

## CHAPTER V

### LIFE IN CROSS-BORDER WATERMELON TRADE

#### 5.1 Introduction

In this chapter, I will consider how people engaged in the watermelon business have developed their capital and livelihoods using networks based on multi-ethnic relations. I also will focus on four key actors within the watermelon business and examine their livelihoods through their cross-border relations, these groups being the Chinese traders, Chinese Lue farmers, Lao Lue farmers and the Akha.

In terms of the livelihoods of the Chinese traders, they engage in the trade of various cash crops and fertilizers, in addition to watermelons, and live in Muang Sing half the year to trade cash crops such as pumpkins and reeds, plus they plant watermelons with the local farmers sometimes. In addition, many have jobs as construction workers or laborers in rubber plantations. The Chinese investor I focused on runs a pig farm and other businesses. Except for the investor, the income generated in Muang Sing has become the main source of income for the Chinese. Furthermore, for those who cannot get good jobs due to a low level of education, the cross-border business they carry out between China and Laos allows them to use their abilities in terms of languages and take advantage of economic opportunities. Therefore, the networks developed between the Chinese Lue farmers and local farmers are important, and form the basis of their income.

As for the livelihoods of the Chinese Lue farmers, they come to Muang Sing during the watermelon cultivation season in search of fertile land and cheap labor, which they can no longer find in China. During other times they engage in planting rubber and other businesses. They obtain available land and a labor forces using kinship and friendship networks, and for those who planted watermelons in China for

a long period, cultivating watermelons in Laos is an important way to maintain their way of life.

Nowadays, production of cash crops for the Chinese market is a key income source for almost all the local Lao farmers. In terms of watermelon cultivation, the Tai Lue who occupy the lowlands are mainly engaged in this and it has become their main source of income. For some of the Lue farmers, their networks with the Chinese traders are important for the selling of watermelons and for attracting investment from Chinese investors.

The position of the Akha is quite peculiar but important in the watermelon business, as they are landowners and act as laborers. However, contradicting this position, their income from the watermelon business is quite low, so they also engage in other cash crop production activities and also other jobs.

## **5.2 Livelihoods and Social Capital in the Watermelon Business**

Social capital is an investment of resources which is expected to make a return, and is linked to a social structure and human relationships on the basis of trust. There are two elements to social capital: the structure of the social networks involved and the resources embedded in the networks, meaning that social networks are the foundation of social capital. As mentioned before, networks play a significant role in the watermelon business, providing capital for the Chinese and local people. In this section, I will elaborate upon how the Chinese and locals create capital through the watermelon business based on their social networking activities.

### **5.2.1 The Chinese Group (Trader, Farmer and Technician)**

The Chinese group I accompanied consists of five peoples, each of whom have a role and position in the group, including an investor, a middleman, a driver, an assistant and a technician. I spent time with them from the harvesting season in 2009, through to the planting season in 2010. In 2009, they were only engaged in trading, but by 2010 had also invested in watermelon planting. One feature of their business is that they are very flexible, as they are engaged, not only in the watermelon business,

but in trading other cash crops and fertilizers. Although they each have other jobs in China, these alone do not provide enough for them to live.

They mainly stay in Muang Sing from the end of October through to the middle of April, and outside this time they come to Muang Sing when they have something specific to do. During the planting season, they stay at a Chinese guesthouse and look for fields where they can plant watermelons. After planting the seeds, they go to check the progress of their watermelons almost every day, then they return to China for three months until the harvesting season comes around, in alternating shifts. During harvesting, they find the ripe watermelons and harvest them - then transport them to China. During that time, they work from morning until night.

### **The Chinese Middleman**

Lin Zhi Yong (36 years old) is a Han from Mengla in Sipsong Panna. He was born in Sichuan Province and moved to Sipsong Panna with his family when he was fifteen years old, after graduating from junior high school. He didn't want to continue his studies at that time, so has been working since then. Now, he has a wife (Chinese Lue) and one daughter in China, and in the watermelon business he works as a translator between the Chinese and Lue languages, and is a middleman who has used his connections and networks with the local farmers and Chinese Lue farmers. He has been coming to Muang Sing to take part in the watermelon business every year since 2005, but in the first year, he lost 13,000 RMB planting watermelons. However, he got a surplus in the second year and in 2007 and 2008 he engaged only in trade and got a surplus. From trading he can earn 1,000 RMB per truck (20 tons) from the traders, but in 2008 he received 10,000 RMB. He sells not only watermelons but also pumpkins and chilies, and says he will sell anything he can. His working life is not stable, so that if he finds something to sell in China, he will come to Laos. He comes and goes between Laos and China throughout the year, but during January and May he trades crops and stays in China, then comes to Laos to meet and play mahjong with his Chinese friends in Muang Sing from the end of May to September. From October to December he collects reeds in Laos and sells them in China. When wishing to planting watermelons, he starts to look for land in October and stays in Muang Sing

until March or April when the harvest finishes, to keep a check on the cultivation process and resolve any problems. In 2009, he planted watermelons and pumpkins using one Chinese investor (his friend) and local farmers, but the watermelon business registered a deficit.

