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EXPLORING LINKS BETWEEN INTERNATIONAL MIGRATION AND WENZHOU'S DEVELOPMENT

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Exploring Links between International Migration and Wenzhou's Development*

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ABSTRACT

With respect to China's development and globalisation, the role of its 30 million overseas Chinese cannot be underestimated. This is particularly true for Wenzhou, a municipality in Zhejiang Province in southeast China whose emigrants are leading the new wave of Chinese migration to Europe. Nonetheless, they have contributed greatly to the development of the export-led economy at home. To investigate links between emigration to Italy and their home development, extensive fieldwork was conducted in both Wenzhou and the Italian region of Veneto in 2006. This paper attempts to address the following questions: Why is international migration crucial for Wenzhou's development and competitiveness in the 21st century? How have Wenzhou's entrepreneurs developed their ethnic Chinese businesses in Italy? What contributions have they made to home development? The research findings and implications for Chinese globalisation are highlighted.

Key words: international migration, Wenzhou entrepreneurs, Chinese ethnic economy in Italy

The rapid development and global influence of China's economy cannot be separated from the contribution of the 30 million ethnic Chinese living overseas. In this regard perhaps, Wenzhou is a good case for showing us the links between international migration, the ethnic Chinese economy in the receiving countries and local development in the sending communities.

Often referred to as "Chinese Jews" in China, Wenzhou entrepreneurs are highly respected, as reflected in numerous publications available in bookstores nationwide. The emergence and influence of Wenzhou entrepreneurs over the last two decades is rooted in historical, cultural, social and economic factors. One of their impressive characteristics is their labour mobility, either nationally or internationally, which enables them to continue to bring business and innovative opportunities back to their home communities.

Whilst the "Wenzhou experience" is becoming increasingly popular and attractive in China, little research has been undertaken regarding the development and impact of Wenzhouese entrepreneurs abroad. An exception is Professor Wang Chunguang (2000) who provided an excellent portrait of Wenzhou entrepreneurs in Paris. Based on four months of ethnological observations and interviews with Wenzhouese migrants, he illustrated how Wenzhou immigrants overcame various barriers and achieved their dream of becoming ethnic entrepreneurs. Professor Li Minhuan (1999) examined the impacts of the international migration from Wenzhou on the sending communities, which has led to the formation of a migration culture. Whilst the above researchers provided valuable insights into the dynamics of international migration, we are interested in the broader picture: Is the international migration crucial for Wenzhou's development and

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competitiveness in the 21st century; if so, why? How have the Wenzhounese captured the opportunities abroad and developed their ethnic businesses? What is, if any, the contribution of, and impact on, local or regional development in Wenzhou?

The above questions had led to fieldwork being conducted in both Wenzhou and the Veneto, the latter being a major industrial hub in Italy, in 2006. Accordingly, the findings are organised as follows. The next section reviews the debates on international migration and local development. It is followed by an outline of background and development model of Wenzhou. Part three illustrates the new wave of international migration from Wenzhou whilst part four shows the growth trends of Wenzhounese enterprises in Italy. Part five examines the consequences and contribution of international migration to economic development at home in Wenzhou. This paper ends with conclusions and implications.

1. Debates about International Migration and Local Development

It is commonly acknowledged that globalisation has resulted in the increased mobility of capital, commodities, finance, information and labour forces worldwide. Little is known, however, about how international migration, and in particular, low-or non-skilled migrant workers contribute to local or home development apart from remittances. This section briefly examines the major schools of thought in order to identify any suitable theories or methods for designing an empirical survey in Italy and China.

In neoclassical economics (Sjaastad, 1962; Todaro, 1969, 1976, 1989), international migration is narrowly viewed as the result of individual selection to reflect wage differences between the sending and receiving countries, or net returns after all costs or risk for international movement have been taken out. As a result, international migration is one form of labour transfer with little impact on the development of the sending community. In contrast, the new economics of migration views the decision for international migration as not made by isolated individual actors, but by a larger unit of related people, typically families or households, in order to diversify and secure livelihoods. Furthermore, it concerns the distribution of income in the sending region which may influence the decision-making process of relatively poor households. Although there is some improvement in understanding the motivation of migration and links with the sending community, the new economics of migration does not seem to pay enough attention to the demand side, which is related to economic transition in the developed world and "new international division of labour" (Froebel *et al*, 1979).

Dual labour market theory draws attention to the structural change of the labour market in industrialised societies where there is intrinsic demand for cheap labour from the developing world. According to Piore (1979), immigration is not facilitated by push factors in sending countries (low wages or high unemployment) but by pull factors in receiving countries where a segmented labour market structure has formed. In primary, capital-intensive sectors, wages are higher, jobs are more secure, and there is a possibility of occupational improvement, which is in contrast to secondary, labour-intensive sectors where low wages, unstable conditions and the lack of reasonable prospects for mobility make them no longer attractive to native workers, leading to an increasing dependence on foreign workers. Whilst the existence of the secondary sector in the developed world can be explained by "demand pull" and "developmental space," which provide "opportunities" for potential interests from the developing world, why have some nationalities shown an advantage in terms of labour market share, compared with other nationalities? What category do immigrants belong to in terms of government regulation and integration into the host societies? Such questions cannot be addressed without a "sending perspective" (Xiang, 2003).

