

Development and characteristics of the Japanese enclave in Pudong New Area of Shanghai

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Abstract

This study analyzes the development and characteristics of a Japanese enclave in Pudong New Area of Shanghai from two viewpoints: the development of Japanese residences and facilities, and the settlement patterns of Japanese expatriates based on their attributes. The number of Japanese expatriates in Shanghai has increased since the 1990s due to higher Japanese investments in Shanghai, and a total of 57,458 Japanese were living in Shanghai in 2012. Within Shanghai, Pudong New Area has the second-highest number of Japanese expatriates after Gubei. The Japanese enclave in Pudong New Area suggests that the local authorities, Japanese companies, and Japanese school play an active role in its formation and development processes. However, the Japanese enclave in Pudong New Area is characterized as a residential space because of the underdevelopment of Japanese-owned facilities, because most self-employed Japanese prefer living and working in Gubei.

Key words: Japanese expatriates, ethnic enclave, settlement patterns, Pudong New Area, Shanghai

1. Introduction

Since the Japanese post-war economic boom, Japanese migration overseas has become more frequent. Before World War II, many Japanese were migrant laborers, but most Japanese traveling overseas in later times have done so for various reasons, such as studying and getting married abroad. However, the main reason for traveling abroad has been the assignment by headquarters of Japanese companies operating in a global economy (Iwauchi *et al.*, 1992). Since the 2000s, the reasons for going abroad and employment patterns of the Japanese have become complex. Not only are assigned workers (i.e., “overseas resident businessmen” assigned by headquarters of Japanese companies) and their families moving abroad but also Japanese hired by local companies (i.e., “locally hired”) and an increasing number of self-employed. Almost all these Japanese are transients and have moved frequently; in particular, Japanese overseas resident businessmen and their families typically stay for several years before being sent for other as-

signments to other countries or (most commonly) returning to Japan. These Japanese migrants are defined as Japanese expatriates in this study.

Japanese expatriates have already been extensively studied from two perspectives. Studies under the first perspective have focused on the characteristics of Japanese communities overseas based upon the socioeconomic attributes of Japanese expatriates (Glebe, 2003; Sakai, 2003; Thang *et al.*, 2002; Nakazawa *et al.*, 2008). Studies under the second perspective have focused on the formation and transformation processes of Japanese enclaves in Western and newly industrializing countries (White, 2003; Machimura, 2003; Ben-Ari, 2003). However, little is known about Japanese enclaves in non-English-speaking countries.

China has become one of the most popular destinations for Japanese expatriates since the 2000s. After America, China has accepted the second-highest number of Japanese expatriates since 2003. According to data from the Annual Report of Statistics on Japanese Nationals Overseas, a total of 77,184 Japanese were living in China in 2003 and 150,399 were doing so in 2012; of these, approximately 38.2% (57,458) were living in Shanghai (Fig. 1). Japanese expatriates have mainly migrated to Shanghai since the 1990s: a total of 5,141 Japanese were living in Shanghai in 1996, rising to 10,133 in 2001 and 57,458 in 2012. Since 2011, Shanghai has overtaken New York as the city with the second-highest number of Japanese expatriates in the

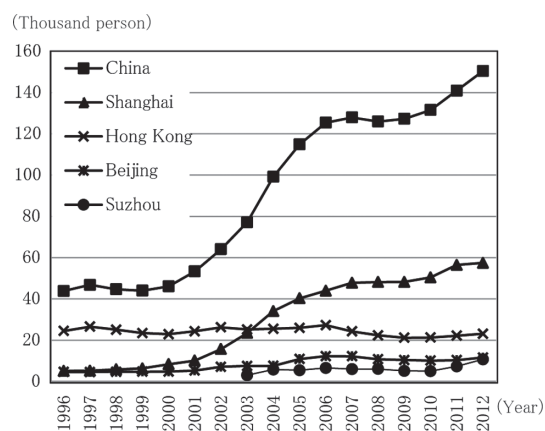


Fig. 1 Trends in the number of Japanese expatriates in Shanghai, Hong Kong, Beijing and Suzhou, 1996-2012

(Source: Annual Report of Statistics on Japanese Nationals Overseas, 1997-2013. Zhou, 2014)

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world after Los Angeles, making Shanghai a significant study area for Japanese expatriates.

To date, there have only been two studies on Japanese expatriates in China. Liu *et al.* (2010) focused on the daily activities and residential spaces of Japanese expatriates living in Guangzhou, China. Zhou (2014) examined the formation and transformation processes of Japanese enclave in Gubei area of Shanghai. However, no studies have focused on other Japanese enclaves in Shanghai, which have different characteristics than that of Gubei. Therefore, Pudong New Area in Shanghai, which is a planned area and regarded as an experimental field for internationalization and economic growth (Fig. 2), was chosen as the study area. Pudong New Area has the second-highest number of Japanese expatriates after Gubei in Shanghai, and the Japanese population there has continued to grow owing to increases in Japanese investments in the area.

This study examines the development and characteristics of the Japanese enclave in Pudong New Area of Shanghai based on two aspects: (1) the development of Japanese residences and facilities, and (2) the settlement patterns of Japanese expatriates based on their attributes. Firsthand data from the Japanese enclave in Pudong New Area were mainly gathered through fieldwork because of the difficulty in obtaining and analyzing foreign population censuses in China. Fieldwork was conducted in March, July, and August 2012 and in February and March 2013. First, I analyzed the data from Japanese magazines such as *Whenever Shanghai* (1999–2013), newspapers, and homepages for

Japanese expatriates. Three Japanese people were interviewed to gather basic information about Japanese residences and facilities: one was a Japanese real-estate agent who had worked in Shanghai for over 10 years, and the other two were Japanese academic staff. Third, 13 Japanese were surveyed based on their essential attributes, including migration experiences, householders' employment conditions and income, and duration of stay in Shanghai.

