Arab Traders Pursuing Chinese Dream in East China

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Declaration

This thesis contains no material which has been accepted for the award of any other degree or diploma in any university. To the best of the author’s knowledge, it contains no material previously published or written by another person, except where due reference is made in the text.

Meizhen Wen

05/2020
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Abstract

The rise of Arab traders from the Middle East and North Africa in Yiwu, a county-level city in Zhejiang Province, the People’s Republic of China, has received unprecedented media attention in the context of the Belt and Road initiative. The resident population of Arab traders was over 4,000 in 2016, attracted to the world largest petty commodities wholesale marketplace in the city and were mainly engaged in exporting commodities back to their home countries. Little academic attention has been given to the Arab traders’ life and business in China.

This is an ethnographic study of Arab traders’ engagement in producing power and building cross-cultural trust in their host society. It examines what attracts Arab traders to Yiwu, their role in building multinational trading networks, and their increasingly diverse modes of interaction with the majority Chinese community. Drawing on twelve months’ fieldwork from November 2015 to December 2016 and follow-up research in November 2017 and February 2019, this project highlights foreign migrant entrepreneurial communities in China, the informal economy and low-end globalization. It shows how Arab traders establish cross-cultural trust with their Chinese partners to maintain a transnational trading system, and outline what their social and business interactions tell us about migrant entrepreneurship and interracial dynamics in China.

The ethnographic findings reveal that Arab traders operate and facilitate their transnational business using various kinds of social capital. Many were expatriated by their families and were based in China; this being considered the most stable group of Arab traders by potential Chinese partners. A few were students who had become intermediaries, having studied in Chinese universities and subsequently worked for Arab buyers. The third group were fortune seekers, who presence in the marketplace as shuttle-travellers were considered the most unstable partners for Chinese business people.

Arab traders redefined the power relationships in the market. They bought products on credit and forced Chinese suppliers to accept their trading patterns. When married to Chinese women, Arab husbands also required their wives to convert to Islam and subordinate their own culture to their husbands to maintain their
affective relationship. By producing power over other groups, Arab traders transforms their marginal and powerless status in the host society.

The presence of Arab traders also influenced the labour market. They integrated Hui migrant Muslims, who can speak Arabic, into export industries to work as interpreters. These Hui people held a dominant role in export industries reversing the general characterization of Chinese minorities being at a disadvantage in the job market. Arab traders regulated the Hui migrant Muslims by spiritual means (e.g. how to be good Muslim, as the traders saw it) rather than control their laborers by more the typical means seen in China.

This study aims to deepen our knowledge of small-scale foreign traders in China. Through discussing the process of building trust among different groups, it provides an opportunity to observe cross-cultural communication in detail and in practice.
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Chapter 1 Introduction

In the county-level city of Yiwu 义乌, Zhejiang 浙江 province, in the eastern part of the People’s Republic of China, an “Arabian” community has attracted unprecedented media attention over the past few years. In particular, China’s president Xi Jinping 习近平 referred to Muhammed, a Jordanian businessman, at the 6th Ministerial Meeting of the China-Arab States Cooperation Forum in Beijing, in 2014. In his speech, Xi said:

In Yiwu, where Arab traders have gathered, a Jordanian businessman named Muhammed has opened an authentic Arabian restaurant. He has brought genuine Arabian culinary culture to Yiwu and has become rich. He has married a Chinese woman and settled in China. An ordinary Arab man has integrated his life into the Chinese Dream to pursue happiness just as the Chinese people have. He has striven for his dream and has made a successful life in China. His experience represents the perfect combination of the Chinese Dream and the Arabian Dream.

After Xi’s speech, the media descended on Yiwu to report on the activities of Arab traders from the Middle East and North Africa. Their reports highlighted the presence of Arabian traders there. Journalists sang the praises of the Belt and Road Initiative and gave prominence to several wealthy Arab traders. They reported that these Arab traders ran international trading companies which sourced commodities in Yiwu and shipped them back to their home countries. These reports created an impression in the media that Arab traders in Yiwu were extremely wealthy. While it is true that the few Arab traders who were profiled in the media had achieved success in business and had become wealthy. Local officials told me that there were

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1 China-Arab State Cooperation Forum (CASCF) was established in 2004 during a visit of the Chinese President, Hu Jintao, to the headquarters of the Arab League in Cairo, Egypt. CASCF is a formal dialogue initiative between China and the Arab League (AL), which has currently 21 members. It holds meeting every year.
more than 4,000 Arab traders in Yiwu who were not as successful as those profiled. This prompted the following questions: who are these Arab traders? why did they come to Yiwu? How do they conduct business in China?

This study, which is ethnographic in nature, intends to provide a more complete portrait of the business activities and lives of this group of Arab migrant traders in China. I base my analysis on several important themes that have emerged in scholarly debates about foreign migrants in China: the informal economy, cross-cultural communication and globalization. Specifically, I aim to address three questions: (1) what attracted Arab traders to Yiwu? (2) How do Arab traders build multinational trading networks? and (3) How do they develop increasingly diverse modes of interaction with the local Chinese community?

**Foreign migrants in contemporary China**

China as a migrant source country has received intensive scholarly attention (Wang, G 1991; Ong 1999; Pieke 2004; Liu, H 2006; Rae & Witzel 2008; Chu 2010; Leo 2017). Compared to this role, however, China’s status as a migrant destination country received relatively little attention until large numbers of African traders started arriving in Guangzhou 广州. The current literature on migration in China has focused on the push factor - that is, why people leave China - and has largely ignored the question of why immigrants come to China. This is partly due to the perception among both Chinese and western scholars that China is a country of emigration only. However, this trend is changing with a growing number of studies looking at pull factors - that is what attracts migrants to China. For example, Frank Pieke (2007) contends that viewing China “as a country of emigration, not immigration, has created a huge blind spot in the perception of China’s global role”. He predicted that China would act as “a crucial hub of the global migration order”. Because China is not experienced in dealing with foreign migrants, this results in both the Chinese state and ordinary Chinese people not being accustomed to accommodating a substantial number of people from other countries.

What attracts foreign migrants to China? The reasons are diverse: searching for job opportunities, commercial success in a robust economy, or to gain an education in one of China’s universities are the main
ones (Pieke 2012). In addition, lenient visa policies and relatively low cost, in contrast with the tough migration and/or visa policies of traditional destinations such as the United States and European countries, have encouraged migrants from various backgrounds to come to China. For example, Nigerians in Guangzhou consider China as stepping-stone to Western countries, when the latter restricted their entry visa policies after September 11. In general, they have intended to stay in China for a short period and then move to Europe or the United State when their respective visa policies were relaxed (Haugen 2012). Of course, there are different types of foreigners coming to China: students, expatriate workers, business people, tourists, etc. This differs from foreigners who went to China before 1978, who were mostly students, technical specialists or diplomats (Brady 2003). Consequently, the presence of immigrants has altered the demographic landscape of some cities with large numbers of expatriate workers in Shanghai (Wang, J, Lau & Siu 2008; Farrer 2010; Mau 2010; Tseng 2011), South Korean investors in Beijing and Qingdao (Kim, Jaesok 2014, 2015) and South-east Asian migrants in different cities in Yunnan (Zheng, X 2007).

African traders in Guangzhou have attracted more scholarly attention than other migrant groups (Le Bail 2009; Bodomo 2010; Mathews 2011, 2017; Bodomo 2012; Castillo 2014; Bork-Hüffer 2015; Gilles 2015; Lan 2015a, 2017). This is partly due to their large number and their propensity to congregate in Guangzhou.\(^2\) It may also be due to the intensity of official propaganda concerning Sino-African relations over the past two decades. In order to strengthen political and economic cooperation, China has increased investment in many African countries and also launched policies to invite Africans to come to China.

Discussions on the African community in China particularly focus on their economic activities and the race and gender issues that flow on from that (Lyons, Brown & Li 2008; Li, Z, Ma & Xue 2009; Bodomo 2010, 2012; Lyons, Brown & Zhigang 2012; Bork-Hüffer et al. 2016). In my view, these studies tend to overemphasize the nature of the migrant community itself and under emphasize the relationship beyond the migrant community and its surrounding population. In other words, the African community is considered in isolation rather than how it interacts with the majority community in the host country.

\(^2\) There is not confirmed information on the number of African migrants in Guangzhou; its number is estimated from 30,000 to 300,000 according to different organizations.
Some scholars have challenged the characterization of the African community as an economic enclave or diasporic population. Adam Bodomo (2010, 2012) points out that the African community in China plays an important role acting as a bridge between the host society and the countries of origin, as well as strengthening cultural understanding between the two distant continents. Other issues, relating to race and gender, have been studied (Lan 2015b, 2016; Qiu 2016; Lan 2017). Because of the obvious physical differences, racial discrimination towards Africans has long been present in China, becoming a serious issue in the 1980s, when the conflicts between Chinese and African students emerged in many universities (Dikötter 1994; Sautman 1994; Sullivan 1994; Wyatt 2010). In the past decade, negative racial comments have been spread on the internet and race has become a hot topic among ordinary Chinese (Cheng 2011), in particular as regards gender relations. Daily encounters have, however, led to marriages between African men and Chinese women. Scholars have discussed these inter-cultural marriages, focusing on how the inter-cultural couples maintain and negotiate their affective relations in the face of racial discrimination (Lan 2015b; Qiu 2016).

Research on foreign migrants in China has not, in my view, paid enough attention to the role each city has played in the accommodation of foreign migrants. Even though host cities are the point of contact between foreign migrants and local societies (Castillo 2016; Siu & McGovern 2017; Anderson 2018; Ibañez Tirado 2018), how the city governments and the local communities have been involved in attracting and managing migrants, in particular small traders, has largely been ignored. Indeed, the city has typically been viewed in a passive role as the site where foreign small traders have been accepted. Migrants have a different impact in each city, meaning that that policies for managing them are different. For example, Guangzhou tends to control the numbers of African traders who are considered as sanfei (三非, illegal entry, illegal stay, illegal work), in order to promote its image as a global city. In contrast to Guangzhou, Yiwu is eager to host migrants such as African and Arab traders so that its merchandise can be sold in their respective countries of origin. Because of the 1998 financial crisis, exports to European countries and North America declined substantially. Yiwu had to adjust from being overly dependent on European countries and North American markets and cultivate new ones. Consequently, potential markets in North Africa and the Middle East were targeted. In other words, small foreign traders became necessary to maintain Yiwu’s economic development and further marketization.
By illustrating Yiwu’s effort to brand its marketplace as an international one to attract foreign small buyers (chapter 2), this study identifies the policy discrepancy between the central government and the host city in managing foreigners. Current policies for managing foreign migrants are still essentially generated by Beijing and do not allow flexibility for each host city to deal with its own situation. However, with the rise of the foreign population in China, the lack of jurisdiction and experience in managing foreigners in small cities like Yiwu has posed challenges that did not exist before. By highlighting the experiences of Yiwu, this study also discusses whether host cities should have more autonomy in regulating foreigners.

Secondly, scholarly discussions of African migrants overemphasize the status of their community as an enclave separate from its host society. However, communications between foreign migrants and ordinary Chinese occur all day every day, not only through marriage. By contrast, this dissertation focuses on Arab traders’ interrelationships with three groups: Chinese suppliers who provide merchandise to Arab traders; Chinese migrants who work for Arab traders and Chinese women who marry Arab men. I address the following questions: how do Arabic traders maintain relationships and negotiate with various groups in their host society? What strategies do they have to create cross-cultural trust between these groups? What are the social ramifications of encounters between the multiple groups? By showing the dynamic power relationships between the three groups and the Arab traders, this study analyzes the cross-cultural communications that operate between them. Their encounters with multiple groups in the host society have further and deeper effects in the broader society, such as gender and labor relationships.

Third, economic practices have been the main concern of scholars in delineating the life of foreigners in China. Few concentrates on cultural practices. This study explores how Islamic belief shapes Arab traders’ economic activities and their daily encounters. Instead of discussing how Arab traders practice their culture, this dissertation illustrates how culture brought by Arab traders influences their daily activities, including how they make boundaries based on Islamic faith; how a shared Islamic faith integrates Chinese Hui Muslims into the export industries; and why Islamic practices influence inter-cultural marriages with Chinese women.

Fourth, this dissertation offers a bottom-up perspective on Sino-Arab relations. While the Chinese state promotes friendship with the Arab traders’ countries of origin, in particular for strategic political purposes
since the launch of the Belt and Road Initiative, little attention has been paid to the lives and businesses of the thousands of Arab traders who live and work in China. The first reason for this is that the economic contribution Arab traders make to the Chinese economy is not fully reflected in official statistics due to their small size, whereas the larger contribution of investment from Western countries is more visible. In addition, the grassroots nature of Arab traders’ business activities, which provides business and job opportunities for marginalized and disadvantaged groups in China, such as Chinese migrant workers and individual small-scale Chinese suppliers, means that they have little influence on, or power over, state policy.

The Arab traders’ community in Yiwu

Yiwu City is located in the centre of Zhejiang Province in southeast China, 100 kilometres south of Hangzhou, the capital city of the province. Administratively, Yiwu is a county-level city under the jurisdiction of Jinhua 金华 City, but Yiwu is better known than Jinhua nationally and internationally, because of its petty commodities wholesale marketplace. In 2005, Yiwu was honoured by the UN, the World Bank and Morgan Stanley and other world authorities as the “largest small commodity wholesale market in the world”. Business activities mainly take place in the Yiwu International Marketplace, which is 5.50 million square meters in size and has about 75,000 shops. ³

³This international market also was called Yiwu International Trade City (Yiwu guoji maoyi cheng 义乌国际贸易城), Yiwu International Trade Center (Yiwu guoji maoyi zhongxin 义乌国际贸易中心), Yiwu International Trade Market, Yiwu International Trade Mart, Yiwu Mall (all Yiwu guoji maoyi shichang 义乌国际贸易市场), Yiwu Futian Market (Yiwu futian shichang 义乌福田市场).
Yiwu emerged as an important hub for international migration in China because of the market. The total population of Yiwu was 1,761,401 at the end of 2016. 782,220 of these had their household registration (huji 户籍) in Yiwu, while 979,181 comprised a “floating population” (流动人口) who had lived in Yiwu for more than six months. The city received 480,000 foreign visitors and accommodated more than 16,000 long-term foreign residents in 2016. Migrants from South Korea were the largest foreign group among the

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4 According to local official data, foreigners living in Yiwu more than six months were categorized as long-term residents.
foreign population of Yiwu. Arab traders from the Middle East and North Africa occupied the second position. The third largest foreign group was from India. This study focuses primarily on Arab traders.

Yiwu called itself a “small United Nations” (xiao lianheguo 小联合国). Although this small city clearly held less attraction to westerners, it supplied the largest number of Christian products to the western market of any individual source. In terms of population, westerners constituted a low proportion of the foreign population, and were virtually invisible in the market itself. Westerners tended to depend on the large export and import markets in Hangzhou 杭州, Ningbo 宁波, Shanghai, and Guangzhou rather than Yiwu, even though some export and import companies in these cities had branch offices in Yiwu. Because products exported to western countries had more restrictive regulations and quality standards, western traders tended to cooperate with larger and more formal import and export companies, with legal and institutional protections.

In contrast to westerners, South Koreans, Arabs, Indians, Africans and Russians are most visible foreign groups in Yiwu. Traders from South American countries are quickly developing into a powerful group but most of them are shuttle-traders who rarely settle down. In terms of residence, South Koreans predominately resided in Jiangdong 江东 District in Dongzhou Garden Community (Jiangdong siqu 江东四区). The South Korean traders concentrated in clothing, accessories and cosmetics industries. They owned design studios and placed orders with samples of their own designs. Arabs originally lived in Yijiashan 义驾山, close to the old markets but are now dispersed in various communities surrounding Futian market, in Changsheng 昌盛 and Xiazhai 下宅 and warehouse districts, like Duantou 端头, Shankou 山口, Wuai 五爱. Indians preferred to live in Chengbei 城北 Road and North Gongren 工人 Road, with easy access to the market. Separate residential areas also meant that restaurants and cafes that specialized in the culinary style of the original countries were nearby. Only seventeen Russian agents were registered in Yiwu in 2015 but hundreds of young Russian women worked in the entertainment and sex industries in clubs and pubs, making them conspicuous in the local society. Notably, the groups of foreigners in Yiwu rarely encountered each other in daily life, because of language, cultural and social differences.

5 Arab traders in this study are Muslims from the Middle East and North Africa, I did not meet Christians from the same areas during my fieldwork period.
6 A few Arab migrants in Yiwu were working in restaurants, teachers in schools, and interpreters for commission agents.
This study focuses on Arab traders. I identify Arab traders from different countries in the Middle East and North Africa as one group, based on their self-identification. My informants came from Yemen, Syria, Saudi Arabia, United Arab Emirates, Algeria, Egypt, Lebanon, Morocco and Iraq, however, on the basis of their use of the Arabic language, their shared religious faith, geographic proximity and historical experience, they

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7 Most of Arab traders from Saudi Arabia and United Arab Emirates are not origin migrants from these two countries, they have migrated from other Arab countries such as Yemen, Egypt, but they do business in Saudi Arabia and United Arab Emirates.
classified themselves into the same group and identified themselves as “Arab traders” (alabo shangren 阿拉伯商人), largely ignore their different places of origin.

Their self-identification is also reflected in the names of organizations that my informants established in Yiwu, such as the “Arab Traders’ Family” (alabo shangren zhi jia 阿拉伯商人之家), the “Yiwu Arab Traders’ Football Team” (Yiwu alabo shangren zuqiudui 义乌阿拉伯商人足球队) and the “Arab Traders Chamber of Commerce (alabo shangren shanghui 阿拉伯商人商会). Self-identification as Arabs benefits their businesses as Chinese suppliers consider and believe that the Arab traders are a distinct and homogeneous group. Identifying as Arab traders also contributes to extending their social network, as it includes all people who speak Arabic and practice Islam. Communicating in Arabic and practicing the Islamic faith help integrate people from different countries into a single larger entity.

Arabs are a diverse group in terms of religious affiliations and practices but the Arab traders in this study tended to play down their religious differences. My informants from Iraq were mainly Shia while others from Yemen, Egypt, etc. were mainly Sunni. However, they did not publicly express their religious differences even though there were conflicts in their countries of origin. The first reason for this is that there is only one mosque in Yiwu catering for all Arab traders residing there. These people prayed in different ways but did so in the same mosque. The second reason is that the Arab traders insisted that they came to Yiwu for business; they considered that if their religious differences were too obvious the local government might be inclined to control their religious activities more closely. Finally, my informants asserted that religious difference was not the only way to judge people and that any religious schism was not positive for their solidarity as a group committed to do business in Yiwu.

The total population of Arab migrants reached over 4,000 in 2016, declining from 10,000 before 2013. The sharp decline was due, first, to the unstable political and economic environment in their home countries. The second was that stricter visa policies had reduced the number of visas issued to Arab traders. The last, most important, reason was that the rise in prices of products locally forced Arab traders to move their businesses to other countries such as Indonesia, Thailand and Vietnam.

8 There are a few Shia from Iraq reject to go to the same mosque together, but majority of shia accept to pray in the same mosque when there is not alternative.
There were two routes by which Arab traders came to Yiwu. The first was to enter Yiwu from other international trading cities such as Dubai, Hong Kong and particularly Guangzhou. In the mid-1990s, a few Arab traders had entered the market in Yiwu but they were shuttle-visitors and rarely resided for long periods. As they found that prices were much cheaper at the Yiwu marketplace, they transported products to Guangzhou first and then shipped them back to their home countries from there.

Compared with Guangzhou, Yiwu was less attractive to Arab traders in the early 1990s, as Guangzhou, a traditional export city, had more attractions to entice them. Guangzhou had developed a much earlier than Yiwu and the Canton Fair which was held there twice each year, which drew huge number of foreign visitors. Thus, Arab traders headed to Guangzhou first when they wished to source goods in China. In contrast to Guangzhou, Yiwu’s marketplace concentrated on the domestic market and its reputation as an international market was not developed in the early 1990s in terms of facilities for export industries and accommodation for foreigners. For example, there were few restaurants and business hotels, local infrastructure was unable to transport containers to nearby port cities, and the process for export was complicated and slow. In other words, Yiwu did not meet the requirements of Arab traders aiming to develop export businesses.

In general, Arab traders started to pay attention to Yiwu after 2000 when the city actively sought to extend its international market. China’s becoming a member of the WTO in 2001 also provided opportunities for import and export industries. As a result, Arab traders transferred their companies from Guangzhou to Yiwu or opened branches in Yiwu employing one or more relatives or trustworthy Chinese as managers. A few Arab traders became shuttle travellers between Guangzhou and Yiwu in the period when only small volumes of product were available in Yiwu. A limited number of traders stayed in Yiwu not just because of business but also because of its convenient commercial environment. In contrast to Guangzhou, in which the marketplaces were dispersed in different districts and transport was complex, Yiwu located its marketplace in one huge building that was easy to visit. In addition, daily costs, including house rentals, were much cheaper in Yiwu.

The second route for coming to Yiwu was through the Xinjiang Uyghur Autonomous Region, which was considered as part of inter-Asian migration (Ho 2017). Cross-border business between China, Iran and Afghanistan has a long history. These commercial networks spread into the Arabian Peninsula and the Gulf countries with the introduction of Iranian and Afghan intermediaries (Marsden 2016, 2018). Following the
route used by intermediaries from Iran and Afghanistan, a few Arab traders started to seek out the markets in Xinjiang themselves. However, when they first arrived in Xinjiang, they found that suppliers were not the manufacturers and that variety was relatively limited. In order to source cheaper products from the manufacturing centres, Arab traders paid Chinese Hui Muslim and Uighur Muslim interpreters to guide them to the manufacturing cities. Thus, the Hui Muslim and Uighur Muslim interpreters guided the Arab traders to Guangzhou and Yiwu. In some cases, Chinese suppliers in Xinjiang also brought the Arab traders to Yiwu to establish the basis for long-term cooperation.

**Low-end globalization and power production**

Scholars define an informal economy as one where economic activities operate without institutional regulations and the protection of the law (Hart 1973; Sassen 1993; Chen 2012). Informal economies are found in countries and regions at all different levels of economic development (Portes, Castells & Benton 1989). Immigrant communities often take part in the informal economy, as they are characterized by petty traders, small scale production and illegal employment, which are typical survival strategies for immigrants in host countries (MacGaffey & Bazenguissa-Ganga 2000; Stoller 2010; Arango & Baldwin-Edwards 2014). Some scholars have argued that informal sectors are an important component of the formal sector in Western societies, co-existing with economic decentralization and capital reconfigurations (Portes, Castells & Benton 1989). In China, the informal economy also plays a key role in the economic transformation from socialism into marketization (Cooke 2006; Huang, PC 2009; Webb, Ireland & Ketchen Jr 2014). The development of an informal economy not only provides the necessities for urban development but also creates a huge number of job opportunities for rural migrants moving to urban areas (Meng 2001; Zhang 2001; Li, Q & Tang 2002; Fang & Dewen 2003).

In situating the phenomenon of African migrant traders under the conceptual umbrella of an informal economy, Gordon Matthews and his colleagues have employed a “globalization from below” approach to analyze the transnational commercial activities of African traders in Guangzhou (2017):
“Globalization from below” is globalization as experienced by most of the world’s people. It can be defined as the transnational flow of people and goods involving relatively small amounts of capital and informal, often semi-legal or illegal transactions, often associated with “the developing world” but in fact apparent across the globe. Throughout much of the world today, we don’t see the high-end globalization of transnational corporations with their billion-dollar budgets and batteries of lawyers. We instead see the low-end globalization of traders buying used or copy merchandise under the radar of the law and transporting these goods by container or in their luggage across continents and past borders, to be sold by street vendors at minimal prices with no questions asked. This is business without lawyers and copyrights, run through skeins of personal connections and wads of cash (P.1).

This definition of “globalization from below” illustrates three characteristics of transnational commercial activities carried out by African traders in Guangzhou. First, traders operated their business with limited capital; secondly, their activities were not protected by the law or state institutions; and thirdly, businesses were highly dependent on personal relationships, resulting in their being placed, both individually and collectively, in a marginal and powerless situation. While some of these forces are relevant to the status of Arab traders in Yiwu, they are not in such a powerless or marginal position. Rather, they form a powerful group able to negotiate with the Chinese community due, primarily, to Yiwu being located at the low-end of the globalization production chain. Chinese and Arab traders engaging in the low-end globalization production chain also made-up an informal economy, where Chinese suppliers in the marketplace illegally produced products and employed migrant workers. This means that practitioners operating in the low-end globalization distribution chain, such as Arab and African traders in Yiwu, play an indispensable part in local development and marketization, especially in the domestic marketplace and, by extension, the international marketplace. Within this context, Arab traders are able to construct a relationship in which they hold a relatively powerful position in the local society by developing a trading regime based on using credit to obtain products despite having only limited or no capital. As a result, even though Arab traders come to China with limited cash, they are still able to acquire products despite a lack of capital.
Scholars have shown that small migrant traders who carry out commerce in illegal or semi-legal ways, play a necessary role in an era of economic liberalization and reconstruction, even though the authorities still tend to restrict or crack down on this form of activity (MacGaffey & Bazenguissa-Ganga 2000; Smart & Smart 2005; Meagher 2010; Stoller 2010). Following this logic, discussions of low-end globalization in China situate actors in low-end globalization in the position of evading supervision in their daily practice (Mathews 2007; Mathews, Lin & Yang 2014). Clearly, however, the attitudes of authorities differ according to context and location. In Yiwu, for example, the high dependence of the government on the revenue generated by Arab traders has resulted in their making great efforts to improve the city’s image and adjust its policies to attract small foreign traders, seen in the development of an extensive local market helping Arab traders establish and maintain a long-distance commercial network. Structural pressures deriving from the lack of state regulation and legal protection does not mean, however, that Arab traders are passive or have no ability to act strategically within their host society. On the contrary, this thesis will demonstrate how Arab traders are able to transform their initial powerless and marginal status to one of significance within the context of local development.

The rise of Chinese entrepreneurs in the post-Mao State is an important topic among scholars (Pearson 1997; You 1998; Solinger 1999; Wank, David L. 1999; Zhang 2001; Xiang 2005; Osburg 2013) who point out that there are two ways in which this group has achieved wealth and power. The first is by mobilizing social, economic, and personal resources in native places, referred to as the social basis of power (Zhang 2001). This form of power derives from a large number of migrant entrepreneurs, originating from the same location, moving to the same new location where their subsequent efforts benefit the host community (Zhang 2001; Xiang 2005). The other way is by establishing patron-clientelist ties and creating embeddedness in patron-clientelist networks. Chinese entrepreneurs depend on the protection of patrons, found mainly among the ranks of officials and other local institutional agents, in order to conduct and operate business (Pearson 1997; You 1998; Solinger 1999; Wank, David L. 1999; Osburg 2013). Through such patron-client networks, entrepreneurs are able to establish relationships and negotiate with institutional agents. In my study, however, Arab traders were denied access to these two mechanisms, due to their different socioeconomic background and social structural control. The population of Arab traders originating from the same native location was invariably small, resulting in a minimal impact on both Yiwu entrepreneurial and government
circles. Social networks linked to specific native places could not persist and played a less important role in business practice among Arab traders. Instead, the importance of native place networks has decreased over time or been replaced by new forms of networking and associational life, such as religious affiliations. Furthermore, in terms of patron-client ties, while wealthy and successful Arab traders have built relationships with local officials, they have failed to mediate relationships between institutional agents and migrant groups. One important reason for this is that Islamic rules reduce the opportunities to establish *guanxi* 关系, or social relationships, with officials through either entertainment or corruption and bribery, which form important social and economic mechanisms for establishing relationships with Chinese officialdom.

Arab traders gain their power and influence through other channels, first, by virtue of their important role in local economic development, and secondly, through constructing their social networks to strengthen their business community. According to Max Weber, “power is the probability that one actor within a social relationship will be in a position to carry out his own will despite resistance” (Weber, Henderson & Parsons 1947, p. 152). Similarly, the sociologist, Peter Blau, points out in his book, *Exchange and Power in Social Life* (1965) that power should be defined as the ability of persons or groups to impose their will on others. In order to maintain power over others, Blau shows that actors have to produce asymmetry in power relations. The asymmetrical relationship further produces unilateral dependence and obligation from individuals and groups which are dependent. For Arab traders, power is produced through making asymmetrical relationships with the various groups they encounter in daily life. This functions to transfer and transform their powerless and marginal status in China. I argue that the low-end globalization production chain in China enables Arab traders to make asymmetrical power relationships with multiple groups in transnational commercial business.

The marketplace in Yiwu gradually lost its advantages in attracting buyers from European and American buyers after the financial crisis of 2008. On the other hand, the marketplaces of the Middle East and North Africa boomed and, as a result, Arab traders became the predominant buyers in the Yiwu marketplace. Taking advantage of the imbalance in existing trade relationships operating in business, these traders engaged in buying goods on credit where debts were repaid back later after sales had been achieved. Meanwhile, new forms of networking and associational life arose as a bulwark to structural pressures and
social marginalization. Even though the importance of native places for generating power turned out to be less successful, networks formed around shared Islamic belief, especially linkages created by participants in public spaces such as halal restaurants or coffee shops, presented the opportunity for the formation of highly profitable business networks for Arab traders. Furthermore, the availability of prayer places, representing a private and intimate space for Arab traders, created a support network for business affiliates as well as affirming Islamic values for individuals in the face of pressures from the local Chinese environment.

**Cross-cultural trust and boundary making**

Trust constitutes one of the most fundamental and dynamic arenas of commercial activities among Arab traders. Inter-personal trust is especially important where business is operated in informal settings where the state’s intervention is rarely perceived (Charsley 2007; Hearn 2016), or where there are no fixed rules to regulate or guide the commercial activities in the marketplace. Keith Hart’s research of Frafra migrants in Ghana in 1970s, shows that the Frafras lacked effective legal sanctions in their city of residence, and that the state had no effective presence in the migrant community. Moreover, Frafra migrants were unable to transfer their customary rural institutions to the city where they resided. In order to build economic relations from scratch in a world lacking both orderly state regulation and the segmentary political structure of their customary society, trust played a prominent role in maintaining commercial relations (Hart 1988).

Arab traders in Yiwu are in a similar situation as Frafra migrants in Ghana where their commercial activities are not protected by the Chinese legal system. The priority of the Chinese central government is to ensure political and social stability, rather than the economic well-being of Arab traders. Central authority has tended to crack down on and exclude Arab traders before and during mega-events, such as the Olympic Games and meetings of the G20, when they are considered as a threat to social stability and state security. Significantly, because most Arab traders engage in illegal or semi-legal commercial activities, they deliberately avoid any interactions with the legal system in their daily life. Thus, the role of trust for both individuals and groups are vital for business and their social well-being of Arab traders in China.
There are numerous scholarly studies on the subject of “trust”. Those most relevant to my study include Georg Simmel (1950) and Niklas Luhmann (1982), who argued that trust reduces the complexity of society and enables actors to behave as if the future is predictable. How is trust created? “In a familiar world, it needs history as a reliable background. One cannot confer trust without this essential basis and without all previous experiences” (Luhmann 1982: 20). Both Simmel and Luhmann believe that trust becomes predictable based on previous experiences and shared background. They also point out that trust means risk, that is to say, trusting others brings risks. However, Anthony Giddens (1971) suggests that “trust is basically bounded up, not with risk, but with contingency” (p.33). Thus, the prime condition required for trust is full information to predict the consequences, which functions in reducing and minimizing risks. Even though these three scholars have different hypotheses on the preconditions required for the generation of trust, they agree that the presence of trust is vital for the predictable future consequences of actions.

Understanding trust generation within the context of predictable activities associated with risk, means that Arab traders are not easily able to build trust in their host society. Transnational commercial business operations without the protection of the law are full of predictable risk. As a result, Arab traders must force their business associates to trust them. I argue that Arab traders build coercive trust in order to operate their transnational businesses. I borrow the concept of coercive trust from the sociologist Peter Blau (1965), who writes:

A condition of independence is the ability to use coercive force to compel others to dispense needed benefits or services. The inability to use force may be due to weakness or to normative restraints that effectively prohibit resort to coercion, or it may be due to the fact that the desired benefit loses its significance if given under duress (p.120).

Even though Blau illustrates how asymmetrical power operates between two agents, it is necessary to analyze how Arab traders use this mechanism to assert power between themselves and their associates to create trust. The buyer-driven nature of the commodity chains in the marketplace and the danger that Arab buyers will shift their contracts to lower-cost competitors in Southeast Asian countries, such as Thailand, Vietnam or Indonesia, remain a constant threat to Chinese suppliers, specifically that China might lose its
advantage in providing cheaper products. In the labor market, Arab traders exclude distrusted Hui Muslim employees and instead employ more trustworthy female employees to protect their business. All emerge under conditions in which Arab traders are the controllers in the marketplace.

Social scientists conceptualize trust as a moral value and one intertwined with reciprocal obligation and reputation. The influential sociologist Marcel Mauss (1969) has stressed the importance of reciprocity in the exchange mechanism involving the role of obligation arising from gift giving where receivers who did not reciprocate would be punished. Bronislaw Malinowski (1966), in his seminal work *Argonauts of the Western Pacific*, examined the complex mechanism of the *kula* ring, operating as a network of exchange and reciprocity in the Trobriand Islands. The exchange of shell bracelets and necklaces carried out in maritime trading expeditions across the wide geographical expanse of the islands, functioned to link participants together in far flung areas in a network of trading and political alliances. Participation in the *kula* ring, therefore, involved strong mutual obligations such as protection, hospitality and ceremony. Violators who did not subject themselves to these demands, were excluded by the community whose reputation, in turn, was damaged. Clifford Geertz (1969) and Anthony Giddens (1971) in their discussion of credit circles in Indonesia and Italy respectively, have also focused on the importance of the role of reciprocity and reputation among participants; once participants were distrusted by other group members, they were excluded by the community. Scholarly examinations of “trust” have shown that trust is created among actors who have a common background of values, who have similar social backgrounds and who are able to understand and accept each other’s norms and regulations.

Chinese entrepreneurs also establish their trust based on a shared cultural background, norms and rules. Exploring how entrepreneurs operated a private trading company in Xiamen 厦门, Fujian 福建 Province, David Wank (1996; 1999) found that “contractual expectations are informed by social trust. The assumptions that others will most likely behave in socially legitimate and therefore somewhat predictable ways.” (p.93) The social trust referred to here is created by several sets of idioms, which include entrepreneurs’ daily behaviors, and various mixes of expectations and identities for business purposes. Following Wank, Tiantian Zheng (2009), in her research on hostesses in Dalian 大连, points out that entrepreneurs’ consumption of sexual services becomes a way to test potential partners’ behavior and trustworthiness. Through observing their partners’ interactions and negotiations with the hostess, entrepreneurs know whether or not their
partners can resist temptation. China’s new rich create trust through ritualizing leisure, including participation in Karaoke clubs, saunas, nightclubs, high-end restaurants, and teahouses, where mutual pleasurable experiences are shared. These shared experiences serve as the pretext and context for forms of homosocial intimacy (Osburg 2013).

However, when Arab traders do business in China, they encounter multiple groups who differ in cultural, socioeconomic background and language. They do not participate in the activities that are favoured by the Chinese community. The norms, rules and common values differ from each other. Although repeated encounters in daily life provide opportunities to understand each other’s culture, it is still difficult to establish trust between the groups.

More importantly, Arab traders and Chinese are both from low-trust societies, defined by Francis Fukuyama in his book Trust: Social Virtues and Creation of Prosperity (1995). Fukuyama divided societies into low-trust societies and high-trust societies and argues that the former is based on blood ties, while high-trust societies are typically depended on organization other than kinship ties. According to this definition, both Arab traders and Chinese are from low-trust societies. Fukuyama argues further that in low-trust societies, family is the most important unit in creating trust, as the “lack of trust outside the family makes it hard for unrelated people to form groups or organizations” (p.73). He continues that “communities with the strongest internal ties will have the weakest bonds with the outside” (p.154). How Arab traders create cross-cultural trust to maintain and facilitate transnational businesses in a low-trust society determines their commercial activities in China.

Arab traders strategize to deploy trust through making and transcending boundaries. They make boundaries between Muslim and non-Muslim, and between good Muslims and bad Muslims. Islam is a prominent cultural characteristic of these Arab traders. They utilize religion as a tool to distinguish themselves from other groups for the purposes of ethnic solidarity. According to Fukuyama (1995) the retention of the original culture rather than assimilation to mainstream American life is one of most important factors in achieving success in business for immigrants in the United States:

…a number of immigrant groups seemed…to do well in the United States because they retained a strong family structure from the cultures out of which they came, structures that had
not yet been undermined by the broader atomizing currents of mainstream American life. Today, there is a generally positive evaluation in the United States of the role of the family as an effective institution for socializing individuals, is one that cannot easily be replaced by broader community groups and least of all by government programs (P.62).

Through boundary making, Arab traders create an environment where they feel secure in their business dealings and receive the necessary assistance for operating in the host society. This is common among migrant groups world-wide. In the Arab community there are clear boundaries wherein it is possible for Arab traders to expect trust in their commercial interactions with others. More important, however, is the presence of trust circulating among other members of the community. I argue that boundaries, constructed on tenets of religious faith are institutions with their own roles, rules, obligations and entitlements, which form the foundation and basis of Arab business transactions in Yiwu.

**Doing fieldwork in Yiwu**

This research grew-out of 13 months of ethnographic study carried out from 2015 to 2019. I undertook twelve months of fieldwork in Yiwu from November 2015 until 2016 December, as well as two research trips in November 2017 and January 2019 to track more recent changes and developments in the Arab traders’ community. This study combined participant observation, semi-structured interviews, and questionnaires, questioning more than 100 informants from different age groups. The majority of interviews were conducted in the offices of my informants, halal restaurants or cafés. Through my interviews with these informants, I collected data on individual life stories.

I define my study as belonging to the fields of urban studies and immigration in China. Urban studies have focused on urban life and has gained the attention of anthropologists (Southall 1973; Basham 1978; Mullings 1987). A focus on large-scale urban areas marks a shift from traditional anthropology concerned with rural villages or tribal society and raises issues regarding access to informants. Accordingly, I focus on specific
locales, namely informants in their workplaces as well as others in restaurants, the mosque and other places of prayer.

I began my fieldwork working in an Arab trader’s office, which provided me opportunities to familiarize myself with the operation of export industries. It also enabled me to observe encounters between Arab traders and other groups, relating both to their business and personal lives. I worked in four different offices; two were run by Egyptians, one by Yemenis, and one by Iraqis. The traders were of different ages and from different income groups. My first position was in an Egyptian company established in 1998. This was the earliest established and most profitable of the four companies I worked for. The other Egyptian company was a branch office of an international import-export company based in Egypt, while the company owned by the Yemenis, opened in 2015, was operated by men in their twenties. The Iraqi company, on the other hand, was run by operators who regularly travelled back and forth between China and Iraq every three months.

I also spent time in cafés and restaurants where Arab traders congregated after work. These were important sites of access to information where daily gossip about the Arab community and daily life in Yiwu circulated among the patrons. I also visited the local mosque, especially during Ramadan, where I observed the role religion plays in the life of my informants.

This study could not have been carried out in isolation from the policies of the local authorities. Therefore fortunately, I was able to work in two local government departments: the Industrial and Commercial Bureau and the Foreign Affairs Department where I worked as an translator between Chinese and English. This work helped me understand official policy toward foreign migrants as well as information on specific events of interest for my informants.
Apart from a focus on the lives of Arab traders, I also followed groups that had contact with them. I worked in wholesale shops owned by Chinese suppliers which gave me a different perspective from that of Arab traders. These traders did not conduct their lives in a vacuum; on the contrary, they had important relationships with various other groups in Yiwu. The experiences provided by observing these groups served
to deepen my understanding of the lives of Arab traders in China and enable me to present a holistic interpretation of their community in Yiwu.

