

**Dynamic Peripheries:
Clandestine Globalization and the Underground
Economy in China's Ethnic Borderlands
- A Preliminary Survey - ¹**

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Comments Welcome

Preamble²

Narratives of modernization in China over the past ten years have often been polarized into two categories, the first being a warm and rosy picture of the Chinese nation's long march in the process of development, confident that China is on the cusp of greatness. On the other end of the spectrum are the naysayers, who inevitably prophesize about the impending doom of China's modernization project, some even predicting that the collapse of China would very much resemble the fate of the Soviet Union. Yet, regardless of where one lies on the spectrum between these two poles, most would agree that China's modernization has very much contributed to accentuating tremendous income inequality at an alarming rate. The disparities we see between coastal regions and inland cities, and within provinces and cities today reflect a disparity in income as much as an ethnic schism that the official establishment refuses to acknowledge. Nowhere is this phenomenon more pronounced than in China's borderlands. Conceptually, borders are continuous lines of geographical markers of where the "national" is demarcated from the "international", and are critical to the current-day understanding of the Westphalian concept of sovereignty that underpins the existence of modern-day nation-states.

Borders are legal as much as they are physical, political and socio-cultural concepts. Furthermore, given that they are structures upon which all modern nation-states are premised, borders are considered sacrosanct, inviolable and irreducible. In China's case, this is even more so given the historical experiences of the Chinese people over the last two centuries. The "health" of the borderlands is indicative of the "health" of the body politic (Blake 2000) – and a strong state structure will render borders as active and vibrant forces in the production and perpetuation of the nation-state. It is, after all, in the borderlands where the nation meets and interacts with the "other(s)". Nation-states demonstrate their goodwill not only through high diplomacy but very often through policies instituted at the borderlands as well. The militarization of the 7000km Sino-Soviet borderland from the 1960s to the 1980s demonstrates the animosity and antagonism between the Chinese Communist Party and the Communist Party of the Soviet Union. Militarization, lack of contact between the people and the diminution of all areas of co-operation and security were the general hallmarks of the Chinese frontier then. Today, for the most part, China's border tensions have eased ever since Deng Xiaoping called for efforts to cultivate a favourable "strategic environment" conducive to economic growth. As such, China's diplomacy in the last few decades has focused on resolving strategic problems with her neighbours with whom the PRC has had territorial disputes. Today, China's territorial disputes have largely dissipated, apart from her border disputes with India, maritime quarrels with Japan (Senkaku/Diaoyutai) and with her Southeast Asian neighbours over the Spratly Islands.

From the Chinese heartland, the borderland regions are seen as ethnic enclaves of minorities who are backwards, left out of the national modernization project and, more worryingly, perfidious and ungrateful. Even in a country with a state structure as strong as the Chinese, these perceptions persist, partly because everyone is aware of the fact that borders shift in response to political upheavals and geostrategic changes, but more so because most Chinese see borders as inherently unstable, porous and coinciding with an area where state power is the weakest, and where state-sanctioned notions of identity and nationhood are contested by everyday narratives. Beyond that, when we speak of the idea of a boundary of something or a border between X and Y's territory, there is invariably a sense of hidden and mysterious perspective, a sense of a hidden spatial metaphor involved. Many of these borderland areas are designated as "secret" and out of bounds, perhaps because of the existence of secret military bases or programs in place, or perhaps because governments try to keep undesirable elements away from the residents living there (e.g. foreigners in Tibet are a no-no during times of tension). Borders are where we meet with the "other(s)" culturally and politically. Many people do not view borders as zones of interaction and activity, but constructs where residents are seen as passive beneficiaries of the state's benevolence. Therefore, most ordinary Chinese folks would cringe at the idea of moving there, and perceive the borderlands as neglected, backwards and dangerous.

This paper problematizes this interpretation of China's borders. This one-sided characterization of the border is unsatisfactory, rigid and does not do justice to the empirical and theoretical richness that scholarly studies could elicit in their scrutiny of China. Such a microscopic view of the narrative often comes from people who do not work or live in border zones, and who only perceive borders to be territorial markers or a series of connected points that tell us where states meet and separate without due consideration for the prospects of ethnic groups that often straddle the borders. For these people, the idea of a nation-state is a category used to conceptualize and simplify the world we live in, but invariably categories always make those in the categories appear more similar to each other and accentuate the differences to make the out-group appear radically different from us. Chinese official narratives highlight that Tibetans and the Hui have everything in common with the Han Chinese in Guangdong yet the dominant political discourse emphasizes how much the Uighurs in Xinjiang are different from their compatriots in Central Asia. In reality, the picture is a lot more complicated. The only people who could experience life along the border itself would realize that the border is less of a boundary dividing them into nations than it is a bridge linking them in what is very often a mutually interdependent relationship.

This paper interprets China's borderlands to be zones with a remarkably wide variety of legal and illegal trans-border human socio-economic as well as political and security activities. It is, then, in these zones that residents can locate spaces of meaning and cultural constructions which will enable them to stay rooted to their nation-state and provide meaning to their existence. Their activities not only affirm the existence of the nation-state, but can at times subvert the state's international relations, its sovereignty and its intended use for the borderlands. For example, very often residents living near borders make neighbors and friends with those whom their nations and governments from afar label as enemies (e.g. the Soviet citizens in the Far East). Ironically, through cross-border interactions and contacts, these barriers are broken down locally. In other words, the residents of the borderlands, like most people, might be able to acknowledge and regard the existence of the borders when there is want and need to see them, but these borders are "invisible" when there is no need to acknowledge their existence. This project argues that conventional narratives understate the dynamic nature of China's borderlands and their role in linking the booming Chinese economy to a dimension rarely spoken of in the press – the illicit world political economy.

One of the most important tasks that this project undertakes is to reconceptualize the borderlands as the “center” of these transnational activities, rather than the peripheral role that the traditional developmental perspective tells us the borderland plays. In fact, the boundaries can also be seen as a space that acts as a bridging zone which provides the space for these activities to ferment and thrive. The disparity in supply and demand for illicit goods and services serves to accentuate the prospects of economic advancement and social mobility of those living along the fringe. Yet, this should not be taken as an argument that these illicit activities have been ethicized, and that Han Chinese can do no wrong in the borderlands whilst the ethnic minorities are all involved in these activities. This cannot be further from the truth. Instead, it must be emphasized that because of their ethnic identity and linguistic skills, ethnic minorities in China often see the border as a minor inconvenience in moving between the borderlands, often situated in challenging geographical terrains to facilitate the provision of these illegal goods and services, and often working in tandem with Han Chinese who in turn act as either the wholesale dealers or consumers of such goods and services. The demand for these goods and services in the metropolises of China’s heartland presents a steady impetus for the continued provision of these goods and services flowing from the periphery to the center. In this economy, the periphery is now inverted to become the “centers” of these goods and services, and the “traditional” centers of modernity in China assume the role of the consumer and purveyor of things illicit. Amidst the ubiquitous unfamiliar terrain, traders from all over China congregate at the appropriate borders to conduct small trade and contraband smuggling. Thus, border towns along China’s periphery are now booming places of exchanges and commerce, and “hidden corridors” by which illicit goods and services flow to and fro across the boundaries. This, however, cannot take place without the expertise of the ethnic minorities. With their local knowledge of culture and customs, familiarity with the difficult terrain and, most importantly, linguistic skills, they have, for all intents and purposes, appropriated the border as an economic and cultural resource and depoliticized conduits for commodities and services. . Yet, as these underground economic linkages become increasingly entrenched, it raises the question of whether these economic activities are sustainable in the long run. Against the backdrop of these transactions and the world of the illicit political economy lie the institutions of the State and the Law, the question of Han-Minority relations and, more importantly, China’s relations with her neighbors.

Clandestine Globalisation and the illicit political economy in China

Opportunities offered by globalization and political openness and reforms are not limited to legitimate businessmen and honest entrepreneurs. The tools of globalization – flows of information and capital, coupled with unprecedented access to communication and mobility have helped many businessmen succeed in both their legitimate and illegitimate deal making. Chinese businessmen thrive in this era in a China where the law could be interpreted and, to a certain extent, manipulated to further their enterprises. There are plenty of stories and newspaper coverage on how Chinese businessmen (many of them scions of bureaucrats and party members at various levels – national to local) make use of their official connections to expand their business empire. The recent fall of Bo Xilai and the revelation of the family network is testimony to the case in point. However, for every Bo Xilai, there are hundreds of thousands of small businessmen and women who strive to stay within the margins of the law – but unfortunately, the law is not always on the side of the weak and the marginalized.

