

Chapter 5: The Two-Headed "Black Dragon"



A Russian border ship watching Daheihedao customs (Jun., 2002)

1 The Transformation of Heilongjiang

The Last Ten Years in the Province: 1992-2002

Every time I visit the Sino-Russian border regions, changes on the Chinese side of the river become more pronounced. I have traveled and conducted research in and around many villages and cities, including Harbin, Qiqihar, and Jiamusi, and I remember well the transformation of Heilongjiang Province during this ten-year period.

When I first arrived at Heilongjiang, Harbin Airport was small and shabby. The road from the airport to the center of Harbin was narrow and crowded. Now, travelers can directly reach the center of town via a highway from the recently renovated airport. Previously, a lack of signal lights and heavy traffic on the roads hindered passengers; now, one seldom hears a car's horn.

At one time, foreigners were easily spotted from the local population. Most of the residents noticed my presence. I was a bit anxious about how much money a taxi driver, even in Shanghai, would demand. Not only was opening my wallet dangerous, I could not get myself to trust anyone, not even a friendly face, nor was I even able to trust a salesperson from a normal store. Now, nobody pays any attention to me at all. I can buy most of my necessities haggle-free. Taxi drivers switch their meters on and off honestly without overcharging. Ten years ago, I would pull out money from an envelope, as a matter of custom, but now some Chinese laugh at me for following such out-of-date notions.

Trains bound for rural areas have also changed. I gave up trying to get a good sleep on a bed with dirty sheets on a night train from Harbin to Heihe in 1994. But now, we can travel in comfort and sleep in a clean, air-conditioned wagon. The way in which the Chinese travel is also quite different now than in the past. They were accustomed to rushing to a wagon with heavy baggage to find a good space just after the opening of the checkpoint at the station. Nobody runs and carries heavy baggage anymore.

I would now like to depict the transformation that occurred during a ten-year period from 1992 to 2002, particularly in Heihe and Suifenhe, the two leading cities on the border with the Russian Far East. Heilongjiang's position on the Sino-Russian border is

crucial not only for security reasons but for economic reasons as well.

Linkage to the South, Openness to the North

As mentioned in Chapter 1, Sino-Russian border trade was resumed in 1983, and had been developed by the end of the 1980s. A program toward Russia in Heilongjiang Province was publicized as a "Linkage to the South, Openness to the North" in 1989 (Zhang Wenda 1992: 10-11). At that time, the border trade was literally a "trade" of necessities. A so-called "barter trade," on which Russia and China planned which goods to be exchanged on a yearly basis, was counted nominally in Swiss francs. The total of the border trade in Heilongjiang Province in 1988 alone increased twelve times. Prior to this increase, the region had only seen an increase in trade once since 1983. More than half a billion dollars in de facto trade was estimated (Li Guoqing 1993: 72; Ogawa 1991: 76-77).

In addition, the positive atmosphere of Heilongjiang's economic development permeated throughout the surrounding region, owing much to the accelerated "reform and openness" fanned by Deng Xiaoping's "Southern Speech" of 1992, and the decision by the central government to designate Suifenhe and Heihe as "special economic border zones" (Zhang Wenda 1992: 248-251; 257-258). The Heilongjiang administration felt that 1992 was a turning point of "reform and openness" and began to work over its own ideas following the collapse of the Soviet Union and the end of the Cold War. They concluded that the end of Cold War would create new opportunities to construct and enhance the province's own economic development and that Heilongjiang should adopt concrete measures based on the spirit of Deng Xiaoping's speech (Zhang Wenda 1992: 1-7).

Zhang Furu pointed out that the timing of the break-up of the centralized bureaucracy in Russia was perfect for Heilongjiang's "openness to the North." China has increased its chances to exchange Chinese commodities for Russian industrial raw materials or chemical fertilizers, and to send Chinese labor to Russia; these opportunities are in no part thanks to the loose nature of Russia's export controls and the uncertain competence of local administrative

bodies. Suifenhe and Heihe should be linchpins in linking Russia and South China (Zhang Wenda 1992: 259-266).

Although trade volume with Russia in Heilongjiang had dramatically increased at the beginning of the 1990s, it quickly dropped in 1994. According to a Heilongjiang expert, many reasons are listed as possible explanations: a rapid transition from barter trade to foreign currency (at that time, China hoped for credit while Russia aimed for cash); Russia's bad economic performance, and its remaining socialist customs and shaky public peace; an increase in Russian export taxation (up to forty-four different kinds of taxes, up 200 percent from the original price); the notoriety of the low quality of Chinese goods in the Russian market; Chinese tightening of economic policy; trouble in converting Chinese yuan exchangeable for hard currency into Chinese domestic yuan, renminbi; Chinese inflation, and so on (Yin Jianping 1995: 35-37). Nevertheless, the special status of Heilongjiang in China has not changed in Sino-Russian economic relations. From the latter part of 1999, the recorded trade volume began to recover: \$1.3 billion in 2000, and \$1.8 billion in 2001, even more than the previous record set in 1993. In 2002, the trade volume hit a new record, \$2.1 billion.

In Heilongjiang Province, Suifenhe and Heihe both occupy a distinct position: the two cities together had 2.42 million tons of cargo, 84 percent of the total tonnage of cargo in the province, and 1.08 million border crossings, 72 percent of the total travelers in 1999 (Yuandong jingmao daobao Mar. 6, 2000). Heihe and Suifenhe are places where all people interested in Sino-Russian relations try to visit, at least once. Both have a shared history with Russia, and are now developing under the "reform and openness" spirit in Heilongjiang. Nevertheless, each city has its own unique quality.

Heihe: A Lingering Memory of the Massacre in Amur

Heihe district has a long history. A castle called "Aigun," equipped militarily, was established some time in the seventeenth century to dissuade Russian expansion. Here is where the Aigun Treaty was signed in 1858, henceforth a place of shame. According to the treaty, China would lose vast amounts of territory north of the Amur River. Interestingly enough, the treaty allowed local residents to live on

the land between the north bank of the Amur and south from the Zeia, as they were accustomed to do before, under the auspices of the Manchu government, with a promise that Russia would never subjugate them. Chinese were permitted to live in the area under local control, in what was called "the 64 villages" with a population estimated to be 10,000 (Gaimusho 1975: 66).