My gender brought with it both limitations and advantages in conducting my research. Access to female informants enabled me to form close relationships with Arab women and Chinese women who had married Arab men. I joined their study groups and participated in family parties which provided me with an opportunity to observe their lives beyond the male dominated social networks. Yet, my gender also brought with it many difficulties with informants from male groups and it was impossible for me to join any group activities involving men only, for example, I had no access to the eighteen prayer places where men congregated.

This study only concerns the lives of Arab traders in the host society and does not concern itself with their lives in other countries in the trade chain including their home countries. While scholars of international migration have advocated a multi-site approach to fieldwork to fully understand the broader motivation and movement of activities beyond a solitary focus on one site (Wittel 2000), financial and other considerations meant that research for this thesis was confined to fieldwork in China. However, the possibility for future research on the entire commercial chain remains open. This would certainly add to our understanding of an important trading network.

Fieldwork for this study was conducted mainly in Mandarin. The majority of Arab traders spoke Mandarin and for those who could not, interviews were carried out in English. When I carried out my interviews in restaurants and cafés, Arab traders who could speak Mandarin fluently interpreted for me when my informants only could speak a little Mandarin. I also employed a Chinese Hui Muslim interpreter, who spoke fluent Arabic, to follow me in cafés and restaurants for three months.

**Outline for each chapter**

In addition to this introduction, this thesis consists of five chapters. The second chapter shows how Yiwu accommodates Arab traders. I discuss how Yiwu developed from a rural market town into an international
marketplace, becoming a node for foreign buyers searching for commodities. This involved a process of transformation based on decentralization, marketisation and urbanization. The development of free market policies in China by the central government presented opportunities for Yiwu to develop its market, especially in the international sphere. In order to attract more foreign buyers, the Yiwu government, as well as individuals and private organizations, make considerable efforts to brand the city as an international city. Moreover, the local government also aimed to provide better services to attract foreign buyers and employ policies to transform Yiwu into a friendly environment for foreigners.

Chapter three discusses the establishment of trust in the Arab trader community. Building trust is embedded in their daily activities, embodied in terms of social capital in their countries of origin, the practice of their faith in host societies and the contributions that the Arab migrants could provide to the whole community. Trust, however, was not born in the Arab traders’ community. Rather, individual traders had to use their previous social networks, such as their family business, educational background, to construct their new social network. At the same time, the process of establishing trust – reshaping the activities of Arab traders in Yiwu – was influenced heavily by their Islamic belief.

The fourth chapter moves to the relationship between Arab traders and Chinese suppliers. The commercial pattern between them depended on the traders purchasing products in advance and paying off their debts at a later date, with or without commission agents. Maintenance of this commercial pattern depended on the formation of trust among agents involving in such commercial activities. I argue that the emergence of a credit-debt commercial pattern was due to an imbalance in the power relationship between Chinese suppliers and Arab traders, where the former was in a marginal position while the latter had power to make decisions.

The fifth chapter illustrates the employment practices of the Arab traders. Their arrival functioned to integrate Hui Muslim migrants into the export industry. Because Chinese Hui Muslims spoke Arabic and practice Islam, they are trusted by Arab traders who use religious discipline to regulate them. However, it will be seen that there are cases where Hui Muslim employees took kickbacks and stole customers from their Arab employers. Thus, Arab traders preferred to hire female migrants. However, this too presented employers with problems, as female employees were stigmatized with allegations that they engaged in sexual relationships with their Arab bosses.
Finally, chapter six is concerned with the marriage relationship between Chinese women and Arab men. The presence of Arab traders in Yiwu has resulted in over 500 such inter-cultural marriages. The majority of Chinese women were non-Muslim, which conflicted with the Islamic faith. Consequently, their conversion to Islam became a way to build trust in the family. Because inter-cultural marriage challenges the traditional role of the Arab husband as the main bread winner in the family, it is incumbent on them to maintain strict authority within the family, ensuring that their wives remain pious and subordinate to their husbands.
Chapter 2 The Art of City Branding: Connecting the Local to the Global

“Yiwu is the world’s Yiwu or China’s Yiwu, rather than Zhejiang province’s Yiwu or Jinhua prefecture’s Yiwu”.

*Mr. Zheng, a government official in Yiwu*

“Miracle in China, Commerce in Yiwu, Global trading platform”

*Advertisement for Yiwu, Dubai airport*

Yiwu’s government and community leaders have aimed to elevate their city’s standing as a leading international investment and trade destination. Recognizing that Yiwu’s reputation could not compete with Chinese mega-cities like Beijing, Shanghai or Guangzhou, its leaders have employed innovative strategies to promote the city during the past two decades. These strategies include extensive media coverage of Yiwu as the largest wholesale marketplace for petty commodities, including needles, toys, accessories, small electronics, etc. Hundreds of promotional expos have advertised Yiwu-based export products in all corners of the world, establishing its reputation as an important centre for the international trading market, which has attracted the re-location of exporting companies from South Korea, Southeast Asia, the Middle East and Africa. The inflow of a large number of migrant groups in turn has transformed Yiwu into one of the most important commercial and trading spaces in China. In this chapter, I discuss how Yiwu has employed the strategies to brand itself as an international trade city.

City branding is nothing new (Kavaratzis & Ashworth 2008; Eshuis, Braun & Klijn 2013). David Harvey (1989) has pointed out that serious competition has transformed city governance from a managerial to an entrepreneurial approach. Many scholars believe that the withdrawal of the state has placed pressures on local government to rescale and brand the city (Isin 1998; Brenner, N. & Theodore 2002; Brenner, Neil 2004; Eisenschitz 2010). Activities involved in city branding, therefore, resulted from the challenges arising
from the pressures of globalization and power reconstruction, which saw the need to promote “the city” to an international status as a crucial policy goal for urban government and development strategies (Eshuis & Klijn 2012; Eshuis & Edwards 2013). Selling the image of a city assisted with strengthening competitive and improving living conditions for the benefit of residents, businesses and visitors (Boisen et al. 2018; Lucarelli 2018). Within this context, many cities in China are involved in such a process in order to promote their image and expand their influence.

Studies of the strategies employed in Chinese city promotions, in my view generally over-emphasize the intervention of the state (Eng 1997; Olds 1997; Wu, F 1998; Adler & Kwon 2002; Xu & Yeh 2005; Ye et al. 2018). Indeed, strong support from the central government characterized the re-creation and reconstruction of the image of mega-cities in China. In return, the cities that had gained preferential status had to accept the strictures of state policies. For instance, Zuofu Wu (1998, 2002, 2003) claims that the successes of Shanghai’s branding benefited from the central government’s preferential policies in terms of land-leasing, fiscal support and tax reduction. State intervention in the promotion of other mega-cities like Guangzhou, Beijing and Shenzhen, operated in a similar way (Xu & Yeh 2005; Ye et al. 2018). In fact, the aim of the central government’s preferential policies – endorsing the mega-cities’ promotions – was to encourage international investment, tourism, education, etc. in China.

City branding, however, also involves the participation of entities apart from the central government. There are examples of city promotions based on cooperation between local government and city-branding practitioners, including non-governmental organizations, individual entrepreneurs and chambers of commerce (Hoffman 2009; Berg & Björner 2014). The concept of “sustainable cities”, which emerged in the 1990s, is represented by “green cities” such as Hangzhou, Dalian and others (Hoffman 2009), where local authorities imported architectural and urban planning expertise to reconstruct and redesign the city. This type of city branding depended on local forces rather than support from the center and as a result, the central government’s intervention was minimal. However, the blueprint for advertising the city was still based on the guidance and preferences of the central government.

Such analyses of city branding in China tend to overemphasize the power of the state, as opposed to western ideas on city promotion in which government influence is seen as restricted and subject to
institutional constraints (Dinnie 2011). In this chapter, I show that in the case of Yiwu, there was either an absence of central state support or a failure to follow the guidelines dictated by the centre; Yiwu was probably overlooked because of its geographical isolation, its lack of development, and the tendency to favour provincial capitals. Located in the middle of Zhejiang province, surrounded by mountains and with a lack of arable land, Yiwu possesses few natural resources. In common with hundreds of thousands of other small Chinese cities. Yiwu’s situation was not thought to affect or contribute to the China’s international reputation. Hence, the central state only began to pay attention to Yiwu when it made its own international reputation as an international trading centre and when a large number of foreigners came to trade there, many of whom came from the countries that have joined the Belt and Road Initiative. Yiwu’s self-promotion never took place independent of central state control but always remained within the Socialist system. Thus, the central state had minimal impact on Yiwu’s promotion, even if it still followed the rules and guidelines of that state.

Through the case of Yiwu, I demonstrate a bottom-up pattern of city promotion. I argue that Yiwu achieved its city branding through market logic. This market logic was twofold. One part was based on the transformation of the marketplace through industrialization, urbanization and internationalization. The other part reflected the strategies of the Yiwu local government for the management of foreigners, a fundamental issue for Yiwu’s reputation as an international trading centre.

This chapter is arranged in three sections according to the three ways local government action framed Yiwu’s city branding. First, its city branding was framed through the context of market logic. Yiwu moved from targeting the domestic market to the international market, forcing Yiwu to develop its market in the same process as its city branding. Secondly, in order to create the image of an international market, Yiwu employed strategies that included applying for preferential policies for foreign investment, improving infrastructure, and regulating local markets to facilitate business operations. Thirdly, the Yiwu government integrated the management of foreigners into its branding strategies.
Transformation of the landscape: from an informal rural marketplace to an international marketplace

Yiwu started on the road to a market-oriented economy prior to the launch of the state-sponsored opening policy in 1978, at a time when the Chinese economy was still heavily planned and private commercial activities were prohibited. During the 1970s, a temporary, unstable and seasonal informal market had emerged in rural areas, and hundreds of seasonal peddlers (xing shang 行商) from Yiwu hawked their products all over China in the period before the state relaxed its policies regarding freedom of migration and commercial activities.

This informal and domestic marketplace steadily developed over the following four decades experiencing a fourfold growth in the foreign population with the transformation of the market into a place for international trade. Each physical transformation extended the scale of the Yiwu marketplace as local traders and customers became more and more dependent on international buyers. Today, Yiwu exports over 65 percent of its products to over 200 countries. Its achievement and transition from a large domestic wholesale marketplace to an international one was accompanied by a deliberate and successful campaign of city branding. This process will now be examined.

Before 1982: Yiwu – an informal and unstable marketplace

Scholarship on Yiwu’s marketization to date has focused on the context of poverty reduction (Si et al. 2015). The development of an underground market resulted from the lack of nature resources found in Yiwu, due especially to its mountainous terrain. Its geographic location and barren environment meant that local residents had little access to commodities, in contrast to city dwellers. In order to survive in a poor environment, local villagers searched for business opportunities to supplement their income during slack farming seasons. An opportunity was found: exchanging famous Yiwu candy for chicken feathers, a transaction that can be traced back to the Qing dynasty, which in turn were made into high-quality feather
dusters and sold in local towns or nearby counties – low-quality feathers were made into fertilizer. All these commercial activities were, of course, illegal at the time.

Before 1978, the central government banned the migration of rural villagers to urban centres to operate private businesses. The hukou (户口, household registration system) restrained free travel and only those who had permission from local cadres were able to move to urban areas. Local village cadres often took risks by granting a limited number of certificates to travelers to buy tickets and book hotels. Many accounts exist of villagers who moved illegally, including one of Yiwu’s most famous entrepreneurs, Mr. Zhong, an entrepreneur in his sixties, who was involved in the sock industry. He vividly remembers each trip he made to Sichuan province to sell petty commodities.

Zhong relates that his experiences as a peddler were very often painful. Village cadres promoted and supported state policies, and it was risky to allow people like him to leave his village on business, so only a few villagers received certificates to travel – and therefore buy train tickets. So, on boarding a train, Zhong and the others had to hide in the toilet or lie under the seats to escape ticket inspection. After arriving to their destinations, they could not stay in hotels or walk freely on the streets and frequently slept in small hotels or at the homes of local villagers. In many instances, the authorities found Zhong, confiscated his goods, and then dispatched him back to Yiwu.

Despite the dangers surrounding the lives of illegal peddlers like Zhong and other itinerant traders, the informal marketplace continued to develop and prosper in Yiwu. The economic benefits of commerce to better the lives of poor villagers, encouraged more new villagers to become peddlers, which, in turn, facilitated the further development of the underground market. Significantly, the villagers did not confine themselves to bartering candy for feathers but extended their scope to re-selling various merchandise in the Yiwu marketplace, such as fashionable clothes purchased from Shanghai and electronics from Foshan 佛山. The availability of a wider range of merchandise attracted more prosperous customers. Nevertheless, these commercial activities took place in the underground market.

This situation changed after 1978 when the country gradually relaxed its control over developing private businesses. In January 1979, the central government launched its “Draft Resolution on Some Issues of Promoting Agricultural Development” (Guanyu jiakuai nongye fazhan ruogan wenti de jueding (caoan) 关
In this draft, the central government announced that household sideline products and rural bazaars complemented the socialist economy, rather than an appendage of capitalism. This announcement illustrated that the attitudes of the central government regarding an individual’s commercial activities had changed from one of denial to support (Wang, S 2009).

In response to the central government’s signal, the Yiwu government published an article written by a secretary from the local government in March 1979, entitled “The Sound of the Rattle-drum of Feathers for Sugar Rings Again” ( jimao huan tang de bolanggu you xiangle 鸡毛换糖的拨浪鼓又响了). This announcement from the local authorities encouraged villagers to engage in commercial activities. Hence, the Yiwu market entered a formal and stable era in its development where the local authorities transformed their role from one of semi-support to open support. An informal market was established in Niansanli 廿三里. Villagers were permitted to occasionally sell petty commodities on the side of road, such as brushes, nails, needles and so on.

**1982-2000: the booming of the domestic market**

The history of the small marketplace was further changed in 1982 when the county government decided to develop the unstable, informal and seasonal market into a formal facility. Accordingly, the first formal marketplace, called the Huqingmen 湖清门 market, was constructed. The Huqingmen marketplace can be considered the beginning of a formal Yiwu small commodities marketplace. It had directly resulted from the relaxation of local policies that year, when a new platform referred to as the “four permissions” was launched. These permitted rural to urban migration; villagers to be allowed to pursue business in urban areas; long-distance transportation of goods to be permitted; as well as free competition. These four “permissions” were seen as milestones for developing the marketplace in Yiwu. They endorsed the fact that the local government now protected commercial activities.

Along with the establishment of the marketplace, local authorities also launched policies to regulate it. Many departments combined to manage the marketplace. Different agencies, such as the Industry and
Commerce Bureau (gongshangju 工商局), the Industry and Commerce Office (gongshangsuo 工商所), the Finance and Taxation Office (caishuisuo 财税所), the True Love Committee (zhenai weihui 真爱委会9), and the Police station (paichusuo 派出所), shared responsibilities of administration and supervision of commercial activities in the marketplace. Additionally, the Yiwu Chamber of Commerce was established and assisted with guiding business people in the marketplace to ensure that they operated legally. Under supervision from local authorities, peddlers who sold commodities in the marketplace were required to apply and register for a business license. They also had to keep financial accounts to assist with the collection of taxes. As a result, the local government became the organizer and leader in the marketplace.

The marketplace was first relocated in 1984. With an increasing number of customers visiting the marketplace, more suppliers applied for booths. The spaces available at the Huqingmen marketplace were inadequate to accommodate visitors and suppliers and so the market was relocated to more spacious facilities in Choucheng稠城 Road by the local government. However, the move was met with confusion and disputes from both local officials and residents over the government’s decision to appropriate arable land to build new facilities. Mr. Zheng, a retired official from the local Industry and Commerce Bureau, described his experience persuading local farmers to build a new marketplace.

At that time, more villagers depended on agriculture than industry. They had not changed their minds, still believing that agriculture was their priority. Selling petty commodities should be done during slack farming seasons and arable land should not be sacrificed to build a marketplace. Initially, the authorities were unable to persuade the farmers, who were rooted in the land, to give up their arable land to allow for a market. We tried many things. One of most persuasive was bringing successful peddlers in the marketplace to visit the farmers and show them that commerce was a better option than agriculture.

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9 According to my informants, the True Love Committee was the predecessor of the Hygiene Bureau (weishengsuo 卫生所) and was mainly responsible for hygiene in the marketplace.
Yiwu completed another stage developing the market again in 1986. As before, a lack of space limited increasing the number of booths and providing accommodation for the increase in visitors. This situation forced local authorities to move to a more spacious area but this time the Provincial authorities for Zhejiang in Hangzhou gave their support for the development, which had not happened before. High-level officials attended the opening ceremony and encouraged individual wholesalers to operate their businesses there. The new marketplace in Chengzhong 城中 Road occupied 44,000 square meters, had 4,096 stalls, and was able to accommodate more than 30,000 visitors. The total investment was over 4,000,000 RMB. At the end of 1990, this marketplace became the largest wholesale marketplace in China for small commodities.

In 1991, the marketplace was relocated once again to Huangyuan 篁园 Road in order to accommodate even more visitors and suppliers and the site is still in operation to this day. Its new location in Huangyuan Road marked a successful joint investment by the local government and individual businesspeople. It is estimated that 7,710 getihu (个体户, independently owned small businesses) invested 15,420,000 RMB to establish the marketplace in the joint-venture. Getihu-owned stalls after assisted the local government with the construction of a new marketplace as the latter lacked the necessary capital. The getihu, on the other hand, had significant surplus funds, derived from their wholesale businesses, at their disposal. This was the occasion that this marketplace stopped being a state-own enterprise and became a corporate enterprise, although the local government was still largely in control.

After moving to Huangyuan Road, local authorities faced the problem of how to improve governance. The expansion of the marketplace resulted in more vendors engaged in business, but they lowered their prices or provided low-quality merchandise in order to keep ahead of the competition. To cope with the chaos and irregular competition that arose, the local government categorized business licenses. The previous system divided all products into four groups, namely daily necessities, knitwear, garments and shoes. However, there was not a clear-cut physical distinction marking the various locations in the marketplace for these four categories. In order to regulate the marketplace efficiently, local authorities made the four categories into sixteen and wholesalers had to re-register their businesses and move to the same physical location as others dealing in the same category of commodity. Gathering one category of products in one area meant that prices became clear and buyers could easily compare prices for the same product. The result was the rise of
intensive competition, which led to vendors abandoning their previous flexible pricing practices. Similar practices are still in operation where products are grouped in categories and where stalls selling similar goods are clustered together in the marketplace.

Nowadays, the Huangyuan Road marketplace is a seven-story building and has been transformed into a garment marketplace. Each floor is arranged has different goods. The first floor has men’s trousers; the second floor has women’s clothing; the third floor has children’s clothing; the fourth floor has underwear, and the fifth floor has fabric and restaurants. The seventh floor is decorated in Korean style and sells Korean-style fashion and accessories in response to the Korean life-style craze that has swept China. Most of these “Korean” clothes are actually manufactured in China, however.

Although the Huangyuan Road marketplace specializes in garments, it remains domestic marketplace dependent on e-commerce rather than an international one. This has resulted in its development as a specialized marketplace where only a few of the stores receive orders from the international market.

Yiwu did not have any special advantages over neighbouring cities in the marketing of garments such as offering special prices or superior quality goods. The Keqiao 柯桥 textile marketplace in Shaoxing 绍兴, two hours by bus or one hour by high-speed train from Yiwu, attracts a huge number of customers from Yiwu. Similarly, Zhuji 诸暨, a city next to Yiwu, specializes in silk products offering high quality but low-priced goods. More importantly, a few cities in Fujian 福建 and Jiangsu 江苏 had advantages in particular categories of clothes and textiles. Shishi 石狮 City, in Fujian Province, specializes in sporting clothes and Nantong 南通 City in Jiangsu sells bed linen at low prices.

Before becoming an international market, Yiwu’s target group were domestic customers. Few foreign traders resided in Yiwu at this time. Rather, local authorities were concerned with extending its domestic market, but this situation was challenged by the decline in the domestic market and intensive competition from other cities. At the end of 2000, over 45 marketplaces named “Yiwu market” had been established in 20 cities throughout China. According to data provided by the local government, only 45 percent of products in these markets came from Yiwu and 55 percent of products came from other places. This meant that Yiwu

10 7 marketplaces located in northwest, 11 located in huabei, 3 marketplaces were in northeast. Middle China had 13 marketplaces, and 3 in southwest and 7 in eastern China, 1 in Huanan.
lost its advantage in the domestic market operating as a wholesale marketplace. An extension into the international market and a reliance on foreign customers was thus a survival strategy.

Before it developed into an international market, Yiwu’s image mainly depended on Yiwu-produced products. Yiwu still had an advantage competing with other marketplaces as it started selling petty commodities very early. Its stable distribution chains across the whole country preserved its position as the largest petty commodities wholesale marketplace in China. However, facing the challenge from the decline in the domestic market, local authorities have to devise strategies to create a city brand in the international market.

2000-present: the Futian international marketplace

Since 2000, the market in Yiwu has been transformed into an international trade centre and is also referred to as the Futian marketplace due to the relocation of the marketplace to the Futian district. Physically extending over 5.5 million square meters, the Futian marketplace is home to more than 75,000 shops. There are arranged by products, which are stacked high in pyramids to impress potential buyers. In describing the marketplace, a local official said that clients would have to spend more than two years if they wished to visit each shop for only five minutes. The marketplace contains all conceivable goods, including toys, plastic products, electronics, accessories, hardware, flowers and others.

The status and reputation of the Futian marketplace has been metamorphosed into “Mobile Canton Fair (liudongde guangjiaohui 流动的广交会)” due to its similarities with the Canton Fair. Stalls are open from 8:00 am to 5:30 pm and are closed only during spring festival. On entering the hall, visitors are greeted by an endless vista of row after row of tiny stalls, little wider than half a car parking space, which are strung together along aisles. When the Futian marketplace was opened in 2002, very few customers visited there. It

11 The Canton Fair (guangjiaohui 广交会) was established in 1957. Its full name is China Import and Export Fair (Zhongguo jinchukou jiaoliuhui 中国进出口交流会), which is the largest, oldest and most representative trade fair in China. In 2007, this fair was renamed the Chinese Export Commodities (zhongguo chukou shangpin 中国出口商品), indicating that its target customers were foreigners rather than Chinese. I attended its autumn season with my Arab interlocutors in 2016 during my fieldwork. The Canton Fair was free for foreigners to register.
was only after Canton Fairs that customers flooded from Guangzhou to Yiwu giving the impression of a busy marketplace. Lunchtimes were especially hectic with aisles clogged with pushcarts, and peddlers selling foods and fruits to store owners. Visitors, if they were familiar with the set-up of the Canton Fair, easily found the goods they were seeking. The huge building was divided into five zones, with each district, although closely connected, selling different items. The internal organization of each district was designed by a capital letter from A to F. Each capital letter was then sub-divided into different streets using Arabic numerals. Visitors had to work out where the target item was located and then locate its “address” to find it.

The Futian marketplace belongs to a state-own enterprise, the Shangcheng Group 商城集团, which administered all the stalls in the marketplace. Selling and renting property in the marketplace was also organized by Shangcheng Group, which also owned all the property. A few stall traders leased their stores for 70 years from the Shangcheng Group, while other stall owners purchased their leases by exchanging Huangyuan marketplace stores for Futian marketplace ones. A few villagers leased several stores in the marketplace, because the government had appropriated their land, and assigned them these stores as compensation. The price of a lease was determined by its location. The first district, where fashion accessories were sold and which was also the earliest completed, was the most expensive, especially for stalls situated near the entrance.

Branding the city through landmark architecture – squares and monuments – is a common strategy (Broudehoux 2004). Yiwu authorities employed this strategy by building a huge marketplace, ensuring it became a local landmark. The sheer commercial volume of turnover ensured that the Futian marketplace grew to become the world’s largest wholesale market of small commodities in the world by 2005. This fact, in turn, served as a tool to advertise the marketplace and attract more customers.

12 “Shangcheng Group” is the short name of China Petty Commodities Group (Zhongguo xiaoshangpin jituan 中国小商品集团), which was a state-owned company, established in 1993.
Strategies of branding the marketplace through Yiwu-based products

The Futian marketplace is an example of an export-oriented marketplace. While some stores stocked traditional Chinese products like red envelopes, incense, and posters of ceremonial couplets, all other stalls focused on the export business. The transformation from domestic-oriented commerce to international-oriented commerce in the Futian marketplace was a consequence of the decline of the domestic market and intensive competition mentioned above.

The market’s expansion into an international one came about by attracting and welcoming foreign customers rather than local Chinese. A Chinese interpreter complained in front of me that Chinese people were discriminated against by Chinese suppliers in the Futian marketplace. He told me:

Chinese business people in Futian market are snobs. They look like Pekingese dogs when they deal with foreigners. They appear patient and polite. We Chinese never receive such treatment. When I make inquiries about the prices in some stores, many Chinese suppliers deliberately ignore me. For Chinese business people in the Futian marketplace, foreigners are “sugardaddies”. This is the new form of “revering everything foreign and pandering to overseas powers” (chongyang meiwai 崇洋媚外). The suppliers just want foreigners.

The preference for foreign customers forced Chinese suppliers to promote their merchandise in particular directions. As a result, branding the marketplace became an international practice, not just the responsibility of local authorities. Individual suppliers in the marketplace also participated in the campaign to raise its image.
The supply chain also experienced a huge transition from domestic to international focus. Before 1982, in the informal marketplace era, products in the marketplace were predominantly from local villages except for those from a few of peddlers buying stylish products from beyond Yiwu. After establishing a stable marketplace, Yiwu benefited from the industrial clusters established in the Yangtze River Delta (Ding 2006; Bellandi & Lombardi 2012; Ding, Gokan & Zhu 2017). The products overwhelmingly came from

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**Figure 2.1 A Chinese supplier in Futian market**

The supply chain also experienced a huge transition from domestic to international focus. Before 1982, in the informal marketplace era, products in the marketplace were predominantly from local villages except for those from a few of peddlers buying stylish products from beyond Yiwu. After establishing a stable marketplace, Yiwu benefited from the industrial clusters established in the Yangtze River Delta (Ding 2006; Bellandi & Lombardi 2012; Ding, Gokan & Zhu 2017). The products overwhelmingly came from
neighbouring cities in Zhejiang Province, such as Wenzhou, Yongkang 永康, and Taizhou 台州. As the reputation of Yiwu-made products grew, more suppliers from Zhejiang province came to Yiwu to rent stalls. In the mid-1990s, the Yiwu government tried to reduce the cost of commodities and launched policies to attract producers to build factories in the city. However, the main supply chain still originated outside Yiwu. Now, there is a special district selling products from overseas in the Futian market. Owners of these stores are foreigners who have enjoyed preferential policies, such as exemption from rents and tax deductions for the first three years of operation. Inviting foreigners to come to the Futian marketplace also raised its image internationally.

![Figure 2.2 A toy store in the Futian market](image)

The Yiwu government and business people pride themselves on having the three characteristics of speed, innovation and imitation. Speed meant suppliers making goods for customers as rapidly as possible and keeping up to date with the latest innovations and information about products. Also, although their goods
were more expensive than those from other Asian counties such as India, Vietnam, and Cambodia, buyers preferred to base themselves in China for its efficiency in delivering products much faster.

The ability to obtain the latest information on products was also an important advantage in the market. Suppliers had two ways to update on their products. One way was for their customers to bring samples of new products to show suppliers. Buyers took the initiative in the market, usually taking samples of the most popular products to Yiwu in their search for producers. Additionally, as suppliers, they keenly sought out information on new products. For example, in the case of religious items – which made up the largest group of consumer products exported to the Middle East and North Africa – being informed of the latest trends assisted in gaining more customers, particularly during the peak consumption period before Ramadan.

In terms of innovation, both the local authorities and the suppliers expressed frustration in their attempts to create a market for unique and specialized items. In contrast to high-tech products based on huge capital investment, small commodities like those sourced at Yiwu, only required limited investment, and were made in low-end and small-scale family factories. Such factories only had limited, or indeed no, capital available to invest in innovation. Even though the government encouraged original design, imitation or copying predominated in the manufacture of new products. Only a few factories established design studios in European countries or were licensed by famous brands.

Yiwu is also called the capital of counterfeit goods (fangzao zhi du 仿造之都). Even if local authorities banned these activities, suppliers in the market would persist in manufacturing counterfeit products for both the domestic and international markets, especially for high-end markets both domestically and internationally. The most popular counterfeit luxury products copied in Yiwu come from originals made in Italy, Turkey, Japan and South Korea. Chinese suppliers travelled regularly to these places to keep up to date with the latest styles and materials. However, Turkish shops and factory owners banned Chinese people from accessing their newest products as Chinese-made products were increasingly flooding the Middle East and North Africa. Typically, Chinese people are rarely shown the latest products, although long-term and trustworthy Chinese clients can do so. A few Chinese suppliers employed non-Chinese to visit stores or factories to steal information on the latest styles and materials, but these people were often not good in this endeavour as they lacked experience and cunning.
The supply chain is perhaps the most important part of Yiwu’s business ecosystem. Its strength lies in the speed with which low-priced goods are made available in the Yiwu marketplace. Known for its reputation as a shopper’s paradise, customers can acquire whatever they like provided they bring a sample to be copied. A request for a certain product is guaranteed within a few days and the popularity of a particular product ensures that it will appear in hundreds of shops soon after. Counterfeit goods are invariably far cheaper than the original. While this practice is illegal, it is bringing profit to traders and cheap goods to customers. One trader, a Moroccan businessman called Mohammed, is a good example of the advantages of doing business in Yiwu. Mohammed sought to source lamps that could recite the Qur’an when switched on for sale in his department store. After a long search, he eventually found an intermediary in Yiwu, whose efficient supply chain left a lasting and favourable impression on him. Being part of a greater business ecosystem adds to Yiwu enhancing its reputation for providing anything very quickly and at a low price.

**An advanced infrastructure system and booming logistic companies**

Yiwu is the largest collection and distribution centre in Asia due to its advanced infrastructure. As Yiwu had no geographical advantage in developing its export business – in contrast to traditional port cities like Guangzhou, Shanghai and Ningbo – its growth over the past four decades may be attributed to continuing government investment in infrastructure such as roads, rail and airfreight facilities which has functioned to overcome its geographical limitations (Wu, X et al. 2016). Its location in the middle of Zhejiang Province facilitates easy access to nearby ports, such as Hangzhou, Ningbo and Shanghai where comparatively short distances result in lower transport costs. More importantly, the rents for warehouses in Yiwu are far cheaper than in those places. As a result, Yiwu receives and dispatches thousands of containers by truck to them every day. Thus, Yiwu has been called a city built on back of trucks. Additionally, direct rail links from Spain and Iran to Yiwu commenced in 2016, not only saving money and time compared with maritime

13 Yiwu to Shanghai is 283 kilometers; Yiwu to Ningbo is 180 kilometers; Yiwu to Hangzhou is 140 kilometers.
14 It was not all products being send to Yiwu, in some cases, products were packed in factories and directly send to the port, when buyers ordered one item for the whole container.
transport but also further integrating Yiwu into the international market. Many locals now say that “all roads lead to Yiwu”.

To attract more customers to Yiwu, the local authorities gradually developed the airport. The airport was originally for military use, but it was transformed into a civilian airfield in 1991 when the first flights went to Xiamen and Guangzhou. At that time Xiamen had the large number of business people from Taiwan in China and Guangzhou has always been one of the largest and most active domestic and international trading cities. In 1993, the Yiwu government applied to add flights to Beijing, Shenzhen and Jieyang 揭阳. With the growth of foreign visitors, they also gained permission to start direct flights to Hong Kong – reclassifying Yiwu airport as an international airport – in 2007. However, most foreign visitors continue to fly to Shanghai and Hangzhou to save money and then transfer to buses, taxis or high-speed trains.

While the infrastructure system provided the basic physical conditions to connecting Yiwu with the outside world, the logistic companies were the real facilitators for smooth business operations. My interlocutors referred to the ten thousand or more logistic companies as ants when describing the booming logistics market in Yiwu.
Involved in warehousing, packaging, transporting, clearing customs and negotiating with government, the logistics companies play an indispensable role in transporting products from their manufacturing base to the Yiwu marketplace, and their onward transportation to countries around the world. Throughout this process, logistics companies provided warehouses for their customers at three main places, namely, Yiwu port, Shankou and Duantou. Thousands of small storage spaces were scattered through the underground floors and basements of several privately-owned properties as well. Customers of some logistics companies were granted ten days to one-month free storage, after they had to pay an extension fee. However, a few traders

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15 Local villagers build basements and rent them out as warehouses for small export and logistics companies. The rents are far less than in government-owned properties, like those at Yiwu port. To save money, many big entrepreneurs rent warehouse space for themselves from large logistics company. For these big companies who collect more than 100 containers every month this gives them to satisfy their customers’ requirements.
discarded the goods they had ordered, if deliveries were delayed or if they had over ordered. Rather than pay for an extra container, some buyers shared containers or left their products behind to be shipped when they next visited. After collecting all the ordered products, packers (mainly come from Anhui province and employed by logistics companies) loaded the products into containers under the inspection of buyers or staff from export companies. Paul Anderson showed how logistics companies in Yiwu combined products for overseas markets, making it possible for small buyers to share containers with other small buyers with limited capital (Anderson 2018).

More importantly, logistic companies played a pivotal role in negotiating with different agents like Customs, the Bureau of Quality Supervision and the Industry and Commercial Bureau. Powerful logistics companies always maintained close relationship with the local authorities, a few of them invited officials to join their boards. Mr. Jin, one of the most successful and famous company owners, ran the largest logistics company in Yiwu. As a local resident and formerly a tax collector in the revenue department, Mr. Jin had vast experience in dealing with problems and issues with the local and higher-level governments. His experience improved his relationships with the authorities. For instance, Mr. Jin received messages in advance when officials wanted to inspect his company for fake or copied goods. Such complex relations with local government presented foreigners with difficulties operating logistics companies as they had not established appropriate working relations with officials. However, they could depend on Chinese logistics companies to establish branches in Yiwu to reduce costs.

With the increase in competition in the logistics sector, owners of logistics companies also tried to diversify their services. Mr. Jin, for example, hired interpreters from Russia, the Ukraine, Yemen and Iran to assist him with customers from these countries. At the same time, a large number of logistics companies operated intermediate businesses called “one-stop shops” (yi tiaolong fuwu 一条龙服务). These logistics companies competed with intermediate business people while they also extended their business into new areas in the export and logistics business.

High and consistent investment in infrastructure and the booming of logistics companies facilitated the export business in Yiwu. The development of infrastructure in Yiwu differed from Shanghai or Beijing, where the latter concentrated on a specific economic zone, like Pudong in Shanghai, or areas for conducting
large events like the Olympic site in Beijing. Yiwu’s infrastructure projects specifically aimed at providing services for the marketplace. Its advanced infrastructure and logistics companies strengthened its image as an international and efficient city.

**Advertising the international marketplace**

Yiwu employed a range of tactics to advertise itself as an international marketplace. Local government coordinated with individual businesspeople, non-governmental organizations and others to promote the city. Efforts to internationalize Yiwu included holding fairs and inviting media to enhance and construct certain images of city. These city promotion strategies were, of course, similar to other cities in China, however, Yiwu was in no position to copy the example set by others, but rather had to base its strategies on its own experiences, transforming its disadvantages into advantages.

**“Expos city”**

Yiwu is regarded as one of the best cities in China for organizing trade expos. Following the example of the success of the Canton Fair in attracting buyers, the Yiwu government decided to advertise the city by hosting similar events. Thus, local authorities invested in either building exhibition halls or organizing and supporting expos in the city or other cities. According to data collected from the local government, 39 expos were organized in Yiwu between September 2016 and July 2017. While hundreds of similar expos were arranged in other cities in China, local authorities in Yiwu played an important role in organizing large-scale ones. For example, they have been responsible for holding the Yiwu International Commodities Fair, which has run in October every year since 1995. This fair is the third largest trade fair in China, after the Canton Fair in Guangzhou and the East China Fair in Shanghai. In 2016, the Yiwu fair attracted over 180,000 visitors and achieved contracts valued at over 179 million yuan. Local authorities also encouraged small companies to organize expos and gave one to three million RMB in subsidies. Exposure gained from holding
a variety of expos, helped Yiwu achieve publicity for its marketplace and attracted a range of potential corporations and clients.

These expos crucially functioned in bringing buyers and sellers together. Suppliers viewed expos as the main way to advertise their products, especially to overseas markets. Consequently, the number of foreigners coming to expos became a measure of an expo’s internationalization. Scholars have demonstrated the value of inviting foreigners to public events in China, such as hotel openings, educational programs, and ceremonies, which have heightened anticipation and participation not normally seen in the day-to-day workings of the marketplace in the local context (Brady 2003; Notar 2008; Eshuis, Braun & Klijn 2013). Inviting foreigners to Yiwu’s expos, therefore, functioned to inspire confidence in Chinese suppliers who were reassured of the appeal of the market to foreign customers.

One of the most obvious characteristics of these expos was that the presence of foreigners became the criteria to judge whether an expo deserved the status of an international event. I followed many expos organised by the promotional company Wanhe 万和,¹⁶ which specialized in arranging meetings for Chinese suppliers in the stationery and cosmetics industries. This company invited international students from universities in Zhejiang province to present at expo opening ceremonies and paid for them 500 RMB; foreign students who spoke Chinese fluently earned more than those who did not. African and Arabian students, predictably, were the most popular groups as they represented the expanding overseas markets of most interest to the Yiwu traders. Expo organizers also encouraged the leaders of foreign Chambers of Commerce in Yiwu to advertise expos through their networks. Banquets provided special promotional opportunities where Chinese entrepreneurs took photos with foreign attendees. These were subsequently posted on their social media platforms to show their capacity for attracting foreign customers.

Images of foreigners, especially of Westerners, had been used in different contexts in China’s contemporary media and urban landscapes (Conceison 2004; Henry 2013). This is not simply because of their difference but of what their particular form of difference represents. As outsiders, foreigners are a perfect screen for the projection of the possibilities of China’s future, even as their opposites, rural migrants,

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¹⁶ Wanhe is a medium sized company that organizes expos for Yiwu products. It organized more than 124 expos in China and overseas in 2016.
became screens for the projection of mediated discourses of backwardness, rudeness, and social disruption (Zhang 2002; Zheng, T 2007; Henry 2013). Yiwu positioned foreigners in the market’s future, representing them as the representatives of potential markets for cheap products, and creating an expectation that these foreigners would consume more products.

In addition to domestic expos, attending international expos was another way to advertise products that were made in China. Famous international trading cities, such as Dubai, Bangkok and Frankfurt were at the top of Chinese suppliers’ list of favourites. Nonetheless, only large factories were able to bear the cost of attending international expos. In the past ten years, some of the more prosperous companies in Yiwu have organized expos in African countries.

