

Reflections of a journey on the Kunming-Hanoi Economic Corridor

Benjamin Loh and Terence Chong

BORDER TOWNS AND CITIES are increasingly becoming important nodes of development with roads and other infrastructure being built to facilitate flows of people and commodities between countries. More than 90 per cent of border trade with China's Yunnan province flows through the border towns of Hekou in China and Lào Cai in Northern Vietnam and both countries are working to establish a 1,208km 'North-South Economic Corridor' from China's Yunnan province to Vietnam's Northern provinces and cities.

In 2014, we travelled from Kunming to Hanoi through this China-Vietnam economic corridor highway to observe how resource and merchant trade, capital and people flows are conducted at an everyday level, and found that only certain stretches of the highway – on the Chinese side of the border and mostly in Vinh Phúc province in Vietnam – were ready. The highway ended abruptly about an hour into our sleeper bus journey to Hanoi, and traffic was diverted to a parallel truck road to Yên Bái. The conditions along the Yên Bái-Hanoi truck road were treacherous. A continuous line of container trucks marked 'China Shipping', cars, motorcycles, and pedestrians navigate a narrow combination of two-lane roadways, paved roads and dirt tracks.

Apart from the question of whether the road infrastructure meets the criteria of being an economic corridor and its ability to generate the purported regional economic development benefits, a closer look at the existing networks of trade – both formal and informal – and their routes reveal specific challenges. Even after the completion of the highway, commercial vehicles transporting goods and travelling from port cities like Hải Phòng may continue to use these truck or parallel roads to avoid toll fees as well as to service commercial or informal transit points along existing routes and towns for both formal and illegal trade.

In addition, Yên Bái continues to be an important transit hub of Northern Vietnam. It lies on a major railway freight corridor between China and Vietnam, and a network of truck roads from Yên Bái connects to the neighbouring provinces of Hà Giang – which shares a remote and mountainous 270 km border with Yunnan province of southern China, and is a known route for the smuggling of rhino horns, elephant tusks, as well as a rare and

valuable timber called *Ngọc Am* – and Sơn La which is a gateway province to Laos. This network of trade routes is expected to compete with the Nội Bài-Lào Cai highway, despite the latter's more direct and time-saving route to Hanoi and Hải Phòng.

Intensified smuggling and illicit trading activities are also rampant in the two border towns. Vietnamese boatmen smuggle local rice and raw materials like rubber and bauxite along the Red River under cover of night across to Yunnan. Conversely, we were informed that other smuggled goods from Yunnan into Vietnam include pesticide and vegetables. Machinery from China is dismantled and their parts smuggled across the border, to be reassembled in Vietnam. We were also informed of larger scale smuggling over the Gulf of Tonkin. Large amounts of coal and bauxite are transported this way.

There were also an array of furniture shops selling wooden furniture and woodcarvings in the border town of Lào Cai along the economic corridor. "The wood is from Laos", the shop assistant reluctantly revealed after some inquiry about a set of throne chairs with intricately-carved panels of dragons and flora set against its back. The craftsmen, however, were from Yunnan. Apparently it is more expensive to transport unfinished or raw wood products directly from Laos to Yunnan than it is from Laos to Vietnam to Yunnan. This is because of the poor road networks between Laos and Yunnan. Teak, mahogany and redwood are, instead, transported from Laos to the Vietnamese province of Bắc Ninh – known for its export-driven handicraft and wood-processing industry – where they are treated, processed, and transported to Yunnan; or made into finished furniture and ornamental craft products before export to China, the United States, Europe, and Japan.

As China's factory powerhouses in its coastal provinces experience rising costs, its hinterland and lower-wage neighbouring countries like Vietnam are taking over its lower value-added production functions. However, unlike the traditional 'flying geese' model of manufacturing based on cheaper labour and greater efficiency that in the 1980s and 1990s saw the migration of factories and production facilities to China and Southeast Asia, the case of wood furniture and the trading of other commodities in the production chain has become more like a spider's web, with components flitting in all directions and goods crossing and re-crossing borders – Lao wood is processed in Vietnam, crafted by Yunnanese labour employed by Bắc Ninh factories, and transported to China as if it were made in a single Chinese factory.

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Chinese life in Myanmar today

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OVER THE PAST FEW DECADES, while Western democracies sought to limit the range of links that their people had with Myanmar, the Chinese government adopted a proactive policy of engaging with Myanmar and encouraged its own people to do the same. This policy created a position of leadership for some Chinese in the Myanmar economy, and also gave Chinese governments, whether in Yunnan or Beijing, a better chance to exert influence over the military rulers of Myanmar.

Therefore, the idea that Myanmar was 'closed' or 'isolated' during the years from the 1988 crackdown on pro-democracy protestors until the general election of 2010 misses the many significant changes that occurred in Myanmar society during those years. Arguably the most important set of changes centred on the new migrations of Chinese to Myanmar, as many as 2 million may have made the journey. Their impact on Myanmar society has been felt in a number of different areas, most acutely in the economy but also in the creation of newly flexible spaces for the creation of identity, the re-imagination of culture and the public display of wealth.

The prevailing narrative of Myanmar's disconnection from the world during these decades is true merely for the Western democracies that imposed some level of sanction on the Myanmar government and its affiliates. The story of Myanmar's interactions with its neighbours, including Thailand, Singapore and Malaysia, are not readily explained by those trends. China, even more strikingly, has played a major role in Myanmar's recent evolution, especially with respect to the number of its citizens and former citizens living in the country. As a group, they require careful consideration during a period when ideas about citizenship and belonging remain heavily contested.

