

Indians in the Chinese Textile City: Middleman Traders in Upgrading Economy

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Abstract

This paper examines the role of Indian middleman traders in an evolving Chinese textile economy. It is an anthropological study of traders, focusing on Indians' economic and social lives in a Chinese textile city called Keqiao in eastern Zhejiang Province. In today's China, Keqiao is the largest fabrics export center in which more than 5,000 Indian middleman traders can be found. This study unveils that Indian middleman traders are hidden yet significant agents in transforming Keqiao from a local Chinese textile market to an international textile export center. I will explore the stories of Indians in Keqiao from two angles: the category of company registration; and work and business experience. These two angles describe a collective process by which individual Indian traders become embedded into Keqiao's textile economy, and, in turn, the local textile markets would not be the same without Indians' participation. This symbiotic relationship undoubtedly improves Keqiao's textile economy through the worldwide trade networks possessed by the Indians. Nonetheless, due to the unbounded nature of these networks, an over-dependence on Indian middleman traders might not be a sustainable mode of local economic development, especially at a moment when Keqiao seeks to upgrade the infrastructure of the local textile economy. In this sense, the middleman economy, I argue, carries policy implications that are not recognized in the current development agenda for upgrading the economy in China today, and perhaps also in the future.

Introduction

In Zhejiang Province of China, Keqiao is officially a synonym for ‘China Textile City,’ while from the vantage of an administrative viewpoint it is a town under Shaoxing county’s governance¹. In 1992 Keqiao was promoted and given the privileged title Textile City, given its unique contribution to host a highly centralized fabrics market in which the domestic textile trade thrived. Against the backdrop of China’s open policy since the 1980s, both local and migrant households were eager to tap the newfound business opportunities in Keqiao and nearby areas. Over the whole course of the 1990s, many Chinese, be they Keqiao locals or not, established such family businesses as wholesale counters, textile factories, and dyeing factories. An emergence of centralized textile markets in Keqiao was timely, given that there was rocketing demand for various kinds of fabrics among emerging Chinese traders. These Chinese traders sojourned around different parts of China, circulating many textile items originating in Keqiao. This circulation, in turn, fueled the growth of a highly centralized textile economy in Keqiao. As a result, Keqiao became the most crucial hub for suppliers to sell fabrics in China, as well as for nationwide traders to source textile items. The importance of nationwide textile trade in Keqiao, however, has been overtaken by the robust growth of international textile exports since the early 2000s. In fact, the influx of foreign middleman traders, Indians in particular, have fundamentally changed the trade landscape in Keqiao.

There was no doubt that the increasing presence of Indian middleman traders could internationalize Keqiao textile markets, thus improving its economy. There is, however, doubt on how far such internationalization can go, and what will happen if such processes fail at certain points. Keqiao has changed since Indian middlemen have arrived. No longer can Keqiao assume that events and crises in the rest of the world, such as the Global Financial Crisis in 2008, will not

¹ It should be noted that Shaoxing county and Shaoxing city are different administrative and geographic units in Zhejiang Province, despite the fact that these two units share the same name ‘Shaoxing.’ The Shaoxing city government is located in Yuecheng old district (about 15 km east of Keqiao), exercising administration over counties (including Shaoxing county), towns, and villages under its governance. The Shaoxing county government was originally located in Yuecheng area. In 2001, the county government was moved to Keqiao, aiming to provide stronger policy support to the development of its fabrics industry.

have repercussions in the local textile markets (Wang 2009). The role of Indians as a mediating force between the local and global is at stake at present in the future of Keqiao's economic development, given that the local textile economy has been irreversibly internationalized by Indian-led middleman economy.

Considering the foreseeable economic risks that might come alongside increasing internationalization, Keqiao is currently embarking on many state-led upgrade and development projects. State-led efforts and investments, under the name of building "a Textile Silicon Valley" in China, mainly focus on upgrading the production and dyeing lines of fabrics supply, as well as building an international trade center for holding textile fairs in Keqiao (see, e.g., *Hong Kong Commercial Daily* 2009; Zhejiang Sheng Fagaiwei Yanjiushi 2012; Zhongguo Xingye Yanjiuwang 2012; *Wen Wei Po* 2009). In this sense, Indian middleman traders, who are the key players in the textile trade economy, are not considered part of the upgrade agenda led by the Chinese state. By exploring the social and economic lives of Indian middleman traders in Keqiao, I argue that the role of the middleman economy should be given more consideration in the future policy agenda, provided that their resilient yet unbounded global trade networks are, and most likely continue to be, the key factor that shapes the forthcoming ups and downs of Keqiao's textile economy.

This paper is based on one-month fieldwork in Mumbai (from March 2011 to April 2011) as well as eight-months of fieldwork in Keqiao (pilot fieldwork from March to April 2010; main fieldwork from June 2011 to January 2012). I will spend another five months (from February to June 2012) in Keqiao for the last part of my field research. In India, I traced Indians' trade networks between India and China, particularly in terms of Keqiao's textile exports. In China, I interviewed and had numerous conversations with Indian middleman traders, Chinese suppliers, as well as Indian and Chinese workers, studying the role that Indians play in Keqiao textile markets. I also spent much of my time in different Indian and Chinese trade companies, observing their daily work and business activities, particularly supplier-middleman interactions in their workplace. To protect my informants' privacy, I do not name them in this paper.

