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Chinese Capital and Immigration into CLMV: Trends and Impact

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EXECUTIVE SUMMARY

- China abandoned its communist-driven foreign policy from the 1980s onwards and pursued a “good neighbourliness” policy with its immediate neighbours of Cambodia, Laos, Myanmar and Vietnam (CLMV). This relationship is, however, a complex one. Geographical proximity, historical engagements across porous borders, and the dynamics between new Chinese immigrants and locals contribute to the complexity of China-CLMV relations.
- The wave of new Chinese migration into CLMV has been facilitated by the flow of Chinese economic aid towards building transportation and resource-extraction infrastructure. China’s economic aid has been accompanied by a policy of non-interference in the affairs of these countries.
- There are two main concerns over China’s economic aid to CLMV, namely the fear that the extraction of raw materials for Chinese industries has little benefit for CLMV countries, and the worry that China’s unrestricted lending will undermine efforts to fight corruption in these countries.

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- New Chinese migrants since the 1990s include professionals, students, petty traders, entrepreneurs, and both semi-skilled and unskilled labourers. Petty traders and entrepreneurs are driven by the oversupply of goods in China as well as intense domestic competition, while unskilled and semi-skilled labour often accompany Chinese contractors and companies into CLMV. In contrast to older Chinese migrants, new migrants are 'floating' groups who are perceived to be profit-driven and to have an instrumentalist worldview.
 - The arrival of new Chinese immigrants and capital have impacted host countries in a variety of ways including rising property prices and cost of living; village displacement and environmental degradation; market share and entrepreneurship; and a mixed reaction to Chinese identity.
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INTRODUCTION

Since China's open-door policy began in 1978, millions of Chinese have flowed from the mainland to various parts of the world. Seen by some as the 'New Chinese Migration' (Wong 2012), this wave of immigrants differs in scope and character from historical waves of Chinese immigration at the turn of the 20th century which gravitated towards Southeast Asia. Instead, this 'New Chinese Migration' swept towards developed countries in the West comprising primarily of students, scholars and, later, professionals to learn from more advanced societies as part of the Four Modernisations project.

From the late 1980s and early 1990s, however, this 'New Chinese Migration' saw another shift in trend. Greater numbers of Chinese migrants were found heading towards developing regions like Southeast Asia, Latin America and South Africa in light of "China's overseas economic expansion and friendly political relationships with these areas" (Zhuang and Wang 2010:175). More specifically, this migration shift towards Southeast Asia in the last two decades—termed 'the fourth wave of Chinese migration'—has come about because Beijing began developing diplomatic ties and economic partnerships with ASEAN and individual member states (Zhuang and Wang 2010). China gradually abandoned a communist-driven foreign policy and pursued a "good neighbourliness" policy for domestic economic development, thus paving the way for new Chinese migrants coming mainly from Yunnan, Guangdong Province, and Fujian Province into Cambodia, Laos, Myanmar and Vietnam (CLMV) (Zhuang and Wang 2010:179).

However, this "good neighbourliness" policy is a complex one especially regarding China's immediate CLMV neighbours. Geographical proximity, historical engagements across porous borders, and the unfolding dynamics between new Chinese immigrants and local communities contribute to the complexion of China-CLMV relations.

CHARACTERISTICS OF CHINESE ECONOMIC AID

The exact amount of Chinese economic aid to CLMV remains unknown in light of scattered figures. Nevertheless, it is clear that the bulk of this goes towards building transportation infrastructure like highways and bridges, and resource extraction infrastructure like mines and dams. China's economic aid to CLMV underwent three stages (Hao 2008). The first stage—1950s to early 1980s—was devoted primarily to the ideological desire to build stronger foreign relations with other developing socialist countries. The second stage—1980s to mid-1990s—saw the economic focus shifted to small and medium-sized projects in developing countries. The third

stage—1995 to the present—is in clear contrast to the first stage, and economic and commercial interests now reign supreme. Here a strict stance of political non-interference in other countries is adhered to. According to Hao (2008: 186 and 184), “[t]he western approach of imposing its values and political system on other countries is not acceptable to China ... [and] [i]n the long term, China hopes that the overture will not only give Chinese companies an edge in the competition for local business, but also tighten the political relations with those recipient countries”.

