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NEGOTIATING REGIONALISATION: SOCIAL NETWORKS AND SURVIVAL OF INFORMAL CROSS-BORDER TRADERS

Lada Phadungkiati

A thesis submitted in fulfilment of the requirements for the degree of

Doctor of Philosophy

Faculty of Science
University of Sydney

2014
Statement of Originality

This is to certify that this work has not been submitted for a higher degree at any other university or institution. To the best of my knowledge and belief, the content of this thesis is strictly my own work, and all of my sources of information have been acknowledged in the reference list.

Lada Phadungkiati

Lada Phadungkiati
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Abstract

Over the past few decades, the impacts of the current wave of globalisation and regionalisation on the livelihoods of small-scale, informal, cross-border traders have increasingly attracted scholarly interest. One of the main areas of focus is on contradictions in state policies, which are supposed to facilitate cross-border flows but have instead proved obstructive, especially to unregistered trade. However, of interest to this research is that significant numbers of the traders continue to survive even though they are seen as victims. The research confirms the need to move beyond simplistic generalised assumptions of globalisation and regionalisation processes either as processes towards a borderless world or as processes which benefit only the strong.

This study is based on the premise that ground-based research is required for a more nuanced probing of the above assumptions. Exploration of small-scale informal cross-border trade has revealed that neither of these polarized positions is tenable. Although taking different forms, borders are still there and continue to benefit the better-off. At the same time, despite being marginalised, the poor continue to survive. Interestingly, it is the existence of said borders that provides the small traders with arbitrage opportunities.

This research questions how people involved in informal cross-border trade, especially the traders, utilise social networks to negotiate changes in state policies and actions resulting from states’ responses to the current neoliberal forms of globalisation and regionalisation. While several studies acknowledge the benefits of social networks, very few, especially in Southeast Asia, have put them at the centre of studies or highlighted them as keys to the traders’ survival. Ethnographic details are particularly rare. Social networks are at the heart of this study and have proved to be very important livelihood strategies of the traders. Based upon a total of nine months of ethnographic fieldwork at a border crossing between Thailand and Lao PDR and an extended field visit to several sites in Vietnam, the research shows that social networks involving kin and non-kin actors, which are established, sustained, and strengthened through daily interactions, are vital, especially under changing border landscapes. Social networks empower the traders not only to bridge the two sides of the increasingly regulated border, but also to deal with emerging risks and constraints resulting from national and global changes.
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<th>Description</th>
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<tbody>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
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<tr>
<td>AEC</td>
<td>ASEAN Economic Community</td>
</tr>
<tr>
<td>AFTA</td>
<td>ASEAN Free Trade Area</td>
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<tr>
<td>APEC</td>
<td>Asia-Pacific Economic Cooperation</td>
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<tr>
<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
</tr>
<tr>
<td>CLMV</td>
<td>Cambodia, Lao PDR, Myanmar and Viet Nam</td>
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<tr>
<td>CPT</td>
<td>Communist Party of Thailand</td>
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<td>EU</td>
<td>European Union</td>
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<td>EWEC</td>
<td>East-West Economic Corridor</td>
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<td>FDI</td>
<td>Foreign Direct Investment</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>GMS</td>
<td>Greater Mekong Sub-region</td>
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<tr>
<td>CBTA</td>
<td>Subregion Cross-Border Transport Facilitation Agreement</td>
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<tr>
<td>GPP</td>
<td>Gross provincial product</td>
</tr>
<tr>
<td>ICP</td>
<td>Indochinese Communist Party</td>
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<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<td>IUCN</td>
<td>International Union for Conservation of Nature</td>
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<tr>
<td>KAMFIMAX</td>
<td>Kampuchea Fish Import and Export Company</td>
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<tr>
<td>KFP</td>
<td>Kaysone Ferry Port</td>
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<tr>
<td>MFP</td>
<td>Mukdahan Municipal Ferry Port</td>
</tr>
<tr>
<td>NAFTA</td>
<td>North American Free Trade Agreement</td>
</tr>
<tr>
<td>NERI</td>
<td>National Economic Research Institute</td>
</tr>
<tr>
<td>NSEC</td>
<td>North–South Economic Corridor</td>
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<tr>
<td>RIA</td>
<td>Regional Integration Agreements</td>
</tr>
<tr>
<td>RLG</td>
<td>Royal Lao Government</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>full form</td>
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<tr>
<td>SCT</td>
<td>Small-scale cross-border trade</td>
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<tr>
<td>SEATO</td>
<td>South East Asia Treaty Organization</td>
</tr>
<tr>
<td>SEC</td>
<td>Southern Economic Corridor</td>
</tr>
<tr>
<td>SSEZ</td>
<td>Savan-Seno Special Economic Zone</td>
</tr>
<tr>
<td>THB</td>
<td>Thai baht</td>
</tr>
<tr>
<td>US</td>
<td>The United States of America</td>
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<tr>
<td>USD</td>
<td>US Dollar</td>
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<td>WTO</td>
<td>World Trade Organisation</td>
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Chapter 1
Introduction

This research investigates how people involved in informal cross-border trade, especially the traders, utilise social networks to maintain their livelihoods in the face of challenges posed by regionalisation. The study challenges conventional assumptions regarding the outcomes of neoliberal forms of globalisation and regionalisation. It seeks to move beyond the somewhat polarised positions pertinent to these phenomena. The neoliberal version of globalisation and regionalisation tends either to be promoted positively as a pathway to international connectedness, peace, wealth and prosperity or negatively critiqued as an unequal process that advantages societies’ stronger players, leaving the weaker players behind.

The study seeks to adopt a more nuanced and evidence-based approach to globalisation and regionalisation rather than take sides in the relevant ongoing debates. In support of this approach, the study includes an ethnography of cross-border trade, which is an essential part of the changing social and geopolitical relations of the Greater Mekong Sub-region (GMS). I provide ground-based evidence to show that while weaker players experience negative impacts from changes brought about by macro processes, at the same time they are able to find ways of coping with—and even taking advantage of—changes using social networks as their main tools. Investigating such issues within a sub-regional framework such as the GMS provides a geographical context to the issues. Sub-regional integration may be seen not only as a geographical subset of regional integration, but also as a scalar frame of reference relevant to understanding the immediate cross-border manifestations of regional integration.

I commence this introductory chapter by providing a short overview of the research interest, which I explain further in subsequent sections of the chapter. Brief mention is made of the expected contribution of the research to the existing body of literature. Then, in section 1.2 of the chapter, the background of the problem and the rationale of the research are discussed. Important debates and gaps noted in the existing literature, along with empirical information garnered by the researcher during the research project are discussed to provide the basis for the development of the
research questions and objectives identified in this section. The core research objectives and questions are discussed in sections 1.3 and 1.4, respectively.

The second half of the chapter details the choice of study area, the research methodology, as well as the scope and limitations of the research. The study area is identified in section 1.5 of the chapter. The research methodology, which includes a sampling design, methods and procedures, data sources and collection and the research approach are discussed in section 1.6. Finally, in section 1.7, the scope and limitations of the research are explained, and the chapter is summarised.

1.1 Research Interest

At both the academic and popular levels, the term “globalisation” hints at the notion of a borderless world. Globalisation is broadly considered to be a process that breaks down, de-regulates and de-formalises borders. However, a vast body of literature has, in fact, contested this interpretation. As a result of the reactions of different states to the globalisation process, borders around the world are in effect being re-regulated and re-formalised. The regionalisation process, which many scholars and experts—even in countries that adopt the idea themselves—see as a stepping stone towards globalisation, is seen as re-imposing boundaries at different levels.

Interestingly, the paradox of reimposing borders to regulate new regionalised economies has different implications for different groups engaged in cross-border economic activities. Whereas one side of the debate agrees that globalisation and regionalisation represent win-win situations for all, the other side argues that the countries or actors who possess most of the resources—especially financial resources—generally stand to benefit from changes in the interests, policies and regulations of relevant states. In addition, they stand to benefit from international development and financial institutions’ responses to the globalisation process, while those who are poorer are left behind. As a result, globalisation—which purportedly provides a level playing field for all and promotes equality at all levels—instead benefits one group of countries and actors (i.e. those with more resources) at the expense of those with fewer resources.

Ethnographic research has the potential to move beyond abstract and polarised debates. It sheds light on the complex ways in which policies promoted under win-win assumptions in fact have disparate impacts on different groups. This study, which addresses the paradox in a grounded way,
utilises case studies of informal cross-border trade in the GMS, one of the world’s most recently-developed and dynamic sub-regions. Similar to the development of other economic growth triangles, rectangles and hexagons, the GMS’ formation was based on the neoliberal concept of complementary factor endowments (Hirsch, 2009). In particular, these complementary factor endowments include the capital, labour and natural resources of neighbouring countries previously isolated from each economically. The GMS is, however, more encompassing than the more specific zones marked by this geometry. In terms of specific economic activities, focus is on informal cross-border trade as it is one among the economic activities that are very sensitive to change in border settings, and is usually among the first to feel the impact of macro policy changes—especially if such changes lead to the formalisation of all cross-border activities. Yet despite the transformation of border landscapes that has arisen from the responses of GMS states to globalisation and regionalisation processes, the literature in general confirms the continued existence of informal cross-border trade. Contrary to the view that views informal cross-border trade as vanishing, the empirical findings from my earlier research project1 confirm that relevant actors have a tendency to adapt to changing border landscapes, and that informal cross-border trade will not cease any time soon.

The above context drove my interest in conducting research into the factors contributing to the survival of informal cross-border trade in changing border settings—particularly the vital role that social networks play in informal cross-border trade. The theoretical basis for this approach is that while mainstream economists usually see economic action as disembedded from society, an increasing number of studies, especially social science studies, stress that economic action is inseparable from social relations. Karl Polanyi’s 1944 and later Mark Granovetter’s 1985 notions that the market is embedded in society have been widely accepted. In line with this theoretical framework, it may be assumed that social networks play important roles in reshaping the position of informal cross-border traders in changing border and economic settings. Accordingly, this study aims to examine the forms and degrees to which globalisation and regionalisation have affected

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1 The research’s title was “Socio-economic Impacts of GMS Economic Cooperation on Small-Scale Cross Border Women Informal Traders: A Case Study of Thai-Lao Border”. The research was conducted between September 2009 and June 2010 with the funding support from Japanese government. The report was submitted to the Education and Research Project for Sustainable Development in the Greater Mekong Sub-region.
the trade operations of informal cross-border traders, especially with respect to the creation of changes in the border and cross-border trade governance schemes of the relevant states. More specifically, it aims to investigate the use of social networks as strategies that informal cross-border traders use to overcome difficulties—and indeed benefit from—macro-level processes such as changing cross-border trade governance schemes in the GMS region. It is expected that this research will represent a useful addition to the existing body of literature—especially ethnographic information regarding trade and social networks that are part of informal cross-border trade and the relationship between informal cross-border trade and changes implemented at international levels, a topic that remains poorly covered in the existing body of literature today.

1.2 Background of the Problem and Rationale of the Research

In tandem with the process of globalisation has been an increase in international interconnectedness and integration in different fields such as economics, technology, information, culture, legal and political systems as well as in the health and illness of the world as a whole (B. S. Turner, 2010), integration that has occurred at different levels among state and non-state actors. Along with the above, a process of regionalisation has emerged which has generally been understood as an international integrative process involving processes associated with globalisation but within specific geographical areas. In response to these macro trends, many countries around the world have opened up their economies; rather than standing alone, different states have chosen to sign various formal and informal, multilateral and bilateral Regional Integration Agreements (RIAs) (Sideri, 1996). In line with such agreements, the promotion of economic cooperation through trade liberalisation is usually the first goal the signatories seek to achieve.

Influenced by globalisation and regionalisation trends, sub-regional integration has emerged. While integrations at regional and sub-regional levels share many similar characteristics, they are, in fact, markedly different. Dosch and Hensengerth (2005), for example, discussed subregional integration as either an alternative or a supplement to the former. Menon (2007) has also considered subregional integration different from regional integration in his discussion on the roles of subregional and regional cooperation arrangements in promoting free trade and investment in the GMS. Sub-regional ties are associated with more than simply the common market that lies
behind broader scale regional integration. That is, sub-regional integration is designed to seek economic advantages from complementary factor endowments, whereas regional integration focuses more on the creation of a larger market unimpeded by tariff barriers. For this reason, it is interesting to explore on-going debates on the impact of globalisation and regionalisation on this new form of international integration.

The GMS is very prominent sub-region. The area’s uneven resource endowments and the close geographic proximity of GMS member countries make the region an ideal place for sub-regional integration. The GMS comprises Cambodia, the Lao People’s Democratic Republic (Lao PDR), Myanmar, Thailand, Vietnam and the People's Republic of China (specifically Yunnan and Guangxi Provinces). After a long period of stagnation caused by political instability in the region lasting from the mid-1970s until the beginning of the 1990s, the level of integration in the GMS region has started to grow again. The end of the Cold War, which is often dated around 1990, along with Thai Prime Minister General Chatichai Choonhavan’s 1988 policy of turning Indochina from a battlefield into a market place, has provided a good basis for the promotion of regional cooperation. Subsequently, the Asian Development Bank’s (ADB) 1992 GMS initiative gave substantial momentum to greater cooperation and integration in the GMS region. As a result, the level of integration in the GMS area increased even more rapidly after the majority of the Mekong countries (with the exception of China, which is not located in Southeast Asia) decided to join the Association of Southeast Asian Nations (ASEAN), although Thailand joined as early as 8 August 1967 and was one of ASENA’s founding members. Vietnam joined ASEAN on 28 July 1995, followed by Lao PDR and Myanmar on 23 July 1997 and Cambodia on 30 April 1999. While Thailand had already embraced a neoliberal economic policy long before the 1990s, globalisation and regionalisation trends finally succeeded in driving the remainder of GMS member countries to gradually open up their countries as each recognised the opportunities and benefits that could be attained from international connectedness. Initially, cooperation was based on economic cooperation and the promotion of trade liberalisation (albeit driven by political reasons). In tandem with the relevant parties’ aims to increase cross-border trade flows, basic infrastructure such as roads, railways and ports were improved. Trade regulations and rules were also revised to promote an image of trade openness. As a result of these changes, several trade barriers were gradually either alleviated or abolished.
Similar to most other integration processes around the world, GMS cooperation and integration became problematic when issues of equality, wealth and living standards were taken into consideration. According to several scholars, including Glassman (2010), Hadjimichalis (2011), McCarthy (2009) and Sparke (2009), the current forms of globalisation and regionalisation (as part of the responses to globalisation) are to some degree influenced by capitalism to exacerbates pre-existing inequalities at all levels. Importantly, unevenness is not only a pre-existing condition and a result of globalisation and regionalisation processes; it is also embedded within these processes (Grewal, 2008; Holm & Sorensen, 1995). That is, stronger parties often have more power to interfere in the cooperative development process and to design and redesign relevant programs, projects and agreements into forms that tend to favour themselves rather than less powerful actors. Thus, although increasing equality is one of the fundamental goals of globalisation, it has become clear that unevenness and disparities continue to persist at both the global and regional levels. In addition, growing inequalities are also exacerbates at the sub-national, local, corporate and individual levels under the current globalisation and regionalisation processes. Such phenomena, it seems, will not be resolved any time soon. Rather, they will be continuously recreated in different times and spaces and on different scales.

The GMS, in its response to globalisation and regionalisation trends, has been experiencing similar conditions because it consists of member countries with uneven levels of economic and social development. In truth, its formation process has not had much success promoting sub-regional equality. As Glassman (2010) observes, the GMS is “dominated by the interests of the most geographically mobile capitalists, the most privileged middle classes, and the most powerful state actors.” (p.15). Once formed, relations among the member states became asymmetric with dominant and privileged players. This was so in the cases of Thailand and China in particular. Thailand and China have benefitted from sub-regional integration at the expense of the weaker GMS members. Several projects have been implemented by Thailand and China with their own profit interests in mind (Krongkaew, 2004; Oehler, 2006). The construction of basic infrastructure is a good example. Infrastructure in the GMS has been unevenly developed and selectively located in favour of the more powerful nations like Thailand and China (Glassman, 2010, p.40).

This unevenness is clearly evident at the ground level as well. The attempts by the GMS countries to open border crossings and improve cross-border infrastructure as part of their liberalisation
processes was found in practice to regularise and channel flows of trade, as least to some extent. This ultimately led to a new phase of border governance, whereby governments preferred to formalise and regulate all cross-border trading activities (Kusakabe, Sereyvath, Suntornratana, & Sriputinibondh, 2008; Walker, 1999). Although such changes admittedly rendered the cross-border trading process simpler and shorter for some actors, at the same time it made it more complicated and longer for others. In the study area, for example, cross-border trading, especially among the many informal cross-border traders, who previously were able to conduct their operations more freely, became increasingly governed by policies that constrained trade openness.

After cross-border trading activities were more formalised and regulated, traders could no longer travel across the border freely at any point and any time—especially after many of the traditional checkpoints located at convenient locations throughout the border areas were abolished. All forms and scales of trade were now expected to be conducted through formal checkpoints located further away, requiring traders to have more resource in order to use such facilities. Although some informal cross-border trade can still be conducted at the remaining temporarily-permitted traditional checkpoints, these will soon be abolished.

Many studies of cross-border trade in the GMS, such as Sothirak (2002) and Kusakabe et al. (2008), highlight the fact that small-scale cross-border traders who conduct their trade informally now are faced with several difficulties due to changing border landscapes. These traders, the majority of whom are women, usually have limited mobility and limited financial capital, making it hard for them to compete with the larger, officially registered cross-border traders. Lack of legal status as registered cross-border traders further disadvantages their trade operations, particularly in the current period of change wherein relevant states are trying to regularise and formalise flows across borders. Because their activities are performed outside of existing legal frameworks, they do not have legal protections. And, because they operate their businesses in the informal sector, they lack access to both benefit and support from governments and from the various registered organisations which operate in the formal sector. According to recent studies of small-scale cross-border trade in Africa (Fadahunsi & Rosa, 2002; Peberdy, 2000), many traders become illegal traders once regional, national and local policies are enforced and formal checkpoints are established. One study undertaken by the Asian Development Bank (2007) reported a decline in informal cross-border trade across the corridor provinces. The larger, registered cross-border
traders receive more benefits now, and have driven many of the small-scale cross-border traders out of their respective markets (Kusakabe et al., 2008).

Based on the above findings, it may be that the male-dominant, registered cross-border traders—who usually conduct their cross-border trade in large volumes—will wipe out the female-dominant, informal cross-border traders, who tend to conduct their trade on a much smaller scale. However, my short-term research project, entitled “Socio-economic Impacts of GMS Economic Cooperation on Small-Scale Cross Border Women Informal Traders: A Case Study of Thai-Lao Border,” which I conducted prior to the commencement of my PhD studies, actually discovered that significant numbers of informal cross-border traders are still operating. Although registered cross-border traders were the actors who benefited most from changes in the border landscape, informal traders have managed to survive. In addition, there has been a continuous inflow of newcomers into the market consisting of traders who are not only passive receivers of global impacts, but are also capable of negotiating macro changes as well (Phadungkiati, 2010). In his book *The Legend of the Golden Boat*, Walker (1999) notes that even during the brief period when the border was closed between 1976 and 1988, informal cross-border traders still found ways to continue their businesses. Walker notes that cross-border contact on the upper Mekong was blocked by a staunchly anti-communist clique within Thailand’s military which seized power in a coup on 6 October 1976. The coup followed closely on the heels of Thailand’s economic blockade of Laos in November 1975. Yet while the vast majority of trade along the upper Mekong was officially closed until 1988, some traders in Chiang Khong managed to smuggle goods from Thailand to Laos, paddling loads of products across the Mekong at night. Although several were shot dead by Thai border police, the demand for Thai products was so high that they decided to take the risk given the enormous potential for profit. Walker also found that some Thai shopkeepers from nearby Chiang Saen and Mae Sai bypassed the closed Thai-Lao border and travelled through Burma instead, after which they crossed the Mekong and arrived at a small Lao village.

Considering the main factors contributing to the survival of informal cross-border traders in changing border settings, several studies (for example, Kusakabe et al. (2008); Manisha (2009); Peberdy (2000); Sangkhmanee (2006); S. Turner (2011) and Walker (1999)) have identified the vast range of the traders’ connections and social networks—not only among themselves but with related kin and non-kin actors such as state officials, transport operators, money lenders, suppliers,
customers and relatives—as key factors contributing to their survival. Along the Thailand and Cambodia borders, for example, small-scale female cross-border traders have tried to establish social networks to minimize and cope with the high risks they faced (Kusakabe et al., 2008). Determined to overcome their limited financial resources, they utilised trust-based networks to create abundant business opportunities and bypass obstacles to their trading activities both directly and indirectly. Manisha’s (2009) study of female cross-border traders in southern and western Africa found that unregistered female cross-border traders developed trade and social support networks in order to facilitate their business operations, and that these networks involved both kin and non-kin actors. Manisha observed that the traders used these networks to enter into various forms of trade; gain access to credit; facilitate transportation and border crossings; and develop and maintain their clients.

A review of the relevant literature clearly shows how macro processes such as globalisation and regionalisation have influenced informal cross-border trading activities operating at the local level. Moreover, the literature clearly shows how trade and social networks have become vital tools and important capital for limited-resource traders, in large part because these networks have enabled traders to negotiate changes in border settings resulting from state responses to globalisation and regionalisation processes. However, the existing literature is characterized by a paucity of detailed ethnographic research on informal cross-border trade in the GMS with a specific focus on trade and social networks. Existing studies (e.g. studies of Warr, Menon and Yusuf (2009) and Asian Development Bank (2007)), which were conducted or sponsored by the ADB—the main proponent of GMS integration—mainly focus on measuring the economic impact of macro changes to cross-border trade in the GMS.

In his book, Walker (1999) presented a detailed ethnographic study of informal cross-border trade in the upper corridor of the Mekong sub-region. Yet his study was set in the first half of the 1990s when both the GMS and ASEAN, which are among the prominent outputs of the current forms of globalisation and regionalisation, were yet to create any significant impact on the area. In effect, neither the GMS nor the ASEAN was subjected to his focus. In addition, although Walker’s work provides insightful ethnographic information vis-à-vis trading processes and social interactions which took place in informal cross-border trading, social networks were not central to his study. To date, ethnographic details on how trade and social networks are established, maintained and
promoted are particularly rare. In particular, social interaction and connections outside of work settings and with actors who are not directly involved in trading activities have not been explored in detail. Furthermore, it is rare to find studies that attempt to link informal cross-border trading with globalisation and regionalisation processes or studies which emphasise trade and social networks as important means by which traders are able to negotiate macro processes.

The present study is more similar to research conducted by Schoenberger and Turner (2008) and S. Turner (2013) on upland small-scale trade along the Sino-Vietnamese border. The first study investigated how highland residents in north-west Vietnam negotiated the political reality of an international border by trading commodities with inhabitants in southwest China. But Schoenberger and Turner (2008) mainly focus on the border between China and Vietnam—not on the GMS or ASEAN, which were already active and had started to influence the policies of states in the region by 2008. Although Turner’s work in 2013 (See S. Turner, 2013) focused on the impacts of the GMS on the Sino-Vietnamese border and the agency of local residents in adapting to these impacts, the focus of Turner’s research was on the livelihoods of highland residents and did not investigate in detail social interactions between relevant actors either during or outside work settings—interactions which I believe play an important role in informal cross-border trading and the survival of these actors. The current research seeks to fill these gaps.

1.3 Research Objectives

This research aims to link macro level processes to micro phenomena by exploring whether and how informal cross-border trade has been affected by changes in state policies and actions resulting from states’ responses to globalisation and regionalisation processes. At the same time, the research aims to investigate how trade and social networks are used by actors—particularly traders—in informal cross-border trade to deal with obstacles and take advantage of emerging opportunities arising from changes in state policies and practices. This type of investigation underscores the agency of local actors, a subject that is currently understudied in the relevant literature on informal cross-border trade. Instead of positing local actors merely as passive recipients affected by macro processes, this research will uncover and explore the ability of local actors to actually negotiate and benefit from macro processes.
As this work takes the form of policy-relevant research, it aims to provide information that will allow relevant parties to discover ways in which government policies and the GMS framework can be tailored to facilitate more inclusive infrastructure facilities, rules and regulations, and thereby ultimately level the playing field and promote equality at all levels.

1.4 Research Questions

The core question of this research is as follows: how are weaker players—particularly cross-border traders—affected by changing border settings arising from current globalisation and regionalisation processes, and how have they adapted to these changes? In order to answer such an overarching question, it is important to first establish how regionalisation within the GMS framework has reshaped trade, how macro processes associated with regionalisation have impacted different groups of cross-border traders, and how informal cross-border traders employ social networks to deal with changing border conditions resulting from macro processes.

1.5 Study Area

The analysis presented in this study is built around an ethnographic study of informal cross-border trade at the border area between Mukdahan Province (Thailand) and Savannakhet Province (Laos)—particularly the area nearby two ferry ports located across from each other on opposite banks of the Mekong: the Mukdahan Municipal Ferry Port (MFP) (located in Muang Mukdahan, the capital city of Mukdahan) and Kaysone Ferry Port (KFP) (located in Kaysone Phomvihane, the capital city of Savannakhet).

This area is located at the intersection of the Lao-Thai border and the East-West Economic Corridor (EWEC) in the GMS. The two ferry ports were the main international border crossing points in the area for a long time until the second Thai-Lao Friendship Bridge (hereafter referred to as the Bridge) was opened nearby in January 2007. Ever since, the Bridge has been the only official international crossing point in the area, while the ferry ports were downgraded to official border checkpoints only for Lao and Thai citizens, many of whom have continued to be used the ferry checkpoints as their primary gateway for informal cross-border trade. Mukdahan and Savannakhet appear in Figure 1.1. The capital districts, which are the focus of this study, appear
in pink. Figure 1.2 shows the location of the study area in relation to the EWEC. Figure 1.3 shows the location of the two ferry ports in relation to the Bridge.
Figure 1.1: Map of Mukdahan and Savannakhet showing their locations and districts (capital districts are in pink)

Source: Developed by author
Figure 1.2: Map of EWEC (Asian Development Bank, 2011)
1.6 Research Methodology

For the purposes of this study I have employed a place specific qualitative research methodology. Informal cross-border trade has unique characteristics and its nature is obviously very complex due to changing border settings. For this reason, different research methodologies and approaches have been tailored to suit exploration of the multi-dimensional research issue.

1.6.1 Sampling Design, Methods and Procedures

Using stakeholder analysis, initial key informants were purposively selected for interviews. Among my interviewees were Thai and Lao government officials involved in the formation,
development and enforcement of relevant cross-border trade policies, rules and regulations in the study area (for example, officials from the Provincial Office of Commercial Affairs, immigration officials and customs officials). In addition, Thai and Lao informal cross-border traders and other related actors in their networks (state officials, three-wheeler drivers, porters, ferry drivers, freight collectors, suppliers, customers, other small-scale cross-border traders, as well as their friends, family members and relatives) were also purposively selected as key respondents for the study.

I started by interviewing three key informants with whom I had already made contact during my previous research project: the former Vice-President of the Mukdahan Chamber of Commerce, a senior customs official at the Mukdahan Customs Office and a well-known informal cross-border trader. They all had good contacts with several Thai and Lao informal cross-border traders and other actors involved in the informal cross-border trade.

Based on my interviews with these initial key informants, together with stakeholder analysis, rolling sampling was then applied to further include other related actors within the complex networks of informal cross-border trade as key informants. In general, the latter were recruited mainly through reference of the initial key informants and later through reference of other subsequent key informants. However, since most of the actors engaged in cross-border trading are very mobile, opportunity sampling was also applied to facilitate the recruitment of many other informants, who were selected based on accessibility (physical location) and their willingness to take part in the study over a period of time. All the informants were assured that their privacy would be respected. Research information statements explained the research and verbal consent was obtained prior to all interviews. In addition, their identities are protected in the thesis by replacing their names with pseudonyms. Artistic effects have been applied to pictures in which people are clearly identifiable in order to maintain their anonymity.

Altogether approximately 136 people were interviewed during a total of nine months’ worth of fieldwork: six months in 2011, two months in 2012 and one month in 2013. The number of informants mentioned does not include the number of family members of some key informants with whom I had close contact. Key informants were divided into four main groups:

(1) Individuals who have engaged in short-distance informal cross border trade conducted through the MFP and the KFP. These Informants included nine Lao informal cross-border traders; twelve Thai informal cross-border traders; two retired Thai informal cross-border traders; one retired Lao informal cross-border trader; ten Thai officials; eight Lao officials; a
Vice-President of the Mukdahan Chamber of Commerce; five Thai suppliers; eight Lao shop owners who have bought products from informal cross-border traders; four Thai porters; four Lao porters; four Thai ferry drivers; three Lao ferry drivers; five Thai three-wheeler drivers; three Lao three-wheeler drivers; one Thai ticket and freight collector; one Lao ticket collector; three Thai registered exporters; and two Lao registered importers.

(2) Individuals who have engaged in short-distance informal cross-border trade conducted via the Bridge. Compared to the first group, there are much fewer people in this category because informal cross-border trade conducted via the Bridge was not the main focus of this research. In this group, key informants included two Thai informal cross-border traders; two Lao informal cross-border traders; one Thai bus driver; two Lao bus drivers; one Thai ticket collector; one Lao ticket collector; one Thai customs official; and one Lao customs official.

(3) Individuals who have engaged in long-distance informal cross-border trade in Vietnamese products which imported via the MFP and the KFP. This group of informants was mainly recruited through opportunity sampling and rolling sampling. They were not purposively selected as key informants when the research began. Rather, they were recruited after the researcher went to the area and investigated the trading activities in at Mukdahan’s “Indochina Market.” While studying the history of the market in order to understand the border economy, I was introduced to the head of the Vietnamese community in Mukdahan. Later, I was introduced to a female shop owner who is ethnically Vietnamese but has Thai citizenship. She owned two shops at the Indochina Market and has been conducting long-distance informal cross-border trade. I recruited her as one of my key informants as well as other relevant informants whom she knows.

This woman’s trade and social networks stretched extensively across three countries: Thailand, Lao PDR and Vietnam. I employed a multi-sited, opportunistic research methodology to explore her trade and social networks. In Mukdahan and Savannakhet, in addition to informants who were involved in export and import processes at the MFP and the KFP as listed in the first group, key informants in this group included the Vietnamese-Thai shop owner and her daughter, the shop owner’s landlord and eight owners of other shops in Mukdahan’s Indochina Market. As I had the opportunity to accompany the Vietnamese-Thai shop owner to several areas in Vietnam on one of her trips to purchase supplies for her shop, I recruited as one of my key informants a Vietnamese supplier with whom the Vietnamese-Thai shop owner does business and has close relations. During the trip to Vietnam, I met several other Vietnamese
actors in the woman’s network, but they are not included here as I did not have a chance to interview them directly. Although I observed their activities, I only acquired information about them through my conversations with the Vietnamese-Thai shop owner, who was an essential part of these activities.

(4) as the aim of this research was to understand a broad perspective of informal cross-border trade in the area, informal cross-border trade conducted through the traditional checkpoints was also investigated. Actors who were involved in the informal cross-border trade conducted at two selected traditional checkpoints at the Mukdahan border were recruited as key informants. At Ban Songkorn—one of the two selected traditional checkpoints—I recruited as key informants five Lao informal cross-border traders who transported products from Laos for sale at Ban Songkorn’s periodic market; five Thai suppliers to the periodic market; four Lao customers who came to buy products at the periodic market; and two Ban Songkorn Village Committee members. At Ban Paluka, the other traditional checkpoint, I recruited five Thai suppliers to the local periodic market; four Lao customers who came to buy products at the market; and one village committee member. Opportunity sampling was the main recruitment methodology employed for this group of informants.

During the fieldwork, informants acknowledged that I was a Thai student who previously conducted post-graduate research in the same area at the beginning of 2010. Many of them recognised me immediately when I returned. Consequently, less effort was needed to become re-acquainted with the informants I previously interviewed. Although I was still an outsider to the traders’ daily networks, I was accepted as an insider among these informants. I was accepted as friend, sister, niece or daughter. Also, the fact that I am Thai and could communicate with those who speak the Northeastern Thai (Isaan) dialect and Lao was an important advantage.

My background as a Thai and knowledge on the local culture enabled me to become embedded in the area with minimal effort. Based on my previous research experience, if a researcher comes from a different country the dynamics are somewhat different. Even if a foreign researcher understands the language there are several cultural contexts which non-locals might not be able to understand or pick up. Most likely, it would also take a longer time for informants to accept a foreigner as part of their group. Although I am from Central Thailand, my background is surely a plus for this fieldwork because Central Thai culture is similar to
Northeastern Thai and Laos culture. I also had an opportunity to learn about the local culture while conducting research in the area on previous occasions.

In addition, my age (31 years old at the time of the fieldwork) and gender (female) also played an important role in shaping my relationship with the informants. My relationships with the traders are good examples. Many of them are around the same age as my parents, so they preferred to call me luuk, which means daughter. A good example of how my gender was relevant would be my relationship with the female Vietnamese-Thai shop owner. Not long after I met her, she asked me to move into her house and considered me as one of her daughters. She said she felt sorry that I had to live in the area for a long time by myself, especially given that I am a girl. That fact that she has two daughters around the same age as me may have also been another reason why we developed a close relationship.

Once I was accepted by some of the initial key informants as a close acquaintance, friend or family member it was not difficult to ask them to introduce me to other key informants with whom they had ties. This greatly contributed to my ability to investigate social networks, the focus of my research.

1.6.2 Data Sources

The data used in this research was derived from both primary and secondary sources. Primary data sources included interviews and discussions with all the key informants as well as reports, presentations and information obtained from government officials and the internet. Reports and websites created by relevant organisations such as the World Trade Organisation (WTO), the ABD and the ASEAN Secretariat were also used as primary sources of data. With respect to secondary data sources, this research primarily relied on relevant monographs and articles.

1.6.3 Data Collection

Participant observation, unstructured interviews and semi-structured interviews were the main methods used for data collection in this study. My aim was to gain an in-depth understanding of the key issues and experiences of small-scale traders within their everyday local contexts. First-hand observation and lightly structured interviews provided extensive and in-depth information, and the close relationships I developed with informants helped to ensure the accuracy of the acquired information. However, semi-structured interviews were also conducted with government officials and owners of registered export and import companies in
Thailand and Lao PDR, as research conducted with these informants required a relatively formal approach.

Semi-structured interviews were utilised when interviewing government officials involved in the development and enforcement of Thai and Lao policies regarding the movement of products and people across the border. These officials were interviewed about cross-border trade and people management policies and procedures. These interviews also focused on the changes—and the factors influencing changes—instigated by the creation of the ASEAN Free Trade Area (AFTA) and GMS sub-regional economic cooperation. In addition, the interviews were designed to investigate the nature and history of formal and informal cross-border trade conducted by both registered and unregistered traders in the area.

Semi-structured interviews were also used when interviewing owners of Thai and Lao registered export and import companies. During the interviews, my goal was to obtain a more in-depth understanding of the issues because most of these individuals had many years of experience in cross-border trading. Despite their status as owners of registered companies, many of them had engaged in cross-border trade using informal channels which were considered illegal during the economic blockade era and the transition period. Most customs and immigration officials were unable to explain the changes in border governance over time because they were frequently rotated to different checkpoints, but the business owners I interviewed were born and grew up in the area, so they were able to explain issues pertaining to cross-border trade during different time periods.

Regarding my other key informants—especially those directly involved in informal cross-border trading—participant observation and unstructured interviews were the main methods used for data collection. Research objectives and questions were used as guidelines to identify the important activities and issues to be explored as well as for setting the discussion topics and the broad questions for the interview.

Participant observation was utilised during my field work in order to investigate daily cross-border trade practices and relevant events. By participating in and observing the various activities of informants I was able to gain a deeper understanding of the research topic. The various nature of informal cross-border trade, social networks and working and living conditions, as well as the responses of different actors to problems and opportunities that arose from changes in government policies were observed in detail.
Together with the immersive observation that I practiced during the interviews, unstructured interviews were also utilised when questioning interviewees. The topics of discussion and the main questions were decided upon prior to the interviews, and were selected based on the role the particular informant played in informal cross-border trading. The situation and activities of each particular informant at the time of observation was taken into consideration when setting the topics for discussion. Based on the answers obtained from the initial questions, more specific follow-up questions were asked in order to further probe certain issues. The main topics of discussion included the following: changes in relevant cross-border trade governance policies during different periods; the economic and social impacts on each actor, particularly traders; and the difficulties and opportunities which accompanied these changes.

While collecting data I also considered the nature of informal cross-border trade and the changes in trading practices across different periods—especially those caused by changes in government policies. In addition, topics such as trade and social networks were included in the interviews. In this regard, while conducting interviews I also sought information about the following: the forms of trade and social networks between informal cross-border traders; the actors involved in trading processes, both directly and indirectly, and the roles the various actors play; the relationship between the informants and other relevant actors; how networks or relationships were developed, maintained and promoted; and how traders use these networks to facilitate their trading businesses—and in particular, how traders use such networks to deal with challenges or take advantage of opportunities caused by changes in relevant government policies.

1.6.4 Research approach

Increasingly, human geographers explore multidisciplinary issues and apply an array of research approaches and methods to their studies. Among the different research approaches and methods adopted, qualitative approaches and methods are increasingly being utilised in several studies. This is because human geography generally involves explanations of complex issues, including the human environment, individual experiences and social processes (Winchester, 2005). As this research aims to investigate the socio-economic aspects of informal cross border trade, qualitative research approaches and methods were deemed appropriate for this study. More specifically, after reviewing the three main types of qualitative research (oral
or interview-based, textual and observational), I opted to primarily employ oral and observational approaches given the ground-based nature of my research (Winchester, ibid.).

A combination of oral and observational approaches is commonly found in ethnographic research. In the thesis, an ethnographic research approach is utilised mainly because humans’ social interactions are shaped by their different cultural backgrounds and habitus (habituses usually refer to the lifestyle, values, characteristics and expectations of particular social groups). Humans’ social interactions are so complex that they cannot be thoroughly explored using short questionnaires or checklists. In addition, I did not think the rational economic approach to cross-border trade employed by international organisations such as WTO or ADB are effective. Using short questionnaires or checklists and adopting a rational economic approach may be popular ways of investigating cross-border trade due to their convenience, but they are hardly able to capture the complexity of social activities within which informal cross-border trade is embedded.

An ethnographic approach is of necessity the best way to perform research on this particular topic. Ethnographic research, especially through participant observation, allows the researcher to immerse her/himself in the daily activities of informants. This approach strengthens the output of the research in general. If a researcher spends more time with informants she/he can obtain a more nuanced understanding of a broader variety of issues. That is, by spending more time a researcher not only has an opportunity to fully explore her/his planned research goals, but also has a chance to discover other issue that have a bearing on the research topic.

More time also enables the researcher to gain a better understanding of local social and cultural contexts. Furthermore, it gives the researcher a chance to observe, check and recheck information without greatly interfering with the daily activities of informants. As informants become familiar with the researcher, they tend to carry out their daily activities just as they would under normal circumstances—thereby giving the researcher a chance to more accurately assess the informants’ activities. And as trust grows between the researcher and informants over time, informants become more willingly to provide more revealing and accurate information. In short, more accurate and thorough information can be acquired by spending more time conducting research, and the researcher’s understanding of the issues and interpretative ability is thereby enhanced.

Although accuracy of data collection and interpretation is limited to what the informants provide, information gained by using an ethnographic approach is believed to be sufficient for
a detailed description of the case study based on social expressions of culture. Thick description is a core and unique contribution of ethnographic research to the topic of study. According to Geertz (2003). Through thick description, research presents not only facts, but also comments and interpretations as well as interpretations of those comments and interpretations. Commenting on anthropology's task of explaining cultures, Geertz argues that a descriptive interpretation is not adequate to interpret the complexity of a culture. In line with the complexity of the culture, each fact is believed to be subjected to overlapping interpretations.

1.7 Scope and Limitation of the Research

This study does not attempt to provide a qualitative or quantitative summary of all informal cross-border trade occurring between the two countries of Laos and Thailand. It should also be noted that selected cases of informal cross-border trade are not guarantee to be the best representatives of all informal cross-border trade between Mukdahan and Savannakhet, which is conducted in various forms through different crossing points. This study explored the informal cross-border trade conducted (a) at the international crossing point on the Bridge; (b) at the permanent local crossing point at the MFP and the KFP; and (c) at temporary traditional crossing points located along the border. However, the study primarily focuses on a particular form of informal cross-border trade conducted through the MFP and the KFP.

There were certain limitations in terms of numbers of informants. Due to the limited time of my fieldwork, I had to develop sound relations with each informant in order to gain in-depth information. For this reason, not all informal cross-border traders were interviewed. I also found it impossible to map the entire trade and social networks of informal cross-border trade in the area. These limitations, however, did not weaken the research. The quality of the research largely depends on the quality of information acquired from informants. This is why trust between the researcher and her/his informants must be established. As informal cross-border trade involves varying degrees of informality, informants—especially the traders—tend not to reveal information easily for fear of inviting trouble. My early fieldwork revealed that traders tended not to reveal information about their informal trading processes, especially regarding the way they negotiated with relevant officials. Some even provided faulty information. However, after they accepted me as part of their community—or as part of their family in some cases—more information was willingly revealed. This reinforced my conviction that the development of a trust-based relationship between a researcher and her/his
informants is more beneficial than having high numbers of the informants participating in the research by means of distributing questionnaires or other methodologies.

In terms of time frame, the thesis’ history chapter dates back to the period when the French colonised Lao PDR in 1893. However, the thesis focuses on the networks used by informal traders in response to events that have occurred in more recent history—particularly the changes in Thai and Lao government policies and physical border settings resulting from state responses to globalisation and regionalisation processes. More specifically, it explores the impacts of such changes on informal cross-border trade from 1992 up to the present. There were several changes in the border situation that occurred during this period, most of which were caused by the ADB’s GMS initiative in 1992, the Mekong countries’ entry into ASEAN and the slow opening up of GMS countries.

In the course of conducting research, there were some limitations in terms of available numerical data. Although the research focuses on issues from 1992 to the present, some data relevant to the period was unavailable. For example, the value of cross-border trade between Thailand and Laos conducted through the border area between Mukdahan and Savannakhet has only been documented since 2003. Another example is population data, which for Savannakhet had to be based on the most recent population census conducted by Lao PDR in 2005.

Another constraint was that the long-distance informal cross-border trade of Vietnamese products involved Vietnamese actors, but since I have no Vietnamese language capability I was dependent on information acquired via translation by the Vietnamese-Thai shop owner. Thus, while participant observation was also employed, I cannot guarantee that the information acquired was bias-free or interpreted correctly.

1.8 Concluding summary

The main objective of this research has been to use an ethnographic approach to explore how informal cross-border trade in the research area has been affected by changes in relevant state policies and actions as a result of states’ responses to globalisation and regionalisation processes. The research also aims to investigate how actors involved in informal cross-border trade—especially traders—use trade and social networks to deal with obstacles and take advantage of opportunities arising from changes in relevant state policies and actions. It is expected that the research will make a useful contribution to the existing body of literature, especially to ethnographic information about trade and social networks utilized in informal
cross-border trade. The research is also expected to add to the existing literature on mutual linkages between informal cross-border trade and change at the international level, a topic rarely covered by relevant writings today.

The next chapter provides a literature review. The relevant literature is reviewed and important debates are discussed in detail. In addition, I attempt to identify gaps in the current literature and thereby justify the focus of this research.
Chapter 2

From regionalisation to borderland and livelihood studies of small scale traders

2.1 Introduction

Borderland studies help frame a contextualised approach to livelihoods of small-scale traders and relevant actors involved in informal cross-border trade who use social networks to survive economically. Neoliberal form of globalisation and regionalisation processes have been widely discussed as processes which would lead to a borderless world, and to development for all. But they have also been widely criticised as processes which tend to recreate inequalities at different levels. Exploration of small-scale informal cross-border trade, however, reveals that neither of these polarized positions is tenable. Although taking different forms, borders are still there and continue to benefit the rich. At the same time, despite being marginalised, the poor still survive. Interestingly, it is the existence of said borders that provides the small traders with arbitrage opportunities. Thus, neither of the polarised positions of globalisation and regionalisation can help one to understand what is going on at ground level in the context of a globalised and regionalised world. A grounded study is needed to make the case for a more nuanced analysis based on the locally and socially embedded nature of trade and markets.

This chapter commences with a review of debates surrounding the consequences of the GMS (See section 2.2). While the region is making good progress in connecting member countries, borders continue to persist in different forms. Integration is not progressing well in promoting equal development for all at both the macro and micro levels, despite this having been set as its ultimate goal. These findings have raised questions about the outcomes of neoliberal form of globalisation and regionalisation processes of which the GMS is a part. In section 2.3, the thesis discusses the paradoxes of neoliberal spread at the borders. The section provides basic understanding of neoliberalism which is influencing current form of globalisation and regionalisation and the GMS. The section discusses how neoliberalism believes that human well-being can be facilitated by market liberalisation but at the same time has increased global ‘precariat,’ the condition in which the informal cross-border traders operate. Discussed also in this section is the ability of informal cross-border traders to develop entrepreneurship given the opportunities for experimentation which the border provides. Section 2.4 explains how debates
on globalisation and regionalisation are too polarised and generalised, given the survival of the informal cross-border traders despite the significant changes in the border settings resulting from both macro processes, of which many can be obstructive to the former’s activities. The discussion in the later sections of the chapter searches for ways to investigate this phenomenon, the aim being to stress that the debates should be more nuanced.

Relevant approaches and concepts as well as studies of informal cross-border trade, are discussed in sections 2.5, 2.6 and 2.7, where I explore ways to investigate alternative views of the debates. In section 2.5, borderland studies and livelihood studies are discussed as a complementary approach to examining global and local relations. Then, the characteristics, gender nature and relevant concepts of an informal economy—an economic sector of which informal cross-border trade is a part—are discussed in section 2.6 to understand the background nature of informal cross-border trade. This particular form of female-dominated economy enmeshes in and relies significantly on social relations and institutions, although social relations and institutions may prove obstructive in some aspects. Finally, in section 2.7, the discussion turns to studies of small-scale cross-border trade (SCT), of which informal cross-border trade is generally considered a subset, at different borders around the world. As well as discussing the nature of SCT at different locations around the world in order to better understand the conditions in which informal cross-border trade operates, this section also adds to section 2.6. It examines relevant studies’ views of the importance of social networks and connections in trade operations, especially when dealing with the impact of change at the macro level. Discussed also is how the traders utilise their social networks and exercise their agency through their networks. By linking back to the polarisation of the debate regarding the impacts of globalisation and regionalisation, clearly a more nuanced answer may be gained from a ground-based study of the social networks formed around informal cross-border trade. The particular gaps identified in this section will be bridged by the research.

2.2 Regionalisation in the GMS

The GMS emerged in the shadow of a neoliberal version of globalisation and regionalisation. Assisted by the ADB, it was formed with the expectation of enhancing economic relations among countries, boosting regional development and as being a path towards wider international connectedness and development for all. To date, integration is making significant progress, especially the development of basic infrastructure and relevant facilities. At the same time, however, it has been experiencing difficulty. It is very much a state-led phenomenon with
low commitment from member countries. Also, instead of allowing free flows across the borders, integration has whereby led to a new form of border governance whereby cross-border flows are formalised and channelled. Importantly, rather than promoting development for all, the GMS advantages the stronger players. Thus, powerful countries and the elites gain more privileges.

2.2.1 Historical background and the progress of the GMS

In the context of post-socialist Indochina, when different countries in the region were moving towards a market economy from the early 1990s, the ADB-initiated GMS program was formed in 1992, marking a new stage of cooperation. This cooperation, which was promoted by the many favourable political and economic conditions of post-socialist Indochina included: (1) intra subregional peace with the conflict and instability between Laos, Cambodia and Vietnam resolved by the late 1980s; (2) the need for resources from other resource-rich Mekong countries to supply Thailand’s economic boom which was at its peak; (3) the will of China which already embraced market reform to enhance its market reformation process through a formal regional cooperation and to develop the land-locked province of Yunnan (Oehlers, 2006); and, (4) the market-oriented reforms of Cambodia, Lao PDR, Myanmar and Viet Nam (CLMV) towards the end of 1980s and the beginning of the 1990s, which also led to their participation in ASEAN in the late 1990s (Leung, Bingham, & Davies, 2010).

Membership of the GMS included Cambodia, Lao PDR, Myanmar, Thailand, Vietnam and China’s Yunnan Province; and, later in 2005, it also included China’s Guangxi Zhuang Autonomous Region. Its main aim is to promote economic development for all. Under the GMS umbrella, several projects have been launched to facilitate integration which covers the following different sectors: transport, energy, telecommunications, environment, human resources, tourism, trade, investment and agriculture (Asian Development Bank, 2011). Priority is, however, given to transport facilitation, especially the improvement of regional basic infrastructure and related facilitating regulations with increased focus on the energy sector (Dosch & Hensengerth, 2005; Srivastava & Kumar, 2012). The intention is to create a sound base for further development of other sectors, especially to expand trade and investment with the ultimate aim of sustainable economic growth and raising the living standards in the region (Dosch & Hensengerth, 2005). Promoting the member countries’ connection to the wider international community is also one of its goals. The ADB (2004) sees it as a movement toward “a greater Asian economic community” (p.5). And since the GMS has no intention of
forming a trade bloc it does not compete with ASEAN and the larger context of Asia-Pacific Economic Cooperation (APEC), which support and promote non-preferential and non-discriminatory trade and investment in the Asia-Pacific region (Krongkaew, 2004).

2.2.2 Successes and failures

Many indicators show the success of regional integration; in fact, some show that it could develop good international connections, providing a pathway for its members to the wider international community. The GMS is able to attract huge amounts of Foreign Direct Investment (FDI) in several of its sectors and, by extension to increase its exports (Bonaglia, 2006). At the same time, it could gain the support of several organisations (for example, different United Nations’ organisations and agencies, the International Monetary Fund (IMF) and the World Bank) and countries outside of the group (notably Japan, France, Australia and the US), which would help ensure both financial liquidity and the necessary technical assistance necessitate for the development process (Dosch & Hensengerth, 2005).

Internally, the GMS is making noticeable progress as well. Intra-subregional trade has shown a significant rise, especially between Thailand and China (Bonaglia, 2006; Dosch & Hensengerth, 2005; Srivastava & Kumar, 2012). Its transportation facilitation effort also shows obvious progress (Dosch & Hensengerth, 2005; Masviriyakul, 2004; Oehlers, 2006; Srivastava & Kumar, 2012). Several transportation facilitation projects have been launched under the GMS, especially along the three main regional corridors in the GMS subregion: 1) the East–West Economic Corridor (EWEC), the most advanced project; 2) the North–South Economic Corridor (NSEC); and, 3) the Southern Economic Corridor (SEC) (see Figure 2.1). Along with the improvement of physical cross-border basic infrastructure, related policies and regulations have also improved. The Greater Mekong Subregion Cross-Border Transport Facilitation Agreement (GMS CBTA), for example, has been introduced (Dosch & Hensengerth, 2005; Srivastava & Kumar, 2012), although it remains on pause. After the implementation of its pilot project, it faced several difficulties in setting up coordinating organisations and relevant policies and regulations pertinent to transporting goods, vehicles and people (drivers).
Figure 2.1: Map showing transport economic corridors. Turquoise line: the East–West Economic Corridor (EWEC). Thick red line: the North–South Economic Corridor (NSEC). Yellow line: the Southern Economic Corridor (SEC) (Greater Mekong Subregion Environment Operations Center, 2012)
Despite its several success stories, however, the GMS still has a long way to go when considering the participation of non-state actors and the commitment level of its member countries. Unlike the European Union (EU) and the North American Free Trade Agreement (NAFTA), where cooperation is driven by both states and non-state actors, the GMS is still very much a state-led cooperation. There has been very limited societal involvement (Dosch & Hensengerth, 2005). The commitment level of member countries is also very low. Unlike the EU, the GMS did not develop from “any fully developed governmental-level fora that intended to give institutional coherence to transnational processes” (Glassman, 2010, p.5). A co-governance body does not have power over any of its members. Similar to ASEAN, its political rapprochement process is very loose. The power of a co-governance body cannot be exerted directly through rules and regulations, but through a “loose consultative framework” (p.284).

Additionally, both as a cause and a result of the weak institution, member countries themselves do not firmly unify and commit to the mutual aim of promoting regional growth together. Several issues appertaining to cooperation and conflict are found to be discussed bilaterally—not multilaterally—usually outside of the GMS framework. Furthermore, there have been several cases where issues have affected the GMS directly. If such issues either create or are likely to produce negative impacts on the benefits to a country, that country is usually found to be refusing to compromise. The case of China which refused to compromise on dam-building in the Chinese stretch of the Mekong, is one good example (Dosch & Hensengerth, 2005).

Unevenness at both the macro and micro levels is another core problem faced by the GMS. Glassman (2010) argues that the formation of the GMS is “dominated by the interests of the most geographically mobile capitalists, the most privileged middle classes, and the most powerful state actors” (p.15). Prior to their integration, members of the GMS were at different levels of development. Yet the formation process itself was obviously not favourable to the promotion of sub-regional equality as the GMS was driven by the interests of dominant countries like Thailand, for example, to exploit the untouched pool of bountiful resources (labour and raw materials) of the poorer CLMV (Oehlers, 2006; Pasuk & Baker, 2009). Thailand also hopes to market goods produced by its rapidly expanding industrial sector to potential CLMV markets (Glassman, 2010; Pasuk & Baker, 2009). Once formed, the relations among the member states became asymmetric and privileges dominant (in the cases of Thailand and China in particular) at the expense of the weaker members. Several projects were pushed by the dominant in the interests of their own profits (Krongkaew, 2004; Oehlers, 2006), so, clearly, they benefited the dominant more. The construction of basic infrastructure is a good
example. Infrastructure in the GMS is unevenly developed and selectively placed to favour the
more powerful nations (Glassman, 2010, p.40). The railway project linking Yunnan and
northern Thailand via Laos and Myanmar, which is a part of the North-South Economic
Corridor, is a clear example. This railway project was obviously being pushed by Thailand and
China in expectation of providing their landlocked regions with access to the global market.
Out of the four railway projects, two of which prioritised the trajectory of the ASEAN-initiated
Singapore-Kunming Rail Link Project, the other two were railway projects proposed by the
Government of Thailand to connect Thailand with Yunnan Province through Lao PDR (Office
of the National Economic and Social Development Board, 2013). The countries in between
were relegated to bypasses although they stood to receive some spillover from the
development. As Glassman (2010) states, the GMS countries are “shot through by unevenly
developed and selectively placed infrastructure” (p.40).

Unevenness is witnessed at the local level as well. Although the development of the GMS came
with the necessary infrastructure to promote convenient flows of people, products and money
across the border, it also introduced a new phase of border governance where governments
preferred to formalise and channel flows. In order to meet new government requirements and
have access to—and to able to enjoy—the benefits of the newly-developed facilities and
infrastructure, additional cost, certain knowledge and skills and legal status (which the
dominant had but the weaker lacked) were required. The new border settings thus proved
obstructive for the weak living at the border area, whose main income generation involved
border crossing. This section of the population earned small incomes and mainly operated in
the unregistered economic sector or informal economy. Importantly, the above circumstances
were likely to worsen the conditions of the pre-existing inequalities between the two groups.
Such phenomena can be seen in many informal cross-border economic activities. Informal
cross-border trade is “seen” because it involves frequent movements not only of people, but
also of products and money across the border. Many studies report a decline in the informal
cross-border trade across the corridor provinces of GMS countries (Asian Development Bank,
2007). Because the larger registered cross-border traders receive more benefits, they are driving
small-scale, cross-border traders out of the relevant markets (Kusakabe, Sereyvath,
Suntornratana, & Sriputinibondh, 2008).