Indians in Keqiao Textile Markets

In 2011, according to the local officials, there are around 2,500 Indian nationals, 3,000 Pakistani nationals, and a small number of Afghani nationals in Keqiao; most of them are middle-aged males while some South Asian wives and children are also found. This number includes F-Business Visa holders (who can stay in China at least for three months and need to leave the country for visa renewals; but selected F-business Visa holders are allowed to renew their visas on-site), Z-Employment Visa holders (who can stay in China at least for one year and, in most cases, can stay in the country for visa renewal), and a small number of Z-Spouse Dependent Visa holders. It does not include L-Tourist Visa holders who are also doing Keqiao-based trading business. As I have been continuously observing in Keqiao, the number of South Asians holding L-Tourist Visas (who can stay in China at most for one month and must leave the country after that) should largely outnumber those who are holding either Business or Employment Visas. In this sense, the total number of South Asians in Keqiao, including Indians, Pakistanis, and Afghanis, might be above 10,000, and nearly all of them are in the trading sectors². The number of South Asians, as estimated by the local officials, has been increasing for the last few years and probably would keep increasing in the following years.

It is worth paying attention to different business profiles between Indians and Pakistanis in most cases that I have come across. Both Indians and Pakistanis are in the textile trading business in Keqiao. However, as every informant told me, Indians tend to occupy a different market niche, and they hardly interact with Pakistanis in Keqiao. As for the Indians, many of them are operating or working in trade companies, having stationary offices in Keqiao whereby they are able to establish long-term business relationships with their buyers and suppliers. As to the Pakistanis, they tend to

² Apart from South Asian traders, Keqiao is also home to a large number of traders from South Korea and such Gulf countries as Saudi Arabia and Iran, as well as a relatively small number of Japanese, Thais, Egyptians, Ghanaians, and South Africans. I have not heard of any Indians currently do business with other foreign traders in Keqiao. Unlike Indian traders, other foreign traders mainly conduct trade business with their home countries only. There are also some domestic traders from such minority autonomous regions as Lanzhou, Xinjiang, and Yanbian in China; most of these traders are doing home textile trading in the borderland of China as well as crossing the borders of China.

aim at exporting low-end fabrics and do not have as much start-up capital as most Indians do. In other words, their scale of trading practices is different. Most Pakistanis can only be mobile traders without offices, having to spend most of their time in open-air textile markets near Xiao Ma Road³. Pakistani mobile traders tend to gather around Xiao Ma Road, now notoriously known as “a Pakistani village” in Keqiao, as they can always find and bargain for the cheapest fabrics in this place⁴. Xiao Ma Road is well known among these Pakistanis because many Chinese suppliers discard otherwise unsellable bad-quality fabrics in this place. The bad quality fabrics have to be quickly sold at price much lower than the wholesale price or even the original production cost. These Chinese suppliers understand that only Pakistani mobile traders are willing to buy such bad quality, disposable items. Since the supply of these kinds of fabrics is very unstable, most Pakistani mobile traders have to spend the whole day in Xiao Ma Road, simply waiting for any luck in buying affordable fabrics that might come at any time. This is not to say that all Pakistanis in Keqiao are players in this very low-end fabrics trade. In fact, I have met a few Pakistanis, especially those who locate their home villages in the famous trading town Peshawar, who are doing a large-scale textile trading business and have had stationary offices in Keqiao for almost a decade. I only mean that the Pakistani-dominating mobile trade practice found in Xiao Ma Road stands out from other trade activities in Keqiao, and it will help us understand how Indians run a fundamentally different trading world in the same textile market.

As I briefly mentioned before, most Indians setup stationary trading offices in Keqiao. They tend to employ their compatriots to work for them. These Indian-run trading offices are mostly located in commercial buildings in northern Keqiao, including Diamond Building, Fortune Building, Eastern Building, Guomao Center, Yinan Center, China Textile City Buildings, Wonder

³ Xiao Ma Road, indeed, is not the official name of any road in Keqiao but a local term referring to a particular area hosting the old wholesale markets of fabrics. Xiao Ma Road literally means ‘little crossroads’ in Chinese. Local people in Keqiao prefers to call it Xiao Ma Road simply because there have been many little crossroads in that area for decades. Even Indians and Pakistanis also call it Xiao Ma Road, saying that it is very well-known amongst foreign traders in Keqiao.

⁴ Apart from Pakistanis, Muslim traders from Xinjiang Province can also be found in Xiao Ma Road. Local Chinese residents told me that these Xinjiang traders, just like their Pakistani counterpart, wander around Xiao Ma Road, all-day searching for cheap fabrics. Pakistani and Xinjiang traders attend the same underground mosque located in Xiao Ma Road. These traders also stay in the same hotels located in and near Xiao Ma Road. They also eat in the same Muslim restaurants in Xiao Ma Road.