Moving from economics to the sociological domain, the world system theory argues that international migration follows the political and economic organisation of an expanding global market. According to Massey *et al* (1993), in particular, it consists of the following hypotheses (emphasis added):

- International migration is a natural consequence of the formation of capitalist markets in the developing world; the *penetration of the global economy into peripheral regions is the catalyst for international movement*;
- The international flow of *labour follows the international flow of goods and capital but in the opposite direction*;
- International migration is especially likely *between past colonial powers and their former colonies*, because of the early establishment of cultural, linguistic, administrative, investment, transportation, and communication links.

The world system theory is particularly fitting to the theme of this paper not only because the “Wenzhou Model” was a centre of debate amongst Chinese politicians and scholars regarding its socialist or capitalist nature of development in the 1980s and 1990s, but also because the flows of Wenzhou’s labour, commodity and capital provide the empirical evidence to test the above hypotheses.

The world system theory, however, has a “European centrism” which treats all oriental countries as peripherals to the world capitalist system. Such an assumption may be questioned with the rise of China as a major power in the world, which is having a profound impact on elemental flows worldwide. As a theoretical reflection on the impact of China’s development, Pieke (2004, Pieke *et al*, 2004) poses a term *Chinese Globalisation* to describe “not only how China itself is becoming more global, but also, and equally important, how Chinese people, ideas, capital and goods find their way across the globe”. In particular, he views Chinese globalisation as “an ongoing, never complete and contested process that: “(1) creates and takes place in multiple centres and peripheries, (2) produces new forms of inequality and competition, and (3) encompasses a multiplicity of developments that are distinct yet at the same interconnected”. The implication of Chinese globalisation, according to Pieke (2004), requires us to rethink local Chinese communities as arenas of multi-centred state power, in order to understand “how Chinese people, society and culture become part of the world, and how competing powerful actors (the Chinese national and local states, governments of receiving countries, overseas Chinese tycoons, ethnic Chinese organisations and lobbies) seek to gain control over this process”.

Through a close viewing of the international migration from Wenzhou, this paper will attempt to shed light on the impact of Chinese globalisation, consequently leading to a reshaping of the world system.

2. Background and Development of Wenzhounese Model

Wenzhou Municipality (known as Wenzhou Prefecture in the past) is a part of Zhejiang Province on the southeastern coast of China. Its population of over 7 million live in an area of 11,784 km², and it has a population density of 630 person/km², compared with an average of 460 person/km² in Zhejiang, and 135 person/km² in China. Furthermore, 68% of the land is covered by mountains and hills while cultivated land accounts for about 10% of the total land area. On average, there were less than 0.04 ha per person or 0.13 ha per rural labour force in 1978, which is only one-third of the national average at that time. The shortage of land resources in addition to the poor transport system were major factors driving the historical emigration (Ma 1998).

It has been a tradition that for thousands of years, merchants have been highly valued and respected in Wenzhou. It is rooted in the “Yongjia School”, an independent school of thought originating from this region, which defends the value of commercial behaviour and emphasised the equal importance of production and circulation. This is quite different from the mainstream culture based on Confucianism, which ranks merchants last behind intellectuals, farmers, craftsmen and soldiers. Many local scholars believe that the Yongjia School has had a profound impact on Wenzhounese thinking and behaviour and continues to do so even today.

Wenzhou, like its coastal neighbour, Fujian, was treated as the frontline against the Taiwan Kuomintang Army during the period from the 1950s to the 1970s when there was little investment in this region (Bai, 2005). This, however, became a distinct advantage for Wenzhou in creating and developing a non-state-owned (NSO) economy as soon as China's economic reform began in the late 1970s. The NSO denotes those family workshops, private enterprises (usually small- to medium-sized), and shareholder enterprises (large-scale in both capital and employment). By 2003, for instance, the NSO economy accounted for 90%, 85% and 90% of the total number of Wenzhou's enterprises, GDP and Tax respectively (*Wenzhou Yearbook 2004*: 187). The predomination of the NSO economy in Wenzhou has provided a unique environment for the development of Wenzhounese entrepreneurs within and outside of Wenzhou.

Wenzhou's family-based and private economy in the era of economic reform began with the specialised production of "petty commodities" such as clothes buttons, plastic shoes, small gifts, woven bags, low-voltage electronic equipment, etc. Without governmental intervention and inducement, ten national markets for petty commodities were built in Wenzhou in the early 1980s. Wenzhou's development and innovation in the first stage has been summarised as "tiny commodities but big markets" (Fei, 1999).

It would have been impossible for Wenzhounese entrepreneurs to create national markets for petty commodities if not for the mobility of labour in this region. Due to the geographic, resource and transportation constraints, emigration was historically popular amongst Wenzhounese (Zhang 1999). Alongside the development of petty commodity production in their hometowns in the early 1980s, hundreds and thousands of Wenzhounese went around the country to sell Wenzhou's products and to take production orders from local retailers nationwide. Such large-scale labour mobility and networks with the home communities provided a sound base for establishing and developing the national markets located in Wenzhou (Fei, 1999).

