



# Boten Special Economic Zone/Boten Beautiful Land

Boten (ບໍ່ເຕນ), Luang Namtha Province, Laos

WRITTEN BY [JESSICA DICARLO](#) ON APRIL 1, 2022.

One of the largest infrastructure investments in Laos, the Boten Special Economic Zone (SEZ) or ‘Boten Beautiful Land’, is a 10-billion-USD Chinese-built and funded zone. The story of this border-town SEZ is a case of boom to bust—and perhaps boom again. The Lao Government first designated it an SEZ in 2003. After a notorious period as a casino outpost (2007–11),

Boten was shut and much of the population vacated the zone. With the Belt and Road Initiative (BRI) and the construction of the Laos–China Railway, Boten’s strategic location has been seized on as an investment opportunity. Under a new Chinese developer, the SEZ is currently being refashioned into an urban and tourism centre, as well as a trade and logistics hub.

## Basic Information

**Name:** Boten Special Economic Zone/Boten Beautiful Land

**Chinese Name:** 磨丁经济特区

**Location:** Boten (ບໍ່ຕັນ), Luang Namtha Province, Laos, across the border from Mohan in Yunnan, China.

**Type of Project:** Special Economic Zone including real estate, tourism/entertainment, logistics, and industry.

**Project Developer:** Yunnan Haicheng Industrial Group Company Limited.

**Main Contractors:** Power Construction Corporation of China (PowerChina); Sinohydro Corporation (Bureau 14, and possibly others), a subsidiary of PowerChina.

**Known Financiers:** Haicheng; capital from third parties such as PowerChina and Sinohydro that is channelled to various projects through Haicheng; loans via China Construction Bank and Lao China Bank.

**Cost:** Approximately 10 billion USD.

**Project Status:** Under construction, partially operational.

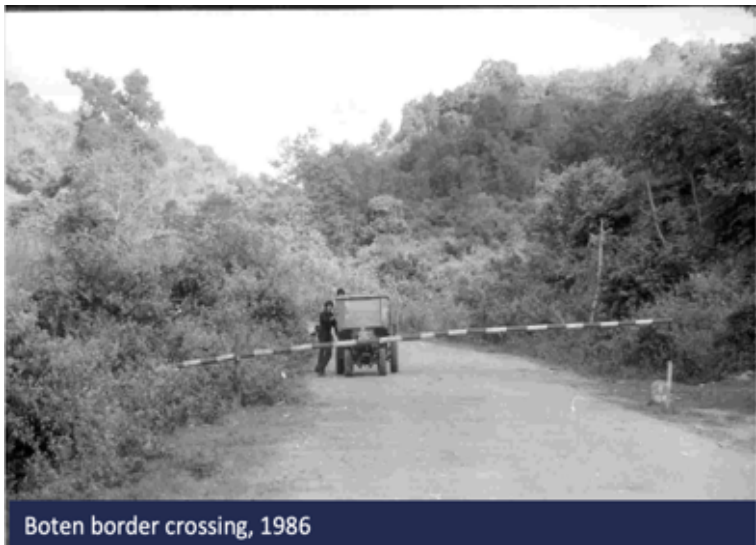


Graphic rendering of Boten’s planned skyline, used in advertisements by Haicheng. Acquired by the author via WeChat. A note on spelling: ບໍ່ຕັນ is Romanised as Boten within Laos. However, Haicheng’s advertisement often use ‘Borten’ (with an ‘r’) due to its pronunciation by Mandarin speakers.

# Project Outline

The Boten Special Economic Zone (SEZ) is currently the most expensive infrastructure development project in Laos. Located in Luang Namtha Province across the border from the small town of Mohan in Yunnan, China, the SEZ spans 1,640 hectares. A border and frontier area, Boten has undergone dramatic changes over the past two decades. It has evolved from a remote border crossing (before 2000), to a booming casino town (2007–11), to a border-town experiencing a ‘bust’ (2011–15), and is now an active construction site and city-in-the-making (2016 – present), and considered part of China’s Belt and Road Initiative (BRI).

## *Pre-2003: Before the zone*



The border gate at Boten in 1986 and 1993. Source: Historical archives, Vientiane, Laos.

