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帶著自己的員工，中國在越南的外國直接投資項目中僱用員工的政策

**Bring their own workers: a study on labor practices in Chinese Overseas
direct investment projects in Vietnam**

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Abstract

Chinese companies have sent Overseas Direct Investment to other countries, as part of the government policy “Going Global”, and one of the practices they have is to carry many of their own workers with them, instead of filling these jobs with local employees, as expected for foreign investments. For the case of Vietnam, the identifiable reasons found in this research on why it happens are first, the need of communication and other special skills from employers; second, that actually not all plants where Mainlanders work are from China, but from Taiwan as well; third, there are changes and gaps in the legislation about migration and work permission in Vietnam that are taken as advantage by Chinese employers; fourth, practices in their own way by Chinese when it comes to business and management; fifth, Mainland workers receive their salaries in bank accounts in China, to save for their families and in foreign exchange; and last, during the research it was found the opposite phenomenon of Vietnamese workers crossing the border to work in neighbor provinces in southern China, earning lower wages after long working hours, among other issues. The first part will focus on theories on foreign direct investment; the second part will talk about the economic growth of Vietnam after the Doi Moi or policy of opening to foreign investments in 1986. The third part will refer to the China “Going Global” Policy and the controversy around the employment of Chinese migrant workers in these projects in different countries. The fourth part will describe the reasons and tensions between Chinese and locals and the reasons for the arrival of migrant workers employed in Overseas investments projects in Vietnam. The fifth part will discuss the findings around the hypothesis and the latter part will set up the conclusions.

Keywords: China, Vietnam, Going global, Doi Moi, Chinese workers, FDI, Overseas investments, Chinese workers

Abstract

很多中國公司直接去到外國投資是中國政府的”走出去”政策。這些去外國投資者期許的其中一個方式是帶著自己國家的員工，而不去僱用當地的員工。就越南這個案例研究指出其可信的理由。第一是溝通的需求和特別的技術。第二，事實上不是所有廠商的員工都是來自中國大陸，有些是來自台灣。第三，在越南一些關於入境和工作許可在立法上的改變和隔閡，對中國員工是有利的。第四，在處理事務和管理上，可以採取中國的方式。第五，中國大陸員工薪水可以用外國幣值存入中國銀行帳戶，供其家人使用。最後在這些議題之外研究中發現，一些越南幽靈工人，從鄰近中國南部的村莊，跨界到中國，用長的工作時間來換取微薄的薪水。

第一部份，我們將會專注在直接去外國投資的理論。第二部份將在越南”經濟革新政策”或是1986的”開放外國投資政策”後，越南的經濟成長。第三部份將會提到中國的”走出去”政策，和在不同國家的投資項目中採用中國移工引起的爭議。第四部份將會敘述中國人和當地人緊張關係的成因和在越南投資項目中僱用移工的原因。第五部份將討論找出所有假設和之後的結果來做成總結。

Keywords:

中國、越南、走出去、革新開放、中國勞工、外國直接投資、對外直接投資、中國大陸員工



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1. Introduction

In 2006, many years after the successful policy of open doors to attract investment inwards, and several years of negotiations that started in 1999 to implement the next step, China decided to widen the scope of its foreign investments attraction policy; this time to go abroad to be themselves the investors –the called “Going Global” strategy-¹. By 2013, China already had accumulated 870.4 thousand million US dollars in overseas direct investments; each one valued over a 100 million dollars.² And as for 2015, was reported that already had surpassed the United States as the main recipient of foreign direct investment (from now on FDI)³.

However, there is a particular situation occurring in most destinations of Chinese overseas projects, which is causing annoyances among the recipients of investments: when Chinese companies arrive, they bring their own employees from Mainland China to work in the projects, rather than hiring local workers⁴. And the same seems to happen in many other places where Chinese investment projects are located, such as the case of Vietnam. Through investments capital and projects⁵, such as infrastructure construction, China is helping Vietnamese making their economy grow, who at the same time wants to copy their economic development model⁶.

¹ MILLER, Ken, “Coping with China’s Financial Power – Beijing’s financial foreign policy”, in *Foreign Affairs*, Jul-Ago 2010 issue, <https://www.foreignaffairs.com/articles/china/2010-07-01/coping-chinas-financial-power> [consulted on April 20 2015]

² Data from World Bank extracted from “Mayor participación en puerta” [English Translation as “Major entry participation”] in *El Financiero*; 14th November 2014, in <http://www.elfinanciero.com.mx/pages/el-mapa-que-te-explica-como-se-mueven-las-inversiones-chinas.html> [revised on 15th November 2014].

³ “China overtakes US for Foreign Direct Investment”, BBC News Online, 30 January 2015 [revised on March 20th 2015] <http://www.bbc.com/news/business-31052566>

⁴ The case of Angola was presented in the BBC documentary “The Chinese are coming –Part 1” (2011), in <https://www.youtube.com/watch?v=kSbZ1wxV87c> [link revised on 18th November 2014].

⁵ According to data from Vietnamese Foreign Investment Agency until Dec. 2012, China is the 13th biggest investor in the Southeast Asian country, represented in 893 projects, with a Total registered invested capital of

During the same time, in the Eighties decade, specifically in 1986, Vietnam also started to implement an open economy to attract investments from abroad, policy known as *Doi Moi*, that indeed helped making Vietnamese economy grow and from which started receiving majority of investments from the U.S⁷, as well as other Asian countries like Japan, South Korea and Singapore and later on, also from China⁸.

But, it is to remember that Chinese and Vietnamese have shared a common history framed in permanent tension since ancient times that has led to a hedging diplomatic strategy from Vietnam towards its neighbor⁹, where they always have played with precaution within its bilateral relations due to a kind of tensed calm, since the Sino-Vietnamese War in 1979.

This lasted the whole next decade, until they signed peace in 1991; the period that is called Normalization of Sino-Vietnamese relations¹⁰. The events of the riots last May 2014, due to the deployment of an oil rig in disputed seas by both countries, proved that once again. This event that was widely reported by the international media¹¹, told stories about how Chinese migrant workers, as well as factories and owners were attacked by the Vietnamese in the turmoil, stirring the resentment, not only by the recent events, but also after years of tension. Later on, the visit of

4,697,221,553 USD. Data Source: • MINISTRY OF PLANNING AND INVESTMENT, Socialist Republic of Vietnam, Brief on foreign direct investment in 12 months, 2012, <http://www.vietnam-report.com/vietnam-fdi/> [accessed the 25 July 2014]

⁶ CHEONG Kee Cheok, LEE Poh Ping & LEE Kam Hing; "China model for Vietnam's economic development", in *Issues & Studies* Vol. 47 No. 4, Dec. 2011, National Chengchi University, Institute of International Relations.

⁷ TRAN Dinh Lam, *Foreign Direct Investment in Vietnam*, Center for Vietnamese and Southeast Asian Studies, University of Social Sciences and Humanities, Vietnam National University, Link:

<http://www.bot.or.th/Thai...nt%2520in%2520Vietnam.pdf> [accessed in July 28 2014]

⁸ Also indicated in Foreign Investment Agency data, *ibid*.

⁹ YANG, Alan Hao, CHEN, Ian Tsung-Yen: "A harmonized Southeast Asia? Explanatory typologies of ASEAN countries' strategies to the rise of China" in *The Pacific Review*, 2013, UK, Routledge, pp. 14-16.

¹⁰ Le Hong Hiep, "Vietnam's Hedging Strategy against China since Normalization", in *Contemporary Southeast Asia*, Vol 35 No. 3 (2013), Institute of South East Asian Studies, p. 333.

¹¹ The coverage by the British newspaper The Guardian is among the most complete.

<http://www.theguardian.com/world/2014/may/15/vietnam-anti-china-protests-oil-rig-dead-injured>

President Xi Jinping in 2015 seemed to be an attempt to calm down the tensions and reassure a strong economic cooperation between the two.

One of the multiple reasons that possibly raise this negative sentiment towards Chinese people is the fact that within the investments coming from China, companies bring their own migrant workers with them, rather than creating more job opportunities for local Vietnamese population, as promised to be one of the goals of receiving foreign investment.

About the methodology, this research has been elaborated using qualitative methods, based on historical, political and IR analysis, rather than from a quantitative economical vision, even though the topic is on economics, and that fact can be considered as one of this research limitations. The main sources of information used have been publications –books and journals-, search for news in both articles and videos, and statistics from governmental sources of both China and Vietnam, as well as other reliable sources like the Asian Development Bank, UNCTAD and the World Bank.

Among the difficulties to elaborate this research are not counting with enough financial resources to do a field trip neither to China or Vietnam; to not speaking Vietnamese language and very little understanding of Mandarin, therefore relying and limiting to the information available in English; and therefore not having access to more comprehensive or precise sources of information about this topic in the original languages.

2. Theoretical Framework: FDI And Employment

There is much discussion about the relation between employment and Foreign Direct Investment (FDI)¹². If it's the best policy to adopt in order to create numerous jobs in a developing country; or if it causes the opposite effect of a massive loss of jobs due to lack of competitiveness, adequate infrastructure for trade and export markets or having weak domestic markets that make inner industries go bankrupt in favor of multinational companies; or if it only benefits the companies involved directly in the investments –either state or private-owned- rather than the investment-recipient economies.

The reality is while the adoption of the policy to call in FDI to generate economic domestic development has not helped much in many global regions -like Latin America and Sub-Saharan Africa-, it was successful in most parts of Southeast Asia, ever since the emergence of the Four Dragons of East Asia since the late seventies –Singapore, South Korea, Taiwan and Hong Kong-, and even after the Asian Financial Crisis since mid 1997, with different results for the several nations of the group known as ASEAN, and in which Vietnam case stands out above the others

¹² LEE Shun Pinn Stan et. Al. "Empirical Analysis of Employment and Foreign Direct Investment in Malaysia: An ARDL Bounds Testing Approach to Cointegration", in *Advances in Management & Applied Economics*, 2011 vol.1, no.3, ISSN: 1792-7544 (print version), 1792-7552; BLOMSTROM, FORS AND LIPSEY "Foreign Direct Investment And Employment: Home Country Experience in The United States and Sweden" in *The Economic Journal*, Volume 107, Issue 445, November 1997 Pages 1787 1797; AITKEN and HARRISON, "Do Domestic Firms Benefit from Direct Foreign Investment? Evidence from Venezuela" in *The American Economic Review*, Vol. 89, No. 3 (Jun., 1999), pp. 605-618; BLOMSTROM and PERSSON, "Foreign investment and spillover efficiency in an underdeveloped economy: Evidence from the Mexican manufacturing industry" in *World Development*, Volume 11, Issue 6, June 1983, Pages 493-501; Cletus C. Coughlin, Joseph V. Terza and Vachira Arromdee "State Characteristics and the Location of Foreign Direct Investment within the United States" in *The Review of Economics and Statistics*, Vol. 73, No. 4 (Nov., 1991), pp. 675-683; LIPSEY, "Home- and Host-Country Effects of Foreign Direct Investment" in Baldwin and Winters, *Challenges to Globalization: Analyzing the Economics*, February 2004, National Bureau of Economic Research; X. LIU, P. SILER, C. WANG, Y. WEI, "Productivity Spillovers From Foreign Direct Investment: Evidence From UK Industry Level Panel Data" in *Journal of International Business Studies* September 2000, Volume 31, Issue 3, pp 407-425, etc.

for its impressive economic and technology development in the last decade. Also leaving aside the very unique case of China as the most notorious in terms of adoption of an open-market system to generate economic growth, it can be said that the adoption of FDI policies all across Asia has been beneficial in terms of general economic growth¹³ and boost the national states.

However, that not necessarily means the jobs created through FDI would always help working population to escape from poverty or get trapped in the harsh labor conditions –issues related to human rights and development- like cheap wages for long shift hours, modern slavery, poor or null workers conditions, negation of human rights to the working force, etc, problems that persist in many developing countries, for which is debatable the link between FDI and human resources development, rather than a policy for mere accumulation of capitals¹⁴.

2.1.Types of Foreign Direct Investment

Bringing FDI has many objectives for each country planning to open its economy or company willing to invest in another territory. Here are the main reasons for the exchange of investments among markets and countries¹⁵:

a. Market seeking projects: These are investment projects that look to conquer the host markets, mostly in neighbor countries. Because of this, there are various important factors to be considered, like the size of the market, in terms of number of population; total host country GDP or GDP per capita; strength of the local firms, active domestic competition or ease of access to

¹³ HUANG Deng-Xing, “Inward FDI and economic development in Southeast Asia” and “Foreign Direct Investment and Economic Development: Vietnam’s experience”; 2012, *Taiwan Journal of Southeast Asian Studies*, Vol. 9, No. 1, Pp. 26-27 and P. 56.

¹⁴ DE SHUTTER Olivier, SWINNEN Johan, WOUTERS Jan, *Foreign direct investment and human development: the law and economics of international investment agreements*, 2013, New York : Routledge. P. 37

¹⁵ TRAN Dinh Lam, *Foreign Direct Investment in Vietnam*, 2013, Center for Vietnamese and Southeast Asian Studies, University of Social Sciences and Humanities, Vietnam National University, <http://www.bot.or.th/Thai...nt%2520in%2520Vietnam.pdf> [revised in July 28 2014], Pp. 4-5.

services and distribution channels, etc. Also the flexibility in investment laws, such as low tariff costs, is attractive for market seeking.

b. Efficiency seeking projects: These projects are thought to take advantage of lower costs of production in different soil to augment profits. The massive labor hand at low cost of wages is a characteristic of this type. So as the capacity of skills and education of workers is considered an advantage. Also to take into account is the efficiency in transport, communications, and infrastructure, and the value of the currency, in which case is preferable a stable and under valued exchange rate to generate more profits.

c. Resource seeking projects: All related to commodities, raw materials, natural and energy resources, where they are not scarce or of expensive processing. For these projects to be attractive for investors is important the legal and environmental issues, as well as the conditions of extraction infrastructure; thus political stability is a key factor for these investments, same as agility in bureaucratic procedures and requirements and offers to competitors, when needed.

2.2. Three scenarios of FDI and employment

The relation between FDI and employment can be seen through three different focuses. The first one is the arrival of capitals via investments that helps generate a more active commercial activity, by opening of shops and stores that moves flows of money, or create jobs in the services sectors that are linked to industrial production¹⁶. The second one is a renewal of personnel or capital injections to obsolete or stagnant firms or movements like mergers and acquisitions of local companies to either make them bigger or help as a platform for entering easily to a

¹⁶ LEE Shun Pinn Stan et. Al. "Empirical Analysis of Employment and Foreign Direct Investment in Malaysia: An ARDL Bounds Testing Approach to Cointegration", in *Advances in Management & Applied Economics*, 2011 vol.1, no.3, ISSN: 1792-7544 (print version), 1792-7552 (online); International Scientific Press, P. 77.

domestic market in a more familiar way¹⁷. The third one is an increase in the host country unemployment by the bankruptcy of local businesses because of not having enough resources to compete with multinational of foreign companies that offer the same goods and services, but with better quality, major capacity of research & development (R&D), cheaper prices or more attractive and well-managed marketing strategies, among other reasons¹⁸. This last case occurred during the nineties decade in Latin America¹⁹. That is why the generation of employment through FDI is still very controversial and discussed.

