2

Inter-Asia's Company Towns

Trang (Mae) Nguyen

I INTRODUCTION

The employer provided everything – wages, housing, post office, parks, canteens. Such a model of the "company town," where a single corporation dominates in multiple capacities as employer, landlord, service provider, and quasi-regulator over a dwelling area, has endured across borders and time. The term can portray textile mills in eighteenth-century England or coal and steel towns in early twentieth-century America just as fittingly as it does today's network of "supply chain cities" that span East and Southeast Asia and beyond. Unlike the old towns of the industrializing West, which largely served a single, vertically integrated conglomerate, today's factory towns are transboundary, interconnected, and designed to take advantage of various legal regimes, most notably trade, tariff, investment, and labor laws. Built to settle workers around job sites such as mills, mines, or factories, these manufacturing industrial parks manifest an evolving, expansive exercise of corporate power – once confined to national boundaries, now at once local and transnational thanks to the demands of global supply chains.

This chapter conceptualizes Inter-Asia's supply chain cities as modern company towns. In particular, it studies manufacturing sites in East and Southeast Asia and their business and legal links. More than just towering physical spaces, these sites represent a form of legal entrepôt – created by law and capable of shaping laws and norms through diverse pathways, including regulatory fragmentation and coordinated advocacy. In comparison with another gilded-age moment of industrial development – early twentieth-century United States (US) – these modern company towns exemplify the uniqueness of Inter-Asia's corporate forms, exercise of power, and regional integration.

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II A BRIEF HISTORY: FROM CLASSIC COMPANY TOWNS TO SUPPLY CHAIN CITIES

A. *The Classic Company Towns*

If "seeing like a state" was about the statecraft of rendering societies' complexity into "legible" patterns in the name of bureaucratic administration,[1] company towns are, arguably, the craft for seeing and planning like an industrialist. Two key features set them apart from other towns and enterprises. First and foremost, the raison d'être of company towns was, and is, economic activities – as one scholar puts it, they are "physical expressions of economic enterprise."[2] Second, company towns facilitated an expansive corporate control order that spread through and blurred the lines between work and personal space, enabled by the corporation's multifaceted role – most visibly as employers, but also as landlords, property owners, and quasi-regulators of the town's life. Functionally, as explored elsewhere, this corporate control order manifested through at least three mechanisms: the physical link between workplace and housing; the financial link between workers' wages and rent; and heavy monitoring of private activities. Each represents, in turn, physical control, resource constraint, and social and moral control.[3] As we shall see, these key features have translated well into the business model of modern factory towns, despite very different settings.

Classic company towns, such as those that emerged during the Industrial Revolutions in the West, are broadly defined as "communities dominated by a single company, typically focused on one industry."[4] This domination started in the towns' very names, often eponymous to the particular companies or entrepreneurs (most often men) that founded them.[5] Beyond a general definition, however, company towns were as diverse as their industries, designs, locations, and their founders' ethos. Resource-extraction towns supporting coal mining and metal ores often sprang up from scratch in remote areas, necessitated by the need to stay close to natural resources.[6] Towns in lighter manufacturing industries such as textiles might have begun as small settlements that then expanded alongside a growing

[1] James C Scott, *Seeing Like a State: How Certain Schemes to Improve the Human Condition Have Failed* (Yale University Press 2020) 11–15.

[2] J D Porteous, "The Nature of the Company Town" (1970) 51 Transactions of the Institute of British Geographers 127.

[3] See Trang (Mae) Nguyen, "Global Company Towns" (2025) 96 U Colorado L Rev 75.

[4] H Green, *The Company Town: The Industrial Edens and Satanic Mills That Shaped the American Economy* (Basic Books 2010) 1. Notably, this definition is broader than those that require corporate property ownership. Margaret Crawford, *Building the Workingman's Paradise: The Design of American Company Towns* (Verso 1996) 1.

[5] Famous examples include Pullman, Ill.; Lowell, Mass.; and Hershey, Pa.

[6] Linda Carlson, *Company Towns of the Pacific Northwest* (University of Washington Press 2003) 194–195.

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corporation that served as each town's primary employer.[7] Either way, it was critical for housing to locate near the worksite, especially in remote locations, to attract and retain labor, reduce turnover, and maximize efficiency.[8]

It was this peculiar arrangement – where work lives and private lives were deliberately, physically entwined – that defined the towns. Companies would build not only housing but also stores, parks, roads, churches, and medical clinics. Many strived to cultivate the image of "a working family's paradise," complete with public amenities and social programs.[9] Benevolent motives aside, business owners certainly had ample incentives to keep workers content.[10] Towns with on-site amenities and a sense of community created through social groups and religious services were better able to attract and retain workers to an otherwise unattractive hard-labor life.[11] Providing robust activities and entertainment to keep workers on-site also lowered the risk of off-site temptations, consistent with the paternalistic attitude that companies held over their workforce.[12] More broadly, social control was part of industrial capitalism's ideals of the virtuous worker: "Early to bed, early to rise, makes a man healthy, wealthy, and wise."[13] In this vision of corporate paternalism, running a business came with moral and economic responsibilities. By advocating for "industrious virtues" such as thrift, diligence, and obedience, corporate owners argued that the enterprises were safekeepers of not only industrialist productivity but also the larger social project of eradicating vice.[14] Corporate regulations, enforced through the physical insulation and architecture of company towns, were deemed critical to improve workers' welfare, both for their own and for societal goods.[15]

In their heydays, company towns' physical architecture, so comprehensive in its fusion of capitalist efficiency with labor management, thus exemplified legal scholars' conception of "infrastructure as regulation" – that is, spatial constructions that shaped behaviors and created social ordering.[16] As we will see below, this

[7] Ibid.

[8] Margaret Mulrooney, *Legacy of Coal: The Coal Company Towns of Southwestern Pennsylvania* (US National Park Service 1989) 9–10; J Allen, *The Company Town in the American West* (University of Oklahoma Press 1966) 7.

