

Regional Report

Authorities Hope Chinese Investment Will Bring Russians Back to Far East

By Oleg Ssylka, Vladivostok

Summary

The Russian population in the Far East is continuing to shrink. While the local population often feels like they are being invaded by Chinese migrants, these perceptions have little basis in reality. During the last few years, the Russian Federal Security Service has cracked down on illegal immigrants and there are fewer border violations now than in the early 1990s. Instead, the Russian authorities are actively working to promote Chinese investment in the area. Additionally, the authorities hope to bring ethnic Russian migrants to the Far East from the former Soviet republics, but these programs have made little progress due to a lack of financing.

Russians Flee the Far East

In 1991, 8.1 million people lived in the Far East. By 1999, that number had dropped to 7.3 million and now the figure is just over 6 million. In the Russian regions along the Chinese border (Primorsky Krai, Khabarovsk Krai, Amur Oblast, and the Jewish Autonomous Oblast), there are less than 5 million people. At the same time, the three Chinese north-eastern territories bordering on Russia (Jilin, Liaoning and Heilongjiang) have a combined total population of more than 100 million people. Generally, the population density on the Russia side of the border is 5 persons per square kilometer, while the figure is 12 times greater across the border in China.

The Russian exodus continues as the authorities have not been able to take any measures to improve the local standard of living: In 2005, the population of the Far Eastern Federal District shrunk by 40,000 people. At the same time, the planned program to bring voluntary Russian migrants to the Far East from the non-Russian former republics of the Soviet Union, which is supposed to start this fall, is likely to collapse since most of the regions do not have the funds to provide them with the promised aid. The federal government has placed all responsibilities for caring for the new migrants on local employers. No one has even discussed providing financial support from Russia's Stabilization Fund, which currently collects profits from Russian oil sales. Many local observers fear that the Chinese will eventually flood into the Far East to replace the departing Russians.

Moscow Policy Responses

Stories about an anticipated flood of Chinese have been circulating since the end of the 1980s, when Soviet President Mikhail Gorbachev traveled to Beijing and opened a new stage in Russian-Chinese friendship. At that time visa procedures were simplified and the Chinese were invited to come to Russia to trade and vacation. In the late 1980s and early 1990s, Russia witnessed the most extensive inflow of Chinese into the country. No one kept exact figures at that

time, but experts estimate that hundreds of thousands of Chinese entered the country then. Since the end of the 1990s, with much stricter entrance requirements, and particularly in the last three years, the number of Chinese coming to Russia as tourists and for a variety of other purposes has been declining. Simply staying in the country illegally or acquiring citizenship has become more difficult. However, in 2005, after President Vladimir Putin visited China, and announced that 2006 would be the year of Russia in China and 2007 the year of China in Russia, the situation began to change. Now Russia is actively seeking Chinese, but this time the emphasis is placed on investors and only partly on temporary workers.

Putin replaced his presidential envoy in the Far East, Konstantin Pulikovskiy, with former Kazan Mayor Kamil Iskhakov in 2005 with Chinese policy in mind. Iskhakov's task is to attract investment to the Far East, while at the same time, using his knowledge of Eastern cultures, counter the growing Chinese pressure. In March 2006, Iskhakov told one interviewer that he planned to "return the Far East to Russia." To do that, the envoy believes that Russia cannot get by without a new program to settle migrants from the CIS to the Far East. At the same time, the envoy is not opposed to attracting Chinese to the region as agricultural and construction workers. When Iskhakov's critics accuse him of facilitating the Chinese expansion, he responds that the authorities are carefully monitoring all of the Chinese in the Far East. "We have exact figures on how many citizens of each country are working at each enterprise and in each sector of the economy, and we know where they live. Yes, there are many foreigners among us. But our district cannot exist without them. The local residents are continuing to flee to more prosperous Russian regions," the envoy recently announced in Khabarovsk.

Chinese Invasion – Myth and Reality

Despite such official pronouncements, the local population believes that no one is monitoring the flows of Chinese into Russia's east. These opin-

ions are widespread because in Primorsky Krai cities like Vladivostok and Ussuriisk, the Chinese presence is particularly visible. The Chinese are not only trading in the market, but also own their own cafes, drive public buses, work as shoe repairmen, manage hotels, and run large companies involved in forestry and fishing. Some reports even suggest that the Chinese have their own casinos and underground banks in the region. Several neighborhoods in Ussuriisk are almost entirely populated with Chinese.