2.3. Cases of FDI in Asia

Huang Deng Xing and other authors²⁰ have pointed out the Flying-Geese paradigm as a theoretical explanation on how most East Asian countries introduced the attraction of foreign investments to develop their economies, especially after the cases of Japan and the Four Dragons since the seventies. This theory date back from the 1930's by Professor Kaname Akamatsu, which raised a scheme in which all Asian countries are aligned like a flock of geese into development. Following the rise of Japan in the 1960s after the post Second World War period²¹

¹⁷ LEE, *Ibid.*

¹⁸ LEE *Ibid.*

¹⁹ LIPSEY (2004) "Home- and Host-Country Effects of Foreign Direct Investment", *Op. Cit.* P. ; FEENSTRA Robert, HANSON Gordon, "Foreign direct investment and relative wages: Evidence from Mexico's maquiladoras" in *Journal of International Economics*, Volume 42, Issues 3–4, 1 May 1997, Pages 371–393; AITKEN and HARRISON, "Do Domestic Firms Benefit from Direct Foreign Investment? Evidence from Venezuela" in *The American Economic Review*, Vol. 89, No. 3 (Jun., 1999), pp. 605-618. Also see the numerous works by authors Guillermo O'Donnell and Boaventura de Souza Santos, on the impact of the arrival of Multinational corporations on employment and labor conditions for the population in Latin America.

²⁰ HUANG Deng-Xing, "Foreign Direct Investment and Economic Development: Vietnam's experience"; 2012, *op.cit*; KASAHARA Shigehisa, "The Asian Developmental State And The Flying Geese Paradigm", *UNCTAD Discussion Papers*, No. 213, Nov. 2013, http://unctad.org/en/PublicationsLibrary/osgdp20133_en.pdf [seen May 18 2016].

²¹ CORNIA Giovanni, KIISKY Sampsa, "Trends in Income Distribution in the Post-World War II Period", Sept 2001, *World Institute for Development Economics Research Discussion Paper No.2001/89*, United Nations University, Florence, Italy, in

and later the Four Dragons from the seventies, the theory gained again popularity to explain East Asian development, led by the most advanced nation, in this case Japan, who directs the rest of countries ahead into development, then followed by South Korea, Singapore, Taiwan and Hong Kong; queuing behind are the ASEAN leaders Thailand, Malaysia and Indonesia and on the back were located the least developed countries back then, China, Vietnam, Philippines and others²². The characteristics of this East Asian Developmental State –as is known- are a responsible management of macroeconomic issue, achieve stability, an agile and efficient bureaucratic system, understanding between the state and private business sector and a well-planned industrial and development policy with public control and accountable management of resources²³.

It seems therefore logic how basically this scheme seemed to show the following route in the East Asian economic development as it happened in reality. The only difference is that after the Asian Financial Crisis, the so-called “leading goose” of the region is now China, rather than Japan, and it was a natural leader for the late-comer transition of socialist regimes that emerged into an opening market system, but for this case using China as an unique example of transition to an open-market transition inside a one-ruling-party political system. For Vietnam, the benefits of FDI let them solve the lack of capital, lagging in technology and strengthen its skills for commerce²⁴. However the labor problems seem to remain, despite a reduction in the unemployment rate.

https://www.researchgate.net/profile/Giovanni_Cornia/publication/23984901_Trends_in_Income_Distribution_in_the_Post-World_War_II_Period_Evidence_and_Interpretation/links/54aab7970cf2ce2df668aec1.pdf [accessed in August 15th 2016].

²² HUANG, *op.cit.*; KASAHARA, *op.cit.*

²³ KASAHARA, “The Asian Developmental State...”, *Ibid.* UNCTAD, 2013, P. 2.

²⁴ HUANG, “Foreign Direct Investment...” *Ibid.*

2.4. Critical vision of FDI and Labor Markets

And that is one of the critical visions on FDI and labor. Professor Rhys Jenkins presents a more critical focus on this when analyzing the case of Vietnam related to globalization and employment²⁵. In first place, effects of FDI in labor markets can be both positive and negative. Through investments is possible to create new “greenfield plants” that increase the labor-intensive industries, or create linkages among local firms. The labor increase also occurred by training of employees and technology transfer –one of the actual benefits of FDI for economies– that would spillover from foreign to local firms. Other of the benefits is the possibility of higher labor conditions and wages than the encountered in the domestic market, or more stability if the company is big enough²⁶.

Among the negative effects, there are direct and indirect ones and depend on quantity of jobs, quality and location. The acquisitions sometimes create a restructuring of personnel, and as a result reducing the amount of jobs the local firms hired before, since for capital-intensive industries, the investment in creating new jobs is very low. It introduces uncomfortable practices of hiring and promoting employees, such as only creating jobs for very specialized skills or unstable and highly competitive work environment inside the firm. And it creates an impact in the host place where the FDI project is located, since the arrival of more employees would put a pressure in already overcrowded urban spaces and facilities. There is also the risk of absolute dependence of the projects results in terms of import sales. If the venture do not create the profits expected or a change of location of the project is decided, then it causes major job loss in a community previously benefited by the FDI. And in an attempt to compete successfully in the

²⁵ JENKINS Rhys, “Globalization, FDI and employment in Vietnam” (2006) *Transnational Corporations*, Vol.15, No 1 http://biblioteca.hegoa.ehu.es/system/ebooks/15903/original/Globalization_FDI_and_Employment_in_Vietnam.pdf [consulted in June 20 2016]

²⁶ JENKINS R., *Ibid.* P. 116.

domestic market, the foreign firm would reduce the wages of its workers to compensate the low attractive prices to consumers and not lose profits. Finally, if the foreign company relies on import suppliers, it would displace the local production and generate imbalance of job markets²⁷.

The next section will see how Vietnam has taking advantage of the arrival of capitals derived from FDI and also its negative effects.



²⁷ JENKINS, *op.cit.* P. 117.

3. Vietnam Economy: Benefits And Disadvantages From FDI

Vietnam economy has much benefited from receiving Foreign Direct Investment (FDI); one of the aspects is creation of employment. By the decade of the 1980s, the country's infrastructure was in deplorable conditions and the primary sector –mostly agriculture- was the main engine of a modest and impoverished economy, compared to their more developed neighbors in Southeast Asia, like Singapore, Malaysia or Thailand. After the arrival of the foreign investments, the biggest cities –Ho Chih Minh and Hanoi-changed drastic and dramatically in the awake of the nineties decade, being the streets flooded with advertisement banners promoting the famous western brands when globalization appeared in the socialist country²⁸, until becoming in one of the fastest-growing economies of Southeast Asia within the next 25 years from then, even competing with China to host investments from foreign nations. However, the quality of employment created by FDI is not always beneficial for the majority of its population, many of those earning much less for long hard working hours and in the case of China's investments, not even jobs were provided.

3.1. Origins of Doi-Moi policy

Vietnamese economy has been for 20 years one of the fastest growing ones in Southeast Asia. This was possible after the ruling Communist Party launched the open system reform, that triggered the economic growth. The opening reform known as “Doi Moi” adopted from 1987- which means “renovation” in Vietnamese language- was a response to a socioeconomic crisis inside the country and a need to separate the economy from the state in times of big changes in

²⁸ HIEBERT Murray, *Chasing the Tigers*, 1996, NY, Kodansha International Ltd., Pp. 113-118

international politics. All of that, in order to build a flexible framework for economic, social and political reforms: a socialist market economy, people requesting more accountability from the authorities and to rethink a more representative role of the National Assembly²⁹.

This situation was not by chance. Not only was Vietnam passing through a major political change. So did China with the reform made by Deng Xiao ping since 1978 and the one made by Gorbachev during the mid eighties in the Soviet Union. There was an international time that was moving into globalization and free and open markets, away from a tight control of the economy by the state, which was prevalent in all the mentioned countries³⁰.

Table 1

Process of Doi Moi Policy: Key dates
<ul style="list-style-type: none"> • 1987: Promulgation of first Foreign Direct Investment Law • 1991: Normalization of diplomatic relations with China • 1992: Constitution of the Socialist Republic of Vietnam • 1994: Drop of U.S. embargo • 1995: Admission into ASEAN • 1996: Law on Foreign Direct Investment within the 1992 Constitution • 2000: Amendment of FDI Law • 2007: Admission into WTO

²⁹ SALOMON Matthieu, "Power and Representation at the Vietnamese National Assembly: The scope and limits of political Doi Moi", in BALME S. and SIDEL M. *Vietnam's New Order: International perspectives on the State and Reform in Vietnam*, 2007, NY, Palgrave Macmillan. Pp. 200-201.

³⁰ TSUBOI Yoshiharu, *Twenty years after the adoption of the Doi Moi policy*, 2007, Waseda University, in https://dspace.wul.waseda.ac.jp/dspace/bitstream/2065/12801/1/43_070321-Tsuboi-e.pdf [consulted on May 27 2016]

Until 1986, the country had followed a strictly planned economy from the central headquarters of the Communist party in Hanoi and a strategy of substitution of imports and restriction in trade, which included high tariffs in products from abroad and avoidance of competition between domestic market and imports³¹. After Doi Moi, Vietnamese economy opened and became market oriented, which made a reduction in inflation from 780% in 1986 to 14.4% by 1994. And after almost two decades, by 2010, it reached a gross domestic product (GDP) of 103 billion USD and a GDP per capita of 1174 USD³². Among the measures taken by the government was a great investment in state-owned enterprises, creating a friendly environment for entrepreneurial projects, with very relaxed laws for making investment attractive inside the country³³.

Once the economic system opened, Vietnam became very attractive for export-driven investments by foreign companies and for the development of infrastructure like highroads, telecommunications and power plants. This was possible through the promulgation of the Law of Foreign Investment in 1987. Among the government policy objectives were to “expand cooperation with foreign countries, develop the national economy and increase exports on the basis of efficient exploitation of natural resources, labor, and all other potential of the country; (...) encourage and create favorable conditions for the investment in Vietnam by foreign organizations and individuals and the expansion of cooperation and investment between foreign countries and Vietnamese economic organizations from all sectors.”³⁴; therefore reducing

³¹ BHATT, P.R., “Causal Relationship between Exports, FDI and Income: The Case of Vietnam”, in *Applied Econometrics and International Development*, Vol. 13-1 (2013), Pp. 161-162. In <http://www.usc.es/economet/journals1/aeid/aeid13113.pdf> [consulted on May 16 2016].

³² UNCTAD, Hand Book of Statistics, 2010, in <http://unctad.org/en/pages/PublicationArchive.aspx?publicationid=2382>

³³ BHATT “Causal Relationship...” *Ibid.* P. 163

³⁴ SOCIALIST REPUBLIC OF VIETNAM, *Law on Foreign Investment in Vietnam*, Hanoi, December 27 1987, [accessed on August 15 2016 in link <http://www.kenfoxlaw.com/resources/legal-documents/laws-and-codes/12462-luat-sp-32177.html>]

obstacles to foreign investments, ownership and private sectors, liberalized trade, deregulated prices to combat high inflation, and state companies reformed.

Nowadays, Vietnamese legislation on FDI is very flexible and permissive, in order to ease the environment easier for private investors and impulse development of human resources, which is one of the purposes of this policy³⁵.

Table 2

Vietnam economic indicators (comparison) ³⁶			
	1986	1994	2010
Inflation	780%	14.4%	6%
GDP (percentage)	No data	8.8%	6.8%
FDI Projects (capital in USD)	No data	1048 million	7100 million
Unemployment Rate	No data	*Employed: 32.2 million people	2.0%

3.2. Growth in Vietnam economy: money comes and entering in new industries

After dropping the trade embargo in 1994, United States got approved 30 percent of projects, reaching USD 10.9 billion at the end of the very first year. By the end of 1995, investment projects summed up an amount of USD 18.2 billion. In the same year, Malaysia got approved projects for a sum of USD 8.2 billion, Taiwan for USD 3.3 billion and Korean companies got contracts for over USD 500 million. Behind were Hong Kong and Singapore and leading that group was Japan as the biggest investor and aid donor for Vietnam³⁷. Back in that time, China

³⁵ BHATT, "Causal Relationship..." *Ibid.*

³⁶ Sources: UNCTAD, ADB, General Statistics Office of Vietnam

³⁷ HIEBERT Murray, *Chasing the Tigers*, Pp. 133, 134, 144.

was more a competitor of Vietnam to receive foreign investments, rather than generating its own and collaborating with each other.

Vietnam has reached a 39.7% of the GDP and 4.7% of economic growth by 2008³⁸. Many sectors have contributed to this economic growth, including export-based industries, processing and manufacturing, energy –oil, gas, coal- and other natural resources, real estate and construction. From 2012 to 2015, the entry of capitals derived from FDI reduced the trade deficit of USD 96 million and turned it into a surplus of USD 17.15 billion. Another most recent sector Vietnamese economy is exploring recently is in services using high and information technologies, such as mobile apps for travelers and low-cost airline on the internet³⁹.

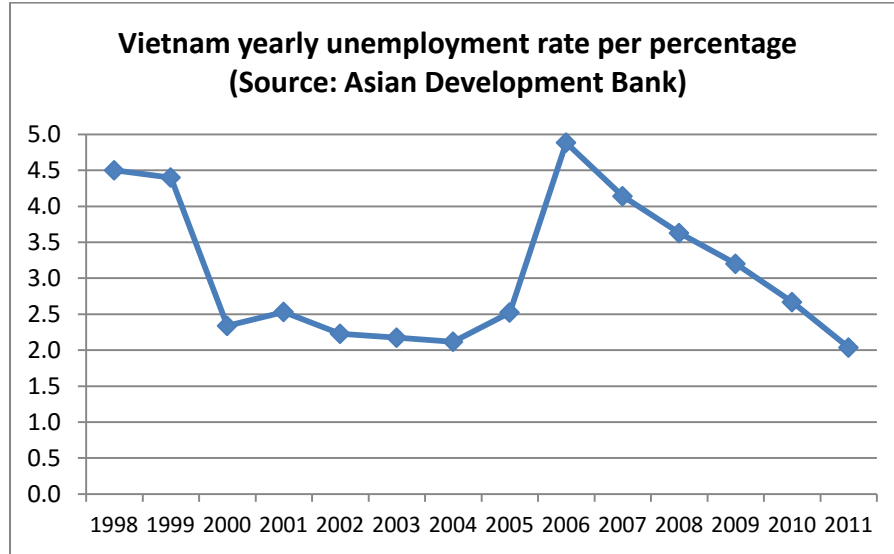
This also contributed to the reduction of unemployment rate. The records from 1998 mark 4.5 percent of unemployment. With two small variations going down as a result of the Asian Financial Crisis from 1997 and dropping down again during the times of the Global crisis in 2007, but in any case never climbing up to 5%, by 2011, the unemployment rate marked a 2.0 of percentage⁴⁰.

