The Rising Importance of Chinese Labour in the Greater Mekong Sub-Region

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Migration is, fundamentally, a response to the uneven distribution of resources around the world or the variability of the environment, however broadly defined. [1] People move from one place to another place to take advantage of a better climate, possible access to better quality agricultural land, better-paying or more numerous jobs, freedom from oppression or discrimination and so forth. The phenomenon has dimensions such as degree of permanency and degree of voluntarism. In reality, it comprises a large number of categories and sub-categories and, as in the case of many of those Chinese people considered in this paper, people can pass through several categories as the result of changes in their own status and in that of the broader political context.

Chinese have been migrating to and from the Greater Mekong Sub-region (GMSR), an area comprised of Thailand, Burma [Myanmar], Laos, Cambodia, Vietnam and Yunnan Province of China, for many centuries. Some have come as independent merchants and traders and contributed to the so-called bamboo network of the Chinese diaspora, which did so much to buttress indigenous economic development in the region. Others arrived as indentured coolies and, once they had established themselves, worked to bring family members or potential brides to join them in their new home. They may have had to contend with perilous ocean crossings, difficult working conditions, discrimination and possible violence – anti-Chinese riots are reported in several countries and pre-modern history in the GMSR seems to have been, away from urban centres, fraught with the potential for violence from various sources. However, these were not the only Chinese to leave China and enter the GMSR. Ethnic minority hill tribe people have long crossed back and forth. Seeking largely to avoid the attention of state apparatus and to establish their own communities in the spaces between more powerful polities, the ethnic tribes have tended to remain unofficial and often illegal members of the country in which they live. The Kuomintang faction present in Yunnan at the conclusion of the Chinese Civil War was forced across the border, either to Burma or to northern Thailand.
Kuomintang troops in Burma, 1953

They have passed through many legal states in the meantime, notably when those members of the 93rd Division were enlisted to help break the Hmong rebellion by fighting alongside Thai government troops in return for being offered citizenship. [2] Clearly, especially in the border areas, it would be simplistic to assume that there was one Chinese community, that they recognized each other as equals or even as friendly. The former KMT people, for example, have little in common with the Chinese inside China and, instead, have developed strong guanxi, business and political links with colleagues in Taiwan, with whom they share cultural, linguistic and ideological beliefs and values. [3]

Estimates of global migration figures place the total at around 200 million in 2005. Of these, 35 million are part of the Chinese diaspora and that number is increasing at a considerable rate. The net migration rate is 0.3 migrants per 1,000 people overall. International migrants are 0.04% of total population. Among migrants travelling overseas, 49.1% of the total is now constituted of women and total remittances reached US$22.5 billion, according to figures provided by the Institute of Migration. Chinese workers have reached nearly every country of the world, at first as part of the diasporic movement of Chinese people seeking better opportunities for themselves and, subsequently, as part of Chinese corporations internationalizing overseas and as labour to create infrastructure in those countries where the Chinese government has established enhanced diplomatic relations as a means of securing access to scarce resources. The proportion of Chinese migrants may remain low in relation to the overall population, although growing, yet the Chinese government has started to exhibit some concern over possible brain drain problems, especially given that those travelling internationally tend to be higher skilled and
educated than those who have been left behind.

This article investigates cross-border Chinese migration in the northern part of the GMSR and its interactions with regional integration and local labour markets. It offers a brief overview of regional integration in the GMSR and labour markets there and then describes what is known about Chinese migration and investment. Implications from the findings are drawn.