[9] John S Garner (ed), "Introduction" in *The Company Town: Architecture and Society in the Early Industrial Age* (OUP 1992) 4.

[10] M Todd Henderson, "The Nanny Corporation" (2013) 76 U Chicago L Rev 1517, 1536.

[11] See Allen (n 8) 6–7.

[12] See Carlson (n 6) 10.

[13] David Blanke, "Thrift and Thriving in America: Capitalism and Moral Order from the Puritans to the Present" (2012) 99 J Am Hist 561–563 (quoting Benjamin Franklin, *Poor Richard's Almanack* (1733)).

[14] See Mulrooney (n 8) 10–11.

[15] Ibid.

[16] See Benedict Kingsbury, "Infrastructure and InfraReg: On Rousing the International Law 'Wizards of Is'" (2019) 8 Cambridge Intl LJ 171, 177–184; Benedict Kingsbury, "Introduction to the Symposium on Infrastructuring International Law" (2023) 117 AJIL Unbound 1, 2. For some salient examples in the context of infrastructure and racial discrimination in US laws, see Sarah Schindler, "Architectural Exclusion: Discrimination and Segregation through Physical

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feature has remained constant even as the business model of company towns globalized and adapted.

B. *Company Towns Go Global*

By the 1950s, traditional industrial towns had slowly receded in the US due to a confluence of colliding forces.[17] The development of cars and railroads, changes in technology, and new, robust state and federal regulations in response to the Great Depression all contributed to what became known as the beginning of America's great deindustrialization.[18] But as company towns started to phase out in the West, globalization enabled their reincarnation abroad as manufacturing outposts, first mainly catering to Western economies. An early example – and a spectacular failure – was Ford Motor Co.'s establishment of the Fordlandia rubber plantation in 1920s' Brasilia.[19] Modeled after Ford's flagship plant in Dearborn, Michigan, Fordlandia featured an extensive compound built amidst isolated nature and a similar system of control over local workers, including whistles, time-punch clocks, and routine investigations.[20] Fordlandia's eventual abandonment stood in history as an expensive lesson on multiple fronts: a failed attempt to export Ford's famed assembly line to a jungle ecology, the complexity of going multinational, and the politics of bringing "white man's magic" to other parts of the world.[21] Relevant to this chapter, it also epitomizes the challenges of attempting to exercise corporate control over an increasingly intricate global production process. As detailed in the next section, critical for modern company towns in Inter-Asia, that task was soon outsourced to a new crop of companies, who took over not only the human

Design of the Built Environment" (2015) 124 Yale LJ 1934; Deborah Archer, "'White Men's Roads through Black Men's Homes': Advancing Racial Equity through Highway Reconstruction" (2020) 73 Vand L Rev 1259.

[17] Some have argued that employer-owned planned communities (such as the Walt Disney Company's Celebration in Florida) and Big Tech's campuses (such as those owned by Google and Facebook) function similarly to company towns. The wealthy nature of these towns, however, sets them apart from the industrial settlements at the heart of this chapter, characterized by stark power imbalance between workers and enterprises. As such, this chapter focuses on *industrial towns*, where economic activities center on large-scale manufacturing and the management of blue-collar workers, whether during the Industrial Revolutions or in supply chain contexts.

[18] Deindustrialization in the US is the subject of a large interdisciplinary literature. One example compares two former steel towns in the US and Canada in the aftermath of globalization: Tracy Neumann, *Remaking the Rust Belt: The Postindustrial Transformation of North America* (University of Pennsylvania Press 2016); another presents case studies on how various cities coped with job loss and factory closedown: James Connolly (ed), *After the Factory: Reinventing America's Industrial Small Cities* (Lexington Books 2010).

[19] For a captivating portrait of Henry Ford's saga in the Amazon, see Greg Grandin, *Fordlandia: The Rise and Fall of Henry Ford's Forgotten Jungle City* (Picador Books 2009) 5–25.

[20] Ibid.

[21] Heather Barrow, "The Reach of an Automotive Giant: Urban Implications of an Industrial Policy" (2011) 37 J Urban History 207–301.

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management of supply chains, but also the legal and economic arbitrage of structuring global production itself.

III INTER-ASIA'S COMPANY TOWNS

This part conceptualizes today's "supply chain cities," prolifically built in Asia, but also popular elsewhere, as modern reincarnation of the old company town model. At first blush, this may seem an unintuitive comparison. The fundamental qualities – the time and space, the companies, the states, the products, and the production process – have all changed. Yet, from Pullman, Illinois, to Foxconn's "iphone city" in Shenzhen, China, the "keywords" remain starkly similar: economic productivity, labor–capital tension, corporate control. Such similarity, as I have argued elsewhere, is not a coincidence but the result of a global economic integration process that prioritizes efficiency and large-scale productivity.[22] Put differently, the company town business model, then and now, facilitates a mode of capital accumulation and labor management that caters to industrial development.

To be sure, factory towns of the present operate in a very different world from the past. Instead of textile mills and coal mines, modern industrial towns, especially in Asia, specialize in distinct functions of their industries, ranging from labor-intensive tasks such as part assembly and packaging to high-value technology-related manufacturing. Unlike the old industrial towns of the West, which largely served single, vertically integrated corporations, modern factory towns, as demanded by global supply chains, are transboundary, interconnected, and designed to take advantage of various legal regimes, most notably trade, tariff, investment, and labor laws. This part explores some of the critical features that pave the way for Inter-Asia's company towns: the rise to prominence of transnational suppliers, the proliferation of special zones, the creation of modern industrial towns, and the horizontal networks across Inter-Asia's supply base.

A. *Rise of Transnational Suppliers*

The gravitation toward a "made in the world" manufacturing model[23] paved the way to the rise of a largely hidden new crop of multinational enterprises – which I call "Big Suppliers."[24] By Big Suppliers, I refer to large-contract manufacturing corporations, public and private, with presence in multiple jurisdictions, whether through

[22] Nguyen (n 3).

[23] See Pol Antràs, *Global Production: Firms, Contracts, and Trade Structure* (Princeton University Press 2015) 4–5.

