political legitimacy? The following discussions will seek to answer these questions.

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<sup>12</sup> See Akram-Lodhi and Kay(2010) for more on questions relating to the future of agriculture, in other words, *the agrarian question*.

## 4.2 The State: Making Land Available for Investment

The Myanmar State is hungry for new investments after decades of relatively stagnant economic growth associated with a capricious and repressive political climate. Despite political reforms since 2011, there are still amendments to be made to the new investment law and land bills, and human rights violations are still rampant. Recent investments capitalising on the abundance of natural resource wealth and supply of cheap labour have to some extent boosted national income earnings, but this is having dire human rights consequences on the predominantly rural population.

*“The global mandarins of turbo-capitalism in crisis are falling over themselves with all that gold, gas, oil, teak, jade, uranium, coal, zinc copper, precious gems, loads of hydropower and – crucially – cheap labour, all there for the taking” (Escobar 2012).*

Land grabbing is “linked to a new expansion of state authority and control” (Borras et al. n.d. in White et al. 2012: 627). States, according to Gonzalez-Vicente (2011) enable the transfer of land control to corporations, by exercising their authority and ‘legal legitimacy’, which enables the transfer of sovereignty to other states (and private capital). Like all states, Myanmar operates with both territorial and capitalist logics of power, seeking to accumulate, exercising the right to authorise what happens within its borders. Myanmar has exercised its authority in Dawei through internal territorialisation strategies: by creating new legal classification of the land in Dawei, in order to make it available to ITD and other investors.

### *Facilitating Land Grabs and Accumulation Imperatives*

The Myanmar State is currently pursuing the industrialisation of its countryside through the establishment of SEZs at human (and environmental) cost. Acting similar to a rentier state, Myanmar is facilitating (industrial) investments on land in order to serve the dual desire to generate income, but also to facilitate the industrialisation of its economy. Michael Levien (2012) argues that states, keen to attract investments, become a coercive land broker for capital, and sponsor dispossession on vast tracts of land to facilitate accumulation. The state, “in dire fiscal straits” plays a role in facilitating these processes, by creating the opportunities for investment, through regulation associated with the state and legal instruments (White et al. 2012, Hall et al. 2011). Accomplished through legal manipulations (including the establishment of tax exemptions and minimal lease fees, Anseeuw et al. 2012) by shaping discourses of marginal, and available land, and in placing land at the heart modernisation and development path of the country (Hall et al. 2011).

The Myanmar State is guilty of all of the above. First in terms of justification, the Myanmar actively spreads discourse about the need to industrialise Myanmar, to modernise the country, and hopefully making the country competitive at the regional level. While certainly, industrialisation could bring benefits to the whole country, the issue is about how this will happen, who will benefit, and who will lose out in the process. If the Dawei

example is about industrialising, it becomes clear that this project is not in the interests of the small farmers in Dawei.

Second, the state has identified land to be used for industrial and infrastructural development, with the help of active Thai stakeholders who have been conducting feasibility studies for years already. Next, the state has exercised its right as the land-owner, and reallocated land in Dawei for use by Thai capital, and linking into the Thai State's strategic development of an infrastructural corridor (through the signing of the 2008 and 2010 MoUs). This has been consolidated in the creation of the Dawei SEZ Law, which not only provides incentives for investors, but also facilitates the capture, transfer of control over land, and right to accumulate from the land, to the DDC.

We can establish then, that the Myanmar State is both a promoter and broker for land in Dawei, creating access opportunities for not only ITD, but also domestic capital. I argued earlier, that this a form of internal territorialisation (Vandergeest and Peluso 1995) as the parameters around land changes, in order to enclose it for appropriation. While the Myanmar State has been known in the past to exercise violent means to appropriate land for capitalist ventures (see Woods 2011), in Dawei, enclosure is occurring through extra-economic means, which in a way, weakens the opportunities for resistance, as the land grab is a break from the violent measures used by the military in the past. Resistance is also a challenge, because the state being the owner of land in Dawei, means that it is actually asserting its right over what is its own. According to Borras and others, this is what makes the state's role in the current land rush a murky issue: "taking what is yours is not considered 'grabbing'" (2012: 858).