Blagoveshchensk, the capital of Amur Oblast, is opposite Heihe over the Amur River. The city was established in the autumn of 1856, and developed rapidly after the signing of the Aigun Treaty (Shul'man 1989: 91-92). During the Boxer Rebellion, a wave of violence and bloodshed hit Blagoveshchensk in July 1900. Russian authorities unilaterally expelled Chinese residents from the city as well as from "the 64 villages." Chinese records indicate that the actual number of deaths and destruction from the incident was underestimated (Heihe diquzhi 1996: 5-12). Makiyo Ishimitsu, a Japanese spy and firsthand witness of the incident, reported that over "three thousand Chinese were massacred" (Ishimitsu 1978: 40-41). According to a historian on the Sino-Russian border area, in Russian accounts written after the Boxer Rebellion in 1900, the Russians massacred 3,000 to 3,500 Chinese residents of the northern bank of the Amur. This number relies on contemporary newspapers from the Amur and other Russian sources (Paine 1996: 214).

After the incident, Russia occupied the right bank of the Amur River, including Heihe. Russia left only in 1907 and reported that Chinese residents, by voluntarily leaving the left bank, forfeited their rights to live in the area. Russia denied any compensation to the former Chinese residents of the left bank. They were obliged to acquiesce to Russia's position (Heihe diquzhi 1996: 774-778). Owing to this incident, Russia took complete control of the land south of Blagoveshchensk on the left bank in the Amur River.

In January 1933, Heihe was occupied by Japan and remained under Japanese control until it was "liberated" by the Soviet army. After a brief "Sino-Russian honeymoon," exchanges between the two nations over the Amur River continued from 1956 to 1960 (Heihe diquzhi 1996: 791-792). When the issue of island ownership was raised by the Chinese, interaction across the river again declined. When the Damanskii Incident occurred, Heihe-Blagoveshchensk

relations had deteriorated and were brought to the verge of a military clash. According to local Chinese records, Russian territorial invasions by aircraft or by ship occurred anywhere from ten times to thirty-three times (Heihe diquzhi 1996: 778-780). Heihe was recognized as an open customs port by the central government in 1961, but passing cargo had ceased by 1966 (Heihe diquzhi 1996: 38-50). Its openness was officially resumed only in 1982. When the border on the Amur River was strained, residents in Blagoveshchensk were prohibited from visiting other villages on the river side, and sometimes from walking in the city park adjacent to the Amur River. Then, Heihe was decorated with many photos of Mao Zedong, with accompanying songs celebrating the life of China's "great leader" (Maeda 1986: 20-21).

Suifenhe: A Gate to the World

In contrast to Heihe, Suifenhe has a short history. After the signing of the Beijing Treaty of 1860, when Russia was guaranteed the right bank of the Ussuri River as its own exclusive territory, the construction of Suifenhe was proposed. This proposal was part of a Russian project to construct the Chinese Eastern Railway. At the beginning, Russia believed a border station next to Primor'e would be constructed at Sanchakou, a small village near the Suifen River (the Razdol'naia River in Russian). But the Russian side changed its railway plans. The new railway was to be constructed 50 kilometers north of Sanchakou because the planned route going through the mountainous area was too difficult to be realized. The railway was separated from the Suifen River, but the name of the river remained. "Suifen" means "drill" in Manchu (Xiao Guixian 2000: 3).

In 1897, "station five" was built on Chinese land as an attached territory to the railway under Russian control. This was the birth of present-day Suifenhe and the development of its customs. In 1900, when the Russian army came to suppress the Boxer Rebellion, Nikol'sk (present-day Ussuriisk) in Primor'e — renamed then from its Chinese name, Shuangchengzi — was connected by railway to the city of Muling in China. A provisional train operation from Harbin to Grodekovo began in 1901 and a train ran directly to Vladivostok in 1903. Owing to the beginning of the train operation,

Suifenhe rapidly developed. Its population increased to 2,000 in 1904, and a number of shops and hotels opened for business. In 1910, the Russian Consulate was established (Suifenhe shizhi: 7-8). This jurisdiction, including Dongning and Sanchakou, was famous for an amalgam of nationalities, including Russians, Chinese, Koreans and Japanese. Ishimitsu, the Japanese spy, reported that Japanese laborers were engaging in the construction of a railway near Grodekovo (Ishimitsu 1978: 64).

The Japanese government soon recognized the importance of Suifenhe, which offered a chance to advance into China from the Korean Peninsula and opened a Consulate there in 1927. The 1920s were a glorious period for the now "internationalized" city, Suifenhe. But after the Chinese Eastern Railway incidents in 1929, the situation changed. The railway was damaged by the Russian army (it was repaired in January 1930) and then the city itself was attacked by two thousand Japanese soldiers and at last occupied on January 5, 1933. Suifenhe, together with its railway, remained under Japanese control until August 9, 1945 (Suifenhe shizhi: 12-18). The railway was handed over to China in 1952, but skirmishes increased in the 1960s. In January 1968, when a Chinese citizen entered into Grodekovo from Suifenhe, he was beaten by a Russian militant for



Russian border guards watching a Chinese train (Grodekovo, Aug., 1996)

carrying "Renmin Ribao," a Chinese newspaper, which criticized the Soviet Union. Suifenhe declared a first-class state of emergency in preparation for a possible war during the period from the day of the Damanskii Incident to February 11, 1970. Nevertheless, Chinese local records do not give any suggestion of halting railway operations (Suifenhe shizhi: 28-30). Even at the peak of military tensions between China and Russia in the late 1960s, Suifenhe and its border area were relatively calm (Xiao Guixian 2000: 98).

2 Suifenhe's Story

Openness of a City

To what extent has history influenced the character of Suifenhe? I visited Suifenhe in the summer of 1995, and was immediately attracted by its openness and refinement. The staff in the foreign section of the city administration invited me for lunch at a Hong Kong style fast food restaurant, which was rarely seen even in Harbin. They recommended that I drink a local beer called "Bear." "Bear" is a Russian beer which has been brewed since 1913 (Suifenhe shizhi: 9). This beer was preferred by Japanese during the time of Manchukuo, and was called "Gull" after the formation of the PRC, and renamed "Bear" to be exported to the Russian market (Xiao Guixian 2000: 37). After lunch, they provided me with an official car free of charge for sightseeing on the border.

