Trade and Social Networks of Informal Cross-Border Traders in the Greater Mekong Sub-region

Strategies for Survival in a Globalising World

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Objectives of the Research

The research examines the degree to which globalisation and regionalisation have affected trade operations of informal, cross-border traders. The focus is on change in border and cross-border trade governance schemes. Specifically, it aims to investigate the extent to which trade and social networks are used by informal cross-border traders to overcome difficulties and benefit from opportunities created by these processes.

Fieldwork Methodology

Ethnography is the main methodology applied during fieldwork. First-hand observation provided extensive and in-depth findings about the issue. Close relationships with informants help ensure the collection of detailed and accurate information.

The Setting

The study area for this research is at the Thai-Lao border at Mukdahan and Savanna-khet Provinces of Thailand and Lao PDR. This has been an important border crossing for many decades.

Since the 1990s, the area has regained importance as an important node in the so-called ‘East-West corridor’ in the Greater Mekong Sub-region (GMS), promoted by the Asian Development Bank and other regional players. As a result, trade and social relations have been changing rapidly in the area.

Increased regional economic integration in the GMS—encouraged by wider macro tendencies of globalisation and regionalisation such as information and communication technological development and ASEAN Free Trade Area (AFTA)—has created several changes in the area:

- Improvements in transport infrastructure
- Removal of trade barriers and redundant-trading and logistic procedures
- Many reports (e.g. Asian Development Bank 2007; Kusakabe et al., 2008; Sothirak, 2002) have pointed out mixed economic and social impacts from the change in cross-border governance of the GMS states.
- Male-dominated, large-scale, cross-border traders who use formal trade channels are identified as the winners in this new trade landscape.
- A number of female-dominated informal cross-border traders are squeezed out of the market.
- Evidence from fieldwork, however, shows that a significant number of informal cross-border traders survive and are doing well. Furthermore, there has been a continuous inflow of newcomers into the market.

Policy contradictions...

Governments’ efforts of promoting trade liberalisation through initiatives at facilitating and streamlining cross-border trade have contributed to significant increases in cross-border trade in the area.

At the same time, however, governments have attempted to regularise and channel flows of trade.

This blend of trade liberalisation on the one hand, and increased regulation and formalisation of trade on the other, characterises a new phase of border governance.

Preliminary findings

Although operating at the local (micro) level, networks have empowered informal cross-border traders and related actors to be able to negotiate with the increasing pressures from macro tendencies of globalisation and regionalisation.

Using professional and personal networks across space, several informal cross-border traders and related actors who operate their businesses manage to survive and some are doing well in a rapidly changing border landscape.

Social network—an important phenomenon in informal cross-border trade

Similar to the notion that networks are crucial in all kinds of activities that involve interactions among human beings, networks are found to play important roles in both the survival of existing informal cross-border traders and the entry of the newcomers.

These networks are not only important for the cross-border traders themselves, but also other people involved in ancillary trade activities, such as three wheeler drivers, ferry drivers, and porters.

Networks bring people in, increase their income, provide linkages to good sources of information, minimise workload and time, and provide access to credit sources as well as other income generation opportunities. Collectively, networks also increase bargaining power of their members and perform as informal community governance system.

Different levels of benefit and its influencing factors

The levels of benefit that different actors are able to achieve from their networks largely depend on their human capital, especially experience and skills in building up, sustaining and promoting the network. However, qualifications like gender, residency, and kinship are found to have large influence as well in certain circumstances.

Key References


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