His annual income changes, and if he finds investors, he will plant watermelons, but if he has no investors, he just trades. Although he does not have enough money to invest himself, he has a network and connections with the Chinese Lue and local farmers, and he can speak Lue. When he can find investors, he introduces them to the local farmers using his connections.

### **The Assistant**

Yan Heng (29 years old, Chinese Lue) was born and grew up with his family (father, mother, one younger brother and one younger sister) in Mengman, located on the Chinese side of the border. He can speak Lue; therefore, he sometimes works as a translator and middleman. Since graduating from junior high school, he has never had regular work, and has been engaged in many kinds of job. Nowadays, he works at a rubber plantation and on a construction site as a worker. He first came to Muang Sing about ten years ago, to travel and find work, but just three years ago he started trading reeds in Muang Sing, and his first participation in the watermelon trade was in 2009, when he earned about 3,000 RMB. He is now engaged not only in the watermelon business (March and April), but is also involved in mushrooms (May and June), rice (August and September), pumpkins (April) and reeds. He said his salary is the same as it would be if he worked in China.

*“The income is not good, but not bad; however, I like the life in Laos. In China, it is really difficult to find a job, and my younger sister doesn’t have work. It is very nice that the Lao people are so very peaceful; the Chinese prefer to hit each other and get into fights easily - I don’t like it.”*

(Based on a personal interview: May 2009)

### **The Trader**

Song Shuai (Han) comes from Kunming and is a long-distance truck driver in China. He has many connections with the consumers of watermelons and other crops around China, since he is a driver. He earned 100,000 RMB from the watermelon trade in 2009 and as a result bought a new truck, and if no one is prepared to drive a truck, he will do it, even though now he is a trader also. He also trades Chinese agrochemicals and fertilizers in Muang Sing with his younger brother.

### **The Investor**

Chen Tai Lian (Han, 28 years old) was born in Sichuan Province and moved to Mengla when he was twelve years old in order to study. He runs many businesses in China, including a pig farm. When I met him he did not tell me about his other businesses, but insisted that he has never worked in an illegal business. His parents are very poor; therefore, he has to earn the family money himself. His first investment in the watermelon trade in Laos was in 2009, when he harvested 250 tons of watermelons from 500 mu of land, selling them in China and earning 366,661 RMB, but this meant he lost 100,000 RMB. He also bought fertilizers and agrochemicals for 75,000 RMB and paid 2500 RMB for the cultivation fees and seeds. When he succeeds, he can harvest 600 tons from 500 mu, making around 109,821 RMB. In the year I met him; however, he faced quality problems due to a shortage of water, and he could not sell his watermelons at a high price due to the cold weather in China's and the increased supply of watermelons:

*“The planting of watermelons is not such a profitable business; therefore, I plan to plant bananas at the border with Myanmar. I regard Laos as not the only place to make money for me – I just do not like it, not hate it. If I had more opportunities to make money in China, I would be in China.”*

(Based on personal interview: November 2009)

### The Chinese Lue Technician

The technician is a person who teaches the local farmers how to plant and take care of the watermelons, having planted watermelons in China over a long period. Ji Long (Lue, 49 years old) comes from Jing Hong and told me his experiences with watermelon cultivation:

*“I started planting watermelons in 1983 in China, and have planted watermelons for seven or eight years since then. Before planting watermelons I used to cultivate rice. The Lao people who live in Sipsong Panna told me about watermelons in their country, as many Lao people live there. At first, I came to Muang Sing just to buy watermelons for sale in China; seven or eight years ago, then I started to join-in with watermelon cultivation activities as a technician about five years ago. In Sipsong Panna, there are many banana trees, but I could not plant watermelons. I have five children who live in Jing Hong. My son wants to study Thai at a university in Kunming, but I did not have enough money. ”*

(Based on personal interview: November 2009)