If anything, most Chinese believe that the law is a weapon for the rich, not shield for the weak, especially when it comes to business disputes. For the average businessman (if there is such a thing), the law provides for bureaucratic hurdles to be overcome. Depending on his appetite for risk and profits, he might adopt an accommodating or adversarial relationship with it. By definition, the most successful entrepreneurs are those that manage to maximize their profits,

and the strict adherence to the law is not necessarily their first priority. Of course, this is not to say that they flagrantly violate the law in order to maximize their profits; rather, it is safe to say most entrepreneurs perceive law as a hindrance and an inconvenience rather than an institution for reverence. At the same time, it must be said that they do recognize that it is the law that provides them with opportunities – in the sense that the law usually creates a demand for certain categories of goods or services.

The relationship by which the Chinese perceive the “law” is probably quite different from the way Americans or the British perceive the law. In China, it would be reasonable to say that most regard the bureaucrats and the party apparatchiks to be similar (官 guan) and perceive that the law is subject to interpretation by the officials. The ideas of public accountability and the rule of law are notions notoriously not popularly accepted – i.e. most Chinese know about such concepts but there is doubt these can be enforced without considerable expense and opportunity cost to the individual. The imagery of “David versus Goliath” comes to mind in these situations. Conversely, most Chinese perceive that the situation within the country to be one that is best described as “Rule by Law” where often, resources such as money or favour (人情 renqing) can be traded to provide relief from imposition of the law.

In this regard, the relationship of the law and those living along the borderland is especially interesting. In addition to the normal set of laws governing their everyday lives, people living at the bordertowns are perhaps more aware of their national identity, national border laws and the idea of sovereignty. On an everyday basis, the privileges or liabilities of their national identities weigh upon them.

To illustrate this, the two main cases presented herewith are extremely interesting -- perhaps it would be conceptually best to consider the case of the average North Koreans living near the Chinese borders. On the other side of Tumen or Yalu river, North Koreans could see the highrise buildings on the Chinese side of the river bank. During summer months, they could hear Chinese (and sometimes South Korean or Japanese) music blaring out and smell the aroma of the barbeques the Chinese have on the riverbanks. At night, the contrast cannot be more apparent. On the North Korean side, everything is pitch black, but the brightly lit neon-signs and luminous tint of the Chinese cities light up the night sky. Even though most North Koreans do not understand or know China in depth, most understand enough to know that life is much better on the other side.³ The apparent material poverty of North Koreans, especially those living at the borderland communes cannot be more apparent. Granted in any country in the world, those living in rural areas usually feel “poorer” than their urban cousins, but in this case, the North Koreans living at the border likely considers that life is probably better in Dandong or Tumen than it is in Pyongyang. The dream of a comfortable life accorded to most Chinese is only accorded to North Korean elites in the capital. Some of the buildings in Dandong and Tumen put those apartments the DPRK elites live in Pyongyang to shame. These North Koreans no doubt understand that if they snuck across the border and got caught – the penalties are extremely severe. Whilst they might be fuzzy about the legal justifications and procedures, what is clear is that the penalty outweighs the risk of cross the river. What is probably more sinister is what happens to them when they get across – how would they manage to survive day to day, how would they leave and most importantly, what is going to happen to their families?⁴

The imposition of political borders upon a national group – like the Koreans is not new in International Affairs.⁵ Closer to home, the Demilitarised Zone (henceforth DMZ) separates North Korea and South Korea and is recognized today as the control line of ceasefire between the two combatants, and the defacto (not dejure) border of the DPRK and the ROK respectively. Today, the severe lack of human interaction or activities means that the 38th parallel is one of the best nature conservation sites in the world, never mind the million or so

landmines buried underneath. Most North Koreans would never dream of defecting through this border, and even though it represent the most direct way to the South, it is almost invariably never used.⁶

Empirical and Methodological Caveats

Most economists are adverse to the idea of studying the illicit political economy. For one, there are few statistics to use, and any attempt to systematically gather “complete” datasets for quantitative analysis is probably destined to fail. Second, there are all sorts of questions that this topic could raise for research ethics – and perhaps it might be more worthwhile to spend time on a topic that might not land the research in various ethical quagmires. Third, there is the question of data verification – but this poses less of a problem in ethnographical research than other disciplines, especially if the aim of the research is not to quantify the data involved but rather to capture the empirical richness that the data fieldwork could bring. Anthropologists and Political Scientists working in the area of International Political Economy, however, might find this topic an easier topic to work on because of the qualitative methodologies they employ and the kind of data collection undertaken. This paper represents one of these attempts and hopes to capture a better understanding of the illicit political economy phenomenon, especially in the borderlands.

Empirically this paper will focus on two bordertowns of China: the first will be the China-DPRK border, specifically focusing on the border towns of Yanji-Tumen.⁷ The second bordertown will be the township of Ruili on the Sino-Myanmar Border. The border of Sino-DPRK like many of the other border territories in China is extremely easy to cross. The Tumen (Duman) River acts as the central line of the border between the two countries. During the early 1990s when there was widespread famine in North Korea from 1994-1998, most of the refugees cross into China using the Tumen River (as opposed to the Yalu River) in Dandong.⁸ Today, Tumen and Yanji presents one of the main channels by which North Korean migrants move into China to work in the underground economy and/or for onward journey to South Korea (or other destinations) via South or Southeastern China. This case-study illustrates how the space provided by China to the Korean minorities in the Yanbian Autonomous Region have quietly morphed into one of the biggest platforms for Koreans of all nationalities (PRC, DPRK, ROK) to come and mingle together. South Korean tourists and entrepreneurs, together with Chinese-Korean managers and supervisors and in many cases, North Korean workers and traders intermingle, trade and co-exist in the region. In addition, the ethnic solidarity has facilitated the smuggling. There is a wide variety of “contraband”: information and knowledge of South Korea, designs or products inspired/inspired by South Korea into North Korea. Flowing the other way is, the illicit service of smuggling out dissidents and defectors from the DPRK via China through third countries (Russia, but more commonly Laos, followed by Thailand) and finally to the ROK as well as official illicit products by the DPRK official establishment to earn hard-currency. It would examine how the illicit political economy has actually helped alleviate the economic difficulties in the DPRK and how this has, in fact, impacted upon the difficulties in the DPRK. The second case study will examine the dynamics in the political economy surrounding the gemstone industry along the Sino-Myanmar border. The town of Ruili is the focal point of this industry, and traders far and wide congregate in this town to trade both real (and often smuggled) gemstones of jade, as well as in the illicit economy of fake or substandard gemstones. Based on preliminary fieldwork, it would layout some preliminary thoughts on the differences and similarities between the two borders. Before we move on to talk about the differences between the borders, it is important to include a section that discusses the terms used in the chapter pertaining to Clandestine Globalization and the Illicit Political Economy.

Yanbian Korean⁹ Autonomous Region: Globalisation and Development

The cities of notable interest to readers of this paper are Yanbian and Yanji. The first is the capital of Yanbian – the city of Yanji. Yanji is the capital city of the Yanbian Korean Ethnicity Self-administrative Region of the Jilin province. Yanji's total area is 1748.3 km² with a total population of 5.038 million. Within this figure, 2.92 million people are ethnic Korean, consisting 57.9% of the total population. Besides ethnic Koreans, the major ethnic groups there are Han, Manchurian, Muslim and Mongolian. Yanji is located on the eastern part of Jilin province with Tumen on its eastern border, and at the northern foot of Changbai Mountains. There is a non-frozen period of 160 days and a frozen period of 164 days a year. The east, south and north of Yanji is surrounded by mountains and the west is an open plain area. Such a geographical relief has formed a Horse-hoof Basin. Yanji is within 60 km of the Sino-Russian border, 100 km of the Japan Sea and 10 km of the Sino-Korean border. The name Yanji (延吉) was said to have evolved from the ancient name Yanji (煙集). During the Qing dynasty, Yanji was situated within the forbidden region along Changbai Mountain for over 200 years. At the end of 19th century, Korea suffered from severe disasters which lead to the cancellation of the forbidden regulation in order to attract migrants to this region. The name Yanji first appeared as one of late Qing's administrative body in 1902, and has become Yanji county in 1946. In 1953, Yanji city had been drawn out from the Yanji county. In 1985, Yanji city was opened for border trade. As Yanji is located within the Changbai Region, there are rich forestry and mineral resources. Thanks to the over 700 km² forest, there are over 900 kinds of economical botanic plantations and over 10 kinds of extinctive animals. Ginseng, mink and antler are called "3 treasures of the Northeast". It is also abundant in apples, tobacco, coal, oil and natural gas. For mineral resources, there are marble and various kinds of stones and minerals. Recently, there are 298 foreign corporations invested in Yanji. Total investment is up to USD \$369.4 million. Among them, 204 foreign investors are from South Korea. Tuwu (圖烏) highway is the main route within Yanji whereas the Changchun-Hunchun highway via Yanji was completed and operational by May 2011. Yanji is linked to the Trans-Siberian railway via Russia, and also has the railway connections leading to North Korea on the east and Inner Mongolia in the north.

