Ill-informed or entrepreneurial? Chinese traders in Serbia

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During the height of the Cold War, Yugoslavs, as they were called then, were immensely proud of the fact that their country was outside the 'iron curtain'. One of the many jokes boosting that sense of national self-worth, and very popular at the time, goes like this: 'What exemplifies an utterly ill-informed person? An Afghan emigrating to Romania!' Some decades and a few blood-filled wars later, shortly after the armed conflict in Bosnia was over (1995) and a couple of years before the NATO bombing of Serbia over the Kosovo conflict (1999), a bemused outsider to the matters of migration could think that a similar joke would be appropriate to explain the presence of Chinese traders in Serbia at the end of the 1990s. How else to explain this type of migration at the time when the country was in the midst of post-socialist and post/pre-war socio-economic and political turmoil, the situation in literature often described as a *transition society*?

The phenomenon of Chinese migration to Serbia, which is one of their newest migration destinations in Europe, is hardly ever mentioned in migration literature. If referred to, it had been mostly considered within the context of illegal, transitory migration (e.g. Nyiri 2007: 67). While there is no doubt that some Chinese immigrants came to Belgrade and/or Serbia in the mid and late 1990s to move on, I argue that the presence of Chinese traders in places such as Serbia attests to a growing 'diversification in migration patterns' (de Haas 2008) as well as to the socio-economic and political contexts and processes specific to China and its response to globalisation and restructuring. To understand Chinese migration to Serbia it is important to focus on the ways in which global restructuring shapes transnational processes and practices linking new sending and destination areas. Intersections of these intertwined with the agency of the people who decide to move shed new light onto the notion of desired or attractive migrant destinations. In the following sections I shall discuss 'theories' on how and why Chinese migrants came to Serbia, analyse so-called 'push and pull' factors within and beyond the local context of Serbia, and provide an outline of the situation of Chinese immigrants in Belgrade, the capital of Serbia.

'**Theories**' **on how and why Chinese immigrants came to Serbia**

Chinese migrants started arriving in Belgrade and Serbia in 1996-97. This period was in many ways the 'post-war moment' in the country. The armed conflicts in Croatia and Bosnia had ended (1991-95), but Serbia was at the same time experiencing socio-economic and political turmoil characterising pre-war situations. The country was heading towards a full-scale armed conflict in Kosovo, its then southern province, followed by NATO bombing, in 1999.

Consequently, Serbia was overwhelmed with refugees from Bosnia, Croatia and Kosovo. At the time, in relative terms the country was ranked as the third refugee receiving country in the world (Castles *et al.* 2003:6). The years of war, exceptionally high number of refugees and internally displaced persons (IDPs) were causing immense economic hardship for the majority of the population, citizens and newcomers alike. These circumstances provided a fruitful ground for continuous social and political instability, which was keeping inter-ethnic tensions alive and visible. The processes of vilification of the 'Other' were not only linked to its ethnic identifications, but were also operating in relation to most of the outside world, in particular the West (which was also referred to as 'the international community').

Given the situation in Serbia in the second half of the 1990s, it is not surprising perhaps that the arrival and presence of Chinese immigrants in the country was viewed through a conflict lens. Internationally, it was understood as a consequence of conflict. According to academic and other analysts, poor governance, porous borders and the high levels of crime as well as bribery within the police ranks and border authorities were attracting Chinese migrants to Serbia. They were not there to stay; they were people en route to the West, using Serbia as a soft spot to enter Europe, that is – the European Union. In Serbia, which was in the 1990s saturated by a variety of 'conspiracy theories' about who is to blame for wars and hardship, the arrival of Chinese immigrants was perceived as yet another 'conspiracy attempt' against 'us'. While most of the conspiracy theories on the causes of conflicts were pointing the finger of blame at outside/international factors, rather than at any inner workings of power within Serbia, when it came to 'explaining' the presence of Chinese immigrants in the country 'the plot' was not viewed as international or Western, but local. Much of the population of Serbia at the time, and particularly those in opposition to the rule of the then President of Serbia Milosevic contended that he made an arrangement with China to allow tens of thousands of Chinese immigrants to come to the country and grant them full citizenship rights. At the time, many in opposition argued that this move would secure Milosevic a vote to remain in power, as the Chinese would dutifully vote for him in return for the favour of becoming Serbian citizens. According to the local 'analysts' of the time, the interest of the Chinese Government to do this was purely ideological: Milosevic and his government were 'the last bastions of communism in Europe' and they were eager to support it.

Each of these 'theories' on the reasons for Chinese immigration to Serbia provided a fruitful ground for liberal estimates on the numbers of people either attempting to enter Europe illegally using the Serbian route or those who are granted Serbian citizenship in order to cast their vote for Milosevic. Some are as high as 50,000 (Milutinovic, 2005; Nyíri 2003) or even 100,000 (Nyíri 2007:70).

