An Ethnographic Glimpse: On the Trail of Chinese-Vietnamese Mining Cooperation

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EXECUTIVE SUMMARY

• Natural resource extraction is a particularly contested form of development, which, in Vietnam, has brought together issues of incoming Chinese investments, resource development and national sovereignty in controversial ways.

• Among them have been public discussions on Chinese companies, workers and their relations with local communities that show more than a hint of anti-Chinese sentiment. Glaringly absent from these discussions, however, is often the perspectives and actual experiences of the Vietnamese and Chinese companies, workers and local communities most implicated by them.

• Ethnographic inquiries into mining projects in a remote region of northern Vietnam, however, suggest a wider set of experiences and relations between Chinese and Vietnamese companies and workers than what is typically represented in the public discourse, as well as often very practical reasons for explaining their cooperation and behaviours.
While problems of illegal export of mineral ore to China and Chinese workers working in Vietnam without legal permits are important problems that need to be addressed more effectively, an overemphasis on Chinese-Vietnamese relations risks distracting from more systemic governance problems in the Vietnamese mineral sector.

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INTRODUCTION

A rising China generates important economic opportunities and considerable anxiety for Vietnam. Perhaps because of its highly contentious nature, natural resource extraction has been a particular focus for public expression of these anxieties. For example, widespread controversy over bauxite mining in 2009 and 2010 generated public concern over the potent mix of incoming Chinese investments, resource development, and national sovereignty. ¹ More recently, a riot last May at a massive steel refinery in Central Vietnam and the death of at least one Chinese worker there—notably, in the context of massive demonstrations against Chinese drilling inside Vietnamese waters on the South China Sea—illustrates just how serious these issues have become.² Such incidents have been both cause and result of public discussions in Vietnam that suggest more than a hint of anti-Chinese sentiment. However, what has been glaringly absent from these discussions is the voice of the companies, workers and communities most directly implicated by them.

This article helps to address this gap by reporting on preliminary findings from a visit to a Vietnamese-Chinese mineral sector partnership in a remote region of northern Vietnam.³ Inspired by an ethnographic approach, the research for this article combined interviews, informal discussions, and direct observation to explore the more practical reasons why these partnerships occur and their implications for Vietnamese companies, workers and communities. It also highlights more enduring problems of lack of transparency and regulation in the mineral sector that can give rise to such anti-Chinese discourses.

ON THE ROAD: WITH ILLEGAL EXPORTS OF IRON ORE?

My trip began on a Saturday afternoon as I flew into Hanoi’s Noi Bai International Airport. A pre-arranged driver picked me up and he immediately had us heading north on Highway Number 2 towards Hà Giang province. Right at our first stop, however, at a roadside eatery in Tuyên Quang province, we encountered half a dozen dump trucks loaded with iron ore. Illegal exports of mineral ore has been one of the most controversial issues in the Vietnamese mineral sector, much of it believed to be bound for China. Vietnamese officials have


³ Research for this study is based on a five-day visit to two Vietnam-China mining cooperation projects in a remote area of Cao Bằng province in northern Vietnam. It included more than a dozen interviews and informal discussions with Vietnamese and Chinese mine managers, engineers, and workers, as well as local government officials and residents from a small town near the mining operations. For reasons of confidentiality, I have suppressed all names and potentially identifying details of informants.
estimated that nearly half of the country’s total annual coal output (some ten million tons) is illegally exported to China, while 90 per cent of the coal from the country’s most important coal deposit in Quang Ninh province is suspected of being illegally exported to China. More recently, the Chairman of the Vietnam Foundry and Metallurgy Science and Technology Association, Phạm Chí Cương, noted disparities in Chinese and Vietnamese customs data which suggested that 3.1 million tons of iron had unofficially made its way from Vietnam to China in 2013 with an average price difference of US$36.08 per ton. The Chairman further suggested that the difference was equivalent to three trillion VND (US$141.2 million) in lost tax revenues and five hundred billion VND in export tariffs. Could these loads of iron ore at the roadside eatery be a part of those missing millions of tons?

Through informal conversation with their drivers, I soon learned that these trucks were transporting the ore from a privately owned mine in Hà Giang to an undisclosed drop-off point along the banks of a nearby river. One reason for the drop-off was that, as the drivers seemed to boast, their loads were five to six times heavier than their legal carrying limits. Thus, they could not continue further in Tuyên Quang because they could not get past the weighing stations. In Hà Giang, on the other hand, a little bit of “greasing money” (tiền bói tron) was usually all that they needed to get through, strongly suggesting a network of “under-the-table” relations that extended throughout but did not exceed the provincial border. Their ruse revealed to us both the level and extent of these relations that, as I later learnt in Cao Bằng, usually played an indispensable part in sustaining mining projects in Vietnam.

At the drop-off point, the iron ore would be picked up by larger trucks and transported to its next destination. However, these drivers could not or did not want to tell us where this would be. They speculated that it could be at a steel refinery in Hải Dương province, or possibly an older one in the adjacent Thái Nguyên province. Almost like a guerrilla cell, they seemed to know or could disclose information on only their own small segment of the network. The iron ore might also have been headed for riverboats that would ferry it out to sea, where it could more easily elude customs patrols on its way to China, but these drivers also did not know or were not privy to disclose further details.