Regional Integration and Labour Markets

The GMSR and Southeast Asia more generally has labour migration as a central feature of economic development. Throughout Southeast Asia, it is estimated that around 13 million people are migrant workers in one category or another and, of them, some five million remain within the region. Close approximations to the exact number are unlikely to be achieved given the large number of illegal or unofficial migrants. For example, it is estimated that there are around one million Burmese people in Thailand and perhaps one quarter of them are refugees living in camps along the border region. The remainder is spread throughout the Kingdom. [4]

Most of the migrant labour in the GMSR is, numerically, unskilled or, at least, required to undertake unskilled work. The workers compete in terms of low wages and frequently receive inadequate protection. Remittances, where they are possible (which is very problematic for Burmese workers in particular), represent important sources of income at family and national level. Countries act both as a source and a host for migrant labour. In Thailand, workers in the unskilled category are largely involved in the 3D category of jobs – dirty, dangerous and demanding (or ‘disgusting’) – while Thai workers overseas have slightly higher levels of professionalism and skills. Workers are playing an important part in regional economic integration and this is shaped, institutionally, most influentially by ASEAN’s Vientiane Action Programme, which seeks to establish and strengthen social protection and social risk management in the region, while also conducting research to determine the interaction between integration and labour migration. [5]

Migrant labour contributes to the development of the destination country in the following ways:

a) Building infrastructure.

b) Managing and providing skilled labour to FDI projects.

c) Providing a substantial unskilled labour pool to undertake 3D jobs and to depress wages in a range of sectors.

The Chinese migrants to Burma demonstrate all of these features. They are drawn by a number of factors: Chinese organizations have established large investment projects throughout the country, partly to meet domestic demand (e.g. seafood) and partly in service to its strategic vision of acquiring access to energy sources that may be piped to the country overland and not via the Straits of Malacca. Mandalay, the northern city which had previously been a royal capital, is a popular centre for Chinese business and residence. Farms, factories and trading ventures of all sorts have been opened by migrants and have attracted further migrants wishing to work on them. [6] Sino-Burmese co-operation has intensified since 1988, when boycotts on Burma enforced (sporadically) by western countries significantly reduced the number of parties wishing to invest in the country. Chinese organizations have exhibited little interest in the numerous human rights abuses in the country and the secrecy and absence of rule of law have been used to their own benefit. This period has also witnessed the flourishing of the Chinese economy after moving to openness and market-based systems, and overseas investment has
boomed. Chinese migrants now mingle with those who arrived generations ago and who consider themselves ethnically or culturally distinct from the new arrivals. Of course, they have similar differences from non-ethnic Chinese in the region. Inevitably, some tensions and conflict have been rumoured and reported. [7] In any case, Chinese investment has meant a significant improvement in the infrastructure of Mandalay and its environs, while the region has been drawn much more strongly into cross-border trading networks. The opening of new firms has had a positive effect on the nearby economy through the technology transfer and positive externalities.

The Historical Context of Chinese Migration

Migrants have been travelling southwards from China for centuries. Many have been ethnically Chinese but many other ethnic groups have also been involved, notably the Tai groups that now represent the principal population groups in Laos, Thailand and the Shan States of Burma. Movement in the GMSR has traditionally been north-south in nature since the rugged, mountainous and forested terrain mean that travelling via river valleys is by far the most convenient means. The principal rivers of the GMSR (including the Mekong, Irrawaddy, Salween, Chao Phraya and Hong) all rise in the Himalayan plateau of Tibet and flow southwards towards the sea. Migrants tended to move on a permanent basis or, in the case of nomad peoples, semi-permanent with the option of moving again in the future. Ethnic Chinese were also encouraged to migrate by certain GMSR states, notably the Thai state, which brought them as artisans and, as such, they formed the basis of the Thai urban working class. The Historical Context of Chinese Migration

Contemporary Chinese Migration

Since the adoption of the Open Door Policy by Deng Xiaoping and subsequent restructuring of the nature of the Chinese economy, several events have stimulated the number of Chinese moving overseas. Firstly, the facilitation of foreign travel for increasing numbers of Chinese has made it possible for some to migrate informally, perhaps by joining a package tour and then simply not returning at its end. [8] Second, the modification of the residential registration system (hukou) has enabled millions to move from rural to urban locations, which previously was illegal and difficult. This movement, which exceeds the movement overseas, has fuelled the low labour cost competitiveness of the manufacturing sector which has done so much to propel China’s recent rapid economic growth. The supply of workers has helped to suppress wages and represents a disincentive to firms wishing to improve or upgrade the value-adding aspects of their production. Consequently, the closing or reconfiguring of many Chinese state-owned enterprises (SOEs) and the breaking of the so-called iron rice bowl which guaranteed workers a job and pension for life, has led to a new class of unemployed people able to offer more than just manual labour and unwilling or unable to live on the wages offered in the new manufacturing sector. Many of these people have joined the overseas migration movement and are travelling as far as the UK. [9]

