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State-led Transborder Industrialization in Asia: A Note on Singapore's Manufacturing Enclaves in Vietnam and China

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State-led, market-driven interventions have been the hallmark of the Singapore `success story'. This paper revisits Singapore's state-enterprise strategy and takes a closer look at the portability of this strategy, in the framework of Regionalization21, a series of transborder industrialization experiments in Indonesia, Vietnam and China. These state-engineered projects, orchestrated to encapsulate economic space for Singapore-based firms to expand into the region, remain controversial. This strategic initiative is promulgated on the exportability of Singapore's state credibility, systemic and operational efficiencies as well as technological competencies, to locations where these attributes are less distinct. We present evidence culled from surveys and interviews conducted in the Singapore-styled industrial-townships in Vietnam and China. Our results suggest that, while the parks have arguably been a measured success, the advantages supposedly created by the abovementioned export of Singapore's competencies have proven either illusionary or far less significant than originally envisioned, vis-à-vis more practical economic and competitive concerns.

Fields of Research: Transborder Industrialization; Regionalization; State-led intervention

1. Introduction

Rising from the tatters of the post-colonial era to become an important base for multinational manufacturing in the region, the city-state of Singapore was once described as the most successful economy among the four East Asian dragons (Giordano and Kato, 1993); a title far from undeserved, given the city-state's unprecedented success in attracting foreign direct investment, not merely to oil the gears of its economic machine – but, indeed, to build the machine itself (Mirza, 1986; Pang, 1987; Rodan, 1989; Huff, 1995).

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Much of this success was attributed to development strategies based on state-led, market-driven intervention, with the government taking a much heavier role in the city-state's economic development than usually observed or considered advisable; but yet, in the process, gaining an international reputation for corruption-free administration, efficient infrastructure, and nonnegotiable legal and financial systems, a reputation that has since been one of the main selling points for the island.

However, rising domestic business costs on top of the growing competition from emerging economies in the region rendered it imperative for Singapore's economic planners to re-examine and expand the city-state's investment horizons (Wong and Ng, 1991; Regnier, 1993); eventually setting the stage for Singapore's participation in the dynamic growth of regional economies such as Vietnam and China (SEDB, 1995a, 1995b; Pang, 1995; Okposin, 1999).

The Singapore government's role as a facilitator and partner is evident from the creation of familiar Singapore-havens via industrial parks in neighboring countries and the restructuring of tax policies (Singapore Ministry of Finance, 1993; SEDB, 1993b). The state also embarked on fostering trusted regional networks identical to those within its domestic market, aimed at fostering cooperative competition. Implicit in this stratagem was the government's intent to draw on its state enterprise network and extend this network to facilitate business ventures in the region (Yeung, 1998; Zutshi and Gibbons, 1998; Pereira, 2000). This strategy to remain economically competitive in the global economy has been characterized by the building of platforms for national growth through the management of strategic alliances with private or semi-private enterprises on national economic projects. Theoretically, the 'vested interests' within the interlinked collaborative system serve to expedite processes, garner exclusive incentives, and negate inept bureaucracy (Yeoh et al 2004a).

This paper hence focuses on the created variables of this selective intervention, vis-à-vis the location advantages often touted to investors by the parks' partners. We aim to test if these variables were similarly perceived as such by the resultant investors in the parks, and also how they measure up to the realities of the host business environments. In particular we examine the differential impact on the various factors on firms with different nature of operations and different export markets. Thereafter, we detail the methodology of our field research, and present our findings and the preliminary inferences we draw from them; and then, with reference to the empirical findings, we discuss the issues and challenges the parks face, and finally conclude that, while the parks have achieved some limited success, they have been, and remain, vulnerable to the combinations of socio-political and simple economic factors that radiate from their host environments.

2. Field Research

Methodology: Questionnaire Survey

The questionnaire was designed as a comparative study to investigate the various factors influencing firms' investment decisions, along with the problems faced by their operations; specifically, to test tenants' perception of the created variables meant to give the parks an advantage, as well as measure said past perception against the current reality. The surveys sought to highlight the different factors facing the park tenants when they chose to relocate their operations in the respective parks and the operating constraints faced by the respective park tenants. The survey focused on four main areas. Firstly, the basic profile of the respondent: type of ownership, nature of operations, number of employees, sales turnover and its market orientation. Secondly, the factors that attracted the respondents to invest in the park. Data on various constraints was gathered in the third section, followed by the future plans of the tenants.

