# “HUAQIAO” BUSINESS NETWORKS IN THE RUSSIA AND CHINA BORDER PERIPHERAL TERRITORIES

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## Abstract

In the 21st century, China become a key player in formulating the world order, this country has shown tremendous economic growth. The success in socio-economic development of China owes much to overseas Chinese. Currently, representatives of the Chinese diaspora are distributed around the world. According to various estimates, the population of the Chinese population living outside the Empire exceeds 50 million people. Overseas Chinese are often referred to as the term “huaqiao”, which was still used by the Qing dynasty to refer to emigrants from China in order to strengthen their ties with their native culture. At the beginning of the XXI century, their total state was estimated at 1.5 trillion US dollars, and nowadays has reached 4 trillion. Huaqiao are important players in the banking sector, managing financial flows and investing in construction, real estate, trade, and the development of new technologies; Chinese business has been successful in the stock markets. The vitality of the Chinese business diaspora is rooted not only in its traditional enterprise and desire to occupy a certain niche in the economic sphere. It is characterized by a web-like communication structure, because of which global transnational networks are being built. Thus, the overseas Chinese have created a real “invisible empire” that has no borders. In the context of globalization, when there is an increase in the functional and territorial integration of cross-border activities of commercial firms, their networks are becoming even more popular and relevant.

## Introduction

The border territories of Russia and China in the Far East since the mid-19th century have been a zone of close contacts between Russian and Chinese civilizations. A certain circle of “huaqiao” who were engaged in trade and business in Russian territory also formed in this border zone on Russian territory. Until the 1930s, they had quite extensive business networks in the Russian Far East, and left this region only under the influence of foreign policy reasons - the aggravation of the military situation in Manchuria and the approach of the Kwantung army to the Soviet borders. Until the late 1980s the Far East Russian-Chinese border was closed. Cross-border migration flows are reviving again with the normalization of Russian-Chinese relations. Thus, since the 1990s (for 30 years already), “huaqiao” again carry out their economic activities on Russian territory. The specificity of their presence is that the border territories of Russia and China in the Far East are peripheral territories that are poorly developed in relation to the economy of the country as a whole. The population is 8.1 million people (about 6 % of the population of Russia, this is the most depopulating region of the country: over the period 1991-2020, the population decreased by 2 million people). At present, the total population of the three northeast provinces is about 98.51 million people, close to 100 million, the scale is still large. But from the growth point of view, from 2010 to 2020, the three northeast provinces decreased by 11.01 million people, the population has shown negative growth.

Doing business here, especially cross-border and actually transnational, is associated with certain difficulties and has special characteristics.


## Methodology

The question of our study is what is the structure of huaqiao business networks in the peripheral territories of Russia and China, and what are the distinguishing features of these networks in comparison with huaqiao networks in the world.

In our research, a system analysis method was used, which allows us to describe the structure of relations within the subject of research, its clusters and nodes.

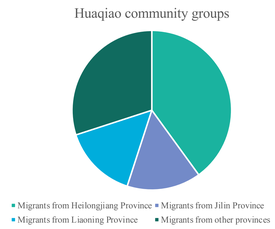
We distinguish the main cluster (the territory of the Russian Far East as a region of huaqiao activity in the host society) and the auxiliary one (Northeast China - Heilongqiang and Jilin provinces). This research is a study of the Chinese ethnic group in the territory of the host country, in conditions that significantly deviate from its usual mentality and state structure. Since the Chinese movements are at the level of micromigrations (which have the greatest “splitting” effect on the ethnic group, give a more “deep” division of the ethnic system), this allowed us to identify the stable properties of the ethnic group and comprehensively identify the features of the huaqiao activity on Russian territory. The identification of networks of individuals based on the body of messages in instant messengers is of particular interest. For analysis, we used data from the WeChat Chinese network.