[24] Trang (Mae) Nguyen, "Hidden Power in Global Supply Chains" (2023) 64 Harv Int' L J, 45–60.

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subsidiaries or contracting networks.[25] Though not always, they tend to be headquartered outside of Global North economies, most dominantly in Asia, as a product of outsourcing trends, trade regulations, and individual nations' industrial policies.[26] As brands and retailers in the US, Europe, and elsewhere divested, their foreign-based contracting partners increasingly scaled up and consolidated to meet the complex demands of global production.[27] When each part of a product might come from different countries and even different continents, control, coordination, task management, and compliance were critical to ensure a smoothly run supply chain.[28] This, in turn, spurred demands for a professional logistics industry capable of the herculean tasks of optimizing complex cross-border processes.

Transnational suppliers thus emerged as a new, quiet crop of corporate powers, whose presence transformed the economic and legal organization of global trade.[29] By virtues of size and scale, they sit atop a robust global supply base spanning Asia, Latin America, and beyond.[30] As laid bare by the COVID-19 pandemic, this global supply base, while transboundary and expansive, is also concentrated, both geographically to a small number of key countries and economically to a small group of key firms.[31] Well-known examples include Foxconn, the world's largest electronics contract manufacturer; the Taiwan Semiconductor Manufacturing Company (TSMC), the world's biggest semiconductor manufacturing foundry, known for its ability to make the most advanced nanochip; TAL Apparel, which produces one out of every eight dress shirts bought worldwide; Luen Thai, a textile conglomerate; Yue Yuen, the world's largest manufacturer of athletic shoes; and Li & Fung, the world's biggest apparel trading house, once called "the most important company that most American shoppers never heard of."[32]

Transnational suppliers' quiet rise to prominence in a highly interdependent system has resulted in a relative shift in the locus of power in global supply chains, long assumed to be dominated by Western brands.[33] Relevant to this chapter, they are also the employers of modern company towns, having taken over the tasks of manufacturing and labor management. Like the corporate giants of the past, they act at once as employers, landlords, and quasi-regulators to manage the employment,

[25] Ibid. In this chapter, the terms *Big Suppliers*, *first-tier suppliers*, *top-tier suppliers*, and *lead suppliers* are used interchangeably to refer to these large companies.
[26] Ibid.
[27] Ibid.
[28] See Michael P Vandenbergh, "The New Wal-Mart Effect: The Role of Private Contracting in Global Governance" (2007) 52 UCLA L Rev 913, 925–929.
[29] See Nguyen (n 24) 68–80.
[30] See Timothy Sturgeon, John Humphrey and Gary Gereffi, "Making the Global Supply Base" in Gary Hamilton and others (eds), *The Market Makers: How Retailers Are Reshaping the Global Economy* (OUP 2011).
[31] See Nguyen (n 24) 56–58.
[32] Ibid.
[33] Ibid 60–68.

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housing, mobility, and social lives of millions of workers whose labor sustains global consumption. As argued elsewhere, the emergence of these companies has implications for a suite of public and private law issues, including cross-border contracts, corporate social responsibility designs, trade regulations, private regulatory functions, and more.[34] Before turning to transnational suppliers' management of modern industrial towns, it is first helpful to understand the type of law-made soil on which these towns stand – the special economic zones (SEZs).

B. *SEZs*

Special economic zones, at a fundamental level, are a form of regulatory laboratories – aptly defined as "demarcated geographic areas contained within a country's national boundaries where the rules of business are different from those that prevail in the national territory."[35] Their history dates back to the Roman Empire, whose authorities bestowed free trade–like conditions on ports and islands to encourage trade.[36] Early SEZs included European colonial outposts such as Macau and Hong Kong, as well as China's numerous "treaty ports," through which it ceded territories and granted broad concessions to Western powers in the aftermath of the Opium Wars.[37] In the 1970s and 1980s, SEZs were catapulted to holy grail status thanks to several highly successful utilizations, first by the "Asian Tigers" economies, then by the People's Republic of China as part of Deng Xiaoping's "Open Door" policy.[38] Urged on by a coalition of national governments, private sectors, and international organizations hoping to replicate such successes, other developing countries quickly seized on the model, resulting in a rapid spread of SEZs around the globe.[39] Though widespread, zone distributions are highly concentrated, both in geography and in economic activities. Nearly 90 percent of the world's SEZs are located in developing nations, with China hosting nearly half and a substantial number spreading across East and Southeast Asia.[40]

[34] Ibid 69–81.

[35] See Thomas Farole and Gohkan Akinci (eds), "Introduction" in *Special Economic Zones: Progress, Emerging Challenges, and Future Directions* (World Bank 2011) 3.

[36] See Clause Baissac, "Brief History of SEZs and Overview of Policy Debates" in Thomas Farole (ed), *Special Economic Zones in Africa: Comparing Performance and Learning from Global Experience* (World Bank 2011) 31–35.

[37] Dong Wang, *China's Unequal Treaties: Narrating National History* (Lexington Books 2005). For a legal perspective on the oppressive terms of these treaties, see Cornelius Murphy, "Economic Duress and Unequal Treaties" (1970) 11 Va J Int'l L 51–54.

[38] See, e.g., Douglas Zhihua Zeng, "How Do Special Economic Zones and Industrial Clusters Drive China's Rapid Development?" in *Building Engines for Growth and Competitiveness in China* (World Bank 2010) 9. https://documents1.worldbank.org/curated/en/310891468018256346/pdf/WPS5583.pdf.

[39] From just under 200 zones in the 1980s, today there are over 7,000 SEZs in 145 countries, employing an estimated workforce of 100 million. Farole and Akinci (n 35) 5.

[40] Farole and Akinci (n 35) 5.

