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## The Return of the “Brains” to China: What are the Social, Economic, and Political Impacts?

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# Introduction

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With the launch of the Open Door policy in 1978, China started to liberalize Chinese nationals' exit policy (outbound migration). Liberalization has subsequently been more progressive. Initially, the policy change only applied to family reunification and students sponsored by the government. In 1984, self-funded students were also allowed to leave China for overseas studies. This new phase of the liberalization process represented the starting point of an overseas study boom. Indeed, until the beginning of the 1990s, the student visa was one of the rare channels for crossing Chinese frontiers legally. When it first started, only a small and very select student group, including highly qualified researchers and engineers (who were allowed to return to academic institutions) benefited from this liberalization. Though China wanted to develop academic exchanges with western countries, it maintained a degree of anxiety regarding a potential *brain drain* scenario. Since the 1990s, the government has issued new measures to encourage the return of the most highly qualified individuals, and has promoted a discourse that tends to honour, or even to praise the repatriated "brains" in China and their involvement in homeland development.

However, the acceleration of return migration since 2000 can be better explained by China's economic growth and enlargement of the domestic market rather than the measures and discourse announced by the Chinese Government. Thus, Chinese patriotism is often a facade for returnees mostly motivated by pragmatic and economic reasons. In order to understand the rationale behind the current return migration, we would like to review the historical relations between China and its overseas population. In this paper, we attempt to address the question of patriotism among Chinese living abroad, in addition to analyzing the returnees' impact on the contemporary development of China, in political, economic and social spheres.

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## China and Overseas Chinese

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Despite the fact that for a long period in Chinese history China's overseas nationals were denied any rights or attention, with the Mao era even seeing China set a clear distance between the motherland and the overseas diaspora, China has tried for more than one century to lobby financial and political support from Chinese living abroad.

### *From rejection to approachment*

#### **15th-19th century: the emigrates as traitors**

Up to the second part of the 19th century, Chinese authorities' attitude towards Chinese nationals abroad was characterized by disregard or even rejection. Under the Ming and the Qing dynasties, those Chinese who were outside China were relegated to the ranks of the rebel or the traitor. Since the 15th century, Chinese authorities were concerned about controlling and restricting the people leaving China. This policy fueled a negative image of the nationals living abroad. During the Ming dynasty, anyone leaving China was therefore considered as a defector and a criminal. During the Qing dynasty, an individual committing the act of migration was also portrayed as a rebel, a conspirator or a political criminal. Such labeling and image of outgoing migrants is a result of the anti-Manchuria resistance, organised by ethnic Chinese groups in South-East Asia after the Ming downfall in 1644. Despite the fact that the Qing Government progressively made a distinction between rebels and Chinese overseas merchants in the course of the 18th century, the act of leaving the homeland was still largely unwelcome. The Manchurian authorities of the Qing dynasty gradually emphasized a Confucianism-based system characterized by moralist and paternalist thoughts. To settle abroad was thus considered to demonstrate a lack of filial piety. Inevitably, Chinese merchants leaving China for far away were thus distrusted and blamed for their inability to fulfill their duties towards family, ancestors and homeland:

At the beginning of the 19th century, this negative image was again reinforced when the overseas Chinese were linked to the "hanjian" (traitors to China). Hanjian was first used to designate the Cantonese who cooperated with British for opium trade. The term then designated Chinese who provided economic or military support

to the invasion of China by Western forces. It was finally used to speak of an indistinct group of people that were supposed to collaborate with foreigners against China's interests, also including overseas Chinese (Yen, 1995: 8-13).

### **End of the 19th century-beginning of the 20th century: toward an engagement with China's overseas communities**

After the Chinese authorities discovered living conditions of the Chinese coolies abroad, the image of overseas nationals underwent a turnaround during the course of the second part of the 19th century. The Qing authorities acquainted themselves with the emigrants' situation through the reports handed over by the first diplomatic delegations. They discovered that Chinese nationals engaged as coolies abroad were victims of violent and discriminatory treatments. They decided to send investigation commissions to Cuba and Peru, in 1873 and 1874 respectively. The investigations confirmed China's concerns and transformed its attitude towards its nationals living abroad. China then decided to provide active protection to its overseas nationals (Zhuang, 1998: 99). Coolies came to be treated with empathy and even sympathy among the citizens in China rather than with the previous distrust. At the same time, attitudes towards Chinese overseas merchants also changed. Two protagonists probably paid a major role in this turnaround: China's representative in Great Britain, and China's Consul General for the Straits (Malacca, Penang, Singapore). These two helped China to realise the fact that China's overseas communities represented an important financial resource for China's modernisation. The evolution of attitude also took place at a time when, under western pressure, China had to set up diplomatic relations abroad. A foreign affairs Bureau was created in 1861 (Will, 1989: 69), being the starting point for the gradual opening of Chinese consulates in foreign countries.

### **The Mao era: withdrawal of the Chinese government and the search for autonomy of the Chinese overseas communities**

According to S. Fitzgerald, the People's Republic of China in 1949 inherited « colonies » of Chinese people in South-East Asia. It then engaged itself in a policy that can be compared to a real "decolonisation" (Fitzgerald, 1972: 135). In 1955, the Bandung conference took place at a time China wanted to be considered as both a revolutionary and a Pacific power. It wanted to be regarded as the leader for the *détente* in the Asian area. Zhou Enlai's speech at Bandung in March 1955 was illustrative of this policy. He addressed the question of overseas Chinese which was a sensitive issue for many South-East Asia nations which had just gained their independence. Zhou announced that China encouraged its nationals

to comply with regulations of the country of residence. He also said that China was ready to withdraw Chinese nationality to Chinese people that would take another nationality. This new position was confirmed with the China-Indonesia treaty in 1955 that allowed Chinese in Indonesia to choose their nationality. China wanted to prove to its neighbour countries its willingness to relax relations in the region.

In the 1960s, while China became more and more deeply engaged in an autarkic policy, the image of overseas Chinese underwent another reversal, deepening the gap between China and overseas Chinese. As part of the class struggle policy, overseas Chinese were considered as members of the bourgeois and capitalist class. Chinese returning from abroad or the families of emigrants were frequently targets of repression. The image of the traitor reemerged, and the parents of overseas Chinese were suspected to be agents of an international conspiracy plotted against China.