Thus, integration is still far from reaching its ultimate goal. It still very much lacks explicit
focus on the more fundamental issues of sustainable regional integration and development.
Although the process facilitates trans-border economic flows by promoting freer movement of
goods and resources—a very superficial form of integration (Oehlers, 2006)—relevant projects and programs prioritise the benefits of the dominant member countries. At the micro level, although informal border activities still persist, their projects and programs tend to focus on facilitating registered cross-border transactions and in this way prove obstructive to the informal border economy. The GMS, thus, is at risk of just promoting the region as a trading post which links “poles of activities” (Ibid., p.467) rather than promoting overall regional prosperity. At the local level, it is also at risk of just benefiting the dominant rather than helping to level the playing field.

2.3 Paradoxes of neoliberal spread at the borders

Neoliberalism is “a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong property rights, free markets and free trade” (Harvey, 2005, p.2). Clearly from its meaning, the emphasis is on entrepreneurialism and experimentations with freedom—and thus ‘human capital’ or the agency of the locals. According to Lazzarato (2009), the state plays important role in supporting entrepreneurial freedom.

“Neoliberal government intervenes in the domain of the social by converting the latter into a function of the enterprise. It intervenes to promote multiplicity, differentiation and competition of enterprises and to incite and constrain each individual to become an entrepreneur of him/herself, to become ‘human capital’” (Lazzarato, 2009, p.120).

Under the neoliberal form of development, however, the state is expected to only intervene minimally because, according to neoliberal theory, the state cannot possess enough information to evaluate or predict the market and powerful interest groups might distort state intervention for their own benefit. Neoliberal philosophy therefore maintains that states should be limited to creating and preserving a neoliberal institutional framework by establishing military, defence, police and legal systems which secure and guarantee private property rights and market functioning. Neoliberal states also have a duty to create markets where they do not exist. However, neoliberal theorists content that states should not intervene in a country’s political and economic structure beyond the foregoing tasks (Harvey, 2005).

The focus of neoliberalism on entrepreneurial freedoms is pertinent to border studies because many studies (e.g. Hirsch (2009) and Lyttleton (2014)) suggest that borders expand
possibilities for experimentation in carrying out both formal and informal (or illicit) economic activities. Hirsch (2009) explores the frontiers as “‘in-between’ spaces that define particular transitions” (p.124). He found there were “new opportunities for capital” (p.131) in the transitional aspects of Thailand’s contemporary frontiers under the GMS motif as Thailand’s “new and seemingly boundless frontier has opened up through improved relations with neighbouring countries on the Southeast Asian mainland” (p.129). The GMS, influenced by the neoliberal form of development, has transformed Thailand’s borders from backward peripheral areas to vibrant “geographical centre or crossroads of the regional economic powerhouse” (p.129). The location of frontier areas facilitates the development of border towns and thus creates opportunities for border entrepreneurship. Lyttleton (2014), in his book on health, sexuality and mobility in Asia, discussed transitional border regions as a space where transportation linkages, market diversification and market demand, coupled with rapid social and economic change, meet “historical opportunism and loosening political structures” (p. 44-45). Much like Hirsch (2009), Lyttleton pointed out that transitional border regions offer market opportunities and promote entrepreneurialism by “creat[ing] eddies and whirlpools on the edges of neoliberal expansion and its accompanying migrant and capital flows” (p.77).

Neoliberal spread, however, simultaneously aggravates certain disadvantages at both macro and micro levels. The ongoing globalisation of neoliberalism has been associated with increased social and economic instability and crises along with widening income inequality (Arnold & Bongiovi, 2013). Neoliberal development has been accompanied by an increasing informalisation or casualisation of labour and global ‘precariat,’—especially among women and migrants, who are ‘traditionally’ marginalised (Arnold & Bongiovi, 2013; Beatrix, 2014; Munck, 2012; Standing, 2014; Vosko, 2010). Standing defines precariat as a new social class that has emerged from “the liberalisation that underpinned globalisation” (Standing, 2011, p.1). For Standing, the precariat consists of “a multitude of insecure people, living bits-and-pieces lives, in and out of short-term jobs, without a narrative of occupational development…they have a more restricted range of social, cultural, political and economic rights than citizens around them” (Ibid., p.1).

In the GMS, there are an increasing number of precariat (often referred to as those working in informal sector) as member countries engage with global capitalism and sub-regional groupings (Arnold, 2013; Arnold & Pickles, 2011). Similar to the global picture, women and migrants are the most affected groups. In terms of location, although precariat can be found
everywhere the most vulnerable are those in border areas because ambiguous state rules and regulations undermine job security and labour rights (Arnold & Pickles, 2011; Kusakabe & Pearson, 2014). Arnold and Pickles (2011) discussed the consequences of the recent emergence of regional production networks and border industries on Burmese migrant workers in the apparel industry in Mae Sot, an industrial area on the Thai–Burma border. Thailand’s nationalist social policies exploited Burmese labour in Mae Sot by enabling local authorities to impose official and unofficial fees on labourers and create “a low-wage, and highly precarious working population at the Thai–Burma border” (p.1619).

Considering the conditions under which informal cross-border traders who are the subjects of the thesis operate, these traders are also operating under precarious working conditions. As various scholars have observed while conducting research on informal cross-border traders in different regions (Akinboade, 2005; Bush, 2004; Desai, 2009; Fadahunsi & Rosa, 2002; Kusakabe, 2009; Kusakabe et al., 2008; V. Muzvidziwa, 2001; V. N. Muzvidziwa, 1998; Ntseane, 2004; S. Peberdy, 2000; Peberdy, 2002; Schoenberger & Turner, 2008; Walker, 1999), there is little if any job security and traders have limited access to social and economic services such as access to social protection schemes and funding sources. These scholars and the present thesis data, however, also demonstrate that informal cross-border traders are capable of establishing informal networks in response to state measures designed to promote neoliberal market expansion. In particular, they possess valuable human capital—an asset which neoliberal theorists believe is the key to promoting human well-being. In addition to the agency of traders—which is buttressed by their valuable human capital assets—border areas promote possibilities to experiment with both formal and informal economies in the context of neoliberal regimes.

2.4 Globalisation and regionalisation

Debate surrounding the issues of globalisation and regionalisation around the world are found to be polarised. They are seen either as a pathway to a borderless world of development and prosperity for all, or as unequal processes that privilege the stronger. However, neither approach to globalisation and regionalisation represents the actual situation faced by small-scale informal cross-border traders. At one end of the spectrum, where it is believed that the two processes are creating a borderless community, the border is still there. At the other end, where it is believed that the two processes are producing negative outcomes—especially for weaker actors—the negative outcomes are still unable to drive informal traders away. The
existing debate seems to overgeneralise the outcomes of the two processes. These findings highlight the need for a ground-based study to be undertaken that will produce a more nuanced analysis of the socially embedded nature of informal cross-border trade.

2.4.1 Towards a borderless world?

Much of the debate surrounding the potential outcomes of globalisation and regionalisation is about the creation of a borderless world or community. Globalisation is seen as a process urging international connectedness of the whole world. Thomas Friedman, a columnist for the *New York Times*, defines globalisation as an inexorable integration of markets, nation-states and technologies which is driven by free-market capitalism (Friedman, 2012, p.9). For him, globalisation is about the spread of free market capitalism, and the opening, deregulating and privatising of the economy making it more competitive and attractive to foreign investment. Globalisation enables individuals, corporations and nation-states not only to extend their reach around the world, but to be reached by the world faster, deeper and cheaper than ever before. According to Friedman, conditions such as these are believed to lead to economic prosperity of every country in the world (2012, p.9). Turner (2010), a sociologist, considers globalisation “the interconnectedness of the world as a whole and the corresponding increase in reflexive, global consciousness” (p.10), taking into account economic, technological, informational, cultural, legal, political, as well as the health and illness dimensions of globalisation.

At the same time, regionalisation is understood as a process for international integration within certain geographical boundaries. Cumbers (2009) defines regionalisation as:

processes of geographical integration at the supranational level and increasingly prominent in all parts of the globe. Predominantly driven by processes of market integration and the geographical expansion of capitalism across the borders of nation-states, regional integration is primarily driven by economic processes although the need to regulate economic development is also leading to debates about greater political integration (p.252).

Globalisation and regionalisation are usually mentioned together by those who support the notion of free markets, particularly the IMF, the WTO, the World Bank and the ADB, as processes that work together towards international connectedness or a borderless world. For them, regionalisation is considered a tool to promote or a step toward global openness. Conversely, scholars from different disciplines (e.g., Emmerij, 1992; Krätke, 1995; Mehanna, 2008; Thonstad, 1996; Weidenbaum, 1992) see regionalisation as opposing globalisation, that
is, as obstructive to the creation of a borderless world. The main debate is based on the fact that regionalisation integrates only within certain geographical areas or groups of countries, whereas globalisation seeks absolute integration of the whole world. Scholars who take a more neutral view, that is who see regionalisation as both supportive and destructive to globalisation at the same time (Kacowicz, 1998; Mansfield & Milner, 2005; Mittelman, 1994; Mucchielli, Buckley, & Cordell, 1998; Oman, 1994; Sideri, 1996), also acknowledge the marked difference between the two processes. Oman (1994, 1996) notes that while the globalisation process is seen as a centrifugal process, regionalisation is a centripetal process that involves the movement of two or more economies or two or more societies towards greater integration with each other. Adding geography to the mix, Nesadurai (2003) argues that whereas globalisation is about opening up and connecting the whole world, regionalisation primarily focuses on international connectedness within certain areas, among adjacent countries in particular. Thus, while globalisation is seen as a process that de-emphasises boundaries, regionalisation is seen as states’ attempts to re-impose boundaries at a different level.

The fact that globalisation is mainly driven by economic forces whereas regionalisation can be driven not only by economic forces, but also by political forces motivated by security, economic or other concerns (Oman, 1996), may prove the main basis of the differences between the two processes. These differences can render regionalisation obstructive to globalisation and its goal of creating a borderless world. If protective regionalisation is only temporary, that is, until countries are ready to join the global community, then it may be considered as countries’ careful transition towards greater openness and, by extension, a borderless world. However, it can also be a defensive force vis-à-vis globalisation if countries fear its negative impacts and decide in favour of protective regionalisation. Regionalisation would, however, only create a new and larger space out of many smaller nation states (Nesadurai, 2003).

Having acknowledged the differences between “globalisation” and “regionalisation,” the key point this thesis is taking from these phenomena is that they involve the redefining of borders and increased permeability for at least some goods, ideas and people—possibly at the expense of others. It is this commonality, and the common debate/critiques surrounding these processes, on which this thesis focuses. Furthermore, since this thesis is about specific borders within a regionalised context (GMS), it is regionalisation that is the key process under consideration.
Considering the fact that most existing regional and sub-regional integrations (with the exception of the EU) still cannot achieve free flows across borders—or even within the region itself—I will suggest that neither globalisation nor regionalisation have been successful in creating a borderless world or free flows across regional borders. The existence of small-scale cross-border trade across various borders around the world, such as in Africa, Southeast Asia, and between the former Soviet Union, Central Eastern Europe and Western Europe (the outer border of the EU) confirm the persistence not only of regional borders, but the persistence of borders within regions as well.

2.4.2 Uneven development and survival of the traders

Currently, uneven development is an important issue which has been discussed widely in direct conjunction with globalisation and regionalisation. Despite the principle of creating a single world of globalisation, and of creating an equal playing ground among member countries in different regions, it becomes clear that unevenness and disparities continue to persist not only at the global and regional levels, but also at the sub-national, local, firm and individual levels. McCarthy (2009) observes that this unevenness can be witnessed at every scale. In the organisation of the global economy, there are categories of first and third worlds and groups of core, peripheral and semi-peripheral countries. At the regional scale, within most countries there are heavily industrialised or finance-centred regions, and lagging or persistently poor rural areas. Within the metropolitan areas, there are inner cities and suburbs; and, within many cities there are neighbourhood and block-by-block scales. Such phenomena will not be resolved any time soon because uneven development is being continuously recreated in different times, spaces and scales.

Sparke (2009), who acknowledges that unevenness has always existed, sees uneven development as a result of globalisation. According to him, through both the deterritorialisation and reterritorialisation that has accompanied globalisation, existing territorials are being deconstructed and reconstructed and usually lead to new forms of uneven development in new spatially-defined territories. The US-centric global order, wherein the US, already a powerful

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3 See Bush, 2004; Kusakabe, 2009; Kusakabe et al., 2008; Sangkhumanee, 2006; Schoenberger & Turner, 2008; Walker, 1999

4 See Bruns, Miggelbrink, & Müller, 2011; Henrik, 2006; Holtom, 2006; Thuen, 1999; Wallace, Bedzir, & Chmouliar, 1997; A. M. Williams & Balaz, 2002; Yukseker, 2007
nation, has exceptional privileges reserved within different global governance institutions like the World Bank and the IMF, is a clear example. At the micro level, Akinboade (2005) claims, economic adjustment policies directed towards the global trend of trade liberalisation of African countries, actually increase long-term poverty and worsen pre-existing unequal income distribution. Women in particular are pushed into the informal sector and relegated to the margin. These infinite re-productions of unevenness at different levels may be caused by the unevenness embedded within the processes of globalisation and regionalisation (Grewal, 2008; Holm & Sorensen, 1995). Grewal (2008) contends that globalisation is a selective process used by the international community to decide on conventional standards; for example, the languages, laws and technologies to be used to promote international collaboration. Among selected standards, some are more prominent and widely accepted as core standards by majority groups of people, organisations, communities or countries, leaving others less prominent.

Among scholars of Marxist and critical political economy traditions, the contemporary form of regional integration, which is highly associated with globalisation, is seen by many as simply a more careful pace towards globalisation. Nevertheless, regionalisation still has not reduced the unevenness at different levels. In their view, the contemporary form of regional integration is likely to lead to more uneven development between counties and localities, especially if the level of economic integration is increased without social and political constraints. Geographically, states and areas that are more progressive in terms of skilled labour, capital and technology, will obtain greater benefits than their less developed counterparts. At the micro level, it is also likely that larger and multi-plant cooperative enterprises will benefit from economies of scale at the expense of smaller and more localised firms (Cumbers, 2009). Hudson (2003) and Hadjimichalis (2011) reveal that even in the most advanced RIA, that is, the EU, the regionalisation process has actually reproduced, accelerated, and intensified pre-existing inequalities. According to Hudson (2003), although there is some evidence of convergence of regulatory organisations and spaces, and in primary, secondary and tertiary structures, there is evidence of divergence of economic performance within different industries, sectors and firms. As discussed earlier in section 2.2, even in subregions, which many see as alternative to current forms of regional integration agreements, similar conditions are witnessed. The GMS started with member countries with different levels of development. Over time, its formation was pushed by the dominant countries, who aimed to exploit the benefits accruing from the resource-rich poorer countries. Thus, at all times, the regionalisation process has been dominated by powerful member countries like Thailand and China. At the local level,
it is the stronger large-scale businesses and local elites who gain more benefit from integration, leaving behind the weaker entities, such as the informal cross-border traders.

While it is too broad to consider globalisation and regionalisation as a path to a borderless world because borders actually still exist, it is also too wide-reaching to regard globalisation and regionalisation as uneven processes which unequivocally benefit the strong to the detriment of the weak. Despite the debate criticising globalisation and regionalisation as processes driving out the weak, such as informal cross-border traders, such claims may not necessarily be valid considering the persistence of informal cross-border trade at different borders of the world, for example Africa, Southeast Asia, and the borders between the former Soviet Union, Central Eastern Europe and Western Europe (outer border of the EU).

Interestingly, it is the very existence of the borders that promotes this persistence of informal cross-border trade. Borders provide arbitrage opportunities for traders to exploit. Differences in demand and supply, availability of products, prices, living standards and incomes of adjacent countries will persist as long as borders remain (Yukseker, 2007).

Many ground-based studies on informal cross-border trade have already challenged the dichotomised debate on neoliberal form of globalisation and regionalisation (e.g. Desai (2009), Kusakabe (2009), Schoenberger and Turner (2008), S. Turner (2013) and Wallace, Bedzir, & Chmouliar (1997)). The emphasis in these studies on the agency of traders in negotiating macro changes in borders areas underscores the importance of ground-based studies—such as borderland and livelihood studies—in providing a more nuanced analysis of the outcomes of neoliberal form of globalisation and regionalisation. Hence, a ground-based study is needed to make the case for a more nuanced analysis. Borderland and livelihood studies are suitable complementary approaches to the study of small-scale informal cross-border trade as they allow nuanced investigation of the issue. Before discussing borderland and livelihood studies in section 2.5, in section 2.4.3 I will explore subregional integration, a recent form of regional integration. I consider it an interesting phenomenon, suitable as sample space for this research.

2.4.3 Subregional integration agreements as sample space for the research

Subregional integration links to globalisation and regionalisation processes. Similar to regional integration, it helps to integrate member countries in the global economy. At the same time, it also protects member countries from external threats. What is even more important, differentiating subregional integration from regional integration is that it is discussed widely
as a very recent form of regional integration which is either an alternative or a supplement to earlier forms of regionalisation. Drawing from the case of the GMS, Dosch and Hensengerth (2005) observe that subregional cooperation is formed with the expectation of alleviating problems of region-wide schemes such as those of ASEAN and APEC. Through the intensification of intraregional investment flows and the accompanying trade flows in the Asia-Pacific region, sub-regional integration is expected to guard member countries from the possible failure of the Uruguay Round. As well, subregional integration protects member countries from possible drawbacks that may occur from the further development of the EU or NAFTA.

Subregional integration was promoted by the opportunity for collaboration that opened up following the conclusion of the Cold War. The idea of sub-regional cooperation in Asia is closely associated with the concept of growth triangles. The term “growth triangle,” which was coined in the late 1980s by Singapore’s deputy prime minister at the time, Goh Chok Tong, is now so prevalent in Asia that it has become a defining characteristic of the trend towards regionalism (Dent & Richter, 2011; Dosch & Hensengerth, 2005; Tang & Thant, 1994). Generally speaking, there is usually a common resource, such as a river, which is located between adjacent member countries, that needs to be exploited peacefully and effectively for member countries to gain a competitive edge in export promotion. Favourable public policy, fiscal incentives, and infrastructure development by the public sector, and capital investment by the private sector are required functions. The facilitating by a multilateral institution is also usually present (Dosch & Hensengerth, 2005; Tang & Thant, 1994). Dosch and Hensengerth (2005) said that according to the ADB, “the growth triangle concept refers to the exploitation of complementarity among geographically contiguous countries to help them gain greater competitive advantages in export promotion. Growth triangles help solve the practical problems of regional integration among countries at different stages of economic development, and sometimes, even with different social and economic systems.” (p.269).

Comparing subregional integration and regional integration, subregional integration is developed with the specific aim of seeking economic advantage from complementary factor endowments for international cooperation whereas regional integration focuses more upon the creation of a larger market unimpeded by tariff barriers. In other words, subregional integration is a more complex form of regionalism. It is more complex than the common market that lies behind broader scale regional integration, which mainly includes the progressive stage of
economic integration; for example, free trade areas, a customs union, a common market and economic union (Dent & Richter, 2011). Additionally, while regional integration is driven by economic and political imperatives, a subregion can be formed from many different motivations which could include a combined metropolitan spillover into the hinterland, joint development of natural resources and infrastructure, a common geopolitical interest and geographic proximity (Yue & Yuan, 1993). Although my earlier discussion of subregional cooperation in the GMS (See section 2.2.2) revealed that the GMS has been faced with problems similar to those encountered by integration agreements at the regional level, the complexity of its nature made it interesting as a sample observation space for this research.

2.5 Borderland studies and livelihood studies

In section 2.4, I critique how the debate surrounding the outcomes of globalisation and regionalisation sees them merely as either pathways towards a borderless world, or as processes privileging the rich, and therefore as too polarised and generalised. Yet the situation regarding informal cross-border trade is considerably more complex. Despite the current trends of globalisation and regionalisation, borders are still there and traders still survive. Borderland studies and livelihood studies, by exploring the situations on the ground, can provide a more nuanced analysis of informal cross-border trade. This section discusses borderland studies and livelihood studies as complementary approaches to examining global and local relations through ground studies of small-scale informal cross-border trade. I have selected border studies because borders’ very natures are complex, particularly where informal cross-border trade operates. As well as exploring situations on the ground, border studies also acknowledge the multi-level linkages of the local and macro changes. Importantly, in contemporary border studies, borders are not seen solely as obstacles, but also as opportunities for border economies. Livelihood studies complement border studies and for this reason help to promote a better understanding of the complex situations of people involved in informal cross-border trade. Livelihood studies probe into greater detail, seeking to understand how locals make their living, thereby enabling the researcher to assess their ability to negotiate macro processes. Thus, the two approaches combine to seek answers to what actually happens to informal cross-border trade as global, regional and national conditions shift.
2.5.1 Borderland studies

a. Borderland as an exemplary ethnographic site

According to Wastl-Walter (2009), studies of borderlands, borders and cross-border regions have increasingly gained the interest of international scholars. With the shift in focus of the social sciences, especially anthropology, to more concern with transnationalism along with the acknowledgement of global and local linkages, borders have become exemplary ethnographic sites for examining regional and global transformation, especially when this allows the retention of long term fieldwork in a particular place (Johan, 2012). The characteristics of the border as an international space wherein different standards and systems meet, are also among its main attractions.

Borders used to be perceived as naturally given lines or geographical frontiers that divided two or more different sovereign nation states. Such notions dominated border studies up until the 1970s when they were replaced by the concept of the border as artificial, and socially and politically constructed. Since the 1980s, studies have taken on an interdisciplinary character and focused more (a) on the influence of the border on the perceptions, relations and interactions of people living in the borderlands; and, (b) on the development of territorial identities (Wastl-Walter, 2009). Over time, defining borderlands has become increasingly complex as several dimensions are included, and scholars from diverse background analyse them in different ways based on their expertise. The late 1990s saw another call for more attention to the border as “the sum of social, cultural, and political process, rather than simply as fixed lines” (Johnson et al., 2011, p.61).

In *The International Encyclopaedia of Human Geography* (2009), Wastl-Walter provides a recent definition of borderlands as “spaces where normative systems meet” (p.332). He explains borderlands as peripheries within states that are influenced by the different economic and social standards (normative systems) of state centres and neighbouring states. As a result of such interactions, the areas develop specific economic, social and cultural cross-border activities. Wastl-Walter (2009) notes that the influencing standards and systems can be in the form of economic development levels or policies and regulations enforced by relevant states. In Hirono (2009)’s study of community development on the Sino-Burmese border, influencing standards and systems can also take the form of ideas or practices among different actors operating in the area. In the context of her research, those actors included international NGOs
like Oxfam Hong Kong, which operates on the basis of its own values of participation and
gender quality on one hand, and the values of the Chinese state and local people on the other.
An examination of the intermingling of different actors provides a more nuanced understanding
of borderlands, and the complex construction of borderlands makes these areas an attractive
research topic.

b. Borders: barriers or bridges

The debates surrounding the roles of borders as barriers to or bridges for cross-border flows is
yet another issue which makes borderlands interesting exemplary ethnographic sites, especially
as it reveals how such conditions are linked to macro changes. A number of border studies take
on the early concept of borders, seeing borders obstructing and controlling cross-border
activities and contacts. Border studies over the past decade have focused more on scrutinising
the power of the central governments. Different scholars have tried to discern how policies are
determined outside of the borderlands without both the participation of local populations and
sufficient information or a good understanding of the situation in the area (e.g., Gainsborough,
2009; Johnson et al., 2011; Wastl-Walter, 2009). Importantly, as a result, state power, rather
than diminishing, is expanding (Gainsborough, 2009). States are actually bordering the
borderlands (Johnson et al., 2011).

It is pointed out by many scholars that the majority of regions, subregions, or growth triangles
have become more controlled and patrolled—especially at the borders—between countries
with persisting different levels of complementary locational advantages (Perkmann & Sum,
2002), wealth and living standards (Wastl-Walter, 2009). Borders may be selectively opened
for specific transactions while at the same time maintaining or even increasing barriers to other
transactions (Perkmann & Sum, 2002). Such conditions are particularly prevalent when the
North meets the South. Examples include the US–Mexican border, the Mediterranean where
Europe meets Africa (Wastl-Walter, 2009), the borders between new EU member states such
as Lithuania and Poland, former USSR countries including Belarus, Russia and the Ukraine
(Holtom, 2006), many borders in Africa (Tykkyläinen, 2009), borders within Singapore-Johor-
Riau (Sparke, Sidaway, Bunnell, & Grundy-Warr, 2004), and Thailand’s borders with its
poorer neighbours, namely Cambodia, Laos and Myanmar (Kusakabe, 2009; Kusakabe et al.,
2008; Walker, 1999).
According to Wastl-Walter (2009), however, while being obstructive, at the same time borders can also be bridges for people living in the borderlands, especially those who can speak the language—and are familiar with the culture—of the other side. They can benefit from the differences between neighbouring states through the development of specific economic, social and cultural cross-border activities. Today, the view of borders as supportive of cross-border flows is being accepted by many scholars. For example, Thuen (1999) and Peberdy (2000)’s research into small-scale, cross-border trade see borders as bridges rather than barriers. Their obstructive nature is considered an opportunity by some who seek to take advantage of such conditions. For many, then, the border is actually permeable. By not being solid (Jessop, 2002) but permeable (Wastl-Walter, 2009), borders also perform as integrated spaces in everyday activities, allowing the locals to develop their identities as border people who can choose to act quite freely between two nations.

The next section will address livelihood studies. Livelihood studies are brought into the discussion here because they are a good complement to border studies. Livelihood studies focus attention on the means by which locals secure basic necessities such as food, water, shelter and clothing. An understanding of livelihoods therefore sheds light on the ability of locals to negotiate macro processes such as border changes brought about by neoliberal regionalisation and globalisation.

2.5.2 Livelihood studies

A livelihood comprises people, their capabilities and their means of living, including food, income and assets. Tangible assets are resources and stores, and intangible assets are claims and access. A livelihood is environmentally sustainable when it maintains or enhances the local and global assets on which livelihoods depend, and has net beneficial effects on other livelihoods. A livelihood is socially sustainable which can cope with and recover from stress and shocks, and provide for future generations (Chambers & Conway, 1992, p. i).

According to Scoones (2009), livelihoods perspectives have long influenced rural development thinking and practice, but it was the above definition posited by Chambers and Conway in 1992 which marked a turning point in livelihoods thinking. Chambers and Conway’s definition of livelihoods—which is now widely accepted—was the starting point for what became known as the sustainable livelihoods approach. Their paper was followed by a strong advocacy campaign for sustainable livelihoods approaches to development (such as Scoones 1998, Carney 1998, 2002, Ashley and Carney 1999) and for using livelihoods approaches when designing programming and organisational structures of development agencies. However,
livelihoods perspectives in the 1990s failed to address issues of rapid globalisation, disruptive environmental changes and fundamental shifts in rural economies.

Scoones (2009) is another core author in livelihood studies. He stated that livelihoods is “about making a living” (p.184). According to Scoones, perspectives of the term “start with how different people in different places live” (p.172) and its descriptive analysis “portrays a complex web of activities and interactions that emphasises the diversity of ways people make a living” (p. 172). Scoone’s emphasis is on the activities and interactions in which people engaged to cope, adapt, improve, diversify and transform their ways of making a living—which together yield complex livelihood strategies at macro levels such as household and commune levels. The hybrid nature of the term “livelihoods” is also one of Scoone’s main concerns. He contends that “livelihoods” can be attached to all other words, bridging diverse disciplinary perspectives, cutting across sectoral boundaries and constructing whole fields of development enquiry and practice.

Linking local-level analysis to broader processes of change and vice versa is also an important characteristic of livelihoods perspectives. Acknowledging the failure of livelihoods thinking in the 1990s, Scoone highlighted the need to question more searchingly and concretely notions of knowledge (i.e. livelihood knowledge framing and the direction of change); politics (i.e. the influence of class, gender and the deleterious effects of capitalism—particularly marginalisation, dispossession, accumulation and differentiation); scale (i.e. networks, linkages, connections, flows and chains across scales); and dynamics (i.e. long-run changes in livelihoods).

Livelihood studies is taken up in this research as a complementary approach to border studies in examining the means by which informal cross-border traders (and other relevant actors at the local level) make a living. While border studies focuses on the impacts of border conditions on locals, livelihood studies probes further into the means by which locals make a living and their ability to negotiate multi-level macro processes. The idea of people having their own agency and being able to make their own histories—or even to influence macro processes—is an important add-on to borderland studies (De Haan & Zoomers, 2003; Owusu, 2009).

Livelihood studies today have moved on from its roots which focused only on human-land relations. Earlier studies undertaken in the 1990s stressed the ability of people to search for opportunities and to deal with change, but, in addition, they tended to describe people as
victims of structural constraints and mainly focused on the material or economic aspects of life. The post-modern approach acknowledges that livelihoods are multidimensional and multilevel processes. In addition to their economic aspects, livelihoods also include political, cultural, social and ecological aspects. While focusing in the main on micro studies of individual household members, families, or local communities, livelihood studies also include “extra-local and meso or macro contextual relations” (De Haan & Zoomers, 2003, p.353) in their analyses. Importantly, livelihoods are seen as able to shape and reshape global processes. According to De Haan and Zoomers (2003), livelihoods are grounded in different income opportunities, products and labour markets at different localities, which also interact, in turn, with other localities, thus reshaping the global process. From seeing poor households as victims and as marginalised from the benefits of economic development, the new generation of livelihood studies has become more optimistic. Today, it looks more at how people survive (Owusu, 2009), marking a very important contribution to the approach. People are no longer simply passive recipients of or respondents to change. They actively find ways to cope with and shape it.

2.6 Informal economy

This section discusses both the term and relevant concepts of informal economy, an economic sector wherein informal cross-border trade is a part. Informal economies were among the first to feel the impact of change created by macro processes, especially when these processes tended to re-formalise and re-regularise the conditions in which they operated. Understanding this type of economy’s general characteristics, and the factors influencing people’s reactions to the macro changes occurring in the informal sector—people who are usually poor in financial resources and heavily reliant on social connections—is imperative. In this section, I discuss how informal economy includes various kinds of economic activities which are generally conducted on a small scale and are beyond official recognition, and how while it is seen as subsidiary to the formal economic sector, informal economy is actually very significant. The domination of women in informal economy is also discussed to provide a basic understanding of the gender nature of informal economies. Additionally, concepts of social embeddedness, social networks and social capital are discussed. I look at how informal economy is entangled with social relations and institutions, and how social capital and social networks can be both supportive and obstructive of informal economy. The discussion in this
section provides a good foundation for further probing of discussions of small-scale cross-border trade which usually operates informally (See section 2.7).

2.6.1 Defining informal economy

The informal sector, or the informal economy as it is often termed is widely understood as an economic sector that is separate from—but operates alongside or is associated with—the formal economy (Castells & Portes, 1989; Guha-Khasnobis, Kanbur, & Ostrom, 2006; S. Turner, 2009; G. Williams, Meth, & Willis, 2012). In general, an informal economy involves economic activities that usually happen on a small scale, beyond official recognition and record. For this reason, actors in the informal economy lack formal labour rights and social protection. Small-scale enterprises, street vending, subcontracting and homework can all be considered part of an informal economy. On occasion, illegal economic activities as well as reproductive and care work are also included (Castells & Portes, 1989; S. Turner, 2009). According to the International Labour Office (2002), however, home-based workers and street vendors are the two largest groups in the informal economy.

Although usually seen as a subsidiary of the formal economic sector, an informal economy has a very significant economic role. It is estimated that the share of the informal sector in non-agriculture employment ranges from twenty to eighty per cent in developing countries; and, the annual output from the sector accounts for between twenty five to forty per cent of the Gross Domestic Product (GDP) of the developing countries in Asia and Africa (The World Bank, 2011). Importantly, it provides jobs for significant numbers of marginalised people and is commonly found in developing countries and in least developed countries (Castells & Portes, 1989; S. Turner, 2009).

2.6.2. Women in informal economy

According to the International Labour Office (2002), “[i]nformal employment is generally a larger source of employment for women than for men in the developing world” (p.8). Except for North Africa, where forty-three per cent of female workers are in the informal sector, around sixty per cent or more of women working in other developing countries are involved in informal employment outside the agricultural sector. In addition, the study found that eighty-four per cent of non-agricultural female workers are involved in informal employment compared to sixty-three per cent of non-agricultural male workers in sub-Saharan Africa. In Latin America’s non-agricultural informal sector, the figures are fifty-eight per cent for women.
compared to forty-eight per cent for men; and in Asia the percentage of men and women in the non-agricultural informal labour force are roughly equal (i.e. 50-50).

In developing countries, women are usually hired for informal, irregular, insecure and low-income jobs that can be quite precarious or even dangerous. And in many developing countries, women are not protected by labour or social protection laws even when they are employed in the formal sector. In these countries, women are expected to bear the primary responsibility for domestic and reproductive work, are perceived as secondary income earners in households and have less access to productive resources and services (Fontana, Joekes, & Masika, 1998).

It is often the case that women in developing countries have limited access to education, technological training, credit and land. Women of child-bearing age may be discouraged from seeking jobs, especially jobs considered inappropriate for pregnant women. In many rural areas of Asia, North Africa and the Middle East, women’s mobility is also limited insofar as they are not supposed to travel alone without male relatives. Moreover, they tend to change jobs more often in order to take care of children and elderly family members (or do other reproductive work). As a result, a number of women in developing countries work in the informal economy and thus compromise their income-earning opportunities for the sake of household responsibilities (White, 2004).

In addition to the suitability of the nature of informal economy to lifestyle of a number of women, many studies on female cross-border traders have highlighted accessibilities to several other financial and social benefits, and I would suggest these factors predispose women to take predominant role in informal economy. In addition to the benefit of earning income from their primary trading activities, participation in informal cross-border trade allows female traders to access funding sources and credit (Desai, 2009; Henrik, 2006; Schoenberger & Turner, 2008; Walker, 1999; A. M. Williams & Balaz, 2002) and generate alternative sources of income from other opportunities that arise (Ntseane, 2004). Many women in developing countries have limited access to these resources. By participating in informal cross-border trade, women also have access to human warmth (Wallace, Bedzir, & Chmouliar, 1997). In their studies of shuttle traders in post-communist Central Europe, Wallace et al. (1997) said that female shuttle traders became friends with other relevant actors after they became traders, and that female traders appreciated the human warmth which accompanied these friendships.
S. Turner (2011) study on the livelihoods of Hmong in upland Vietnam revealed that it is not the case that women have no choice but to participate in the informal economy. In her study, S. Turner found that some Hmong women in Vietnam practiced semi-subistence agriculture while also choosing to get involved—but only on a part-time basis—in trade and guiding treks in order to earn extra income to support their household and “because they enjoy being able to socialize in the market or on treks” (p.415). Elson (1996) has also observed that full-time employment may not necessarily be attractive to all workers. There is evidence that most women holding domestic responsibilities are interested in more flexible job structures that offer flexible working hours and opportunities to utilise their existing skills. Clearly, financial returns and income security are not the only factors driving women’s career choices. Social factors have an important influence on their decisions and thus should be analysed in this thesis.

2.6.3. Concepts relevant to the informal economy

a. Social embeddedness

The concept of social embeddedness is widely used to explain the embeddedness of economic behaviour in the social as the background of all economic activities and institutions. Thus, it also helps to explain the nature of an informal economy. The concept was first introduced by Karl Polanyi, one of the most powerful critics of what we now think of as neoclassical economics, in 1944 in the “Great Transformation”. As part of his substantivist approach, Polanyi suggested that all economic activities and institutions were entangled in social relations and institutions (Lie, 1991). However, his proposal was argued against as being grounded upon pre-modern and traditional societies and thus limited to anthropologists’ studies of pre-modern and traditional societies only. The formalists, who subscribed to the classical economic approach, insisted that an individuals’ behaviour was guided by her/his desire to maximise profit using rational calculation, an approach that remained dominant until the mid-1980s (Wallace et al., 1997). A substantive turn occurred in 1985 when Mark Granovetter examined the social embeddedness of economic actions. Granovetter claimed that economic actions were embedded in structures of social relations and that this helped to explain a person’s irrational economic behaviour. Importantly, he also claimed that substantivist economists’ ideas, which were supposedly limited to anthropological study of pre-modern and traditional societies, could actually be applied to modern industrial societies (M. Granovetter, 1985; Wallace et al., 1997). This notion is now so widely accepted that it has dominated scholarly views of economies over during the past few decades, especially in the social sciences (Grabher, 2009).
b. Social Networks

The concept of social networks is also highly relevant to informal economies. In particular, social networks have proven very useful in times of uncertain and rapid social change as well as in the absence of state regulation. Sik (1994), who investigated network capitals in capitalist, communist and post-communist societies, argues that network capital is more valuable in a communist system than in a capitalist system, and even greater in economies in transition from a communist system to capitalist system (that is, in the post-communist period). The lack of transparency and the distortions in the communist system allowed networks to develop better; and, the changes in ownership and in control over resources which were possible in the post-communist system allowed people to use networks as a means of coping with and grabbing state resources. This can be applied in the context of formal and informal economies as well. According to Turner (2009), in an informal economy, wherein uncertainty and ambiguity are the main characteristics, activities are facilitated by various non-economic actions which include reciprocal social relations such as “kinship, friendship and neighborhood networks, and household, community, and other informal ties” (p. 370). Social relations, in particular trust and solidarity, often become deeply entangled in production, exchanges and consumption activities in the informal sector. Although it is widely accepted that there is no economy that operates without social ties and networks, these relations are particularly important in an informal economy.

The absence of formal regulations, which are the main characteristics of an informal economic sector, is a further factor that highlights the importance of social networks in and informal economy. Grabhher (2009), who compares two extreme situations of businessmen and criminals who were perceived, at least in theory, to operate within and without formal regulation by the state, suggests that the more risk to crime the activities present, the more the networks play vital roles. In activities related to crime, networks of trust are far more essential than in the business sector which is protected and regulated by laws. In addition, Turner (2009) states vis-à-vis an informal economy, that in the absence of formal regulations set by states, social networks play roles as an alternative form of regulation, through the roles of social ties. Usually functioning within a framework of moral ethics which help ensure communal obligation of the members, social networks ensure the safety nets of communities by promoting social solidity, trust and by defining community identity. Such ties and networks assist the relevant actors to “get ahead” (p.370) and thus can be considered as social capital.
On the other hand, social networks can also prove obstructive to informal economic activities, a fact rarely highlighted, especially in research into social networks in an informal economy. In research into social networks in organisations, bad interpersonal relationships among employees could produce bad outcomes in the workplace (Labianca & Brass, 2006). In addition, social networks can also be mobility traps. In his section on informal networks, Grabher (2009) highlights several benefits, but he also provides one clear negative example of ethnic ties that, while providing solidarity and trust in the short term, could also turn into “mobility traps” (p.407) in the long term. Thus, it may be implied that a high level of closeness between actors does not necessarily always lead to increased benefits, a fact clearly reflected in Granovetter’s article titled “The Strength of Weak Ties” (1973). The author stresses that the consequences of social ties can vary, and that the level of closeness does not necessarily vary directly with the levels of benefits that a person stands to gain from such relationships. Using a case study of a labour market, he states that people gain information about job opportunities more through those with whom they have distant contact than from those with whom they have close contact. As Johnston (2009) notes, whereas strong ties usually link people who have much in common, weak ties may link people with little in common, thus bringing new information and ideas to a person.

c. Social Capital

The concept of social capital, of which some see including social networks as one of its components, is highly relevant to informal economies. Social capital, while valuable in all societies and economic sectors, is even more valuable to the informal economic sector wherein large numbers of operators are poor in terms of resources and financial capital. For these people, social capital is an important part of their livelihoods capitals and assets. There are two main approaches to this concept. The first is Pierre Bourdieu's approach whereby the social capital of the individual is the focus. He sees social capital as abstract relations of “trust and reciprocity (displaying qualities of a quasi-public good) that inhere in society and facilitate economic transactions” (Gidwani, 2009, p.690). According to Bourdieu, the concept is also “relevant to the analysis of the class position of the various social actors and the probability that particular actors will succeed in the social struggles” (Siisiainen, 2003, p.183).

The second is Robert Putnam's concept where the social capital of community is the central concern. Putnam sees social capital—which has three components (namely, norms of reciprocity, social networks and trust)—as a type of capital that a community has for effective
communal governance (Putnam, 2000; Putnam, Leonardi, & Nanetti, 1993). Bourdieu's concept of social capital, which considers social capital as one of the types of capital that individuals have to help them survive/get ahead, is suitable for this study as the latter focuses on investigating survival strategies of individual actors involved in informal cross-border trade. However, social capital as capital of the community is acknowledged.

According to Portes and Sensenbrenner (1993), who employed Bourdieu's concept of social capital, the motivation for the accumulation of social capital is not the belief in the value, but the expectation of benefits associated with good standing in a particular community. For them, “social capital is generated by individual members' disciplined compliance with group expectations” (p.1325). Social capital, however, can be both beneficial and destructive for an informal economy when members have little or no material or financial capital and thus rely largely on social capital and interpersonal linkages. In a positive sense, social capital provides individual access to groups, and, by extension, valuable benefits and resources (Gidwani, 2009; Manza, 2006). A study of immigrant ethnic groups in Portes and Sensenbrenner (1993) revealed other positive outcomes of social capital. The two authors observed that value introjections help prompt individuals to act in ways other than naked greed. Bounded solidarity helps define principles for expected social responsibilities and behaviours of group members. Enforceable trust also helps govern economic behaviours or transactions through group pressure.

Regarding negative consequences, Portes and Sensenbrenner (1993) list three possible negative outcomes of social capital. First, while community trust and solidarity are preconditions for networks of successful enterprises, successful business persons may have to face demands for their resources, for example jobs and loans from kin and non-kin members of the same community, that is, “costs of community solidarity” (p.1338). Second, the solidarity and enforcement capability of the community, while promoting business success, at the same time could also prove “constraints on freedom” (p.1340) by confining actions and accessibility or contacts to individuals outside of their communities. Finally, “levelling pressures” (p.1342) imposed by community members or peers could prevent a person from exercising upward social mobility. Such conditions are generated from other group members’ fear that solidarity born out of adverse commonalities of the group may be damaged by the departure of its more successful members. Success stories threaten to weaken group confidence, especially if that confidence is built upon limited possibilities for a rise under an unfair social order.
Evers (1994), who takes this point further in his book titled *The Moral economy of trade: ethnicity and developing markets*, in the section titled “The traders' dilemma: a theory of the social transformation of markets and society”, argues that the social obligations that accompany the positive roles of social capital may lead to traders' dilemmas. He stresses that traders in peasant societies in Southeast Asia have to operate within a global capitalist economy in their attempts to accumulate wealth. At the same time, as they also operate under a peasant economy, they are obliged to redistribute their profits to friends, neighbours and customers who are members of the same communities. Otherwise they risk being accused of being greedy. Thus, they have to make choices. In such circumstances, traders stand to lose either cash or social esteem. Although Evers’ study is based on observation of ethnic immigrant communities and peasant traders, a general conclusion may be drawn and applied in analyses of other activities in informal sectors given that the main concerns of both are the entanglements of individuals who operate in an informal economy within their social networks.

### 2.7 Small-scale cross-border trade

Instead of seeing small-scale cross-border trade (SCT) as only a passive receiver of macro impacts, this section discusses it as an activity which has emerged out of globalisation and regionalisation processes, and which in turn could shape and reshape forms of globalisation and regionalisation. The nature of SCT in different regions is also discussed. Through these discussions, the use of social networks and connections is identified as vital as facilitators or survival strategies of people involved in SCT. Before one can grasp a complete understanding of the social networks in SCT, however, there are some gaps that must be filled.

In large part, SCT is perceived as an activity conducted outside of the formal sector and regulatory framework (S. A. Peberdy, 2000). The term SCT extends to informal and illegal cross-border trade, but there is a thin line between informality and illegality. For this reason, this section explores SCT, aiming to include all possible forms of informal cross-border trade.

#### 2.7.1 Local and global linkages

Under the current forms of globalisation and regionalisation, state policies are expected to facilitate cross border flows of people, goods and capital. In reality, however, these policies usually benefit large-scale, cross-border trade and obstruct small-scale, cross-border trade.
For example, Sothirak (2002), who studied the micro-scale border trade of inland fish between Thailand and Cambodia, notes that the male-dominated big fishing company owners enjoyed more benefits from the policy changes towards a free market than the female-dominated, small fish traders, who faced considerable constraint. A study by Bush (2004) on fish trading networks at Laos’ Siiphandone Fishery also revealed that as Laos moves toward a market economy, increased market access and infrastructure development in Champasak threatened the livelihoods of small fish traders. Investments from the Lao government and larger Thai traders from Ubon Ratchatani province streamlined market channels, thereby concentrating trade flows into Thailand through a select number of traders in Pakse.

A study undertaken by Kusakabe et al. (2008) of small-scale fish traders at the border area between Thailand and Cambodia had similar findings. Although the development of an open border policy increased the demand for fish, the policy also created difficult conditions for small-scale traders. The increase in demand for traders to meet official standards, while not a problem for the resource-rich, large-scale traders, created difficult conditions for resource-less, small-scale fish traders. Whereas large-scale businesses could enjoy the convenience of such changes, official requirements complicated import and export procedures, resulting in extra costs for resource-less, small-scale fish traders. So, as well as having to deal with more problematic border requirements, small-scale fish traders also had to face fierce competition from large-scale, cross-border businesses that benefited more from such changes.

Interestingly, some studies found that small-scale cross-border traders could actually be active makers of global process and meanings, despite having to accept changes created by macro processes that are relevant to their working and living conditions. They could remould or give new meaning to signs and images in the circulation process of products across borders (Yukseker, 2007). Moreover, they could introduce or invent new forms of international trade in certain products by adjusting their traditional trading practices to the new market conditions created by globalisation (A. M. Williams & Balaz, 2002).

2.7.2 Small-scale cross-border trade in different regional contexts

Cross border trade between developed countries is usually conducted by registered exporters and importers whose trading partners also register and operate their businesses in the formal sector. Trade is usually recorded and conducted on a relatively large scale, through formal channels set by officials. If required, most of the traders have sufficient resources to produce
proper documents, and to process their cross-border trade in ways that are acceptable to the related authorities. Most research into SCT has focused more on borders in less-developed regions, especially in Africa (Akinboade, 2005; Chalfin, 2001; Desai, 2009; Duri, 2010; Meagher, 1990; V. Muzvidziwa, 2001; V. N. Muzvidziwa, 1998; Ntseane, 2004; S. Peberdy, 2000; Peberdy, 2002; Peberdy & Rogerson, 2000; S. A. Peberdy, 2000) and Southeast Asia (Bush, 2004; Kusakabe, 2009; Kusakabe et al., 2008; Sangkhramanee, 2006; Schoenberger & Turner, 2008; Walker, 1999). In Europe, because cross-border trade can be conducted freely among the EU’s members, most of the SCT studies have concentrated on the borders between the former Soviet Union, Central Eastern Europe and Western Europe (the outer border of the EU). At these borders, differences in political backgrounds in the past, and levels of economic development in the present, have produced different conditions on both sides of the borders and, by extension, arbitrage opportunities for small-scale traders (Bruns, Miggelbrink, & Müller, 2011; Henrik, 2006; Holtom, 2006; Thuen, 1999; Wallace et al., 1997; A. M. Williams & Balaz, 2002; Yukseker, 2007).

Compared to Southeast Asia and Africa, SCT in central and eastern Europe is more of an urban phenomenon conducted as supplementary income generation for educated urban populations (notably teachers, university students and office workers) or retirees to supplement uncertain and low incomes during the political transition periods of their countries (Wallace et al., 1997). Conversely, SCT in Southeast Asia and Africa is described as a main income generation source for low income and rural populations, especially housewives or casual workers who previously engaged in—or are still engaged in—informal economic activities such as farming, construction work or small-scale domestic trade. However, irrespective of similarities, economic conditions and border regulations in Africa saw a significant volume of SCT declared an illegal category of cross-border trade. This was because significant numbers of small-scale, cross-border traders in Africa not only travelled without proper travel documents, but used illegal crossing points whereas most SCT in Southeast Asia is more acceptable to officials and treated as an activity somewhere between the illegal and legal sectors, that is, it is usually seen as an activity of the informal sector.

While SCT in different regions differs in nature, there are many similarities as well. According to studies of SCT in Europe, Africa and Southeast Asia, trade is usually dominated by women, who have little capital and earn small profits. There are those who travel only a short distance across the two sides of the border, and those who travel long distances deeper into relevant countries or even further into third countries. While most operate SCT individually, some who
know each other are assisted by each other on occasion. They may either carry goods for sale to retailers, wholesalers or individuals; are employed by particular individuals or shops to purchase products for them; or conduct retail trading themselves. Not limited to specific practices, they usually trade small, low-priced and fast-moving consumer products, which are easy to carry and do not require huge investment. Items in this category include food, household goods, clothes, textiles, cosmetics, shoes, cheap jewellery and highly-taxed products like cigarettes and alcohol. Although fewer in number, large or more expensive products such as construction materials, tools, car parts, furniture and electronic/electrical products and appliances are also found. Each trader usually tries to diversify her/his products rather than specialise in one product type to maximise profits and decrease risks. Additionally, while operating in the informal sector, these traders are also found to have strong linkages and interactions with the formal sector. They usually obtain goods from suppliers, and sell products to customers who operated in the formal sector.

As regards legal issues, these traders in general operate their businesses without official recognition, for example when travelling without proper passports or visas, and trading, exporting and importing without the required permits. Bribery and kickbacks were also a common part of informal negotiations. But, with the exception of professional smugglers and the mafia, these traders generally try to abide by the relevant rules and regulations of the states, as the cost of being caught or fined far exceeds their profits. Also, due to the fact that they usually operate without (or with part) official recognition, they invariably lack access to formal funding sources, to other kinds of relevant support from formal institutions, as well as to legal protection from the states. They invariably rely on informal, trust-based, social networks involving kin and non-kin actors, which also include friendship and business ties.

2.7.3 Importance of social networks to small scale trade

The findings of different research projects (Akinboade, 2005; Bush, 2004; Desai, 2009; Fadahunsi & Rosa, 2002; Kusakabe, 2009; Kusakabe et al., 2008; V. Muzvidziwa, 2001; V. N. Muzvidziwa, 1998; Ntseane, 2004; S. Peberdy, 2000; Peberdy, 2002; Schoenberger & Turner, 2008; Walker, 1999; Wallace et al., 1997) concluded that traders have to deal with several constraints, risks and uncertainties during their operations such as constraints of raising capital, of obtaining approval and relevant documents, plus travel restrictions, harassment, changes in market prices, exchange rates, demand and supply and numbers of competitors. However, research revealed that a number of traders both adjusted and survived. Based on research
conducted by sociologists and anthropologists, social networks were unarguably among the main factors that proved vital to their survival. In the sociology and anthropology studies, scholars deemed social networks to be decisive factors in the success and failure of SCT. Some scholars (for example, Desai, 2009; Evers, 1994; V. Muzvidziwa, 2001; V. N. Muzvidziwa, 1998; Ntseane, 2004) argue that social networks, especially those involving kin, could have negative outcomes—particularly through the development of social obligations which hinder trade operations by limiting movement and arbitrage opportunities or creating financial and time burdens for traders. When compared, however, the positive contributions of social networks seemed more pronounced than the negative contributions. Social networks were identified as the main tools used by traders to start up and sustain their SCT. In fact, many scholars (S. A. Peberdy, 2000; Thuen, 1999) considered borders to be livelihood opportunities, identifying social networks as tools for bridging the two sides of the border. Henrik (2006), who supports a “rational individual behaviour” theory (p. 347), also accepts that it is reasonable to assume that the influences of social components such as social capital and social networks contribute to the success or failure of SCT.

Trust-based social networks involving kin and non-kin actors are alluded to both directly and indirectly in many studies as being among the most important social capitals of small-scale, cross-border traders. Such networks help to reduce risks as well as facilitating and smoothing business operations. Through social networks, traders can access several benefits without having to become part of the formal economic sector or to rely on the legal protection of the states (although such benefits usually come with some expectations on the part of the help giver for occasional presents or favours in return). Social networks are essential for individuals’ entering into SCT (Desai, 2009; V. N. Muzvidziwa, 1998). Once she/he entered into SCT, social networks provide her/him with several other benefits such as access to funding sources and credit, especially informal sources (Desai, 2009; Henrik, 2006; V. Muzvidziwa, 2001; V. N. Muzvidziwa, 1998; Ntseane, 2004; Peberdy & Rogerson, 2000; Sangkhamanee, 2006; Schoenberger & Turner, 2008; Walker, 1999; Wallace et al., 1997; A. M. Williams & Balaz, 2002); food; accommodation; storage; transportation (Desai, 2009; V. Muzvidziwa, 2001; V. N. Muzvidziwa, 1998; Walker, 1999; Wallace et al., 1997); useful information regarding trading opportunities and relevant state regulations; trustworthy customers; and cheap sources of products. (Henrik, 2006; Kusakabe et al., 2008; V. N. Muzvidziwa, 1998; Ntseane, 2004; Sangkhamanee, 2006; Schoenberger & Turner, 2008; Thuen, 1999) and unpaid labour and assistance, both for business operations and family obligations (Chalfin, 2001; Desai, 2009;
Developing networks with regular contacts also helps to save time, decrease risks and lessen possible hassles for traders (Fadahunsi & Rosa, 2002; Kusakabe et al., 2008; Sangkhamanee, 2006; Walker, 1999). For example, regular carriers and drivers could perform their roles without having to establish new relationships and to negotiate new working conditions (Fadahunsi & Rosa, 2002). Kusakabe (2008) claims that in the increasingly competitive market, traders try to establish relationship with certain Thai customers to ensure that their products will be purchased. Another example is provided by Walker (1999), who observes that traders who have regular suppliers do not have to waste time on arranging formal trading agreements for products they want to purchase on credit. Having close networks or regular contact with the relevant authorities also helps to smooth the import and export process (Desai, 2009; Fadahunsi & Rosa, 2002; Kusakabe et al., 2008; Sangkhamanee, 2006; Walker, 1999). And, although bribes are still needed, when friendship and trust in officials develops, the officials tend to become more cooperative and helpful (Fadahunsi & Rosa, 2002). Additional linkages to other useful contacts such as new suppliers, buyers, officials and other actors in the trading process (Desai, 2009; V. Muzvidziwa, 2001; V. N. Muzvidziwa, 1998; Sangkhamanee, 2006; Thuen, 1999; Walker, 1999) are also important benefits which traders may acquire through social networks.

Taken collectively, social networks can also help, although not always, increased negotiation power of the traders. Kusakabe et al.’s (2008) study, for example, reveals that small-scale traders and transporters at the border between Thailand and Cambodia gathered together to demonstrate against the fee charged by Kampuchea Fish Import and Export Company (KAMFIMAX). Their demonstration proved successful. In his study of female entrepreneurs in Botswana, who ceased being informal cross-border traders to set up trading businesses in the formal sector, Ntseane (2004) reveals that prior to formal registration, traders used existing networks to form pressure groups to “question unfair laws, harassment, requirements of commercial banks, and allocation of government tenders...[and, they planned] to organise to claim more access to credit facilities and markets” (p. 41).

Besides providing direct benefits, social networks also provide indirect benefits such as “human warmth” (Wallace et al., 1997) and “moral support” (Ntseane, 2004). Importantly, social networks are also found to have helped govern the whole trading process against
cheating, betrayal or exploitation. In short, networks help traders to identify those who can be trusted (Thuen, 1999). Besides providing self-justification through personal contacts/interactions (V. Muzvidziwa, 2001), dissemination of news via word-of-mouth about cheats also works well inasmuch as it prevents people from cheating. Poor behaviour would mean loss of long term income earning opportunities if the news spread throughout the networks (Fadahunsi & Rosa, 2002). Providing linkages to alternative income generation opportunities is another important contribution of social networks. For example, according to Ntseane (2004), social networks are among the important fundamental pillars that help small-scale, cross-border traders to move from the informal sector into the formal economy.