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Functionally, SEZs allow states to move beyond the old economic wisdom of national competitive advantage to create modern one-stop-shop "location-specific advantages."[41] The goal, as made clear by policymakers, is to create more liberal, effective business environments, insulated from the larger national context, in order to attract foreign investments and boost economic development.[42] Common regulatory incentives include preferential customs duties and taxes; streamlined administrative procedures; and one-stop integrated offices to ease compliance.[43] Benefiting from SEZs' well-defined spatial boundaries, states may also test controversial policies such as land auctions, wholly foreign-owned companies, or labor market liberalization, without having to commit to large-scale changes.[44] Legal and regulatory learning was well documented among states, for example, Vietnam and Ethiopia in emulating mainland Chinese and Taiwanese experience.[45]

C. *Special Towns*

Modern company towns retain key vestiges of the old model – large-scale economic activities, comprehensive infrastructure planning, and tight control over workers' lives – but operate in a vastly different context. Thanks in part to transnational suppliers' rapid expansion, modern factory towns no longer resemble the old model's discrete islands of economic activities. Instead, they belong to transnational networks operating at different nodes of global production, strategically located to take advantage of trade, tariff, and other favorable laws. Much has been written about the meticulous infrastructure planning, extensive control, and labor plights in modern factory cities, most infamously Foxconn's "forbidden iPhone city" in Longhua.[46] This part focuses instead on a different facet, that is, the roles of supply chain cities as innovation hubs in advancing both business norms and certain quasi-public functions.

On advancing innovative business norms, consider, for example, the Luen Thai Liz Claiborne facility in Dongguan, China. Luen Thai, a Hong Kong–based apparel manufacturer, first experimented with supply chain cities in 2007, on the heels of the expiration of the Multi Fiber Agreement (MFA) – a multilateral regime

[41] Rajneesh Narula and James X Zhan, "Using Special Economic Zones to Facilitate Development: Policy Implications" (2019) 26 Transnational Corp J 1, 2.

[42] Ibid.

[43] Ibid.

[44] Sebastian Heilmann, "Policy Experimentation in China's Economic Rise" (2008) 43 Stud Comp Int'l Dev 1–26.

[45] See, e.g., Keyi Tang, "The Political Economy of Special Economic Zones: The Cases of Ethiopia and Vietnam" (2023) 30 Rev Intl Poli Econ 1957, 1968–1973 (detailing the learning experience of SEZ "rising stars" such as Ethiopia and Vietnam).

[46] See Pun Ngai and Jenny Chan, "Global Capital, the State, and Chinese Workers: The Foxconn Experience" (2012) 38 Modern China 383–410; Jason Dean, "The Forbidden City of Terry Gou" (August 11, 2007) *Wall Street Journal*, www.wsj.com/articles/SB118677584137994489 [https://perma.cc/K3BX-D4W7], accessed October 1, 2024.

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that carved out special quotas for trade in textiles from 1973 to 2005.[47] By imposing country-specific quotas on textile exports by developing countries, the MFA contributed to a proliferation of supply bases around the world, and its end brought about a consolidation of the apparel supply chains.[48] With Liz Claiborne's backing, Luen Thai relocated the raw material suppliers and product manufacturers into one mega-factory located in Dongguan, in the province of Guangdong – known for its convenient transportation access.[49] From there the company built a campus comprised of product development centers, factories totaling 2 million square feet, a 4,000-person dormitory, a movie theater, gyms, hotels, and showrooms for visiting clients.[50] All parties follow a highly standardized scan-and-track inventory system to allow goods to move seamlessly across production stages and from the factory floors into Liz Claiborne stores in the US and elsewhere.[51] "A buyer, a marketer, a brander from the [United States] can go to Supply Chain City and never have to leave the complex," explains Luen Thai's US president. "They can make their samples, they can buy their fabrics, they can do everything they want under one roof."[52] Luen Thai's restructuring resulted in a corresponding change at Liz Claiborne, which at the time sourced from over 250 suppliers in thirty-five countries.[53] The retailer started to consolidate its supplier base and relocate its designers from Hong Kong, New York City, and elsewhere to the Dongguan complex so that they could closely collaborate with Luen Thai's technicians from the factory and fabric mills.[54] The one-stop-shop, comprehensive nature of Luen Thai's industrial site thus fosters collaboration, information sharing, and innovation – an arrangement that mirrors the "technology cluster" concept of high-tech locales like Silicon Valley.[55]

Equally significant, corporate functions in modern factory towns can extend well beyond commercial activities – a phenomenon amplified by the COVID-19

[47] The MFA created a special quota regime as an exception to the trade framework set up by the General Agreement on Tariffs and Trade (GATT), the precursor to the World Trade Organization (WTO). See WTO, *Textiles: Back in the Mainstream*, www.wto.org/english/thewto_e/whatis_e/tif_e/agrm5_e.htm [https://perma.cc/UZ28-R38R], accessed October 1, 2024.

[48] See Nguyen (n 24) pt I.B (describing the impact of the MFA).

[49] See Staci Kusterbeck, "China Appeals to U.S. Buyers with 'Supply Chain Cities'" (*Retail Info Systems*, August 1, 2005), https://perma.cc/6BMF-4WLN, accessed October 1, 2024.

[50] "From Fashion to Fish: How Hong Kong's Luen Thai Holdings Learned to Shift with the Wind" (*Knowledge@Wharton*, March 31, 2010), https://knowledge.wharton.upenn.edu/article/from-fashion-to-fish-how-hong-kongs-luen-thai-holdings-learned-to-shift-with-the-wind [https://perma.cc/GYE5-4FF3], accessed October 1, 2024.

[51] Ibid.

[52] Ibid.

[53] See Richard P Appelbaum, "Transnational Contractors in East Asia" in Gary Hamilton, Benjamin Senauer and Misha Petrovic (eds), *The Market Makers: How Retailers Are Reshaping the Global Economy* (Oxford Academic 2011) 255, 258.

[54] Ibid.

[55] See William R Kerr and Frederic Robert-Nicoud, "Tech Clusters" (2020) Working paper 20-063 Harvard Business School 3.