2. Background: economic growth in Shanghai and pulling in Japanese investments

Pudong New Area, lying to the east of Huangpu River in the Shanghai municipal region and covering an area of 533 km², has seen a remarkable transformation since the Chinese government formally announced plans for large-scale development in 1990 (Andrew *et al.*, 2006). With this, many manufacturers, offices, and companies in the financial, information technology, electronic, and chemical sectors have been established in Pudong New Area, and this area became more easily accessible with the operation of Pudong International Airport in 1999. Since the 2000s, in order to build Pudong New Area into an export-oriented, multi-functional, and modernized new district by the year 2020, various important principles and some specific measures have been implemented for the area's development. In terms of industrial development, priorities have been given to finance, trade and advanced services, high technology, and tourism, with a focus on large investors, especially foreign direct investment (FDI) from advanced coun-

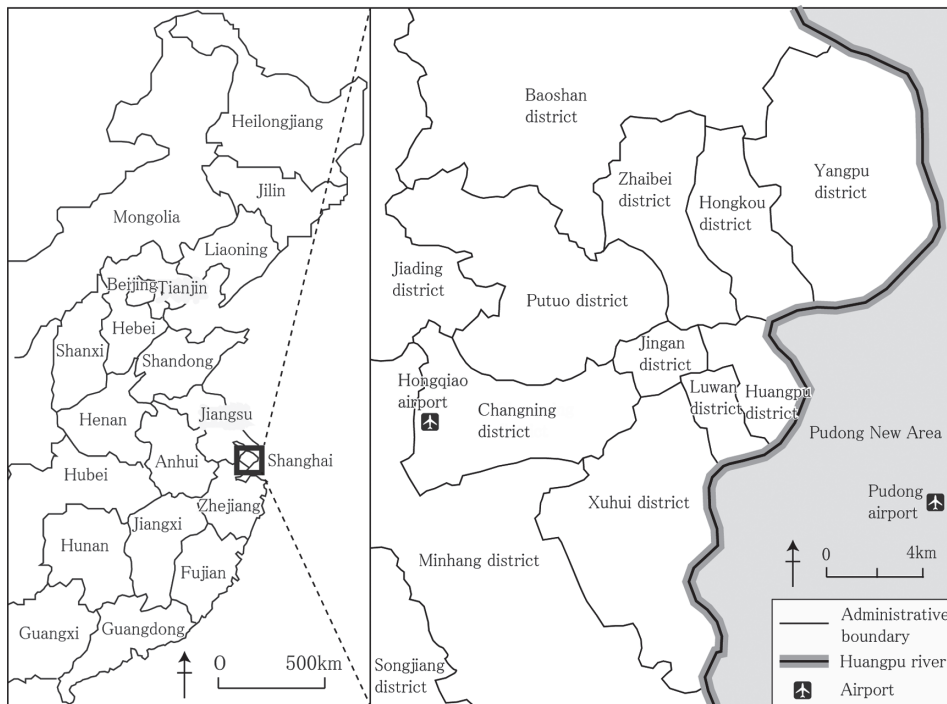


Fig. 2 Study area: Pudong New Area

tries and regions that have been used to boost economic growth and accelerate industrial development in Pudong New Area. Simultaneously, the industrial and residential infrastructures of Pudong New Area have also been focused on, and many preferential customs policies have been promulgated in order to attract further FDI. As a result, the number of multinational manufacturers, offices, and companies has increased sharply in the area. In 2005, the investment environment for financial functions in both hardware and software were improved in order to increase the number of international financial institutions, corporate headquarters, and R&D departments. In addition, multinational financial and logistics industries in other districts have been required to move to Pudong New Area since 2005. Consequently, Pudong New Area has become one of the most popular destinations for FDI in Shanghai.

An influx of FDI is found to boost economic growth; therefore, in Shanghai, business promotion and attracting foreign funds are the top priorities for the development of Pudong New Area. According to data from the Pudong New Area Statistics Department, Fig. 3 shows a steady increase of FDI in Pudong New Area from 1992 to 2012. In 1992, Pudong New Area accepted 738 FDI contracted projects

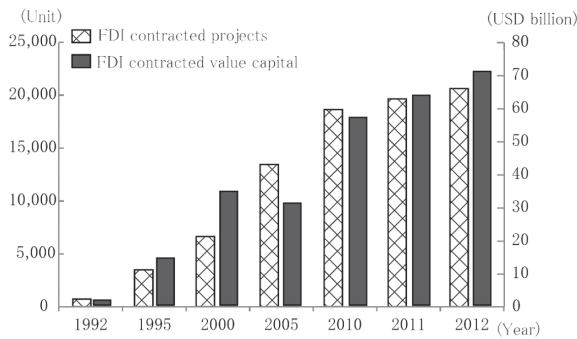


Fig. 3 Increase of foreign direct investment in Pudong New Area from 1992 to 2012 (Source: Shanghai Pudong New Area Statistical Yearbook, 1993-2013)

and USD 1.6 billion of FDI contracted value capital: the former accounted for 22.4% of FDI contracted projects, and the latter comprised 23.5% of FDI contracted value capital in Shanghai. In 2012, the number of FDI contracted projects has increased 28 times from 738 to 20,624, and FDI contracted value capital has increased 45 times to exceed USD 70.7 billion: the former accounted for 30.4% of overall FDI contracts projects, and the latter comprised 32.5% of FDI contracted value capital in Shanghai in 2012.