Hosting public events

The promotion of a city’s image and efforts to regenerate its economy through hosting public events, such as major sports occasions and art shows, is not a new strategy (Chalkley & Essex 1999; Zhang & Zhao 2009). Restrained by its relatively low position in the administrative hierarchy, Yiwu has not had the chance to host mega-events like the Olympic Games or high-profile art exhibitions. However, through organizing regional conferences, Yiwu did raise its image in its target countries. For instance, the Fourth Non-Governmental Forum on China-Africa Cooperation (disijie zhongfei hezuo minjian luntan 第四届中非合作民间论坛) in 2015 was held in Yiwu. In 2016, the Fifth China-Africa Think Tank Forum (diwuji zhongfei zhiku luntan 第五届中非智库论坛) was held there. Conferences of this kind provided excellent opportunities to invite politicians, business people, journalists and scholars from both China and Africa to visit Yiwu. After the conference, the city arranged a visit to the marketplace to showcase business opportunities and spread the reputation of the marketplace.

To enhance Yiwu’s international credentials, the local government has awarded a “Commercial City Friendship Prize” (shangcheng youyi jiang 商城友谊奖) to reward foreigners since 2014. According to the evaluation criteria, the nominated foreigners needed to have no criminal record in China and possess a good
social reputation as well as having contributed to Yiwu’s development in both business and society. The local government awarded two long-term foreign residents each year. This award imitated the “National Friendship Prize” (guojia youyi jiang 国家友谊奖) which was given to foreign professionals in China for outstanding achievement in the technological arena. By contrast, the award in Yiwu emphasized commercial contributions. An indication of the importance the Yiwu government placed in such awards, it established a list of the “Top Ten Most Trustworthy Business People” (shijia chengxin shangren 十佳诚信商人). In this award foreign and Chinese entrepreneur competed equally.

Promotion in cyberspace

The local government not only support the development of expos, but it also advertised Yiwu by inviting the domestic and international media to report on business opportunities. These reports were embedded in the state’s official propaganda. For instance, when local authorities predicted that China’s accession to membership of the WTO in 2001 would provide more opportunities and make it easier for Chinese suppliers to extend into international markets, the Mayor of Yiwu, the city’s highest-ranking official, advertised the Futian marketplace on channel 4, the international channel of CCTV. The publicity generated by the presence of such a high-ranking official attracted attention from both domestic and international audiences. Since then, the use of media to promote Yiwu has been included in the local government’s agenda.

After the Chinese government initiated the Belt and Road Initiative (BRI), a huge number of journalists flocked to Yiwu, attracted in part by the presence of foreigners who were from Belt and Road countries. More importantly, the local government attempted to reshape its image as an international city in the context of the BRI. Many levels of media, from CCTV to local radio programs were involved in reporting on Yiwu such as the CCTV programs, Zoubian Zhongguo (走遍中国 Travelling around China) and Yuanfang de Jia (远方的家 Distant Home) which highlighted the development of the local marketplace and the life of foreigners in Yiwu. Foreign business people, who had achieved success in their business and spoke Chinese fluently, introduced their daily lives in the programs. Mohanned, a Jordanian businessman, has been
interviewed by different TV and radio programs more than fifty times every year after his canteen and his family were mentioned by Xi Jinping in 2014.

The strategies of advertising Yiwu and organizing expos there functioned to raise and establish its image as international city. Expos displayed products to buyers and linked suppliers and buyers together. Media reports enhanced Yiwu’s image as a welcome destination for foreign traders.

Better services for foreigners and simplifying the approval procedures for foreign investment

If we want to achieve internationalization, we have to attract more foreigners. Our government should invest in more infrastructure projects to meet the foreigners’ requirements. It should also reform and improve the administration to make it more efficient. However, the first and most important factor is attracting more foreigners; this is the basic condition to achieve internalization of our city and our market.

Here, Mr. Chen, the Director of the Trade and Industry Bureau in the Futian marketplace, stated that internationalization required attracting more foreigners. His viewpoint was similar to other officials I interviewed, where their understanding of “internationalization” remained at a very superficial level, namely, as referring to the numbers of foreigners who resided in or visited Yiwu. Such a viewpoint emphasized the need to provide better services for foreigners and thereby encouraged local institutions and city-branding practitioners to foster a more conducive environment for foreigners. The local government also endorsed this idea in their annual report:

The government has to provide better service for foreigners and strengthen cooperation with Middle Eastern and African countries, to extend markets in these two continents. This will play an important part in improving our work performance. In the next few years, Yiwu will
continue to strengthen and extend its markets in European and American countries. At the same time, we have to search for opportunities in potential markets in the Middle East and North Africa.

This statement comes from the Yiwu government Annual Report for 2002. The local government considered its role as providing better service for foreigners and included managing foreigners as part of its duties. Markets in the Middle East and North Africa were highlighted in the report, since the city had greatly benefited from foreign traders and the blossoming markets in those countries. It was also due to the obvious migrant population from these two continents.

The Yiwu government claimed that they performed better in the administration of foreigners than the central government. A new national law on administering the arrival and departure of foreigners was passed in July 2013. It paid special attention to illegal immigration, overstaying and the illegal employment of foreigners. In accordance with the 2013 law, the government of Yiwu issued their own regulations to supervise foreign residents. Yiwu was the first county-level city to gain the right to supervise immigration.17 Firstly, they established temporary places for foreigners to register and recruited college students who could speak English as volunteers to help foreign registers. Secondly, they checked the number of foreigners in the community by cooperating with property owners who rented rooms to foreigners. The third step was to let foreigners who could speak Chinese fluently actively participate in community affairs. By doing so, foreigners who lived in the community. Finally, local administration officers had to cooperate with police officers to collect personal information on each foreigner.

The Yiwu government was also innovative in its efforts to shorten the time required for approving procedures for foreign investment. According to the hierarchy of the administrative divisions of the PRC, county-level cities did not have the authority to launch their own policies to regulate foreigners, particularly issuing visas and commercial licenses. Thus, foreigners in Yiwu had to travel to Hangzhou, the capital city

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17 The immigration office was established in 2005. It is under the supervision of the Exit and Entry Control Department (jinchu kongzhi bumen 进出口控制部门) of the Public Security Bureau (gonganju 公安局) of Zhejiang Province. Yiwu does not have Community Offices (shequ bangongshi 社区办公室) as they do in Guangzhou but the Visa Management Service Centre (Qianzheng guanli fuwu zhongxin 签证管理服务中心) of the Yiwu Public Security Bureau plays a similar role.
of Zhejiang province, to renew their visas and commercial licenses. In order to simplify the application process, local authorities repeatedly negotiated with the authorities at municipal, provincial and central levels. In 2005, the Ministry of Public Security authorized the Public Security Bureau of Yiwu to extend foreigners’ visas and issue permits of residence – Yiwu was the first county in China with had the right to do this. In 2009, under the pressure from the demands of an expanding foreign population to register enterprises, the Yiwu government applied to the Zhejiang provincial government for the right to examine and approve foreign-funded enterprises. Again, Yiwu became the first county-level city in China where foreign-funded enterprises could register locally.

Furthermore, the Yiwu government applied for permission to simplify exports. All procedures could be completed at Yiwu Port, which came into service in 2012. Customs clearance was now able to be completed in Yiwu rather than in the port from where the containers would be re-exported. This saved time and facilitated exports. The total number of containers exported from Yiwu in 2016 reached 886,000, while only a few of containers were required to be double-checked at the ports of Ningbo or Shanghai.

**Constructing a multi-cultural milieu**

The Yiwu government’s policy for enhancing their services for foreigners included showing tolerance for different cultures, in particular towards Islamic practices – in obvious contrast to the state’s policies towards Chinese Muslims in northwest China, which restricted Islamic practices.\(^a\) The business focus was on the Middle East and North Africa as well as on Southeast Asian countries, which all had large Muslim populations. Over 10,000 Muslims visited or resided in Yiwu, where the Muslim population increased from 260 in 2000 to over 2,000 in 2004 and continued to rise to over 30,000 in 2008.

The presence of a large Muslim population has shaped the city. Pressures on the government to provide suitable amenities for Muslim religious practices and collective prayers has resulted in the building of a new mosque. Previously Yiwu did not have a mosque and the first migrants gathered in a hotel called Honglou 红

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\(^a\) The Central state has strict policies towards Chinese Muslim in Xinjiang and Ningxia. In Xinjiang in particular, Muslims are not allowing to practice their religion publicly.
located in Chouzhou Road and near Huanyuan market. This hotel was one of the places that was allowed
to accommodate foreigners before 2004. More importantly, a halal restaurant run by a Muslim couple from
Xinjiang was conveniently located for Muslims who stayed in Honglou. Hence, those residents there rented a
room in the hotel to pray together. In April 2004, over 2,000 Muslims who were visiting China at the time of
the Canton Fair visited Yiwu and filled the street in front of Honglou hoping to gain entry to the prayer
room. Their presence caught the local government’s attention who, concerned with problems of security,
decided to arrange a more spacious place to pray, which was established in temporary quarters in Nanmen 门
Street. With the growth in the Muslim population, a third location for the Mosque was decided on in 2008
at the site of an old state-owned silk factory located in River 河 Road

In response to an application from both Chinese and foreign Muslims, the local authorities hired an Imam
to guide prayers and religious ritual. Imam Ma 马阿訇, who graduated from the Chinese Islamic Theology
Institute (zhongguo yisilan jiaojing xueyuan 中国伊斯兰教经学院), became the first Imam in Yiwu and
enjoyed the status of a local civil servant. Following Ma’s appointment, two more Chinese Imams trained in
Saudi Arabia were hired. Imam Qian 钱阿訇, the second Imam, finished his four year term in March 2016
and then left. An important reason for his contract was not renewed was the number of complaints from
foreign Muslims regarding his terrible Arabic accent. Accordingly, the local authorities paid more attention
to the Arabic accent of the new Imam; the current Imam Yang 杨阿訇 received high accolades as one of the
best Qur’an reciters at a Qur’an Reading competition in Saudi Arabia. After Yang’s assumption of duty,
more foreign Muslims attended regular Friday prayers, attracted by the purity of his accent, which reminded
worshippers from the Middle East and North Africa of Imams at home.

Although the local authorities were not involved in building a mosque for migrant Muslims until 2004,
they nevertheless played a positive role in religious practices, motivated by a desire to extend markets in
Muslim countries. The process of building a mosque in Yiwu was in the hands of the Muslim community,
and the tolerance shown to their religious practice was thought to be accepting and welcoming. More
importantly, the local authorities adjusted their policies to meet the requirements of Muslims, such as
employing an Imam who had graduated from Saudi Arabia.
The tolerance of religious practice in Yiwu was also reflected in allowing the establishment of several prayer places (*libaidian* 礼拜点). More than ten were dispersed throughout Yiwu in the areas where migrant Muslims were concentrated. Due to the fact that the only mosque was some distance from where many in the community rented their apartments the community employed an Imam to facilitate daily prayers. Many offices had a large room suitable for prayer gatherings, which was permitted by the local authorities. Even though the local government gradually tightened its religious policies, Yiwu, in contrast to other cities with many Muslims, remained a good environment for practicing Islam.

![A Yemeni teacher teaching students how to pray](image)

**Figure 2.4 A Yemeni teacher teaching students how to pray**

Four private Arabic schools—one belonging to a Yemeni trader, another to an Iraqi and two organized by Egyptians—have opened in the city. These four schools mainly teach students in Arabic, and one of the Egyptian schools in both English and Arabic. The teachers in all four schools come predominantly from their
home countries, although there were a few female Chinese Muslims employed. All the schools follow the same timetable as in their counties of origin and the pupils are instructed to pray daily.

The local government endeavoured to construct a multi-cultural community to make foreigners feel comfortable in the local society. They turned the commercial district into an area with restaurants, cafés and supermarkets to provide convenient services for foreigners, as this was the district in which they were concentrated. This area inevitably became a distinctively Muslim zone and a landmark displaying Yiwu’s internationalization. Additionally, the local government paid 300,000 yuan per year to a non-government organization called Tongyue Social Work Centre (tongyue shehui gongzuo zhongxin 同悦社会工作中心) to assist foreigners. This centre, established in 2014, provided free Chinese language courses for foreigners, and organized activities to bring foreigners and Chinese together. An example of this was an occasion where foreigners were invited to join Chinese in making dumplings and mooncakes for traditional Chinese festivals.

**Challenges in maintaining an international image**

We still have a long way to go to make Yiwu into an international city. We are a county-level city, under the jurisdiction of Jinhua. In terms of administration, we have to apply for special policies. This freedom was not enough. Yiwu has reached a high level of internationalization. It is no exaggeration to say that no other city in China of a similar scale has had the ability to expand their reputation to the same level. However, compared to Shanghai and Guangzhou, both ports with a long history in engaging with foreigners and foreign markets, Yiwu had only limited experience and did not encounter foreigners until the late 1990s. Our government, our public resources and our local residents, in some degree, have not been well prepared to accommodate such a large number of foreigners.
Mr. Zhang, an official from the Yiwu Commerce and Trade Bureau, who had held his position administering the local marketplace for 15 years, was concerned for the future of his city. When referring to how he coped with problems he continued, “We can only take it step by step. The future is determined by the efforts of local government and the attitudes of higher-level governments.” Yiwu was placed in a passive position in terms of launching policies to improve its image because it held only a minor rank in the hierarchy of the Chinese cities. As a county-level city, Yiwu had to apply for changes in development policy at the provincial and central levels, as preferential treatment was given to large metropolises like Shanghai did not apply to Yiwu. Yiwu’s development was also restrained due to a lack of resources seen as necessary for future development.

Education resources in Yiwu failed to keep pace with the influx of foreigners into its community. Many Arab traders brought their families to Yiwu but the only international school was not opened until 2016. In the interim, wealthy foreigners sent their children to study at international schools in Shanghai, Hangzhou or Zhuji. A few foreign children attended the local public school. But only sixteen schools were allowed to recruit foreign students due to limited space. The Arabian traders, however, sent their children to four private schools which were owned by Egyptians, Iraqis, and Yemenis. The Chinese public schools were found not to be suitable for the majority of Arab students as they did not provide halal meals or religious training, leading their parents to enrol their children in the four Muslim schools. However, my informants told me that there were still more than 20 Arab children studying in public schools due to the fact that their parents wanted them to learn Chinese and continue their studies at universities in China. Others, who were the second generation and the children of an international marriage with Chinese women, whose parents had bought properties in Yiwu, and who registered their *hukou* locally, attended local public schools. Nevertheless, these children did not eat local food at school with non-Muslims but rather ate halal foods either prepared at home or purchased at halal restaurants. The majority of children of mixed parentage, however, attended schools run by the Arabs.

The local government still retained supervision of religious activities. It made decisions on the appointment of Imams who had to follow the rules of the central and local governments. The local mosque was not allowed to organize any activities without being issued with a permit from the local government and a watch was kept over visiting Muslims from foreign countries. Imams were required to notify the
government of the content of their sermons, which was sent to the local Ethnic and Religious Bureau (minzu yu zongjiao shiwuju 民族与宗教事务局) for scrutiny. Thus, although the local government invested in building a mosque to meet the religious requirements of Muslims, collective religious activities were still under control, on the pretext of social security.

Many complaints came from my interlocutors regarding medical resources in Yiwu failing to satisfy their needs. Although there were three general hospitals in Yiwu, the doctors only spoke Chinese and patients had to bring their own interpreters. A hospital practicing Chinese medicine employed a doctor from Yemen who had graduated from Zhejiang University, but he only worked part-time. A few travelled to Hangzhou or Shanghai to consult doctors.

Conflicts between property owners and foreign tenants in Yiwu were frequently reported to the local authorities. Only a handful of wealthy foreigners were able to buy properties in Yiwu with the rest living in rental accommodation consisting of three-room apartments owned by local villagers or real estate agents. Foreigners preferred to sign leases with local villagers as rents were cheaper on their properties compared with those managed by real estate agents. More importantly, the rental process was more complicated through agents as tenants had to provide documentation, such as copies of passports and business licenses to housing agents in addition to paying at least a one month’s rent as a bond and to pay brokerage fees.
Foreign traders renting accommodation from local villagers usually lived in suburban areas in Yongsheng, Wuai, Duankou, or Shankou communities. Local villagers extended their houses to four and a half storeys (si ceng ban 四层半), and also included an underground floor used as a warehouse. The ground floor functioned as a shop front and the next two floors were divided into one or two apartments with two or three rooms each. Some proprietors themselves lived in one of the apartments while renting out the others to tenants for use as either family accommodation or offices. Property owners in this category administrated the whole building themselves. A 100 square meter apartment cost around 35,000 to 60,000 RMB per year. Another group of local landlords rented their houses to a principle lodger (er fangdong 二房东). Wealthy landlords rented out dozens of houses, sometimes more than 100 apartments, which leaseholders sublet to tenants.\textsuperscript{19}

The private rental market, however, was irregular. Even though it was easier to find properties for rent because landlords or principal lodgers posted advertisements on a wall near their houses and tenants could

\textsuperscript{19} In Yiwu market, the principal lodgers were from Jiangshan 江山, a small city near Yiwu.
visit and inspect the house at any time, leases involved a tenant having to pay a year’s rent in advance and was subject to higher rents and higher prices for water and electricity.

Arab tenants often complained that some Chinese landlords did not abide by their contracts and evicted their tenants in order to rent their house at higher price. If tenants refused, they had their electricity and water supply cut off. A Yemeni friend said he had suffered at the hands of his previous landlord who, having found a prospective tenant able to pay a higher rent, had reported to him to the local police as not being legally in China. Even when foreigners reported such conflicts to the local authorities, they never received any feedback and were required to cope with such issues by themselves. The explanation given was that they should go to the local village administration first, but the latter always took the side of their own villagers.

**Conclusion**

The process of developing a marketplace is allied with the process of city branding. Initially, the marketplace in Yiwu was an informal rural marketplace. To survive in an environment with limited arable land, local farmers travelled through neighbouring counties to hawk homemade sweets and small commodities like needles. A developing demand for goods, however, resulted in a buyer’s market, which prompted local authorities to establish a stable marketplace. Over forty years or so, the marketplace was extended and relocated four times in order to satisfy the influx of buyers and suppliers. However, facing the challenges brought about by the decline in the domestic market when other cities copied Yiwu’s model, the city had to transform itself from a domestic trading market into an international one. The buyers that were targeted also changed from domestic to foreign buyers.

To achieve its promotional goals, local authorities played the role of controllers, and combined with other city-branding practitioners. Individual business people had experienced a transition from a small rural market, predominately focusing on appealing to domestic customers to an international market, targeting cosmopolitan consumers. Each transition of the market in Yiwu, therefore, was affected by both domestic and international factors. Meanwhile, local authorities grasped opportunities to improve its city image and strengthen its role in the regulation the market. The history of Yiwu shows that the government played a
positive and crucial role in guiding and regulating the market. For individual business people, suffering threats from internal competition and narrowing profit margins, forced them to expand into the international market. However, local agencies were often ill equipped to cope with issues arising from cultural, economic and political conflicts.

Yiwu’s success in internationalizing its market was not a coincidence. In fact, a range of contextual variables such as historical, economic, and demographic policies, as well as global pressures, affected it. Over the past decades, many cities have witnessed and copied Yiwu’s efforts to internationalize their city and extend their market overseas, but few have achieved Yiwu’s success. Yinchuan 银川, for example, encouraged Hui Muslims, who had worked with Arab business people in Yiwu, to entice their employers to relocate to Ningxia promoting the idea of a common Muslim faith. Other cities, like Chongqing 重庆, Wuhan 武汉 and Ji’nan 济南, also attempted to attract Arab traders by inviting them to visit expos and local factories, and promising to initiate preferential policies in taxation, children’s education, and housing. However, these efforts did not attract Arab traders who preferred to stay in Yiwu, partly because of the presence of a mature market as well as the convenient of life in Yiwu with its established supply chain, convenient transportation system and efficient logistics companies.

Yiwu, however, has its limitations, especially in areas such as culture, religion and education. No matter how hard the local authorities tried to create an image of a global city, Yiwu found it hard to develop the status of a “real” international city like Beijing, Shanghai or Guangzhou. Local authorities were also concerned with losing its attraction to foreign buyers due to issues beyond their control such as the rising prices of commodities, labour and housing. Thus, they have tried to extend Yiwu’s appeal and prosperity by embracing transnational e-commerce and applying preferential policies in issuing visas, foreign currency exchange and transportation.
Chapter 3  Keeping Connectedness: Social Mobility, Social Networks and Trust

Groups of Arab traders congregating in public spaces such as halal restaurants, cafés, and sites of Muslim worship are a common sight in Yiwu. In residential apartments or commercial offices, it is common for local Chinese to interact with people from diverse backgrounds on a daily basis. However, the appearance of Arab traders sets them apart from other migrants, and the common sight of groups of them in public spaces raises the question of why they choose to spend their leisure time there. These gatherings are an important forum for building social networks through which they are able to consolidate and reconfirm their Arab Muslim identity. Gatherings in public spaces help to reduce institutional restraints, diminish commercial risks and strengthen existing interpersonal networks for Arab traders.

This chapter examines how Arab traders use social networks to facilitate transnational business. Similar to other immigrant entrepreneurs around the world, who also used their social network to settle down successfully in host countries (Redding 1990; Hourani 1995; Ong 1999; Douw, Ip & Huang 2001). They use kinship and bonds, as well as ethnicity and religious background, to start businesses. In a parallel way, scholars have attributed the successes of the Chinese diaspora to strong family ties, a shared ethnic background, and Confucian values (Charney, Yeoh & Tong 2003; Ahlstrom et al. 2004; Reid 2008). The emergence of ethnic enclaves characterized by specific cultural traits has benefits for outside groups settling in host societies (Light 1984; Portes, Castells & Benton 1989; Zhou 2004, 2010). Social networks function as a vehicle for immigrants to achieve upward social mobility, transforming their marginal status and enabling them to survive and prosper in host countries (Wilson & Martin 1982; Sanders & Nee 1987; Werbner 2001). However, research into social networks and migrant groups has overemphasized the social networks that exist either before and after migration and rarely concern themselves with the possibility that social networks may coexist or overlap with others. This chapter will discuss the cases of coexisting or overlapping social networks used by Arab traders to facilitate their transnational business.

The establishment and maintenance of Arab traders’ businesses is dependent on personal contacts and relationships. China has only recently accepted large numbers of foreign migrants, which means that there
are historically no explicit or fixed rules governing their activities. Small traders, in particular, undertake business operations without the support of large and powerful transnational companies. As a result of inconsistent and changing policies, Arab traders have faced considerable uncertainties, such as visa problems and registering for business licenses. These uncertainties often result in precarity, and force Arab traders to rely on social organizations to access resources to support and stabilize their life and business in China.

There are two types of social networks used by Arab traders in China. One type of network might be thought of as the web of preexisting personal ties of kinship and friendship held by traders before moving to Yiwu. This type of network shapes their ability to initiate and build transnational trading chains through family businesses, commission agents and fortune-seeking. However, they do not provide traders with immediate assistance from the host society; in particular, in reducing institutional restraints imposed by both the Chinese state and local authorities. They also rarely diminish commercial risks in daily commercial transactions.

The second type of social network formed by Arab traders in Yiwu centres on the social gatherings in public spaces referred to at the beginning of this chapter. Halal restaurants, cafés, places for worshippers and so on are fertile ground for commercial opportunities, mutual assistance, and identity creation. These two types of social network shape the commercial activities of Arab traders while strengthening ties and promoting trust between various groups. I will discuss the manner in which Arab traders constructed these social networks in Yiwu and the interrelationships between them, as well as their durability and the changes they underwent over time. I will first demonstrate the benefits of the first type of social network to the businesses of Arab traders. Secondly, I will discuss the constraints experienced by Arab traders in China. Finally, I will focus on re-established networks of Arab traders in the host society.

**Mixed social networks**

A substantial body of literature has discussed the historical role of social networks in migration (Boyd 1989; Gurak & Caces 1992; Palloni et al. 2001). Social networks provide many benefits for migrants as they adjust and adapt to the host society, such as financial support, accommodation and information (Portes 1987; Shah & Menon 1999). Most discussions have assumed that the social networks around migratory populations
remain static throughout the process of migration. This assumption has been challenged by scholars who have argued that social networks are dynamic and transient. These scholars highlight the need for closer examination of the ways migrants reconstruct their social networks in different locations: individuals often develop temporary networks, and simultaneously network with different groups of people (Eve 2010; Ryan 2011). Urban and geographic studies have echoed the need to understand the dynamic characteristics of social networks, developing the concepts of place-making and the role of network-actors (Brenner, N. & Theodore 2002; Brenner, Neil 2004; Glick Schiller & Caglar 2010; Farias & Bender 2012).

Using the framework of mixed social network theories and the theory of social capital, I examine the social networks of Arab traders before migration to Yiwu, and the network construction that subsequently took place in response to the demands of transnational business. The term “mixed social networks” refers to the idea that pre-existing networks coexist and function alongside new social networks in the Arab traders’ commercial lives in China. In the context of China, Arab traders faced uncertain and unstable environment which put them in risky and precarious positions. For example, in 2016, due to the G20 summit in Hangzhou, the central government tightened their visa policies, leading many Arab traders to shut down their companies. In order to stabilize their business, Arab traders had to look beyond social networks based on kinship and friendship and adapt to their changing environment by constructing new ones. I argue that the pre-existing social networks which had facilitated Arab traders’ access to the market were not enough to guarantee success in their transnational commercial dealings. Consequently, Arab traders reconstructed their social networks as mixed social networks, safeguarding themselves against institutional restraints and protecting their businesses.

Social scientists have typically used social network mechanisms to explain the function of social capital for a certain person or group (Adler & Kwon 2002; Koniodos 2008). Social capital is defined as resources that individuals or groups accrue, often through their social networks, to gain power, influence, or other advantages (Putnam 1993; Helliwell & Putnam 1995; Lin, Cook & Burt 2001; Lin 2008). The network structure and the location of actors in network structure determine the features of social network: closure, openness or bridging (Lin 2008). Coleman (1988, 1990) argued that, in addition to providing access to information social networks are a mediating factor, providing social sanctions that improve trust. He pointed out:
… closure of the social structure is important not only for the existence of effective norms but also for another form of social capital: the trustworthiness of social structures that allows the proliferation of obligations and expectations … in a structure without closure, it cannot be effectively sanctioned, if at all, only by the person to whom the obligation is owed. Reputation cannot arise in an open structure, and collective sanctions that would ensure trustworthiness cannot be applied. Thus, we may say that closure creates trustworthiness in a social structure (P107-108).

He shows that closure of network is good for creating trust. His argument is useful in explaining the efforts of Arab traders to establish and maintain closure in a social network to protect their transnational commercial transactions. Adopting cultural and ethnic distinctions, especially Islamic practices, Arab traders used Islam to identify, include and exclude people they did not trust, while supporting trustworthiness in others. In turn, closure provided immediate assistance and benefits for participants in the host society which were not satisfied by other social organizations.

**Three sources of Arab traders**

There were three groups of Arab traders. Many were expatriated by their families and based in China. Chinese partners considered this the most stable group of Arab traders. The second group was students who had become intermediaries after studying in Chinese universities and who subsequently worked for Arab buyers. Chinese partners preferred to do business with students-turned-intermediaries and also trusted them, because these students could speak Mandarin. The third group were fortune-seekers, who Chinese business partners viewed as the least stable group.

Being successful in the Chinese market was influenced by two factors: the social capital possessed by the individual and the time of arrival in China, and the length of time spent in China. Firstly, the success
depended on an individual’s ability as well as their general business strategy – their various backgrounds shaped their commercial networks and determined the structure of their businesses. In addition, the time when Arab traders first arrived in China had a similar influence on business success among the three groups: those who had arrived earlier benefited from fewer visa restrictions, as well as fewer competitors.

**Kinship-based commercial networks**

His compatriots jokingly referred to Aladdin, the 25-year-old son of an extremely wealthy Yemeni textile merchant, as “our Yemeni prince”. His family’s commercial empire began with his grandfather’s small textile shop, which opened in Ta’izz, south Yemen, in the 1960s. Aladdin’s father expanded the business and by 1995 was exporting clothes and textiles all over Yemen as well as other Middle Eastern countries and Africa, particularly Ethiopia. A branch of the business was opened in Sana’a in that year to cater for the large numbers of Ethiopian businesspeople who crossed the Red Sea to Yemen to import clothes and resell them to African customers. In 2000, in response to increased demand, Aladdin’s father opened two more companies in Sana’a and Ta’izz respectively. The family business expanded in 2002, with two further companies opened in Jeddah, Saudi Arabia, and Dubai in the United Arab Emirates.

Clothes and textiles imported by Aladdin’s family were sourced predominantly from Asia, including Japan, South Korea, Thailand, India and Singapore, while high-quality leather materials and garments came from Turkey and Italy. The 1998 Asian financial crisis, however, seriously impacted on the supply chain of these manufacturing companies, sending many factories into bankruptcy. In 2002, Aladdin’s family, under the guidance of Taiwan intermediaries, transferred their orders to Guangzhou. Further, in order to cut commissions, the family severed their relationships with Taiwan intermediaries, dealing directly with Chinese suppliers and expatriating one of the sons-in-law to reside in Guangzhou. Their business shifted to Yiwu in 2010, when they sourced most of their textiles from the nearby Keqiao marketplace. In the process of establishing their commercial networks, members of Aladdin’s family, from both the father’s and mother’s sides, became engaged in the family business.

Family members had to undergo an apprenticeship in all aspects of the family business before leaving for China. Aladdin explained that he, like his peers, learnt the trade from a very young age, when he was taught
to distinguish between hundreds of materials made from wool, polyester and nylon, etc. through repeated handling and comparison. He was further instructed in marketing and languages and accompanied his father on visits to manufacturers in Russia, Turkey, Iran, India, South Korea, Japan and China, where he learnt to negotiate with suppliers and became familiar with the respective markets. Before heading to Yiwu, Aladdin enrolled in a two-year Chinese language course at Sun Yat-sen University, Guangzhou, to facilitate communication with Chinese suppliers. When we met in 2016, Aladdin already owned his own brand of trousers – “Bluebird” – one of the most popular brands in the Middle East and North Africa. Aladdin currently not only sources clothes and textiles for his family business but also supplies other Arab importers. Aladdin’s case shows how traders embedded in kinship networks establish their transnational businesses. In particular, it demonstrates how they use their family business as a platform to extend their commercial network beyond family networks.

The majority of Arab traders in Yiwu, however, operated on a far smaller scale than Aladdin’s family, being small traders who only had a stall or a wholesale store in their home country. Still, settlement in Yiwu and the ability to source cheap products gave their small businesses a huge advantage in their country of origin, a fact well-recognized in family commercial strategies. In general, families like Aladdin’s selected their China-based expatriates from the ranks of the male family members on the father’s side, such as younger brothers, sons or cousins (brother’s sons). If there were not a sufficient number of paternal male kin to run their business in China, they next chose people from their maternal kin, such as a cousin.
The other type of family business was based on fictive kinship, representing a pattern of patron-client relationships, and was common in cases where Arab traders were unable to select a suitable candidate with blood and affinal ties. A patron would target a young man from the networks of associated males to become his “clients”, and then offer a trustworthy candidate the opportunity to study Chinese before learning the ropes of his business. Consistent with a patron-client relationship, the two parties either signed a contract or made an oral agreement that the client had to work for and commit to the patron for several years, or at least until he had returned the patron’s investment to him. After completing their obligations, clients could choose to start their own business or continue to work for the patron. If the clients decided to work independently, they had to agree not to take customers away from their patron without permission, even though many customers tended to follow the clients.

Sending family members or clients to China had multiple benefits, especially for reducing costs, thereby increasing profit margins. Relying on intermediaries and those who were not family members increased costs through commissions, and exposed businesses to greater risks due to lower levels of trust. Businesses based on an economic network of kinship were thought to be more stable, where trusted family members
cooperated with buyers, attracting and prioritizing important customers. Compared to outside intermediaries, family members were trusted to prioritize family profits. The most important reason for prioritizing family profits, however, was commitment and obligation, vital in an environment of long-distance transnational business. Expatriate members maintained their commitment because of their family obligations and affective relationships, whereas intermediaries were more concerned with profits accrued from their commercial relationships.

However, there is always a risk that expatriate business people sent to China would fail to establish business networks that lived up to their family’s expectations. Many family businesses did not have the same competitive advantages as those that collaborated with intermediaries. This contributed to increased expenditure in establishing a new branch of the company, with higher prices for merchandise, and a lack of local knowledge on the part of the expatriate business people. It took time for newcomers to familiarize themselves with the marketplace and to search for cheaper products. Compared with experienced intermediaries, expatriates lacked essential commercial skills such as language and practical commercial understanding. As a result, the preferred course of action for expatriating a family member was for the younger family member to travel to China with their seniors, to accumulate knowledge and learn Chinese. Thus, most expatriates were in their twenties or younger. However, in some cases, although kinship ties were prioritized for cultural reasons, the reality did not necessarily reflect the trust placed in these expatriates: free from family supervision, many succumbed to the temptations of an extravagant lifestyle, indulging in expensive cars and luxury-brand products, costing their families more than the commissions they would have paid to intermediaries.

**Student-turned-individual-intermediaries**

Many of Yiwu’s Arab traders transformed themselves from students into commercial intermediaries after receiving scholarships from the Chinese government and staying in China for five years or longer. An Arab presence in contemporary China can be traced back to the 1950s, when the Chinese government searched for international political support and tried to strengthen its relationship with the “third world” by initiating a policy of inviting foreign students to study in China, including many Arabian students (Liu, z 2008, 2009).
The arrival of four Egyptian students at that time marked the beginning of cooperation with Arabian countries (Li, A 2018). Subsequently, Arabian students from Palestine, Egypt, and Yemen started to enter China. Rather than business, they specialized in medical science, electrical engineering and electronics technology. After graduation, they returned to their home countries due to limited job opportunities in China.

However, with the economy booming in China, international students now have more opportunities to act as commercial agents. Bodomo (2010; 2012) showed that trade between Africa and China began with Africans who studied in China and remained engaged in business. Some ended up as traders and stayed in China to operate businesses instead of returning to their home countries. Arab traders also followed this pattern. Graduates from universities in the Yangtze River Delta, in particular Shanghai and Hangzhou, were the first cohort of students who became commercial intermediaries in Yiwu, followed by other students engaged in commercial activities.

The growing commercial opportunities ensured increased student engagement. The population of international students rose in the 2000s, when China tried to internationalize its education by sending more Chinese students to study overseas and luring more full-time foreign students to register in China’s universities. This resulted in more self-funded international students and scholarship-holders arriving in China,²⁰ including increased numbers from the Middle East and North Africa.²¹ The dramatic change can be seen, for example, in the number of applications to study Chinese at the Yiwu Industrial and Commercial College. In 2005, when the college started to recruit international students, only one Egyptian student applied; by 2016, the population of international students had reached 568, with over 300 students from North Africa and the Middle East. The increased number of Arabian students at the college was due to the boom in transnational business between Yiwu and the Arab world.

²⁰ China’s Ministry of Education released a plan in September 2010. In this plan, China aimed to increase the number of full-time international students to 500,000 by 2020, in order to make China into the most popular destination for international students in Asia. Even though this plan was criticized by many, the numbers of foreign students have increased every year.
The community of Yemeni business people were considered as most successful group at transforming students into intermediaries in Yiwu.\textsuperscript{22} Yemenis, who claim that they pioneered transnational business between China and the Middle East, stated that they were the first group of students to become intermediaries in the Yiwu marketplace. According to data provided by the Yemeni Chamber of Commerce, fewer than 50 students left China and had worked in companies either Chinese investment or those

\textsuperscript{22} The education cooperation between China and Yemen commenced in the 1960s and resumed in the 1980s. Chinese students also studied Arabic in Yemen. Since the 1980s, China started to assign 10 quotas for Yemeni students, and in the 1990s, the Chinese government raised the quotas to 20. The total quota was increased to 40 after 2000 consisting of 20 undergraduates and 20 postgraduates who studied in China under a five-year scholarship from the Chinese government.
established by the governments of Saudi Arabia, Dubai and Yemen since the 1980s to 2016. This is a remarkable contrast to over 400 Yemen students who stayed in China and became businessmen. They operated in commercial cities such as Yiwu in Zhejiang Province, Guangzhou in Guangdong Province, Jinjiang and Shishi City in Fujian Province.

The need for student-turned-intermediaries derived from increasing commercial interactions between China and the Middle East and the limited availability of trusted commercial mediators. The students were not simply generic traders: for example, Mullah, a Yemeni businessman in his late 40s, was singled out as an exemplar of a successful student-turned-intermediary in the Arabian community; he had been in China since 1992, when he arrived to take up a scholarship in electronic engineering at Zhejiang University. Mullah told me in an interview in 2016:

Doing business was an accidental choice for me. We students originally wanted to find a job in Dubai or Saudi Arabia after our graduation from China because salaries were much higher there than in our own countries. My fate changed in 1995 during a summer holiday when I encountered two men from Saudi Arabia at the West Lake in Hangzhou. On that occasion, as my friend and I passed sudi we heard two men talking in Arabic. We immediately went over to them, because we rarely met Arabian tourists in Hangzhou, and were surprised to learn that they came from Saudi Arabia and ordered products in Yiwu. When we had dinner together, they complained that as casual visitors visiting Yiwu from Guangzhou, it was hard for them to handle the terrible food and humidity of Yiwu. They asked us whether we would be prepared to act as intermediaries in Yiwu to help them with their orders and product collection. They offered to pay us a commission of 10 percent of the total value of the products. I calculated and found that I might make at least 5,000 US dollars for each container. These men shipped more than 30 containers back to Saudi Arabia every year. The commissions would amount to far more than the salary working in a government department in my country and even higher than working in Dubai as an engineer. So you see, that’s how I became a trader.
Mullah’s case was not unique; many students had a similar experience. They started their careers running commission agencies after graduating and met their customers either in the mosque or marketplace, or through introductions to others from their home countries. Running a commission agency suited the professional needs of students, needing low or little investment, especially if a particular business was being carried out in cash rather than credit. The opportunity to run commission agencies became the choice of most graduates, especially before 2005, when weaker competition meant that there were a greater number of clients compared with commission agents. In addition, family businesses that had not sent any members to represent them were dependent on intermediaries.

Ethnic distinctiveness was clearly a factor in the successful transition from student to intermediary. Scholars have illustrated that ethnic distinctiveness was the key factor facilitating economic interactions within a particular ethnic group (Cohen 1969; Stoller 2010; Chang 2014). This applies to the case of Arabian students, whose similar cultural beliefs and adherence to Islamic practices benefited them in their role as intermediaries in China. Many Arab traders claimed that they encountered their first Arab client in the mosque or marketplace because of their common language and similarities in social pursuits and religion. These similarities created an atmosphere of social inclusiveness and promoted a spirit of trustworthiness and cooperation. The ability to communicate in Arabic led to mutual understanding and excluded non-Arabic speakers. Ethnic distinctiveness deriving from shared Islamic belief also promoted trust in the credit relationship. Islam has strict rules regarding commercial activities: trading with other Muslims meant that clients could operate with the assurance that those rules would be adhered to. For example, a basic rule governing the practice of Arab traders is that Muslims cannot cheat each other.

In contrast to traders who serve a family business in Yiwu, Arab students benefitted from their ties with local Chinese people and from their general experiences studying in China. Staying in China for many years allowed them to establish relationships with local Chinese, which were directly relevant to international business. According to Magnus Marsden(2016), Afghan students facilitated their business more than other entrepreneurs in Central-Asia because they understood the commercial rules, local laws and institutions of the state. They were conveniently situated to “access … flows of information and power-holders, [which] insulate from competition by the entry costs of potential rivals, the lower average cost afforded by its volume of business, the switching costs of its existing clients and suppliers, and obstacles to coordinating on an
alternative network” (Marsden 2016: 50). This is also the case among Arabian students in Yiwu. The students took advantage of ties with their supervisors or classmates to facilitate their business.