Questionnaire surveys were conducted in Vietnam and China from December 2004 to May 2005. A total of 180 responses were collected from tenant-firms: of these, 48 were located in VSIP and the remaining in 132 in CS-SIP. In all cases, the surveyed tenants were carefully selected so as to obtain a representative distribution of all tenants in the park across both industry and nature of operations; the respondents were further reclassified in terms of type of ownership, nature of their operations, number of employees, and target markets.

Statistical Analysis

Apart from analyzing the descriptive statistics and popular rankings on the responses relating to factors and constraints, a logit model was applied to compare the perceived advantages influencing the tenants' decision to locate in the case-study parks. Also, a similar model was also applied to the constraints faced by the tenants in these parks. The logistic regressions draw out the differential impacts of the 'created' advantages, and operational constraints on the different tenant profiles, in particular their different nature of operations and export orientation. The logit estimations are set out in Tables 1 and 2 respectively.

Table 1: Major Factors Influencing Respondents' Decision to Invest in the Case-Study Parks

	Vietnam-Singapore Industrial Park						China-Singapore Suzhou Industrial Park					
	Type of Ownership		Nature of Operations		Export Market		Type of Ownership		Nature of Operations		Export Market	
	Singapore α_1	Joint-Venture α_2	Consumer Products α_3	Intermediate Products α_4	Domestic Market α_5	OECD, US & Japan α_6	Singapore α_7	Joint-Venture α_8	Consumer Products α_9	Intermediate Products α_{10}	Domestic Market α_{11}	OECD, US & Japan α_{12}
Infrastructure Facilities/support services	-34.092	38.32871	0.85253	1.374525	-1.68119	-1.39726	1.142802	-33.3639	38.69813	0.33458	71.38612	0.869838
	1	1	0.5144	0.3035	**0.0553***	0.1573	0.3606	1	1	0.7831	1	0.6102
Investment Incentives	-2.26863	-34.6275	-0.560743	-0.043495	0.689737	1.211173	-1.383351	-0.79792	1.637217	0.919603	-0.86296	0.831443
	0.0592*	1	0.5285	0.9647	0.3706	**0.0977***	**0.0464****	0.3728	**0.0628***	**0.0802***	0.1193	0.2261
Preferential Access to target markets	1.003378	-34.3151	1.832554	0.902617	1.383004	0.876424	-0.323554	-0.42143	0.499455	0.233388	0.858088	0.064562
	0.3443	1	**0.0647***	0.3787	**0.0956***	0.2589	0.5547	0.5624	0.5492	0.6402	0.1088	0.9173
Competitive labour costs	-36.3319	-35.8699	-0.085866	0.641901	-1.07468	0.057393	-0.249698	0.910059	1.528546	0.201627	-0.27396	0.112842
	1	1	0.9361	0.548	0.177	0.944	0.6511	0.2841	0.1739	0.6886	0.6114	0.8577
Presence of major buyers/suppliers	2.252924	3.179184	0.728757	3.641437	0.976095	-0.82235	0.248382	0.361738	-1.310564	0.607686	0.337178	0.294669
	0.0975*	**0.078***	0.5768	**0.0277****	0.3304	0.3753	0.6565	0.6252	0.2426	0.2234	0.535	0.6378
Political Commitment from Host Country	2.054431	37.33079	0.26821	1.505559	-0.06530	-0.97553	0.699003	-0.84123	0.265262	0.19646	-0.83206	1.147648
	0.0402**	1	0.7888	0.2	0.9391	0.2452	0.226	0.453	0.7795	0.7285	0.1392	**0.0797***
Efficient Host Government Institution	-1.51237	-35.1221	0.218275	0.778989	0.399991	0.1228	-0.680843	0.144532	36.57823	-0.498499	0.361234	0.714994
	0.1996	1	0.8073	0.4256	0.5936	0.8641	0.2481	0.8528	1	0.3191	0.5083	0.2809
Availability of Raw Materials	0.552636	0.124402	-35.14916	-0.598378	-0.59025	-0.04889	-0.285668	-34.1680	-33.20261	0.836625	0.18345	1.654264
	0.6703	1	1	0.6226	0.6253	0.9626	0.7419	1	1	0.2558	0.8318	**0.0482****
Competitive Overheads	0.860538	-33.3457	-0.852513	1.024469	-0.08233	-0.52535	-0.321778	-0.48213	1.446411	0.531407	-0.47055	0.541151
	0.3082	1	0.2783	0.2866	0.9116	0.4397	0.5774	0.5159	0.1982	0.3293	0.4203	0.4235
Availability of skilled/ educated labour	-0.27746	-0.12562	-0.991468	-0.120644	0.095871	0.61496	-0.017024	-0.89073	-0.128135	0.4555	0.82659	-0.70574
	0.7443	0.9345	0.2251	0.9067	0.8938	0.3729	0.976	0.2216	0.878	0.3985	0.1202	0.2633
Good work ethics	1.848656	42.93215	-0.544954	1.293366	0.558738	-0.09567	0.530952	0.421809	0.936394	0.572563	0.302901	0.680402
	0.0379**	1	0.5257	0.2195	0.5042	0.8964	0.3572	0.5922	0.2638	0.2891	0.611	0.2947
Presence of major buyers	1.32575	-34.1519	-0.080191	-0.306794	-2.44732	-0.91305	-0.289094	-1.20723	0.064793	0.26156	-0.59988	-0.28302
	0.4338	1	0.9577	0.8653	0.1491	0.4936	0.6378	0.272	0.9435	0.6254	0.2672	0.7021