Before and through the 1980s, Boten was a small border village that was considered peripheral to state reach. Boten–Mohan has been the primary international border crossing between China and Laos. A small gatehouse stood near the crossing (see images in 1986 and 1993 above). After Laos’s economic opening in 1986 and the rekindling of diplomatic relations with China beginning in 1989, Boten became more strategically significant for trade and security. In 1991, a Lao–Chinese Joint Border Committee was formed to increase trade and Chinese commercial investments in Laos. In 1995, the Luang Namtha district authorities designated a small commercial area along the road to encourage trade with Chinese merchants. This initiated the first of multiple resettlements and construction at the border. The existing shops, homes, and restaurants were razed and rebuilt the following year on a strip of land that ran parallel with the main road. In 2003, the Government of Laos designated Boten one of the country’s first SEZs to bolster economic activity and investment in Laos as it

experimented with a market-oriented economy. As a result, the local community—a Tai Lü ethnic group who farmed the land—was relocated in the early 2000s. Boten, however, remained a small commercial outpost until a private Hong Kong company was awarded the concession to develop the SEZ.

### ***2007–2011: The heyday of ‘Boten Golden City’***

In 2007, Fuk Hing Travel Entertainment Group, a Hong Kong developer and investment company, leased the SEZ land for 30 years with the option to renew it twice. Because gambling was illegal in neighbouring China, Thailand, and Myanmar, the company built Boten as a regional hub for such activities. Hotels, casinos, bars, and massage parlours were constructed and the casino outpost, named ‘Boten Golden City’, officially opened in 2007. At its height, from 2010 to 2011, the zone attracted thousands of tourists and gamblers and was flush with as many as 4,800 Thai, Chinese, and Lao visitors at a time. However, the zone quickly developed a reputation as a lawless and violent place, rife with crime, prostitution, gambling, smuggling, and rumours of murder. There were also reports of indebted Chinese gamblers held hostage and tortured. As Boten’s notoriety grew, Chinese authorities issued warnings to Chinese citizens against visiting the zone due to the threat of crime. Under pressure from Beijing, the Lao Government intervened, leading to Boten Golden City’s shutdown in 2011. The Chinese Government cut telecommunication and electricity services to the zone, which came from Yunnan Province, while the Lao Government banned casinos and visa-free entry. One reporter wrote in 2016 that ‘even though Boten is in Laos, China’s Ministry of Foreign Affairs ordered the casinos closed, tightened border controls and cut the power supply to the town’. Subsequently, 74 people involved in the casino ring were put on trial in Jinhong, just across the border in Yunnan Province, for crimes associated with opening a casino and illegal border crossings.

### ***2011–2016: Bust***

After the two governments intervened, the booming border-town fell silent. Businesses closed and tourism evaporated such that, almost overnight, Boten became a ghost-town. The hot, humid climate took its toll on the vacant buildings. Few people remained and the once lively hotels, casinos, and clubs fell into disarray. As a Chinese woman who has run a shop in Boten since the boom days in the late 2000s put it in an interview with the author in 2017: ‘I don’t know if we will ever have so many people come here again.’ Those who did remain, anthropologist Alessandro Rippa wrote, attempted ‘to carve out a life in the ruins while

waiting for the next development boom to appear'. In April 2012, Yunnan Haicheng Industrial Group Company Limited (海诚集团) was awarded a 50-year land lease for the SEZ with options to extend. A private company, Haicheng is registered and headquartered in Kunming, China, with subsidiaries in Xishuangbanna and Pu'er in Yunnan Province, and focuses on five sectors: real estate, tourism, hotel management, property services, and construction engineering.



Logos of Haicheng's various companies. Acquired by the author via the [company website](#).

As Haicheng designed the zone, the Lao Government set up preferential development policies as well as a no-gambling rule. It took several years for plans to be drawn and agreements reached. As late as 2017, the old casino-hotel, where some workers were squatting, was a hovel of broken furniture and mould-covered walls. When the author visited that year, Boten lay in ruins and a state of suspension, and people waited for the influx of investment and construction projects that seemed to be on the horizon.

***2016 – Present: Haicheng's Boten under the BRI***





Construction of downtown highrises in the business district, 2020. Photos by the author.