Fig. 4 shows FDI in Pudong New Area by country/region in 2012. The FDI contracted projects in Pudong New Area from Hong Kong accounted for 28.6% of the total, Japan 13.2%, America 11.3%, Taiwan 6.1%, Singapore 5.9%, Korea 2.9%, and other regions 32.0% of the total number of FDI contracted projects. On the other hand, the FDI contracted value capital in Pudong New Area from Hong Kong accounted for 25.9% of the total, Japan 11.1%, America 9.7%, Singapore 6.2%, Taiwan 1.1%, Korea 1.3%, and other regions 44.7% of the total. Thus, from the above statistics, it is clear that the Japanese investments after Hong Kong were one of the main contributors to the growth of FDI in Pudong New Area. Fig. 5 shows the increase in Japanese investments in Pudong New Area since 1992. From 1992 to 2012, the number of Japanese contracted projects has increased from 68 to 2,727, an increase of 40 times in 20 years. The Japanese contracted value capital has increased from USD 0.8 billion in 1997 to USD 7.9 billion in 2012, an increase of 10 times in 15 years.

Japanese investments in Pudong New Area have contributed to a promising job market, which has attracted an increasing Japanese population into the area. Concurrently, Article No.122 was published in 2002, according to which the focus was extended from FDI to attracting human resources from other domestic regions (explicitly defined as talent with a bachelor's degree or above or specialists). For instance, a total of 5,141 Japanese expatriates were living in Shanghai in 1996; this number rose to 10,133 in 2001

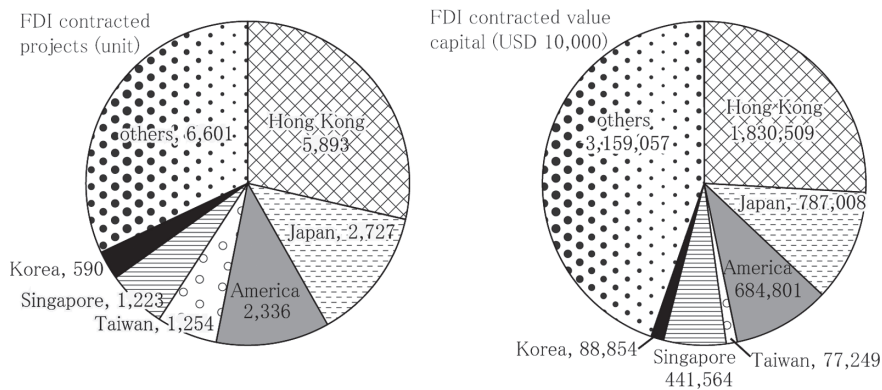


Fig. 4 Foreign direct investment in Pudong New Area by country/region in 2012 (Source: Shanghai Pudong New Area Statistical Yearbook, 2013)

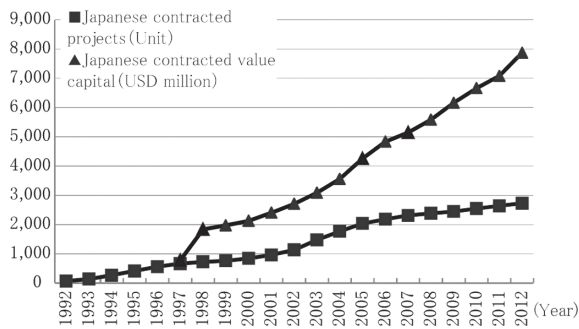


Fig. 5 Increase of Japanese investments in Pudong New Area from 1992 to 2012

(Source: Shanghai Pudong New Area Statistical Yearbook, 1993-2013)

and 57,458 in 2012. According to data from the Tabulation on the 2010 Population Census of Shanghai Municipality, around 16.9% (5,026) of Japanese expatriates were living in Pudong New Area (Fig. 6). This settlement pattern reflects an emerging spatial residential segregation, which is related to the formation of the Japanese enclave. In addition, this settlement pattern reveals the significance of Pudong New Area as a study area on Japanese enclaves.

3. Development of a Japanese enclave: case study of Pudong New Area

Many Japanese expatriates moved to Pudong New Area in the 2000s after receiving permission from the authorities to live outside the foreign residences of Gubei. This chapter

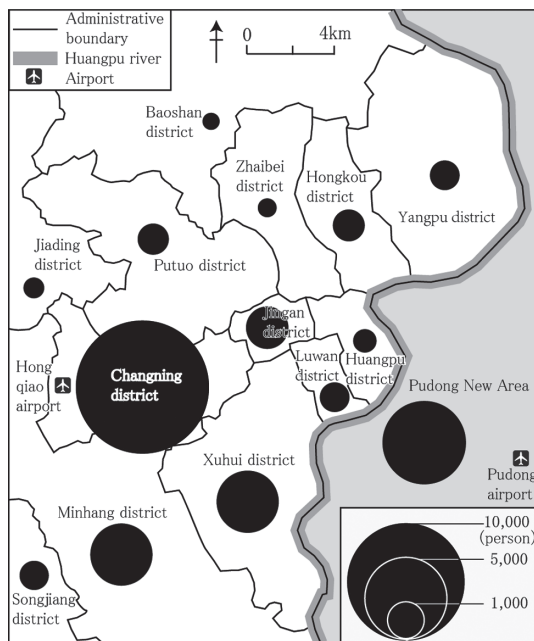


Fig. 6 Distribution of Japanese expatriates in the urban center of Shanghai, 2010

(Source: Tabulation on the 2010 Population Census of Shanghai Municipality. Zhou, 2014)

focuses on the development of the Japanese enclave in Pudong New Area on the basis of Japanese residences and facilities in two periods: the initial period (2000–2005) and the developing period (2006–2012). In the initial period, there were few Japanese expatriates living in Pudong; however, the population has greatly increased after 2005. The main causes of this increased Japanese population were changes to economic policies of China and Shanghai and the establishment of a Japanese school, both of which have led to the rapid development of the Japanese enclave.

3.1. Japanese residences in Pudong

To understand the extent of the Japanese enclave in Pudong New Area, residences with a significant number of Japanese residents were selected for this study based on interviews with Japanese real-estate agents and residents in the area. The chosen Japanese residences were mainly service apartments, which are the main preferred accommodation for Japanese expatriates living in Shanghai. The Japanese residences were classified into two categories according to the monthly house rent and occupational status of the Japanese residents (Table 1).