### ***The call for contribution by Chinese abroad to the destiny of the homeland***

Nationalist sentiments probably appeared among the Chinese communities abroad after the Western incursions into China during the 19th century. Sentiments were strengthened when Japan defeated China in 1895. Chinese people in China and abroad felt that their status was endangered and many of them then supported Sun Yatsen and his revolutionary activities. Once the Chinese Republic had been established, nationalist ideas spread across the communities through schools and the media. However, the event that greatly enflamed opinion, at least among the elites abroad, was the war with Japan and the subsequent occupation. Nationalist sentiments remained strong until the 1950s. Afterwards, Chinese communities progressively distanced themselves from the Chinese government.

### **The Huaqiao or overseas Chinese: how the concept emerged**

The transformation of the relations between the Chinese overseas and Chinese authorities at the end of the 19th century was embodied by the emergence of a new paradigm: the *huaqiao* (华侨). Until that time, the Chinese abroad were designed by different terms such as *huaren* (华人), *huamin* (华民) or *zhonguo renmin* (中国人民). The terms *huashang* (华商) and *zhongguo shangmin* (中国商民) more precisely referred to Chinese merchants (Yen, 1995: 19). The paradigm of the *huaqiao* appeared in the 1880s when the authorities wanted to rally overseas communities to the cause of the Empire. Chinese authorities looked for a word that would underline the

positive aspects and unity of the Chinese overseas. *Huaqiao* was supposed to promote the image of the overseas Chinese. *Qiao* was first used to refer to aristocratic families that had to flee away to the South during invasions. It was then used for civil servants and scholars forced to live away from their ancestors' soil. It underlined the grandeur of their sense of duty (Wang, 2000: 48). The terms became common to designate a civil servant working for a period far away from home. The second character of the word, *Hua*, means Chinese. It refers more to a cultural belonging than to a national belonging.

However, the link between cultural identity and national identity has never been clarified by the Chinese authorities, which often aroused suspicion towards Chinese communities in host countries. The *huaqiao* is a "Chinese sojourner abroad". It was a useful term to refer to the Chinese living abroad as a whole, no matter what their occupation was. It also played an ideological and political role since it suggested that the sojourn abroad was not permanent, that the overseas Chinese would return, thus demonstrating his loyalty to the homeland in this way. The concept of *huaqiao* implied a claim of allegiance to the Empire and later to the Republic. The duty of allegiance was legalised when China opened consulates and embassies and granted protection to its nationals. Recognition and protection from the Chinese authorities went together with a call for loyalty (Wang, 2000: 70)

### **Modernization, Sino-Japanese War and the establishment of the P.R.C.: the call for patriotic support**

In the countries where the number of Chinese was significant, China opened consulates at the end of the 19th century. The main role of these delegations was often to persuade rich merchants to contribute to China's modernisation (Zhuang, 1998: 99).

After the Republic was established; interest in the *huaqiao* kept on growing. As soon as in 1912, a new law on institutional organisation decided that six seats in the Senate would be for overseas Chinese's representatives. The same year the *Huaqiao Federation* (*Huaqiao Lianhehui*, 华侨联合会) was created. It was the first *huaqiao* federation whose aim was to enable *huaqiao* to participate in domestic politics (Pina-Guérassimoff, 1997: 154-155). Since the beginning of the 20<sup>th</sup> century, reformists and revolutionary partisans were giving speeches abroad (especially in Chinese schools) in order to rally Chinese overseas to the national cause. When the Guomindang took power in 1927, the policy towards the overseas Chinese was confirmed, with a bureau in charge of the overseas Chinese being established in Shanghai. In 1937, the Guomindang had branches in all the countries where Chinese nationals were living. It tried mostly to gain influence in the educational sphere. At that time there were more than 2000 Chinese

schools around the world that served as relays to reinforce cultural links and sentiments of belonging among Chinese communities (Zhuang, 1998: 101).

The rapprochement policy with Chinese overseas communities led to a new kind of migration and transformed the communities in host countries. From the end of the 19<sup>th</sup> century and during the first half of the 20<sup>th</sup> century, civil servants, Guomindang representatives, teachers and other scholars were sent to meet with overseas communities, to support and "sinisize" them (Wang, 1993: 8). According to the country in question, the impact of these measures was different in each case. In North America and Australia, ageing communities often welcomed Chinese government initiatives but the impact was not important. In South-East Asia, where Chinese communities were older and more numerous, China's intervention divided the population.

As Yen Ching-Hwang pointed out, many Chinese fervently answered to China's opening: they wanted to prove their patriotism and made financial contributions (Yen, 1995: 142-143). However, one should not forget that China's policy was not unanimously welcome. Many other overseas Chinese were more willing to develop connections with Western countries than with China. Many already did not speak Chinese anymore and were well integrated into the local society. The *huaqiao* model pushed to the "sinisation" of these communities, but for those already integrated into the host country it had a negative effect as it aroused suspicions among both the colonial authorities and the local population (Wang, 2000: 71-72). The *huaqiao* identity has thus been frequently experienced by overseas Chinese as a construction imposed from outside (from China) and as a paradigm that hardly took into account the reality of heterogeneous communities. Many overseas Chinese did not adhere to the growing Chinese nationalist sentiment that would leave profound marks in the host societies.

Just after the Second World War, the policy of rapprochement with overseas Chinese and China's efforts to have them participate into the homeland's fate were pursued. Overseas Chinese actively participated into the drafting of the new Constitution in 1947. The same Constitution gave them representation in three institutions: the National Assembly (40 representatives), the legislative Yuan (10 to 16 representatives) and the Control Yuan (8 representatives). This Constitution was still effective after the Republic of China found refuge in Taiwan in 1949.

Between 1949 and 1954, the People's Republic of China followed the same policy as the former nationalist governments. A Committee of Overseas Chinese Affairs was established on the model of what was done in Taiwan. Overseas Chinese were granted political rights. According to the article 23 of the 1954 Constitution they were represented by 30 deputies at the National People's Congress (Pina-Guérassimoff, 1997: 156). However this

representation quickly became merely symbolic after China disengaged itself with Chinese overseas communities as previously mentioned. China stood back even though its policy still lacked some transparency.

At the same time, the situation in host countries changed. Most overseas Chinese were living in South-East Asian countries which had just gained independence and were in the process of building Nation States. In such a context, the Chinese allegedly loyal to their homeland could not take part in the host country's destiny. The *huaqiao* policy conducted by the Chinese government was harmful for the Chinese communities, as it spread the idea that Chinese could not be loyal to their host country. From that time, Chinese overseas tended to differentiate themselves from China. However, a long time was needed before prejudices against Chinese people changed.