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pandemic. In the 2019–2021 period, as the pandemic traveled around the globe, transnational suppliers, as operators of supply chain cities, took on surprising and dramatic roles as providers of public health and pandemic response, even as diplomats to secure scarce vaccines. In Vietnam, for example, after waves of COVID-19 outbreaks, electronic factories turned to a model of "sleepover manufacturing" to insulate workers from infections, greenlit by a national leadership anxious to keep the country's reputation as a supply chain rising star.[56] Pou Chen – Yue Yuen's Vietnamese subsidiary – advanced its own contact tracing, testing, and medical reporting system,[57] while Samsung Vietnam provided free dormitories and food to encourage workers to stay within its industrial park.[58] When COVID-19 inevitably reached the factory floors, these suppliers, sanctioned by regulators, turned their plants into quarantine space, where thousands of workers spent time away from their families isolating in clusters.[59] This was an exception to Vietnam's highly rigid regulation that COVID exposures were subject to mandatory quarantine in military-operated camps.[60] Suppliers also mounted fierce lobbying efforts to prioritize factory workers for vaccine eligibility.[61] In Taiwan, in an extraordinary development, Foxconn and TSMC took on diplomatic and political roles as they represented the Taiwanese government in its negotiation to purchase COVID vaccines directly from BioNTech.[62] By outsourcing the negotiation to its two most powerful companies, Taiwan was able to sideline a conflict with the People's

[56] See Chia Woon Eunice Chua and Nguyen Dieu Tu Uyen, "Factory Sleepovers Help Guard Vietnam's Workers from Virus Outbreaks" (Bloomberg, July 6, 2021), www.bloomberg.com/news/newsletters/2021-07-06/supply-china-latest-vietnamese-workers-avoid-virus-by-sleeping-at-work [https://perma.cc/NB73-4Z5V], accessed October 1, 2024.

[57] See "Pou Chen Group's Efforts in Response to COVID-19 Pandemic" (*Pouchen ESG News*, May 31, 2021), www.pouchen.com/index.php/en/csr/esg-news/56-csr_2020/803-pcc-csr-news-200531-en [https://perma.cc/734Q-EGPM], accessed October 1, 2024.

[58] See "Samsung Viet Nam Day Manh Cac Bien Phap Phong Dich COVID-19 [Samsung Vietnam Increases Measures to Prevent Covid-19]" (*Samsung Newsroom*, May 14, 2021), https://news.samsung.com/vn/samsung-viet-nam-day-manh-cac-bien-phap-phong-dich-covid-19 [https://perma.cc/KQ5R-7VV5], accessed October 1, 2024.

[59] See Lien Hoang, "Samsung Suspends Vietnam Factories Hit by COVID: Health Ministry" (*Nikkei Asia*, July 14, 2021), https://asia.nikkei.com/Spotlight/Coronavirus/Samsung-suspends-Vietnam-factories-hit-by-COVID-health-ministry [https://perma.cc/6ANJ-QFA6], accessed October 1, 2024; Phuong Nguyen and James Pearson, "Vietnam Coronavirus Outbreak Threatens to Disrupt Tech Supply Chains" (*Reuters*, May 28, 2021), www.reuters.com/technology/vietnam-coronavirus-outbreak-threatens-disrupt-tech-supply-chain-2021-05-28 [https://perma.cc/8KLB-FP2R], accessed October 1, 2024.

[60] See Trang (Mae) Nguyen and Edmund Malesky, "Reopening Vietnam: How the Country's Improving Governance Helped It Weather the COVID-19 Pandemic" (*Brookings Institute*, May 20, 2020), www.brookings.edu/blog/order-from-chaos/2020/05/20/reopening-vietnam-how-the-countrys-improving-governance-helped-it-weather-the-covid-19-pandemic [https://perma.cc/M7NR-U328], accessed October 1, 2024.

[61] See Hoang (n 59); Nguyen and Pearson (n 59).

[62] See "Taiwan Tech Giants Foxconn and TSMC to Buy 10m COVID Jabs" (*BBC*, July 12, 2021), www.bbc.com/news/business-57801031 [https://perma.cc/M58P-RPT9], accessed October 1, 2024.

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Republic of China, which insisted that Taiwan needed to wait for vaccine distribution from the central government, just like other Chinese provinces.[63] In Vietnam, suppliers also played critical roles in securing vaccine supplies for their workforce early in the pandemic, spurring a heated public debate on vaccine equity.[64] In their defense, these enterprises argued that the infrastructure of their industrial sites acted as built-in regulation for vaccine compliance and should be prioritized both for public health and economic reasons.[65] To be sure, the desire to maintain production, at a time when global supply chains became heavily scrutinized, factored into these governments' delegation of critical foreign policy and public health functions to transnational suppliers.[66]

D. *Horizontal Networks*

Distinct from past company towns, a key feature of today's manufacturing sites in East and Southeast Asia is their deep links as part of a global supply base. This phenomenon arose well before the COVID-19 pandemic and subsequent geopolitical changes, thanks in part to transnational suppliers' history of expansion. In labor-intensive textile and footwear industries, for example, as the cost of living rose in China, major suppliers such as TAL Apparel and Yue Yuen sought out manufacturing bases in labor-rich Southeast Asia and South Asia, with a high concentration in Vietnam, Indonesia, and Cambodia.[67]

Changing geopolitics and post-pandemic reordering have accelerated at least two trends: efforts to reindustrialize Global North economies and pressure to divert manufacturing out of China into other manufacturing bases. The latter has spurred a new wave of factories and industrial clusters in Southeast Asia and South Asia as suppliers attempted to hedge unstable geopolitics and legal uncertainties. Apple, for example, has announced plans to move some of its core production operations to

[63] See Joyu Wang and Chao Deng, "Tech Firms to Buy Covid-19 Vaccines on Behalf of Taiwan's Government" *Wall Street Journal* (July 12, 2021), www.wsj.com/articles/tech-firms-to-buy-covid-19-vaccines-on-behalf-of-taiwans-government-11626020496 [https://perma.cc/J9VA-UWNC], accessed October 1, 2024.