The first category of Japanese residences consists of two residences named Dongying Huayuan and Donghe Gongyu, which target Japanese overseas resident businessmen in particular. Dongying Huayuan is the only residence to be built by a Japanese real-estate agent in Shanghai and is located close to many Japanese companies to attract more Japanese residents. Donghe Gongyu (Fig. 7) was built by a Chinese real-estate agent and is located near Shiji Park and the Japanese school (about a 5-minute walk) on the path linking Pudong International Airport to the city core. Both Dongying Huayuan and Donghe Gongyu are luxury-gated estates that provide various services for the Japanese residents, such as subscriptions to Japanese newspapers and magazines, foreign currency exchange, availability of golf courses and Japanese TV programs, shuttle buses to the Japanese school and shopping centers, and house-cleaning services. With such a range of service provision, the rent

Table 1. Property of the Japanese residences in Pudong New Area, 2000-2012

Built Year	Residences	Number of households	Floor area (m ²)	Monthly house rent/(JPY)	Average house rent (JPY)
2002	Dongying Huayuan	466	80,000	230,000	255,000
2009	Donghe Gongyu	413	84,378	280,000	
2002	Juyuan	1,100	14,000	70,000	101,000
	Yidong Huayuan	1,250	140,000	71,000	
	Shuiqingmuhua	858	140,000	120,000	
2003	Renheng Bingjiangyuan	1,944	415,360	121,000	
	Shanghai Lvcheng	2,820	461,000	78,000	
2004	Dongnan Huating	426	60,000	90,000	
	Shimao Binjiang Huayuan	3,228	800,000	130,000	
2005	Renheng Hebincheng	4,000	740,000	135,000	
2010	Xiangmei Huayuan	2,100	321,000	92,000	

Grayness: Japanese residences for overseas resident businessmen

(Source: fieldwork in March 2012 and homepage (<http://shanghai.haozu.com/>) of Shanghai real-estate)

reaches JPY 255,000 per month¹). As a result, the wealthy, that is, mainly Japanese professionals, managers, and business owners, tend to move into these two residences. Particularly, the majority of the Japanese residents in these residences are overseas resident businessmen, who do not face economic constraints on their residential choices because they receive rich housing allowances from their Japanese companies.

The second category consists of nine residences with an average house rent of JPY 101,000 per month. Although they are considered Japanese residences, other ethnic populations and Chinese also live in these residences. Eight of these residences were built between 2002 and 2005, and one was built after 2005. All of these Japanese residences are located near the Japanese business center, from the southeast of Lujiazui Financial and Trade Zone to Shiji Park (Fig. 8).

The distribution pattern of the Japanese residences shows that a majority of the Japanese overseas resident businessmen prefer specific types of residences, such as Dongying

Huayuan and Donghe Gongyu, while other Japanese are scattered in other residences.

3.2. Japanese facilities in Pudong

Japanese facilities are classified into four categories: educational facilities, grocery facilities, catering facilities, and others in this study.

In 2005, the Japanese facilities were distributed mainly in and around Lujiazui Financial and Trade Zone and Dongying Huayuan (Fig. 9), because the former is a Japanese business center where many Japanese expatriates work and the latter is a Japanese residence. Facilities that existed in 2005 were as follows: 1 educational facility (i.e., the Japanese kindergarten); 3 grocery facilities, including 1 Japanese food store and 2 Japanese supermarkets; 31 catering facilities (the category with the highest number of facilities), including 24 Japanese restaurants and 7 bars; and a total of 23 other facilities, comprising 2 medical facilities, 8 massage parlors, and 13 hotels².

By 2012, the spatial distribution of Japanese facilities changed. First, the number of facilities increased in and around Lujiazui Financial and Trade Zone and Dongying Huayuan, and second, more Japanese facilities were established in and around new Japanese residences, such as Donghe Gongyu (Fig. 10). These changes reveal that Japanese facilities had a highly localized distribution within and around both the Japanese business center and Japanese residences in 2005 and 2012. In 2012, Japanese facilities were as follows: educational facilities increased to 10, including 1 Japanese school (Fig. 11), 3 kindergartens (Fig. 12), and 6 cram schools/interest classes (Fig. 13); 7 grocery facilities were opened, bringing the total to 10, including 2 supermarkets (Fig. 14), 1 hypermarket, and 7 food stores; all catering facilities became Japanese restaurants (Fig. 15) for a total of 39 (because Japanese restaurants replaced shut-



Fig. 7 Japanese residence for overseas resident businessmen: Donghe Gongyu

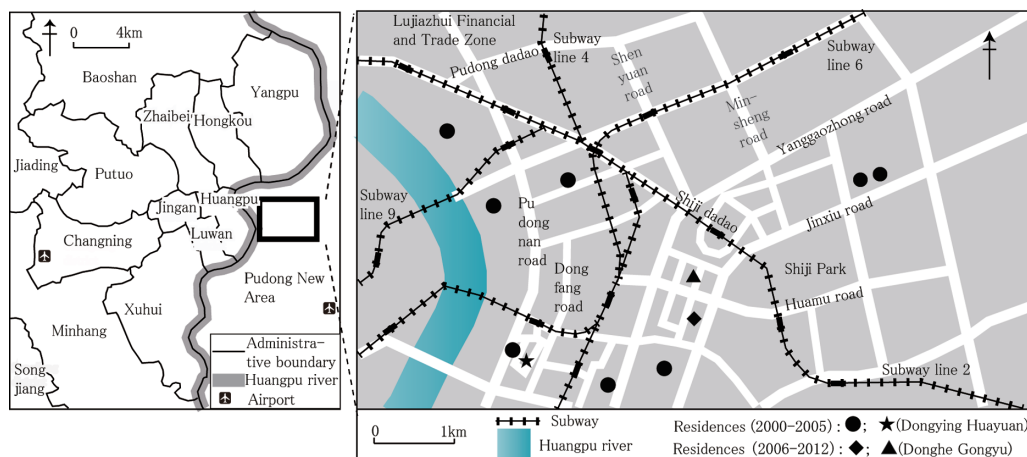


Fig. 8 Development of the Japanese residences in Pudong New Area, 2000–2012 (Source: fieldwork in March 2013)