The other notable city is Tumen, a city south of Yanji, typically takes two-hour by bus from Yanji. In 1965, Tumen was carved out from Yanji as an administrative city. The total area of Tumen is 1142.65 km². Yanji is on the eastern border of Jilin province, where the Tumen (or Duman in Korean) River on the southeastern side forms the Sino-DPRK border, with a borderline of Tumen and North Korea 60.6km away. There is a 60 km distance from the Sino-Russian border with the Yalu River in Liaoning Province in the west. On the other hand Huichun is on the eastern border of Tumen. There are four villages: Shiyan (石硯), Changan (長安), Yueqing (月晴) and Liangshui (涼水) with Tumen city. In 1985, Tumen has been classified as one of China's first class border city. It benefited from the UN's Northeast Asian economic development plan, and with Tumen's geographical advantage, it has become a transfer-cum-trading port of China. In 2011, the total trade of Tumen is up to 101.2 million USD, with 62.66 million for export and 38.53 for import. There is a roadway custom port and a railway custom port. The road way port is set up in 1940, and is now China's first class port which allows the entry of third country's vehicles and products. In 1965, people from both sides are allowed to visit relatives across the border and were able to start simple forms of trade. The Tumen-Korean highway is 514.92m with 98.08m on the Chinese side; the railway port was built-up in 1932, with the business zone established one year after. The Sino-Korean railway is 439.96 m with 230.2 m in China. Tumen custom port belongs to Changchun Customary with one of the highest discharge rate of 2.4 million tonne.



(Map adapted from www.61tours.com)

There are two striking differences when attempting to differentiate Yanji and Tumen from other Chinese cities when visitors first arrive. The first is that both Yanji and Tumen appear neater (in some quarters, not all) and cleaner than most Chinese cities. This is surprisingly the case even with some Korean farming villages where the dirt roads are swept and buildings are kept very tidy and neat.¹⁰ The obsession with cleanliness is even more apparent at the border town of Tumen where it is significantly smaller than Yanji. This obviously has something to do with Korean culture – as postcards of Yanji in 1800s show of a “neatness” not observed in other more affluent Chinese cities. In Tumen itself, there are many business establishment which has interior décor as if they were built right out of South Korea – the most ironic being a café that stands on no more than 50 meters from the Tumen River where hordes of South Korean tourists descend upon the area everyday to take snapshots of North Korea.

The second observation (arguably a subjective point of view) is that Yanbian as a whole has an economical vibe to it that is perhaps not even apparent in Changchun, Jilin province’s capital city. With a population of 0.5 million, Yanji occupies an area of 1332 km², while Tumen has an area slightly smaller than Yanji at 1142 km² but has only one quarter of Yanji’s population. While there is a large influx of ethnic Han Chinese from Heilongjiang and other cities in Jilin provinces who go to look for work, many of the businesses in Yanbian are owned by local Koreans, as well as South Koreans who have moved there to set up businesses. The street scene in Yanji and Tumen can be likened to an old suburb in Seoul – as all businesses are setup in bilingual signboards.¹¹ The language heard most often in Yanji is still Mandarin, partly because of the large number of Han Chinese living and working there – but from the authors observations, Han Chinese who have lived and worked there do speak a fair amount of Korean.¹² In Yanji, there are also many smaller businesses throughout the city that

resemble the thousands of other Chinese cities – with eateries, markets and consumer department stores. Yanji is comprised of a number of neighborhoods or suburbs where ethnic Koreans gather to dine, drink and/or congregate after in the evenings and the weekends.¹³ Upon inquiry with various interlocutors in Yanji and Tumen, the author was told that since the opening up of China, Yanji has benefitted immensely from the reforms. On one hand, many young Chinese-Koreans in Yanji and the surrounding areas such as Tumen and Longhua saw their language skills and willingness to work as a considerable asset – not in China, but to seek employment in the Republic of Korea. Interview data with a few local respondents suggest that the majority of the young ethnic Koreans, if given the opportunity, would rather work in South Korea than Chinese cities. Their ethnicity has given them an unprecedented privilege in social mobility. Just like many Han-Chinese from Guangdong or Fujian aspire to moving to Hong Kong and Taiwan respectively, going to and securing residency in Seoul has become the Holy Grail for many of these young people. In effect, many of the Koreans (as seen on public transportation and urban settings like department stores and fast food joints) adorn, dress and behave quite similar to South Koreans. However, many of these expatriate Chinese-Korean workers return either to invest (buy houses or setup businesses) with a distinctive South Korean flavor.

Plate Two: A South Korean Style Café on the Banks of Tumen River (Photo by Victor Teo)



At the same time, the reforms have enabled and attracted a considerable amount of money from South Korean investors, leading the government to offer an entire range of goods and services in Yanji and Tumen. These are opportunities accorded by globalization and the Chinese state's determination to attract foreign investment. The Yanbian region provides South Korean companies and business entrepreneurs an opportunity to move into China through a more familiar environment. Just as Shenzhen and Greater Guangdong has benefitted from Hong Kong's economic vibrancy, Fujian and Xiamen from Taiwan's and Dalian and Shanghai from Japan, Yanji has been, for the last two decades, the prime beneficiary of Foreign Direct Investment from South Korea. Due to the confluence of these factors, Yanbian consequently is like many of the other borderland cities – an economically vibrant one. In 2010, Yanji ranked as the most competitive city in Jilin province, and was placed at 82 of China's 100 economically competitive towns. In 2009, the GDP of Yanji was 17.22 billion RMB,

which is 2.52 billion USD; GDP per head was 34473 RMB. The region also attracts a considerable number of tourists as foreigners as well as South Korean nationals on group tour are keen to head towards the river to gawk at North Korea from their binoculars.

Consequently, one of the best kept secrets of inter-Korean communication exists, ironically, neither in South Korea nor North Korea, but in the People's Republic. Here North Koreans, Chinese-Koreans and South Koreans mingle quite freely and to that extent there is probably no other place in the world that could facilitate inter-Korean communications on such a basis. Yet within Yanbian itself, the opportunities for intra-Korean communication is still prescribed by the limited number of North Koreans living in China. The reason is simple: the North Koreans who are "officially" sanctioned to go to and fro China (i.e. with official papers) are usually there in some official capacity (i.e. party officials and bureaucrats), and most understand that the protocol imposed by their state that regulates their interactions with South Koreans. Those who escape illegally from the DPRK are never found in areas where South Korean tourists appear – largely because they are in urban settings, and also because of the strong PRC and DPRK security presence in these areas.

**Plate Three: Pyongyang Restaurant, Yanji –
North Korean Waitress interacting with South Korea Tour Group (Photo by Victor Teo)**



One setting, however, where South Koreans and North Koreans come to mingle is the few DPRK government-PRC joint venture North Korean restaurants. Today, there are probably no less than 20 North Korean restaurants where the North Korean government has a stake in operation in Heilongjiang, Jilin, Liaoning, Beijing, Shanghai and other Southeast Asian

destinations like Cambodia – all part of the North Korean state’s attempt to earn hard currency. This is especially critical for the North Koreans given the embargoes that the United States and EU have placed on North Korea.¹⁴ These restaurants are typically run by a joint DPRK-PRC management on a profit sharing basis, with a complement of cooks (both Chinese and North Korean nationals) and waiting staff (Mandarin speaking from Pyongyang) who serve a mixture of Chinese, North Korean and South Korean clientele. The staff of these restaurants are specially selected from by the DPRK government and sent as a team to work in the North Korean restaurants in China.¹⁵ But even then, the waiters and waitresses at these DPRK numerous restaurants are also careful of what they say to the clients -- the protocols imposed by Pyongyang on their interaction also apply.¹⁶

In Yanji, the Ryogong Restaurant has moved out of her premises in Yanbian International Hotel and is now housed in a 5 storey building. The restaurant is now the “Western” restaurant – the settings very much like a Western café, but the waitresses continue to be dressed in Korean Hanbok. In addition, there is now a hotel setup in the same building by the restaurant’s management in effect, there is now a DPRK hotel own (or partially owned) and run hotel in Yanbian. The very same staff that was running the restaurant in 2011 was present in 2012. This venture is one of the many ventures run by the North Korean government to earn hard currency in China. Not far away in the Pyongyang restaurant, the author learnt that most of the seafood is supplied by Rajin (or the Rason-Sonbong Special Economic Zone) at the Western end of Hamyong Province / Hunchun where the Russian, China and North Korea border meet. Despite the difficulties in getting the project to jumpstart (because of DPRK’s high expectations, China’s reluctance and Russia’s negligence), Yanbian has been for the main beneficiary of North Korean seafood exports. Yet, according to sources – many of these enterprises are not state owned but private joint ventures between Chinese and influential Koreans who then smuggle these food into China as they fetch better prices.