³⁸ UNCTAD, Hand Book of Statistics, 2010

³⁹ “Like Uber for local experiences”, *CNN news online*, section *Road trip to ASEAN*, in <http://edition.cnn.com/videos/world/2016/05/19/road-to-asean-vietnam-triip-me-pkg-lu-stout.cnn> [seen and consulted in May 2016]

⁴⁰ ASIAN DEVELOPMENT BANK, Vietnam Data 2011, in www.adb.org/publications/viet-nam-fact-sheet [consulted in Feb 2015]

Figure 1



3.3. Investment Countries in Vietnam and China enters as an investor

The main investor countries vary per year, being predominant in the first places South Korea, Japan, Taiwan and Singapore. In representation of China, Hong Kong contributed to Vietnam GDP with USD 3 billion in approved projects in 2014, which equals 14.8% of incoming investments that year⁴¹. Investments from China, although not among the first places of biggest investors like the mentioned above, they are not insignificant either. From 2012 climbed from the number 13th to the number 9th of major capitals brought with USD 7.952 million and 1.089 projects approved. Its contribution in 2013 was through the building of a coal-fired power plant in Vinh Tan with an investment capital of USD 2.018 billion⁴², same that later on was affected in the riots in May 2014. By December 2015, there were not significant projects coming from China, which in part can be explained for the same reason or the ban promulgated from Chinese government to warn its citizens to go or visit Vietnam, topic to be detailed in chapter 4.

⁴¹ All paragraph data from Ministry of Planning and Investment of the Socialist Republic of Vietnam, 2015, in <http://www.mpi.gov.vn/en/Pages/ktXH.aspx?idcm=289> [consulted in May 2016].

⁴² Ministry Of Planning And Investment of Vietnam; 2015; *Ibid.*

Table 3

Ten major investor countries in Vietnam by 2014			
No.	Investor	Projects	Total registered capital (million USD)
1	S. Korea	4.110	37.233
2	Japan	2.477	36.891
3	Singapore	1.351	32.745
4	Taiwan	2.368	28.401
5	British Virgin Islands	549	17.987
6	Hong Kong	869	15.463
7	U.S.	717	10.937
8	Malaysia	484	10.768
9	China	1.089	7.952
10	Thailand	374	6.691

Source: Ministry of Planning and Investment of Vietnam, 2015.

3.4. Labor and bureaucracy problems along with the FDI

However, the great economic growth derived from the capitals that investments have not only brought benefits to Vietnam. Problems related to labor have risen all along the way, mostly affecting to manufacturing workers. First, the precarious wages paid to workers after long labor hours, being the highest monthly salary expected 2 million dong –either working for an FDI or a domestic company-, which represents around less than 100 USD⁴³. So, despite the multiple job opportunities foreign companies can create, these do not release working population away from poverty, but sometimes rather condemn them to labor exploitation and deprivation⁴⁴.

⁴³ Data: ARNOLD (below). Source: American Chamber of Commerce Vietnam, <http://www.amchamvietnam.com/?id=4773> [accessed on August 16th 2016]

⁴⁴ On this part, see ARNOLD D. "Social Margins and Precarious Work in Vietnam" (Pp. 468-487) and HEWISON K. and KALLEBERG A. "Precarious Work and Flexibilization in South and Southeast Asia" (Pp. 395-402), both articles in *American Behavioral Scientist*, 2012, 57 (4), SAGE Publications.

This is such the case of worldwide famous garment brands like H&M, Mango or Marks&Spencer, whose suppliers have located many factories to Vietnam. This industry employs mostly young women to work for strenuous shifts and they even express themselves have received around 160 USD (or 145 Euros) every month, which equals the selling price of five t-shirts in Europe, while they make thousands of those, apart from claiming they have been treated worse than animals and not like people⁴⁵. This case reminds much of the news about the collapse of the factory building Rana Plaza in Bangladesh on April 23th 2013 where “most (victims) were female garment workers.”⁴⁶

Second, even though the legislation to bring FDI to Vietnam have relaxed much, the highly-centralized bureaucracy and long and slow administrative processes is still a hassle for foreign businessmen, that often encounters gaps in the laws and corruption⁴⁷. Confusing requirements, too many formalities and slow process to issue working permits is one of those recurrent troubles that may affects trade and investments; persistent problems since mid nineties until even 2014⁴⁸.

Before seeing in detail the interaction between Vietnamese and Chinese, a brief look on Chinese investment policy history will continue, with a special emphasis in the outwards investments they carry abroad and on which conditions.

⁴⁵ Case presented in the Spanish TV program *Salvados*, chapter “Fashion Victims: What’s behind low-cost clothing?”, La Sexta Channel, February 17 2016, at 21:30 [consulted on March 21 2016] link: http://www.lasexta.com/programas/salvados/avances/salvados-explica-fenomeno-fast-fashion-producir-ropa-barata-que-dure-muy-poco-tiendas_201602175723bb154beb28d446ffff1e.html

⁴⁶ “Bangladesh factory collapse toll passes 1,000” in BBC News Asia, <http://www.bbc.com/news/world-asia-22476774> [accessed on August 15th 2016]

⁴⁷ HIEBERT Murray, *Chasing the Tigers*, 1996, NY, Kodansha International Ltd., *Op. Cit.* Pp.136-141

⁴⁸ “Confusing work permit policy concerns foreigners in Vietnam” *Thanh Nien News*, Friday June 6 2014, in <http://www.thanhniennews.com/business/confusing-work-permit-policy-concerns-foreigners-in-vietnam-26977.html> [consulted on December 29 2015]

4. China Outwards Investment Policy

Vietnam is not the only country where China has invested, but it is one more country on the list having a lot of problems when these investments arrive, and complaining about the lack of job creation from the companies that establish factories, plants and businesses, as part of the policy of overseas investments Beijing has agreed with many governments. In the following chapter will be analyzed this policy, to see if those results are related to a political decision by the government and the business owners or just due to the pragmatism of the Chinese when it comes to its foreign policy.

Rather than intend to harm a country's economy on purpose, it seems instead China has its own rules and is trying to practice another type of foreign policy, away from Western liberal norms that predominate in the international system, and more based in their identity, strong nationalism and in defense of their rising economy over all. That is probably one reason why the Overseas Direct Investment Policy (對外直接投資), known as "Going global" (走向世界), has created a big controversy among all the recipients of Chinese investments, when companies arrive to the countries with Mainland Chinese workers instead of creating jobs for local population where they arrive⁴⁹.

The most documented case of application of Chinese overseas investment policy is in Africa, but these unusual practices appear in most countries where they go, including Latin America and Southeast Asia, like the case of Vietnam, which is very special for historical reasons. But before

⁴⁹ See in Appendix A "5. Circular of the Ministry of Commerce of the People's Republic of China on Printing and Issuing the Provisional Measures for Administration of Labor Service to Foreign Contracted Projects", MOFCOM

seeing the problems with the overseas investments, it is first needed to take a look at the origins of this policy and try to understand the logic behind Chinese foreign relations.

4.1. Chinese IR Theory discussion: short review

To address a clearer understanding of foreign policy from a Chinese point of view, a good start is to listen to what they have to say. Scholar Wang Jisi presented a Chinese perspective of International Relations (IR) theory⁵⁰, by the times of big economy's growing in the nineties. Although PRC experts were keen to learn about Western IR literature and the classic realist theory made a greater impression on them, the way international issues are observed from a Chinese approach is different; therefore scholars needed to formulate a coherent conceptual framework to deal with changing times in a more connected China with the rest of the world⁵¹.

For Chinese, theories are policy-oriented or much related with decisions taken by the Party and, since foreign relations are among the more sensitive areas for the government, so those theories are considered private issues to let being public and thus hardly known⁵². Another characteristic of Chinese political tradition is that simple generalizations are more taken into account than Western theories that are seen more ethereal, *empty talk* or not based on real facts -like Behaviorism was considered too abstract by Huan Xiang, Deng Xiaoping's foreign policy advisor- whereas Chinese trust more in simplify general conclusions from facts, often leading to confusion when interpreted⁵³.

⁵⁰ WANG Jisi, "International Relations Theory and the Study of Chinese Foreign Policy: A Chinese Perspective", in ROBINSON Thomas, SHAMBAUGH David, *Chinese Foreign Policy: Theory and Practice*; UK, Clarendon Press, Oxford, 1994

⁵¹ WANG, *Ibid.* P. 481

⁵² *Ibid.* P. 483

⁵³ *Ibid.* Pp. 491-497.

However it is not like the international behavior of China cannot be explained, but one should rather pay attention of its reactions to global events, which involve socialist ideology, Chinese national interests, domestic and international situation, and the climate around leadership changes, among many factors. By the nineties, political studies on Chinese international decision-making had not been yet systematized or successful compiling theories to explain⁵⁴.

Almost twenty years later, in 2013, scholar Wang Hung-jen presented similar reasons why Chinese IR theories should be seen from a different light than the ones from the West –realism, interdependence, world system and behaviorism, to mention some-, arguing that there is a close relations between IR scholarship and foreign policy goals based on state interests, besides the strong influence of identity and the spirit of China's rise as a factor for academy thinking⁵⁵.

Wang proposed these factors shape the policy oriented with other strong world powers like the U.S. and Japan, as well as with the neighbors in Southeast Asia, where the discourse emphasizes in cooperation, negotiation and dialogue, but for the case of Vietnam, relations are also defined by historical tensions and disputes for territorial interests. The critic of this study by Amy King lies on the lack of direct interviews to Chinese IR professors and officials to confirm or reject the idea that the CCP defines the scholar research guidelines or the academics point of view⁵⁶.

Authors Heilmann and Schmidt also proposed there is a multilevel policy experimentation and informal business activity to continuously help with China's expansion⁵⁷. Framed by the Five-year plans, Chinese foreign policies are long-term strategic but with a fast-pace change nature,

⁵⁴ *Ibid.* Pp. 499-500.

⁵⁵ "The Rise of China and International Relations Scholarship" by Hung-jen Wang, Review by: Amy King, *The China Journal*, No. 72 (July 2014), P. 195.

⁵⁶ King, *China Journal*, *Ibid.* p. 196

⁵⁷ Sebastian HEILMANN and Dirk SCHMIDT, "China's Foreign Political and Economic Relations: An Unconventional Global Power",. Book review by VOLZ Ulrich, in *The China Quarterly*, Volume 224, December 2015, p. 1096.

since every five years means a new reform based on experiences from the results of each policy⁵⁸.

4.2. Jiang Zemin and the origins of Going Global policy

Although the Going Global policy started by 2006, the idea of taking Chinese companies out of the borders to establish factories to produce and invest in other countries –particularly with the neighbors- was long discussed on the previous years by the Communist Party.

After the great results of the opening up policies that received investments from foreign countries in China soil, since Deng Xiaoping led the economic reforms throughout the 1980s, it was time for his successor Jiang Zemin to think about the future and to maintain the progress of Chinese economy. It was Jiang in 1997 who first proposed the next step in the opening up reforms to the National Congress. One of the main points to highlight was to strengthen state-owned enterprises to turn them into large groups, competitive enough to go invest in trans-national operations, in order to increase the offer of goods and labor services abroad⁵⁹. The other point is the non-interference by the government in the ownership of enterprises, and although there might be a direct financing to support their growth, there is a separation in administrative functions between the enterprises and the state⁶⁰, for the state will not take responsibilities in companies' practices and operations. These points can be taken as earlier guidelines in later proceeding by Chinese companies investing abroad.

⁵⁸ VOLZ; "China's Foreign Political...", *Ibid.* p. 1097.

⁵⁹ Jiang Zemin's Report at the 15th National Congress of the Communist Party of China, Source: *Beijing Review*, http://www.bjreview.com.cn/document/txt/2011-03/25/content_363499.htm [consulted on November 28 2015]; Also: SHAMBAUGH David, *China goes global: The partial power*, 2013, UK, Oxford University Press, P. 175

⁶⁰ Jiang Zemin Report, *Ibid.*

So, the origins of “Going global” date long before the actual policy was implemented in 2006, in the nineties, around at the same time with normalization of relations with Vietnam and when investments arrival changed the face of both countries.

4.3. Going global: outwards investments became important and their guidelines

In July 2004, the document called *Guidance Catalogue for Overseas Investments in Foreign Countries and Industries* was promulgated, which defines the type of investments to be made abroad by China. The official start of the “Going global” policy is framed between 10th and 11th Five-year plans from 2002-2005 to 2006-2010⁶¹. By January 2015, a draft of the revised Investment Law had been already prepared by the Ministry of Commerce⁶² the institution in charge of managing all related to “Going global” policy⁶³. The need for this policy was to release the pressure of excessive reserves of foreign currency –in this case U.S. dollars-, and to make domestic companies more competitive by interacting in developed markets⁶⁴, among others.

The purposes of the outwards policy are 1) To seek natural resources that are scarce in China; 2) to promote Chinese exports; 3) to develop and improve R&D through the support of technologies from advanced countries and 4) to make Chinese companies more competitive by the incursion

⁶¹ ZHANG D., FU G. and LIU Z. “Hainan, Yunnan and Guangdong State Farms’ Natural Rubber “Going Global” Strategy and Cooperation with ASEAN Countries” in *China-ASEAN Relations: Economic Engagement and Policy Reform*, 2009, Institute of China Studies, University of Malaya, Kuala Lumpur, P. 105-106; DAVIES K. (2013) “China Investment Policy: an update”, OECD Working Papers on International Investment, 2013/01, OECD Publishing, in http://www.oecd.org/china/WP-2013_1.pdf [accessed on June 2016], P. 35

⁶² MOFCOM People’s Republic of China, *2015 Business Review V: Stable and Rapid Development of Foreign Investment and Cooperation*, January 11 2016, [consulted on February 5 2016] [\[http://english.mofcom.gov.cn/article/newsrelease/significantnews/201601/20160101235300.shtml\]](http://english.mofcom.gov.cn/article/newsrelease/significantnews/201601/20160101235300.shtml)

⁶³ DAVIES (2013) OECD *Ibid*. P. 40

⁶⁴ See “Circular of the State Administration of Foreign Exchange of the People’s Republic of China, on Foreign Exchange Policy Adjusting on Some Overseas Investment” August 30 2006, MOFCOM; and *10th Five-year Plan*, http://www.gov.cn/english/2006-04/05/content_245624.htm [accessed on August 3 2016], both in Appendix A.

in single ownerships, joint ventures, cooperative enterprises, mergers & acquisitions, holding shares, injecting capital and permute stocks with firms from abroad⁶⁵. Author Jie Yu remarks the three types of Chinese firms that take part in the outwards investments: the first is its own Sovereign Wealth Fund (SWF) *China International Investment Corps* (CIC), in charge of approval and support the finance of investment projects that go abroad; the second is the State-owned Enterprises, highly connected to government officials; and the third are the Large Private-owned Companies, managed by its own director boards and not link to the government for decision-making⁶⁶. Different private-sector chambers of commerce also issue other types of guidelines for Chinese enterprises, like Metals, Minerals and Chemicals or Foodstuff and Native Produce, that regulates business practices and the start stage of projects seeking for resources abroad like mining and palm oil⁶⁷.

But the main problem with this Guidance Catalogue is its limitation only to stipulate the type of economic sectors Chinese companies can invest in, as well as the restricted and prohibited sectors, but does not give any advice or recommendation on challenging issues and conflict topics like labor conditions or managerial practices while in other countries. In the same way, The Ministry of Commerce also issues a list of *China's Qualified Overseas Contractors*, with 4195 companies listed as registered. In this document, one of the parts –the scope of business– specifies for all companies that are appointed to start foreign projects that: “2. *dispatching*

⁶⁵ See *Abstract of the 11th Five Year Plan outline and 10th Five Year Plan* (Appendix). Also, VOSS Hinrich, *The determinants of Chinese Outwards Direct Investment*, 2011, UK, Edward Elgar Publishing, p. 79

⁶⁶ YU, Jie (Cherry), *Firms with Chinese Characteristics*, Pp. 32-34.