In pursuing accumulation through 'extra-economic' means (Glassman 2006, Levien 2012), the state is also able to lower the risk of political illegitimacy. Legally promoting land grabs legitimises the enclosures, and one way this has been done is through the policy reforms. The new Myanmar investment law, and land laws do much to ease concerns about an unstable investment climate in Myanmar. If anyone opposes these laws, they are opposing changes being implemented in the name of a 'better' Myanmar. In other words, if dispossession is seen as necessary for the greater good of the country and is occurring in a fair and 'legal way', then to oppose it, would be to hold the country back from moving forward.

### **4.3 The Contradictory Role of The State: Facilitating Capital Accumulation and Maintaining a Minimum Level of Political Legitimacy**

According to Fox (1993) state action is the result of a reciprocal cause and effect relationship between changes in the balance of power within the state and shifts in the balance of power within society. The Dawei SEZ is an exemplary case of states finding a balance between states, capital, accumulation and political legitimacy by facilitating and promoting land grabbing.

As mentioned in chapter two, capitalist states continue to rely on territory for capital accumulation. The Thai State operates within both territorial and capital logics of power: by actively pursuing its own capital accumulation, by

encouraging, and pre-establishing the means, for its investors to seek accumulation opportunities abroad. Gaining access to land abroad, in the case of Thailand's interest in the Dawei SEZ, serves to both create new opportunities for accumulation for Thai capital and the state, but helps to circumvent political resistance to certain kinds of projects at home. In order to overcome the political legitimacy-accumulation conflict, new forms of territorialisation are emerging as a form of control over land. This is consolidated in state-state MoUs, and high-profile meetings between the Thai and Myanmar governments. Myanmar, in the processes outlined in the previous section, including the MoU between the MPA and ITD, gives up control over land –for the external territorialisation for state – Thailand in the case of the Dawei SEZ – but often undertaken by private investors like ITD.

Capital accumulation, central to Thailand's continued development, will materialise in Dawei through enhanced trade options via the deep seaport at the Andaman Sea. The Thai State-sponsored road projects linking Dawei all the way across to the Pacific Ocean, with government offices and housing near the border to Thanintharyi Division, consolidate the government's desire to have the project continue. The Dawei SEZ and associated transportation link, essentially *annihilates time through space*, to turn this Marxist term on its head.

Other than obvious accumulation imperatives through enhanced trade routes, which are leading the Thai State to Dawei, are there any other reasons top-level members of the Thai State are visiting top-level Myanmar State officials? It is becoming apparent that political legitimacy is also pushing this project ahead. Thailand needs to produce petrochemical products— domestic and foreign demands for Thai-produced polymers, plastics, and fuel persist – but over the past few years has public outcry at the social and environmental costs to developing the industry at home (EARTH & TERRA 2012, HURIGHTS Osaka 2012). In order to tiptoe around the shady deals related to the petroleum and petrochemical industries, between powerful investors with 'great political and economic influence', (EARTH & TERRA 2012) investing in Myanmar instead seems like a safer bet for the Thai State. The external territorialisation of the Thai State, through the capture of control over land is strategic for Thai gains, by both state and capital.

But in arguing solely about the role of the Myanmar and Thai states in their bid to accumulate, leaves a wide space open. Surely states do not act alone in land grabs, if they did, then the potentially thousands of case studies that have been published over recent years – of capital-centric analyses of corporate land deals – would have been off. In other words, it is imperative that we also take into account the role of the state, in facilitating and promoting the entry of capital, as they too are seriously implicated land grabbing.