Along with the decline of Wenzhou as the national trade centre for light industrial products since the 1990s, Wenzhou has experienced an adjustment in its development in many ways. Firstly, there has been a shift from "made in Wenzhou" to "made by Wenzhounese". This is because of the sheer amount of Wenzhou's capital and the number of entrepreneurs which have been mobilised nationwide in search of commercial opportunities and comparative advantages outside the area of Wenzhou. A good example is "Zhejiang Village" in Beijing, which was actually occupied by Wenzhounese and had gone through an uneven process to settle (Xiang, 2000, 2005). Alongside the expansion of "Zhejiang (Wenzhou) Villages" nationwide, shareholder enterprises have developed, which accounts for 23% of the total registered enterprises (WSB 2006). Reflecting the mobility and linkage with Wenzhou's development, 1.70 million out of 7.42 million, or about 23% of Wenzhounese, were migrants distributed around the country by 2003, according to official statistics. Furthermore, there were about 20,000 factories located outside Wenzhou that were owned by Wenzhounese entrepreneurs; about 40% of industrial products made within Wenzhou were distributed by Wenzhounese-owned business (wholesale and retail) networks nationwide (*Wenzhou Yearbook 2004*: 505).

Secondly, Wenzhou entrepreneurs did not just focus on the domestic market to defend their competitiveness. Rather, they had broadened their sights to include the global market, unleashing their potential in competitive production areas such as garments, toy, lighting, leather, shoes, etc. The development of overseas markets and an export-oriented economy has been viewed as an important driving force. After a decade of effort, Wenzhou has become an international centre for shoes and glasses. International trade reached US\$6.18 billion by 2005, 14 times the figure in 1995. The dependency on international trade increased from 10% in 1995 to 40% in 2005 (WSB, various years).

Thirdly, with the rapid growth of migration and ethnic economies abroad, the impact on the home and national economy has increased significantly. A good example is the influence of recent Wenzhounese investment and speculation in the Shanghai housing market into which hundreds and billions of yuan were said to have been poured by

overseas Wenzhouneseⁱ. As Wenzhou entrepreneurs become global market players, they have been treated as an important resource for Wenzhou's development. The first World Wenzhounese Conference was held in Wenzhou in 2003 to enhance the social networks of Wenzhounese worldwide while the local government has paid increasing attention to the role of overseas Wenzhounese in international cooperationⁱⁱ.

In short, having successfully created and maintained the domestic markets in China, obviously, Wenzhounese need a new and larger platform to manoeuvre their labour and capital. The European Continent has become a new battleground for them since 2000.

3. Background and Features of New Wave of International Migration

Wenzhou has a long history of labour mobility both nationally and internationally. The scale of international migration was rather small until the Opium War in 1840 when China was forced to open its 'door' to Western capitalists. Migration from Wenzhou to Europe grew since the turning of the 20th century when stone sculptors from Qintian county, part of Wenzhou prefecture at that time, found a way to sell their stone products to Europe (Li 2002: 91-99). There were a few Wenzhounese involved in international migration in the period between the 1950s and 1970s. Since the 1980s, international migration has been rapidly growing alongside internal migration. By 2003, about 2.1 million Wenzhounese lived outside of Wenzhou, out of which there were about 1.7 million Wenzhounese in China and 425,000 abroad (*Wenzhou Yearbook*, 2004: 505, Overseas Chinese Association of Wenzhou Municipality, 2006).

Focusing on emigration from Wenzhou, Table 1 shows the division between internal and international migration. Generally, international migration accounts for 425,000, about 36% of total emigration from Wenzhou or 5.7% of the total registered population in Wenzhou. The distribution of international migration, however, is uneven, with three-quarters of overseas Wenzhounese coming from Wencheng, Ruian, Auhai and Luchengⁱⁱⁱ. International migration in Wencheng County, for instance, accounts for over 90% of county's emigrants or 28% of the county-registered population. Internal migration, furthermore, is more popular in other cities or counties such as Leqin, Yongjia Pingyuan, Changnan, and Taishuen where over 80% of emigration is limited to within China. It seems that there is a clear division of labour mobility between internal and international migration in Wenzhou.

Table 1 Wenzhounese Emigration by Internal and International Pattern (1000)

Division	Emigration (1) (2000)	International (2)(2004)	Internal* (1)-(2)	International in total (%)
Ruian	170.4	91.7	78.7	53.8
Leqin	235.1	37.9	197.2	16.1
Dongto	33.8	0.3	33.5	0.9
Yongjia	262.5	46.0	216.5	17.5
Pingyuan	121.7	11.5	110.2	9.4
Changnan	98.9	4.8	94.1	4.9
Wencheng	113.2	102.4	10.8	90.5
Taishuen	84.1	0.1	84.0	0.1
Wenzhou total	1171.4	425	746.4	36.3

Sources: Emigration figures are from Wenzhou Statistics Bureau (www.wzstats.gov.cn) whilst international migration figures are from the Overseas Chinese Association of Wenzhou Municipality.

Notes: Figures for international migration are likely to be underestimated as official data account for those who hold a valid resident permission paper. Figures for internal migration is estimated based upon the total of emigration subdivided by

international migration. A few cells in the internal and international rate columns are missing due to errors caused by the inconsistency of the two surveys operated by two Departments at different times and based on different definitions.

With a focus on the latest development of overseas Wenzhounese entrepreneurs and community, a survey organised by the Overseas Chinese Association of Wenzhou Municipality on several key sending communities (Qiaoxiang) was conducted in 2005 by local Overseas Chinese Branches. With respect to the trend of international migration, Table 3 illustrates the overseas Wenzhounese according to departure times in three selected townships. Clearly, very few departed before 1978, 12% between 1979 and 1990, and the vast majority (86%) in the 1990s or beyond. While early migration abroad before 1949 and 1978 was important for the chain migration later, a new wave of international movement can be seen since 1979 when China's economic reform and "Open Door" policies provided the catalyst for an acceleration of international migration, from 18.5 persons each year in the previous period to 392 persons yearly in the 1980s to 2237 persons yearly in the 1990s and beyond.