According to some estimates, CLMV countries received at least half a billion US dollars each between 2004 and 2008 (Zhu 2009). Other sources note that Chinese sponsored investment to broader Southeast Asia amounted to US\$7.4 billion while concessional loans amounted to US\$7.1 billion between 2002 and 2007 (Lum et al. 2009). Nevertheless, to put these figures into context, Southeast Asia lags behind other regions as a recipient of Chinese economic aid. From 2002 to 2007, Africa received 44 per cent of all Chinese aid in the form of loans, infrastructure projects, and other economic assistances, while Latin America received 36 per cent, and finally Southeast Asia with 20 per cent (Lum et al. 2009).

Beyond resource extraction, the calculated extension of economic aid also serves political objectives. The principle of non-inference allows economic aid to efficiently strengthen diplomatic and foreign relations by circumventing the moral intricacies of national politics, while the increase in humanitarian aid also serves to signal China's rise as a responsible member of the international community (Zhu 2009). However, as a developing nation itself, China's role as an aid donor has been an ambiguous one. It has been pointed out that China cannot be seen as an 'emerging donor' because it has already played the role of donor in the past. Instead, it should be seen as a 're-emerging donor' (Chin and Frolic 2007). Others, however, contend that China's aggressiveness in Official Development Assistance (ODA), together with Japan's recent cutback in foreign assistance to Beijing, adds legitimacy to the term 'emerging donor' (Garcia 2012). Nevertheless, the Development Assistance Committee (DAC) of the OECD defines emerging donors as those which are pursuing a closer relationship with the DAC, and thus excludes China from its definition. The most neutral term for Chinese economic aid to developing countries is 'South–South Cooperation' which the DAC–OECD, defines as “developing countries, middle income countries and emerging economies that share expertise and financial support with other countries” (Garcia 2012:2).

There are two main concerns over China's economic aid to CLMV. The first is the fear that such economic aid is designed to extract raw materials for Chinese industries with little benefit to CLMV countries. These materials will be used to manufacture cheap goods like kitchen utensils, textile apparel, and household items in China which will, in turn, be sold to “these least developed countries while failing to bring sustained economic growth to the recipient nation's local economy” (Hao 2008:187). The second fear is over unrestricted lending from China to CLMV. The

international community worries that China's unrestricted lending will undermine efforts to put in place conditional debt which will ultimately negate the fight against corruption (ibid.).

NEW CHINESE IMMIGRANTS TO CLMV

There is little doubt that Chinese economic aid has lubricated the flow of new Chinese immigrants into CLMV. Again, like Chinese economic aid, the exact numbers of new Chinese immigrants are difficult to ascertain for various reasons. Firstly, the porous borders that China shares with Laos, Myanmar, and Vietnam make immigration control extremely challenging. Secondly, provincial data on immigrants often does not match national data. Thirdly, many Chinese immigrants are 'floating' contract immigrants who work for short periods before moving off to another site. Fourthly, those who start businesses may adopt a local name. Zhuang and Wang (2010) estimate that there are about 2.5 million new Chinese immigrants in ASEAN, although the real figure is believed to be many times higher in light of illegal migration, bribery and poor border controls.

But who are these new immigrants? Unlike Chinese immigrants of the early 1980s who comprised of students, scholars and professionals, this 'fourth wave' of Chinese immigrants has been observed to be more diverse. They include professionals, students, petty traders, entrepreneurs, and both semi-skilled and unskilled labour. On one hand, the outflow of entrepreneurs and petty traders has been prompted by the oversupply of certain goods in China such as textiles, clothes, footwear, kitchen utensils and electric appliances, as well as intense domestic competition (Tan 2010). On the other hand, semi-skilled and unskilled contract labourers often come tied together with Chinese contractors and companies to the procurement, engineering and construction sectors (Nguyen 2013). Students and professionals tend to gather in Singapore and Malaysia, while entrepreneurs and petty traders are mostly found in CLMV.