Plate Three: North Korean Waitresses in Ryogong Restaurant in Yanji
(Photo by Victor Teo)



Plate Four: Section of the Tumen River (Eastern Sector) where many North Koreans is known to have crossed over (Photo by Victor Teo)



Clandestine Globalisation and Yanbian's Role

This paper argues that the borderland region of Yanbian has now evolved to become one of the main access “gate” to the enigmatic North Korea. The self-imposed isolation of the DPRK has enhanced the “hub” status of Yanbian – and today, the region is the centre of both legitimate and illicit economic activities involving the DPRK. As a border region, Yanbian and Tumen surprisingly does not have such a “seedy” feel about them as other bordertowns e.g. Zhuhai (on Macau's border) or Hatyaai on the Thai-Malaysia border. However, due to its locality right next to North Korea, Yanbian however does have its fair share of dubious characters and illicit activities. In particular, Yanbian has, in recent years, come to be known as the staging ground for North Koreans attempting to escape their motherland. In particular, there is a loose coalition of Christian-centered network of foreigners – mainly missionaries from South Korea or the United States who support these crossings with pre-arranged logistics. Many of these crossings have been documented but the details have been left out in order to protect those who make the journey in the future.¹⁷ These Christian organizations, however, would not be able to work alone.

Supplementing their efforts are Chinese middlemen who provide a variety of services – false identification papers, transportation, temporary shelters and suchlike. Some of those that lend a hand to this enterprise do so out of charity or pity for the refugees; others agree to assume the risk for a fee in return for their services. Countering these efforts are the Chinese and DPRK security apparatus – most in uniform, but many working undercover to break these networks. It is almost impossible to find these middlemen unless one was willing to fork out the money to obtain the papers or perhaps to assist a DPRK refugee. During the course of the fieldwork in June 2011, the author however observed at two South Korean missionaries at work in Tumen. When approached most of these missionaries would not say what they are in

town for – and refused further interaction with the author. Paranoia is perhaps the best defence in their line of work.

Yet for every refugee who successfully seek asylum via travelling through China to South Korea, Europe or the United States, there are many who come to China with the intention of gaining a better life. Many of these migrants live in Yanbian or the surrounding cities for years hoping to elude a better living – but mostly under very grim circumstances. Even though ethnically they are quite similar to Chinese-Koreans, it is not only their unfamiliarity with Chinese material culture and system that makes them stand out. According to an interlocutor, it is easy to spot a North Korean from the Chinese-Koreans (even if both are thin and dressed shabbily) – the North Koreans have a darkish complexion due to malnutrition. Geographically, it would appear that the main “illegal” crossing of North Koreans into China takes place in the vicinity of the Changbai Mountains and in Jinlin province around Tumen (Duman River). Compared to the Yalu River in Liaoning province, the Tumen River is actually very easy to cross. At the narrowest points, most places averages about 10-20 meters across and 0.5 meters to 2 meters deep. In winter, the water is completely frozen and the border becomes even easier to cross.

During the famine of the early 1990s, North Koreans have been known to sneak across the Tumen River at night or early morning before dawn to scavenge, to steal and even to openly beg from villages on the Chinese side of the bank. According to an interlocutor (a boatman), most of these North Koreans come with the intention of only securing enough food and consumer goods for their village. Their ability to cross is often tacitly condoned by the border guards stationed at (500m) intervals along the bank – on the condition that they (the soldiers) get half or more than half of whatever they manage to secure from China. The boatman contends that the number of North Koreans crossing into Tumen probably exceeded the number of residents in Tumen itself (the author feels that this is an exaggeration). In fact, the Hazel Smith, one of the UK's North Korean experts who had worked at the World Food Program has reliable data to suggest that most of the economic migrants come from Hamyung province i.e. the province that directly faces Tumen.¹⁸

As Smith notes, Chagang, North Pyongan and Ryanggang – all bordering China do not provide major sources of migrants to China. It is North Hamyong that appeared to have numerous North Koreans making the journey, probably because of extreme food deprivation and poverty as well as easy access to Yanbian.¹⁹ At the same time, Smith also points out that interviews with the defectors to Seoul suggest that these migrants are often quite resourceful – especially those that intend to migrate to ROK as they have the means to buy fake Chinese ID papers or pay the human traffickers to bring them to other parts of China. Some of those who successfully breached security at embassy compounds between 2001 and 2002 were carrying fake Chinese ID papers, which may indicate they were better off than most of those hiding in northeast China.

Whether they stay in Yanbian or intend to migrate, these North Korean governments are regarded by the Chinese government as economic migrants rather than refugees. Their exploits are well known amongst residents in Yanbian and Tumen. According to an interlocutor (T1) a retiree who spends much of his time by the riverbank playing chess with his friends, he has personally seen Chinese undercover officials pursuing the illegal immigrants across into the shopping mall only to see them handcuffed and escorted out. T1's friends also told the author that during the height of the famine, many of the North Koreans who cross the river to steal or beg for food are given help by the local residents, and many of the older Chinese who are willing to help do so out of charity and also because they remember that during the Great Leap Forward (1955-58), it was the North Koreans on the other side of the river who helped them out. Another interlocutor told the author in June 2012, that the

recently that some North Koreans came over to Tumen to commit brutal crimes – using a military assault rifle to murder a few people, ostensibly in a robbery but the author was unable to verify this information.

Given the alarming rise in the number of North Koreans trying to escape during that period, both China and North Korea, for their own reasons, stepped up patrols along the border. Furthermore, the penalties for those caught staying in the PRC were severe – punishments included lengthy sentences in labor camps, and severe corporal penalties that included drilling holes in the punished individual's collarbone or fingers and wiring them so that the individuals could be shackled to stationary objects.²⁰

The author was that that these migrants either make the crossing in the wee hours of the morning, often in winter as the guards would be too cold to come out to patrol. Very often these North Koreans would make the crossing in the mountains where they will seek work for food and shelter. Tumen residents seem to draw the line at providing food and a little cash, and almost all those interlocutors the author who spoke to said that it would be very difficult to harbor them as the authorities would give them trouble. Beyond that, in an urban area – their chances of being spotted remains high. The only way to hide these refugees would be in the farming rural areas in the mountain. North Korean girls who make the crossing however have a mixed fortune – they could end up become a Chinese Korean farmer's wife or ended being sold to work as a prostitute in one of larger Chinese city like Shanghai or Guangzhou.

Plate 3: North Korea from the Banks of Tumen River (Western Sector) – (Photo by Victor Teo)



Plate 4: Zoomed-In Picture of a Camouflaged Security Post on the North Korea Side of the River (Photo by Victor Teo)



Over at Dandong in Liaoning province, there are comparatively less illegal migrants from North Korea. The cross border human demographic here is quite different from Tumen. The Yalu River is too wide on average for anyone to cross by wading or swimming without being spotted. Dandong faces one of North Korea's most vibrant district: the Siniuju Special Economic Zone – DPRK's second largest and most prosperous city after Pyongyang. There is a direct train connecting Dandong to Sinuiju²¹ to Pyongyang. It takes about 15 minutes to cross from Dandong to Siniuju and four to five hours by train to Pyongyang. The dominant form of migration here is the legal cross border movement of the suitcase (shuttle) traders and travellers. It is important to note that until recently, North Korea has suppressed private enterprises and frowns upon business making as a bourgeoisie activity. The truth, however, is that there is a "Second Economy" emerging with the rise of the small traders. Most of these traders rely on their savings or money borrowed or given by their relatives in China to start some sort of small business. As such, the returns from the business could be many times their monthly salary. So far there are very few scholarly works on the activities of these traders and the socioeconomic and political implications of their business dealings – but it is surely a phenomenon that is becoming increasingly important.