In the late 1960s, Suifenhe, incorporated with Dongning Region, had lost what remained of the internationalized city's spirit and energy of the 1920s. However, in the early autumn of 1974, some leaders appealed for "establishing Suifenhe's local administration, independent from Dongning." On August 15, 1975, the central government sanctioned a proposal for the construction of Suifenhe City submitted by Heilongjiang Province. On December 1, a ceremony for restarting Suifenhe was held, while more than a few residents expressed their reservations: "Could there be such a city with only a population of ten thousand in China?" (Xiao Guixian 2000: 142-143)

Under the official slogan of "reform and openness," Suifenhe gradually seized the opportunity to develop itself in the 1980s. Per-

sonnel exchange at an administrative level began between Suifenhe and Pogradichnyi. On September 30, 1984, a delegation of Soviet Border Guards entered Suifenhe to celebrate the 35th anniversary of establishing the PRC. Suifenhe, in turn, sent 500 kilograms of watermelons to Russian border residents. The "watermelon diplomacy" was viewed as an act of goodwill and worked to improve relations between Chinese and Russian locals in the area (Xiao Guixian 2000: 148-149). The "watermelon diplomacy" was farsighted and mainly symbolic because the main item of Chinese exports to Russia in this area at present is vegetables. The character of Suifenhe residents was revealed in another episode; when Hu Yaobang, General Secretary of the Chinese Communist Party, visited Suifenhe and stayed only an hour and a half on August 16, 1984, Suifenhe leaders invited him to the border with Russia, not for a meal. This was quite unusual behavior for the Chinese, but Hu was heard to be very impressed by their business-like approach (Xiao Guixian 2000: 150-152).

This farsighted spirit had a significant effect on the development of the city. Suifenhe signed an agreement on barter trade with Pogradichnyi in October 1987, and put into effect a number of favorable customs measures to attract the attention of Harbin officials (Xiao Guixian 2000: 174). This was the beginning of Suifenhe's own success story. Labor exports and "minmao (shuttle trade)" had begun. Then, owing to the notorious anti-alcoholism decree in the Gorbachev era, which aimed to make Russians more efficient workers, alcohol became difficult to buy in the Russian market. In a Suifenhe bazaar, Russian consumers acquired a taste for Chinese "baijiu," a drink similar to Russian vodka. For example, a bottle of "baijiu" was once exchanged for an electric iron. It was clearly to the benefit of the Chinese (Xiao Guixian 2000: 180).

In March 1990, a road was opened between Suifenhe and Pogradichnyi (Li Entai 2000: 198). A five-story building in Suifenhe's special bazaar zone, later named "Blue Cloud Market," was constructed as the center of "minmao" in 1991 (Xiao Guixian 2000: 230). At the same time, an open-minded, young, thirty-three-old mayor, Zhao Mingfei, was eager to realize a "Sino-Russian Free Trade Zone" project in Suifenhe (Xiao Guixian 2000: 222; 227).



Russian shuttle traders at Suifenhe Station (Aug., 1995)

Just after that, Suifenhe was encouraged by the collapse of the Soviet Union and Deng's "Southern Speech" (Suifenhe bao Mar. 10, 1992).

Suifenhe as well as Heihe and Manzhouli asked for permission to establish an "special economic border zone." Heihe planned Daheihedao, an 0.87 square kilometer island on the Amur River, as a "zone," and Manzhouli was set as a one hundred thousand square meter plain next to the border and as an international railway stop, which is located in a suburb of the city. In contrast, Suifenhe decided to make the center itself a "zone" — a 6.5 square kilometer block between the station and the main road to Harbin. As a result, the "Blue Cloud Market" naturally turned into the main bazaar for Russian shuttle traders in the early 1990s (Li Jinbo 2000: 52-53). In 1993, the trade volume of Suifenhe was 1.3 million tons (up 19 percent from the previous year) and the total of visitors crossing the border was some 630,000 (up 16 percent from the previous year) (Dongbeiyajingjibao Jan. 21, 1994).

Suifenhe is the only city in Heilongjiang that has been thoroughly opened for sightseeing on the border; a traveler could easily look at the Russian border guards and their checkpoint over the



A Chinese money changer (Jun., 2002)



A sightseeing park around the former customs (Jun., 2002)

fence just beyond the border itself. Similar circumstances exist on Manzhouli's border; China has a sightseeing gate over the railway next to Russian territory. But foreign guests had been prohibited from entering this gate for a long time. In fact, Suifenhe residents were never afraid of foreigners walking into the center of the city. A "special zone" set up in the middle of the town, which aimed to invite Russian shuttle traders, became the entertainment center. It is interesting to see Russian women singing Russian karaoke songs in a center square in summer with Chinese. Here it is quite natural to see Chinese living with Russians. Everywhere, in bazaars, bus terminals, and along streets an exchange corner for dollars, rubles and yuan, can be seen.

Such rapid development might not have been possible without Suifenhe's open-minded character. It is notable that their open policy attracted Chinese and foreign travelers; the former customs was turned into a souvenir shop and residents can easily and freely exchange foreign currency. It is truly a "special zone."

Li Chuanxun, Director of Russian Studies in Heilongjiang University and the editor-in-chief of the weekly newspaper "Economic and Trade Reports on the Far East" (Yuandong Jingmao Daobao), suggests that Suifenhe itself was turning into a "zone." He said, "If the shuttle trade expires in the future, the city's infrastructure attracted by the shuttle traders could be used during the next step of the city's development."

Another Key for Success

The development of Suifenhe is related to the relatively rich Russians coming into the area. Suifenhe not only has good access to the large cities, Ussuriisk and Vladivostok, by railway and road, but also has sea access from the ports of Primor'e Krai to Japan, Korea and the rest of the world. In addition, Suifenhe was the only open channel on the eastern border (Primor'e and Khabarovsk) of Heilongjiang for passengers of a third country in the early 1990s. It is natural that Suifenhe would use its geographic advantages and open-minded spirit to develop the city. When a highway linked Suifenhe to Mudanjiang, access from Harbin was improved. Now it takes only five hours from Harbin to Suifenhe on a daytime bus. Using a bus

is more popular than using the train even when crossing the border. A direct international bus between Suifenhe and Pogranichnyi operates eight times a day. The procedure to enter Russia through the road customs is quicker and prompter than the one through the station because there are fewer passengers on the bus.

As a result, economic benefits were gradually transferred to Pogranichnyi. Grodekovo Station in Pogranichnyi was renovated next to the Bus Center and a bazaar, including a Chinese corner was established. Though the Chinese corner was assaulted by Russian hooligans in 1999, it is now safe and calm. Pogranichnyi, a shabby village ten years ago, has begun to function as a Russian "gate" to Ussuriisk and Vladivostok, owing to its connections with Suifenhe. When an international helicopter begins to operate, the ties between the two will be even more intense.