However, the point here is not to speculate. Rather I want to highlight the many and diverse actors necessary to transport and possibly illegally export mineral ore out of Vietnam. They include government officials, security officers, and different companies and traders, as well as their Chinese counterparts. From this perspective, to suggest that China is the source of

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Vietnam’s illegally exported mineral ore would be a gross simplification of a complex process.

**SITUATING CHINESE-VIETNAMESE MINERAL SECTOR COOPERATION**

After spending a night in the provincial capital of Hà Giang, we headed east along the narrow mountain Highway No. 34—named after the thirty-one men and three women who first joined Võ Nguyên Giáp in forming the Vietnam People’s Army in 1944 in the hills of Cao Bằng. After a few more hours, we arrived at the mining company offices. The large three-storey concrete building and long arcing driveway appeared out of place against the scrub forests, upland cultivation and scattered villages of this rural mountainous setting. Nonetheless, this was the operating base of the mining companies set up here as a joint initiative between a Vietnamese construction company and its Chinese counterpart.

Such arrangements between Chinese and Vietnamese companies are not uncommon in the Vietnamese mineral sector. Rather, as Nguyễn Văn Thuần, General Director of the Department for Geology and Minerals under the Ministry of Natural Resources and Environment, has recently complained, they are all too common. In the north, he has suggested that up to 60 per cent of Vietnamese mines show “Chinese traces.” In his opinion, “It is like the Chinese were standing behind our backs and controlling our own mining industry.” However, rather than being dominated or manipulated by their Chinese partners, the mine managers I spoke with in Cao Bằng highlighted the more practical—if banal—reasons for their cooperation.

The partnership began with a construction company from southern Vietnam, which, as Vietnam’s relatively nascent minerals sector began to take off in the early 2000s, made explorations in Cao Bằng and confirmed commercially viable deposits of lead, zinc and copper. However, lack of relevant mining experience, technology and expertise pushed the Vietnamese company to form two joint stock companies with a Chinese partner. In each company, the Vietnamese partner held 51 per cent of shares and the Chinese partner 49 per cent. For the Vietnamese company, the partnership provided technology and expertise, while for the Chinese partner it was an opportunity to expand their business investments. Part of that business was in the supply (either through direct sale or as part of the initial investment agreement) of technology and equipment.

Though Chinese technology is often berated as cheap and outdated, Vietnamese mine managers described it to me as affordable and appropriate. One manager admitted that Chinese technology was not always state-of-the-art, but its relative similarity to Vietnamese technology made it easier to learn and, when needed, repair. He emphasized that if an important piece of machinery or equipment broke down, all they had to do was call a partner in China and they would have a special technician or replacement part on-site within 48

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hours. In comparison, a similar situation with European or North American technology could take days or weeks. Hence, while Chinese technology might not necessarily be top of the line in an international context, it had distinct advantages in the Vietnamese one.

Neither should these partnerships all be seen as one of a kind or static. This one in Cao Bằng also illustrated how they can fluctuate. Around 2012, after a plummet in global commodity prices, the Chinese partner divested itself of its shares in both companies. For a while afterwards, it then continued to collaborate with its Vietnamese partners as a contractor for Chinese labour and expertise. However, these arrangements also eventually broke down and the Chinese partner withdrew entirely from the projects, though many of the Chinese workers it originally recruited stayed on in an individual capacity. In other words, rather than “standing behind the back” of the Vietnamese company, this Chinese company exhibited a range of relationships with its Vietnamese partner and, in the end, withdrew from the relationship altogether.

While this single case cannot be said to be representative, it disturbs key assumptions about Chinese partnerships and technology used in the mineral sector. It testifies to complex circumstances of cooperation and challenges simple assertions of Chinese domination.

REFLECTING ON “CHINESE WORKERS” DEBATES

The influx of masses of Chinese workers has been another of the Vietnamese public’s main concerns about Chinese economic activities inside Vietnam.7 Government reports have suggested that they number in the tens of thousands in Vietnam, possibly more than one hundred thousand altogether.8 They are repeatedly described in the domestic press and on popular Vietnamese websites and blogs as mainly being “general” (phổ thông) or “unskilled” labour. They are accused of taking jobs away from local Vietnamese and many thousands have also been found to be without legal working permits.9 While these are important issues, they also deserve a subtle treatment that more adequately reflects the experiences of these workers and the companies that employ them.

