

Linking Regulation Theory to the International political economy to study new spaces of regulation

The case of Chinese special economic zones in Southeast Asia

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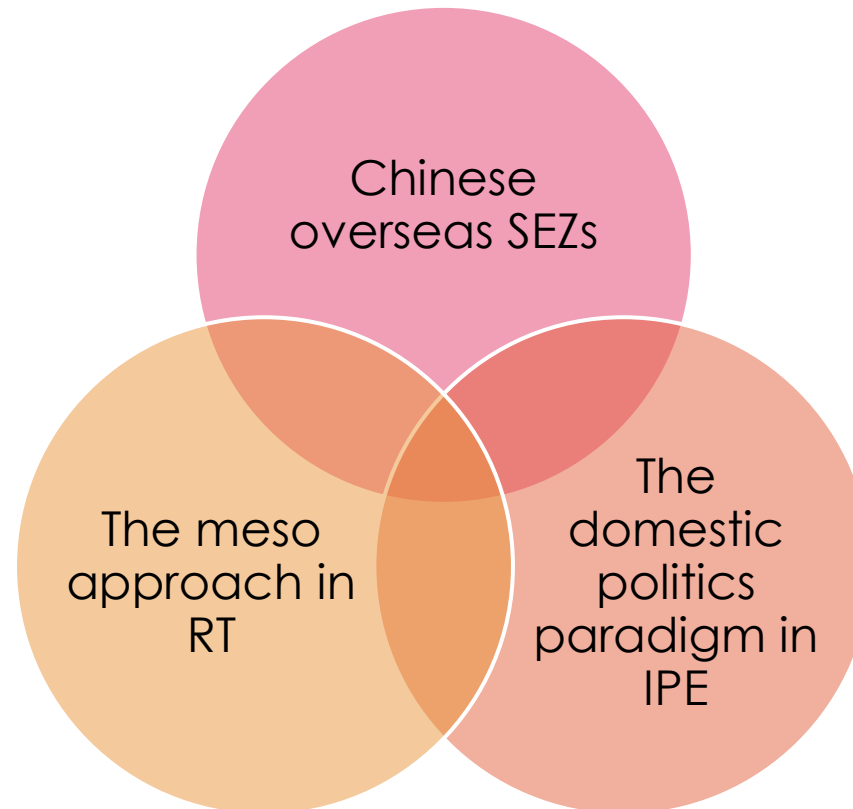
Introduction

- Proposal

- Trace the **evolution** of two theoretical frameworks : the **meso approach** in Regulation Theory (RT) and the **domestic politics paradigm** in International political economy (IPE)
- Identify points of convergence to analyze Chinese SEZs in SEA