# The emergence of the “new migrant” and the Haigui: life abroad and patriotism

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## *The paradigm of “new migrants”*

*Huaqiao* rehabilitation was a step by step process. The first step was to renew the links with the wealthiest overseas Chinese and to attract their investments. The second step was to put an end to overseas Chinese stigmatisation. The final step was to upgrade the image of the emigrants by the means of creating a new paradigm: the *xin yimin* (新移民/new migrants).

First, China launched a rapprochement policy with wealthy overseas Chinese. Exit and entry administration rules were relaxed for nationals who had family members abroad and for foreigners with family in China. A special tax system was also introduced for transfers and donations in foreign currencies. With regard to investments, *huaqiao* enjoyed special privileges, such as reserved locations inside the Special Economic Zones (SEZ), additional tax exemption compared to other foreign investors, tax deductions when investing in poor areas, as well as tax exemption on profits transferred abroad (Pina-Guérassimoff, 1997: 180).

In 1977, Chinese authorities officially changed the status of the overseas Chinese. During a preparatory meeting of the Overseas Chinese Affairs Commission, the leaders criticized the policy pursued by the former government. They condemned the treatment inflicted upon the Chinese back from abroad (*guiqiao*) and *huaqiao* family members. The revision was backed by the idea that the concept of “capitalist” hardly seized the reality of emigrants who were often poor before they left China and remained poor in the host country (Pina-Guérassimoff, 1997: 131-132). In fact, the class struggle terminology was quickly abandoned and the *huaqiao* were generally perceived as deserving persons with economic success and a real attachment to their homeland.

The Chinese government also tried to clarify the juridical status of the overseas Chinese. The 1980 nationality law, clearly rejected dual nationality, stating that any national who voluntarily or

involuntarily obtained another nationality would automatically forfeit their Chinese nationality. The law formalized the position China adopted in 1954. It clarified the categories of Chinese overseas, and *huaqiao* should then only be applied to Chinese nationals abroad. The new law aimed at easing relations with South-East Asian countries, but in reality China was still concerned with keeping links with the whole of the ethnic Chinese population abroad. Again, since the 1990s, the boundary between Chinese nationals and ethnic Chinese has been blurred. The policies targeting the overseas Chinese tend to enlarge their field of action and do not specify if the term *huaqiao* must be understood in the strict sense of the word (i.e. the Chinese nationals) or if it includes the *huaren* (naturalised Chinese) and the *huayi* (Chinese descendants) (Xiang, 2003: 27).

This tendency is even more manifest in the discourse than in the policies themselves (Nyíri, 2002). A new term has appeared to designate the Chinese who have left China since the 'opening up' of the country, with officials and the media speaking of *xin yimin* (新移民, new migrants). As such, the migrant's image has been transformed once more. The stereotypical emigrant of the past was a person from South China with no education who nevertheless achieved economic success abroad. The new stereotype however is that of a well educated poor emigrant who volunteers to study or be trained in a foreign country in order to come back and participate in his homeland's development. The word *xin yimin* ascribes value to the Chinese population overseas. The new migrant is supposed to keep one foot in China and even to tighten the links between the old overseas Chinese communities and China. Because the new migrant is better skilled, he is supposed to upgrade the image of the Chinese in the host countries and to be a factor of unification among Chinese abroad. Thus the *xin yimin* paradigm tends to further blur the distinctive categories of *huaqiao*, *huaren*, and *huayi*. *Huaren*, which has a broader meaning, is often preferred to *huaqiao*. Similarly, *zhonghua minzu* (中华民族), that may be translated by "Chinese people", is preferred to *zhongguoren* (中国人), the Chinese national (Xiang, 2003: 27).

The inclination to rub the distinction between overseas nationals and foreigners with Chinese origins is not peculiar to China. Many other emigration countries have carried out policies and campaigns to attract awareness or to enhance patriotism among its emigrants<sup>1</sup>.

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<sup>1</sup> Peggy Levitt mentions the case of the Irish President Mary Robinson, who in her inaugural address in 1990 declared that she was the representant of all the Irish people including migrants and their descendants. "More and more states, like Ireland, are decoupling residence and membership and extending their boundaries to those living outside their borders. They are creating economic, political and social mechanisms that enable migrants to participate in the national development process over the long term and from afar." See Peggy Levitt and Rafael de la Dehesa: "Transnational Migration and the Redefinition of the State: Variations and

## The “Haigui” phenomenon

The u-turn in the flow of Chinese “brains” has been extensively discussed these last years. In fact, more and more qualified Chinese have returned to China every year. The dynamism of the Chinese market as well as western economies’ stagnation may explain the choice made by overseas Chinese engineers and entrepreneurs. Despite the fact that wages and required levels of competence are still lower in China, the flows back to China are growing. The returnees have come to form a specific social group, namely the *haigui*.

*Haigui* is a formulation that appeared at the end of the 1990, first on the Internet, then spreading in everyday usage. The word is an abbreviation for *haiwai guiguo liuxuesheng* (student returnees from oversea). *Haigui* is also a homophone for “sea turtle” which made the word even more popular.

According to the head of the human resources bureau at Zhong Guan Village Enterprise Park (中关村创业园), the *haigui* are defined as those who have studied abroad, either having obtained a university degree abroad or having spent more than one year abroad under the frame of an exchange program. In either of these cases, they can obtain a certification from the Chinese embassy in their country of residence, or from the Ministry of Education or the Ministry of Personnel in China. The foreign diploma and the official certificate are necessary to enjoy the preferential policies aimed at *haigui*<sup>2</sup>.

Reverence for the overseas returnees is not a new phenomenon in China. Previously, at the beginning of the 20<sup>th</sup> century, the scholar returnees from Japan were considered as major contributors to China’s modernisation. Later on, when China-Soviet Union relations reached their climax, engineers back from the USSR were put on a pedestal for their contribution to the national defense (nuclear technologies) or to other advanced technologies. To a smaller degree, scholars back from overseas today are also regarded as missionaries serving China’s development. As an illustration, the 2007 annual forum for student and researcher returnees in Beijing was entitled “New Returnees, New Missions”<sup>3</sup>.

The widespread use of the word, and even the creation of a new legal status for returnees, aimed at attracting a maximum of

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Explanations.”, *Ethnic and Racial Studies*, 2002. Vol 26(4), p. 588. Other well documented examples are the cases of Mexico and the Dominican Republic, see Alejandro Portes : “Globalization from Below: the Rise of Transnational Communities” in KALB, Don and alii : *The Ends of Globalization: Bringing Society Back In*. Londres : Rowman and Littlefield, 2000, p. 253-270

<sup>2</sup> “Yuanqu de haigui”, *Zhishi jingji*, 11, 2004.