Inevitably, however, the level of benefits traders can exploit largely depend upon other factors. Desai (2009) highlighted the relationship between literacy levels and the success of traders, especially those involved in trade across several countries. Ethnicity is also addressed by many authors (Evers, 1994; V. N. Muzvidziwa, 1998; Schoenberger & Turner, 2008; Thuen, 1999; Wallace et al., 1997) who consider it an additional factor influencing personal levels of success. For example, sharing the same ethnicity with powerful groups in the area can prove a supportive qualification for traders to gain more benefits from social networks. The outcome could be totally opposite for traders who are not from the same ethnic group. According to Schoenberger and Turner (2008), besides literacy and ethnicity, other factors such as cultural capital (including education, familiarity with border regulations and language skills), financial capital, physical capital (means of transportation) as well as age, place of birth, place of residence and social status are also identified as influencing the ability of traders to exploit livelihood “opportunities related to markets, border crossings, trade networks and tradable goods” (p.671).

Despite this clear picture of the importance of social networks to the operation and survival of SCT in changing border settings, there are still gaps that need to be bridged. There is a paucity of research, especially in Southeast Asia, which explores social networks in detail or puts social networks at the heart of the study. Specifically, there is still a lack of up-to-date ethnographic detail about how traders establish, sustain and strengthen their relations with other actors in their daily activities, detail that is crucial to understanding the complexity of human interactions and social networks. Walker (1999) conducts a detailed ethnographic study of informal cross-border trade at the upper corridor of the Mekong sub-region but his study was set in the first half of the 1990s. Both the GMS and ASEAN were just in their initial stages at that time and thus were not in the focus of Walker’s research. Social networks were also not a
central component of Walker’s study. In addition, in his and other studies, the importance of social interactions outside of work to the survival of informal cross-border trade has not been investigated. Finally, there are still a limited number of studies which attempt to link informal cross-border trading with the GMS or ASEAN—particularly studies which point to trade or social networks as important means by which traders are able to negotiate macro processes in ASEAN or the GMS.

2.8 Concluding summary

Drawing on GMS experiences of the impacts of neoliberal forms of globalisation and regionalisation processes, this chapter has discussed the academic debate surrounding the outputs of the two processes, and has highlighted how the debate has been too polarised and generalised. From one perspective, the processes are seen as a pathway to a borderless world and, to prosperity and development for all. Conversely, they are seen as continuing to reproduce unevenness at different levels. The concern of this chapter is, however, with the survival of informal cross-border trade around the world under such conditions. Despite having to deal with both the positive and negative outputs of globalisation and regionalisation, informal cross-border trade has been able to survive. This shows that debates focusing on globalisation and regionalisation can adopt a more nuanced stand, a stand that this research takes as well, one facilitated by ground studies of border trading and livelihoods.

The survival of informal cross-border trade—economic activity that is often dominated by women in many societies—also draws attention to the roles of social networks and connections in trade operations. Informal cross-border trade is socially embedded. Social networks and connections have become its operational tools, the key to its ability to survive in changing border settings. Social networks and connections help to strengthen the agency of people involved in informal cross-border trade to negotiate with the above changes. They have been used as a buffer against negatives change and as a tool to overcome negative change. They are also used as a tool to take advantage of change. Within the existing literature, however, I found very limited discussion of informal cross-border trade that explored social networks of informal cross-border trade in detail, especially with perceptions of social networks as tools to negotiate macro changes. Up-to-date ethnographic detail was particularly rare.

In this chapter, I have identified the research gaps which this research seeks to fill. In this chapter, I have also made the case for ground-based studies (notably border studies and
livelihood studies) as ways to provide more nuanced analyses of informal cross-border trade. In addition, I have stressed the lack of detailed studies of the social networks of informal cross-border trade which are hinted at by many scholars as survival strategies of people involved in informal cross-border trade. The remainder of this thesis will apply grounded studies to explore social networks of informal cross-border trade in detail.
Chapter 3

Historical Background of the Study Area and Informal Cross-border Trade

3.1 Introduction

This chapter aims to provide a general profile of the study area and an historical overview of cross-border trade in the study area. Specific focus is on small-scale, cross-border trading activities, which are now regarded as informal cross-border trade. I explore how political and economic changes at the national and regional levels transform the political, economic, social and physical settings of the border and further impact small-scale, cross-border trading activities conducted at the local level. Extending the previous chapter’s discussion of the development dilemma of globalisation and regionalisation, this chapter, which uses sub-regional integration as a sample space for examining globalisation and regionalisation processes and their outputs, emphasises how international integration in the GMS benefits companies or large scale traders who own considerable resources while at the same time marginalising those with fewer resources, by extension exacerbating the unevenness that characterises the area. However, while the chapter argues that changes on a broader scale can negatively impact on weaker actors like informal cross-border traders, it moves beyond the rather polarised views which see globalisation and regionalisation as either a pathway to wealth and prosperity for all or as an unequal process giving advantage to the strong. It disabuses the superficial assumption that local actors, traders in this case, are either passive victims or beneficiaries of broad scale changes. Instead, the chapter provides a clear illustration of how traders have their agency and are thus able cope with negative changes and even take advantage of opportunities that arise from such changes. To this end, I provide not only the context and background for the rest of the thesis, but also some important insights into the relationships between small-scale, cross-border trade which is conducted at the local level and macro phenomena such as globalisation, trade liberalisation, regionalisation and changes at the national level.

I will start by providing justification for the selection of the study area. Then, I will provide background information about Mukdahan and Savannakhet, on location, economy and
demography. Following this, in the section on current conditions of cross-border trade in the area, recorded value and kinds of products of cross-border trade in the study area during recent years are addressed. The particular characteristics of informal cross-border trade, which is usually conducted on a small-scale through different border crossing points, are also illustrated. Then, I outline the historical development of the two opposite border provinces and cross-border trading activities which occurred in different periods of time. The periods are divided based on significant political and economic changes at the national and regional levels, which to a great extent have long been influenced by international events and shifts. I attempt to explain how domestic, regional and international politico-economic changes have transformed the politico-economic, social and physical settings of the border and impacted on small-scale, cross-border trade in the study area over different periods of time. I discuss how informal cross-border traders react or deal with such circumstances and the strategies they have employed to survive. Finally, contestation of the notion of GMS sub-regional integration is proposed. In this chapter, the focus is on highlighting unevenness as a pre-existing condition and outcome of uneven international integration processes, despite the discourses surrounding these processes that advocate development for all through integration. At the same time, however, consideration of the facts vis-à-vis the survival of informal cross-border trade in the area up until the present day, despite the effects of a series of negative changes in the border settings, suggests that social networks are significant factors in these traders’ survival strategies, questions that will be investigated and analysed throughout the research.

3.2 Justification for study area selection

Study of the embedding of trade in social networks requires a place-specific approach. As a case study of regionalisation, the work adopted a purposive approach to selecting the study site, given there were limited places within the GMS where cross-border trade is concentrated: different crossing points in particular. Among all of the crossing points, the most relevant and interesting were those located at the intersections between the lines of the GMS economic corridors and the lines of the border. Not only are they geographical intersections, but also normative intersections where different societies and economies meet. Among the different intersections within the GMS, the border area between Mukdahan Province of Thailand and Savannakhet Province of Laos, especially the area around the MFP and the KFP, contained several qualifications that rendered it suitable to be selected as the main study area of the
research (See Figure 1.1 for a map of Mukdahan and Savannakhet, and Figure 1.3 for a map of the MFP and the KFP).

The study area was located at the intersection between the border that divides Thailand and Lao PDR and the EWEC of the GMS. Within the border, the area is a meeting point of the different economic, social, cultural and political conditions of Thailand and Lao PDR, countries with vastly different levels and political-economic histories of development. The EWEC is a place where sets of standards, rules and regulations which have been developed internationally as a result of globalisation and regionalisation, are exercised. It is, therefore, a unique and interesting place to explore the products of the interaction between the differences in economic, social, cultural and political conditions of the two countries and sets of standards, rules and regulations which have been co-developed by different GMS member countries including Thailand and Lao PDR.

Based on the history of the area, especially the two ferry ports, it promised to be a highly appropriate place to conduct the research. The area is and has been very dynamic. The two ferry ports served as one of the main official gateways between the two countries for many decades. Informal cross-border trade, which to date seems not to have been studied by any researcher has been actively conducted in the area over a long period of time even though there have been several changes in the border settings, even during the era when the border was closed. At a more macro level, Mukdahan and Savannakhet have had close ties with each other for many decades, demographically, politically and economically. They also have shared histories that predate the establishment of the border between Thailand and Lao PDR.

Recently, since the end of the 1990s, the area has become even more dynamic as it became one of the main targets of many regional cooperation and development projects initiated as a result of the globalisation and regionalisation processes. In 1998, Mukdahan and Savannakhet became part of the 1,450 kilometre EWEC, which runs from Da Nang port in western Vietnam to the coastal town of Mawlamyaing in Myanmar (See Figure 1.2 for a map of the EWEC). The project is one of the ADB-initiated GMS program’s eleven flagship projects. It aims to promote development and integration of the GMS region by assisting related countries to develop basic infrastructure and improving related policies and regulations. Additionally, in 2003, the border between Mukdahan and Savannakhet was also chosen to be one of the pilot borders implementing the Cross-Border Transport Agreement (CBTA), a GMS-wide
instrument designed to facilitate transportation and trade in the region. This shows the importance of the area although in practice, the CBTA was halted after the first trial due to difficulties experienced in its implementation.

There have been many significant changes in the area as a result of the EWEC. Much local and cross-border basic infrastructure has been constructed and improved in and between both provinces. The main international crossing point for people and cargo has moved from the two ferry ports and the adjacent barge ports to the Bridge, which was constructed in 2004 and opened for public use in January 2007 as part of the EWEC (See Figure 1.3 for the location of the Bridge). Several policies and regulations pertaining to transportation, immigration and trade were revised. Additionally, many projects were implemented in both provinces by their respective governments with the aim of maximising the countries’ profit from such opportunities. The Lao government’s soon-to-be-completed Savan-Seno Special Economic Zone (SSEZ), which is a complete industrial centre in Savannakhet that combines the Export Processing Zone, the Free Trade Zone and the Service and Logistic Centre, is one good example. The Thai government also has a plan to develop Mukdahan as a distribution centre.

Interestingly, while the border between Mukdahan and Savannakhet has been and continues to be a very dynamic border (although it has been affected by several macro political and economic changes over many decades), a very significant volume of informal cross-border trade is still conducted. For this reason, the area was selected as the main study area to explore the impacts of macro processes associated with globalisation and regionalisation on the local actors, and to investigate the ways in which said actors opted to deal with such changes.

Finally, the feasibility and convenience of conducting intensive ethnographic fieldwork to explore research issues also plays an important role in the selection of the study area. The close geographical proximity of the city areas of both Mukdahan and Savannakhet in which cross-border trade is concentrated rendered them suitable as study areas. As informal cross-border trade is very mobile, selecting a study area where relevant activities and actors are concentrated within not too extensive an area seemed a good way of starting the research. I realised, however, that because cross-border trade networks are so extensive, I would need to travel beyond my starting point later. Close geographical proximity was not only convenient for conducting fieldwork but also helped in the process of building up relationships with my informants which is a key feature of ethnographic research. With this in mind, the crossing
point at the MFP and the KFP were of particular interest given that the two ferry ports are located close to the city centres of the provinces where cross-border trade has been actively conducted.

3.3 Background information of Mukdahan and Savannakhet

3.3.1 Mukdahan

a. Location

Mukdahan, a province in northeast Thailand adjacent to the Laos border, has an area of 4,407 square kilometres and is divided into the following seven districts: Muang Mukdahan (capital), Kham Cha-I, Nikhom Kham Soi, Don Tan, Dong Luang, Wan Yai and Nong Sung (Mukdahan Governor's Office, 2011). From the south clockwise to the north, it shares boundaries with the Thai provinces of Amnat Charoen, Yasothon, Roi Et, Kalasin, Sakon Nakhon and Nakhon Phanom. Across the Mekong River to the east, it shares a 72-kilometre border with Savannakhet Province of Lao PDR. The districts in Mukdahan that border Savannakhet are Wan Yai, Muang Mukdahan and Don Tan. Figure 1.1 shows a map of Mukdahan.

b. Economy

Although it is regarded as one of the most important border provinces that Thailand shares with Laos, Mukdahan is one of Thailand’s poorest provinces. Home to 339,836 people or approximately 0.54 per cent of Thailand’s total population (National Statistical Office of Thailand, 2010), in 2010 its gross provincial product (GPP) was 537.168 million USD (16,999 million Baht) (Mukdahan Governor's Office, 2011), accounting for a little less than 0.16 per cent of the country’s gross domestic product (GDP) in the same year (Office of the National Economic and Social Development Board, 1990-2010). In 2010, Mukdahan’s GPP per capita was 1,561.55 USD (49,416 Baht); that is, approximately one-third of the GDP per capita (5,073.55 USD = 160,555.51 Baht) (Mukdahan Governor's Office, 2011).

5 All values in USD for 2010 are converted from THB to USD using World Bank’s average annual exchange rate of 2010 at 31.69 THB per 1 USD
6 According to the Office of the National Economic and Social Development Board, GDP of Thailand in 2010 was 10,807,473 million Baht or 341,516 USD.
Mukdahan’s economy has always largely relied upon the area’s agricultural activities. In 2010, production from the agricultural sector accounted for the highest portion of the GPP (41.554 million USD (1,315 million Baht) or 20.49 per cent), followed by the wholesale and retail sectors (37.0668 million USD (1,173 million Baht) or 18.27 per cent), education (22.2464 million USD (704 million Baht) or 10.97 per cent), industrial (18.8336 million USD (596 million Baht) or 9.28 per cent) and the transportation (15.1996 million USD (481 million Baht) or 7.50 per cent) sectors, respectively (Mukdahan Governor's Office, 2011).

However, concomitant with Mukdahan becoming part of the rapidly developing EWEC, its economy too has expanded rapidly over the past decade. The jump in the GPP per capita from 800 USD in 2005 (Warr, Menon, & Yusuf, 2009) to 1,561.55 USD per person in 2010 was a good reflection of the rapid growth in the province’s economy. The opening of the Bridge in 2007 as part of the EWEC scheme made the private sector in the area, especially the trades and services sectors, increasingly active. This was subsequently reinforced by the expansion of Savannakhet, which pushed up the demand for different kinds of products from Thailand. With the building of the Bridge, crossing the border and cross-border trade became much easier, at least for non-locals; registered export and import companies; and buyers and sellers. There was also a dramatic increase in the number of tourists, especially from Thailand, Laos and Vietnam. The convenience of the Bridge also attracted large numbers of export and import companies and buyers and sellers, in particular the registered companies, to use the border between Mukdahan and Savannakhet as a gateway for their imports and exports. As a result, large numbers of local people and people from other provinces have moved into the area to set up businesses or work in Mukdahan. Interestingly, many Laotians and Vietnamese came to Mukdahan seeking work as well. Currently, large numbers of wholesale and retail shops selling various kinds of products such as electrical appliances, construction materials, tools, machinery and consumer goods as well as service businesses such as hotels, restaurants, travel agencies, clinics, banks and shipping agencies are setting up in Mukdahan, especially in the city area. Together, these businesses have largely spurred on the province’s economy.

c. Demography

Since ancient times, the province has attracted an interesting mixture of people from various ethnic groups. For example, the ancestors of some of the Mukdahan peoples migrated from Laos to establish the city in the late Ayutthaya period. Currently, there are eight ethnic
minorities in the province: the Phu Tai, Thai Yor, Brou, Thai Zo, Thai Ka Learng, Thai Sag, Thai Kula and the Thai I-san (or north-eastern Thai) (Tourism Authority of Thailand). As of September 2011, the total number of people in Mukdahan totalled 339,836, among whom 170,437 were men and 169,399 were women. The majority (96.80 per cent) is Buddhist (Mukdahan Governor's Office, 2011).

The majority of people engage in agricultural activities. However, increasing numbers are working in either trades or services. The construction of the Bridge has been one of the main catalysts for change in Mukdahan’s economy. According to statistical information obtained from the National Statistical Office of Thailand (National Statistical Office of Thailand, 2006-2011), both the number and percentages of people in Mukdahan engaged in trades and services increased significantly after the opening of the Bridge in 2007. In contrast to the decrease in the number and percentage of the population engaged in agricultural activities from 98,338 people (53 per cent) in 2006 to 98,294 (48 per cent) in 2011, the number and percentage of people in Mukdahan engaged in trades and services increased from 56,800 people (31 per cent) in the first quarter of 2006 to 78,833 people (38 per cent) in the first quarter of 2011.

3.3.2 Savannakhet

a. Location

Savannakhet, which is located in the southern Laos, is almost five times the size of Mukdahan. The largest province in Laos, it occupies 21,774 square kilometres and comprises fifteen districts: Atsaphangthong, Atsaphone, Champhone, Kaysone Phomvihane (formerly Khamthabuly), Nong, Outhoumphone, Phine, Sepone, Songkhone, Thapangthong, Thaphalanxay, Vilabuly, Xaybuly, Xayphoothong and Xonbuly. Kaysone Phomvihane is the capital of Savannakhet province. Savannakhet lies between Khammouan province to the north and Salavan province to the south. To the east, it shares a border with Vietnam’s Quảng Bình and Quảng Trị Provinces, and to the west, across the Mekong, it shares a border with Thailand’s Nakhon Phanom, Mukdahan Amnat Charoen and Ubon Ratchathani Provinces (Royal Thai Consulate-General Savannakhet, 2012). Figure 1.1 shows a map of Savannakhet.

b. Economy

While Savannakhet Province is much less developed than Mukdahan, Savannakhet is expanding rapidly when compared to the Lao economy as a whole. It is Laos’ second largest
commercial hub after Vientiane, the capital city of Laos (Royal Thai Consulate-General Savannakhet, 2012). Spurred on by several domestic development and international cooperation initiatives such as the AFTA and EWEC—which were initiated toward the end of the twentieth century—the province has experienced rapid growth in recent years. According to a report prepared by Laos’ International Union for Conservation of Nature (IUCN) and the National Economic Research Institute (NERI) under Laos’ Ministry of Planning and Investment (2011), Savannakhet’s average growth rate is 10.5 per cent per year, a figure significantly higher than country’s overall growth rate during the same period (6.8 per cent per year). Its GPP per capita jumped from 525 USD in the fiscal year 2005-2006 to 897 USD in the fiscal year 2009-2010. Although these figures are still much less than the GPP of Mukdahan Province and hides uneven income distribution among its population, Savannakhet’s GPP is higher than Laos’ GDP per capita (880 USD per person in 2009).

Savannakhet’s economy has largely relied on natural resources—particularly prime agricultural land, forest products, water and minerals in which it is rich. For decades, the province has been the largest producer of rice in Laos. The province’s timber and timber processing industries have also played an important role in the Laos’ exports. Hydropower production and the mining industry are also doing well.

Although in the fiscal year 2009-2010 agriculture still accounted for the largest proportion of the GPP (49.04 per cent), followed by the service and industrial sectors (26.42 per cent and 24.54 per cent, respectively), in recent years Laos has shifted towards developing its industrial and service sectors. While Savannakhet’s economy is still dominated by agriculture, traditional livelihoods are being superseded by modern production technologies and a market economy, and traditional agriculture practices are being replaced by industrial agriculture. By 2003, many large-scale industrial projects such as the Sepon Gold and Copper Mine and the Savan-Seno Special Economic Zone had been established. Many manufacturing businesses have also been set up in recent years (IUCN & NERI, 2011). Manufacturing is dominated by small industry-handicraft establishments, including wood products, garments and food processing (Keorodom, Butphomvihane, & Vamhnalat, 2007).

7 Project area is currently under development
The trade and service sectors are also playing an increasingly important role in the province’s economy. Large numbers of small-scale hotels, restaurants, wholesale and retail shops have been set up over the past few years (Mabbitt, 2006). The Savan Vegas Hotel and Casino—a large scale entertainment centre, resort and casino which opened in January 2009—attracts huge amounts of income to the province from foreign gamblers, mainly Thais. Cross-border trade, the majority of which is conducted via the border between Mukdahan and Savannakhet, also plays a crucial role in the economic development of the province. Outputs from the mining and wood processing industries, as well as non-timber forest and agricultural products like dammar, peanuts and molasses, are exported to neighbouring and third countries, generating a large income for the province. Imports from Savannakhet’s neighbouring countries, especially from Thailand via Mukdahan, such as machinery; vehicles; construction materials; and tools for large construction projects, agricultural production and the manufacturing sector have proven crucial to the industrial development of the province.

c. Demography

Savannakhet is the most populous province in Laos. According to the most recent population census (2005), the total population was 825,902. Similar to Mukdahan, the proportions of women (419,101 or 50.74 per cent) and men (406,801 or 49.26 per cent) were almost equal but with a slightly higher number of women (Lao Department of Statistics, 2005). Similar to Mukdahan, Buddhism is the primary religion. In Savannakhet, however, there are more ethnic minority groups. Although Lao constitute the majority, there are approximately 49 ethnic groups in the area, including Phu Tai, Ma Kong and Ka Tang (IUCN & NERI, 2011).

The majority of the people living in Savannakhet (90 per cent) are engaged in subsistence agricultural production (IUCN & NERI, 2011; Office of Commercial Affairs Mukdahan, 2010; Royal Thai Consulate-General Savannakhet, 2012). There is also a gradual, growing employment rate in the trade and service sectors, especially in the city area in response to the expansion of the economy of the province in recent years. However, the industrial sector, which is in rapid expansion, has failed to create many jobs for the locals. The mining industry is a capital intensive industry. Also, according to IUCN and NERI (2011), while emerging mega projects and the setting up of several businesses in the province have made more jobs available, these jobs are usually in commercial agriculture, factories or large construction projects. The
majority of the people are not sufficiently qualified to work in these spheres. Their education levels, skills and experience restrict them from such types of employment.

### 3.4 Current conditions of formal and informal cross-border trade in the area

Based on my observation of cross-border trading activities in the study area at the time of my fieldwork, the area’s cross-border trade can be grouped into three main types—formal or registered, illegal and informal cross-border trade. Formal or registered cross-border trade is usually conducted on a large-scale. Prior to 2007, it was conducted via the barge ports which were located adjacent to the MFP and KFP. Since January 2007 onwards, it has moved to the Bridge. This form of trade and its approximate value and kinds of trading products are discussed in section 3.4.1. Illegal cross-border trade, not examined here, is also very common in the area. Usually conducted through the illegal boat ports located along the stretch of the river, although not recorded, its trade volume is believed to be very high.

Informal cross-border trade, which is the main focus of this research, is conducted at different scales through different kinds of border crossing points located along the border, including the Bridge, the MFP and KFP and traditional ferry ports. The crossing point at the MFP and the KFP is, however, the main crossing point for informal cross-border trade in the area. Informal cross-border trade is interesting in as much as it is a type of trade which is “in between” registered and illegal cross-border trade. In other words, it is neither registered, recorded nor officially recognised as cross-border trade by the relevant governments. At the same time, however, it does not involve cross-border trade of prohibited and illegal products: nor is it conducted with the intention of avoiding the import and export levy in the way that illegal trading usually does. Informal cross-border trade involves cross-border trading in legitimate products and is conducted through legitimate crossing points. However, it tends to be categorised by relevant governments as unimportant tradition cross-border economic activities of the poor. Informal cross-border trade is not recorded; and, relaxed measures are applied to govern such activities. Details of the nature and characteristics of informal cross-border trade are explicated in section 3.4.2.

Table 3.1 is provided to help the reader recall the informants who provided information for the development of this chapter from this point onwards.
<table>
<thead>
<tr>
<th>Names</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mrs Ae</td>
<td>A Thai informal cross-border trader in her early-50s who had moved from a northern province of Thailand to Mukdahan in 1983 and started her cross-border trading business not long after she arrived.</td>
</tr>
<tr>
<td>Mr Kan</td>
<td>A Thai businessman in his mid-50s, who had been involved in many kinds of cross-border businesses since he was young.</td>
</tr>
<tr>
<td>Mrs Noy</td>
<td>A Thai informal cross-border trader in her mid-50s, who started her trade by following her mother to sell vegetables to people in Savannakhet from around 1965.</td>
</tr>
<tr>
<td>Mrs Pin</td>
<td>A Lao informal cross-border trader in her mid-50s, who started her trade at the beginning of the 1980s.</td>
</tr>
<tr>
<td>Mr Pon</td>
<td>A Lao former high-ranking advisor to the provincial committee of Savannakhet who aged in his late-80s.</td>
</tr>
<tr>
<td>Mr Rid</td>
<td>A Thai porter in his early 30s who had been working at the MFP for 14 years.</td>
</tr>
<tr>
<td>Mr San</td>
<td>A Thai Civil Defence Volunteer of a border village in a northern suburban district of Mukdahan who is aged in his mid-60s.</td>
</tr>
<tr>
<td>Mrs Sang</td>
<td>A Vietnamese-Thai shop owner from Mukdahan aged in her early-50s, who was selling clothes at the municipality market during the end of closed era. She currently owns a shop in Indochina market and engages in long distance cross-border trade.</td>
</tr>
<tr>
<td>Mr Song</td>
<td>A Lao middle-ranking customs official in his mid-40s.</td>
</tr>
<tr>
<td>Mr Suk</td>
<td>An owner of a clothing shop in the Indochina market in his early-60s who joined the crowd of Thai traders in 1983. He is the husband of Mrs Tuk.</td>
</tr>
<tr>
<td>Mrs Tuk</td>
<td>An owner of a clothing shop in the Indochina market in her late-50s who joined the crowd of Thai traders in 1983. She is the wife of Mr Suk.</td>
</tr>
<tr>
<td>Mrs Wan</td>
<td>A Thai informal cross-border trader in her early-60s, who started her trade by following her mother to sell vegetables and fruit produced by farmers in Mukdahan to people in Savannakhet from around 1960.</td>
</tr>
<tr>
<td>Mrs Yai</td>
<td>A Thai informal cross-border trader in her mid-70s, who was born during French colonisation of Laos. She started her trade during early 1970s and continued her trade during the closed era.</td>
</tr>
</tbody>
</table>

**Source:** Developed by the author

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8 All names used are pseudonyms.
3.4.1 Recorded cross-border trade

a. Recorded value of cross border trade

It was not easy to quantify the value and volume of cross-border trade in the study area because it is conducted everywhere along the river—not only through formal crossing points, but also through traditional, temporary and illegal crossing points. However, based on interviews with some informants, the cross-border trade that is conducted through the border area between Mukdahan and Savannakhet has generally increased its volume and value over time, except during the closed era when cross-border trade was not officially allowed. Trade also declined in the years during and after the financial crisis in 1997 and in 2009 because the purchasing power of the populations diminished. Such a general trend was described by Mr Pon, a Lao former high-ranking advisory committee of Savannakhet, Mr Kan, a Thai businessman who had been involved in many kinds of cross-border businesses, such as trade and logistics since he was young, and Mr Song, a Lao middle-ranking customs official.

The value of cross-border trade between Thailand and Laos, which is conducted through the border area between Mukdahan and Savannakhet, only started to be documented in 2003, by Thai customs office. Although it only showed the value of the registered cross-border trade which was conducted via the barge ports before 2007 and via the Bridge from 2007 onwards, the recorded value helped to reflect the general trend of cross-border trade in the area. Based on the available information, from 2003 onwards, cross border trade in the area generally increased over time with the exception of 2009. Figure 3.1 shows that the total recorded trade value (purple line) gradually increased, culminating in big jumps from 246.44 million USD (9,334.97 million Baht) in 2006 to 550.42 million USD (19,000.58 million Baht), 721.58 million USD (24,035.69 million Baht) and 1,207.43 million USD (38,263.43 million Baht) in 2007, 2008 and 2010, respectively.

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10 Interview, Mr Pon, 4 April 2012
11 Interview, Mr Kan, 24 May 2011
12 Interview, Mr Song, 13 June 2011
These increases were in the main attributable to the opening of the Bridge in early 2007, to recent developments in technology, and to rules, regulations and processes introduced by both the Thai and Lao governments to promote and control cross-border trading activities. Other main drivers included huge foreign investment in agricultural activities in response to the Lao government to plan promote the contract farming set out in the 6th National Economic-Social Development Plan (2006-2010), and the construction of a Special Economic Zone and related basic infrastructure in Savannakhet in response to the EWEC. These projects have largely increased the demand for relevant products from Thailand. Post 2006, sharp increases were noted in Thailand’s export value of fuel, machinery, construction materials, vehicle parts, electronic products (especially computers and computer parts and supplies), office furniture and scientific tools and instruments. The rise in the import value of copper from an existing gold-copper mine in Savannakhet, which started yielding output in 2005 to Thailand via Mukdahan, was another main factor contributing to the increase in total cross-border trade value in the study area. As shown in Figure 3.1, the import value of copper from Laos to Thailand via the Savannakhet and Mukdahan borders accounted for the major proportion of the total imports post 2005 (see yellow line for import value of copper and green line for total import value).

Regarding the balance of trade, given that the import of copper, which is a non-renewable resource, from Laos to Thailand is a temporary phenomenon, I will, thus, suggest that cross-border trade in the area has always been dominated by exports from Thailand. Clearly in Figure 3.1, if the import of copper is excluded from the picture, the export value from Thailand to Laos via Mukdahan and Savannakhet has always been far higher than the import value (see dark blue line for total export value compared to red line for total import without copper value in Figure 3.1).

In 2011, concomitant with the increase in recorded regional cross-border trade value, recorded cross-border trade between Thailand and Laos conducted via the border between Mukdahan and Savannakhet continued to rise sharply. In the third quarter of 2011, the recorded value of cross-border trade in the area experienced its highest jump from the third quarter of 2010 compared to that of any other borders of Thailand with its neighbouring countries including Malaysia, Myanmar, Cambodia and Laos. The increased value was equal to 67.71 per cent of the third quarter of 2010. During the third quarter of the 2011, compared to all other border crossing points of Thailand with all neighbouring countries, the recorded cross-border trade
value between Thailand and Laos conducted via the border between Mukdahan and Savannakhet ranked sixth. If one considers only the recorded cross-border trade of Thailand and Laos, which is conducted through eleven border crossing points, the value of recorded cross-border trade in the study area second only to the recorded value of the cross-border trade involving Thailand and Laos which is conducted via the crossing point at the border between Nongkhai and Vientiane (Spatial Development Planning and Strategy Office, 2011). A sharp increase in demand for construction materials from Thailand in Savannakhet—especially materials needed to develop the SASEZ—was the primary factor contributing towards the increase in cross-border trade volume in 2011. The SASEZ was launched in 2003 and demand for construction materials from Thailand in the SASEZ steadily increased after 2003, but it was not until late 2010 that legal frameworks were issued governing investment in the SASEZ. In 2010 the National Committee and the Secretariat Office to the National Committee for the SASEZ were also established. All of these served to create a clear framework for investment in the SASEZ, prompting a large increase in foreign investment in the SASEZ along with a concomitant rise in the demand for construction materials to develop projects in the special economic zone.
Figure 3.1: Export and import volume between Thailand and Laos via Mukdahan and Savannakhet provinces (Developed by author based on information from Office of Commercial Affairs Mukdahan 2011).

* The value of the transit products and large numbers of small-scale, informal and illegal cross-border trading activities are not included here.

** The value of informal cross-border trading activities conducted through the MFP and the KFP was no longer recorded after the opening of the Bridge.
b. Recorded top listed products

As the industrial sector in Laos is in the development process, the kinds and volume of products available in the market have not been enough to meet domestic demand. Especially since 2003 when several mega-development projects have been initiated in Savannakhet, there has been a high demand for several kinds of products from Thailand. Since 2003, almost every year consumer goods have been listed as in the top exports from Thailand to Laos via Mukdahan and Savannakhet. The one exception was 2010 when the demand for fuel and high-cost machinery for petroleum exploration outpaced that for consumer goods. Fuel (gasoline, LPG, engine oil and lubricating oil), electrical appliances, machinery, construction tools and instruments, metal, cement, vehicles (for household use, construction sites and farm use) and vehicle parts and agro-industrial products (instant coffee, monosodium glutamate, sugar) were other main export products ranked in the top ten list in most years (Mukdahan Customs House, 2005-2009; Office of Commercial Affairs Mukdahan, 2009, 2011; Thianpermpool, 2010). However, according to the annual report of the Office of Commercial Affairs Mukdahan (2009), only twenty per cent of the products that Laos imported from Thailand via Mukdahan and Savannakhet were used for consumption in Savannakhet. The rest were redistributed to other provinces of Laos, and large numbers were either re-exported to Vietnam (for example electrical appliances and cattle) and China (for example tropical fruits) or exported directly from Thailand to China and Vietnam.

![Figure 3.2: Thai Trucks transporting products cross the Second Thai-Lao Friendship Bridge](source: author, 2010)

Regarding the recorded imports from Laos to Thailand via the border between Savannakhet and Mukdahan, most of them were transported directly to Bangkok and its nearby provinces.
for further distribution. Very few kinds of top-ranking imports actually originated in Laos. Timber and timber-related products were the main imports until copper and copper-related products outpaced timber in 2006. Copper mining, which started to show an output in 2005, represented the largest portion of import value from 2006 onwards. Aside from timber and copper and their related products, among other main imports that originated in Laos—mostly in Savannakhet—were dammar and peanuts. Molasses, which became one of the top imports, originated in Savannakhet in 2009 after one sugar manufacturer—a Thai investor who sought to take advantage of the contract farming policies of the Lao government and the Lao sugar export quota to the EU—showed its first output from its production base in Savannakhet. In addition to the above imports, the import value of return assembled machinery and vehicles, which had always been ranked in the top ten on the import list since 2003, rose sharply in recent years (ranked second after copper in 2010). Most of this machinery, along with vehicles, was/were second hand; that is, exported from Thailand to Laos, but re-imported to Thailand for maintenance purposes (Mukdahan Customs House, 2005-2009; Office of Commercial Affairs Mukdahan, 2009, 2011; Thianpermpool, 2010).

The value of the imports from Laos to Thailand that originated in China and Vietnam occupied a significant share of the total import value, especially in recent years. The completion of Road Number Nine, and the opening of the Bridge eased the transportation process. Readymade clothes and textile products (which first appeared on the import list in 2007 and reached second ranking in 2008 and 2009 and third ranking in 2010), along with agricultural products, especially garlic and fruit from China, also ranked in the top ten import list. Clothes (lower in value compared to those produced in China) and electronic devices, especially transformers and printers, which made the top ten import products list in 2008, 2009 and 2010, from Vietnam are as well (Mukdahan Customs House, 2005-2009; Office of Commercial Affairs Mukdahan, 2009, 2011; Thianpermpool, 2010).

3.4.2 Informal cross-border trade at different crossing points

a. Mukdahan Municipality Ferry Port (MFP) and Kaysone Ferry Port (KFP)

The Mukdahan Municipal Ferry Port (MFP) and the Kaysone Ferry Port (KFP), which are located opposite each other, used to be the international crossing point before the opening of the Bridge in January 2007. Currently, although an international check point has been established on the Bridge, the crossing point at the MFP and the KFP is still the main border
crossing for both Thais and Laotians, especially those who live in the nearby city area as the Bridge is located out of town. Importantly, due to being located in the city area where the suppliers and buyers are concentrated, this crossing point remains the main trading route for a number of informal cross-border traders in the area. Figures 3.3 and 3.4 show the trading atmosphere around the MFP and the KFP respectively.

Figure 3.3: Mukdahan Municipal Ferry Port (MFP) and trading atmosphere. Top left: the MFP. Top right: porters at the MFP organising products to be loaded onto the ferry. Bottom left: products waiting to be loaded and transported across the border by the Thai ferry. Some of the products belong to the traders and some to passengers. Bottom right: the MFP pontoon. Porters loading different kinds of products onto the ferry.

Source: author, 2011
Figure 3.4: Kaysone Ferry Port (KFP) and trading atmosphere. Top left and top right: porters at the KFP unloading products from the ferry. Bottom left: porters waiting for the ferry at the KFP. Bottom right: photo taken from the Lao customs officials’ kiosk. Porters carrying products that had been unloaded from the ferry up to the platform at the side of the MFP for customs clearance.

Source: author, 2011

- Trade volume and the products

All cross-border trade conducted through the MFP and the KFP is considered informal. The value of trade has not been recorded. However, based on the information I received vis-à-vis the trade volume from cross-border traders I interviewed, it was estimated that the total trade volume conducted through the MFP and the KFP was not less than two million Baht.
(approximately 65,000 USD\textsuperscript{13} per day) during the 2011 summer period between February and May, the peak season for cross-border trade.

Different kinds of products from Thailand, Laos, Vietnam and China are transported across the border through this crossing point. Exports from Thailand to Laos dominate cross-border trade which are conducted through the MFP and the KFP. Mr Rid, a Thai in his early 30s who had been working as a porter at the MFP for 14 years, described the kinds of products exported and imported via the MFP\textsuperscript{14}: “You can find everything that you can see in daily life here. Lao people buy everything from Thailand. Imports are very few and mostly are Vietnamese products.”\textsuperscript{15} Based on observation, the main exports from Thailand are consumer goods (processed food, drinks and fruit), electrical appliances, agricultural machinery, construction and agricultural materials, tools and instruments, office supplies and motor parts. Pictures of some of these products appear in Figure 3.5. Products are brought across the border directly by shop owners for resale in their shops; informal cross-border traders for resale to shops; and informal cross-border traders who provide shipping services for suppliers and buyers.

Consistent with what Rid said, imports to Thailand through the MFP and the KFP are minimal. Products come from Vietnam, Laos and China. But it is the products that originate in Vietnam such as snacks, coffee, aluminium ware, melamine dishes, wooden base shoes, wooden handicrafts and clothes bags that dominate the imports. They are imported by shop owners in the Indo-China market—many times via Vietnamese long-distance informal cross-border traders—for sale to tourists or redistribution to other provinces in Thailand.

Regarding products originating in Laos, most of them are natural products, mainly food products, from Savannakhet; for example, semi-domesticated and domesticated local plants and other kinds of food products acquired from forests, paddy fields, rivers, canals and swamps such as mushrooms, frogs, paddy crabs, insects and fish. Some processed products are also found; for example, beeswax candles, basketry, knives and spade heads. Products that originate in Laos are usually minimal in volume and mainly imported by informal cross-border traders

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\textsuperscript{13} Estimated based on the exchange rate between THB and USD for 2011 of World Bank’s average annual exchange rate of 30.49 THB per 1 USD.

\textsuperscript{14} All interviews are in Thai or Laos. All quotations from interviews have been translated by the author.

\textsuperscript{15} Personal communication, Mr Rid, 24 May 2011
for additional income. Finally, some Chinese products such as clothes, raincoats, snacks and electronic items are in evidence (albeit rarely); and, the volume is small.

**Figure 3.5:** Some of the Thai products exported to Laos via the MFP and the KFP. Top, left to right: mackerel, watermelons and coconuts packed in plastic bags. Middle row, left to right: sandals, plastic mats for use by farmers and small rice milling machines. Bottom row, left to right: porters and tricycle drivers loading steel bars onto tricycles; miscellaneous items; and a ferry loaded with several kinds of products being transported from Mukdahan to Savannakhet.

**Source:** author, 2011
• Impacts of seasons and festivals on volume and kinds of products traded

The volume of products traded through the crossing point at the MFP and the KFP is largely influenced by seasons and festivals or *Boun*, which are mostly religion-based and usually links to the rice-growing cycle. The kinds of products traded are seasonal as well. Starting from the end of the summer, around April, there is a high demand from Laos for certain kinds of Thai products such as fishing gear, agricultural tools and supplies essential for rain-fed rice cultivation, particularly as the rainy season is both a fish-rich season and a prime time for agricultural activities. The rainy season usually starts around the beginning of May and lasts until the end of October. During this time, the volume of informal cross-border trade via the MFP and the KFP generally drops mainly due to the large drop in the demand for Thai, Vietnamese and Chinese products in general, but attributable to many reasons, mostly those linked to the rain. Traders and buyers try not to transport their products on rainy days so as to avoid damage. Rainy season is also the low season for tourism, so there is also a decline in tourist demand for Vietnamese, Lao and Chinese products in Mukdahan and Thai products in Savannakhet.

Perhaps more importantly, during the rainy season, the demand for construction supplies and tools, which account for a large proportion of Thailand’s exports to Laos at this crossing point, also drops. It is difficult to carry out construction work in the wet season. Additionally, the city area is temporality depopulated during rainy season. A large number of the people in the city centre of Savannakhet, who are the main consumers of products from Thailand that pass through this crossing point, are engaged in agricultural activities, especially rain-fed rice farming. These people and their children who are also on school break during the rainy season go back to their villages located outside of city centre to assist their families’ or extended-families’ farming activities. In the village, they and their families have sufficient natural food supplies during rainy season (fish, frogs, crabs, insects and vegetables). Food can be gathered easily from the forests, rice fields and gardens as well as along the Mekong River and other water sources. As for the remaining city people who are not engaged in farming, they also have more choices of local food for consumption during rainy season. Although there is a high demand from Thailand for natural products from Laos especially for frogs, crabs, fish and mushrooms during the rainy season, Thai customs officials are strict with people importing animals, plants and other forest products from foreign countries. Only a few kinds of natural products from Laos, therefore, are imported through the KFP and the MFP where relevant.
officials are positioned. Illegal ferry ports located along the border are rather the main trading channels for natural products from Laos.

However, it is not during the whole of the rainy season that the trade volume stays low. Cross-border trade through the MFP and the KFP increases around September and October of each year. After one rainy day at the beginning of September, Singapore market or Savanxay Market, the main market centre in Savannakhet, becomes active again after long being stagnant. It is the *Boun Ho Khao Pa Dab Din* or religious ceremony during which people pack rice and place the packs on the floor (translated) that invigorates the demand. *Boun Ho Khao Pa Dab Din*, which is a very big religious ceremony, is held annually on the fourteenth day of the waning moon of the eleventh lunar month. During the ceremony, people make donations to the dead in the form of food delivered to them symbolically through the monks. The demand for several kinds of products sold in Savannakhet, especially food and consumer products, increases instantly because prior to the ceremony, people have to prepare several kinds of food. After that, there are series of celebrations held in October at both sides of the border to celebrate the end of the Buddhist lent, which include floating decorated banana-leaf baskets on rivers as a form of worshipping the river goddess (in Laos), candlelight processions (both sides) and ferry boat races (both sides). Shops in both Mukdahan and Savannakhet have to stock up various kinds of products for sale during the celebrations.

As well as stocking up on the products required to meet the demands of the ceremonies, shop owners also need to accumulate large volumes of various kinds of products in order to meet the demand from local customers and tourists during upcoming dry season. The locals who are engaged in rice farming have high purchasing power and high demand after selling their harvested rice in November. Tourism in the area also becomes active again after the rainy season. Thus, after September, the demand for all kinds of products not only rises but stays high until the beginning of next rainy season. Cross-border trading becomes very active again after being generally on hold.

*Trade networks*

Cross-border trade has an extensive network: it covers a large geographical area that extends beyond the territories of the two adjacent countries. At this former international crossing point, where only small-scale trade (compared to the large-scale trade conducted formally via the
Bridge) is currently conducted, the products transported across the border come from several places and are sold on to buyers at multiple destinations. For example, the products from Thailand include those produced in Thailand with local and imported products and those imported from other countries for resale. Significant numbers are bought from suppliers (producers, wholesalers and retailers) in Mukdahan, while smaller numbers are bought directly from factories or trading/importing companies located in other provinces, notably from Bangkok and its peripheral provinces. Once the goods cross the border, although most are consumed by people in Savannakhet, they also reach end customers in different areas of Laos, Vietnam and China both directly and indirectly.

Similarly on the reverse flow, products imported into Thailand via the MFP and the KFP come from several locations in Laos (especially Savannakhet, Vientiane and Champasak), Vietnam (notably Hue, Danang, Hanoi and Ho Chi Minh City) and China, and are distributed throughout extensive areas in Thailand, either directly or indirectly. Some are redistributed to other countries. However, when one compares the travel distance of the Thai, Lao, Vietnamese and Chinese products, it is the Lao products that generally travel the shortest distance, from the Savannakhet area for delivery to areas within Mukdahan or nearby provinces. The main reason is that most of these Lao products are natural products. They need to be consumed or used within a short period of time.

**Informal cross-border traders and their trading characteristics**

The traders who operate informal cross-border trade through the MFP and the KFP are dominated by Thai and Laotian women; and, it is the Thais who cross the border most frequently. The large numbers of Laotian traders who wait for the products at the KFP, cross the border only once or twice a week. Both Thai and Lao traders mainly trade Thai products. One also sees Vietnamese informal cross-border traders as well: they mainly bring Vietnamese products for sale to the shops in the Indochina market. However, they do not cross the border through this crossing point. Only Thais and Laotians are allowed to cross the border through the KFP and the MFP as it was no longer used as an international check point after the opening of the Bridge. On their trip from Vietnam to Mukdahan, Vietnamese informal cross-border traders send their products to Mukdahan through the KFP. Then, they cross the border to Mukdahan on tourist visas via the Bridge. Once they arrive in Mukdahan, they pick up their products from the MFP and deliver the products to their customers.
Informal cross-border trade conducted through this crossing point is conducted on various scales ranging from hand carried size to a volume that needs one or two pick-up trucks to transport the products. Both Thai and Lao customs officials categorise their products as passengers’ belongings given they have been imported and exported by cross-border traders who are not registered. Usually, the volume is not as large as that normally imported or exported by formal cross-border registered traders and companies. The regulations are quite relaxed and products do not have to be accompanied by their owners across the border. As well as these lenient regulations, negotiable import and export tariff rates like those for passengers’ belongings are applied. If the volume is considered large by customs officials a levy is collected, but the rate is flexible.

b. Other crossing points

- The Bridge

The second Thai-Lao Friendship Bridge, which was completed in 2007, serves as an international crossing point that allows people not only from Thailand and Laos, but also from third countries to cross. Although cross-border trade involving the Bridge is dominated by formal cross-border trade, informal cross-border trade is also quite active. However, compared to informal cross-border trade at the MFP and the KFP, informal cross-border trade at the Bridge is not conducted very openly. In fact, there have efforts by both Thai and Lao officials to urge informal cross-border traders to conduct their trade via the MFP and the KFP.

While the volume of informal cross-border trade remain unknown because the traders who conduct this form of trade through the Bridge tend not to share their information, it is clear that exports from Thailand dominate informal cross-border trading conduct via the Bridge. The type of exports from Thailand transported over the Bridge by informal cross-border traders are similar to those exported via the MFP and the KFP, except that it is rare to find exports that are large in size (e.g. steel bars, tables, freezers and rice mill machinery). Like the MFP and the KFP, flexible import and export rules along with regulations and procedures similar to those for passenger luggage are applied to informal cross-border trading of Thai products transported over the Bridge. However, the transport of goods from Laos, Vietnam and China to Thailand is prohibited. If detected, the exporter or importer risks being fined, charged a high tariff rate and having his/her products seized.
The fact that informal trade across the Bridge is allowed from Thailand to Laos, but not vice-versa, does not necessarily constitute deliberate discriminatory treatment by relevant officials. Unregistered cross-border trade is actually disallowed at the Bridge but the demand for Thai products in Laos is so high that Thai products are funnelled through various channels (formal, informal and illegal channels). The main reason for allowing such flexibility is that Laos’ industrial sector is still in its infancy and thus it cannot satisfy domestic demand for various kinds of consumer products.

Thai and Lao informal cross-border traders use different ways to transport their products across the Bridge. Laotians—the dominant traders—transport their products using both personal vehicles and international buses. Thai informal cross-border traders, who are fewer in number, mainly transport their products via international buses because Lao immigration and customs officials only allow Laotians to use personal vehicles to import products from Thailand (See Figure 3.6). A number of Vietnamese informal cross-border traders also use the Bridge; but they do not cross the border as often as the Thais and Laotians. These Vietnamese traders transport their Vietnamese products across the border through the MFP and the KFP or illegal boat ports and arrive as tourists.
**Figure 3.6**: Pictures of informal cross-border trade using international buses. Top left: a Thai international bus driver loading paint onto a bus. Bottom left: a Lao international bus containing exports from Thailand waiting to be picked up. Top right: a Thai informal cross-border trader (white shirt, in the distance) waiting for his Lao regular tricycle driver to load products from the bus onto the tricycle for further transportation. Bottom right: a van which a Thai customs official identified as being owned by a Lao informal cross-border trader.

**Source**: author, 2011

- **Traditional check points**

The traditional crossing points are located along the border area in the populated border communities which are far from the formal crossing points and cities. Based on my discussions with a Thai customs official and a village committee member, the traditional crossing points are set up for humanitarian purposes, especially to facilitate Laotians’ accessibly to healthcare services in Thailand. A further reason is to allow people living along both sides of the border—a large number of whom are friends and relatives—to be able to visit each other easily. Members of the opposite communities can cross back and forth without being required to show
passports or border passes; but, they must first register with the local authorities of their countries of origin and then use the document issued by their local authorities to obtain permission from local authorities to enter their destination country (See Figure 3.7). In terms of management, there are no customs and immigration officials stationed at the traditional check points on the Thailand side. However, on occasion, patrol officers are sent to the area. The general management and operation of the port is the responsibility of the village committee. Security control is the responsibility of different local defence units, for example territorial defence volunteers and civil defence volunteers as well as military and police units. On the Lao side, management is somewhat similar; but, there are customs and immigration officials stationed there as well.

Figure 3.7: Pictures of a Paluka traditional check point in Mukdahan showing Lao villagers disembarking from a boat (top left), walking up from the shore (top right) and checking in at the temporary check point (bottom left).

Source: author, 2011

Informal cross-border trade between the two provinces has been actively conducted via the traditional check points. Compared to the volume of informal cross-border trade conducted via the MFP and the KFP and the Bridge, however, informal cross-border trade conducted through traditional check points is generally conducted in a smaller volume. Exports from Thailand again dominate the flow. Although people are ostensibly only allowed to buy for household and farm usage at these crossing points, the purchasing of products for commercial purposes is
permitted. The authorities tend to compromise here; import and export related fees, along with regulations and procedures, are very informal. The fees they pay and how many products they may bring in with them very much depends on their negotiation skills. All is flexible, but also uncertain and unreliable. The fact that an export fee is collected at the Ban Song Korn check point but not at the Paluka check point—the two different traditional check points located at the border of Mukdahan—is a good example of the inconsistencies in the management.

In response to the huge Laotians’ demand for Thai products, a periodic market was organised adjacent to ports on the Thailand side and, to facilitate access, the border crossing points were opened once or twice a week. Most of the sellers at the periodic markets were Thai peddlers who lived in nearby areas and customarily sold their products at different periodic markets established at different crossing points located nearby. On market days, people could cross the border easily using a simple registration procedure; but, they were only allowed to spend a day within a limited area near the crossing points. Lao people visit the Thai side on market days to buy Thai products from local shops and the market for resale, household or farm use. The types of products are limited to consumer goods, agricultural supplies and tools and instruments. Figures 3.8 and 3.9 show the trade atmosphere around the Ban Song Korn and Paluka check points respectively.

Regarding imports to Thailand, there was no evidence of imports from China and Vietnam through the traditional check points. Imports from Laos to Thailand were recorded, mostly natural products yielded in Savannakhet (frogs, crickets, freshwater snails, field crabs, wild mushrooms and other fresh water, semi-domesticated and non-timber forest products). These Lao products had been brought in for sale by Lao informal cross-border traders in very small quantities. Figure 3.10 shows pictures of Lao informal cross-border traders and their products at the Ban Song Korn check point.
Figure 3.8: Pictures of the trading atmosphere around Ban Song Korn check point. Top left: the atmosphere at the check point prior to the arrival of the Laotians. Top right: Laotians who have finished shopping awaiting passengers coming by boats. The other five pictures show some of the products sold at the periodic market.

Source: author, 2011
Figure 3.9: Pictures of the trading atmosphere around the Paluka check point. Top left: a boat from Laos arriving at the Paluka check point. Top right: Laotians who have finished shopping boarding a boat for their trip back home. The other five pictures show different kinds of products for sale at the periodic market.

Source: author, 2011
Figure 3.10: Lao informal cross-border traders with their products at Ban Song Korn check point. Top left: Lao traders carrying their harvested natural products on their way to the market after disembarking from the boat. Top right: Lao traders selling their products to Thai customers at the periodic market at Ban Song Korn. The remaining four pictures at the bottom show some of the products sold by Lao traders.

Source: author, 2011
3.5 Historical development of Mukdahan and Savannakhet and informal cross-border trade between the two provinces

Cross-border trade between Mukdahan and Savannakhet has been conducted along the stretch of the Mekong over a long period of time. The pattern of cross-border trade between Mukdahan and Savannakhet, which has changed over the years, may be characterised into four main periods based on significant political and economic incidents at international and national levels in the past. Those periods are: 1) during French Laos (1893 to 1945); 2) after French Laos until prior to the proclamation of Lao People’s Democratic Republic (1945-1975); 3) the Closed Era after the proclamation of Lao People’s Democratic Republic until before Laos’ announcement vis-à-vis the New Economic Mechanism (1975-1985); and 4) the period after the announcement of the New Economic Mechanism in Laos, from 1986 up to the present.

3.5.1 French Laos (1893-1945)

It was not until 1893 that trade across the Mekong River between peoples living in the areas currently known as Mukdahan and Savannakhet could be called cross-border trade. The border dividing the areas currently known as Mukdahan and Savannakhet was drawn after Laos became a French colony in 1893 (Evans, 2002; Stuart-Fox, 1997). The MFP and the KFP were set up during that period as the main official crossing points. On 3 October 1893, Thailand was forced to sign a Franco-Siamese treaty which transferred the territories on the east side of the Mekong to the French (Stuart-Fox, 2008). The original view of the organisation of states based on a Southeast Asian mandala model whereby “overlapping suzerainty over smaller principalities was normal” was replaced by the French colonisers’ “nationalist concept of the state” where by exact border lines had to be identified (Evans, 2002, p. 40). In the new model, a territorial boundary was used to identify new political units (Pasuk & Baker, 2009). The travels of both people and products across the Mekong started to be regularised and channelled. Figure 3.11 shows a picture of the MFP and how the border crossings were being channelled.
Colonisation by the French stimulated cross-border trade between Mukdahan and Savannakhet. Savannakhet, a laggard and underpopulated province, was chosen by the French as one of five urban administrative centres in Laos. This transformed the province into one of Laos’ most important centres of trading activity. In 1899, when Laos became a single administrative unit, Savannakhet was used as the residence of France’s *Résident Supérieur* (the French governor of Laos) for a year before he moved to Vientiane the following year (Evans, 2002). At the time, Savannakhet was more urbanised and its market was more dynamic market than Mukdahan.

