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Multidimensional Review and Construction Strategies for the Interest Protection of Overseas Wenzhou Businessmen

Zhe Gao
Wenzhou Polytechnic, Wenzhou, Zhejiang 325000, China

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Abstract

Overseas Wenzhou businessmen, as an important part of the overseas Chinese business community, have actively expanded on the global economic stage and achieved remarkable results. However, with the complex and volatile international situation, overseas Wenzhou businessmen are facing numerous interest - related risks and challenges. This paper analyzes the current development situation of overseas Wenzhou businessmen, sorts out the types and causes of their overseas interest losses, and explores strategies for constructing an overseas interest protection mechanism from multiple dimensions such as the Chinese government, social organizations, and the enterprises themselves. The aim is to provide theoretical support and practical references for the protection and expansion of the interests of overseas Wenzhou businessmen.

Keywords

Overseas Chinese businessmen; Overseas interests; Multidimensional review; Protection strategies; Wenzhou businessmen

Introduction

Since the reform and opening up, Wenzhou businessmen have relied on their acute business sense, hardworking spirit and bold pioneering spirit to venture abroad on a large scale and engage in business activities around the world[1]. In the early days, they mainly operated in traditional manufacturing and trade in Western Europe and North America. In Western Europe, the "Wenzhou Street" in Paris, France, and the textile industrial cluster in Prato, Italy, are the results of their long-term efforts. In North America, Wenzhou businessmen in the United States and Canada are active in retail, real estate and other fields, constantly expanding their business territory. In recent years, with the advancement of the "Belt and Road Initiative", more and more Wenzhou businessmen have set their sights on countries along the route and emerging economies, actively engaging in new industries such as infrastructure construction, energy development and e-commerce. For example, in Cambodia, Wenzhou businessmen have participated in the construction of local industrial parks, driving local industrial development; in the United Arab Emirates, there are many Wenzhou businessmen engaged in international trade and logistics, which has greatly promoted the prosperity of local trade.

The overseas interests of Wenzhou businessmen are extensive, including not only direct economic returns, but also business reputation, market share, enterprise assets and the personal safety of businessmen in local areas. However, in recent years, the rise of trade protectionism, regional political instability and cultural conflicts have intertwined, resulting in frequent incidents of damage to the overseas interests of Wenzhou businessmen. Against this background, how to effectively protect the overseas interests of Wenzhou businessmen has become an important issue that needs in-depth study.

1. The Overseas Development Process and Current Situation of Wenzhou Businessmen

1.1. Development Process and Prominent Features

As pioneers of China's private economy, the overseas development process of Wenzhou businessmen can be traced back to the early days of reform and opening up. In the 1980s, Wenzhou businessmen began to go abroad as individual business owners, mainly engaged in small commodity trade. In the 1990s, with China's accession to the WTO, the scale of overseas investment by Wenzhou businessmen continued to expand, and the fields they were involved in also expanded from trade to manufacturing, real estate and other industries. In the 21st century, the overseas investment of Wenzhou businessmen has shown a diversified trend, with increasing investment in energy, technology, finance and other fields.

At present, the overseas investment of Wenzhou businessmen shows several notable characteristics: first, the investment regions are extensive, covering all continents around the world; second, the investment fields are diversified, including both traditional and emerging industries; third, the investment methods are flexible, including sole proprietorship, joint venture, and merger and acquisition, among others; fourth, they are closely linked with the domestic industrial chain, forming a global production network.

1.2. Geographical Distribution and Industry Involvement

The footprints of Wenzhou businessmen can be found all over the world. In Europe, countries such as France, Italy, and Spain have attracted a large number of Wenzhou businessmen. In Paris, France, the "Wenzhou Street" is home to numerous shops selling clothing and leather goods. These shops, with their fashionable designs, excellent quality, and reasonable prices, are deeply loved by local consumers. In Prato, Italy, a textile industrial cluster led by Wenzhou businessmen has formed a complete industrial chain, from raw material procurement, spinning and weaving, to dyeing and processing, and garment manufacturing. All these links work closely together, and their products are sold all over the world. In Spain, Wenzhou businessmen have performed well in the catering industry. Many Chinese restaurants have skillfully integrated Chinese cuisine with local food culture, attracting a large number of customers. In North America, Wenzhou businessmen in the United States and Canada operate in the retail sector, offering a wide range of products from daily necessities to high-end goods, meeting the needs of different consumers. In the real estate sector, they actively invest and develop, creating many distinctive real estate projects with unique design concepts and high-quality construction, promoting the development of the local real estate market.