⁶⁷ China Chamber of Commerce of Foodstuffs and Native Produce (CFNA) *Guide for Overseas Investment and Production of Sustainable Palm Oil by Chinese Enterprises*, Oct 2015, in http://www.rt13.rspo.org/ckfinder/userfiles/files/China%20SPO%20Guide-PRODUCTION-Version%203_0-RT13_ENG.pdf; China Chamber of Commerce of Metals, Minerals & Chemicals, *Guidelines for Social Responsibility in Outbound Mining Investments*, 2014, in <http://www.cccmc.org.cn/docs/2014-10/20141029161135692190.pdf> [both consulted on May 17, 2016]

*necessary contract workers to implement the above-mentioned foreign projects.”*⁶⁸, which seem to be a implicit agreement from the government to let the open door to companies to take their own workers in the project being undertaken abroad.

4.4. China as a major world player in investments inwards and outwards

China became the second worldwide biggest recipient of FDI behind the United States since 1993. By the year 1996, the investments that China had taken outwards were valued over \$18 billion, following Hong Kong, with \$112 billion –before they joined the Mainland-, Singapore with \$37 billion and Taiwan with \$27 billion. As its power rapidly expanded throughout the years, the participation of China in the regional and global economy, through both inward and outward FDI as well as in trade, became more transcendent the international political economy⁶⁹.

By 2013, China accumulated investments over USD 870.400 million all around the world, getting involved in different sectors, including energy, transport, metals, real estate, finances, agriculture and technology. By 2015, China had already surpassed the U.S. as top destination for foreign direct investment. Foreign firms invested \$128 billion in China, while only \$86 billion were taken into the U.S., according to UNCTAD, mostly on services sectors, rather than manufacture, as it might be thought, in times where the global economy do not move around so much after the financial crisis⁷⁰. At the same time, and after its spectacular economic growth, China also became an important investor beyond its borders, since is the largest outward investors from the developing countries, even before being one of the largest economic powers.

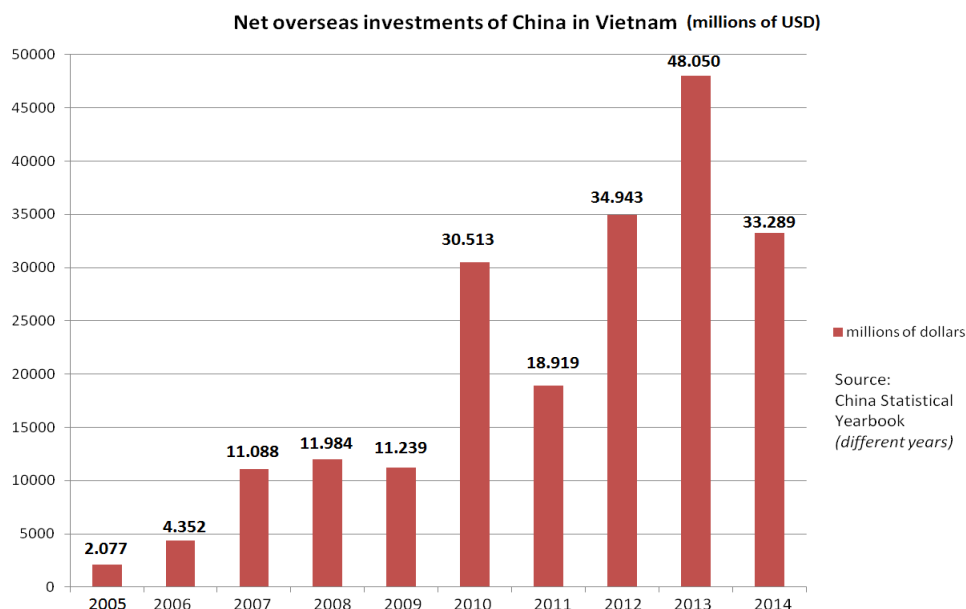
⁶⁸ MOFCOM, *List of China's Qualified Overseas Contractors*, in http://wszw.hzs.mofcom.gov.cn/fecp/zsma/corp/corp_ml_list_en.jsp [consulted on June 20, 2016]

⁶⁹ CAI Kevin, “Outward Foreign Direct Investment: A Novel Dimension of China's Integration into the Regional and Global Economy”, in *The China Quarterly*, Volume 160, December 1999, p. 856

⁷⁰ “China overtakes US for foreign direct investment”, *BBC News Online – Business*, in <http://www.bbc.com/news/business-31052566> [consulted on March 26 2016].

Investments in Vietnam among 2005 and 2013 reached the USD 11000 million⁷¹. The growth in the net overseas investments to its neighbor country since 2005 has been consistent, with a slight turndown in both 2011 and 2014, to achieve a spectacular rise in the last years⁷², taking note that the first years these are not related to financial investments and that the decrease in 2014 might have occurred due to the events in May that year.

Figure 2



Main economic sectors China invests in Vietnam are mining, processing and manufacturing and construction. There are fewer projects in agriculture, forestry, fisheries, and high-tech industry, represents about 3.8 of total Chinese ODI in the country. Most of these projects are of small-scale, owned by small and medium enterprises, and are located all around the country, with

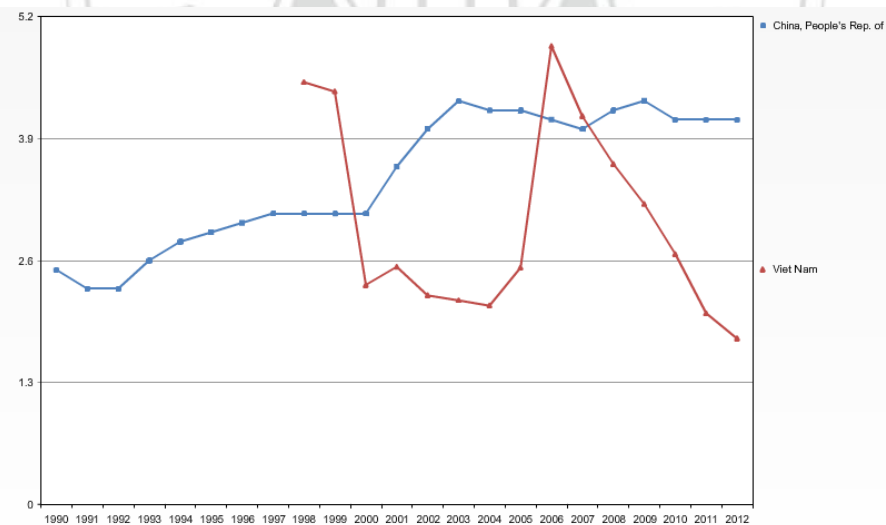
⁷¹ Data source: World Bank. In "Inversiones Chinas en el Mundo", *El Financiero*, 14 Nov. 2014.

⁷² CHINA STATISTICAL YEARBOOK (different years from 2005-2015), in <http://www.stats.gov.cn/tjsj/ndsj/2015/indexeh.htm> [consulted in November 2015 and June 2016]

special concentration in the northern border and in Ho Chi Minh City, which gathers majority of Chinese ethnic population. Of these projects, the type that causes bigger flow of Mainland workers are the construction projects, from expert engineers and managers, technicians in diverse areas to blue-collar workers with basic skills⁷³.

The monthly average wage in year 2000 for urban China was 9333 yuan, -that is, to USD exchange rate of today, around 1400 USD-. In the same period of time, year 1999, the average wage for the average for the whole country in Vietnam was 295 USD. By year 2010, the average wage in urban China was 36539 yuan –around 5400 USD-, whereas the wage for Vietnam was 1387 USD⁷⁴. When it comes to unemployment comparison, while between 1997 and 1998, Vietnam had around 4.5% of unemployment, China was below 3.0%. By year 2012, Vietnam unemployment rate dropped to around 1.5%, and in China stayed in around 4.0%.⁷⁵

Figure 3: China vs. Vietnam Unemployment Rate (ADB)



⁷³ NGUYEN Van Chinh, “Recent Migration to Vietnam” (2013), *Asian and Pacific Migration Journal*, Vol. 22, No. 1, Pp. 11-12

⁷⁴ Data source: China Statistical Yearbook 2015, and General Statistics of Vietnam.

⁷⁵ Data source: Asian Development Bank

4.5. The problems with the outwards investments policy: example Africa

Africa seem to be in the eye for Chinese foreign policy, as it is the first economic power that has given special attention to this continent⁷⁶, promulgated many policies on foreign aid, funding, special credits, cooperation agreements and other sets of policies⁷⁷. The main interests of China in Africa is seeking for natural resources –especially oil- and see it as a potential market⁷⁸, while not interfering in internal political issues⁷⁹. In figures, by the end of 2014, Chinese overseas investments in Africa reached 32.350 million USD, being South Africa, Nigeria, Algeria and Sudan among its largest partners⁸⁰

Africa and China started its partnership with the Forum on China-Africa Cooperation in year 2000, in which both parts agreed a three-year plan to increase Sino-African trade and investments and cancelled the debts of African countries to their Asian partner, whereas Chinese enterprises were encouraged to invest in this region⁸¹. Then is when the African chapter of “Going global” began.

However, as well as helping to construct needed facilities and bringing technological advances to this region, there are also reported cases of “poor labor measures”⁸² by Chinese companies and

⁷⁶ ZHU Zhiqun, (2010) *China's New Diplomacy: rationale, strategies and significance*, Ashgate Publishing Limited, UK, p. 36.

⁷⁷ Browsing around the official websites of China: MOFCOM, Gov.Cn, *Invest in China*, there are plenty of documents destined to outline policies towards Africa. <http://english.mofcom.gov.cn/>, http://www.gov.cn/english/special/115y_index.htm, <http://www.fdi.gov.cn/>

⁷⁸ China and Africa: A Century of Engagement by David H. Shinn; Joshua Eisenman. Review by: Roselyn Hsueh in *The China Journal*, No. 73 (January 2015), pp. 294, 295

⁷⁹ VOSS, Hinrich, *The determinants of Chinese Outwards Direct Investment*, *op. cit*, Pp.80-81

⁸⁰ CHINA STATISTICAL YEARBOOK 2015, <http://www.stats.gov.cn/tjsj/ndsj/2015/indexeh.htm> [consulted in June 2016].

⁸¹ CHINA AFRICA FORUM, “FOCAC: trade, investments and aid in China-Africa relations”, May 2012, *Policy Briefing*, Center for Chinese Studies, Universiteit Stellenbosch South Africa, in http://www.ccs.org.za/wp-content/uploads/2012/05/FOCAC_Policy-Briefing_tradeinvest_final.pdf [consulted on August 16 2016].

⁸² KURLANTZICK Joshua (2007) *Charm Offensive*, Yale University: Caravan Books, P. XIII.

hiring of numerous Chinese workers in plants and factories in several African countries, upsetting the local workforce, who expected to be employed by these flows of investments:

-In Kenya, a Chinese company is meant to build a railway from Mombasa to Nairobi, to later connect the rest of East Africa. The locals protested after finding out the promised jobs were not given, blaming on the import of their own labor, and being paid even half of the expected wage, from 500 shillings to 250 actually paid. 14 Chinese workers were attacked in the unrest⁸³.

-The World Bank estimated that 48% of Ghanaian youth is unemployed. When youngsters asking why these companies in charge of building construction projects in Ghana is full of Chinese workers and do not hire locals, the answer by both government and companies is that “these are not job programs” and that “it is just pure business”, and Chinese companies often win the bid of these projects by cutting up to 50% costs of construction⁸⁴.

-Talking about Africa-China relations in general, an economist from the International Monetary Fund Wenjie Chen explained this reason: “It’s a myth that no Africans get to work on these projects.... The reason the Chinese go there is because of cheap labor, since labor costs in China itself are rising.”⁸⁵

-In Chinese-run copper mines in Zambia exists grass-root resentment over low wages, unsafe working conditions and poor environmental practices, resulting in riots and shootings that have

⁸³ “Kenyan rail workers are protesting against their Chinese employer for a raise—to \$5 a day”, in *Quartz Africa*, <http://qz.com/749177/kenyan-rail-workers-are-protesting-against-their-chinese-employer-for-a-raise-to-5-a-day/> [consulted on August 18 2016]

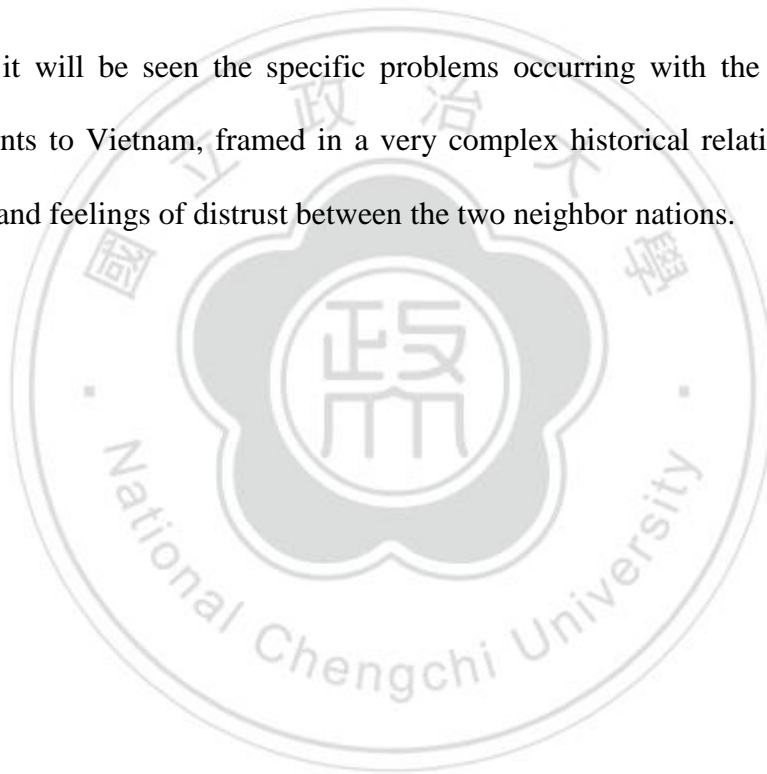
⁸⁴ “Ghana Resident: Why Does China Send Workers To Africa When So Many Here Are Unemployed?” in *The Huffington Post*, http://www.huffingtonpost.com/entry/china-workers-africa_us_57ad51ace4b071840410bb60 [consulted on August 18 2016]

⁸⁵ “China’s Investments in Africa: what’s the real story?”, Jan 19 2016, University of Pennsylvania Wharton, at <http://knowledge.wharton.upenn.edu/article/chinas-investments-in-africa-whats-the-real-story/> [consulted on August 18 2016]

killed at least 46 workers of the mines, and even Trade Unions have pronounced against China's control of the economy of Zambia, exploiting an anti-Chinese sentiment all over the country⁸⁶.

-Chinese enterprise CITIC Construction Co was building a big reconstruction project in Angola, called KK City, which in its first phase was financed by Sonangol, Angola Oil Company. This massive project included the construction of a railway that connected up to Mozambique. Locals there complained about the arrival of thousands of Chinese workers, as well as other practices like miscommunication with employers and other workers⁸⁷.