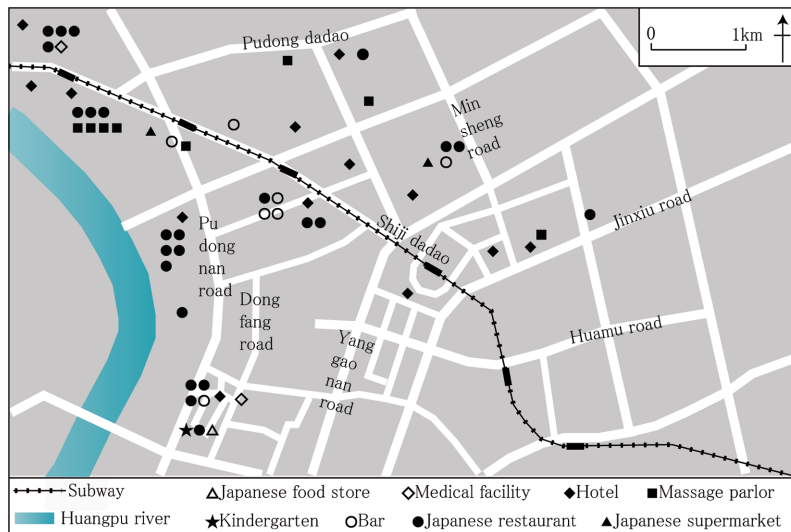


Fig. 9 Distribution of the Japanese facilities in Pudong New Area, 2005
(Source: Whenever Shanghai, August 2005)

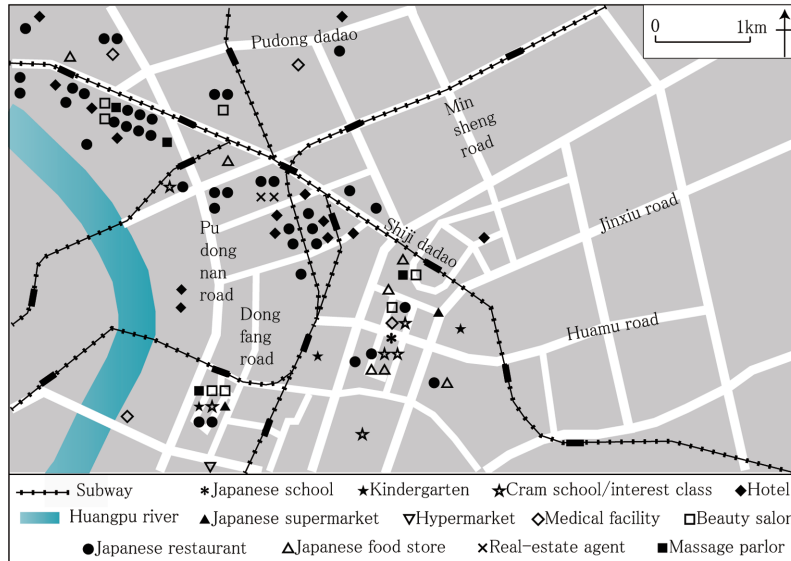


Fig. 10 Distribution of the Japanese facilities in Pudong New Area, 2012
(Source: Whenever Shanghai, March 2012 and fieldwork in 2012)



Fig. 11 Japanese school in Pudong New Area



Fig. 12 Japanese kindergarten in Pudong New Area



Fig. 13 Advertisements of Cram schools for Japanese students



Fig. 14 Japanese supermarket in Pudong New Area



Fig. 15 Japanese restaurant in Pudong New Area



Fig. 16 Japanese medical facility in Pudong New Area

tered bars); and finally, 31 other facilities existed, including 4 medical facilities (Fig. 16), 2 real-estate agents, 4 massage parlors, 7 beauty salons, and 14 hotels.

Although the number of Japanese facilities in Pudong has increased, most are managed by the local Chinese; in other words, many Japanese facilities are Chinese-owned. However, Chinese proprietors have found it difficult to respond to the demand for Japanese-style services, and thus, some Japanese residents prefer to utilize the Japanese-owned facilities in Gubei. For example, Interviewee No. 1 (Table 2) usually buys Japanese food and sauces from Japanese supermarkets, and vegetables and meat from the Carrefour hypermarket in Gubei even though she lives in Pudong. Shopping in Gubei is convenient for her, because she has had a part-time job in a Japanese nursery in Gubei since 2010 (Fig. 17). She occasionally shops at Pudong's Japanese food stores, but she is dissatisfied with the freshness and variety of the food.

3.3. The Japanese school in Pudong

Until 2005, only one Japanese school provided primary education in Shanghai, which resulted in three problems:

(1) Japanese whose children studied in secondary school had to live apart from their families in Shanghai; (2) the Japanese had to send their children back to Japan when they finished primary education in Shanghai; and (3) educational resources became insufficient to accommodate the increase in the number of Japanese students. These problems were resolved with the establishment of the Japanese school in Pudong New Area in 2006, which provides both primary and secondary education.