During the expansion of European colonialism, Mukdahan was an important province from the perspective of the Thai government because it was a frontier town. However, it was still a small peripheral city located far from the central administrative area of Thailand. There were no major changes in Mukdahan during the period in which France controlled Laos other than a few administrative reforms that were imposed nationwide. For example, in 1897 Thailand established a system of hierarchical administrative jurisdictions called *monthon*, which included provinces, cities, *amphoe* (districts), *tambon* (sub-districts) and *mhu ban* (villages) (Mukdahan Governor's Office, 2001). In 1951, Thailand abolished the *monthon* and introduced of a new subdivision known as *phak* (region), and then promptly abolished the *phak* as an official administrative unit in 1956. Another administrative change which affected Mukdahan
occurred in 1907, when Mukdahan province was abolished and incorporated into Nakhon Phanom, another frontier city (cities later gave their name to provinces). Aside from these administrative changes there were no other significant changes in Mukdahan during the colonial period. As Pasuk and Baker (2009) note in their book titled *A History of Thailand*, this may have been because the focus of the country was very much concentrated on the central management of the country and major towns. Particularly during the reign of King Rama V (1868-1910), focus was on adapting European models to modernising the country in order to prevent it from being colonised. In addition, the political situation in the country had to be dealt with. The rise of nationalism that redefined the nation in terms of loyalty to the King and the public demand for royalist reform between 1910-1940, and the national concern of dealing with the impacts of World War II (1939 – 1945) (pp.135-137) were the focus of the country during that period.

Although the development of Savannakhet during the French colonisation of Laos provided impetus to the cross-border trade between Mukdahan and Savannakhet, cross-border trade in the area was generally minimal and conducted on a small scale. My information was acquired from an interview with Mrs Yai, a Thai informal cross-border trader, who, based on her memory, related details of a story told by her mother who lived in the area during that period. I also interviewed Mr Pon, a Lao former high-ranking advisory committee member of Savannakhet, who was born during the period of French colonisation of Laos. Laos’ cross-border trade with Thailand in its northern border provinces like Bokeo (Walker, 1999) and its far southern provinces like Champasak (Evans, 2002) was very active and conducted in large volume; but, there was no report of Savannakhet as an area involved in active cross-border trade activities. This may have been because both of these provinces border with many Mekong countries. Bokeo borders Myanmar and the more developed Thailand. It is also located relatively close to China which has been very active in terms of both domestic and cross-border trade. Champasak borders Thailand and Cambodia and is not far from the Vietnam border.

Population numbers could also be another important reason. During the period of French colonisation of Laos, the northern and southern areas of Laos were much more heavily

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16 Mukdahan eventually became its own province again in 1982.
17 Interview, Mrs Yai, 21 August 2011
18 Interview, Mr Pon, 4 April 2012
populated than Savannakhet (Evans, 2002). This may have been due to Siam’s earlier
depopulation policy, particularly at the Khorat plateau before the new frontier was drawn. This
may have resulted in a much higher number of people living on the west side of the Mekong.
Although the French could convince substantial numbers of Laotians who had been forcibly
settled on the west side of the Mekong to move back to their former villages, Laos, which is
located on the east side of the Mekong, was still relatively underpopulated during the French
colonisation (Stuart-Fox, 1997), as was Savannakhet. Even towards the end of the French
administration, the total population figure for Savannakhet, which is currently the most
populous province of Laos, was only between 4,500 and 5,500 people in 1930 and 1943
respectively (Evans, 2002, p.71). Thus, it may be assumed that the demand for cross-border
trade between Laos and Thailand at the Savannakhet border would have been much less than
that at the northern and southern borders of Laos. Although Savannakhet shares its Eastern
border with Vietnam and became more developed during the French colonisation, the limited
demands of its people largely limited cross-border trade volume in the area.

Regarding trade relations, at the macro level, Laos had been largely relying on external supply
sources, especially from Thailand (Phraxayavong, 2009). Mrs Yai noted that Mukdahan has
been the main supply source of different kinds of products, particularly agricultural products,
to Savannakhet during the French colonisation of Laos. With the exception of small-scale
exchanges of local products for household consumption between the Thais and Laotians living
along the bank of the Mekong, who were friends and relatives, the people of Mukdahan did not
buy much from Savannakhet other than made-in-France cigarettes, a few kinds of consumer
goods and local vegetables and wildlife such as paddy crabs, frogs and insects. Although
Mukdahan was a smaller and more backward town compared to Savannakhet, its people could
produce enough for consumption by the family and to sell the surplus to their neighbours. The
products they produced included vegetables, fruit, meat, snacks and some processed and
preserved foods.19 Conversely, Savannakhet was not doing well in agricultural or industrial
development despite French efforts to unblock Laos. The French initiated many basic
infrastructure development projects, which included Route 9, the road that links Savannakhet
to Quang Tri via Xepon and the Lao Bao pass which opened in 1930 (Stuart-Fox, 1997). But
there was still no industry in 1932 after almost 40 years of French colonisation. The exception

19 Interview, Mrs Yai, 21 August 2011
was the two mines in Thakhek owned by French. Evan (2002) notes that only a small area of land in Savannakhet was reported as being used by French farmers for commercial cultivation. Few agriculture plantations were developed in Laos during that period: the majority of the people was still subsistence farmers (Stuart-Fox, 1997). Thus, to a large extent, Savannakhet had to rely on supplies from Mukdahan. In his book titled *A Short History of Laos*, Evans notes vis-à-vis the general situation regarding economic development in Laos during the French colonisation that the French brought political stability to Laos but not economic prosperity. According to Stuart-Fox (1997), the French did not blame themselves. They claimed that the main obstructions to promoting economic development in Laos were: (a) Laos was a landlocked country with very low population figures; and (b) the Laotians were “incapable of initiative and hard work”\(^{20}\) (pp.46-47). The colonial administrators estimated that they would need huge investment and a long period of time before they could reap (or perhaps exploit) benefit from resources in Laos.

### 3.5.2 After the end of colonialism: the Royal Lao Government and American Aid (1945-1975)

Between 1945 and 1975, Savannakhet was still a more dynamic urban market than Mukdahan. The large contribution to the more urban dynamic market in Savannakhet was attributable to pre-existing French colonial development. Mrs Wan, a Thai informal cross-border trader, who had been helping her mother to buy vegetables and fruit from farmers in Mukdahan for sale in Savannakhet from around 1960, mentioned that at that time Savannakhet already had a theatre (built by the French) and a market centre. Her job was to sell custard apples to people in front of the theatre in Savannakhet. She said that Mukdahan did not have a theatre and was less developed than Savannakhet in general during that time.\(^{21}\) It is also clear from the interview with Mr San (in his mid-60s) a Thai Civil Defence Volunteer of a border village in a northern suburban district of Mukdahan, that Savannakhet was wealthier than Mukdahan, not only in its city centre but also its outlying district. He described the economic situation of his village and

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\(^{21}\) Interview, Mrs Wan, 13 June 2011
the opposite area in Laos, a suburban district of Savannakhet, during that period: “Those people living on the Laos side were better off than people living on this side”.

Aid from the US in the early 1950s also played a significant role. Laos was unable to sustain its independence economically after the French left with their French-controlled central Indochina budget at the end of the 1940s (Evans, 2002). The aid America poured into Vientiane in the mid-1950s helped to temporarily sustain Laos’ economy. The aim of US foreign policy was to “contain communism in Southeast Asia” (Phraxayavong, 2009, p.99) and stem the communist surge which was already growing in North Vietnam. Initially, America only planned to support the army; but, it was unavoidably pulled into a large aid programme, including financial aid to the Royal Lao Government (RLG) by providing US Dollars for Kip (Lao currency) at the rate of 35/1. This resulted in the Kip being extremely overvalued. The Americans later considered their intervention a big mistake as the money was not only largely absorbed by Chinese business networks, but it also generated corruption and disparities which together led to a serious political rift in Laos. Nevertheless, it temporarily spurred Laos’ economy, which had been in a dire situation after France left the country. Significant amounts of money flowed into the hands of some Lao elites, especially politicians and high-ranking government officials and Lao merchants, both directly and indirectly stimulating Laos’ economy (Evans, 2002). Trade and spending in Lao increased at least among these groups of people. Although to a possibly lesser degree, the aid from the US, which was concentrated in Vientiane, also stimulated Savannakhet’s economy as it was also one of the main administrative centres of the country.

Mukdahan was still smaller and less urbanised than Savannakhet throughout the period spanning the mid-1940s and 1970s. Whereas Savannakhet was one of the major provinces in Laos, Mukdahan was initially simply one of the districts in Nakhom Panom in the mid-1940s. As time passed, however, Mukdahan developed gradually and started supplying increasingly diverse kinds of products to Savannakhet. Savannakhet increasingly came to rely on different kinds of supplies from Mukdahan. The types of products from Mukdahan to Savannakhet became more varied than during the French colonisation. By the 1960s, whereas the majority

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22 Interview, Mr San, 4 August 2011
of the people in Savannakhet were still mainly engaged in subsistence farming, there was
evidence that commercial plantations had already reached Mukdahan. Similar to Mrs Wan, Mrs
Noy, a Thai informal cross-border trader, said that while she was still in primary school—
between 1965 and 1968—she accompanied her mother to buy vegetables from a farm of a
Vietnamese Thai farmer in Mukdahan for sale to people in Savannakhet.23 From around the
early 1970s, the exports even included some manufacturing products. According to Mrs Yai,
large amounts of garments and processed food products reached Mukdahan for cross-border
trading by the early 1970s when she started conducting her cross-border trade. Fruit and
vegetables, fish, meat, and later, manufactured consumer goods from Thailand to Laos came
to dominate the cross-border trade in the area.24

The US-funded roads that were built between the mid-1950s and mid-1960s for America’s
military plan in Indo-China during the Cold War linked Bangkok with the North-Eastern part
of Thailand (Baker & Pasuk, 2002, pp.51-52). Major basic infrastructure development in
Thailand during the second National Economic and Social Development Plan (1967-1971)
significantly improved regional basic infrastructure (Office of the National Economic and
Social Development Board, 1967-1971). These may have accelerated the spread of
developments which included the distribution of manufactured products from the central region
of Thailand to the study area. The US army’s use of a Thai military base in Nakhon Phanom
(of which Mukdahan was still a part) as one of their military bases between 1969 and 1973
(Euarukskul, 2011) during Vietnam War may also have accelerated the growth of Mukdahan.

Yet, according to Mrs Yai25, Mrs Wan26 and Mrs Noy27, cross-border trade was generally
conducted on a small-scale compared to today’s trade volume, except for trade of timber which
was one of the few export products from Savannakhet. Very minimal amounts of products from
Savannakhet (notably wild mushrooms, frogs, paddy crabs, insects and fish) were purchased
by the people of Mukdahan. Products from Thailand purchased by Laotians in Savannakhet
were also mainly purchased for household consumption. Possible reasons may have been that
both provinces were smaller, less populated and less urbanised than they are now. International

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23 Interview, Mrs Noy, 6 June 2011
24 Interview, Mrs Yai, 21 August 2011
25 Interview, Mrs Yai, 21 August 2011
26 Interview, Mrs Wan, 13 June 2011
27 Interview, Mrs Noy, 6 June 2011
and national politics and economies were still unstable. Also, unlike the current outward trend of national policies towards regional integration and cooperation, cross-border trade with neighbouring countries was not the main focus of the effective, economic development approach adopted by both the Thai and Lao governments. Importantly, unlike the situation today, the border between the two provinces had not yet become one of the main regional gateways. However, the immediate reason may have been that the majority of the Lao population did not have enough purchasing power or did not feel the need to buy much. According to Evans (2002), although aid from the US created some wealth, most of the Lao people still lived as peasants in the 1950s. Unlike the Thai peasants, who had moved to work on commercial plantations during the same period, the Lao peasants still depended on a subsistence economy. They produced most of the things they needed for their families and exchanged or traded products they either did not have or could not produce.

3.5.3 Closed Era: After the proclamation of Lao People’s Democratic Republic (1975-1985)

a. Communism in Laos and Thailand and the recession of cross-border trade

It was not until the mid-1970s that communism in Laos and Thailand affected border crossing and cross-border trade in the area. Communism in Laos emerged not long after the end of the French colonisation. Savannakhet in fact played a minor but not insignificant role in the development of the spread of communism in Laos. It could be argued that Savannakhet was the birthplace of communism in Laos. Kaysone Phomvihan, a future communist strongman and Prime Minister of the LPDR, was born in Savannakhet. When he was approximately ten years of age, he moved to Vietnam. He was educated in Vietnam where his ideas were largely influenced by the Viet Minh and Vietnam’s struggle for independence. After spending several years in Vietnam, he returned to Savannakhet in 1945 and started to spread his ideology among some Vietnamese and Laotians living in the area. In the following year, he returned to Vietnam to work and finally joined the Indochinese Communist Party (ICP) (effectively the Vietnamese Communist Party) around 1949 before returning to Lao again as one of the country’s communist strongmen (Evans, 2002).

28 This party dissolved itself in November 1945 but its core was still functioning.
The year 1975 saw the communist Pathéël Lao (Kaysone was one of its leaders) finally reach its goal despite the many struggles it had faced in the past. With the support of the North Vietnamese, the Pathéël Lao took over the country starting from the north and completely by the end of 1975 (Evans, 2002). The Lao People’s Democratic Republic was established in early December 1975. The National Congress of People’s Representative marked the change in the regime of Laos from a constitutional monarchy to the Communist People’s Republic. They set the new direction for the country’s political, social and economic development (Stuart-Fox, 1997).

The communist movement in Thailand, which was led by the Communist Party of Thailand (CPT), was also at its peak during the same period. Historically, similar to communism in Laos, communism in Thailand was known to have been active since the 1940s under the leadership of the CPT (known as the Communist Party of Siam during the founding period). The CPT reached its formal decision to launch a rural-based insurgency in 1961. The North-Eastern region of the country was the initial area it concentrated on although it spread to other regions in the second stage of the insurgency in 1965. By the mid-1970s, communism in Thailand was at its peak. As a result of the military’s seizing of power from the elected government and its aftermath that saw the use of violence against a group of student protesters at Thammasat University on 6 October 1976, the CPT was able to expand its membership by recruiting a number of students, instructors, labour activists and left-of-centre politicians (Thomas, 1986). The Thai government launched several actions to suppress the communist movement. The important measure it took which largely affected cross-border trade in the area was the closure of the borders. All of the Thai border opposite Laos, including Mukdahan, was completely sealed off around November and December 1975 (Phraxayavong, 2009). However, according to Mr Kan, a Thai businessman aged in his mid-50s, the Thai government had already sent the army to secure the Mukdahan border in early 1975. As a result, both sides of the border became military-controlled zones. It became almost impossible for people to cross the Mekong to get to the other side. He said he has an uncle who lived in Savannakhet and they could not meet each other at all during that period.29

29 Interview, Mr Kan, 24 May 2011
Either directly or indirectly, during that period, the communist movements in both countries resulted in the cross-border trade in the area plunging into recession. Directly, the closure of the border disrupted the flows of people and products across the border; indirectly, the communist movements brought economic hardship to the area, thus decreasing the demand for cross-border trade. According to Evans (2002), the radical economic strategies introduced during that period under the leadership of the Lao People’s Democratic Republic proved a failure. All areas of Laos experienced economic hardship; indeed, the entire country experienced economic stagnation (Phraxayavong, 2009). The same occurred in Savannakhet. In an interview, Mr San described situation in Savannakhet during the closed era which, he said, was totally opposite to the situation before 1975. “In 2518 [1975], communist took over Laos. Opposite side [of Ban Song Khon] was full of both white Laos and red Laos [communist Laos]... Laotians were in hardship. They had nothing to eat...”30 The slump in Laos’ economy and the intensive military control over the area caused economic stagnation in Mukdahan as well.

Cross-border trading atmosphere in the area before and after 1975 was vastly different. Before 1975, border crossing rules and regulations in general were still quite relaxed although the borderline was identified and the immigration process formalised during the French colonisation. Import and export levies and related fees were either not collected or collected perfunctorily. The people of the two countries could cross the Mekong back and forth easily. Informal cross-border traders, the majority of whom were Thais, along with their products, could still be embarked and disembarked anywhere along the shore. Mrs Noy said:

> Every morning around 4 or 5 a.m., we would paddle ruea noy [small paddle boat] to Savannakhet bringing vegetables planted by Vietnamese Thais to sell at the market. Around 10 or 11 a.m., after all the vegetables were sold out, we would come back for lunch, have a nap and do some housework. Then, we would go to the vegetable fields to collect vegetables for sale the next day. At that time, cross-border trading could be conducted freely. We could debark anywhere along the shore.31

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30 Interview, Mr San, 4 August 2011
31 Interview, Mrs Noy, 6 June 2011
Trade could also be conducted quite freely: traders could sell their products everywhere. Mrs Wan, talking about her cross-border trading experiences in Savannakhet prior to 1975 said that she could walk around and sells her products anywhere in Savannakhet.32

Closure of the border rendered the situation chaotic; although fishermen were allowed to fish and Thai dredges were allowed to operate during the day (within the territorial waters of the operators), it was generally hard for people conduct cross-border trade or maintain ties with people on the other side during the closed era. People living in both sides of the border, many of whom were friends and relatives, were disconnected. According to Mr Pon, who was discharged from the advisory council committee of Savannakhet in 1975 due to changes in the regime, people living on both sides of the river were not allowed to cross the border during the closed era unless they had special permission. This was usually only granted to individuals who really needed to visit family members or relatives and individuals who had close ties with Thai or Lao officials.33 Mrs Yai34 and Mr Kan35 said that many of the people who tried to cross the border were shot by either Thai or Lao soldiers. As a result, cross-border trading automatically decreased. Many of the traders changed their occupations during the closed era. Mrs Noy36, for example, changed her occupation temporarily. She worked as a construction worker with her husband whereas Mrs Wan37 helped her husband with rice farming and fishing as her house was located at the riverside.

b. The door was not completely closed: The survival of small-scale cross-border trade

Similar to the many borders in the subregion that were not entirely closed during that period (Gainsborough, 2009; Turner, 2013; Walker, 1999), the border between Mukdahan and Savannakhet was not entirely sealed. Although large-scale trade like the timber trade ceased, small-scale cross-border trade, which at that time was in fact illegal cross-border trade, did not completely cease during the closed era. Because the high profit margins outweighed the risks associated with smuggling goods, some individuals decided to start trading during the closed period. In addition, many individuals who were already trading when the Thai government

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32 Interview, Mrs Wan, 13 June 2011
33 Interview, Mr Pon, 4 April 2012
34 Interview, Mrs Yai, 21 August 2011
35 Interview, Mr Kan, 24 May 2011
36 Interview, Mrs Noy, 6 June 2011
37 Interview, Mrs Wan, 13 June 2011
decided to close the border continued their trade. The profits were very attractive to them because products were scarce, so traders could increase their selling prices. Mrs Yai, who continued her cross-border trading business during the closed era said: “I smuggled in with my friends...We either paddled ruea noy [small paddle boat] by ourselves or hired a small-boat driver to take us to Savannakhet.” She added that at that time, the river was not as wide as it is now. They could cross to the other side within a short period of time and were less prone to being shot at. The darkness of the early morning also helped hide them from the eyes of the military.

The informal flexibility arrangement at the border involving both Thai and Lao officials, many of whom were local, was another main reason that kept cross-border trade alive during the closed era during which all kinds of trade were considered illegal. There were two main reasons for this flexibility: First, many of the Thai and Lao military officials were local people. According to Mr Pon: “Many of the officials are relatives and friends. High ranking officials commanded to securely close the border but when they are not there, low-ranking officials who mostly are local people let people cross the border anyway. They are all relatives and friends.” Mr Pon did not consider crossing the border during the closed era difficult as he further said: “Closed is like open.” Mr San, confirming this, said: “It was almost impossible for people to cross the river. Some people sneaked in and out... a lot of white Laos [Those on the US-supported royal government side] escaped from Laos... I could cross to the other side... if necessary... they [Thai and Lao officials] know me but I needed my Lao friend to guarantee.”

There seems little doubt that some of the Thais and Laotians with good connections, especially with the authorities, could make a profit from bringing products across the border during that period.

Second, the push in the demand for Thai products from people on the Lao side was another reason that allowed such flexibility. Despite the border being officially sealed during that period, the demand for Thai products not only persisted, but became increasingly stronger. Some traders, including Mrs Yai, from time to time sought unofficial permission from the Lao customs officials—who themselves were usually in need of Thai products—to bring products

38 Interview, Mrs Yai, 21 August 2011
39 Interview, Mr Pon, 4 April 2012
40 Interview, Mr San, 4 August 2011
into Savannakhet for sale. However, it was very difficult for them to bring the money back for
they were neither allowed to take money into Savannakhet nor to bring money out. Mrs Yai
said: “a Lao customs official said to me ‘If you want to sell, you can sell but you should find
your way to bring out the money.’”\textsuperscript{41} The customs officials knew that the traders really wanted
to sell their products as they were able to profit from the high demand from their Lao customers.
Yet allowing traders to trade easily would put them in a difficult position, and for this reason
they had to enforce certain rules.

Mrs Yai, however, found a way to bring out money. Like other traders, aside from hiding it in
bags, sacks and boxes, she hired a small boat driver to bring her money back to Thailand. She
decided not to hide the money on her body as female officials checked the female traders’
odies. Gold was one of the important mediums of trade at that time. Mrs Yai said:

I used to sell clothes to a Vietnamese customer who drove his truck directly from Vietnam
to buy products from me in Savannakhet. We had to exchange the products in the rice field
as he actually was not allowed to drive into Lao… He had to find Thai Baht to buy products
from me… As it was quite difficult to find Thai Baht, he usually used gold as payment. He
used gold rings to pay for my products… He hid the gold in his shoes.\textsuperscript{42}

One day, around the middle of the closed era, Mrs Yai decided to cease her trading operation
after she was shot at by the Lao military. Although the bullet missed its target, she was very
scared and ceased her trading business until cross-border trade was once again allowed by the
Thai and Lao authorities. But for that incident, she would have continued her trade like many
others who carried on their cross-border trade throughout the whole closed period.

c. Re-establishing Thai-Lao Friendship and the revival of cross-border trade

Towards the end of the 1970s, the situation became more favourable with the revival of cross-
border trade between Thailand and Laos. In December 1979, Laos gradually moved towards
market socialism, mainly because Kaysone, who was Prime Minister at the time, recognised
the failure of the country’s economic development policy and decided in favour of market
socialism. The restrictions affecting some small private enterprises were abolished and market
prices were standardised in trading activities. The resistance in Laos had been largely crushed
by 1980 and this made Laos more stable and more politically relaxed. By 1980, some small-

\textsuperscript{41} Interview, Mrs Yai, 21 August 2011
\textsuperscript{42} Interview, Mrs Yai, 21 August 2011
scale commerce within the country had revived, everyday consumer goods had reappeared in
the markets, and money was becoming increasingly available. Another move that favoured to
the revival of cross-border trade between Thailand and Laos, and between Mukdahan and
Savannakhet during the second half of the closed era, was the restoration of Laos’s relations
with Thailand in early 1979. Laos no longer saw Thailand as a serious threat. The tension in
the Thai and Lao relationship improved markedly after the governments of Laos and Thailand,
led by Kaysone Phomvihane and General Kriangsak Chomanan respectively, signed a
communiqué “ushering in a new era in Lao–Thai relations of friendship” (Evans, 2002, p.196)
in early 1979. This saw Thailand ease some trade restrictions with Laos. But although this was
a good starting point, the relationship between the two countries continued to fluctuate
throughout the 1980s and only became stabilised in the 1990s after Vietnam, Laos’ closest ally,
withdrew its army from both Cambodia and Laos (Evans, 2002).

Following its restoration at the country level, the relationship between the two provinces was
restored gradually. According to Mr Kan, although people were officially still not allowed to
travel in and out of Thailand until 1985, the provincial governors of Savannakhet and
Mukdahan (Mukdahan had become a province on 27 September 1982) started sending officials
to the opposite side to meet each other in mid-1983. The aim was to promote their familiarity
and friendship. They agreed to allow the Lao people to cross the border to Mukdahan for
healthcare purposes. And, while the relationship between the two provinces developed slowly,
it built a good foundation for the revival of cross-border trade in the area. In addition, the
growth of Mukdahan was a good springboard for the revival of cross-border trade in the area.
Accelerated by the development of the country, Mukdahan during that period was much more
urbanised than it was before the 1970s. The city area of Mukdahan became more dynamic than
that of Savannakhet.43 According to Mrs Sang, a shop owner in the Indochina market who was
still selling clothes at the municipality market during that period, several kinds of
manufacturing products from Bangkok were already available in the area prior to 1980.
Furthermore, the number of markets gradually increased. By 1980, in addition to the long-
established municipality market, which was the central market of the province, many other
markets had set up in Mukdahan. One of the most significant among them was one located
nearby the MFP which later became the Indochina market, a very unique border market and

43 Interview, Mr Kan, 24 May 2011
one of the main trading hubs of products from neighbouring countries in the north-eastern region of Thailand from 1988 onwards.44

As the border became much more relaxed, cross-border trade in the area started to revive in the early 1980s after a long period of stagnancy. Although traders were not officially allowed to conduct their cross-border trade, the relaxation of the border control provided them with several opportunities. Along the Mekong’s shore, the ruea noy, which had already had a made-in-China engine installed, carried people and products—mostly consumer goods—from Thailand across the Mekong much easier than before although not as freely as in the period before the closed era. This was how many Thai and Lao informal cross-border traders transported their products across the border during that period. Mrs Pin, a Lao informal cross-border trader, who started her informal cross-border trade around 1981 or 1982, said: “At that time there, there was only ruea noy... We used ruea noy to transport the products across the border...”45

During the same period, cross-border trade also revived through a more controlled channel identified by the states, that is barge ports located not far from the MFP and the KFP which at that time were used only by government officials, and by patients from Laos seeking medical treatment in Thailand (See Figure 3.12 for the locations of the barge ports in Mukdahan and Savannakhet). According to Mr Kan, at the beginning of 1980, after its domestic situation calmed down, Laos sought humanitarian aid from the international community. It opened two border crossing points opposite two districts of Nakhon Phanom to accept aid products. One was opposite the current capital district of Nakhon Phanom and the other was opposite Mukdahan, which still a district of Nakhon Phanom. As Laos had claimed its right under the 1965 Convention on Transit Trade of Land-locked States46, the Thai government, which still tried to secure its border tightly, had to let the products pass through into Laos. Aid products were shipped across the border via barges (many of which were owned by Mr Kan’s father) through barge ports, and so were a number of commercial products. An alternative to buying from traders who came via the ruea noy, barges provided another channel for consumers in

44 Interview, Mrs Sang, 20 September 2011
45 Interview, Mrs Pin, 11 June 2011
46 Concluded at the United Nations Conference on Transit Trade of Land-locked Countries in 1965, the Convention on Transit Trade of Land-locked States is a multilateral treaty which addresses international agreements allowing land-lock countries to transit goods to and from seaports across the territory of transit states. Transit states also include any land-locked state if another land-locked state is transporting goods across its territory to and from seaports.
Savannakhet to buy products from Thailand. People in Savannakhet—mostly shop owners and Lao government officials—started ordering goods from Thailand via barge crews although cross-border trade was still not officially allowed.47

![Figure 3.12: Locations of the barge ports in Mukdahan and Savannakhet](image)

**Source:** Developed by author

At the barge port in Savannakhet, Laotians who wished to order or pick up products from Thailand would wait inside the fence until the barges reached the port. On board the barges were the trucks loaded with aid cargoes; and, barge crews carried products that people in Savannakhet had ordered earlier, most of which were luxury goods such as Rado and Seiko watches. Consumer goods were usually brought into Savannakhet via small engine boats that

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47 Interview, Mr. Kan, 24 May 2011
operated along the shores of the Mekong. While they waited for the Thai trucks to return from delivering aid cargoes to the warehouse in Savannakhet, the Thai barge crews were permitted to wait at the temporary wooden pavilion located outside the fence at the barge port. They used this opportunity to hand over the products to the buyers as well as to take orders from them through the fence. Many people wanted to work as barge crews as the latter made a lot of money. Mr Kan knew that some people, who were actually traders and had connections with barge owners, registered their names as barge crews and went to Savannakhet to get orders from the Laotians. However, there was a limited quota. Barge owners had to register their names with the Thai authority.48

Around the end of 1983, traders were finally allowed to cross the border by barge to get orders from people in Savannakhet. Significant numbers of the informal cross-border traders started their trading business during this period. Around this time, Mrs Yai, Mrs Noy and Mrs Wan also resumed their cross-border trading businesses. Although the barrier was still there, the total volume of trade was much larger compared to the period when they allowed only barge crews to cross the border. The products traded also showed much more variety. Regarding the gender of the traders, though male traders were not uncommon, the majority of the traders were female. Women tended to be granted permission by the Lao authorities to cross into Laos more easily than men. And, the relatively low number of male traders resulted from the fact that men were usually more engaged in farming.

During that period, however, despite a much more relaxed trading atmosphere, it still presented some restrictions. According to Mr Suk and Mrs Tuk, a couple who currently owns a clothing shop in the Indochina market but joined the crowd of Thai traders in 1983, the traders had to register their names at the provincial office; and, as well, they had to be guaranteed by Laotians in Savannakhet. It was easier for women to obtain permission from the Lao authorities as they were considered less harmful to the country’s security. Traders also had to take turns among themselves on some days as only two hundred Thais were allowed to cross the border to Savannkhet on the barge each day.49 Additionally, Thai traders were only allowed to bring with them one or two bags per person per trip. The information on such allowances was acquired.

48 Interview, Mr Kan, 24 May 2011
49 Interview, Mr Suk and Mrs Tuk, 5 April 2012
through the interviews with Mr Song\textsuperscript{50}, the Lao customs official and Mrs Ae\textsuperscript{51}, a Thai informal cross-border trader who had moved from a northern province of Thailand to Mukdahan in 1983 and started her cross-border trading business not long after she arrived.

Such limitations, however, did not discourage these traders. A handsome profit was the main attraction. Approximately a hundred traders, mostly local people from Mukdahan, crossed the border with the barge each day during that period. Although traders could bring only small amounts of products with them, they could make very high profits. The main reason was that Laotians were still not permitted to cross the border to Mukdahan other than for healthcare. They had to buy products from the Thai traders, the demand—which exceeded the supply—thus pushing up the prices. Additionally, the traders made the most out of their limited opportunities. Many, for example Mr Suk, Mrs Tuk and Mrs Ae hid the products on their bodies in a bid to bring more. According to Mrs Ae, many of the traders wore three to four layers of clothes, which they took off and sold to their customers when they reached the shore. Many of them also hid products that the Lao government considered a threat to the country’s security, such as flint and monosodium glutamate on their bodies as they could earn a lot from the sale of such products. Mrs Ae revealed details of her trade strategy and of the profit she made during that period:

I could profit up to 300 to 400 Baht from selling two or three pairs of jeans. For one shirt, sometimes, I could profit up to 300 Baht. I could earn good profit at that time. Lao people were not allowed to trade. Only Thai traders were allowed to get in to get the orders... The majority of the products were consumer goods. I could profit 200 to 300 Baht per dozen bottles of fish sauce, 150 Baht per half-dozen bottles of soy sauce and 1,000 Baht per one box of flint... I used to be able to hide three big bags of monosodium glutamate around my body. I used to also hide one box of flint in my body by wrapping them around my waist.

To indicate how high the profit she gained was she then pointed at my 20 litres back pack and said: “Per one bag in this size, I could profit 400 to 500 Baht but now even if it is as big as a sack I am not sure if I will be able to get that much like before.”\textsuperscript{52}

\textsuperscript{50} Interview, Mr Song, 13 June 2011
\textsuperscript{51} Interview, Mrs Ae, 3 June 2011
\textsuperscript{52} Interview, Mrs Ae, 3 June 2011
3.5.4 Toward a world market (1986 onwards)

a. The 1980s global shifts

A further radical change in the cross-border trade atmosphere between Mukdahan and Savannakhet occurred during the second half of the 1980s. Different global shifts increasingly created radical changes in the national political and economic orientation of the Mekong countries and in the cross-border trade between Mukdahan and Savannakhet. After the Cold War ended many socialist countries in the Mekong region gradually liberalised their economies and politics. They also dismantled central government controls overstate-owned enterprises and abolished collective agriculture. In addition, they reduced their foreign trade and investment barriers in order to attract foreign investment (Murray, 1994). Like other socialist countries in the region, Laos gradually became part of the global market economy.

There are three important international changes which affected Laos’ decision to join the global market economy. First, the Laos government realised that its dream of becoming a member of international communist union had proven hard to achieve due to the severe crisis within the communist block resulting from Sino-Vietnamese war. China launched this war in response to Vietnam’s 1978 invasion of Democratic Kampuchea (Cambodia). Second, it became increasingly clear to Laos’ leaders that economic self-reliance should be a major concern of the country given that fall of communism in Europe spelled the end of financial support from communist countries upon which Laos had relied for many years.53 As a result of a decade-long economic stagnation and the fall of the communist bloc in the Eastern and Central Europe, support from the communist bloc to Laos dropped dramatically from US$52 million in 1988 to US$1 million in 1989. In 1990, Laos did not receive any aid from the communist block (Evans, 2002, p.199). The third factor contributing towards Laos’ decision to join the global market economy was the economic booms that were occurring in Southeast Asian countries that had already embraced the global market economy.

In response to these international changes Laos took a major step towards engaging with the global market economy by announcing the New Economic Mechanism in 1986—the same Laos’ closest ally Vietnam announced its Doi Moi policy, revealing its intention to move

53 Aid from the communist block comprised 70 per cent of Laos’ total foreign aid in 1986 (Evans, 2002, p.198)
towards a market economy. Under Laos’ New Economic Mechanism, central planning of state-owned enterprises was abolished and there was a slow move towards market accountability. Yet while this represented Laos’ first step towards becoming outward-looking and adopting a market-oriented economy, the most radical shift in Laos’ economic direction occurred in 1988 when it became clear that Gorbachev’s radical economic reforms in the USSR, Laos’ big brother, and its entry into the world market had proven successful. Thus, in early 1988, Kaysone announced a fundamental reorientation of Laos’ economy vis-à-vis the world market (Evans, 2002). During this period, several reforms of Lao policies, rules and regulations were introduced. Evans (2002) outlines the adjustments Laos initiated after Kaysone’s announcement in 1988:

A foreign investment code was adopted in April, aimed at bringing foreign capital and expertise into the ailing Lao economy. Joint ventures were encouraged in all sectors... In order to facilitate this, moves were made towards a unified exchange rate for the kip instead of the multiple exchange rates that had prevailed over the previous ten years... Alongside the dismantling of internal constraints noted above, the other crucial factor was the leadership’s acute understanding of the Lao state’s dependence on outside sources of funding for its viability... The new policies promised to offset these problems by an inflow of private capital, growing customs receipts, and attracting greater inflows of aid from the west (pp.198-199).

While such gradual changes in the political and economic situation in Laos slowly created a more favourable atmosphere for cross-border trade between the two countries, Thailand, now led by Prime Minister General Chatichai Choonhavan, made an important announcement in late 1988 that was largely influenced by international shifts like globalisation, global trends of trade liberalisation, industrialisation and urbanisation. Prime Minister General Chatichai Choonhavan, upon assuming power in August 1988, announced a policy that sought to transform Indochina from a battlefield into a marketplace. At the time, he was imbued with a strong desire to lead his country, which was already integrated with the global economy firmly towards economic prosperity. Additionally, he was aware of the fact that the end of the Cold War had transformed Thailand’s neighbouring countries (where communism had been very active) from enemies into an “economic hinterland—as markets, and as sources of human and natural resources” (Pasuk & Baker, 2009, p.199). He replaced the nation’s old political philosophy, according to which politics and national security came first, with one that prioritised the country’s economy, thus complying with global trends. His policy announcement sent a strong signal to the other Mekong countries that Thailand, the richest country in the region, which for most of the time had politically opposed them, was now ready
to negotiate and coordinate with them. General Chatichai Choonhavan’s policy was thus one of the country’s important historical landmarks for it not only improved political and economic relations between Thailand and Laos, but also for the whole Mekong region. Long-standing tensions between countries in the Mekong region cause by different political views were alleviated by the new policy. In line with Thailand’s positive initiative, they could all strive to reach economic prosperity together, a goal free of conflict of interests.

At the border area between Mukdahan and Savannakhet, international shifts also showed their impacts via changes in the orientations of the national policies of Thailand and Laos. The radical shifts in the national policies of the two countries, in particular Choonhavan’s battlefields to markets speech in 1988, which was reinforced by Kaysone’s earlier announcements regarding the New Economic Mechanism in 1986 and the fundamental reorientation of the Lao economy towards the world market in 1988, brought cross-border trade activities in the area back to life. According to Mr Kan, soon after the announcement by the Thai Prime Minister, the barriers came down and Thai and Lao barges and ferries resumed their operations. A system to regulate the flow of people and products across the border was introduced. Whereas products which were not personal belongings had to be transported via barges, Thai and Lao passengers (along with their belongings) had to travel by ferry. Different customs procedures were applied for commercial products and personal belongings. It thus became clear during this period that cross-border trade could be classified into three main types: formal, informal and illegal. Formal cross-border trade was conducted through barge ports, usually on a large scale, and properly registered as exports and imports for commercial purposes. Informal cross-border trade, which was mainly conducted through the MFP and KFP ports, was usually small scale, involving volumes of goods ranging from amounts that could be hand-carried to amounts that had to be transported in one or two tricycles. In addition, the trade was not registered as exports and imports for commercial purposes. Rather, it mainly complied with the customs rules and regulations applied to normal commuters. Lastly, the trading of illegal products such as drugs, prohibited wild animals and plants was considered illegal cross-border trade. Any forms of cross-border trade that were not conducted via the specified channels were also included in this category.54

54 Interview, Mr Kan, 24 May 2011
Also according to Mr Kan, the huge Laos demand for products from Thailand and the increase in the Thai industrial sectors’ demand for natural products from Laos, which had been suppressed for a decade, pushed cross-border trade to one of its peaks during that period. Although there was little change in the provincial town of Savannakhet during that period, the provincial town of Mukdahan expanded rapidly in response to the demand for cross-border trade. People from different parts of Thailand gravitated towards Mukdahan to start their trade with Laos: many of them settled there and started their cross-border trading businesses; others set up wholesale and retail shops along the border, especially in the provincial town. The various kinds of consumer products from Thailand were in high demand and were exported formally, informally and illegally. As regards products from the Lao side, most were traded formally on a large scale except for a few kinds of local vegetables, fruit and meat and products from Vietnam such as basins and large ceramic jars. Timber and non-timber forest products from Laos, such as rattan and eaglewood and the remnants of tanks and airplanes destroyed during the Vietnam War, which were imported for the Thai manufacturing sector, were ranked among the top imports. As cross-border trade conducted through the channels specified by states became easier, it could be suggested that the golden age of illegal cross-border trade during the closed era had been replaced with the of formal and informal cross-border trade of this period. Although being channelled, formal and informal cross-border trade flourished.55

With regard to the informal cross-border trade, the above period was a boom time for Thai informal cross-border traders in Mukdahan. Although Thais and Laotians were now officially allowed to travel across the border, Laotians were still not allowed to cross the border for trading purposes. Lao small-scale traders still had to continue their trade via the ruea noy, a practice which by that time was formally categorised as illegal trade. Thai traders, on the other hand, could already conduct their trade via the ferries. Although many of the Thai traders, especially whose houses were located far from the MFP and the KFP, still continued their cross-border trade via the ruea noy, large numbers decided to use the channels specified by the states as they did not want to risk being caught as smugglers. They only had to negotiate with customs officials. According to Mr Song, a Lao customs official, more than one hundred Thai

55 Interview, Mr Kan, 24 May 2011
cross-border traders conducted their trade informally in 1988 during his first year of work at the crossing point.56

Interestingly, the states’ identified crossing points did not only benefit the professional traders. Barge crews also earned a lot of money from conducting small-scale informal cross-border trade. After receiving orders from their regular customers in Savannakhet, if the products were not available in Mukdahan, they would travel to Ubon Ratchathani—the distribution and market hub in the northeast region—to buy products for their customers (quite often they had to travel to Ubon Ratchathani if Mukdahan did not have enough supplies, and the prices at Ubon Ratchathani were cheaper). Even Lao truck drivers who delivered the timber from Savannakhet to Mukdahan were involved in trade. Although the drivers were not permitted to stay over and had very limited time in Mukdahan, they could still manage to secure an order. They brought orders from people in Savannakhet with them to give to their contacts the Mukdahan. Their contacts would purchase and prepare products for shipping for them. The ways in which they created their connections were not complicated. Generally, they used their connections with those whom had they met during their daily activities such as people working with barge operators, for example. Mr Kan, whose father provided a barge service at the time, said that one of his clerks (Mr Chai) whose duty it was to write border passes for Lao truck drivers, earned a lot of money from making purchases for these Laos truck drivers. Not long after, Mr Chai was able to set up his own small business using money he had saved and the connections he made while working for the barge operator. His duty was to assist Laotians who travelled to Thailand and back to Laos to process all kinds of immigration documents and to report daily Lao boats’ arrival and departure times to the Lao authority. Mr Chai benefited a lot from his connections.57

b. The re-emergence of globalisation and regionalisation trends in the 1990s

In the early 1990s, the long-existing international trends of globalisation and regionalisation re-emerged in the post-Cold War international order. This gave rise to another major phenomenon that changed the trading atmosphere in the area after the conclusion of the Cold War and the collapse of communism during the late 1980s and the early 1990s. Subsequently,

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56 Interview, Mr Song, 13 June 2011
57 Interview, Mr Kan, 24 May 2011
several countries edged towards international cooperation, mostly by forming regional cooperation and trading blocs, either as building blocks for a greater global openness or as a form of protection from possible instability and shocks which could result from the globalisation forces. In Southeast Asia, including Thailand and Laos, the ASEAN and the ADB’s GMS initiative are the most notable initiatives in regional and subregional cooperation that created large changes to the trading atmosphere in the area.

ASEAN, which was initially a political grouping succeeding the South East Asia Treaty Organization (SEATO) as the non/anti-communist bloc in Southeast Asia, was established on 8 August 1967 in Bangkok with Thailand as one of the founding members. Its impact on cross-border trade in the study area, however, was very minimal until the ASEAN heads of states and governments decided to establish an AFTA in 1992. Laos’ decision to join ASEAN on 23 July 1997 strengthened the role of ASEAN regarding changes in the cross-border trade atmosphere in the area. Although the Lao government announced its New Economic Mechanism in 1986 and gradually moved towards a world market, joining ASEAN seemed to be the major turning point. ASEAN had an impact on cross-border trade in the study area, mainly by influencing related national policies and regulations of both Thailand and Laos. With the AEC (ASEAN Economic Community) being inaugurated in 2015, all ASEAN member countries are obligated to reduce tariff rates levied on a wide range of products traded within the region and to eliminate quantitative restrictions and other non-tariff barriers within a certain timeframe. Similar to other founding member countries, Thailand was in an advance stage of reforming countries’ policies and regulations to comply with ASEAN’s requirements. Founding members are expected to achieve the ultimate objective of a free trade area by 2015, whereas Laos—as a newer member—is expected to achieve this objective by 2018 (ASEAN Secretariat, 1999). To be sure, the AEC is expected to have a significant impact on cross-border mobility and trade in the region.

Whereas ASEAN changed the cross-border trading atmosphere in the area by transforming the policies and regulations of Thailand and Laos at the national level, the GMS, which was established in 1992, focused more on basic infrastructure development and relevant detailed institutional and policy reforms. The aim was to enable people, goods and vehicles to move across the border easily with minimal cost. Basic infrastructure development included the construction and improvement of subregional roads, airports and railways, especially along the three regional corridors: the EWEC, the NSEC and the SEC (see Figure 2.1). Relevant detailed
institutional and policy reforms included the reformation of border measures of related institutions, especially customs, immigration and other related behind-the-border measures such as biological controls (Srivastava & Kumar, 2012). These efforts had a profound impact on cross-border trade atmosphere in the area.

Among all the GMS initiatives, EWEC seemed to be the initiative that had the most profound impact on the cross-border trade atmosphere in the area. Since the area became part of the EWEC in 1998 (see Figure 1.2), local and cross-border basic infrastructure in the area had largely improved. Local basic infrastructure, namely roads, bridges, water supplies, electricity grids, sewers and telecommunications in both provinces, especially in Mukdahan, were upgraded. Several wholesale and retail shops were set up in the capital cities and border suburb of Mukdahan and Savannakhet albeit Mukdahan was and still is the more urbanised of the two. Existing markets in Mukdahan were improved and expanded. In Savannakhet, significant development started at the end of the 1990s. In 1998, the Singapore market (or Savanxay Market), which had been the main market centre in Savannakhet was set up and expanded rapidly. Several local products, and products from other countries—especially Thailand, Vietnam and China—dominated the market. Compared to Mukdahan, which was slowly approaching saturation point, Savannakhet, on the other hand, was rapidly expanding. Mega projects were introduced into the area, the most prominent being the Savan-Seno Special Economic Zone (SASEZ) which was started in 2003 and designed to be one of the biggest service, trade and industrial centres in the region. Foreign investors from Malaysia, Thailand, Japan, France, the Netherlands, Australia, Belgium, Hong Kong and Korean have already poured money into the project. When it is finished, Savannakhet may outperform Mukdahan economically, and Laos just might become a new market centre in the region rather than merely being known as the region’s crossroads.

As regards cross-border basic infrastructure, besides the improvement of road number nine (a road section in Laos that was completed in February 2007 while the section in Vietnam was completed in November 2006), the second Thai-Lao Friendship Bridge, which opened for public use on 9 January 2007, along with other related border facilities, was constructed. Main border control units of both the Thai and Lao governments were set up on both sides of the Bridge. Products for large-scale trade, which were exported or imported by registered businesses, were no longer shipped via the barge. The barge ports ceased operations. The MFP and KFP were downgraded from international crossing points to the only official local crossing
points for Thais and Laotians. The Bridge became the main international crossing point for people, goods and vehicles. It largely facilitated the trade operations of the large-scale formal or registered traders—the vast majority of whom was men—who previously could only transport products via the barges. By using the Bridge, these traders could largely minimize the time and money they spent on transferring the products across the river. Unlike shipping via the barge ports, where products were needed to be transferred a few times from the shore to the barge and from the barge to the shore, if a truck had an international shipping license, the products could be transported directly across the Bridge. Additionally, shipping via the Bridge eliminated queuing time: they no longer had to pay the barge service fee which ranged from 3,000 to 4,000 Baht per shipment. Moreover, products that could previously be transported via barge from 9 a.m. to 5 p.m. or 6 p.m. to comply with special requests were now transported across the border through the Bridge from 6 a.m. to 10 p.m. Thus, large quantities of products could be transported each day. And, human resources and vehicles were utilized more effectively.

For informal or unregistered cross-border traders, the majority of whom were women who mainly bought products from Thailand for sale in Laos, the opening of the Bridge made the market very competitive. It became easier for customers from Laos to access products given that several products were transported across the border via registered traders or companies in large amounts. At the same time, end customers had more choices vis-à-vis crossing the border. And importantly, those who owned vehicles could easily cross the border to buy products in large amounts getting products at wholesale prices. During my fieldwork, I observed large numbers of Laotians coming to Mukdahan with their own vehicles to buy products for household daily consumption. The number was particularly high during the weekends. I also observed that among the crowd were Lao informal cross-border traders. Many of them used to be part of the current group of informal cross-border traders, but since they owned their own vehicles and could obtain permission from the Lao customs officials they decided to ship their products using private vehicles. The Bridge also attracted several of the better-off informal cross-border traders, who had good connections with Lao officials and owned their own vehicles, to buy products in large amounts for resale to different shops in the Savannakhet area. Their customers were similar to the existing informal cross-border traders. Thus, for informal cross-border traders the current form of border settings resulting from globalisation and
regionalisation brings with it convenience for their trading activities. On the other hand, it has also led to highly competitive trading conditions.

3.6 Concluding summary

The histories of the study area and the GMS discussed in this chapter, together with the discussion of the GMS’s integration and globalisation and regionalisation in the previous chapter, clearly reflect the dilemma pertinent to current forms of international integration. In this chapter, I have explored the sub-regional integration of the GMS as a sample space for examining globalisation and regionalisation processes and their outputs. I have confirmed that the political and economic changes that occurred at the national and regional levels had a major impact on the small-scale, cross-border trading activities conducted at the local level, by extension transforming the political, economic, social and physical settings of the border. The chapter also confirms that the integration process was uneven. Importantly, this uneven process produced unevenness as an extension of the pre-existing unevenness in the area. There was little doubt that companies or larger scale traders who owned more resources benefited more from international integration in the GMS compared to those with fewer resources. This saw unevenness recreated out of the already existing unevenness in the area. However, moving beyond the rather polarised views of globalisation and regionalisation, the chapter, while confirming that the adjustments the countries made in response to the GMS integration were driven by positive expectations of it being a pathway to overall prosperity, also revealed that the adjustments would have a negative impact on the weaker players, especially the informal cross-border traders. It also proves that the traders had their agency. The traders in general were not passive receivers of the results of the macro changes: they were not only capable of dealing with said changes, but were also able to cope with negative changes. And, while their businesses found the changes generally obstructive, many of them were able to take advantage of the opportunities that followed the changes.

At the country level, the chapter clearly illustrates that integration has favoured more powerful member countries like China and Thailand. Although Vietnam—which is less wealthy than China or Thailand—has benefited from GMS integration and grown hugely of late, it is also clear that Laos, Myanmar and Cambodia have simply functioned as sources of cheap labour, natural resources and gateways for the economically powerful countries in the sub-region. Construction of basic infrastructure was clearly an example. Infrastructure has been built to
increase the locational advantages of Thailand and China, whereas poorer member countries only have the land in between.

At the local level, individuals and companies with ample resources were found to benefit more from the integration, historically in most periods as well. The resources could be in the forms of power, finance and connections: the three usually came together. It was common to see politicians or high ranking officials owning more monetary resources and with wider connections. Big companies and well-off large-scale traders often had connections with powerful people in related countries, either through families, friends or mutual partners. These companies or traders were usually found to benefit more or at least to survive the changes at the border resulting from macro policy changes.

During the closed era, high ranking officials, villagers and some professional traders who had connections with related officials and were able to pay “the fee” found ways to cross the border and take advantage of their crossings, usually by conducting trade. After the border opened, those with more resources, especially the large companies and well-off large-scale traders who usually had some connections with related officials, were found to be able to benefit more from such opportunities. They were able to benefit more from the economy of scale and from being registered (for example, by being exempted from paying the export levy and access to other forms of support from the government) because they were able to buy products in huge quantities, buy good vehicles, register themselves as registered importers and exporters, formally process cross-border trade and pay more “fees”.

Those with very limited resources, such as small-scale informal cross-border traders enjoyed less favourable conditions. They could sneak in and out during the closed era; but, many had to cease operations at some point. They could only resume their operations after the border opened, but in effect they were a marginalised group. The market became very competitive for traders with few resources. Large companies and well-off registered traders could offer their customers better prices. A number of well-off Laotians, especially those who could afford to own their own vehicles and had good connections with the Lao officials, seized the opportunity to carry out the informal cross-border trade in the market through the Bridge. In addition, it became easier for end users to have access to products. The development of cross-border basic infrastructure made it easier for the small-scale informal cross-border traders’ customers to cross the border and make purchases by themselves.
Regarding the question of the dilemma surrounding the globalisation and regionalisation, the two processes seemed to fail, at least until the present, to promote equal development at both the macro and micro levels. In other words, they failed to achieve their expected output. Up until the present, it could be said that the unevenness pre-existed and still exists as a consequence of the uneven processes of globalisation and regionalisation. Those with the most resources were the winners: those with fewer resources were the disadvantaged or losers. Even the current form of the so called “open border” does not allow a free flow of trade across the border. In effect, it has been re-regulated and re-formalised and benefits those who can afford to conduct trade formally: in other words, it is unfair. Interestingly, considering the history of the area, during the closed era and the following transition period when the border was sealed, many small-scale cross-border traders benefited from such conditions more than during the current so called “open period”.

As well as addressing the negative impacts of the globalisation and regionalisation process on informal cross-border trade, the chapter confirms the survival of informal cross-border trade in the study area in different periods despite obstructive impacts. The research thus moves beyond the polarised debate that surrounds globalisation and regionalisation. Despite having to contend with a number of obstructive changes in the border settings, this chapter makes clear that informal cross-border trade in the area survived. Some of the traders had to permanently abandon their businesses but many found ways to continue albeit with some interruptions. The findings highlight the agency of the traders, that is, their ability to adapt themselves and to be flexible regarding changes at the broader scales. They thus take the research beyond the point where most earlier research is concentrated. Instead of focusing solely on the impacts of the broader processes on the traders, and on seeing the traders as passive recipients of such processes (as much of the research does), the findings in this chapter raise questions vis-à-vis the agency of the traders to survive. Drawing on the histories of some of the traders who were my main informants for this chapter and on the literature reviewed in previous chapter, social networks were considered the important strategies employed in the trade operations of a number of informal cross-border traders. However, as social networks are yet to be fully explored, especially their relations to macro processes, this chapter not only provides the context and background of the study area and discusses the dilemma surrounding globalisation and regionalisation, but also provides important innovative guidelines for the rest of the study
and further exploration of the roles of social networks as survival strategies for informal cross-border traders dealing with changes at macro levels.
Chapter 4

Social Networks of Short-Distance Informal Cross-border Trade

4.1 Introduction

Further to the points raised in the previous chapter, in particular that informal cross-border traders have their agency to make subjective actions and are thus not simply passive victims or beneficiaries of the spillover of global processes and that social connections are their important livelihood strategies, the aim of this chapter is to investigate the agency of informal cross-border traders through the use of their social connections and networks. To this end, the nature of informal cross-border trading and the livelihoods of relevant actors are explored. Focusing on social networks, factors which contribute to their survival are discussed. In effect, this chapter extends the debate surrounding the dilemma of globalisation and regionalisation, which is the focus of the research, by exploring the livelihood strategies of the losers. The aim is not to stress how difficult their lives have become as a result of globalisation and regionalisation (similar to most of the existing research), but rather to reveal how local actors manage to deal with and, to some extent, have influence over such macro processes.

Employing an ethnographic approach, this chapter investigates the various social networks that constitute informal cross-border trade, and highlights the social relations of the relevant actors which are important to their livelihood strategies. The informal cross-border trade of consumer products from Thailand to Lao PDR through two opposite border checkpoints, the MFP and the KFP, is selected as the main case study. The analysis is central to the professional and personal networks of Thai and Lao informal cross-border traders as they are the main actors in the informal cross-border trading process. Additionally, consumer products from Thailand are selected as a case study in this chapter because, based on information drawn from Chapter 3, informal cross-border trade conducted through the MFP and the KFP has been dominated by various kinds of products from Thailand to Lao PDR; moreover, it is consumer products that are most commonly traded by the majority of Thai and Lao informal cross-border traders.
This chapter is divided into two main parts. The first part explicates the characteristics of the relevant actors, the nature of their work and their roles within the networks. Their connections and social interactions are also explored. Additionally, the domination of women in informal cross-border trading is discussed. The second part of the chapter investigates the social capital of both individual and collective networks as a livelihood strategy of informal cross-border trading activities in the study area. The first part of the chapter features a complex diagram (Figure 4.1) showing the position of each key informant and her/his connections within the selected informal cross-border trade networks. The diagram is used to explain and provide an understanding of the different social phenomena within a very complex network. As the chapter proceeds, the implications of the diagram will gradually be revealed by showing different components of the network. It is has to be noted here, however, that my limited period of fieldwork time only allowed partial exploration; thus, I could only depict part of the networks which are so complicated that all of the actors in the area are in one way or another linked with each other. The selected parts of the networks, however, are studied thoroughly although the result of the study cannot be generalised for the whole range of networks.

Following presentation of the diagram, I introduce the Thai and Lao informal cross-border traders and other actors directly and indirectly involved in the cross-border trading process. In addition to providing general basic information, their detailed work characteristics, along with their roles and functions in relation to other actors as part of the informal cross-border trade networks are addressed. The positions of the selected actors within the network diagram are highlighted. The linkages between the different actors involved in the informal cross-border trading process, which are rarely depicted in the existing research, are also visualised in this chapter. Then, in an attempt to make clear that interactions between the related actors occur both within and outside of the trading process (and do not only include issues related to their work), their daily social interactions during the trading process and during some festivals and ceremonies are also examined. At the end of the first part of the chapter, there is a discussion of the factors which predispose women to take a predominant role in informal cross-border trading.