Under the guidance of the "Belt and Road Initiative", Wenzhou businessmen are actively exploring new markets. In Southeast Asia, countries such as Indonesia, Malaysia, and Thailand have attracted a large number of Wenzhou businessmen to invest and start businesses. In Indonesia, Wenzhou businessmen have invested in manufacturing factories, taking full advantage of the abundant local labor resources to produce clothing, shoes, and other products. These products not only meet local market demands but are also exported to other countries. In Malaysia, Wenzhou businessmen have actively laid out in the electronics information industry, cooperating with local enterprises to jointly promote industrial upgrading. In Thailand, Wenzhou businessmen have vigorously developed in the service industry such as tourism and catering, creating a series of tourism projects and catering brands with Chinese characteristics, attracting a large number of domestic and foreign tourists. In the Middle East, cities such as Dubai in the United Arab Emirates and Riyadh in Saudi Arabia have become important gathering places for Wenzhou businessmen. In Dubai, with its superior geographical location and open trade policies, Wenzhou businessmen have flourished in the international trade and logistics industry, establishing large trade centers and logistics parks, transporting high-quality Chinese goods to the Middle East and African markets, and also introducing Middle Eastern specialties to China. In Saudi Arabia, Wenzhou businessmen have actively participated in local project construction in fields such as energy development and building materials, contributing to local economic development. In Africa, countries such as Ethiopia and Kenya have seen Wenzhou businessmen involved in industrial park construction, creating a large number of job opportunities for the local area and promoting the local industrialization process. In Kenya, Wenzhou businessmen have actively explored in the e-commerce field, establishing e-commerce platforms to promote local agricultural products and handicrafts to the international market, while also providing local consumers with a wide variety of product choices[2].

1.3. Business Scale and Influence

After years of hard work, Wenzhou businessmen have accumulated considerable business wealth overseas. Many enterprises founded by Wenzhou people have established a firm foothold in the local market. Some of these enterprises have become industry leaders by virtue of their innovation capabilities and high-quality products and services. For instance, in the Italian textile and garment industry, some enterprises founded by Wenzhou people have continuously improved product quality and design levels by introducing advanced technologies and equipment. Their brands enjoy a high reputation in the international market, and their products are sold to many countries and regions in Europe, America, and Asia.

Wenzhou businessmen adhere to the principle of integrity in business operations, pay attention to innovative business models, and actively integrate into local communities. They promote cultural exchanges through organizing cultural exchange activities, and cooperate with local enterprises to drive local economic development. In Italy, the textile and garment enterprises founded by Wenzhou businessmen have created a large number of job opportunities for the local area, from workers on the production line to management personnel, absorbing a large number of local labor forces. At the same time, they have also driven the development of related supporting industries, such as textile machinery manufacturing and logistics transportation, effectively promoting regional economic prosperity [3].

2. Analysis of Types and Causes of Overseas Interests Damage for Wenzhou Businessmen

2.1. Economic Interests Damage

Trade Barriers and Anti-dumping: Currently, trade protectionism is prevalent. Developed countries such as the United States and Europe frequently set up trade barriers against Chinese products and initiate anti-dumping investigations. Traditional manufacturing products from Wenzhou, such as leather shoes and lighters, have strong competitiveness in the international market due to their price advantages and have become the main targets of attacks. The European Union has imposed high anti-dumping duties on Chinese leather shoes on multiple occasions. For example, in 2006, the EU imposed an anti-dumping duty rate of 16.5% on Chinese leather shoes, which led to a significant decline in the market share of Wenzhou leather shoe enterprises in Europe. Many enterprises saw a sharp reduction in orders and profits [4]. This is mainly because some countries, in order to protect their own related industries, ignore the principles of fair trade and abuse trade remedy measures. Meanwhile, Wenzhou products, with their cost advantages, have exerted competitive pressure on local similar products in the international market, thus becoming the victims of trade protectionism.

Exchange Rate Fluctuations: Wenzhou businessmen engage in a large amount of international trade, and exchange rate fluctuations have a significant impact on their import and export businesses. In recent years, the two-way fluctuations of the RMB exchange rate have intensified. When the RMB appreciates, the prices of export products denominated in foreign currencies such as the US dollar relatively increase, weakening their price competitiveness in the international market and leading to a reduction in orders. For example, a piece of Wenzhou-made clothing originally priced at 100 US dollars, before the appreciation of the RMB, was converted to 650 yuan at an exchange rate of 6.5; when the RMB appreciated to an exchange rate of 6.0, if the price of the clothing in the international market remained at 100 US dollars, it would be converted to 600 yuan, reducing the profit of the enterprise by 50 yuan for each piece of clothing sold. At the same time, due to exchange rate fluctuations, there may be exchange losses during foreign exchange settlement, directly affecting the profits of enterprises [5].