<sup>3</sup> « Success and confusion: The lives of overseas returnees », *China.org.cn*, November 19, 2007.

See: <[www.china.org.cn/english/China/232355.htm](http://www.china.org.cn/english/China/232355.htm)>

people qualified in leading edge technologies. The effort to legislate on the status of returnees was pursued by local authorities. For instance, Shenzhen was the first city to officially create a *haigui* status.

A brief overview of the typical *haigui* is as follows: the *haigui*'s average age is 26 years old when leaving China and 32 when returning. They studied for five years and worked for three years abroad on average. In China they mainly work in consulting and other services, in the cultural sector or in the media. Many work for foreign or foreign-founded companies or in industrial parks dedicated to returnee entrepreneurs. The average income is between 60,000 to 120,000 yuan<sup>4</sup>.

The outgrowth of such a special category of highly qualified workers is certainly a transitional phenomenon. The same is also noticeable in Indian society. It is an answer to temporary needs in highly qualified workers in countries that experience rapid economic growth. Such a group of workers should disappear once the training offered in the home country has caught up with international standards.

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<sup>4</sup> *Ibid.*

## Brain drain or brain gain?

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### *Uncertain figures*

Among the "New Migrants", many have left China as students. According to Chinese Ministry of Education statistics, 1,067 millions students and researchers left the country to study abroad between 1978 and 2006. Up until 2006, there has been a total of 275,000 returnees to China, more than one quarter of the total outbound migration. The trend is increasing dramatically, for instance in 2000, there were 9,100 returnees, doubling to 20,100 in 2003, doubling again in 2006 to 42,000.

For Wang Huiyao, vice-chairman of the China Western Returned Scholars Association, if the exit statistics are relatively reliable (around 100,000 per year), the return statistics are much more uncertain. All the returnees do not register at the Chinese embassy in their host country and the returnees figures are most probably higher than the ones issued by the ministry.

The return rate should continue increasing in the next years. Recruitment agencies in China indicate that the demand for Chinese with international experience has grown among multinationals based in China, with salaries offered by some of the bigger companies reaching 200,000 to 300,000 US dollars. The returnees are in a good position to serve as intermediaries between Chinese market and foreign companies.

### *Implementation of incentive policies*

When China launched its Reform and Opening-up policy, it took measures to renew links with the old overseas communities and attract investment. More recently, similar measures are targeting the "new migrants", focussing in particular on the best qualified. As previously noted, this kind of policy is not peculiar to China. Many other emigration countries take measures to enhance overseas nationals' involvement in the national economy. Particularly well documented examples include the ones of Mexico and the Dominican

Republic which adopted fiscal advantages for overseas nationals willing to create or to cooperate with local enterprises<sup>5</sup>.

Chinese policy towards the new migrants underwent radical change at the beginning of the 1990s. After Deng Xiaoping’s tour of Southern China which revived the Opening-up policy, the Chinese government underscored its desire to liberalize domestic mobility inside China for returnees. The same year, returnees were allowed to settle where they wanted once back in China (the residential permit system or *hukou*, officially made it very difficult for Chinese people to settle down in the biggest cities)<sup>6</sup>. It was also made easier for returnees to renew their passport and thus to travel abroad.

Besides these comprehensive measures, others targeted one precise group of migrants – such as professors and researchers. Localities also legislate on attractive financial conditions, and embassies have also been intermediaries of the policies *via* student and young professional organizations.

### Incentive programs for researchers

In the end of the 1990s, China initiated a reform of the Universities, with the main objective being that Chinese universities quickly enter the list of the world best universities. Most famous universities like Qinghua or Beida, in Beijing, were then allocated important budgets. 20% of these budgets had to be dedicated to attract “new talents”, preferably from abroad.

Furthermore, diverse research programmes established during the 1990s and 2000s targeted overseas Chinese researchers:

- The Scientific Research Foundation for the Returned Overseas Chinese Scholars, Ministry of Education (留学回国人员科研启动基金/liuxue huiguo renyuan ke yan qidong jijin), created in 1990.
- Trans-Century Training Programme Foundation for the Talents, Ministry of Education (跨世纪优秀人才培养计划/kua shiji youxiu rencai peiyang jihua). Created in 1993, it offers a financial support to young professor returning from overseas.
- Chunhui Programme (春晖计划/Chunhui jihua), Ministry of Education. Created in 1996, it is dedicated

<sup>5</sup> Peggy Levitt : “Transnational Migration”, see note 1, p. 205-206.

<sup>6</sup> The *hukou* is a residential permit system established in the 1950s in order to limit rural depopulation. To live in a city, a urban *hukou* was necessary. In spite of new regulations, the system is still alive and tends to create a two-tier society with rural *hukou* holders and urban *hukou* holders having different access to public services.

to involving doctors with overseas experience in short term projects.

- Chang Jiang Scholars Programme (长江学者奖励计划 Changjiang xuezhe jiangli jihua), created in 1998 by the Ministry of Education and the Li Ka Shing Foundation. Every year, it selects overseas Chinese researchers and proposes them for a visiting teacher position in Chinese universities.
- Program of Academic Short-return for Scholars and Research Overseas" (海外留学人员学术休假回国工作服务计划 haiwai liuxueyuan xueshu xiujia huiguo fuwu jihua). This program finances outstanding Chinese scholars studying or doing research abroad to give lectures or carry out research in 28 key HEIs during their short holidays or upon return to China<sup>7</sup>.
- Hundred Talents Program (百人计划 Bairen jihua), launched by the Chinese Academy of Sciences (CAS). It is a talent initiative to publicly recruit outstanding young S&T talents within the country and abroad. Selected scholars receive a 2 million yuan envelop to remunerate its team of researchers, to buy materials and set up a research lab [Zweig, Chen, Rosen, 2004: 740].

All these programs have participated in the building of attractive working conditions for overseas students and researchers.

### **Local measures for encouraging entrepreneurship**

Local authorities also implemented new regulation to attract highly qualified returnees. As early as the beginning of the 1990s, cities like Shenzhen, Shanghai, and Beijing were competing to attract overseas students and professionals. The cities would propose preferential advantages in terms of private car purchase, housing, informatics material importation, etc. Since 1997, Shanghai provides student returnees with a Shanghai hukou (city residence permit). Since then, an average of 3000 students settle down in Shanghai each year. In Beijing, returnees who have started enterprises have been offered VAT exemption and the possibility to freely convert and export their profit abroad. In 2000, for instance, Shenzhen spent 30 millions yuan to support the creation of enterprises by returnees. The budget was to finance leading edge technologies projects (Chen, 2003: 300-301).