Ali, a Yemeni businessman, is an interesting example of the way in which relationships with local Chinese were manipulated. Ali studied medicine at Zhejiang University for twelve years before receiving his Doctoral degree. Returning to work as a doctor in Yemen, he noticed the growing wealth of Yemeni graduates resulting from their business dealings in China. Discontinuing his career as doctor, Ali returned to China in 2009 where, in partnership with a Chinese classmate, he established a medical resources export company. During my fieldwork, Ali worked with his supervisor from Zhejiang University to establish a medical agency. The pair targeted not only the potential medical market in the Middle East, but also planned to provide medical services for Arabian patients in China.

While working as a commission agent was often precarious, with clients shifting to other agents or deferring on credit, many students working as intermediaries became very wealthy and established their own businesses. Several “great middlemen” invested their profits in renting shopping malls in Dubai or establishing factories in China, replacing the Chinese suppliers who had supplied products directly to Arabian clients. One group of middlemen wove their own transnational commercial networks through the accounting practices of family members. This type of middlemen supported their relatives, usually their younger brothers, encouraging them to study Chinese and cultivate contacts in order to extend the family business. They also established new companies in their home country. In this way, middlemen moved beyond providing services to Arabian buyers, but also began acting as suppliers and buyers.

Yet bilingual Chinese and Arabian students were not always popular, and the situation became worse after 2013. The decline in the number of Arab buyers in the Chinese market coincided with the growth of Chinese-speaking Arab traders, which decreased the demand for intermediaries. More importantly, triggered by possible financial returns, the population of self-funded students had increased greatly over the previous two decades. The numbers of foreign students registered in China’s colleges or universities, where they learnt Chinese over a period of only six months or a year, meant that bilingual students were no longer rare resources. Speaking Chinese fluently was not enough to secure a job as an intermediary. As a result, these students turned to working as Chinese-Arabic interpreters for their compatriots or Chinese employers. However, only a few companies were able to employ their compatriots, as employing non-Chinese labour in China was more expensive than employing Chinese.
Figure 3.3 A Yemeni intermediary taking a photo for his customer in the Futian marketplace.
**Fortune-seekers**

Another group of people can be called fortune-seekers (*taojinke* 淘金客). Representing the lowest rank of traders, they lacked the backing of wealthy families and could not depend on Chinese government scholarships. They were shuttle travelers to Yiwu and pursued their entrepreneurial opportunities with a sense of adventure. Many owned a small store in their country of origin and landed in China with limited capital. In the beginning, they bought a small volume of goods which they carried back to their country, earning them the label of “suitcase traders”. Thanks to the low prices of products in Yiwu, suitcase traders still made considerable profits throughout the 2000s. With the accumulated capital earned from suitcase trading, a small group was able to expand their businesses and establish long-term and stable corporate relations with Chinese suppliers. This group of traders travelled to China several times every year and stayed in China for two or more weeks each trip. A few employed a part-time Chinese interpreter instead of working with a commission agent to seek out products.

In order to save on tuition fees and shorten their time spent learning Chinese, fortune-seekers registered for English programs in India, Malaysia or Indonesia, where it was also easier to get a student visa. The tuition fees in these countries were far lower than in China. Due to the availability of bilingual English Chinese courses in China, and a lack of Arab-Chinese courses, this group had to first learn English before embarking on Chinese language study.

Fortune-seekers used non-traditional strategies to find customers. Due to a lack of resources such as the support of established family businesses or language and social networks, these traders had difficulty earning the trust of clients and Chinese suppliers. They consequently used unconventional strategies to gain a foothold in the market. For example, they took videos or pictures of the huge marketplace and merchandise, which they posted on social media, such as blogs, Facebook, and Instagram. These enticing videos or pictures attracted followers from their home countries, but from other countries as well. The fortune-seekers deliberately approached customers who were not based in Yiwu. Instead, they focused on customers in other
transnational trading cities, like Dubai, or targeted religious tourists to Jeddah, Medina and Mecca, especially during the Haj.\textsuperscript{23}
meant that he had to reestablish his commercial networks. However, after arriving in China, Yazdan found that there were so many intermediaries from Iraq doing business with his compatriots that he was unable to compete with them. More importantly, he was concerned that, because of the war, deferred debt payments from Iraq would affect his reputation among Chinese suppliers and bringing further risks to his visa extension. One of his friends suggested he sell souvenirs in Mecca, visited by millions of pilgrims each year. Yazdan took two suitcases of counterfeit famous brand watches to Mecca in 2011 and earned enough profit for himself and his family to live in China. Since 2011, he has stayed in Yiwu for half a year on the lookout for commercial opportunities to sell more souvenirs in Mecca in order to save money for his family.

Fortune-seekers confronted other challenges in order to survive in the market. Those who appeared in China after 2013 were victims of a fluctuating commercial environment in which they could not compete with intermediaries who had family businesses or students who had become intermediaries. All commission agents were eager for high-quality buyers but favoured those who could provide lower prices or higher-level language skills. To compete with these two groups, the fortune-seekers competed with other groups by lowering their commissions and accepting goods of lower quality from smaller buyers. They even stole customers from other commission agents, displaying a readiness to resort to any tactics to carry out business.

The cruel economic climate in China at the time failed to deter fortune-seekers. A few who lost money returned to their home countries, but many chose to stay in Yiwu to wait for new economic opportunities. While waiting, they worked in coffee shops or restaurants or relied on friends. Many Arabians spent their time wandering around the marketplace, coffee shops and restaurants searching for opportunities, or lingered in the mosque waiting to chat with strangers to try their luck. On acquiring customers, they lowered their commissions or cheated their suppliers to establish their business network. It was commonplace to see many Arabs wandering around public spaces the whole day, sampling the food of home, while waiting for a chance to become intermediaries or business people in this vibrant commercial city.
Local institutional constrains

Yes, we’ve got many different strategies to do business here. But you find out very fast that your background and individual skill in business isn’t enough when matched against the power of the central and local governments. They make it difficult to do business as a small trader. The fact is that the central government changes its policies frequently and don’t inform or consult us. We have had to get the information through our own networks, and tell others about the policies ourselves. Changing policies bring us frustration in our lives and in our businesses.

Aladdin thought the biggest challenge to conducting business in Yiwu was the shifting polices of the central and local governments. These included visa applications, registering business licences and transferring money. Before 2009, the conditions for foreigners staying in Yiwu were extremely relaxed. This led many scholars to believe that Yiwu was a friendlier city for foreigners than Guangzhou, because the latter had strict policies to control the so called “three illegals” (illegal entry, illegal stay and illegal work) (Bodomo 2010, 2012; Castillo 2016). However, after 2009, Yiwu authorities launched a set of policies to regulate foreign business people. All foreigners had to register their company in Yiwu, otherwise they were not allowed to apply for or extend a business or working visa. Renting an office of at least 100 square meters was a condition of business registration. Moreover, the office had to be separate from residential quarters, to prevent merchants mixing residential and commercial spaces. With company registration requirements, foreign business people had to pay taxes and social insurance to secure their visa application. The fees for social insurance in 2016 were approximately 1,200 RMB per month.

The local government launched even stricter policies to regulate foreigners in 2016 when the G20 summit was held in the provincial capital of Zhejiang province, Hangzhou. They further controlled visa applications by assigning quotas to local factories as well as to import and export companies. Before 2016, both local factories and import and export companies were unconditionally authorized to invite their customers for
short-term visits to Yiwu. Short-term visa holders were also allowed to stay in Yiwu, even if their invitation letter was from agencies outside Yiwu. However, this changed in 2016 when local authorities began to strictly control the quota of invitation letters. Quotas were now assigned according to Arab traders’ commercial performance in the previous year, which included import and export volumes of products, taxes and so on. The minimum quota for small companies was three while the maximum quota reached 15. Visitors had to tie their visa to the location specified on the invitation letter, meaning that visitors could only visit the city the invitation letter was sent from. This policy directly affected small Arab traders, who only could get a quota of three invitation letters.

Stricter control over visa applications in 2016 directly affected buyers from the Middle East and North Africa, as these places were listed as unstable with regard to their attitudes toward Chinese Muslims. Within this context, Arab Muslim traders became subject to increased attention from local authorities, who sought to control migration from the Middle East and Africa and placed harsher control over visa applications, particularly short-term visas. Scholars have highlighted that China’s policies contrasted with those of other countries, in that they depended on whether or not the countries of the applicants had a good relationship with China (Lan 2015b). Security issues were at the forefront of the policies of both the central government and local authorities, with economic outcomes a secondary consideration, especially when the economic contributions were small compared with the perceived need to maintain security.

Policy changes in Yiwu strengthened the hierarchy among Arab traders. Scholars have shown how institutional restrictions on visa applications resulted, in some cases, in an increase of illegal migrants and “over stayers” (Huang, G 2019). This did not happen in Yiwu. Learning from the experience of Guangzhou, Yiwu strictly controlled illegal migrants and excluded many Arabs. The fall-out from government policies also strengthened stratification among Arab traders. Wealthy and powerful Arab traders, especially those who had been rewarded by local authorities as trustworthy businesspeople (see Chapter 2) were rarely impacted by government policies, despite complaining that the process of visa application for their customers had become more difficult and complicated. Stricter visa application policies meant that while large Arab traders could not secure visas for all their customers themselves, large companies could require the big Chinese factories they dealt with, which also had a quota, to assign that quota to the Arab company. Small Arab traders, on the other hand, received a quota of only three invitation letters, and had to calculate
carefully which customers to invite. Such restrictions inevitably reduced opportunities to develop a small business into a larger one.

The policy had the most serious impact on Yiwu’s fortune-seekers. The fortune-seekers did not register their companies and used tourist visas while waiting for commercial opportunities. They shared apartments with other shuttle-travelers and used their residences as commercial offices. Government policies prevented them from remaining in China, and simultaneously forced them to enter into tenancy agreements, even though they only stayed in Yiwu for a few months every year.

The policies also affected some Arab traders who worked for their relatives and brought their families to China. These people were required to register their own company and pay insurance and taxes for at least two years. In order to bring their wives and children to China, many Arab employees, who worked for their relatives or patrons, had to establish their own companies or request that their patrons register a company in their name.

The increasingly restrictive policies towards foreign traders in Yiwu led to a state of precarity experienced by Arab traders. Although the impact varied from person to person, it was most devastating for small Arab traders. Shifting policies and uncertainty about the future, especially visa restrictions on Muslims from the Middle East and North Africa, forced migrant Arab traders to establish a collective identity as Muslims and rely heavily on their own networks in the host society.

Restaurants and cafés: temporary associations and immediate assistance

Over the past two decades, the halal food industry has flourished in Yiwu, with the establishment of over 100 halal restaurants, cafés and cake shops. Many of these are jointly operated by Arab traders and local Chinese, and are in neighborhoods Muslims frequently visit or reside in. One such area is the commercial district of Shangshao qu (商贸区), where restaurant and café signs are in both Chinese and Arabic. This district looks very different from others, giving the impression of a small Arab town. Local authorities refer to this district as “Exotic Street” (异国风情街 yiguofengqingjie) to illustrate its special character.
In the early 1990s, the only halal restaurants in Yiwu were noodle restaurants run by members of the Hui minority from Qinghai Province. At this time, foreign Muslim visitors brought cakes in their luggage or only ate vegetables and fruit to avoid eating haram foods. The lack of halal restaurants discouraged Arab traders from staying in Yiwu for any length of time but, encouraged by the growing number of Muslims visiting Yiwu, a Hui minority migrant couple from Xinjiang opened the first halal restaurant in the area on the top floor of the Hong Lou building in 1995.

In the following year, a Pakistani businessman opened another halal restaurant, the Maeed, located in Chouzhou North Road in the commercial district. This first halal restaurant owned and operated by a foreigner in Yiwu became a landmark for foreign Muslim traders. Other more luxurious halal restaurants opened in Yiwu in the 2000s, with more and more Arab business people engaged in the restaurant or café business. These establishments employed chefs from Arab countries and used imported ingredients to compete with Chinese Muslim establishments. Some Arab investors who owned restaurants in their home countries also run restaurants in the Yiwu market, thinking that the growth of Muslim import and export businesses in the city would make halal restaurants a booming industry.
Restaurants and cafés became important institutions serving the needs of migrant Arab traders. They not only provided food, and a place for chatting and meeting friends, but were important for getting intelligence from compatriots or acquaintances. Visitors were able to access economic information, such as marketplace trends and currency exchange, as well as useful information about a particular individual’s credibility or gossip about distant family and friends. These public spaces functioned as sites where people could make both material and financial arrangements, as well as share their economic and social aspirations. Most importantly, news about Chinese suppliers and logistics companies circulated there. The gossip substantially reduced risk and provided information for Arab traders considering whether to cooperate with each other in the community. Furthermore, Arab traders were provided with opportunities to discuss and devise strategies.
to deal with commercial conflicts. I frequently observed several customers in a Yemeni café discussing how to negotiate with Chinese suppliers who sent fake or low-quality products to Arab traders.

Policy changes affecting Arabs in Yiwu also first circulated in these public spaces. This meant that elite members of the community got the information quickly and were able to respond quicker than others were. Aladdin, for example, registered his company immediately after receiving information that the local government would not grant visas unless this was done. Because all policy announcements were in Chinese, Arab traders who knew the language posted Arabic translations at reception desks situated in these restaurants or cafés.

News of commercial conflicts, particularly concerning unscrupulous Chinese suppliers or logistics companies, circulated daily in these public places. An Egyptian businessman who had been cheated by his Chinese suppliers coped with the problem by discussing it with other visitors there. Arab traders speaking fluent Mandarin were invited to negotiate with Chinese suppliers. For example, Saeed’s three customers had enjoyed a long-term business arrangement with a rubber glove shop in the Futian international marketplace. However, since 2016, Saeed had received many complaints about the decreasing quality of the gloves and was deliberating how to negotiate with the shop owner, who was adamant that his product had not changed. The Chinese supplier insisted that Saeed’s customers must have been using the gloves in the wrong way. Saeed turned to his friends and acquaintances in the café for advice. One suggested he weigh the gloves, and Saeed discovered that the rubber gloves he had previously ordered weighed 120g per pair, whereas the gloves shipped back to Saudi Arabia in 2016, although looking identical, weighed only 90g per pair. As a result, Saeed not only broke off his relationship with the Chinese supplier, but also refused to pay any money he owed him.
One key public place was the place of worship. Because there was only one mosque in Yiwu, situated at some distance from the communities where Arab traders lived, most of the restaurants or cafés set aside and decorated rooms appropriate for prayer, which attracted many male Muslims to worship together. In addition, the bathroom inside the restaurant or café was laid out in a manner convenient for ghusl. In restaurants or cafés which did not have enough space for a specific worship area, worshippers gathered in the aisles. Restaurants and cafés also provided space for annual religious celebrations and adjusted their hours of operation, such as closing during the day but remaining open the whole night during fasting. During Eid, migrant Arab business people danced and shared meals in these restaurants with their friends or relatives. All

25 Ghusl refers to the washing ritual carried out before the performance of various rituals and prayers, required for adult Muslims.
migrant Arab business people, including short-term visitors and long-term residents, gathered in the restaurants to celebrate together.

Figure 3.7 Two Yemeni traders pray in a coffee shop together

Regular presence in public places was a way for Arab traders to integrate with the migrant Muslim community at large and secure their spiritual life in China. Restaurants and cafés regulated their diet and behaviour. They strengthened the identity of Arabian Muslims, giving new arrivals the opportunity to make their country of origin known. Visiting restaurants or cafés run by their compatriots, they could emphasize
their national identity. By contrast, many long-term residents had effectively blurred the geographic boundaries of their homelands and identified themselves as Arabs who believed in Islam rather than identifying with a specific country. This blurred identity benefitted Arab traders who could establish an international trade network that spread across the whole of the Arab world and as far away as Arab associates in Europe and South America. Contacts and meetings in public places in Yiwu, therefore, contributed to linking a wide range of Muslims in Yiwu with the wider Muslim diaspora.

Visiting public places enforced Islamic values and lifestyle and restrained the “deviant” behavior of those attracted by Yiwu’s well-established nightlife of pubs and bars. Moreover, easily accessible alcohol and haram food enticed some Arab traders to give up their previous eating habits, and it was common to see young Arab traders socializing with young Chinese women in pubs, drinking alcohol in public and eating haram foods. Such activities were viewed as a sign of a decline in religious values and practice. Arab traders believed that such a decline led to immoral activities such as cheating customers and lying to families. As a result, frequent visits to halal restaurants or cafés became a way to regulate daily activities and religious practices, where exposure to correct behavior led to a return to a pious life. Those who never visited these places or rarely participated in public activities were considered lapsed Muslims. Such people found it difficult to get support from the Muslim community.

**Places of worship: a framework for closer connections**

In my country, we practiced our religion every day. We had a mosque everywhere, with every community having one or more. When a call to pray rang out, we stopped work and started to pray and when we arrived home after work, my family and I prayed together. In Yiwu, things are different. There is only one mosque, a long way from my office in Duantou. Maintaining our beliefs really depends on self-discipline and supervision from the community.

Aladdin and other interlocutors repeatedly emphasized that religion and the religious community played a key role in their daily life and commerce. They further attributed the decline in religious faith to the scarcity
of mosques in the city and the lack of community supervision. In order to remedy this situation, Arab traders found two ways to establish spaces for religious practices. One was to arrange a room for customers and staff to pray in the office during the day. A few of offices were decorated simply in the Arab style with some prayer mats on the floor. The rooms were rarely opened to the public and were used to store display samples of products. The local government knew of the existence of these prayer rooms but did not intervene.

Apart from office prayer rooms, there were thirteen other prayer places (libaidian 礼拜点) registered with the local religious administration in 2016, catering for male Muslim worshippers. When the Muslim population in Yiwu was at its peak, in 2008, there were 28 prayer facilities. These prayer rooms were dispersed throughout the Muslim quarter and functioned as mosques. Two of the thirteen prayer places employed a full-time Imam. Those without a full-time Imam had some pious Muslims who volunteered to lead prayers as well as counselling worshipers over religious issues. These facilities were closed in 2016 at the time of the G20 Summit in Hangzhou, when all public gatherings were banned in Zhejiang. However, Muslims still held regular prayer meetings, which they disguised as gatherings with friends.

Prayer places functioned as a place to establish closer relationships and provide more emotional and commercial support. Devout Arab traders went to these sites to pray three times every day: at noon, afternoon and sunset. In a slow business season, participants stayed in the prayer place for the whole day. Long-term contacts forged here united people. Repeated interaction in a particular place strengthened the ties among those attending and many participants considered the prayer places as their second home in China. During the fasting period, Arab traders who had brought their family to China provided homemade meals and sweets to share with the single men. Before the commencement of the fast, all the family men wrote a list of the food they intended to bring to their community. Participants in the prayer places also gave emotional support to others.

Distance and unstable environments could either weaken or sever relationships with families at home, resulting in many Arab traders seeking out emotional support from the community in their host society. Relationships based on a shared religion were considered trustworthy and reliable. The network of prayer places organized a range of activities, binding together those without family. Prayer places only accepted Muslim men. Muslim women rarely accompanied their husbands in their religious activities, although Arab
wives’ social network in China depended on their husbands’ social relations and introductions to other Arab family which also brought female members. Thus, through Arab husbands’ introductions, migrant Arab women knew other each other in Yiwu.

In addition to emotional support, Arab traders received commercial support from those they met at prayer places, especially in issues relating to finance. I found that it was common for close friends to share bank accounts registered in Hong Kong because it was not convenient to use Chinese accounts for international monetary transactions. Opening a business bank account in Hong Kong and transferring money to Hong Kong rather than mainland China was a simpler, easier process. However, Arab owners of small businesses, who were unable to provide documentation of past utility bills, proof of business activities or details of business plans necessary for review, sought help from relatives, family members and large companies. Seeking this assistance was made possible by contacts and networks made at prayer places, rather than mosques or restaurants.

Further, the rotation of credit took place in prayer places. Coleman (1988) has pointed out that rotating credit could not exist without a high degree of trust, where confidence that borrowers would not abscond and leave others with a loss was of paramount importance. This description fits with credit rotation practices among Arab traders, many of whom carried out their business using credit and debt. Lacking cash to pay a debt was a common phenomenon. In order to secure the image of trustworthiness among their business partners, many Arab traders borrowed money either from close friends, or from organized credit-rotating associations based on friendship, to support each other.

One young Syrian trader nearly became bankrupt in 2015 due to his patronage of nightclubs and bars in Yiwu, which began when his Chinese supplier took him to a club, and he became infatuated with a Russian woman. Every evening, ten Russian young women performed on stage at the club, surrounded by men who sat around the stage. Interest in a particular woman was demonstrated with the purchase of a fake rose, costing 100 RMB. Whoever gave the most roses was permitted to accompany the woman out of the club. The Syrian trader ended up embezzling 500,000 RMB from his company to gain the attention of the Russian woman he was infatuated with. Consequently, he was unable to pay his debts to his suppliers on the due date and ended up taking this money for his personal expenses from his business account. To rescue his business,
participants at his prayer place provided him with a temporary line of credit, even though his actions had violated religious rules and he had lapsed in his religious belief. This is a clear example of the support offered by members of prayer places to those who found themselves in difficulty.

Compared with halal restaurants and cafés, prayer places represented a more supportive space where close relationships of trust lessened risk, as deviant behavior was more likely to be detected and punished. People tended to cooperate in this network in order to maintain the reputation they had developed through long-term relationships or built up within a group of colleagues. There is clear evidence that trust is more likely in strong relationships, especially if the strong relationship is embedded in a closed network (Coleman 1988; Bian 1997).

**Conclusion**

Arab traders attributed their commercial success in China to a favorable economic climate, embodied in the idea of “being in the right place at the right time with the right people” – the Chinese phrase that expressed this was *tianshi dili renhe* 天时地利人和. “The right time” was the period when China’s economy boomed, but it was also when the situation was deteriorating in their home countries, driving them to search for ways to stay in China rather than returning. “The right place” referred to the markets in Yiwu and Guangzhou that were advantageous for sourcing products, while “the right people” pointed to the importance of social networks that supported their commercial activities. Important social networks included both their personal networks and the networks they constructed in the host society. The economic situation and the geography could not be changed: the traders could only choose the people they associated with. Constructing and maintaining social networks were the form that the injunction to work with “the right people” took in their daily activities.

Redding (1990) outlined two main reasons why networks were essential for overseas Chinese. The first was that a lack of security in social status and government policy drove members of migrant communities to stress the importance of working with trustworthy people. The second was that external institutions, such as the law, the bureaucracy, and systems of contracts, have not been as effective among overseas Chinese as
old-fashioned protocols characterized by trust and dependability. Social networks also function as an emotional base, founded on a long-standing, complex sense of duty or a means of exerting psychological pressure to behave “honorably”. The experiences of Arab traders in Yiwu are similar to those of overseas Chinese. China, as a non-immigrant country, has placed many restrictions on and created uncertainties for the influx of foreign migrants, in particular those traders who lack support from formal organizations. Various policies have affected their everyday lives and even determined their fates. This has led to a feeling of deep distrust and discomfort towards the outside world among Arab traders. Thus, they have created their own public places and developed social networks to secure both their commercial and spiritual life in China. Distrust in local institutions has forced them to seek assistance from their own community, and within that community trust is born from correct religious practice.

Gathering in public and religious places has brought Arab traders together, and functioned to re-fashion their identity as Muslims, earning them a reputation as trustworthy commercial operators. A lapse in correct religious observance affects not only the Arab community in Yiwu, but also those families left behind in their countries of origin, as well as commercial partners. Obedience to the family is very important to an expatriated family member in transnational business. One way to manifest their obedience is by following religious rules, including accepting arranged marriages and displaying loyalty to the family. However, the family left behind is too far away to witness the daily activities of its expatriated members and must judge its China-based kin through the reputation they form by participating in public and religious gatherings. Business partners relate business ethics to religious beliefs and believe that those who are pious will not betray their commitments, but maintain honesty and loyalty in their relationships. As a result, pre-existing social networks determine how businesses are established, while newly constructed social networks determine how far transnational businesses can progress in the future. The newly constructed networks are based on shared Islamic beliefs: only pious traders are included in the network and social support is given only to these people, because all participants in these closed networks trust each other and feel secure in the host society.
Chapter 4  Buying Goods on Credit: Power, Risk and Trust

On a cold, rainy day in early January 2016, I accompanied my uncle, my mother’s younger brother, on a visit to the office of Saeed, an Egyptian middleman. My uncle supplied packing materials to Arab traders in Yiwu and was enquiring about a debt owed by Saeed, which was two months overdue. When we arrived at Saeed’s office, a three-room apartment on the second floor of a building in the Arab district of Yongsheng 永胜, my uncle knocked softly on the door which was opened by a woman. She greeted us in a low voice: “Boss Fu, I know that you are coming for the debts. Unfortunately, I am afraid that you have wasted your time, as our boss has still to receive payment from Egypt.” She blinked and showed us the way to Saeed’s office.

My first impression of Saeed was that he resembled many of the Arabs I had met in Yiwu. Forty years old, stocky, and of medium height, he wore glasses and a light-coloured standing-collar jacket that was obviously a size too small, which emphasized his heavily-muscled neck. With a thick but tidy beard, he projected a friendly expression befitting a merchant. He told my uncle that he had just finished a Skype session in which he had been quarrelling with customers in Egypt about the delayed payments. Saeed proceeded to serve Arabian black tea and asked my uncle: “How about your business, is it going well?” My uncle replied that his business was not doing well due to the numerous debts owed to him and continued on to say that he was so anxious that he was “haunted by deathbed nightmares every night.”

Saeed comforted my uncle, and appeared quite emotional: “Big boss, don’t say that. You have done business in the Futian marketplace for more than fifteen years; surely you know how to deal with your creditors and not get caught up with your debts. The two of us have cooperated for eight years and you should trust me. It is not necessary to come to my office. Once I receive the money, I will transfer it to your account.”

While I knew that the purpose of our visit was to enquire about the debt, my uncle replied: “You have misunderstood me. I didn’t come to collect money, but to invite you and your staff to have lunch with me
and my niece, who is a student from Australia researching Arab traders in China. I mentioned to you last week over the phone that she hoped to spend some time in your office to learn more about your business. Don’t worry about the debts; we are brothers. I trust you.” His response and the excuse of introducing me to Saeed and his office illustrated the art of reminding a creditor about his debts as well as the importance of saving face and remaining on good terms for the continuation of a successful future relationship.

Saeed was surprised to learn that I was a student researching the lives of Arab traders in China as he had assumed that I was a new staff member in my uncle’s shop. Following his initial shock, he enquired whether I had heard any gossip concerning Egyptian defaulters in the Yiwu marketplace. I replied tactfully that I had heard that all buyers, not only Egyptians, were guilty of default on payments. I was anxious not to say too much, as I wished to make a good impression at this initial meeting and did not want to jeopardize my chances of working in his office.

Saeed replied: “Yes, all of us do business in this way, not just Egyptians,” and muttered under his breath that “We will all fail in our business if we don’t stop doing it.” Saeed’s words meant that all business would fail in future if they continued to do business on credit. He continued to voice his frustration, informing us: “Doing business on credit is not our choice; our debts mean we live under pressure every day, but the pattern has been established. Our astute customers benefit from it. They don’t want to change it; they want to keep it going because it transfers the stress to the middlemen and suppliers. Middlemen like me don’t have a choice – we don’t control the market. You would know how I felt if you were in my position.”

The first visit to Saeed’s office made a deep impression on me and my understanding of the credit-debt relationship operating in the marketplace. Why did Chinese suppliers, Arab middlemen and buyers carry out their business in this way? How did they negotiate with each other, and what were the consequences produced by this trading pattern? Who controls the market?

This chapter examines a trading pattern that has existed in the Yiwu market since early 2000. It is characterized by Arab traders paying for merchandise acquired from Chinese suppliers in two ways. First, commodities could be purchased on fixed term credit. Secondly, agreements between Arab traders and Chinese suppliers for the shipment of merchandise to the Middle East and North Africa in advance of payment could be settled when the goods were sold. Both transactions were guaranteed by Arab middlemen.
for the protection of their Chinese suppliers. However Arab buyers took advantage of this process, which allowed them to purchase a large quantity of goods, more often than not filling one or two shipping containers. This was typically beyond what they could buy without credit. Chinese suppliers and Arab middlemen were aware of this as transactions only went through smoothly when the Arab purchasers and the Arab middlemen paid their debts to the Chinese suppliers on time, at which point new commodities could be ordered. Nonetheless, the system of buying and selling goods on credit was unstable and carried considerable risk. Arab buyers often delayed payments, and in some cases defaulted on them. Moreover, a few Arab buyers manipulated the system to their advantage, placing orders with a very small deposit and disappearing with the goods when they were delivered. During my fieldwork, I frequently heard Arab middlemen and Chinese suppliers complaining about this. They repeatedly said that debts would “kill” their businesses if they continued to trade in this way; yet surprisingly, given their protestations, they continued.

Creating trust in commercial transactions

Giving credit to Chinese merchants from inside or outside China was a common phenomenon in the Yiwu market. Academics have theorized that Chinese merchants trusted and gave credit to their compatriots based on shared social and cultural values (Bond 1986; Kiong & Kee 1998). However, Arab buyers and Chinese suppliers were not compatriots. Rather, they had different backgrounds, with different cultural and social values. In the book Trust and Mistrust in the Economies of the China-Russia Borderlands, several scholars discuss how Chinese and Russian merchants, who are also from different cultural backgrounds, use a number of strategies to create trust. For example, trust does not come automatically from the initial decision of Chinese merchants to cooperate with Russian merchants; rather, it evolves from an attitude that they are taking a chance and are reliant on luck (Humphrey 2018b). Chinese and Russian merchants overcome this problem of a lack of trust in the market creating positive images, such as “good Chinese”, and using the Internet and people from other ethnicities as mediators (Peshkov 2018). However, due to a lack of shared cultural and social values, Chinese and Russian merchants still find it difficult to build trust with each other – mistrust remains common in Sino-Russian trade (Bayar 2018; Humphrey 2018a; Namsaraeva 2018). The
lack of trust between Chinese and Russian merchants is similar to that existing between Chinese and Arab merchants.

Scholarship links trust-building among Chinese merchants to the Chinese concept of guanxi. For Chinese merchants, guanxi is seen as the foundation for facilitating smooth business transactions using credit (Barton 1983; Chung 1987). In the Chinese context, as Andrew Kipnis (1997) argues, in guanxi relationships “feeling and instrumentality are a totality” (P.27). A common way to build guanxi is participating in banquets together (Yang 1994; Osburg 2013). However, the majority of research on guanxi has explained it as a cultural factor in relationships. However, Arab traders and Chinese business people do not share the same cultural and social background: in fact, in Yiwu, Arab traders rejected business dealings based on guanxi. They always rejected Chinese suppliers’ invitations to banquets or to eat together as they only ate in halal restaurants. Arab traders thus forced Chinese suppliers to trust them based on the Chinese suppliers’ dependence on them.

The power dynamics of trade between Chinese suppliers and Arab buyers in Yiwu

In this section, I explore the power dynamics of the trading pattern between Chinese suppliers and Arab buyers in the Yiwu market. Buying and selling commodities on credit was an essential means of economic survival for many Chinese suppliers, the majority of which were small-scale or family-run Chinese factories lacking access to the high-end of the international market. Because they mainly provided inexpensive, low-tech and labor-intensive products to Arab buyers, they represented the low-end of the production chain in the Yiwu marketplace, but nevertheless found a ready market for their goods in the Middle East and North Africa. These markets gave them an opportunity to extend their trade beyond China or saved them from depending too much on markets in Europe or the United States. As the customers controlled those markets, Chinese suppliers had no option but to trust Arab traders, who could deny the suppliers access to them, and accept a credit-based trading pattern. In other words, in a competitive market, Arab traders with limited financial capacity sought to take advantage of the power they held over Chinese suppliers to carry out
commercial transactions on credit. Meanwhile, Chinese suppliers, needing to access the markets controlled by Arab traders, were forced to accept this trading pattern and trust Arab buyers.

In addition to explaining the reasons for this trading pattern, I also analyze the high risk of doing business on credit. In a market with minimal legal recourse and regulation, transnational businesses are excluded from legal protection (Yukseker 2004; Endres 2014). In the Yiwu market, disruptions from both non-human and human causes brought an element of risk into all transactions. Suppliers, middlemen and buyers were bound together in a union where risk was ever-present. However, Arab middlemen and Chinese suppliers bore the bulk of the risk, because it was, they who had to accept Arab buyers’ delays or requests for discounts on payments in order to acquire sufficient orders to maintain their businesses.

Some Arab and Chinese merchants, as well as the local authorities, employed various strategies to regulate the market, and exclude the dishonest and those who defaulted. Many discussions of the informal economic sector show that governments tend to crack down on informal commercial activities (Portes 1994; Huang, PC 2009; Arango & Baldwin-Edwards 2014). In this chapter, I illustrate how the local government regulated the local market to create an image of Yiwu as a secure and regulated trading environment.

Figure 4.1 Egyptian traders gathering in a restaurant
The imbalance in the power relationship between Arab buyers and Chinese suppliers: the case of Martin

After working in Saeed’s office for only two weeks, I had an opportunity to observe how Martin, one of his customers, purchased commodities on credit. Martin, who ran an emporium with his two brothers in Riyadh, visited Yiwu four times a year and stayed from two to four weeks. His purchases mainly consisted of inexpensive items such as daily necessities, decorations and some European-style furniture. Martin only brought 50,000 RMB to use for deposits, but he planned to order four containers of merchandise, worth approximately 1 million RMB.

Martin was an experienced merchant. His focus was on price and the latest product trends, which he researched before committing to any purchases. Accordingly, he ordered nothing during the first week. Instead, he collected information in every shop that we visited. Disparities in price resulting from seasons and style affected his choice. He not only reordered products from shops he had patronized previously, but also visited other stores to compare prices and search for new styles. This practice derived from Martin’s experience in 2015, when his cups cost 20 cents RMB more than other shops in Riyadh, resulting in a loss of customers, who went to other stores to purchase the same product. The need to obtain the latest fashionable product and to keep customers placed Martin under considerable pressure, resulting in his visiting more than 100 shops in a single day in Yiwu. His working day lasted from 8:30 am to 5:30 pm, often with no time for lunch, where a brief visit of 5 to 10 minutes per store was spent checking prices, collection times and payment methods. He wrote all the details down in his notebook in Arabic and stapled the owner’s name card to the page with the information. After dinner, we sorted the prices from lowest to highest in Saeed’s office and picked out the three or so shops where he intended to place an order the following week.

Buyers like Martin, who could not get credit immediately, needed to negotiate with Chinese suppliers and with the guarantee of a middleman. After searching and comparing the prices and styles of products in more than 1,000 stores in the first week, in the second week, Martin placed orders with 68 different shops. Along with the interpreter in Saeed’s office and myself, Martin visited the stores and arranged orders with the suppliers. After checking and confirming all information about the number of items, the collection of the goods, and the payment date, Martin, Saeed and the suppliers made an agreement in triplicate and signed an
informal contract. The shop owner took a sheet that would be used for collecting the debts from the middleman on the due date. Saeed, as the middleman, had one account checked by the suppliers, while Martin kept one to calculate the total value of the ordered products. Out of the 68 shops, only one store cancelled the order and two suppliers refused to provide credit. The other 65 allowed Martin to pay a 200 RMB deposit and settle the remaining debt 60 days after the order was placed. Martin told me confidently that the two shops who refused to give him credit would deal with him when he returned the next time.

Depending on the personal reputation of buyers and middlemen in the marketplace, Arab buyers were always able to obtain containers full of goods, paid for on credit, that were shipped to their countries of origin. Despite five providers complaining of Martin’s previous dishonesty and deferment of payment, they granted him credit as usual. The owner of a luggage shop, for example, explained that Martin had always only ordered a small number of products from him and did not bargain seriously like other small traders; however, he was prepared to provide credit because Martin owned an emporium with potential for future expansion. Some suppliers, who had not previously conducted business with Martin, visited Saeed’s office to gain insight into Saeed’s financial capacity as a middleman as well as seeking intelligence from other Chinese suppliers who had previously carried out commercial transactions with Saeed and Martin. On one occasion, I called back the provider of artificial flowers to ask why they had cancelled an order. The owner explained that he declined to take Martin’s order because of the long time Martin took to repay, it was also because of the small size of the order, which only came to 2650 RMB in total, which meant that he did not make a profit. Ultimately, the success of Martin’s business depended on the strength of his and Saeed’s personal relations with suppliers and their reputations in the market.

Trading on credit

Buying goods on credit was a ubiquitous phenomenon in the Yiwu market, used by all Arab traders. This practice allowed the traders to obtain commodities without paying the whole bill. However, it differed from business practices in other Chinese cities also engaged in the export trade, such as Guangzhou, Shanghai, and Ningbo. In Yiwu, regardless of whether the buyers and suppliers had previously carried out business
ventures, it was possible for debtors with limited credit to conduct business. Minimal deposits on goods were paid, with the balance being settled after the sale of the goods, or within a fixed time previously agreed by buyers and suppliers, usually two months or more after orders were placed. In fact, even fixed-term repayment contracts were flexible under some conditions. Without being able to identify when this pattern started, or who began it, all actors in the market had accepted and perpetuated it for many years.

Arab traders have not always been able to conduct business on credit in China. When they first entered the Chinese market in the 1990s, business was done strictly in cash and was the only option for all Arab buyers in the market. Most of the merchants I met in Yiwu arrived in China after operating in other trading centers where all transactions were made in cash, such as Turkey, Japan, and Southeast Asia, including Singapore, Indonesia and Thailand. Arab merchants brought cash to China and operated in a similar way, ordering products they were able to pay for so as not to fall into debt with Chinese suppliers.

However, long-term cooperation and coordination made getting credit from Chinese suppliers possible for Arab buyers. With regular bargain-seeking expeditions to the Yiwu market, Arab traders fell into a routine, re-ordering merchandise from the same suppliers and paying in cash every time. In this way, Arab merchants built a good reputation in the market and trust from their suppliers. As a result, some Arab traders were able to demand small levels of credit. As time went on, Arab merchants were able to extend their credit when previous debts were paid off. Chinese suppliers were quick to see the potential for the growth of a prosperous market based on long-term cooperation, and accordingly, agreed to credit transactions with Arab buyers over extended periods.

Martin shared his experience of getting credit from Yiwu suppliers with me:

My brother and I inherited a supermarket from our father. Learning from my father, my brothers and I went to South Korea to import products in 1998, afterwards transferring our business to Taiwan and Thailand where some friends found products at lower prices. We came to China in 2003. In the beginning, we did business in cash and could only ship one container, or sometimes had to share the container with friends, because of limited financial resources. After cooperating with the same suppliers for long time, we gained trust from our business
partners. Due to the cheap price, we sold out of products almost immediately. In order to get more goods, we tried to negotiate with the Chinese suppliers to buy items on credit and they agreed to provide us with 20 percent of total value of products on credit. We then requested to extend this to 80 percent, which meant we could now get all our items with a 200 RMB deposit. The Chinese suppliers knew our capacity for selling products. As result of the low price, products from China were competitive in the market and we always paid off all the debt when we came back to Yiwu.

As Martin illustrated, Arab buyers were not able to gain immediate credit; rather they had to first develop trust and builds a good reputation with suppliers.