#### **4.4 Promoting the Free Flow of Capital: State-Capital Relationships Revisited**

Neither states, nor capital act alone and this is becoming apparent in the Dawei SEZ: the close state-capital alliances which have endured political changes in both Thailand and Myanmar, have become visible in the inflow of domestic and transnational companies seeking to capture their own sections of land. In

Dawei, the support and encouragement of central governments, has facilitated the entry of not only the main Dawei SEZ developer (ITD) into the picture, but has also translated into a surge in speculative land grabs. But how can this happen?

States promote the free flow of capital through various mechanisms. In addition to the legal dimensions already highlighted above (investment laws, land laws, SEZ law, appropriation of land, etc.), states consolidate their commitment to capital by consolidating their commitment to opening up their borders to each other through bilateral and regional agreements. Another case-in-point is the eagerness of both states to work together to facilitate the free flow of capital, by meeting repeatedly so to ensure the project moves forward as expected. Myanmar needs Thailand's financial commitment, and Thailand needs Myanmar's continued cooperation, and by cooperating together they facilitate the entry of capital and land-intensive ventures, for foreign, private, and mixed-partnerships in Dawei.

Examples can be found throughout Dawei, but not in projects directly associated with the SEZ, which only goes further to prove the point that domestic capital seeks to make gains from deals that foreign capital are still wary about engaging in. Crony capitalism, reflected in preferences within the private sector and the legal parameters to protect it, is still a crucial component of the logic of Southeast Asian capitalism, especially in Myanmar.

Resulting from this alliance is a surge in Dawei-SEZ-related investments, but also a surge in speculative land grabbing. Moreover, speculative land grabbing is a result of old, dirty habits by land administration officers who facilitate the process by signing away land rights to investors, both domestic and foreign, while the central Myanmar government turns a blind eye. This state-capital alliance has long-been central to the country's survival in times of global economic sanctions during the junta rule.

Other private investors coming to Dawei are also in their own crisis to expand their capitalist reach, and the land grab(s) taking place implicate both foreign and domestic actors. Myanmar capital is taking advantage of its preferred position in the country, a sign that political legitimacy still rests in the hand of the most powerful class in Myanmar: the globally blacklisted businessmen of the country's crony capitalism. They have preferred status within the country, and can navigate with ease around a system that they have essentially controlled for decades. These kind of state-capital alliances demonstrate that while the Myanmar State prioritises its political legitimacy for capitalist classes, voices from civil society often go unrecognised.

Thai capital is also interested in Dawei for its own strategic regions. According to Wee (2007), Thai investors are motivated to invest overseas because of regional economic integration and geographical proximity; market motives, i.e. access to natural resources and power over value chains; speculation over positive economic growth in another country and sound investment opportunities; to source needed inputs; and because of FDI-attracting-policies.

ITD is extending its influence and industrial prowess abroad, having only in the past few years rebounded from the Thai economic bust in the late 1990s. Myanmar State is a facilitator in this process, by essentially subletting its

control over land to ITD. Other Thai investors are hurriedly trying to gain from Myanmar's SEZ strategy, with power transmission, oil and gas projects, as well as coal-fired power plants, areas of pre-established expertise for the investors at home in Thailand, but with new opportunities to extend their gains. Dawei's proximity to Bangkok also makes it a strategic move for any private player coming from Thailand.

In brief, states facilitate the entry of capital by consolidating their relationship with capital. In Dawei, state-capital consolidation is apparent through the following alliances: key links between the Thai State and ITD (and Thai capital in general), ITD and the Myanmar State (which emerges only out of a pre-established alliance between the Thai and Myanmar governments), reinforced by the Thai State-Myanmar State alliance.

Both Thai and Myanmar states act in light of their own accumulation imperatives, configured through political legitimacy-constraints, but born out of the State-State and state-capital alliances. For instance, the Myanmar State has facilitated the enclosure of land in Dawei, allocating the land, the control and the decision-making to ITD. But this was born out of a key alliance between the Myanmar and Thai states, who have relied on each other to consolidate the deal – a deal that has great potential to drive accumulation for both states. This is an example of *external territorialisation*, as Thailand has gained strategic access to the Andaman Sea, relative control over the future of potentially key economic hub in Southeast Asia, to energy production, and industrial outputs which will serve the capital accumulation needs of the Thai state-capital nexus. Myanmar, on the other hand, is the key gatekeeper for any private actors (both domestic and foreign) seeking to stake their claim in Tanintharyi, ITD not excluded. The state is set to gain from Dawei, as a rent-seeker, but also in the ability to project itself in the future as a safe haven for industrial investments, key to achieving its industrial development aims.