What made Serbia an attractive destination for new Chinese migration? The local context and beyond

The introduction of a more relaxed entry visa system for Chinese trading entrepreneurs in 1996 put Serbia on the map of potential migratory destinations worth considering or trying out for an initial trail period, before making any decisions to set up a trading business there. The rationale behind this more open door policy was the Serbian (Milosevic) Government's hope for Chinese investment as well as the collection of steady revenue from visa applications, business registration and so forth. Given the depth of the crisis in the country at the time, any amount of cash, especially in 'hard' currency was considered precious. The relaxation of the entry visa regime for Chinese migrants wishing to come to Serbia in effect acknowledged and supported an already ongoing process of new Chinese migration, which was prompted by the economic recession and restructuring that hit China in the late 1980s and early 1990s. This migration was importantly shaped by the Chinese state and government response to the economic crisis.

Commercial opportunities in trading globally for the Chinese population have been prompted by the intersection of the rapid growth of local manufacturing of commonplace goods and China's adaptation to global markets. Although Chinese entrepreneurs have established themselves successfully in the developed countries, such as Italy (see Ceccagno 2007), developing countries and transition societies have become particularly attractive new destinations for Chinese traders. As 'economies of scarcity' (Nyiri 2007:139) they provide opportunities to import and trade in inexpensive Chinese goods, ranging from clothing and footwear to toys and small household appliances. These new destination countries have also become particularly attractive to Chinese traders because they have weak links to the global economy, and do not have severe restrictions on immigration**.** Consequently, many African countries, such as Morocco, Ghana, Angola, Cameroon, Namibia and Cape Verde, have become new, attractive destinations for Chinese migrants who operate in trade and/or services as transnational, petty entrepreneurs (Haugen and Carling 2005; Mohan and Tan-Mullins 2009: 595). Similarly, countries of Central and South Eastern Europe (SEE), such as Hungary, Bulgaria, Rumania, and Serbia, have also become profitable business options.

Chinese traders in Belgrade

Although the socio-economic dynamics of this type of mobility is context specific and the numbers involved are small, the very fact that Chinese traders have established their business in countless 'undesirable' migration destinations

around the world, including Serbia, indicates that this is a migration phenomenon that merits scholarly attention. According to the official data, at the end of October 2009, there were 4,947 Chinese citizens living in Serbia, of which the overwhelming majority had temporary permits to stay in the country (Source: Ministry of Internal Affairs, Department for Foreigners; data valid for October 31, 2009). These official figures match my own estimates as well as those made by well established and connected Chinese immigrants in Serbia. The majority of Chinese traders in Belgrade come from Zhejiang province in Southeast China, which despite its phenomenal growth has become one of the main sending areas in China, both in terms of internal, rural-urban migration (Yang 2000; Zhang 2000) as well as international and European migration in particular (Skeldon 2000). They come mostly from two or three villages in Quingtian County, they are poorly educated peasants or manual workers, and they speak the local dialect. A significant minority comes from Beijing and places around Shanghai. These cities and areas are the other two important sending areas in China (Skeldon, 2000). Some of the Chinese traders in Belgrade and Serbia also come from the Northeast of China. Those from Beijing, Shanghai and Northeast are (well) educated and speak Mandarin, come with professional experience, used to be well-paid (measured by Chinese standards of the 1980s) and come with connections and social capital back home that they could use to enhance their migration prospects.

The central feature of the success of Chinese entrepreneurs and traders is linked to the opportunities they have created to pursue business options in China that are enabling them to export and trade in a range of commonplace Chinese goods abroad. In choosing destinations for their businesses they increasingly opt for underdeveloped countries and transition societies, because they provide better business opportunities. This new pattern of Chinese migration, therefore, challenges the notion of migrants being attracted to places with a long history of migration from their own country and of moving to countries with longstanding diasporic links. Chinese migrants arriving in Serbia in the second half of the 1990s did not have any previous historic, economic or cultural links to Serbia. Their intention to set up their retail businesses there, thus, had to be facilitated through a different set of resources and networks.

Since the late 1980s, thousands of Chinese migrants settled in Hungary and became (successful) self-employed traders in Budapest and beyond (Nyiri 1999). Chinese traders in Budapest were at the time a wholesale hub for the entire region of Central and Eastern Europe and the SEE (*ibid.*). That was a good vantage point to assess the regional markets and economic opportunities as well as socio-political factors shaping conditions of entry. When the Hungarian Government tightened entry visa requirements for the Chinese in 1993, after five years of a relatively liberal entry regime, and increased import tariffs in 1995 (Nyiri 1999) many turned to the neighbouring countries seeking new opportunities, pulling in with them other compatriots. Some also came from Bulgaria where they first received information about the possibilities of establishing small retail and trading businesses in Serbia. They mostly started off as shuttle traders, but by the end of the 1990s and early 2000, Chinese shops, as they are locally known, had become dotted around Serbia. Their main trading business is situated, however, within the so-called Chinese markets.