Plate Three: One of the Numerous Gingseng Shops Found in Yanji (Photo by Victor Teo)



An interlocutor (D1) which the author met in Changchun who owns a larger business importing and exporting Gingseng (amongst other things), is an ethnic Korean ginseng trader with relatives both in China and North Korea – making her an appropriate informant on the matter. D1 informs the author that she goes to North Korea almost every month with her husband to procure their supplies of ginseng and other wildlife products – including antelope horns, wild honey and sometimes bear paws or occasionally, fur pelts and skins Russia and from North Korea. There is also a Chinese / North Korean version of Viagra made from animal penises. D1 also informs the author that often she gets offers on antiques from North Korean traders:

It is often easy to acquire antiques in North Korea. Some of the families are very poor and would often go to the extent of digging up tombs to procure the antique items in North Korea and resell it to Chinese business people who goes over there for very little money. These antiques might either end up being resold within China or being reexported to Seoul ... but I never have the guts to buy and sell this ... I am not sure if I am caught with an antique like this whether I will get into big trouble ... besides, I do not want to offend the dead ...

When asked if she needed a permit to cross-over, she said:

My husband knows people who work at the border, so we usually ring up the persons before hand. ... but on the Chinese side it is usually not a problem to cross if we are ethnic Koreans ... but on the North Korean side – our Korean contact would just come out to meet us... it is no problem ... we pay him a little money and it is alright ... we usually stay for 3-4 days per visit; the RMB exchange rate is quite good too (NB: Foreigners are not allowed to exchange North Korean currency) ... our relatives would help us procure whatever we want ... and we will bring from China whatever they need. Usually it's things like electrical appliances, old mobile phones and sometimes various types of foodstuff ... I think even if they do not consume this themselves they will be able to resell these for money ...

Plate Four: Shuttle Traders Awaiting Departure for Pyongyang at Siniuju Train Station (Photo by Victor Teo)



The importance of these shuttle traders²² that come between China and DPRK²³ cannot be underestimated. For years, the Western media and the academic community have been predicting the impending collapse of North Korea. Even respected scholars, like Professor Victor Cha of Georgetown University, have been known to make comments to that effect. One of the reasons they expect North Korea to implode is because of the dire statistics provided by UN agencies like the WFO, in addition to the intelligence estimates. This information, however, does not account for the large scale smuggling and informal economy existent in North Korea, especially in the borderlands with China. To a large extent these traders alleviate the shortage of consumer goods and foodstuff. While the author has no concrete data to stipulate the size of this “Second economy”, the very fact that Kim Jong Il devalued the Korean Won towards the end of his tenure to stamp out blackmarket activities and those traders who have been hoarding cash reserves is testament to the vibrancy of this sector. It is no wonder why North Koreans now only want RMB, Euro or US dollars for any transaction one has with them.

China's Southwestern Border²⁴: Globalisation and Trade²⁵

Ruili (瑞丽) is on the southwest border of China in the Dehong DaiJingpo Autonomous Prefecture in south western Yunnan Province. The total area of Ruili is 1020km². It is 99km from the capital city of the prefecture Mangshi, and 890km from the capital city of Yunnan province – Kunming. It is the terminal of the 320 national road which starts from Shanghai. Yunnan province, in particular Kunming is considered the birthplace of the Dai ethnic group, which began to move out to Southeast Asia to Indochina during the Song dynasty, to populate parts of Laos and Thailand. The climate in Ruili is tropical, with a rainy season that lasts from July to October, though much of the rainfall is localized. Ruili has a total population of over 0.17 million and hosts 40,000 Burmese working in the jade trade alone with 3 villages, 3 towns, 2 urban districts and 2 farming districts. The minority groups Dai, Jingbo and Deyang constitutes 58% of the population, whereas 60% of the total population is agrarian. In 2009, Ruili has a recorded a GDP of RMB 2.48 billion with a 12% annual increase. In 1999 alone, Ruili's trade with Myanmar accounts for over 78% of Yunnan's trade with Myanmar.

Border trade in Ruili is mainly conducted through Wanding economic zone and increasingly, also through the Jiegao (姐告) Free trade region. Wanding economic zone is located about midway from the Mangshi airport to Ruili. Fieldwork interview suggests that with the rise of Jiegao, Wanding is becoming increasingly obsolete. Jiegao Free Trade region lies at the end of the Kunming-Ruili freeway – and it is located on the Myanmar side of the river bank adjacent to the Myanmar town of Mujie (Shan State). The river acts as the demarcation line between China and Myanmar. i.e. Jiegao Free Trade Zone is actually a fenced off zone where China has sovereignty. There is also a 4.186km border line and 3 cross border channels to Myanmar.

Jiegao in Dai language means “old town”. During the Sino-Japanese War, Mangshi-Ruili and Jiegao was a very prosperous town as it hosted the Allied efforts to fight the Japanese on the Myanmar road. The airport of Ruili (based in the Mangshi) was originally a military airport that General Stillwell of the US Airforce used. It was originally known as Shatoujiao (少头角). In 1987, Jiegao was established to facilitate bilateral trade but by 1991, the Chinese and Myanmar government decided to establish an export-oriented town as an experimental zone (much like Shenzhen and Zhuhai SEZ) so that the trade could be extended to a multilateral basis. Jiegao now accounts for almost 30% of the import/export trade amongst all inland ports in China. Jiegao is administered by Ruili, and is connected to the China mainland via a bridge with a customs just before the crossing. Along the 169.8km borderline of Ruili, there are more than 60 boundary markers, 28 piers and countless land routes linked to Mujie and Nankan of Myanmar. Hence, Ruili (with Jiegao) is the Southwestern gate of China – not just to Myanmar but also to Laos and much of Southeast Asia. Beyond that because of the difficulties China has with India, many of the products exported to Myanmar reaches the various ports of Myanmar for further export to South Asia (including India) and the Persian Gulf. It is no wonder that the Ruili and Gaojie ports are booming.

Opposite Ruili and Gaojie is the bordertown of Muse in the Shan State of Myanmar. The Shan State is located south of the Kachin State where the Kachin Independence Army (their political wing: Kachin Independence Organisation) has been fighting the government of Myanmar for independence since 1961 and later for autonomy, reaching a cease-fire only in 1994. The Sino-Myanmar border has been sealed since 2011 when the Kachins and the Myanmar Army resumed their fighting.²⁶ Consequently, because of the fighting, the Kachin State has to rely on China's support for their survival and the continued existence of their lifeline. The Chinese government is known to have negotiated with the government of the Shan State and the Kachin State directly in order to keep the border stable, much to the chagrin of the Myanmar government.

Border Porosity, Ethnicity and Illicit Trade in Ruili and Beyond

Compared to the case of the North Korean borders, China's Southwestern border with Myanmar represents a radically different case by which residents appear to have a somewhat very different interpretation of what the border means to them in their everyday lives. There is no question that here, like the case of Tumen, the residents on both sides have a clear understanding of the ideas of "sovereignty" and "national identity" –but interestingly both the residents and the local government appear to take a rather relaxed stance towards national border laws. Unlike Tumen, Ruili does give visitors a more "wild wild" west feel to it. After all, it has the dubious reputation of being labeled as a place for sex, drugs and smuggling.²⁷ Even though both Tumen and Ruili are sovereign Chinese territories, the atmosphere of the two bordertowns are rather different. Ruili appears a lot more disorganized, crowded and perhaps more dynamic because of the very high human flows to and fro from Myanmar. It is perhaps because of the fluidity and transient nature of human traffic that gives Ruili its 'wildwest' feel.

Today's Ruili is considerably much tamer than it was twenty years ago, but it is still a place where one is required to be vigilant. In the first few days upon arrival, the author was told by several interlocutors of the crimes committed by people from Myanmar who cross into China and then disappear again across the border – this included robberies in broad daylight, numerous break-ins and in the most atrocious case, the gang rape of a pregnant woman at knifepoint in an open park by the river in front of her husband. The woman was found to have contracted STDs afterwards from the assailants, and this case rattled the city authorities enough to conduct "sweeps" to round up illegal immigrants. Wandering around the city, one can see Myamarese, Pakistani and Bangladeshis wandering around in Sarongs, and that streethawkers selling Myanmarese meals.