Source: Questionnaire surveys
Note: p-values are for two-tailed tests.
* Significant at 1% level
** Significant at 5% level
*** Significant at 10% level

Major Factors Influencing Respondents' Decision to Invest (Table 1)

The immediate, initial, and indeed, unmistakeable observation that one would draw from our results is one that might well be surprising to some; surely it does not seem likely that the Singapore government would have anticipated, when first embarking on the industrial township projects in these two countries, that so many of the advantages viewed as the primary attractions to the parks – the location advantages of competitive labour costs and overheads, and 'created' advantages of infrastructure facilities and host government political commitment – would prove to be so singularly insignificant to investors. The abovementioned location advantages both returned no significant results at all, whereas for the similarly abovementioned created advantages, only respondents targeting the domestic market in Vietnam returned any significant results for the former as shown by a positive and significant α_5 (=1.6812), and they were actually comparatively even *less* concerned with it; while the latter only interested Singaporean companies in VSIP as evident from a positive and significant α_1 (=2.0544), (pointing, perhaps, to a certain *inclination* of viewpoint on the part of Singapore investors about their Southeast Asian neighbours, and the significance of the involvement of higher echelons of government in business ventures) and companies exporting their products to OECD countries located in CS-SIP, a perhaps natural concern given certain political tensions at the time, between the host country and their primary export markets. This is seen from the positive and significant α_{12} (=1.1376). More practical economic advantages, instead, held sway; the presence of major buyers/suppliers proving a major draw for tenants in VSIP, Singapore-owned and joint venture alike; with producers of intermediate products, in particular, finding this an important advantage, likely due to the nature of intermediate products as being in the middle of the value chain, making linkages on both ends a key issue. We note this observation from the positive and significant α_1 (=2.2529), α_2 (=3.1791) and α_4 (=3.6414). Somewhat surprisingly, though, this does not appear to be a factor of particular attractiveness to tenants in CS-SIP, not even to producers of intermediate products; owing, perhaps, to the much larger market dimensions catered to by a park located in China, both domestic (given China's size and population) and international (given China's arguably more central location, both geographical and psychological, vis-à-vis major international consumers) – larger markets reducing the criticality of major buyers/suppliers, given that in such a comparatively larger market framework one can always find another buyer or supplier. In this context, then, this seeming discrepancy is not so surprising at all.

Rather more surprising and intriguing, instead, are the figures for investment incentives – which, while otherwise returning an equal number of positive and significant results as presence of major buyers/suppliers, and the most of all the factors, also returned negative and significant results for Singaporean firms, in both VSIP *and* CS-SIP, shown by a

negative and significant α_1 (=-2.2683) and α_7 (=-1.3836). Singaporean firms, it seems, could not care less about the generous investment incentives offered by the parks; while this on its own is odd, but not by itself that significant, it is unavoidable that one must wonder what kind of mindset places an emphasis political commitment from host country and good work ethics above more practical economic concerns. Less surprising but similarly interesting are the positive and significant results for preferential access to target markets among producers of consumer products, and firms targeting the domestic market in VSIP; this is evident from the positive and positive α_3 (=1.8326) and α_5 (=1.3830). These results suggest two distinct possibilities; the first, that most producers of consumer products in VSIP are probably targeting the domestic market, and the second, that such firms, for some reason or another, seem to expect preferential access to Vietnamese markets. Singapore firms, it seems, are not alone in holding certain opinions and expectations of projects involving the Vietnamese and Singaporean states.