In the next part, it will be seen the specific problems occurring with the arrival of Chinese outward investments to Vietnam, framed in a very complex historical relationship, that causes constant tensions and feelings of distrust between the two neighbor nations.



⁸⁶ ZHU, Zhiqun, 2010, *Op. Cit.* P. 47.

⁸⁷ United Nations Development Program, *2015 Report on the Sustainable Development of Chinese Enterprises Overseas*, 2015, Chinese Academy of International Trade and Economic Cooperation, Ministry of Commerce, in <http://www.cn.undp.org/content/dam/china/docs/Publications/UNDP-CH-SSC-2015%20report%20on%20the%20sustainable%20development%20of%20chinese%20enterprises%20overseas.pdf> [consulted in June 2016], P. 51 and "Chinese are coming: part 1" in *BBC*

5. Recent Relations China-Vietnam, Findings and Analysis

The hiring of Chinese workers in investment projects in Vietnam has been reported already since 2009. Before it has been reported the discomfort by locals about hundreds of Chinese arriving to work, instead of job creation for Vietnamese⁸⁸. But the topic takes place in the public opinion agenda every time there is an issue related happening. The most recent ones are the attacks over Chinese population and businesses in several regions of Vietnam in May 2014; and the current official visit of Secretary General Xi Jinping to Hanoi in November 2015, when people and activists took advantage of the situation to protest on the streets to speak out about illegal Chinese workers in Vietnam.

The turmoil in May 2014, that ended up in attacks against Chinese population, rose up again the problem to surface, but actually it has been long documented in the press for several years that Chinese workers brought by companies to work in Vietnam has caused discomfort among local people, since they are blamed for taking away jobs from them⁸⁹. Nevertheless, this issue has to be divided in many perspectives, each one pointing at the different reasons which cause the perception that Chinese workers are overtaking jobs that should belong to local Vietnamese, and why it seems Chinese Overseas Direct Investment is not creating new jobs in the host countries.

⁸⁸ "China's export of labor faces scorn", *The New York Times*, December 20 2009, in http://www.nytimes.com/2009/12/21/world/asia/21china.html?_r=0 [consulted on Dec 5 2015].

⁸⁹ "Vietnam denies rumors of huge Chinese workforce at site of deadly riot" in *Thanh Nien News*, August 29, 2014 <http://www.thanhniennews.com/society/vietnam-denies-rumors-of-huge-chinese-workforce-at-site-of-deadly-riot-30496.html> [consulted on December 30 2015]; "Vietnam Deports Chinese Workers Amid Rising Nationalist Sentiment" in *Voice of America News*, <http://www.voanews.com/content/vietnam-deports-chinese-workers-amid-rising-nationalist-sentiment/3097719.html> [consulted on Dec 12 2015]

5.1. Recent conflicts and Normalization with China

During the eighties decade, the relations between China and Vietnam had the Cold War as the background of tensions, specifically over the invasion of Cambodia during Pol Pot's Khmer Rouge regime and the reinforcement of links of the Soviets with the Vietnamese, while they had previously broke relations with the PRC. That issue triggered the confrontation between the two in the border, at what is known as Sino-Vietnamese War in 1979⁹⁰. Later, when the focus around Cambodia's situation and government by the UN had lessened in Southeast Asia and the Soviet Union was in process of disintegration, diminishing their presence in the region, China looked for normalization of diplomatic relations with Vietnam in 1991⁹¹.

5.2. Turmoil in May 2014 and visit of Xi JingPing in Nov 2015

However, on May 1st 2014 occurred after the deployment of an oil rig by the China National Offshore Oil Corporation (CNOOC), in the waters near the Paracel Islands, and lit up the rage on Vietnamese, on the context of a long limitation dispute for the South China Sea borders among Vietnam and many Southeast Asian countries with China⁹².

After that, many Chinese and Taiwanese factories and industrial parks were burned; 21 Chinese citizens were killed and nearly a 100 injured by angry locals in different regions of the country⁹³, to the point that ships arrived from China at the coastal province of Ha Tinh in order to rescue

⁹⁰ ZHAI Qiang *China and the Vietnam Wars 1950-1975*, 2000, University of North Carolina Press, P. 7; WOMACK B. *China and Vietnam: The Politics of Asymmetry*, 2006, Cambridge University Press Pp. 26-27.

⁹¹ WEATHERBEE, D. "The Cold War in Southeast Asia", in *International Relations in Southeast Asia*, 2005, UK, Oxford, Rowman and Littlefield Publishers *Ibid*. Pp. 82-83.

⁹² There is much documentation about this topic and for purposes of research limitation; there will not be further in- depth discussion about it.

⁹³ "At least 21 dead in Vietnam anti-China protests over oil rig" in *The Guardian*, May 15 2014, <http://www.theguardian.com/world/2014/may/15/vietnam-anti-china-protests-oil-rig-dead-injured> [consulted on April 17 2015]

their nationals from the violent disturbs⁹⁴, while workers, businessmen and visitors rushed to take flights back home⁹⁵. On the governmental level, while Vietnamese prime minister urged to protect foreign investors from disturbs while Chinese tourist administration sent a warning preventing to those whom had plans to go to Vietnam⁹⁶.

Later, PRC Premier Xi Jinping visited Hanoi in November 2015 to meet with his neighbor counterparts on the celebration of 65 years of diplomatic relations, in an attempt to normalize relations and to promote future bi-national agreements on economy, trade, investments, infrastructure and other issues⁹⁷. Xi insisted in a friendly and win-win relation between the two because of to the similarities given by the socialist characteristics, which is convenient for Vietnam due to their great dependence on foreign investment, including the one from China⁹⁸. In the meantime, small groups of anti-Chinese activists gather to protest outside the Parliament in Hanoi, mainly around the claim on the South China Sea's waters. And just one month after Xi's visit, Vietnamese authorities expelled 64 PRC's nationals for working illegally in the coastal city, which local public opinion agrees on⁹⁹.

⁹⁴ "Chinese ships reach Vietnam to extract thousands of citizens after deadly attacks" in *CNN online*, May 19 2014, <http://edition.cnn.com/2014/05/19/world/asia/vietnam-china-tensions/index.html?hpt=ismore>, [consulted on June 15 2015]

⁹⁵ "Chinese workers return home from Vietnam amid high tension between the two nations", *Associated Press Channel*, August 3 2015, <https://www.youtube.com/watch?v=XHJ1mUWrJco>, [consulted in November 24, 2015].

⁹⁶ *The Guardian*, *op.cit.*

⁹⁷ "China's Xi Jinping in Vietnam to promote bilateral relations", *CCTV America*, <http://www.cctv-america.com/2015/11/05/chinas-xi-jinping-in-vietnam-to-promote-bilateral-relations>, November 5, 2015 [consulted on December 27 2015].

⁹⁸ "President Xi Jinping tells Hanoi parliament China and Vietnam can survive 'disruptions', but fails to mention South China Sea dispute" in *South China Morning Post*, 07 November, 2015, <http://www.scmp.com/news/china/diplomacy-defence/article/1876440/president-xi-jinping-tells-hanoi-parliament-china-and>, [consulted on December 28 2015]

⁹⁹ "Vietnam Deports Chinese Workers Amid Rising Nationalist Sentiment" in *Voice of America News*, December 10, 2015, <http://www.voanews.com/content/vietnam-deports-chinese-workers-amid-rising-nationalist-sentiment/3097719.html>, [consulted on Dec 12 2015]

In these cases, two issues came to surface: the great amount of Chinese workers living in Vietnam –situation that causes discomfort among Vietnamese population because of the job expectations with the overseas investment that were given to Mainland Chinese- and importance of not let the conflict escalate to ensure normal economic relations between the two neighbors - which is especially important for Vietnam, that heavily depends on investment for their economy-.

5.3. First reports about Chinese workers in Vietnam

Reports about Chinese workers permanently settled in Vietnam have already appeared in the news for long time. The New York Times published an extensive article about the situation back in 2009¹⁰⁰. It was mentioned that apart from already being known as a cheap goods exporter, China has increasing its fame for exporting cheap labor as well. As a result, Vietnam started making changes in its migration policy in order to restrict the massive entrance of Chinese workers. It is also causing trouble to the government, as the protests by Vietnamese dissidents and intellectuals rise against the ruling Communist Party for dealing with the Chinese regime to bring their companies to Vietnam. The explanation in return by the Chinese is that these workers are easier to manage and more skilled for the jobs¹⁰¹.

5.4. Causes of presence of Mainland workers in Vietnam

There are many reasons why Chinese contractors could bring their own workers from Mainland. The first one is that they are easier to hire, since business owners gather people directly from the working force floating in big cities like for instance Guangzhou or Dongguan, both in

¹⁰⁰ "China's Export of Labor Faces Scorn" in *New York Times*, Dec 20 2009, at http://www.nytimes.com/2009/12/21/world/asia/21china.html?_r=0 [consulted on Dec 5 2015]

¹⁰¹ "Vietnam Deports Chinese Workers..." *Voice of America News*, *op.cit.*

Guangdong Province, and take the group to work in plants and factories of the company located in neighbor countries, such as Lao's, Vietnam or Myanmar.

5.4.1 Managers and Owners requirements: workers need the language and skills

It appears that the first barrier to hire Vietnamese workers by Chinese contractors is the language- in this case Mandarin- and skills needed for the job. Meanwhile a Vietnamese official said that, because many owners of companies are from Taiwan, they prefer to hire workers from China for easiness of communication¹⁰²; the same thinks business people from Mainland.

A manager in Guangdong province affirmed that many Chinese are hired because they have the required *know-how* that Vietnamese currently do not have for the jobs, despite the salaries are not higher in Vietnam. But that reason is just a matter of time before Vietnamese learn this *know-how* from the Chinese, and though at first it does not seem as a benefit for local workers, the more skilled they become within time, they will be progressively replacing Chinese workers¹⁰³. In the end he has a more optimist vision for Vietnamese workers in the long run.

Another person in charge from Southern China made the comparison of Chinese companies in Vietnam with the time when Taiwanese businesses first came to China since the 1980s. He said workers in China first had no skills and therefore Taiwanese had to go to China to train them until Chinese became better at those skills for working in the factories. Since they had to start moving their plants to Vietnam for proximity, he said the same case happens now with

¹⁰² Interview with Nguyen Ba Cuong, Assistant Representative in charge of Investment at the Representative Office of Vietnam in Taipei, April 24th 2015.

¹⁰³ Interview with Lo Kam Pui, managing assistant at a manufacturing company in Dongguan, Guangdong province, China, August 13 2015.

Vietnamese workers, and there will be a time when Chinese are no longer needed to go to Vietnam to train local workers¹⁰⁴.

In a coal-fired power plant in Vinh Tan, Vietnamese are not chosen for not being qualified enough, and the personnel records specify that Chinese workers are skilled as “engineers” or “technicians”, but in reality they work in all sorts of basic duties like mixing concrete or flatten the soil. The explanation given by the managers is that they take most advantage of their workers, without they ever complain about those not being part of their duties and do all¹⁰⁵.

For another Chinese contractor, the lack of skills, discipline and knowledge in Chinese language plays against hiring Vietnamese workers, since there will make more difficult to understand the instructions given by the Chinese engineers¹⁰⁶. So, apart from skills and language, Chinese business owners prefer more disciplined fellow country people to work, so the directions will go more straightforward, apparently to avoid hassle and misunderstandings.

5.4.2. Some plants and/or companies actually come from Taiwan and not China

Taiwan is actually both one of the first and most important foreign investor countries in Vietnam since the nineties. Although taken as Chinese by locals due to same ethnic origin, not all businesses and companies where Chinese workers are hired are from the Mainland, but actually from Taiwan –officially not a part of China- and other countries like Malaysia, Singapore and South Korea, especially when required high-skilled managers and engineers.

¹⁰⁴ Interview with Chen Heili, Production Specialist at a Chemicals Company in Guangzhou, Guangdong Province, China, August 14 2015.

¹⁰⁵ “Chinese workers flood power plant in central Vietnam”, *Thanh Nien News*, April 01, 2014, in <http://www.thanhniennews.com/society/chinese-workers-flood-power-plant-in-central-vietnam-25014.html> [Consulted on December 29 2015]

¹⁰⁶ Interview with Mr. Zhang, Chinese contractor, in NGUYEN Van Chinh “Recent Chinese Migration to Vietnam”, in *Asian and Pacific Migration Journal*; Vol. 22 No.1, 2013, P. 20.

Also, in Taiwanese projects and plants, Mainland workers are hired, due to familiarity with language and culture¹⁰⁷. For example, it was known after the riots of May 2014, that Formosa Plastics Steel Plant in Ha Tinh Province -a Taiwanese company- had employed more than 3000 Chinese mainlanders and was one of the companies targeted by attacks of local Vietnamese¹⁰⁸. During the riots against the Chinese in May 2014, Taiwanese business owners were using stickers saying “I am from Taiwan”, to avoid being attacked by locals¹⁰⁹.

5.4.3. Constant change in legislation and administrative processes: work permits, migration law.

It was one of the initial critics when the foreign investment law started to rule in Vietnam: changing the rules very often without noticing, to the point that what was permitted one day, the next one was forbidden, making it a very confusing situation or it can be challenging for businessmen to be very adaptable to a very flexible system with no-fixed rules and constant changes in laws¹¹⁰.

After many critics for years about the bureaucratic difficulties foreigners encounter to apply for the first time or re-apply to work permits or visas in Vietnam, finally in 2015 the administrative process to require either visa or work permit for foreign professional workers was simplified, by easing or removing strict requirements on education degrees and excessive years of work

¹⁰⁷ Interview with Nguyen Ba Cuong, Assistant Representative in charge of Investment at the Representative Office of Vietnam in Taipei, April 24th 2015.

¹⁰⁸ “Vietnam suitable for investment: Formosa Plastics” *The China Post*, June 14, 2014, <http://www.chinapost.com.tw/taiwan/business/2014/06/14/410069/Vietnam-suitable.htm> [consulted in December 2015]

¹⁰⁹ “At least 21 dead in Vietnam anti-China protests over oil rig” in *The Guardian*, May 15 2014, <http://www.theguardian.com/world/2014/may/15/vietnam-anti-china-protests-oil-rig-dead-injured> [consulted on April 17 2015]

¹¹⁰ HIEBERT, *Chasing the Tigers*: (1996), Pp.144, 148.

experience¹¹¹. This heavily contrasts to the situation for local college degree bachelors that find hard to get a job after graduated.

Contractors then take advantage on the gaps of legislation to bring their own workers. For instance, workers coming on travel visas to work for three months with the Chinese community, then leave and re-enter again. Or big foreign contractors –in this case from China- that get permits for many of their own workers for one region, like Ho Chi Minh, and when got the permit, their workers move to other several regions to work at various projects¹¹².

5.4.4. Chinese do its own way

Since most Chinese companies operating in Vietnam are small and medium size, managers tend to make quicker decisions, sometimes without paying much attention to laws and paperwork procedures, as most Asian investors appeared to be less bothering with legal systems than Western competitors¹¹³.