Plaza, Times Square, and World Trade Center. No source can tell the exact number of Indian-run offices in these buildings. In July 2011, I walked around all these buildings, trying to roughly count the total numbers of Indian-run offices. I took in the companies which 1) have company names composed of phrases in an Indian language (e.g. Asoka); 2) have Indians who sit and work inside the offices; and/or 3) display a Hindu sign like “Om” on the doors or other parts of the offices. If an office satisfied one or more of the above conditions I counted it as an office run by Indians. I believe it is the most reliable method to estimate the total number of Indian-run offices in Keqiao. I also cross-checked my counting with Indian companies’ address obtained from *The Indian 2010: Directory of Indian Firms in Greater China and The Hong Kong SAR* (Sital 2010), a China and Hong Kong business directory published by a long-standing Sindhi entrepreneur in Hong Kong. I found that at least 1,000 Indian companies are located in all these buildings. It is clear that Indian-run companies outnumber Chinese-run and Korean-run companies, which can also be found in the heart of Keqiao. My interview with a local property agent verifies my count in Wonder Plaza, in which most Indian companies are located. He said, “Wonder Plaza is very popular among the Indians. As you can see, there are at least five Indian offices on every floor. [There are around ten offices per floor.] I guess it is because we can provide small offices. Indians tend to rent a small place to run their office. They can only afford the minimum yearly rent 20,000 RMB.” The interior structures in these offices are more or less the same. Of course, the size of companies and number of staff varies among the Indian-run offices. Usually it is a small office only accommodating one desk and one Indian; whereas in Wonder Plaza, for example, there is also very big office accommodating at least seven Indians and a few Chinese staff. The interior structural difference might illustrate the range of scale that Indian trade companies operate in Keqiao⁵. Apart from the difference in office scale, we can also see the various kinds of trade tactics and work experience amongst the Indians in Keqiao. More specifically, the scale and operation of Indian trading business

⁵ The size of office is, however, not always directly proportional to the size of trade business, as many informant emphasized. Some small offices, undoubtedly, run big business in Keqiao. In this sense, it is important to look into the complexity of trade business operation, instead of judging the size of trade business merely by the size of office, for example.

can be also revealed by the category of trade company registration and work and business experience. All of these qualities contribute to shaping Indians into the key middlemen for exporting textiles from Keqiao, which enables them to become more embedded into the local economy while maintaining a high degree of transnational business resiliency.

Company Registration

Among the Indian-run trade companies in Keqiao, there are three categories of registrations with the Chinese government, including trading company registration, representative office registration, and partnership company registration. Only with the above documents can Indians register their office with the Chinese administration. As of this writing, I cannot obtain an accurate number of the kinds of companies that my Indian informants are operating, since some of them refused to disclose such information to me⁶. As I had counted on my own and asked the Indians in Keqiao from time to time regarding this matter, there should be more Indian-run representative offices than trading companies on the whole. The number of partnership companies is also growing, due to the recent policy change governing the way foreigners are allowed to setup companies in China. The fact that the partnership company category has become more popular recently illustrates that the boundary between these three kinds of registration is not clear in practice, and there is increasing Chinese involvement in the registration process. The porous boundary enhances the flexibility of Indian trading enterprises in Keqiao, which I will explain it below.

As for trading company registration, an Indian applicant needs to fulfill the following conditions. First, the applicant has to invest a fixed amount of start-up capital for a certain period of time in China. Second, the applicant has to report to the Chinese government about every person to be employed, be they Indians or Chinese. The cost of obtaining a trading company license is higher

⁶ From the vantage of trade business, a few reasons might explain why Indians did not want to disclose too much details of their company registration profile. First, my Indian informants tend to think that registration other than trade company is at second-tier only. They thought that if their customers know such company profile, they might not trust them too much. Second, as my Indian informants revealed, many Indian-run companies are registered in the name of their compatriot friends. To avoid confusion, they would simply present themselves as 'indent agents' in front of people who do not know much regarding company registrations.

than the other kinds of company licenses. However, it can offer advantages that other kinds of company registrations cannot meet. According to the Chinese regulations, only foreigner-owned trading companies can do local business in China, which means they can open a company bank account in China's banks, directly pay Chinese suppliers in RMB and, to a certain extent, foreign currency (e.g. US dollars) transactions, and make direct profits from China. As such, only trading companies are entitled to directly export goods out of China and to be granted a number of work visas for foreign labor employment. The visa granted under this scheme always lasts for at least half a year and can be renewed in China. Also, as my informant proudly claimed, with a trading company permit he could do all his business legally in the easiest way, for which makes many of his compatriots envious. In short, a foreigner-owned trading company can do trading business in China almost the same as a Chinese-owned trading company. However, most of my informants complained that it is indeed very troublesome to apply for a trading company registration. In their many years of experience, it has become increasingly difficult to get approval in recent days. This can be seen, for example, from a decrease in the number of work visas issued by the trading company registration scheme. One informant described this change in detail:

In 2011, they only grant one owner's visa and two worker visas. In 2010 and before, we could employ more Indian staff. But now the Chinese government changed the policy. In the past we could get five workers' visas for our Indian staff. But now, we have to send some back to India, as we cannot get visas for them now. It is obvious that the Chinese government doesn't want to have too many Indians here now. Not like in the past.

As I myself had checked, it is not surprising that most Indian-run companies under this category have a larger workforce, more capital investment, and more established company history. In Keqiao, these offices are a minority in the sea of the Indian trading world. Many informants agreed that an application for a trading company license is inherently "troublesome, makes-no-sense, and expensive." One of my informants who owns a trading company in Keqiao told me that he did not

know the exact procedure of the application. What he had done was simply handover the application task to his Chinese lawyer. During our conversation, he incessantly criticized the whole process, saying it was too complicated to an extent he would never understand. In this sense, while this category of company registration can generate specific advantages for foreigners to do China-based trading business, it is not very common or welcome from the vantage point of many Indians in Keqiao.