In contrast to older Chinese immigrants who arrived at the turn of the 20th century and who have assimilated into their host societies, these new immigrants are 'floating' groups who see themselves as 'globalists' (Zhuang and Wang 2010: 178). Petty traders and entrepreneurs are perceived to be profit-driven and to have an instrumentalist worldview. "Unlike their nationalist predecessors, the new Chinese migrants mainly look out for their own self-interests when they stress their China link. They are people who are chasing profits everywhere in the world" (Zhuang and Wang 2010:179).

IMPACT OF CHINESE CAPITAL AND IMMIGRATION INTO CLMV

Rising Property Prices and Cost of Living

Chinese capital and immigration into CLMV over the years have had several socio-cultural and economic consequences. Rising property prices and cost of living has been a major concern for locals. Take Myanmar for example. China-Myanmar bilateral trade and Chinese direct investments amount to US\$4.44 billion (68.8 per cent up from 2008) and US\$1.95 billion, respectively (see Tan 2012). New Chinese immigrants have had a profound impact on the price of real estate and business ownership, especially in Upper Myanmar. It has been reported that the inflated cost of living and property prices have driven many ethnic Burmese out of increasingly expensive cities like Mandalay to nearby satellite towns. “Residents recall a 1984 fire that gutted downtown Mandalay and was followed by a government order to rebuild quickly using more expensive materials. Many had lost everything, even as Chinese citizens from neighboring Yunnan province appeared with ready cash” (Magnier 2013). It has been estimated that over a million such relocations have taken place, with some observers noting that “the Chinese takeover of Mandalay and northern Burma replicates the economic consequences of the British colonisation of Burma, which included a massive importation of Indian and, to a lesser extent, Chinese manpower and capital” (Mansfield 1999). Beyond the purging of locals from the city, it has also been suggested that the rising cost of living and property prices yields social consequences such as the rising number of singles who cannot afford to marry (Kyaw and Aung 2012).

Village Displacement and Environmental Degradation

Displacement and environmental degradation are another major problem in CLMV in light of mega projects like dams, power plants, mines and railroads. One example is the That Luang Marsh in Laos. Over 100 families living in a part of the Lao capital slated for a Chinese-invested US\$1.6 billion development project are refusing to relocate, saying compensation offered for their land is too low. Locals say the compensation offered is ten times less than the market value of their land (Radio Free Asia 2013). Another instance is the fast-speed rail from Kunming to Vientiane. Despite objections from NGOs and environmental groups, the project is expected to go ahead because the Lao government recognises the benefit of infrastructural development while the Chinese government sees the railway as an important way to pull Southeast Asia more tightly into its orbit.

According to some sources, there are at least 69 Chinese corporations investing in over 90 hydropower, mining, oil and natural gas projects in Myanmar (Earth Rights International 2008). The extraction of natural resources also entails the displacement of rural people. Many villages have had to be resettled to make way for hydropower dams, mining plants and oil extraction factories. In 2010, Kachin villagers protested against the Myitsone Dam on the Irrawaddy River. Built by the state-owned Chinese Power Investments Company, the project was responsible for the relocation of up to 15,000 people. A commentator for *The Irrawaddy*, Ko Ko Thett, related on the rising anger of locals with growing Chinese interests and people (qtd. in Birke 2010):

Imagine your home has been bulldozed for a dam construction project, your farm, which is your livelihood, has been seized without compensation, and you and your family are forcibly relocated... Then the Chinese immigrants come to work the land where your farm used to exist. This is the source of tensions.