## Chapter 5

# Conclusion: States, Land Grabs, and Implications for Resistance

This study situates itself within emerging literature on the role of the state in land grabbing. In doing so, this study has attempted to provide a theoretical and empirical base from which to broaden contemporary ideas about the underlying processes of the global land grab. In consolidating evidence linking states and capital, and their role in facilitating and promoting land grabbing, the paper has tackled the question: *What is the role of the state and state-capital alliances in facilitating and supporting contemporary land grabbing, how is it carried out, and why?*

Theoretically, I have identified gaps left by conventional land grab literature, re-centralising on key characteristics in which the role of the state becomes apparent. First, when focusing beyond food, fuel, and climate crises, and closer to the capital and resource demands of new centers of global capital, a rising intra-regional trend in land grabbing becomes evident. This is especially true in regions like Latin America and Southeast Asia, where middle-income-countries are on the rise. Second, I warn that we cannot direct our attention exclusively on states, or on capital. Rather, we should try to understand relationships between states, and between states and capital (foreign and domestic), in order to grasp a more comprehensive understanding of how states actually facilitate and support the role of capital. Lastly, I highlighted the need to incorporate non-agricultural land and capital-intensive investments under the umbrella of land grabbing, as industrial land grabs are often ossified by the kinds of discourses that justify them.

There is a new expansion of state authority and control (Borras et al. n.d. in White et al. 2012) through territorial and capitalist logics of power, and accumulation imperatives. In summarising the main findings, three points can be established about the role of states in facilitating and promoting land grabs, how they carry them out, and why. First, states make land available for investment through its enclosure. They achieve this through justifying (often in the name of) 'development' and 'modernisation', identifying, classifying, and appropriating land, in the name of attracting investment to satisfy accumulation, rendering the state a land-broker.

The second point highlights the contradictory tasks of states, which is to facilitate capital accumulation while simultaneously maintaining political legitimacy. Capitalist states seek to accumulate capital by relying on (internal and external) territorialisation strategies, and in doing so, also assist private capital. I also suggested that the persistent territorial nature of the state is linked to the idea that capitalism always needs a spatial fix. In adopting Harvey's (2003) 'accumulation by dispossession,' it becomes clear that one way states (and capital) assert their territorial nature is by capturing land both domestically and abroad, often through extra-economic means (Levien 2012).

Lastly, states promote the free-flow of capital, within and beyond their borders through regional and bilateral trade agreements, as well as state

institutions (e.g. the legal system). This leads both to direct land grabs, but also in facilitating the free-flow of capital—in the context of capital and land-intensive grabs—speculation also occurs.

The Dawei SEZ according to ITD's website, will 'transform empty spaces' into ASEAN's most modernised industrial complex, morphing into raised standards of living for the local people and more broadly, national economic growth for Myanmar (Thabchumpon et al. 2012). Much has to be questioned though, about these claims. Despite only providing a peripheral analysis of outcomes in the Dawei land grab in this study, in presenting the roles of state and capital, the winners and losers of the project have become apparent. Those who benefit will be local elites, state employees, states themselves, and private investors, contrary to ITD's claim that the project is for the benefit of the region's current residents. This is, after all, an industrial zone that we are discussing: a dirty machine run by imported, skilled-labour from neighbouring Thailand. That means everyone will benefit—everyone except the general Dawei population. The dispossession will create new challenges for local residents whose lives are going to forever be changed by Dawei's enclosure.