In contrast to the category of trading company, operating a representative office is an easier and cheaper option for Indians trading in China. In Keqiao, many Chinese law firms provide consultancy on representative office registrations. Indians only have to pay a fixed amount to buy a package from local law firms, and then they receive the registration documentation in time. They can thereby rent an office by submitting this documentation. As I have found, it would cost not more than 20,000 RMB per year in the first half of 2011, which, as most of my informants feel, is affordable. There are, of course, limitations to business operations under this category. From the vantage of the Chinese government, a representative office, in theory, cannot be regarded as a locally-run trading company. The purpose of opening this category for application was to facilitate foreign traders who need to visit China for merchandise on a regular basis. The applicants must have overseas company registration documentation beforehand, proving that they do not intend to setup local business in China. As a result, the holder of a representative office cannot setup a company account in Chinese banks for business transactions in RMB. While an office owner can receive a half-year business visa, most expatriate staff working in representative offices can only receive a one-time, non-renewable business visa. Despite these apparent harsh limitations, many Indians brilliantly exploit loopholes that allow them to continue their trading business in Keqiao.

Before we go into the details of Indians' tactics in running a representative office, it is necessary to first look into their socioeconomic background. A majority of Indians in Keqiao whom I have talked with are males in their late 20s and early 30s. Most of them told me that they left school at an early age and therefore have already worked for many years. In Keqiao, they are

mostly individual traders or business minded trade workers who are relatively green in the textile markets. While many of them are married, they have to leave their spouses behind in India. This is because the expenses of hosting an expatriate couple would be high in China on the one hand, and the chance for their spouses to get a visa to stay in China is indeed very slim on the other.

Therefore, many Indians just live on their own or share apartment with a few compatriots in Keqiao, having to leave their wives, children, and other family members behind in India.

Obviously, these Indians would not have too much capital at the very beginning of their trading business. Given this background, registering their company as a trading company would not be a realistic option for them. It is thus not surprising that many of them opted for representative office registration instead.

How would these inexperienced Indians overcome the inherent difficulties of running a representative office in Keqiao? To be qualified as applicants for representative office, the first task they have to accomplish is to get overseas company registration and thus an offshore bank account. From the vantage of my Indian informants, Hong Kong is the most popular place to get mother company registration as well as offshore bank accounts. "It is easy and cheap to register a company in Hong Kong," one Indian informant told me. "You can register any kind of companies in Hong Kong. Not necessary about textiles. My Hong Kong company registration is on the category of sport goods! Nothing to do with textiles. Then you can use that Hong Kong documentation to apply for representative office license in Keqiao. With that Hong Kong registration you can also open a Hong Kong bank account. You can receive overseas commission in USD on that Hong Kong account. Once you get the license from China you can immediately start doing business." Another Indian informant said that he did not know how to deal with the Hong Kong company registration. So he decided to employ a Chinese lawyer to handle this matter and get his representative office license. "It's less troublesome," he said, "I know nothing about Hong Kong. But that lawyer helps me with it all. I just need to pay him for that and that's it." No matter whether the Indians do the registration on their own or do this through their Chinese lawyers, they share a common concern

that with that representative office license they must leave China after a certain time for visa renewal, with a one month stay being the shortest and a six month stay being the longest. Hong Kong, due to its geographic proximity to China and its immigration policy allowing Indian nationals to stay up to two weeks without a visa, it is a popular destination for Indians to renew visas or apply for new visas. “I just cross the border (to Hong Kong). Then I immediately come back (to China),” said one informant describing his monthly journey to Hong Kong. “It is too expensive to stay in Hong Kong overnight. So I will come and go back within one day. What I need to do is get a new stamp on my passport in Hong Kong. Then I can stay in China for one more month. I need to do it every month. It’s like that.” While these regular travels cost a lot in money and time, my Indian informants at least do not seem frustrated to have to do it repeatedly, since it is the condition they must fulfill as long as they run representative offices in Keqiao.

Another barrier Indians’ representative offices have to overcome is that they cannot open a company bank account in China’s banks for RMB transactions as well as for processing needed documents for export. Indians, who trade in Keqiao, need a Chinese bank account for deposits as well as to receive commissions from Chinese suppliers. With respect to the deposits, Indians must borrow a Chinese bank account from a Chinese national, given that most transactions are too large to do in cash and thus could only be done with a Chinese bank account, be it personal or, more likely, a company account. During my observation in some representative offices, I have overheard many Indians’ phone conversations asking to borrow a Chinese bank account from their Chinese friends. I asked one Indian informant why their Chinese friends agreed to lend them their bank account. He explained, “they (who lend Indians bank accounts) are mostly (Chinese) office girls. We have a good relationship with them. They always come and have coffee in our offices. Last time I came to one of their birthday parties. It’s fun. Many of them are working in Chinese suppliers’ offices. Others are working in Indian offices. They always visit us and try to sell their company’s products. Apart from business, we’re really good friends. They’re very helpful.” In this sense, these Chinese office girls play a role as intermediary so that there are no direct bank transaction records

between Chinese suppliers and Indians representative offices⁷. After the final overseas buyers receive the shipment, Indian's representative offices will receive a commission in their personal bank accounts, either from Chinese suppliers in RMB or final buyer's in other currencies like USD.