[64] See, e.g., Lien Hoang, "Intel Staff Vaccinated as Vietnam Prioritizes Tech Exports" (*Nikkei Asia*, July 13, 2021), https://asia.nikkei.com/Business/Companies/Intel-staff-vaccinated-as-Vietnam-prioritizes-tech-exports [https://perma.cc/TT6N-BKB6], accessed October 1, 2024.

[65] Ibid.

[66] See Huong Le Thu, "Delta Variant Outbreak Challenges Vietnam's COVID-19 Response Strategy" (*Brookings Institute*, August 11, 2021), www.brookings.edu/blog/order-from-chaos/2021/08/11/delta-variant-outbreak-challenges-vietnams-covid-19-response-strategy [https://perma.cc/76X9-889W], accessed October 1, 2024.

[67] See "Corporate Information" (Yue Yuen Industrial (Holdings) Ltd.), www.yueyuen.com/en/corporate_information.html [https://perma.cc/R88U-XG8B], accessed October 1, 2024; "Manufacturing Business" (Yue Yuen Industrial (Holdings) Ltd.), www.yueyuen.com/en/iframe-manufacturing-business.html [https://perma.cc/6WYN-NFRX], accessed October 1, 2024.

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India and Vietnam, triggering its "Big Three" suppliers – Foxconn, Luxshare, and Goertek – to set up subsidiaries, secure land leases, and announce construction plans in these destinations.[68] In the textile and apparel industries, the passage of the Uyghur Forced Labor Prevention Act and other sanctions has driven brands to seek out alternative cotton resources, effectively creating new demand for labor and cotton plants in Pakistan, Bangladesh, and India.[69]

Inter-Asia's supply base is not catering to Western brands alone. Homegrown brands from China and Southeast Asia are increasingly a driver of the region's growth and economic integration. Chinese EV manufacturer BYD, for example, recently announced a $1.3 billion investment in new manufacturing facilities in Thailand and Indonesia, to be completed by 2026.[70] Vietnam's EV brand VinFast has announced a $1.2 billion investment in Indonesia for an assembly plant, further underlining the attractiveness of Indonesia as a manufacturing base for the EV industry.[71]

As a result, new factories and industrial clusters are being created across Inter-Asia. Efforts to divest from China have, in essence, strengthened the region's interdependence as Chinese suppliers seek nearby offshore locations to restructure their own supply chains. This flexibility in supply chain architecture underscores the key difference between today's global supply base and past company towns. Instead of the old model's discrete islands of economic activities, today's factory towns are part of a transnational, cross-boundary network that can coordinate, share legal and business practices, and learn from one another in the face of uncertainties. The next part explains some of these dynamics by turning to the concept of infrastructure sites as "legal entrepôts."

[68] Iris Deng, "Apple's Supply Chain in China Evolves as Foxconn Hires, Compal Invests in Vietnam and MacBook Production Relocates to Thailand" *South China Morning Post* (June 12, 2023), www.scmp.com/tech/tech-trends/article/3223802/apples-supply-chain-china-evolves-foxconn-hires-compal-invests-vietnam-and-macbook-production, accessed October 1, 2024; Chi Trung, "Apple's Deepening Roots and Flourishing Partnerships" (*Vietnam Investment Review*, May 9, 2024), https://vir.com.vn/apples-deepening-roots-and-flourishing-partnerships-110987.html, accessed October 1, 2024; "Supply Chain Exodus from China to India, Vietnam Far Faster Than Anticipated" (*Telecom*, March 8, 2023), https://telecom.economictimes.indiatimes.com/news/supply-chain-exodus-from-china-to-india-vietnam-far-faster-than-anticipated/98496252, accessed October 1, 2024.

[69] "Beyond China: US' Xinjiang Cotton Ban Has Far-Reaching Implications, Even for Asian Alternatives" *South China Morning Post* (July 27, 2022), www.scmp.com/economy/china-economy/article/3186664/beyond-china-us-xinjiang-cotton-ban-has-far-reaching [https://perma.cc/UFK5-HWJ7], accessed October 1, 2024.

[70] "BYD Launches in Indonesia with New Cars and a Promised $1.3 Billion Factory as It Continues Its March to Global EV Dominance" (*Fortune*, January 19, 2024), https://fortune.com/asia/2024/01/19/byd-launches-indonesia-new-cars-factory-ev-global-expansion/, accessed October 1, 2024.

[71] "Vietnam's VinFast to Establish EV Assembly Plant in Indonesia This Year" (*Jakarta Globe*, February 19, 2024), https://jakartaglobe.id/business/vietnams-vinfast-to-establish-ev-assembly-plant-in-indonesia-this-year, accessed October 1, 2024.

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IV INTER-ASIA'S COMPANY TOWNS AS LEGAL ENTREPÔTS

Entrepôt is derived from the French words *entre* (among, between) and *poser* (to place).[72] Historically, the term referred to warehouses and shipment centers, where goods were deposited as part of trade flows.[73] More broadly, like a gateway or a port, an entrepôt is a physical place in-between, connecting local commerce with the wider world, providing a space for processing, documenting, and organizing the migration of goods and people.[74] Borrowing from this concept, a legal entrepôt is legal in two ways. First, its nature is legal in that it is law-made, designated as a cross-border entrance by the relevant authorities from which it derives legitimacy. In this sense, any official port, SEZ, or factory town is necessarily a law-made space, sanctioned by law and created with specific policy goals, often to encourage regulatory and economic experiments without having to commit to large-scale change.[75] Indeed, scholars have argued that these specially designated spaces represent a regime of capitalist "micro-ordering" – that is, "political arrangements at a small scale," separate from the structure of the nation-states.[76]

Second, equally noteworthy, the concept of a legal entrepôt underscores how laws and norms, like other commodities, flow through and are shaped within the physical space. When transnational suppliers operate supply chain cities that resemble past company towns, how they organize their buildings, factory floors, and work shifts becomes the de facto regulation of significant aspects of individual lives. As transnational suppliers often operate in "regulatory laboratory" spaces such as SEZs with more leeway given to local authorities and private actors, their roles in private governance are especially pronounced. The first example below, on regulatory fragmentation through production lines, illustrates the power of suppliers in taming regulations by "splitting" production lines. Yet, the transboundary, porous nature of global supply chains, while facilitating the extraterritorial reach of corporate private governance, can also present new opportunities for transnational solidarity among workers across disparate supply bases. The second example, on efforts to coordinate labor actions, exemplifies transnational advocacy that leverages the very nature of business-friendly global supply chains (admittedly in a limited way) for labor causes.