## 5.1 Implications

Understanding the role of the state, why decisions are made, and how they are enacted is one step in the mitigation of land grabbing. Currently, there is a push for international organisations to create guidelines to circumvent land grabbing, in the form of adopting a Code of Conduct (CoC), which attempts to hold private investors accountable (e.g. the World Bank and International Food Policy Research Institute's [IFPRI] Principles for Responsible Investment). However, CoCs seem to only address one of the actors implicated in land grabs, the companies doing the grabbing. CoCs fail to reach closer to the root of the problem, which has been established in this study, as being the broader underlying logic of the state and its relationship to capital. So what then, are the more practical reasons for incorporating the state in analyses of land grabbing, and how can they help shape resistance?

By building a more comprehensive understanding of the role of the state (and its relationship with capital), we move beyond the question of *who* does the grabbing, to understand the reasons *why* these actors facilitate and promote land deals. In doing so, we can begin to build up more effective resistance to the phenomenon itself (Borras et al. forthcoming 2013).

However, according to Borras and others (forthcoming 2013), calling on the state to be accountable for their actions may not be enough to curb land grabbing. They question that when states are themselves implicated in land grabbing (for example Myanmar and its need for investment and accumulation), should we really expect the state to regulate itself (Borras et al. forthcoming 2013)? Is it even effective or fair to hold Thailand accountable as a state, when the country is also being land grabbed itself?

While we should not overlook whether states see it in their best interest, or even necessary to curtail land grabbing (especially in light of the state's own need for capital accumulation), in some country-contexts holding the state accountable is both justifiable and necessary. Land sovereignty, for example, is

one way of framing that encapsulates this approach. This approach is “a call to action to bring the state back in and hold it accountable to its citizens,” and is one potential starting point to frame resistance in Dawei and other similar enclosures that culminate from state-capital accumulation (TNI 2012: 18).

Such an approach is crucial in holding the Myanmar State, in particular, accountable in the context of the Dawei SEZ. As the logic of global capitalism seeps through Myanmar’s borders, it will require the expelling of labour, essentially ‘freeing’ the hundreds of thousands of people whose livelihoods directly or indirectly depend on the land. The potential for labour absorption in the SEZ project is unlikely, and could lead to what Tania Li calls a *truncated agrarian trajectory*, in which “there is no pathway from country to city, from agriculture to industry” (2011: 296).

Those resisting the Dawei SEZ (like the DDA) doubt that that the project will bring inclusive development to the region, and they do not want to see livelihoods and the ecological diversity of the region disrupted because of heavy industrialisation. One activist/farmer replied when I asked him why he wanted to keep his land,

*“Land to me, is life. I really love my land. [It] provides [us] with more than enough to be happy, I have made the choice to [return from teaching in Yangon and] live here. My ancestors come from here, and it is here, with my family, that I want to stay” (Anonymous [A4], 16.08.12).*

It becomes appropriate then, to ask, *who* is development really *benefiting* in the end? The Myanmar state—in contradiction with evidence from Dawei—claims that it is undergoing both economic and political reforms after a long period of political repression, and is now attempting to bring peace, unity, and development to its people. While the trail of investments with devastating effects on the population are proving that changes still have to be made, resistance can begin to frame itself around these claims, and the stark reality that is ensuing.

**Figure 6**  
**The Uncertain Path Lies Ahead**



*Source: Author's Own*

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# Appendices

## Appendix 1

### Defining MICs

One way of defining MICs is according to their income. This is how the World Bank classifies the countries, classifying them by Gross National Income Per Capital. According to the World Bank Classification, both Laos and Malaysia are MICs, despite clear economic differences and levels development between the two. This paper differentiates MICs from the poorer countries, in reference not only to their economic growth, but also their level of development. MICs, though differentiated and at different stages of the game, are hungry for capital to fuel industrialisation. They are often undergoing, or have undergone *deagrarianisation*, or “the process by which agriculture becomes progressively less central to the national economies and to the livelihoods of people even in rural areas” (Hall et al. 2011: 1). Industrialisation becomes the central policy focus in these countries. In these terms, the MICs in Southeast Asia are Indonesia, Thailand, Malaysia, Vietnam, and the Philippines.

