

RESEARCHERS AT SINGAPORE'S *INSTITUTE OF SOUTHEAST ASIAN STUDIES* SHARE THEIR UNDERSTANDING OF CURRENT EVENTS

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## **Ethnic Chinese in the Midst of Myanmar's Transition**

*By Stephanie Shannon and Nicholas Farrelly\**

### EXECUTIVE SUMMARY

- Chinese migrants have long viewed Myanmar as a safe haven where wealth can be created.
- The latest wave of such migrants began moving to Myanmar in the late 1980s after the border was opened and the economy moved in capitalist directions. With greater freedom for private enterprise came a resurgence of Chineseness. Subsequently, Chinese entrepreneurs came to dominate trade, particularly in northern Myanmar.
- As Myanmar experiences socio-economic change, embraces a more democratic political system, and as international sanctions and boycotts are dropped, a Burmese middle class has emerged which is demanding quality goods and services. Chinese suppliers, particularly in northern Myanmar, have been quick to respond to this.
- At the same time, resentment against foreigners is high in Myanmar and many Chinese are aware that they are walking a fine line between tolerance and aggravation.

- In response, many Chinese have been careful to learn Myanmar languages and to adopt Myanmar religions as a survival strategy.

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## INTRODUCING THE CHINESE

Since colonial times, Chinese peasants and entrepreneurs have been migrating to Myanmar in search of peace and prosperity. The latest wave began arriving in the late 1980s as China and Myanmar opened their common border and sought to resolve long-term security and political differences. As Myanmar embraced crony-driven market capitalism and surrendered its socialist credo, Chinese migrants found themselves well positioned to take advantage of the changes. They were soon able to dominate both legal and illicit trading networks. There was little competition for their imported goods during the decades when sanctions and boycotts shielded Myanmar from global markets.

Myanmar's rapid political change since the implementation of the 2008 constitution has astounded many foreign observers, but what counts for the citizens is still their experience of profound socio-economic change. Even as international investment ratchets up, sanctions and boycotts are dropped and tourists flock to Southeast Asia's "final frontier", a new Myanmar middle class is emerging. This class of people is demanding quality goods and services that were, until recently, only available to the country's elite. Using the contacts, the capital and the assets they acquired under Myanmar's former military government, Chinese entrepreneurs have come to dominate the supply of goods and services to this new middle class. In Mandalay, the centre of Chinese trade in Myanmar, the wealthiest Chinese entrepreneurs are expanding their businesses to supply the middle class with everything from quality kitchen appliances to the latest fashions and trendy hairstyles.

These businessmen are also fully aware that there is a limit to the tolerance of their presence in Myanmar. In a country often bereft of opportunities, Myanmar's peoples have long resented the wealth of migrant populations. Riots against foreigners have occurred sporadically since the influx of "foreigners" began under British rule. This is an old story and one that vaults to renewed prominence in times of uncertainty and social stress. Since 2012 violent campaigns have targeted the Muslim Rohingya, a group officially excluded from Myanmar's tiered system of ethnic categorisation. Chinese migrants share this precarious status and are not counted among the country's 135 ethnic 'nationalities'. Acutely aware that resentment towards their presence and wealth persists, many Chinese have been careful to learn Myanmar languages and adopt Buddhism in its Theravada form. This presents a striking difference between them and the Rohingya. The Chinese have sought a survival strategy that minimises their alien status. While the adoption of Buddhism and the increasing ability of Chinese migrants to speak Myanmar languages have increased the tolerance of Myanmar peoples of them, the Chinese undoubtedly still stand out in many aspects of daily life. As outsiders, they continue to face discrimination, and the threat of violence against them remains. The continued tolerance of the Chinese minority, without full acceptance or integration, masks deep social divisions that could fray at any time.