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<sup>7</sup> Ministry of Education of the PRC. Available on:  
<[www.moe.edu.cn/english/international\\_2.htm](http://www.moe.edu.cn/english/international_2.htm)>

All the major cities have set up returnee's enterprise zone or Huiguo liuxuesheng chuangye yuanqu (回国留学生创业园区). The first one was opened in 1994. In 2006, there were already approximately 15,000 returnees working for more than 6,000 companies operating in 110 similar zones across China in 2006.<sup>8</sup>

Major cities are the most popular destinations for returnees and therefore also have a higher concentration of enterprises set up by returnees. China's capital Beijing and commercial centre, Shanghai, both have several business parks. For instance, the 中关村创业园 (Zhong Guan Village Enterprise Park) was established in Beijing in 2001, and within one year's time, more than 160 returnees from 16 countries had set up their own businesses, a total of 130 high-tech companies, on average, one new company every two days. By end of 2006, the Zhong Guan High Tech Park has become the host to the largest group of returnee entrepreneurs. The total number of returnee enterprise parks has reached 21, occupying an area of 400,000 square meters. There are around 8,700 returnees working for the 3,588 registered companies, and attracting over 60,000 high-tech skilled talents<sup>9</sup>.

### Chinese associations abroad

China also supports student and young professional organizations which would promote return or service to China. During the 1990s organizations close to Chinese authorities and willing to keep in contact with China have been booming (Biao, 2003: 28). There is now a strong network of Chinese students abroad, linked by various governmental and informal associations.

For example, there are 58 education sections, part of the Chinese Diplomatic Missions abroad in 39 countries. These Education Sections are staffed by government officials from the Ministry of Education, to assist students abroad, and provide support for firstly state-sponsored Chinese students but now extended its service to all students, whether public or privately financed. Chinese students are required to register at these education sections as part of the accreditation and verification of their overseas diplomas. At the same time, there are more than 2,000 overseas Chinese students associations, and 300 professional bodies of Chinese students abroad. The informal networks are located in almost every major university around the world, organising social activities and providing peer support as well as welcoming new students. Furthermore, there is also the State Scholarship Council and China Overseas Studies

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<sup>8</sup> Xin Hua News Agency. Available on: [news.xinhuanet.com/overseas/2007/10/19/content\\_6907011.htm](http://news.xinhuanet.com/overseas/2007/10/19/content_6907011.htm)

<sup>9</sup> 中关村在线 (Zhong Guan Cun Zai Xian / Zhong Guan Village Online): Available on: [www.beijingww.com/431/2007/03/12/4@17084.htm](http://www.beijingww.com/431/2007/03/12/4@17084.htm)

Service Centre, which offer financial support and professional advice on studying abroad. Alternative information and assistance in applying for overseas institutions are also generally obtained by paid services of the countless education agents found in both rural and urban China.

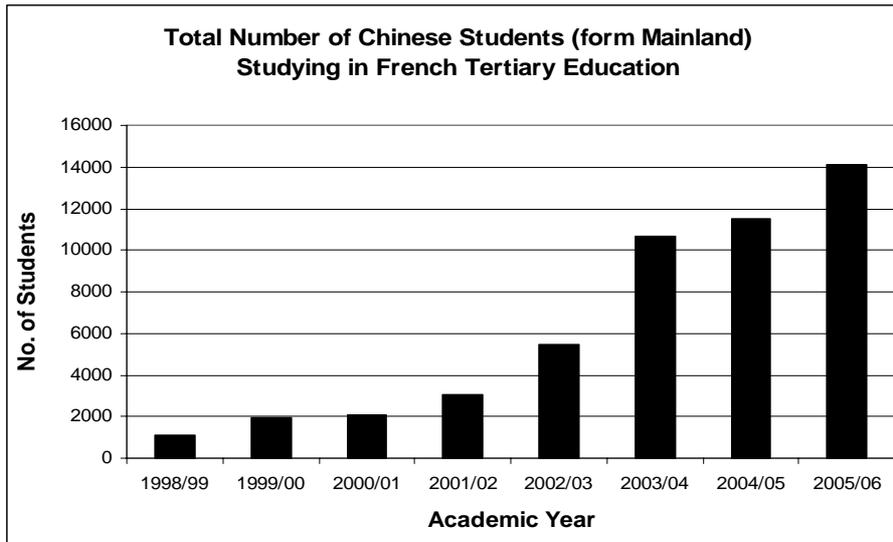
One good example of the linkage of student association and China was clearly illustrated earlier this year, when Mainland China suffered from one of the worst winters in history, with more than 130 people losing their lives in the 19 provinces affected by the winter weather crisis, and a total damage of 151.65 billion yuan (21.36 billion USD) was reported by the official media. As the disaster unfolded in China, donations flooded to China from Chinese communities across the world. The total donations from overseas Chinese have reached 170 million yuan (24 million USD) by the end of February, according to the Overseas Chinese Affairs Office of the State Council. The office had received 130 million Yuan in cash and 40 million Yuan worth of materials from Chinese student groups in Japan & the UK, Chinese associations in Pakistan and Thailand, Chinese communities in Spain, scholars group in the US and many more.

#### *In the case of France*

There has been a sharp rise in the number of Chinese students in France over the past decade. The Chinese student population increased more than tenfold between 1994 to 2002. Over 4,000 student visas were issued by the French consulates in China in 2003 (cf. Ministry of National Education/Le Ministère de l'Éducation nationale, France 2004). The French statistics (see figure 2) also show a steady increase in the number of Chinese students enrolled in tertiary education, which reached its peak in 2004. The actual number of Chinese students in France is much higher than the official statistics show. In a People's Daily report on December 27 2005, the number of Chinese students registered with the Chinese Embassy in France had reached 20,471, an increase of 2,000 more than the previous year<sup>10</sup>.

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<sup>10</sup> *People's Daily*: Over 20,000 Chinese Students and Scholars Study in France (Dec/27/2005). Available on: <[www.zju.edu.cn/english/news/2005\(7-12\)/news051227.htm](http://www.zju.edu.cn/english/news/2005(7-12)/news051227.htm)> (last access, Oct 2007)



Sources: OECD Education Database and French Ministry of Education

全法中国学者学生联合会 (Union des chercheurs et des étudiants chinois en France / Association of Chinese Scholars and Students in France) is the main Chinese student and researchers body, supported by the Education Section of the Chinese Embassy in Paris. There are also smaller associations at city and provincial levels in Paris, Toulouse, Lyon, Nantes, Besancon, La Rochelle, Grenoble, Strasbourg, Rennes, Nancy, Poitiers, Perpignan, Orsay, Montpellier and Bordeaux.