Plate Five: Jadeite Stones Shop in Ruili (Photo by Victor Teo)



Along the Sino-Myanmarese border, Business people working there and in Kachin border often tend to have three identities, as evidenced by their Chinese identity cards, Burmese identity cards and border residents permits, which they use to pass back and forth between the two countries. They have three names to match: a Chinese name, used for interacting with the Chinese; a Burmese name that exists only on their identity cards and their “real” ethnic Dai or Jingpo name. Just outside Ruili itself, there is a village that straddles the Sino-Myanmarese border. The village is divided into 2 parts by the border line: Yinjing village of the Jingbo (Kachin) minorities on the Chinese side and Mangxiu village on the Myanmar side. People living there come from both countries, and holding the “borderland identity card” means they can cross the border freely. Yet, for the rest living in the bordertown – whilst they could apply for a permit to come in and out – means it takes considerable expense and time. One travel agent said that at the end of the day, that because of the amount of money required to get the permit – many people often do not go through with obtaining a permit even if they had something urgent to do on the other side or if it is just a very short trip.

Plate Five: One Village, Two Countries, Ruili (瑞丽市银井一寨两国景区)
(Photo by Victor Teo)



From a socio-economic viewpoint, Ruili and Gaojie represent one of the bordertowns where unassuming boxes of Chinese consumer goods cross the border into Myanmar and imports from Myanmar (usually raw materials) come into China. In reality, this legitimate trade is also accompanied by illicit trade of all sorts.

In one interview, an interlocutor [R1] who specializes in the export/import business said:

Basically, if you are able to let your goods reach Gaojie, you will be OK – that includes things that are both legal or illegal ... We export hundreds of thousands of kuai (RMB) of goods through Gaojie to Southeast Asia – to Myanmar; to Laos and beyond ... in

particular, we get the fake branded goods from Shantou and Zhejiang [referring to the fake watches, handbags etc] and they sell very well ... we also get second hand iPhones that originate from Singapore and Thailand ... but it doesn't seem to work very well here [shows author his iPhone] because of the signals in these border areas.

The same interlocutor [R1] goes on to explain why the exports are in such high demand:

I usually sell to Myanmar partners for distribution but I have competitors as I am not the only person doing this ... There are small time Myanmarese businessmen – many of them also deal drugs and/or have gaming houses [underground casinos], and uses the cash they earn to buy these goods from us not only for domestic distribution ... many sell them directly to India, Bangladesh, Sri Lanka, Pakistan and even to Middle East as an export business very often we will just cross the border to gamble, eat and enjoy ourselves at the nightclubs ... many of these businessmen in Myanmar are ethnic Han Chinese – there are of course Dais and Jingpos – but we do business with whomever is trustworthy ...

Another interlocutor [R2] explained why so many people go over to Myanmar illegally to gamble and why they do so without qualms:

We go over there to the casino to gamble ... as most of us [migrants to Ruili] are not from this region, we like to try our luck...there used to be quite a few casinos – and they have everything you need there - from drugs to girls ... I visited the casino to relax, and also I hope to increase my capital for business when I was still well off – and after gambling we can go for a massage and relax; and have a good meal ... the food is good and cheap – much cheaper than China – and there are items which are hard to find here such as bear paws (熊掌) ... we can get one paw for RMB 150 – cooked to your specifications ... how cheap is that? ... unfortunately as I had damned bad luck and I lost everything – even the money I brought from Jilin province and I no longer visit the casinos there Most of the border guards on either side do not quite care. If the Myanmar police stops you and checks your documents, a bribe of RMB 150 is enough for them to turn a blind eye. They supplement their income this way ...

Gaojie therefore represents a sort of a wildwest zone where quite a few interlocutors appear to have the perception that the “law” is being suspended here. The author was warned against wandering here alone at night by at least three people – citing that it was not “safe”. Judging by the fence between China and Myanmar – one can understand why. Upon inquiry with several people, it would appear that there are at least twenty holes in the border fence (according to one driver). The author himself has seen at least four during the fieldwork – and the holes are well used. There was on one occasion where he witnessed a taxi dropping off two ladies with a suitcase and within five minutes – there were at least 8 people that made the crossing to and fro the hole in the fence. Most of them had taxis or cars waiting on the Chinese side and within 30 seconds of them coming across the border – they were gone.

The ease by which these people in this particular borderland come to and fro is staggering. Is it a case of lack of enforcement? The author is of the opinion that the authorities do patrol the fence areas – as he has seen first hand PSB officials on motorcycles riding past. An interlocutor told the author that the moment the holes get sealed or plugged – new ones will appear. In leaving the few holes in the fence, the authorities perhaps might actually know where these “exits” are. Furthermore, because the border is officially sealed, these holes only make the lives of the people, especially the ethnic minority easier.

It is, however, not just a question of Chinese selling to Myanmar or Chinese consumers crossing the border to enjoy the illicit pleasures of gaming, drugs or sex. These activities are also prevalent on the Chinese side. The illicit political economy also extends to the industries involving the two principal exports that the Ruili is famous for: Jade and related products and the Timber industries.

Plate Six: “Civilian Checkpoint – 平民通道”



Jade Real, Fake and those in Between

In itself, the Jade industry look straightforward enough from an outside perspective – the Jadeite ores are extracted from Myanmar, brought by middlemen to Ruili, processed (designed and cut) and distributed across China via the wholesale centers. In Ruili itself, there

are various unfurnished shops that sell nothing but rocks/ores which could “possibly” contain Jadeite – and Chinese businessmen from all over the countries frequent these shops in hopes of finding and buying one at cheap prices. The Jade industry, however, is one that appears to be based more on subjective evaluation and pricing (金有价玉无价) rather than on objective pricing (like the Gold Industry). The other interesting facet is that the responsibility / onus to authenticate whether the Jade is real appears to rely on the customers rather than the sellers. Consequently, the act of buying Jade is a risky proposition because there is the chance that one will buy a piece that is outright fake or more likely something that has been processed heavily and severely overpriced.

Ruili is the principal trading centre in China for the abundant availability of gems, jadeware and jadeite. This has created China's largest jewel market, and is today considered one of China's four major jewelry centers (Beijing, Wuhan and HK-Shenzhen²⁸ being the others). According to a Myanmar retailer (R4), he and his parents have been doing business in China for over a decade. Currently, he is setting up his stall at Gaojie Jade and Wool Trading Centre, and his parents are in Guangdong province overseeing a factory. This interlocutor admits to processing low quality jadeite stones by injecting artificial dye into them in his Guangdong factory, processing the stone into various jadeite ornaments and re-exporting them to his shop in Muse for Chinese tourists, as well as his stalls at Gaojie and Ruili. Most of his clients are Chinese tourists coming to Ruili in search of a bargain. R4 believes his ethnicity helps, as many of his clients believe he is able to import high quality pieces directly from Myanmar and cutting out the middlemen to offer these pieces at reasonable prices. Interlocutor R4 also reveals that a substantial amount of uncut Jadeite ores are being processed (i.e. through injecting dye) before they are exported to China to be passed off as high quality stones. Even if someone who has bought the ores found out that he has overpaid or if the stones have been processed, it would not matter as long as he is able to pass on the ores for a profit.

Within Ruili itself there are numerous ethnic minorities and Myanmar nationals going from shop to shop, restaurant to restaurant to sell Jade bangles. According to several locals the author spoke to, the price of houses in Ruili has doubled in the last 2-3 years. Most of them attribute this to the number of migrants moving here, but others attribute to the increased number of Myanmar traders, particularly those dealing with Jade, export of consumer goods (illicit or otherwise) and watches to ethnic minorities with passports to bring back or close profitable deals. Yet within Ruili itself, the city is filled with many Myanmar workers (undocumented and without visas) in various service industry -- restaurants, massage parlors, gaming joints, bars and nightclubs.

Plate Seven: The Gaojie Jade and Wool Centre



An interlocutor (R5) who works in a foot massage parlor informs the author that there are many people like her who comes from either the Shan State or Jingpo state who are here without papers. The authorities are not too concerned about getting caught and being deported as long as they are working for a Chinese company. This ethnic Dai lady spoke perfect Mandarin without an accent and unless someone checks her papers – it would not be possible to tell that she is actually a Myanmar national. When asked about her language ability, R5 indicated almost everyone learnt Chinese in school in her hometown, and even other subjects were taught in Chinese. When pressed if the people in her township were descendants of the KMT Forces that remained after the Second World War, she refused to divulge further information.

Compared to the Tumen/Yanbian case, even though there are enforcement operations conducted by the Public Security Bureau, the way the illegal migrants and the employers perceive the law is radically very different. Insofar as R5 is concerned, the border appears to be not much of a problem. She says that there is a site by the river where one could go and a small wooden boat will take you across the river to the Myanmar side of the bank downstream. There, one will be able to catch public buses to all points in the Shan State and beyond. As long as you can speak Mandarin, you will be able to go where you want in the Shan State. When shown a picture of the site the author had taken a few days before the interview

– she confirmed that it is the same site that is known for illegal trafficking that the authorities turn a blind eye to.

