

The New Chinese Immigrations in Laos Present-day

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Laos was once unique in Southeast Asia for its remarkably small overseas Chinese communities. Most of them fled this country when the communist forces seized power in 1975. Since Laos opened its economy in 1986, the Chinese in Laos have been able to develop in many areas. Especially, the visit of Premier LI Peng to Vientiane in 1990 marked a turning point in China–Laos relations. Unlike Cambodia, the reawakening of a Chinese community in Laos did not come from the Huaqiao, this arose from a new cycle of immigrants, who started pouring into northern Laos in the late 1990s at an unprecedented scale. Compared with other Southeast Asian nations, the Chinese in Laos are less in number and weaker in economic power. In this study, we focus on (1) Analysis the ways of the new Chinese immigrants in Laos; (2) Assess the role of new Chinese immigrants in the process of China increasing their influence in Laos and how Laos response to this issue; and (3) The trend of new Chinese immigrants in Laos in the near future. Firstly, the rapid of Chinese investment to Laos in the last two decades is the most important factor driving the Chinese migrants into this country. The first new Chinese immigrants arrived in the mid-1990s as workers or technicians on road construction projects and as part of the industrial cooperation between Yunnan and the northern provinces of Laos. Since the 2000s, China has been pouring aid and investment into Laos. Chinese companies are involved in almost all areas of this country's economy, from hydropower to mining, agriculture, service, and hospitality. The increasing of Chinese exports, investment, aids and Chinese contracted project constructions in Laos led to mass Chinese immigrants going to Laos to work in all the economic sectors which the Chinese are involved in this country. Most of them chose to stay on and started their own businesses. Secondly, the wave of new Chinese immigrants in Laos helps Chinese government to relieve the pressure of solving jobs for their citizens. The semi-skilled and unskilled labor can go to Laos to work for the Chinese companies. Moreover, the outflow of petty traders has been prompted by the oversupply of certain goods in China as well as intense domestic competition. The investors also can find the better developing business opportunities. Although, the increasing of new Chinese immigrants make the local society change so much. Some Laotians feel cautious about the presence of so many Chinese people in Laos. Thirdly, with the increasing of Chinese's influence in Laos, especially in the economic, the position of the Chinese community in Laos will grow stronger in both quantity and economic and political status. Assessing the trend of increasing of new Chinese immigrations in Laos and the growth of the Chinese community are seen by the Laos government creating favorable conditions for China's investment, commercial activity, tourism activities, and cultural exchanges.

Keywords: Chinese immigration, Laos, economic relation, investment

Introduction

In Southeast Asia, Laos is the country with the smallest Chinese community. Most Chinese fled Laos in

1975. Compared with other Southeast Asia nations, the Chinese in Laos are fewer in number and weaker in Lao economic power. The number of Chinese in Laos is currently only about 185,000 people, living mainly in some of the country's major cities and economic centers. Since Laos opened its economy in 1986, the Chinese in Laos have been able to develop in many areas. As China's southern border-sharing neighbor, improved relations between China and Laos and increasingly favourable trade have created conditions for new immigrations from China to Laos. Many have arrived in Vientiane and northern Laos to invest and trade, and some have settled in Laos. In this paper, I mainly focus on the new Chinese immigrants in Laos and their role on the development of relations between the two countries (as well as the Chinese communities). From there, we have some ideas about the trend of new Chinese immigrants to Laos in the future.

China Increases Its Migration to Laos

Recent Chinese Immigrations to Laos

After the Cold War, a new order in Southeast Asia was established. China returned to increase its influence in the region by strengthening its economic relations with Southeast Asian nations, including Laos. Along with growing economic ties, there was a new influx of Chinese immigrants to the region. For Laos, the visit of Chinese Premier LI Peng to Vientiane, Laos in 1990 marked the turning point in China's relations with Laos. Unlike with the other countries in the region, the Chinese community in Laos was re-established mainly by Chinese immigrants from northern Laos in the late 1990s (Tan, 2012, p. 67).