Fear of China remains strong among Russians. Residents of the Far East still remember the conflict over Damanskii Island in 1969. Then regular Chinese army units tried to capture this island in the Ussuri River, killing dozens of Russian border guards. Decades after this bloodletting, Russia quietly gave the island to China. In the fall of 2005, a Harbin chemical factory dumped tons of poison into the Sungari River and it eventually flowed in the Russian Amur River. The result was an ecological catastrophe. At the local level, these events have encouraged a strong lack of trust in the Chinese.

But the wide-spread popular perception that Chinese have gained a strong foothold in the region differs significantly from reality on the ground: According to experts, only 200 Chinese have officially married Russian women and remained to live in the country during the last 10 years. More recently, there have only been 3–4 marriages annually in the krai, usually in rural areas. There are even fewer mixed families in Khabarovsk and Amur regions. In the other parts of the Far East, there are only a handful of Chinese.

This year Russia imposed a quota of 329,300 foreigner workers who can enter the country. Moscow has the largest part of the quota, with 40,000, while Primorskii Krai is in second place with 15,000. In the Far East, Chinese workers make up the majority of the foreigners. There are about 32,000 Chinese guest workers in the Far East Federal District now, according to the regional economic journal *Dal'nevostochnyi kapital*. These people generally are former peasants who are extremely diligent in their labors. If one adds the approximately 150,000 Chinese tourists in the area and several hundred representatives of joint ventures, then the total is no more than 200,000. Most of these people are in Russia for no more than a few days. There is no basis to speak seriously about a Chinese threat.

Nevertheless, warnings about a Chinese invasion often appear in the press. For example, Natalya Rimashevskaya, director of the Russian Academy of Sciences' Institute of Social Economic Problems, has warned that the Chinese believe that they could settle 50–70 million of their citizens in Siberia and the Far East. Others claim that there could be as many as 8–10 million legal Chinese immigrants in Russia by 2010. Some articles cite Chinese web sites which allegedly discuss plans for occupying Russian territory.

The Chinese Foreign Ministry occasionally responds to these claims, emphasizing that the Chinese government has no plans to capture Russian lands.

A New Approach to China

In recent years, policy makers in both Moscow and Primorsky Krai have adopted a new view of China. This approach grew particularly strong after Russia and China resolved the last of their border disputes a few years ago. The last point of contention was an island on the Amur River, which was handed over to China. The gist of the new policy is that the Russian Far East needs investment and workers in order to lift its economy and, as Primorsky Krai Governor Sergei Darkin loves to repeat, “create a launch pad to move into the entire Asian Pacific Region.”

How many workers are needed to raise the Far Eastern economy to the Russian average? Boris Tersky, the director of the Far Eastern Center for Strategic Projects, claims that 1.2 million men and women between the ages of 20 and 50 are needed at existing production sites. Envoy Iskhakov calls for 2.5 million. Both see Chinese workers as the engine to accelerate the development of the Far Eastern economy.

Employers currently benefit from hiring foreign workers. They can pay the Chinese workers half as much as the Russian average and still the salaries are attractive by Chinese standards. In the forestry sector, Chinese workers earn 5,000–6,000 rubles a month and can accumulate 50,000 rubles a year. With these funds they can build a house in China and pay for their children's education. The same money buys very little in Primorsky Krai.

A trend that has received little attention is that recently Chinese labor in the Far East has become more expensive. This summer during the preparations for the holiday marking the founding of Vladivostok, various unskilled workers and handymen were paid \$6/hour. The Chinese, having trained the local residents not to notice them, are now working to increase their salaries. Nothing can be done to counter this trend because there is no one else to do the difficult, unskilled labor besides the Chinese. The local population feels that it is above doing such work.

At the beginning of the twentieth century, Chinese and Koreans living in Russia performed all the most difficult jobs. In Vladivostok at that time, they made up as much as 20 percent of the population and numbered in the several tens of thousands. In 1937 Stalin banished all migrants to Kazakhstan. After their departure, Primorsky Krai suffered from a shortage of fruits and vegetables.