Table 2 Growth of Wenzhounese Migration in Selected Townships (2005)

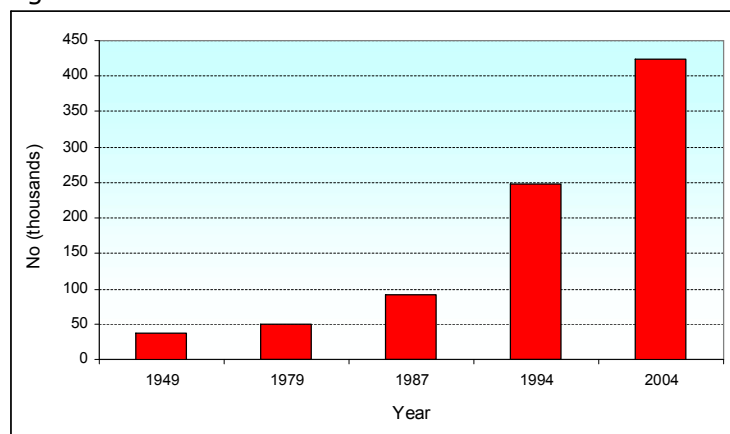
Item	pre-1949	1949 to 1978	1979 to 1990	1991-2005	Total
No. emigrants	84	555	4704	33556	38899
% of Total	0.2	1.4	12.1	86.3	100
Growth (person/year)	-	18.5	392	2237	--

Notes: This table is based upon the latest information of overseas Chinese survey in three major sending communities including Fengling, Tangxia townships in Ruian Municipal and Liao township in Auhai District, all are located in Wenzhou Prefecture.

Sources: Ruian Overseas Chinese Association, Liao Overseas Chinese Association.

The acceleration of international migration from Wenzhou is confirmed by other sources. Figure 1 shows that the overseas Wenzhounese population grew slowly and reached about 50,000 by the late 1970s. China's economic reform and "Open Door" policy since the late 1970s have resulted in a third wave of international migration. The number of overseas Wenzhounese in 2004 for instance is nine times more than the figure in 1979 and four times more than in 1987.

Figure 1 Growth of Overseas Wenzhounese



Source: All data from Zhang (1999) except 2004, which is from the Overseas Chinese Association of Wenzhou Municipality.

In terms of education, Table 3 shows that the vast majority of overseas Wenzhounese are poorly educated with 90% of them having had education only up to the junior middle school level (9 years) or lower. By contrast, high school and university graduates accounted for only 10 percent. This result, nonetheless, is similar to the profile of Wenzhounese population in the Fifth National Census in which 38.7% of Wenzhounese have received an education up to the primary school level while 33.2% were educated up to the junior middle school level. A few people with higher educational backgrounds, as seen in the table, are likely to belong to the second generation of Wenzhounese who had gained access to universities in host countries.

Table 3 Wenzhounese Migrants by Education (2005)

Division	No.	%
University	1047	1.7
High School	5181	8.5
Elementary	55081	89.8
Total	61309	100.0

Notes: This table involves four townships including Fengling, Tangxia in Ruian Municipal, Liao township in Auhai District, and Yuhu in Wencheng.

Sources: Overseas Chinese Associations of Ruian, Auhai and Wencheng respectively.

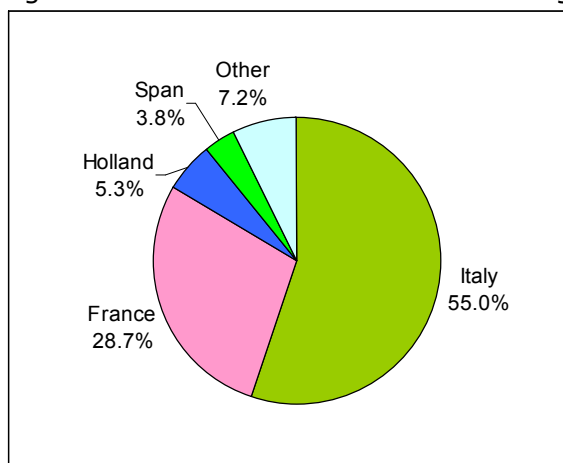
So far, few Wenzhounese have been naturalised in their host country. Table 4 shows that of the total of 42,531 overseas Wenzhounese from three selected townships, only 3.6% have been naturalised. According to our fieldwork observations in Italy, many Wenzhounese expressed a preference to retain their nationality as Chinese partly because that makes it easier for them to return or travel to China (at the moment, dual nationality citizenships are not permitted in China) and partly because there are no constraints for travelling within the Continent under the current Schengen visa scheme.

Table 4 Rate of Naturalisation amongst Wenzhounese (2005)

Township	Overseas	Naturalised	% of Overseas
Liao	22879	598	2.62
Tangxia	14204	728	5.13
Fenlin	5468	205	3.75
Total	42531	1531	3.60

Regarding the distribution of Wenzhounese abroad, according to the Overseas Chinese Association of Wenzhou Municipality, a total of 425,000 Wenzhounese were widely distributed in 93 countries worldwide by 2004. The major destinations were Europe and North America including France, USA, Italy, Netherlands, etc. Despite a wide range of destinations around the globe, the result from the recent survey on major sending communities indicates, however, an overwhelming proportion (98.7%) of Wenzhounese concentrated in Europe. Furthermore, Italy is much more popular than other destinations in EU, hosting over half of overseas Wenzhounese, followed by France and Spain (see Figure 2).