But the heads of these firms are not accustomed to managerial knowledge to embark in what investment projects abroad require, such as not understanding of the host local markets, lack of negotiation skills, unfamiliarity with international investment culture, not knowing how to deal with labor issues and local unions, or in case of state-owned enterprises, being too involved with local officials back in China, and thus, to avoid hassle, they'd rather conduct “business as usual”¹¹⁴, including have its own people that would not complain.

¹¹¹ “Good job: Vietnam to ease visa, work permit requirements for foreigners”, *Thanh Nien News*, April 09, 2015, <http://www.thanhniennews.com/business/good-job-vietnam-to-ease-visa-work-permit-requirements-for-foreigners-40940.html> [consulted on December 30 2015]

¹¹² “Chinese workers flood power plant...” *Thanh Nien News*, 2014, *op.cit.*

¹¹³ HIEBERT, *Chasing the Tigers*, *Ibid.* (1996), P.143

¹¹⁴ YU Jie, *Firms with Chinese Characteristics* (2012), UK, LSE, P.35-26

To this respect, the lack of clarity from Chinese authorities that often encourage companies to embark in projects abroad but do not advise them clearly on following host countries rules, or officials directly involved in SOEs, or MOFCOM giving free way to companies to take their own workers in official documents¹¹⁵, all of this might become a gap to take advantage and do things as familiar or less bothering as they could.

5.4.5. Send workers abroad to generate foreign exchange

Even though wages in Vietnam are low, Chinese workers prefer to work there to make some savings at home, since two parts of their salary are sent to their bank accounts in China.¹¹⁶ A Vietnamese official in Taipei affirmed that these Chinese workers earn higher salaries working in Vietnam than what they can make in Mainland, but did not specify the exact difference¹¹⁷.

5.4.6. The undocumented workers are going both sides: Vietnamese in China

At the time of collecting information for this research, another interesting phenomenon started emerging among the sources of information. It is the continuous flow of undocumented workers¹¹⁸ from both China and Vietnam passing through the border to work in the other side of their neighbor country and not only one way through. Reuters made a report about Vietnamese workers crossing the border without documents to get employment in factories in the province of Guangdong, specifically cities like Guangzhou and Dongguan. In those factories, managers also

¹¹⁵ See Chapter 3

¹¹⁶ NGUYEN, "Recent Chinese Migration to Vietnam", *op.cit.* P. 18.

¹¹⁷ Interview with Nguyen Ba Cuong, [...] April 24th 2015.

¹¹⁸ I prefer not to call them illegal workers, as some press media does, because in my opinion there is no such as an illegal person, but lacking of legal documents, in which case is better denomination the word *undocumented*.

offer bribes to officials, so not to let them investigate the origin of its workers, but they are also fired when control raids by authorities arrive¹¹⁹.

When offered to going to China to work, Vietnamese often encounter themselves trapped into human trafficking issues and slave labor¹²⁰. False promises, delays in payments, little wages than offered first, all-day-long strenuous hours and mistreatment from the bosses, among some problems reported¹²¹, and other phenomena of human trafficking occurs across the Vietnam-China border, like the forced marriage of girls, but this will not be analyzed in this document, for purposes of not divert the central topic of this research.

5.5. Discussion

In first place, the hypothesis of this research was that Chinese workers were hired instead of the local Vietnamese because of the language and other skills more suitable for the job, for the easiness to receive orders from the bosses, to avoid discrimination from the locals in the host country at the workplace and because the cost of wages for these workers is lower.

First of all, and following the same method both Kurlantzick and Shambaugh have used for their researches, there are many hints to be found by checking carefully in the news about this topic in specific, since it is not a current situation in the limelight of scholars, who are now more focused in the recent Court's ruling about the delimitation of sovereignty of the South China Sea waters;

¹¹⁹ "Special Report: How smuggled workers power 'Made in China'", REUTERS, August 6 2015, <http://www.reuters.com/article/us-china-labour-illegal-special-report-idUSKCN0QB00H20150806> [consulted on December 15 2015]

¹²⁰ See DUONG L., BELANGER D., KHUAT T.H. "Transnational migration, marriage and trafficking at the China-Vietnam border" in ATTANÉ, GUILMOTO, *Watering the neighbor's garden: The Growing Demographic Female Deficit in Asia* (2007), Committee for International Cooperation in National Research in Demography, Paris, P. 394-395; LEE June, "Human Trafficking in East Asia: Current Trends, Data Collection, and Knowledge Gaps" in *International Migration*, Volume 43, Issue 1-2, January 2005, Pp. 165-166.

¹²¹ "Trafficked workers exploited in China", *Irin News*, 22 November 2011, <http://www.irinnews.org/feature/2011/11/22> [consulted on December 15 2015]

so it took a careful and detailed revision on the news about different issues related to Chinese workers staying inside Vietnamese borders, especially during the turmoil of May 2014 and the visit of Xi Jinping in November 2015.

In terms of language and other skills, in the literature and with the interviewed businessmen, it can be seen that this is a very important matter for Chinese, as part of its pragmatic attitude towards work and business management, where they prefer to reduce hassles and troubles as much as possible, like giving the orders to their employees in a more straightforward way and without receiving any complain in return¹²², as happened with the issue of the riots.

The variable of discrimination by local population, it looks like apparently no source confirms this point. For the case of Vietnam, many Mainland workers arriving to the Southeast Asian nation rely on groups of previous ethnic Chinese community that are settled there, mostly based on same language and cultural traditions. As mentioned before, Chinese communities arrive in numerous groups of people and they shut among themselves, even to provide basic services and supplying their businesses, they rather trust another *huaren*¹²³.

On the point of Chinese workers being cheaper for employers to hire than local Vietnamese, there are two matters. More than being cheaper than locals, what bosses argue is that their Chinese employees are more willing to work beyond their duties, that is, despite being engineers or technicians with higher skills than local workers, they would also do basic tasks of a blue-collar worker, as employers would take the most advantage of their manpower.

¹²² NGUYEN Van Chinh "Recent Chinese Migration to Vietnam", in *Asian and Pacific Migration Journal*; Vol. 22 No.1, 2013, P. 19-22

¹²³ China and Africa: A Century of Engagement by David H. Shinn; Joshua Eisenman. Review by: Roselyn Hsueh in *The China Journal*, No. 73 (January 2015), pp. 294, 295; and "China's Export of Labor Faces Scorn" in *New York Times*, (2009) *Op. Cit.*

Nevertheless, there is also another point to take into account. All throughout this research has been checked the political reasons behind this phenomenon of Chinese taking their own workers when going abroad to make investments and participate in projects in other countries. The case of Africa shows that Chinese are trying to sell the image that they are friendly to other countries by bringing aid, offering loans with better conditions than Western superpowers and institutions, helping build infrastructure in exchange of trade and not participate in internal political issues. The discomfort with their arrival is that those investments do not create jobs for the local communities where they settle, but instead to their own people.

First, it seems that generation of employment for the host population is not one of the purposes of FDI, at least from the side of the investors, but rather -if it can be said like that- a bet from the recipient governments, as a strategy to boost the economy by generating new jobs, that is, using foreign policy as a measure to alleviate a domestic economic problem such as unemployment. The result in many cases is not as successful as expected from investments recipient governments., just as it happened in Latin America from the nineties, that after freeing markets and allowing the arrival of foreign investments, the domestic industries collapsed and shut down by not being enough prepared for competing with foreign companies, which led to a high unemployment¹²⁴.

In second place, and opposed to the last point, according to the Flying Geese Paradigm, it seems that for Vietnam at the beginning, following the strategy of the Chinese did proved successful for their own economy in terms of Capital accumulation, transferring technology and significant improvement of economic issues like inflation and balance of payments, even unemployment

¹²⁴ Case read in GREEN Duncan, *Silent Revolution: The Rise and Crisis of Market Economics in Latin America* (2003), New York : Monthly Review Press, Latin American Bureau

rate. However, it also looks like the quality of jobs -that is in terms of labor conditions- is not the ideal either, since sometimes are underpaid for long working hours and in cases like the Chinese investments, the expected jobs are being replaced for incoming extra workers.

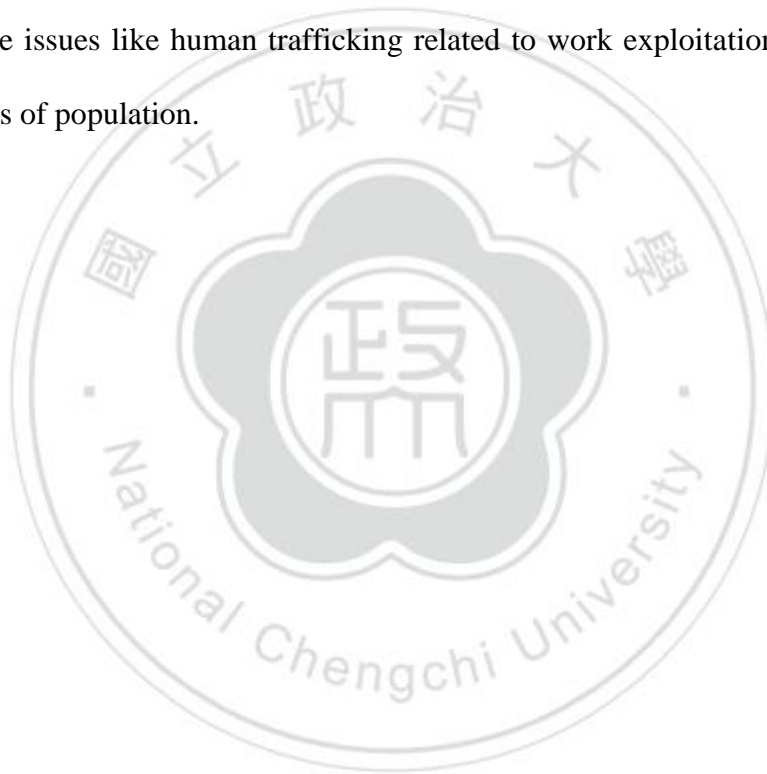
So it looks like Chinese are trying to use their outwards investments to exclusively help their own economy, by generating foreign exchange and profits, while at the same time reduce the pressure of unemployment inside of China. And the government seem to agree, at least by the gaps in the policy that later might be corrected or not. But again, that is one of the purposes of FDI, to find the better conditions to maximize profits by finding competitive production factors such as low wages in the recipient countries.

It seems most problems related to hiring workers from China to Vietnam are just specific issues that will be corrected as time pass by, rather than being an axiom in foreign policy practices made by the Chinese everywhere they go. In other words, despite repeating actions wherever they bring investments, such as not be very keen to hire local workforce, they consider locals working along with them can also learn from their knowledge and ways of production, which in FDI theories is called technology and *know-how* transfer.

Chinese are very nationalist, in the sense that they most feel comfortable among its own community and wherever they go do businesses, they start establishing new Chinese communities and limit their interaction just within themselves, more than just go to the countries to work and mix with the local people, but that is not always the rule, as many of them also marry to local women, at least in the case of Vietnam, for where they take it as an advantage to arrange migratory issues and get permits to work or involve in any sort of economic activities. But they do it more as a cultural tradition linked to the sense of community and its pragmatic

point of view in their own business practices than to exploit the countries where they bring investment projects, to the extent that they are not interested in the internal political issues of host countries they go.

This topic also shows a recurrent phenomenon in the study of International Relations, as is the human and economic dynamics occurring in the border of two (or more) countries, about how sometimes the interaction between local people on both sides generates either an active trade of goods and services, a more deregulated migration, the constant search for jobs in the other side and more sensitive issues like human trafficking related to work exploitation towards the more unfortunate sectors of population.



6. Conclusions

When Chinese arrive to other countries to bring investment projects, as part of its “Going Global” foreign policy, the companies that execute these projects tend to bring their own workers from the Mainland with them, rather than hiring local workforce. This has been extensively studied for the case of Africa, but it does also happen in the projects located in Vietnam. The main reasons for this to happen are basically first, due to language and technical skills of the workers; second; by the own pragmatism in Chinese culture in their foreign policy and to do economical activities in their own way, rather to adapt to international business manners; and third, due to gaps in legislation in both countries, respectively investments legislation in China and migratory and work laws in Vietnam. These gaps are taken as advantage by Chinese companies to have certain freedom to hire the workers they considered better suited for executing their projects abroad.

Also, Vietnam has followed successfully the same development paradigm of the whole of East Asia, “flying” just behind China’s example, and has reached great economic achievements, compared to twenty years ago, by the time both countries decided to normalize diplomatic relations. Nowadays seem that, there is a lot of support from each other, by trying to resolve problems diplomatically, at least to the highest level of government, which can be seen by the way Vietnamese government tried to react after the riots in May 2014, and by the reassurance of cooperation agreements by Secretary Xi Jinping in his visit to Hanoi in November 2015.

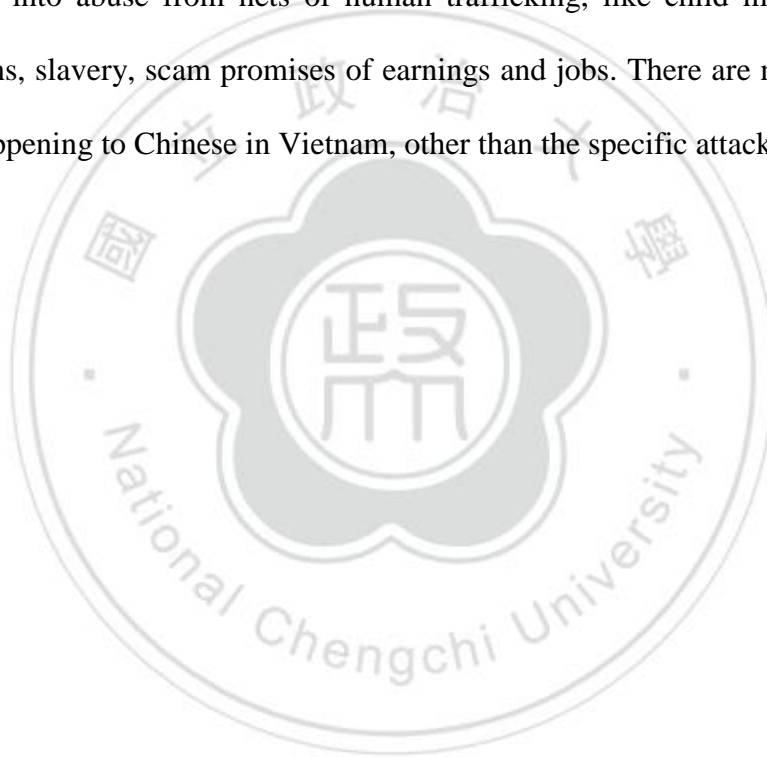
The types of foreign direct investment that better suits the example of Chinese investments in Vietnam are the Resource seeking type of projects. Originally the purpose of going to Vietnam was looking for natural resources like rubber and wood plantations, and energy resources,

especially oil and coal, which is one of the main reasons of the unrest in 2014 and the type of sectors of some plants where both Chinese and Vietnamese workers are employed. Although, the manufacturing plants of garment and others –one of the main sectors of Chinese investments in Vietnam- might reflect a sign of Efficiency seeking projects, since China now is heading to develop high skilled technology industries, while these small factories of lower technology can be relocated to neighbor countries to reduce production costs.