The Projects of Successful Chinese Migrants

What do the Chinese migrants who have managed to establish themselves in the region do today? The most successful have created fictitious joint Rus-

sian-Chinese enterprises. Russian citizens are simply listed in the formal documents, while Chinese buy up forestry products, fish, and wildlife from the taiga. The businessmen have managed to establish corrupt ties with the Russian authorities who ignore poaching and transporting contraband products. At the same time, the number of crimes committed against Chinese enterprises in the Far East is growing. Many temporary Chinese residents in the Far East are involved in selling cheap consumer goods, a very profitable enterprise. Many of these traders do not pay taxes since they are not registered as entrepreneurs.

Additionally, there is an increasing number of Chinese who rent abandoned agricultural land and grow vegetables there. According to the farmers themselves, the income from working in Russia is 5–10 times higher than it would be in China. Some observers say that they do not take good care of the land since they use a variety of pesticides and poisons in producing the vegetables eventually sold to Russians. Other Chinese are now seeking education in Russian universities. Currently there are several thousand Chinese students in Far Eastern institutions of higher education.

An entire army of Russian bureaucrats lives on the bribes that all these Chinese migrants offer. These officials take bribes to file forms for crossing the border, securing housing, and working in the markets.

Times Are Changing

The situation is changing for the Chinese. Having become used to the corruption of Russian bureaucrats and police, the Chinese now are facing a new situation as the special services are stepping up their activities against Chinese citizens who violate Russian laws. Earlier Chinese poachers and illegal migrants were simply deported back to China. Now, more frequently they are put on trial. In September, four poachers on the Amur River were sentenced to terms of 8 months to 1.5 years. Since many Chinese harvest wildlife and fish near the border, the Federal Security Service has declared special zones along the border where foreigners are not allowed to go without special permission. This measure could significantly hinder the joint criminal business in Russia of many Chinese and Russians.

Having imposed greater control on the entry of foreigners into Russia, the authorities are now seeking to attract more Chinese capital. Vsevolod Ovchinnikov, a leading Russian scholar of China, told a roundtable

discussion among experts whose comments were published in *Rossiiskaya gazeta*, that “I think that our most important task is to create attractive conditions for those who live and work in the Far East.” He argued that the region cannot survive without Chinese labor and that Russia should seek a balance between Chinese state and private investment. “This will allow us to take the best position in the undoubtedly complex current and future relations with China.” Russia’s policy will most likely focus on bringing Chinese investment to the region to create jobs for Russian immigrants coming from the CIS.

The most interesting development is that the Chinese seem to have accepted the Russian rules of the game. The Chinese understand that Moscow is unhappy when it comes under migration pressure, even though the Kremlin does not say so directly. Therefore, the Chinese are increasing their investments in Sakhalin gas and oil projects, building houses in Birobidzhan, setting up factories in Blagoveshchensk, and creating joint trading zones on the border of Primorsky Krai. In Vladivostok, Chinese state and private companies are deliberately examining whether to build unprofitable city sewage treatment plants. In return, they are seeking plots of land where they can construct hotels. Despite all the problems, during the last two years, the level of trade and Chinese investment has increased in the Far East.

China has never hidden its plans to develop the country’s north-eastern regions using resources from the Russian Far East. The Russian authorities are taking these plans into account. Therefore they are now building an oil pipeline from Eastern Siberia to the Pacific Ocean and hydroelectric stations: China is a potential customer for Russia’s oil and electricity. On the other hand, with the increase in Chinese investment, the amount of uncontrolled Chinese migration to the region has dropped. The federal and regional authorities are happy about this situation. They hope to bring in migrants from the former Soviet Union.

Chinese tourists are still coming to Vladivostok and Khabarovsk, though the numbers have declined somewhat since the Chinese Communist Party has forbidden them from gambling in Russian casinos. For the tourists, the Far East is an attractive destination since it is the closest European territory to China, while offering an attractive natural environment. They do not want to live here, but are very happy to visit.

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Oleg Ssylka is a journalist in Vladivostok.

Further Reading:

Thornton, Judith and Charles Ziegler, eds., *Russia’s Far East: A Region at Risk* (Seattle: The National Bureau of Asian Research, 2003).