In the second part of the chapter, the social capital of the networks is discussed to clarify the importance of social networks in informal cross-border trading business wherein formal rules and regulations rarely apply. In addition, how they relate and contribute to the survival of the informal
cross-border trading activities in the changing border landscape of the study area is discussed. I commence by explaining how networks of individuals bring them in; grant them privileges and discounts; provide them with information; minimise their workloads and time; provide them with access to credit sources; and offer them linkages to other income generating opportunities. Then I delineate how the networks, when joined together as collective networks, increase the members’ bargaining power and indirectly perform as a governance system for the community. In the last section, the discussion focuses on the degree to which individual and collective social networks are important to the survival and adaptation of both informal cross-border trading activities and related actors in the study area wherein the border landscape is changing rapidly.

In addition to its connections with Chapters 2 and 3, this chapter also has a strong linkage with Chapter 5. Whereas this chapter focuses on exploring the social networks of multiple short-distance informal cross-border traders in one locality, Chapter 5 provides an ethnographic study of one long-distance informal cross-border trader in multiple localities. Also explored are the social networks of one shop owner in Mukdahan, who personally conducts long-distance informal cross-border trade in many different localities within and across the borders.

Table 4.1 is presented to help reader recall the informants who provided information for the development of this chapter from this point onwards. Some of these informants are in the selected informal cross-border trade networks depicted in Figure 4.1. Their detailed characteristics are to be described in Table 4.2.
### Table 4.1: Table of Informants

<table>
<thead>
<tr>
<th>Names</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mrs Ae</td>
<td>A Thai informal cross-border trader in her early-50s who had moved from a northern province of Thailand to Mukdahan in 1983.</td>
</tr>
<tr>
<td>Mr Anurak</td>
<td>An owner of Thamrong, a Thai wholesaler and retailer shop in Mukdahan.</td>
</tr>
<tr>
<td>Mr Bounchan</td>
<td>A customer of the informal cross-border traders aged in his mid-50s, who owns a shop in Singapore market.</td>
</tr>
<tr>
<td>Mr Cheep</td>
<td>A Thai casual worker at the MFP who aged in his early-50s.</td>
</tr>
<tr>
<td>Mrs Ha</td>
<td>A Vietnamese Lao informal cross-border trader in her late-30s.</td>
</tr>
<tr>
<td>Mrs Le</td>
<td>A Vietnamese Lao informal cross-border trader in her late-50s.</td>
</tr>
<tr>
<td>Mr Noi</td>
<td>A Lao three-wheeler driver in his early-40s.</td>
</tr>
<tr>
<td>Mrs Noy</td>
<td>A Thai informal cross-border trader in her mid-50s.</td>
</tr>
<tr>
<td>Mrs Pin</td>
<td>A Lao informal cross-border trader in her mid-50s, who started her trade at the beginning of the 1980s.</td>
</tr>
<tr>
<td>Mr Rid</td>
<td>A Thai porter who aged in his early-30s.</td>
</tr>
<tr>
<td>Mrs Sang</td>
<td>A Vietnamese-Thai shop owner from Mukdahan aged in her early-50s, who currently owns a shop in Indochina market and engages in long distance cross-border trade.</td>
</tr>
<tr>
<td>Mr Song</td>
<td>A Lao middle-ranking customs official who aged in his mid-40s.</td>
</tr>
<tr>
<td>Mrs Sri</td>
<td>A Thai informal cross-border trader who aged in her early-60s.</td>
</tr>
<tr>
<td>Mrs Tham</td>
<td>A Lao informal cross-border trader who aged in her late-30s.</td>
</tr>
<tr>
<td>Mr Tui</td>
<td>A retired labourer at the KFP who aged in his late-60s.</td>
</tr>
<tr>
<td>Mr Vid</td>
<td>A Lao ferry driver who aged in his early-40s.</td>
</tr>
<tr>
<td>Mrs Wan</td>
<td>A Thai informal cross-border trader in her early-60s, who started her trade in 1960.</td>
</tr>
<tr>
<td>Mrs Yai</td>
<td>A Thai informal cross-border trader aged in her mid-70s, who was born during the French colonisation of Laos. She started her trade during early 1970s and continued her trade during the closed era.</td>
</tr>
</tbody>
</table>

**Source:** Developed by author

### 4.2 Introduction of relevant actors in informal cross-border trade networks and their connections

This part of the chapter provides basic information about the different actors involved in the informal cross-border trading process. It also fills one of the important gaps in the literature. The linkages and interactions between the different actors involved in the informal cross-border trading process are rarely visualised, despite the fact that visualisation could promote a better understanding of the informal cross-border trading process which largely relies on professional

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58 All names used are pseudonyms
and personal relations between related actors. The diagram that follows this introduction is used as a means to both explain and provide an understanding of the different social phenomena within a complex network. The diagram will gradually become clear as the chapter proceeds.

This part of the chapter introduces the informal cross-border traders, who are the key actors in the informal cross-border trading process. As well as describing the general characteristics and roles of the informal cross-border traders in the area, selected traders are introduced and their trading routines are described in this section. The positions of the traders within the informal cross-border trade network and their connections are also highlighted. Then, I introduce other actors involved in the informal cross-border trading process: suppliers, customers, porters, three-wheeler drivers, ferry drivers, customs officials and their casual workers, ferry ticket and freight collectors, as well as family members and relatives. Similar to my exploration of informal cross-border traders, the discussion focuses on the involvement of different groups of actors in the informal cross-border trading process and their connections with other actors, especially with informal cross-border traders. Using selected case studies of these actors, the network diagram is gradually unpacked.
Figure 4.1: Complete network diagram showing the position of different actors and their connections within the selected informal cross-border trade networks

Source: Developed by author

Note: 1) Symbols representing the different actors are explained on the following page
2) Coloured symbols represent interviewed actors
Table 4.2: Symbols and short explanations of the relevant actors within the selected networks

<table>
<thead>
<tr>
<th>Type of actor</th>
<th>Symbol</th>
<th>Interviewed actor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Informal cross-border traders</td>
<td>○</td>
<td>Mrs Noy, a Thai informal cross-border trader, who started her trade by following her mother to sell vegetables to people in Savannakhet from around 1965. Currently, she has the highest trade volume of all of the Thai informal cross-border traders who conduct trade via the MFP and the KFP.</td>
</tr>
<tr>
<td></td>
<td>●</td>
<td>Mrs Sri, a Thai informal cross-border trader, conducts her cross-border trade on a much smaller scale compared to Mrs Noy, Mrs Tham and Mrs Ha. She mainly trades ingredients for local sweets (such as black and soy beans and flour) and sometimes snacks and ice-cream.</td>
</tr>
<tr>
<td></td>
<td>●</td>
<td>Mrs Tham, a Lao informal cross-border trader, is one of the most prominent Lao informal cross-border traders who trade through the MFP and the KFP. Her trading volume is very large as her marriage to a hi-ranking police officer gives her higher bargaining power; thus, she can offer products at cheaper prices.</td>
</tr>
<tr>
<td></td>
<td>●</td>
<td>Mrs Ha, a Vietnamese Lao informal cross-border trader, became an informal cross-border trader in 1997 after she married the son of Mrs Le, a Lao informal cross-border trader. Mrs Ha has her own shop: she supplies several kinds of consumer products to small retail shops in different areas in Savannakhet.</td>
</tr>
<tr>
<td></td>
<td>●</td>
<td>Mrs Le is a Lao informal cross-border trader. Mrs Ha married her son and subsequently she introduced Mrs Ha into the business.</td>
</tr>
<tr>
<td>Type of actor</td>
<td>Interviewed actor</td>
<td></td>
</tr>
<tr>
<td>---------------</td>
<td>-------------------</td>
<td></td>
</tr>
<tr>
<td><strong>Suppliers</strong></td>
<td>Thamrong, a large wholesale and retail shop in Mukdahan, supplies several kinds of consumer goods to the traders. This shop allows Mrs Tham to buy products on credit.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Kamlai is a large wholesale and retail shop in Mukdahan. Similar to Thamrong, it supplies several kinds of consumer goods to the traders. This shop allows Mrs Tham and Mrs Ha to buy products on credit.</td>
<td></td>
</tr>
<tr>
<td><strong>Customers</strong></td>
<td>Mr Bounchan is a customer of the informal cross-border traders. He owns a shop in Singapore market, which is the market centre of Savannakhet. He wholesales Lao snacks and imported snacks from Thailand, Vietnam and China. While he mainly buys products from registered suppliers, he also buys products from informal cross-border traders on occasion. He is also one of Mrs Sri’s customers.</td>
<td></td>
</tr>
<tr>
<td><strong>Porters</strong></td>
<td>Mr Rid, a Thai porter, has been working as a porter at the MFP for 14 years. He has four regular Lao customers and he is close to all of them.</td>
<td></td>
</tr>
<tr>
<td><strong>Three-wheeler drivers</strong></td>
<td>Mr Noi, a Lao three-wheeler driver, transports products for a few Thai and Lao informal cross-border traders, including Mrs Noy.</td>
<td></td>
</tr>
<tr>
<td><strong>Ferry drivers</strong></td>
<td>Mr Vid, a Lao ferry driver, usually takes his turn to cross to Mukdahan every other day. Similar to most of the Lao ferry drivers, he also provides shipping services for many Lao shop owners as well as Thai and Lao informal cross-border traders who do not want to cross the border by themselves. Additionally, he conducts his own informal cross-border trade.</td>
<td></td>
</tr>
<tr>
<td>Type of actor</td>
<td>Interviewed actor</td>
<td></td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Symbol Actor Symbol</td>
<td>Custom officials are another group of actors that play significant roles in informal cross-border trade. Although clear rules and regulations have been established, what happens in practice depends very much on their decisions.</td>
<td></td>
</tr>
<tr>
<td>CUSTOMS OFFICIALS</td>
<td>Casual workers employed by the Thai customs office Mr Cheep, a Thai casual worker at the MFP, is employed by the Thai customs office. He has been working there for more than 30 years. He knows and is known by all of the related actors. His job is to check on and record the exports and imports for customs officials, and to do jobs that are deemed “not appropriate” for Thai customs officials, such as negotiating and settling disputes between customs officials and their “customers”—especially traders—and collect some unofficial service fees. To the traders, he is more important than the customs official as he interacts with them directly and it is he who decides what should be noted down as the “actual” import and export volume. Their profit largely depends on him.</td>
<td></td>
</tr>
<tr>
<td>FERRY TICKET AND FREIGHT COLLECTORS</td>
<td>Although ferry ticket and freight collectors do not do any other jobs for the traders apart from counting and collecting fees from traders, they are nonetheless part of the shipping process. They can help to smooth and ease the shipping process.</td>
<td></td>
</tr>
<tr>
<td>FAMILY MEMBERS AND RELATIVES</td>
<td>Although not directly involved in the trading process, family members and relatives, not only of Thai and Lao traders but also of other relevant actors, are found assisting them in many ways. Examples include providing useful connections, taking them from their homes to and from the ports and assisting them with domestic work.</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Developed by author

**Note:** This Table only includes actors in the selective networks depicted in the network diagram in Figures 4.1, 4.3, 4.6, 4.10, 4.13, 4.14, 4.15, 4.16 and 4.17.
4.2.1 Informal cross-border traders

a. General characteristics of informal cross-border traders

Informal cross-border traders are important bridges that link the economies of the two sides of the border together. They play key roles in both trans-border informal trade and in social networks. The main income generating activities of informal cross-border traders involve buying products from suppliers in one country for sale to customers in another country. Although their trade sometimes involves retail, they mainly sell wholesale to their customers who are mostly retail and wholesale shop owners. In addition, most of them not only buy products for sale but also provide shipping services for both sides in order to earn extra money.

These traders tend not to follow formal import and export customs procedures of any related country that are designed for registered importers or exporters. Rather, their products—although usually shipped in much larger volume than those of normal passengers—are declared as passenger belongings and taxed according to the passenger belongings’ standard. Their scales of trade are very diverse. Their daily trading volume ranges from hand-carried size to sizes that need pick-up trucks to transport. As for trading terms, they largely rely on informal trading and financial processes. Contracts or formal agreements are rarely entered into vis-à-vis most of the product and financial exchange activities.

b. Different groups of informal cross-border traders

Basically, there are two groups of informal cross-border traders who trade consumer goods via the MFP and the KFP. Those include Thai and Lao informal cross-border traders. The majority of both the Thai and Lao traders conduct two ways trade; but, the volume of the products from Thailand to Lao PDR is much larger than the volume of the products from Lao PDR to Thailand. This does not suggest that imports from Lao are minimal; rather, products from Lao, which are in high demand in Thailand are mostly wild and forest products which are prohibited from being imported into Thailand. Hence, such items are mainly smuggled in through illegal boat ports where records are not available. With such limitations, orders for products from Lao PDR to Thailand through informal cross-border traders are limited to a few kinds of products (e.g., alcoholic drinks, cigarettes, seasonal fruit and vegetables and insects from paddy fields). Orders for these items are
usually inconsistent and very small in volume. The majority of both the Thai and Lao traders thus treat them as a supplementary income generation source.

Regarding the number of traders, the number of Thai traders exceeds that of the Lao. During my fieldwork period in 2011 and 2012, approximately twenty Thai informal cross-border traders crossed the border through the MFP and the KFP almost every day. The majority of them are women. Regarding Lao informal cross-border traders, only around fourteen were regularly spotted, all of whom were women. Unlike the Thai informal cross-border traders, who rarely gather in groups except for a small group of around five to seven who regularly mingle with each other in front of the MFP while waiting for the first ferry in the morning, the majority of Lao informal cross-border traders have their gathering place at the kiosk opposite the KFP (See Figure 4.2 for map). Most of them took a share in the expense for its construction. However, not all of the Lao informal cross-border traders cross the border every day. During my research period, only four crossed the border regularly whereas the remainder crossed only once or twice a week.
c. Trading routines of the Thai and Lao informal cross-border traders

I observed that both Thai and Lao informal cross-border traders conducted their cross-border trading almost every day, but they usually made Sunday their weekly holiday. Apart from the fact that they wanted to spend some time with their family members who were free from work and school during the weekends, Sunday was a holiday for many of the suppliers in Mukdahan. Their customers in Savannakhet usually opted not to order products for Sunday shipment as they were busy selling the products that they had gradually stocked up during the week to tourists and local customers. Local cultures and norms were found to have a sizable influence on their decisions to take holidays. Their desire to spend time attending merit ceremonies at the temple every Sunday,
in addition to other important Buddhist days, was among the reasons that prompted many of them to take Sunday as their weekly holiday.

On their ordinary working days, the Thai traders had to accompany their products to Savannakhet, whereas the Lao traders did not need to cross to Mukdahan often. This was because whereas the export process from Thailand was very simple, the import process into Lao PDR was still complicated. A trader or someone who could process the clearance and negotiate the tax for the traders had to be at the KFP to conduct a customs clearance for every shipment. For most of the traders, however, being able to negotiate the tax with Lao customs officials personally was better than asking someone to do it on their behalf. They held that nobody put much effort into negotiating the tax for them. In addition, the Lao customs officials rarely gave much “discount” if the traders who own the products were not there in person. Importantly, another reason that impelled Thai informal cross-border traders to cross the border on most days was that it was easier to claim the money from their customers in person.

Nowadays, both Thai and Lao traders have fewer jobs to do compared to the period when communication technology, especially the mobile phone, was not well developed. The mobile phone has created a dramatic change in the trading habits of both Thai and Lao informal cross-border traders. Since the introduction of the mobile phone into the area at the end of the 20th century, it has become much easier for the traders to communicate with all other related actors. Taking additional advantage of the overlap of Thai and Lao mobile network coverage at the border area, both Thai and Lao informal cross-border traders can switch between their Thai and Lao sim cards to communicate with other actors living on both sides of the border with minimal cost. For both the Thai and Lao informal cross-border traders, the introduction of the mobile phone has generally decreased their workloads and operational costs and time. They no longer have to contact all other related actors in person all of the time. Particularly in the case of Lao informal cross-border traders, having mobile phones has largely minimised their trips to Mukdahan. They can now order products from the suppliers and arrange the shipping process with related actors via mobile phone. They only need to be at the KFP, which is located on the Lao side, for import clearance. During my fieldwork period, I came into contact with only a few Lao informal cross-border traders who crossed the border regularly. The rest (the majority) usually waited for their products to be delivered at the KFP. Lao informal cross-border traders, however, were still found
crossing to Mukdahan once or twice a week to pay export fees to Thai customs officials; pay money to suppliers, porters and three-wheeler drivers; and to update market information. Although they could ask others to do all of these tasks for them, face-to-face interaction was important for maintaining their relationships with those actors.

Regarding the traders’ daily work schedules, although the relaxed nature of informal cross-border trade allowed both Thai and Lao informal cross-border traders to have fairly flexible work schedules, their daily schedules were limited by the operating hours of the ferry, by pressure from competition with other supply sources, and by the expectations of their customers. After the suppliers and three-wheeler drivers had delivered all pre-ordered products to the MFP, most of the Thai informal cross-border traders travelled with their products to Savannakhet on the morning ferries, preferably the earliest trip (see Table 4.3 for the schedule of the ferry from MFP to KFP). Earlier was better for them. It was not crucial if the ferry happened to be delayed, if they missed the first ferry or if they wanted to wait for more orders because they knew that delivering products to their customers early would increase customer satisfaction. Importantly, as the last ferry from the KFP to the MFP left the shore at 4.10 p.m. (see Table 4.4 for the schedule of the ferry from KFP to MFP), they wanted to make sure that they had enough time to deliver their products, collect the money from their customers in Savannakhet and return to Mukdahan on the last ferry. As well as having more time after returning to Mukdahan to place orders for the next day and pay back any debt they owed to suppliers, being able to cross in the early hours meant that they could finish their work and arrive home early. I found that many of the Thai informal cross-border traders who went to Savannakhet via the first ferry usually returned to Mukdahan on the early afternoon ferry.
Table 4.3: Schedule for the ferry from MFP to KFP

<table>
<thead>
<tr>
<th>Trip</th>
<th>Weekdays (Monday-Friday) Departure time</th>
<th>Weekends (Saturday-Sunday) Departure time</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>09.30 a.m.</td>
<td>1 09.30 a.m.</td>
</tr>
<tr>
<td>2</td>
<td>10.30 a.m.</td>
<td>2 10.30 a.m.</td>
</tr>
<tr>
<td>3</td>
<td>11.10 a.m.</td>
<td>3 11.10 a.m.</td>
</tr>
<tr>
<td>4</td>
<td>01.30 p.m.</td>
<td>4 01.30 p.m.</td>
</tr>
<tr>
<td>5</td>
<td>02.30 p.m.</td>
<td>5 02.30 p.m.</td>
</tr>
<tr>
<td>6</td>
<td>03.30 p.m.</td>
<td>6 03.30 p.m.</td>
</tr>
<tr>
<td>7</td>
<td>04.30 p.m.</td>
<td></td>
</tr>
</tbody>
</table>

Source: Developed by author

* All trips indicated in the schedule were operated by the Thai ferries. However, passengers could also catch Lao ferries that came from KFP and depart in-between the Thai ferry times, paying an additional fee of 20 Baht.

Table 4.4: Schedule for the ferry from KFP to MFP

<table>
<thead>
<tr>
<th>Trip</th>
<th>Weekdays (Monday-Friday) Departure time</th>
<th>Weekends (Saturday-Sunday) Departure time</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>09.10 a.m.</td>
<td>1 09.30 a.m.</td>
</tr>
<tr>
<td>2</td>
<td>10.10 a.m.</td>
<td>2 11.10 a.m.</td>
</tr>
<tr>
<td>3</td>
<td>11.10 a.m.</td>
<td>3 03.00 p.m.</td>
</tr>
<tr>
<td>4</td>
<td>01.30 p.m.</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>04.10 p.m.</td>
<td></td>
</tr>
</tbody>
</table>

Source: Developed by author

* All trips indicated in the schedule were operated by Lao ferries. However, passengers could also catch Thai ferries that came from MFP and depart in-between, paying an additional fee of 20 Baht.
As regards the Lao informal cross-border traders, although they were not limited to the morning, it was the main time when they took orders from their customers, both in person and via mobile phone for products scheduled to be transported by late-afternoon ferries. As well as avoiding the morning ferries—the prime shipping time for Thai traders since the early days before the Laotians were allowed to conduct cross-border trade—the Lao traders preferred to transport their products via the afternoon ferries. This allowed them more time to accumulate their orders during the day. One, even two (particularly if there were a lot of products), large ferries were allocated especially for the Lao traders’ products in the afternoon (see Table 4.5 for schedule of special cargo ferry from MFP to KFP). The minority group of Lao traders, who crossed the border to conduct their trade in person, took their products back to Savannakhet with them via the late afternoon ferry. The only difference was that they had more daily activities compared to those who did not cross the border regularly. After collecting orders from customers in Savannakhet in the morning, they crossed the border to Mukdahan on the late morning or early afternoon ferry to buy products and pay their debts. The different schedules of the Thai and Lao informal cross-border traders revealed how efficiently they utilised the limited resources available at the ferry ports, especially the limited number of ferries per day.

Table 4.5: Schedule of special cargo ferry from MFP to KFP

<table>
<thead>
<tr>
<th></th>
<th>Monday-Saturday</th>
<th></th>
<th>Sunday</th>
</tr>
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<tbody>
<tr>
<td>Trip</td>
<td>Departure time</td>
<td></td>
<td>Trip</td>
</tr>
<tr>
<td>1</td>
<td>11.30 a.m.</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>03.00 p.m.</td>
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</tr>
</tbody>
</table>

Source: Developed by author

Notes: 1) Any Thai and Lao informal cross-border traders who had large shipments had to ship their products via Lao cargo ferries.  
2) All were operated by large Lao ferries  
3) The cargo ferries were, however, usually delayed. The morning trip sometimes departed the MFP at noon and the afternoon trip was usually delayed until 5.00 p.m.
d. Linkages among Thai and Lao informal cross-border traders

As I spent time interviewing and mingling with different traders, I came to realise that most of the Thai and Lao informal cross-border traders knew each other. Although most of them became acquainted after they became traders, some were friends and relatives long before they became traders. The traders tried to maintain good relations with each other although they operated their businesses independently and were competing in the same market. One explanation for their actions may have been that common good (or benefit) could be gained by not acting as isolated economic actors. Some of them developed close relations and formed small trust-based, self-help groups wherein both personal and work-related issues were considered. The members of these groups usually exchanged different information and helped each other with small jobs such as transferring money, information and instructions to/for each other. Most of these groups consisted of members of the same nationality. In some cases, Thai and Lao informal cross-border traders would develop close relations, even become trading partners.

The most noticeable group of informal cross-border traders was a group of around seven Lao informal cross-border traders, who usually spent time together at the kiosk opposite the KFP (See Figure 4.2 for the map). As well as going to the kiosk for work, they also mingled with other members of the group. Throughout the day, they shared time together having meals, chatting and consulting each other. In this way, the members were tied to each other as a group. Another interesting characteristic of this group was that a few of them had developed quite close relationships with one of the Thai informal cross-border traders—Mrs Noy.

Mrs Noy (represented by a red circle in Figure 4.3), a Thai informal cross-border trader, started her trade by following her mother to sell vegetables to people in Savannakhet from around 1965. Although her current emphasis was on consumer products, she also traded in several other kinds of products, e.g., office and household supplies, furniture, electric appliances, clothing, agricultural tools, supplies and machinery. Her trade volume was the highest when compared to other Thai informal cross-border traders as she not only traded her own products, but also provided shipping services to both her Thai and Lao customers. At the KFP, Mrs Noy usually spent significant, amounts of time chatting with a few Lao informal cross-border traders from this group.
Mrs Ha (represented by a yellow circle in Figure 4.3) and Mrs Tham (represented by a purple circle in Figure 4.3) were among a few Lao informal cross-border traders from this group who socialised with Mrs Noy. Mrs Ha, a Vietnamese Lao informal cross-border trader, became an informal cross-border trader in 1997 when she married the son of Mrs Le (represented by a light blue circle in Figure 4.3). Mrs Le was also a member of this group of Lao informal cross-border traders. Mrs Ha also had her own shop, supplying several kinds of consumer products to small retail shops in different areas of Savannakhet. She used to cross the border to import the products by herself; but, later she decided to use Mrs Noy’s shipping service. Currently, she only crosses the border once every two weeks to see her doctors and to spend time with her family. On these trips, she also takes the opportunity to update marketing information, order products and pay her suppliers and regular Thai three-wheeler drivers. Today, these trips are no longer necessary as she can update her marketing information and order products via the mobile phone, and can ask Mrs Noy to pass on the money to her suppliers and regular Thai three-wheeler drivers. Nevertheless, meetings in person are a good way of keeping in touch with these actors.

Mrs Tham, a Lao informal cross-border trader, is one of the most prominent Lao informal cross-border traders who trade through the MFP and the KFP. Her trading volume is very large as her marriage to a high-ranking police officer has afforded her higher bargaining power regarding the import levy. For this reason, she can offer products at cheaper prices. Mrs Tham is very close to Mrs Ha; they meet almost every day at the kiosk while waiting for their products and have developed very close relations. In essence, they have become very good friends. Aside from sharing their life stories and different information, such as how to deal with customs officials, they help each other with certain small jobs. For example, one day, when Mrs Tham could not reach the KFP by the time her products arrived, she asked Mrs Ha to inform her regular three-wheeler driver to ship the products to one of her customers right away. As Mrs Tham is very close to Mrs Ha, she usually spends time chatting with Mrs Noy as well. And, this has helped to strengthen their relationship. Sometimes, she asks Mrs Noy to pass on the money to her suppliers, porters and three-wheeler drivers in Mukdahan.

Compared to her relationship with Thai informal cross-border traders, Mrs Noy has established closer relationships with Lao informal cross-border traders. She does not mix much with other Thai informal cross-border traders as most of them have different work schedules. Whereas the
other Thai traders usually reach the MFP between 8.00 and 8.30 a.m. and try to catch the earliest ferry (9.30 a.m.) to Savannakhet, Mrs Noy usually reaches the MFP around 9.30 a.m. and catches the late morning ferry (11.10 a.m.) to Savannakhet. She tries to avoid the heavy traffic on the early morning ferries because she has a huge volume of orders to manage and prefers to accumulate additional orders as much as possible before crossing to the other side. Importantly, she does not ship her products by passenger ferry like most of the Thai informal cross-border traders: she uses the morning cargo ferry. Her work schedule in the afternoon is also different from other Thai traders. Mrs Noy usually finishes her work in the late afternoon and has to catch the last ferry back to Mukdahan. In contrast, most of the Thai informal cross-border traders, whose trade is conducted on a much smaller scale, usually finish their jobs before noon and return to Mukdahan via earlier ferries.

However, Mrs Noy usually finds time during the trip back to Mukdahan to chat with Mrs Sri (represented by a brown circle in Figure 4.3), a Thai informal cross-border trader. Mrs Sri conducts her cross-border trade on a much smaller scale: she mainly trades ingredients for local sweets (such as black and soy beans and flour) and sometimes snacks and ice-cream. She usually takes the same last ferry back to Mukdahan with Mrs Noy. Due to her age and health problems, she spends quite a long time finishing all of her trading and usually crosses to Savannakhet on the earliest ferry. Besides chatting about their lives, the two women spend time sharing their trading experiences and information although they do not sell similar kinds of products.
Figure 4.3: Linkages among Thai and Lao informal cross-border traders

Source: Developed by author
4.2.2 Other related actors in networks of informal cross-border traders

a. Suppliers

Thai and Lao informal cross-border traders who trade Thai consumer products via the MFP and the KFP mainly get their goods from suppliers in Mukdahan. Boosted by the substantial demand from Thai customers residing in the local and surrounding areas, and by the huge demand from Lao customers, Mukdahan has large numbers of local wholesale and retail shops selling consumer products (See Figure 4.4). Most of these local shops are located in Municipal Markets I and II as well as the city area, which is not far from the MFP. In addition to the local shops, Tesco Lotus, a multinational grocery and general merchandise retailer, has set up two stores—one superstore and one express store—in Mukdahan targeting both Thai and Lao customers (See Figure 4.5 for the map of Mukdahan’s provincial town). Interestingly, several other large supermarkets and superstores plan to set up their business in the area in the near future.

Figure 4.4: Picture of one of the main local suppliers in Mukdahan. Large numbers of Thai and Lao informal cross-border traders buy consumer products from this supplier.

Source: author, 2011
Figure 4.5: Map of city area of Mukdahan (http://maps.google.com.au/)
* Modified by author, 2011

Most of the Thai and Lao informal cross-border traders mainly get their supplies from local suppliers. To ensure the availability of said supplies and in the interest of price comparison, the traders usually have at least a few regular suppliers for particular kinds of products. Additionally, among these different regular suppliers, traders usually have their favourites—those who offer more flexible payment terms; cheaper prices; and those with whom they have close relations. Although some of the traders buy products from Tesco Lotus, they only do so when special promotions are offered. But because Tesco Lotus’ special promotions only occur occasionally, and the kinds and amounts of products on promotion are limited and unpredictable, local shops generally offer much more flexible deals compared to Tesco Lotus. For example, the local shops usually allow informal cross-border traders to order products via phone. The requirement to order products in person is necessary only for particular circumstances such as when traders want to buy products from suppliers with whom they have had no previous contact or when detailed instructions or a quality check is needed. Additionally, traders can ask local shops to reserve products for them until they or their regular three-wheeler drivers are ready to collect the products.
Furthermore, although payment for the products is normally made in cash at the time of sale, there is the possibility that traders can buy products on short-term credit, depending on their credibility and justification. Perhaps more importantly, the local shops offer more choices of local brands which are popular among Lao customers but are not available in large multinational stores like Tesco Lotus. Thus, for these traders, the local shops represent important supply sources, especially when considering the long term benefits they may accrue.

Similar to other informal cross-border traders, Mrs Noy, Mrs Sri, Mrs Tham and Mrs Ha buy products from several local suppliers in Mukdahan who operate their businesses on different scales (suppliers are represented by a diamond shape in Figure 4.6). Among these suppliers, the traders have a few regular suppliers especially for their main trading products (their relationships with their general suppliers and regular suppliers are represented by dash lines and solid lines respectively).

My fieldwork also revealed that Mrs Noy, Mrs Sri, Mrs Tham and Mrs Ha buy some products from the same suppliers as some of their trading products are similar and some of the suppliers in Mukdahan are more popular than others. For example, four of them buy multiple consumer products such as cooking oil, milk, baking powder, soft drinks, snacks, instant noodles and cooking sauces from Thamrong (represented by a green diamond shape in Figure 4.6) and Kamlai (represented by a blue diamond shape in Figure 4.6), large wholesale and retail shops selling several kinds of consumer goods. These two shops are very popular among Thai and Lao informal cross-border traders as they usually offer products at cheaper prices compared to other suppliers.

However, their levels of closeness with the two suppliers and the privileges they get from them are different. The relationship of each trader with each supplier and privileges trader obtained largely depended on the frequency and volume of their purchases, their past trading history and their negotiation skills. Mrs Tham regularly buys products from both suppliers in large amounts; and, she had never had a bad debt. Currently, after gaining the trust of both suppliers, she can get short term credit for her purchases from time to time. Mrs Ha also regularly buys products from Kamlai and occasionally gets credit from them. Mrs Noy and Mrs Sri, however, could not get credit from the two suppliers as they do not buy from them as often as the other two. Furthermore, as they live in Mukdahan, they have less excuse to postpone their payment. My conversation with
Mrs Sri confirmed this. She said: “I can’t get credit from them. They only accept cash whenever I buy products from them. Anyway, I rarely buy products from them.”

Interview, Mrs Sri, 10 June 2011
Figure 4.6: Linkages of informal cross-border traders with their suppliers

Source: Developed by author

Note: * Only coloured symbols represent interviewed actors.
* The number of diamond shapes does not represent the actual number of suppliers to each trader
* Mrs Ha has two lines linking her and her suppliers. She uses Mrs Noy’s shipping service and at the same time still personally organises the logistics of her products from suppliers to the MFP. Additionally, she sometimes sends money to her suppliers via another channel which does not pass through Mrs Noy.
b. Customers

The main customers of the selected group of Thai and Lao informal cross-border traders were wholesale and retail shops in Kaysone Phomvihane—the capital city of Savannakhet. Most of these shops were located along the road that cut through the city centre and in the Singapore market (also known as Savanxay market), not far from the KFP (see Figures 4.7 and 4.8 for pictures of shops that buy products from informal cross-border traders and Figure 4.9 for a map of Kaysone Phomvihane’s city area). Although the majority of their products were usually imported from Thailand, these shops also sell products from other countries, e.g., China and Vietnam. Regarding their buyers, as Kaysone Phomvihane is one of the main trading hubs and distribution centres in southern Laos, these shops had buyers from several locations in the Lao PDR, both within and outside of Savannakhet. In terms of their supply sources of Thai products, their supplies usually came from various sources. Besides buying from Thai and Lao informal cross-border traders or using shipping service of these traders, these shops also get their consumer product supplies from Thailand through Lao importers, Lao wholesale companies and registered Thai exporters. Some shop owners personally bring the products into Laos via the Bridge. Importing products via illegal boat ports located along the river is also common practice. Having diverse supply sources helps increase the diversity of their products, secures their stock and gives them more chance to purchase products at fair prices.

Mr Bounchan, an owner of a wholesale shop that sells domestic and imported snacks, revealed his supply sources and the reasons for having multiple supply sources (orange donut-shaped circle in Figure 4.10 represents Mr Bounchan). He said:

I buy products from many sources. Before, I imported products via illegal boat ports as it is hard to get products from legal sources. These days, there are so many local suppliers. Currently, I mainly buy these snacks from three or four Lao registered companies. They sell both local and imports snacks from Thailand, Vietnam, China, and Japan... I also buy Lao snacks from other domestic suppliers. For example, this one [pointed at one kind of local Lao snack]... It sells very well. I bought a large amount directly from a supplier in Thakhèk, like one full truck... [then, he mentioned about products from Thailand] Sometimes these companies cannot supply products I want... sometimes their prices are too expensive... so, I also buy from these traders [meaning Thai and Lao informal cross-
Regarding the market coverage of Thai and Lao informal cross-border traders, when compared to their Lao counterparts, the majority of Thai informal cross-border traders tend to have more limited groups of customers. The majority of the Thai informal cross-border traders mainly supply products to shops in the Singapore market. The Lao informal cross-border traders, on the other hand, are advantaged by being locals. Thus, they have more time to go around the city, not only supplying products to shops in the Singapore market but also to those located in the city and nearby areas. My conversation with Mrs Tham confirmed this. She said, “Thai traders do not know many people... They live on the other side. They do not have time... I live here. I have a lot of time to talk to customers.”

Like other Thai and Lao informal cross-border traders, most of Mrs Noy and Mrs Sri’s customers were from the Singapore market whereas both Mrs Tham and Mrs Ha had customers from several areas in the city. This was because as locals, they had more time and knew more people in Savannakhet. Additionally, Mrs Ha distributed her products through her own wholesale shop to other districts (the different sizes of black donut-shaped circles in Figure 4.10 represent different customers who operate their businesses in various sizes).

Figure 4.7: Picture of a grocery store located in the city area of Kaysone Phomvihane
Source: author, 2011

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60 Interview, Mr Bounchan, 18 August 2011
61 Personal conversation, Mrs Tham, 22 August 2011
With reference to the trading process, evidence suggested that the trading process between the informal cross-border traders and their customers was very simple. Customers would order products via phone or when traders came to deliver products or collect money. Then, once the
products were ready, the traders delivered the products to their shops. The payment system was not complicated; cash on delivery was commonly practiced although customers could be asked to pay in advance if the traders did not have enough reserve funds, could not get credit from their suppliers or the order was very large or expensive. Getting short-term credit from these traders was possible; but, it largely depended upon the relationships between the two parties (in Figure 4.10, general and close relationships between Mrs Noy, Mrs Sri, Mrs Tham and Mrs Ha and their customers are represented by dash lines and solid lines respectively). However, it did not mean that informal cross-border traders had large reserves of funds. Rather, responsibilities alternated between the various actors. Debt, quite often, was passed back to suppliers in Mukdahan, both directly and indirectly (directly if traders had not made a payment on particular products). They usually asked if they could postpone the payment until they received the money from their customers. Indirectly, the traders would seek credit for their next purchases, saying that they did not have enough reserve funds as they had been unable to collect money from their Lao buyers. The case of Mrs Noy was a good example of this. She said: “I hardly get credit for suppliers but my customers always ask for credit. Anyway, I usually try to get cash on the spot from my customers otherwise it takes ages to get money from them. This happened many times in the past. It is hard as I do not have big reserves.” Then, when asked how she managed such situations, she said: “If I don’t have enough money, I ask for credit from suppliers.”

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62 Personal conversation, Mrs Noy, 6 June 2011
Figure 4.10: Linkages of informal cross-border traders with their customers

Source: Developed by author

Note: * Only coloured symbols represent interviewed actors.

* Number of donut-shape circles does not represent actual number of customers of each trader
c. Porters

Porters were found to play a significant role in informal cross-border trade; they not only carry products for traders, but also do miscellaneous jobs for them. At the MFP, according to the head porter, approximately 60 porters had registered with the municipality-and, the majority of them were men. However, only around half were found to be working regularly at the port. Many of those who no longer work at the port had either quit their jobs, found new jobs with better pay and working conditions or had retired. The rest of the porters were divided into two main groups targeting different groups of customers. In this section, A and B are used to represent the two groups of porters.

Every day, around twelve porters from group A gathered at the top of the stairs that led down to the cargo barge and nearby area (see (A), Figure 4.11). Although dominated by Thai men, members of this group also included one Thai woman, one Lao woman and two Lao men. Porters from group A mainly worked for regular customers, Thai and Lao informal cross-border traders and Lao shop owners who ordered products directly from suppliers in Mukdahan. Each of them had a few regular customers.

An equal number of porters from group B came to work regularly: all of them were Thai. They usually gathered around the area in front of the passenger entrance to the port (see (B), Figure 4.11) as their main customers were random ferry passengers and Lao migrant workers returning home with a lot of belongings. However, although porters from this group targeted normal ferry passengers and Lao migrant workers, many of them had informal-cross-border traders as their regular customers. However, these traders usually operated their trade on a comparatively smaller scale than those who used the services of the porters in group A.
At the KFP, there were two main groups of porters, all of whom were Lao. They worked together but were responsible for different transportation stages. Porters from the first group (X), which consisted of men around 40 to 50 years of age and young strong men, carried the products from the ferry up the stairs and placed them on the lower platform. They all registered with and reported directly to the Lao immigration officials. Out of the total, approximately thirty of them came to work every day.

Another group of porters (Y), although unregistered, were permitted by the immigration officials to work there. Only four porters were members of this group: two muscular middle-aged men and two young men. Sometimes, a few young boys—aged between 10 and 15 years—who were relatives of the officials and senior porters and who wanted to earn extra income during the term break, also joined the group. They carried the products from the lower platform up to the higher platform after the products had been checked by the customs officials. The distance from the lower
platform to the higher platform was very short (a few steps) (see Figure 4.2 for a map of the KFP showing the location of the lower and higher platforms; and, Figure 4.12 for pictures of the porters at KFP). Additionally, many of the porters from group X did this job for their regular customers. This group of porters therefore had few members and its members did not have to be very strong.

Figure 4.12: Porters at Kaysone Ferry Port. Top left shows porters from group X carrying products from the ferry up to the shore. Top right is a picture of porters at the lower platform. Bottom left is a picture of one of the porters from group X placing products on the higher platform. 

Source: author, 2011

Besides the above two groups, Mr Tui, a retired labourer, who sometimes is joined by a few young boys, during the term break, also works there as a porter. His work, however, is probably unnecessary. He helps the traders to lift the products from the ground (higher platform) and puts them into the three wheelers for further delivery in exchange for a small service fee which the traders give him directly. The customs officials, some of whom sympathise with this old retired porter, allowed him to work there. Some of the traders use his services out of sympathy for him.

The porters at both the MFP and the KFP usually received their service fee daily after their work is finished or at the end of the day. The payment systems, however, were different. All of the porters at the MFP worked for and received money from their customers directly and independently; but, the system was more complicated at the KFP. Although some of the porters
whose regular customers only had small amounts of products could get money separately, the Lao porters in group X, in general, worked together and shared their incomes equally. Traders had to pay money to the headmen. The latter, at the end of the day, calculated their total incomes and distributed money to each porter after first deducting their commission fee and the commission fee for the immigration officials. As regards the Lao porters from group Y, whose incomes per unit were lower than those in group X because their workloads were lighter, they worked for and received money from their regular customers, both directly and independently. They did not have to pay any commission fee as their daily incomes were very small. The system was, however, considerably more relaxed on Sundays when trade was minimal. After gaining special permission from the Lao customs officials, any Lao porters at the KFP who had regular customers could work and earn freely. A few of the porters from both groups X and Y, who came to work for their regular Lao informal cross-border traders, were paid directly. Thus, there was mutual benefit for both parties. Traders paid cheaper fees and the porters earned a little more than what they were normally paid per unit.

At both the MFP and the KFP, Thai and Lao informal cross-border traders usually had a few regular porters. Mrs Noy, Mrs Sri and Mrs Tham had their regular porters as well (As Mrs Ha mainly uses Mrs Noy’s shipping service, which includes porting work at both the MFP and the KFP, she does not have contact with porters in her current trading process). Even at the KFP, traders have their regular porters at the higher platform: many managed to get permission to have regular porters at the lower platform as well. In Figure 4.13, Thai and Lao porters are represented by white triangles.

The traders find having regular porters very beneficial. Once the products arrive, porters at both the MFP and the KFP start transporting products without having to wait for the traders. As well as communicating by mobile phone about products that need to be shipped, the fact that the name of the trader or buyer is marked on each package makes it easier for porters to ship products for their regular traders to the right place at the right time. Additionally, although the porters at the KFP were found to play no significant role besides transporting the products for traders, the porters at the MFP helped some informal cross-border traders, especially Lao traders, with miscellaneous jobs (e.g. collecting money from ferry drivers and transferring it to suppliers or three-wheeler drivers
in Mukdahan). My conversation with Mr Rid (orange triangle in Figure 4.13 represents Mr Rid), a Thai porter who has been working as a porter at the MFP for 14 years, revealed a clear picture.

“Can you wait? I will come back soon. I have to take this money to the supplier for fruit trader first”. Mr Rid talked about one of his Lao customers while spending his free time talking to me. Then, when asked after he returned if this was common, he said: “Yes, they [Lao shop owners who are his customers] do not normally come here by themselves but send money with the ferry drivers. The money is for me, three-wheeler drivers and the suppliers. They usually ask me to distribute the money for them.”

As it is beneficial to have regular porters, these traders, especially those with a large trading volume like Mrs Noy and Mrs Tham, usually try to develop close relationships with their porters. Spending time socialising is the way to promote familiarity and strengthen relationships of the traders and their regular porters. During my fieldwork, I noted that Mrs Noy had close relationships with her porters at the MFP. She usually spent her mornings (while waiting for her products to be delivered to the MFP) talking to two of her regular porters at the platform near the cargo barge (see (A) in Figure 4.11). I also noted that Mrs Tham and other Lao traders in her group often asked their regular Lao porters to join their lunch group.

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63 Personal conversation, Mr Rid, 6 June 2011
Figure 4.13: Linkages of informal cross-border traders with their regular porters

**Source:** Developed by author

**Note:**
* Only coloured symbols represent interviewed actors.
* The number of triangles does not represent the actual number of porters working for each trader.
* Although some traders use the services of the same porter, Mrs Noy, Mrs Sri and Mrs Tham were exceptions.
d. Three-wheeler drivers

Three-wheeler drivers play very important roles in informal cross-border trade. The majority of both the Thai and Lao informal cross-border traders, including Mrs Noy, Mrs Sri, Mrs Tham and Mrs Ha, mainly use the services of three-wheeler drivers to transport their products as most of them do not have personal cars or trucks to transport the products. While Mrs Ha mainly uses Mrs Noy’s shipping service, she still has to manage the transport of products from her suppliers to the MFP and from the KFP to her shops or her customers. Although some among them, e.g., Mrs Tham and Mrs Ha own a few cars and trucks, they often do not know how to drive them. They need someone to help them and this is not always convenient. Mrs Tham, for example, could enlist the help of her husband—a high ranking police office—to transport her products. However, she would have to wait until the end of the day when he finished his work. In Figure 4.14, Thai and Lao three-wheeler drivers are represented by white regular pentagons.

While the three-wheeler drivers at both the MFP and the KFP have a headman as a coordinator who takes care of the overall management and communication with related authorities, they work and earn independently. At the MFP, there were 84 registered three-wheeler drivers in total. Out of this number, however, only between 30 and 40 three-wheeler drivers actually come to the port regularly. The remainder drive around the city looking for passengers. Three-wheeler drivers who choose to station regularly at the port are divided into two groups which station at different sides of the port (See Figure 4.11). The majority of the three-wheeler drivers stations near the stairs that link down to the cargo barge (See (C) in Figure 4.11) as it is opposite the place where all of the Lao passengers have their boarding passes checked by Thai agents (See (E) in Figure 4.11). A few of them who prefer not to queue up usually wait either for random customers or for traders who are their regular customers on the other side (See (D) in Figure 4.11). Because they have to draw lots to get in the queue to pick up passengers each day, some decide not to join the first group. Regarding those at the KFP, approximately 20 three-wheeler drivers are stationed at the KFP each day. Some sit in the food kiosks set up along the river near the port: they usually gather at their kiosk which is located next to the Lao customs officials’ kiosk. In order to be visible to the passengers, however, they usually park their three wheelers opposite the entrance of the KFP (See Figure 4.2). The target customers of both the Thai and Lao three-wheeler drivers include informal
cross-border traders, shop owners and random Thai and Lao passengers. Priority is, however, given to their regular customers, especially to their informal cross-border traders and shop owners.

Similar to the porters, the three-wheeler drivers help facilitate the physical relocation of the products: they transport them from the suppliers to the MFP and from the KFP to the customers. With prior instruction, they will work for the regular traders independently without their supervision. Additionally, they also provide a free labour service when no porter is available (carrying products from the shops of the suppliers and putting them into three wheelers, and from the three wheelers to the customers’ shops, many of which are located far from the parking area).

Similar to the porters, in addition to facilitating physical relocation of the products, three-wheeler drivers do other miscellaneous jobs for the traders. For example, those at the KFP are sometimes asked by traders—especially by Thai traders—to collect money from the Lao customers or to conduct import clearance for them if they cannot cross the border by themselves. Similarly, traders—especially Lao traders—ask the three-wheeler drivers at the MFP to transfer money to the suppliers. And, because they are mobile and independent and have closer contact to the suppliers of the traders than the porters, the traders ask them to do these tasks frequently.

Mr Noi, a Lao three-wheeler driver who transports products for a few Thai and Lao informal cross-border traders (including Mrs Noy), revealed that he not only delivers products to Mrs Noy’s customers (with and without her accompanying him), but also collects money and does her tax clearance when needed. Mr Noi said: “I do everything for Mrs Noy. I deliver her products. I collect money from her customers and send it back to her. I also conduct tax clearance for her many times. When she cannot come here, she would call me and ask me to do tax clearance for her.” When asked if he advanced his money for the tax clearance, he said: “Ah, no. If she cannot send the money with the ferry driver, she would ask me to borrow from people around the port.”

Later, I met Mrs Noy near the ferry port waiting for a ferry to go back to Mukdahan. When I asked her about this, she said: “Yes, he is my regular three-wheeler driver. When the order is small, I do not cross here. I ask him to get money from other people nearby the port and give to the head of customs officials as the levy.”

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64 Personal conversation, Mr Noi, 14 June 2011
65 Personal conversation, Mrs Noy, 14 June 2011
Mrs Tham and Mrs Ha also said that they sometimes asked regular Thai three-wheeler drivers to transfer the money they sent across the border with Mrs Noy (or sometimes with ferry drivers) to their suppliers in Mukdahan.
Figure 4.14: Linkages of informal cross-border traders with their regular three-wheeler drivers

Source: Developed by author

Note: * Only coloured symbols represent interviewed actors.
* The number of regular pentagons does not represent the actual number of the three-wheeler drivers working for each trader.
* Although some traders use the services of the same three-wheeler driver, Mrs Noy, Mrs Sri, Mrs Tham and Mrs Ha were exceptions.
e. Ferry drivers

At the KFP, there were eleven Lao ferry drivers. Ten of them drove ferries owned by private Lao owners and one of them drove a ferry owned by the Lao government. At the MFP, there were nine Thai ferry drivers. Three of them drove ferries owned by the municipality while the rest drove ferries owned by private Thai owners.

Similar to both the porters and the three-wheeler drivers, the ferry drivers also helped facilitate the physical relocation of the products (In Figure 4.15, the groups of Thai and Lao ferry drivers are represented by white sailing boats). In addition to their direct roles as ferry drivers, they did other side tasks for the traders as well. Some examples were helping the traders to coordinate the loading and unloading process of the shipment when the traders could not accompany their products. Additionally, the ferry drivers helped Mrs Tham and Mrs Ha, indeed many of the Lao informal cross-border traders, to bring money across the border to their suppliers, three-wheeler drivers and porters, either directly or indirectly, largely minimising their time and workloads. In the case of Mrs Ha, although she did not contact the ferry drivers for the logistics of her products as she mainly used Mrs Noy’s shipping service, she often asked them to pass on money to her suppliers. She sent money to her suppliers and regular three-wheeler drivers in Mukdahan via the Lao ferry drivers. However, all of the money was given to the regular three-wheeler drivers for further distribution as they had closer interaction with her suppliers.

In terms of service fees, whereas the porters and three-wheeler drivers usually did sideline tasks for the traders free of charge, the ferry drivers usually charged the traders a service fee. A forty year-old Thai ferry driver said: “It is often that Lao traders who ask me to pass their money to porters or three-wheeler drivers...” When was asked if he received any service fee, he replied: “Yes, they give some small money to me as remuneration.” Income from these sideline jobs was very important to the predominantly male ferry drivers as they earned a very meagre fixed salary. Ferry owners expected them to earn extra income from the passengers who sought to travel across the border with them on their return trips from the opposite side of the border.

66 Interview, a Thai ferry driver, 20 July 2011
Earning extra income from other sources besides their salaries became even more vital for the ferry drivers, particularly after the opening of the Thai-Lao second Friendship Bridge in 2007 when their incomes dropped significantly. As the Bridge became the main border crossing channel, the Thai and Lao authorities decided to reduce the number of ferries per day. The current number of ferries is higher than the number of trips scheduled per day; thus, each ferry does not run every day. Nowadays, the ferry drivers have little opportunity to earn extra money from passengers who earlier would have travelled across the border with them on their return trips. Other extra income sources, e.g., facilitating shipping services, transferring money and lists of products for informal cross-border traders and shop owners, and buying small amounts of products from the other side of the border for the Thai and Lao authorities and their acquaintances in exchange for some service fee have become their main income sources.

Nowadays, most of the Lao ferry drivers conduct informal cross-border trading and shipping services independently. Mr Vid, a Lao ferry driver who usually crosses to Mukdahan every other day, is one of them. Besides providing shipping services for many Lao shop owners and Thai and Lao informal cross-border traders, he personally conducts informal cross-border trading. One day, while waiting for products to be loaded into the boat at the MFP, he said: “I drive a government owned ferry. My salary is around only a bit more than 1,000 Baht per month but on the day that I have my turn to drive the ferry to Mukdahan, I am earning 1,000 to 2,000 Baht per day from my trading business.”67 (The orange sailing boat in Figure 4.15 represents Mr Vid).

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67 Interview, Mr Vid, 6 June 2011
Figure 4.15: Linkages of informal cross-border traders with ferry drivers

Source: Developed by author

Note: * Only the coloured symbols represent interviewed actors.
    * The number of sailing boats does not represent the actual number of ferry drivers.
f. Customs officials and their casual workers

Customs officials are another group of actors that play significant roles in informal cross-border trade: their decisions can be both facilitative and obstructive to informal cross-border trading activities. Although there are clear rules and regulations in place, what happens in practice depends very much on their decisions.

At the MFP, one customs official is assigned to station at the port each day. As the export process is no longer complicated due to the Thai government’s export promotion scheme, and only a small volume of products is imported through the MFP, one customs official is deemed sufficient. The head office assigns a few predominantly male customs officials to take turns do this task. Rotation occurs once in every two weeks.

Two additional people are employed by the Customs office to assist the customs official. One, a female administrative official, is permanently stationed at the MFP and sits in the same office as the customs official. The other, a casual worker named Mr Cheep, has been working for the customs office for more than 30 years and knows and is known by all of the related actors (In Figure 4.16, Mr Cheep is represented by an orange four-pointed star). His job is to check and record the exports and imports for the official, and to do jobs that are “not appropriate” for customs officials to do. Some examples of those jobs include negotiating and settling disputes with the “customers” of the customs officials—especially traders—and collecting unofficial service fees. For the traders, Mr Cheep is more important than the customs official as he interacts with them directly and it is he who decides what should be noted down as “actual” import and export volume. Their profit largely depends upon him.

At the Lao side, a higher number of customs officials are stationed at the KFP. Both the import and export process in Lao PDR remain complicated, and because a significant volume of imports from Mukdahan to Savannakhet pass through the KFP, high numbers of manpower are required. And, because both export and import taxes in Lao PDR are still high, when comparing the Thai and Lao custom officials, the latter play a more important role in the informal cross-border trading businesses of both the Thai and Lao informal cross-border traders.
Altogether, there are four male customs officials stationed at the KFP. One, the Chief, who is responsible for processing the import and export documents, usually sits in the small customs office which is located in the port building. The Deputy Chief and another senior customs official’s main responsibility is to check and record the imports and exports and pass on the information to the chief customs official, who then processes the clearance form. These two men sit in the kiosk on the lower platform of the port all day waiting for the products to arrive (See Figure 4.2). The fourth official, the junior customs official, walks back and forth between the kiosk and the office of the chief customs official. His task is to assist the first three customs officials.

The Thai and Lao informal cross-border traders, including Mrs Noy, Mrs Sri and Mrs Tham, try hard to develop good relationships with the customs officials, especially the Lao officials. This usually involves the giving of money and gifts (Mrs Ha, who uses Mrs Noy’s shipping service, does not have to personally deal with the customs officials). A further complication, however, is that the system requires both the Thai and Lao customs officials to frequently relocate to different check points around the countries. Thus, the traders need to put a lot of effort and investment into developing good connections with the new Thai and Lao customs officials. However, the Lao informal cross-border traders are in a better position as most of them have relatively solid connections with the Lao customs officials. They are either married to Lao officials (like Mrs Tham) or have relatives who are customs officials or work for the government. There circumstances provide good linkages to Lao customs officials. And, if their point of connection is relocated, they are introduced to a new actor. In Figure 4.16, the groups of Thai and Lao custom officials are represented by black and white eight-pointed stars.
Figure 4.16: Linkages of informal cross-border traders with custom officials

Source: Developed by author

Note:  * Only the coloured symbols represent the interviewed actors.
* The number of Eight-pointed stars does not represent the actual number of custom officials.
g. Other related actors

In addition to the above mentioned actors, ferry ticket and freight collectors; family members; and relatives of informal cross-border traders who are rarely acknowledged by most of the literature also play important roles in the informal cross-border trade. They directly or indirectly provide assistance to the traders. In Figure 4.17, ferry ticket and freight collectors and family members and relatives of informal cross-border traders are represented by black and white cans and crosses respectively.