A. *Regulatory Fragmentation*

Regulatory fragmentation refers to a phenomenon in which a transnational supplier, by virtue of its control over dispersed industrial sites, can choose to

[72] See "entrepôt," Oxford-Hachette French Dictionary (1994).
[73] See "entrepôt," Merriam-Webster Dictionary, www.merriam-webster.com, accessed October 1, 2024.
[74] See J Russell Smith, "The World Entrepôt" (1910) 18 J of Pol Econ 697.
[75] Ibid.
[76] See Quinn Slobodian, *Crack-Up Capitalism: Market Radicals and the Dream of a World Without Democracy* (Metropolitan Books 2023) 4.

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"fracture" its production lines to comply with stringent standards only where required. Take, for example, Yue Yuen's operation model of customer-specific production lines. A major athletic footwear manufacturer, Yue Yuen is the main supplier for Nike, Adidas, Reebok, and other brands.[77] As one of Nike's major suppliers, Yue Yuen became embroiled in the anti-sweatshop campaign against Nike during the late 1990s, including major exposés on its factories in Vietnam.[78] In the aftermath, Nike became an early adopter of corporate social responsibility, with some of the most stringent standards on workers' rights in the industry.[79] As a supplier to multiple brands, Yue Yuen increasingly needs to comply with not only varying manufacturing specifications but also a variety of codes of conduct and labor and safety standards. Yue Yuen organizes its production lines according to specific merchandisers, producing specific items in batches.[80] As a result, Nike's more stringent labor standards are effectively "quarantined" within its own production line. Meeting the more stringent requirements for a customer like Nike does not necessarily result in positive spillover effects on Yue Yuen's other processes.[81]

Solar suppliers utilize the same tactic when faced with US import sanctions regarding polysilicon – a critical component for photovoltaic cells that make up solar panels. The Xinjiang Autonomous Region in Northwestern China is home to four of the five largest polysilicon factories in the world.[82] In 2021, President Biden signed into law the Uyghur Forced Labor Prevention Act, which creates a rebuttable presumption that imports from Xinjiang – polysilicon included – are made with forced labor unless importers can produce "clear and convincing" evidence demonstrating otherwise.[83] In a concerted move, US Customs and Border Protection, which, in addition to immigration, is also in charge of the admission of goods into the US, issued a series of "withhold release orders" to detain solar components suspected of being "tainted"

[77] See n 67 (Yue Yuen's corporate materials).

[78] See, e.g., Steven Greenhouse, "Nike Shoe Plant in Vietnam Is Called Unsafe for Workers" *New York Times* (November 8, 1997), www.nytimes.com/1997/11/08/business/nike-shoe-plant-in-vietnam-is-called-unsafe-for-workers.html [https://perma.cc/D6F9-KYRZ], accessed October 1, 2024; Burhan Wazir, "Nike Accused of Tolerating Sweatshops" *Guardian* (May 19, 2001), www.theguardian.com/world/2001/may/20/burhanwazir.theobserver [https://perma.cc/HHV2-SQVF], accessed October 1, 2024.

[79] See Lynn S Paine, "Sustainability in the Boardroom: Lessons from Nike's Playbook" (July–August 2014) Harvard Business Review 87, 90 (crediting Nike's creation of a board-level corporate responsibility committee for its success in turning around Nike's image).

[80] See Jeroen Merk, "Restructuring and Conflict in the Global Athletic Footwear Industry: Nike, Yue Yuen and Labour Codes of Conduct" in Marcus Taylor (ed), *Global Economy Contested: Power and Conflict Across the International Division of Labour* (Routledge 2008) 79, 90.

[81] Ibid.

[82] See Aitor Hernandez-Morales and others, "Fears over China's Muslim Forced Labor Loom over EU Solar Power" (*Politico*, February 10, 2021), www.politico.eu/article/xinjiang-china-polysilicon-solar-energy-europe/ [https://perma.cc/HY3P-UCD5], accessed October 1, 2024.

[83] See HR 1155, 117th Congress (2021).

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with Xinjiang labor.[84] In response, solar component manufacturers have started "splitting" their production lines, with dedicated "clean" lines – that is, clearly free of Xinjiang inputs – slated for export to the US.[85] By an example, Jinko Solar, a solar module manufacturer headquartered in Shanghai, is reportedly ramping up its Xinjiang-free production in Vietnam to serve the US market, noting that it is only using German and US polysilicon for these production lines.[86]

B. *Supply Chain Solidarity*

The transboundary, porous nature of global supply chains, while facilitating the extraterritorial reach of corporate private governance, also presents new opportunities for transnational solidarity. As the examples below demonstrate, thanks to the interconnectedness of global production, strategic coordination is possible among workers who might be in different countries or industries but are linked through the global supply base.

The prime example so far has been in Europe rather than Asia: the coordinated strike against Tesla by Scandinavian workers, first started in October 2023 by four Swedish technicians.[87] Since then, thousands of workers across countries and industries have joined in, including Norwegian and Finnish port workers, Danish truck drivers, as well as Swedish postal workers, cleaners, and garbage collectors who declined to service Tesla offices.[88] While Northern Europe is a relatively small market, these labor actions have garnered attention across the globe as a renewed form of transnational solidarity that capitalizes on the very business-friendly nature of global production and strikes at key nodes of supply chains.[89]

[84] US Customs and Border Protection, "CBP Issues Region-Wide Withhold Release Order on Products Made by Slave Labor in Xinjiang" (press release, January 13, 2021), www.cbp.gov/newsroom/national-media-release/cbp-issues-region-wide-withhold-release-order-products-made-slave [https://perma.cc/T3SL-J5M7], accessed October 1, 2024 (citing section 307 of the Tariff Act of 1930, which prohibits the import of any product that was mined, produced, or manufactured wholly or in part by forced labor, including forced or indentured child labor and which delegates enforcement authority to US Customs and Border Protection).