Haicheng has attempted to steer clear of the controversy that marked earlier years in Boten Golden City. The company has been instrumental in developing Boten as a transportation hub and urban centre under its 10-billion-USD construction plan. Today, the Golden City has become ‘Boten Beautiful Land’ (磨丁美丽城经济特区) and is envisioned and marketed as a new international city. The cover of a thick marketing brochure proclaims ‘New Fortune in Boten New City’ (磨丁新城新财富). The zone has become a space of anticipation, boasting promises of regional connectivity, modernity, and local culture. It is often referred to as the ‘first stop’ in Southeast Asia on the Laos–China Railway and is Laos’s largest project to date in terms of capital investment. Haicheng’s construction of Boten began in December 2016 and is projected to take 10 to 15 years. In the meantime, the developer is seeking investors for various projects and businesses within the zone and has begun to sell highrise apartments, which, in an interview with the author in 2017, the sales office said will house 300,000 to 350,000 people by 2035. At the time of research (between 2017 and 2020), the average price of the apartments was 5,000 RMB per square metre and many potential investors visited from

Yunnan and Liaoning provinces. Many individuals and families from Liaoning (in northeastern China) came to Boten to find a vacation home in a warm climate, with access to nature and local culture.



Model of Boten Beautiful Land, in Haicheng's Jingland Hotel, 2020. Photo by the author.

A miniature model of the zone is displayed in the main sales office for potential investors and homebuyers (see photo above). It illuminates the various 'clusters' that are under development. As of 2021, construction efforts centred on the Northern Commercial and Finance Centre, International Tax-Protected Area, the Logistics and Processing Park, the Business Centre at the train station, and various tourist attractions. Other developments include agriculture, manufacturing parks, a cultural centre, five-star resort, golf course and tourism zone, an education institution, public health centre, business and trade area, financial institutions, postal services and telecommunications, and logistics areas. Haicheng has pursued similar urban development projects in Jinghong, across the border in China's Xishuangbanna prefecture, which explains the architectural parallels between Jinghong and



Boten. Cultural tourism is also part of the project. In the hills above the city, Haicheng's tourism team constructed an 'authentic' Lao village for tourists to visit and learn about traditional salt production, weaving, and other local handicrafts (see the photo below). There are small Lao houses in which each craft will be demonstrated, and at the entrance to the village is a demonstration salt factory.





Model Lao houses in the tourism and handicraft demonstration village constructed by Haicheng in the hills surrounding Boten, 2020. Photos by the author.

On the ground, many of the people living in the SEZ are involved in its construction and development. These include Haicheng employees, casual labourers, shopkeepers, restaurateurs, hoteliers, and staff of karaoke bars and massage parlours. Many of these businesses cater to the workers in the zone. According to interviews, as of 2020, approximately 2,000 people were living in Boten SEZ—80% Chinese and 20% Lao, Thai, and Vietnamese workers. Waves of visitors consist of tourists passing through, potential investors, and officials from both China and Laos who monitor the project.

### ***Preferential zone policies***

Since 2016, high-ranking Lao officials have made multiple visits to the SEZ. Haicheng's leadership insists the strong political trust between the two governments has allowed for swift and mutually beneficial development of the zone. Boten is said to be 'inside Lao territory while outside its customs', implying there are special arrangements for customs and taxes. The Lao

Government enacted preferential policies within the zone, such as eliminating taxes on building materials and imported goods, multi-year tax incentives, cheap land, significant investor autonomy, and Lao citizenship for those who invest more than 10 million USD. In addition, whereas in the rest of Laos a Lao partner is required to register an enterprise because a foreigner can only hold a maximum of 49% in a Lao company, foreign companies can register in Boten and maintain 100% of the holdings. The real estate salespeople working for Haicheng are familiar with the national policies on both sides of the border, which they deploy as part of their pitch. A Chinese-language report on China–ASEAN investment proclaimed: ‘[F]or Chinese companies interested in investing locally, the preferential policies of Boten Special Zone are brewing a powerful business opportunity’ (而对于有意前往当地投资的中国企业而言, 磨丁特区的政策优惠正在酝酿起一股有力的商机). In 2019, Zhou Kun, the president of Haicheng, said that because of these policies more than 100 companies had already invested in Boten.