Table 2: Major Constraints on Respondents' Operations in the Case-Study Parks

	Vietnam-Singapore Industrial Park						China-Singapore Suzhou Industrial Park					
	Type of Ownership		Nature of Operations		Export Market		Type of Ownership		Nature of Operations		Export Market	
	Singapore β_1	Joint-Venture β_2	Consumer Products β_3	Intermediate Products β_4	Domestic Market β_5	OECD, US & Japan β_6	Singapore β_7	Joint-Venture β_8	Consumer Products β_9	Intermediate Products β_{10}	Domestic Market β_{11}	OECD, US & Japan β_{12}
Shortage of semi skilled/ skilled labour	0.367461	-0.26466	0.337007	0.119059	-0.40263	0.760934	0.878043	-0.57730	0.216145	-0.519089	0.299076	-0.27866
	0.6696	0.8612	0.6664	0.9062	0.5782	0.2518	0.1145	0.4979	0.7965	0.3483	0.5979	0.6748
Shortage of R&D personnel	-0.03072	1.305566	-0.861253	0.367858	4.310752	0.773143	0.564234	0.465423	-0.458746	0.326925	1.987428	0.261123
	0.9765	0.6472	0.3958	0.8003	**0.0011*** **	0.4175	0.4008	0.6056	0.6101	0.5882	**0.0005*** **	0.7398
Rising labour costs	-0.8654	0.255819	-1.425981	-0.617286	-0.46386	0.05291	0.719124	0.449558	-1.578038	0.69637	-0.08534	-0.62882
	0.324	0.8659	**0.0886***	0.5286	0.5128	0.9357	0.2075	0.5417	0.1633	0.163	0.8732	0.3446
Low labour productivity	-1.11201	33.60969	0.6893	0.714741	1.725369	1.086577	0.631821	0.65701	-0.353451	-0.716518	-0.22116	-0.56420
	0.2414	1	0.4506	0.5203	**0.0488** **	0.1803	0.2523	0.3704	0.6689	0.1734	0.6749	0.3836
High absenteeism	0.007477	37.66229	0.436207	0.118013	0.213377	-0.14928	0.59933	1.313321	0.921606	-0.741725	-0.42853	-0.53816
	0.9927	1	0.5735	0.8994	0.7628	0.8191	0.3129	**0.0812***	0.2724	0.2359	0.453	0.4687
Industrial relations problems	-0.52931	-34.6181	1.361532	0.243747	0.518276	-0.1821	-0.211971	-1.87931	0.666226	0.985979	1.479032	-0.50816
	0.6765	1	0.2683	0.8761	0.6029	0.8501	0.7187	**0.09***	0.451	0.0674	**0.023** **	0.4676
Difficulty in obtaining capital equipment	0.03479	1.425245	-1.147336	-1.623442	-2.00474	-0.01978	1.432002	1.397307	-32.5861	-1.029291	-0.51363	-1.65277
	0.9732	0.4132	0.259	0.1861	**0.0334** **	0.9798	**0.045** **	0.1034	1	0.2219	0.4687	0.1518
Lack of good supporting services	-1.22891	-31.4822	-2.106696	0.136666	0.214189	0.274624	0.645028	0.429853	-0.231679	0.388496	0.904952	-0.06704
	0.342	1	**0.0903***	0.8906	0.8172	0.7439	0.3307	0.6252	0.8408	0.5274	0.2654	0.9314
Impact of government regulations	0.240915	-33.6471	1.083972	0.520475	0.846209	-0.86265	0.331015	0.081822	-1.324682	-0.48488	0.060055	-0.42225
	0.7823	1	0.2049	0.6208	0.2819	0.2389	0.5645	0.9154	0.2377	0.375	0.9146	0.5328
Competition from overseas competitors	-34.0267	2.635304	-0.345168	0.000893	1.066216	0.249391	0.533383	0.320722	1.3931	-0.039261	1.036238	-0.99215
	1	0.1567	0.8219	0.9995	0.4254	0.8319	0.392	0.6889	0.1027	0.9475	0.1483	0.2468
Competition from other local industrial parks	0.294735	-0.28686	0.922621	-0.228437	-1.03709	0.465332	0.834432	0.517882	-0.312162	0.762068	0.671064	-1.41797
	0.7379	0.8509	0.2534	0.8239	0.1571	0.4888	0.1565	0.4767	0.7077	0.1395	0.2192	0.0492
Protectionistic barriers: Restricting market access to developing countries	0.388376	-35.4933	1.330265	1.13519	2.007293	0.057276	NA	NA	NA	NA	NA	NA
	0.6562	1	0.1285	0.2699	**0.013** **	0.9352	NA	NA	NA	NA	NA	NA
Protectionistic barriers: Restricting market access to developed countries	-0.30645	0.577418	-0.718773	0.989359	0.278579	0.74446	1.247847	-0.43858	-0.113936	0.321685	0.403809	-0.20098
	0.7128	0.711	0.3597	0.3104	0.7004	0.2636	**0.0528***	0.5423	0.8925	0.5399	0.4499	0.7625