[85] See Alan Crawford and others, *Over-Exposed, Uyghur Region Exposure Assessment for Solar Industry Sourcing* (Sheffield Hallam University, November 2023) 1–5, www.shu.ac.uk/helena-kennedy-centre-international-justice/research-and-projects/all-projects/over-exposed [https://perma.cc/38NL-YQYX], accessed October 1, 2024.

[86] Ibid 17–19. In response to US import sanctions, Jinko already sold off its ingot (crystalline silicon) manufacturing factory in Xinjiang and reported that it only used ingot produced elsewhere for its solar wafers.

[87] See Gerrit De Vynck, "Tesla Strike in Sweden Is Biggest Test Yet of Elon Musk's Anti-Union Stance" *Washington Post* (December 29, 2023), www.washingtonpost.com/world/2023/12/29/tesla-strike-sweden-elon-musk/ [https://perma.cc/7DH9-ARN6], accessed October 1, 2024.

[88] Ibid.

[89] See Melissa Eddy, "Tesla Strike Is a Culture Clash: Swedish Labor vs. American Management" *New York Times* (December 28, 2023), www.nytimes.com/2023/12/27/business/tesla-sweden-strike-labor.html [https://perma.cc/7DH9-BCN6], accessed October 1, 2024.

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The coordinated strikes against Tesla are reminiscent of earlier efforts by Asian supply chain workers in China and Vietnam against shoe giant Yue Yuen. In 2014, in what turned out to be one of the largest industrial strikes in Chinese history, 40,000 workers from multiple Yue Yuen factories in Dongguan, China, took to the street to protest the company's failure to pay worker benefits.[90] It started with a single worker at a Yue Yuen factory in Dongguan, who, in seeking compensation for a workplace injury, learned that the shoe giant had failed to contribute to workers' social insurance funds.[91] Within a week, the strike had spread to 1,000 workers; within two weeks, an estimated 40,000 workers from all seven of Yue Yuen factories in the region had joined in – marking a rare regional effort.[92] The unusual size, length, and reach of the unrest triggered a violent response from local authority.[93] By the end of the month, most workers accepted a settlement and returned to work.[94] Without the counterweight of an independent union, the massive strike, like a wave, surged but then dissipated without long-lasting gains for Chinese workers.[95] Even then, the legacy of the Yue Yuen strikes prompted the central government to announce an investigation into Yue Yuen's books and records, eventually resulting in a $90 million settlement to replenish its social insurance and workers' housing funds.[96]

In Vietnam, strike coordination can happen not through workers but, perhaps somewhat ironically, through business and political networks. To avoid competition, employers in the same industrial clusters – especially East Asian companies from Taiwan, Japan, and Korea – often coordinate on wage rates and workers' benefits.[97] A successful strike that raised wage rates would thus impact the equilibrium of the entire industrial zone and even region. To maintain stability and discourage further strikes, provincial union officials often inform their counterparts in neighboring zones and provinces about the successful strike and the resulting new wage rates.[98] They may even advise employers to engage in preemptive negotiations, rather than waiting for workers' reactions, which may halt production and cause

[90] See Cynthia Estlund, *A New Deal for China's Workers?* (Harvard University Press 2017) 10–15 (recounting the origin and legacy of the Yue Yuen strikes).

[91] Ibid. The social insurance fund is a legally mandated fund set aside to pay for workers' health care premiums, work-related injuries, unemployment, and housing needs.

[92] For a firsthand account by a Yue Yuen worker, see "Defeat Will Only Make Us Stronger: Workers Look Back at the Yue Yuen Shoe Factory Strike" *China Labour Bulletin* (May 22, 2014), https://clb.org.hk/en/content/defeat-will-only-make-us-stronger-workers-look-back-yue-yuen-shoe-factory-strike [https://perma.cc/QA6B-ARN6], accessed October 1, 2024 (translating from an interview transcript published in a Chinese blog, *Worker View Point* (工评社)).

[93] Ibid.

[94] See Estlund (n 90) 10–15.

[95] Ibid.

[96] Ibid.

[97] See Do Quynh Chi, "The Regional Coordination of Strikes and the Challenge for Union Reform in Vietnam" (2017) 48 Development and Change 1063–1064.

[98] Ibid.

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missed deadlines.[99] In effect, through business and political networks, local officials in Vietnam have informational advantages regarding strike activities, allowing them to act as a kind of broker to set the bargaining terms and preempt potential conflicts. This practice is certainly not labor-led negotiation. But it still represents a way in which the interconnected nature of industrial zones and supply chains can be leveraged for higher wages, albeit tamed through political and business interests.

V CONCLUSION

Inter-Asia's company towns are both starkly similar and different to the old model. Now and then, these manufacturing clusters are the physical manifestation of the capital accumulation and labor management that cater to and facilitate industrial development. Then and now, they reflect the expansiveness of private governance. But unlike past models, today's modern factory towns are transboundary and interconnected as demanded by global supply chains, as part of their designs to capitalize on legal and economic advantages across borders. The horizontal links among Inter-Asia's industrial clusters facilitate their roles as legal entrepôts – made by law and capable of shaping laws. While suppliers' locational advantages enable regulatory fragmentation through practices such as supply chain splitting, modern factory towns' interconnectedness can also open up opportunities for learning and coordination among workers who are linked through regional supply chains. As changing geopolitics create new, rapid demands for industrial sites in Asia and beyond, this volume chapter thus offers a timely, if limited, study on the pathologies of and perhaps even hopes for Inter-Asia's modern company towns.

[99] Ibid.

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