Plate Eight: Illegal Ferry Point to Myanmar Shan State



A human resource manager in a hotel (interlocutor R6) suggested to the author that while it was quite common for Chinese company to employ ethnic Dai/Jingpo from Myanmar on a casual basis because they are cheap compared to local labour – these ethnic groups do not possess the means and the skills to be able to move beyond Ruili to cities such as Kunming. R6 suggest that there are enforcement checks at bus stations and transit stops to ensure that these ethnic groups do not go beyond city limits without proper papers – and thus the use of illegal labor is an issue that is being monitored and tolerated by the authorities.

Making it Legal: Changing the Nationality of Timber and Logs

The ease by which people could transverse the border did not appear to be just confined to the minorities. Han-Chinese too appear to be able to cross into Myanmar at will illegally. According to a report by Global Witness, the cross border of logs and planks fell by 70% between 2005 and 2008, and it is suggested by the same report that the mills have been closed and warehouses are empty and the traffic of timber of the roads have visibly declined. The report concludes that: "Clearly action taken by authorities in China and Myanmar to combat illegal logging in Kachin state has had a significant positive impact." But he cautioned that the problem of illegal logging in Myanmar and imports in China was far from solved. Although Myanmar has much of the world's last virgin forests – including 60% of the globe's teak trees – it has recently suffered one of the fastest rates of deforestation in the world as the cash-strapped military regime in Rangoon and rebel groups on the border felled teak,

mandrake and Chinese coffin trees at an unsustainable rate.²⁹ The report is not too far off the mark.

One truck driver (R7) who spoke to the author admitted that he used to drive into Myanmar territory to pick up logs back into China. The job was, however, risky not only because of the police, military and thugs along the way who were not paid off, but also because of intermittent fighting between the Myanmar government forces and rebel forces:

We used to drive about 300 km into Myanmar territory (Kachin state) where we log teak and redwood. It is not hard to take them out of Myanmar – and we usually drive straight through ... sometimes the soldiers will stop us and we will pay them off ... what is really dangerous is the sudden outbreak of fighting that might erupt. If all is normal, it would normally take a day or so to load them onto the trucks and we will drive back to Ruili ... the fences you see in Ruili exist only in the urban areas. If you go further out to the rural areas or the mountainous areas – you can cross at will ... once we get it here [Ruili] we will just sell it to interested businessmen or bring it to the mills sometimes we even bring in Sandalwood which the Myanmar people obtain from India to sell ...

When pressed upon whether they had to get a permit from the Myanmar government, R6 responded:

We did not have to get a permit. We just negotiated with the Clan (帮派) [ethnic group or the closest rank to the government] that controlled the territory. The border areas are controlled by the ethnic groups – most of these local gangs (governments) needed the money to buy weaponry and food for their forces – so they made deals with local and/or Chinese businessmen who buy logs back to China. The operations were stopped, however, because the Myanmar Central government complained to the Chinese government in Beijing that they were supporting these insurgency movements, and the Chinese government told the Yunnan and Ruili government to crackdown on this. The problem is – there are those in the local government and business community who lose a lot of money if these operations are stopped ...

While it might be true that the warehouses and mills are no longer visible, it does not indicate that the illegal Timber business has slowed down. Myanmar is thus, playing a leading role in compensating for the shortfall due to its own depleted stock. Since 1988, China has become a major ally of the Kachin state and enjoyed certain rights cutting woods there. As such, along with many of the border sites the author has visited, illegal logging and import of Timber is one of the largest underground businesses in China. China's geography - i.e. bordering Russia, Myanmar, Laos and North Korea, all countries with plenty of timber resources – and her market access creates the perfect impetus for sustaining this illicit industry. Yet the products are not just destined for the Chinese market: most of the wood is sold to Chinese furniture and flooring firms, which make products for consumers in Europe, the United States and Southeast Asia. Therefore, it is too early to conclude that the trade has slowed down – it has just gone underground.

Plate Nine: A Timber Dealership in Gaojie Free Trade Port (Photo by Victor Teo)



In another report, A Disharmonious Trade, Global Witness investigators found that 13 of the 14 firms they visited were able to obtain timber from Myanmar despite the restrictions. According to the customs figures in the neighboring Chinese province of Yunnan, 270,000 m³ of logs, and 170,000 m³ of sawn timber were imported in 2008.³⁰ This report estimates that 90% of this amount was illegally felled. The group said smugglers use "bribery, false papers, transportation at night and avoiding checkpoints" to get around the restrictions in sending the wood across the border.

Another interlocutor R8, a Zhejiang businessman who was staying in the same hotel as the author was in town to buy Timber. He has his own furniture factory in Zhejiang but he laments the rapid increase in prices because of the restrictions the Chinese government has imposed. Nonetheless, he does not have a choice but to pass on the costs of bribes and other associated cost of doing business in China onto the consumers. R7 claims that his biggest clients all come from Beijing and Shanghai where there is an appetite for Taekwood (鸡翅木?) and Redwood (红木/花梨木?) furniture. R7 talks about his visit to a dealership:

You just need to look at the Timber sample if it's your first time dealing, pay them the money and wait for a few days and the Timber will be there. You do not even have to go to Myanmar. This time around, my consignment cost me RMB 37,000 a tonne ... After this, I just need to go to the Forestry Department and apply for an export permit ... I pay those guys about RMB 1500-2000, depends on who I deal with, and I get a permit saying the trees are feledl locally and are allowed for export. I give the permit to the truck divers and they will deliver it all the way to Zhejiang for me ...

It is unclear, however, if the 1500-2000 RMB refers to a bribe to the officials for the paperwork – but judging from the circumstances, it would look that way. Most of Myanmar's Timber ends up in the homes of Americans, Europeans and East Asians. Even though year after year, Myanmar and China are criticized and chastised by NGOs and the International Community for a variety of issues (human rights; illegal logging and export of Timber), the truth is that this illicit logging industry is a global problem. It exists because of the worldwide demand for cheap timber (and furniture). Furthermore, the incessant fighting between the Myanmar government and the rebels, and China's businessmen are all but facilitating factors behind the illicit industry's drive to meet this demand. This is therefore, a problem not only confined to China and Myanmar, but a worldwide concern..

Conclusion

The aim of this paper is to provide a preliminary survey of the selected bordertowns in China, and sketch out the kind of illicit activities pertaining to the underground economy going on in these places. Given the constraints of the paper, what is done here is very brief and certainly far from conclusive. However, it is enough to raise some questions insofar as the themes of modernity and sustainability are concerned and hopefully be enough basis for further research and discussion.

It must be said at the onset that these illicit economic activities raises more questions than it answers. As no one is able to determine the size and the extent of these economic activities, one can only wonder the magnitude of this. To be sure, the underground economic activities of manufacturing false Chinese papers and/or transporting Korean refugees will not be much, but on other borders – like the Sino-Myanmar border or the Zhuhai/Shenzhen Pearl River Delta – the size of the illicit economic activities is staggering. The Central government has been trying to rein in inflation for years by instituting a series of measures but have been met with little success. These measures cannot “cool” the economy as they do little to regulate or govern the stock of illicit money that probably form a significant portion of the “hot” money speculating in the stock or property market. We all have heard tales of mainland businessmen or officials showing up with suitcases of Renminbi to buy property on the spot. As Chinese modernization proceeds, we can only assume that these activities will only increase, not decrease. How could the central government reconcile the need to stimulate the borderland's economy with the corresponding desire to curb these activities ? Even if there is the will, can the measures or policies be adequately enforced.

Second, there is the question of the rule of law. One of the defining characteristics of sovereignty is the institution of the rule of law must be harmoniously applied across the territory of control by a central government. Yet, in seeing how differently the law is applied and enforced in the different borderzone and how the people in the body embraces the law in different localities, how does one interpret the relationship between modernization, development and the law in these localities? How does the state balance the different kinds of laws in these areas that perhaps need the most developmental assistance? Border areas are by nature not just ethnic hinterlands. Beijing also perceive these areas to be security zones – and accordingly the central government perceived the need to balance security needs, exigencies of foreign affairs, ethnic sensitivity and local economic considerations. The Myanmar example provides an clear example of this difficulty: ethnic Dai and Jingpo have always live off the land – and they perceive logging as a legitimate activity. Whether the trees are on the Chinese side or the Myanmar side didn't really matter. To a certain extent, local governments on either side of the border see logging an important economic activity that will help their development (or war)³¹. Yunnan clearly is also one of the main sources of timber for China's fast urbanization process, and beyond that a clear resource for exports. Yet, allowing

for cross-border logging incurs the wrath of the Myanmarese government and the international community (being accused of contributing to the depletion of virgin forest in an unsustainable manner; helping Kachin rebels and druglords). The flexibility accorded to the ethnic minorities living on the Sino-Myanmar border accords is perhaps meant to reduce the onus that modernization and development brings. At the same time, if modernization of the law is construed to move from rule by law to rule of law (especially in China's case). Here, we are not just talking about human rights for illegal migrants or refugees – but insofar as the paper is concerned, on the laws pertaining to the borderland areas as well as the law governing and protecting minority rights.