The number of Japanese students in the Japanese school in Pudong was 840 in 2006, rising to 1,676 in 2012: the former accounted for 34.5% of the total Japanese student population in Shanghai and the latter 51.7% (Table 3). This illustrates the importance of the Japanese school in Pudong among all Japanese educational facilities, because the Japanese students must have access to the Japanese education in non-English-speaking countries. Therefore, the presence of a Japanese school has had a positive impact on both Japanese residential choices and Japanese companies' site selection. Moreover, the land used for the Japanese school is provided for free by a Chinese real-estate agent with the purpose of attracting more Japanese residents to the resi-

Table 2. Attributes of Japanese expatriates in Pudong New Area extrapolated from the questionnaires

Category	No.	Age of family members					Residential experience						Householders' employment					Duration of stay		
		-20	21-30	31-40	41-50	51-70	Arrived year	Former residence	Move (time)	Reason (move out)	Current residence	Reason (move in)	House rent	Career	Workplace	Income	Reason	Overseas experience	Year of duration	Plan
Overseas resident business men	1		△			●▲	1996	C	4	⑥	P	①	②	a	P	-	★	×	8	i
	2	△		▽	●		2007	C	2	⑤	P	⑤①	own	a	C	⑨	★	×	Uncertain	ii
	3	△△			●▲		2010	C	1	③	P	②	⑥	a	J	⑨	★	×	0.1	iii
	4			●▲	●▲		2012	P	0		P	⑤	③	a	P	⑨	★	×	2	ii
	5	○○		●▲			2012	P	0		P	④	⑥	a	P	⑧	★	×	4	ii
Locally hired	6				●		2004	P	3	⑥	P	⑥	①	a	P	②	☆	Beijing, Dalian	Uncertain	i
	7				▲		2008	P	0		P	①	①	c	P	③	☆	Hong Kong	Uncertain	-
	8			▲			2010	P	0		P	①	①	c	P	③	☆	Luoyang	3	-
	9			▲			2010	P	0		P	①	①	c	P	③	☆	Australia	3	1)
	10			▲			2011	P	1	⑥	P	①	①	a	P	③	☆	×	0.5	iii
	11			▲			2011	P	0		P	①	①	c	P	③	☆	×	1	-
	12				▲		2011	P	0		P	①	①	c	P	③	☆	Mexico	1	-
	13		▲				2012	P	0		P	⑦	①	c	P	④	☆	Thailand	2	ii

● Japanese man ▲ Japanese woman ▽ Chinese woman ○ Son △ Daughter - : no data × : no
 C : Changning district J : Jingan district P : Pudong New Area
 Reason (move out) : ① High house rent ② Few number of Japanese neighbors ③ Far from Japanese school ④ Unaccessibility to Japanese facilities
 ⑤ Traffic inconvenience ⑥ Other
 Reason (move in) : ① Company arranged apartment ② Large number of Japanese neighbors ③ Near Japanese school ④ Accessibility to Japanese facilities
 ⑤ Traffic convenience ⑥ Low house rent ⑦ Other
 Monthly house rent, income (JPY) : ① -59,999 ② 60,000-119,999 ③ 120,000-179,999 ④ 180,000-239,999 ⑤ 240,000-299,999 ⑥ 300,000-359,999
 ⑦ 360,000-419,999 ⑧ 420,000-479,999 ⑨ 480,000-
 Career : a. Employee of Japanese private companies b. Freelancer c. Researcher and teacher d. Government agency staff e. Other
 Reason for traveling abroad : ★ Assigned by Japanese companies ☆ Start business or locally hired
 Plan : i Stay for several years ii Stay for a long time iii Return to Japan iv Live in other cities of China
 Note: 1) She wants to migrate to other foreign countries.

(Source: fieldwork in March 2012, March 2013)



Fig. 17 Interviewee No.1: Japanese academic staff

dences (Donghe Gongyu) owned by the agent.

Many of the interviewed Japanese expatriates indicated that they preferred to choose residences with easy access to the Japanese school. For example, Interviewee No. 3 is a Japanese man in his 40s who lives with his wife and two children, ages 9 and 14. They first lived in Changning district near his workplace, but they moved to Pudong New Area in 2012 after enrolling their elder child in Japanese

Table 3. Trends in the number of Japanese students in Shanghai, 1996-2012

Year	Hongqiao school	Pudong school			Total
	Primary school	Primary school and junior high school	Senior high school	Total	
1996	294	-	-	-	294
1997	408	-	-	-	408
1998	524	-	-	-	524
1999	626	-	-	-	626
2000	602	-	-	-	602
2001	708	-	-	-	708
2002	919	-	-	-	919
2003	1,350	-	-	-	1,350
2004	1,750	-	-	-	1,750
2005	1,815	-	-	-	1,815
2006	1,592	840	-	840	2,432
2007	1,492	1,075	-	1,075	2,567
2008	1,452	1,167	-	1,167	2,619
2009	1,339	1,087	-	1,087	2,426
2010	1,392	1,070	-	1,070	2,462
2011	1,433	1,239	55	1,294	2,727
2012	1,568	1,487	189	1,676	3,244

- : Not established
 (Source: Homepage (<http://www.srx2.net.cn/>) of Shanghai Japanese school)

secondary school. Consequently, their younger child was transferred from the Japanese school in Gubei to that in Pudong.

4. Settlement patterns of Japanese expatriates

4.1. Classification of Japanese expatriates

The classification and settlement patterns of Japanese expatriates are discussed using data mainly gathered through interviews.

Interviewee No. 1 is a Japanese housewife who accompanied her husband who was assigned to Shanghai by a Japanese company. She witnessed the development of the Japanese enclaves in Shanghai, as she spent over 10 years living in Gubei and Pudong New Area. She pointed out that among the Japanese population in Pudong, the overseas resident businessmen and their families are the largest subgroup. Furthermore, the locally hired are the second-largest group and have been increasing in numbers since 2008. However, recently, some self-employed Japanese have considered establishing Japanese facilities in Pudong New Area.

4.2. Overseas resident businessmen

Since the 2000s, the opening up of the Chinese market has resulted in a rapid expansion of inflowing Japanese professional and managerial labor as well as business owners. This has ultimately led to the establishment of Dongying Huayuan and Donghe Gongyu, which provide residential properties for Japanese expatriates who work in Pudong New Area. These two residences target Japanese overseas resident businessmen in particular because of their high financial status resulting from their high occupational position.