Figure 2 Destinations of Wenzhounese Migration in Selected Communities (2005)



Notes: This figure is drawn from statistics in the latest information survey of overseas Chinese in four major sending communities including Fengling, Tangxia, Liao and Yuhu. All townships are major sending communities in Wenzhou.

Sources: Overseas Chinese Associations of Wencheng, Ruian and Auhai.

4. Development of Wenzhounese Ethnic Business in Veneto

The most striking feature of Wenzhounese migration is the high proportion of entrepreneurs amongst the migrants in both China and overseas. According to the official data (ISMU) in Italy, the total Chinese regular residents in Italy numbered over 110,000 by 2004, almost doubling the figure in the year 2000. Table 5 shows that the growth rate of Chinese immigrants in Veneto (2.56 times) was higher than the national average (1.8 times) in the same period^{iv}. As a result, Veneto's share of the Chinese population in Italy increased from 9.1% in 2000 to 12.6% in 2004, an increase of 3.5%. At the moment, Veneto is the fourth-largest region in Italy in attracting Chinese immigrants, just behind Lombardy, Tuscany and Emilia-Romagna.

Table 5 – Growth of Chinese Residents in Veneto and Italy

Year	Veneto	Italy	Veneto/Italy (%)
2000	5,489	60,143	9.1
2001	6,119	61,452	9.6
2002	6,827	64,010	10.7
2003	11,599	104,952	11.1
2004	14,063*	111,712**	12.6***
2004/2000	2.56	1.86	3.5%

Notes: * this refers to foreign residents at 31/12/2004 and not to residence permit holders. Generally, this number is always lower than the number of residence permits. Should a trend similar to that of the previous years occur, the residence permit-holding Chinese immigrants might become about 16,700.

** The same considerations apply to these figures: the estimated number of residence permit holders might be of about 146,400 people.

*** The share is calculated based on the number of registered Chinese residents. Should we rely on our estimates, this share would be 11.4.

With reference to the scale of regular Chinese immigrants employed in Veneto, according to the figures supplied by the Italian Ministry of Labour, the number of Chinese workers

registered with the Employment Centres in the Veneto reached 7120 by 2004, an increase of 2.13 times compared with the figure of 2000. Similar to the population growth in Table 5, the growth rate of Chinese migrant workers is higher than the average growth of Non-EU migrant workers in the period. As a result, the position of Chinese workers has moved up from the eighth-largest nationality group among non-EU workers employed in the Veneto region in 2000 to the fourth-largest nationality group in 2004.

Table 6 Chinese and Non-EU Workers Registered in Employment Centres of Veneto

Year	Chinese	Non-EU	Chinese/non-EU (%)	Chinese Rank
2000	3,345	70,296	4.8	8th
2001	4,281	84,093	5.1	6th
2002	6,146	107,873	5.7	6th
2003	6,215	115,531	5.4	5th
2004	7,120*	103,616*	6.9	4th
2004/2001	2.13	1.47	--	--

Source: Ministry of Labour/Local Administrative Institutions of the Veneto Region

* Partial figures – 2005 survey

Textiles and clothing are major industries in both Veneto and Italy, ranking fifth for foreign employment in the early 21st century. In 2002 for instance, it provided 8,600 openings for immigrant workers in Veneto, accounting for 16% of the national total non-EU employment in this sector. Turning to the ethnic businesses in Veneto, non-EU entrepreneurs managing active enterprises amounted to 16,013 (5.5% of the national total), of which Chinese entrepreneurs accounted for 1,751, or 11% of the regional total, and ranked as the second-largest group of non-EU entrepreneurs after the Moroccans in 2005. Since 2003, the number of enterprises owned by non-EU entrepreneurs has increased mostly in the building (+31.8%) and clothing (+14.5%) sectors. Table 10 shows that manufacturing is the predominant industry for Chinese ethnic businesses in Veneto, accounting for 60% of Chinese entrepreneurs, compared with 10.7% and 5.6% of Italian & EU and other non-EU counterparts respectively. Table 7 indicates clearly that within the territory of Veneto, Chinese entrepreneurs have identified and established their own comparative advantages in manufacturing, mainly in the textile, garment and leather sectors.

Table 7–Distribution of Entrepreneurs (owners) by Sector in Veneto (2004)

Sector	Chinese	Other non-EU	Italian and EU
Manufacturing	1,041	627	29,652
Trade	530	3,319	67,081
Building	7	5,416	42,114
Transports	8	986	11,569
Other activities	165	809	126,945
Total	1,751	11,157	277,361
Manuf. in total (%)	59.5	5.6	10.7

Source: Ministry of Labour/Local Administrative Institutions of the Veneto Region

If we enlarge the scope of information search to include those of managers and enterprise's partners and shareholders, we gain a clearer picture of the extremity of growth of Chinese entrepreneurship in Veneto from the 1970s to the present (Table 8). In particular, it is clear that the manufacturing sector leads Chinese ethnic business in Veneto.