The main activities of UCECF are comprised of both traditional students group such as Chinese New Year's Party, Mid-Autumn Festival celebration and other cultural events, as well as organising doctoral seminars for Chinese students to present and share their research findings with each other, charity and fund-raising for China, and now increasing numbers of job fairs for Chinese students (there was recently a Forum Horizon Chine in Paris co-organised by UCECF). Through the privileged partnership with the Chinese Embassy, UCECF also organised various public meetings with visiting Chinese Delegations, for instance career fair and investment forum with visiting provincial officials. There had also been essay competition, business project competition and music salons in the past. Worth noting is UCECF additionally plays an important role in the public lobbying and diplomacy. Earlier this year, UCECF together with other Chinese student organisations, organised various gatherings, both small and large scale gatherings for supporting the Beijing Olympic Games, and contributed to the debates over Tibet and Sino-France relations. As the official student organisation in France, UCECF has also coordinated with other Chinese student bodies in Europe, such as the Chinese Students and Scholars Associations (CSSA).

Besides these official networks, there are also more informal and virtual online communities, one of the better known ones is

战斗在法国 ReVe France. Since the start of the web portal, over 1,000 Chinese students have volunteered as webmasters for different sections of the forum, 20% of them having worked for more than half a year<sup>11</sup>. The success of its online information sharing and forums has led it to become professionalised and integrated under a professional media service company named E CAN Group, established in Paris in 2003, later it also set up subsidiary and technical office in Hangzhou and Shanghai to provide back-office support for the website and various other activities as information sharing, traveling, party, special events and networking. There are 18 full time staff at the moment working in France and China, all of them have master degrees or above.

The success of ReVe France and later E CAN Group shows there is a huge potential for professional services for Chinese students and the importance of networking and information exchange. According to their statistics, in 2006 alone, 2,800 ReVe France members have joined the organised tour in Europe, and five large scale parties have also attracted the participation of over 3,000 members. Furthermore they estimated that over 20,000 visitors have used the service of Revefrance.com for making contacts to exchange information and seek traveling partners among others.

The Chinese Embassy in Paris announced at the end of 2007 that for the first time, there has been a U-turn for Chinese student migration to France, citing that there are more students going back to China than coming to France. Based on the student registration record by the Education Section, the Chinese Embassy reported that in 2007, there are 1,249 incoming Chinese students to France and 2,299 outgoing Chinese students from France to China.

#### *In the case of Japan*

In Japan, the main student association is the All-Japan Federation of Overseas Chinese Professionals (中国留日同学总会). The federation was created in 1998. It is organized in three platforms: the consulting platform, the scientific education platform and the entrepreneur platform. The first platform is a place for scholars to meet and discuss China's development in the 21st century. Seven volumes of the results of these discussions have already been published. The scientific education platform provides scientific support to universities in the West area of China, or scientific cooperation for research centres and enterprises. The last platform provides a “high-tech enterprise creation pack” for Chinese residents in Japan who want to return home<sup>12</sup>.

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<sup>11</sup> 战斗在法国 ReVe France: “About Us”. Available on:  
<[www.revefrance.com/page/aboutus.html](http://www.revefrance.com/page/aboutus.html)>

<sup>12</sup> The association website. See: <[www.jcic.co.jp/OBCS/sjis/introduction.html](http://www.jcic.co.jp/OBCS/sjis/introduction.html)>

The scientific education platform and the entrepreneur platform promote the return to China. The first objective of the organization is to provide Chinese residents in Japan with highly qualified opportunities in China. The lack of qualified positions is often a reason for not going back to the homeland (Zhu, 2003).

### ***The acknowledgment of mobility as the key for the return of the "brains"***

The brain drain issue has often been decried by Chinese leaders. However, the experience of other countries has illustrated the long term positive impact of nationals studying abroad. The case of Taiwan serves as useful example in this context, as prior to the experience in the People's Republic of China; Taiwan experienced the brain drain phenomenon. Later on, it was the "brains" established overseas who stimulated the inception of the industrial park of Xinzhu in Taiwan (Saxenian, 2000). This industrial park was created in 1978 and was the main driving force of Taiwan rapid economic growth in the 1980s. Initially, advanced technologies only travelled from the United States to Taiwan. But, during the 1990s, Taiwanese nationals working in Silicon Valley promoted research and development activities on the Taiwanese territory. Subsequently a new work division scheme appeared which established more equality in terms of influence and exchanges. The involvement of the brains in their homeland was made possible by the high mobility of Taiwanese entrepreneurs and by the lively networks of former overseas students.

Many other examples introduced new perspectives on the "brain drain" issue. Meyer and Charum have been among the first ones to deconstruct the concept of brain drain. In order to better understand a more and more globalized economic system, new paradigms emerged such as brain gain and brain exchange. People's mobility also promotes copresence practices due to "alternating return", "short-time return" or even "virtual return" (via the Internet) (Meyer et Charum, 1995:1003-1017)<sup>13</sup>

Chinese authorities also understand the actual context and have tried to promote the circulation of their professional elites. They do not only promote permanent return, but also guarantee their overseas nationals mobility, which is an issue of concern among Chinese with international experience.

In 1993, the 3rd plenum of the 14th Party Congress set up its policy towards the students abroad. It was summarized in a twelve

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<sup>13</sup> See Mihaela Nedelcu's works on the use of the Internet by Roman migrants: "L'utilisation d'un espace virtuel par une communauté de professionnels immigrés : vers une nouvelle forme d'organisation diasporique ?" in *Autrepart*, 2002, No 22, p. 147-165.

characters slogan: 支持留学, 鼓励回国, 来去自由 (zhichi liuxue, guli huiguo, laiqu ziyou/ To support student overseas, to promote their return, to guarantee their free movements) (see Zweig, Chen et Rosen, 2004: 739). From that time on, Chinese policy towards students overseas has relaxed. The objective was not so much to push them to come back to China, but to encourage them to participate in China's development. The expression 回国服务 (return and serve the homeland) was then replaced by 为国服务 (serve the homeland).

As in the 1990s, the Ministry of Education still insists on the "free movement" principle. It promotes flexible professional position for returnees. The Chunhui and Changjiang Scholars Programmes, or the projects proposed for instance by the All-Japan Federation of Overseas Chinese Professionals described above promote short-time returns or alternating stays between China and the country of residence.