Yet there are limits to Chinese power-projection into Myanmar and there have occasionally been tense relations between the Chinese and other Myanmar residents.

This history is particularly important given the changes that are re-shaping Myanmar and leading to the relative diminution of Chinese influence. Since 2011, any Chinese 'stranglehold' on Myanmar has been loosened by more assertive Myanmar foreign policy efforts, and a deliberate Myanmar strategy of working to embrace a wider range of foreign partners. The ongoing transformation of Myanmar's domestic political and economic conditions will challenge Myanmar's Chinese residents in a number of ways. Without doubt, the 'transitional' period brings new opportunities to the country's more than 2 million ethnically Chinese residents, especially as the economy continues to grow at a healthy rate.

Yet this relatively optimistic tone is not the only aspect of local political life that deserves attention. The Chinese fit uneasily into Myanmar's official categories of national belonging and their Sinopolitan instincts are a potential vulnerability in this regard. With the exception of the Kokang Chinese in northeastern Shan State, who have 'national race' status in Myanmar, there is no obvious and legal pathway for regularising Chinese identity in the country. The Chinese are not considered indigenous to Myanmar, and this is a potential obstacle to their long-term success in Myanmar society.

The challenges for Myanmar's Muslim population, and particularly those who identify as Rohingya, reinforce the need for careful awareness when it comes to the character of belonging in what is supposed to be a determinedly multi-ethnic system. For those Chinese who still feel a strong pull towards those areas of Asia where their Sinopolitanism is an advantage, the door will remain open to future changes of direction. The Chinese in Myanmar have flourished because they have been prepared to move and adapt. Their future success may well require such flexibility and continued adjustment.

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'Old' and 'new' Chinese business in Phnom Penh

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IN JUNE 2016, warm ties between the Chinese state and Prime Minister Hun Sen's ruling Cambodian People's Party (CPP) were once again reaffirmed. Reportedly, Cambodia demanded ASEAN to tone down its statement on China's disputed claim over the South China Sea, after which China pledged US\$600 million in loans and grants. Political interdependencies have emerged alongside the influx of Chinese investments, businesses and economic migrants in Cambodia since the 1990s. Chinese investors currently hold dozens of Economic Land Concessions (ELCs) allocated for the cultivation of crops like rubber, sugar and cassava, and Cambodia's garment factories, which account for the bulk of Cambodian exports, are largely owned by entrepreneurs from China, Hong Kong and Taiwan. Petty traders from China sell cheap goods on Cambodia's markets, while infrastructural development is largely undertaken by Chinese state-owned companies and financed by Chinese banks.

In considering the ways in which China's newfound assertiveness affects Cambodian society, the perspective of the domestic private sector is particularly intriguing for at least two reasons. First, Cambodia's private sector, especially in the capital Phnom Penh, reveals an internal division between the politically connected and bereft. An exclusive group of tycoons enjoys privileges and protection from top-CPP officials and own the country's large and diversified business groups, while the majority of the private sector comprises small and medium-sized enterprises (SMEs) that cope without political backing. Second, most entrepreneurs in Phnom Penh, both tycoons and SME owners, are children or grandchildren of Chinese migrants who came to Cambodia especially during the French colonial period. Cambodia's ethnic Chinese, who trace their roots to South China and are mostly of Teochiu descent, have come to dominate trade and commerce over the centuries. Overlaying the two begs the question of how various local entrepreneurs are embedded differently 'in between' Chinese ethnicity and Cambodia's political economy, and how this enables or constrains them from linking up with and benefiting from 'new' Chinese investments and commerce in Cambodia.

Drawing on ethnographic accounts of a variety of business owners, my chapter explores the linkages, collaboration and competition between the 'old' Chinese business community in Phnom Penh and 'new' Chinese traders, investors and economic migrants. The chapter details how, in various economic sectors, the 'old' Chinese play an important role in bridging 'new' Chinese involvement in the Cambodian economy. Newly created links between ethnic Chinese in Cambodia and China have facilitated the burgeoning trade of consumer goods and raw materials, and enabled joint ventures in real-estate, industry and natural resource exploitation. At the same time, under the broad umbrella of 'Chineseness', actual business exchanges among 'old' and 'new' Chinese often rely on family connections (among SME owners) or CPP matchmaking (among tycoons) more than shared Chinese ethnicity per se.

Phnom Penh's business community offers a valuable window into the impacts of 'new' Chinese involvement on Cambodian society. I argue that, although not fundamentally altering Cambodian society, in two ways the 'new' Chinese have further perpetuated the established political economy. Firstly, 'new' Chinese involvement propels the revival of ethnic Chinese culture, language and economic dominance in Cambodia. China has supported Chinese schools, while Chinese investors, white-collar workers and tourists are omnipresent. This has contributed to a newfound cultural confidence that holds sway especially over younger generation Cambodian Chinese, many of who speak Mandarin and who have been spared the discrimination and atrocities of the Cold War period. Second, 'new' Chinese involvement in Cambodia has augmented the divide between the elite and the general population. By channeling aid and investment into Cambodia via politically connected tycoons and in accordance with Hun Sen's development agenda, Chinese private and public investors have provided Hun Sen the resources to oil the patronage system.

Looking ahead, it is unlikely that renewed Chinese commercial dominance and cultural salience will backfire on Cambodia's ethnic Chinese. As before the Khmer Rouge, anti-Chinese sentiments are largely absent. However, the growing divide between chiefly exploitative elites and exploited local communities, who face land evictions, human rights abuses and low wages, is problematic. While the excesses of Hun Sen-style authoritarianism spread across Cambodia, the CPP is gradually losing its constituency, which bodes ill for political stability in the near future.

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