Table 8 Development of Chinese Entrepreneurs (owners, managers, partners, shareholders) in Veneto

Years	1970-1979	1980-1989	1990-1999	2000-2005
Pub/restaurants	6	30	132	609
Trade/retails	0	3	61	934
Manufactories	0	1	104	1,299
Other activities	0	1	15	61
Total	6	35	312	2,903

Source: Ministry of Labour/Local Administrative Institutions of the Veneto Region

Notwithstanding the fact that the presence of Chinese migrants and Chinese firms in Veneto began later than in other Italian Regions^v, the trend seems similar to that of these other Regions. During the 1980s, the majority of the Chinese migrant entrepreneurs specialized in the restaurant sector. During the 1990s changes in the Italian economy resulted in more opportunities for Chinese migrants in the manufacturing sector in several regions including Veneto.

5. Contributions of Overseas Wenzhounese to Home Development

The new wave of the international migration has had a profound impact on the development and transformation of Wenzhou economy. One of the most direct consequences from the international migration is the growth of overseas remittances. According to the Overseas Chinese Association of Wenzhou Municipality, total overseas remittances reached 2.648 Billion US Dollars (or 21.18 Billion RMB Yuan) in 2005, a growth of 28.62% compared with 2004. In addition, overseas Wenzhounese have also made large donations to support education, local infrastructure and other public affairs in their home societies, totalling 25.3 million yuan (or 3.16 million USD) in 2005.

Reflecting the growth trend of international migration, Table 9 shows an acceleration in the growth of remittances since the 1990s in one county. Overseas remittances reached 1,500 million yuan (or 187.5 million USD) in Wencheng County in 2005, 6.2 times more than that in 1999. Compared with the rapid growth in the overseas remittances, however, the growth in the overseas Wenzhounese population had been rather slow, increasing from 56,000 in 1998 to about 100,000 in 2005. This seems to suggest that the increase in international migrants is only one of many factors contributing to the rapid growth of overseas remittances.

Table 9 Remittance of overseas Chinese in Wencheng County (Million Yuan)

Year	Remittances	Increase	Growth Rate
1961	0.09	--	--
1965	0.19	0.1	0.025
1970	0.23	0.04	0.008
1975	0.64	0.41	0.082
1980	1.78	1.14	0.228
1985	3.15	1.37	0.274
1990	6.13	2.98	0.596
1995	210	203.9	40.8
1999	242	32.0	6.4
2005	1500	1258	210

Notes: This table reflects remittances through the Bank of China only, excluding cash brought by migrants who visit home; Foreign exchange has been changed to Renminbi, 1 UD\$ = 8 yuan (current price).

Sources: Figures from 1961 to 1999 are from *Compiles of Overseas Chinese from Wencheng County* (in Chinese), p.423; the 2005 figure is from the Wencheng Overseas Chinese Association.

Narrowly focusing on overseas remittances may underestimate the role of overseas Wenzhounese in promoting economic growth back home and in particular, the development of the export-oriented economy. According to official statistics, international trade reached 7.86 Billion US Dollars in 2005, about 39.6% of Wenzhou's GDP. Furthermore, the value of exports was 6.18 Billion US Dollars in that year, and commodities made in Wenzhou were distributed to 191 countries or regions worldwide. Behind such incredible achievements, according to the Overseas Chinese Association of Wenzhounese Municipality, overseas Wenzhounese played a key role because "over 80% of the export products were either distributed by their business networks directly or had gone through their networks to identify the targeted clients".

Based on the international trade of overseas Wenzhounese, Table 10 lists major products exported from Wenzhou. It seems that labour-intensive products such as shoes, garments and glasses are still predominant in Wenzhou's export industry, which accounts for half of the total export value.

Table 10 Major Export Products from Wenzhou (2005)

Products	Value (M. USD)	%
Shoes	1584	25.6
Garment	934	15.1
Glasses	338	5.5
Leather	117	1.9
Lighting	74	1.2
Machines	2204	35.6
Other	933	15.1
Total	6184	100

With respect to the overseas markets of Wenzhou products, not surprisingly, Europe is the most important customer, accounting for over 40% of total exports (Table 11). In contrast, Asia accounts for only 30% of Wenzhou products, despite the shorter transportation distance and large population size.

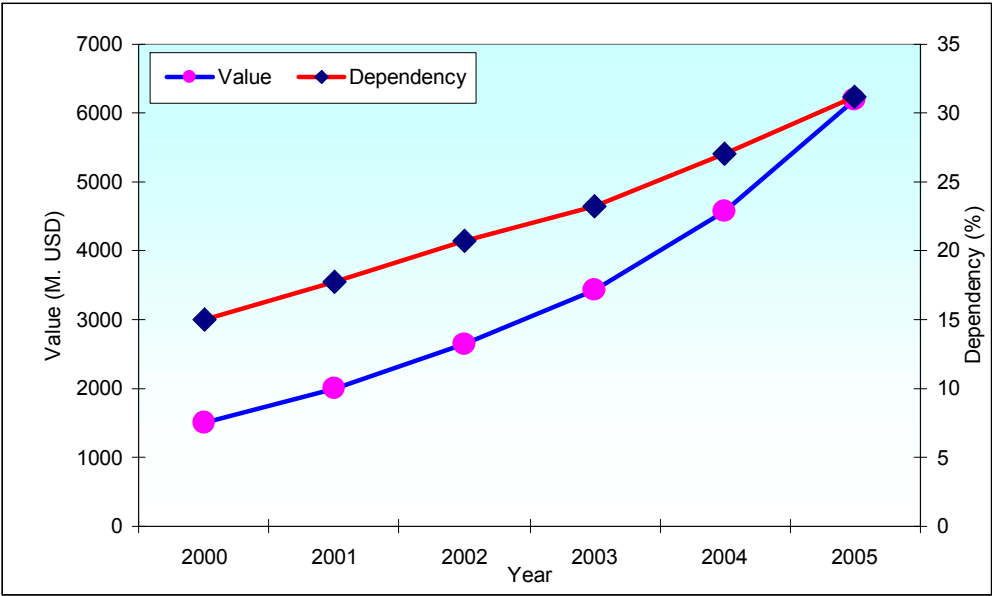
Table 11 Distributions of Wenzhou Products by Region (2005)