The Lao government is focused on economic development, especially foreign investment to Laos. Hence, foreign traders and investors to Laos get preferential treatment from the Lao government. In 1990, the Lao constitution stipulates that aliens residing in Laos for more than 10 years would be naturalized in the country. Therefore, the Chinese in Laos have the same rights as a Lao citizen, but are not allowed to participate in three things: not allowed to take office at government agencies, not allowed to invest in real estate, and not allowed to join the army. Real estate is one of the main items that Chinese want to invest in, so many Chinese have abandoned Chinese citizenship to acquire Lao nationality so they can invest in real estate in Laos.

For new Chinese immigrants, Laos is a place of "good land" and has attracted many Chinese immigrants to northern Laos. Through road projects, thousands of Chinese workers entered Laos to build the roads and, by the end of the project, many stayed in Laos for business. In the 21st century, the waves of Chinese immigrants to Laos are getting stronger. These migrants mainly originate in Yunnan Province and some western China provinces seeking opportunities here with the support of Chinese government through infrastructure projects, cultivation, and trade. In 2000, overseas Chinese and Chinese in Laos total 160,000 people, about two-thirds of whom are new immigrants. In recent years, the presence of Chinese people in Laos has been increasing. In 2004, the Chinese community and new Chinese immigrants in Vientiane reached 10,000, of which 8,000 were from Hunan, the others from Zhejiang, Anhui. They all reside in Laos in the form of visa applications to work in Laos, most of which are trading activities (Trang, 2004, p. 33). At the same time, according to statistics, the number of Chinese in Laos was 181,571 in 2004 and 185,765 in 2005; the rate of Chinese population growth was 2.31%¹, and about 2% of Lao population. It is estimated that by 2006 there were about 200,000 Chinese in Laos, of which 40,000 were Chinese technicians and traders. Vientiane and Luang Prabang are known by the

¹ Overseas Compatriot Affairs Commission, R.O.C. (Taiwan). Retrieved from <http://www.ocac.gov.tw/english/public/public.asp?selno=1163&no=1163&level=B>

Chinese as “Chinatown” in Laos². In 2007, it was estimated that more than 10,000 Chinese migrated to Laos.

Features of Chinese Migrants to Laos

Of the Chinese migrants to Laos, mainly are ordinary laborers, small traders, technicians working for Chinese companies, and investors. The first Chinese migrants to Laos were workers or technicians working on road projects and industrial cooperation projects between China’s Yunnan Province and northern Lao provinces (Luang Namtha and Oudoumxay). After the end of the contract, some of them settled to start their own trading business. They are quick to join the small businessmen in Laos, who are from Yunnan province and other neighboring provinces such as Hunan, Sichuan, and Zhejiang. Typically they are involved in various trading activities such as importing, exporting, transporting, supplying computer hardware and household items, repairing motorbikes, mobile phone shops, hotel, or salon makeup and occupied more and more the local market share (Tan, 2012, p. 68). One feature of new Chinese immigrants to Laos as well as to Vietnam or Cambodia is that almost all Chinese workers were from the western and southwestern provinces of China, such as Sichuan, Hunan, and Yunnan—considered to be underdeveloped provinces in China. Unlike new Chinese immigrants in other developed countries, most of them were from the eastern provinces.

In the present period, new Chinese immigrants to Laos are increasing, especially small traders and contract workers working in Chinese companies investing in Laos. In particular, northern Lao has become an attractive destination not only for major investments from China, but also the most concentrated area for new Chinese immigrants. The new Chinese immigrants to Laos in recent years have kept away from local people. Chinese live with Chinese people, do not want to or try to integrate, and sometimes they do not speak Lao. Of course, these things increase the suspicion of Lao people for these newcomers. It is very difficult to accurately record the number of Chinese immigrants, as the number of illegal migrants is well below the official registration number of local authorities.

The Role of New Chinese Immigrations in Laos

Promote Economic Relation

New Chinese immigrants in Laos are important bridges in economic activities between China and Laos. They are not only intermediaries for investment attraction from mainland China, Hong Kong, Taiwan and from Chinese businesses from other countries, especially from Singapore, Malaysia, and Thailand, but also are the connectors to the new Chinese immigrants coming from China to Laos to do business, and are the main force in trade activities, especially border trade between China and Laos.