*Source:* Author’s own research.

## Appendix 1

### Individual Interview and Focus Group Discussion Table

In total, I conducted ten individual interviews and two focus group discussions (FGD) with a wide range of informants, from women and men, young and old, farmers, activists, a historian, a land broker, an Abbott, a cashew nut processor, and representatives of the 88 Generation Student Activists group. Most of the interviews are cited as anonymous to protect my informants.

The following is a selection the interviews that have appeared in or influenced this study.

Name	Organisation/Place	Date	Key Informant Type
Anonymous [A1]	Dawei University/Dawei	14.08.12	Teacher/Activist
Anonymous [A2]	Dawei Development Association (DDA)/Dawei	14.08.12	Resident/Activist
Anonymous [A3]	DDA, Road Link Area (Myitta)/Dawei	15.08.12	Resident/Activist
Anonymous [A4]	DDA/Ya Laing	16.08.12	Farmer/Activist
Anonymous [A5]	PaungKu/DDA/Yangon	20.08.12	NGO/Activist
Anonymous [A6]	Cashew Nut Processor/Dawei	17.08.12	Local Industry
Anonymous [A7]	N.A./Kalone Htar	15.08.12	Farmer
Anonymous [A8]	Karen Baptist Convension/Dawei	17.08.12	NGO/Activist
Anonymous [A9]	Anonymous/Dawei	18.08.12	Land Broker
U Byin Mya Won Tha	Kalone Htar Monastery/Kalone Htar	15.08.12	Abbott/Activist
FGD 1	88 Generation Students Group/Dawei	19.08.12	NGO/Activists
FGD2	Karen Youth Women's Group/Dawei	18.08.12	Youth/Activists

### **Appendix 3**

#### **Society-Centered Versus State-Centered Approaches**

The ‘society-centered approach’ to the state, argues that “the state is the political arm of the economically dominant class” and “the kinds of state and politics that come into existence are limited and directed by the exploitative social relations of production” (Peet and Hartwick 2009: 155). However, this theory does not take into account when state actors oppose dominant class interests, for example in the cancellation of large-scale infrastructural projects due to civil society resistance (Borras 2007: 67).

Alternatively in the state-centered approach, the state is an independent actor who makes policy choices based on the interests of the state, and not necessarily because of the interests of the dominant classes and groups in society (Fox 1993). In this sense, in facilitating land grabs the state can assert its sovereignty and authority over territory (Woods 2011), for its own accumulation purposes. In terms of land grabbing, it does not explain why the states support capital’s interests (i.e. TNCs, domestic companies, etc.) if in actuality it undermines state interests, sovereignty, etc.

*Source:* Author’s own research.

## Appendix 4

### **Excerpt: Resistance to Map Tha Put: “Thai Investors Have Chosen to Develop the Dawei Project to Avoid Strong Local Opposition to Expansion of Existing Industrial Estates in Thailand”**

Under Thailand’s Petrochemical Industrial Development Master Plan (Phase III), there are two options for industrial expansion. The first is in and around the Map Ta Phut Industrial Estate in Rayong province, eastern Thailand, and the second involves expansion beyond Map Ta Phut to the South of Thailand, in Sichon district, Nakhon Sri Thammarat province.