Region	Value (M. USD)	%
Europe	2619	42.4
Asia	1859	30.1
N America	690	11.2
Africa	581	9.4
L America	365	5.9
Pacific	70	1.1
Total	6184	100.0

Since the mid-1990s, Wenzhou has experienced a high rate of growth in its industrial exports, which grew from only 439 million USD in 1996 to 6,184 million USD in 2005, a growth of 14 times within ten years. The high rate of growth in exports has become a major factor contributing to the economic growth of Wenzhou Municipality. This can be seen by the increasing dependency of Wenzhou's economy on exports, which grew from 15% in 2000 to about 31% in 2005. Figure 3 illustrates the co-growth and relationship

between exports and local economic growth in Wenzhou, accompanied by an increase in international migration.

Figure 3 Growth of Export Value and Dependency on Export



The growth of international trade has benefited not only Wenzhou but also the EU economy. Taking Italy as an example, Table 12 shows the growth of mutual trade between Wenzhou and Italy in recent years. From 2003 to 2005, exports from Wenzhou to Italy increased from 136.51 million USD to 254.91 million USD, a growth of 187%, whilst imports from Italy rose from 27.17 million USD to 64.67 million USD, an increase of 238%. Despite the growth in absolute deficiency of the mutual trade, relative deficiency between Italy and China has actually declined from 4.1 times to 2.9 times during the period.

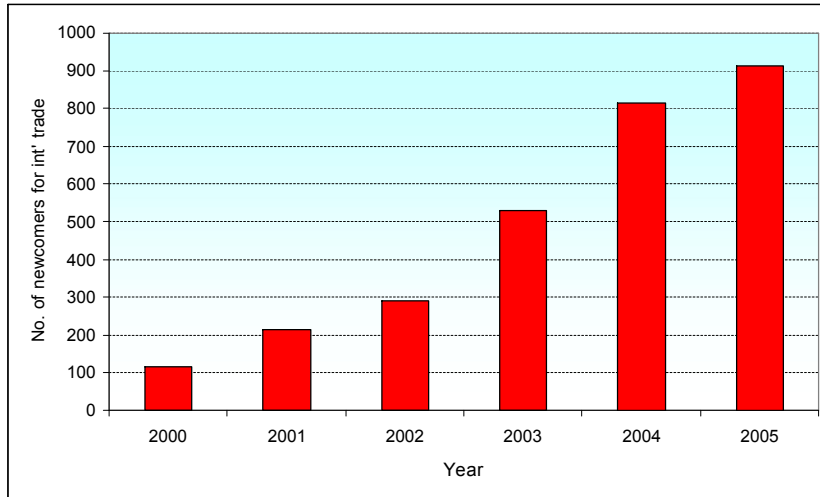
Table 12 Growth of Mutual Trade between Wenzhou and Italy (No. M USD)

No	Item	2003	2004	2005
(1)	Export to Italy (M. USD)	136.51	149.62	254.92
	Growth (%)	--	9.6	70.3
(2)	Import from Italy (M. USD)	27.17	46.98	64.67
	Growth (%)	--	72.9	37.6
(3)	Difference (1)-(2)	109.34	102.64	190.25
	Ratio [(1)-(2)]/(2)	4.02	2.18	2.94

Source: Department of International Trade of Wenzhou Municipality Government

The growth of exports from Wenzhou cannot be separated from the liberalisation of the export market over the last decade. Figure 4 shows the number of Wenzhou companies which had won government licenses for international trade. In 2000 for instance, only 115 firms won government permission. By 2001, there were 208 licensed holders, and a total of 323 companies had won government permission to carry out international export business. In contrast, by 2005 a total of 912 companies had won government permission to conduct international trade, with the total number of Wenzhou companies permitted to export reaching 3,158.

Figure 4 Growth of Permission for International Trade



Alongside the growth in exports, the Wenzhou government has taken a series of measures to attract foreign investors in order to enhance export capacity. For instance, the progress and success rate of foreign investment projects have been made a top priority in local economic development by the Wenzhou Municipality government, which would be helpful to officials at various levels in creating a favourable environment for foreign investors. Table 13 shows a growth trend in foreign direct investment in response to such government efforts.

Table 13 Growth of Newly Foreign Investment Enterprises (No., Million USD)

Item	2000	2001	2002	2003	2004	2005	2005/2000
New projects	84	75	124	174	157	224	2.67
Agree Funds	67.1	72.5	117.3	295.3	506	891	13.3
Actual usage	72	55.1	80.2	119.7	209	357	4.96

It would be a mistake to assume that "foreign capital" is not related to overseas Chinese capital. According to the Overseas Chinese Association (2005), of the total of 1,800 'foreign enterprises' (including wholly-owned and joint ventures) and a total of US\$1 billion in foreign capital, over 80% actually belonged to overseas Wenzhounese. The major products such as clothes, shoes and leather produced by overseas Wenzhounese enterprises are related to international trade.