However, the recent policy change in representative office registration requires more Indians to have their companies registered as partnership offices in Keqiao. Before this policy change, representative office registrations would accept documentation of overseas company registration that is certificated by a recognized law firm in China. Since mid-2011, however, China would only accept such documentations certificated in which the mother company is located. For example, if the mother company is registered in Hong Kong, all documentation to be submitted must be certificated by Hong Kong law firms. The documentation fees in Hong Kong are much more expensive than the ones processed by law firms in China. One Indian informant who had his mother company registered in Hong Kong in 2011, described the rocketing expenses that would be caused by such a change. "When I renew the representative office registration next year," he remarked, "I need to produce certificates for myself as well as for my Indian staff in Hong Kong. In the past we did it in China. It would only cost around a few thousand RMB. But now we have to do it in Hong Kong. Every certificate alone would cost at least ten thousand RMB. Business is bad this year. I don't think we will be able to afford it next year." Consequently, an increasing number of Indians are drawn to register their company in partnership with Chinese, given that the cost of a partnership company would be less expensive. In November 2011, I accompanied one Indian meeting his Chinese lawyer in Keqiao, to discuss what category of company he would like to register for his new office. The Chinese lawyer suggested to this informant that the cheapest way was to setup a partnership company with a Chinese business, which would in total only cost 12,000 RMB per year.

At present, the problem faced Indians seeking partnership company registration is to find a Chinese business to sign up as a local partner. As my Indian informants told me, it is not easy to find a Chinese who will trust them, especially for Indian newcomers who just started their trading

⁷ While these Indian informants always emphasized that Chinese office girls help them only for friendship, I could tell from my observation that, they, on many occasions, are in relationship.

business in Keqiao. Due to my Chinese identity, I was once approached by my Indian informant: he thought that every Chinese was eligible for such partnership registration. However, my Hong Kong citizenship truly disappointed him, since only mainland Chinese would be considered eligible to partner a company with foreigners in China. This shows that many Indians are desperate to find Chinese partners to register their partnership trading company. Under these circumstances, how do they solve this problem? In December 2011, another Indian informant shared with me a possible way out for them. He told me that on one day when he walked out from his apartment, a Chinese neighbor whom he did not know before said hello to him. After they exchanged a few greeting words, this Chinese man asked my informant if he wanted to rent an office in Keqiao. “This is really strange but very common in Keqiao,” he said. “That Chinese guy told me that he owns many offices in one building and he knows that Indians need an office as well as a company license. He said that the Indians don’t need to register a company by themselves because they can instead buy one from him. No problem. He told me everything to see if I was interested in getting an office from him. I guess this Chinese guy must be making good business from it. I saw he was driving a BMW! As far as I know, many people in Keqiao do this.” Under the impact of the recent policy change in company registration, it is possible that the number of Indians getting a partnership office or buying office licenses from Chinese businessmen would gradually increase. In other words, the new policy constraints on registration do not prevent Indian trade companies from growing. However, the policy change might trigger unintended consequences that might make more Indians conduct trade away from the mainstream methods encouraged by the Chinese government. We might see more Indian companies run under Chinese names on paper.

Work and Business Experience

“Indians are the key middlemen in Keqiao,” one Chinese fabrics factory owner said. “I don’t like to do business with them. They are cunning. But only Indian middlemen can give us big orders. It’s too risky to do business directly with overseas buyers.” These words represent both the love and

hatred of Chinese fabrics suppliers towards Indians in Keqiao. Other Chinese suppliers whom I talked with also shared similar feelings concerning Indian middleman traders in Keqiao. These Chinese suppliers, however had an experience they may have had before, still trade through Indian middleman companies in Keqiao. No reliable source can tell the number of textile exports done through Indian middleman companies in Keqiao, given that international bilateral trade volume would not express any information about an individual middleman's contribution. As seen from the continuous increase in textile trade volume between Keqiao and India, the presence of a large number of Indian trade companies in Keqiao, as well as my informants' accounts, there is no doubt that Keqiao's international textile exports would not be the same without the presence of Indian middlemen.

According to the Shaoxing Statistics Bureau (2008; 2009), most fabrics exported from Keqiao ended up in Europe, North America, and the Middle East but not South Asia, even though Keqiao's textile trade with India had maintained steady growth for the last few years. As I mentioned before, these statistics cannot tell us what role middleman traders play in Keqiao textile markets, since it is not necessary for Keqiao-based Indians to do trade only with their home country, India. More specifically, these statistics obscure two important trade networks in which Indian middleman traders are indeed operating in and out of Keqiao. First, many fabrics exported to Russia and Eastern European countries such as Poland are find their way through the work of Indian middleman companies in Keqiao. As I have observed in many Indian trade companies, the final buyers in Russia and Eastern European countries are always Indians as well. Second, a large amount of fabrics are exported from Keqiao to Dubai, the most important trade port in the Middle East. This is also done through the Indians' long-standing network between Keqiao and Dubai⁸.