Among the policy objectives China is seeking with the “Going global” policy, there is the need to let flow the foreign exchange, to get natural resources scarce in China, to expand the “soft power” image with their foreign partners, to look for potential markets that have been relegated by other super powers, and also, it seems there is a unrecognizable objective to release pressure on the domestic labor market, by sending workers to the investment projects abroad and accept it through official documents.

Nevertheless, at the society level, there is still much discomfort among Chinese and Vietnamese, because of their turbulent history and the tense recent events both countries have been involved. Still many deportations of Chinese workers have happened and Vietnamese people have shown this is another of the reasons they do not feel comfortable with each other, which if not controlled or solved, might turn to be another bigger diplomatic problem among the two and this would undermine the good economic relations China and Vietnam have had for over twenty years. However, this is not a result of xenophobia or racial discrimination towards ethnic Chinese -like the incidents against Chinese community that occurred in Indonesia in the nineties, prior to the overthrow of Suharto- in part due to the long-time settled Chinese community in Vietnam, located mostly in the area of Ho Chi Minh City, the most economically dynamic area of the Southeast Asian country.

Another point surged during this research is how the border dynamics between the two countries have shown that not only Chinese workers go to Vietnam to work legally, but also there are many Vietnamese also crossing to the other side, without the legal requirements to do so, to get jobs in rich provinces near the border with Vietnam, particularly in the Guangdong area. The difference in their situation is that, while Mainlanders arrive to work supported by their Chinese communities settled in Vietnam –either the newly ones who arrived because of the investment projects, or the traditional ones from the historical migrations to Southeast Asia-, the Vietnamese often tend to fall into abuse from nets of human trafficking, like child marriage, distressing working conditions, slavery, scam promises of earnings and jobs. There are no claims about the same situation happening to Chinese in Vietnam, other than the specific attacks in 2014.



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Appendix

Policies from People's Republic of China on "Going Global"

1. Circular of MOC and MFA of Distributing Guide Catalogue of Countries and Industries for Investment Abroad

July 22, 2004 - 10:27 BJT (02:27 GMT)

For the purposes of acting in the spirit of Sixteenth Congress and Third Plenary Session of the Fourteenth Central Committee of the Party, stepping up the strategy of "Go Abroad", Ministry of Commerce and Ministry of Foreign Affairs jointly formulated Guide Catalogue of Countries and Industries for Investment abroad in accordance with related instructions of the State Council.

The two ministries call for all departments concerned to give highly priority to the investment abroad, encourage, support and guide the enterprises to make good use of both domestic market and the market abroad, push forward the development of good, techniques and services in China. All departments concerned should improve the administration of investment abroad, prevent the blind investment abroad and competition among domestic enterprises.

Guide Catalogue of Countries and Industries for Investment Abroad is an important ground for the departments responsible for foreign cooperation to guide and approve the investment abroad of Chinese enterprises. The enterprises that meet with the Guide Catalogue and have the certificates of investment abroad have priority to enjoy the preferential policies in funds, foreign exchange, tax, customs, exit and entry.

MOC and MFA will distribute the Catalogue in several parts, renew, adjust and replenish the Catalogue in time in accordance with the state policies of investment abroad and the development of the investment environment in foreign countries.

MOFCOM: <http://english.mofcom.gov.cn/article/policyrelease/aaa/200407/20040700252775.shtml> [accessed on August 18 2016]

2. Circular of the Ministry of Commerce of the People's Republic of China, on Printing and Issuing the Detailed Working Procedures of Examining and Approving the Launching of Enterprise through Overseas Investment

November 22, 2005 - 09:49 BJT (01:49 GMT) CAITEC

Administrative commercial departments in all provinces, autonomous regions, municipalities, separately listed cities and Xinjiang Production and Construction Corps of CPLA:

For the purposes of going further to carry out requirements of Regulations on Examining and Approving the Launching of Enterprise through Overseas Investment (Ministry of Commerce Decree No.16, 2004), and advancing working of examining and approving the launching of enterprise through overseas investment to be normative, scientific, effective and clear, Ministry of Commerce stipulated Detailed Working Procedures of Examining and Approving the Launching of Enterprise through Overseas Investment, which is now released for implementation.

Ministry of Commerce
Oct 17, 2005

MOFCOM: <http://english.mofcom.gov.cn/article/policyrelease/aaa/200511/20051100845015.shtml> [accessed on August 18 2016]

3. Circular of the General Office of the Ministry of Commerce of the People's Republic of China, on Starting Using the Ratification Certificate for China's Overseas Investment Enterprises

February 15, 2006 - 10:04 BJT (02:04 GMT) CAITEC

The General Office of Ministry of Commerce delivered a circular on December 14, 2005 on starting using the Ratification Certificate for China's Overseas Investment Enterprises to the competent commercial administrations of all provinces, autonomous regions, municipalities directly under the Central government, cities specifically designated in the state plan, Xinjiang Production and Construction Corp and all central enterprises.

Approval Certificate for Investment Abroad, Approval Certificate for the Enterprises Conducting Processing and Assembling with Exported Materials and Approval Certificate for Inland Enterprises to Invest in Hong Kong and Macao will be integrated into a new approval certificate named Approval Certificate for China Enterprises Investment Abroad. The new certificate will be used formally on January 1, 2006.

Ministry of Commerce of the People's Republic of China
December 14 2005

4. Circular of the State Administration of Foreign Exchange of the People's Republic of China, on Foreign Exchange Policy Adjusting on Some Overseas Investment

August 30, 2006 - 13:41 BJT (05:41 GMT) CAITEC

Branch offices of the State Administration of Foreign Exchange in all provinces, autonomous regions and municipalities, departments of foreign exchange administration, and branch offices of Shenzhen, Dalian, Qingdao, Xiamen and Ningbo:

For purposes of adapting foreign economic development, improving and encouraging supporting policies of foreign investment and facilitating multinational operations of domestic investors, the State Administration of Foreign Exchange decides to adjust some foreign exchange policies. Related matters are now announced as follows:

1. For purpose of this Circular, the term "foreign investment" refers to conduct of all kinds of domestic artificial persons (hereinafter referred to as "domestic investors") obtaining rights and interests such as ownership or management rights by establishing enterprises of single ownership, joint venture and cooperative enterprises, merger and acquisition, holding shares, injecting capital and permutation of stock rights

2. Foreign investment shall conform to national industrial policies of foreign investment and be conducive to promoting international flow and optimized deployment of production elements. Related administrative departments shall approve overseas investment projects of domestic investors.

3. The overseas investment of domestic investors can be supported by owned exchanges, exchanges purchased with RMB and domestic exchanges loans. State Administration of Foreign Exchange will no longer examine and approve the purchased exchanges amount of overseas investment for branches (departments of foreign exchanges administration) as from Jul 1, 2006. Upon examination and approval of related administrative departments on overseas investment projects, domestic investors may handle examining and approving formalities of foreign exchange purchasing and payment in accordance with related regulations.

4. After submitting applications of overseas investment projects examination and approval or investment intention, domestic investors may make payment of prophase expenditure related to overseas investment to foreign beneficiaries with approval of the local branch offices of the State Administration of Foreign Exchange and departments of foreign exchanges administration (hereinafter referred to "bureaus of foreign exchanges ") before obtaining official approval.

5. The prophase expenditure of the overseas investment projects must conform to the following purposes:

- (1). Deposit for purchasing stock rights of foreign enterprises and rights and interests of overseas capital in line with local laws and regulations or demand of assigning party.
- (2). Bidding deposit during process of overseas projects bidding.
- (3). Expenditure for market research, offices rent and facilities, recruitment and services of overseas intermediary organs in advance of overseas investment.
- (4). Other prophase expenditures related overseas investment.

6. Materials required for formalities of examination and approval of prophase expenditure.

- (1). Written application (including total amount of foreign investment projects, investment amount of different parties, means of providing fund, total amount of foreign exchanges as well as total amount, purpose and resource of prophase expenditure);
- (2). Operation licenses or certification of registration of domestic investors;
- (3). Documents related to bidding, merger and acquisition or cooperative projects (letter of intent, memorandum or framework agreement signed by both Chinese and foreign parties);
- (4). Domestic investor's letter of commitment in written form to local bureaus of foreign exchanges (promising that the prophase expenditure will be only used in approved overseas investment projects, otherwise, domestic investors will burden related legal responsibilities);
- (5). Specification to nations (regions), banks, names, and number of overseas accounts;
- (6). Other related materials required by bureaus of foreign exchanges.

In case the materials are of inerrability, the bureaus of foreign exchanges will issue document of approval of foreign exchange business of capital projects, upon which domestic investors may handle formalities of exchange purchasing and payment at appointed banks.

7. Generally, the prophase expenditures that domestic investors apply to remit shall not exceed 15 percent of the total amount of overseas

investment; an excess of 15 percent because of business requirements need to be examined and approved by branch offices of State Administration of Foreign Exchange (departments of foreign exchanges administration).

8. In case the domestic investors need to open overseas accounts for overseas investment projects, they shall apply to local bureaus of foreign exchanges in accordance with related regulation of overseas foreign exchanges account administration.

9. In case the domestic investors cannot finish approving procedures of overseas investment in 6 months as from the day of remitting the prophase expenditure, the balance of the overseas accounts shall be moved back to the original accounts. In case the foreign funds are purchased with RMB, domestic investors shall handle formalities of exchanges clearance at appointed banks with the original documents of examination and approval of exchanges purchases.

10. Bureaus of foreign exchanges shall enhance auditing, statistics and monitoring of exchanges purchasing and payment of foreign investment fund, record related date and report to State Administration of Foreign Exchange in accordance with regulations.

11. In case the domestic investors violate regulations of the said Circular, bureaus of foreign exchanges will give punishment in accordance with related regulations such as Administrative Regulations of the People's Republic of China.

12. This Circular will take effect as from Jul 1, 2006. Previous regulations that go against this Circular shall be subject to this Circular.

State Administration of Foreign Exchange
Jun 6, 2006

MOFCOM: <http://english.mofcom.gov.cn/article/policyrelease/domesticpolicy/200608/20060803016451.shtml> [accessed on August 18 2016]

5. Circular of the Ministry of Commerce of the People's Republic of China on Printing and Issuing the Provisional Measures for Administration of Labor Service to Foreign Contracted Projects

Promulgation Date : 2005-12-01 Promulgation Number : Promulgation Department: The Ministry of Commerce

Overseas labor service to foreign contracted projects represented an organic part of the labor service hereto in China. In recent years, with the sustained expansion of foreign contracted service in China, the multiplication of labor service to foreign contracted projects played an active role for guaranteeing the due completion of related projects and promoting the developing this service. Meanwhile, however, the imperfect administration of some foreign contracted projects triggered annually escalation of disputes in foreign contracted projects, sit-ins and demonstrations by overseas labor service personnel in contravention of local laws, even massive and malicious conflicts with local police. The above-mentioned accidents not only hindered the operation of foreign contracted project, but blemished the whole image of Chinese enterprises, even exerted side effect upon the bilateral trade and diplomatic relations.

The following are the reasons for the frequent occurrence of labor dispute: first, some enterprises went against the provisions for labor service to foreign contracted projects when sending contract workers abroad, failed to put into practice the standardized management in the process of recruiting, sending and administrating contracted workers, giving excessive priority to the process of sending while ignoring the relevant administration; second, foreign contracted units contracted or subcontracted the labor service to even enterprises without any operation qualification, which resulted in difficulties and even

failure to confirm and fulfill managerial responsibility; third, some avaricious enterprises sought interest by improper means such as reducing labor service cost, deduction and arrearage of wages, maliciously infringing the lawful rights of contract workers; fourth, the imperfection of the prevention administrative measures and systems resulted in insufficient fulfillment and undue treatment of labor disputes; five, some contracted workers, for their own interest, intentionally provoked disputes, intensified conflicts which resulted in the escalation and deterioration of labor disputes.

In order to strengthen the administration of labor service to foreign contracted projects, further perfect the related systems, guarantee the lawful rights and interests of personnel sent abroad to the foreign contracted project, promote the sound and orderly development of foreign contracted enterprises, the Ministry of Commerce, in accordance with the related administrative measures on foreign labor cooperation, hereby formulated, printed and distributed to you Interim Measures for Labor Service Foreign Contracted Projects (hereinafter referred to as Measures). Please transmit it to related local sectors and departments for its strict implementation.

The business administrative authorities in charge, the related enterprises as well as the commercial institutions in abroad embassies and consulates shall, in accordance with the above-mentioned Measures, conduct thorough investigation on the labor service for the foreign contracted projects under construction, correct promptly the newly discovered problems, and submit the investigation results and treatment proposals to the Ministry of Commerce (Department of Foreign Economic Cooperation) prior to a designated date of 2006. Please report promptly when any problems occurred in the process of the implementation of the Measures. We now give you the Notice.

Appendix: Provisional Measures for Administration of Labor Service to Foreign Contracted Projects

The Ministry of Commerce
December 1, 2005

Appendix:
Provisional Measures for Administration of Labor Service to Foreign Contracted Projects

Chapter I General Principles

Article1 In order to strengthen the administration of labor service to foreign contracted projects, guarantee the lawful rights and interests of personnel sent abroad to the foreign contracted project, and promote the sound and orderly development of foreign contracted enterprises, Interim Measures for Labor Service Foreign Contracted Projects (hereinafter referred to as Measures) is formulated in accordance with the related administrative measures on foreign labor cooperation and characteristics of personnel sent abroad to the project contract.

Article2 "Overseas labor service to foreign contracted project" as mentioned in the Measures refers to the economic activities where the enterprises with operation qualification of foreign contract (hereinafter referred to as related enterprises) send various labor service personnel to the abroad

contract projects (including subcontract project). The various labor service personnel shall be employed by the related enterprises instead of the employer of the foreign party.

Article 3 -Overseas labor service to foreign contracted projects represents an organic part of the labor service here to. In order to support the development of foreign contracted project, the related enterprises are allowed to send various labor service personnel to foreign contracted project, provided that the related issues shall be conducted in accordance with the relevant provisions.

Chapter II Responsibilities and Obligations of the Enterprises

Article 4 -Foreign labor service to foreign contracted project shall be operated by the general contractor (foreign contracted unit) or in accordance with such means as the general contractor subcontracts part of project as well as the total labor service hereto to subcontractor with operational qualification of foreign contracted project.

Article 5 -The general contractor shall not subcontract singly the foreign labor service. The subcontractor shall not subcontract overseas labor service to the contracted project.

Article 6 -The general contractor or subcontractor shall sign with personnel lending abroad Labor Sending and Employment Contract, shall not entrust any intermediary agency or individual to recruit personnel to be sent abroad for labor service.

Article 7 -The general contractor and subcontractor shall nail down their own responsibilities and obligations. The subcontractor shall be subject to the relevant administration upon the labor service given by the general contractor. The general contractor shall be the chief body responsible for overseas labor service management to the whole project.

Article 8 -The general contractor and subcontractors shall both, in accordance with Interim Measures for the Reserve Fund in Overseas Labor Service Cooperation (No. 7, 2001 of The Ministry of Foreign Trade and Economic Cooperation and the Ministry of Commerce) and the Decision for the Reserve Fund in Overseas Labor Service Cooperation (No.2, 2003 of the Ministry of Commerce and the Ministry of Finance), implement the reserve fund system for overseas labor cooperation.