Furthermore, Chinese authorities also seek to facilitate the stay of overseas Chinese who no longer are Chinese nationals. For research fellows and professors in this category, China proposes a five year visa with multiple entries. In August 2004, a permanent residence permit (green card) was also created. It does not only target former Chinese nationals, but may be used by this category of ethnic Chinese. The permanent residence permit was designed for investors, highly qualified workers, professors and their families. The criteria to obtain the permit are relatively strict. An investor must have been investing in the Chinese market for a minimum of three years. An employee must have been living in China for three years and earn a good salary. Spouses must have been married for five years and stay in China more than nine months a year. The permit holder can travel freely and settle down anywhere inside China.

The Ministry of Education released a report in 2000 on student returnees who have established enterprises in the special industrial parks. On the 551 returnees interviewed, only 44% were permanently living in China (Xiang, 2003:31). The Chinese policies promoting the return of the talent from overseas tend to respect their mobility. This is probably one explanation of the growing number of returns in recent years.

## Impact of returnees: skills, business, and managerial know-how

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Let us develop the case of the aforementioned Xinzhu industrial Park in Taiwan. Saxenian shows the importance of the role played by returnees in terms of transfer of knowledge in spite of cultural differences.

*"[The transnational entrepreneurs community] appears as a more flexible and reactive vehicle for flows of knowledge than multinational corporation. Especially in the case of transfer of knowledge between two areas with different enterprise cultures." (Saxenian, 2000).*

Transnational entrepreneurs communities are found in many other countries. For instance, in Israel or Ireland, transnational entrepreneurs also contributed a lot to the industrial development of their homelands. Engineers and businessmen from these two countries have sustained close links between the scientific communities of the Silicon Valley and industrial sphere in their home countries. Being based in the Silicon Valley, they also made advantageous use of their homeland's special resources.

### ***IT (Information Technology) sector***

In the case of China, the IT (information technology) sector is representative of how returnee engineers impacted the economy. The returnees have brought with them innovation in management and technical skills, capital, talents and a new mentality. They have introduced China to venture capital and launched *startups* which were necessary for the development of the IT sector.

In 1995, the two founders of AsialInfo (Yaxin keji) moved major operations from the United States to China and played a significant role in the construction of the national infrastructure and provincial access networks for China's national telecom carriers including, China Mobile, China Netcom, China Telecom and China Unicom. AsialInfo is now a leading provider of high-quality telecom software solutions and IT security products and services to some of China's largest enterprises. The historical introduction of the company on the

website underlines the willingness of the founders to devote their knowledge to China's development (科技报国, keji baoguo).

Zhang Zhaoyang is the founder of Sohu. He is also an emblem of the engineer-entrepreneurs who returned to China and worked in the Internet sector. He came back from the United States in 1997 and created one of the three main portals on the Chinese net: Sohu.com.

In 1999, Tan Haiyin and Shao Yibo, MBA students at Harvard University, created eachnet.com (易趣网). This auction website was bought out by eBay at the beginning of the 2000s (however, eachnet.com is nowadays much less popular than Taobao.com, a website launched by the creator of Alibaba.com who has never studied abroad even he has many contacts in the United States). The same year, Li Yanhong founded Baidu.com (百度在线), the leading Internet search engine in China, far more used than Google.

The IT company EPS in Japan illustrates very well how those Chinese students who arrived in the 1980s, graduated from overseas universities, succeeded and then extended their activities back to China. EPS was founded in 1991 in Tokyo by a newcomer from China. Between 2001 and 2004, the turnover jumped from 4.3 to 11.5 billion yen. Today the company has over 1,000 employees; it was floated on the Stock Exchange in 2001; and it has opened branches in Beijing and Shanghai<sup>14</sup>. EDIC is another IT company also founded by a Chinese newcomer in 1998. In 2000, the company had already grown significantly and worked for large Japanese companies such as NTT. It subsequently opened branches in Dalian, and also an IT formation center where curriculums are specifically oriented toward the Japanese software market<sup>15</sup>.

## **Universities and higher education**

According to China Ministry of Personnel statistics, 81% of the CASS research fellows, 54% of engineering schools research fellows and 72% of the researchers in charge of the 863 in progress state financed research projects have studied abroad. The latest MoE statistics also show that 77% of the University Rectors of MoE directly administrated universities are returnees, as are 94% of the prestigious Yangtze Scholars. All of them have brought back to China important contributions in leading edge research in nuclear engineering, superconductor technologies or gene mapping. They

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<sup>14</sup> *Zhongwen daobao*, n° 537, October 1<sup>st</sup> 2004, p. 8.

<sup>15</sup> “華企EDIC會社與國內企業結伴” (Hua qi EDIC huishe yu guonei qiye jieban) in *Zhongwen Daobao*, No 554, 10 February 2005, p. 6.

often work in key research fields in terms of the knowledge economy<sup>16</sup>.

We would like to give to more examples from the case of Chinese newcomers in Japan which may illustrate that the return of brains is often not merely a simple issue of resettlement in China. Very often returnees are involved in both societies, namely, the home society and the host society. Xin Ping arrived in Japan as a student in 1986. Upon graduation from the Japanese university, he was hired by a famous Japanese ceramic company. He rapidly rose inside the hierarchy which is still rare in Japan for a young foreigner. Aside from his position in the company, he also pursues various research activities. In particular he has opened a research lab on new ceramics at Qinghua University<sup>17</sup>. Zhang Shuming arrived in Japan in 1995 as a professor at Keio University. After two years he decided to stay and found a job as an IT engineer. In 2000, with four Chinese friends he founded the company Netcom, which creates software. Today, Netcom provides software for some of the biggest Japanese companies like Matsushita and Mitsui companies. Netcom also sells software in China and works with the Chinese software Federation (*Zhongguo lianbang ruanjian*). Zhang has always remained involved in Chinese society, since he never abandoned his position as a research director at the Beijing Aeronautical University<sup>18</sup>.

## Company management

As McKinsey<sup>19</sup> (2005) has warned of China's 'looming talent shortage' – lack of qualified workers with international exposure, more companies are investing in setting up specialised programmes to attract Chinese students abroad to take up managerial and other key role functions to manage businesses in China (Shen 2005, 2008). Among them are the Rolls- Royce China Programme on Purchasing and McKinsey's Asia House in Frankfurt and Paris. Compared with local graduates, returnees' advantages lie mainly in their language competencies, international exposure, technical expertise and interpersonal communication skills. These qualities are needed for both multinationals, whom are aiming at further localisation, and for Chinese companies which desperately seek overseas opportunities.