The role of the middleman, like Saeed, was an essential and integral part of the credit-debt relationship. Firstly, as long-term residents in Yiwu where they registered their companies or offices, middlemen formed a network that connected Arab buyers and Chinese suppliers. Commercial relations between Chinese providers and Arab purchasers could immediately become closer with guarantees from middlemen. Secondly, middlemen expanded bilateral relationships into multilateral ones. While Arab buyers and middlemen shared the same cultural and social background, they also had strong connections within their countries of origin. At the same time, the middlemen’s daily encounters with Chinese suppliers in Yiwu allowed them to extend his networks with Chinese suppliers. The middlemen linked Chinese suppliers and Arab buyers together irrespective of cultural and emotional differences. Thirdly, depending on the middlemen, Chinese suppliers conducted their international business with Arab buyers in the same way as they did with Chinese merchants. Thus, Arab middlemen became participants in Chinese social and commercial networks.

Arab newcomers in the market, who had not established social ties to suppliers, found it necessary to depend on the reputation and relationship networks of Arab intermediaries in order to obtain credit. Failure to do so meant that all transactions had to be carried out in cash. Some Chinese suppliers explained that they trusted the personal reputation of an Arab middleman over that of Arab buyers, with whom they had not previously conducted business. As seen in the previous chapters, the role of middlemen as guarantors was crucial.
The importance of shared social and cultural values has been emphasized by some scholars (Redding 1990; Tong 2013), but this was not a means for Arab merchants to gain credit with Chinese suppliers. Instead, the trust engendered through long-term cooperation resulted from success in business based on credit. The ability to obtain credit from Chinese suppliers was, nonetheless, not widely available: it was restricted to those competitive Arab traders who had been in the Yiwu market for long time and were accepted by Chinese suppliers as debtors; newcomers and petty traders still had to conduct their business in cash.

The trading pattern has changed in Yiwu since China’s price advantage in the global supply chain underwent significant shifts in world markets. Anita Chan’s analysis of Walmart’s supply chain in China has illustrated that Chinese producers have had to bow to retailers with a dominant market share in order to acquire sufficient orders to sustain production (Chan 2011). They strived to use the advantage of selling relatively low-end merchandise more cheaply than other competitors to gain massive orders. However, the increase in the price of land, labour and material in China resulted in higher costs threatening China’s low-price advantage. In order to continue to get orders from Walmart, the large or middle-scale factories in China subcontracted to lower-level factories in China, which operated on lower labour costs, referred to as “sweat factories” (Chan 2011; Xue 2011; Yu & Pun 2011). In contrast to the Walmart supply chain, Chinese suppliers in the Yiwu market, based on small-scale or family-based factories, could not profitably reduce their costs to those of the lower-level factories. In order to provide the lowest possible price of goods to Arab buyers, local Yiwu suppliers had to change their entrepreneurial strategies to keep custom and to prevent Arab buyers moving their businesses to other countries, such as those in Southeast Asia.

Arab purchasers benefitted from a stronger patron-client relationship in which Chinese suppliers actively gave credit to the purchaser. The growth of consumer markets for low-end products in the Middle East and North Africa surged to more than 47% of the total amount of exported products from Yiwu in 2015. Moreover, the cargo train from Yiwu to Tehran was completed in March 2016 and has shown great potential to increase trade between China and the Middle East and North Africa.26 Occupying the main position in the Yiwu market, Arab buyers took advantage of this development to determine the trading pattern of greatest

personal benefit. As a result, to keep a commercial relationship with the Arab buyers, Chinese suppliers were forced to trust them and accept the risks brought about by informal commercial transactions.

Chinese suppliers made vast profits in the 1990s and early 2000s by cooperating and trading with Arab merchants. One of the earliest marketers in Yiwu, Boss Jin from Wenzhou, in the province of Zhejiang, had vivid memories of doing business with Arab buyers when they first entered Chinese market:

The “golden time” in Yiwu was from 2001 to 2008. Money flowed like water into the pockets of suppliers. The Arab merchants came to Yiwu with suitcases full of cash and ordered huge inventories without bargaining. It was not a case of being foolish – the commodities were far cheaper than their previous suppliers in Singapore, South Korea and Japan. The highest profit reached 300% when we exported products to North Africa and the Middle East in 2000. High profits inspired the Chinese suppliers to start giving credit, because we wanted to keep doing business with Arab buyers. Even though Arab merchants might sometimes default on their debts, Chinese suppliers were not afraid to give credit in the market as their previous profits were enough to cover any losses in later transactions. If we lost once, we still made money; if things didn’t go wrong, we could maintain a good relationship with our customers.

Other suppliers in the market criticized Jin for exaggerating how much profit was made. However, all providers I interviewed admitted that the situation before 2008 was much better than what was happening at the time of my research. The chance of substantial profits evidently motivated providers to take the risk of lending credit to keep their customers. However, profit margins were squeezed as increasing prices of labour, materials, rents, and land in China took their toll. As economic conditions grew less favorable, providing credit to Arab buyers became an important means of preserving customers and extending the market.

This ad hoc trading pattern was bolstered by the pressure of competition among Chinese suppliers in the buyer-driven market. After the Futian marketplace became an international market, the same goods were offered in one or two districts, with more than 8,000 shops established in one or two areas in the marketplace. Serious competition led to a price war in the market and profit margins shrank. Chinese
suppliers encouraged their clients to import greater volumes to maintain the same profits and greater credit was granted to Arab traders who were short of capital. Saeed emphasized that the merchants knew that “doing business was like gambling”. Both Chinese suppliers and Arab buyers are supposed to accept a certain degree of risk when they do business in this way: the costs and benefits are rationally calculated, and decisions are made to maximize rewards.

Clifford Geertz (1963) shows how the network of credit operating in an Indonesian bazaar does not simply serve to bring larger and smaller traders together, but actually forms a hierarchy which functions to rank operators. How much credit a small trader can obtain affects his ability to establish stable commercial relationships. When bigger dealers provide credit to smaller ones, the latter become indebted to former. This shapes the hierarchy of the market. In Yiwu, the credit network operating between Chinese and Arab merchants achieved the same goal of connecting bigger and smaller traders and helped support ongoing cooperation between particular buyers and suppliers. The credit network also changed the relationship between larger and smaller Arab traders: smaller traders would undercut the wholesale businesses in their home markets by importing commodities directly from China and thereby reduce their profitability.

Figure 4.2 shows the usual pattern in which the larger Egyptian Trader B imported commodities from Chinese Supplier A on credit. B then passed on these goods to three clients, Arab Traders C, D and E. However, the pattern changed with the practice of credit being extended to smaller Arab traders, as shown in figure 4.3. Here, two clients, Traders C and D, bypass B and imported items directly.
Trading on credit was the most salient and noteworthy feature of everyday life in the market, but it also resulted in many problems for the local society. The distance involved in transnational credit transactions was a significant threat to the stability of the market and some traders behaved dishonestly. Problems
emerged incessantly due to the practice of doing business on credit. This not only harmed the lives of merchants, but also posed risks that were difficult to calculate and control. Cases of discounting, delaying or defaulting payments contributed to a decline in relationships of trust in the market. This consequent distrust potentially had far-reaching social and political ramifications.

**Risks of dealing on credit and the consequences of distrust**

Informal economic activities incur a variety of risks. Anthropologists contribute informal economic activities to the reconstruction of global capital, because the reconstruction makes many people become poor and need to develop informal economy. However, informal economic activities also widened the gap between rich and poor, where the poor could only operate in a developing informal economy. It is common for transactions in such informal economies to carry risk due to a lack of regulation (MacGaffey & Bazenguissa-Ganga 2000; Xiang 2007; Stoller 2010). In an unregulated and competitive market, the legal framework around shuttle trade is weak and the competition among thousands of shops dealing in the same types of merchandise opens the way for well-known problems characteristic of informal economies, such as cheating and malfeasance (Hart 1973, 1990; Portes 1994, 2010). The marketplace becomes a transnational circuit of goods, people and money where it is difficult to enforce contracts. This kind of market encourages “cheats” and malpractice. There are no ethnic or diasporic networks along trade routes and almost nothing resembling an international trade regime exists to regulate this kind of commerce (Endres 2014). The “free market” of Yiwu was similar to the typical case as it operated without regulation. Coupled with the rise of itinerant traders and an increasing volume of exported goods, distrust over payment was a frequent feature of this trade. The image of the “dishonest Arab merchant” prevailed in public opinion: they were suspected of lying about the quality of products to delay or discount their payments and of defaulting on their debts to make higher profits. These accusations were not always unfounded and were sometimes even openly admitted.

In the typical business contracts, dates of payment were fixed. In reality, though, the due date was flexible and could change, depending on conditions. Unanticipated changes in distribution, shipping, the financial
market and internal policies in the Arab traders’ countries of origin contributed to the suspension of payments. The uncertain political environment in the Middle East and North Africa was the key reason for some Arab buyers to defer their payments. Conflicts in countries of origin destroyed shops and disrupted transactions, while some Arab merchants perished in war. One extreme example of such instability is the destruction of the city of Aleppo in Syria, beginning in 2011, which obviously affected businesses there. Another dreadful example is the civil war in Yemen, which forced many Yemeni traders to cease business with customers in their home country and search for new customers in other countries, predominantly in Africa. Middlemen like Saeed, who were responsible if buyers were unable to pay and who had lost important customers in countries affected by war, were consequently required to deal in cash until the political situation improved.

Other risks affecting prompt payment were related to transport, such as shipping accidents. The voyage from China to the Middle East or North Africa takes from 25 to 40 days, a period in which the dangers of accident or fire could hamper delivery of goods. In order to reduce the cost of shipping, most merchants did not insure their goods, raising the prospect of bankruptcy should an accident occur. Problems caused by the logistics companies that the Arab merchants used also affected the time of payment. The South Korean shipping giant Hanjin that filed for bankruptcy in the US in September 2016, for example, seriously affected the marketplace in Yiwu. On this occasion, containers shipped by Hanjin were held back by the port authorities as collateral for unpaid bills, meaning that the traders did not receive their goods on time and delayed payment.

Policy changes in countries of origin that affected the import and export business also influenced methods of payment. To protect domestic industries, some countries frequently changed these policies, creating uncertainties and risks for transnational traders, especially if the changes affected the time it took to get goods to market. An example of this was in 2015, when Egypt banned the direct import of Chinese textiles. The products were then shipped via Singapore or Dubai. Not only did this increase the cost of the products, but customs detained shipments and demanded higher import taxes, and in some cases, confiscated goods. Such activities also obviously affected Arab buyers’ ability to pay on time.
Changes to financial systems raised further problems for payment. Egypt’s central bank announced on 14 March 2016 that the Egyptian pound would be devalued and moved to a more flexible exchange rate regimen.27 The fall in the Egyptian currency was a severe blow for Egyptian importers and middlemen; the importers had to pay their Chinese suppliers 30 per cent more to cover the difference from when they ordered the goods. A more serious problem arose when the policy generated a shortage of US dollars in the market. Importers from Egypt had to revert to exchanging currency at higher black-market prices when they settled their accounts in US dollars. Saeed told me:

I saw the news posted by my friend on Facebook. I told myself it was a nightmare and thought that my businesses are going to die. Devaluing the Egyptian pound not only erased my profits but also made it difficult to get dollars from the banks. I called on all my customers to exchange their money into US dollars as soon as possible. They were also anxious about the situation. In the following three months, only three of my clients paid their debts and others had to delay paying or ask for a discount. Some Chinese merchants were scared that all our customers would be declared bankrupt. The situation put me under pressure. I had to appease my Chinese suppliers one by one as well as urge my clients to figure out a payment schedule.

Saeed was embarrassed by his clients’ deferred debt payments because of the sudden change in policy. Once Saeed and his clients lost trust in the marketplace, it was impossible for them to rely on credit in the future. This was why Saeed forced his customers to reschedule their payments. Saeed also borrowed funds on credit from his family and friends to pay debts for his clients.

In contrast to the risks induced by natural, global and social uncertainties, suspended payments could also be man-made. In particular, there were cases where middlemen and Arab buyers deliberately deferred payment. Generally, Arab buyers paid off their debts to middlemen who, in turn, paid the Chinese suppliers. However, in the process of transferring payments to Chinese suppliers, middlemen were provided with

opportunities to gain access to the money. Many Arab middlemen “invested” their customers’ money in their own business or spent it on buying cars or luxury items in China. A few more timid middlemen held the cash in their own bank accounts and delayed paying their Chinese suppliers to make added interest. Some held on to the US dollars and put off paying their Chinese suppliers until the exchange rate fell to a low point, profiting from the inflation of the exchange rate in the black market. Middlemen who spent their customers’ money for their own purposes followed the strategy of “robbing Peter to pay Paul” (chāi dōngqiāng bù xīqiāng 拆东墙补西墙) to balance their accounts. Both Arab buyers and Chinese suppliers found it difficult to discover if the middlemen had manipulated the money, as they customarily hid their financial activities.

Delays in payment was also caused by Arab buyers themselves. Sometimes, they failed to collect up-to-date information on products and imported outdated commodities. Out-of-date merchandise, such as fashion garments and shoes, were unmarketable, resulting in worthless stockpiles of products. Thus, in order to maintain business, Arab purchasers were often required to delay or discount payments for their last trip while they ordered the latest goods in the market. Moreover, some buyers deliberately overstocked to save on shipping and travel costs. They were familiar with the trading patterns in the Yiwu market, where it was possible to order more merchandise than their financial capacity allowed. Unfortunately, sometimes they could not sell all the goods they ordered on time. As a result, they had to delay or defer the payment until they sold everything.

In order to get discounts, Arab buyers used various strategies in their negotiations with Chinese suppliers. A favorite one was to complain that the goods they received were different from the samples they saw in the shops and refusing to pay the bill unless they received a discount. Many Arab merchants also lied about the quality and saleability of items to their middlemen and Chinese suppliers. In such cases, Arab buyers demanded to defer or discount a payment. Due to the long distances involved, suppliers and middlemen could not go to North Africa or the Middle East to confirm whether the buyers’ information was true or not. As a result, Chinese suppliers were forced to agree with the assessment of Arab buyers.

A group of “swindlers” (piānzi 骗子) emerged in the marketplace when it became common knowledge that they were able to buy goods on credit and pay after they were sold. Chinese and Arab merchants called such manipulative businessmen “thieves” (zéi 贼), who did not pay but took the goods away with various
underhand tactics. According to data published by local authorities, about 163 companies and offices in Yiwu were confirmed as “swindlers” in 2016 with 71 companies, about 44%, being from the Middle East or North Africa. There were, however, far more than 163 cases of this, as many “swindlers” escaped and were not reported to local authorities.

“Swindlers” fell into two categories: individuals and teams. The former relates to single “thieves” who did not bring any capital, but were familiar with and exploited the regulations and trading patterns of the market. Such “swindlers” arrived in Yiwu and registered an office, employing one or two Chinese interpreters. Once or twice, they ordered a small volume of products with cash and ensured that the business ran smoothly. Gaining the trust of Chinese suppliers, they then lied about needing to order more products with limited capital due to increased demand. Tempted by the profits and eager to keep a potentially important customer, Chinese suppliers granted credit to the “swindler”, who went back to his home country with the goods and disappeared.

The “team swindlers” were more difficult to identify. This type of swindling refers to a group of three or more compatriots who got together to deliberately cheat Chinese suppliers. One member would visit the market and place an order on a large number of goods with a minimum deposit. The Chinese suppliers would arrange for the dispatch of the goods and inform the buyer where and when to collect them. However, the buyer would suddenly cancel the order, thereby losing his deposit. A little later, his companions would return to the same shops and order the same products, but in larger volume and at much lower prices, banking on the fact that the Chinese traders would be keen to sell the goods at knock-down prices.

Many middlemen were forced to become involved in such deceitful activities. They found themselves in an awkward position where they played the role of guarantor for Arab buyers and became indebted to the Chinese suppliers. Once Arab buyers could not pay off their loans and the middlemen themselves were unable to pay off the staggering debts, their only recourse was to leave the market. Saeed and other middlemen described this practice as a “cancer”:

We have no choice. All of us recognize the risks of doing business in this way. Of course, we can attract more customers than before as it encourages potential clients don’t have the cash.
Small traders can order more goods than before too. The positive side is that the business goes through smoothly. However, it also makes some clients, especially young ones, order products blindly. The “rubbish” (the “swindlers”) in the market is unavoidable. The only way to stop it would be to get everyone together and agree that cash is the only way to trade.

Most Arab middlemen had the same attitude as Saeed in relation to credit-debt relationships in the market and also used the metaphor of “cancer” to describe them. With the increase in cases of cheating, the reputation of Arab traders has worsened. To control this situation, Arab middlemen and Chinese suppliers have employed many market-based strategies to reduce their risks in this kind of environment characterized by unwritten rules and lacking formal regulation.

**Strategies to reduce commercial risk in the market**

Punishment for dishonest activities in the market was weak. In a buyer-driven market, characterized by an excess of Chinese suppliers, dishonest Arab buyers were able to manipulate transactions by jumping from one supplier to another with no penalties. Furthermore, the fact that there were no formal contracts made it difficult for Chinese suppliers to seek protection from the state. In Yiwu, dishonest Arab buyers easily avoided any form of legal punishment due to the absence of adequate law overseeing trade practices between China, the Middle East and North Africa. Arab buyers and Chinese suppliers were not united regarding the need for proper legal oversight. Disputes over trade deals were further hampered by different legal systems and the high cost of transnational lawsuits, which made it impossible for a Chinese supplier, for example, to sue an Arab “swindler,” or for a Chinese supplier to seek government protection. In order to minimize the risks, Arab middlemen and Chinese suppliers employed strategies to regulate the market. In turn, in order to gain trust, Arab merchants had to cooperate with Chinese suppliers to strengthen the credit-debt relationship.

Trust between and among Chinese traders was sometimes created in mutual bond-building social activities, such as visiting bars and night clubs, and engaging with sex workers. Sharing the experience of participating in illegal activities functioned to draw the participants into the same circle (Zheng 2009;
The Chinese merchants tried to use this practice to establish “guanxi” with Arab merchants by inviting them to banquet or restaurants and to karaoke. However, in contrast to their Chinese counterparts, Arab merchants were mostly unlikely to engage in these activities, due to religious taboos prohibiting alcohol and fraternization with bargirls and prostitutes. Furthermore, China’s strict visa policy ensured that Arab merchants in Yiwu adhered to the rules and did not get involved in any illegal activity. Chinese suppliers who attempted to establish trust through dubious social activities in banquets and nightclubs were viewed as “conspirators” (tongmou 同谋) by Arab merchants.

Arab traders developed their own strategies for gaining trust in the Yiwu marketplace and recognized the importance of social contacts for establishing trust and confidence between Chinese suppliers and Arab buyers. Scholars have pointed out that when actors have frequent contact and take the time to interact with each other in a business or social context, trust can be engendered because participants can observe the actions and behavior of others across a variety of situations. Thus, information obtained in interactions enables a seller, for example, to anticipate their business partners’ future behavior with confidence (Ganesan 1994). For the Arabs and the Chinese, the establishment of social bonds beyond a business relationship was difficult due to cultural restraints. Arab traders accordingly adopted the practice of inviting Chinese suppliers to visit their hometown in their countries of origin as a strategy to foster trust. Arab buyers hoped that exposure to their families and their daily activities in their home environment would enhance mutual understanding and generate bonds based on a genuine friendship. Information about Arab buyers’ character and behavior was also gathered in this way. Chinese suppliers often accepted Arab traders’ invitations.

To avoid being cheated by Arab clients and to reduce risks in the market, Arab middlemen and Chinese suppliers cooperated with each other by doing business in cash rather than credit. This practice was considered a win-win strategy. Chinese suppliers were able to provide goods in a shorter time and at lower prices, middlemen demand less commission from the Arab buyers, and the Arab buyer was able to order more products at a cheaper rate for the same volume of goods. However, only small-business customers dealt in cash; big customers who ordered goods for many containers in one trip were unable to pay the several million RMB in this way.
Arab middlemen and buyers also illustrated their credibility through religious practice. Their status as devout Muslims denoted honesty and morality. Some Arab traders also informed Chinese merchants of the importance of the Qur’an in guiding them to be an honest trader and the punishments incurred if the tenets of the Qur’an were violated. Through these activities, Arab merchants tried to build up their image as honest traders. Nevertheless, because most Chinese merchants were not Muslims and had little knowledge of Islam, bonds of trust had to be constructed in other ways.

The main mechanism for building trust with Chinese merchants was acting honestly in repeated trading encounters. Mustafa, the largest wholesaler of garments in Yemen, visited Yiwu for the first time in 2001. He imported 80% of his stock from China, mainly from Huangyuan Market in Yiwu. Starting out as a peddler in Sana’a in Yemen, Mustafa rose to become the largest wholesaler in the country, owning more than 12 sales outlets in Yemen, Saudi Arabia and Ethiopia. His business savvy and skill were well-known in the market and, due to his wealth and reputation, creditors were eager to maintain their business relationships with him and accordingly granted him credit and allowed Mustafa to delay payment for three months or longer. After more than 15 years of fruitful cooperation, Mustafa built a business relationship based on trust with his Chinese creditors, who in turn trusted another Arab traders Mustafa introduced to them.

Non-economic ties sometimes also enabled Arab traders to increase their credit ranking. The location of their offices was a way to show their capacity to pay and gain trust in the market. The space that Arab merchants occupied in Yiwu was different from the Chinese rural-to-urban migrant leaders, who tended to organize their housing and market spaces based on mobilizing kinship ties, native place networks and clientele (Zhang 2001). The presence of Arab intermediaries also did not shape spaces; for example, they did not form a distinctively “Arabic” space like African vendors in New York formed an “Africanized” one (Stoller 2010). Where long-term Arab residents lived and worked in Yiwu was an indicator of wealth, which was used by creditors as one criterion to estimate the financial capacities of the middlemen. Offices located in prime locations engendered trust from creditors, so some Arab intermediaries took special care in choosing their office locations. Arab intermediaries with Chinese wives could also benefit from their marriages, as the ethnic connection existing between Chinese wives and suppliers was advantageous for business. Additionally, fluency in Mandarin specifically enhanced the reputation of Arab merchants who went from being international students in China to working as business people. Fluent Mandarin meant that
Arab traders had been in China for many years and they could communicate with Chinese suppliers without disputes or misunderstandings.

“Raising children”

It was in the interests of both the Chinese suppliers and Arab middlemen to enhance their business success, leading to a spirit of cooperation for mutual benefit. A systemic problem for Arab middlemen was paying back the money that had borrowed on credit: it might take several container-loads of goods over several trips to amass the amount of capital required. As a result, some Chinese suppliers, Arab middlemen and buyers developed a special way to deal with this problem. Their solution was referred to colloquially as “raising kids” (yangxiaohai 养小孩), a metaphor used to describe the cooperation between Chinese suppliers and Arab clients. Saeed explained the process of raising his client from being a small vendor to becoming the second largest wholesaler in Alexandria, Egypt:

Cultivating a small client so that they become a big one is like raising a child. We feed them with food and bring them up. Products and low prices are foods. Take my client in Alexandria as an example: he only owned a small shop in 2006 and visited China twice a year. I visited his city in 2008 and knew that the location of his store was much better than others. During my stay in Alexandria, I acted as a potential buyer and visited different hardware stores to compare prices. I found the price margin was small and all shops operated on a similar scale. I suggested my client open more shops and promised to supply goods at a lower price than other importers in Alexandria received. In the long run, my client could become the largest wholesaler in the city because of this price advantage, and the other shops in the city would buy hardware from him at the same or lower prices than they could get in China. I came back to China to seek the support of my suppliers. After negotiation, one supplier from Yongkang in Zhejiang province agreed to cooperate with me and established the supply-consumption
chain directly, rather than have multiple suppliers providing goods for one client. After three years, this client became the third largest wholesaler in Alexandria. He was not a small retailer anymore.

Saeed’s case provided a model to link a Chinese supplier, an Arab middleman and a buyer together. The Chinese supplier and the Arab middleman supported the small Arab buyer to develop into a competitive wholesaler who could compete successfully with the other business people in the same city. The buyer imported the products at the lowest price possible directly from the Chinese factory. With such a price advantage, the small buyer attracted more local retailers and grew into a big wholesaler. This new form of cooperation simplified the relationship between Chinese suppliers and Arab buyers. In the past, Arab buyers had to compare prices and search for the lowest price every time they came to Yiwu, with many different suppliers in the market. Using this method, a single supplier provided the merchandise at the lowest price he could. Thus, the supply and distribution chain become more stable than one based on cooperation with many suppliers.

Another way to reduce risk was by middlemen opening stores or investing in malls in their countries of origin, which operated to cut out small businesses and dishonest buyers. Middlemen chose their commodities from reliable buyers. In this way, they controlled the trade. They collected market information both in China and in the Middle East and North Africa and made decisions on what and how much of a product to order, rather than buying goods in the market blindly. Middlemen could exclude the swindlers by building relationships with retailers, as only honest buyers would be included in the distribution chain.

Both Chinese and Arab merchants benefited from the strategy of “raising kids” in the market. The costs were cut and the activities of smaller traders in the origin countries were curtailed. The relationship between Chinese buyers and Arab suppliers got closer as all agents shared the risk, and Chinese suppliers and Arab buyers had a balance in their power relationship. In contrast to the situation where the buyers dominated the market, Chinese suppliers controlled the supply chain and also influenced the distribution chain. However, the strategy of “raising kids” changed the hierarchy in the market. Only wealthy and influential merchants had the capacity to take part. Small Arab traders had fewer or no opportunities to purchase goods in China on credit alone. Furthermore, some Arab middlemen could not extend their commercial networks because clients were increasingly purchasing goods from wholesalers in their countries of origin rather than
coming to China.

Figure 4.4 An Egyptian buyer taking a photo with a Chinese supplier

Institutional mechanisms to regulate the informal market
Within a market with minimal legal regulation or opportunity for recourse, transactions typically depended on unwritten and cultural business codes. Thus, private organizations played a key role in monitoring individuals’ activities in the market. A common and practical means of resolution of disputes was through the intervention of powerful middlemen, who played the vital role of negotiating with different actors in the community. Using their personal networks, Arab middlemen could trace the route of products once they arrived in their countries of origin and potentially find the culprit if any of their goods went missing. Chinese suppliers relied on social media, such as a WeChat group and a QQ group to share information about problematic traders. They also sought help from the Chamber of Commerce, which had a list of unreliable traders.

However, individuals resolved most disputes, mostly regarding payments, with illegal methods. As no participants had signed formal contracts, Chinese law would not protect any transactional activities. Some Arab middlemen and Chinese suppliers went to their customers’ countries to sue the defaulting merchants, but failed because of the absence of laws regulating international trade in those countries. Without legal or formal channels of recourse, Arab merchants and their staff might have their property destroyed or be threatened. These activities seriously damaged Yiwu’s reputation as a friendly city for foreigners.

The Yiwu government tried to use institutional regulation to administer the market. The risks of doing business, however, increased. Dishonest conduct not only damaged the city’s reputation, but also affected the development of the local market. The local authorities were in an attempt to establish some official oversight to reduce the risks in a weakly regulated economic environment.

The government’s first stipulation was that all Arab middlemen in Yiwu had to register their company or office and pay tax. By forcing the registration of companies, the local government was able to collect the personal information of Arab traders; traders who did not register their company or office were not allowed to apply for or extend their visa. The local government also established a platform called the “Yiwu International Trading Integrated Service and Economic Events Early Warning Platform” (Yiwu guoji maoyi zonghe fuwu ji jingji shijian yujingpingtai 义乌国际贸易综合服务及经济事件预警平台) in 2009. All merchants’ personal information—the name of their company, the owner of the company, the address,

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28 The link of the platform: http://jz.yiwugou.com
residential lease agreement, the time of registering companies, credit ranking and reputation in the market—was collected. The platform was open to the public and freely accessible. Likewise, it investigated defaulted companies or shops (both Chinese and foreign) in order to weed out bad actors. Furthermore, all visitors could add comments or provide information on any company listed in the platform. It became the most important channel to evaluate the credit rankings of market agents.

The “Yiwu Foreign Disputes Mediation Committee” (Yiwu shewai tiaojie weiyuanhui 义乌涉外调解委员会), established by the Yiwu Justice Bureau (Yiwu Sifaju 义乌司法局) in 2013, was another organization set up to mediate payment disputes. This organization was reported on by a variety of national and local media due to its special characteristics, including inviting foreign businesspeople in Yiwu to work as mediators in conflicts between Chinese and foreigners. Mr. Chen, the leader of the local Justice Bureau and the sponsor of the program, founded it because of the “mountains of complaints from both foreign buyers and Chinese suppliers”. An unpublished document reveals that the number of cases involving fraud in Yiwu reached 13,260 in 2012, where the value of goods involved totaled 12 million RMB. The local government came under huge pressure to regulate the market and reduce risk, which prompted the introduction of trading regulations, formalized in the establishment of the dispute mediation committee. Mr. Chen explained the details of the committee’s history and responsibilities:

I am a leader in the Trade and Industry Department and in 2012 I received hundreds of complaints from Chinese shop owners and Arab middlemen every week over payment issues. In our country, we still do not have any law to deal with this kind of dispute between Chinese and foreign small traders, and shop owners did not know who can be trusted, so they came to my office every day. I was wondering whether I should establish an organization that dealt with the conflicts as well as seeking to satisfy both foreign buyers and Chinese suppliers. If I only invited Chinese to join the team, foreign buyers would think that Chinese had a bias to help Chinese. To avoid this, I thought I could play a neutral role. So, I invited foreigners who could speak both Chinese and their own language to work as interpreters and mediators. The foreign buyers trust their compatriots and Chinese suppliers could trust me. I reported my idea...
to our leaders; they agreed to try and approved this organization as an NGO [Non-Government Organization]. Hence, I established the group.

I chose mediators based on three main criteria: first, that the mediators could speak Chinese fluently. They must communicate both with Chinese and their compatriots without misunderstanding. Second, that they had been in China and done business in China for a long time and understood the reasons that caused the conflicts. I would not invite scholars at universities, because they could not understand our business issues. Third, the members of my committee should have a good reputation both in the market and their community. If they had a bad reputation, no one would trust them. After getting permission from my seniors, I published the recruitment information as well as contacting the leaders in the foreign communities in Yiwu. Many middlemen in the market joined us immediately, because all of them wanted to serve as volunteers to build a harmonious atmosphere in the market and to make the market into a better one.

Between 2013 and 2016, 18 members from 18 countries joined this mediation committee and dealt with more than 327 disputes in the market. However, there were over a thousand applications for mediation, and less than 50 cases were selected to be mediated, mainly because the volunteers were part-time and did not have time to deal with all the disputes. Additionally, only cases involving foreign buyers and Chinese suppliers who both agreed to the mediation process could be selected, and in many disputes, the parties involved could not find representatives for both sides. In some cases, the Arab buyers who were to be involved in the mediation did not appear, and the committee had no means to find where they were.
Conclusion

In this chapter, I have described the trading patterns which have developed between Chinese suppliers and Arab buyers. Chinese suppliers provided commodities to Arab merchants on credit, and thus Arab buyers owed money to Chinese suppliers. Arab traders with limited financial capacity took advantage of this to ship large quantities of containers back to North Africa and the Middle East. The commercial transactions went through smoothly if Arab purchasers paid on time. However, in a market with minimal legal recourse and regulation, the reality was that there were considerable risks involved in doing business in this way: debts were frequently delayed, discounted or defaulted.

In order to maintain a cooperative relationship and minimize risks, Chinese merchants accepted their customers’ or middlemen’s requirements to delay or discount payment. Chinese suppliers continued to provide products and were expected to maintain their business relationships. Even though there is a history
of distrust between Chinese suppliers and Arab traders, suppliers acknowledged the risk of doing business, citing the effects of unstable political situations, natural disasters or financial crises as inevitable factors in business. Likewise, Arab buyers could not anticipate accidents. Ultimately, most Chinese suppliers accepted their customers’ need to rearrange their financial schedules to delay, discount or pay in instalments.

Trust between Chinese suppliers and Arab traders was engendered by power dynamics rather than social and cultural values. The stresses of a competitive market forced Chinese suppliers to accept the trading pattern and trust Arab buyers. The trust between these parties was, therefore, a function of the buyer-driven market. This case shows how a competitive environment can actually provide opportunities for groups with limited capital to take part in international trade.

Local government played a positive role in regulating the market. The situation of Arab merchants trading in Yiwu is different from how western investment in China operates. Western investment brings both capital and technology to the local society, whereas the presence of Arab traders in Yiwu can be regarded as the consequence of low-end globalization, characterized by actors operating informal businesses with limited capital. Government typically plays a negative role in low-end globalization (Mathews & Yang 2012; Mathews, Lin & Yang 2014). However, this case shows that the Yiwu local government actively involved itself in regulating the market, since the local economy was highly dependent on the international market, and Arab traders played a central role in the development of local business.
Chapter 5  Weaving together: Minority, Trust and Gender in the Labour Market

Visitors to the Yiwu mosque on any Friday after prayers would likely be struck by the scene before them, uncommon even when compared with other Chinese cities with large Muslim populations. Streams of male worshippers dressed in white robes and kufi caps and females wearing head scarves can be seen crowded around food vendors or heading to the car park after their regular Friday worship. This busy, noisy, regular event has attracted the local government’s attention. To ensure traffic flow and safety in the areas surrounding the mosque, local police direct the traffic every Friday and at Islamic festivals. On Fridays, all vehicles except public buses, taxis, and two-wheeled motorcycles were banned from entering the road in front of the mosque.

The Muslim population in Yiwu has increased noticeably in recent decades. The number of Muslim attendees at the mosque reached a peak of more than 15,000 during the 2008 Ramadan period, the Muslim Holy month, when export businesses in Yiwu were most active.29 Participants not only gathered inside the mosque but also occupied the road in front of it. At the time of my fieldwork in 2016, the number of participants attending prayers fluctuated between 500 and 3,000.30 The mosque not only provided a gathering place for worshippers but also attracted many people in search of opportunities. Outside the mosque, many Chinese Muslim beggars waited for alms, while several Chinese suppliers hovered on the street with samples of products, seeking business among the worshippers. Occasionally, several Chinese Muslims gathered in front of the mosque gate, holding placards calling for donations to build a new mosque in northwest China.

The influx of foreign and Chinese Muslims to Yiwu was a result of the success of export businesses to the Middle East and North Africa, home to large number of Muslims. The arrival of Muslim Arab traders created many job opportunities for Chinese Hui Muslims, who predominantly worked as Mandarin-Arabic interpreters, while others, mainly self-employed, ran halal restaurants or established import-export companies and wholesale stores. A smaller number of Chinese Muslims were involved in less significant activities, such as exchanging money in underground markets or selling SIM cards on the street.

29 The Imam in the local mosque provided me with the data, but the local authorities did not have any records about the attendees.
30 The population of worshipper peaks at the time of the annual Canton Fair, which is also when large numbers of buyers visit Yiwu.
Mandarin-Arabic interpreters played a key role in connecting the Chinese Muslim and Arab Muslim communities. Although there were two main groups of interpreters in the market, namely Mandarin-English interpreters and Mandarin-Arabic interpreters, the Mandarin-Arabic interpreters were the most sought after and most important. This was particularly the case in the late 1990s, when most Arab traders arriving in China spoke only Arabic and were dependent on Mandarin-Arabic interpreters to conduct business.

The high demand for Mandarin-Arabic interpreters inspired a large number of Hui Muslims to come to Yiwu, predominantly from northwest China, which has always had a high Muslim population. Most of these migrants were males in their twenties and thirties who attended language classes held either in the mosques or private Arabic language training schools, while some graduated from universities in the Middle East and North Africa. Their language ability in Chinese and Arabic, as well as a shared Islamic faith, ensured their appeal to Arab traders and saw them take full advantage of opportunities presented in the labour market.

This chapter discusses how the Arab traders managed Hui Muslim employees in the labor market. I begin by illustrating why Hui Muslim interpreters participated widely and became integrated in the export industry, including a discussion of the requirements and responsibilities an interpreter had to fulfil inside and outside of the office. Next, I discuss how their participation in the market created a situation where interpreters had the power to negotiate with Arab traders but also had to bear part of the risk in business transactions. Thus, cooperation as well as conflict existed between the Hui Muslim interpreters and Arab traders. Specific actions of some Hui Muslim interpreters, such as taking bribes and stealing customers, damaged relations with Arab traders. Consequently, Arab traders combined religious rules with other strategies to regulate their Chinese employees. Finally, I discuss why Arab traders preferred female interpreters.
Figure 5.1 Chinese Muslims and foreign Muslims celebrated Eid together in the mosque in 2016.

**Spiritual discipline**

The relationship between foreign capitalists and Chinese rural migrant workers has become a major topic among scholars since China first started to welcome direct foreign investment in eastern coastal regions after the “opening up policy” in 1978 (Pun 2005; Pun & Smith 2007; Chan 2011; Kim, Jaesok 2014, 2015). This topic has been explored using the dichotomies of capitalism versus socialism, globalization versus localization, and formal versus informal practices. Some scholars have viewed foreign employers as being in a position of power relative to rural migrants, where weak and marginal rural migrants were forced to perform specific tasks on the shop floor and work like machines (Pun, 2005, Pun and Smith, 2007). Essentially, these researchers argued that rural migrants had little control over their conditions and were forced to work in a rigid and controlled environment. These studies focus on workers in the manufacturing sector and the “dormitory regime”. My study will contribute to this body of work by examining a different
context: a non-factory sector. This study also focuses on a minority migrant group and examines the issue of ethnicity in the labour market.

The working pattern of Hui Muslim interpreters employed by Arab traders differed from workers in the factories. A high level of dependency on the interpreters resulted in them spending a great deal of time outside the office environment, guiding Arab buyers to the marketplace and collecting products from warehouses for buyers. Their familiarity with the local marketplace facilitated opportunities to connect Chinese suppliers and Arab buyers. As a result of this dependency, trust between Arab traders and their Chinese employees was of paramount importance. In contrast to the treatment of migrant workers in factories, Arab employers were unable to use physical force on their Chinese Hui Muslim employees. Because Chinese Hui Muslim spend most of their time out of office. Thus, Arab employers reverted to their common Islamic faith to regulate their Hui Muslim employees.

Scholars have referred to the phenomenon of combining Islamic faith with other management strategies to regulate economic activities as “spiritual economies”. Spiritual economies have resulted in spiritual training programs in the mass media and lifestyle books and manuals designed to inculcate individual accountability, responsibility and self-management (Rudnyckyj 2010; Tobin 2016; Rudnyckyj 2017). Carrying out research in financial industries in Jordan, Tobin (2016) found that the Qur’an, Hadith and the historical and religious context are invoked to guide employees’ daily activities in a Jordanian bank. Encouraging employees in the bank to practice religion builds loyalty among Muslim employees as well as attracting pious Muslim customers. In an Indonesian state-owned steel factory, managers combine religious knowledge with modern psychologically informed administration to inspire and regulate employees’ activities in their work and daily life. Self-discipline and entrepreneurial action are represented as Islamic virtues that should inform one’s ethical conduct both within and beyond the workplace (Rudnyckyj 2009, 2010). In these two cases, both Jordan and Indonesia are Islamic dominant religion. When the residents suffer from a crisis of belief under modernity and globalization, both employers and employees have to rebuild their belief system, leading them to accept discipline. Employers successfully regulate their employees with spiritual discipline. As a result, discipline based on religious belief is a manage tool to strengthen the employee’s loyalty to their employers.
Arab traders tend to use Islamic faith as a tool to manage Chinese Hui Muslims’ activities. Islamic practices, such as reciting the Qur’an, sharing stories of Hadith and discussing events in the Prophet Mohammed’s life, were commonly referred to in guiding the activities of Chinese Hui Muslims. Arab traders established expectations that their Hui employees would behave like good Muslims by behaving appropriately, following Islamic rules and remaining loyal to their employers.