Introduction

➤ **Exploratory** approach



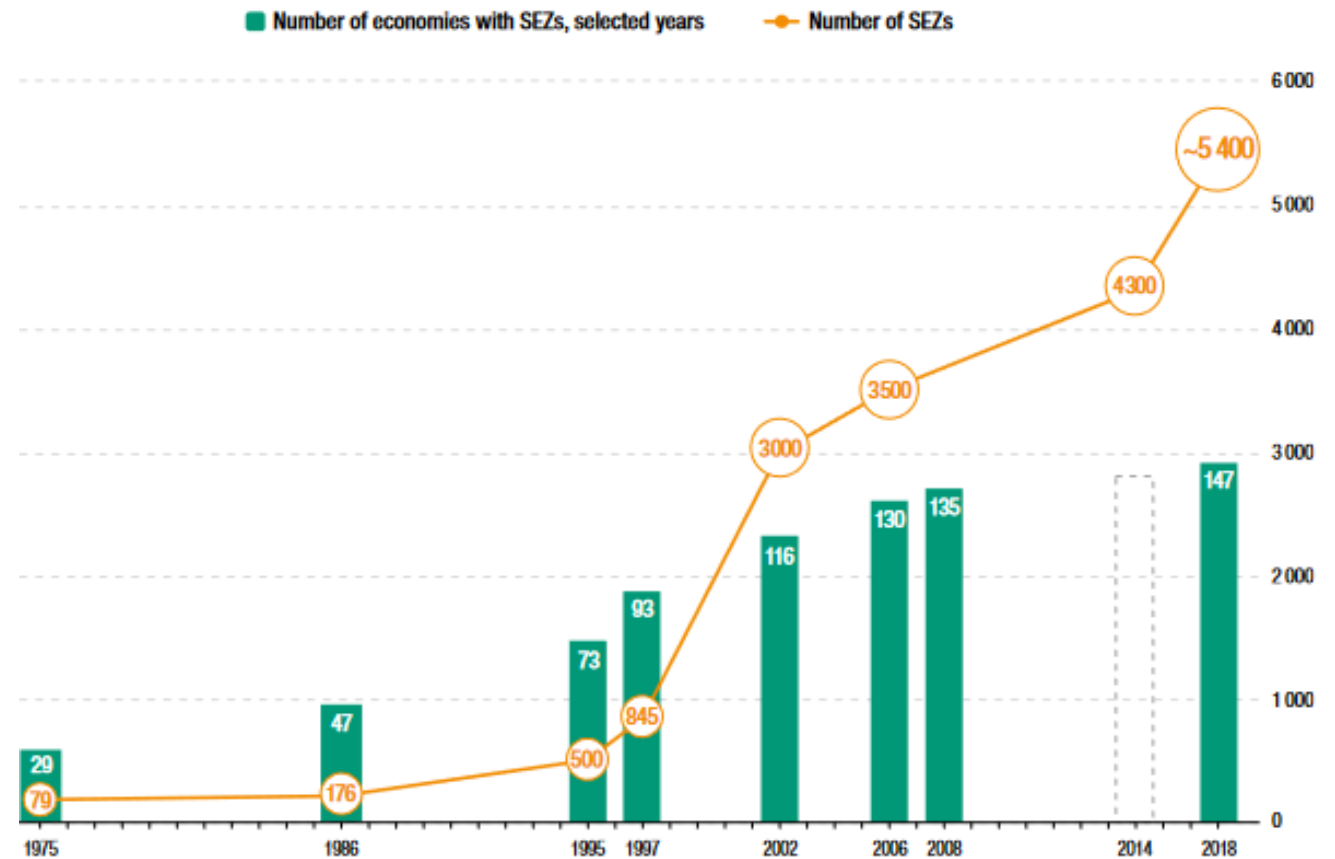
Introduction

- Sources
 - **Non exhaustive** text corpus from RT and IPE literature
 - Data collected on several Chinese special economic zones (SEZs) in Southeast Asia (SEA)
 - Fieldwork on the **Sihanoukville SEZ** in Cambodia

Introduction

- Definition and context
 - SEZs are delimited geographical areas offering regimes and regulatory frameworks that differ from the rest of the country in order to attract companies and foreign investments.

Figure IV.1. Historical trend in SEZs (Numbers of countries and SEZs)