Although all Chinese traders in Serbia are engaged in trading business, very few have become importers only, selling goods from China directly through Serbian commercial chains. The overwhelming majority are self-employed small entrepreneurs involved in import, wholesale, and retail of commonplace Chinese commodities. A significant minority run restaurants, fast-food outlets, and food shops. There are some who run both restaurants and wholesale-retail businesses. Although Chinese restaurants are becoming more and more popular in Serbia, they are still mainly frequented by the Chinese themselves. Food shops or stalls almost exclusively cater for the Chinese. Since 2000, some Chinese are also involved in agricultural production, establishing traditional Chinese greenhouses for growing vegetables. Because of their insecure residence status they do not buy land, but lease it from local farmers. They benefit from the economic crisis and the instability of the rural areas of Serbia that is causing hardship for local farmers and the rural population in general. Consequently, Chinese immigrants are renting land at exceptionally low prices.

While all larger cities and towns in Serbia have Chinese Markets as the focal point of the business of Chinese traders, the one in Belgrade is the largest wholesaler facility in the Balkans. Retail shop owners from Belgrade, Serbia, Bosnia-Herzegovina, Croatia, Bulgaria and Rumania, come to the Belgrade Chinese Market regularly to buy goods at wholesale prices and sell them in their shops at much higher prices. The market in Belgrade is not open-air but a run-down version of a shopping mall. It is located in the part of the city called New Belgrade, which was first

built in the 1960s. The urban structure of New Belgrade, the pattern of high rise settlements called 'blocks' combining dwelling, work, transport and recreation, was influenced by the ideology of Modernism, and the planning projects and designs of Le Corbusier (Lazarevic-Bajec and Maruna 2006). Since 2000, and 2004 in particular, this part of Belgrade has been rejuvenated; new companies, banks and shopping malls have opened, and modern apartment blocks have been built, transforming it into the centre of commerce and a sought after residential area.

The market in block 70 has some 500 shops, located in three buildings in the part of the city called New Belgrade, with approximately 1,200 Chinese immigrants renting shops, trading, and working there. Most of these businesses are family run, but because running them requires frequent and prolonged visits to China (on average three times a year, for two to three weeks), and because the shops are open seven days a week, many Chinese traders benefit from the opportunity to hire local people at a relatively low cost, creating employment. At the time of my research, September to January 2009-10, approximately two thirds of all shops in Belgrade's Chinese Market had local employees who were paid between 450 to 1200 Serbian dinars per day (i.e. £4.5 to £12) depending on how long they had worked for the shop, and whether they were trustworthy, reliable and loyal. A significant minority of these employees were working legally, and others were not registered. Wage workers, who work for their family and relatives in shops, are relatively few among the Chinese.

In addition to the jobs in retail shops as well as restaurants, those who run bigger trading companies also hire local professional people to help operate them. Typically, the top managerial positions would be given to compatriots, either relatives or friends. Furthermore, many local accountants, interpreters, and sometimes also lawyers, are hired on a regular basis to provide professional advice and services concerning their residence permits and the administration of their businesses. Finally, many local women, predominantly of retirement age, found well paid jobs as full-time carers of the children of Chinese immigrants (typically paid at a rate of just under the average salary in Serbia).

Clearly, the local economy benefits from all these types of employment, as well as from considerable revenue from import tax, other administrative costs, and rent for housing and storage of goods. It is worth noting, however, that the emergence of Chinese traders and retailers in Serbia also caused loss of livelihoods for many locals. Some local industries, textile in particular, have been hard hit as they could not compete in price with Chinese goods, which has caused resentment among trade unions and segments of the local population. Further, during the most turbulent period of the late 1980s and early 1990s, when due to the growing economic crisis many people lost their jobs or could not find employment, many earned their keep as shuttle traders, selling commonplace inexpensive goods imported (semi)clandestinely from Turkey or Hungary. In the latter case, the goods were Chinese products bought at the Chinese market in Budapest or Szeged. At the time, this type of economic activity was encouraged by the state apparatus, because during that period the state was heavily engaged in preparing and waging war. Consequently, turning a blind eye to the widespread trading in undeclared goods was a way of easing off social tension and avoiding potential unrest caused by a drastic fall in the standard of living. With the emergence of Chinese traders in Belgrade and Serbia, they could no longer compete.

Chinese traders transforming disadvantages into opportunities: Concluding remarks

By developing transnational links and translocal livelihood strategies, Chinese traders are transforming disadvantages of both sending and destination areas into opportunities. This helps to explain how societies that are considered unattractive as migratory destinations, and are in fact themselves sending areas, may become desirable options. These transnational processes and strategies of individual traders, their families and households are linking sending and receiving countries across a range of socio-spatial levels and structures: macro, mezzo and micro. This type of multi-level mediation of migration opens up possibilities for Chinese traders to act and live their lives in translocal fields of economic, social and ethnic relations, rather than within the boundaries of sending or receiving (nation) states.

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