Slow but progressive change in Pogranichnyi has provided a golden opportunity to Suifenhe. Suifenhe started to allow individuals coming from Russia to enter the city without visas in June 1999.¹⁴ In the same year, the volume of cargo going through Suifenhe customs comprised three-fourths of Heilongjiang's 2.1 million tons, the second largest being 267,000 tons. As for the figures on border crossers, Suifenhe recorded 580,000 (38 percent of border crossers in Heilongjiang), overtaking Heihe, the former No.1 during the past ten years (Yuandong jingmao daobao Mar. 6, 2000). Suifenhe's customs' record also increased: \$750 million in 1999, \$1 billion in 2000, and \$1.28 billion (three-fifths coming from Russian imports) in 2001. The last figure occupies 75 percent of Heilongjiang's total trade vis-à-vis Russia and 38 percent of Heilongjiang's trade with other countries (Heilongjiang jingjibao Feb. 8, 2002).

In respect to Heilongjiang, Suifenhe has monopolized the benefits. News from Chinese internet sources predict Suifenhe will develop even further. According to a comprehensive index of the economic and social development of 2,000 cities and regions all over China, Suifenhe, despite having only a hundred thousand residents, was

14 It is difficult to say that the non-visa entry regime functions well. A Chinese expert explains that Russian migration control is said not to be in favor of Russian citizens' free departure from the country.

ranked No.51 in total appreciation and No.17 for future developmental potential (Heilongjiang jingjibao Jul. 5, 2002).

Dongning: A Challenge and Perspective

Dongning Region, which once incorporated Suifenhe under its control, has also openminded leaders and showed some success in developing the city. For example, Zhao Lianjun, the first ever president and editor in chief of the Suifenhe newspaper, established in 1991, became the chief of Suifenhe Economic Special Zone in 1996, and then the party's deputy secretary in Dongning. At that time he was in his thirties and spent a tremendous amount of energy opening Dongning up to foreigners. In July 1998, Zhao invited me along with a delegation from the National Institute of Research Advancement (headed by Ambassador Nobuo Miyamoto) to the Dongning Sanchakou customs at Granitnaia on the Sino-Russian border. In a frank manner, he talked about, in detail, the disputed territories between China and Russia, e.g. a problem with Letter "O." Most participants of the delegation were strongly impressed by his openmindedness (Interviews: Zhao Lianjun 1995; 1998).

Sanchakou, close to Portavka customs in Russia, is 10 kilometers from the center of the town in Dongning. From there to Ussuriisk, it is about 60 kilometers and to Vladivostok it is about 150 kilometers. It takes about half the time from Pogranichnyi to Ussuriisk. A highway connecting Suifenhe and Dongning has already been completed. It takes about 40 minutes to reach Suifenhe from Dongning. If a passenger goes directly from Mudanjiang to Ussuriisk or Vladivostok, the Dongning route is more convenient than the Suifenhe route. In addition, Dongning operates many buses that go directly to Ussuriisk, while Suifenhe's international bus basically ends at Pogranichnyi. In fact, Dongning occupies the third position next to Suifenhe and Heihe; the total passengers were some 187,000 (one third of Suifenhe's) and cargo was some 198,000 tons (70,000 less than Heihe's) (Yuandong jingmao daobao Mar. 6, 2000).

However, Dongning does have a weak point in that it lacks a railway. The city's leaders hold on to their dreams of building a railway in Dongning. They still remember the first plan of setting a station in Sanchakou on the Chinese Eastern Railway, and the existence of a

light train under Japanese control. This is a dream that will not be realized easily. Russia has no plans of building a railway there, even if the Chinese side extends a rail line from Suiyang, a stop on the main railway between Mudanjiang and Suifenhe. Besides, Russia has been rejecting renovation plans to make the Poltavka-Sanchakou route into an internationalized one — open not only to Russians and Chinese but also to passengers belonging to a third nation. The Chinese side has strongly requested at every opportunity. Particularly, this legal barrier disturbs any geographic advantage this route may have for attracting passengers.

Nevertheless, Dongning has another strong point. It is in southern Heilongjiang and the climate is ideal for growing vegetables. Vegetables exported from Dongning are now a necessity to the local Russian population in Ussuriisk City. Tomatoes, pimientos, eggplants and other vegetables are carried daily to markets in Ussuriisk and Vladivostok on Russian trucks leased by Chinese companies on a daily basis (Ogawa 1999: 10).

In 1998, when Primor'e authorities tightened their control of the Chinese bazaar in Ussuriisk, the Ussuriisk administration reacted negatively against Primor'e's actions in order to defend an important food source of Ussuriisk residents. The bazaar is, probably, one of the best arranged Chinese markets in the Russian Far East, with its own road called "Mudanjiang Street." Dongning has many Korean-Chinese living in the area, which may explain why many Korean signboards are seen in the market. According to one expert in Chinese migration studies in Russia, who researched the correlation between Sino-Russian economic interdependence and pro/anti feelings toward Chinese in many small towns and villages in Primor'e Krai, Ussuriisk is a noteworthy place where intensive economic relations had a successful and positive effect on Russian residents' feelings toward Chinese (Alexseev 2000: 130). The Primor'e administration has begun to recognize that the Ussuriisk-Dongning case should be studied more carefully as a precedent for building good Sino-Russian local relations (Rossiiskoe primor'e 1999: 23-26).

On the one other hand, Dongning Region has received provincial support for establishing a "Sino-Russian Free Trade Zone" following Suifenhe's example. The Russian side had reportedly accepted

this project, and it was permitted by Beijing (Yuandong jingmao daobao Oct. 30, 2000). Establishing a "special zone" over the border between Sanchakou and Poltavka was seemingly different from the Suifenhe's plan. But its "uniqueness" comes from its resemblance to the Manzhouli project (see page 169). Poltavka is a much smaller village than Pogranichnyi, and there is no railway like the one in Manzhouli. Besides that, the Suifenhe-Pogranichnyi route, a strong rival to the Dongning-Poltavka route, is too close to the latter. Construction did start on one building in a planned site but its completion was prolonged. Even after its completion, it is difficult to foresee this area rapidly developing in the near future.