Market Share and Entrepreneurship

New Chinese immigrants have also heightened competition for market share and posed acute entrepreneurial challenges for local traders and small businesses in areas where they are concentrated. Take the Morning Market at Talat Sao, Laos, for example. Located at the junction of Lan Xang Road and Khu Vieng Road in Vientiane, opposite the busy Vientiane bus station, the Morning Market is now dominated by Chinese traders and shopkeepers who sell daily necessities and electrical appliances (Lim 2009). Chinese traders are also winning a bigger market share of mall shopping, thus distinguishing themselves from local traders. A new four-storey Talat Sao Mall in Vientiane was recently built by the Singapore-based Excalibur Group Pte Ltd and is now 70 per cent occupied and operated by new Chinese immigrants such that “some of the storekeepers speak only Mandarin or very poor Laotian and rarely communicate with the locals” (Lim 2009: 10). Local traders and entrepreneurs have had to understand and adapt to the changing business environment. In particular, they have to realise that the new supply chains of goods and products from China have altered the market place. As such they have to “either acquire supplies themselves or learn how to sell the products they do have as value-added items” (Southiseng 2012:11).

Chinese Identity and Cultural Politics

Finally, the influx of new Chinese immigrants has impacted Chinese identity and cultural awareness in different ways. In Cambodia for example, Chinese identity has become a way to bridge the Cambodian People's Party and China. Here the long settled "Cambodia's ethnic Chinese are celebrated as conduits of economic and political ties between two friendly nations, to both of which they owe a certain allegiance" (Nyiri: 2012:105). There are practical ways in which this is done. Chinese investors and businessmen coming to Cambodia will have to look for a local backer (*kaoshan*), usually in the form of an *oknha* (sometimes translated into English as "lord"), a title granted by the king. This title, held by Chinese Cambodians, offers official tax privileges and informal authority. "Such *oknha* are in great demand by investors from China, particularly those who wish to acquire land concessions, since such concessions, by law, require a majority stake of a Cambodian company" (Nyiri: 2012:99). Such forms of politics and informal economies help raise awareness of Chinese identity among the Cambodian Chinese.

Conversely, there is resistance to Chinese identity and culture in other cases. Sino-Burmese have been known to distance themselves from new Chinese immigrants. Seen as materialistic, crass and having no desire to integrate into Myanmar society, these Chinese newcomers may be deemed alien to local ways of life. In addition, these Chinese newcomers are often seen as different from the earlier waves of immigrants who arrived before Myanmar's independence in 1948 (Puak 2011):

Than Htay, an ethnic Chinese-Burmese citizen and bookshop owner, said the newcomers don't fit in. "We are quite different from them in cultural traditions. Previous settlers paid respect to the native citizens. They lived modestly not in a grandiose lifestyle. But now the new settlers don't care about the native people."... Than Htay himself is of Chinese origin but he uses the pronoun "they" in referring to the new Chinese settlers. There is a gap between the old and the new.

Such distinctions go beyond the socio-cultural. There is a clear sense of economic exclusivity. Locals complain the Chinese newcomers live in mansions and villas in the downtown area, apart from the local community. Their segregation as well as the preferential treatment implicitly granted to Chinese wealth will further increase the wide disparities that already exist between the two communities: "Some appear to live above the law. When the local authorities inspect houses for overnight guests staying in the area, they only check Burmese houses... They dare not knock on the doors of these villas and mansions. Even if they knocked on their doors, they didn't receive an answer" (ibid.).

CONCLUSION

China's economic aid and non-interference in the domestic politics of CLMV countries are part of its "good neighbourliness" policy. However, the relationship between the rising superpower and its immediate neighbours is a complex one that is layered by historical engagements across porous borders, as well as human linkages in the form of new Chinese immigration and CLMV labour into Yunnan. As such, the complexion of China-CLMV relations is dependent on different players such as the respective governments, civil society, local communities and intelligentsia, and the media—all of whom will have to address a variety of interests such as developmental and economic interests, nationalist interests, and cultural rights interests. These interests will be animated differently according to the issues and sites in question.

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