Dongying Huayuan and Donghe Gongyu are the two largest Japanese residences in Pudong New Area. There were 466 Japanese households in Dongying Huayuan and 413 in Donghe Gongyu in March 2013. According to the data in Table 4, the average size of foreign families in Pudong New Area is 2.2, implying that there are about 1,950 Japanese living in the two Japanese residences, accounting for 24.1% of the total Japanese population in Pudong. From the interviews, it is clear that many Japanese choose to live there because of the accessibility to Japanese facilities and easy access to work and Japanese school.

For example, Interviewee No. 5 is a Japanese overseas resident businessman in his 30s who has lived with his family in Pudong since 2012. Accessibility to Japanese facilities was a top priority in his residential choices, as his children are young (ages 4 and 7) and his wife is not proficient in Chinese. Thus, No. 5 chose to settle in Dongying Huayuan, which is well-equipped with Japanese facilities such as a Japanese kindergarten, convenience stores, restaurants, and shuttle buses to the Japanese school and Gubei. However, No. 5 also believes it is comparatively expensive living for Japanese other than overseas resident businessmen, as rents reach JPY 300,000 per month.

However, not all Japanese overseas resident businessmen can afford such high rent, as there are class differences within the overseas resident businessmen group based on their socioeconomic status and rent-paying ability.

Interviewee No. 6 pointed out that the socioeconomic status of overseas resident businessmen in Shanghai has become more diverse. No. 6 spent 3 years in Beijing as an overseas resident businessman in a Japanese company between 1994 and 1996, returning to China after his retirement in 2003. Since then, he has performed a variety of work in both Chinese and Japanese companies. From such living and working experience, No.6 has become familiar with both Chinese and Japanese societies. Through the interview of No.6, I inferred that although the number of overseas resident businessmen and their families increased in Shanghai, those who came later were relatively younger: the majority of the overseas resident businessmen assigned in the early 2000s were in their 50s and 60s, while those in the late 2000s were in their 30s and 40s. Because of their younger age, these overseas resident businessmen receive fewer allowances from Japanese companies and are more likely to hold less-important positions, which has affected their residential choices.

Those of a lower socioeconomic status, fewer allowances, and lower salaries prefer to live in other types of Japanese residences or even Chinese ones. They value easy access to work rather than Japanese facilities. The period of stay in Shanghai and fluency in Chinese also affect the resi-

Table 4. Average size of foreign families in the top 5 districts in Shanghai, 2010

District	Number of households	One-person		Two-person		Three-person		Four-person		Others	
		Number	%	Number	%	Number	%	Number	%	Number	%
Shanghai	112,241	60,826	54.2	24,581	21.9	12,932	11.5	11,270	10.0	2,632	2.4
Changning	22,029	11,596	52.6	4,517	20.5	2,786	12.7	2,621	11.9	509	2.3
Pudong	21,178	9,609	45.4	4,301	20.3	3,114	14.7	3,245	15.3	909	4.3
Minhang	17,517	7,907	45.1	3,760	21.5	2,539	14.5	2,753	15.7	558	3.2
Xuhui	13,227	8,284	62.6	3,071	23.2	1,116	8.4	640	4.8	116	0.9
Jingan	7,940	5,275	66.4	1,799	22.7	565	7.1	260	3.3	41	0.5

(Source: Tabulation on the 2010 Population Census of Shanghai Municipality)

dential choices of such Japanese, which should also be considered when studying Japanese residential choices.

For example, Interviewee No. 1 lives in a Chinese residence with a rent of JPY 80,000 per month, which is paid entirely by her husband's company. She is comfortable living in a Chinese residence, because she has lived in Shanghai for over 10 years and is fluent in Chinese. As there are no Japanese broadcast TV programs, No. 1 and her family watch Chinese TV programs or Japanese DVDs bought from Gubei. In fact, most of her daily activities are in Gubei, but she lives in Pudong because it is convenient for her husband to commute to work.

These examples show that not all Japanese overseas resident businessmen experienced the same economic conditions with regard to their salaries and allowances. Since 2003, the allowances paid by Japanese companies have been reduced as management costs have been cut. Taking the housing allowances as an example, it is common for the Japanese companies to currently pay 30–70% of their employees' rent instead of the total amount paid before 2003. Therefore, overseas resident businessmen living in Pudong are further classified into two categories based on their socioeconomic status: Group 1 is wealthy and lives in Dongying Huayuan and Donghe Gongyu; and Group 2 has a comparatively lower income and lives in other, cheaper residences.

4.3. The locally hired

The increase in Japanese companies in Pudong New Area since 2005 has persuaded more locally hired Japanese to live and work there because of the job and employment opportunities available. Most are young and in their 20s

and 30s, working mainly in Japanese and Chinese companies and in Japanese facilities. They have different characteristics based on their employment status: most employees of Japanese companies are salesmen of Japanese commodities from Japan. Employees of Chinese companies are more likely to be responsible for quality management, technical advice, and management systems in order to maintain friendly associations with Japanese companies. Employees of Japanese facilities provide Japanese-style services because of having an understanding of Japanese tradition and culture.

Locally hired Japanese look for easy access to work and low rent when choosing their residences. Unlike the overseas resident businessmen who are concentrated in specific types of Japanese residences, the locally hired are scattered in many Japanese and Chinese residences.

For example, Interviewee No. 6 moved from a Chinese company in Dalian city to a Japanese translation company in Shanghai in 2004 for better work opportunities, receiving a house provided by that company for free. In 2005, he shifted again when he took a new job in a Japanese commercial company. Because the company stopped paying rent for employees in 2006, he began living in a Chinese residence. One reason for this choice was the low rent. Rent has remained unchanged despite the large increase in living costs over recent years, mainly because landlords prefer to rent out rooms to the Japanese who always keep them clean. Another reason is easy access to the subway station. However, No. 6 uses local markets and Chinese supermarkets because of the lack of Japanese facilities, so he prefers to buy Japanese food and sauces from Japan.