In contrast, Suifenhe's dash for development appears to proceed as planned. If so, Dongning should not dream to repeat Suifenhe's success story, nor should it be deprived of a piece of the "transportation pie" from Suifenhe. Dongning might as well seek a way to supplement Suifenhe's functions, combining its border function with Suifenhe's for the common benefit of concentrating all cargo and passengers towards Russia, and elaborate a plan to be a "second Suifenhe" — this does not mean a rival of Suifenhe but a comple-



Poltavka customs seen from Sanchakou (Dongning, Jul., 1998)

ment of Suifenhe. Dongning could flourish as a part of the "big Suifenhe economic zone" in the future.

3 Challenges Facing Heihe

Dependence on Russians

My experience in Heihe was quite different from my experience in Suifenhe. I have made regular visits to Heihe over the past ten years, and my impression of the city is that it is not open and a bit depressing. Except for a period during the Japanese occupation, Heihe had contact primarily with Russia. While in Wangtiao Park, facing Blagoveshchensk over the Amur, there is a milestone praising the "Russian army for liberation," Heihe still remembers the Aigun Treaty and the incidents in 1900: a museum for the Aigun Treaty, 30 kilometers south of Heihe, was established as a museum for "not forgetting our national shame." There it is explained that the Amur River basin belongs to China from an ancient period (Liu Bangkun 2000: 134-135).

In the winter of 1994, when I first visited Heihe, the foreign department of the city administration began to show a friendly attitude and took me to some interesting places, but I was required to pay a fee for the service and for travel arrangements. In 1995, when I dropped into the department unannounced via Blagoveshchensk, the staff adopted a cool attitude and cast dubious eyes on me as a suspicious person entering without a Chinese visa. In 1997, they treated me as a "friend" thanks to a prior appointment and I was invited to dinner, but they requested hundreds of yuan for a car and some other arrangements. The editorial bureau of a local newspaper, "Heihe Ribao," showed a similar reaction to me. Though a decree limiting foreigners access to papers published within China was already retracted, the bureau rejected not only selling but even reading the paper on the premises.

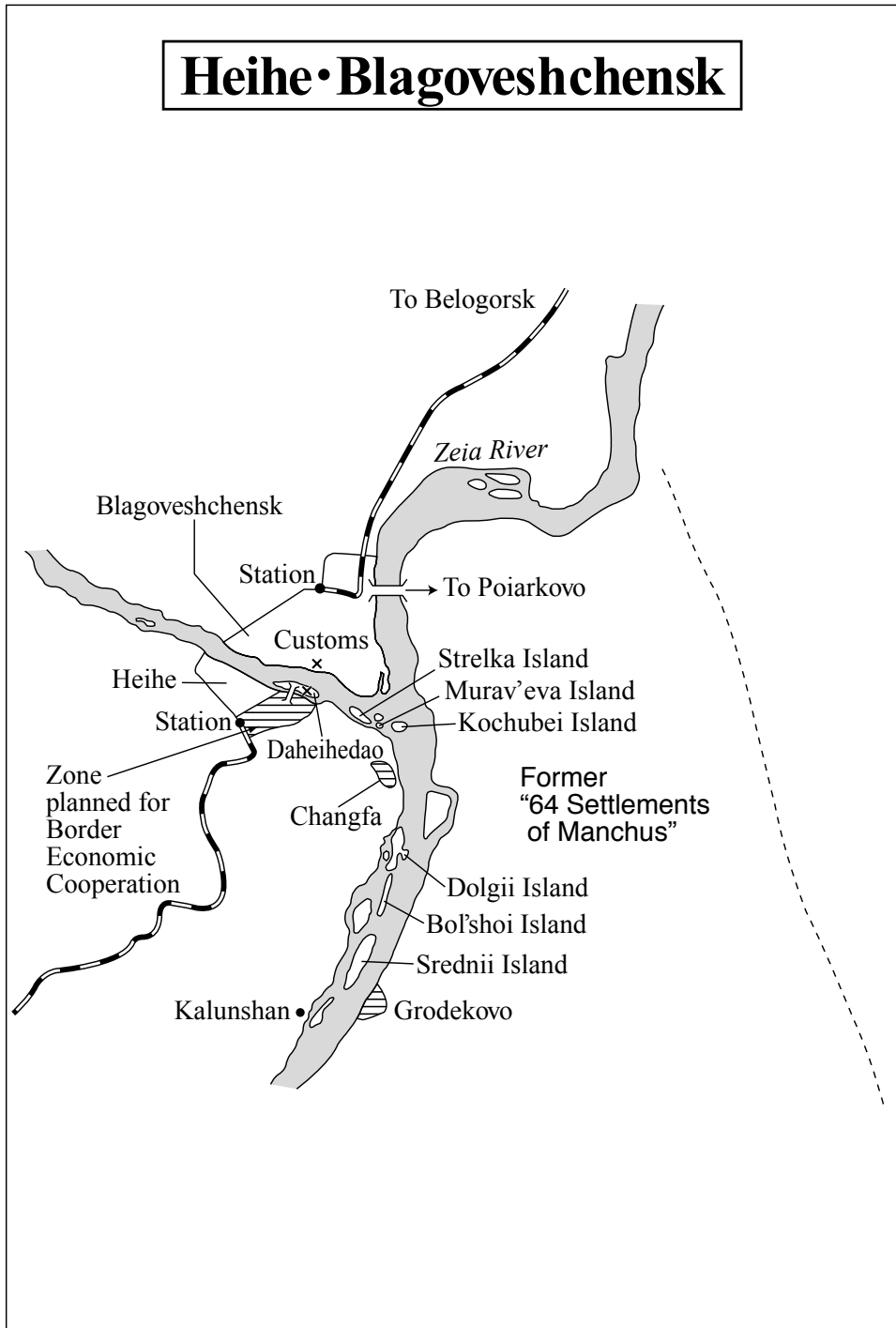
The mood of the city was also unique. On my visit in 1994, Chinese residents in Heihe saw me as a Russian, and youngsters gathered to ask to help carry my baggage or to show me around the town in broken Russian. All the "aliens" there were Russian. They called me "ty," a Russian usage sometimes used for inferiors. It

seemed that they learned the word from how older Russians would call the youngsters. After shaking them off, I entered a store with a red Russian sign on its door reading: "Hot Welcome" (translated literally from Chinese). At that moment when the door opened, a Chinese woman said in Russian, "Hey, comrade."