Indeed, 80 per cent of workers at the mine I visited in Cao Bằng did not have a university degree and, by this criterion, they did not qualify as “expert labour.” However, more than just “general” or “unskilled” labour, people at the mine referred to them as “experienced” labour (lao động có kinh nghiệm). They did jobs that required specific skill sets or work experience, such as operating heavy machinery, repairing technical equipment, drilling into deep rock,

9 Ibid.
igniting explosives, and inspecting tunnel safety. They were not the types of job that any person could perform. Rather, they demanded qualifications that were not readily available in this remote mountainous area, or even elsewhere in Vietnam.10

The legal standing of the Chinese workers was a trickier issue, which, because of its sensitivity, I could investigate only limitedly. Because the mining operations were licensed at the provincial level (which applies to mines with a capacity of less than 15,000 tons per year), provincial authorities were able to license temporary three-month extendable work permits for foreign workers. Applying for visas at the provincial levels has several advantages, notably in processing times and the mine’s closer relations with provincial officials. However, given the considerable administrative burden of renewing visas every three months (notably, for nearly half of the workers in the mine mentioned above), it is conceivable that companies might be less than rigorous in ensuring that the permits are kept up to date and rely on a bit more “greasing money” to avoid problems with local authorities. Once again, upon further investigation, we find that problems directed at Chinese workers in the public discourse are entangled within a much wider network of actors and recurring challenges in their regulation and “under-the-table” relations.

CHINESE WORKERS’ LIVED EXPERIENCES AND RELATIONS WITH LOCAL COMMUNITIES

In Cao Bằng, I was also able to visit the work sites, living quarters and meet with a few Chinese workers. In addition to Chinese companies being accused of lowering labour standards, Chinese workers are also accused of taking away local jobs, creating conflict with local communities, or establishing their own “Chinese villages.” However, rarely is attention given to these workers’ own perspectives and actual experiences of living and working in Vietnam.

In the mines I visited, most Chinese workers were contracted directly by the Chinese partner company. The workers I spoke to, described their main reasons for coming to Vietnam to be the pay being a little better and the cost of living a little lower than in China. They also described working and living conditions as being very similar to their experiences working on mining projects in China, also usually located in remote areas with limited infrastructure and services. Two workers I spoke with were older men who regretted leaving behind wives, adult children and grandchildren in China. However, the work in Vietnam enabled them to support their families economically. One of them said he earned 20 million VND per month (approximately US$ 1000), of which he usually sent 15 million VND back home and lived off the rest.

10 Indeed, I had met a couple of Vietnamese workers who had come from the Red River Delta provinces, who had some previously relevant work experience before arriving to Cao Bằng. However, they also said they had mostly learned their jobs on-site, often with the help of their Chinese counterparts.
A Chinese translator I met described a more winding path that led to Cao Bằng. He was a younger man in his mid-thirties who came from a Chinese town near the Vietnamese border. He had learned to speak Vietnamese at one of the several Vietnamese language tuition centres in his hometown in China. With limited job prospects in his hometown, however, he began searching online for work in Vietnam and found a job, through an online recruitment site, at a garment factory in the south. After a while there, he met a Vietnamese girlfriend and they soon got married. He later quit his job and together with his wife set up a business in the leather industry. Unfortunately for them, the business went sour and their company was bankrupted, leading him to the mining project in Cao Bằng. During this time, his father had also passed away and so he also wanted to work in Cao Bằng to be closer to his mother.

While the riot that occurred last May in Hà Tĩnh has been the most extreme recent example of violence between Chinese migrant workers and local Vietnamese communities, the situation in Cao Bằng provided a stark contrast. Not far from the mines was a small district town, which workers often visited to eat, shop, relax or simply get away from work. However, few, if any, major tensions or problems with workers were reported by government officials, shopkeepers and residents I spoke with. For many of them, Chinese workers meant more customers and better sales. Even during the tense moments of last May, the mining companies had warned their Chinese counterparts against going out or into town. However, the workers went anyway and encountered little out of the ordinary.

To be sure, the context of a remote mountainous town in Cao Bằng with a history of petty trade with the Chinese from across the border is significantly different from the more densely populated lowlands of Hà Tĩnh. Nonetheless, it testifies to a wider set of experiences among Chinese workers and local communities than are usually reported in the domestic press. For both Vietnamese and Chinese workers alike, the high-politics of the South China Sea sometimes appeared a long way away from their daily lives and aspirations in Cao Bằng. As one Vietnamese worker commented to me about the contested islands, “lose them or save them doesn’t matter much to me. What matters to me is how to make a living. How can I make some money? If a machine breaks down, how can I fix it before tomorrow?”

CONCLUSION

The purpose of this piece has not been to refute or dismiss many of the important concerns raised in the public discourse about Chinese-Vietnamese relations inside Vietnam. Its more modest purpose is to add breadth and nuance to these discussions, notably by reflecting on the experiences and perspectives of the companies, workers and communities most directly implicated by the tensions and controversies. This piece has done so through the lens of natural resource extraction—a particularly contested form of development—that has seen a proliferation of Chinese investments, resource development and, inevitably, contestations of national sovereignty. In particular, this piece highlights the more specific and pragmatic reasons behind Vietnamese cooperation with Chinese companies and workers in resource extraction projects. It testifies to a wider set of possibilities for these partnerships and
Chinese workers’ relations with local communities than typically represented in the public discourse.

Finally, it also highlights recurring problems with regulation, law enforcement and “under-the-table” relations that appear to pervade the Vietnamese mineral sector. Indeed, overemphasis on Chinese-Vietnamese relations in these issues risks distracting from more enduring and systemic problems related to resource governance and labour rights in Vietnam.