As regards the ferry ticket and freight collectors (frequently the same person), although they do not do other jobs for the traders apart from counting and collecting traders’ fees, they are nonetheless part of the shipping process. They—especially the freight collectors—help to smooth and ease the shipping process. As freight collectors consider both Thai and Lao informal cross-border traders to be their regular customers, they abbreviate some of the processes for them. For example, not having to meet freight collectors in person each time reduces the traders’ time and workloads to some extent. At the MFP, it is common to see traders getting straight onto the ferry after processing their documents with immigration officials without having to interact with the freight collectors. Coordinating with other actors like Mr Cheep, and looking at the names marked on the packaged products, they process the calculation for the traders without having to talk to them. Once the calculations are completed, freight collectors collect the money and give the traders their change on the ferry.

Family members and relatives of informal cross-border traders assist them in many ways. As well as helping them to ship products from time to time, as in the case of Mrs Tham, family members and relatives of both Thai and Lao traders—especially the males—take them to and from the ports if their schedules allow. Mrs Sri’s son-in-law, for example, sends her to and picks her up from the MFP almost every day. In the case of Mrs Ha, who combines her work with family vacation trips some weekends, her husband drives her to Mukdahan to see her suppliers. I also noted assistance in the form of domestic work. Female family members and relatives of many of the traders help them with their housework, thus reducing their domestic responsibilities to some extent. Many of the Lao traders, Mrs Tham, for example, also benefit from having family members or relatives who work for the government.
Figure 4.17: Linkages of informal cross-border traders with their family members and relatives

Source: Developed by author

Note: * Only coloured symbols represent the interviewed actors.
* The number of cans does not represent the actual number of ferry ticket and freight collectors.
* The number of crosses does not represent the actual number of family members and relatives of the traders.
4.2.3 Beyond trade-related interaction

Interaction between the actors involved in the cross-border trading process occurs both within and without the trading process: it is not limited to issues related to their work. As the actors are linked together by both professional and personal relationships, their interaction, can be very personal. It may include general and miscellaneous issues, and involve several kinds of social gatherings. Interestingly, this casual interaction plays an important role in the development and practice of the informal cross-border trade network: it helps to promote familiarity and trust among the related actors.

a. Social interaction in the cross-border trading process

At the MFP, around 8.00 a.m., a few of the three-wheeler drivers start delivering and unloading products from their vehicles onto the platform at the side of the port. After finishing their work, they spend time waiting for new tasks or customers and chatting among themselves or with the porters; ferry drivers and crews; and ferry ticket and freight collectors who are gradually arriving. If time allows, some of them have breakfast together on the platform or at the kiosks adjacent to the port.

Around 9.30 a.m., the departure time of the first ferry, the port is flooded with large numbers of passengers and their belongings, traders and their products and other actors whose work is relevant to the port. Porters start carrying products from the platform down to the ferry when the first ferry docks around 8.30 a.m. Throughout the process, they chat together and tease one another as well as other people nearby. The Thai informal cross-border traders arrive at the port one by one and start talking to each other or giving instructions to their regular porters and three-wheeler drivers. Government officials, local authorities and other workers gradually arrive, greeting each other as they get ready for work. During this short period of time, I noted several interactions: the whole cross-border trading process was replete with social interaction between the related actors.

For the porters, three-wheeler drivers, ferry drivers and crews, ferry ticket and freight collectors and casual workers employed by different authorities, the intervals between the ferries provided time for social interaction: activities such as sharing meals, fishing, playing snooker, chatting, gossiping and even drinking alcohol. Any space adjacent to the port was used for social gathering.
Mr Rid confirmed this, saying: “When there is no product to carry, we just sit leisurely and chitchat here... Many people go to that snooker house [pointed towards the snooker house opposite the port]... Many people here like to kill their time playing snooker.”

However, it is mainly the above actors who form small predominantly male groups. They are often joined by retired actors and sometimes by Lao ferry drivers and crews who may not have to buy products for their customers or have finished their purchasing early. Government officials and local authorities rarely mingle with other actors. Revealing the relations between the officials and the porters, Mr Rid said: “The most recent set of officials are much friendlier [referring to both customs and immigration officials]. One immigration official usually joins our lunch. Since this new group has come, they never mingle with us anymore. I think they are snobbish.”

Regarding the Thai and Lao informal cross-border traders, with the exception of Mrs Noy, whose trading schedules were quite unique and allowed her to spend time interacting with porters and three-wheeler drivers at the MFP, few spent time interacting with other actors at the MFP. Although significant numbers of traders crossed back and forth almost every day, they were usually in a rush or grouped among themselves. They only had brief contact with the three-wheeler drivers and porters, just enough to deal with their logistical issues. However, the fact that many of the traders, especially the Lao traders, asked these actors to deal with their financial issues showed that they enjoyed quite close relations. This may have been attributable to their interaction over long periods of time. Additionally, some case studies show that interaction outside of the work setting plays an important role in strengthen their relationships (to be discussed in the next section).

Social interaction between the different actors in the trading process could be seen more clearly on the ferries and in Savannakhet. Ferries usually took approximately thirty minutes to reach the other side, depending on the water level of the Mekong River. This time—although often minimised by the noisy ferry engine—was long enough for traders to engage in short discussions, exchange useful information and strengthen their relationships.

At the KFP, when the immigration and custom officials saw the ferry from the MFP approaching, they stopped chatting, eating and watching television and rushed to their usual work spots. Porters

68 Personal conversation, Mr Rid, 6 June 2011
69 Personal conversation, Mr Rid, 6 June 2011
threw their fishing rods on the ground; stopped watching television; eating and chatting; woke up their friends; and walked down to the shore. The three-wheeler drivers prepared to move their vehicles. Some of the Lao informal cross-border traders, whose products came with the morning ferry, rushed to the ferry port near the customs officials’ kiosk. As soon as the ferry arrived, the porters at the KFP—who were waiting on the dock—climbed onto the ferry roof and started lifting products onto the shore. At the same time, traders who had regular porters shouted the location of their products to said porters so that their products would be unloaded immediately.

On the shore, the area around the KFP was alive with social interaction. While passengers who were not involved in cross-border trading left for their destinations, the Thai ferry driver and his crew, after processing their ferry documents, usually spent time near the port buying cigarettes and whisky, either for themselves or to fill friends, relatives or officials’ orders. If their schedules allowed, they spent time having meals and snacks and chatting with Lao sellers; porters; three-wheeler drivers; ferry drivers; and ferry crews who were at the KFP.

As for the Thai traders, they usually tried to deliver their products to their customers as soon as possible. However, after finishing the immigration process they still had to wait for customs officials to process their import clearance; for porters to finish unloading their products; and for their regular three-wheeler drivers to come and pick them up. They usually spent this time making short conversation with the Lao customs officials. Sometimes they talked with the Lao porters and with other traders who had travelled on the same ferry, at the customs officials’ kiosk. Although it was only a short period of time, it was a very important time for developing and maintaining their relationships with the Lao customs officials, who only interacted with them during the process.

The relationship between Mrs Yai, a Thai informal cross-border trader; Mr Song, a Lao middle-ranking customs official; and other Lao customs officials was a good example. Although she had only spent a short period of time with him while processing her clearance, Mrs Yai seemed to know Mr Song well and had developed a close relationship with him. The fact that they had known each other for a long time and met almost every day may have strengthened their relationship. Mrs Yai, referring to her relationship with Mr Song, said:

I have known him since he was a young man…single. …now, he is married. His wife is very beautiful. Did you see his daughter? She got her mom’s look…He got her when he is quite old… He loves her very much so that he spoil her on everything…He was away for
a while as he rotated to other crossing points...He got a big connection so he is now back to this port...He is a good man...some of them are bad. He helps me a lot... His boss also...actually the whole group...All of them who are in current group of customs officials are good...some groups are bad...I knew them all...They worked here before...70

It was during short periods of time (e.g. when they were at their customers’ shops or were going from the KFP to the market or going from the market to the KFP) that they developed and maintained relationships with their regular Lao three-wheeler drivers and customers. They spent time talking and sharing stories with their regular three-wheeler drivers almost every day; and, this helped to strengthen their relationships. On arriving at their customers’ shops, the traders would quickly hand over the products (usually with help of the three-wheeler driver), state their prices, and ask their customers to obtain money which they would return to collect after delivering the last customer’s products. During this process, several conversations occurred. In addition to trade-related conversations, they often spoke about their lives.

At the KFP, after the Thai traders left, the Lao traders arrived at the ferry port one by one. Although some arrived early, as some of their products came on the morning ferries, the main gathering time was around lunch time. They had their own kiosk, which was strategically located opposite the ferry port and the customs officials’ kiosk. Although they wanted to be near the ferry port, at the same time they wanted to be as far as possible from the officials. They felt more comfortable there: they could talk more freely without having to worry about the customs officials. At the kiosk, these traders were usually busy taking orders via their mobile phones, calling their suppliers to order products and giving instructions to three-wheeler drivers. This kiosk was not only a working, waiting and resting place for them, but a place where they could interact and socialise with other Lao informal cross-border traders who they considered to be friends. Although the products that most of them ordered arrived on the late afternoon or last ferry, many of them assembled at the kiosk before lunchtime. Even on rainy days when there were few products, many of them still came to the kiosk. As Mrs Ha said: “I have nothing to do at home. It is more fun to come and talk to friends.”71 Throughout the day, the traders share several meals and snacks: they chat and gossip constantly about topics both related and not related to their cross-border trading businesses. They also share trading information, exchanging stories about their experiences with customs officials.

70 Personal conversation, Mrs Yai, 18 August 2011
71 Personal conversation, Mrs Ha, 19 August 2011
and discussing everyday life issues. Given the political uncertainty that beleaguered Thailand during my period of fieldwork, topics such as Thai people, Thai politics and the Thai monarchy were very popular. On some occasions, the Lao traders’ kiosk was used as their meeting venue with other related actors. Porters and three-wheeler drivers, who usually spent their free time watching television, fishing, chatting or eating at their own kiosks, stopped by to join them for lunch sometimes. Customs officials also stopped occasionally to have short conversations with them. This was, however, quite rare and limited to those who were really close to the traders. Their kiosk seemed to be an exclusive zone for them.

At the opposite side of the Lao informal cross-border traders’ kiosk, a number of Thai traders gradually arrived one by one around lunch time after finishing their daily duties. After returning from the market, they usually spent their limited time paying service fees to porters; receiving and making orders for the next day via mobile phones; and completing their import clearance if they had not finished doing so in the morning. If they had any time left, they interacted with other people at the ferry port. Their tight schedules did not allow them to group together like the Lao traders, so they spent their time individually having meals at food stalls adjacent to the ferry port; buying products from street vendors; having their nails polished by mobile Vietnamese or Lao manicurists; or chatting with other actors. On rare occasions, some of the Thai traders, e.g., Mrs Noy, spent time mingling with the Lao traders at the soft drink kiosk near the ferry port while waiting to go back to Mukdahan. Although they had limited time in Savannakhet and worked independently, their social interaction with the different actors was more intense there than in Mukdahan, partly because when they have finished their main duty of the day, they felt more relaxed. Having to wait for the ferry also saw them spending time socialising with others. The pictures in Table 4.6 show the cross-border trading process and the social interaction that accompanies said process.
Table 4.6: Series of pictures showing the cross-border trading process and the social interaction that accompanies the process.

<table>
<thead>
<tr>
<th>No.</th>
<th>Picture</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><img src="image1" alt="Passengers line up to buy ferry tickets at the MFP." /></td>
<td>Passengers line up to buy ferry tickets at the MFP.</td>
</tr>
<tr>
<td>2</td>
<td><img src="image2" alt="Suppliers and three-wheeler drivers deliver products to the MFP." /></td>
<td>Suppliers and three-wheeler drivers deliver products to the MFP.</td>
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<td>No.</td>
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<tr>
<td>3</td>
<td><img src="image1.jpg" alt="Image" /></td>
<td>A Lao trader (standing, with purple top and leggings) gives instructions to her regular Thai tricycle driver and porters.</td>
</tr>
<tr>
<td>4</td>
<td><img src="image2.jpg" alt="Image" /></td>
<td>Thai porters from group A carry the exports down to the pontoon.</td>
</tr>
<tr>
<td>5</td>
<td><img src="image3.jpg" alt="Image" /></td>
<td>Passengers’ belongings and exports from Thailand are placed on the pontoon, waiting to be loaded onto the first Thai ferry of the day.</td>
</tr>
<tr>
<td>No.</td>
<td>Picture</td>
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<tr>
<td>6</td>
<td><img src="image1" alt="Picture" /></td>
<td>Thai porters from group B load passengers’ belongings and traders’ exports onto the Thai ferry.</td>
</tr>
<tr>
<td>7</td>
<td><img src="image2" alt="Picture" /></td>
<td>Thai porters from group A load exports onto the first Lao cargo ferry of the day.</td>
</tr>
<tr>
<td>8</td>
<td><img src="image3" alt="Picture" /></td>
<td>Thai and Lao porters from group A lunching together.</td>
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<td>No.</td>
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<tr>
<td>9</td>
<td><img src="image1.png" alt="Image" /></td>
<td>Thai informal cross-border traders sitting on the ferry, waiting for it to depart from the MFP. During this time, they talk and exchange information.</td>
</tr>
<tr>
<td>10</td>
<td><img src="image2.png" alt="Image" /></td>
<td>A Thai informal cross-border trader (in grey shirt) pays a fee to a freight collector (in white top wearing cap) while waiting for the ferry to depart from the MFP.</td>
</tr>
<tr>
<td>11</td>
<td><img src="image3.png" alt="Image" /></td>
<td>A freight collector at the MFP (in light grey top and dark grey pants) counting and calculating freight on the pontoon.</td>
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<tr>
<td>12</td>
<td><img src="image12.jpg" alt="Picture" /></td>
<td>Lao porters at the KFP wait for the Thai ferry.</td>
</tr>
<tr>
<td>13</td>
<td><img src="image13.jpg" alt="Picture" /></td>
<td>Lao porters unloading products from the first Thai ferry of the day.</td>
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<tr>
<td>14</td>
<td><img src="image14.jpg" alt="Picture" /></td>
<td>Lao porters unloading products from the first Lao cargo ferry of the day.</td>
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<td>No.</td>
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<tr>
<td>15</td>
<td><img src="image15.jpg" alt="Picture" /></td>
<td>A Thai informal cross-border trader (in pink top) talks to porters while alighting from the ferry.</td>
</tr>
<tr>
<td>16</td>
<td><img src="image16.jpg" alt="Picture" /></td>
<td>A senior Lao customs official (in light blue top and dark blue pants) checks the imports. Lao three-wheeler drivers load the products into their vehicles.</td>
</tr>
<tr>
<td>17</td>
<td><img src="image17.jpg" alt="Picture" /></td>
<td>A Lao informal cross-border trader (sitting on the footpath wearing a bright pink top) repacks her imports on the footpath opposite the KFP for further distribution.</td>
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<tr>
<td>18</td>
<td><img src="image18.png" alt="Image" /></td>
<td>Mrs Sri, a Thai informal cross-border trader, sitting in a three wheeler while her regular driver organises her products.</td>
</tr>
<tr>
<td>19</td>
<td><img src="image19.png" alt="Image" /></td>
<td>A Thai informal cross-border trader (in blue top) collecting money from her customer at the Singapore market.</td>
</tr>
<tr>
<td>20</td>
<td><img src="image20.png" alt="Image" /></td>
<td>Lao informal cross-border traders (one wearing a purple top and another wearing an orange top) at the kiosk with a Lao customs official (in dark blue uniform) and a Lao three-wheeler driver (in black shirt and pants, lying down in the back).</td>
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<td>No.</td>
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<tr>
<td>21</td>
<td><img src="image1.png" alt="Image" /></td>
<td>Mrs Noy (in grey shirt), a Thai informal cross-border trader, lunching with four Lao informal cross-border traders and her regular Lao three-wheeler driver at the food kiosk next to the Lao customs officials’ kiosk while waiting for the return ferry to Mukdahan.</td>
</tr>
<tr>
<td>22</td>
<td><img src="image2.png" alt="Image" /></td>
<td>Lao porters relaxing at their kiosk at the end of the day.</td>
</tr>
<tr>
<td>23</td>
<td><img src="image3.png" alt="Image" /></td>
<td>Mrs Noy (not wearing hat) chatting with Mrs Sri (wearing hat) on the last ferry to Mukdahan.</td>
</tr>
</tbody>
</table>

**Source:** author, 2010
b. Social interaction outside of the cross-border trading process

During my fieldwork, there were several instances of actors mingling outside their work settings. House warming gatherings, funerals, monkhood cerebrations, local and national festivals and religious ceremonies seemed to be the most common occasions for these actors to get together and strengthen their relationships. Mr Rid’s case was a good example. One day, he said to me: “I will go to Laos this Sunday. The mackerel trader died. I have to attend her funeral.” Mr Rid had four regular Lao customers and he was close to all of them. Every holiday, when there was no work at the MFP, his Lao customers would invite him to visit their homes. He usually tried to visit them all, and if he got drunk he would spent the night at their homes.

One day, during the boat race ceremony period when all actors involved in informal cross-border trading take a holiday for a few days, Mr Rid went to Lao again to visit the family of the mackerel trader who recently passed away. This time, I went with him. He said: “I have to visit her husband. If I don’t go, he will feel resentful. Now that his wife has just passed away, he is more sensitive.” Mr Rid seemed to know many people at the KFP although his work did not involve travelling across the border. That day, after we alighted from the barge (which once a year brought people across the border without having to pass though immigration), he walked around the port greeting many people. He said to me later: “I cross here from time to time... and every year during the boat race... I know everyone... that one [pointing at the daughter of a soft drink shop owner with whom he spent a long time chatting after alighting from the barge]. She is like my sister. I’ve known her since she was in primary school.” Then, we travelled around the city visiting different people whom Mr Rid knew through his work, including his customers and their family members. Our trip to Savannakhet was hosted by the son of a fruit trader who was one of Mr Rid’s customers. He treated us to lunch and took us everywhere, including the house of the mackerel trader where Mr Rid was treated like a family member.

When Mr Rid’s customers or their family visit Mukdahan, Mr Rid returns the hospitality, making sure he has time to accommodate them. The only difference was that Mr Rid did not have a car to drive them around. But they did not mind and usually brought their own car across the border. One
day, Mr Rid said: “Yesterday, the son of the fruit trader came... his mother, the fruit trader, also came... I took them to Ton Kla [name of the restaurant]... to eat grilled meat...”

Interacting outside of work settings can also be found among the traders although the female traders preferred not to stay overnight outside of their houses. When asked, most of the traders said they usually did not attend ceremonies organised by actors on the opposite side of the border. Because many of these activities were organised at night, they felt insecure about spending the night there. Instead, they sent money. However, after spending time socialising with the Lao informal cross-border traders at their kiosk, I found that some of them, especially those with their own vehicles, agreed to join in, usually accompanied by their family members. One day, Mrs Noy distributed invitation cards to the death commemoration of her family members among some of the Lao informal cross-border traders with whom she usually interacted. “Here is the invitation card for religious ceremony at my house.” Mrs Ha and Mrs Pin, a Lao informal cross-border trader who mainly traded in construction materials and supplies, agreed to attend with their families. Mrs Ha said: “I will go... I will only attend the one at night... 7 p.m. one. I have to finish my work first... also, have to wait for my husband. I will ask him to drive me there... I will get back home around 9 p.m... Before the bridge closes.”

Both of the above cases clearly show that these actors not only interact outside of their work settings, but develop quite close relationships with their counterparts and the latter’s family members. These positive interactions help to promote the relevant actors’ relationships to another level of closeness and trust, subsequently strengthening the whole informal cross-border trading process and networks.

4.2.4 Gendering informal cross border trade

The division of labour within the informal cross-border trade network is clearly divided between men and women. Similar to other countries in Southeast Asia, where women are found to be active actors in their informal economies and small-scale trade, both Thai and Lao informal cross-border traders in the area are predominantly women. Other jobs within the networks that usually require

72 Personal conversation, Mr Rid, 17 October 2011
73 Personal conversation, Mrs Noy, 19 August 2011
74 Personal conversation, Mrs Ha, 19 August 2011
physical strength—notably labourers, three-wheeler drivers, boat drivers and boat crews—are dominated by males. Customs and immigration officials are also dominated by males as they have to deal with smugglers and sometimes involve border patrolling.

Nature of informal cross-border trade is possibly the main factor predisposing women to become informal cross-border traders given background and responsibilities of the informal cross-border traders interviewed during the research period. Most of them had only studied until grade four or six, and I only found one female Thai trader who was educated up to grade nine. Many of them came from poor households, and some still had to help on family farms (though usually not as a core labourers but assistants to male family members).

The majority of them—like most of the women in the same area and in many other societies—shouldered a bigger share of domestic responsibilities. Becoming informal cross-border traders does not require ones to have a high education level or a large amount of capital to invest. Short and flexible working hours allowed women traders to shuffle between work and other responsibilities such as housework or farming. Importantly, they were able to join, leave and re-join the trading business easily—even if this may require them to re-establish connections with relevant actors.

Most men in the area preferred different kinds of work. They either engaged in farming as their core job or other manual labour. Local values viewed small-scale cross-border trading as a low-prestige job, especially for men. This is clearly explained in the following quote from Mrs Pin:

“People here, especially men, are mostly engaged in farming. My husband was also a rice farmer when he was still alive… But if they are qualified [educated], men prefer to work as government officials… In fact, women also want to work for the government as more women have achieved higher education levels these days… Trading, especially small-scale trading, is a low-prestige job. But did you know that, we actually earn much more than them [men]… I work only a few hours per day but my income was higher than my husband when he was still alive… Yet even if he knew how much income I could earn my husband would never want to trade.”

Social interaction with and help and support from other female traders and other relevant actors also attract women to trading and help keep them in the business. As discussed in section 4.2.3 (a

75 Personal conversation, Mrs Pin, 22 August 2011
and b), informal cross-border trading is full of social interactions and sharing. While income is undeniably the primary motivator for women participating in informal cross-border trade, many women demonstrated fondness for intermingling with other people in their trade networks and enjoyed the kindness they received from other actors, especially other female traders. In this regard, the quote from Mrs Ha in section 4.2.3 (a), in which she states her preference for going to the kiosk early in the afternoon even though her products arrive in the late afternoon is motivated by her predilection for chatting with other female traders, clearly confirms the foregoing premise. This is not necessarily unusual behaviour for both women and men, but informal cross-border trading created more opportunities for social interaction for these women who might otherwise have stayed or worked at home.

4.3 Social capital of the social networks

In this section of the chapter, the social capital of the networks (the collective value of social networks and the norms of reciprocity)\(^7^6\) is discussed. If one considers social networks as tools, social capital would be a benefit derived from such tools. My aim is to highlight the importance of social networks to the informal cross-border trading business, wherein formal rules and regulations rarely apply. Additionally, discussion centres on how social networks relate and contribute to the survival of informal cross-border trading activities in the changing border landscape of the study area.

The focus is upon how networks of individuals bring particular actors in; grant them privileges and discounts; provide them with information; minimise their workloads and time; give them access to credit sources; and offer them links to other income-generating opportunities. Then, I discuss how these networks, when joined together as one collective network, increase the members’ bargaining power and indirectly perform as a governance system for the community. Finally I explore individual and collective social networks’ importance vis-à-vis the survival and adaptation of informal cross-border trading activities and related actors in the study area wherein the border landscape is rapidly changing.

\(^7^6\) The term is explained by The Saguaro Seminar: Civic Engagement in America which is an initiative of Professor Robert D. Putnam at John F. Kennedy School of Government at Harvard University. The seminar focuses on the study of social capital and community engagement.
4.3.1 Social capital of individual social networks

a. Getting jobs

Although it has proven hard to trace back to starting point of the decades-old cross-border trading activities in the study area to determine how the different actors selected their jobs, clearly social networks play an important role in the current process of recruiting new members. All of the interviewed actors found their jobs via their established networks. Once they became part of the network, some of them incorporated their family members, relatives and friends into the network.

Parents, senior relatives and extended family members, who worked in the same job before or in different but related jobs, exercise the highest influence on career choices and provide the strongest network for many actors. Mrs Noy and Mrs Wan, for example, followed their mothers who were already cross-border trading to Savannakhet when they were young girls. In this way, they became acquainted with people, who later, became their customers. Mrs Noy revealed her history as follows: “I followed my mom to sell vegetables at the other side since I was small”77 Mr Rid’s experience was similar. He said: “My uncle persuaded me... Before, I drove a cargo truck in Ubon... He still works here with me for the same Lao traders... My uncle worked for them and when I got in, I also work for them... People working here have to know someone otherwise it is hard to get in. Hmm, actually, I do not see any of those working here who does not use networks to get into their jobs.”78

Friends and neighbours were also important as many entered their careers through their connections with these people. Mrs Yai and Mrs Ae followed friends who were Thai informal cross-border traders to Savannakhet where they received their first orders. Although they received less assistance than that which they received from their parents, senior relatives and extended family members who were willing to share or pass on their customers, friends and neighbours also helped by showing the women how to get into the business and trade outside their home countries. This boosted their confidence; Mrs Sri, who followed her elderly neighbour to Savannakhet, said: “If you do not know anyone, you cannot go there.”79

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77 Interview, Mrs Noy, 6 June 2011
78 Interview, Mr Rid, 4 June 2011
79 Interview, Mrs Sri, 10 June 2011
However, as permission from related authorities is still required for many processes in Laos, establishing good connections with the Lao government officials provided easy entrance for many actors, especially the Lao traders. Hence, Mrs Tham was a good example. She started her own retail shop and imported products herself after she married a high ranking police officer. In time, she expanded her business after many people asked her to import products for them. She finally closed her shop when numbers of her regular orders became so high that she could rely on them solely. Knowing that she had good back up and could achieve additional privileges such as higher bargaining power vis-à-vis the import levy through her connections, helped increase her confidence to start the business.

Lao porters were also good examples. Mr Tui said that all of the porters had at least some form of connection with the customs officials. Mr Tui had a brother who was a paratrooper: his brother helped him to get a job after quitting his job as a soldier. Mr Song, a Lao customs official, pointing at some of the porters nearby said: “They all have good connections... this one has been working here for four years already and his father is the head of the immigration officials.” He also pointed to a small boy (around twelve years old) saying: “He only works here during term break. I am the one who brings him in.”80

b. More privileges and discounts

Social networks also provide privileges and discounts for the owners. This was obvious in the cases of some of the Lao informal cross-border traders, who had family members or relatives working for the Lao government. Because they had access to more privileges and discounts than the others, their income increased directly through discounts and indirectly due to higher-volume orders. Mrs Tham was again a good example. During my conversation with Mr Anurak, the owner of Thamrong, I asked if he had any interesting stories about the informal cross-border traders. He immediately mentioned Mrs Tham.

“There is one Lao trader who also provides shipping service. She is very popular. I have been wondering why some of my customers ordered the products and asked me to keep them for her... Sometimes, I have to keep those products for a week until this trader has time to come to my shop... Yes, I used to ask why... I asked ‘why don’t you ask another

80 Personal conversation, Mr Song, 10 April 2012
one to bring it for you.’ The person replied that ‘I want to wait for her. It is easier and cheaper. Her husband is Lao official’... Yes, I think her name is [Tham].”

Other informal cross-border traders, who lacked the good fortune to have family members or relatives working for the Lao government, also gained benefits, but only through higher investment, both in terms of time and financial resources. However, with regards to higher investment, the prospect of being able to bargain over the levy and to negotiate bribes clearly urged most of the traders to put an effort into building up good relationships with the Lao officials, especially the customs officials. They know that the closer the relationship they have the more privileges they could achieve. Mrs Yai spoke of the privileges she received from the current group of Lao customs officials, who she knows and with whom she has tried to develop relationships over a long period of time. “I don’t have to pay any import tax. My trading volume is very small... also, I am old and poor. They know me... They exempt tax for me... but I do give them some money to show my generosity... sometimes five hundred Baht... sometime one thousand Baht... depends...”

c. Linkages to information and minimising both workload and time

Social networks provide linkages to good sources of information and help to minimise both workloads and time. This was obvious in the connections among the traders themselves and between the traders and porters, three-wheeler drivers and ferry drivers.

Although most of the informal cross-border traders worked independently, they exchanged and shared a lot of information, both through direct personal interaction and by passing on information they had acquired from other sources. This information embraced several topics, including prices; new products; export and import processes and changes; and the profiles of other members in the network. Mrs Pin said when asked how they know which ferry drivers are trustworthy enough to bring their money across the border: “We tell each other about who can be trusted.” In addition to acquiring information from each other, useful information can be acquired from their interaction with other relevant actors as well.

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81 Pseudonym  
82 Interview, Mr Anurak, 4 June 2011  
83 Personal conversation, Mrs Yai, 4 April 2012  
84 Personal conversation, Mrs Pin, 22 August 2011
In terms of minimising their workloads and time, these traders usually have regular porters at both ferry ports who can load their merchandise immediately after the merchandise arrives at the ferry port and reload it after the ferry reaches the shore. This means that the traders do not have to physically be there. Similarly, regular three-wheeler drivers can pick up the products from the suppliers and deliver them to the ferry port and deliver the products from the ferry port to their customers independently. In addition to these routine tasks, some of the traders ask their regular porters, three-wheeler drivers, ferry drivers and other traders to do work for them which requires “trust.” By extension, it minimises their workloads and time. Traders were commonly observed asking people with whom they were close to collect money from their customers, pass it on to suppliers, advance money to them or do export and import clearances for them when they needed such assistance. My conversation with Mrs Tham confirmed this. “These days, I only go to Muk [short for Mukdahan] two to three times per week... to pay the money... If it is convenient, I would go there to pay back the money by myself. If not, I would ask my regular three-wheeler driver to bring the money to them... We trust each other... We have worked together for more than ten years already... I send money to him through ferry drivers... sometime, it can be as much as a hundred thousand Baht...”85 She added that she did most of these things via mobile phone. Similar to other traders, using her mobile phone, she calls her regular suppliers, three-wheeler drivers and porters in Mukdahan and gets them to do all the logistics work for her. This means that she does not have to cross the border herself.

However, despite accruing several benefits, having regular contacts can still bring some difficulties, especially when their regular contacts are sick or absent. The few days before and during the Songkarn festival, a long holiday in both Thailand and Lao PDR, are a good example. During this time, many of the traders could not respond to the increasing demands from their customers, one of the main reasons being that large numbers of porters were absent celebrating the Songkarn festival with their families, relatives and friends. Some of the porters opted not to take leave: they had to give priority to their regular traders, whose trade volume increases during the same period. By the time they were free from working for their regular traders, the summer heat in the area had exhausted them. One day during Songkarn festival, I saw Mrs Tham hastily walking around checking a lot of products that still remained on the platform at the MFP. Someone was

85 Personal conversation, Mrs Tham, 22 August 2011
yelling that the last ferry was about to leave. At the time, all of the porters were sitting on the floor exhausted. I asked: “Is this yours?... What to do now?” She replied: “Yes... I have to send them back to the shop... my porter is not here...”

**d. Access to credit sources**

Actors involved in informal cross-border trading activities usually have no access to formal credit sources; but, networks provide good linkages to several other credit sources. Once they are accepted into the loop, they have higher accessibility to different informal credit sources which exist in both monetary and non-monetary forms.

Whereas money lending is not commonly practiced, short-term loans to each other are common. Borrowing small amounts of money short-term is common among the traders, especially among those who are in close contact. Generally, the traders do not bring enough money with them as their mobile phones allow them to receive additional orders from their customers throughout the day. Mrs Tham said: “If I don’t have enough money, I can borrow from other traders... yes, usually those who I am close to... Those who have large orders but have not enough money can borrow from those who have small order... We stay together. We help each other.”

The traders have access to other forms of credit as well. Their connections with the suppliers allow many traders to delay their payment for the products purchased for a few days or weeks. This form of credit is crucial to their trade operations; by delaying their payment to the suppliers, the traders can operate their businesses without having to have much reserve funding. While asking the suppliers to postpone their payment can be difficult for the traders, particularly when they are not regular trading partners and do not have a good excuse for asking for credit, in general, most of the traders, especially those who have been in the cross-border trading business for a long period of time, have good profiles. Thus, they can obtain short-border trading business for a long period of time, have good profiles. Thus, they can obtain short-term credit from their regular suppliers. In short, traders need to continuously cultivate their relationships with suppliers in order to develop trust and obtain credit.

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86 Personal conversation, Mrs Tham, 14 April 2012
87 Personal conversation, Mrs Tham, 22 August 2011
As they are accepted into the loop, other actors also have access to credit sources through social networks as well. Sometimes, they will ask for small amounts of money; and, they are not always expected to return it. Mr Rid said he could borrow money from any of his Lao customers easily, usually small amounts of money (500 or 1000 Baht). He also, from time to time, obtains money from them without having to return it, especially during important festivals when they invite him to their houses.

**e. Access to other income generation opportunities**

Finally networks of individuals also provide access to other income generating sources. One day, while I was sitting at the MFP, one of the Thai porters said to the other porters: “There is one umbrella supplier from Bangkok who came to talk to me. He said he can supply umbrella at cheaper prices... Whatever the current selling price is, he can surely make it lower. You guys should ask traders. If they want umbrellas, let me know.” There are vast opportunities for extra income generation for those involved in the cross-border trading business. Mr Rid used to sell Chinese mobile phones he bought from the Singapore market in Savannakhet to a Thai mobile shop owner in another province. He either bought them himself for resale or asked people he knew through his work to send them to him. A couple who were both three-wheeler drivers at the MFP opened a small food stall near the ferry port. They had a van for rent. The majority of their customers was people who worked at the ferry port, most of whom were colleagues/friends. Regarding the van, most customers were people who had used their three-wheeler service before, people recommended by their colleagues or friends, or their own colleagues or friends.

Mrs Ae was another good example. She used to cross the border to Savannakhet almost every day; but, later she was not well enough to cross the border regularly. By using her connections in Savannakhet to facilitate her cross-border trading business, she no longer had to cross the border so often. She used her trade connections to start up a van service and a tourism business. Her tour programs focus on visiting landmarks and temples in Savannakhet. Most of her customers are Thais introduced to her by Thai officials she knows. She maximises on her connections with the Lao officials in Savannakhet. Her driver does not have an international driving licence; but, he drives into and around Savannakhet easily (accompanied by Mrs Ae). In the case of her van

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88 Personal conversation, a Thai porter, 2 April 2012
service, besides providing a free service to Thai and Lao officials in order to maintain a good relationship with them, her main customers were Laotians who she knew from her trading activities. One of her main customers is a Lao bank official and her family members, who also own grocery stores and buy products from her. In addition, Mrs Ae also provides a shipping service for Lao shop owners who want to move products in large amounts via the Bridge. She made friend with a former shipping official who is now working freelance. Through her, she learned about shipping.

4.3.2 Social capital of collective social networks

a. Collective social networks and bargaining power

Bargaining power is one of the most valuable assets that social networks can bring to different actors. As suggested in the previous section, the individual uses his/her network to become part of cross-border trading-related activities; extend his/her linkage with other important/powerful actors; acquire important and up-to-date information; and learn how to access credit and alternative income generating sources. Equipped with all or some of these capabilities, each subsequently increases his/her bargaining power. Traders are good examples. By having up-to-date market information and contacts with many different suppliers and customers, they can bargain for fair prices with suppliers and customers. Through their linkages with other important/powerful actors or by being familiar with the relevant officials and other related actors, they can bargain for cheaper taxes, levies and processing fees.

When connected together as a group, collective social networks empower these actors even more. Using their collective social networks, they are able to bargain and create systems that are beneficial for them, influence authorities’ decisions and challenge rules and regulations set by the authorities. Connectivity multiplies the power of different actors. The case of the three-wheeler drivers is a good example. It shows how they can use their collective network to bargain and informally set the rules at the ferry port. As a group, and with help from Mr Cheep, they managed to enforce the rule that all products transported from the MFP had to be transferred by three-wheeler drivers. My interview with Mrs Sang, a Vietnamese-Thai shop owner in the Indo-China market who imports large amounts of Vietnamese products, provided good evidence. One day, while I was spending time at her shop, she took a call from one of her customers who wanted her
to send a new lot of products as soon as possible. She said that it was annoying having to wait for
a tricycle to deliver her products. I asked if she had ever thought of moving her products using her
own truck. She said: “I wanted to ship the products to the shop with my truck... it is faster and
cheaper... but [Cheep] asked me not to... [Cheep] asked me to help three-wheeler drivers.”

Another good example was the case of the porters at the MFP. Although many people suggested
installing an escalator or pulley at the MFP to facilitate the trading process, it never happened as it
would largely affect the porters’ incomes. Along with its rejection by a group of the porters, all of
the other related actors knew how this would affect the porters’ networks. So, they agreed to remain
the system for the porters’ sakes. Mrs Noy, when asked if she thought it a good idea to install an
escalator at the port, said: “Yes, it would save a lot of my money, but what can we do... if we
install the pulley, the porters will have no job...”

Lastly, although little is heard about the efforts of the informal cross-border traders who operate
their trading business through the MFP and the KFP to exercise their collective bargaining power,
a very prominent example was that of the informal cross-border traders at the Bridge. Both the
Thai and Lao authorities have made several attempts to insist that the informal cross-border traders
who operate their businesses at the Bridge use formal customs clearance procedures. However,
these procedures are not cost-effective for traders, and by using their own networks traders have
managed to postpone customs clearance obligations. According to a Thai customs official, Thai
customs officials previously compelled a few Lao informal cross-border traders who imported
products from Mukdahan to Savannakhet in personal vehicles over the Bridge to use the shipping
process designed for formal exporters and importers. Traders were not happy about this, however,
as it was not cost-effective for them. So, they planned to organise a simultaneous protest both in
Mukdahan and Savannakhet. Several Lao informal cross-border traders and Thai suppliers agreed
to join the protest. However, the head of the Mukdahan customs office heard about their plan and
decided to send one of her officials to negotiate with them. She was afraid that the dispute might
escalate and be reported in the newspapers, resulting unwanted exposure that could possibly put
her and other customs officials in a difficult situation. The traders’ exercise of their collective
network power proved very effective. They have continued to use the same informal export

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89 Personal conversation, Mrs Sang, 1 October 2011
90 Interview, Mrs Noy, 6 June 2011
procedure on the condition that they do not make it too obvious. That is instead of shipping large amounts of products in uncovered vehicles, they have to transport products via vans.

b. Collective social networks and their governance role

Collective social networks help to govern this dynamic community of informal cross-border trade. People can gain entry into the cross-border trade community using personal networks; but, those who aspire to enter the collective social network will be checked and rechecked to see if they are qualified to be part of the community or if they should be banned and excluded.

Although the majority of activities and interactions has been practiced in an informal way (e.g., no contracts or receipts needed to guarantee most of the products and money transfers), the informal cross-border trade system operates efficiently because trust and loyalty are the core values that bind all of the related actors together. It is a common understanding that breaking someone's trust is tantamount to throwing away their means of income generation: they will subsequently be either punished or squeezed out of the community. News will spread along the networks, and the different actors who are collectively linked will act against any person who breaks the rules of the community.

Mrs Ha’s story is a good example. She was once cheated by one of her regular Thai three-wheeler drivers. She had asked Mrs Noy to pass on her money to this three-wheeler driver, who would then pass on the money to the suppliers for her. Unfortunately, he did not pass it on to her suppliers: he used it for other purposes. The story spread rapidly within and across the border: now, no-one trusts him or wants to use his services. He disappeared for quite a while before returning and asking for new opportunity. He offered his services to repay the debt as he did not have any money.

4.3.3 Social networks and the survival of informal cross-border trading activities in changing border settings

Despite several changes in the border settings in the area, informal cross-border trading activities are still conducted in substantial volume. Significant numbers of both Thai and Lao informal cross-border traders still operate their businesses; and, a number of newcomers have entered the market. Both the existing actors and the newcomers have adjusted well to the changing trading atmosphere, especially as most of the newcomers conduct their informal cross-border trade via the Bridge. This
most prominent basic infrastructure has largely changed the border landscape in the area, especially the new cross-border trade policies, regulations and procedures. Although the majority of the existing traders prefers not to move from the MFP and the KFP, some of them have moved their trade operations to the Bridge.

Based on earlier findings vis-à-vis the contributions of individual and collective social networks, it may also be assumed that both individual and collective social networks also play important roles in the survival and adaptability of the rapid changes in the border settings of relevant actors; thus, informal cross-border trading activities in the study area should be scrutinised as a whole. Networks provide not only some insurance against negative change but function as tools with which to grab good opportunities arising from the changes for all related actors. In line with changing cross-border trade policies; regulations and procedures; and the development of basic infrastructure and facilities, networks offer several benefits which are crucial to their survival and adaptation. They provide new members with modern skills and knowledge; offer a financial buffer and access to knowledge useful for dealing with change; provide opportunities for maximising benefits from change; and allow traders more time to improve and readjust themselves. Now able to exploit the benefits that accrue from social networks, traders are able to deal with the changing trading atmosphere at the border in more effective and sustainable ways.

a. Feeding in new adaptive members with modern skills and knowledge

Similar to how new parts are introduced into engines to prolong their lives and upgrade their performance, networks bring in new members, contributing to the existence and development of the informal cross-border trading activities under changing border conditions. Some new members bring modern skills and knowledge, and are willing to adapt to change and explore alternatives choices for their trading.

The majority of the existing informal cross-border traders insists upon operating their trade via the MFP and the KFP. They do not seem willing to explore the alternative ways offered by the Bridge. Mrs Tham, for example, found moving to the Bridge too complicated. She said: “I don’t go that way [meaning she does not conduct her trade via the Bridge]... the process seems to be
complicated... I don’t know anyone there.” Only some of the existing informal cross-border traders have moved to the Bridge.

While the above-mentioned situation could be quite risky for the existence of the informal cross-border trading activities in the area, there is some hope given that most of the newcomers are willing to change and explore alternative methods. They have chosen to operate their informal cross-border trading business through the Bridge. So, even if the ferry port ceases operations or informal cross-border trade is no longer permitted in future, the emergence of a new generation of informal cross-border traders at the Bridge confirms that informal cross-border trading activities will continue to operate in the area in a different form.

b. Offering a financial buffer

By providing the traders with access to different privileges and discounts, as well as linkages to credit sources and other income generating opportunities, social networks provide a financial buffer for the traders so that they can endure the changing conditions at the border, especially those diminishing their profits. That will largely help to sustain informal cross-border trading activities in the long term.

The changing trading atmosphere in the area (e.g., new trade promotion policies and the improvement of cross-border infrastructure and related facilities and services) has increased competition in the market, and by extension has diminished the traders’ profits. They have served to attract competitors who operate their business on different scales into the market. Indirectly, the changes allow customers to travel across the border to purchase products independently. As there are plenty of products available in the market and buying products from Thailand is no longer difficult or expensive, traders can no longer mark up their prices.

However, as suggested earlier, significant numbers of traders continue their businesses and a number of newcomers were identified. The privileges and discounts that they could use their networks to bargain for allow them to maintain their buffer zone between their buying and selling prices, at least in the short term. By being able to purchase on credit with regular suppliers and borrow money from other actors in their networks, traders can seamlessly continue their businesses

91 Interview, Mrs Tham, 11 June 2011
for a while—even if they lack the necessary profits to invest in a new batch of products. Finally, networks not only provide linkages to other income generating opportunities, but also allow traders to be more flexible financially. They can syphon off incomes from other sources to invest in their cross-border trading businesses, either to expand or prolong their business activities.

c. Offering access to useful knowledge useful for dealing with change

Accessing relevant information about the current situation through their networks helps to improve traders’ knowledge and helps them adjust; survive; and conduct their businesses efficiently amid changing trading conditions. Up-to-date knowledge of related rules and regulations help them to perform their cross-border trading businesses smoothly. Additionally, in current situations where the market is flooded with several kinds of products and prices are fluctuating, the traders’ ability to exchange information pertinent to selling and buying prices proves very beneficial in as much as it gives them baseline prices to refer to. This subsequently allows traders to seek or negotiate fair prices from suppliers and customers. At the same time, access to up-to-date knowledge and information about different suppliers in the market also allows traders to diversify their supply sources, thus increasing the possibility of getting reasonable prices for their supplies at all times. Prompt access to information about promotions and offers from different supply sources enables them to offer products to the market at competitive prices.

Using social networks, the traders explore up-to-date information about the demand of the end customers in the market. Rapid flows of new information from one country to another are accelerated by faster communication technologies; and, better transportation systems create a continuous whirlwind in the demands of end customers. Traders need to keep themselves in trend constantly and, networks make a large contribution here. Through their communication with other actors in their networks, specifically with other traders and Lao shop owners, they can (a) access information about new products that enter the market; and, (b) meet the demands of their Lao customers. Such flows of information enable them to make handsome profits; that is, until registered traders or companies start importing products into the market.
d. Providing opportunities to maximise the benefits of change

Networks also provide opportunities to traders to maximise their benefits from different changes in the area. The introduction of the mobile phone is a good example, given that it largely changed the trading atmosphere in the area. It has facilitated communication between people living on both sides of the Mekong; and, traders do not necessarily have to contact other relevant actors in person all of the time. However, traders would not be able use their mobile phones to facilitate the logistical arrangement for their products and money effectively and safely without the pre-existing social networks and the trust that obtains between them and their counterparts.

As already suggested, after the introduction of the mobile phone into the area, traders found that they could minimise their workloads and time. They could order products and take orders via their mobile phones; as well, they could arrange the logistical process of their products effectively. And, they could also send money across the border safely by calling and informing related actors during the process. These activities, however, would neither be effective nor safe without their pre-existing relations with related actors. Without the pre-existing networks, even after the introduction of the mobile phone, their financial arrangements would have to be managed by the traders themselves, either in person or through financial intuitions that charge high service fees.

e. Allowing more time to improve and motivate themselves

Social networks have also allowed informal cross-border traders more time to improve and motivate themselves; in other words, to be able to deal with the changing border settings effectively. The different actors in their networks can now help them to facilitate the logistical processing of their products and money, largely minimising their workloads and time. In addition, the collective social networks help to govern and administer the informal cross-border trading process and related actors, largely minimising the effort and time that traders put into securing their businesses against cheats. This subsequently allows the traders more time to deal with changing trading conditions. They can utilise this extra time to socialise with other actors, strengthen their relationships, exchange information, find more customers and find alternative sources of supplies.
4.4 Concluding summary

Linking my argument with the ongoing debate surrounding the development dilemma of the neoliberal form of globalisation and regionalisation processes, it becomes clear that people with limited resources (like informal cross-border traders who are predominantly women) have to face a number of difficulties caused by such processes both directly and indirectly. However, it is also clear from the findings in this chapter that said actors are neither passive receivers of these macro changes, nor of negative or positive change. Social networks help mediate livelihoods of relevant actors; and, if trust is there, the benefits of the social networks are multiplied. Even most female traders have limited financial resources and education and have to shoulder domestic responsibilities, they have important capital in their extensive social networks, social capital that they make prudent use of.

Drawing on their social networks, some among them effectively deal with the negative changes to their livelihoods. At the same time, they also use their social networks to exploit the benefits accruing from opportunities such as macro changes. In some cases, they even influence the decision-making of more powerful actors in the process, relevant government officials, for example. Taking further this findings, this chapter highlights how social networks allow informality to create its own rules. Often this is subsumed under the guise of giving gifts. However, this in itself is an important (cultural) part of the exchange economy like informal economy.

Considering the ways in which social networks are built and strengthened, one of the main factors that make social networks the main livelihood asset for marginalised actors is their convenience. Social networks and relationships can be developed and improved through everyday reciprocal interactions: they do not necessarily require huge financial investment. Furthermore, building up networks in areas in which people speak similar languages and have close cultural relations is easier compared to several other borders around the world experiencing different conditions. The thesis has shown that such reciprocal interaction is due to both “economic reasons” and “friendship and kinship” although the combination between these two factors is unclear.

To further reinforce the findings in this chapter, my ethnographic study of one long-distance informal cross-border trader in multiple localities is discussed in the next chapter. As well as providing a very detailed ethnographic case study confirming the agency of the traders and the
importance of social networks in informal cross-border trading, the issue of trust is explored. It is one of the important factors that would, if positive, help to strengthen the social networks among the relevant actors. Thus, it should be highlighted and explored in more detail. The case clearly shows how social networks and “trust”—an issue easily articulated but in effect very complicated—are developed and strengthened over time in different localities.
5.1 Introduction

Whereas the previous chapter focused on the trade and social networks of multiple short-distance informal cross-border traders in one locality, this chapter looks at another type of informal cross-border trade, long distance trade. My aim is to explore trade and social networks of informal cross-border trade in greater detail through a case of one long-distance informal cross-border trader whose networks are distributed in different localities. To put it centrally within the discipline of geography, this chapter is about networks across space. To this end, Chapters 4 and 5 complement each other. Regarding the bigger picture, the study of two different cases will help broaden the implications of the research findings. The importance of social networks as vital livelihood assets of people involved in informal cross-border trading is reaffirmed by these cases.

In this chapter, intensive ethnographic study is employed to examine the trade and social networks of Mrs Sang, a Vietnamese-Thai shop owner in Mukdahan who conducts long-distance informal cross-border trade of Vietnamese products. As well as providing a detailed ethnographic case study confirming the importance of social networks in informal cross-border trading, the issue of trust to which I allude in Chapter 5 emerges as one of the important factors that if positive, help to strengthen the social networks among the relevant actors, and hence promotes the adaptability of informal cross-border trade. This case study clearly shows how social networks and trust, a term easily used but which is actually nuanced and complex, are developed and strengthened over time and in different localities. In this chapter, Mrs Sang’s life, business; her eight-day trip in Vietnam; and her social relations and interactions with different actors involved in informal cross-border trade are examined in detail.

In the first part of the chapter, I provide basic background information about Mrs Sang and her business. I start by providing the basic backgrounds of Mrs Sang and the Indochina market wherein her shop is located. Particular emphasis is on the ways in which border location contributed to the setting up and development of the market and her business. Then, to facilitate an understanding of the coverage of Mrs Sang’s long-distance cross-border trade networks,
cloth bags and wallets, her main products, are selected as a focus. Aspects of their supply chain are explored.

In the second half of the chapter, drawing upon information acquired from my intensive ethnographic study of her life; business; and especially her eight-day trip to Vietnam, I reveal the significant role of social networks in Mrs Sang’s trading business. Although the purpose of her trip was to purchase products, only one part of her whole trading process, it clearly showed how social networks, if positive, can prove very beneficial for her business. In an attempt to provide more background information about Mrs Sang and her purchasing process, I commence by explaining the decisive circumstances at the start of her business that prompted her to travel across the border in search of more suppliers. I also examine the degree to which her Vietnamese lineage and family connections influence her decision. Then, I provide background information about Mr Loung, a Vietnamese middleman from Hue, who was the main actor in Mrs Sang’s trade networks. Mrs Sang and I spent the entire eight days in Vietnam with Mr Loung. By explaining the complexity of the development process of the relationship between Mrs Sang and Mr Loung, I highlight the social component of Mrs Sang’s cross-border trading business. Additionally, I explain how a connection with a stranger can be developed, strengthened and finally become one of the keys to the success of her business. Then, in the last section, a combination of diary extracts and thematic discussion of multi-sited networks is used to communicate the findings and discussion. Several incidents which occurred at different localities during the eight-day trip to Vietnam are described and discussed in order to providing a better understanding of the informal cross-border trading process and its social components. Specifically, I seek to highlight how social relations and trust are crucial to the operation of informal cross-border trade.

5.2 Mrs Sang and her long-distance informal cross-border trading business

5.2.1 Introducing Mrs Sang and her business

My study of the trade and social networks of long-distance informal cross-border trade started at the Indo-china market after the head of the Vietnamese community in Mukdahan introduced me to Mrs Sang (Figure 5.1 shows the location of the Indochina market). Mrs Sang, a Vietnamese-Thai shop owner in the Indochina market, was in her early-50s. Like most of the
Vietnamese-Thais in Mukdahan of the same generation, her grandparents and parents migrated from Hue during World War II (1939 to 1945). Hue was the capital city of Vietnam until 1945.

Figure 5.1: Map of the area showing the location of the Indochina market (see the green line)

Source: Developed by author

After she finished primary school, Mrs Sang traded several kinds of products at different markets in Mukdahan. She currently owns two shops in the Indochina market. Compared to the short-distance informal cross-border traders (the study group in the previous chapter) and to many other shops in the Indochina market, her business is considerably bigger in size. Her revolving fund in her current business is approximately two million Baht. However, her business, Natural Persons, is not registered as a company: she has commercial registration. It is a family business run on a casual management system. She has no accounting system. Her trading process is conducted in an informal way. No tax invoices are required from her suppliers, nor does she issue them to her customers.
The products in her shop include both domestic products (umbrellas, kitchenware and rubber slippers) and products from Vietnam (kitchenware, wooden boxes, wooden slippers, other wooden souvenirs and cloth bags) and China (tools, leather bags and rain clothes). Her main income, however, comes from selling Vietnamese products, especially cloth bags and wallets. Mrs Sang is one of the main suppliers of different kinds of cloth bags and wallets from Vietnam in the area. She both wholesales and retails her products to domestic and international buyers, directly and indirectly. As regards her supply side, while she gets supplies of Thai and Chinese products from Thai dealers, all of the Vietnamese products in her shop are imported directly from Vietnam via the MFP and the KFP. In 2006, the starting point of her current business, although she bought some products from Vietnamese informal cross-border traders who had come to Thailand to sell their products, Mrs Sang went to Hue and bought most of her products from a few middlepersons there. Her connections with relatives who still lived in Hue helped to smooth her journey. Not long after, keen to diversify her products, she decided to travel to different areas in Vietnam in search of alternative supply sources. Currently, although still buying a fair volume of products from middlepersons in Hue, she buys several products directly from producers in different provinces of Vietnam. Her cross-border trading process is particularly interesting as it involves several actors living in different countries.

5.2.2 Mrs Sang, Indochina market and location advantages

a. Indochina market: a unique frontier market place and part of the building up of the unique character of Mukdahan as a frontier of Indochina

The Indochina market—where I met Mrs Sang for the first time—is a unique and prominent border market. The market itself is greatly influenced by perceptions of the term “Indochina” which refers to an area which encompasses areas that are now modern Cambodia, Laos and Vietnam. The term is used to emphasize the market’s function as the hub of products from neighbouring countries; and, it is also a gateway to neighbouring countries. Although the term “Indochina” is no longer popular as it has been replaced by the term GMS, the current generation of Thais’ perception of the term persist. Although created by the French, from the Thai perspective, calling it Indochina was very much General Chatchai Choonhavan’s idea. During the Cold War period, Indochina was seen as communist threat to Thailand’s national security. After General Chatchai announced his policy of turning Indochina from a battlefield into a market place in 1988, Indochina was seen as a source of new trade opportunities.
Located south of the MFP, the market lines the Mekong River. It includes commercial buildings and small kiosks located along both sides of the riverside road, and in a lengthy underground market space that also lines the river. These shops both wholesale and retail several kinds of local products and domestic products from other provinces in Thailand as well as products from other countries, notably Vietnam, China and Laos. Although they appear to operate their businesses separately, these shops are actually linked: some are owned by the same owners; some by relatives. Additionally, large numbers of these shops are trading partners. It is common to find larger shops in the market supplying similar products to smaller shops, so there are several shops selling similar products. Figure 5.2 shows pictures of the trading atmosphere and of shops located in the Indochina market.

Both the location of the market and the products available, especially those from neighbouring countries, have proven very important to the building up of the market as a unique frontier market place. It attracts large numbers of tourists who wish to experience the ambience of the Mekong, visit the borderland or buy souvenirs from neighbouring countries. At the same time, its reputation and location advantages attract a number of domestic and international suppliers—especially those from neighbouring countries—as well as domestic and international business buyers seeking supply sources of alternative and cheap products from neighbouring countries. Thus, in the larger scheme of things, the market is a part of the building up of the unique character of Mukdahan as a frontier of Indochina.
Figure 5.2: Pictures of the trading atmosphere and shops located in the Indochina market.