It is true that this is no longer the case. People are now more open and understanding. Without any concerns to the foreign section of the city, a foreign tourist easily passes the Amur border from/to Russia. The Heilongjiang administration estimates that the border area with Russia is a resource for tourism and encourages openness for foreigners.

Indeed, Heihe, under a Chinese policy of "reform and openness," was expected to function as a "gate" mainly for Russia, but also for all of Northeast Asia. Hu Yaobang, visiting Heihe from August 10 to 12 in 1984, appealed to a famous slogan: "Shenzhen in the South and Heihe in the North. These cities could fly together as two wings of a bird." When the people of Heihe, who had been encouraged by Hu's speech, made plans for development in the early 1990s, they regarded Russia as their main partner, but remembered to keep an eye out for "multiple" orientations toward foreign countries as Shenzhen did.

In March 1991, Heihe built a special economic zone for Russian buyers on Daheihe Island on the Amur River, on the outskirts of the city. They had a plan to set up a zone for "border economic cooperation" next to the island, and to attract foreign investments with some favorable conditions. At the beginning of 1992, when Zhao Peixing, who became the mayor of Heihe in 1993, headed the delegation to Amur Oblast, he called on the administration to create a special international economic zone together, using the chance of Russian liberalization of foreign capital and Heihe's status as a special zone sanctioned by the Chinese central government (Wang Juqing 1992: 89-91; Zhang Wenda 1992: 270-276). In 1993, Blago-veshchensk also looked forward to a future international zone around a bridge over the Amur, which would connect both cities and be accessible to both automobiles and trains. The bridge would reportedly begin construction in 1994, and be completed four year later (Hokkaido Shimbun Jul. 7, 1993). Heihe applied its energy to attract many



people from foreign countries, such as organizing a large symposium with over 300 participants and 16 foreign guests in December 1993.

However, most of the plans soon deadlocked as the Russian economy deteriorated and the so-called "Chinese threat" became a concern there. Heihe was obliged to concentrate on a reliable arrangement like building a new customs and bazaar on Daheihe Island, including small equipment for Russian merchants. Although Russia and China officially agreed on the Amur bridge project in June 1995, concrete progress was hardly seen by 2003.

The Evolution of Shuttle Trade

Another dimension of Heihe should be discussed. This is the shuttle trade (minmao), conducted privately by "tourists," with the volume rapidly developed in the early 1990s. The volume could not be recorded by Russian official data. One estimate of Chinese data shows \$49 million in Heihe in 1996. This figure was, surprisingly, half of the "counted" trade volume in Heihe in 1996 and almost the same as the total volume of trade in 1995 (Heilongjiang ribao Jun. 22, 1997).

The shuttle trade began only as simple trade. At the end of the 1980s, regular Chinese visitors to Blagoveshchensk exchanged their commodities carried from Heihe for Russian furs in a park near a stadium. After the collapse of the Soviet Union, many Chinese shuttle traders rushed to Blagoveshchensk across the Amur River. Then, entry and registration in the city were not so rigid, and they could stay for a long time in Russia. At the same time, Russian businesspersons also searched for their own benefits in China. The shuttle trader, or "chelnoki," was not yet popular.

The abolition of the non-visa entry regime in 1994 caused an increase in "chelnoki." As explained in detail in Chapter 2, Chinese entered and stayed in Russia with much more difficulty than before, owing to visa controls and operations against "illegal" foreigners. They resorted to exceptional measures of visa control, non-visa "group tourism," for visiting Russia. Heihe is 750 meters from Blagoveshchensk and about ten minutes by ferry on the river in summer and seven minutes by car on an icy road in winter. Both

cities are good examples where shuttle traders have played a significant role (Qi Xuejun 1990: 1; 6).

Even if the authorities do not catch up with the trade volume by shuttle traders well, the development of shuttle trade can be traceable with the changed figures for border crossings. Regardless of (or because of) the abolition of the non-visa regime and a decrease in the official trade volume, figures of passengers going through the Heihe customs have increased year by year: the amount reached some 100,000 in 1996 and 120,000 in a period between January and August 1997 (Heilongjiang ribao Dec. 4, 1997). The amount of shuttle trade in Heihe was estimated at \$50 million in 1997 (Heilongjiang ribao Dec. 15, 1997). Foreign visitors to Heihe hit some 385,000 in a period between January and July 2000 (Heilongjiang ribao Aug. 26, 2000).

Particularly, the recent change in Heihe is notable. Heihe — 15,000 square kilometers with a population of 160,000 in 1992 — was once a shabby town with little traffic without any tall buildings, not even in the city's center. Now most of the city's roads are asphalted and a riverside park has been renovated. Heihe is already a developed, mid-level Chinese city: it has many international public phones, internet cafes and tall buildings on the main streets.

The riverside park, similar to Taiyangdao Park near the Songhua River in Harbin, is decorated with orange lights, where young couples enjoy a stroll and conversation. In summer, Chinese and Russians swim and take in some sunshine on the Amur River. Daheihe Island was also developed, and modern buildings next to small houses on the former bazaar garden for shuttle traders were constructed. The customs in the western section of the city that was used before was moved to the center of Daheihe Island. Russians can now directly step on the island. Thanks to a kind of "Mishan style" entry procedure, Heihe, too, can easily be entered through passport control and customs. Around the exit of customs on Daheihe Island, many taxi drivers wait, and take travelers to the center of town for about ten yuan. The taxi drivers do not cheat foreigners here in Heihe.

"Bricks" and "Lanterns"

Heihe's future does come with a few conditions. A new building opened in the "special zone" of the island in August 1999 (Heilongjiang jingjibao Aug. 19, 1999). Here a few Russian buyers can be seen. There are many shops selling Russian goods such as binoculars, dolls and other goods for Chinese visitors; the shops here do not cater to Russians. But these types of shops can also be seen on Hailan Street in the center of the town, whose name comes from former Chinese Blagoveshchensk. How many Chinese come and buy Russian goods in Daheihe Island? Gloomy prospects suggest a recent change of trade volume in Heihe.

The total trade at Heihe customs was recorded at \$400 million in 1993, and dropped to about \$75.3 million in 1994 and \$56 million in 1995. It recovered some to \$99 million in 1996 and reached \$200 million in 1999 (Heilongjiang ribao Jan. 3, 2000; Jun. 21; 23; 1997). 267,000 tons of cargo in 1999 is second only to Suifenhe but only 70,000 tons ahead of Dongning. Heihe's share of the trade volume from all the customs in Heilongjiang Province is less than ten percent. Heihe's top position for border crossings in the 1990s was overtaken by Suifenhe in 2000, though Heihe's customs trade was counted at half a million (Yuandong jingmao daobao Mar. 6, 2000). These figures are now steady, but Heihe may no longer maintain its leading position.