Source: Questionnaire surveys
Note: p-values are for two-tailed tests.
* Significant at 1% level
** Significant at 5% level
*** Significant at 10% level

Major Constraints on Respondents' Operations (Table 2)

Contrary, perhaps, to some expectations, the constraints felt by respondents on their operations proved to be rather stratified, with extremes at both ends and a large amount of responses falling squarely in the middle. Among the lower strata we find rising labour costs and lack of good supporting services, both constraints heavily highlighted in previous literature, but here returning only negative and significant results, and both for firms involved in producing consumer products in VSIP as shown by negative and significant β_3 = (-1.4230 and -2.1067 respectively); signalling, perhaps, a growing acceptance of the current state of the above two constraints in general, especially among the generally more self-sufficient and capital-intensive manufacturers of consumer products. Firms targeting the domestic market in both VSIP and CS-SIP, on the other hand, returned positive and highly significant results for shortage of R&D personnel, evident from a positive and significant β_5 (=4.3108) and β_{11} (=1.9874); while it may be somewhat curious why firms targeting a market with an arguably lower level of technological sophistication would find a shortage of R&D personnel to be a key constraint, when one considers the edge over even local competition that R&D provides, and when one additionally considers the generally narrower market reach possessed by firms targeting the domestic market, as opposed to the ability to import specialized professionals that firms with more internationalized business concerns are able to exercise – the need for such personnel becomes rather glaringly clear, and it becomes just as clear that local training centres in both countries are not yet meeting the demand for R&D professionals; a possible area for both park administration and local authorities to look into.

Respondents concerned with the domestic market returned a good number of other significant results as well – those in CS-SIP seemed to have experienced industrial relations problems of some sort as evident from a positive and significant β_{11} (=1.4790), in all likelihood (given the relative unconcern with such problems for firms exporting to OECD nations) to do with local retailers and transportation networks, whereas those in VSIP seemed relatively more concerned with low labour productivity (a fairly common complaint in VSIP, though in other cases not significantly so), relatively less concerned with difficulties in obtaining capital equipment – and, perhaps most interestingly, relatively much more concerned with protectionistic barriers restricting access to developing countries, or more specifically, given their market focus, to Vietnam itself. By itself, this would seem to suggest a somewhat self-defeating business attitude taken by the Vietnamese government; it is less than economically viable, to say the least, to restrict access to one's own markets, to firms operating within one's borders, interested mainly in selling to one's citizenry. It is, in fact, so much less than intelligent that it is hard to believe this is the case; which, in fact, taken in the context of certain 'advantages'

that were perceived to be present by this same demographic, it would seem not to be. Said certain 'advantages', of course, refer to the expected preferential access to Vietnamese markets mentioned in the section above; taken together, then, it would seem that the expressed concern over 'protectionistic barriers' may well simply mean that such firms have not received the preferential access that they were expecting. Reputations, after all, are often far from reliable gauges of the reputed, be they individuals or collectives.