Unfortunately, labour migration provides numerous opportunities for those facilitating the process to exploit the workers involved. When barriers exist to migration, criminal gangs (often referred to as ‘snakehead’ gangs) will work illegally to bring about cross-border movements. The workers then face the
additional problem that being in another country illegally renders them vulnerable to persecution by the officials in that country and they are unwilling to seek medical attention when required or access other public services. Their lot can be grim. Many anecdotes relate to the Burmese migrants in Thailand who, in the wake of the tsunami of 2004, refused to go to hospitals or clinics despite serious injuries for fear of being reported to the police and ill-treated or deported.

Labour migrants can cross borders voluntarily or involuntarily. In the latter case, there are numerous instances of human trafficking, particularly of young women, in the GMSR. Han Chinese and ethnic tribeswomen from Yunnan are among those who have suffered from this process. However, although there are many migrant workers who travel in order to work in the sex industry or find themselves doing so after they arrive, it would be simplistic to assert that those trafficked are always travelling entirely involuntarily or that they were entirely powerless to affect their fate. A substantial literature demonstrates that a number of sex workers consider it better than alternatives available. [10] Of course, there is another body of literature which shows that many such people are forced to endure dreadful conditions. There seems to be little doubt that the Chinese entering the GMSR to work in this industry will find themselves in a similar range of situations. Even in Singapore, where many mainland Chinese are now moving for work, the generally efficient police authorities occasionally uncover instances of abuse of workers. [11]

Another category of migrant worker concerns those imported by Chinese investment in one of the GMSR countries. Laos and Burma, in particular, now host a number of infrastructure and construction development projects which are largely manned by imported Chinese labour. The same is true in many African countries, too, where the investment projects support the Chinese government’s strategic intent to secure resource supplies for future domestic development. [12] Reports suggest that large numbers of these workers prefer to remain overseas after their contracts have been fulfilled and to settle there, opening their own businesses. In some cases, native Lao people have been moved out of their homes and into shanty towns to accommodate newly-arrived Chinese and their businesses. While those who were previously SOE employees are likely to be older and better-educated than the average, those entering the entertainment industry are more likely to be young women. Those following Chinese investment overseas are more likely to be younger men, willing to sell what is essentially manual or unskilled labour overseas, although some skilled workers, supervisors and managers will also be required.

**Demographic Features of Chinese Migrants**

A review of Chinese government statistics noted that although men predominate in internal labour migration, women too are involved in unprecedented numbers. [13] Young unmarried women are most favoured for factory work, especially in the Pearl River Delta region. Migrants tend to be more highly educated than non-migrants and this tendency is increasing, perhaps because remittances provide better education opportunities, which are passed on to subsequent generations of migrants. Male migrants tend to be better educated than women. Illiteracy has become rare and the majority of migrants have completed at least junior secondary (high) school level of education. A smaller proportion has completed secondary level education (13%). The majority of migrants followed people known to them into similar activities in the destination or else responded to market demand reported by a relative or neighbour. Commonalities exist in terms of nature of work, which tended towards the manufacturing sector and retail and services. Few women obtained white collar or technical positions.
A study of migration by women from Yunnan to Thailand, principally from southern parts of the former to northern parts of the latter, locates the pattern of movement to earlier marriage migration networks and suggests that arranged marriage and patrilocal traditions were influential and persistent. However, modern migration for such women, especially the ethnic minority women, involved moving into the massage/entertainment/sex industries. Some women are trafficked and some appear to move voluntarily or, at least, are unwilling to return to their home villages. [14] However, it appears that most migrants perceive their period away from home as temporary rather than permanent. Consequently, their remittances home are intended not just to assist family members but also to maintain a personal stake in the rural community. [15] The author concludes that:

“In China as elsewhere in the world, when money is received from migrant workers, it is used mostly for consumptive investment in house-building, the purchase of consumer goods and health and education expenditure. Such consumptive investment is important because it improves the material livelihoods of rural people, and also enhances their feelings of self-respect as well as their capacity to participate in the social life of their communities, including marrying. While productive investment is not a major area of remittance usage, in some circumstances migrant earnings nevertheless play a role in partially off-setting the effects of labour lost from agriculture and in providing an insurance buffer in the risky agricultural sector, particularly in regions prone to ecological disaster. A further productive use of urban earnings in some county seats and townships in middling regions is their use by returnees to create businesses.” [16]

The number of officially recognized Chinese migrants in the GMSR is significantly lower than the actual number of people involved. Not only are borders porous, but incentives exist to dissuade people from becoming involved with the relatively expensive and onerous tasks of registering individuals with the appropriate government agencies, acquiring work permits and following other procedures. In Thailand, for example, the total number of Chinese citizens registered in the Kingdom was 13,906 as of July 2008. Their activities are displayed in the table below.

<table>
<thead>
<tr>
<th>Categories of Alien</th>
<th>Quantity (People)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 9 Categories of General Temporary</td>
<td>9,653</td>
</tr>
<tr>
<td>Section 12 Categories of Investment Promotion</td>
<td>2,478</td>
</tr>
<tr>
<td>Section 13 Categories of Minority</td>
<td>1,775</td>
</tr>
<tr>
<td>TOTAL</td>
<td>13,906</td>
</tr>
</tbody>
</table>

Officially Recognised Chinese Nationals in Thailand. Source: Ministry of Labour

Of these, the majority (7,374) are registered in Bangkok and the remainder are spread throughout the country, although there are significant numbers in provinces adjacent to the Eastern Seaboard industrial area. For example, in 2008 there were 723 Chinese workers registered in Chonburi and 508 in Rayong. Fieldwork in different parts of the Kingdom indicates first that these figures are much lower than the true numbers involved and, second, that it would be extremely difficult to obtain a good approximation of what the actual numbers would be. A similar situation exists with respect to the other GMSR nations.

Migrants, Markets and Corporations

The pattern of contemporary Chinese migration is similar to the historical pattern in that there are several categories or classes of Chinese involved. Where previously there were capitalist
traders and bonded labour, today there are representatives of internationalizing Chinese corporations and contracted labour brought in to complete infrastructure construction projects. In response, new markets emerge around the newcomers, partly created by Chinese entrepreneurs and partly by local people, with the latter tending to provide the labour in service industries organized by the former. For example, Chinatown areas are emerging in Vientiane [17] and Phnom Penh, mostly built and financed by Chinese interests and drawing labour from local people who have enthusiastically embraced learning Chinese among other Asian languages with a view to taking jobs in the newly emergent areas. [18] The growth of new markets and new sectors has had further effects on the urban landscape as it has contributed to the forcible removal of urban poor from the city and their relocation in remote areas, which in Cambodia includes the area around Boeung Kak Lake as well as forced evictions from Phnom Penh. [19] However, these changes are secondary effects resulting from the Chinese state’s desire to obtain access, preferably exclusive access, to the oil and gas recently discovered in Cambodian waters in the Gulf of Thailand. To do so, it has been necessary for China to demonstrate goodwill sufficient to overcome the antagonism between the states arising during the Khmer Rouge period. This has been attempted through the large-scale construction of infrastructure such as roads and bridges by Chinese corporations. Simultaneously, Chinese investment has been notable in manufacturing and resource extraction (logging primarily). These investment projects have, typically, been treated with a lack of transparency even by Cambodian standards and there are rumours and anecdotes of the suppression of worker rights in Chinese-owned factories. [20] However, there seems little doubt that Chinese interests have become close to government-linked contacts in Cambodia and that both now will benefit from the ongoing investment program. Speculation in Thailand concerned the apparent willingness of Cambodian Prime Minister Hun Sen to stand up to Thai provocations concerning the Preah Vihear temple, owing to the support he received from Chinese interests. Additional speculation concerns the role of the American government, which has been comparatively quiet in condemning the 2006 military coup and the current crackdown on freedom of speech. This speculation links the quietness with the perception of closeness between China and Thai Rak Thai, which formed the Thai government from 2001-6 under Thaksin Shinawatra and which was ended by the coup. Irrespective of the truth or otherwise of these forms of speculation, they are indicative of the fact that it has become widely perceived that Chinese investments have changed the nature of inter-state relations in the GMSR, although the contours of that change have yet be accurately mapped.