⁸ According to my informants, there is a geopolitical reason making Dubai the most important re-export center of fabrics. During the Cold War period, trade was impossible between the Soviet Union countries and American allies. However, as my Indian informants described, much underground trade between communist and capitalist countries was indeed done by adventurous Sindhi traders through the middle point – Dubai – which was at that time considered a politically neutral place to do such trade. It explains why the Indians in Dubai, as well as the Indians in China who did business in Dubai before, still have strong trade connections

Once these exports land in Dubai, a large quantity of goods are probably re-exported to other Middle Eastern countries and African countries that are not able to do direct trade with China. This kind of trade is also done through extensive Indian networks, the Sindhi's in particular, on which I will focus in the following parts. Of course, this is not to say that there is no Indian in Keqiao mediating fabrics trade between China and India. As one can find out in Keqiao, many Indian petty traders, especially the relatively inexperienced ones, only do trade business from China to India, whereas a number of more established Indian-run companies cover their trade business in various countries of Southeast Asia, South Asia, the Middle East, Africa, and South America all at the same time. This is only to say that the worldwide trade networks that Indians continue to construct and manipulate is remarkable, and the networks do not necessarily include India. Undoubtedly, the extensive scope of their global trade networks is the main factor enabling Indian middleman traders to take advantages of the Keqiao textile markets, and, in turn, Chinese suppliers become very dependent on them as long as they live on international fabrics exports.

Nearly all Indian informants are Sindhis with a unique historical background in international migration and trade entrepreneurship. It pushes them to stand out among the Indian population at large⁹. All Sindhis in Keqiao can trace their origins to Sindh Province in today's Pakistan. Due to

with such former USSR countries as Russia, Poland, and the Ukraine. It can also be shown by the fact that many Indian traders in Keqiao can speak Russian even though they have never lived in Russian-speaking countries; most of these Indians had worked in Dubai and picked up Russian through doing business with Russian-speaking buyers for many years.

On the other hand, the close historical relations between Dubai and the Indian subcontinent during the British colonial period is remarkable.. See Davidson (2008) and Onley (2007). The close historical links between Dubai and India is also an important factor that makes Indian traders prosperous in Dubai trading markets for decades.

⁹ For thematic anthropological and historical studies of global Sindhi migration and entrepreneurship, see Markovits (2000) and Falzon (2004).

Alongside with Sindhis, a few Marwari, Punjabi, and Tamil traders can also be found in Keqiao. While most Indians in Keqiao identify themselves as Sindhis and always claim they belong to one community, the grouping force amongst Sindhis in Keqiao, as I have observed, is weak. Many informants, especially Sindhi workers in their 20s, claimed that they did not have many Indian friends in Keqiao; they described that, for example, many Sindhis would simply ignore each other when they met on a street corner of Keqiao. My daily walking and observation in Keqiao confirmed this. On an institutional level, the Indians have formed The Shaoxing Indian Business Association (SIBA) since 2003, responsible of organizing such social events as Diwali party and cricket league for all Indians in Keqiao. However, SIBA has become inactive since 2010 and no more activities have thereafter been organized. When I asked my Indian

the partition in the Indian subcontinent, Sindhis following Hindu traditions were forced to move from Pakistan to India in the late 1940s. Sindhis whom I know always emphasized that the Sindhi community lost their homeland and became refugees “just within one night.” Before the partition, most Sindhi informants in Keqiao said that their forebears had good lives in Sindh, given that many Sindhis did prosperous business in their hometowns by that time. “We are born to be businessmen,” one Sindhi informant said. “Business is in our blood.” However, most Sindhis lost everything after the partition, having no choice but establish new lives in a strange land. According to the Sindhis in Keqiao, their grandparents and/or parents were mostly relocated to live in refugee camps in Delhi while some of them were put in camps in Mumbai. Some Sindhis were given lands that were abandoned by Muslims departing for Pakistan. However, taking up these abandoned lands did not improve their situation very much. As my Sindhi informants recalled, most Sindhis still lived in extreme poverty after the partition. “My father had no way out. The only thing he could do was to do business again,” said one Sindhi informant. Since the 1950s and 1960s, more Sindhi settlements could be found in Ajmer, Jaipur, and Jodhpur in Rajasthan, Surat and Ahmedabad in Gujarat, as well as Mumbai and Pune in Maharashtra. Some of them were relocated to these places at the very beginning while others moved there to search for better work and business opportunities.

Almost at the same time, there were waves of Sindhi moving across the Arabic Sea.

According to my informants, a large number of Sindhis moved to Dubai as workers for the trade

informants about the function of SIBA, many of them dismissed it as irrelevant to their lives, claiming this association could not bring Indians in Keqiao together as one community.

Since October 2011, a small Sikh Temple named Sach Dham has been opened in Keqiao (Many Indians in Keqiao, especially Sindhis, are followers of Guru Nanak [1469-1539], the first Sikh Guru). In November 2011, I attended this Sikh Temple almost everyday in the morning, looking to see if there were any significant social bonds formed within the temple. I found that most Indians attending the Sikh Temple would only spend very little time in it; they would only worship not more than 10 minutes and then immediately leave the temple. In fact, the granthi (the priest of temple) complained there were too few Indians attending this temple, and that many attendees spent very little time in it. While my other research found a strong socializing force at Sikh Temples in Hong Kong (Cheuk 2008) and Shanghai (a brief field research conducted in October and December 2011), such an effect is not found in Keqiao's Sikh Temple. Having said that, I do not mean that grouping force does not at all exist amongst Indians in Keqiao. In fact, some Indians become very close friends and frequently exchange business information with each other, gaining mutual support in their trade activities. I only mean that the grouping force at large, such as saying the Sindhi as one coherent community, is obviously not present in Keqiao.

company at that time; this labor wave began as early as in the early 1970s. “Some Sindhis went there as indentured labors,” one Sindhi, who had spent more than a decade in Dubai, told me, “but most of us went there to work in the trade companies.” These Sindhis were mostly in Surat, Ahmedabad, and Mumbai before they headed for Dubai. Another Sindhi informant, who also worked in Dubai before, explained how and why Sindhis readily came and participated in the textile trade markets in Dubai from the very beginning:

My boss was a (South) Korean. I worked in his trade company for more than ten years. As far as I know Koreans were the first one selling fabrics in Dubai. They made fabrics in (South) Korea, brought it to Dubai, and sold it to Arabic and African customers. Koreans could not speak good English. But everyone needed to speak in English to do business in Dubai. So they had to find English-speakers to sell their products. They found us from India.