### ***The BRI, railway, and corridor***

In addition to Haicheng’s efforts and Laos’s preferential policies, the BRI—specifically, the Laos–China Railway and the Laos–China Economic Corridor (LCEC)—are key to Boten’s revival. The LCEC concept was introduced in November 2017 during Chinese President Xi Jinping’s visit to the Lao capital, Vientiane, as a means of deepening integration with China and expanding development and investment along the Laos–China Railway. On that visit, the governments of Laos and China signed a cooperation framework to create the LCEC along the railway. Like the railway, the corridor has been endorsed as a BRI project. Although Boten is a private sector–led investment, it has subsequently been brought under the BRI and designated strategically important due to its location on the China–Indochina Economic Corridor and Laos–China Railway. Boten is now considered a high-level priority project by both the Chinese and the Lao governments, deserving of special attention due to its strategic location and impending connection between Southeast Asia and Yunnan. In fact, Boten is just one of several economic zones within the LCEC to receive renewed attention. Following President Xi’s visit, on 5 November 2018, a front-page headline in the *Vientiane Times* declared the railway would ‘open doors for the establishment of SEZs’ to attract and diversify foreign investment and reduce the country’s reliance on natural resources. This is significant because Chinese projects that are endorsed by the central government or are part of a national development campaign often more easily obtain investment because they offer buyers and developers a sense of security. Haicheng has, for example, leaned on the BRI to legitimise its projects in Laos. A large marketing brochure for Boten that investors receive foregrounds

high-level bilateral agreements between the Lao and Chinese governments and features prominent photos of senior politicians shaking hands. One photo shows President Xi with Choummaly Sayasone, the former Lao president and general secretary of the Lao People's Revolutionary Party (LPRP). In another photo, Thongloun Sisoulith, the current Lao President and former prime minister and foreign minister, is shaking hands with Li Keqiang, China's Prime Minister. The heading advertises the BRI as win-win cooperation between the two countries and calls Boten the 'development engine of the China–Indochina Peninsula Economic Corridor'.



Map of mainland Southeast Asia with Boten at the centre showing travel times from the zone and the railway (black and white line) running through it from China to Singapore. Source: Haicheng's sales office in Boten SEZ.

***The Mohan–Boten Cross-Border Economic Cooperation Zone***

In recent years, Boten has been brought under the larger 3,430-hectare China–Laos (Mohan–Boten) Cross-Border Economic Cooperation Zone (ECZ), which is one of 20 zones certified by China’s Ministry of Commerce. The Mohan–Boten Cross-Border ECZ is a large transboundary free-trade zone that today encompasses Boten as well as Mohan on the Chinese side of the border. The relationship between the Boten SEZ and the Mohan–Boten ECZ deserves clarification as it has evolved over time and the two are not synonymous. The Boten SEZ is an enterprise-led private Chinese development, while the larger cross-border ECZ was designated through bilateral cooperation and is one of China’s Cross-Border Economic Cooperation Zones (CBECZs; 边境经济合作区). China first introduced CBECZs in 1992 to accelerate the country’s economic opening and develop networks of trade with neighbouring countries. The Mohan–Boten ECZ was announced in December 1993 as Laos–China relations warmed. In 2001, Yunnan Province established the Mohan Border Trade Zone on the Chinese side of the border and, in 2006, rebranded it the Mohan Economic Development Zone. It was not until 2009 that a feasibility study prepared by Yunnan Province and reported to China’s Ministry of Commerce explored the possibility of a cross-border cooperative area. In 2010, China’s Mohan Economic Development Zone and Laos’s Boten SEZ signed the ‘China Mohan–Laos Boten Cross-Border Economic Cooperation Framework Agreement’. Development was slow, with little to no activity. On 31 August 2015, Chinese President Xi and Lao President Sayasone, along with Chinese Minister of Commerce Gao Hucheng and Lao Deputy Prime Minister Somsavat Lengsavad, signed the Agreement for Joint Construction of the ECZ. In 2016, with official approval by China’s State Council, the ECZ was elevated to the status of a second CBECZ in hopes of accelerating trade with other Southeast Asian countries via Laos.



Timeline of ECZ agreements, compiled by the author. Adapted from the [Xishuangbanna Dai Autonomous Prefecture People's Government Web Portal](#) and [Song et al. \(2021\)](#).