In terms of the characteristics of the group of watermelon traders, it consists of Chinese and Chinese Lue members. Their lives are really varied, but their income is also; they do not enjoy a regular income. Their jobs change a lot and in addition, watermelon cultivation is quite a risky activity. In 2009, after a long spell of wet weather before harvest time, the watermelon prices decreased; therefore, almost all the watermelon farmers lost money. In 2010, they planted watermelons earlier than in 2009 because they had learnt from their experience the previous year; however, unfortunately they could not then sell their watermelons at a high price because of the low quality caused by a drought and cold weather in China. One more characteristic of this group is that the Chinese traders make use of their specific abilities and operate businesses using their Tai Lue language skills and connections. In addition, they cannot earn enough money to live in China.

### 5.2.1.1 Other Cash Crops for the Chinese Market

This section elaborates upon the other agricultural products produced for the Chinese market in the study area, for the Chinese watermelon traders are engaged, not only in the watermelon business, but also in the cultivation and trade of other cash crops such as pumpkins, mushrooms and reeds.

The wild mushroom in Laos is one cash crop which is becoming famous among Chinese traders – focused in Udomxai and Luang Phrabang Provinces. Chinese traders come from many places in China to buy mushrooms, just like the watermelon trade. There are two types of wild mushroom: natural and cultivated, and they can be grown in the mountainous area. The Chinese mushroom traders accept orders from China, then go to find the mushrooms using the networks they have with local people - those who plant or have access to the mushrooms. The harvesting time for mushrooms is between April and June, and the Chinese traders buy them for 280 RMB per kilo, selling them for 400 RMB in China.

Pumpkins are a cash crop grown for individual level transactions, and are mainly planted in Muang Sing and Muang Long by local and Chinese growers. The trading system for pumpkins is the same as for watermelons; however, the production levels are not so high now and pumpkin cultivation is still not popular among the Chinese traders. Pumpkins are planted in February and cultivated in May or June, and are then sold throughout China, particularly in Shanxi, Sichuan and Beijing. Depending on the quality, the Chinese traders buy the pumpkins at 0.3 RMB to 0.4 RMB each and sell them at 0.7 RMB. According to one Chinese trader I spoke to, the pumpkin business is not such a good source of income.

Apart from the cash crops, reeds are also a popular export crop among the Chinese – but they are a natural, wild product. The Chinese traders go to find them in the Akha villages, where they buy them for 300 kip a kilo, selling them in China for three RMB. The harvesting season for reeds is November to January, and one Chinese trader told me that reeds are difficult to find in China now and are expensive, whereas in Laos they are cheap. There is a high demand for reeds in China, and so the Chinese reed business in Laos is becoming bigger and more flexible.

They basically trade anything which can be sold in China and are always looking for something new to sell there, and all are important income sources. As a result, they regularly travel around Laos in search of new sources of income.

### 5.2.2 The Chinese Lue Farmers

In November, the Chinese Lue watermelon farmers start to move into Muang Sing, then stay until the middle of April when they have sold all their watermelons. They come to Muang Sing only to cultivate and sell watermelons, and it is believed that more than 100 Chinese watermelon farmers' families arrive in one season. According to my research, they are all of Chinese Lue ethnicity and come from Sipsong Panna and their villages are located in mountainous areas near the border with Laos or with Mengman township. They all told me that there is no land available to plant watermelons in China now.

According to Mo Guo Li (Chinese Lue - 32 years old), who was planting watermelons in village S when I met him, he had come from Sipsong Panna with his friend:

*“After we sell our watermelons, we will go back to China. I have been coming to Muang Sing to plant watermelons since 2003. At first, my relatives who live in Muang Sing suggested watermelon cultivation to me. There is no land to plant watermelons in China, because there is so much air pollution from the factories there. If I could plant watermelons in China, it would only be possible in the deepest countryside. Here I can rent land from the local Lao people for a rent of 11,00,000Kip per season and with water fees of 10,000 Kip for five months – it is much cheaper than in China. After going back to China, if I will have nothing to do, so I will grow rubber trees.”*

(Based on personal interview: April 2009)

Qi Lai Wei, his friend, said it is impossible to plant watermelons in China. In Muang Sing, land which has had watermelons planted once cannot be used for

watermelon cultivation for another five years<sup>13</sup>. Although it is technically possible to plant watermelons on the same land every year, farmers maintain the five year intervals because there are a lot of empty lots. Some farmers told me “We can’t plant watermelons every year in China; therefore, we come to Laos.”