At the end of 1986, the Lao government implemented the “New Economic Mechanism” to regulate foreign policy and implement open foreign policy. Thus, many Chinese have returned to Laos. In addition, the improvement of Sino-Lao relations is an important catalyst for the massive influx of Chinese immigrants to Laos in recent years. The strengthening of the political relationship between China and Laos was traced from the first year of the 21st century by the official visit by Chinese President JIANG Zemin to Laos in November 2000. During his visit to Laos, JIANG Zemin signed the “Memorandum of Understanding on Bilateral Cooperation”. Then, in November 2006, Chinese President HU Jintao made a visit to Laos and promoted bilateral economic and political relations. In return, Lao President Choummaly Sayasone made an official visit

² Retrieved from http://www.caexpo.org/gb/charm2006/wanxiang/news_laowo/t20061010_64307.html

to China to meet Chinese President HU Jintao in August 2008. The results of these high-profile visits led to an improvement in bilateral economic cooperation. In November 2000, the number of Chinese investments in Laos reached 83 projects, the agreed investment reached more than 7.4 billion USD, ranking sixth among foreign investment partners in Laos³. From 2001 to 2007, Chinese foreign direct investment (FDI) in Laos was \$1.1 billion, ranking second after Thailand (\$1.3 billion). In 2006 alone, China had 45 of 117 foreign-invested projects approved by the Lao government with a capital of \$462 million (Lim, 2009, p. 8). During the period from 1989 to 2011, China had 443 investment items with a total capital of 4,052 billion USD, becoming the largest investor in Laos, with the major investment fields in mining, construction (Power grid, hydropower dam), agriculture, and services. Yunnan is the province with the closest economic relationship with Laos. From past to March 2011, Yunnan had 126 investment projects in Laos with a capital investment of \$0.731 billion⁴, bilateral trade reached \$265 million, up 30% over 2010⁵.

The strengthening of the economic ties between the two countries has led to the flow of goods from mainland China through Chinese traders to Laos. In addition, many new Chinese are flooding into Laos to look for investment opportunities, businesses, and even more skilled workers to find work. Many Chinese investment projects in Laos are deployed, with Chinese laborers, engineers, and traders coming to work. As for Chinese community in Laos, they are both cooperating and competing with new Chinese immigrants. In recent years, both the old Chinese and the new Chinese immigrants have absorbed commercial activities in Laos. New Chinese immigrants who take advantage of the progress in Sino-Lao relations have made huge sums of money by doing business here.

The new Chinese immigrants are growing rapidly, and they even compete vigorously with the Vietnamese living in Vientiane. The attraction of the Chinese to Laos to do business here is the cost of services and the cost of hiring native labor is much cheaper than elsewhere. The Chinese investors in Laos said the fee for accommodation, water, and electricity in Vientiane were only about one-tenth that of Cambodia's Phnom Penh (Trang, 2004, p. 33). This has contributed to increasing the presence of Chinese investors in Laos.

Many Chinese businesses investing in Laos are receiving assistance from the Chinese government through the China Development Bank. Under the Lao government's approval, many places of the country have turned into an area reserved exclusively for Chinese residents. For example, in 2009, Chinese businesses helped Laos build a stadium for the SEA games 25 event, so the Lao government then awarded a muddy area of 1,000 ha in the capital, Vientiane, to be transformed into a new urban area, mainly to attract more and more Chinese investors, traders and overseas Chinese to live there⁶.

Over the past 10 years, the influence of China and especially the new Chinese immigrants in northern Laos has been stronger. In recent times, the economic picture of the northern Lao region has been gradually reconstructed by the presence of new Chinese immigrants. In fact, this new influx has revived the small Chinese community in Laos (Tan, 2012, p. 64). In northern Laos, early Chinese migrants were mainly truck drivers, traders, smugglers, and some shopkeepers from Yunnan province. In recent years, the development of the tourism industry between China and Laos gave rise to new opportunities for new Chinese immigrants to travel to Laos, then they would either choose illegally reside, or they would find a way to marry Laos women

³ Retrieved from <http://www.xttzw.com/dm/lao/lao4.htm>

⁴ Retrieved from <http://yn.wenweipo.com/whshidian/ShowArticle.asp?ArticleID=14165>

⁵ Retrieved from <http://www.asianewsnet.net/home/news.php?id=29236>

⁶ Retrieved from http://china.huanqiu.com/eyes_on_china/economy/2008-12/319525.html

and then be naturalized in Laos.