## Project Impacts

- Employment and Labour:** During Boten's first iteration as the Golden City (2007–11), local employment decreased as workers cited abuse by bosses and discrimination. The UN International Organization for Migration (IOM) reported 2,520 Chinese workers in the zone in its current BRI iteration as Boten Beautiful Land. Some Chinese who have come to work in Boten have opened restaurants, hotels, and shops, while others work with the developer in construction, planning, sales, and tourism. The Lao people working in the SEZ have come primarily from Luang Namtha Province and work in construction, manual

labour, and as cleaning staff. Each morning, a contingent of casual labourers gathers on a known street corner where they may be hired for a daily wage.

- **Trade and Economic Development:** Within the zone, the purposes of the international business and finance clusters are to enhance standardisation of international trade procedures, establish a regional commodity distribution centre that influences surrounding areas, build an advanced financial system, and set up an international trade platform serving Laos, China, and other ASEAN countries. According to interviews with Haicheng's leadership, Boten SEZ will help strengthen economic and trade relations between China and Laos, with hopes of promoting both prosperity and stability at the border. A member of Haicheng's sales team explained to the author in 2019 that, for China, Boten will expand the country's production capacity output, and for Laos, it will 'promote economic development, increase fiscal revenue, and accelerate the process of modernisation'. As of early 2022, the Laos–China Railway has begun to transport freight through Boten and, at least anecdotally, train cars from China to Laos are quite full while those carrying goods from Southeast Asia to China are not. In early March 2022, there were several reports of fight among truck drivers at the congested border crossing in Boten, where some were forced to wait days if not weeks with rotting produce due to Covid-19 restrictions.