According to my interviews with the Chinese farmers, everyone told me there is no land available for planting watermelons in China, so they need new land, which means nobody can plant crops on existing land. In fact, I noticed this when I went to Jing Hong and Mengman in Sipsong Panna during February 2010. The lowlands are occupied by vast banana plantations which are Sipsong Panna’s specialty. Although I saw some watermelon plantations, these were few in number and smaller than those in Muang Sing.



**Figure 5.1: Chinese Lue and Local Farmers Take a Rest in a Watermelon Field**

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<sup>13</sup> Under the five-year cycle for watermelon cultivation, it is said that watermelons should be planted only once every five years on the same land among the farmers in Muang Sing - to keep the land fertile.

### 5.2.3 The Local Farmer

There are also many local people who plant watermelons covering a wide variety of ethnicities such as Lue, Yao, Tai Nua and Tai Dam. The watermelon cultivation carried out by local people is supported by the families and relatives, who plant watermelons on their own land or on land they rent from other villagers. Before they started to plant watermelons, they used to plant rice twice a year, but they now only plant rice in the wet season and plant watermelons in the dry season. They are two types of watermelon cultivation undertaken by the local farmers; one where plant the watermelons by themselves, which means they have to prepare the land, seeds, fertilizers, agrichemicals and labor, while another is where they plant the watermelons with the help of Chinese investors. For this last type of farming, the local farmers have to prepare the land and labor, while the Chinese investors prepare the seeds, fertilizers and agrichemicals. This is closely related to the land concession policy '2+3'<sup>14</sup> which is practiced widely in Luang Namtha Province. Since starting to plant watermelons, all the local farmers' said that their annual income has increased over previously.

#### The Local Lue Farmers in Village N

Village N is located on a nearby main road and the residents are mostly of Lue ethnicity. There are 93 households and more than 400 people in the village, and the villagers' main occupation is agriculture such as growing rice, pumpkins, watermelons, sugarcane and rubber. One Tai Lue man whose name is Mai Sing (35 years old), told me he started planting watermelons in 2006. He has a wife and one six year-old adopted daughter. His house is an ordinary wooden house on his wife's family land, and their capital assets include a TV, refrigerator and one Chinese motorcycle. He also has 500 to 600 rubber trees and a two hectare rice field which is shared by his wife's family. For other income, his wife rents-out plastic dishes and cups for wedding parties or other events – earning 50,000 kip in one night.

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<sup>14</sup> Under the '2+3' policy, the landowner has responsibility for land and labor, but the investors have the responsibility for capital, providing the technician and for marketing. In terms of benefits, the locals get 60 to 65% and the investors 35 to 40%. In fact; however, the benefits are split in half.

In 2009, Mai Sing planted watermelons with his wife's family group (wife's older-sister's family, younger sister's family, brother's family and niece's family) and Chinese investors (my Chinese trader group), having previously planted watermelons only with his families. When planting with the Chinese investors he prepared the land (two hectares) and organized the laborers. The Chinese investors prepared the seeds, fertilizers, agrichemicals and one laborer who prepared the land with a tractor prior to the seeds from China being sown. His family's watermelon cultivation activities are very flexible, for although his relatives have their own jobs, they come to help him when they have free time. The Chinese investors visit their fields, mostly at planting and harvesting times. However, on this occasion, the Chinese investors were engaged on other jobs in China and Laos; therefore, Mai Sing took care of the watermelons himself.

In terms of benefits, these were shared between the Chinese investors and local farmers on a 50/50 basis. In the end, they harvested 30 tons during March 2010, and the local farmers earned 5,000 RMB each, having to pay a land rental fee (of 980,000 Kip/ha) to the landowner in the same village and pay the Chinese technician (0.1 RMB for one kilogram). As a result of these watermelon cultivation activities (2010), the Chinese investors lost money, saying that the irrigation system in the fields was not good and that the watermelons lacked water. Another reason was that the watermelons could not be sold easily due to the low temperatures in China, and added to that, the largest number of watermelon farmers ever came from China; therefore, the watermelon prices stayed low, especially when being distributed inland.