However, Hui Muslims working as interpreters often ignored spiritual discipline and violated Islamic rules. Frequent contact with both Chinese suppliers and Arab buyers created opportunities for them to engage in activities such as taking kickbacks from Chinese suppliers and stealing Arab buyers from their employers. These activities violated the Islamic rules for how a good Muslim should behave. But for Hui Muslims, social mobility in the city was a higher priority than being seen as a good Muslim. As an informal workforce in the labor market, Hui Muslim interpreters suffered from low wages and a lack of insurance and social welfare. In order to protect their life and livelihood, they engaged in activities that violated their faith.

I argue that language skills and Islamic faith were successful as a means of securing interpreting jobs for Hui Muslims but not successful when Arab employers tried to use them to regulate their employees’ behavior as the Hui Muslims were an informal workforce. More importantly, Muslim interpreters, who played a critical role in assisting Arab traders’ business transactions, had the power to negotiate both with Chinese suppliers and Arab buyers. Ultimately, the Hui Muslim employees had enough power to resist the “spiritual discipline” that Arab traders were trying to impose on them.

**Integrating Hui minority migrants into the export market**

As has been shown, Arab buyers were highly dependent on Hui people to conduct business in the marketplace. The Hui are one of 55 ethnic groups officially classified as minorities in China. Their settlement in China can be traced back to the eighth century but has undergone several fluctuations over time (Gladney 1994, 1996; Dillon 1999; 2004). The Hui are not attached to any specific territory but are dispersed all over China. They constitute a majority, or at least a very sizeable minority, in areas of northwest China such as the Ningxia Hui Autonomous Area (hereafter Ningxia), Gansu 甘肃, Qinghai 青海.
and the Xinjiang Uygur Autonomous Area (hereafter Xinjiang). \(^{31}\) A belief in Islam is an essential component of Hui ethnic identity and differentiates them from the majority Han Chinese population, even though the Hui community and their practice of Islam has suffered suppression throughout history (Dillon 1999; Gillette 2000; Israeli 2002; Lipman 2011). Because of their Islamic practice, the Hui community has retained elements of written and spoken Arabic, which they use as a means of asserting their distinct Muslim identity. Arabic, of course, is the language of the Prophet and the manifestation of the word of Allah as it has been conveyed to humanity in the Qur’an (Israeli 2002).

However, the ability to speak Arabic is limited to a few professionals and religious clergy and not widespread among the greater Hui population. Religious education was banned during the Cultural Revolution, resulting in a decline of the number of Hui who could speak Arabic. An increase in Arabic language knowledge among the Hui occurred when the government allowed Islamic academic training for clergy to be reinstated in the 1980s. As a result, Hui students were sent to Islamic schools to study for four to five years, where they could enroll in courses including study of the Qur’an, Islamic culture and management. Researchers, teachers and high-ranking personnel engaged in international Islamic studies, and also participated in academic exchange programs with the Middle East and North Africa. There was, moreover, a small number of schools in China producing interpreters and translators in Arabic to develop economic ties between China, the Middle East and North Africa (Dillon 1999).

The professionalization of interpreting work followed the blossoming of an export economy in China. As a result, learning Arabic created opportunities to benefit from the growing export market instead of just religious reasons. Inspired by the demand for labour in coastal cities, more families sent their children to mosques or Arabic language schools to learn Arabic. Learning the Arabic language for commercial purposes originated in Ningxia and from there spread into other areas with concentrations of Hui people. Its popularity, however, was not limited to northwest China. Private Arabic training schools, such as vocational schools specializing in training interpreters at elementary and intermediate level, commenced in other

\(^{31}\) According to the sixth censuses, there were 6.3 million in Ningxia, and around 30 percent was Hui minority, mainly congregated in Wuzhong 喀纳斯 City and Guyuan 喀什 City. The Population of Hui minority in Gansu and Xinjiang was also over 1 million. 126
provinces where there was a concentration of Hui, such as Gansu and Xinjiang. Other students came from a few counties or cities in Shandong, Henan 河南, Hunan 湖南, Shaanxi 陕西, and Yunnan.

As has been shown, Ningxia supplied the largest number of interpreters to Yiwu. Most of the interpreters were from the central part of Ningxia, such as Wuzhon City and Lingwu 灵武 City. Although Ningxia Hui interpreters started to move to Yiwu in the late 1990s, their numbers were few at first, as it was rare at that time for Yiwu Arab traders to employ long-term interpreters. In this period, most Mandarin-Arabic interpreters travelled from Guangzhou to Yiwu for a short time, since Guangzhou developed an export industry earlier than Yiwu.

The efforts of the Ningxia government to support the training of Mandarin-Arabic interpreters since then have also stimulated the development of the interpreter market. In 2005, there were more than 100 private Arabic training schools in Ningxia. These schools received support or subsidies from the local government. In the same year, the Wuzhong City government established the “Yiwu Arabic interpretation administration and service centre” (Yiwu Ayu fanyi guanli fuwu zhongxin 义乌阿语翻译管理服务中心), to establish a formal, stable and reliable supply of interpreters to Yiwu. Sending Mandarin-Arabic interpreters to an export city (waimao chengshi 外贸城市) was considered a way to boost the local economy, as interpreters sent remittances back to Ningxia where they could be used to build new houses, buy cars, or reinvest in other industries.

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Arabic language training

Arabic is not a subject in regular schools. In my fieldwork, I found that some Muslims learnt Arabic incidentally when they were sent to mosques by their families, whereas others deliberately chose to study Arabic in a mosque or private school. Despite opportunities to study Arabic at some Chinese universities or overseas institutions, I only met a few interpreters in the Yiwu marketplace who had graduated from a Chinese university and majored in Arabic.\footnote{A few interpreters explained to me that the more expert interpreters worked in Guangzhou, with its larger market and bigger companies. The Yiwu market is too small to attract such experts.} The majority of Arabic interpreters received their Arabic training in an informal way, through mosques or private Arabic training schools.
Mosque education, in some Hui families, supplemented formal education in public schools. For these families, the main purpose of sending their children to the mosque was to make sure they maintained their Muslim faith, not to give them opportunity to find work as interpreters. This was particularly the case for conservative Hui families, who were not able to undertake religious education when it was banned during the Cultural Revolution. Thus, many of these parents used their children’s education to compensate for their own lack of religious training. However, the high demand for Mandarin-Arabic interpreters in Yiwu and Guangzhou and the prospect of a high income compared to staying in one’s hometown gradually attracted the students who studied in the mosque to become involved in interpreting.

The other main avenue for obtaining an Arabic language education was to attend a private Arabic training school, which was also supported by local authorities, and thus became a crucial channel for training Mandarin-Arabic interpreters (Ma, Q 2007; Jin 2009). Besides Ningxia and Xinjiang, some small-scale language training schools blossomed in the counties and cities of Shanxi, Henan, and Yunnan, where Hui people also lived. Many of the Hui interpreters I met in Yiwu had studied in Wuzhi County, Henan Province, or Shadian County or Zhaotong City in Yunnan Province. In order to satisfy the requirements of the market, these private schools also taught students computer skills. Many interpreters chose to study Arabic in a mosque or private Arabic training school because they performed badly in their formal academic education and obtained poor marks.

A small number of Hui studied abroad, with Egypt, Syria, Pakistan, Saudi Arabia and Jordan being the most popular countries. A few of these students received a scholarship from their host country, based on their two or more years of study in China. Having received professional training and instruction in Arabic and Islamic studies, many graduates worked as high-ranking clergy in the mosques, or in government departments or state-owned companies that invested in Arabic-speaking countries, on their return to China. A few students from prosperous business families, with a tradition of involvement in trade and finance with the Arab world, went back to develop their family business. Some of them also came to Yiwu so they could prosper in the more open financial environment created by export industries. Students without any family support and who did not work for religious organizations, governments or state-owned companies, or their own businesses, worked as interpreters in companies owned by Arab traders. In the words of Xiaoma who
came from Ningxia, who had studied in Egypt for two years, and had been in Yiwu for six years, working as an interpreter could help him achieve something in his life.

Working in Chinese foreign investment companies does not give you any freedom, especially not in state-owned companies. The hierarchy is very strict, and you have to follow all the rules. Without an appropriate background and not having guanxi, you could never to move up in the company. More importantly, working in a foreign country, you are too far away from your friends and family. The opportunity to do interpreting in Yiwu will give me a bright future because I can run my own business with my own customers. I will not need to do temporary jobs (dagong 站工) my whole life.

Many young interpreters like Xiaoma dreamt of becoming successful businessmen but still needed to accumulate capital before starting their own business; working as an interpreter is seen as a stepping-stone to a future career.

With the demand for Mandarin-Arabic interpreters, many language schools were opened in Yiwu, mainly providing English and Arabic training for Chinese people and Chinese language training for foreigners. Some Hui interpreters taught part-time in these language schools. During my fieldwork, I studied Arabic myself in two private language schools. The tuition fees were not high, charging 1960 RMB for one program which lasted three months in 2016. One-to-one teaching was more expensive, costing 3000 RMB for one program. Hui Muslims who could not speak Arabic also registered in these schools to learn Arabic after work.

**The work of an interpreter**

The word “interpreter”, that is someone who translates speech from one language to another (fanyi 翻译), does not reflect the complexity of an interpreter’s role in Yiwu. Interpreters assist Arab business people in
both business and personal issues. They perform many more complicated services than simply interpreting language for Arab buyers. Their jobs can be divided into the work they do in the office, and the work they do outside. In the office, they searched for products online and compiled lists of products they had ordered for customs clearance. Arab buyers frequently sent samples, which they had collected from different markets all over the world, to the middlemen. The interpreters’ main responsibility was to find where the same products could be sourced in China. With the growth of e-trade in China, interpreters needed to first search for products online, and then locate Chinese suppliers, including where their factories or stores were, the price and volume of products, and whether it was possible to send samples or visit factories. After collecting these details, interpreters summarized their information and shortlisted the most suitable suppliers for the Arab middlemen. Even if buyers did not require them to search for new products, in periods of low activity many Arab middlemen hunted for new goods to demonstrate their professionalism and worked to update the range of products that could provide for their customers. In the office, interpreters also need to “compile lists” (zuodan 做单) of the inventory of ordered products, and calculate their volume to make sure the shipping containers had enough space. These lists were also the certified files used for customs clearance. A mastery of communication and mediation strategies, such as expediting an order, monitoring its delivery, and making excuses to delay paying, were often the criteria used to measure the qualifications and professionalism of interpreters.

Outside the office, interpreters spent most of their time in the marketplace and warehouses, travelling to suppliers’ factories, and attending trading fairs, such as the Canton Fair, held annually and considered one of the most important venues for meeting Chinese suppliers. This was especially so during the high-order seasons. It was also common for interpreters to be absent from their offices for a whole month, during April and October when the Canton Fair was held in Guangzhou. Interpreters were also required to accompany Arab buyers for month-long trips or longer to search for products and visit factories. Back in the marketplace, interpreters guided Arab buyers to different stores where they assisted in negotiations with Chinese suppliers. Noting details and taking photos of the goods was also necessary before placing an order. All these details were used as proof to confirm that suppliers did, in the end, send the ordered products and to avoid later disputes. It was not uncommon for interpreters to quarrel with suppliers in the warehouses over

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Notes:

34 Interpreters search for products mainly on Alibaba, which is the biggest online trade platform in China.
differences in the quality, volume or colour of products. Thus, language interpretation was only a small part of the job of the interpreters, who supervised the whole transaction process, from finding products to paying off debts for buyers, to collecting and checking ordered products.

The boundaries between work and private life were also blurred in the relationship between Arab buyers and interpreters. When Arab buyers visited China, they purchased gifts and daily necessaries, such as toys, cosmetics and clothes for their families and friends. At the night market and shopping malls in Yiwu, it is common to see interpreters following Arab buyers and assisting them with selecting suitable gifts. Having meals and smoking the hookah in restaurants or coffee shops is considered a perk for interpreters. Similarly, Arab traders residing in Yiwu require interpreters not only for business matters but also to assist with the necessities of daily life. For example, interpreters accompany their employers to hospitals and banks, pick their children up from school, do the grocery shopping and clean their houses. Many interpreters told me that they did not regard this job as a profession as they had many roles: interpreter, servant, personal assistant.
Cultural intimacy in the labour market

Although there is, in theory, an equal opportunity for any ethnicity interpreter to work with an Arab trader, Hui Muslims dominate this market. The primary reason for this is a cultural intimacy between Hui Muslims and Arab traders, who call each other brothers.

On 7 September 2016, the Yiwu mosque employed a new Imam and held an inauguration ceremony. More than 130 Chinese and foreign Muslims attended this ceremony. Palestinian businessman, Ameen, representing an Arab commercial organization, welcomed the new Imam Yang Kai to the Yiwu mosque.
Today, I am so happy and proud to be here to represent our foreign Muslims and give a speech to welcome Yang Kai Ahong 阿訇. Yiwu is a good place. Not only does it provide commercial opportunities but also a good environment for Muslims to gather together. We should cherish these opportunities and disregard where we are from, disregard disputes in religion and disregard each other’s economic status, and instead, we should consider all Muslims as one family aiming to achieve success in business. Peace, friendship and equality are our goal, no matter where we are. Today, I want to tell Yang Kai Ahong, that all our Muslim brothers will support you, because we are family. We are good brothers.

“Family” and “good brothers” were words I heard frequently in Yiwu to describe the relationship between Chinese and foreign Muslims. Nevertheless, it also actually highlights an attitude towards divisions between the Arabs and the Hui, and between the Sunni and the Shi’a.
Hui Muslim migrants leveraged their fraternal relationship with Arab traders to make themselves a strong and indispensable power in the export market. Compared to Han migrants, Hui and other minority migrants in China, are disadvantaged as job seekers due to a generally lower educational level, remote home location, and limited market information, which translates into fewer opportunities in the job market (Iredale et al. 2001; Iredale, Bilik & Guo 2003; Paik & Ham 2012; Tapp 2014). As a result, minority migrants generally take jobs with lower salaries (Liu, S 2010). They only have an advantage in the minority cultural performance market (Schein, Louisa 2000; Bhalla & Qiu 2006). A similar example can be seen in the superior positions and corporate benefits enjoyed by Chinese Koreans from the northeast who work in South Korean factories in Qingdao. South Korean investors want to maintain a Korean ethnic authenticity in the factory. South Korean expatriate workers also view Chinese Koreans as part of the Korean nation (Kim, Jaesok 2014). This shows that being a part of a minority is an advantage in certain local labour markets, not just because of bilingualism but also due to “cultural intimacy” (Herzfeld 2016). Like Chinese Koreans, Hui Muslim migrant interpreters from rural and remote parts of China benefited not only from their bilingualism but also from their minority identity and their shared belief in Islam. Muslim monotheism and rejection of
idols, together with abstaining from pork and following special slaughtering laws, make it difficult for non-Muslims to tell them apart. Cultural affinity put Hui Muslims in a dominant position in the export market.

Daily Islamic practices also engendered a feeling of intimacy. Chinese Muslims had an insider understanding of cultural differences. Arab buyers had many prohibitions when ordering goods because of religious rules. For example, the sale of clothes with pictures of pigs, idols, blood or ugly animal features is not allowed in Arab countries. Muslims understood these restrictions, whereas non-Muslims could not distinguish clearly what products were suited for overseas Muslim markets.

Cultural conflicts also existed in the office:

I had employed non-Muslims before, because I did not think that faith should influence my decision in employing someone. I only cared whether my staff were valuable enough to justify their salary and contribute to my business. However, I cannot tolerate activities that make me feel I have wronged my faith. I had a non-Muslim employee before. She ate pork in the office. I did not know about her diet until other Muslims complained to me. In the end, I fired her and gave her one month’s salary as severance pay. After that, I preferred to employ Muslims, as we are used to each other’s lifestyle and understand each other. When we meet, we say “al-salamu” (peace be upon you) rather than “hello”. We pray together, go to the mosque together, and celebrate our festivals together. Non-Muslims could not understand our life. When we are fasting, they think we are crazy people. Furthermore, non-Muslims feel isolated by other staff in my office when they are not involved in our religious activities. This is why I prefer Muslims in my office.

This statement came from Ahammad, an Egyptian businessman, who only employed Chinese Muslims. Hui interpreters were specifically preferred for their language skills and cultural affinities with their Arab bosses.
Praying and engaging in religious activities together enhanced trust between Arab employers and Chinese Muslim interpreters. It was common to see Arab traders discussing their experience as Muslims in their countries of origin or commenting on the sermon given during Friday worship in the mosque. Arab traders and Chinese Muslims also shared their feelings about reciting the Qur’an and reading the Hadith. Through sharing their experiences of religious education, they discussed how to educate their children in a secular society. All these activities shaped their business relationships.\footnote{A few Arab traders invited non-Muslim interpreters to join them to pray or go to the mosque together, for the purpose of persuading the latter to experience Islam and convert to it. However, unfamiliarity with Islamic ritual served only to frustrate non-Muslims.}

**Affective response: exchanges of trust in the export industry**

The high degree of trust in the relationships between Arab employers and Chinese Muslim employees, based on sharing religious activities, changed their patron-client relationship to one more like “brethren” than “bosses and workers”. Arab traders had the view that all the Muslims in the world were from the same big family (*tianxia musilin shi yijia* 天下穆斯林是一家), who believed in the same Allah and shared similar values. As a result, many Arab traders trusted their Hui Muslim employees and opened bank accounts under their employees’ name. From the Chinese Muslims’ perspective, Arab traders were from the homelands of Islam, who were by definition the most pure and perfect believers, as they came from the place where the Qur’an was revealed and where the Prophet lived. Such pure believers would not mistreat them. In addition to a shared religion, the use of the Arabic language for communication distinguished them from market competitors who could not speak the language, giving Arabic speaking Chinese Muslims a virtual monopoly on the thriving interpreting market in Yiwu.

Furthermore, cultural connections between Arab traders and Chinese Muslims resulted in a paternalistic management relationship in the office. Arab traders considered their Hui Muslim employees as marginal, backward and powerless in economics and politics in China. This was especially the case since the state had launched stricter policies against Chinese Muslims in the past decade.\footnote{In recent years, China has banned burqas, veils and “abnormal” beards in predominantly Muslim provinces, especially in the Xinjiang Uyghur Autonomous Area. There was also a crackdown on mosques in Ningxia. Reports of these activities were highlighted by the foreign media – predominantly from Egypt and Turkey – and made Arab traders in Yiwu start to empathize with their Muslim employees.} They sympathized with the situation.
of Chinese Muslims and supported them economically. This could involve lending money to Chinese Muslims to build a new house in their distant hometown or providing more job opportunities to people from a current employee’s hometown (laoxiang 老乡). In return, Chinese Muslims perceived that Arab employers not just as employers but also family members.

The role of guarantors

The overlapping nature of the working and personal lives of Chinese Muslim employees and Arab employers often meant that Muslim employees would be willing to take on the role of guarantors in the marketplace. The process for foreigners to register a company in Yiwu was complicated: Arab traders needed to provide documents such as invoices, receipts, expenses and so on, which was impossible for many of them. However, registering a company was a necessary condition of obtaining a goods and services tax (GST) refund. Refunded GST was a significant sum for some companies. An alternative strategy for some Arab traders was to register the company under the name of their Chinese-born interpreters. As a result, Arab traders controlled the company but made their interpreter legal the representative.

In the marketplace, interpreters played the key role as guarantors when seeking credit from Chinese suppliers. The practice of Arab traders sending money to their interpreters’ bank accounts and Chinese interpreters then paying off debts to Chinese suppliers gave Chinese suppliers the impression that the Chinese interpreters were in partnership with their Arab employers and should therefore be responsible for all losses in transactions. Chinese suppliers favoured Chinese interpreters over Arab middlemen as it was easier for them to communicate with Chinese-speaking interpreters than with Arabs. Chinese suppliers also believed that interpreters were more trustworthy than Arab traders and found it easier to investigate an interpreter’s personal and social networks.

These circumstances placed interpreters in the position of bearing commercial risk. The obscure nature of the employee-employer relationship created conflicts in the market. Chinese suppliers often assumed that interpreters who accompanied their Arab employers everywhere should be familiar with the background of
their Arab employers. When Arab traders left the market without paying their debts, interpreters who were the legal representative of a company had to bear all financial and legal consequences.

In addition to being sued by Chinese suppliers, interpreters could suffer threats to their personal safety. Xiaoxia, for example, was detained in his office for two weeks by Chinese suppliers, who forced him to promise to help them retrieve all the debts owing to them. Xiaoxia was the only guarantor when his Egyptian employer went back to Cairo and left around 3 million RMB debt in China. Chinese suppliers suspected that Xiaoxia had colluded with the Egyptian trader to take their products without payment. They found out where Xiaoxia’s family lived in Ningxia and threatened to destroy his house if they could not get their money back. In the end, Xiaoxia had to accompany three Chinese suppliers to Cairo in order to retrieve the money owed.

Interpreters also became scapegoats when the state launched prosecutions for selling counterfeit products or knock-off goods. Shipping “made-in-China” fake goods back to home countries was a high-profit commercial activity. Evading state prosecution for trading counterfeit goods became a key issue of concern for Arab traders. In Guangzhou and Hong Kong, African traders used strategies such as maintaining sufficient social networks and cultural capital to escape from the authorities’ surveillance. The most serious risk for African traders buying fake or counterfeit goods was the danger of their products being confiscated by Chinese customs (Mathews 2011; Mathews & Yang 2012; Mathews, Lin & Yang 2014; Haugen 2018). In Yiwu, a number of similar cases saw the interpreters being held responsible rather than the Arab traders, who accused their interpreters of illegal activity by arguing that, as foreigners, they were unable to recognize counterfeit products ordered on the advice of their interpreters.

In order to protect interpreters from being prosecuted as criminals or scapegoats, both local government and Muslim organizations invited lawyers or experienced Chinese entrepreneurs to train interpreters to protect themselves, by giving them suggestions on how to distinguish between their work responsibilities and their personal relationships. A commercial lawyer, Ms. Zhang, told me that every year she had to deal with at least 50 cases in Yiwu relating to conflicts between interpreters and Arab traders. In her words, many interpreters were young and came from rural areas and lacked an understanding of Chinese law. They considered registering a company for their employer to be simply assisting a friend and lacked any awareness of their legal liability.
It is undeniable that Arab traders’ economic success was a result of their personal abilities but their achievements relied heavily on the support and cooperation of many Chinese employees. As a result, maintenance of the employer-employee relationship was the pivotal factor for success in the export industry. Using religion to regulate Muslim interpreters was the predominant strategy used by Arab traders in the labour market. Arab traders tried to regulate their employees through a shared understanding of how a good Muslim should behave and the punishments that awaited those who engaged in deviant behaviours. They emphasized that a good Muslim should be self-governing, accountable and responsible in the performance of their work. The idea that “Allah knows everything” was invoked as an invisible power to supervise Muslim employees outside the office. Arab traders were unable to supervise their employees through the whole course of any particular business transaction, so they repeatedly claimed that the Allah perceived all actions and that bad acts would be judged in the afterlife; the present life is temporary, but the afterlife is eternal. In other words, Islamic faith became a medium to regulate employees’ activities. Performance in the workplace was more than just working as an employee for Arab traders; accountability and responsibility were behaviours that Allah demanded of a good Muslim.

“Dirty hands”: taking kickbacks and stealing customers

On the first working day after the spring festival holiday in 2016, an Egyptian businessman, Samir, complained to me about the resignation of his two interpreters. He was upset not only because they had waited until the last minute to inform him but also because it was extremely difficult to find two new experienced interpreters at such a busy time. The period after spring festival was a high-order season in Yiwu as many Arab buyers visited the market to place new orders, so a lack of interpreters in the office would probably result in a loss of customers. Samir’s experience was not unique: interpreters commonly left one employer to join other companies, sometimes without giving any reason. Two sources of embarrassment to Arab employers are dishonesty in business and high staff turnover. I heard the same complaints as Samir’s many times from other Arabs. To facilitate continuity and success in their businesses, Arab employers preferred to build long-term relationships with their employees and required them to remain loyal and honest. However, the reality did not always match the situation they hoped for.
Taking kickbacks: “there are no clean hands among Muslim interpreters”

“There are no clean hands among Muslim interpreters” is a sentence I heard thousands of times from Chinese suppliers and Arab traders. Rumours about Muslim interpreters taking kickbacks and stealing customers were overwhelming in the market. Non-Muslim interpreters were also involved in these activities but in Yiwu it was Muslim interpreters in particular who were labelled greedy and dishonest. This was directly related to the large number of Muslim interpreters and their powerful position in the market. It was also because the activities of the Muslim interpreters contradicted the image that Chinese Muslim interpreters and Arab traders belonged to the same family.

Taking kickbacks was a phenomenon that had accompanied the development of export industries in Yiwu. Interpreters explained that they learned the practice from Mandarin-English interpreters in Guangzhou. According to them, the main reason for taking kickbacks was the extremely low prices of products in China. Even if they named a price above the selling price of the suppliers, buyers would still accept it and still make a profit. Thus, in the market, interpreters kept two different accounts, called the lunar account and the solar account (yinyangdan 阴阳单). The solar account showed the price asked by Chinese suppliers while the lunar account was the one that interpreters gave to the buyers after adding their kickback. Another way to take kickbacks was called “including the whole” (quanbao 全包). Many interpreters negotiated with Chinese suppliers to get a bonus for each transaction. When interpreters introduced customers to a Chinese supplier, and persuaded those customers to order the supplier’s products, the Chinese supplier paid a red envelope (hongbao 红包) to the interpreter on completion of the transaction, which was a proportion of the total account. These two ways were called “selling at agreed prices” (mingmabiaojia 明码标价). Other bonuses enjoyed by interpreters included receiving a hongbao on every traditional Chinese festival, recharging phones online, and invitations for meals or Karaoke.

The attitude of Chinese suppliers towards the underhand practices of interpreters involved a paradox. On the one hand, Chinese suppliers called the interpreters “gods of wealth” (caishenye 财神爷), since they
brought in customers and had this had a direct impact on their profits. In order to maintain their relationships with customers and update product information for buyers, Chinese suppliers had to depend on interpreters. Rather than interpreters soliciting kickbacks, suppliers offered them in order to maintain a long-term relationship when competing with other suppliers. Because stores selling similar products were gathered in the same area in the marketplace, interpreters stayed for longer in their familiar and preferred stores. Some interpreters directly guided buyers to the stores with which they had a good relationship. However, Chinese suppliers were often annoyed by their negotiations with interpreters and angered by the interpreters’ activities, particularly when interpreters made more money than suppliers. Mr. Chen, a supplier in the marketplace, told me:

I was familiar with the phenomenon of interpreters taking kickbacks and increasing prices. But I could not tolerate a Muslim interpreter’s fake piety (jiazhengjing 假正经). I knew a Muslim interpreter from Ningxia called Ma Millionaire (Ma baiwan 马百万), who looked so pious and carried his prayer mat with him everywhere. He often stopped what he was doing to pray. He did not eat or drink anything at Ramadan, but he was the greediest interpreter I met in Yiwu. One event made a very deep impression on me. In 2003, he accompanied a new buyer from Saudi Arabia to order a package for more than 180,000 RMB from me. I will remember the exact price forever because I have told this story again and again to warn new suppliers to pay attention to greedy Muslim interpreters in Yiwu. Unbelievably, for that transaction, I only earned around 12,000 RMB but the interpreter made over 40,000 RMB, more than three times my profit. He just needed to move his lips (dongdong zui pizi 动动嘴皮子)! How rapacious! Three years later, I saw him driving an Audi. He told me that he also bought a house in Yiwu and a new apartment in Ningxia. With his normal salary, that would be impossible; everyone knew how he made money. It is no exaggeration to say that he made more money than most suppliers in the marketplace.
Arab business people were always full of anger over their impotence in relation to kickbacks. They were seen as collusion between Chinese suppliers and interpreters, damaging the interests of both Arab middlemen and buyers, since buyers had to pay more for the same volume of products.

However, it was difficult to uncover such activities. Arab middlemen and buyers trusted their Muslim employees. This trust, built on shared religious beliefs, between Arab middlemen and interpreters strengthened employment ties. Moreover, Arab middlemen and buyers lacked sufficient knowledge of products and the pricing system to uncover corruption. Interpreters were involved in the whole transaction process and might be seen as not only contributing their labour to complete an order, but also deciding whether the transaction would go through successfully.

Arab traders tolerated corruption, to some degree, until it really affected their businesses. Even after finding out, they still turned a blind eye if the kickbacks did not threaten their business, taking the view that it was impossible to stop all corruption and accepting kickbacks was ubiquitous in the market. Some Arab middlemen told their interpreters to increase the price so that the middlemen could give a new price to customers to make more money. Furthermore, a few Arab traders accepted the activity of their employees taking kickbacks, because they believed that their fortunes were determined by Allah. A loss in business or diminishing profits came from Allah but He would provide compensations, such as health, family harmony and so on. Appropriate punishments would be inflicted on interpreters in the afterlife.

This did not mean that Arab traders allowed the phenomenon to expand; rather, they employed several countermeasures. One strategy was to control the whole transaction process themselves, without the services of an interpreter. Traders would check prices in advance and only bring interpreters in to record details on the day the order was made. Yemeni middlemen flattered themselves as the most hard-working merchants in Yiwu. They went to the market every day to check the newest products and understand the price system in the market. As a result, interpreters only bargained with Chinese suppliers to reduce the original price in order to increase their own income. In this way the profits of the middlemen and buyers remained unchanged.

Arab traders had many customers and ordered thousands of different products every day. As a consequence, they did not have the time to check the price of each product, so they would randomly select
the products they would ask the price of. Assigning a job to two or more interpreters, rather than one, was another strategy for reducing risk, as this allowed the interpreters to supervise each other’s behaviour. Other strategies including giving staff bonuses when deals were completed, or employing relatives from their own countries, and paying tuition fees for them to study Chinese. Once these people could communicate in Chinese, they became interpreters in the office.

**Stealing customers**

If accepting bribes was somewhat tolerated, Arab traders did not accept stealing customers at all, because losing customers was devastating to business. Long-term customers were a necessary resource for Arab middlemen to maintain their business and reside in China. Competing for stable customers and protecting long-term cooperation with big customers became the key task for middlemen. Middlemen not only had to keep their customers away from other middlemen; they also had to avoid their interpreters stealing customers from their offices.

Dissatisfaction with a relatively low salary and poor social mobility could entice interpreters away from a regular dagong career. Dagong translates loosely as “working for a boss”, a term that powerfully connotes the commodification of labour, or exchanging labour for a wage. Dagong has been defined as a process of turning individuals into working subjects, particularly for a capitalist “boss” (Pun 2005). Compared with factory workers, interpreters benefited from extra income, such as kickbacks and gifts; however, they also had to bear risks and insults, such as being accused of being criminals. More importantly, a lack of resources protecting their life in Yiwu, such as social welfare, housing, medical care and educational opportunities in local public schools for children, encouraged interpreters to seek a more secure life. These factors motivated many interpreters to strive to become a “boss” themselves. In order to achieve this outcome, they would try to manipulate market forces themselves.

Compared to Arab middlemen, interpreters had many advantages when conducting business in China. Interpreters played a key role in literally guiding Arab purchasers to the market and checking and collecting
products. Economically and socially, interpreters had opportunities to persuade customers to leave Arab middlemen. When starting their own businesses, interpreters would offer lower commissions of 3 to 5 percent, while Arab middlemen took 5 to 10 percent. Many Arab buyers cut their relationship with Arab middlemen in order to get a better service from Chinese interpreters. Arab middlemen had dozens of customers and tended to focus their efforts on outcomes for their big customers. A few small customers or low-quality buyers, who paid their debts slowly or deferred them, would be listed as low priority and placed at the bottom of the list, resulting in them moving their business over to Chinese interpreters. Unlike Arab middlemen, interpreters had only one or two customers, and could therefore focus on providing the best possible service. Interpreters also benefited from being Chinese when sourcing cheaper products. Interpreters therefore had advantages over Arab middlemen in terms of both service and price.

However, the tendency to replace Arab middlemen with interpreters has not developed as much as might be expected. Both Arab buyers and interpreters carefully fostered new relationships. The majority of strong social relationships between Arab buyers and customers originated and extended from kinship ties, which were stable and hard to disrupt. When it came to ties beyond kinship, Arab middlemen kept customers’ personal information strictly confidential. Furthermore, Arab traders tended to cooperate with Arab business people first, because of the bad reputation of interpreters in the market. Arab buyers believed that the Chinese business people were more concerned with making money rather than following any ethical concerns such as religion. This encouraged most of the Arab traders to still work Arab middlemen rather than Chinese.

The risks of buying goods on credit still made interpreters wary. When Arab buyers bought products on credit, if they left the market and returned home without paying their debt, interpreters were bankrupted, and it became impossible for them to do business again. The high risk and pressure of conducting business on credit discouraged many interpreters from becoming involved with self-employed businessmen. In addition, Arab buyers were cautious about working with interpreters. Language difficulties remained a fundamental problem. Apart from a minority of Chinese interpreters who spoke fluent Arabic, having studied in the Middle East or Northern Africa, the majority only spoke a little Arabic, making communication between

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37 Since profits were reduced by increasing prices of labour, materials, and land, China lost its advantage in cheap goods. Paying less commission to reduce prices was one way to control prices, so more middlemen decreased their commission to maintain business.
interpreters and Arab buyers difficult. On many occasions, interpreters failed to interpret correctly due to language problems.

In order to generate long-term employer-employee relationships, a few traders did not employ interpreters: instead, they partnered with interpreters to run companies together. This prevented problems such as interpreters poaching customers or taking kickbacks and benefited both the Chinese interpreters and Arab traders. Interpreters, who were able to search for cheaper products in China, did not need to engage in *dagong*, while Arab traders, who were focused on expanding the international market in their countries of origin, achieved maximum profits for their businesses. Nonetheless, this kind of cooperation was rare in Yiwu, as most Arab middlemen were wary of losing all their customers if the Chinese interpreters left. As a result, Arab traders hoped for divine punishment for those who behaved wrongly. An Egyptian middleman put it this way:

> Chinese Muslims do not fear Allah and do not care about Judgment Day either. It seems that they do not have a bottom line to govern their activities. They do not know what honesty is. I treat my staff like my own sons, but they still leave for other companies where they will do the same job and get a similar or even lower salary than in my office. I cannot understand Chinese Muslims. They only care about money and their own benefits, rather than thinking about doing a better job. They are more concerned with their current life than the afterlife. They always tried to take kickbacks from suppliers in the market, and even worse, they wanted to “steal” my customers. I knew everything but I still tolerated their activities. You see, they still left my office when they could not get something they expected. Allah knows everything and knows best; Allah will help me tell the dishonest interpreters what’s wrong with their activities on Judgement Day. I do not need to do this myself; Allah will do everything for me.

When they discover the dishonest activities of interpreters, Arab traders blamed the laxity in religious practices of Chinese Muslims. They believed that Muslim interpreters did not approach Allah with appropriate awe and veneration. However, as indicated by Samir’s complaint, Arab traders still tolerated
interpreters’ activities to some degree because they believed the interpreters would ultimately be punished on Judgement Day. To that end, Arab traders often shared the Hadith stories with Muslim interpreters, to inform them of the punishments and benefits that would be handed out in the afterlife. The story about how the Prophet Mohammad earned trust from his first wife Khadijah was also used to educate Chinese Muslims. Khadijah, Mohammad’s wife, was from a wealthy family and she herself was a successful businesswoman. When Khadijah needed an agent to act for her in Syria, she chose Mohammad, because he had a very good reputation as a trustworthy and honest man. By telling this story, Arab traders tried to teach their Muslim employees that a good reputation would earn them opportunities in life.

The art of disciplining: balancing the modern economy and the Islamic way of life

The considerable threats to business brought by Chinese labour, especially from Chinese Muslim interpreters, forced Arab traders to establish a disciplinary system to regulate their employees. The hierarchical relationship between Chinese Muslims and Arab Muslims rapidly diminished over time. Chinese Muslims were granted more power as they became an integral part of the industry. As a result, frustrated Arab traders became concerned with how to discipline and control Chinese Muslim interpreters. Saeed, the Egyptian middleman, told me:

Many Chinese Muslims are not sure what worship is. They simplified worship into praying, giving alms, going on the Hajj, and the Five Pillars. Actually, this is not enough. I’ll tell you a Hadith story of the Prophet Mohammad and the stone-maker. Mohammad saw two people: one was always at the mosque and engaged in prayer; the other was working so hard to provide for his family, so he did not have time for prayer. Yet it was the latter who went to heaven, while the former did not.

38 This story was told to me many times by my informants.
Saeed told me this story to criticize some Chinese Muslims for actively engaging in ritual but not showing discipline in their daily activities. He believed that most Chinese Muslims did not follow religious rules and behaved dishonestly in business.

Combining Islamic ethics and knowledge to enhance Islamic piety became a strategy to regulate interpreters’ activities. Arab traders reasoned that cultivating religious virtues among Chinese Muslim interpreters could eliminate corruption, while Chinese Muslim interpreters would become more loyal to employers.

Requesting help from the local mosque was one strategy for regulating Chinese Hui Muslims. In order to express their piety and follow their employer’s schedule, Muslim interpreters regularly attended Friday prayers and celebrated traditional Islamic festivals together. Using the opportunities presented by gathering at the mosque, some Arab traders suggested that the Imam at the local mosque should include more advice on good business conduct in his sermons. The Imam cited the section of the Qur’an about the punishments Muslims who made money illegally and were dishonest to their employers would suffer. Some Arab traders also encouraged their Muslim interpreters to recite the Qur’an and Hadith every day and shared what they got when they read the Qur’an. Through sharing, Arab traders tried to encourage their employees to choose to do the right thing. Pious Chinese Muslims who had a close relationship with Arab traders were also engaged in persuading and supervising other Chinese Muslims in business matters.

When Islamic virtues failed to maintain Muslims’ self-discipline, accountability and entrepreneurial actions, Arab businessmen turned to secular management methods. They maintained their superiority and authority in the office, showing their seniority by separating office spaces. In most companies in Yiwu, big or small, Arab employers had a separate office and occupied the largest room. Except for the highest-level manager, all other staff shared a room. Regardless of how close relationships were, it was necessary for employees to knock on the door and wait for their employer’s response before entering his office. In Saeed’s office, even though his four staff had a good relationship with him and appeared to be friends, interpreters could not enter Saeed’s private office without asking permission.

Separating private life from work was effective in maintaining an employer’s authority. Interpreters rarely intruded into their employer’s private life after office hours, even though they sometimes had to deal with
private issues for employers. Arab employers considered these activities to be obligations of the employees, rather than friendly activities. For example, in an Iraqi’s business, besides working in the office, a female interpreter had to take her employer’s family members to hospital and take her boss’s wife and children to the supermarket. She expected to demonstrate a closer relationship with her boss than other staff. However, he did not think that they were friends: instead, their relationship was that of employer and employee. This Iraqi businessman believed that developing a friendship with a staff member would make it difficult to manage employees in the office.

This shift away from brotherhood towards hierarchical stratification in both work and private life derived from Arab traders’ struggle to establish formal and regular employment relationships. Brotherhood emphasized an equal relationship where, regardless of wealth, all people are seen as equal before Allah. Emphasizing brotherhood enabled Arab traders to engage in paternalistic management, drawing Chinese Muslim employees into bearing the burden of commercial risk. However, a blurred relationship weakened the authority of Arab traders in and beyond the office, which led to the implementation of a secular style of management, including employing females instead of males, establishing an office hierarchy, and separating private life from work life.