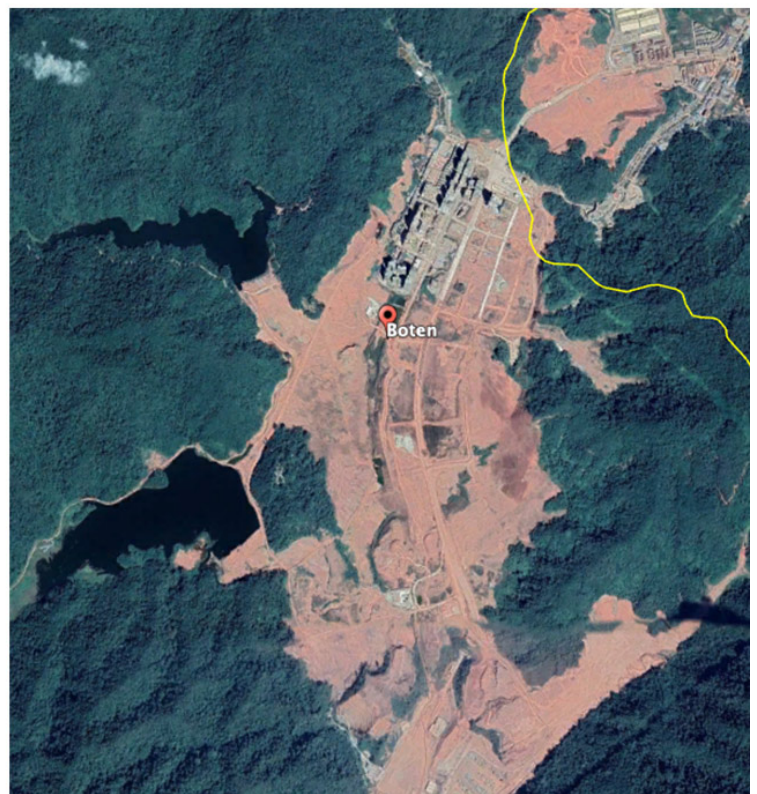
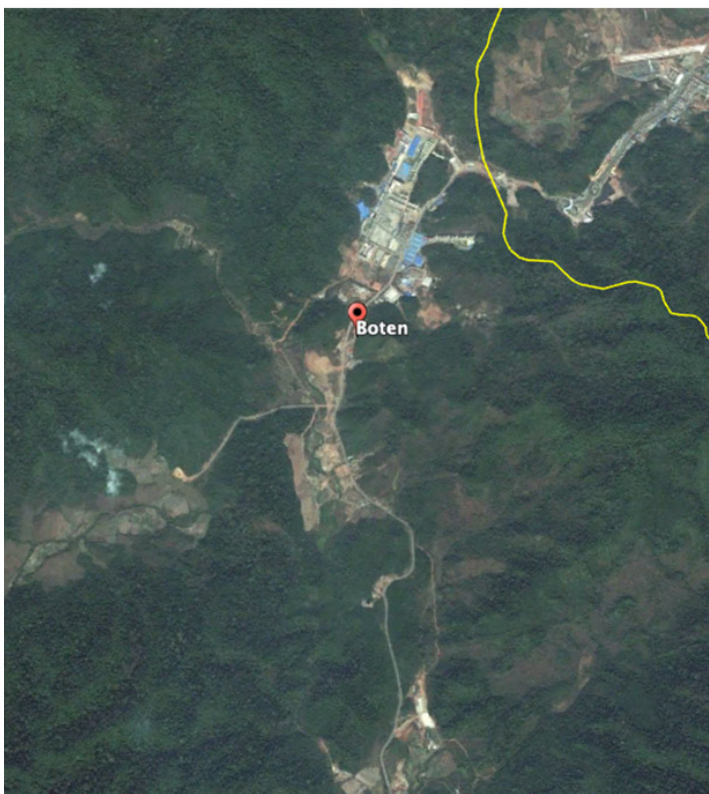
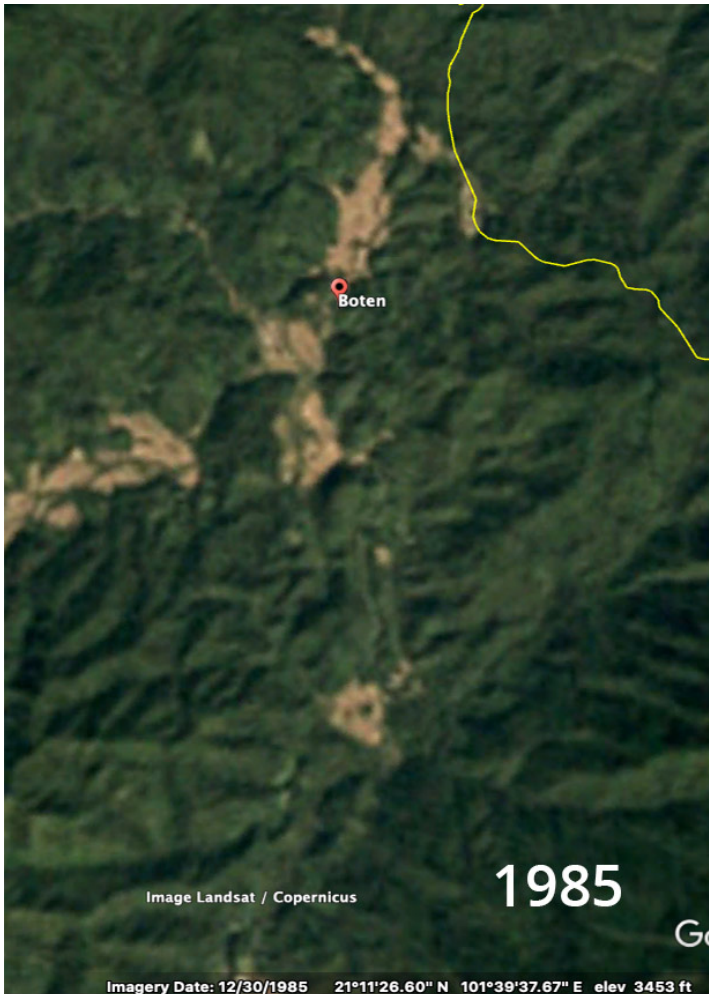


Trucks lined up waiting to cross the border into China, 2019. At this time, drivers reported waiting many hours, but not days. Photo by the author.