The large-scale urban changes visible in Phnom Penh are also to be found in the Laotian capital of Vientiane, where Chinese money built the large island-bound five star hotel complex that has become totemic for the new landscape of the city. [21] The same is true of Yangon, where Chinese corporations are developing the port and other infrastructure. These large-scale changes are very visible but smaller-scale changes to markets are also influential. It has become well-established that the signing of the Thai-Chinese Free Trade Agreement and the completion of the highway linking Kunming with Bangkok was rapidly followed by the spread of temperate-climate Chinese fruit and vegetables throughout Thailand’s now modern retail system. Inevitably, this led to job losses in northern Thailand, where onions and garlic had previously been grown for Thai markets. Equally pervasive is the spread of low-cost Chinese manufactured goods. The newly-opened supermarket department store in the southern Vietnamese oil town and holiday resort of Vung Tau, for example, boasts a wide array of Chinese goods, from plastic toy soldiers to
kitchen and household goods. The profusion of Chinese goods throughout the GMSR’s markets has yet to be matched by cultural products. Currently, it is Korean cultural products, including pop music, hairstyles and soap operas, which hold the consumers of the region in thrall, at least in those areas where international cultural products are able to flourish.

There is, of course, a reverse form of trade involved with these changes, which witnesses GMSR goods exported to China in part exchange for the investments described here. Most forms of international trade require goods or service providers to improve their offerings to meet demand and this is happening in the current case. In part this results from the regularization and formalization of such trade. Whereas previously goods might have crossed borders from Thailand into China informally and without inspection, now the new checkpoints at the Mekong border points, which offer access to the improved transportation links, enforce a measure of quality control over the goods being moved, even if complaints remain about a bottleneck in trade owing to the lack of trained customs personnel.

**Implications of Chinese Labour Migration**

Good policy-making cannot occur in the absence of reliable data and the rule of law. All GMSR governments face the constraints of limited capacity in relation to their ability to gather and redact labour market statistics in an accurate and timely manner. Consequently, states find it difficult to create meaningful labour market policies. Those policies that are brought about may be undermined by the presence of undocumented workers and other individuals working outside the formal economy. For example, minimum wages are undercut for workers unable to obtain legal rights or even safe workplace conditions. This situation also mitigates against efforts from both private and public sectors to increase the proportion of value added to industrial production. When it is possible to make money by simply suppressing wages, there is much less incentive to plan or invest for future competitiveness in more sophisticated ways. Extending the power of the state to investigate these issues might require resources that could be reclaimed from enhanced revenue opportunities. More likely, though, is that those businesses which do not follow regulations will melt away under official investigation and reconstitute themselves elsewhere. For all countries in the GMSR, the inability to create a meaningful labour market policy is a serious constraint in planning for effective future economic growth.