If the driving force in Heihe's development is shuttle trade, few visitors in a new Daheihe shop represent a bad scenario. Some signs of this bad scenario were apparent before. Some Chinese economists, having a broad view, foresaw an end to the shuttle trade period. In fact, the system of shuttle trade has been transformed in some ways. Some buyers rent containers to be used as means for "carrying goods" from China to Russia. Quite naturally, they prefer to serve the businesses between Moscow and Beijing, e.g. big consumer cities. Chinese often send necessary goods to their partners in Moscow, corresponding to the latter's request. This transaction is different from the usual transactions because it is conducted on a non-contracted basis, though it has reached a stage, whereby it is no longer recognized as traditional "shuttle trade." Nevertheless, the geographic advantages of a border city for "shuttle trade" are down in

comparison with the previous period.

Despite this new "shuttle" boom between the big cities of Russia and China, small-scale "shuttle business" on the border will not completely cease. I already introduced the interesting Mishan-Turii Rog case in Chapter 3. Economic mutual complementarity over the border in the peripheries between Russia and China is needed even now, and not just in the rich regions. Yet, the shuttle trade between the border cities also has been transformed.

Here are some interesting data. At present, Russian shuttle traders are much more numerous than the Chinese and the reasons for entry into China are also different. Take Heihe's data on the border crossings in the period between January and August 1997: outgoing travelers were some 48,000 (up 4 percent from the previous year), while incoming ones were 71,000 (up 37 percent from the previous year). This meant that there was a rapid increase in Russian visitors to Heihe (Heilongjiang ribao Dec. 4, 1997).

According to data of the Amur authorities, Russians visiting China, some 180,000 in 1993, dropped to 95,000 in 1994, but shot up to 119,000 in 1995, 118,000 in 1996, 160,000 in 1997, and 132,000 in 1998. Since 1996, 80 percent of Russians have visited China as "tourists," namely "shuttle traders." In contrast, Chinese visiting Russia, 177,000 in 1993, dropped dramatically to 49,000 in 1994, and then rose to 71,000 in 1995, 96,000 in 1996, 106,000 in 1997 and 115,000 in 1998. The Chinese figures have remained comparatively steady but lower than Russia's since 1994. One striking difference is the purpose given for visiting Russia by Chinese: Chinese "tourists" in Russia were 73,000 in 1993, 32,000 in 1994, 42,000 in 1995, 47,000 in 1996, 52,000 in 1997 and 60,000 in 1998 (Larin 2001).¹⁵ In short, half of the Chinese visitors to Amur Oblast since 1995 come for business, not "tourism," e.g. shuttle traders. Many Chinese do not "carry their goods" by ferry across the Amur River. Who carries Chinese goods? The residents of Blagoveshchensk do.

At present, a Russian carrier in Blagoveshchensk is called a "brick" (kirpich) or "lantern" (fanal'ki). "Brick" means a Russian

15 The data itself is omitted from Larin's published paper. I quote it from his draft with his permission, which refers to the customs statistics in Amur Oblast.



Chinese tourists at the port (Blagoveshchensk, Jun., 2002)

goods carrier, hired by Chinese merchants staying in Blagoveshchensk. "Bricks" arose after Russian authorities tightened their border passing procedures for Chinese. This is because Russians can easily go through Russian customs. The origin of the name is not clear, but it is said to come from the nylon package used for baggage shaped like a brick.

Owing to the 1994 visa control, "bricks" as well as "chelnoki," independent businesspersons in the shuttle trade, increased on the Russian side. At the same time, Russian goods, which could be "carried" to a Chinese bazaar, were not competitive. Therefore, Russian ferries would carry Russian "bricks" who have only yuan or dollars to Heihe; the Russian "bricks" would then return with bricklike baggage consisting of various Chinese goods. Of course, some Chinese also carried their own goods for the Blagoveshchensk market, though they had to wait in line for a long time while Russians, following them, were given preference in passing through customs.

A new decree was issued in August 1996, which permitted only 50 kilograms of baggage for one passenger entering Russian territory duty free. Owing to this limitation on the "carriers," Chinese merchants seek to organize many Russian carriers more efficiently. Therefore, the strata of Russian "carriers" began to be diversified between organizers and the people to be organized. The latter are

called "lanterns." Thanks to the appearance of the "lanterns," the role of the "bricks" has changed. They no longer need to carry their bricklike baggage by themselves. Their status was increased and tied more closely together to the Chinese merchants, because most of the Chinese cannot easily handle the "lanterns." Without any help from organizers, Chinese merchants would not be able to continue to do their business well.

In contrast, the "lanterns" consist mainly of poor, young Russian students. According to a veteran of the Russian travel agency, if a "lantern" were paid two hundred rubles for her/his heavy shuttle work, the boss "brick" would collect a thousand rubles for serving only as an organizer. In the Heihe market, not only the "chelnoki" but also the "brick" began to disappear. "Lanterns" now go to a parcel corner on the first floor of a modern building on Daheihe Island just after arriving in China. But they only receive a parcel of Chinese goods that Chinese merchants living in Blagoveshchensk ordered by phone beforehand, and immediately return to their city. There has been little economic effect, less than expected, not only on Heihe City but also on the market of Daheihe Island itself. The Russian "chelnoki," or even the "bricks," came, chose goods in a bazaar, and packed them into bricklike baggage. Then, they sometimes rested on a bed in a special room, ate lunch, and sometimes went shopping in the middle of the city. That brought benefit in those days. "Lanterns," and prompt goods carriers, seem to have little potential of pushing Heihe's economic development further. Unlike the present Suifenhe and Heihe of the 1990s, only a few Russians can be seen in Heihe. The people of Suifenhe and Pogranichnyi are even unfamiliar with the word "lantern." The "lantern" system only functions in Blagoveshchensk, and probably depends on the poverty of the city, as will be seen in the next section. Dependence on "lanterns" in Heihe may mean it is heading in the opposite direction from Shenzhen.