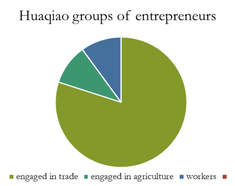
WeChat was used by us to survey 100 respondents -Chinese entrepreneurs who conduct their business in the peripheral territories of Russia and China. The age of the respondents ranged from 22 to 58 years.

”The accumulation of data must be guided by broader theoretical formulations but at this stage, our understanding of fieldwork remains underdeveloped and our empirical work often a provisional, tentative and isolating task”.

## Results

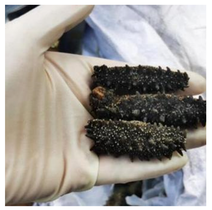
- ✓ The vertical and horizontal ties within the structure of the Chinese business community: community associations and groups of entrepreneurs because of their fields of activity were analyzed.
- Migrants from Heilongjiang Province accounted for 40%, Jilin-15%, Liaoning-15%, and 30% - from other provinces. Then, 80% are engaged in trade, 10% are engaged in agriculture and 10% are workers.




- ✓ It was revealed that the specific features of Chinese business networks are the high consolidation of Chinese entrepreneurs who initially operated in a foreign ethnic environment, the development of partnerships and mutual assistance, and the establishment of ties between communities and individual companies.
- ✓ The features of huaqiao in the border peripheral territories of Russia and China were identified :
- The predominance of huaqiao with a low level of education. On the peripheral territories, mainly Chinese people with a lack of education, with a lack of higher education, without diplomas, conduct their activities.
- Persistent desire to return to the historical homeland and maintain a high level of ethnic identity. Russia is by no means a "cherished dream" for the Chinese, and only a small part of them want to stay here for permanent residence (only those who have entered into mixed marriages, and such 0.01 percent).
- Unlike Hong Kong, Taiwan, Singapore, Malaysia, and the Philippines, where the huaqiao control a part of multinational corporations, in the border peripheral territories of Russia and China in the Far East, their business can be characterized as small or medium-sized.

- ✓ The economic situation in the Russian Far East, the low investment potential of the Russian Far Eastern territories, the imperfection of the legislative framework and migration policy led to the interest of huaqiao in obtaining economic benefits in the shortest possible time. This, in turn, led to the fact that a significant part of migrants was involved in illegal business activities: tax evasion, bribery of officials, withdrawal of funds abroad through underground banks, poaching, smuggling, "gray customs clearance", etc. In their “shadow” activities in Russian territories, Chinese migrants relied on the Russian population.
- ✓ In the border peripheral territories of Russia and China, Chinese migrants smuggled and poached. They were attracted by the natural resources of the Far Eastern region: sea cucumber (trepang), sea urchin, Amur tiger, Brown and Himalayan black bears (especially paws and bile), ginseng, frogs, deer antlers, etc. Actually, smuggling and poaching were informal organized Russian-Chinese networks.



- ✓ Almost 100% of the huaqiao (about 100 respondents were surveyed) perceived the news about the closure of the Russian-Chinese border in connection with the coronavirus negatively (this means serious losses for business), however, most understand the justification of this measure and patiently wait for a change for the better.

## Conclusion

Huaqiao business networks in the border peripheral territories of Russia and China, both at the present stage and in historical retrospect, are a complex phenomenon in which economic, legal, cultural, and domestic factors are combined. The activities of Chinese entrepreneurs have several forms: “national” trade, joint ventures, and also enterprises with 100% Chinese investment. The Chinese factor has become decisive for the economy of the region, the forms of Chinese entrepreneurship have been beneficial for the Russian population. The peculiarities of huaqiao business networks are determined by both the interstate relations of Russia with China, and the general socio-economic situation in the Russian Far East, as well as the historical experience of contacts between Russians and representatives of other cultures. At the same time, for China, Chinese entrepreneurial activity in the Russian border territories was a continuation ahead of a planned long-term policy, while for the Russian population, previously unknown cross-border practices of huaqiao turned out to be a form of economic survival in a crisis economy on the peripheral territories.

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