Although lower rent is a major consideration when

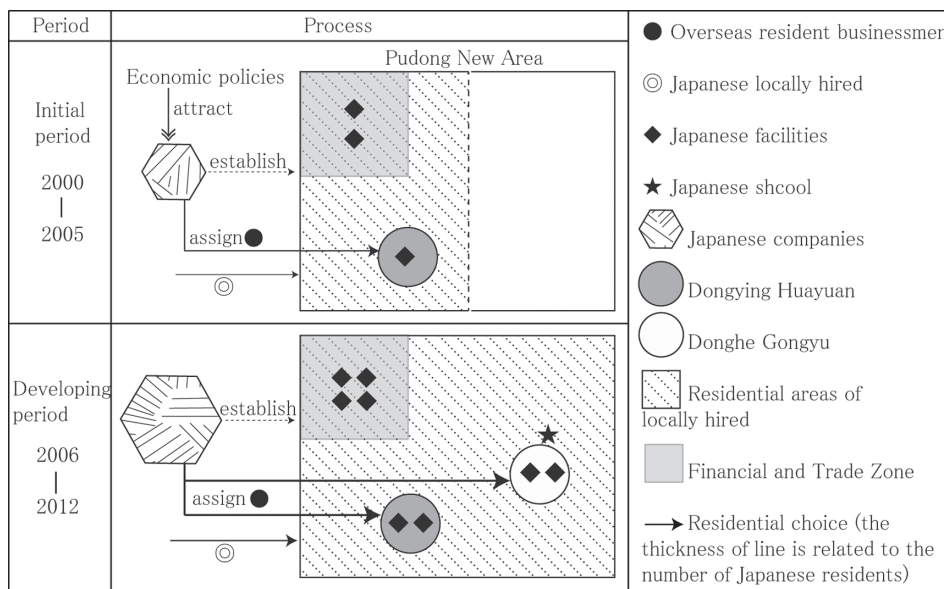


Fig. 18 Development processes of the Japanese enclave in Pudong New Area

choosing residence, some locally hired Japanese prefer to live in Japanese residences for residential security. No. 7, 8, 9, 10, 11, and 12 live in dormitories provided by Japanese companies and facilities, paying either part of their rent or none at all.

5. Conclusion

In this study, development processes of the Japanese enclave in Pudong New Area were examined in two periods: the initial period (2000–2005) and the developing period (2006–2012) (Fig. 18). In the initial period, with China's entry into the World Trade Organization, Pudong New Area became one of the most popular investment destinations for the Japanese, which led to the increase in Japanese companies and Japanese employees. The main Japanese population group in Pudong New Area was overseas resident businessmen assigned from Japan, the majority of whose residences were arranged in Dongying Huayuan in this period by the Japanese companies. As a result, the largest Japanese residence was formed, and it became the origin of the Japanese enclave in Pudong New Area. In addition to Dongying Huayuan, some Japanese lived in other, smaller Japanese residences around Dongying Huayuan and in Lujiazui Financial and Trade Zone. Although few in number, Japanese facilities increased slowly with the development of these residences.

In the developing period, Japanese companies and expatriates have expanded in Pudong New Area due to the opening up of Chinese market and alterations in Shanghai's economic policies. This has led to the establishment of one more Japanese school and Japanese residence, that is, Donghe Gongyu, to provide for Japanese students and meet population growth. Pudong New Area has become more easily accessible with the operation of Subway line 4, 6, and 9. However, it is difficult for locally hired Japanese to live in the same residences as overseas resident businessmen because of the economic constraints on their residential choices. Locally hired Japanese therefore prefer to live in residences near those for Japanese overseas resident businessmen. This has led to the expansion of Pudong enclave, with Japanese residences for overseas resident businessmen in the central area and those for the locally hired on the outskirts of the area. However, Japanese-owned facilities have been localized mainly in Dongying Huayuan, Donghe Gongyu, and Lujiazui Financial and Trade Zone, where their main customers, Japanese overseas resident businessmen and their families are concentrated.

There are two characteristics of the Japanese enclave in Pudong New Area.

First, the local authorities and Japanese companies have had a key role in the initial period of Japanese enclave development. Since the 2000s, the local authorities have de-

signed and implemented corresponding strategies to attract foreign investment to stimulate economic growth, under which Pudong New Area has developed into a multinational industrial district where many Japanese companies have been established. As a result, Japanese-invested companies have been encouraged to locate in Pudong New Area. Parallel to the increasing number of Japanese-invested companies, growth in the number of Japanese expatriates was predicted, the majority of whose accommodations were provided by the Japanese companies. Thus, the majority of Japanese have lived in the Japanese residences. In addition, the residential concentration has helped the Japanese adapt to the local lifestyle and more easily overcome the language and cultural barriers.

Second, the Japanese school has played a major role in the development of the Japanese enclave, as the Japanese children's education is a top priority in residential choices for the Japanese. The Japanese focus on the Japanese school, because it is necessary for the Japanese children to receive a good education compared to those in English-speaking countries. As a result, many Japanese with children prefer to live in residences near the Japanese school. Besides the educational facilities, many other Japanese facilities in Pudong New Area are managed by the Chinese, who cannot satisfy Japanese demand. In other words, there is a limit in the number and quality of other types of Japanese facilities. Thus, for further development of the Japanese enclave in Pudong New Area, it is necessary to consider how to bridge the Japanese demand and supply gap.

Note

- 1) In this study, 1 RMB is equivalent to 12 JPY based upon the exchange rate in March 2012.
- 2) The Japanese traveling to Pudong New Area for business live in hotels.

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Received 1 September 2014

Accepted 24 October 2014