Whilst South Koreans were the pioneers in textile trade in Dubai, Sindhis gradually replaced their dominating position and became the main middleman traders in Dubai’s textile markets. There were two factors contributing to the entrepreneurial success of Sindhis in Dubai. On the one hand, Sindhis learned much from the Koreans on how to create links between suppliers and buyers and act as intermediaries in Dubai. The accumulation of business contacts about suppliers and buyers became precious business knowledge for the Sindhi, to an extent that they could setup their own middleman trade company to take advantage of these accumulated contacts. To increase competitiveness, some Sindhis even ventured out to African and European countries, seeking to directly negotiate with buyers from these countries. Many Sindhis settled down in Africa and Eastern Europe while maintaining strong links with Dubai, given that such links were crucial in continuing their textile trade activities. On the other hand, due to the U.A.E visa regulation, Sindhi

workers in Dubai, if they want to renew their work visas, must go back to India every two years¹⁰. Such forced returns to India perhaps unintentionally enabled Sindhis to maintain strong links with their families and friends in India, which could be transformed into important labor and capital networks for expanding middleman trade in Dubai. As a result, many Sindhis came from India to Dubai in the 1980s and the 1990s through networks brought and sustained by the returning Sindhis. Likewise, these new Sindhi comers also learned the rope of trading in the Sindhi workplace in Dubai. After a certain period of learning and accumulating of business contacts, these newcomers also ventured out to open their own trade companies in Dubai.

While Dubai continued to thrive as the key midway for trade in the 1980s and early 1990s, the development of middleman markets, especially in the fabrics markets, have faced limited growth since mid-1990s. Two factors led to such limits. First, fabrics manufacture sites were located neither in nor near Dubai. Instead, most manufacture centers were located in East Asian regions. As the communication technology improved greatly and the cost of air travel significantly decreased from the mid-1990s, more buyers skipped the middleman in Dubai and directly bought fabrics from production sites and dyeing factories in Taiwan, China, and South Korea in particular, which contributed nearly all fabric supply that had passed through Dubai. The value of Sindhi middlemen henceforth declined, given that Dubai-based buyers no longer had to merely depend on Sindhis in the search of cheap fabrics made in East Asia. Second, the competition of the fabric middleman business became very keen in the 1990s, whereas the number of Sindhis engaging in the trade sector was still increasing in Dubai. To make their middleman business sustainable and more profitable in longer run, many Sindhis moved out from the already squeezed Dubai markets, shifting their business base from Dubai to Taiwan and South Korea in the late 1990s and China in the early 2000s.

¹⁰ This regulation, as my informant told me, is still effective in today's Dubai.

This explains why a certain number of Sindhis in Keqiao had worked and done business in Dubai and South Korea in the 1990s. Many Sindhis, if they could afford it, ran trading offices in both Dubai and South Korea at the same time, trying to simultaneously maximize business contacts of buyers and suppliers in the Middle East and East Asia respectively. In the 1990s, South Korea, as a Sindhi who stayed in Seoul for six years recalled, was the main manufacture and export center for Eastern European, Middle Eastern, and African markets, and many exports needed to pass through Dubai. “(South) Koreans have been in Dubai for many years,” he said, “that’s why their factories know what to produce for Dubai markets.” Moreover, stationing themselves closer to the manufacture centers enabled Sindhis to acquire more business knowledge on wholesale prices of different fabric items. Hence, Sindhis who stayed in South Korea would have more bargaining knowledge to negotiate a cheaper buying price from South Korean suppliers. However, the heyday was finished after the South Korean manufacturing sector was hit hard by the Asian Financial Crisis in 1998. As my informants recalled, many Korean factories had been closed due to unsolvable financial strains caused by the crisis. As a result, both South Koreans and Sindhis had to explore new manufacturing markets, making sure that their trading business could survive and thus continue to grow. This was the main reason that they came to China, Keqiao in particular, in the early 2000s.

“We know Keqiao since the late 1990s,” a Sindhi, who has lived in Keqiao already for a decade, said. “When we were in South Korea, we already came to China very often. Every year we would take part in the Guangdong Textile Fair. In the Fair, we came to know many Chinese fabric suppliers were from Keqiao in Zhejiang.” Apart from fairs, some Sindhi informants told me that they came to Keqiao as merchandisers as early as the late 1990s. At the very beginning, they did not have any intention to move their base from South Korea to China; they simply came to Keqiao searching for fabric items that were not available in South Korea. During their short business trips in Keqiao, Sindhis came to know that it was indeed easier to find more kinds of fabrics at cheaper prices in China than other places, given that the textile factories and shops are highly centralized in

Keqiao and nearby industrial towns. There is no surprise that after the textile manufacture markets collapsed in South Korea in the late 1990s, many Sindhis immediately shifted their middleman trading bases to China, particularly Keqiao.