**Interpretation as a “more female friendly” occupation**

Male-female dynamics have experienced dramatic changes socially, politically and economically in recent decades (Bodman & Tohidi 1998). In export industries in Yiwu, this can be seen in the increasing number of females working as interpreters. Due to the widespread circulation of stories about Chinese male Muslims taking kickbacks or stealing customers, a refusal to employ male Chinese Muslims became a common practice among Arab traders.

Compared to their male counterparts, female Muslim interpreters were excluded from the labour market in the export industry in the early 2000s, mainly as a result of attitudes toward female Muslims pursuing careers. Some Muslim families prohibited their daughters from pursuing jobs and working with men. Additionally, few female Chinese Muslims had any opportunity for Arabic language training compared with
their male counterparts. Even in cases where female Muslims found employment in Yiwu, they were more likely to be concentrated in the catering industry as waitresses, or as maids working for the families of Arab traders. After marriage, Muslim women had even fewer opportunities for involvement in the job market due to virilocal marriage, as their husbands prohibited them working with men. As a result, it was mostly young, unmarried women who found work as interpreters.

Figure 5.5 A female interpreter works with her Yemeni boss in the marketplace

Both Muslim and Non-Muslim female interpreters became the preferred choice in the market, replacing their Muslim male counterparts. Information posted on three employment platforms in 2016 revealed that
female job seekers were more prevalent than males. Between January and April 2016, which was a period of high demand for interpreters in the Yiwu market, I collected recruitment information from three interpreter recruit platforms: the Yiwu Foreign Trading Group (Yiwu Waimao Qun 义乌外贸群), a QQ chat group with 483 members; the Yiwu Interpretion Work Group (Yiwu Fanyi Gongzuo qun 义乌翻译工作群), a Wechat group for interpreters in Yiwu with 500 members; and the Yiwu Recruitment Website (Yiwu zhaopin wang 义乌招聘网). These three platforms posted 91 vacancies for Mandarin-Arabic interpreters but only a few positions were for men. The following table shows the details of recruitment preferences for women:

<table>
<thead>
<tr>
<th>Name of platform</th>
<th>Number of advertisements</th>
<th>Female</th>
<th>Male</th>
<th>No gender requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>QQ Group</td>
<td>34</td>
<td>30</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>WeChat Group</td>
<td>19</td>
<td>18</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Recruit Website</td>
<td>38</td>
<td>32</td>
<td>1</td>
<td>5</td>
</tr>
</tbody>
</table>

Table 5.1 Interpreter recruitment information on three platforms

From the table above, we can see that there was a high demand for females over males on all three platforms. In the QQ chat group, which posted 34 advertisements, 30 companies specified female interpreters, with only one position for a male, while the other three positions did not mention gender preference. The WeChat group had 19 advertisements, with only one position stating that it would employ a male if a female was not available. On the local employment website, 38 companies wanted to hire new interpreters; five companies did not have a gender requirement but only one company wanted to employ male staff.

Gender preference in the interpreters’ market is a new phenomenon. Researchers have found that female workers are more popular than male workers in factories, as females are considered easier to regulate and control than males, being seen as more obedient, tolerant, and performing better in a factory environment.
(Lee 1995, 1998; Pun 2005; Kim, Jaesok 2014). My research in Yiwu is consistent with these findings. Arab employers believe that female employees are more honest and loyal; additionally, Arab traders found that females were more strongly influenced by religious practices than males. This perception echoes discussions of a male-female discrepancy in religiosity (Stark 2002). Abdullah, the manager of the Four Seas Trading Company (Sihai maoyi gongsi 四海贸易公司), provided three reasons for employing 13 female interpreters and no male interpreters in his company:

Yes, I only employ female interpreters. There are three main reasons for this: interpreting is not considered an appropriate male occupation because of its trivial nature and the fact that it needs patience, care and conscientiousness. Working as an interpreter involves not only interpreting for customers but also checking goods very carefully in the warehouse. Compiling documents of ordered products, such as numbers, volumes and details of goods, is suited to women. They accomplish these tasks better than men. Also, women do not even consider starting their own business, because this would involve bearing more risk and stress, which is something that females are not interested in doing; and even if women have their own customers, they feel they face tougher competition than their male counterparts; females stay in the same company longer, rather than jumping to other companies, and they prefer to work with the same employers, while male interpreters always jump to other companies because of their ambition. Females have an emotional involvement with their job and consider the company as their family while males do not.

Disregarding the scandalous rumours that he wanted to be the king in his office, the Egyptian businessman Abdullah only employed female interpreters and refused to employ male interpreters in his company in Yiwu because of male Muslim interpreters’ rapacious activities. Even if female interpreters had to take maternity leave, Abdullah still kept a position for them.

The preference for women, to some degree, benefited Arab traders. A preference for female interpreters caused an increase in the number of unemployed Muslim men. Thus, Muslim men, keen to keep their
positions, began to cease taking kickbacks and stealing customers. Furthermore, once a male interpreter lost his job, it was difficult to find a new position: he might even be forced to leave the export industry. Because Muslim male interpreters had received little education and lacked skills, it was impossible for them to find other jobs outside of the export industry

**Stigmatization of non-Muslim female interpreters**

While male interpreters were regarded as dishonest in business, female interpreters were stigmatized by rumours of sexual relationships with Arab employers. Chinese suppliers, ordinary Chinese and even Arab middlemen believed that non-Muslim female Chinese interpreters had sexual relationships with both married and unmarried Arab traders. Ideas about Arab men and Islamic marriages contributed to the stigmatization of women in the city. Curious Chinese frequently asked about the number of wives and children Arab men had, assuming that every Arab man had more than one wife. They saw the fact that polygamy is allowed in Islam as an indication of the sexual appetite of Arabian men. In addition, the bad reputation of some Arab traders in relationships with Chinese women damaged the image of the whole Arab group in Yiwu. Rumours of Chinese women being played with and discarded by Arab men were common in the city.

In my fieldwork, my own actions were also misunderstood by many Chinese and Arab traders in both coffee shops and the marketplace. Some newcomers who saw me talking with my Arab friends believed that I was an interpreter in a company, using my female identity to attract Arab male traders to get orders. My uncle and other relatives who did business in Yiwu also refused to introduce me to any Arabs because of their reputation of toying with Chinese women. During my year of extended fieldwork in Yiwu, gender discrimination and stigmatization towards women dominated my life, be it in the office, in the coffee shop, in the market, or anywhere women accompanied Arab traders.

Female interpreters were frustrated with and embarrassed by the public attitude towards them, even though they did nothing untoward with their Arab employers. One example is the experience of Belly, a non-Muslim interpreter who worked in Samir’s office. Accompanied by two Egyptian buyers in the marketplace, Belly inadvertently knocked over a basket of strawberries belonging to a Chinese fruit vendor, who angrily
scolded her: “Is there gold in an Arab’s body? You really want to catch them and hang off these ugly Arab’s arms, for the money – just like the other interpreters?” Belly apologized to the vendor and explained to him that her customers would fly back to Egypt very soon. To visit so many shops in the market, they had to walk very fast. However, the seller showed no regret for his outburst, and continued to abuse her. The surrounding people did not listen to Belly but agreed with the Chinese vendor's view that all female interpreters would do anything with Arab traders for money.

Besides suspicion from ordinary Chinese, some Arab middlemen suspected that women established abnormal relationships with buyers to get extra benefits. Samir told me:

I do not trust female staff. All me Arab friends know this. An event in 2013 strengthened my feelings. I assigned one of my female staff to take a customer to the market. After three hours, I called my customer to ask him where he was. He told me that he was at the market, but I didn’t hear any noise around him. It was not the market. So, I called my employee immediately and asked her where she was. She also told me that she was at the market but I did not trust them. I guessed that they were in the hotel where I had booked a room for my customer, and which was just five minutes from my office. I went to the hotel immediately. When I arrived at the hotel, I called my customer again to confirm where he was. He was not stupid. He said he was in the hotel, and then I demanded my employee take the phone immediately and asked them to open the door. When my employee opened the door, I asked her why she slept with my customer. After leaving the hotel, I asked my customer how much he paid my employee to sleep with him. He said he paid 2,500 RMB. I gave him 5,000 RMB promptly. He was a big customer; I did not want to lose him, so I gave more money to him and told him that he could not do that again. He could find someone outside my office with the money I gave him.

When I came back to my office, I beat my employee. I was so angry. I told them many times that they could not sleep with my customers, because my office is not a brothel. I fired her without hesitation. She wanted me to pay her the whole month’s salary, even though she had only worked in my office for half a month. I refused, and she called the police. The
policemen came, and she told them that I hugged her when she was in my office. Fortunately, I knew the guy in the police station, and he knew I would not do that. For me, I would not do that in my office; it is very easy to find a prostitute on the street, so why I would do it in my office? Other foreigners in Yiwu are not as lucky as me; they did not do the same thing as me when they were threatened by their employees. Rather they just agreed to do whatever their staff said, because they are not familiar with the law in China, and they are afraid of going to the police station. They just think paying money is a good way to deal with this kind of affair.

Samir didn’t give his female staff opportunities to develop close relationships with his customers. He isolated female staff from his customers due to his own experience and rumours of sexual relationships in the market. In fact, female employees experienced many incidents of sexual harassment, but little attention was paid to them. Instead, it was rumours of women using their bodies in exchange for orders or bonuses that spread in wider society. This stigmatization of women in the labour force in Yiwu confirms findings that stigma is traditionally combined with weak social status, such as that held by women in a male-dominated sector (Goffman 1964).

Surprisingly, there were very few rumours regarding female Muslim interpreters. The explanation for this was that Arab traders were scared of being punished by Allah if they had relationships with Muslims, while non-Muslims were outside the religion. Furthermore, Muslim women obeyed the rules of the religion more rigidly than their male counterparts. Female interpreters gradually took over from their male counterparts in the labour market while male interpreters lost their advantage in employment.

**Conclusion**

In this chapter, I discussed how Arab traders constantly adapt and change their strategies in order to manage their Chinese Muslim employees in the export industry. Arab traders benefit from specialist Mandarin-Arabic interpreters in the labour market but they must resolve problems associated with giving freedom to their employees in the labor market as well. Flexibility in the employer-employee relationship
makes it difficult to establish long-term and stable employment relationships, although long-term and trustworthy interpreters are considered an important asset. Every Arab trader tends to focus on establishing trust in a continuing relationship with Chinese suppliers and Arab customers.

Arab traders consider their Chinese Muslim employees as “brothers”, who are different from non-Muslims. Religion is used as a tool to discipline them: Allah becomes their supervisor surveilling their conduct out of the office. Arab traders also believed that the fear of Judgement Day would help force Chinese Muslims to self-regulate. As a result, Chinese Muslims, who had bilingual skills and believed in Islam, became the preferred group in the interpreter labour market. This reverses the disadvantages usually faced by minority migrant groups in China.

Some Arab traders, however, believe that Chinese Muslim interpreters use Islam to their advantage rather than truly believing in it. From the perspective of these Arab traders, Chinese Muslims went to mosques or private language training schools to learn Arabic to working as interpreters, rather than to develop their belief in Islam. Consequently, the Arab traders’ perception of Chinese Muslims as believers in gold instead of Allah damaged the employment relationship. By contrast, Chinese Muslims put their trust in Muslims from the Middle East and North Africa, viewing them as having authenticity, as believers with the purest faith. However, in my fieldwork I found that Chinese Muslims reported that their Arab employers did not really seem Islamic. In fact, they used this as a justification to take kickbacks and steal customers, especially when they were neither punished by law or social sanction.

When religion failed to regulate dishonest behavior, many Arab traders began to feel insecure, perceiving the lack of a collective conscience in social interactions. They felt mistrust towards their Muslim “brothers” and became increasingly suspicious of the activities of Chinese Muslim interpreters. Yan Yunxiang has shown how Chinese morale declines when people experience a collapse of belief in basic moral principles, leading to a disturbed psychological state filled with confusion, fear, anger and shame (Yan 2012, 2014, 2018). Similarly, the behavior of some male Chinese Muslim interpreters triggered outrage among Arab traders, to the point where they refused to recruit male Chinese Muslims, instead employing female Muslims or male non-Muslims to avoid making losses in their businesses.
The changing attitudes of Arab traders towards Chinese Muslim interpreters, and the consequent shift from employing men to women, reflected the Arab traders’ anxieties and uncertainties. These insecurities resulted, to a large extent, from the absence of legal support and a lack of institutional regulation in the labour market. Arab traders tried to use their traditional and familiar religious rules to regulate their Chinese Muslim employers. However, Chinese Muslim interpreters, who typically experienced discrimination in most cities, were keen to change their marginal status, leading them to take risks and choosing to comply with religious systems of regulation.
Chapter 6 Building Trust in Marriages

This chapter examines the phenomenon of cross-cultural marriage in Yiwu. I will focus on the following issues. First, I will consider some general attitudes towards cross-cultural marriage found among Arab traders in Yiwu and the importance they attribute to economic advantage arising from unions with Chinese women. Secondly, I shift my focus to the attitude of Chinese wives in cross-cultural marriages and discuss the challenges they face. While the majority of them fulfil the pre-requisites for their relationship with their Arab partners, these relationships were often fraught with challenges and insecurities. These are discussed within the context of adjustment to Islamic codes of behaviour which dictate a wife’s subservient role to her husband. Finally, I explore how the couples use religion to build emotional and moral boundaries to protect their marriage, founded on the basis of mutual trust. I demonstrate that religion plays a pivotal role in strengthening the relationship and that adherence to Islamic practices functions to mediate discord within marriages.

The background to cross-cultural marriage in China

International marriages between Chinese and foreigners became more prevalent after China started to open to the world in 1978. China has encouraged foreign investment, resulting in an increased number of foreigners migrating to China, after which some intermarriage between Chinese and foreigners occurred. However, intermarriages between Chinese and foreigners who were not from Asia, especially developed western countries, have been highly skewed towards Chinese women marrying foreign men and relocating to their husbands’ home countries (Constable 2005; Farrer 2008; Gao, Zhang & Zhu 2013). This pattern has resulted in a narrative of Chinese women marrying foreign men in search of emigration and a better life. The spatial, geographic, and economic hierarchies between China and more developed countries resulted in Chinese women considering marriage as a way to emigrate and improve their social and economic
circumstances, a well-studied phenomenon often known as “spatial hypergamy” (Constable 2005; Freeman 2005; Oxfeld 2005; Schein, Lousia 2005).

However, other scholars have disputed the arguments concerning marrying for material reasons or higher status, rather relating international conjugal relationships to sharing cultural and ethnic backgrounds (Freeman 2005; Oxfeld 2005; Schein, Lousia 2005). For example, Caren Freeman (2005, 2011), who discussed the case of marriages between Chinese Chsonjok women and South Korean men, claimed that global political and economic changes induced a shortages of brides in rural areas in South Korea, and that this led South Korean men to seek Chsonjok brides in Northeast China as they shared the same language and ethnicity. According to Freeman, this kind of marriage should not be explained only as a quest for upward mobility and heartless opportunism on the women’s side (Freeman 2005). A few scholars have also found that sharing a cultural and ethnic background has inspired the overseas Hakka and Hmong to go back to China to search for spouses of their ethnicity (Oxfeld 2005; Schein, Lousia 2005). These marriages were predicated on the assumption that the Chinese women would emigrate to their partners’ home country.

However, the trend of relocating to the home country of the groom has changed since some Chinese cities like Shanghai, Guangzhou and Beijing have developed into cosmopolitan places and economic centres. This has resulted in an increase in the number of foreign men married to local women relocating to these Chinese cities, where they can have more opportunities (Farrer 2008; Lan 2015b; Qiu 2016; Lan 2017). For instance, James Farrer (2008) examines intermarriage between Chinese nationals and western expatriates in Shanghai. He points out that this kind of marriage often leads to an exchange of resources and a form of social incorporation. This kind of cooperative arrangement, ranging from business to child-rearing, produces mutual benefits. The Chinese wives help to navigate the linguistic and practical difficulties of business and used their positions to build networks to support their husbands to overcome the isolation of immigrant life in China. The foreign husbands, in turn, help their wives to establish ties to foreign countries. Two other scholars, Lan Shanshan and Qiu Yu, both investigated romantic relationships between Chinese women and Nigerian male traders in Guangzhou, showing that Chinese wives and their Nigerian husbands both experience racism in China; the intercultural marriage is considered to be a strategy to fight against discrimination (Lan 2015b; Qiu 2016; 2017). Lan (2015b, 2017) claims that since undocumented Nigerians have to work with the Chinese government’s strict visa policy and a widespread racism in the business
community and in society at large, getting married to a Chinese woman secured their stay in China and reduced discrimination. Lan’s research concentrated on the structural aspects that influenced the decision to marry – pressures from both state and individuals – but paid little attention to any affective aspects of the relationship. In contrast to other research that considered the married couple as a unit, Qiu’s research looked at how individuals countered racism in China. In order to guard against discrimination, the Nigerian husbands, by cleaning their body, regulating their activities, and presenting a civilized image, created a safe space to protect their romantic relationship.

In my view the academic literature concerning Chinese and foreign couples has tended to overemphasize economic motivations for contracting marriage and ignore or downplay significant differences in cultural background. Moreover, rare has attention been paid to the strategies employed to improve understanding, to maintain intimacy and fulfil their promises and obligations in marriage. In other words, the question of how wives and husbands coming from different cultural backgrounds negotiate their married relationship has largely been ignored by scholars, with their unions being considered as somehow natural and complete. In fact, cultural differences are a serious challenge in maintaining and establishing trust in inter-cultural marriages. This study will discuss how Arab husbands and Chinese wives establish trust through religious practices to maintain their intimate relationships.

As more single, male, young Arab traders arrived and settled in Yiwu, daily encounters between Chinese women and Arab men created many opportunities for the development of close relationships, with an subsequent increase in marriage rates. During my year of fieldwork in Yiwu in 2016, I attended many gatherings of Chinese wives at an Islam study group and listened as they discussed the problems of cross-cultural marriages, and shared stories about their husbands’ businesses. Like in other marriages between people from different cultural backgrounds in China, both Chinese wives and Arab husbands experienced problems created by differences in their cultural and social backgrounds.

The Arab husbands in my study are different from the western expatriates in Shanghai and the Nigerian traders in Guangzhou in both economic status and perception among the Chinese. The majority of western expatriates in Shanghai were ex-company workers. Ordinary Chinese people regard these white men as wealthy and gentle representatives of a civilized western developed countries. James Farrer (2002) attributed
the popularity of white men among Chinese women to a decline in the masculinity of Chinese men. In contrast to Nigerian traders in Guangzhou, Arab men in Yiwu did not experience racism over their physical appearance as, from a typical Chinese perspective, the Arabs’ skin is not “black” like Nigerians. However, the biggest challenge for them to develop and maintain intimacy with Chinese women was religion: as Muslims, an Arab husband had many religious restrictions contracting marriage with a non-Muslim. Moreover, in the relationship, the dominance of the husband in his role of breadwinner was implicitly challenged by his wife who supported him in business and become a co-breadwinner, thus threatening his authority in the family. Finally, the husbands often struggled to avoid assimilation to their wives’ way of life. As a result, Arab husbands and Chinese wives used religion to establish bonds of trust and to defuse tensions in their relationship.

This chapter discusses how Arab husbands and Chinese wives establish bonds of trust in their intimate relationships. Intimacy is considered the basis of trust, as it means disclosing emotions and actions that the individual is unlikely to hold up to wider public gaze. As such, it calls for reciprocity (Giddens 1992). However, when one of the members of the intimate relationship adopts practices that might bring risk to the extended family, other family members would take a step back from the relationship and adopt strategies, such as redistributing property, to insure against the risk and re-establish trust within the relationship (Geschiere 2013). In the relationships between Chinese wives and Arab husbands, intimacy does not necessarily breed trust. These unions that take place in a competitive commercial environment are, rather, accompanied by distrust. For example, there have been cases where Arab men used marriage as a tool to get credit in the market, but they escaped when failed to pay their debts. Thus, Chinese wives have sometimes become collateral in the marketplace in dealings with Chinese suppliers.

Thus, Chinese wives and Arab husbands have to find a way to build trust in marriages. In the middle of uncertainties and insecurities in this unstable commercial context, I argue that religion helps to mediate these disputes. While business-related anxiety inspires Arab men to overcome social and cultural boundaries to find a Chinese partner to “use” to increase their social capital in the market, an uncertain environment full of risks encourages couples to emphasize their religious practice – conversion, prayer five times each day, fasting in Ramadan, eating halal, etc. – to bond and to set emotional and moral boundaries. In this context,
the Islam study group for Chinese wives offers a vehicle for these couples to express their piety and reinforce their union by bringing belief and business together.

This chapter is in five parts. In the first, I outline the characteristics of these cross-cultural marriages. In the second, I discuss how Arab husbands and Chinese wives modify their view of what constitutes an ideal spouse after they have migrated to Yiwu. In the third, I look at the challenges that Chinese women and Arab men face when they forge affective partnerships and demonstrate commitment to their marriages. In the fourth, I highlight what issues couples face with their families. Finally, I explore how the couples use religion to build emotional and moral boundaries to protect their marriage.

**The emergence of Chinese-Arab marriages in Yiwu**

There are no available data on the number of Arab men who have married Chinese women in Yiwu. One reason for this is that in China a marriage certificate can only be issued at the location of the household registration (hukou) of one of the partners and in the case of weddings with foreigners mostly at the residence of the Chinese wife. Since most Chinese women have come to Yiwu from the countryside, the registration of these marriages occurred in predominantly rural areas from all over China. In addition, since many of the weddings were celebrated according to Islamic rules, and religious marriages do not require a civil ceremony to be valid, some marriages were not officially registered with Chinese authorities, but only in a mosque either in Yiwu or in the husband’s home country. An Imam at the local mosque told me that from 2000 to 2016 around 500 Arab men from the Middle East and North Africa registered their marriages (Nikah\(^{39}\)) at his mosque. However, this figure significantly underestimates the actual number of weddings as a ceremony can be held in any location where at least two people are available as witnesses. For instance, in August 2016, I attended a ceremony in which two teachers from the Islam study group acted as witnesses for a marriage between a woman from Shaanxi and a man from Syria.

\(^{39}\) An Islamic marriage contract.
Marriages between Chinese brides and Arab grooms were either the result of self-selection or through an introduction by Chinese friends or relatives. No couple that I know of was matched by commercial marriage broker. Repeated encounters in the workplaces often resulted in a romantic involvement. The majority of Arab husbands and Chinese wives I interviewed in Yiwu met in their offices, in particular those who married before 2008 when social media did not play a prominent role in Chinese society. In some offices, where there were only one or two staff members, the relationship between employers and employees went beyond that of work partners. They were also close friends. Arab newcomers became highly dependent on their employees in business as well as in private life. After 2008, when social media such as WeChat and QQ became widespread in China, more Arab men used these tools to develop romantic relationships. Another important way to establish conjugal relationships was through introduction by Chinese friends. For instance,
in a Yemeni coffee shop that I visited frequently, one waitress who had married a Yemeni in 2010 had introduced other four laoxiang (people from the same place 老乡) of hers who also lived in Yiwu to her husband’s compatriots.

During my fieldwork, I interviewed 22 couples. The following table summarizes my findings. The husbands came from five different countries in the Middle East and North Africa while the wives came from nineteen different provinces in China. The longest marriage had lasted for fifteen years, and the shortest had begun barely 3 months before. With the exception of three couples who did not have children — one divorced and two who married in 2016 — all couples had at least one child, however one couple’s son died in a car accident when I was doing fieldwork. Being unconstrained by Chinese family planning policies, some of them had more than two children. All husbands believed in Islam before the marriage, and their Chinese non-Muslim wives converted either before or soon after marriage. Only one couple ran separate businesses – the wife ran a restaurant and the husband had an import/export company. All other 21 couples worked together in the export sector.
<table>
<thead>
<tr>
<th>Wife’s name</th>
<th>Husband’s country</th>
<th>Wife’s home place</th>
<th>Wife’s religion before marriage</th>
<th>Wife’s religion after marriage</th>
<th>Husband’s religion</th>
<th>Meeting place</th>
<th>Children</th>
<th>Year of marriage</th>
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<td>Islam</td>
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<td>2004</td>
</tr>
<tr>
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<td>Palestine</td>
<td>Fujian</td>
<td>None</td>
<td>Islam</td>
<td>Islam</td>
<td>Office</td>
<td>Two boys, one girl</td>
<td>2004</td>
</tr>
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<td>Islam</td>
<td>Office</td>
<td>One girl</td>
<td>2007</td>
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<td>Islam</td>
<td>Factory</td>
<td>One girl, one boy</td>
<td>2009</td>
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<td>Zhejiang</td>
<td>Islam</td>
<td>Islam</td>
<td>Islam</td>
<td>Introduced by friend</td>
<td>One boy</td>
<td>2009</td>
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<td>Hunan</td>
<td>None</td>
<td>Islam</td>
<td>Islam</td>
<td>Office</td>
<td>Two girls, one boy</td>
<td>2010</td>
</tr>
<tr>
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<td>Yemen</td>
<td>Yunnan</td>
<td>Islam</td>
<td>Islam</td>
<td>Islam</td>
<td>Restaurant</td>
<td>Three boys</td>
<td>2011</td>
</tr>
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<td>Islam</td>
<td>Islam</td>
<td>Office</td>
<td>One boy, one girl</td>
<td>2012</td>
</tr>
<tr>
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<td>Name</td>
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<td>Location</td>
<td>Religion</td>
<td>Occupation</td>
<td>Number</td>
<td>Year</td>
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<td>2012</td>
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<td>Islam</td>
<td>Office</td>
<td>One boy</td>
<td>2012</td>
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<td>Yemen</td>
<td>Yunnan</td>
<td>Islam</td>
<td>Office</td>
<td>Three girls, one boy</td>
<td>2012</td>
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<td>Ma4</td>
<td>Yemen</td>
<td>Yunnan</td>
<td>Islam</td>
<td>Introduced by friend</td>
<td>One boy (deceased)</td>
<td>2012</td>
<td></td>
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<td>Yemen</td>
<td>Yunnan</td>
<td>Islam</td>
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<td>None</td>
<td>2013 (divorced)</td>
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<td>Iraq</td>
<td>Sichuan</td>
<td>None</td>
<td>Office</td>
<td>One girl</td>
<td>2013</td>
<td></td>
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<td>16</td>
<td>Maa⁴⁰</td>
<td>Egypt</td>
<td>Henan</td>
<td>Islam</td>
<td>Office</td>
<td>One girl</td>
<td>2014</td>
<td></td>
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<td>Mei</td>
<td>Yemen</td>
<td>Henan</td>
<td>Islam</td>
<td>WeChat</td>
<td>Two boys</td>
<td>2015</td>
<td></td>
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<td>Chan</td>
<td>Egypt</td>
<td>Anhui</td>
<td>None</td>
<td>Introduced by friend</td>
<td>One boy</td>
<td>2015</td>
<td></td>
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<td>Iraq</td>
<td>Gansu</td>
<td>None</td>
<td>Introduced by friend</td>
<td>One boy</td>
<td>2015</td>
<td></td>
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<td>None</td>
<td>Bar with non-</td>
<td>None</td>
<td>2016</td>
<td></td>
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⁴⁰ In this table, the family name of the women whose name is rendered Ma is 马. The family name of the woman whose name is rendered Maa is 麻.
A few Arab migrants changed their view of what constituted an ideal spouse after arriving and settling in Yiwu. Most Arab men still preferred to find a spouse in their countries of origin to avoid the conflicts and risks related to cross-cultural marriage. When I asked my Arab informants, what factor they would consider first in choosing a mate in their country, most of them replied that the most important thing was that the ideal partner had to be first and foremost a good Muslim. Faith as a determining standard in judge an ideal mate was brought to my attention for the first time when Deli—one of my good friends—came back from Yemen with his new wife. Deli and I had a very close relationship, but I never heard that he had a girlfriend in Yemen. I also knew that one of his Chinese employees had fallen in love with him and had proposed to him many times before he went back to Yemen. He had rejected her advances and chose instead to marry a woman from Sana’a, the capital of Yemen. Although he had seen photos of her, Deli had never met this woman before the marriage. I was confused and asked him why he had chosen to marry a woman he had never met, while rejecting one who loved him and with whom he had spent a lot of time. Deli explained to me that he had nothing against friendship with Chinese women, but he would not accept cross-cultural marriage because his family would not allow him to do this. I told him that many Chinese wives I met in Yiwu converted to Islam and became devout Muslims, but Deli insisted that the influence of religion was from birth and people were potentially affected by the environment in which they grow up.

Deli was not the only one to believe that only a woman who grew up in a pure Muslim environment could be a good Muslim. The majority of the Arab men that I interviewed thought that good Muslim traits had to be cultivated in the family and maintained that beliefs were influenced by the environment. From their perspective, religious belief determined the degree of intimacy and harmony in the family. A strong religious faith also helped to protect each partner from the risks of extramarital relationships: in their opinion, pious
women knew how to be a good wife and support their husband. Children would also benefit from growing up in a religious family. As result, some of my informants came to China at a very young age but went back to their home country and married quickly, like Deli, with help from their parents.

Many Arab men criticized the practice of entering into multicultural marriages and had a pessimistic attitude toward this kind of union because they believed that Chinese women had economic motivations not feelings. The majority of Chinese wives came from underdeveloped rural areas in China, and after arriving in Yiwu worked as intermediaries, waitresses, or sellers. This easily gave the impression that they decided to marry for money. A few of my interviewees said that Chinese women considered their husbands a machine for making money and that their relationships were strongly influenced by their financial situation. A good financial situation led to a longer marriage. Chinese women, they said, became disappointed when their financial circumstances didn’t improve, and this resulted in shorter relationships. That is to say, when business went smoothly, Chinese wives would be happy and treat their husbands very well. Otherwise, they would scold their partners and threaten them with divorce.

However, unlike Deli, some Arab traders still preferred to find a Chinese wife. Indeed, they actively pursued Chinese young women. It cannot be denied that the choice of a romantic partner – as opposed to the arranged marriages of their home countries in which parents played a fundamental role—exerted a strong fascination on young Arab men, motivating them to interact with Chinese women. More importantly, the commercial activities of these Arab men benefited from their marriage with local women. These women were familiar with operating import and export businesses and good at dealing with different commercial partners, all skills the Arab traders appreciated. In addition, they represented free and reliable labor: marrying a Chinese woman was not just gaining a wife but also to finding a helpful and reliable assistant in business. In some companies, Chinese wives were responsible for looking for cheaper products while their husbands worked to expand the market in their home countries. The biggest benefit for the Arab husbands was that Chinese suppliers trusted Chinese wives and their family more than others. Even if Arab middlemen and buyers disappeared without paying a debt, these women and their relatives would stay in China and act as guarantors. In other words, in contrast to other Arab traders, those who married Chinese wives were more likely to settle down in China and develop long-term business relationships. Consequently, the Arab husbands earned more social capital and had fewer difficulties in obtaining credit from Chinese suppliers.
For instance, Ali, a young man from Yemen, planned to look for a Chinese wife because he believed that she would help him with his business, or at least understand his ambition to become a successful businessman. In his words:

If I stay longer in Yiwu, I will seriously consider marrying a Chinese woman. Young women in my hometown are different from Chinese young women. Women in Yemen stay at home with their mother and are educated to be a good housewife, so they are very good at domestic work. But Chinese women have grown up in a competitive environment since they started attending school and know how to survive in aggressive circumstances. For this reason, Chinese women are more suited to the commercial world. I am a businessman; I will choose someone who can support me in my business. Also, women in Yiwu understand how to play the “game of commerce” and avoid risks in business. At the Futian Market, you can see that Chinese wives support their husbands in business, with some women doing even better than their husbands. Chinese women behave very well in both business and the family. I appreciate all the advantages that Chinese women have. Every man loves this kind of woman. There is no explicit or implicit rule that says that we can only marry Arab women.

Ali went on to say that his friends shared the same way of thinking. As for religion, he and his friends believed that they could be an example to their partners through their own piety.

From the point of view of the Chinese wives, while marriage had indeed changed their economic status for the better to some degree, they argued against the idea that they had married only for financial reasons, which was still seen as a stigma. There was some truth in this. As most Arab husbands were small traders, they and their families were not wealthy and the Chinese women’s economic status was largely unaffected by the relationship. After marriage, they still had to work very hard with their husband to deal with financial and commercial problems at the office. Yet Chinese women had the opportunity to become a trading partner that they would not have had otherwise.
Chinese wives were eager to point out that their marriage was for love. Feelings indeed played an important role in such marriages. Some scholars have asserted that Chinese men are not good at expressing their feelings or sharing their thoughts (Jankowiak 1993; Farrer 2002). This was echoed by Ma Yan’s discussion of intermarriage between Chinese wives and Arab husbands (2011, 2012). She found that Arab men always expressed their feelings in a straightforward way and praised their partners frequently—for instance, they kissed or hugged their wives when they left and got back home—a kind of behavior uncommon among Chinese men. Yan Yunxiang (2003) also claimed that being able to express gangqing (情感 emotion) was considered an important advantage for the male villagers to find partners. My Chinese interlocutors told me that the Arab men were more persistent and active in their courtship. For instance, Chan, a woman from Anhui who had met her Egyptian husband Mohammad in 2015, strongly and sincerely asserted that her marriage was not based on economic considerations. Compared to her Chinese suitors, Mohammad was not wealthy. Before starting his own business, he was a manager and earned 10,000 RMB per month, the same salary as her. However, she was deeply touched by his romantic behavior and persistence. On one occasion, Mohammad spent one month’s salary to rent a luxury car from Shanghai just to pick up Chan and take her to dinner with her in the most expensive restaurant in Yiwu.

Some women I interviewed declared that they had got married to Arab businessmen from physical attraction, which again differs from the position that asserted that Chinese women were interested in economic status rather than the appearance of their husbands (Farrer 2002). Many Chinese brides told me that they found handsome Arab men fascinating. For instance, Bin was the first women who married a foreigner in her village in Gansu, in northwest China, and her son was the first child from an intercultural couple. She shared photos of her son in her WeChat circle many times a day, receiving praise from her family and from other villagers. As she explained to me, no one can look into your pocket to see how much money you have but your appearance can be seen everywhere.

Neither Chinese women nor Arab men had clear standards for an ideal spouse but their attitudes to intimacy and romantic love changed during their interactions. The Arab husbands shifted from focusing on whether their partner was pious or not to the commercial advantages that their partners would bring to their family. They accepted that marriages were made from free choice and were based on love rather than sharing simply a religion. However, they did see the prospective wife’s conversion to Islam as a precondition for a
conjugal relationship, to avoid suspicions of religious impurity in the family, particularly in the second generation. Chinese wives emphasized affection rather than financial preference. By doing so, they acceded to following the rules of Islam. Both before and after the marriage, religion played a fundamental role in their unions. However, this change in how a mate was chosen was accompanied by challenges related to gender relationships as well as in negotiations between the two families.

The economic role of Chinese wives as the co-breadwinners

Chinese wives redefined the economic role of the woman in the marriage. In Islamic culture, women are subordinated to their husbands and men are the breadwinners (Marranci 2008). Many Chinese women I interviewed agreed that Islamic women should subordinate to their husbands and that men are expected to be the main breadwinner in their family. However, between Chinese wives and Arab husbands the dynamic was different. Chinese brides in Yiwu made large contributions to the family finances being co-breadwinners with their husband. My research highlights three different categories of co-breadwinners: Chinese wives owning their own business; Chinese wives cooperating with their husbands to engage in commerce, which was the most common situation in Yiwu; and Chinese wives who were not directly involved in business but still provided substantial benefits to their husband through their presence and their social networks. The three cases, below, exemplify these three categories. While these three cases do not represent all Chinese-Arab marriages in Yiwu, they show the shifting obligations, positions, and conflicts present in many of them.

Case one: Fang, a successful businesswoman

Fang and her family became famous, both within and outside Yiwu when her canteen was mentioned by Chinese president Xi Jinping, as noted above. President Xi claimed that Fang’s Arab canteen was the model of friendship between Chinese and Arabs. Xi said that Fang’s husband—Mohanned, a Jordanian businessman—bridged the China and Arab worlds by bringing Arab food to Yiwu. Because of Xi’s official
endorsement, her family was interviewed several times by television networks, including CCTV and the local media.

Fang and Mohanned were married in 2002 in Guangzhou. They met in Mohanned’s uncle’s canteen where Fang, originally from Anhui, worked as a waitress and Mohanned was the manager. Fang’s bright and cheerful disposition attracted Mohanned’s attention and the latter quickly fell in love with her. However, Mohanned’s uncle was opposed to the relationship on religious grounds. In order to marry Fang, Mohanned cut ties with his uncle and disappeared for three months. He moved to live with a Chinese friend without telling any of his Arab friends. With two Chinese Muslim friends as witnesses, Mohanned and Fang got married, receiving the approval from Fang’s natal family, even though she was the oldest child and was also the first in her village to marry a foreigner.

Fang and her husband moved to Yiwu and opened their own canteen in 2004. At the beginning, Mohanned was the manager and controlled everything in the canteen. When he started his exporting business in 2012, he invited his younger brother to manage the canteen instead of giving the responsibility to Fang. Mohanned’s brother could not handle some of the problems now confronting him, in particular, negotiating with food suppliers and the local government. As a result of increased publicity following the attention of President Xi, Fang had established stable ties with the suppliers and the government. Fang thus replaced her brother-in-law and became the manager of the canteen. She subsequently employed her younger sister, Liu, and Liu’s husband as manager. This model of cross-cultural marriage is instructive for revealing the important role some Chinese wives hold in businesses owned by their Arab husbands.

It is important, however, to note that Fang was acutely aware of balancing her independent relationships with the need to be obedient to her husband. Her bearing and demeanor ensured her status as a leader in the community of Chinese wives in Yiwu. Many Chinese women separate their obligations in business from their obligations to the family, both maintaining their independence but also maintaining conjugal union harmony. Using herself as an example, Fang related stories of her own struggles for independence, especially in the financial sphere. She stressed that she would never give up working to stay at home after her marriage. Instead, she chose to operate her own business to establish her independence. But she also mentioned that it was necessary to gei mian zi (给面子 give face) to her husband in public, stepping back in some situations,
to protect her marriage. In order to respect her husband’s wishes, she veiled herself and wore Arabian style clothes. Also, she rarely argued or disagreed with him in front of his friends. However, Fang also emphasized that if she had married a Chinese man, she would also have needed to give her husband “face”. However, in contrast to Chinese men, Fang believed that Arab men were more concerned about their perceived authority in public.

Fang’s case illustrates that, even though the Chinese wives gained financial independence, and played the roles of both domestic careers and business operators, they still remained obedient to their husbands to maintain his authority. Her marriage was similar to a standard Chinese-Chinese marriage, except for her religious practices, which she said were manifested in her veiling and wearing Arabian style clothes.

![Figure 6.2 Chinese wife with her husband and father-in-law](image)

**Case two: Li, financial manager in the office**

In contrast to Fang, who was successful in running her own business, Li, like most Chinese wives, assisted and supported her husband in his business. In charge of finances, Li negotiated with their staff and Chinese
suppliers, paid off debts and distributed bonuses to office staff. Li dedicated herself to her job and waited for ten years before starting her family.

Apart from her exceptional contributions in the office, Li provided continuous support in many ways in the business. Li’s mother was from Yiwu and had many relatives who ran factories. Through their contacts, Li could acquire products either on credit or at a low price. With this support from Li’s natal family, her husband Mohammad extended his business from just focusing on clothing and shoes.

Li also was very active in the community of Chinese wives and in the Islamic study group. Although she stayed at home to take care of her three children for many years, she still had a strong influence in her community and business. Chinese suppliers preferred to make contact with her rather than her husband. After her youngest child went to school in 2013, she returned to work and once more took charge of the financial department of the business.