In Burma and Laos, in particular, the areas in which Chinese migrants have come to dominate economic activities have tended to exclude non-Chinese, unofficially and not by regulation, as well as being antithetical to state laws. State institutions have already yielded to those areas a degree of autonomy and more will be taken as local groups and networks continue to flourish. These areas may be more economically advanced than neighbouring areas in which indigenous people live and this has the potential to provoke further antipathy and personal conflict. As noted previously, the region has a history of sporadic violence against Chinese migrants extending through centuries.

More positively, the border regions in which these activities are taking place may lead the region – which is still in transition from battleground to market place – into more enhanced economic and social integration. Psychic distance is reduced when similar people are found on either side of a border, even when they may not be the majority. There should also be positive effects with respect to transaction costs. This will be brought about partly because guanxi network connections contribute to improving trust and hence reducing monitoring costs and partly because of a commonality of modes of procedure. The reduction of transaction costs should lead to an increase in
imports and exports and, hence, the power of comparative and competitive advantages vis-à-vis market distortions is reduced.

There is also a series of social issues to consider. It is well-established that the presence of a significant community of male migrant workers will lead to an increase in risk-taking behaviour, such as gambling, using intoxicants and prostitution. However well policed such a community may be, it is clearly possible that social issues will be provoked. This has special resonance in the case of Chinese migrants because of the so-called ‘bare branches’ generation. As a result of the one child per family policy and the ability of doctors to determine the gender of a fetus before birth, many millions of female fetuses have been aborted to assure birth of a son. One consequence of this has been an acute shortage of marriageable women in China. Estimates of the number of males unable to find a bride for this reason average some 30 million. Exporting at least some of these men overseas with a view to acquiring foreign wives, especially in GMSR countries where cultural differences are not too acute, could reducing the potentially destabilizing effect of the bare branches in China, albeit at the expense of contributing to unease in the countries in which they take up residence.

The expansion of contacts between Yunnan and Laos, in particular, as well as north-eastern Thailand, has encouraged agricultural transformation in the form of growth of rubber plantations. Across Lao provinces such as Luang Namtha, farmers are recognizing the opportunities offered by cross-border trading activities with Yunnanese operators. [22] There are, of course, risks too. A Chinese military inspired hybrid rice program to substitute for opium in the Shan state of Burma resulted in four years of crop failure and food insecurity. [23] This is one aspect of a failed physical environmental change associated with the presence of Chinese industry in the northern GMSR. Despite the positive aspects of the completion of the North-South Asian highway, linking Kunming with Bangkok and extending further in both directions, many commentators focus on the negative aspects. This is perhaps intensified by the undeniable problems caused by the modifications to the River Mekong in Chinese territory, including the building of dams, blasting of rapids and the dangers of using the river for transporting oil and other potential pollutants. [24]

Conclusion

In a geographic region in which the rule of law is limited, transparency of official activities is low and the technical capacity of state agencies restricted, the rapid growth of economic activities conducted by private sector firms and individuals can lead to the creation of a kind of shadow or para-state. The ability of the Chinese involved to organize cross-border activities and exchange of resources exceeds in most cases the ability of state-based organizations to do the same. Consequently, the areas concerned will become increasingly part of a comparatively efficient area that is distinct from its surroundings (some of which may in due course be integrated into this area) and from the people in those areas. Given the nature of incentives available, it is likely that indigenous people will seek to become part of the new economic grouping and not the state in which they live. The growth of rubber tree smallholdings in northern Laos would seem to suggest this is what is happening at least in some cases. A comparable situation exists with regard to the semi-legal casino complexes which exist on the Burmese-Thai border, the Thai-Cambodian border at Poipet and other parts of the GMSR. These complexes draw in high-roller tourists from the region, which attracts workers from nearby areas without necessarily contributing much to the region. Dual track development, therefore, takes place and the problems and benefits of this kind of situation are quite well established.
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Notes

[1] An earlier version of this paper was presented at the Conference “The Future of Economic Integration in Asia,” Thammasat University-Japan Bank of International Cooperation Conference on The Future of Economic Integration in Asia (Bangkok, November, 2008).


[16] *ibid.*