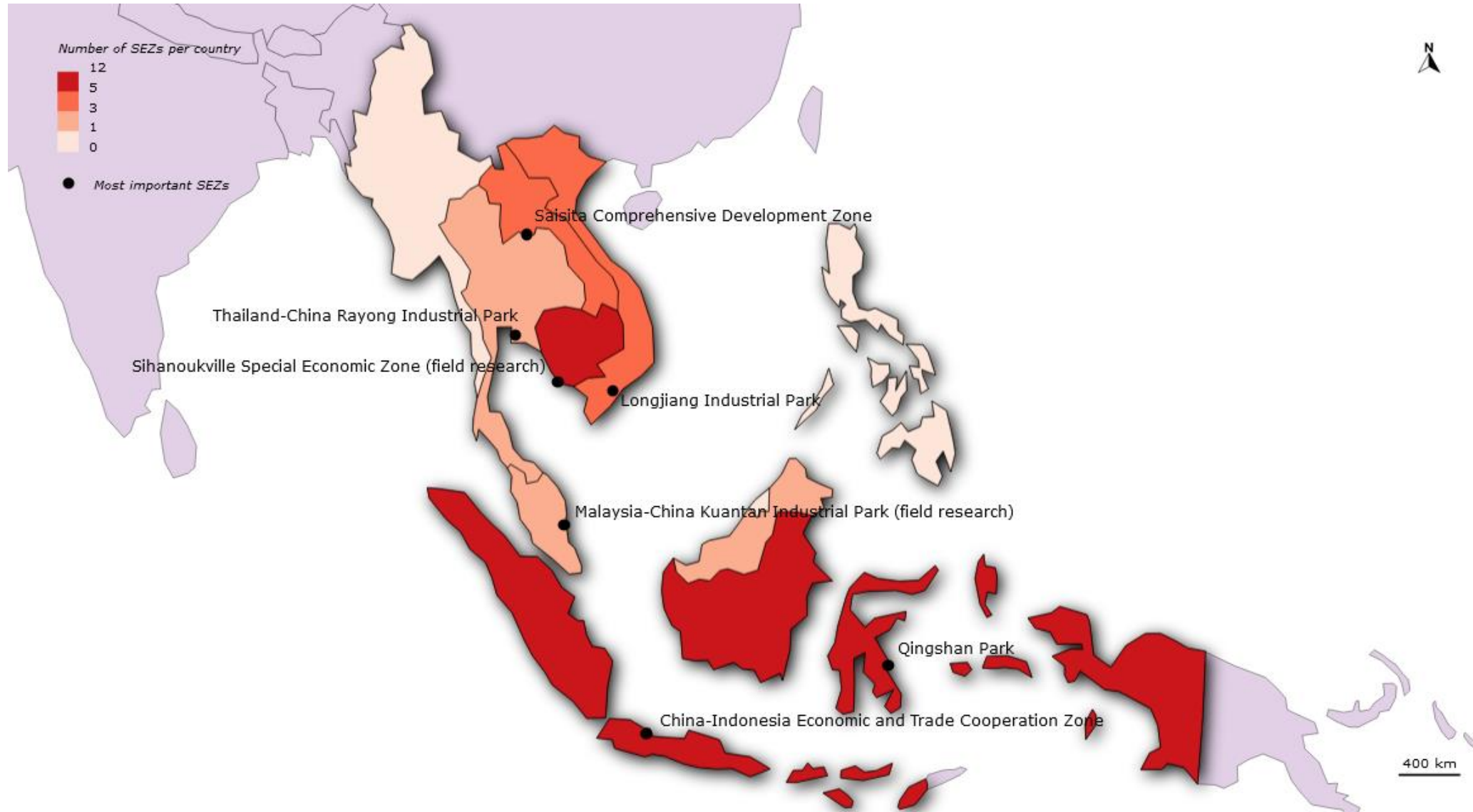
UNCTAD.

The trend is indicative only. Historical estimates are based on ILO (2014) for 1975, 1986, 1995, 1997, 2002 and 2006; FIAS (2008) for 2008; *The Economist* (2015) for 2014; and UNCTAD for 2018. Scope and definitions of the various estimates across years may differ.

Introduction

- Recent trend : development and operation by foreign investors of SEZs outside their home country
- Chinese SEZs in SEA
 - **Developed by Chinese companies** (supported by Chinese authorities) in cooperation with local actors

37 SEZs developed by Chinese companies in Southeast Asia



Mariette A. (2022), data from latest updated Chinese's central government lists

Introduction

- Issue and research questions
 - Do Chinese SEZs mechanism in SEA favor a **social and economic organization** at the local level that **differ from the rest of the country** where it is implemented ?
 - Labor norms
 - Meso perspective
 - The **capacity of Chinese actors to change rules in foreign countries**
 - Local level