Source: author, 2011
b. The Indochina market: History and its contribution to Mrs Sang’s business

Trading activities in the area which is currently the Indochina market first appeared in 1980. Local people started selling snacks and sweet tamarinds loaded onto wheelbarrows to tourists, some of whom had stopped to view the Mekong after worshiping famous relics of the Lord Buddha at Prathatpanom Temple which is located approximately 38 kilometres to the north. Initially, the sellers congregated in the area adjacent to the big Bodhi tree which was located at the southern end of the MFP. This was the best spot from which to enjoy the view of the Mekong. My interview with Mrs Sang provided a clear picture of the market during 1980.

Those who travelled to worship Pra That [relics of the Lord Buddha] usually stop here on their way back to enjoy Mekong view nearby the big Bodhi tree...the one nearby the ferry port...There are a lot of tourists especially when there is a temple fair at Wat That [Prathatpanom Temple]...We have the most beautiful view of the Mekong here...so, local people started selling sweet tamarinds and local snacks to these people...My elder sister also sell tamarinds at that time...Me?...at that time, I was selling clothes at municipality market I.\(^92\)

In 1985, as the market kept expanding, the municipality decided to relocate all of the shops to Sri Mongkol Tai temple, which was located diagonally to the left of the MFP. Kiosks were set up in the temple court. The products sold in the market at that time, however, were mostly local food and snacks such as white pork sausage and fermented pork. After Prime Minister General Chatchai announced his policy of transforming Indochina from a battlefield to a market place in 1988, a large number of products from Vietnam, China, Laos and Russia appeared in the markets. Around this time, the situation at the border became more relaxed. Large numbers of products from neighbouring countries flowed in through the border. Products from Russia were also imported through neighbouring countries. Taking advantage of its location at the outpost, the market became the frontier hub for the aforesaid imports. Large numbers of both existing and newly-established shops started buying these products for re-sale. Subsequently, the market rapidly gained a reputation as the market hub of local products and products from neighbouring countries and Russia\(^93\). The trading activities in the market expanded rapidly attracting large number of sellers, suppliers and customers.

The booming of the market’s trading activities attracted Mrs Sang, who decided to move her business to the Indochina market in 1991. It was not a difficult decision to make given that her

\(^{92}\) Interview, Mrs Sang, 20 September 2011

\(^{93}\) Russian goods are involved because the former communist states in the GMS had trade ties with Russia.
sister had already opened a shop in the market and provided her with advice from the start. Mrs Sang started selling stone and ceramic sculptures from China, which she imported through Khlong Toei Port (also known as Bangkok Port). Taking advantage of the location of the market, and the geographical image of the frontier popular among visitors to Mukdahan, she earned a lot of money. Her products were in high demand from customers who frequented the market seeking Chinese sculptures. The general perception was that the products they bought from the border market would not only be genuine, but cheaper than those purchased anywhere else. Mrs Sang explained as follows:

I imported those products from Shantou...via Khlong Toei Port...in a big truck volume...customers usually misunderstood that those products were imported through this border...I could sell a lot at that time... the prices I offered are also cheaper than shops in Bangkok...rent and food are cheaper here...Many of the customers come from Bangkok to buy products from me...some of these customers from Bangkok spent many hundred thousand Baht buying products from me...I have to hire a truck to ship products back to Bangkok for them...haha, this is funny.94

Between 1994 and 1999, because the space in the temple was no longer enough to support the rapid expansion of the market, people started constructing commercial buildings along the Mekong and renting them out. Several other related items of infrastructure including the conference hall, viewing point and underground market space were also constructed during that time. Since then, the market has expanded although there was a period of stagnation during and a few years subsequent to the 1997 Asian economic crisis. Another major contributory factor to the expansion of the market during that period was that Mukdahan lay on the pathway of the EWEC, a very successful development flagship initiative of the GMS launched in 1998. The project drew continuous attention and investment from local and international governments, development organisations and private investors. To facilitate and promote better flows of people, capital and products, the related rules and regulations were revised. Local and international transportation services as well as immigration and customs processes were improved. Additionally, besides the upgrading of the existing basic infrastructure, several new basic items of infrastructure such as roads and bridges were constructed. As a result, several areas along the EWEC pathway, including Mukdahan, became new agglomeration points of economic activities. Not only were several businesses and workers relocated to the area, but better connectivity attracted large numbers of visitors to Mukdahan. The market attracted large numbers of entrepreneurs and tourists because it is one of Thailand’s most famous tourist

94 Interview, Mrs Sang, 20 September 2011
attractions; an important trading centre for local products and products from neighbouring countries; and is located on the EWEC pathway. Increasing numbers of people are visiting the market each year, rendering trading activities increasingly lively.

During my periods of fieldwork in 2011 and 2012, I noted that the market was flooded with large numbers of tourists and business opportunity seekers, especially during weekends and on important holidays. The shops in the market sold vast varieties of products from several domestic and international sources such as Vietnam, China, Laos, Russia, Malaysia, Singapore, Indonesia, Japan and Korea. However, the market was dominated by household products such as clothing, ornaments, local foods and snacks and products from Vietnam, China and Laos. The products from Laos were mostly forest products and products from cottage industries such as wild orchids, herbs, woven clothes and basketry. Regarding products from Vietnam, the most popular were coffee, dried fruits and seeds, different kinds of snacks, aluminium ware, fashion products (cloth bags, wooden-based shoes, hats and caps), as well as hand-made decorations and souvenirs (furniture, wall decorations and ornament boxes with pearl inlay, wooden and ceramic dolls, wooden vases, wooden toothpick boxes and marble statues). With the exception of large quantities of fresh garlic, the bulk of products from China were manufactured products, for example ready-made clothes, ornaments, shoes, wooden, plastic and cloth-toys, snacks, machinery and electrical appliances, equipment and tools. Some cheap counterfeit products were also witnessed.

Just as the products provided the market with a unique character, the location of the market provided the products with equally unique characters. Taking advantage of the linkages with the location of the market as a frontier and a gateway to Indochina, products from China, Vietnam and Laos became signature products of the market; and, they were in very high demand. Even though large numbers of these products, especially those from China, are no longer imported via the border between Mukdahan and Savannakhet, the perceptions of customers vis-à-vis the places associated with the products still remain and have become their core selling points.

Driven by the drop in sales during the 1997 economic crisis, Mrs Sang shifted from selling Chinese stone and ceramic sculptures to Chinese tools, which were also imported via Khlong Toei Port. In order to earn additional income, she also sold Vietnamese enamel basins and kitchenware supplied by Vietnamese long-distance informal cross-border traders who came to offer products directly from Vietnam. The sales were good for many years until she was cheated
by her sales person in 2006. Although he collected money from her customers, he told her that they had not paid. After a while, he absconded, leaving Mrs Sang with a huge debt, approximately five million Baht. Although she had little money left and a lot of debt, she decided to try again with products that did not require large investment.

Utilising the location advantages of the market, her Vietnamese language capability and her personal Vietnamese connections, Mrs Sang decided to invest in Vietnamese products. She started her new business in 2006. Although she sold other products from Thailand (rubber slippers, umbrellas, melamine dishes and enamel kitchenware) and China (rain clothes, leather bags and some remaining machinery from China from her previous business) to diversify her income sources, she mainly sold Vietnamese products which she imported directly. Sometimes she bought indirectly from Vietnamese informal cross-border traders, but that was only during the first few months. Her Vietnam products included cloth bags and wallets, wooden slippers and boxes, vases, pots, enamel basins and kitchenware and many other kinds of decorations and souvenirs. Among all, cloth bags and wallets were her main products and current best sellers.

Similar to the majority of the shop owners in the Indochina market who sold products from Vietnam, the city of Hue has been an important supply source and transportation hub for Mrs Sang, mainly because not only is it an important market hub of Vietnamese products, but it is located at the shortest distance from the Indochina market. Although she currently buys a significant volume of products from producers and middle persons in other provinces in Vietnam, all of said products are delivered to Hue before being transported to Mukdahan, via the Lao Bao-Dansavanh and Savannakhet-Mukdahan borders respectively. The fact that the Indochina market and the shipping route are located on the EWEC largely facilitates the trade and transportation process of products from Hue to the market. The rapid development of basic infrastructure and related services such as roads, bridges, a local and cross-border public transportation system, as well as immigration and customs clearance processes along the EWEC have eased the overall process by reducing both time and the related expenditure. Were it not located where it is now, Mrs Sang’s business would not exist; and, the Indochina market would not be one of the important market hubs for products from neighbouring countries.
5.2.3 Tracking the trade networks of Mrs Sang’s cloth bags and wallets from Vietnam

The products sold in the Indochina market came from various sources and were distributed and redistributed to various places. Mrs Sang’s cloth bags and wallets were good examples. From the shop, cloth bags and wallets were distributed across extensive areas. Besides being bought and carried around by local and international tourists, they were distributed and redistributed widely to shops located both inside and outside Thailand (See Figure 5.3). Many other shops in the market sold similar products; but, it was Mrs Sang’s shop that attracted several buyers/wholesalers. In addition to her reasonable wholesale prices, Mrs Sang offered a wide variety of products and her larger stock volume attracted this group of customers. Occasionally, I visited her shop. Every few days, at least one new buyer who was him/herself a shop owner, stopped by to search for new products to add to their stock. While some of these people came from several provinces in Thailand, the majority owned small shops in nearby districts and provinces in the north eastern region of Thailand: Sakon Nakhon, Nakhon Phanom, Kalasin, Roi-Et, Yasothon, Amnat Charoen and Ubon Ratchathani.

From time to time, in order to boost up her sales, Mrs Sang made trips to offer products to shops located in different provinces. However, she mainly went to nearby north-eastern provinces. She sent Ms Pan, her oldest daughter aged 30, who had assisted her since childhood and would be her successor, to other provinces located further away in the northern (Chiangmai and Phitsanulok), central (Bangkok) and southern regions (Phuket).

Mrs Sang had regular orders for crocheted bags from shops in Phuket and Surat Thani (Ko Samui)—southern provinces of Thailand—and for cloth bags from shops in Chiangmai. Her products were resold to domestic and international tourists, the target customers of her clients. Her cousin, who owned a shop in Sampeng wholesale market in Bangkok, was also one of her regular customers for different kinds of bags. She resold Mrs Sang’s products not only to local buyers, but also to international buyers. Interestingly, she had a regular order for cloth bags and wallets from a middleperson who came from South Africa.

Mrs Sang’s supplying of cloth bags and wallets to several small shops in the Indochina market indirectly expanded her trade networks. Her cloth bags and wallets were redistributed to many other places. Through Mrs Nid, for example, her cloth bags and wallets were redistributed to other provinces in Thailand. Mrs Nid, a late-30s lady who owned a small kiosk selling products from Vietnam, was one of Mrs Sang’s regular customers. Cloth wallets, wooden shoes and wooden toothpick boxes from Vietnam were her main products; she liked to buy these products
from Vietnamese long-distance informal cross-border traders who walked around the market offering their products to shop owners. These traders usually offered their products at cheaper prices. However, as they frequently did not have the products she wanted or did not have enough products for her, she regularly bought these products from Mrs Sang for resale.

Mrs Nid, who sold these products to both domestic and international tourists and shops located in other provinces, currently had a few regular customers who owned shops in other provinces. Although she never travelled to other areas in search of customers, the Indochina market’s reputation attracted them. The cloth wallets from Vietnam that she usually bought from Mrs Sang, were bought for resale at popular tourist destinations in the centre of Thailand, such as Patpong (a tourist area in Bangkok); Chonburi; Rayong; and southern Thai provinces such as Songkhla and Phuket. According to Mrs Nid, her clients resold cloth wallets from her shop to both domestic and international tourists.
The coverage of the supply chain from the production source to Mrs Sang’s shop was extensive (see Figure 5.4). Tracking the chain backwards, cloth bags and wallets from Mrs Sang’s shop were produced both in small cottage industries and at home by informal labourers (mainly female) in different provinces of Vietnam. A village in Ha Nam (a northern province of Vietnam) and Ho Chi Minh City (an important commercial hub in southern Vietnam) were her main sources. Some came from other provinces through which Mrs Sang occasionally passed (for example Hoi An). Even though she acquired her products from different sources—directly from producers, from middlepersons in Hue, and sometimes from small-scale informal long-distance Vietnamese traders—the bags and wallets had a similar supply chain. They were
delivered from different production sources to Hue before being transported to her shop in Mukdahan via Savannakhet.

Figure 5.4: Supply chain of cloth bags and wallets from production place to Mrs Sang’s shop
Source: Developed by author

5.3 Investigating the social networks in Mrs Sang’s informal cross-border trading business

This part of the chapter investigates the social networks in Mrs Sang’s cross-border trading process. I mainly discuss one part of the whole trading process, the purchasing process. To this end, an intensive ethnographic study was conducted. The social components of the informal cross-border trading process are explored in great detail. Drawing upon information acquired through my intensive ethnographic study of her life and business, especially of her eight-day trip to Vietnam, in this section I explain how social relations and trust were crucial to the informal cross-border trade operation and how, if positive, they could be very beneficial to the informal cross-border trading process. In essence, I clearly delineate how social connections are not just there by chance; they need to be developed, maintained and strengthened. Thus, monetary and non-monetary exchange, what some may term investments, are involved. Such exchanges, however, are not necessarily in monetary form. In most cases, they are in non-monetary forms such as gift-giving; taking time to socialise with a member of one’s social or trade network; and trustworthiness. Table 5.1 and figure 5.5 show the different actors who will be addressed in this section.
Table 5.1: Symbols and short descriptions of relevant actors within the networks

<table>
<thead>
<tr>
<th>Symbols</th>
<th>Actors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mrs Sang, a Vietnamese-Thai shop owner in Mukdahan aged in her early-50s.</td>
<td></td>
</tr>
<tr>
<td>Ms Pan, Mrs Sang’s oldest daughter who has assisted her since childhood.</td>
<td></td>
</tr>
<tr>
<td>Mrs Kai, Mrs Sang’s landlord aged in her late-30s who has several cross-border businesses and good business connections with a powerful Lao lottery dealer. Mrs Sang rented two buildings from her to open her shop. Using her contact with the powerful Lao lottery dealer, she also helped to facilitate finance for Mrs Sang.</td>
<td></td>
</tr>
<tr>
<td>A powerful Lao lottery dealer of Savannakhet, one of the actors who helped facilitate the financial process for Mrs Sang. She exchanges Thai Baht received from Mrs Kai to Lao Kip and gives to Mrs Lien.</td>
<td></td>
</tr>
<tr>
<td>Mr Loung, the main actor in Mrs Sang’s trade networks. Mr Loung, a Vietnamese middleman from Hue aged in his early-40s, who also produces cloth bags and wallets. He supplies cloth bags and wallets to Mrs Sang and has developed kin-like connection with Mrs Sang.</td>
<td></td>
</tr>
<tr>
<td>Mrs Be, a Vietnamese souvenir shop owner in her late-30s. Her shop is located in Dong Ba Market, the largest market in Hue. She was among Mrs Sang’s first suppliers and introduced Mr Loung to Mrs Sang.</td>
<td></td>
</tr>
<tr>
<td>Mrs Lien, a long-distance informal cross-border trader in her mid-40s whose shipping service Mrs Sang regularly uses. Mrs Lien mainly sells fruits to shops in the Singapore market in Savannakhet, and she also provides shipping services for additional income. She transports Mrs Sang’s products from Hue to Savannakhet and sends them on to the ferry at the KFP. Besides this activity, she also helps Mrs Sang to bring money back to Hue.</td>
<td></td>
</tr>
<tr>
<td>Mrs Tra, a Vietnamese long-distance informal cross-border trader in her mid-40s, used to work for Mrs Sang before becoming a trader. She was one of the influences that prompted Mrs Sang to travel to Vietnam in search of supplies. She supplied similar products to those ordered by Mrs Sang to other shops in the Indochina market.</td>
<td></td>
</tr>
<tr>
<td>Ms Tai, Mrs Tra’s late-20s daughter, did not follow her mother’s career path. She worked as a receptionist in a hotel in Hue. Her mother asked her to take care of Mrs Sang during the latter’s stay in Hue.</td>
<td></td>
</tr>
<tr>
<td>Mr Loung’s family in Ha Nam produces cloth bags and wallets. They all have close relations with Mrs Sang and her family members.</td>
<td></td>
</tr>
<tr>
<td>Mrs Linh, Mrs Sang’s sister-in-law’s aunt. Similar to Mrs, she owns a souvenir shop in Dong Ba Market. She was one of Mrs Sang’s first suppliers.</td>
<td></td>
</tr>
</tbody>
</table>

95 All names used are pseudonyms.
Figure 5.5: Map showing the positions of the different actors alluded to in this section

Source: Developed by author
5.3.1 Becoming long-distance informal cross-border traders

Mrs Sang started her current business in 2006. Having received her supplies mainly from domestic producers or middle persons in her previous businesses, she decided to travel independently across the border to seek supply sources in Vietnam. Her long experience in the trading business gave her courage, and her Vietnamese language capability and lineage gave her confidence. Although she could buy products from several other shops in the Indochina Market or from the large number of Vietnamese informal cross-border traders who hawked their wares around the Indochina Market, Mrs Sang wanted to exercise more control over her supply chain. She wanted to establish shortest link between herself and her production sources. In this way, she could get products at fairer prices and, more importantly, have better control over the design and quality of the products as well as their flows and volume. At the outset, although she sometimes bought her Vietnamese products from Vietnamese informal cross-border traders, she bought most of said products from middlepersons in Hue. Determined to exercise more control over her supply chain, she gradually tracked her way back to the production sources of many of the Vietnamese products in her shop.

Similar to other shops in the Indochina market that sold products from Vietnam, Hue had been an important node in Mrs Sang’s purchasing process. Importantly, Hue was like a second home to Mrs Sang as her family had migrated from there to Mukdahan. She had returned many times since childhood to visit her relatives. When she first started her business, Mrs Sang mainly bought products from a few suppliers in Hue, sometimes indirectly through Vietnamese long-distance informal cross-border traders. However, at that time, several shops in the market were already selling similar Vietnamese products as the majority of them obtained their supplies from the same sources. Large shops like Mrs Sang’s ordered products in large volume from suppliers in Hue and redistributed them to several other smaller shops in the market. Vietnamese long-distance informal cross-border traders brought similar products from Hue for sale to several shops in the markets. Thus, ultimately Mrs Sang found herself trapped in a price war; and, she did not have enough control over her supply chain to distance herself. And, even though she found different products in Hue from time to time, she could not convince both the Hue shop owners and the Vietnamese long-distance informal cross-border traders to sell particular products only to her.

Her experience with Mrs Tra, a Vietnamese long-distance informal cross-border trader who supplied Vietnamese products to several shops in the Indochina market, provided a good
example. Mrs Sang was quite close to Mrs Tra: she used to hire her to take care of her mother for several years before the Vietnamese products boomed in the area. After her mother died, Mrs Sang helped Mrs Tra to enter the business by introducing her to some of her own suppliers in Hue. This helped Mrs Tra considerably as the suppliers allowed her to take the products on credit. Mrs Sang helped her on the condition that she did not sell the same products to anyone else in the market. But regrettably, Mrs Tra sold the same products to many other shops in the market. Her behaviour threatened to harm Mrs Sang’s business in the long term as the latter had to compete with many other large and small shops and Vietnamese long-distance informal cross-border traders who could offer similar products to their customers.

The products that Mrs Sang acquired from middlepersons in Hue and long-distance Vietnamese informal cross-border traders also tended to be very inconsistent in design and quality. In addition, supply flows were uncertain. Together, these problems made it hard for her to market her products and expand her market. A few years later, she decided to seek other supply sources across Vietnam: buying directly from the producer was her first priority. Nowadays, she travels to Vietnam at least twice a year to study the market, order products and seek new supply sources, preferably from direct producers. For her, being able to order products directly from the producer means that she has more control over quality, design and the supply chain of her products. Importantly, she can procure products at fairer prices. She does not have to pay a margin to middlepersons who, she claims, charge too much and may sell the same products to other shops in the Indochina market. According to her, the margin can be so high that it doubles the price offered by the producers. Currently, although she still buys products from a few middle persons in Hue and in other provinces of Vietnam, Mrs Sang buys most of her Vietnamese products directly from producers in different provinces of Vietnam. She no longer buys products from Vietnamese long-distance informal cross-border traders. This, however, would prove much more difficult for others who did not have Vietnamese lineage and prior connections in Vietnam.

5.3.2 The man behind her success and the development of their social relations

Newly-developed connections with a stranger can be very useful and, in some cases like the case of Mrs Sang, are the key to success. Her Vietnamese lineage and prior family connections in Vietnam gave her the confidence to seek other supply sources of her products. However, her connection with Mr Loung, a Vietnamese middleman in his early 40s from Hue, who also produced cloth bags and wallets, proved particularly beneficial although they were not family
or friends. The close relations they developed culminated in their family-like business partnership. The benefits she acquired from her connection with him was among the key factors which made her one of the main suppliers of Vietnamese products, especially cloth bags and wallets. The trajectory of their relationship was interesting. Mrs Sang had a few regular suppliers with whom she had traded for long periods of time. One of them was the aunt of her sister-in-law; but it was Mr Loung whom she trusted the most and with whom she had the closest relationship. Importantly, their relationship extended to include their families.

Mrs Sang met Mr Loung in Hue in 2006, a few months after she started her current business. They become acquainted through one of her regular suppliers, Mrs Be, a Vietnamese female souvenir shop owner whose shop was located in Dong Ba Market. The largest market in Hue, this market was the main supply source for a large number of shops in the Indochina market including Mrs Sang’s shop. At that time, Mrs Sang already had suppliers for many products, including wooden sandals and boxes; enamelled basins and kitchenware; and other kinds of decorations and souvenirs. But she was keen to add good quality cloth bags which none of her existing suppliers could supply. She made enquiries and found many choices, one of them being Mr Loung. His sample products impressed her and that is how they met.

Mr Loung came from a small village in Ha Nam, a northern province of Vietnam (60 km south of Hanoi). His family owned a small, cloth bag cottage industry and employed a few villagers. Whereas his wife was responsible for the production and product development process, Mr Loung was responsible for marketing. In Hue, where he spent most of his time, he had a small room which he used as a sleeping place, office and storage room. He not only sold the cloth bags produced in his cottage industry, but also gathered cloth bags and wallets from other producers in his village, mostly his relatives, for sale.

Like many relationships, Mrs Sang and Mr Loung’s relationship was not always smooth. However, it developed rapidly and strongly because they passed several tests together, one of the most prominent being at the start of their relationship. A few months after Mrs Sang started buying products from Mr Loung, she noticed that he gradually decreased his supply volume, making it difficult for her to maintain a constant supply to her customers. Accordingly, she started to order products from another supplier, who she also met through Mrs Be. What she did not know was that Mrs Be deducted a very high commission from Mr Loung. Her new supplier’s products were very low in quality and she was forced to buy more by just sending the products to her. The supplier knew that she would try to sell them rather than sending them
back and having to pay shipping fee. Later, this producer tried to increase the price, just as Mrs Be had tried to increase the commission.

When he realised that Mrs Sang was buying products from other suppliers, Mr Loung became very unhappy. He even tried to cease being her supplier. This proved chaotic for Mrs Sang, so she went to Hue to discuss the problem with Mr Loung and another supplier, and finally discovered the real problem. Mrs Sang and Mr Loung discussed the situation and agreed that in future she would only buy cloth bags and wallets from him and that they would deal directly. She decided to continue working with Mr Loung as his products were of good quality, and unlike others, he did not try to trick her. More importantly, he was very responsible and generous. According to Mrs Sang, even though they were not particularly close at that time, Mr Loung offered to pay half of the fine that the Lao customs officials had charged for one of her shipments. The amount of products reported by a Vietnamese informal cross-border trader who conducted Mrs Sang’s shipping process did not match the actual amount.

Since then, their business has continued and their relationship has grown strong. Not long after, Mrs Sang’s orders absorbed the largest proportion of his factory’s production capacity. Interestingly, Mr Loung became her main assistant on many issues. He accompanied her around Vietnam seeking new supply sources for different kinds of products. In her absence, he still searched for different kinds of products as per her orders. Although he charged commission for the products he found for her, as their relationship developed over time, he also started helping her coordinate with many other suppliers in Hue and other Vietnamese provinces and handle part of the shipping process. Usually, the suppliers were people she had entered into business deals with on her trips to Vietnam. Mr Loung did not charge any commission for the above although trips were facilitated by him and he went with her.

Over time, Mrs Sang and Mr Loung’s loyalty to each other strengthened their relationship and, by extension, the stability of the business. Mr Loung never sold the same products to anyone else. He never revealed her other supply sources to anyone and never tricked her by mixing bad quality products in her orders, unlike other suppliers. And, he was always responsible and helped her whenever he could. At the same time, Mrs Sang was honest with him. She paid Mr Loung on time and helped him when necessary. Thus, both could operate their business with ease.
5.3.3 Tracking back along the chain: observing social relations along the supply chain

One day, while I was helping Mrs Sang and her daughter to pack products at her shop in the Indochina market, Mrs Sang asked me: “Do you want to go to Vietnam with me?” Having heard several interesting stories about her previous trips to Vietnam, I was curious to explore her trade networks and to meet some of the people she dealt with. So, I agreed without hesitation.

Mrs Sang usually travelled to Vietnam twice a year to explore the market, seek new suppliers and order products. Each trip usually took between three to four weeks. She usually travelled by international buses between Mukdahan and Hue (with a connection in Savannakhet) and moved around Vietnam by public buses, taxis and cars. However, recently, she had started flying between the big cities in Vietnam to minimise her travelling time. For this trip, due to her heavy workload, we only spent eight days in Vietnam. Also, instead of taking international buses, we flew from Thailand to Vietnam and between the big cities in Vietnam.

Our eight-day journey was undertaken in 2011, during the last week of September. It proved a very unique opportunity to observe the informal cross-border trading process and social relations between related actors. For Mrs Sang, the main purpose of this trip was to explore the market for new kinds and patterns of products and to order new products for the coming tourist season, which started at the end of Buddhist lent (scheduled yearly on the 15th day of the waning moon of the 11th lunar month (which fell on the 12th October in 2011)). We set out on our trip to Ho Chi Minh City, then we continued on to Hue, Danang, Hoi An and Ha Nam, respectively.

In this section, a combination of diary and thematic discussions of multi-sited networks is used to communicate the findings and discussions. Each subheading indicates Mrs Sang’s daily activities and issues that came up during her eight-day trip to Vietnam.

a. The greeting and the revealing roles of Mr Loung as both aide and chaperone

Mrs Sang and I arrived in Ho Chi Minh City (also known as Saigon)—the largest city and one of the important commercial centres in Vietnam—around nine o’clock in the morning. Mr Loung, who had flown from Hue to Ho Chi Minh City, met us at the airport. Mrs Sang started work straight away. Mr Loung’s presence made her trip less complicated. He had arranged most things for her in advance. He had hired taxi and managed the money issues for Mrs Sang.

96 Personal conversation, Mrs Sang, 1 September 2011
prior to the trip. When I asked if she wanted to change her money into Vietnamese Dong, Mrs Sang said: “Let’s go... he already hired a taxi for us... no, no... we don’t have to change the money. I already sent fifty thousand Baht to him in advance so I don’t have to worry about it.”

The main task of the day was finding a new supplier for wooden sandals. Mrs Sang had been trying to get her current producer to increase the sizes of the shoes as they were too small for the average Thai, but without success. She thus asked Mr Loung to help her find a new producer. Binh Duong province, which lay immediately to the north of Ho Chi Minh City and was home to many household industries that produced wooden sandals, was our first destination. On the way, Mrs Sang and Mr Loung spent most of their time updating their life stories. It was through these conversations, which were translated into Thai by Mrs Sang, that I came to know that Mrs Sang and Mr Loung not only knew each other, but knew each other’s family members as well. Mrs Sang showed a photo of Ms Pan (her eldest daughter) wearing ao dai (a Vietnamese woman’s traditional dress) to Mr Loung. Then, she told him that they had been invited by the Provincial Commercial Office to join the Indochina market fair organised in Phitsanulok. Ms Pan attended as a representative of Vietnamese product suppliers. Mr Loung also shared his stories, which included news of a housewarming party organised by his sister in Ho Chi Minh City, which he planned to invite her to, and about his newly constructed house. After showing her the house plan of his new house, and several pictures of his family members in the new house on his laptop, he invited us to his housewarming party which was soon to be held. That was why a trip to a Northern province of Vietnam—Ha Nam—was included in our travel plan, which originally included only Ho Chi Minh City, Hue, Danang and Hoi An.

After spending one hour in the taxi, we arrived in Binh Duong province. We wandered around a few villages where many small-scale household industries were located. With Mr Loung as navigator, we visited a few producers in the area. It was difficult for Mrs Sang to choose a producer at first as none of the producers we found completed the whole production process. Some made outsoles, some made heels, some made uppers, some did the painting and polishing and some assembled them. Mrs Sang told me to be silent: she did not want the producers to know that we were foreigners, I noticed that Mr Loung was there with Mrs Sang all the time. Later, Mrs Sang told me that Mr Loung helped her to ask for information and to negotiate.

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97 Personal conversation, Mrs Sang, 23 September 2011
possible trade deals. He knew more about how to deal with the producers as he had a better understanding of the local accent. While Mrs Sang could speak Vietnamese, the accents differed in each part of the country. It was difficult for her to adapt to other accents as she did not spend as much time in other provinces as Mr Loung.

Not long after, we finally found the right producer. Mrs Sang decided to order products from one of the fairly large cottage industries, which undertook painting and polishing work. Then, she only needed to put the uppers on before selling the products to her customers. Again, it was Mr Loung who helped her to check the quality of the products and negotiated the trading terms and conditions. As it was the first time they had made a business deal, the producer asked for full payment. Mrs Sang did not want to pay in full as she afraid of being cheated. Mr Loung again helped Mrs Sang by resolving the problem, in this case by offering to be a guarantor for Mrs Sang as the products had to be transported to him anyway. The producer finally allowed Mrs Sang to pay approximately thirty thousand Baht as a partial deposit. Mr Loung then took a few bundles of notes out of his pocket and laptop bag, counted them, and then paid the supplier. I was quite surprised to see him carrying large amounts of money around with him. Even after paying the deposit to the supplier, he still had many bundles of money in this laptop bag. After we got into the taxi, Mrs Sang explained that Mr Loung carried all the money for her and paid for all the transportation; accommodation; and meal costs every time she came to Vietnam. Additionally, the money that she sent Mr Loung in advance was usually not enough. During most of her trips to Vietnam, she ended up borrowing money from Mr Loung: that was why he always carried a lot of money with him. The pictures in Figure 5.6 show where wooden sandals are produced and a trade negotiation atmosphere.
After lunch, which was paid for by Mr Loung, he took us back to Ho Chi Minh City and we stopped by a shop of one of the dealers who sold painted, pearl-inlaid wooden vases and boxes and pearl-inlaid wall decorations (See Figure 5.7 for pictures. The picture on the left shows the dealer’s showroom. The picture on the right shows a negotiation atmosphere). Mrs Sang had bought products from them before; but, she wanted to get new patterns which nobody in the Indochina market had. Mr Loung did not have to help her much for she had negotiated with them before when buying products. Mrs Sang not only bought a lot of products for her shop, but bought an expensive pearl-inlaid wall decoration for Mr Loung as a gift to celebrate his new house. As expected, the money that she had sent in advance was not enough; but, she did not seem worried about that. I never saw her bothered about payments during the whole trip. And, because Mr Loung seemed to know his role well, things went seamlessly. After writing down his address in Hue as the shipping destination, Mr Loung pulled a few bundles of money that he had prepared in advance out of his laptop bag, counted them, and gave them to the seller. This confirmed what Mrs Sang had said earlier. It seemed normal for Mrs Sang to spend more money than she expected and for Mr Loung to advance money to her. When asked
about that, Mrs Sang said: “Yes, I already spent more than what I thought... haha, only went to two places and already spent all my money. Anyway, it is fine... he knows his duty... He knows that I always spend more than what I think... I will call [Pan] tonight... to send more money...”

Figure 5.7: Pictures of the showroom of the dealer who sold painted and pearl-inlaid wooden vases and boxes and pearl-inlaid wall decorations (left); and the trade negotiation atmosphere (right)

Source: author, 2011

Mr Loung was helpful until the end of the day. After treating us to dinner and before he got out of the taxi at a hotel near our lodging, he put a bundle of money into Mrs Sang’s hand (without counting it). He asked her to keep it for an emergency. Mrs Sang took it without counting it either. According to Mrs Sang, usually she would not need to keep money with her as they usually stayed in the same hotel. However, this time she wanted to stay at the house of a girl she used to host when the latter visited Mukdahan under the student exchange program. On the first day, I noted how close they were and how much Mr Loung helped Mrs Sang. Thus, the importance of social relations and trust to the informal cross-border trading business was already clearly revealed.

98 Personal conversation, Mrs Sang, 23 September 2011
b. The informality of the trading process: trustworthy or risk taking

On the second day, I noticed that Mrs Sang’s trading processes were mostly done in informal ways. Similar to the day before, the business deal between Mrs Sang and the crochet bag dealer in Ho Chi Minh City with whom we had spent the whole morning, was conducted informally. The dealer who sold painted and pearl-inlayed wooden vases and boxes, that is, the dealer we visited the first day, issued receipts, similar to the wooden shoe producer we also visited on the first day. The crochet bag dealer, however, just noted down the order and the amount of the deposit on the notepad and gave a piece of paper with the same information to Mrs Sang. When reflecting on her other business deals on the later days, a relative of Mr Loung who we met later in Hoi An and Ha Nam, also followed the same procedure and did not ask for money in advance.

![Figure 5.8](image.jpg)

**Figure 5.8:** Pictures of the trading atmosphere in a home office of the crochet bag dealer in Ho Chi Minh City. The picture on the left shows Mrs Sang explaining to Mr Loung how she wanted her orders delivered. The picture on the right shows crocheted bags that the dealer had in stock. 

**Source:** author, 2011

On the afternoon we spent observing the Binh Tay Market (Vietnamese: Chợ Bình Tây)—an indoor wholesale market in Ho Chi Minh City well known for its great bargains—I discovered that Mrs Sang’s money transactions were conducted via both verbal agreements and informal arrangements (see Figure 5.9 for pictures of Binh Tay Market). Mrs Sang received a phone call from Ms Pan saying that she had already arranged the money transfer for her. I asked Mrs Sang about the transaction process and learned that the payment had been transferred via an informal channel, in the same way she sent money to her suppliers. She usually sent money across the border twice a week as a shipping service fee and to her suppliers in Vietnam. Mrs Sang usually asked Ms Pan to either transfer or hand Thai Baht to Mrs Kai, her landlord in Mukdahan who
had several cross-border businesses and good business connections with a powerful Lao lottery dealer. Mrs Kai, who frequently needed to exchange a large amount of Thai Baht and Lao Kip then made a phone call to the Lao lottery dealer and asked her to give a certain amount of Kip to Mrs Lien, a Vietnamese long-distance informal cross-border trader whose shipping service Mrs Sang regularly used. Mrs Lien who usually went to Savannakhet to deliver products twice a week, exchanged the Kip into Dong at the border between Lao and Vietnam. After deducting her service fee, she then passed the money on to Mr Loung and Mrs Sang’s other suppliers in Hue. Mr Loung redistributed the money that was supposed to be paid to suppliers in other provinces. All of these processes were executed without any formal documentation or record. Surprisingly, Mrs Sang was never cheated. Figure 5.10 shows how the money was transferred across the border from Mrs Sang’s shop to her suppliers in Vietnam.

**Figure 5.9:** Pictures of Binh Tay Market. Left is the entrance to the market. Top right shows the hat and cap trading zone in the market. Bottom right shows a shop in the market that sells wooden sandals.

**Source:** author, 2011
Figure 5.10: Flow chart showing Mrs Sang’s regular cross-border financial transaction process
Source: Developed by author

My exploration of Mrs Sang’s trading process revealed that it was practiced in a very casual way. The trustworthiness of the people involved in the networks was the main factor that facilitated informal cross-border trade. Those involved were afraid of losing their regular customers and contacts. As news spread widely, those involved were at risk of being excluded from the business circle if they were shown to be untrustworthy because actors were linked in many ways, so there was a high chance of having common business partners. However, based upon what I witnessed in Mrs Sang’s other business deals, it may be too hasty to hinge their success only on trust. The preparedness of the related actors to take risks was another important factor that kept the informal cross-border trade alive.

Entering into a business deal with the new wooden sandal supplier we met on the first day provided a good example. Both Mrs Sang and the supplier had no choice but to take a risk. Mrs Sang did not want to pay the full amount of money as she was not sure if the supplier was reliable and trustworthy. Similarly, the supplier was hesitant to make a business deal with Mrs Sang without having her pay the full amount of money for her first order. Although the supplier
was happy to receive a large order from Mrs Sang, the volume made her feel a little insecure. Finally, both parties decided to take a risk and agreed upon a partial deposit. This showed the ability of the related actors to take a risk, an important factor in the informal cross-border trading process. Once they had passed the first few tests, it would not be hard for them to become regular business partners. Mrs Sang said: “I did not want to pay them the whole amount... This is a trial... Their products looked good... Hope they send the correct ones... Not like previous supplier... I don’t want to seek for a new one.”

In effect, the stories I heard about the development of the relationships between Mrs Sang and Mr Loung and Mrs Sang and Mrs Lien were similar. Mrs Sang said that it took quite some time before she trusted Mr Loung and Mrs Lien. They all had to pass a trial period, Mrs Sang as well. In case of Mr Loung, it started from the time he sent products to her as per her order. Importantly, Mrs Sang always paid him. When, on occasion, he asked for money in advance when he was really short of money, she agreed because he never cheated on her. Over time, they gained more trust in each other and reached their current stage of trust where they no longer need to count the money they borrow from each other. And, each has started taking care of the other as if they were family members. With Mrs Lien, it started when she revealed herself as very punctual vis-à-vis her shipping schedule and transported Mrs Sang’s products with care. Then, Mrs Sang started asking Mrs Lien to pass small amount of money to her suppliers in Hue. The money reached the former’s suppliers and there was never a problem. Mrs Sang then increased the amounts a little at a time until she was sure that Mrs Lien was worthy of her trust. Currently, the money that she sends across the border with Mrs Lien is worth around two to three hundred thousand Baht each week.

c. A special guest of the family and a sudden test of her trustworthiness

After spending two days purchasing products and observing the market in Mr Loung’s company, we spent our last day in Ho Chi Minh City at his sister’s housewarming party where I realised how important Mrs Sang was to Mr Loung’s family. I also witnessed an impromptu test of their trust. Mr Loung came to pick us up at eight o’clock in the morning wearing the new polo shirt and pants that Mrs Sang had bought for him the day before while exploring the market. She said when we met Mr Loung: “Look! He is wearing the clothes I bought for him yesterday... If I do not buy them for him, I am sure he would wear the same old clothing to his

99 Personal conversation, Mrs Sang, 23 September 2011
Gift giving seemed to be one of the ways in which Mrs Sang chose to express her thanks and appreciation to Mr Loung. After an hour’s journey in a taxi, we finally arrived at his sister’s place, a newly-constructed four-storied house decorated with expensive-looking furniture. The party was crowded: there were large numbers of people there. When they saw Mrs Sang, Mr Loung’s sister and mother rushed from the back of the house to welcome her. Their actions and body language showed that they had met each other before. Mr Loung’s mother hugged Mrs Sang and held her hand constantly. Mrs Sang was treated as a very special guest. After giving a flower basket and a big bottle of expensive whisky as gifts to Mr Loung’s sister, Mrs Sang was introduced to other relatives and guests at the party before being seated on chairs that were specifically reserved for us, alongside all of the senior family members. Mr Loung’s mother stayed with us and kept feeding us most of the time. His sister regularly came to the table and asked if we needed anything more.

The party proved the time for a sudden test of trust between Mr Loung and Mrs Sang. A boy approached Mrs Sang and gave her a business card. Not long after, Mr Loung’s sister invited us to go upstairs and put us in her daughter’s room. Mrs Sang was happy as she wanted to lie down after lunch. Then, Mr Loung’s brother-in-law’s mother knocked at the door, came into the room to talk to Mrs Sang, and gave her a small piece of paper with something written on it. After she left, Mr Loung’s mother came to talk to Mrs Sang. When she left, Mrs Sang asked me to lock the door. As I do not understand Vietnamese language, I could not understand what

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100 Personal conversation, Mrs Sang, 25 September 2011
was going on. I thought they were just chatting: I did not understand that something big had just happened.

After a while, Mrs Sang asked: “Do you want to know [understand] why we have to lock the door?” I said “yes”. Mrs Sang said that Mr Loung had asked his sister to put us in the room. He was not happy to see the younger brother of his brother-in-law, who came from the same village and produced cloth bags, send his nephew to talk to her. Mr Loung knew that he would try to make a business deal with Mrs Sang. Apparently, the younger brother of Mr Loung’s brother-in-law had asked the boy to see if Mrs Sang was interested in ordering products from him as he also produced cloth bags and could offer a better price. Mrs Sang explained that the small note that Mr Loung’s brother-in-law’s mother had given her while we were resting in the room was from the same person. He wrote that they could talk on their mobile phones so that Mr Loung would not learn about their contact. This man, however, did not know that Mr Loung was aware of his actions and had asked his mother to tell Mrs Sang to lock the door.

Mrs Sang did not mind complying with Mr Loung’s request. In fact, she threw away both the business card and the note soon after she received them. She told me that she did not want to complicate her life and business operation by betraying Mr Loung. She did not even want to upset him. It was not worth it to her. When we returned to the party, Mr Loung seemed to be still angry. Mrs Sang tried to placate him on our way to the airport. However, her concern seemed to be more about asking Mr Loung not to fight with his sister’s husband’s brother. At this point, I realised that besides her Vietnamese background Mrs Sang’s character was one of the main factors which facilitated her close relationship with Mr Loung, in addition to her Vietnamese background. She was not only trustworthy, but also very kind, generous and helpful to everyone. Perhaps more importantly, she tended to have a positive view of people and was very accepting. These facets of her character allowed her to develop close relations with Mr Loung; and, luckily for her, he too was trustworthy.

Returning to the core point of this section, the incident reported above showed how Mrs Sang gave precedence to her relationship with Mr Loung. For her, this relationship had required a lot of time and effort to develop and strengthen; thus, was so important that she should not opt to trade for a small increase in her profits, especially when her relationship with Mr Loung was

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101 Personal conversation, Mrs Sang, 25 September 2011
strong, stable and beneficial. Mr Loung was much more than a bag supplier to her. As suggested in the previous section, he was an important aide and chaperone for her.

d. “There are no true friends and no permanent enemies”—a better understanding of the relationships of the related actors

We arrived in Hue around seven o’clock on the morning of our fourth day in Vietnam. We were to have arrived the night before but our flight was cancelled due to a big storm. So, we had to take an early morning flight the following day. While in Hue, we made a day trip to Danang and Hoi An to explore the market and to order cloth bags from Mr Loung’s brother. The latter was a dealer in the cloth bags made from signature cloth in the southern part of Vietnam. However, the main focus of this section is on Hue, our main destination in the central region of Vietnam.

Hue had long been a main supply source and a product gathering hub for Mrs Sang. In Hue, I met many other actors involved in her trading process and witnessed their social interaction. Importantly, it was also there that I realised that informal cross-border trading activities were no different from any other kinds of business. Although having a person one could trust was very beneficial to the trading process, it did not mean that business deals could not be conducted without trust. Additionally, the numbers of people in a given network were no less important than the quality of said people in the networks. As the informal cross-border trading business relied heavily on informal agreements and transactions, having more people as contacts could prove a good buffer for one’s business.

Mrs Sang maintained contact and made business deals with those she did not trust and with whom she had experienced conflict before. There is a Thai saying: Mai Mee Mitra Thae Le Sad-tru Tee Tha Worn which translated into English means there are no true friends and no permanent enemies. This seemed a good explanation of what I had witnessed and heard. Mrs Sang complained a lot about many people we met in Hue; but, she still did business with them. For example, she continued to buy products from Mrs Be, a Vietnamese souvenir shop owner, who charged commission on every contact she recommended to Mrs Sang. It almost destroyed Mrs Sang’s relationship with Mr Loung by taking a lot of commission from him. Mrs Sang still buys products from Mrs Linh, an aunt of her sister-in-law, whose products are very expensive, out of sympathy. Interestingly, although Mrs Sang normally stays in hotels, sometimes with her relatives, this time, she decided to stay at Mrs Tra’s place. Mrs Tra was a Vietnamese long-
distance informal cross-border trader who used to work for her for several years and ultimately made her really upset by selling the same products to other shops in the Indochina market (See 5.3.1 for the story). Although there was unpleasant conflict in the past, Mrs Sang had kept in contact with them. Mrs Sang always tries to find new suppliers that are closer to the beginning of the production chain, can offer better prices and are trustworthy like Mr Loung. But these people are good backup for her. And, having known them for a long time, at least she knew how to deal with them.

Mrs Sang was very careful when contacting Mrs Be, Mrs Linh, and Mrs Tra. She wanted to keep in contact with them but, at the same time, she did not want to be too close to them either. She suspected they might betray her at any time. One good example was the case of Mrs Tra from whom she no longer bought products, but sometimes asked her to transfer bills and documents to/from Mrs Linh, Mrs Be and Mr Loung. We stayed at Mrs Tra’s house for three days; in other words, for the whole period of our stay in Hue. Although we failed to catch her as our flight was delayed due to a huge storm and she had to go to Mukdahan to deliver products to her customers, Mrs Tra asked her daughter, Ms Tai to take care of us. I was not sure why Mrs Tra was so accommodating, considering the conflict in the past. Maybe she felt obliged to Mrs Sang or maybe she still hoped that Mrs Sang would buy products from her again. Irrespective of her motives, her daughter, Ms Tai, was with us for almost the whole three days as her mother had asked her to take care of us. This worried Mrs Sang, however. When making a business deal with Mrs Linh and Mrs Be at Dong Ba market on our first day in Hue, Mrs Sang asked Ms Tai to show me around the market (see Figure 5.12 for pictures of different shops selling different kinds of products at Dong Ba market). On the last day, when she wanted to finalise her orders and to meet one of the hat and cap producers who she had asked Mr Loung to look for, she also asked Ms Tai to show me around the city. Mrs Sang later revealed why she had to reject me. She said: “She [Ms Tai] is canny and active like her mom... Look at her eyes. She observes things... I am afraid that she will tell her mom about the hat producer... I am sure one day she will become a trader like her mom...”\(^{102}\) Their case clearly showed that although trust was lacking, both still wanted to preserve their relations as there is Mai Mee

\(^{102}\) Personal conversation, Mrs Sang, 28 September 2011
Mitra Thae Le Sad-tru Tee Tha Worn in trading activities. There was a chance that they might need favours from each other in the future.

Figure 5.12: Pictures of shops selling different kinds of products at Dong Ba market.

Source: author, 2011
e. Another reliable and trustworthy actor

Although the previous section may imply that trade can operate without permanent allies, having at least one trustworthy alliance (like Mrs Sang and Mr Loung) is possible and never disruptive. In Hue, I met Mrs Lien, another trustworthy actor in Mrs Sang’s long-distance informal cross-border trade networks. Mrs Lien, a long-distance informal cross-border trader, had a shipping service that Mrs Sang regularly uses. After arriving in Hue, Mrs Sang contacted Mrs Lien to arrange a meeting. It was the latter who carried the money that Mrs Sang asked Ms Pan to send to her when we were in Ho Chi Minh City. I actually heard stories about Mrs Lien many times before I met her. She mainly sold fruit to the shops in Singapore market in Savanakhet but, she also provided a shipping service for Mrs Sang so that she could gain additional income. Coordinating with Mr Loung and Mrs Sang’s other suppliers in Hue, she gathered and transported Mrs Sang’s products from Hue to Savannakhet. Then she sent them by ferry at the KFP, but she did not cross the border to Mukdahan herself. Rather, Mrs Sang conducted the import process at the MFP by herself. Figure 5.13 shows the flow of products from Vietnam to Mrs Sang’s shop in the Indochina market. It also shows Mr Loung (green dash circle) and Mrs Lien’s (pink dash circle) roles in the logistical arrangement of products from different areas in Vietnam to Mrs Sang’s shop in Mukdahan.
Figure 5.13: Diagram showing the flow of products from Vietnam to Mrs Sang’s shop in the Indochina market and Mr Loung (green dash circle) and Mrs Lien’s (pink dash circle) roles in the logistical arrangement of the products from different areas in Vietnam to Mrs Sang’s shop in Mukdahan

Source: Developed by author

It was interesting to learn that although there were many other Vietnamese informal cross-border traders who could bring products from Hue to Mukdahan directly to their target customers’ shops in the Indochina market, Mrs Sang opted not to do business with them. The fact that they were competing in the same market seemed to be the main reason. However, from among those who were not competing in the same market, it was Mrs Lien who Mrs Sang decided to work with in the long term. When asked why, Mrs Sang replied: “[Lien] is more reliable and trustworthy. I used to use the service of another Vietnamese trader... She sells fish to shops in Singapore market. That one does not keep her word... There were many problems. She did not come on time. Sometimes, she lost my products. Sometimes, products were damaged. I never had problem like that with [Lien].” Mrs Sang could also ask Mrs Lien to transfer large sums of money to Mr Loung and other people in Hue without having to worry. She started by sending a few thousand Baht with Mrs Lien; but, as she grew to trust Mrs Lien,
the amount increased to a few hundred thousand Baht. There had never been any problems. (See Figure 5.10 for the diagram showing Mrs Lien’s function in Mrs Sang’s regular cross-border financial transaction process).

Similar to Mr Loung, Mrs Sang could also ask Mrs Lien to advance money to her as well. During the trip, Mrs Sang realised that Mr Loung was short of money as he advanced a considerable sum for her unexpected orders. She did not want to wait until we reached Hue, which would coincide with Mrs Lien’s return from her up-coming trip to Savannakhet. So, she called Mrs Lien who was about to leave for Savannakhet (whereas we were still in Ho Chi Minh City). Mrs Sang asked her to transfer one hundred thousand Baht from her own pocket into Mr Loung’s account in advance. Ms Pan would pay it back when she arrived in Savannakhet. Mrs Lien transferred the money immediately following a short conversation with Mrs Sang.

For Mrs Sang, having two reliable and trustworthy contacts like Mr Loung (to coordinate most of the transactions for her in Vietnam) and Mrs Lien (to manage the shipping of her products and money) was as good as she could wish for. Stories about both Mr Loung and Mrs Lien highlight how important social networks were to Mrs Sang’s trade operations.

f. The family-like relationship between Mrs Sang and Mr Loung and roles of “give and take” as relationship development tools

Throughout the trip, I witnessed several interactions between Mrs Sang and Mr Loung that highlighted their closeness and mutual trustworthiness, which were very beneficial for Mrs Sang’s trade operations. However, what I have experienced during our last two days in Vietnam when visiting Mr Loung’s new house in Ha Nam province was a striking addition to possible forms of relationships between trading partners. It was evident that they had formed a family-like relationship, a deeply sincere one.

We spent our last two days in Vietnam at Mr Loung’s place. His house warming party was due to be held the following week, but due to time limitations, Mrs Sang could not stay until then. It was the first time that Mrs Sang had stayed overnight at Mr Loung’s place. Mr Loung and his family had asked her to stay overnight in their home many times, but she always refused as his old house was too small and not convenient enough for her. She felt guilty for she thought she should spend some time with Mr Loung and his family. As his new house had a spare room completed and she had finished her tasks early, it was a good time for her to stay overnight at
his place. Mr Loung’s four-storied newly-constructed house was located in a small village in Ha Nam, a few steps from his old house where he produced his cloth bags. The construction has not completely finished: they still needed to finish some small painting jobs: but, the spare bedroom was nicely prepared for us.

It proved a worthwhile trip for Mrs Sang. She had placed quite a few new orders for cloth bags and wallets from Mr Loung and many of his relatives who also owned cloth bag and wallet cottage industries in the same village. Importantly, she got to spend a lot of time with Mr Loung’s family. We only spent a few hours walking around the village ordering products from other producers in the village. Mrs Sang did not deal with any of them independently. She ordered the products and told the producers to send all of them to Mr Loung and contact him if they had anything to discuss. She spent the rest of the time talking to Mr Loung’s mother, wife and four children. She spent one morning buying meat, vegetables and fruit from a local market. And, she helped them to prepare breakfast for the whole family (Figure 5.14 shows pictures of Mrs Sang’s activities while staying at Mr Loung’s home). What I witnessed and felt at that moment reminded me of my own social gatherings with my own relatives. Also, by putting together different parts of their conversations that Mrs Sang translated (as she wanted to include me in their conversation), it seems they were mostly updating their life stories. Some of the conversations included personal issues. For example, Mrs Sang warned Mr Loung not to cheat on his wife (as his wife had expressed certain worries in her conversations with Mrs Sang). However, the most interesting conversation was about Mr Loung and his wife wanting to send their eighteen year-old daughter to work in Mrs Sang’s shop in Mukdahan if she failed the entrance examination to University. Mrs Sang was very happy with this idea.

During my second period of fieldwork at the beginning of 2012, I met them again. Mr Loung came to Thailand for the first time with his eldest daughter. He accompanied his eldest daughter on her trip to Mukdahan, having decided that it was a good idea to have her stay and practice her marketing skills at Mrs Sang’s shop. Mrs Sang took care of her like a daughter. She taught her Thai and even let her sleep in Mrs Sang’s room as if she was her own daughter. Mrs Sang said: “The girl is fast learner... she already knows how to sell things...”\textsuperscript{104} At the time of writing this chapter in 2013, Mr Loung’s eldest daughter still lives with Mrs Sang in Mukdahan. Mrs Sang gave her a Thai name, Nhead, which means eyes. She helps Mrs Sang in her shop and travels everywhere with her. From time to time, Mrs Sang or Ms Pan take her to meet Mr

\textsuperscript{104} Personal conversation, Mrs Sang, 5 April 2012
Loung in Hue and sometimes to meet her whole family in Ha Nam. Mr Loung travels to Mukdahan often to visit his daughter.

**Figure 5.14:** Pictures of Mrs Sang’s activities while staying at Mr Loung’s place. Top left shows Mrs Sang (sitting in the left corner wearing a purple top and white pants) buying fruit in the market with Mr Loung’s wife (sitting next to her). Top right shows Mrs Sang having lunch with Mr Loung’s mother, mother-in-law and son. Bottom left is a picture of Mr Loung’s cottage industry. Bottom right shows Mr Loung (standing, wearing a white top) and Mrs Sang (standing, wearing a purple top and white pants) discussing their work at a cottage industry of one of his relatives.

**Source:** author, 2011

Their relationship is very interesting. Besides being able to trust each other, Mrs Sang’s trips and the stories she related underscored the important role of “give and take” behaviour. In any economy (traditional, command, market and mixed), this common form of behaviour not only sustains but also promotes the success of businesses by creating social pressure. That is, those
who do not reciprocate risk damaging relationships and the benefits arising therefrom. Consequently, “give and take” behaviour is an important factor contributing to the development of their relationship. They have continued to do favours for each other, both by their actions and by giving gifts. Once one receives favours or gifts, they feel obliged to give something in return. That is how the circle of interaction perpetuates and very likely is how their relationships are gradually strengthened. Mrs Sang, after seeing my surprised face when Mr Loung paid for everything during the trip and even giving her pocket money, said: “I never get to pay for anything when I am in Vietnam... he even gave me pocket money..., I will give other things back.”¹⁰⁵ That was the truth. Throughout the trip, she used his money; but, as soon as the money she had requested Ms Pan to send with Mrs Lien arrived, she paid it all back. Mrs Sang constantly bought gifts for Mr Loung, including clothes, shoes and wall decorations for his new house.