## WAVES OF CHINESE MIGRATION

Myanmar's proximity, porous border and potential for wealth creation made it an attractive destination for Chinese fleeing political and economic upheavals during the turbulent 20<sup>th</sup> century. Many from Yunnan, Guangdong, Fujian and beyond fled the Japanese occupation, the Chinese Civil War, communist land seizures, the Great Leap Forward and later the Cultural Revolution. In the 1940s and 1950s, the Chinese found relative peace and stability with immense possibility for wealth especially since their Indian commercial competition had fled the country after independence. This era, known among the Chinese as "the Golden Age" (Fan, 2003:48; Lin, 1998:54), was followed by a period of cultural and economic repression under General Ne Win's "Burmese Way to Socialism". During this time, Chinese residents were unable to teach their language or maintain their culture. A demand for basic consumer goods led to a thriving black market facilitated by the Chinese, but following anti-Chinese riots in 1967, there was an exodus of ethnic Chinese. Many of those who remained were assimilated into mainstream Myanmar society to the extent that by 1983, there was estimated to be as few as 234,000 people identifying themselves as Chinese in Myanmar (Mya Than, 1997:118).

The latest wave of "new" Chinese migrants came from the late 1980s onwards as the border opened and business opportunities beckoned. After decades of isolation, both China and Myanmar liberalised cross-border trade and encouraged the movement of people. The Chinese Government ceased to view emigrants as traitors and encouraged their citizens to seek their fortunes abroad, for the first time allowing ordinary Chinese to obtain passports (Biao, 2003: 23 and 26). Meanwhile, conflict and banditry that had long plagued the Sino-Myanmar border eased and the construction of new roads and bridges became viable. Following the brutal suppression of pro-democracy protestors in 1988 and subsequent international boycotts and sanctions, the military government was in desperate need of foreign investment and private enterprise. It was relatively easy for Chinese migrants to bribe officials to allow them to illegally enter Myanmar and acquire the necessary identity documents they require to stay. A wave of educated, skilled and ambitious Chinese migrants flocked to the country, mostly from neighbouring Yunnan. They were met by a resurgence in Chinese cultural identity as something separate from the national "Myanmar" identity (Mya Than, 1997:142). The reopening of Chinese schools led to a revival in Chinese language studies for both young and old, as speaking Chinese became a distinct advantage in trade (Tong, 2010: 160). The previously dormant Myanmar Chinese Chamber of Commerce reopened: new business connections with Chinese across Southeast Asia were born and historical connections re-established (Myanmar Chinese Chamber of Commerce, 2011). Meanwhile five Chinese language newspapers began publishing with state approval and became important sources of commercial information (Fang, 2001:13). Thus another "golden age" began and by 2008 the Chinese Embassy in Yangon estimated there were ap-

proximately 2.5 million Chinese living in Myanmar, the majority of whom had moved there in the late 1980s and early 1990s (Zhang, 2008:1).

With western sanctions and boycotts in place, basic consumer goods were not easily available. Meanwhile China was fast becoming the world's factory, and as they did in many other emerging economies in the former USSR (see for example Nyiri, 2007, Nyiri, 2011 and Chang and Rucker-Chang, 2011), Chinese entrepreneurs became "middlemen" between local consumers and Chinese suppliers. The Myanmar market was soon flooded with cheap consumer goods like plates, fabric and cigarettes (Kudo, 2006; 9). The new migrants were allowed to retain their Chinese passports, unlike their predecessors, and are therefore able to move easily between the two countries, buying and selling (Biao, 2003: 23). A trade route emerged from southern Yunnan, through the border town of Muse, down to the Chinese hub of Lashio in northwestern Shan State, and then on to the bustling heart of Myanmar, Mandalay (Chang, 2013: 307). The influx of Chinese migrants, their economic success and their relationship with the military government did not go unnoticed. Resentment soon grew, especially in Mandalay. The Chinese had been accused of practicing bribery, inflating property prices, not learning Myanmar languages, and becoming wealthy at the expense of the locals (see for example Mya Maung, 1994). Min Zin's study of contemporary Burmese cultural and media works found an "observable negative attitude" towards Chinese people (Min Zin, 2012: 115) despite their contribution to the economy.