However, Mai Sing's family is not only engaged in watermelon cultivation and rice cultivation, but also rubber plantation and growing sugarcane. Mai Sing's brother-in-law plants sugarcane for sale in China, and another plants rubber and his wife runs a karaoke bar in town. The husband of his sister-in-law has opened a shop at the market, and in the rice season, the family grows rice together, with the benefits shared by the family. The husband of Mai Sing's sister in-law insists that the profits from growing watermelons do not contribute a huge amount to the family's finances:

*“We can sell rice to the Chinese at 23,000 kip per ton. Last year, we sold eight tons. It is better to plant watermelons in the dry season than grow rice twice a year; however, watermelon cultivation is not a lucrative business.”*

(Based on personal interview: February 2010)



**Figure 5.2: A Local Lue Farming Family Working in its Watermelon Field**

#### 5.2.4 The Akha

As mentioned in Chapter I, after the Akha moved to the lowlands, they took advantage of a number of economic opportunities, and some of them began to participate in watermelon agriculture. As a result, they now play an important part in the watermelon business. The Akha do not plant the watermelons themselves; they only support the planting of seeds and harvesting activities when hired by the Chinese trade operators or local farmers. In the planting season, the Akha make plastic pots within which to sow the watermelon seeds, and during the harvest season, they help to carry the watermelons from the fields to the trucks. One watermelon weighs about eight to ten kilos, but the Akha can carry three to four watermelons at a time on their backs using a basket. According to one Akha man who lives in village S:

*“The Chinese give us 30,000 to 50,000 kip per day for making plastic pots and 2,000,000 kip to fill one truck when carrying the watermelons. We share this between the 30 to 40 people who carry the*

*watermelons together. In the harvesting season, we carry watermelons twice a day. When not planting and harvest watermelons, we plant rubber and rice for sale to China, and we collect earth for construction sites. The income we earn from helping with watermelon cultivation provides a little supplement of our lives, but is not a big influence on our income. ”*

(Based on a personal interview: April 2009)

Village L is located in the mountains, and is where one Chinese farmer rents organically run land from an Akha family. The Akha land owner told me the following:

*“We can earn 35,000 kip from making plastic pots, in one season. I can’t remember the land rental fee clearly...it is maybe more than 2000000 kip. Recently, I have rented land to the Chinese for watermelon cultivation once every three or four years, but I usually plant sugarcane and can earn 4,000 to 5,000 RMB from this. I like the Chinese; since they have come to plant watermelons and buy sugarcane my life has improved.”*

(Based on a personal interview: November 2009)

As well as helping with the watermelon cultivation, the Akha also plant sugarcane, rubber and rice for sale in China. Among the local people, the Akha are believed to be rather rich, as they have a lot of land in the mountains - more than others. Some of the Akha rent land to other ethnic groups in order for them to plant rubber trees, plus the local people prefer to eat the vegetables that the Akha plant because they are organic, and these are more popular than the vegetables they can buy from the rest of China in the market.



**Figure 5.3: The Akha Harvesting Watermelons**

### 5.3 Conclusion

Networking is a significant component within the concept of social capital, and plays an important role in maintaining the livelihoods needed to generate capital. The construction of social networks and human relationships has become the human connection framework needed to lay the foundation for economic opportunities to develop, and people have forged their livelihoods in order to make capital from them. In Chapter IV, I elaborated upon the networking that takes place in the watermelon business based on domestic and cross-border ethnic relations. The watermelon business is constructed by the weaving-together of many networks, covering kinship, ethnic, business and friendship relations, and the people engaged in this business make a living using such networks.

To sum up, except for the Akha, income from the watermelon business plays an important role in maintaining the lifestyle of the study groups, and the cross-border multi ethnic networks which they have created act as pillars – in support of their lives. Actually, this applies not only to the watermelon business but also to other cash crops.

In addition, inter-ethnic relations support the development of cross-border multi ethnic networks in Muang Sing, and these help maintain and encourage cross-border businesses through the leasing of land and the exchange of labor forces; helping to form the dynamics of a transnational social relationship.

Needless to say, the production of cash crops for the Chinese market is now the main source of income for the local farmers in my study. As to the watermelon business; however, it is not always sustainable, because the watermelon price changes frequently due to quality issues, climatic changes and production volume variations. This business is therefore a kind of gamble for the Chinese investors, while for local farmers, it is better than cultivating rice twice a year. For the Akha, the business is not such an influence on their lives, but it is better than nothing. Only for the traders is this business profitable under any conditions; therefore, the Han, Chinese Lue, Lao Lue and the Akha have other jobs, such as the production and trade of other cash crops, or the running of non-agricultural businesses. Although the watermelon business is expanding in terms of cash crop production, it is not such a profitable business at the present time. In the next chapter, I will elaborate upon the power relations and inequalities that exist among the ethnic relations that occur, not only within the watermelon business, but also within Chinese and Lao society as a whole.