From 2000 to 2007, and 2009 to 2010, according to my Sindhi informants, were good business years for their middleman trade in Keqiao. In these years, Keqiao fabrics markets provided a good and cheap supply of various fabric items, and Sindhi middlemen facilitated exporting such items to the Middle East and Eastern Europe in a large and worldwide scale that was unprecedented in Keqiao's export history. Having known the trade potential in Keqiao, Sindhi textile traders, who were originally based in Southeast Asian countries such as Indonesia, also joined the hunt of cheap fabrics in China. These Sindhis came and stationed in Keqiao for the sake of getting firsthand information on fabrics regarding the price and quality – the assets they need to trade between Chinese suppliers and overseas buyers. “This (Sindhi) guy really knows the best price to buy [fabric items],” a Chinese, who sold fabrics to Dubai through a Sindhi middleman, said. “You can never hide anything from him. After many years in China, he knows every item and its price in the local textile markets. So we can hardly bargain with them.” Still, Chinese suppliers have no other choice but to continue to maintain close business relationships with Sindhi middlemen, since only Sindhi trade networks can introduce the Chinese suppliers to a long list of worldwide buyers who have a large demand for China-made fabrics.

In contrast, 2008 and 2011 were so far the worst years for my Sindhi informants in Keqiao. As a place dependent on the international export economy, Keqiao textile markets were badly hit by the Global Financial Crisis in 2008. The global capital shortage suddenly left many overseas buyers with no money to buy, and then Keqiao-based Indian middlemen and Chinese suppliers could not receive commission, deposit, and payment for the fabrics they already shipped out. Consequently, many Chinese fabrics factories closed down, and many Sindhi middlemen lost most of their

business in 2008. “We lost almost everything in 2008,” one Sindhi said, “our customers disappeared. What to do? The Chinese suppliers asked us for money. Where could I find money for them? I had no money.” While the trade and business environment improved in 2010, it became bad again in 2011 due to the fluctuation in currency markets. On one side, the continuous appreciation of RMB increased the cost of fabrics production in China, making the China-made fabrics no longer very cheap. On the other side, the continuous depreciation of USD decreased the profit margins of Sindhi middlemen in Keqiao, since their overseas buyers used to pay them deposit and commission in USD. In this sense, while there was no large-scale exodus of Sindhi traders from Keqiao at that moment, most Sindhi informants, who have been doing rather long-term business in Keqiao for nearly a decade, expressed concerns about their future in the Keqiao textile markets. “Perhaps we would be here for another five more years and that’s it,” one Sindhi, who has stayed in Keqiao for eight years, said. “No markets in the world can replace Keqiao at this moment. But no one knows what will happen next, in the future.”

At present, Indians workers, a majority of whom are Sindhis in their early 20s coming directly from India to China, are at least not as pessimistic as their senior compatriots are in Keqiao. Many junior Indian workers whom I know in Keqiao share a common desire to stay working hard for the long run. It is because they believe that their long-term work experience in China could be eventually transformed into economic and social capital needed to setup their own trade companies in the future. Despite the foreseeable difficulties in the future of Keqiao textile markets, it is still tempting for fresh Indians to join the middleman sectors, given that the skills and contacts needed could be acquired from the workplace, as well as given that the start-up capital for middleman businesses are relatively low as compared with other kinds of business. “The most important factor is the contact,” one informant told me, “once you get good contacts of buyers and suppliers, you can do good business. You can work everywhere and every time you bring your contacts and phone along.” Their ambition, determination, and hard-work, however, could not reduce the limitations

they had to face. Compared with the senior Sindhi middlemen, these fresh Indian middlemen are generally lacking worldwide access to overseas buyers; it was most likely that junior Indian traders could only rely on selling fabrics to their relatives and close friends in India, since they barely had overseas work experience and business contacts outside India and China. In this sense, the future of green Indian middlemen is yet to be seen in Keqiao.

Concluding Remarks

The anthropological approach in this paper - studying the lives of Indians in Keqiao regarding the category of company registration and life and work experience – has made it possible to discover the hidden yet significant role that Indians are playing in the Keqiao textile economy. This study has viewed the lives of Indians within a specific institutional force (policy regulating company operation) and a biographical history of transnational mobility (from India to Dubai to China). These processes are the key factors that make Indian middleman traders, who always carry their transnational trade networks with them, steeped in the loop of the Keqiao textile economy, which has been increasingly internationalized. No matter how unbounded and resilient these Indian transnationals are, Keqiao's economy becomes irreversibly dependent upon such a mobile force and outside networks. In this sense, while the future of the middleman economy is uncertain in Keqiao, the local development agenda should pay more attention to the role of Indian middleman traders. In actual fact, policy consideration directed at migrant middleman traders is unheard of in today's global governance of international trade. Obviously there is no easy solution to formulating policy that will effectively manage the middleman economy, especially in old trade industries like fabrics export. Nonetheless, the case of Indian middleman traders in Keqiao, I argue, should at least catch more attention from policymakers and bureaucrats, especially when they seek to upgrade the local textile economy. Middleman traders are definitely not outsiders in the trade and production process.

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