Third, there is the question of how the resources along the border areas are distributed. Do these resources belong to the state, the local government, the ethnic groups resident in the area or no one at all ? What principles should govern their exploitation? The illicit political economies do not just cover virgin forests, but there are all manners of resources ranging from wildlife, energy resources to even the residents on the border. Would China's modernization project ensure that these resources in an even and sustainable manner? From the current survey, the reality looks bleak.

¹ This paper is a preliminary draft drawn from a ongoing multi-year project which in essence a comparative study of China's borderlands. This project is partly inspired by a successful bid for funds to design and teach a University-wide common core course for incoming first year students students on Clandestine Globalisation, Criminal Organisations and the Illicit Political World Economy. The data used herewith is based on fieldwork along the Sino-DPRK border-region of Yanbian (June 2011, June 2012), bordertown of Heihe (June 2011, June 2012) and the Sino-Burmese bordertown of Ruili (June 2012). The author gratefully acknowledges the support of the Hong Kong General Research Fund Merit Award and the Faculty Incentive Award for funding the fieldtrips. The author also acknowledges the research assistance provided by Miss Lolo Yu and Miss Cheryl Lee on the project.

² The first section draws heavily from the work of Donna and Wilson (2010) and Rosler and Wendl (1999), and the author gratefully acknowledges the intellectual debt owed.

³ From conversations with some North Koreans, it would appear that it is very important for them to learn Chinese because this might provide opportunities for them to work in China which might lead to a better life outside the DPRK. Thus, there are some who actively sought to prioritize opportunities to learn to speak Chinese (mandarin). (Author's visit to DPRK in 2011).

⁴ There are numerous heart wrenching stories about the difficulties and dangers that successful defectors put their families into by their escape. See The Aquarius of Pyongyang; there are a number of Christian groups dedicated to helping North Koreans escape from China but the testimonies of successful defectors have always been doubted. For examples of such testimonies, see <http://www.northkoreanchristians.com/defectors.html> or Helping Hands Korea, <http://www.helpinghandskorea.org/>

⁵ The nation of the Kurdish people is split between three sovereign entities: Iraq, Turkey and Kuwait. As a nation, the Druze settlement in Golan Heights remains separated – and there are villages where relatives have not sat down together for a meal since the 1967 Six Day war when Israel seized Golan Heights from Syria.

⁶ The author however has heard from a North Korean guide that Chinese Koreans on group tour to DPRK has attempted to go through the DMZ to go to South Korea – but this fact is never confirmed.

⁷ Hunchun, a bordertown bordering Russia and North Korea is not covered here. See Lee Ki Suk, The Role of the Border City Hunchun on Tumen River, China in *Geojournal*, Vol 44 no 3. Pp-249-257

⁸ See A Terrible Truth, *The Economist*, 17 April 1997 <http://www.economist.com/node/147613>

⁹ Given the nature of this conference, it does not illicit activities conducted by the North Korean state in terms of counterfeiting, smuggling etc except to acknowledge that it uses the Yanbian as one of its channels for distribution. For example, see Sheena Chestnut, Illicit Activity and Proliferation: North Korean Smuggling Networks, *International Security*, Vol 32, No. 1, (Summer 2007), pp80-111; also see Raphael F. Perl et al. , Drug Trafficking and North Korean Policy: Issue for US Policy, 25 Jan 2007 CRS Report for Congress; North Korean Crime for Profit Activities, 16 Feb 2007, CRS Report for Congress;

¹⁰ This is a trait very much associated with the house proud Koreans and Japanese and less so with the Chinese (unless there is an official government inspection).

¹¹ Interestingly, in other cities such as Hunchun (2 hrs from Tumen) – all signboards are in Chinese, Russian and Korean. This appears to be quite a standard practice in most of China's bordertowns where the author have been to – where a variety of languages have adorned roads and business signboards to menus.

¹² The Korean spoken in Yanji and Tumen is almost similar to the language used in North Korea; it is very different from the venicular used by South Koreans.

¹³ In the words of one interlocutor, "Korean people like to eat BBQ, drink, go to bars/KTV and then public baths".

¹⁴ Sources in Beijing and Jilin that the author have spoken to indicate that the North Korea restaurants are part of the intelligence setup to counter the espionage activities setup by the South Koreans in Yanbian.

¹⁵ According to a local Chinese interlocutor the author spoke to, these young men and women are drawn from politically reliable families in the DPRK (their parents are usually bureaucrats or party members) and lead a privilege lifestyle in Pyongyang. These staff members also receive six months of

counter-espionage training by the North Korean state apparatus before being deployed to China. This information however has not been verified. Individual conversations with various staff members at these DPRK restaurants in Heilongjiang, Dalian, Beijing and Yanji on different occasions, the waiting staff were mostly graduates from Pyongyang, who majored in hospitality and have language training in English, Mandarin and even Russian.

¹⁶ The staff members at these restaurants are sometimes watched by minders (thug-like characters lurking around) and that the team could be collectively disciplined for the infraction of one person.

¹⁷ Conversation with Mr Tim Peters, Director, Helping Hands Korea at the University of Hong Kong lecture in 2010.

¹⁸ Hazel Smith, North Koreans in China: Defining the Problem and Offering Some Solutions, paper available at: http://www.seoultrain.com/content/resources/nks_in_china-200207smith.pdf

¹⁹ *ibid*, pp1-123

²⁰ Conversations with Chinese Koreans whilst doing fieldwork in Tumen, Yanji and Dandong in 2011 and 2012

²¹ Michael Schuman, "The Hermit Kingdom's Bizarre SAR" in Times Online, 30 Sep 2002

²² There have been quite a number of works done on shuttle traders on Chinese borders. For example, see Sarah Turner, Borderlands and Border Narratives: A Longitudinal Study of Challenges and Opportunities for Local Traders shaped by the Sino-Vietnamese Border, *Journal of Global History* (2000)5, pp265-287; also see Brantly Womack, Sino-Vietnamese Border Trade: The Edge of Normalization, *Asian Survey*, Vol. 34, No. 6 (Jun., 1994), pp. 495-512; also see Tobias Holzlehner, Weaving Shuttles and Ginseng Roots: Commodity Flows and Migration in a Borderland of the Russian Far East (URL to be determined)

²³ For a seminal study on North Korean traders, see Andrei Lankov and Kim Seok-Hyang, North Korean Market Vendors: The Rise of Grassroots Capitalists in a Post-Stalinist Society in *Pacific Affairs*, Volume 81, No. 1 – Spring 2008

²⁴ The data for this section is gleaned from the Chinese Government and the Government of Ruili city's website (in Chinese) and translated into English.

²⁵ There are scholars who feel that certain borderareas are beyond the reach of globalization; for example see Chen Xiangming's paper Beyond the Reach of Globalization: China's Border Regions and Cities in Transition, in Wu Fulong (ed) *Globalization and the Chinese City*;

²⁶ See Patrick Boehler, The Kachin Borderlands, <http://mondediplo.com/2012/06/12kachin>

²⁷ Antony Spaeth, Sex Drugs and The Roll of Dice, 27 September 1999, <http://www.time.com/time/world/article/0,8599,2054599,00.html>

²⁸ There is no authoritative list on this but these cities are listed by the traders themselves.

²⁹ See Jonathan Watts, Decline in Burmese Timber Smuggling Across Chinese Border, <http://www.guardian.co.uk/environment/2009/oct/21/burmese-timber-smuggling-china>

³⁰ See report at the global witness site:

http://www.globalwitness.org/sites/default/files/import/embargoed_summary_a_disharmonious_trade.pdf

³¹ The Myanmar (or Burmese) have had a long history of political insurgencies and separatist activities, especially at their borders. See Hugh Tinker, Burma's Northeast Borderland Problems *Pacific Affairs*, Vol. 29, No. 4 (Dec., 1956), pp. 324-346