On the whole, Chinese community and Chinese immigrants in Laos play an important connecting role in the economic relation between China and Laos. They are the main force for bringing Chinese goods to Laos, especially daily consumer goods and low-priced goods, both through official and unofficial route. At the same time, new Chinese immigrants also stimulated increased business and services activities in Laos such as hotel restaurant business, entertainment services, etc.

Spread Chinese Culture

In March 1991, the Lao People's Revolutionary Party launched its education development strategy for public and private schools. Thus, Chinese-language schools were built. Students with good academic records would be sent to intensive training in China. In addition, along with increase in investment, tourism, and trade of mainland China and Taiwan in Laos, the demand for learning Mandarin was increased. So many Lao people have sent their children to Chinese schools to learn Chinese.

In terms of marriage, due to the gender imbalance of the first generation of Chinese immigrants in Laos (mainly male migrants), so to maintain the race for themselves, many Chinese men chose to marry Lao women. This has two advantages for the Chinese immigrants: First they can maintain their race as mentioned above; the second is that their Laotian wives can help them greatly in their own business in Laos. The marriage between the Chinese and Laotians also provided a solid basis for the Chinese community here—help new Chinese immigrants easily integrate into Lao society.

The rise of China and the support of the government have provided conditions for Chinese immigrants to protect and promote their cultural values in Laos. In present day, Chinese language and Chinese culture have had an important effect in increasing China's influence in Laos, along with the increasing influence of economic and diplomatic factors.

Laos's Response

Laos is a landlocked country, with abundant natural resources and relatively low population density. Laos has long been a Chinese migration point. China's economic impact on Laos is not new, however, the economic infiltration of Lao People's Democratic Republic (PDR) has only happened for several years. One example of the strong infiltration of Chinese investment in Laos is the rapid change of Boten. Boten is located on the border of China and Laos, close to Highway No. 3. In 2003, the Lao government agreed to grant a 20-square-kilometer plot of land in Boten to China Construction Company to build a "Golden Boten City". There are over 5,000 people in the city, and most of them are Chinese. The most modern and international city of Laos moved to Beijing's time zone, using Chinese currency and Mandarin in communication, electricity, and telephone connections to the Chinese system. Here, visitors can use the dollar and the Thai baht in deals and shopping, but change is returned in yuan. Lao Kip is not in circulation in this special zone.

Response of the Lao Government

Although Laos is in the process of opening up economic development, it needs capital and technology outsourcing. But, on March 15, 2012, Lao Prime Minister Thongsing Thammavong said that the country is very optimistic about Japanese businesses, and he also alluded to the sense of caution for Chinese forces. The cause

is that although China is attractive in terms of capital, large numbers of immigrants from China will make the problem of Laos security and defense more complicated. At the same time, it is worrying that Laos is now too reliant on China economic investment and the risk of being politically bound. An example of the negative side of Chinese investment in Laos is the problem with Chinese banana plantations in Bokeo province. This project damaged Laotian health and destroyed the environment because too many pesticides were used. Doctors said that most patients in the hospital are planters and their children and their lungs were destroyed. In September 2015, the Lao Ministry of Agriculture and Forestry warned four Chinese companies of overuse of pesticides and directed inspections in several provinces. Later, the ministry banned the opening of new banana plantations.

Laotian's People Response

China's increased economic investment and bilateral economic and trade relations have led to more and more Chinese immigrants to Laos. Lao people felt very upset with the negative impact that Chinese investment and new Chinese immigrants bring to their lives. For example, in the Golden Triangle, Boten casinos were transferred to a Chinese business for 99 years. In March 2012, the casino was closed due to racist crimes (murder, disappearance for money owed). In 2015, casino reopened but currently 50% of Boten area has become a ghost city. A few kilometers from Boten, China is carrying out a project to build a high-speed rail line running through Boten to Vientiane and then to Thailand. Some residents have to relocate for the second time in 10 years. They lost their livelihoods, the way of life changed, and life became very difficult. Due to the different cultures and customs, Lao people were afraid of the Chinese image, customs, and culture that are so common in Laos. They fear that Laos will gradually lose its national identity and traditional culture in their own country.