Other significant figures reflect the situation on the ground; joint-venture companies in CS-SIP expressed relative concern over high absenteeism, seen from a positive and significant β_8 (=1.3133), but were relatively less concerned about industrial relations problems, seen from a negative and significant β_8 (=-1.8793). Singapore-owned respondents in the same park cited, instead, protectionistic barriers restricting access to developed countries evident from a positive and significant β_7 (=1.2478), producing echoes of the political disconnect between the Singaporean and Chinese partners that plagued CS-SIP for so long. Of far more interest, however, was the fact that several expected major constraints failed to produce any significant figures; among them impact of government regulations, and competition from other local industrial parks. Neither of the above, it seems, bother respondents any more than any other constraint on their operations; an intriguing result, given the historically checkered background of political support for both VSIP and CS-SIP, and current concerns about the development of competing industrial parks in the vicinity of both parks (Yeoh et al, 2005). Whether this lack of concern is confidence and security, or mere overweening complacency, it is impossible for us to say. Our figures are, regrettably, silent on the issue of the future.

3. Issues and Challenges

Our empirical findings ascertain that the investment-friendly institutional framework as laid by the Singapore and host governments, together with the presence of major buyers and suppliers, have been generally instrumental in engendering a competitive environment within the townships; also, while statistically unconcerned with the low-cost competitive environments, and Singapore's infrastructural expertise, it cannot be denied that tenants, in many cases, have indeed benefited to various degrees from the above factors. It should also be noted that Singapore's reputation with multinational corporations was, in fact, perceived to lend a measure of credibility; some firms, in our interviews, pointed to this as a significant factor in their decision to locate within their respective parks.

Nonetheless, even the strategically engineered inter-government endorsement of the flagship projects, plus the huge amount of resources

mobilized through these strategic partnerships, have failed to shield the parks from a gamut of all too practical problems; and that, in certain cases, these state linkages may have even failed to eliminate – even engendered – political pressures on these supposedly politically-blessed enterprises. The following observations update, and offer new insights, on recent developments in these industrial-township projects.

'Economics' of Market Competition

It is a fact that Singapore's overseas industrial parks are facing mounting competition from burgeoning competing parks in their vicinities. VSIP's attractiveness has been eroded by competition from newer industrial estates such as the Linh Trung Export Processing Zone, on top of incumbent parks such as the Tan Thuan Export Processing Zone. Established by experienced and street-savvy developers from Taiwan, China and Thailand, these competitor parks market themselves aggressively on price, charging lower transportation fees accruing from more strategic locations.

CS-SIP, likewise, has not been spared the intense competition arising from the adjacent Suzhou New District as local officials have chosen to market the latter over CS-SIP. Such competition has somewhat subsided after control over CS-SIP was handed over to the Chinese partners, when the interests of the Singapore and local stakeholders came into better alignment. Nevertheless, SIP continues to face competition from the nearby Pudong New Area and China's five special economic zones, part of China's larger strategy to attract foreign investments. and which thus share similar privileges and political status with CS-SIP. In recent years, these locations have upgraded their industrial structure and management systems, rendering themselves increasingly competitive vis-à-vis CS-SIP. The simple economics of competition have marginalized the premium attached to the 'superior infrastructure' which was the selling point in Singapore's industrial-investment enclaves – infrastructure that our results suggest may not have been of any real significance to investors in the first place. The same results, it is true, suggest that firms in the two parks seem relatively unconcerned about both costs and competitors; it is impossible to tell, however, how much of this confidence is deserved – and how much might not be because tenants retain the option to shift operations to the abovementioned competitor parks.

Vagaries of Political 'Allegiances'

The 'institutional' framework of the flagship projects in Vietnam and China rested heavily on personal ties, which have declined due to political and social factors stemming from the host environments. In Vietnam, investments in VSIP were expected, *in situ*, to benefit from Singapore's ability to secure special concessions. These initial expectations now seem

roseate, as inter-government endorsement has proved insufficient to secure similar commitment in the lower tiers of government, whose interests in competing developments, has compromised the significance of inter-governmental endorsement of the project. The 'special' support from the local authorities has proved to be less significant than envisioned. Improvements on infrastructural projects have translated into a plethora of miscellaneous fees, and added to operating costs - doubtless a far cry from the aid envisioned by tenants who were attracted by the Vietnamese government's perceived political commitment to the project, and from the 'preferential treatment' additionally expected by certain sectors of the respondents surveyed. Our on-site interviews further reveal negative undercurrents over Singapore's control and management of VSIP. Anecdotal evidence suggests that tensions have arisen over the Singapore-styled management practices, and these have materialized in perception differences, protracted conflicts and project delays. Although it has not blown into a major issue, it is without a doubt a growing one. Local sentiments towards the Singapore seem to mirror those expressed in the Suzhou-Wuxi experience in China, albeit to a lesser degree. Significantly, SembCorp Industries has announced plans to divest itself of part of its stake in VSIP to reflect a better 'alignment of interests', even as the project is finally registering positive returns on its investment (Yeoh and Wong, 2006).