Article 9 -The general contractor and subcontractors shall sign Labor Sending and Employment Contract with the personnel prior to their departure for overseas labor service. The Contract shall comply with the relevant provisions of Notice of the Ministry of Foreign Trade and Economic Cooperation on Printing and Distributing Main Clauses of Labor Service Export (Wai Jing Mao He Fa[1996] No. 105), and guarantee the salaries here of no less than that of personnel of the same type of labor service, and maintain and guarantee the lawful rights and interests of the contract workers.

Article 10 -The general contractor and subcontractors shall, in time of conducting training for overseas labor service, thoroughly and genuinely introduce in detail the related situations, working conditions and salaries and treatment of the destination country and the related particulars of the related project, and instruct the personnel to be sent abroad to abide by the related law and rules of the country where the project is located and not to intensify conflict by any improper means.

Article 11 -The general contractor and the subcontractors shall, in the construction process of the project, take seriously the problems and rational proposals put forward hereby and give promptly reply and proper settlement.

Chapter III Project Checkup

Article 12 -The related enterprises shall, when applying for bidding (negotiated tendering) licensing of foreign contracted projects, submit the related documents to the Ministry of Commerce as well as the following documents:

(i)Form of Overseas Labor Service to Foreign Contracted Project (see Appendix). If the general contractor subcontracts part of the project as well as the overseas business hereof, the general contractor shall submit the subcontract as well as the Form of Overseas Labor Service to Foreign Contracted Project.

(ii) The documents about the definite proposal hereon issued by the commercial organs of the related China's abroad embassy (or consulate).

Chapter IV Settlement of Labor Service Dispute

Article 13 -The local administrative commercial authorities, the commercial institutions of the abroad embassy(consulate) as well as the related enterprises shall attach great importance to the labor dispute on foreign contracted project and the treatment of accidents and establish rapid response mechanism hereof, deal with the problems promptly so as to protect the lawful rights and interests of the personnel sent abroad for labor service, and to prevent accidents from happening that might damage the fame of our nation or trigger diplomatic dispute.

Article 14 -The local administrative authorities responsible for commerce shall strengthen the administration and guidance upon the related enterprises, supervise the related enterprises and press them to establish accountability system.

Article 15 -The economic and commercial institutions in abroad embassy (or consulate) shall specially assign person(s) to be responsible for the acceptance and settlement of labor dispute or accidents.

Article 16 -In case labor disputes or accident occur, the related enterprises shall in no way prevent the overseas personnel for labor service from reflect the situation to the economic and commercial institutions in the embassy (or consulate) by proper means.

Article 17 -In the process of dealing with labor dispute or accidents to foreign contracted project, the related authorities, in their labor division and treatment process, may conduct in accordance with Notice of the Ministry of Commerce on the Related Issues Concerning Treatment of Overseas Labor Dispute or Accidents (Shang He Fa[2003] No.249)

Chapter V Penalty Provisions

Article 18 -The Ministry of Commerce shall, in accordance with the related provisions, give appropriate penalty in light of the seriousness of the cases.

Chapter VI Others

Article 19 -The Ministry of Commerce shall be responsible for the interpretation of the Measures.

Article 20 -The Measures shall come into effect as of 30 days after its promulgation.

Ministry of Commerce

November 1, 2005

MOFCOM: http://www.fdi.gov.cn/1800000121_39_469_0_7.html [accessed on August 18 2016]

6. Abstract of the Eleventh Five-Year Plan outline (draft)

GOV.cn

Wednesday, March 8, 2006

The State Council has submitted the draft outline of the 11th Five-Year Plan for national economic and social development to the fourth session of the 10th National People's Congress for deliberation.

The outline was drafted according to CPC Central Committee proposal on the 11th Five-Year Plan for national economic and social development. Drawn to clarify national strategic intention, identify government work emphasis and guide market behavior, it is a grand blueprint for China's economic and social development in the next five years.

It is the common guidelines for all ethnic groups in China as well as the important basis for the government to carry out economic adjustment, market supervision, social administration and public service.

The draft outline comprises 48 chapters in 14 articles.

Building a resource-efficient and environment-friendly society

The draft outline proposes to implement the basic national policy of saving resources and protecting environment, building a circular and sustainable national economic system and a resource-efficient and environment-friendly society with low investment, low consumption and low discharge while achieving high output.

The outline emphasizes that urban sewage treatment rate will not be lower than 70 percent by 2010 and urban refuse decontamination rate not lower than 60 percent.

The outline requires improvement of water use license and water resource compensation system, establishment of state initial water right distribution system and water right transfer system. Land use

approval and compensation system should be strictly implemented and mining-resource use compensation system, mine environment reclamation and compensation mechanism, and key resource reserve system should be improved.

Rejuvenating the country through science and education and strengthening the nation with talent

The outline suggests to implement the strategies of rejuvenating the country through science and education and strengthening the nation with talented people, making scientific and technological advancement and innovation an important driving force for economic and social development, putting education and training of quality talents at a prominent strategic position while striving to build an innovative country with rich human resources.

The outline emphasizes more education investment by ensuring higher financial expenditure for education so as to gradually increase the proportion of financial expenditure for education in GDP to 4 percent.

Deepening system reform

The outline proposes to deepen system reform, emphasizing transformation of government function and reform of enterprises, financial and taxation and banking; improve socialist system of market economy to form a mechanism that favors transformation of economic growth mode and pushes forward comprehensive, balanced and sustainable development.

The outline emphasizes reform of administrative system. A system of scientific decision-making, corresponding rights and responsibilities, reasonable responsibility, smooth execution and effective supervision will be established according to the principle of simplicity, unity and efficiency.

Deepen reform of state-owned enterprises, concentrate state-owned assets into key sectors and areas that concern the national security and economic life lines.

Promote reform of financial and taxation system, demarcate responsibility of financial expenditure of governments at various levels and reasonably adjust financial revenue allocation among governments.

Speed up the financial system reform, actively boost reform of state-owned commercial banks and reasonably define policy-based bank functions.

Accelerate development of direct financing, perfect financial regulatory mechanism and improve financial supervision system.

Implementing mutually beneficial and win-win opening up strategy

The outline proposes to implement mutually beneficial and win-win opening up strategy, insist on the basic national policy of opening up to participate in international economic and technological cooperation and competition in a larger scope, broader areas and at a higher level, better promote domestic development and reform and earnestly protect national economic security.

The outline proposes to swiftly change foreign trade growth mode, shifting from quantitative to qualitative growth. Trade in goods and service will reach \$2.3 trillion and \$400 billion respectively by 2010. It emphasizes improving the quality of foreign investment utilization through introducing advanced foreign technologies, management expertise and talents with foreign investment. It requires active international economic cooperation, especially economic and technological cooperation with neighboring countries to realize mutual benefit and win-win situation.

Building a harmonious socialist society

The draft outline points out that a harmonious society should be promoted on the principle of democratic rule of law, equity and justice, honest and friendliness, vitality, orderliness and harmonious coexistence, and by starting with the most direct and practical issues that concern the interests of the masses.

The outline emphasizes implementation of active employment policy, overall planning of urban and rural employment and striving to control the jobless scale.

Improve employment support system for disadvantaged regions, sectors and groups. Expand urban basic endowment insurance coverage and improve subsistence allowances system for the urban poor.

The outline emphasizes improving healthcare for the public, conscientiously solve the problems of difficult and expensive access to medical care for the public.

Deepen reform of medical care system and strengthen supervision of medical service behavior, quality and the medicine market; reduce excessively high medicine price and contain the hike of medical expenses.

Reinforcing construction of socialist democracy and politics

The draft outline proposes to reinforce construction of socialist democracy and politics, insist on an all-round development of political and material civilization, expand socialist democracy, improve legal system and provide political guarantee for the modernization construction.

The outline emphasizes insistence on and perfecting the people's congress system, the CPC (Communist Party of China)-led multi-party cooperation and political consultation system and the ethnic regional autonomy system, actively and steadily advancing reform of political system, consolidating the political situation characterized by democracy, solidarity, liveliness, stability and harmony.

Strengthening construction of socialist culture

The draft outline proposes to firmly control the direction of advanced culture in serving the people, serving socialism as well as letting a hundred flowers blossom and a hundred schools of thought contend so as to prosper the socialist culture and meet people's increasing demand for culture.

The outline emphasizes increase of government investment in cultural undertaking to gradually form a relatively complete public cultural service system that covers the whole society.

Continue to deepen reform of cultural system by setting up a self-regulated cultural management system and a vital cultural product producing and operating mechanism, led by Party committee leaders, managed by the government, operated by corporate and society with self-discipline and according to law,

Strengthening construction of national defense and the military

The draft outline proposes to strengthen construction of national defense and military modernization according to the requirement of safeguarding national security and unity and the development needs to create a good situation in which national defense and economic constructions are coordinated.

The outline requires to strengthen construction of a revolutionary, modernized and regularized military in an all-round way in order to effectively carry out historic mission in the new phase of the new century, actively promote military reform with Chinese characteristics and strive to raise the overall defense and combat capability of the military in the information era.

Establishing and improving implementation mechanism

The draft outline proposes to rely on the fundamental role of the market in resource allocation to realize the targets and tasks outlined in this plan under the circumstance that a socialist market system has been preliminarily formed. In the meantime, the government should properly deliver its duty by regulating and guiding social resources, reasonably allocating public resources and ensuring the smooth implementation of the plan.

Editor: Letian Pan

Source: People's Daily

Source: http://www.gov.cn/english/2006-03/08/content_246973.htm [accessed on August 3 2016]

7. The 10th Five-Year Plan (2001-2005)

GOV.cn

Wednesday, April 5, 2006

The basic tasks set out in the 10th Plan were:

- Achieve an average annual economic growth rate of about 7 percent.
- Achieve a GDP of 12,500 billion yuan by 2005, calculated at 2000 prices, and per capita GDP of 9,400 yuan.
- Increase the number of urban employees and the number of surplus rural laborers transferred to the cities to 40 million each, thereby controlling registered urban unemployment rates at about 5 percent.
- Keep prices stable, and to maintain the balance between international revenue and expenditure.
- Optimize and upgrade the industrial structure, and strengthen China's international competitiveness.
- Achieve growth for the primary, secondary and tertiary industries at the rates of 13, 51 and 36 percent respectively of GDP, with those employed by these industries accounting for 44, 23 and 33 percent of the total number of employees in the country.
- Improve the national economy and social IT levels.
- Kick-start the operations of more infrastructure facilities.
- Bring the development disparity between regions under effective control, and raise levels of urbanization.
- Raise research and development funding to more than 1.5 percent of GDP, and strengthen sci-tech innovation capabilities, thereby speeding up technological progress.
- Increase gross enrolment rates in junior high schools, senior high schools and higher education institutions to over 90 percent, 60 percent and 15 percent respectively.
- Reduce natural population growth rate to less than nine per thousand, and capping population at no more than 1.33 billion by 2005.
- On the environmental front, to increase forest coverage to 18.2 percent, and the urban green rate to 35 percent. The total amount of major urban and rural pollutants discharged will be reduced by 10 percent as compared with 2000, and more measures would be taken to protect and save natural resources.

The Plan also set out to increase the growth rates of disposable income of urban residents and the net income of rural residents to five percent each. In addition, objectives were set to increase housing floor space per urban resident to 22 sq m by 2005, and to install 40 percent of all households in China with cable TV.

Another key objective was to improve medical and health services in both urban and rural areas, as was enriching people's cultural lives, and enhancing social morality and security.

Editor: Letian Pan

Source: China.org.cn

Source: http://www.gov.cn/english/2006-04/05/content_245624.htm [accessed on August 3 2016]

8. List of China's Qualified Overseas Contractors. – Source: MOFCOM Website

List of China's Qualified Overseas Contractors						
(4240 in total, as of 08 21, 2016)						
Search by Local Commercial Administration: <input type="text" value="ALL"/>		Fuzzy Search by Company Name: <input type="text"/>		<input type="button" value="QUERY"/>	<input type="button" value="BACK"/>	
Certificate No	Company name	Company Address	scope of business	Tel	Fax	Zip code
1100200000195	CHINA MACHINE-BUILDING INTERNATIONAL CORP.	14 Building, Cuiwei Zhongli, Haidian District.	1. Contracting foreign engineering projects conformable to the strength, scale and performance of the contractor; 2. dispatching necessary contract workers to implement the above-mentioned foreign projects.	63317809	63317764	100036
1100199900018	CHINA NATIONAL ELECTRIC IMPORT & EXPORT CORP.	No 8 building, Guan Dong Dian Nan Jie, Chao Yang Men Wai, Beijing, China	1. Contracting foreign engineering projects conformable to the strength, scale and performance of the contractor; 2. dispatching necessary contract workers to implement the above-mentioned foreign projects.	65842911	65070796	100020
11002000000410	CHINA NATIONAL CONSTRUCTION AND AGRICULTURAL MACHINERY IMPORT AND EXPORT CORPORATION	NO.3 DANLING STREET, HAIDIAN DISTRICT, BEIJING	1. Contracting foreign engineering projects conformable to the strength, scale and performance of the contractor; 2. dispatching necessary contract workers to implement the above-mentioned foreign projects.	010-62688066	010-82688010	100080
1100200700365	CHINA INTERNATIONAL ECONOMIC CONSULTANTS CO., LTD.		1. Contracting foreign engineering projects conformable to the strength, scale and performance of the contractor; 2. dispatching necessary contract workers to implement the above-mentioned foreign projects.	84861309		
1100200000170	CHINA MACHINERY ENGINEERING CORPORATION	NO.178, GUANGANMENWAI STREET, XUANWU DISTRICT, BEIJING, CHINA	1. Contracting foreign engineering projects conformable to the strength, scale and performance of the contractor; 2. dispatching necessary contract workers to implement the above-mentioned foreign projects.	63271381	63268203	100055
1100200000133	CHINA NATIONAL CHEMICAL CONSTRUCTION CORP.		1. Contracting foreign engineering projects conformable to the strength, scale and performance of the contractor; 2. dispatching necessary contract workers to implement the above-mentioned foreign projects.	64213697		
1100200000074	China Civil Engineering Construction Corporation	NO.4, Beifengwo Haidian District, Beijing	1. Contracting foreign engineering projects conformable to the strength, scale and performance of the contractor; 2. dispatching necessary contract workers to implement the above-mentioned foreign projects.	63242294	63267157	100038
1100200000166	CHINA INTERNATIONAL ENGINEERING CONSULTING CORP.	No.32 Chegongzhuang Yilu, Haidian District, Beijing	1. Contracting foreign engineering projects conformable to the strength, scale and performance of the contractor; 2. dispatching necessary contract workers to implement the above-mentioned foreign projects.	68410291	68410291	100048
1100200000140	CHINA NATIONAL MACHINERY IMPORT & EXPORT CORPORATION	NO.1 Fuwai Avenue, Beijing	1. Contracting foreign engineering projects conformable to the strength, scale and performance of the contractor; 2. dispatching necessary contract workers to implement the above-mentioned foreign projects.	68991676	68991166	100037

國立政治大學

亞太研究所英語碩士學程

碩士論文

帶著自己的員工，中國在越南的外國直接投資項目中僱用員工的政策

佟莉娜