The flows of Wenzhounese capital from overseas, however, are not necessarily limited to the territory of Wenzhou. Depending on the investment environment and local government support, a considerable amount of overseas Wenzhounese capital has been diverted to places outside of Wenzhou and Zhejiang province. Taking the overseas Wenzhounese from Liao Township as an example, of 39 people who had made investments in China, 28 or 72% of them invested within Zhejiang province while 11, or 28%, invested outside of Zhejiang. It is worth noting that 39 people is a tiny number, compared with the more than 22,000 people who had emigrated from this township.

6. Conclusions and Implications

This paper has attempted to examine the links and interactions between international migration from Wenzhou, the ethnic Chinese economy in Italy and the impact on the local development of Wenzhou Municipality. By analysing and displaying the evidence collected from Wenzhou and Veneto respectively, several conclusions and implications can be summarised as follows.

Firstly, the international migration from Wenzhou is part of the "Chinese globalisation" in which the outflow of labour is followed by the international flow of goods and capital. In contrast to the one-way movement predicted by the world system theory, the case of Wenzhounese migration seems to suggest that: A) the new wave of the international migration from Wenzhou since the 1980s can be further divided into several stages and a high rate of growth can be seen since 2000; B) the international flow of labour, capital and commodities takes place in the following order: international migration from Wenzhou, the growth of exports of petty goods, and the growth of foreign direct investment into Wenzhou. It seems that the phenomenon of "Wenzhounese migration" questions the framework and hypothesis of the world system theory.

Secondly, the linkages and interactions of the international flows between capital, labour and commodity elements might not be fully understood unless the demand for and the supply of immigrants' skills in production and management are fully taken into account. Whilst many factors contributed to the international migration from Wenzhou, the evidence from the Italian survey seems to indicate that the industrial transition in Italy has led to an increasing demand for immigrant workers in manufacturing industries, including the garment, leather and shoe sectors. Furthermore, it was the Wenzhounese, rather than other ethnic groups, whose production experience and organisation based on region of origin are similar to Italian counterparts in the garment, leather and shoe sectors. As a result, Wenzhounese entrepreneurs are able to successfully take up this opportunity and meet the demand from the newly emerging immigration sector in Italy. This process seems to suggest that the economic transformation ("demand pull") in Italy and the adaptive and innovative capacities of Wenzhounese entrepreneurship ("supply factor") are more important than other factors, such as the migration culture of "chain migration".

Thirdly, social capital is also important for Wenzhounese in facilitating international migration and their ethnic economy in Italy, which is similar to the case of Wenzhounese in Paris (Wang 2000). This can be seen in three ways: A) social capital has enabled them to overcome various shortages and limitations in languages, local knowledge and capital investment for establishing new businesses; B) social capital has enabled them to foster the international migration of their family members and home communities; C) it has helped them develop economic and political linkages with local, regional and national bodies supporting long-term development in China. It is due to the strong social ties that the international migration and ethnic economy abroad can be successfully integrated into the local and regional development of Wenzhou Municipality, in a similar manner to the internal migration and establishment of Wenzhounese enterprises within China nation-wide.

Finally, the development of Wenzhounese entrepreneurs cannot be separated from, and is increasingly interconnected with, Wenzhou's development of its export-oriented economy. While the development of Wenzhounese entrepreneurs abroad and their social networks with their home society have contributed to the "take-off" of Wenzhou's exports since the mid-1990s, the latter have also caused a boom in international trade within the ethnic Chinese economy abroad. This in turn has encouraged more and more overseas Wenzhounese to return to China as 'foreign investors'. As a result, a virtuous circle has been formed due to the interaction between international migration, ethnic entrepreneurship and the export-oriented economy in Wenzhou.

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ⁱ There were many reports written by journalists and circulated among websites about the inflow of Wenzhounese capital from overseas into the housing market in 2005. No official statements or academic research have been made in this area.

ⁱⁱ Wenzhou Municipality Government has established an organisation called "World Wenzhounese" for information exchange and business development both nationally and internationally. Its website is <http://www.0086577.cn/>.

ⁱⁱⁱ Auhai and Lucheng do not appear in Table 2 due to technical reasons.

^{iv} There are two reasons why Veneto is a good place for conducting our survey. Firstly, Veneto is one of the major industrial clusters in Italy predominated by small- and medium-sized manufacturers in the textile, garment, leather and shoe sectors, similar with the Wenzhou economy. Secondly, reflecting the economic transition in Veneto, Chinese and Wenzhounese enterprises have rapidly developed to fill the gaps. As a result, Veneto has become a major destination for both Chinese entrepreneurs and migrant workers.

^v Using the data from the 2001 census, it is possible to retrace the year of arrival in Italy of the Chinese born abroad and currently residing in the Veneto region (but not that of the residence permit holders). Of the total 4,280 Chinese residents registered in the 2001 census, for instance, 840 (19.6%) came to Italy before 1992, 1,394 (32.6%) between 1992 and 1996 and the rest (47.2%) since 1997. (Source: 2001 Census - Veneto Region - Foreign Resident Population per Immigration Year in Italy: China)