4 The Sorrow of the Amur

Blagoveshchensk: The Summer of 1995

When were "balanced" relations between Heihe and Blagoveshchensk in the early 1990s broken? In February 1994, when I

met, for the first time, Huo Qingxian, Director of Section on Policy Research for Border Economic Cooperation of Heihe City, he did not conceal his respect for the Russians. At the third meeting in August 1997, he affirmed confidently in a room in a new building on Daheihe Island, "Russia has nothing" (Interviews: Huo Qingxian 1994; 1995; 1997).

I visited again in July 1995. Russian residents showed strong interest in me. At the time, I was not concerned, because of a similar experience in Heihe. On Trudovaia Street, near the riverside is the Far East Hotel, open since 1992. There Chinese stay and sell goods to Russian buyers in a rented room. A small house built in a Chinese style can be seen in front of high buildings in the suburbs of the city. The house was apparently built in memory of the Chinese laborers who constructed the buildings.

I went out for dinner alone to a restaurant in the Friendship (Druzhba) Hotel, and a drunken waitress refused to show me to a table. She explained, "Never come to a restaurant alone!," despite a Russian eating dinner alone in the same restaurant. Then I sat at a different table and asked another waiter to take my order. Chinese tourists came in. They were also ignored by her at the entrance. As soon as they saw me, they rushed to my table. I welcomed them with a smile and was asked by them if they could sit with me. I felt as though I were Chinese. I returned to the city again in 1997. The city has changed little except for a cafe that opened in a bus station building.

In the past ten years, the living conditions of Amur Oblast seems to have worsened, especially when compared with the living conditions of Primor'e Krai or Khabarovsk Krai. While Amur's incomes and expenses per-capita in 1992 were even with Khabarovsk and Primor'e, 1999 data show an average income of 1,191 rubles and expenses of 1,106 — just 70 percent of Khabarovsk (Region Rossii 2000: 104-107). Chinese specialists openly point out the "poverty" of Blagoveshchensk. The existence of the "lantern" confirms their judgement on the city. The Russian "lantern" now serves as a "kuli" for the Chinese. Russians smiling with Chinese merchants at a city bazaar for foreign tourists are a rare example, and represent only a few "rich" partners.

If they do not carry any goods from Heihe, what are the Chinese visiting Blagoveshchensk doing? Most of them are "purely" tourists on short stays for sightseeing, except for a few laborers constructing buildings on a contract basis between Russia and China, or businesspersons staying at the Far East Hotel with a multiple visa, valid for a year. Chinese tourist groups all wear the same red cap, eat Russian food and walk around downtown freely. They hear an explanation by their Russian guide of the exhibition about the history of the Amur in a local museum that has a miniature of Albazin Fortress. The guide justifies the Aigun Treaty, that some argue deprived the Chinese of territory. But most Chinese pay little attention to it. They prefer to have a night of entertainment in a casino or with cheap prostitutes.

Some analysts have called the city the Chinese "Las Vegas." Considering the existence of a kind of Chinese "resident" with a multiple visa, or with a Russian spouse, Blagoveshchensk seems to be on its way to becoming a Chinese "colony."



A Chinese merchant with a Russian multiple visa at the Far East Hotel
(Blagoveshchensk, Jun., 2002)

Blagoveshchensk: The Summer of 2002

I visited the city in June 2002. The appearance of the town has not appreciably changed except for some new buildings constructed by Chinese workers. Assessing the past five years of transformation in Heihe and Blagoveshchensk, without a doubt, the gap between the two cities is widening.

Imbalance between the two cities would cast serious doubt over future relations. The residents' antipathy toward Chinese seems to have increased. I was again refused a place to eat at a hotel restaurant, though I easily found another place for dinner thanks to the widening of the market economy, which was quite different seven years ago. When I went downtown alone, I saw youngsters being abused, an old woman begging for my watch, and a middle-aged man asking to exchange money. The presence of Chinese in the city is a daily occurrence, but ordinary Russian residents in Blagoveshchensk direct a suspicious eye on Chinese visitors. Their attitude is different from local residents who are curious about unfamiliar foreigners. Many Chinese tourists, who usually do some sightseeing in the city as a group, may not recognize their attitude, but if we were walking alone, particularly in the early evening, it seems dangerous. Graffiti on the wall of the Far East Hotel read, "Chinese, get out of Russia."

This could be a symptom of future outbursts. If Chinese tourists continue to enjoy gambling and prostitution without any consideration of the Russian residents, anti-Chinese demonstrations might occur. If a large Russian assault on the Chinese happened in Blagoveshchensk, it could "repeat" the tragedy of 1900. Of course, since Sino-Russian relations are stabilized on the governmental level, any such skirmish would not directly turn into a war like the ones a hundred years ago. Nevertheless, such an incident, if it were to occur, would cause great damage not only to Heihe but also to Beijing and Moscow as well.

Alas, the city, where Russians cannot eat and live without the presence of Chinese and the Chinese economy, may have lost some of its energy to organize itself against foreigners without outside help. This is because Russians are dependent on China. The job of governor of Amur Oblast is famous for its short political life, in contrast to



Graffiti reading "Chinese, get out of Russia" on the wall of the Far East Hotel (Blagoveshchensk, Jun., 2002)

the long governor's political life in Khabarovsk and Primor'e. Amur's general political preference is toward Communism — Amur Oblast belongs to a so-called "red belt zone" — but a "pro-reformist" governor was once elected. However, no governor has tried to damage its ties with China or the Chinese. A local newspaper, "Amurskaia Pravda," occasionally covers the troubles with Chinese or concerns with Chinese "migration," but seldom tries to flame up a "Chinese threat" or organize an "anti-Chinese campaign" as Vladivostok and Khabarovsk sometimes do.

In Blagoveshchensk, some 650,000 tons of cargo were counted in 1992 just after the collapse of the Soviet Union. This figure is ten times more than the 60,000 tons of cargo in 1988 (Hokkaido Shimbun Jul. 7, 1993). An economic vacuum in Amur Oblast has been filled by the Chinese presence during Russia's system transformation. Amur

Oblast as well as Chita Oblast resisted the introduction of a new visa regime for Chinese in 1994, and demanded acceptance of Chinese "tourists" group on a non-visa basis (Larin 1998: 78). While it is true that "shuttle" activities had brought some benefits to the Blagoveshchensk market, the system of "shuttle trade" has changed, but the city's dependence on China has not. China accounted for 72 percent of Amur Oblast's foreign trade in 1999. Is the Amur area now obliged to compensate for its nineteenth century past?