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<sup>16</sup> "Yuanqu de haigui", *Zhishi jingji*, 11, 2004.

<sup>17</sup> "Zhan keji zhuanhang jia rizhong zhi qiao" in *Zhongwen Daobao* [on line], 14 July 2005 No 575 [last access 15 July 2005]. Available on:  
<[www.chubun.com/2005/07c/gb/17-01.htm](http://www.chubun.com/2005/07c/gb/17-01.htm)>

<sup>18</sup> "Xuezhe chuangye jing aotou" in *Zhongwen Daobao*, 17 février 2005, p. 5.

<sup>19</sup> McKinsey: "China's Looming Shortage": Available on:  
<[www.mckinsey.com/mgi/mginews/chinatalent.asp](http://www.mckinsey.com/mgi/mginews/chinatalent.asp)>.

Chinese cities have prompted various incentives for attracting students to go and work. In 2002, State Owned Enterprises of Guangdong already proposed salaries of 30,000 US dollars to returnees (Zweig, 2004: 208). Now private sectors are also starting to be keen in facilitating firstly the overseas studies and the later return of Chinese students. Human resources are vital for a successful business, and as such corporations are working hard to keep an adequate supply of educated talent. Many companies now are sponsoring overseas studies for Chinese students, like the N+I scheme of major French corporations working with universities / colleges in France to offer integral study and training programmes for foreign students. Also for example, Thales Group's Thales Academia programme sponsored 7 Chinese talented students to study business & engineering subjects at elite French schools in 2007.

### ***The political sphere***

In 2002, Zhou Ji, Minister of Education, was the first minister with a foreign Ph.D. China's highest leadership has the reputation of being a body of technocrats who have mostly received a homogenous academic training in the engineering field. However, this situation is gradually changing with more Chinese returnees from abroad taking up important positions in the central government. This is however not a new phenomenon; as early as the end of the Qing Dynasty, Chinese officials were sent abroad to study and return to implement reform policies back in China. Although the current percentage of foreign educated officials is quite low in the Chinese leadership, one can still observe both numerically, and in the government's attitude and openness towards returnees' political mission. The 17<sup>th</sup> Party Congress which elected the new leadership, the so-called 5<sup>th</sup> Generation, in which the number of foreign-educated returnees increased from 20 on the 16<sup>th</sup> Central Committee to 36 on the 17<sup>th</sup> Central Committee, as suggested by Cheng Li.

Most of these returnees studied either higher research degrees (PhD) and taught masters (MA/MSc), as visiting scholar or shorter training programmes (like the special programmes for Chinese government officials at Oxford University and Kennedy School of Government, Harvard University). They have also studied in reputable universities in the USA and Western Europe (most popular countries being UK, Germany and France), for instance, Minister of Education Zhou Ji received his Ph.D. in engineering at the State University of New York at Albany, Mister Wan Gang, currently Minister of Science and Technology, studied and earned his doctorate (Dr. Ing.) at the Department of Mechanical Engineering, Technical University Clausthal of Germany between 1985 and 1991, and was the rector of Tong Ji University in Shanghai prior to his current post. The former mayor of Shanghai, Mr Xu Kuangdi, currently a Vice-Chairman of the Chinese People's Political

Consultative Conference, Party Chief and President of the Chinese Academy of Engineering, had also studied at Imperial College in Britain and worked briefly in Sweden. These examples signify the strategy of Chinese leadership's towards internationalisation, not only within the economic sphere, but also in the political dimension, to gain international exposure and a wider global view.

However, this may be too early to tell, as in an earlier paper, Cheng Li<sup>20</sup> suggested that returnees usually only serve in certain 'functional areas such as education, science and technology, finance, foreign trade, and foreign affairs'. In addition, the limitation of their overseas experiences is also attributed to their short stay abroad and low percentage of formal degree qualification among the returnees. Therefore there is still a long way ahead to make this a reality beyond the symbolism, before returnees play a more prominent role in the political establishment. Nevertheless, the message is becoming clearer and clearer, the political establishment cannot be fully closed as it was once, the growing middle class in China continues to request more competences and talents in the government and administration, as it is happening in the private sector. The inclusion of returnees will only intensify the race for human capital in the political system and intensify competition among the Chinese elites, transferring it from a network/guanxi centred system to a more competence and merit based scheme. This has not been and will not be an easy task for the Chinese leaders, and only time can test their determination, ability and courage to do so.

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<sup>20</sup> Cheng Li (2005), "The Status and Characteristics of Foreign-Educated Returnees in the Chinese Leadership", *China Leadership Monitor*, 16.

## Conclusion

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Official discourse on the patriotism of the returnees and on their sense of duty towards the homeland needs to be questioned. Zweig, Chen and Rosen's hypothesis, for instance, is that the decision to return to China is much more often motivated by economic opportunities within the domestic market than by patriotic considerations. One key strategy is to bring back cutting-edge technology that would have a large market in China and provide huge profits. Returnee entrepreneurs may sometimes target the export market, but do more often target the domestic market (Zweig, 2004: 216). This implies that even if the imported technology is not globally competitive, it can still be a source of profits on the Chinese market. Some cities that have provided returnees with important subsidies have been disappointed by the impact of returnees investments in terms of technology progress.

As the global geopolitical power is shifting, the continuous growth of China as well as India will have profound effects and implications on the world's economy. Yet both China, and India, the rising giants in the 21<sup>st</sup> century share a common competitive edge, their vast and extremely resourceful overseas diasporas, who are living and scattered around the globe. The contribution of these overseas Chinese and Indians are of immense importance to either the Dragon or the Elephant in Asia and their place in the new world order. The recent Beijing 2008 Olympic Torch Relay saw different generations of overseas Chinese lining up along the Torch Relay pathway for their support for the first ever Olympic Games in China. The ambitious staging of the 2008 Olympic Games may have contributed to China's growing 'soft-power'.

The Chinese diasporas abroad and returnees back home are also part of this 'soft power' which shapes China's global image and increases its attractiveness by promoting and building bridges between China and other countries through their transnational activities, in academic, professional, cultural, sports and other spheres. Some of the impacts are already illustrated in this paper and many are yet to be studied. However, the role of diasporas can also be associated with nationalism, which might bring counter-productive effects to the image of China. In any case, the role of the returnees as shown in this paper is becoming more and more obvious. Whatever their return motivation – patriotism, economic or personal reasons – they share a strong mandate to integrate China to the global system. Just like their counterparts in India, both Chinese and Indian

returnees will be part of a driving force behind the modernisation project in their respective country, and hopefully, establish China and India as responsible global players.

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