The mesoeconomic approach in the face of new geopolitical challenges

- Pioneer works on new spaces of regulation
 - The **industrial districts** of the 'Third Italy' (Becattini, 1979)
- Synthesis : *Les Régions qui gagnent: districts et réseaux : les nouveaux paradigmes de la géographie économique* (Benko et Lipietz, 1992)
 - New institutional logics in the location of production capacities at different levels : local, national and global
 - Understand the context and grasp **the interplay of scales and actors** at work in the regulation of SEZs
- Limits
 - The **endogenous dynamic** of industrial districts
 - Chinese overseas SEZs : the result of **strategies of multinationals** and of cooperation between local and Chinese governments for Chinese SEZs in SEA

The mesoeconomic approach in the face of new geopolitical challenges

- Extension of the approach to other industries, sectors (Du Tertre, 1989; Bartoli and Boulet, 1990) and territories (Gilly and Pecqueur, 2002)
- A **coherent body of work** within regulation theory : the mesoeconomic approach, ex post (Lamarche, 2011)
- **New notion of space** : less determined by a geographical delimitation as by the type of activity produced and the mode of social organisation that results from it
- **3 differentiation channels** to identify a meso space of regulation (Lamarche et al, 2021)

The mesoeconomic approach in the face of new geopolitical challenges

- Application to Chinese SEZs in SEA
 - **Broaden the notion of space** of differentiation to characterize not only a material differentiation, but one resulting from a hybrid private/public policy ?

Channels	Differentiation observed
Social labour relationship	Yes (labour unions, labour training, overtime, ...)
Competition and product definition	Not applicable
Futurity (perception of the future)	Yes (institutional cooperation between local and Chinese authorities, convergence of interests and representations)

The mesoeconomic approach in the face of new geopolitical challenges

- The meso level : **location of innovation strategies by actors** and the emergence of macroeconomic transformations
- **SEZs in China : experimental zones** where new political and institutional approaches are experimented (Heilmann, 2018)
- Chinese SEZs in SEA : a meso type institutional transformation strategy led by Chinese multinationals and backed by Chinese authorities ?
- **Geopolitical implications**
 - Understand the strategies of Chinese multinationals
 - Understand the links between Chinese firms and authorities