- **Customs and Taxes:** State revenue generation through taxes and investment is a critical motivation for the Lao Government to promote SEZs, and Boten is no different. However, a Haicheng official noted in an interview in 2019 that customs and tax collection were a central challenge. He explained that they were working with the Lao Government to develop a new digital administrative system, and swifter customs clearances for both goods and people. Within the logistics area of the SEZ, there are also plans to develop quarantine and inspection areas and cold-chain logistics.
- **Environment:** Before the development of the SEZ, Boten was covered by lush, dense forest. The Google Earth images below show the loss of forest cover to make way for various stages of construction. Much of the forest cover in the province has been replaced with large-scale agriculture (for example, rubber and sugar plantations) as well as infrastructure development, leading to habitat and biodiversity loss. In terms of biodiversity, the region is part of the Indo-Burma biodiversity hotspot. Projects have been proposed for increased transboundary biodiversity conservation. Within the zone,



construction has been marked by significant dust and noise pollution, as well as air pollution from vehicle and heavy machinery exhausts. Explosives have been used to level the once-hilly landscape.





- **Land and Local Community:** The original village of Boten was moved before SEZ construction began in 2003. Residents were first relocated in 1995–96 by the Namtha District authorities, who established a commercial zone along the main highway to foster small-scale trade with China. The residents, houses, and businesses were relocated away from the commercial street. According to the author’s 2017–20 fieldwork, when Boten was declared an SEZ in 2003, residents were resettled approximately 18 kilometres south to the village of Nateuy in Luang Namtha Province, as well as approximately 6 kilometres south on the main highway to Bopiat Village. Today, Bopiat is known by some Chinese workers as ‘new village or home’ (新家). With the construction of the railway through Bopiat, some houses have been asked to relocate again (see the photo below). Today, those living within the SEZ are involved in zone construction and development as Haicheng employees or casual labourers, or they run small shops, restaurants, hotels, karaoke bars, and massage parlours.



The construction of railway pylons for tracks to run above Bopiet or 'new village' (新家), 6 kilometres south of Boten SEZ. Photo by Carl Zoch, 2019.

- **Fiscal Impact:** While many large-scale Chinese state-backed projects in Laos carry with them questions related to debt, the Boten project is privately developed and financed. The Lao Government does not have financial responsibility for the project and it is not included in the national debt portfolio. A branch of the Lao China Bank was opened in the zone in 2017.
- **Sovereignty:** In 2010, a Lao employee in Boten told anthropologists Chris Lyttleton and Pál Nyíri 'in fluent Chinese' that Boten is 'China now; China rented it'. Since Boten's casino phase, the zone has run on Beijing time (one hour ahead of Lao time), all businesses accept both Chinese and Lao currencies, and Chinese is the most common language spoken. This led to a persistent framing of the zone as a Chinese enclave, prompting debates about Lao sovereignty, extraterritoriality, and state power (see, for instance, the articles by Pál Nyíri, Pinkaew Laungaramsri, and Danielle Tan). Today, the transition from illicit to licit activities, or from gambling to real estate and logistics, appears to be reframing the discussion about sovereignty. At the same time, both Lao and Chinese workers in the zone continue to say Boten feels more like China than Laos, and that Haicheng guides most decisions (see the paragraph about governance structure below).

- **Governance:** The Boten SEZ Management Committee (磨丁经济特区管委会), which comprises six Lao Government officials and three representatives of Haicheng Group, manages the construction and operation of the zone. It is overseen by the SEZ Office within the Lao Ministry of Planning and Investment (MPI). The chairman of Haicheng is the director of the committee and an official from the Lao SEZ Office is the deputy director. The committee has two bureaus that provide services in the zone: the security bureau and the merchants' bureau. It plans to establish offices for public utilities, health, and financial management. The author learned in an interview with an official at the Lao MPI in 2018 that, as the sole developer, Haicheng Group submits a monthly report to the Chinese Embassy in Laos, informing it of progress, follow-up work, problems, and support needed from the embassy or actors in China. Beyond national defence and foreign affairs at the border, the Lao Government delegated authority to the committee, allowing the company to operate with a high degree of autonomy.
- **Wildlife Trade:** The illegal trade in wildlife is notorious in border areas within the Mekong region such as Boten, and includes parts from tigers, bears, and pangolins. In Boten, for example, the Xinglong Bear Farm traded in bear bile and transported bears between China and Vietnam. A 2018 study noted the significance of Boten's position in the illegal wildlife trade and called for improved regulations and law enforcement at the border.

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*Updated on 15 March 2022.*

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