The Trend of New Chinese Immigrants in Laos in Near Future

With the increase in China's influence in Laos, especially in the economic sphere, the position of the Chinese community in Laos would grow stronger in both quantity and economical and political status. At the same time, new Chinese immigration activities will be on the rise. Assessing the prospects for the increasing of Chinese migration in Laos and the growth of Chinese community here is seen by the Lao government creating favorable conditions for China's investment, especially major investment projects which need a lot of workers.

First of all, improving the business environment encourages Chinese companies and businessmen to invest and trade in Laos, which increase the influx of new Chinese immigrants, especially small traders to Laos to trade and settle. Laos is developing and opening up its strong economy, increasing and diversifying foreign relations. Therefore, China will favor increasing its penetration into Laos market. That means Chinese migration to Laos will increased.

According to the *Asia Times*, China has a large share of the Lao economy, such as, mining, hydropower, rubber, and hotel services. They control most sectors of the Lao economy. In 2007, China has invested more than one billion dollars, accounting for 40 percent of total foreign investment in Laos, and it was 5.1 billion dollars in 2015.

In addition, large and long term China investment projects in Laos will strongly stimulate a new influx of Chinese immigrants to Laos. In 2010, Laos has been provided with \$86.4 million by the Chinese government

for a special government loan for the new Luang Prabang airport project. The new airport runway could be 3,000 meters long, built next to the old route, and the new airport would qualify for the takeoff and landing of the Airbus 380. The airport was completed in 2013. In particular, China in 2012 agreed to grant Laos seven billion dollars in loans to build a 420 km long railway. This is the route linking Yunnan with Vientiane, convenient for traffic between Southwest China and mainland Southeast Asia. Through many stages of negotiation, the project has now officially been implemented. Other large investment projects, such as the construction of hydropower projects with high manpower, especially skilled manpower, will be a factor in increasing the flow of Chinese immigrants to Laos in the future. There are 18 China-funded hydropower development projects licensed in Laos. Accordingly, there will be masses of “China towns” around major China investment areas in Laos.

What’s more, China and Laos have increased their pledge of diplomatic relations and economic activities, especially the increase in relations between Yunnan province and Laos in the coming period. The government of Yunnan Province of China, which borders Laos, had a program for the industrialization of northern Laos until 2020. The program was called “Northern Project”. The project mainly focuses on industries such as agriculture, electricity, mining, and tourism. On 22 and 23 November 2012, Yunnan provincial governments and nine northern Lao provinces jointly held the Trade and Investment Working Group Meeting in Luang Prabang, Laos. The two sides agreed to expand bilateral trade to achieve two-way trade of \$800 million to one billion dollars by 2020⁷.

In addition, Chinese government also have a policy for Chinese immigrants. Chinese localities also allow their people to migrate abroad. At the individual level, the Chinese have received from their local government in southern China a bonus called a travel allowance, which can be as much as 100,000 US dollars per person. If there is a wife to follow, the kid was going to get another \$100,000. However, they were only allowed to return home after a number of years. Their mission is to become successful contractors in northern Laos. Many of these Chinese people have come to northern Lao provinces, cultivating fish and shrimp farming. They sometimes sell their products on the market, but for large-scale agricultural operations such as banana plantations, maize, and rubber plantations, the products are exported to China. In addition, China government has the policy of promoting the migration, especially the ordinary laborers to underdeveloped countries such as Laos.

It can be said that, Laos has a more favorable economic environment and favorable geographic position, along with the increasing of economic relations with China. Thus, more and more new Chinese immigrations who are ordinary laborers and small and medium-sized enterprises, with moderate technical skills, will be flooding into Laos.

Conclusion

China’s improved bilateral relations with Laos, increased China’s economic presence in the country. In the not-so-distant future, the Lao economy may be heavily dependent on the Chinese economy. Meanwhile, the new Chinese immigrants and Chinese community in Laos are gradually increasing economic activities in Laos, especially in the fields of trade and investment. With the support of China government and other Chinese businesses from Singapore, Malaysia, and Thailand, the Chinese community in Laos will gradually increase in

⁷ Retrieved from http://www.gov.cn/gzdt/2012-11/24/content_2274723.htm

number, growing its economic and political position. They are the ones who “help China to consume goods” in Laos and to spread the Chinese culture into Lao social life.

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