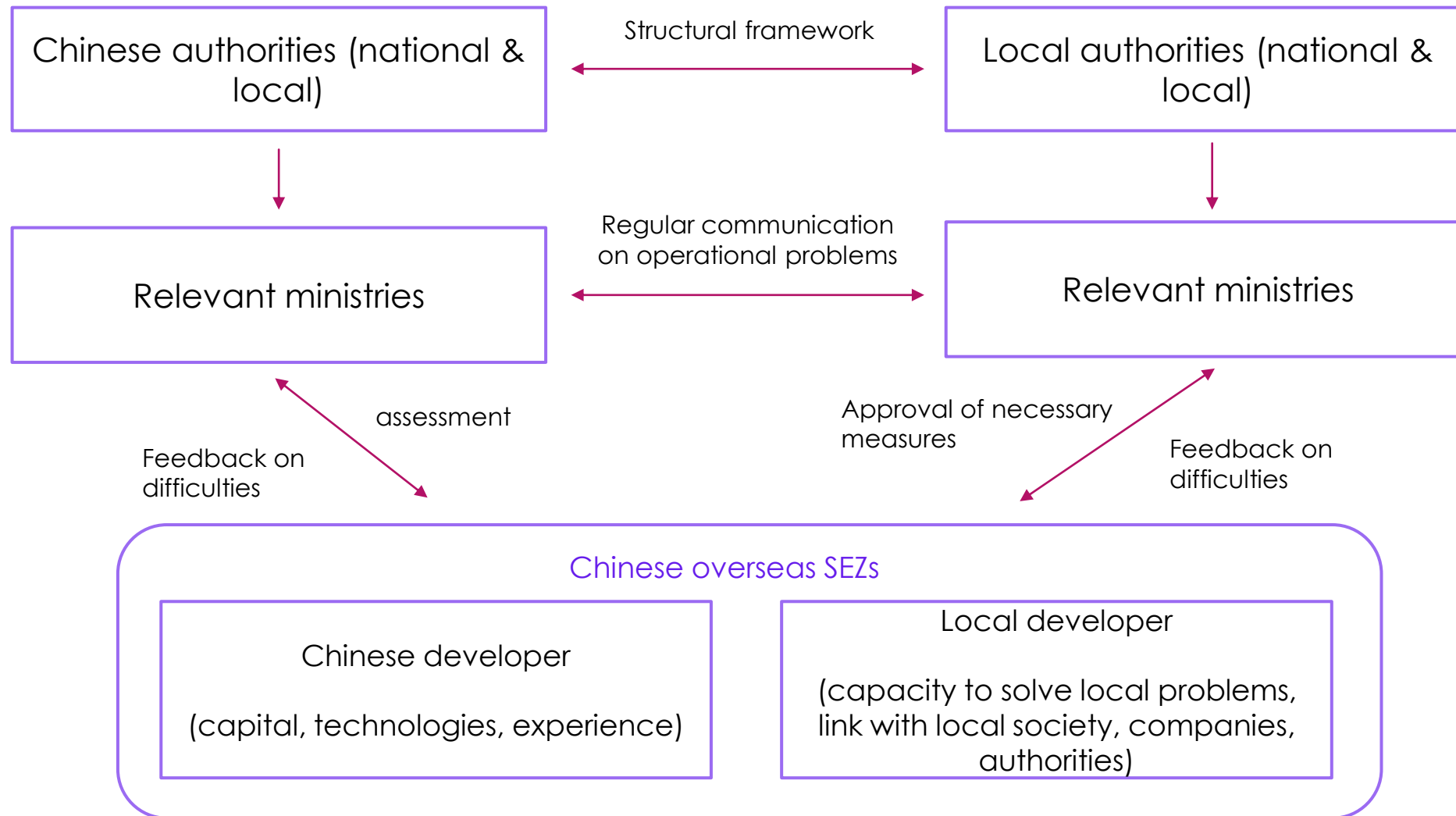
The institutional environment of Chinese multinationals when venturing abroad : contributions from IPE

- The increasing consideration of the firm's domestic institutional environment within the IPE
 - The power of transnational firms in the new global economic order emerging in the 1970s (Strange, 1992)
 - **Convergence** between the **domestic politics paradigm** in IPE and the **comparative capitalism** approach in institutional economics (Hall and Soskice, 2001)
 - A growing interest in studying the specific domestic and institutional characteristics of developing countries to explain the strategies of multinational firms (Nölke, 2014)
 - Chinese multinational's overseas investments : economic and political rationalities (Ching Kwan Lee, 2018)

The institutional environment of Chinese multinationals when venturing abroad : contributions from IPE

- The domestic institutional environment of the multinational firm in understanding meso-type institutional transformation strategies in overseas SEZs
 - The **domestic institutional environment** of a firm as a **comparative advantage** (John Mikler, 2014) to replicate abroad in order to gain “structural power” over its competitors (Helge Hveem, 2019)
 - Meso-type strategies of institutional transformation led by Chinese firms
 - **Replicate Chinese labour standards ?**

Institutional support brought to Chinese firms in developing overseas SEZs



The institutional environment of Chinese multinationals when venturing abroad : contributions from IPE

- Cooperation mechanisms between local and Chinese authorities
 - An attempt to replicate the institutional support enjoyed by large companies in China ?
 - A resource to **influence** local actors and build common **futurity** ?