By spending a lot of time with her both before and after the trip, I was in a good position to observe that Mrs Sang gave Mr Loung many gifts and did many favours, both for him and for his family. During Mr Loung’s first trip to Thailand a few months after our trip to Vietnam, Mrs Sang sacrificed her time during the peak tourist season in April to show him around Mukdahan and Bangkok. And, she covered all of his expenses during his visit. Mrs Sang also bought watches, clothes, ornaments and shoes for Mr Loung and his family members while we were in Bangkok. Before he arrived, she had sent him several items of kitchenware with Mrs Lien. Mrs Sang said that she felt upset when visiting his house after noting that his family members had only a few clothes to wear and still used very old kitchenware. Also, as Mr Loung’s health was questionable, besides sending him different kinds of medicine, Mrs Sang also took him to a private hospital in Bangkok for a health check during his trip to Thailand.

Adopting Nhead, Mr Loung’s daughter, was also a big “favor” she gave to Mr Loung. Although the two did not spend much time together as they lived in different countries, their policy of “give and take” not only compensated for this separation, but also contributed to the development of their relationship. Thus, overall, my trip to observe the relationships and social interaction between Mrs Sang and the different people in her network, was very profitable.

¹⁰⁵ Personal conversation, Mrs Sang, 25 September 2011
5.4 Concluding summary

Similar to what I witnessed in the short-distance informal cross-border trading process, there were several actors involved in the long-distance informal cross-border trading process. Through their frequent interaction, these actors—in most cases—have developed their social networks. It is these interactions along with social networks that sustain the whole cross-border trade network and thus secure the livelihoods of relevant actors. The case study featuring Mrs Sang reemphasised how informal cross-border trade, similar to short-distance trade, is largely based on personal ties. Her social relations with the people involved in her trading process are critical to the success of her long-distance informal cross-border trading business. This chapter clearly illustrates how she uses her connections to facilitate her trading process. Her relations with trustworthy actors like Mr Loung and Mrs Lien in turn help to secure their trading businesses. At the same time, however, she also benefits from her connections with those she does not trust much, establishing them as buffers (showing that at least she knows how to deal with them). Maintaining relations with different actors, irrespective of whether they are trustworthy and reliable, is important.

While it may have seemed unclear in the previous chapter, Mrs Sang’s case study in this chapter highlighted several kinds of exchanges and sharing as important strategies employed to develop, sustain and improve her relationships and networks with other actors. Her case showed how the guise of giving gifts (exchanges and sharing) is an important part of the exchange economy like informal cross-border trade. Although relevant actors do not operate under any legal framework or are protected by any laws, rules of collaboration and contact are compromisingly shaped through the process of exchanges and sharing.

The issue of trust and its vital role in the informal cross-border trading process is also highlighted. This case study clearly evinces how trust is important. Trust is not just there by chance, but it develops sequentially through mutual exchanges of gifts and favours as well as in accordance with different tests of the trustworthiness of their counterparts. Trust is, in effect, about familiarity. And, if taken further, it is about common understandings. In these instances, these common understandings are cultural insofar as people know what to expect in certain situations and from each other. Additionally, when compared to the western legal system, where in trust is built upon the perception that if is anything goes wrong there is court or police backup, such forms of concrete backup systems do not exist in informal cross-border trade.
Trust is, therefore, also about having fallbacks and sanctions. Measuring the trustworthiness of one’s counterparts by trial and error is a particularly good method. Knowledge of the people in one’s networks is another good sanction. I found that most of the actors in both the short and long distance informal cross-border trading processes usually did not only know their counterparts but also the latter’s families and friends. So, if a person fails to live up to the trust invested in him/her, at least they know what to do and where to find the person. The trust invested in the informal cross-border trading process, hence, is not naive trust. There are certain sanctions in place. The traders know that there are backup systems and that help to build trust. Despite living in different countries, the arrangement between Mrs Sang and Mr Loung, their interactions and the fact that they spoke shared languages helped facilitate the development of trust between them.

In general, and based on the findings in this chapter, the existence of a border has not created obstacles to promoting or sustaining trade; social networks; and trust between related actors in informal cross-border trade. Importantly, Mrs Sang’s case clearly illustrates that borders in fact create certain livelihood opportunities for exclusive trading relationships. For Mrs Sang, crossing the border actually created opportunities for her that did not exist inside Thailand, where she is “just a trader”. The fact that she regularly crosses the Thai, Lao and Vietnam borders has given her special advantages via the social relationships that she has built up through her language, personality, long-term experience, previous family connections and a perhaps a degree of luck. Thus, it may be suggested that borders, rather than creating obstacles, actually facilitate a particular type of trading advantage for a certain type of trade. In Mrs Sang’s case, the border has allowed events to happen in ways that have largely contributed to the success and survival of her business and thus enhanced her livelihood security.

Finally, this chapter also highlights how the complexity of social networks in informal cross-border trade and livelihoods of relevant actors can only be understood through an ethnography or through one’s own immersion in the process. It also shows that only adopting a rational, economic approach to this kind of study might render it hard to understand the complexity of the informal cross-border trade process, especially to understand why Mrs Sang opted not to accept Mr Loung’s brother-in-law’s brother’s offer of cheaper goods.
Chapter 6

Synthesis

6.1 Introduction

This chapter draws together the results/conclusions of the study. My aim is to synthesise the empirical findings and to emphasize the nuanced position of this study vis-à-vis debate surrounding the outcomes of globalisation and regionalisation. I accordingly highlight the agency of informal cross-border traders in negotiating both the obstructive and supportive conditions created by these macro processes. Grounded in the polarised debate appertaining to the outcomes of globalisation and regionalisation, the chapter starts by elaborating upon how globalisation and regionalisation can be both obstructive and supportive of informal cross-border trade (See section 6.2). Then, in section 6.3 of the chapter, I discuss how informal cross-border traders—the majority of whom are women—are able to deal with both their daily business activities and the impacts of macro changes. Focus is on social networks and connections as their vital means. Building on section 6.3, section 6.4 of the chapter further delineates the importance of social networks and connections built upon issues of trust. I discuss how trust can help to increase the efficiency of social networks or, in some cases, can place restrictions on business counterparts. Finally, in section 6.5, the chapter explores the contribution of borders to the vitality of borderland economies and the survival of informal cross-border trade. I discuss how borders can provide arbitrage opportunities and should not be considered only as obstructive to the cross-border economy. While this chapter’s focus on synthesising the empirical findings is an important building block of this thesis and to the existing body of literature, it further provides a rich foundation for the theoretical and methodological implications and policy contribution to be discussed in the concluding chapter that follows.

6.2 Globalisation, regionalisation and their outcomes

This section confirms that it is too generalised and polarised to discuss globalisation and regionalisation simply as either constructive processes which promote a borderless world and development for all or destructive processes which re-create inequality by privileging the
strong. Both sides of the debate are shown to be partly applicable in helping understand the real world situation.

Regarding the positive contribution to development, the neoliberal form of globalisation, of which regionalisation may be considered both an outcome and a response, encourages countries in the GMS to open up and benefit from international connections. Thailand was the first country to reform. In the second half of the 1980s, the remaining GMS countries gradually moved towards a world market. They had witnessed the economic hardship that the communist countries had experienced while countries including Thailand and other Southeast Asia countries had pursued neoliberal economic policies that led to an economic boom. When compared to the closed era, the period from 1975 to 1985, the conditions during the second half of the 1980s were more amenable to trade operations not only of large-scale or registered businesses, but also of marginalised people involved in small-scale informal cross-border trade activities.

After Choonhavan’s battlefields to markets speech in 1988, the GMS countries became much more cooperative with each other. In the study area, the fence installed during the closed area to lock the border was dismantled, allowing cross-border trade to be conducted more openly through channels specified by the government: by barge. Significant numbers of Thais come from all over the region to Mukdahan to trade with Laos and to obtain products from China, Vietnam and Russia through Savannakhet. Many of the informal cross-border traders who ceased their operations during the closed era resumed their businesses. A number of the informal cross-border traders, who were key informants during my research, said that they started their informal cross-border trading businesses only after the border was unlocked. This not only brought the local economies of both Mukdahan and Savannakhet back to life, but also facilitated alternative income opportunities for the local.

The situation became even more relaxed in the 1990s. In 1992, the ADB launched the GMS development initiatives, which included several projects to facilitate cross-border flows. All of the GMS countries now became members of ASEAN: they were committed to reducing all trade barriers in compliance with ASEAN’s goal of integration. Cross-border trade is now recognised by the GMS countries as an important economic sector which will generate significant income for the countries. Basic infrastructure and relevant rules and regulations, have been designed to facilitate cross-border trade flows. To a great extent, these conditions have made it even more convenient not only for registered but also for informal cross-border
traders to process their cross-border trading. The construction and development of roads, ferry ports and the Bridge have helped to smooth the physical relocation of the products and journeys of the traders.

Although informal cross border traders are not registered, the relevant authorities have designed specific measures to facilitate their activities. Government policies have become more supportive of economic transactions at the border, especially exports. And since relevant officials are duty-bound to facilitate trade, there are fewer opportunities for extortion. Thai customs officials are good examples of this phenomenon. Previously, Thai officials took advantage of several government rules and regulations by asking for bribes from those who wanted to transport their products across the border in a more hassle-free way. But now that the government has been promoting fast and cheap export and import procedures by abolishing several restrictions and fees, customs officials have fewer reasons to ask for bribes.

Although a large part of the contribution perceivably comes from an increase in the population numbers, and the expansion of the two provincial towns, the new border setting is not only supportive of informal cross-border trade, but of development in general. Thus, the value of the recorded and unrecorded cross-border trade between Thailand and Laos which is conducted through the border area between Mukdahan and Savannakhet has generally increased.

Conversely, the new border settings created by the current trend of globalisation and regionalisation could also be seen as obstructive to informal cross-border trade, and thus would not promote a level playing field. Compared to the time before the closed era, new border settings established since the 1990s have obviously become more regularised and channelled. From being able to embark and disembark anywhere along the shore, the traders, not including those who decided to smuggle their products via the *ruea noy* (small boat), have to trade using the official barge and ferry ports. This has limited their flexibility. Also, from being able to avoid paperwork and the relevant export and import fees, given that traders could cross the border at any point and at any time, they have now become a requirement. Although these formalities to some degree diminished in the late 1990s as Thailand and Laos worked towards a borderless community, they still persist. It has now been over two decades since the ADB’s GMS initiative was launched in 1992 and Laos joined ASEAN in 1997, yet cross-border trade still cannot be conducted freely. Importantly, even though many new facilities and processes have been set up or developed as part of the two governments’ efforts to promote flows across
the border, more resources are required for informal cross-border traders to be able to make use of or to have access to the available benefits.

Getting tax refunds for exports is a clear example. Informal cross-border traders have to meet many requirements before they can claim a refund. For example, they would first need to know how to process all of the paperwork; and, they would have to be able to pay the processing fee. This means that they would have to trade in a volume that would generate enough profit to enable payment of the fee. This could prove hard for many of the informal cross-border traders, who trade only in hand-carried sizes and only earn a few hundred Baht per day. Also, as the official cross-border trade is channelled via the Bridge, which is located some distance from the city area in which the traders, suppliers and customers are located, the traders would have to invest more time and money in the transportation of their products. This could involve too much work and effort and may not be worth the traders’ while to pursue. As I noted in the area, although acknowledging that they could claim an export tax refund by conducting registered trade, the informal cross-border traders opted to continue their cross-border trading in the same way.

So, to date, it is the registered cross-border traders who are rich in resources, especially finances, who enjoy such privileges. Although being pushed from the barge ports to trade through the Bridge incurred additional expenses for registered cross-border traders as they have had to adjust to new procedures, they are eligible for an export tax refund from the Thai government; that is, those who trade in large volumes and process proper documents. Thus, their cost of product per unit is usually cheaper than that of informal cross-border traders. Additionally, trading through the Bridge has largely minimized the time and money they previously spent transferring products across the river. Economies of scale constitute another prominent advantage. That is, traders can get a greater discounts from suppliers if they purchase products in large quantities. Clearly, such conditions will widen the income gap between informal cross-border traders and registered cross-border traders. There is no positive trend towards a level playing field.

Considering the many difficulties and limitations that informal cross-border traders have to face—despite the governments’ efforts to promote free flows across the border—it may be suggested that instead of breaking down, de-regulating, and de-formalising the border, government responses to globalisation and regionalisation processes have actually re-regulated and re-formalised the border. The change is obstructive to informal cross-border trade to a
certain extent. Also, it is clear that current trends of globalisation and regionalisation to date have failed to promote equal development for all. Clearly, it is less problematic for registered cross-border traders to make use of the newly-developed border facilities and to avail themselves of support programs, whereas informal cross-border traders found that they cannot afford to invest more and to enjoy the benefits of the new facilities and support programs.

Another change resulting from new conditions at the border is the continuous increase in the number of competitors in the market and concomitant decrease in profit made by traders since the 1990s. The governments’ trade promotion policies, the development of border infrastructure and facilities—especially the Bridge—and supportive border crossing rules and regulations have attracted a number of new registered and unregistered traders to the area. These changes also have made it much easier for customers to travel across the border to purchase products themselves. Thus, the price have become smaller and the profits made by informal cross-border traders have therefore declined.

Clearly, neither side of the debate represents the situation comprehensively or accurately. Changes at the macro level can be both supportive and obstructive to informal cross-border trade, depending upon the perspective from which they are examined. However, what is also clear from this study is that it would be too short-sighted to attempt to predict the futures of informal cross-border traders without first acknowledging the agency of the traders; that is, the exercise of their social networks and connections when dealing with changes at the macro level. I will discuss this issue in section 6.3 and, further probe into issue of trust in section 6.4. Importantly, while the promotion of the free cross-border flows is important for regional integration and global interconnection, it would also be imprudent not to consider the fact that unevenness between the two sides created by the existence of the border, in effect, creates cross-border arbitrage opportunities. I will discuss this issue in section 6.5.

6.3 Social networks and the agency of the traders

In addition to confirming that neither side of the debate concerning the outcomes of the current trends of globalisation and regionalisation represents the situation comprehensively, the empirical findings clearly show that informal cross-border traders are not just passive receivers of macro processes and changes. They have agency to deal with many difficulties and changes meted out to them. To a certain extent, they can also shape and re-shape macro changes. They have persisted although high competition has driven out the very weak; and, that the remainder cannot make profit as high as that earned in the past. It has also become clear that for informal
cross-border traders—most of whom are women with limited financial resources, low education levels and a certain amount of domestic responsibilities—social networks are the main tools through which they exercise their agency and, by extension, promote their success.

In Chapter 2, many studies including Wallace, Bedzir and Chmouliar (1997), Muzvidziwa (1998), Thuen (1999), Walker (1999), Peberdy and Rogerson (2000), Chalfin (2001), Muzvidziwa (2001), Fadahunsi and Rosa (2002), Williams and Balaz (2002), Ntseane (2004), Henrik (2006), Sangkhamanee (2006), Kusakabe et al. (2008), Schoenberger and Turner (2008), and Desai (2009), hint at the importance of social networks in the daily business operations of unregistered small-scale cross-border traders and in situations where they have to deal with difficulties and uncertainties. The findings in Chapters 4 and 5 clearly reveal that both long and short distance informal cross-border trade is socially configured and that its existence very much relies on social connections and interaction among relevant actors. Social interaction allows informal cross-border trade to happen; and, it helps to sustain it.

In one way or another, all of the traders I interviewed had to rely on personal networks when setting up their businesses. Mrs Noy and Mrs Wan, for example, established connections with people who later became their customers by assisting their mothers’ earlier trade operation. Mrs Yai, Mrs Ae and Mrs Sri followed their friends and neighbours, who were informal cross-border traders, to Savannakhet where they got their first orders. Mrs Tham also utilised her contacts with her retail shop customers, who wanted her to supply various kinds of products in greater volume. And through her husband, who is a high-ranking police officer, she developed connections which enabled her to begin informal cross-border trading. Mrs Sang, a long-distance informal cross-border trader, largely relied on her social networks when she first started-up her business. Her sister encouraged and supported her move to trade in the Indochina market, where she continues her business today. Taking advantage of the image of the market as a frontier and a gateway to Indochina, she seized opportunities to trade in Chinese and Vietnamese products. Although she did not have direct connections with any of her suppliers in Hue prior to starting-up her current business, her Vietnamese language capability and lineage in Hue gave her the confidence to travel there and to seek suppliers by herself.

Once established, social connections are vital as they help to facilitate and sustain the trading process. While social interaction is basic to any forms of economic activity, knowing how to utilise it can make every step of the trading process smoother and easier. Those who have or can develop good connections with the relevant officials are found to enjoy more privileges
and to bigger discounts on relevant fees. This was obvious in the case of Mrs Tham. Utilising her husband’s connections, she developed good bargaining power regarding the import fees at the KFP and thus could offer a better deal to her customers.

Being able to develop regular contacts with other relevant actors also helped to minimise both the workloads and time of the traders. The cases of short-distance, informal cross-border traders clearly show that the traders do not have to meet their regular porters, three-wheeler drivers and ferry drivers in person every time to ask them to do the work. Informed ahead of time by the traders, three-wheeler drivers can transport products to/from the ferry ports for the traders. Porters can load the products on and off the ferry for the traders. Ferry drivers can also help look after traders’ products while they are being transported if the traders cannot accompany their products to the other side. Additionally, these actors could do other work which was outside of their direct roles for the traders such as collect and transfer money or even do import processing at customs. Take the case of Mrs Sang, she only needs to go to Vietnam a few times per year to place initial orders. Then, she leaves all management in Vietnam to Mr Loung, a very trustworthy Vietnamese cloth bag supplier, with whom she has developed an incredibly close relationship. With regard to logistics and cross-border money transfers, she can also rely on Mrs Lien, a Vietnamese long-distance informal cross-border trader whose shipping service she regularly uses.

There is also short-term money which traders borrow from other traders and contacts and credit that traders seek from their regular suppliers. Unlike registered traders, who can obtain credit for their purchases easily, informal cross-border traders usually have nothing to guarantee that they will repay the money. Thus, they are unlikely to obtain credit from their suppliers. Maintaining regular contact with business partners and making honest purchases, however, helps to increase their creditability and chances of obtaining credit from suppliers. The empirical findings show that suppliers prefer cash-in-hand transactions; but some traders such as Mrs Tham and Mrs Ha, for example, can still buy products on credit from some of their suppliers from whom they regularly purchase products. This gives the traders flexibility in their business operations.

The fact that the traders can access different kinds of information through social networks is also very useful for their daily trade operations—and indeed for their survival in general. Mrs Pin, a Lao informal cross-border trader, when asked how the traders know which ferry drivers are trustworthy enough to bring their money across the border, said that they tell each other
about who can be trusted, thus lessening their chances of being cheated. Many of the traders operate on very minimal revolving funds. Any loss of money would bring difficulties and could easily lead to business closure. Besides warnings and protection, the information gained could also bring news vis-à-vis available opportunities. Many of the short-distance informal cross-border traders, for example, received information through social networks about the promotion of Tesco Lotus, a multinational grocery and general merchandise retailer that set up stores in Mukdahan to take advantage of the governments’ promotion of cross-border flows. Although the promotion was very random, such information gave them the opportunity to access cheaper supply sources and to offer products at competitive prices. Through Mr Loung, Mrs Sang could also access information about different supply sources and was thus able to offer a wide variety of products at competitive prices.

When joined together as collective networks, social networks also help to increase the members’ bargaining power and indirectly perform as a governance system for the community. Mrs Ha’s story is one good example of the issue of governance. She was cheated by one of her regular Thai three-wheeler drivers. News spread rapidly within and across the border; and, as a result, the three-wheeler driver was squeezed out of the chain as no one wanted to use his services. Clearly, her case suggests that social networks help to govern the community. Those who violate communal rules are dealt with by social sanction, a fact known by all of those involved in informal cross-border trading. Social networks thus help to reinforce the communal obligations of the members. As regards bargaining power, the case of some informal cross-border traders who operated their business at the Bridge provides a good example. They were forced by Thai customs officials to use a formal customs clearance procedure which was not cost effective for them. So, they planned to organise a protest. When the head customs official heard this news and feared that the dispute would escalate if publicised, the traders were allowed to continue to trade in the informal way. But they had to cover their products carefully so as not to make them too noticeable in public.

Finally, albeit indirectly, social connections allow traders to gain access to other sources of income that can help to sustain their informal cross-border trading businesses. The case of Mrs Ae and her tourist and van service business is a good example. Mrs Ae became so ill that she could no longer continue her informal cross-border trade at the same volume as before because it required her to travel across the border frequently. She thus decided to use the connections she had established through her informal cross-border trading business to set up a tourist and
van service business. The income from her new business allowed her to continue her trading business—although in a much reduced volume—as her supplementary income source.

Similar to other economic activities in an informal economy (See Turner 2009), networks are vital where the operation and survival of informal cross-border trade is characterised by uncertainty, ambiguity and the absence of state regulation. However, the level of benefit which each trader can acquire still very much depends on the networks that she/he regularly engages with; new networks which the trader is able to develop; and the ability of the trader to utilise these social networks. What is certain, however, is that social networks and connections are fundamental to trading operation and important to the survival of informal cross-border trade in general. They provide opportunities for new traders enter into the business, which in turn keeps the trade active. The ability of the trader to manage her/his daily trading activities is also determined by social relations. Importantly, social networks also enable the traders to deal with conditions created by macro processes, irrespective of whether they are supportive or obstructive to their businesses. In some exceptional cases, the traders can exercise influence over the decisions of more powerful actors, government officials, for example.

Regarding the question of whether they are sufficiently capable to shape and re-shape change at the macro level, it may be said that yes, they are to a certain extent. Although both the Thai and Lao governments intend to close down the traditional checkpoints, including the MFP and the KFP, and have all cross-border trade conducted over the Bridge, all of the check points are still there. And perhaps more importantly, the different scales and forms of informal cross-border trade are informally accepted by the officials. Good evidence of such acceptance is found in the different special treatments and arrangements which the officials provide to the traders. As well as the case of the traders at the Bridge, who put pressure on the Thai custom officials so that they could continue their trade in the customary way, some ferry trips were arranged specifically for the products of the Lao traders. And, the informal employment of Mr Cheep by the Thai customs office to assist them in dealing with the relevant fees to be collected from the traders, were further clear examples. The acknowledgment by Thai and Lao officials that it was their duty to deal with informal cross-border traders was another good indication. These special arrangements showed the ability of the informal cross-border traders to shape and reshape the border settings during the period in which the governments tried to regularise and formalise flows across the border. The above discussion has helped to explain the survival
of informal cross-border traders despite several changes which have not been supportive of their business operations.

### 6.4 Trust as both a facilitator and restriction of trade

This section discusses the issue of trust within social networks, which proved even rarer to find than the issue of social networks in any of the studies I explored. Trust develops through social interaction. Although social networks can exist and be beneficial without trust, they are a prerequisite to trust. The cases of short distance informal cross-border traders reported on in Chapter 4 gave a clear hint of the importance of trust, an issue illustrated even more clearly in the case of Mrs Sang in Chapter 5. These cases show that trust develops and strengthens over time, in different localities, and importantly, across space. Compared to the development of simple social connections, more effort and input are required when building up trust. When it generates positive contributions, however, the degree could also be much higher than that which simple social connections generate. It becomes clear, however, that this does not mean that trust only generates positive contributions to the operations of the traders. In some circumstances, it can also prove a trap which blocks the trader’s opportunity to be fully flexible in her/his trade operations. Instead of illustrating only the positive aspect of trust, in this section, I provide a more nuanced view of trust.

It is common to see informal transactions involving both products and money in both short and long distance informal cross-border trade. Receipts are usually not issued and contracts are not commonly signed. In the absence of state regulation, traders have to take risks, and their expectation is that relevant parties will adhere to social norms of ethical behaviour. However, if it exists, trust between relevant parties will largely help to decrease worry and allow the traders and their contacts to perform their roles with ease. Such contributions of trust, especially where transactions that are particularly vulnerable are concerned, help to save time, energy and money—and by extension, promote opportunities for informal cross-border trade to survive. The cases of both short and long distance informal cross-border trade in Chapters 4 and 5 clearly illustrated this point. Regarding short-distance informal cross-border trade, transfers of cash across the border are clear examples. Mrs Tham regularly passes on her money, which could amount to in the vicinity of a hundred thousand Baht, to her suppliers in Mukdahan through Lao ferry drivers and a Thai three-wheeler driver. She usually hands over cash to Lao ferry drivers whose services she regularly uses. Then, the ferry driver will pass it on to one of the Thai three-wheeler drivers who has worked for her for several years. The three-wheeler
driver then passes it on to the suppliers when he picks up a new lot of products or when it is convenient for him. Although all are processed without any receipts, she said that she trusts them and there has been never been a problem. Based on information gained from many key informants, this practice seems to be very common among traders, especially the Lao traders. Because the Thai export procedure is much easier than the Lao import procedure, their presence at the MFP is not essential. As they do not have to accompany their products at all times in Mukdahan, they try to arrange things from a distance so as to save time, energy and money. Trust allows them to enjoy such privileges free from worry.

This was very clear in Mrs Sang’s case as well. It was very obvious that she saw trust as vital to her trade operation and that it benefited her business. Her trading process largely relied upon on trust, as in the example of the way she transferred money through her networks. All of the transactions were done informally, with neither formal contracts nor receipts. Mrs Sang found being able to manage her payment this way both convenience and cheap. All she had to do was to transfer the money into the bank account of her landlord. And, she did not have to pay any transaction fees to the bank which would have cost her quite a significant amount considering the total value of the transaction fees she had to pay for each transaction to different suppliers individually. Her trusting relationship with Mr Loung also brought her enormous benefits and was vital to the survival of her business. The fact that she could rely on him to manage most of her business deals in Vietnam on her behalf, which also involved financial dealings, proved most convenient. Having Mr Loung as the main supplier of the cloth bags that were her main products also helped to decrease the vulnerability of her supply chain. Before she met Mr Loung, Mrs Sang had been searching for unique products from different suppliers; and, she sought to control her suppliers so that they would supply particular patterns to her only. She had been struggling to deal with very strong competition caused by the influx of Vietnamese informal cross-border traders who were usually found trying to duplicate her products. This competition usually led to price wars. With Mr Loung, she had a lot of control over her supply source. She could ask him to produce the design she preferred and would be sure that he would never supply similar products to another dealer. So, similar to the cases of short-distance informal cross-border traders, trust provided a significant guarantee for Mrs Sang’s trade operations. It helped her to save time and energy, and it also minimised her operational costs. Importantly, it helped decrease the vulnerability of her business and increased her opportunity to survive.
Although trust can generate countless benefits (especially when compared to simple social connections), considerable time, effort and resources are required to build up trust. Honest interactions and, in many cases, reciprocal exchanges of gifts and favours over a certain period of time are the keys to the development of trust. Relationships between short-distance informal cross-border traders and their counterparts, that is, those whom they trust enough to transfer their money, confirm this proposition. Unlike their simple social interaction with other counterparts, traders are usually found to have frequent honest and close interactions with these actors over long periods of time. While they may have many suppliers, they only have a few porters and three-wheelers drivers whose services they use for all of their shipments. While they only contact their suppliers regarding business issues, they tend to mingle more with their regular porters and three-wheelers. It is with them that they share their personal issues. They also share meals with them and help them with money issues. In addition, they interact socially with porters and three-wheelers outside of work settings and at various ceremonies and other social gatherings. They know their families and their family members know them as well. Importantly, they worry about each other. Reciprocal exchanges of gifts and favours are also very common. Mr Rid, a Thai porter, told of his relationship with some Lao short-distance informal cross-border traders, who regularly used his services. They asked him to transfer money to their suppliers in Mukdahan, clearly illustrating the trust between them. He has worked for and been associated with them for several years; and, he frequently socialised with them outside of their work settings. Although they usually contacted each other on work related matters via phone, Mr Rid often travelled to Savannakhet on his holidays. He often attended parties organised by these traders in Savannakhet. They gave him food and shelter and sometimes money. Mr Rid seemed to enjoy those privileges. At the same time, he felt obliged to try to repay them. One good indicator was that he never complained that he had to help them transfer money to suppliers for free. It had become part of his routine. Whenever he went to Savannakhet, he also made sure that he visited his customers. He worried about their feelings. He did not want his customers to feel offended. Mr Rid often accommodated traders and their family members during their holidays in Mukdahan as well. Attending the Lao traders’ rituals or merit ceremonies was another way of returning their favour.

The relationship between Mrs Sang and Mr Loung, whose ties were really close, also illustrates these points very clearly. They had known each other for almost ten years and they had been supportive of each other in several matters from business operations to personal issues. Importantly, they had both passed different character tests and had proven trustworthy in each
other’s eyes. Mr Loung, an honest supplier, never sold the same products to others, and never tried to take advantage of her by sending her bad or mixed quality products like many of her suppliers had done. In addition, he also assisted Mrs Sang when she purchased products in Vietnam, even though he stood to gain no monetary benefit. Whenever Mrs Sang travelled to Vietnam, Mr Loung made sure he was there to take care of her, usually throughout the whole trip. Outside of the work setting, he also took care of her and her daughters almost every time they went on holidays. Although he was not very well-off, Mr Loung tried to cover several costs for Mrs Sang: this was clear during the eight-day trip in Vietnam and from stories told by Mrs Sang about her other trips to Vietnam. She seemed to acknowledge his good intentions, saying she would pay him back in other forms.

Similar to Mr Rid’s case, namely the feeling of being obliged to return gifts and to repay favours to their counterparts, seemed to be the main engine driving the give and take processes and, by extension, the building up of trust between Mrs Sang and Mr Loung. This point became clear when looking at how Mrs Sang interacted with Mr Loung. Mrs Sang had not only been Mr Loung’s main customer insofar as she bought most of his products; she was also an honest customer. Contrary to the general business aim of minimising costs, she decided not to accept Mr Loung’s brother-in-law’s younger brother’s offer. This person tried to offer to supply her with cloth bags at cheaper prices. Mrs Sang valued her relationship with Mr Loung so much that she did not want to risk upsetting him. Outside of their work settings, she had also been very supportive and giving, both to him and his family. Occasionally, she either sent or personally gave several items (ranging from food and clothing to luxury items) to him and his family. Many times, she hosted Mr Loung and his family on their holidays in Thailand. Whenever he was ill and expenses had to be met, she took him to private hospitals in Thailand as she believed they could provide him with good medical treatment. Recently, she invited his daughter to stay with her and learn how to sell the products in her shop. She took care of Mr Loung’s daughter in the same way she cared for her own daughters; and, this made her relationship with Mr Loung stronger. I want to stress the unique characteristics of Mr Loung and Mrs Sang—particularly Mrs Sang’s Vietnamese background—as crucial factors which made her relationship with Mr Loung uniquely beneficial and geographically disbursed.

While the above discussion tends to lead to the conclusion that trust is a high yield indicator of considerable investment of time, effort and resources, the study will also suggest that reliance on trust alone could both directly and indirectly create difficulties for trade operations under
some circumstances. Regarding short-distance informal cross-border traders, for example, many times they were confined to the services of particular porters and three-wheelers drivers only. While having regular porters and three-wheelers drivers working for them proved beneficial in many ways (as discussed earlier), it also meant that they had limited flexibility. The absence or unavailability of porters and three-wheelers drivers could be very problematic for the traders. One good example was when Mrs Tham could not transport her products across the border during the Songkarn festival, a time when the demand for different kinds of products from Thailand is very high. Her regular porters were on holiday and she could not use other porters because they had prioritized products from other traders who were their regular customers. Mrs Sang was also trapped by her business-cum-personal relationship with Mr Loung, with whom she was very close. Although she enjoyed several benefits from their relationship, at the same time she had become less flexible vis-à-vis seeking optimal profit. The fact that she opted to refuse the offer from Mr Loung’s brother-in-law’s younger brother was a very good example. Although it may have allowed her to minimise her operational costs, she did not want to risk hurting Mr Loung’s feelings in full knowledge that such a business arrangement would ultimately lead to the loss of several benefits that accrued to her through connection with him.

Nevertheless, overall, the negative consequences of reliance on trust and close ties only minimally constrained the traders. Mrs Tham rarely encountered the situation in which she could not transport products across the border. Mrs Sang remained flexible in all other activities of her trade operation. And, the benefits Mrs Tham and Mrs Sang acquired from their close ties with their regular counterparts, Mrs Tham’s regular porters and Mr Loung respectively, outweighed their loss.

6.5 Borders as barriers versus opportunities

My study of short and long distance informal cross-border trade shows that while a border is a line that can on occasion be obstructive to cross-border business, such lines also help to create a wider borderland economy—or border town economy—by maintaining the differences between the two sides of the border. A border is a sudden shift or gradient separating one area from another which, by its very existence, creates several arbitrage opportunities for informal cross-border trade. This underpins the very reason why all the actors—not only the traders, but also suppliers, three-wheeler drivers and porters are operating there. Figure 4.1, which shows the networks of short-distance informal cross-border trade in Chapter 4 is a good example of
how border economies interconnect different actors living on the same and opposite sides of a border.

Similar to other forms of border economies, informal cross-border trade has emerged out of the differences that appertain between the two sides of a border. Although the differences in demand and supply along with the prices and availability of products in adjacent countries are not good indicators for a neoliberal form of development, such differences provide arbitrage opportunities for traders to exploit. Consequently, they create ancillary occupations for other relevant actors. My discussion in section 6.1 depicts border as barriers to informal cross-border trade; however, it only focuses on the impacts of borders on cross-border flows. By considering only the flow, it was almost impossible to conduct cross-border trade during the closed era; and, it was equally difficult during the transition period. As a result of the new border settings, which re-regulate and re-formalise the border, registered cross-border trade tend to benefit more. When one consider the benefits the traders receive from the differences between the two sides of the border caused by the existence of the border, the border can be considered as presenting opportunities for both the traders and others involved in said informal cross-border trade.

During the closed era, many traders attempted to continue their trade albeit at risk of being shot by patrol units of both countries. The closure of the border led to a scarcity of different kinds of products in Lao PDR that drove the demand for products from neighbouring countries, especially from Thailand, so high that the profit the traders made was worth the risk. While many ceased their operations, some like Mrs Yai continued, her main driver being high profit. Boat owners, some whom used to ferry some traders across the border, also benefited from the existence of the border. Instead of ceasing their operations, they could still earn money by helping the traders to smuggle goods across the border.

Informal cross-border trade flourished even more during the transition period when limited transactions were allowed. Although many new restrictions were introduced by both the Thai and Lao authorities to control the flow, there was an influx of informal cross-border traders into the market, ready to grab arbitrage opportunities. Because only a limited volume of trade was allowed and Laotians were still not allowed to cross the border for trading purposes, many products remained scarce. Together with the scarcity of the products, the high demand for Thai products allowed a higher mark up. Compared to the closed era, the situation during the transition period was much more relaxed and less risky. Realising that they could now make
high profit in less risky conditions, many Thais started their cross-border trading businesses. Mrs Ae, a Thai short-distance, informal cross-border trader who started her trade during this period, found that she could make a very significant amount of profit. Interestingly, many people who were not professional traders, such as barge crews and truck drivers, also exploited their opportunities to conduct cross-border trade, finding they could earn handsome profits as well.

This, however, did not mean that a more relaxed border provided more benefits to traders and others involved in the informal cross-border trade. According to Mrs Ae and other short-distance, informal cross-border traders, the profit per unit they could now earn was much less than in the past when the border was more controlled. Competition became much higher than in the past as flows across the border become less restrictive. Consumers now had easier access to products from another country, both directly and indirectly. Moreover, differences between the supply, demand, and price of products on both sides of the border were reduced. Their profits were therefore not as high as before. After the opening of the Bridge, ferry drivers also did not have their work as frequently as in the past. Thai and Lao porters and three-wheeler drivers earned considerably less than in the past as the trade volume and profits of traders who previously were their customers declined.

The case of Mrs Sang is very clear evidence of a trader who has efficiently managed to exploit the benefits flowing from the current existence of the border, especially because the differences across the border enable differences to be exploited. The fact that Mrs Sang could track and order many of her products directly from producers has allowed her to access much cheaper supply sources and thus to offer her products at competitive prices. In Vietnam, the availability of certain products is also different from those available in Thailand. Not only are the styles and materials of the products different: the origins of the products are also different. These are additional good selling point for her products. Also, because Mrs Sang could control the production of cloth bags produced by Mr Loung, her products became even more unique. Clearly from her case, it is obvious that the border has created business opportunities for her. The fact that she was able to cross the Thai, Lao and Vietnam borders gave her specialised advantage. This is mainly because the border that has allowed things to happen in ways which have largely contributed to the success and survival of her business.

Thus, while flows across the border can prove obstructive, the border can also create opportunities for certain types of trade. In some ways, the existence of the border, despite the
governments’ efforts to create borderless communities, can be beneficial for and supportive of the survival of informal cross-border trade. Differences still persist between the two sides of the border, differences that traders can exploit and that ultimately work for other relevant actors. The breakdowns of borders, a goal that the current trend of globalisation and regionalisation aims to achieve, if accomplished, could eliminate certain opportunities that the borders provide for border economies. It is important, however, to acknowledge the contribution of social networks and connections to promoting the ability of traders and other relevant actors to take advantage of the opportunities that borders offer. Without social networks and connections with kin and non-kin actors, many of the traders—and other relevant actors—might not be able to enter into business let alone bridge the borders.

6.6 Concluding summary

Ethnography, through the application of participant observation, allowed this research to explore and investigate issues of informal cross-border trade in relation to globalisation and regionalisation processes. The study confirms that it is too generalised and polarised to discuss globalisation and regionalisation simply as either constructive processes that promote a borderless world and development for all, on the one hand, or as destructive processes that re-create inequality by privileging the strong on the other. Rather, I would suggest that the issue is more complex. Both sides of the debate are found, to a certain extent, to have merit; and, what is equally important is that the outcome should not depend solely upon two processes.

There is a mutual linkage between macro processes and what happens on the ground. That informal cross-border trade still exists, despite having had to face myriad difficulties, confirms that local actors have agency to deal with the conditions created by macro processes. Social networks and connections are keys to their survival. The cases of informal cross-border traders in this study—who are predominantly women with limited financial resources, a low educational background and a certain amount of domestic responsibilities—prove that social networks and connections are their vital tools when dealing not only with daily business activities, but also with difficulties and opportunities created by macro changes.

The cases have also proven that although social networks can exist and be beneficial without trust; and, that over-reliance on trust can be obstructive in some circumstances, when trust exists, it generally generates greater benefits to the traders compared with simple social connections. In addition to social networks and traders’ connections, the existence of the border
also makes a significant contribution to the survival of informal cross-border trading. Borders help maintain the differences between the two sides of the border. Although often seen as conditions which need to be eradicated to achieve development for all, the differences in demand and supply, as well as the prices and availability of the products which are largely contributed by the existence of the border, provide arbitrage opportunities for traders to exploit. At the same time, as borders concentrate economic activity geographically, they create multiple ancillary occupations including three-wheeler drivers and porters, which diversify and deepen the structure of local economies.
Chapter 7

Conclusion

In this final chapter, I have briefly summarised the main research findings and highlighted the theoretical and methodological implications for this particular field of research. In addition, I offer the policy contribution of the study and suggest subjects and areas for further research.

Here, I take an opportunity to recall the composition of this thesis. The first chapter discusses the research background, justifications, research methodology and approach. The second discusses the relevant literature and emphasises the necessity of the study to move from regionalisation to borderland and livelihood studies of small scale traders. In the third chapter I provide a general profile of the study area and an historical overview of cross-border trade in the study area. The fourth chapter delineates the trade and social networks of multiple short-distance informal cross-border traders and investigates the agency of the traders. Chapter five is a complement to chapter four. It utilises a detailed case study of one long-distance informal cross-border trader whose networks are distributed in different localities to further probe the role of social networks in ensuring the survival of informal cross-border trade. Issues of trust, glanced over in chapter four, are highlighted and thoroughly investigated in chapter five. The sixth and penultimate chapter synthesises the empirical findings of this research.

7.1 Summary of the findings

This research questions how people involved in informal cross-border trade, especially female traders, utilise social networks to negotiate changes in state policies and actions resulting from states’ responses to the current neoliberal forms of globalisation and regionalisation processes. The research confirms the need to move beyond simplistic generalised assumptions vis-à-vis these processes as either processes towards a borderless world or processes which benefit only the strong and the rich. Ground-based research—specifically participant observation of the agency of local actors—in a borderlands context, coupled with a livelihoods approach, are precisely what allows the research to present a nuanced approach to regionalisation and its implications for small-scale players such as female traders.

Instead of seeing traders and other people involved in informal cross-border trade as passive receivers of outcomes of macro processes and changes, this study found that these actors have
considerable agency (a) to deal with trade-associated difficulties and changes; and, (b) to shape their own economic and social lives. Although most of the traders are women with limited resources who also must shoulder certain domestic responsibilities, they are rich in social capital—notably social networks and connections that enable informal cross-border traders to reformulate their livelihood strategies and adjust their lives to changing socio-economic structures and power relations. In one way or another, all of the traders required personal networks involving kin and non-kin actors for the starting, continuation and development of their businesses. In some cases, the ways in which connections evolved were akin to family connections and proved beneficial to the survival of the business. Porters, three-wheeler drivers and ferry drivers were among those absorbed into such networks.

Trust emerged as a vital part of social relations. Social networks based upon trust in some cases ensured the survival of informal cross-border trade businesses. While unarguably social networks can exist and prove beneficial without trust, the latter ensures more efficient, long-term business development. It is commonly found in informal cross-border trade that receipts are not issued, contracts are not exchanged and there is an absence of state regulation. Thus, traders take risks with the expectation that the relevant parties will adhere to the social norms of ethical behaviour. In other words, business is built upon expectations of trust. This is even more so when trade is undertaken at a distance and certain responsibilities are delegated to others. Although social networks and the creation of trust can link individuals to particular trade connections that constrain their development of new connections, the ultimate benefits of continuity prove invaluable. And, in selected cases of informal cross-border trade, the constraints were minimal; that is, never enough to impede business development.

Despite competition from larger registered businesses and attempts by states to regulate and channel cross-border trade, personal connections have enabled both the traders and other relevant actors to maintain their livelihoods in the face of intense competition. These connections have ensured the continuation of informal cross-border trade. Some of the traders have been squeezed out of the relevant markets. Notwithstanding, significant numbers have sustained a substantial trade in an increasingly difficult social-political environment by carefully developing and manipulating social networks.
7.2 The implications of and contribution of the findings

7.2.1 Theoretical implications

This research provides empirical evidence which contributes to a broader understanding of the outcomes of neoliberal form of globalisation and regionalisation processes. Globalisation is usually conceptualised as multi-dimensional and multi-level integration, a process towards a borderless world (Friedman, 2012; Harvey, 1990; B. S. Turner, 2010). Regionalisation is seen by many, especially by those who support the idea of a free market—particularly the IMF, the WTO, the World Bank and the ADB—as a stepping stone towards a borderless world. Yet these two processes are equally critiqued by many as uneven processes which recreate inequality out of already existing inequality (Cumbers, 2009; Grewal, 2008; McCarthy, 2009; Sparke, 2009). However, there is an increasing number of literature (e.g. Desai (2009), Kusakabe (2009), Schoenberger and Turner (2008), S. Turner (2013) and Wallace, Bedzir, & Chmouliar (1997)) which challenges the dichotomised debate on neoliberal forms of globalisation and regionalisation through the investigation of local agency. This present study supports this growing body of literature by illustrating that, in effect, they are neither one nor the other. While globalisation and regionalisation processes, via the ASEAN and the GMS, have created several favourable conditions for trade openness, they have failed to create borderless communities. In the study area, for example, the border is still intact. The check point at the Second Thai-Lao Friendship Bridge reflects the efforts of both the Thai and Lao governments to formalise and channel flows of people and products across the border. And, while clearly the newly introduced rules and regulations and well-developed basic infrastructure tend to benefit those with more resources, particularly registered cross-border trade companies, they have not been instrumental in making the weaker, especially the informal cross-border traders, disappear. By utilising their social networks, informal traders have been able to sustain their businesses.

In line with the opinions of many scholars such as Gidwani (2009); Kusakabe et al. (2008); Manza (2006); Manisha (2009); Peberdy (2000); Portes and Sensenbrenner (1993); Sangkhamanee (2006); and, Walker (1999), this study confirms that social networks are vital to the persistence of informal cross-border trade. Similar to many economic activities in the informal sector (S. Turner, 2009), informal cross-border trade facilitated by reciprocal social interactions. Conforming to what has found by different scholars, the findings confirm that an individual’s social networks bring her/him into work and business spheres and support her/his
roles and performances. Clearly in the case of the traders, the networks grant them privileges and discounts; provide them with information; minimise their workloads and time; give them access to credit sources; and offer them linkages to other income-generating opportunities. Collectively, social networks also help to increase their bargaining power. And, in the absence of formal regulations, social networks are particularly important inasmuch as collectively they can also perform as a governance system for the community. And, when trust develops, the benefits multiply.

Traders’ employment of social networks as a livelihood strategy fits perfectly with the neoliberal concept that “human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong property rights, free markets and free trade” (Harvey, 2005, p.2). This study clearly illustrates how traders are capable of utilising their social networks to promote their well-being and develop entrepreneurial responses to the increased formalisation of trade practices under neoliberal sensibilities. The establishment and utilisation of trade and social networks by informal cross-border traders in response to macro-level changes implicates more than social capital but the agency of the traders to adjust and survive.

While acknowledging the supportive roles of social networks in the survival of informal cross-border trade, this study also confirms the negative consequences of trust and close ties, that is, the limiting of flexibility. These findings support the work of some other scholars (such as Grabher, 2009; Portes & Sensenbrenner, 1993) who argue that while close ties can be positive, they can also lead to negative consequences. Take, for example, the case of Mrs Sang, a long-distance informal cross-border trader (See chapter 5). Her close ties with one of her main suppliers (Mr Loung) limited her flexibility to source other suppliers of cloth bags and wallets. Again, in the case of short-distance informal cross-border trader Mrs Tham, her regular contact (close ties) with her porters (and other traders’ regular contact with their porters) limited her ability to find porters to help her carry her products down to the ferry, for example, when her regular porters at the MFP take their holidays during Songkran festival. However, the negative consequences of the close ties found among my key informants were minimal compared to Grabher (2009) and Portes and Sensenbrenner’s (1993) concept of mobility trap. None of them was trapped (or negatively affected) by the demand for jobs and loans from their contacts. None of them was trapped by the levelling pressures of their communities or peers, which may have prevented them from exercising mobility and moving upward. Mrs Sang, although trapped by her close ties with Mr Loung, remained flexible in all other activities of her trade operation.
Importantly, the benefits she acquired from her close ties with Mr Loung outweighed any loss of opportunity to source other suppliers of products similar to those produced by Mr Loung.

Finally, rather than supporting the notion of borders as total obstructions to cross-border economies, this study finds borders not only barriers to but also opportunities for informal cross-border trade, another reason promoting survival opportunities for informal cross-border trade. Wastl-Walter (2009), Thuen (1999) and Peberdy (2000) see borders as barriers that can be bridged by locals, especially those who speak the language of—and are familiar with the culture of—the other side. A border’s perceived obstructive nature provides an opportunity for informal cross-border traders to exploit arbitrage opportunities arising from differences in prices; the availability of products; and the mismatch between supply and demand on opposite sides of the border. What this research adds, however, is that it clearly highlights the use of social networks as the main tool assisting the locals, notably the informal cross-border traders, to bridge the two sides of the border.

7.2.2 Methodological implications

The value of ethnography becomes clear when one notes the approach employed by this thesis. The research style pursued provides an excellent example of how applying an ethnographic approach can produce a thick description (Geertz, 2003) of the livelihoods of the locals whose living and working conditions are largely influenced by changes occurring at the macro level, especially through states’ policies and actions. Ethnographic details of informal cross-border trade explained in terms of individuals’ life histories are among the main contributions of this study. Ethnographies involving participant observation help to capture many issues which quick questionnaires or checklists and a direct rational economic approach may not be able to elicit. Informal cross-border trade is very complex by nature; it is not only socially and locally embedded, but is also multi-local, so intricate that it can only be understood through the immersion of the researcher in the process. While it is true that researchers in general have little prior knowledge of what they are undertaking, I want to stress here that informal cross-border trade is rarely documented. And, because it is conducted informally, its nature can be quite unpredictable. Participant observation allows for more flexibility and opportunities to discover many things that were hitherto unexpected, in other words not already known about and hence unanticipated in interview questions. During this research, I watched what my participants did in different places, observation that led me to ask them to explain what was
happening. The interaction between what people say and what actually happens is vitally important; and, often interviews fail to capture the essence of these exchanges.

Without ethnography, it would have been difficult to access information about types of products and the estimated value of informal cross-border trade. Unlike recorded trade, this information is not documented. Observing trading processes at different places across the border gave the researcher time to watch the various kinds of products being purchased and transported from suppliers to customers. It also provided an opportunity to estimate and to seek information about the trade volume dealt with by various parties. Without ethnography, it would have been impossible for me to acquire information about many unforeseen issues. One good example is when I learned that it was common for traders to transfer huge amounts of money across the border(s) through ferry drivers, porters and three-wheelers drivers without having to procure a receipt. I stumbled across this information when spending time talking to Mr Rid, a Thai porter, about other issues. Suddenly, he said he had to leave because he had been asked by one of the traders, a regular customer, to transfer a sum of money to her suppliers. Later, I asked him some follow-up questions and included such unexpected findings in my list of issues to be explored further. This discovery was very beneficial for understanding the social networks of informal cross-border traders and associated issues of trust. Although I understood the informal nature of the activities, I would not have dared to assume that people living on opposite sides of a border between countries that had experienced very intense conflict in the past, could trust each other enough to ask favours vis-à-vis transferring large amounts of money across the border(s) without legal backup.

Among all of my informants, Mrs Sang’s case provided very clear evidence of the value of ethnography given that it allowed me to observe the multi-local lives of the traders. Given the multi-locality of Mrs Sang’s life and the flexibility that ethnography allows, I was able to observe her extensive trade practices and social networks in different localities, observation that helped to promote a better understanding of issues related to informal cross-border trade. I spent several days with her and her family at both her shop and house; and, I joined in several work and leisure activities. I also spent a significant amount of time with her while accompanying her to many places in Vietnam on one of her trips. Observing her activities enabled me to record her activities; relationships; conversations; and responses, and to ask her relevant questions. While one cannot deny the benefits that have accrued from the familiarity and trust that Mrs Sang and I built up along the way, which were only revealed through ethnography, her case provides clear evidence that the really deep value of ethnography is in
effect about: (a) being able to observe or watch what is happening on the ground; (b) looking at other related aspects; and, (c) following up opportunities; for example, when I went to Vietnam.

Because ethnography provided me with both the opportunity and flexibility to follow Mrs Sang to Vietnam, I gained an insight into how her long-distance informal cross-border trade operated and how she heavily relied upon social networks and trust built up between herself and some key actors in her networks, especially Mr Loung. Before I followed her to Vietnam, Mrs Sang talked about Mr Loung a lot, but only about how he was her main supplier, never cheated her, and took care of her during her trips to Vietnam. It was only when I accompanied her to Vietnam that I came to know how close they were to each other and how they had developed a familial relationship. Interestingly, I was also able to learn about Mrs Sang’s loyalty to Mr Loung when I discussed with Mrs Sang the reason why we were locked up in the room during the housewarming party at Mr Loung’s sister’s house, after Mrs Sang was approached by Mr Loung’s brother-in-law’s younger brother. Although I do not understand Vietnamese language, the reason was clear from the way they reacted to each other and from Mrs Sang’s explanation of what was transpiring. During the trip, I was able to ask many questions about what had happened, questions I would not have thought of had I not had the opportunity to join her and be part of her trip. Ethnography, through participant observation, allows such fruitful events to be recorded. I was unable to predict what was going to happen, but I had many opportunities to watch the complexity of the decisions being made, the contexts in which this was occurring and of the trade being entered into. These were the advantages of observation.

7.2.3 Policy contribution

The findings in this research have pinpointed the policy dilemma. While on the one hand, this research shows very clearly how people involved in informal cross-border trade have kept their advantage through their social networks and through the informality of not having to deal with mountains of paper work and formal processes, on the other, they remain at risk of being marginalised. The dilemma is as follows: should informal cross-border traders become part of a system with more regulations, more formality and more taxes? Or, is it better that they stay outside the system and remain informal? Furthermore, regarding changes in policies and laws, to what extent should concerned officials be more consultative? That is, should policymakers work with the people involved in informal cross-border trade to determine what works for them as a group? Thus, another contribution of this study is to raise the following question: are
policymakers fully aware of the unintended consequences or changes that may impact informal cross-border traders’ livelihoods?

There seem to be problems in this regard, especially with current policies and regulations development processes which make relevant policies and regulations non-inclusive. In other words, they fail to benefit informal cross-border trade. It is not recognised by states. And, because none of the information is recorded, it is impossible for them to be included in the considerations of policy makers. A further obstacle is that policies and regulations tend to be centrally designed, by policies makers who do not understand the real situation on the ground. In Lao PDR, policies and regulations are centrally designed, and their enforcement is also centrally determined at either the main offices in Vientiane or at provincial headquarters. In Thailand, although there has been a degree of decentralisation, it has mainly been in the enforcement of policies and regulations, which are still very much centrally designed by the above policy makers. The information which these Thai and Lao policy makers draw upon is mainly acquired from reports prepared by local administration officials. It is essential for policymakers to have a real understanding of situations concerning informal cross-border trade at the ground level. As well, it is important for policymakers to have effective consultative development, monitoring and evaluation systems in place to make policies and regulations applicable in promoting the well-being of particular groups of people impacted by regionalisation such as informal cross-border traders.

7.3. Limitations of the thesis and avenues for other research

Similar to any research, this research is at best partial. Any research is an element of a broader picture. However, the limitation which possibly opens avenues for other research is the limitation of the number and variety of cases in this thesis. Because developing trust relationships with relevant actors requires considerable time and effort, I could only explore particular groups of informal cross-border traders at one particular border. Informal cross-border trade at other borders and at other crossing points should be explored to prove further the implications of the findings from this study. Ethnography is strongly recommended as a research approach. Despite it being among the reasons that have contributed to the limitations, it is still unarguably the most effective research approach.

In addition to extending my methodology to studying similar types of informal cross-border trade which are conducted through official crossing points at other borders in the GMS or
elsewhere in the world, informal cross-border trade conducted at traditional crossing points is strongly suggested as a possible avenue for other research. Based on my fieldwork observations, informal cross-border trade at traditional crossing points is very active. What is of particular interest is the fact that traditional crossing points are located in the remote areas of the border. For this reason, both suppliers and end customers are quite different from those who have been the focus of this research. Suppliers operate their businesses on a much smaller scale. The Laotians who come to buy their products are mostly farmers buying for household and farm usage. Those who buy products for trading purposes are generally local elites, buying goods to sell in their shops. The varieties of products tend to be low: they mainly consist of cheap consumer and agricultural products. But, most importantly, the degree of informality is much higher than in informal cross-border trade which I have selected as the focus for this study. I will advocate further exploration of the complexity of trade and social networks of informal cross-border trade conducted through traditional crossing points ascertain if social networks work in such trading conditions as well. The study of illegal cross-border trade, which is conducted in significant volumes in the study area—and indeed in most border areas around the world—could be another subject of research. Exploration of social networks on the most extreme sides of cross-border trade could be undertaken as well. There is also considerable scope for comparative studies of ways in which social networks operate in different types of informal and unregistered cross-border trade or in different socio-political contexts in countries and regions undergoing regional integration processes.
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