## A CHANGING MYANMAR

The implementation of the 2008 Constitution, the elections of 2010 and 2012, and Myanmar's 2014 chairmanship of ASEAN all helped to boost its international stature. Long a pariah, Myanmar is now the target for overwhelming international overtures. This has generated a boom in property prices, in tandem with the rest of the economy, which has also been growing at a rapid pace. Myanmar's advantageous location at the crossroads of China, India and Southeast Asia, its rich natural resources and low wages are attracting international investments. Foreign tourists have stretched Myanmar's moribund tourism infrastructure to its limits, and new hotels and condominiums are sprouting in towns and cities across the country. Until recently Myanmar society was characterised by the contrast between a wealthy elite and the destitute masses, with little in between. A recent report by the Boston Consulting Group (BCG) estimates that Myanmar's middle and affluent class totalled about 5 million people in 2012 (Bharadwaj et al, 2013: 4), yet it estimated the 'emerging' and 'aspirant' classes to total 32.6 million people, roughly half the country's estimated population (Bharadwaj et al, 2013: 4). This middle class is quite visible on the streets of Mandalay and Yangon and in the many brand new supermarkets, shopping malls and entertainment complexes.

Shops now stock up on quality goods to attract wealthy consumers. For example, beauty salons and entertainment complexes have appeared across urban Myanmar. Stable electricity flows have been raising demand for household appliances such as High Definition TVs, stereo sets, air conditioners, refrigerators and washing machines. Both cars and mobile phones, once reserved for the wealthy, are now available to ordinary Burmese. Relaxed restrictions on the importation of cars led within a year to a doubling of the number of automobiles in Yangon, up from 100,000 to 200,000, (H.E. U Hla, Mayor Yangon, 2012 pers. comm. 10 December). Simultaneously the liberalisation of restrictions and the subsequent dramatic drop in prices has led to a sharp increase in the use of mobile phones. According to BCG's interviews, urbanites are drawn to quality brands (Bharadwaj et al, 2013: 12). Within two years, fashion for example has dramatically changed too – ankle length *longyis* have been partly replaced among the young, by mini skirts and trousers. The middle class now has time to relax and once-scarce beauty salons and 'amusement arcades' has been popping up to serve their needs.

Prior to the recent boom, Chinese migrants had established successful trading and retail businesses. During the research for this paper, they told us how they developed commercial relationships, bought real estate and saved capital. As a result of this, they were able to quickly adjust to market changes and transform their businesses to meet new demand for goods and services. Consistent flows of electricity, reliable communication networks and other improvements to infrastructure have made doing business "more convenient" (Ma, 2012). However, caution about political stability remains and at least one businessman in Mandalay decided to delay expanding his business until after the 2015 election.

Where Chinese businesses once sold cheap Chinese goods, they are now increasingly selling quality electronics and services. In Myanmar, Chinese products still carry the stigma of poor quality though, with the notable exception of phone company Huawei. Japanese, Korean and European products held in stock range from household appliances and electronics to fashion items and cosmetics. In Chinese-owned shops, these products are mainly found in packaging labelled with Chinese characters, clearly originally meant for the Chinese market. Wholesalers report that these are generally imported overland from Yunnan and distributed through Chinese retailers. As fashions change, wholesalers are restocking middle-class wardrobes with fashionable clothing, again usually sourced from China. Once scarce hairdressers and single-sex beauty parlours have popped up everywhere in urban Myanmar. In Muse, a small town on the Sino-Myanmar border, the main street is filled with beauty salons. In salons across northern Myanmar, Chinese trained staff offer trendy young people, housewives and businessmen the latest looks and products from China and Korea—and the opportunity to relax with a massage or facial.