Although Li held such an important position, she deferred to her husband in family matters. She also owned three apartments. Despite the fact that the properties were registered under her name, her husband insisted on keeping the ownership deeds himself and believed that the properties belonged to him.

While many Chinese wives envied Li’s life, she told me that although her husband gave her financial freedom, she had to make many sacrifices, following her husband’s wishes in order to maintain trust. She also had to report to her husband before going out to meet her friends and keep her distance from her own relatives to satisfy him that she was maintaining pure religious practices.

Li’s case shows that she earned her husband’s trust by following religious rules to regulate her activities, even to the extent of distancing herself from her natal family. Her status in the marriage however, remained subordinate to her husband. He remained the decision-maker, regardless of the financially profitable deals Li may have made and her contribution to the well-being of the family.
Case three: Jing, divorced from her husband

Jing is from Yunnan Province, and married her Yemeni husband Hisdan in 2013 but later divorced in 2016. Before marrying Hisdan, she worked in the Yemeni coffee shop for two years as a waitress. Jing’s beauty and open personality made her popular among many young Yemenis in Yiwu. Before his marriage, Hisdan was a full-time student at a university in Hangzhou. Like most of the other Arab students, Hisdan had a part-time job as a translator working for buyers from Yemen during his holidays. He frequently visited the coffee shop and talked with Jing in his spare time. The two young people were soon involved in a romantic affair. While Hisdan’s circumstances were not the best among Jing’s several pursuers, his kindness and patient nature attracted Jing’s attention. Jing did not finish her job until 3am but Hisdan always waited for her and walked with her back to her dormitory. Jing, who had not continued her studies beyond middle school also thought highly of Hisdan’s being a student. They got married in 2013 when Hisdan completed his studies and moved to Yiwu.

Hisdan, however, insisted that Jing quit her job after marriage and devote herself to household duties. He started his own business immediately after their honeymoon. She helped Hisdan find and rent an office, bargain with the Chinese suppliers, and she registered the office in her name to receive a tax discount. However, the import and export business did not work as smoothly as they imagined. Hisdan had majored in computer science as a student and used his skills in his e-business sourcing and exporting scarves made in Yiwu to the Middle East and North Africa. Unfortunately, the international side of the business failed although he did enjoy success with the Chinese market. They decided to separate the businesses with Jing developing the e-trade shop while Hisdan continued to work on finding new customers for his products.

Inevitably, conflicts in the marriage developed with Jing’s business success and Hisdan’s failure in his business endeavors. He lost confidence in his business, which suffered a loss of customers and poor returns by 2015. They quarreled over insignificant issues, with Jing threatening divorce many times, and accusing Hisdan of being aggressive in the office and a tyrant in the family. His temper was always affected by his business situation and he was very jealous of Jing’s success. Of critical importance at this time was Jing’s practice of putting her photos on the website, broadcasting her success to her friends who commented that Hisdan felt he had lost face (*shi mianzi* 失面子). To make matters worse, Jing had to pay Hisdan’s debts.
Hisdan’s friends, who I met in the coffee shop, complained that Jing had abandoned Hisdan because she no longer needed to depend on him. From Jing’s perspective, the divorce was caused by “differences in world view, values and life” (san guan bu tong 三观不同) rather than for economic reasons. She could not tolerate Hisdan’s male chauvinism. He prohibited Jing from going out without his permission. He did go out to alleviate his frustration, staying in the coffee shop smoking the whole day.

While Jing and Hisdan’s marriage was based on mutual affection, love and free choice, it ended when they could not balance the power relationship in their family. Many cross-cultural marriages in Yiwu failed because Chinese wives and Arab husbands could not accept each other’s culture and could not find a way to negotiate their relationship. Significantly, my male informants always blamed the failure of their marriages on their wives’ inability to properly follow the tenets of Islam. They believed that a lack of religious regulation in their marriages led to the failures.

For most Arab husbands, the domestic domain was considered a place where a couple worked together in a “joint venture” (Farrer 2008). They endeavored to maximize the benefits of their conjugal relationship. Because of their Chinese wives, Arab husbands established ties to different groups in China which gave them access to various social and commercial resources. They obtained cheaper products and gained the trust of Chinese suppliers so they could extend their businesses. Nonetheless, raising the importance and status of their wives in business threatened their own traditional role as breadwinners. This resulted in an increase in the anxiety in Arab husbands – a phenomenon not only found in China but also among migrant Muslims in European countries (Marranci 2008). Arab husbands wished to maintain their authority in family and treated their wives within the context of a “traditional Muslim view of women and their place in the social order” (Mernissi 1975). Therefore, Chinese wives did not achieve social and economic freedom because they had to obey and follow their husbands, even though they were often the co-breadwinner in family. However, there were strategies and opportunities for both Chinese wives and Arab husbands in Yiwu to negotiate and maintain their romantic relationship and save their marriage, which will be examined below.
Anxieties and insecurities among Chinese wives

In some cases, unions between Chinese women and their Arab partners was founded on the prospect of business opportunities rather than a romantic union. While Chinese wives may have benefited economically from supporting their Arab husbands’ interests, this did not guarantee security in their marriages. New anxieties and uncertainties induced by the risks of debt owed to Chinese suppliers coloured Chinese women’s lives. Li expressed her nervousness in a gathering of the wives of Arab men:

I am not sure how many Arab men married Chinese women for love. Maybe they are just pretending so they can lure Chinese women to help in their business. A Chinese wife means that they can get more credit from suppliers and their wives are free labour. Seeing so many Chinese wives having financial problems, I became more anxious in my marriage. Our lives are full of uncertainties, especially when our husbands cannot pay on time.

Having a Chinese wife allowed a husband to obtain easy credit due to local connections and the capacity for the wife to provide collateral for the loan. However, when Arab traders defaulted on their loans, they often deserted their wives, departing China, leaving them to negotiate and repay debts to Chinese suppliers.

Threats to their marriages also arose due to the promiscuity of some Arab husbands. Some men had little regard for the sanctity of their marriages and openly paraded their mistresses in public, taking them to a market or café and living openly with them. However, they still gave the address of their wife’s residence to gain the trust of Chinese suppliers – a deception as the they considered the marriage only a temporary convenience.

The tragic stories of the Chinese wives who had been deserted was a major topic of conversation among the other Chinese wives in Yiwu, especially those left behind in China who took on the major responsibilities of family and business, looking after the children while maintaining on-going relationships with Chinese
suppliers. Several women were forced to leave Yiwu to escape pressure from creditors. In two of the worst cases, Chinese women had borrowed money from their relatives which their husbands were unable to pay back. Bankruptcy was a major concern among Chinese wives and stories about this were widespread, leading to concern and anxiety, especially among those whose husbands did not own property in China.

Arab husbands often attributed the breakdown in cross-cultural marriages in Yiwu to a lapse of faith among Arab men. In their countries of origin, going to the mosque was an important part of an Arab man’s life. Religious faith grew through regular mosque attendance. The Imam’s spiritual instructions, attendance at prayer meetings and family religious education made young men regulate their activities according to religious rules. However, when Arab men started their business in China, living in an environment where the main concern was making money and earning profit, some drifted away from their faith.

**Negotiating and reconciling cross-cultural marriages**

The biggest challenge that Chinese wives and Arab husbands faced, before and after marriage, was that they had different religious backgrounds and beliefs. They had to negotiate the question of whether Chinese women were prepared to convert to Islam before marriage. A refusal to do so resulted in most Arab men choosing to suspend their relationship although some of Arab men got married first and then tried to persuade their partners to convert later. The Arab husbands always quoted the Qur’an to explain why marriage to polytheistic women (as the usage is in the Scripture) is not acceptable:

> And do not marry polytheistic women until they believe. And a believing slave woman is better than a polytheist, even though she might please you. And do not marry polytheistic men [to your women] until they believe. And a believing slave is better than a polytheist, even though he might please you. Those invite [you] to the Fire, but Allah invites to Paradise and to forgiveness, by his permission. And he makes clear his verses to the people that perhaps they may remember. (Al-Quran 2:221)
Arab husbands used this verse to argue for the necessity of conversion to Islam for a marriage to take place. Before deciding to formalize their romantic ties in marriage, all the Chinese wives I interviewed in the study group told me that the first decision they had to make was whether to convert to Islam. They described the conversion as a payment (daijia 代價) for their marriage to a Muslim. If they did not convert, any relationship would not be acceptable to their husband and or his family.

Most of couples in my study described the process of negotiating their marriage with their husband’s family as being very difficult for his parents and relatives. A proposed cross-cultural marriage was declined more often by the groom’s family than by the bride’s. The grooms’ families were apprehensive of their son’s loss of faith and potential assimilation into Chinese culture. They were also wary of the way the children would be brought up, especially the loss of religious education. Consequently, accepting a non-Muslim daughter-in-law was a challenge and the majority of Arab grooms had to have extended negotiations with their family to get their approval. One Arab husband even threatened his parents with the prospect that he would stay in China and cut relations with his own family if he could not marry his wife. Some of them even married without informing their families until they had children and then sought their permission. Chan and Mohammad’s case, however, reveals that in some cases, conversion was not enough. Mohammad told me what had happened when he had sought his family’s permission to marry:

My father disapproved of our marriage when I first told him about it. He had a very bad impression of Chinese women. He had visited China twice and had seen young women on the street wearing skirts, shorts and t-shirts, exposing their bodies in public. He could not accept a daughter-in-law who had grown-up in this kind of environment. He was also worried that my wife was not a virgin. Even more important, he was unsure what would happen to his grandchildren, whether they could receive a good religious education from their mother or not. Under their mother’s influence, our children might not practice their religion and maintain their belief. When I told my father that Chan had already converted to Islam and followed all the rules of our religion, my father still did not allow me to marry her because he believed that
my wife’s conversion was merely a trick to get support from my family. He thought that she could not really believe in Islam in her heart. In the end, we got married without my family’s permission. Their attitude changed when I took Chan to Egypt in 2015. All my family saw her praying five times a day, reading the Qur’an in her spare time, and dressing and behaving like a Muslim woman. They were happy to see this and then they accepted her.

Chan and Mohammad’s case was not isolated. All the women in the Islamic study group remembered similar experiences, where their parents-in-law did not believe that would become good Muslims who would follow and practice the religion.

Figure 6.3 The Chinese wives’ gathering
The other main discrepancy in wedding practices was dowries. According to the Qur’an and Hadith, Muslim husbands had to pay a dowry to the bride, and the dowry should be allocated to the bride herself, even though, under certain circumstances, the bride’s father could spend it on the daughter’s trousseau. Sometimes the dowry was paid in golden jewelry for the bride (Ali 2006) and played a key role in Muslim marriages. Migrant Pakistanis in United Kingdom tended to marry cousins or close relatives from the family network, rather than choosing their partners themselves. One important reason for this was to reduce risks in the marriage, as relatives from the same cultural and social background were considered reliable and would understand the nature of the dowry and the relationships in the new family (Charsley 2007). However, in China, the natal family traditionally has the right to take the dowries as compensation to the family’s loss of labor. It is not compulsory for bride’s family to pay for a trousseau either. In some cases, the groom or his family might pay a high price for a bride, but the bride’s family might spend all the money, leaving nothing for a trousseau.

In Li’s case the manner of paying the dowry had a serious impact on the formation and sustainability of the marriage in both families. In 2003, before the wedding, Li’s family required her husband to follow their traditions and pay the same price for his bride (50,000 RMB) that other people from the same village in Fuzhou paid. Her father-in-law rejected this and said he would follow Islamic rules instead and would buy golden jewelry for Lin rather than pay cash to Lin’s father. As Lin’s father was not Muslim he thought that they did not need to follow these rules so rejected Lin’s husband’s proposal. To resolve the conflict, Lin’s father-in-law found a friend in Fuzhou to act as mediator to find a way that both could accept. In the end, they reached an agreement that Lin’s father-in-law would pay 50,000 RMB as a dowry but that Lin’s father must give 20,000 RMB. My informants frequently told me stories of complex agreements like this before marriages were approved. Once married, the couples faced more challenges.

**Religion in the family**

Chinese wives and their Arab husbands believed that shared faith was important. The absence of a shared religious belief governing the marriage might lead to it being seen as too casual an arrangement, where the marriage partners might be seen as lacking a common purpose, and the relationship might be in danger of
being subject to outside pressures. In order to demonstrate the importance of Islam in their marriage, Arab husbands encouraged their wives to join the Islamic study group to learn how to be a good Muslim.

Attendance at such sessions, would further inspire their wives to live a Muslim lifestyle following Islamic norms in diet, dress and other practices of daily life. Most importantly, participation in the Islamic study group ensured that Chinese wives received support from community of wives in cross-cultural marriages. Chinese women also used their knowledge of Islam to regulate and understand their husbands’ activities, assisting in the building of trust between Chinese wives and Arab husbands.

The Islam study group (xuexiban 学习班): establishing moral and social boundaries

Figure 6.4 Study group

The Islam study group in Yiwu has existed for more than ten years. Originally, it was not only organized for Chinese wives who had converted but for all non-Muslims who were interested in Islam. At first, the participants were intermediaries who worked with Arab traders because the study group provided Arabic language training and the intermediaries came to learn Arabic. However, as the number of intercultural
marriages increased and more Chinese women converted to Islam, Chinese wives became active participants in the study group and let the organizers know that they needed to learn more about Islam. Except for a male Imam, all participants were women, as men and women were prohibited from sharing the same room. This change occurred when Chinese wives began to attend the group, because some of their husbands did not allow their wives to go if men were also present. As a result, the study group I attended only accepted women.

The study group operated as a workshop. Five Chinese volunteer teachers instructed the group. Four of them had learnt their Arabic in Egypt, Jordan or Pakistan. They spoke fluent Arabic and worked as full-time intermediaries in the office of Arab traders, so all courses had to be arranged before or after office hours, either in the early morning or late evening. Ma was a Hui Chinese Muslim and the only one in the study group who had learnt her Arabic and knowledge of Islam in a Chinese mosque. No volunteers earned any salary from teaching, but students offered them meals, fruit or other gifts, especially during festivals. Money for renting the apartment and daily expenses was donated by group members or paid anonymously. In order to escape local government attention, teachers always told students to say that the classes were for Arabic language study rather than Islamic knowledge.

All courses in the study group focused on teaching students how to be a worthy Muslim. Participants learnt in two stages. At the beginner stage, they studied the letters of the Arabic alphabet and grammar and then were taught to read the Qur’an with a teacher. At this stage, they also read a Chinese version of the Qur’an to better understand its meaning. The second stage was called the senior class—as members already recognized all the Arabic letters and knew basic grammar—where they read the Qur’an by themselves. Students explained to me that believers who read the Qur’an in Arabic felt closer to Allah, and that Allah would be pleased by this, so they aimed to read the Qur’an in Arabic fluently. Teachers also taught them how to pray, how to clean themselves before praying, and what Du’a they should recite when they worshiped. If students did not understand the meaning of the Qur’an, or they had any confusions in their belief, they asked Imam Ma about this during the Tuesday evening class. After finishing the senior class, some of the participants did not attend the study group but still attended the regular tea party and maintained

41 The term is derived from an Arabic word meaning ‘call out’ or to ‘summon’, and Muslims regard it as a profound act of worship.
their relationships with other members. Some Chinese wives were Chinese Muslims and did not need to convert, however they still attended the group to study with the new Muslims. In their words, although they were Muslims, Islam was just a word to them. They still needed to study with the new Muslims.

The following table shows the curriculum of the study group. The schedule changed depending on the seasons but the courses remained the same. A few students also invited teachers to their home to teach them if they were absent for some classes.

<table>
<thead>
<tr>
<th>Time</th>
<th>Monday</th>
<th>Tuesday</th>
<th>Wednesday</th>
<th>Thursday</th>
<th>Friday</th>
<th>Saturday</th>
</tr>
</thead>
<tbody>
<tr>
<td>Morning</td>
<td>誓读古兰 (Reading Qur’an)</td>
<td>马老师 (Teacher Ma)</td>
<td>圣训 (Hadith)</td>
<td>古兰经/教法 (Qur’an/ Sharia)</td>
<td>圣训 (Hadith)</td>
<td>古兰经特殊章节 (Reading a selected chapter of Qur’an together)</td>
</tr>
<tr>
<td>7:20am-8:10am</td>
<td>古兰经/教法 (Qur’an/ Sharia)</td>
<td>古兰经/教法 (Qur’an/ Sharia)</td>
<td></td>
<td>读古兰经特殊章节 (Reading a selected chapter of Qur’an together)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8:20am-9:00am</td>
<td>圣训 (Hadith)</td>
<td>圣训 (Hadith)</td>
<td>圣训 (Hadith)</td>
<td>读古兰经特殊章节 (Reading a selected chapter of Qur’an together)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9:10am-10:30am</td>
<td>As above</td>
<td>洗大小净 / 嘱啊及封斋举意 Duua / The intentions of fasting</td>
<td>读古兰经特殊章节 (Reading a selected chapter of Qur’an together)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7:00 pm-8:20pm</td>
<td>基础阿语 Basic Arabic</td>
<td>教学礼拜 Learning to Pray</td>
<td>基础阿语 Basic Arabic</td>
<td>教学礼拜 Learning to Pray</td>
<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td>茶话会 (Tea Party)</td>
</tr>
</tbody>
</table>

Table 6.2: Timetable of the study group
A few Chinese wives who had been married to their Arab husbands for many years did not learn how to be a Muslim until they came to study group as conversion does not necessarily mean learning how to practice and to be a devout person. Thus, there were still a few women who had converted but did not follow an Islamic lifestyle. That said, dietary prohibitions surrounding eating pork, drinking wine and blood were all followed by the families I interviewed. More importantly, despite some mothers not being particularly pious, all the children believed in Islam. This is significant given that Islam passes patrilineally from the father to his children who, by definition, are Muslims as well.

The tea party

A tea party that was held every Saturday evening provided an opportunity for students to share their individual experiences as new Muslims. The students sat around the table with Ma introducing the theme for discussion. Topics ranged from veiling, to children’s education, and strategies for dealing with family relationships, especially those concerning husbands and their own families. By sharing, participants were encouraged to strengthen their faith.

Another function of the tea party was to seek help from other students. Having to deal with the misunderstandings that came from their own family and friends in relation to their activities as Muslims such as fasting, veiling, and praying frustrated all the new Muslims in the study group. For non-Muslim family members and friends, fasting and praying five times every day were considered crazy: veiling indicated a sympathy with terrorism and diet restrictions were considered a breach of personal freedoms by affecting their previous friendships – not being able to dine together damaged the closeness of their relationships.

The most frequently discussed issue of concern at the tea party was the relationship between their birth family and their new Muslim family. While the ties between Chinese wives and their birth families remained intact, family members acknowledged a change in the quality of the relationship after the daughter’s conversion. Gathering together became difficult as their parents had to provide special food for them. Pork and wine, which are popular in China, were forbidden on the table. Eating and drinking together was a
symbol of a shared social bond which demonstrated the closeness of the relationship. Dietary differences meant losing an important shared feature in the family.

The role wives played in the matrimonial relationship was another important issue discussed during gatherings. Subordination and obedience are regarded as greatly meritorious in Islam. Disobedience was considered an act of disrespect to their husbands. It is considered a public challenge to the husband’s authority, especially in front of staff or customers. However, it is impossible to obey one’s husband all the time. A few Chinese wives believed that complete obedience damaged a Chinese woman’s image and diminished her dignity. A majority of them could not follow all the rules required by Islam as it lead to conflicts in the family. In the study group they asked how these conflicts could be resolved. Imam Ma and other teachers always suggested that they go back and read the Qur’an and Hadith to see how to be a Muslim wife and how to avoid conflicts with their husbands. Teachers also advised students to use religious rules to regulate their husbands’ activities.

Students referred to the study group as a “spiritual family” (jingshen jiayuan 精神家园). No matter what was shared, everyone received strong and positive feedback, with students sharing their experiences in resolving problems they had faced. Indeed, this group also played the role of a natal family (niangjia 娘家) for the wives who attended as they had distanced themselves from their previous social relationships and joined a new community. The Chinese Muslim converts claimed that they were starting “a new life and making a complete break with the past” (kaishi xin shenghuo he guoqu geduan 开始新生活和过去断诀). Here, the meaning of “breaking with the past” was that by marrying Arab husbands they began a new type of life, especially in religion, and that marriage meant embarking on a new challenge that they needed to adapt to. Breaking with her previous network or loosening her relationships with her natal family, the Chinese women reestablished networks in the study group. Belief bonded them together and created a community where all members supported each other. After attending the study group, the Chinese wives reported that it strengthened their beliefs and their relationships with their husbands.
Veiling is not just an issue for the devout, it has also emerged as a politicized issue in non-Muslim countries (Göle 1996; Ahmed 2011). The veiling of Muslim women is a critical and essential issue in discussions concerning the rights of Muslim women and the impact of religion on their lives, as “it is so central to contemporary concerns about Muslim women” (Abu-Lughod 2013). Some scholars have criticized western feminists who consider veiling as a deprivation of the rights of Muslim women; rather, they have advocated understanding veiling within the social and cultural context, instead of from one of basing on race and class (Ahmed 2011; Abu-Lughod 2013). My informants also support these attitudes toward to veiling.
They see wearing head scarves as an expression of their piety and a commitment to a Muslim lifestyle. Members of their natal family and social circle from non-Muslim areas in China were unable to understand these practices. A number of Chinese also considered veiling a sign of being sympathetic to terrorism. However, for converted Chinese wives veiling demonstrated their loyalty to their marriage openly and publicly. “Once women accept the gendered code of appearance, that is, once they take on the visible role of guardians of morality, they enter into respected and spiritually powerful positions” (Brodwin 2003). For these Chinese wives, wearing a headscarf is a sign of commitment to their marriage.

In order to persuade and encourage unveiled Muslims to cover their body, two metaphors were often used by veiled women to describe the advantages of covering.

“Will you tell everyone what savings you have in your bank account?”
“No.”
“If you have a diamond which is worth hundreds of millions of yuan, will you put it in your safe or show it on the street?”
“You will put it in your safe.”
“See, we always keep our most valuable goods secret rather than showing them in public. Veiling and covering our body have the same purpose. From our husbands’ perspective, they appreciate our body, it is the most valuable part, so our husbands need to protect it from being gazed at by other men. More important, it is not just pleasing our husbands and protecting ourselves, it also preserves family harmony.”

Stories of the benefits of veiling circulated among the Chinese wives. For instance, after beginning to cover her body, the bankrupt company of one woman recovered. Her husband became devout and had more customers. Customers paid their debts. This kind of magical discourse of the healing power of religious belief was persuasive and popular both among veiled and unveiled Chinese wives.

Lin’s story was the most popular and shared in the study group every month. She spent ten years struggling with whether to wear a scarf or not. Her husband never forced Lin to wear a headscarf. However, in 2012, after coming back from a pilgrimage to Mecca, Lin’s husband changed his mind. He quarreled with Lin several times, failing to persuade her to take the veil. His customers believed that Lin’s husband was not
devout enough, failing to provide proper spiritual instruction to his wife. In the end, he compromised and required Lin to wear a scarf in the office, although she was free to go unveiled outside. However, after studying in the Islam study group for four weeks and listening to the stories of the other converted women, Lin not only abandoned her previous style of dress but adopted Islamic dress, fashion and lifestyle. Her company then became the largest among the Palestinian-owned ones and her husband no longer spent all his time in the coffee shop.

For Arab husbands, wearing a headscarf was a symbol of their wife accepting Allah in her heart. Covering her body, and regulating her activities according to Islam, showed that she had embraced Islam. The obvious benefit was that not only did Allah supervise these Chinese women’s activities but also they would behave in an appropriately Islamic way, not going out or eating pork.

Religion influenced their marriages by providing a connection with Allah, by encouraging caring for her husband and children, by bringing in a spirit of love, and by offering a valuable tool for conflict resolution (Marks 2005). With the greater uncertainties involved in cross-cultural marriages, religion performed a pivotal role in strengthening the relationship, with daily religious practices bringing spouses together, through praying five times every day, going to the mosque, and engaging in activities and gatherings together. Any disagreements in their marriage could be mediated by the religious rules and the Prophet Mohammad. Concerns with their public image and worries about rumours also made Chinese wives cautious of showing any disagreement with their husbands.

**Beyond religion: sharing business information in a new Muslim community**

On a hot summer Saturday evening in July 2016, while attending the regular tea party, the sharing of business information among the guests caught my attention. Li’s husband, Akeem, needed to order four containers of broomsticks for his Egyptian customers but the price he had to charge was more than other Egyptian wholesalers. He had to find a broomstick factory that would offer lower prices, otherwise he would lose his customers. At the tea party Li complained about the actions of her husband’s customers in squeezing the marginal price and disregarding the position of her husband, the middleman. She had not intended to get
the assistance of the study group, however, Meng, another student, said that her husband also had the same problem seven years ago and Meng helped her husband find a factory in her hometown in Liuzhou 柳州, in Guangxi in southern China. The factory in Liuzhou provided broomsticks at a very low price, so she shared their contacts with Li. Later, Li told Meng that her husband only paid three-fifths of the previous price when ordering four containers from Liuzhou. In addition, the factory was familiar with exporting to the Middle East, which saved Mohammad the trouble of travelling to Guangxi.

It was not just information on factories that was exchanged in the study group. Other topics included the underground exchange market, children’s education, recruiting reliable staff, visa policies and administering staff. A number of students finished their studies and no longer joined the activities of the study group, but they still met frequently. Also, sharing business information meant knowing more about the reputations of some Arab buyers and Chinese suppliers. Arab buyers did not always trade with the same middlemen but transferred their business from one middleman to another to secure the best deal. In initiating the cooperation of a new buyer, middlemen had to investigate the background of the Arab buyers to confirm their capacity to pay. However, middlemen themselves may not receive an honest evaluation and often they were given selective information from their compatriots or friends, who were often competitors. The social networks of the Arab husbands were often limited to people from the same country. By contrast, Chinese wives found it easier to collect information in the study group. As the Chinese wives studied together every day and established stable ties with each other, closer relationships made the flow of information more reliable and efficient.

Introduced by their wives, Arab husbands also gathered frequently. Compared to other middlemen who had their wives from the same community, these Arab husbands had to face different challenges in their lives. In order to strengthen their faith and identity, these men regularly attended the mosque, smoked together in the café, and arranged outings with their children. In addition to strengthening their faith, this also meant that they avoided being limited to their own ethnic group. It was meant that they avoided being absorbed into their wives’ Chinese culture. These couples established moral and social boundaries that regulated their daily activities. Participating in the study group allowed their Chinese wives to bring their otherwise isolated husbands into the community to the benefit of both their families and businesses.
Conclusion

In her discussion of Christian-Muslim intermarriage in East Kalimantan in Indonesia, Jennifer Connolly (2009) pointed out that to understand interfaith marriage, anthropologists should consider not only the macro-level of state policies and median level of collective identities of communities but also the more intimate emotional and experiential level of the family and individual. An analysis of the interactions of these three levels allows us to better understand the formation of boundaries and when they may be transgressed. In my study, despite religious differences before the marriage, the cross-cultural couples – both the Chinese wives and their Arab husbands – tried to establish a community where they could share the same symbolic resources in in the face of unstable commercial and marital conditions. The couples were at the forefront of fierce competition in the marketplace, resulting from macro-level global volatility. At the micro level, however, for Chinese wives and their Arab husbands, religion was centrally important to maintain, support and stabilize marital relationships. Not all marriages faced the same challenges. Compared with other cities in China, religion in Yiwu is relatively loosely policed so Chinese wives and Arab husbands are allowed to practice their religion openly. However, the freedom to practice religion could be impacted by outside changes. For example, in 2016, when the G20 was held in Hangzhou, the Chinese wives were not allowed to continue their studies and other religious gatherings were also prohibited.

The number of marriages between Chinese women and Arab men is still small compared with the large number of Arab traders in Yiwu, however, the potential impact brought by this new form of marriage in Chinese society is deeper than the number of couples would indicate. First, the process of forming a family consisting of a Chinese woman and an Arab man is rarely straightforward. Arab husbands can apply for a spousal visa but they have various limitations, for example, they are unable to register their own company. Second, the couples hope to raise their children with a Muslim identity, but this typically is thought to require them to relocate to the husband’s country. This often conflicts with maintaining the business in China and ties with the wife’s family. Third, while the couples try to maximize their socio-economic and religious resources across national boundaries, they still have to overcome a variety of constraints, including gender, religion and nationality.
Chapter 7 Conclusion

This dissertation examined how Arab traders conduct their life and business in China. I began with the question of why Arab traders were attracted to Yiwu instead of other Chinese cities. To provide broader context, I examined the strategies which the Yiwu government used to promote the city and accommodate foreigners in general. I further illustrated how Arab traders used their social capital to operate and facilitate transnational business with both preexisting networks and new social networks they constructed in the host society, and how they gained power and created cross-cultural trust to maintain their informal economic activities. I argued that the emerging power of Arab traders depended on and was derived from the asymmetrical relationships between Arab traders and the Chinese business people they encountered. These asymmetrical relationships – with different groups, including business partners – were generated by Arab traders’ important role in the marketplace. In addition to this economic leverage, Arab traders created trust with different groups by exercising power and setting boundaries.

Macro-economic changes were important drivers of Arab traders entering and expanding in the Yiwu market. The 1998 Asian financial crisis forced Arab traders to source products from China instead of Southeast Asian markets. After landing in China, searching for the cheapest products led them to Yiwu. The 2008 Financial Crisis did not have a direct impact on Arab traders. However, the crisis motivated Yiwu to move away from its high dependence on the markets of Europe and United States to buyers from the Middle East and North Africa. In other words, Yiwu targeted the markets in Arab traders’ home countries, and made the local environment more hospitable and convenient for traders from those places, such as simplifying export procedures, accommodating religious practices, and allowing Arab schools to be built. However, accommodating a large number of foreign small traders in Yiwu clashed with central government’s policies to control this population. Regulating foreigners and diminishing conflicts with the central government’s policies became the main political consideration of the Yiwu government.

Scholars have demonstrated that historically, China’s laws administrating and regulating foreigners rarely changed radically, but have gradually been amended over the past three decades with the rise in the population of foreigners (Brady 1997, 2000; Liu, G 2009, 2011). Different groups of foreigners experienced different immigration policies in China. The central government tried to attract more professionals, such as
employees of joint ventures, teachers and representatives of foreign companies, and western technical experts, who enjoyed a high socio-economic status (Yeoh & Willis 2005; Wang, J, Lau & Siu 2008; Zhu & Price 2013). By contrast, lower-status groups such as African small traders in Guangzhou were less welcome, and the central government tried to reduce their population and control their migration (Brady & Wang 2009; Bork-Hüffer & Yuan-Ihle 2014; Huang, G 2019). Arab traders also belong in this latter group, which the central government tries to restrict. From the central government’s perspective, the economic contributions brought by hosting small foreign traders were far less significant than the security issues they might bring. The central government feared that the activities of these foreigners would generate negative news stories, which would conflict with the progressive and prestigious image that the regime aimed to present to international audiences (Zhu & Price 2013). For example, on 18 June 2012, following the death of a Nigerian migrant in police custody in Guangzhou, more than one thousand African migrants organized a protest that disrupted public transportation. They demanded an explanation of the death of the young Nigerian and agitated for improved protection of African citizens living in the city; in particular, they demanded greater transparency regarding visa and residence permit conditions and an end to the unfair treatment of Africans, when comparing to other foreign nationals residing in Guangzhou. Their complaints and protest captured the attention of the Chinese and international media. The central government believed that the protest in Guangzhou negatively impacted the image of China.

Yiwu was put in a conflicted position in dealing with foreign migrants. On the one hand, the local government wanted to attract more foreigners to buy merchandise; on the other hand, the city had to follow the central government’s policy of controlling this undesirable category of foreigners, in particular before or during major events, such as the Olympic Games in 2008. As a result, the Yiwu government had to balance economic gains with political considerations. The city followed the policies that launched by central government, but, without violating any central government rules, Yiwu government applied for more autonomy in regulating foreigners.

As a county-level city, Yiwu successfully accommodated a large number of foreigners, and balanced the relationship between central and local governments. The challenges faced by Yiwu in regulating foreigners, including African and Arab traders, will be faced by many cities in the future, as more foreigners arrive in China and

disperse to different cities. Yiwu’s experience supports the idea that the central government should give more autonomy to local governments to regulate foreigners, as the local government is in direct contact with the foreign population and knows how to deal with problems on a day-to-day basis.

**The community of Arab traders in China**

Scholars point out that the successes of immigrant entrepreneurs are strongly based on individual and ethnic resources (Turner & Bonacich 1980; Portes 1987; Waldinger 1989; Portes & Sensenbrenner 1993; Rath 2002). An ethnic network acts as an institution that allows them to accumulate enough wealth and power to settle in a host country. This study supports this idea, as Arab traders also depended on individual and ethnic resources to operate and facilitate their transnational business. Depending on the ethnic resources required, Arab traders worked to solidify their group membership. Affiliation based on Islamic faith and Arabic language provided a link bringing together Arab traders from various backgrounds. Islam constituted an integral force in Arab traders’ home countries, and they organized social life based on Islamic rules. Thus, they brought this power of Islam to their host society and employed it to reconstruct their social networks. As a result, Islam still existed as an integral element of everyday life and shaped the nature of the daily interactions of Arab traders.

In order to strengthen their image as Muslims, Arab traders made boundaries to distinguish themselves from non-Muslims, including good Muslims and excluding bad Muslims. However, “good Muslim” was not an objective term, and it was difficult to define exactly how to be a good Muslim in the community. Thus, public places and prayer spaces were used to make distinctions between insiders and outsiders in the community. Public places, such as halal restaurants, café and prayer spaces, not only provided a channel to access information and gain immediate assistance, but also enabled Arab traders to transcend national distinctions and extend their social networks to include the whole of the “Arab world”, allowing their networks to incorporate anyone from countries speaking Arabic and practicing Islam.

Although setting cultural and language boundaries excluded “outsiders” from the community, it was by no means closed to new members. Instead, Arab traders strategically included new members to facilitate their business. The
social network could be expanded when new members were able to provide advantages to insiders in the community. For example, integrating Chinese Hui Muslim migrants into the export industry was a way to link people who shared the Muslim faith. Arab traders believed that Hui Muslims were trustworthy, and so they entered into employer-employee relationships with them. However, Hui Muslims’ activities, such as taking kickbacks and taking customers away from Arab buyers, damaged that trust. Arab traders failed to discipline and regulate Hui Muslims using their shared religion. As a result, they combined the spiritual imperative with other strategies, such as hierarchizing the space and employing women, to control their employees.

Cross-cultural marriages between Chinese women and Arab men show that affective unions also became a way to strategize commercial activities. However, Chinese wives were expected to convert to Islam to maintain conjugal relationships and create trust in the marriage. Belonging to and practicing the same religion became a way to guard against uncertainties and insecurities in cross-cultural marriages. Arab husbands and Chinese wives employed religion as a strategy to regulate their daily activities. Through sharing religion in their marriage, Arab traders believed that Chinese wives became trustworthy. In turn, Chinese wives also considered that Islam was a way to maintain their conjugal relationship and regulate their husbands’ activities.

Arab traders tried to build trust inside and outside the community based on shared religious beliefs. However, this strategy could not be used on people from a different religion. For example, Chinese suppliers did not believe that religion could regulate Arab traders’ activities, and so did not accept it as a way of establishing trust. In this context, Arab traders had to employ other strategies. Through the imbalance of power, based on the buyer-driven market, they forced Chinese suppliers to trust them.

The study of Arab traders in China illustrates that viewing foreign migrant communities as enclaves does not explain the complicated social relationships engendered by their presence. The community of Arab traders not only linked the local market to the markets in the Middle East and North Africa, it also brought diverse influences into the local society. Economic activities were only part of the traders’ lives in China – they also influenced social, cultural and demographic changes. For example, the arrival of Arab traders brought Islamic culture to Yiwu, where it had not existed before, and the children of cross-cultural marriages had diversified the local population. Such changes could not be explained if foreign migrant communities were only seen as enclaves in a host society.
The future of Arab traders

When migrant entrepreneurs face complex and fluctuating social and economic circumstances, they adapt by combining opportunities with strategies and resources to create comparative advantages and benefits (Kim, Jihye 2018). Scholars have employed the idea of “mixed embeddedness” to explain the resources that migrant entrepreneurs depend on, relying on both the internal migrant community and external macro-micro environmental factors which impact on a migrant’s life in their host society (Zhou 2004; Hearn 2016; Kathiravelu 2016).

Arab traders, unlike some migrant groups, were not willing to change their own culture to adapt to the new environment. Instead, they remained strongly rooted in their own culture and avoided being assimilated into the host society, for example by continuing to practice their own religion, and forming and maintaining ethnic boundaries. However, in order to compete in the market, Arab traders had to be flexible and construct different networks, establishing new social relationships with different social groups in China. One strategy was to cooperate with local authorities and establish relationships with powerful people, or to get involved in activities organized by local authorities. The elite members of the Arab trader community were actively involved in such activities. For example, the local government invited several Arab traders to join local politician negotiations. Elite members of the Arab community tried to have more community members join them to argue for their rights. They also organized the “World Arab Merchants Union” (shijie alaboshangren lianmeng 世界阿拉伯商人联盟). This organization sponsored many charitable activities, such as blood donations, to promote a positive image of migrant traders.

A patron-client relationship was constructed gradually between Arab traders and the local authorities, helping the traders to access political resources. By contacting officials from different departments, they actively followed policy changes, and negotiated with local authorities to extend their networks to maximize their influence. For local authorities, cooperation with Arab traders, especially the elite members of the community, benefited administration. Moreover, it was thought that this cooperation promoted an image of Yiwu as an international city, with a local government that was friendly to foreign small traders. Although the majority of Arab traders operated their business in informal ways, it did not mean that they were in a powerless and marginal position in Yiwu.
By constructing patron-client networks, Arab traders found a way to communicate and negotiate with the local authorities. Indeed, as the local authorities did not place themselves in total opposition to informal economies, both they and the Arab traders could maximize their profits through cooperation. This cooperation is evidence that foreign small traders and the governments were not in conflict, or contradicted each other. This was because the local authorities had different attitudes from the central government to controlling informal economic activities. The Yiwu government tried to integrate foreign small traders into local development. Since Yiwu focused on an export-oriented strategy, it relied heavily on foreign investments and traders. However, Yiwu was only competitive due to cheap labour, materials and land; once Yiwu lost this advantage, it could not attract foreign investment and traders. In this context, the Yiwu government had to demonstrate its capacity to maintain its relationship with Arab traders. Arab traders, for their part, also seized the opportunity and benefited from Yiwu’s new development approach to gain power in the market and accumulate wealth.

Members of the Arab elite in the community developed new strategies in order to solve current and future problems. In fact, they were in a constant process of adjusting to new problems that situational changes caused. However, their flexible strategies had to be acceptable to the members of their community. Although the elite only represented specific constituents of the total group, they were the players who could communicate and negotiate between different groups. Thus, changes began with the powerful business people, who acquired more and more experience and knowledge in the host society. There is always a need for certain “key players”, who can play the role of bridging the migrant community with host society, and push cooperation forward.

However, the changing situation in China also forced many Arab traders to turn to other marketplaces. Stricter visa policies and greater religious control forced many Arab traders to turn to Indonesia and Malaysia, while the increased prices of labour, land and materials in China caused it to lose its comparative advantage. Thus, a large number of the Arab traders who went to China for cheap products ended up moving to other countries to survive in the global competitive market.
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