Linking the meso approach to IPE

Meso approach in RT

Domestic politics paradigm in IPE

Institutional economics

Space of differentiation

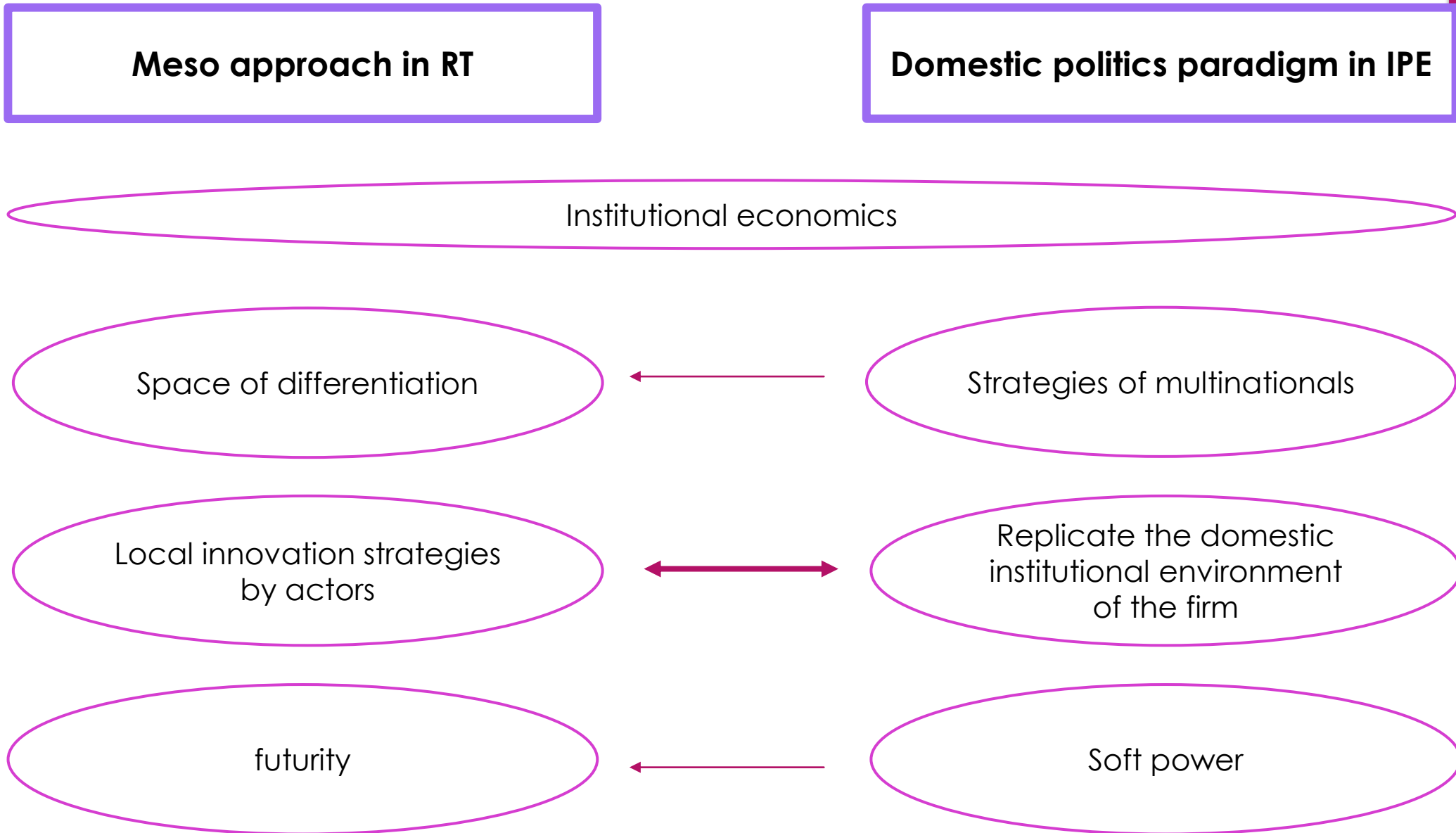
Strategies of multinationals

Local innovation strategies
by actors

Replicate the domestic
institutional environment
of the firm

futurity

Soft power





Thank you !

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