For the Chinese, Mandalay is the crucial hub. As one Chinese trader explained, "Mandalay is accessible to northern Myanmar, southern Myanmar, China and Thailand....Mandalay is also a comfortable place to live." The Burmese often

complain that Mandalay has become a “Chinese town” but among the Chinese there is a distinct hierarchy of location. “New” Chinese migrants ostensibly “cut their teeth” in trade and retail in the border areas where life can be difficult. Several wealthy Chinese clothes traders and hotel owners in Mandalay described for us how they first made their money in trade, hotels and agriculture in the border areas. When they have saved enough money, they move to Mandalay where business opportunities are superior and life is easier. Those living in the border towns of Lashio and Muse generally nurse a desire to one day move to Mandalay, but assume that only the wealthy can afford to live there. Furthermore, when business opportunities continue to change, the more established businessmen tend to move to Yangon where business opportunities are greater.

## ASSIMILATION AND AGGRAVATION

“New” Chinese migrants once stood out from previous waves of Chinese migrants because the latter did not speak Myanmar languages and did not understand Myanmar culture. However, in recent years, these migrants have studied local languages, such as Shan and Burmese, and their cultures. Not only does this help ease tensions with the locals, many Chinese businesspeople reported to us that it has helped their businesses. Their children live in Myanmar and must attend Burmese schools, and have therefore become fluent in Burmese and are completely at home in its culture. Most if these children also study Chinese at private schools in the evenings and on weekends.

Another key aspect of assimilation is the adoption of Buddhism, and to a lesser extent, Christianity. The latter is common in Kachin areas. Most Chinese shops, trading houses and restaurants we visited exhibited a small shrine to Buddha, just like their Burmese counterparts do. They also observe daily prayers and incense rituals. Some earlier Chinese migrants have maintained their Mahayana Buddhist practices while the majority of those who arrived without religion have mostly adopted Theravada Buddhism. Chinese attending local Theravada temples and celebrating Buddhist traditions are thus not an uncommon sight. A wealthy businessman in Mandalay reported to us that he donates a large sum of money to the local temple every Thursday. He believes this helps improve his image among the locals and reduces resentment of his wealth. Mahayana temples in Yangon and Mandalay also exhibit Theravada statues or offer prayer rooms on the grounds. The Confucius Institutes in Yangon and Mandalay, often accused of being vanguards for Chinese cultural influence also, ironically, have large Theravada shrines in their entranceways.

For the Chinese living in Myanmar, learning local languages and adopting local religions have thus become a survival strategy to help ease tensions and appease the locals.

Despite attempts to assimilate, Chinese in Myanmar remain distinctive and face continual discrimination. They stand out in appearance, clothing and through obvious displays of identity markers, such as red banners on their house and business doorframes. Both recent and older migrants complained to us that they were banned from the political sphere and so are confined to economic roles. Outside Mandalay, life is tough for the Chinese. They receive no support from the wider Burmese population or the government. They also suffer an identity crisis that persists regardless of how many generations they may have lived in Myanmar. They said they no longer feel Chinese but they are not accepted as “Myanmar”. This conundrum is especially strong for those who arrived earlier and who relinquished their Chinese citizenship.

Despite playing an important role in the economy, ethnic Chinese living in Myanmar experience resentment from the locals, and they walk a fine line between tolerance and aggravation.

Since independence, ethnic tension and conflict have been constants in Myanmar. The recent liberalisation of freedom of speech laws has encouraged public voicing of dislike of foreign minorities and resentment. Unless policy makers carefully manage this, the country risks further instability. The Chinese population is inextricably linked to Myanmar’s economy and policy-makers will therefore need to ensure that economic growth is inclusive if resentment towards the wealthy, particularly those who are perceived to be “foreign” as well, is to diminish. Otherwise, the survival strategies employed by the Chinese will not be enough to appease the wider Burmese population.

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