In China, CS-SIP's progress was initially hampered by an approach that was unsuited to the local administrative context. Although the project was endorsed by senior politicians both in China and Singapore, this did not automatically translate into cooperation at the lower tiers of government; which instead chose to promote the existing Suzhou New District, arguably on the basis that they had greater ownership in this development as opposed to CS-SIP, which Singapore controlled. Since 2001, this misalignment of interests has been rectified by the handover of control to the Chinese. Such realignment of interests has, at face value, resolved the 'paradox of context' (Pereira 2003), which encumbered the CS-SIP initiative. However, CS-SIP yet shares the political patronage of the Chinese officials with many of its competitors; while conflict does not seem on the horizon, it is unlikely that any competitive benefit will be derivable from political influences. The political geography, it would seem, is even, featureless ground.

4. Conclusion

The progress of Singapore's overseas parks over a comparatively short period of time indicates the ability of the Singapore's state enterprise network to mobilize economic and political resources to create economic space to maintain her economic competitiveness. Nevertheless we discover that certain complexities of the individual environments, as well as the rude intrusion of the economics of competition, have hindered the

progress and hobbled the commercial effectiveness of the parks; calling, in the larger context, the effectiveness of state-linked regionalization into question.

In Vietnam, the additional agenda vis-à-vis CS-SIP was that the host nation is a fellow member of ASEAN, and promoting economic development in VSIP was one prong of Singapore's prosper-thy-neighbor policies. This is apparent from the mix of 'targeted' industries, as well as the park's management style and operations. Not withstanding such objectives, we submit that heightened competition and endemic corruption (both the presence of, and lack thereof, in different contexts) in the host environment work in tandem to test this strategic initiative. The situation for firms exporting to other countries as part of a value chain appears to have stabilized, but the same can hardly be said for firms concerned with the domestic market, who now seem to facing intensifying pressure to outdo local competition, while nursing a measure of discontent over perceived 'barriers' and certain unfulfilled expectations. Nonetheless, the park's competitiveness, while dented, is yet intact, and remains a draw to potential tenants. We note, however, that said competitiveness remains built largely upon economic, and not political, advantages; the latter seeming, indeed, to have been more perception than reality.

In China, CS-SIP can be perceived as a strategic thrust by the Singapore government to capitalize upon first-mover advantages in a regional economy with immense market potential. Following the handover to the Chinese partners, CS-SIP has indeed been doing very well for itself, as can be seen both from its economic results, and from the upbeat tone of the respondents from the park. However, several labour issues remain to be resolved – the endemic 'Singapore-symptomatic' problem of rising overhead costs seem to have gained some acceptance from tenants, but the shortage of R&D personnel, persisting domestic industrial relations issues, as well as the lurking shadow of growing competition from domestic parks all yet remain; minor issues that might as yet balloon into major ones as more and more global entrants seek to tap on China's enormous domestic potential, much as CS-SIP is doing. In addition, despite the lifting of political pressures on the park following the handover, our findings suggest that a number of social and administrative tensions remain present in the park; individually minor, but collectively quite less so.

In summary, our findings suggest that, while the underlying theories for Singapore's regionalization stratagem and, *pari passu*, the strategic advantage created for firms within these industrial-townships have returned undoubtedly tangible and remarkable results, these industrial parks nonetheless remain at risk from the socio-political contexts and administrative complexities that stem from the various host environments. This paper contends that Singapore's calculated and schematized efforts

at internationalization, in the framework of transborder industrialization, have been overly optimistic, and have more often than not frustrated by the abovementioned socio-political intricacies and economic realities in the host environments. Moreover, the Singapore formula, applied to the variables of economic competition, in the various economic enclaves has resulted in rather deviating conclusions, some positive, and some quite glaringly negative. What seems attractive in one context, after all, may be far less attractive in another; what works on an island-state relatively free of local competition may well run aground in a somewhat more cluttered local competitive landscape. Reputation, it seems, really only does go so far.

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