However, many large investors such as the Petroleum Authority of Thailand (PTT), and policy-makers such as the Industrial Estate Authority of Thailand, have had to look for alternative sites for investment due to the following risks and pressures:

- There has been strong local opposition to the expansion of industrial zones, especially petrochemical industrial zones, in the South and in Map Ta Phut. This has taken the form of public protests, especially in the south.
- Local communities in Map Ta Phut have filed two cases with the Administrative Court. In 2007, they called for Map Ta Phut to be declared a pollution control area, and after that, they called for cancellation of seventy-six new projects in Map Ta Phut and the surrounding area because they violated Section 67, paragraph 2, of the Thai Constitution. Even though most projects have been able to proceed after the court rulings, these cases have signaled an increased risk for investors.
- Research has shown very high levels of pollution in the Map Ta Phut area, including air, water and hazardous waste pollution. The air in particular contains many kinds of pollutants that are dangerous to people’s health and to the environment. Therefore, in terms of environmental and ecological safety, it is evident that this area should not be extended for further investment, even though basic infrastructure already exists.
- There is a limitation of water supplies in the industrial areas in Rayong and Chon Buri, which require large quantities of water. In the coming years, these industries are likely to face serious water shortages, especially during times of drought.
- There is more opportunity now in Thailand for people to exercise their rights, particularly to protect their health, environment and natural resources. There is therefore a strong risk of lawsuits for damage to health and the environment that may occur in the future”.

*Source: EARTH & TERRA (2012) 'Dawei: Points of Concerns'. Thailand: Ecological Alert and Recovery, Thailand (EARTH); Towards Ecological Recovery and Regional Alliance (TERRA): 3.*

## Appendix 5

### Excerpt: “The Current Legal Climate: Farmland and Vacant Land Laws”

Prior to the political transition of March 30, 2011, and the inauguration of President Thein Sein, the previous military government last implemented new land laws in 1991, with the creation of the Cultivable Land, Fallow Land and Waste Land Law and a new Central Committee whose responsibility was to oversee the law’s implementation. This law permitted private (domestic and foreign) business investors to lease land (for up to 30 years) from the government, so long as the land was classified as wasteland or fallow land. Officially, the law sought to encourage development in so-called ‘wastelands’ by enlisting the private sector. Despite its classification as ‘non-productive’ on paper, in reality, the land was often occupied by smallholder farmers. Corruption was rampant, and with the right connections, land control could easily be classified and transferred to any entity considered to be more ‘productive’. This was all despite the 1963 Protection of Peasants’ Rights Law (Peasant Law), in place since the country’s socialist era, which was supposed to support the tiller’s rights to the land. What transpired was the facilitation of (primarily domestic) political and economic elite land control, as the Foreign Investment Law (including export restrictions and taxation) and foreign trade sanctions due to the status of the government discouraged foreign investors from entering the country. Only a few countries, like China and Thailand, took advantage the opportunities to invest during Myanmar’s politically repressive era.

One year after President Thein Sein’s inauguration, The Pyidaungsu Hluttaw (the Assembly of the Union of Myanmar, i.e. the joint Lower and Upper Houses of Parliament), on the 30th of March, 2012, approved the revision of two land laws: The Farmland Law and The Vacant, Fallow and Virgin Lands Management Law (Vacant Land Law). Following their approval, and the repeal of the 1963 Peasant Law, reports of land confiscation and ownership disputes have been on the rise. According to the Farmland Law, the state remains the sole owner of land in the country, and retains the right to decide upon its use. The law also defines farmland as mainly for the growth of agricultural production, which limits smallholders to cultivate what is deemed as productive by the government. If the government disapproves a smallholder’s land use, they can claim confiscation rights to the land. The Vacant Land Law complements the Farmland law, by affirming that the government has the right to lease land (up to 50,000 acres) to a private entity (for up to 30 years, renewable) based on the classification of land (much like in the 1991 Wastelands Law).<sup>4</sup> Just as in 1991, it remains the Central Committee’s responsibility to decide upon who has the right to use land, so long as it is in accordance with the Foreign Investment Law (FIL). Despite a recent amendment in the FIL, which allowed 100 per cent foreign-owned companies to invest in Myanmar, entirely-foreign ventures are rare: most continue to operate in agreements (official and unofficial) with Myanmar businesses.

*Source:* Loewen, E. (2012) 'Land Grabbing in Dawei: A (Inter)National Human Rights Concern', *Agrarian Justice*. Amsterdam: Transnational Institute: 4.