Commercial Fraud: In overseas markets, some unscrupulous businessmen take advantage of Wenzhou businessmen' unfamiliarity with local market rules and business environments to commit commercial fraud. During the execution of trade contracts, situations such as passing off inferior goods as superior ones, delaying payment, and even absconding with funds occur from time to time. In some emerging market countries, the credit system is not well established and supervision is inadequate, providing opportunities for commercial fraud. For example, in a Southeast Asian country, a batch of electronic components ordered by Wenzhou businessmen arrived and were found to be of seriously substandard quality and unusable, causing great trouble to the enterprise's production. However, Wenzhou businessmen were not familiar with local laws and regulations, and the local legal system was inefficient in handling such disputes, making it difficult for Wenzhou businessmen to protect their rights.

2.2. Personal Safety and Rights Damage Xenophobia and social security issues

In some countries and regions, the social security situation is poor, and xenophobia exacerbates the problem. Wenzhou businessmen have become targets of robbery, theft and other criminal activities. In some African countries, the local security situation is severe. For instance, in some cities of South Africa, the crime rate remains high. Wenzhou businessmen face threats to their personal safety and property losses in their business premises or daily lives. This is related to factors such as the local economic development level, social governance capacity and cultural conflicts. In some areas, poverty leads to a high crime rate, and the habit of Wenzhou businessmen to carry cash makes them easy targets for criminals.

Labor disputes: As the scale of Wenzhou businessmen's overseas enterprises expands and the number of local employees they hire increases, labor disputes occur from time to time. Due to the significant differences in labor laws and regulations among different countries, some Wenzhou businessmen have insufficient understanding of local labor laws and fail to strictly abide by local regulations regarding working hours, salary and benefits, and labor protection, leading to employee strikes and lawsuits. For example, in a certain European country, a Wenzhou businessman's enterprise was forced to deal with a strike because it did not arrange working hours in accordance with local laws, which not only affected the normal operation of the enterprise but also damaged its image.

2.3. Cultural and political risks

Cultural conflicts: When Wenzhou businessmen operate overseas, due to cultural background differences, they often encounter conflicts with local cultures in aspects such as enterprise management and marketing. In some Western countries that emphasize individualism, the traditional family-style management model of Wenzhou businessmen may lead to a lack of sense of belonging and enthusiasm among employees. If local cultural customs are not taken into account in product marketing, it may cause consumer aversion and affect the expansion of the enterprise's market. For example, in a certain Western country, a Wenzhou businessman's enterprise used patterns representing bad luck in local culture on product packaging, resulting in poor sales.

Political unrest and policy changes: In some countries, the political situation is unstable, with frequent changes of power and lack of policy continuity. This makes the investments of Wenzhou businessmen in these countries face uncertainties. For example, investment projects may be unable to proceed smoothly due to policy changes, and completed projects may also face the risk of expropriation or nationalization. In some Middle Eastern and African countries, political unrest leads to social disorder, forcing the business activities of Wenzhou businessmen to be interrupted and causing significant economic losses. For instance, in Iraq, due to long-term political unrest, the investment projects of Wenzhou businessmen in the country cannot be carried out normally, and they often face the risk of not being able to recover the invested funds.

3. Strategy Construction for Protecting the Overseas Interests of Wenzhou Businessmen

3.1. Government Level

Improving the Diplomatic Protection Mechanism: The government should enhance diplomatic communication and coordination with the countries where Wenzhou businesspeople mainly invest and operate. Through bilateral or multilateral dialogue mechanisms and by signing investment protection agreements, it should create a favorable international political and economic environment for Wenzhou businesspeople. When their overseas interests are infringed upon, the diplomatic protection procedures should be promptly initiated. The government should express concerns through diplomatic channels to the governments of the countries where they operate, urging them to handle the issues fairly and safeguard the legitimate rights and interests of Wenzhou businesspeople. For instance, in major trade friction incidents, the government can exert pressure through diplomatic negotiations to facilitate problem resolution.

Providing Policy Support and Services: Formulate preferential policies for Wenzhou businesspeople's overseas investment and operation, such as tax reduction, financial subsidies, and credit support, to reduce their overseas operation costs. Establish an overseas investment risk early warning mechanism, collect and analyze international political, economic, and social information, and promptly issue risk warnings to Wenzhou businesspeople to help them prepare in advance. At the same time, simplify administrative approval procedures to provide convenience for their overseas investment and operation.

Strengthening Consular Protection and Assistance: Overseas embassies and consulates should enhance their consular protection functions, strengthen safety education and training for Wenzhou businesspeople, and improve their awareness of safety precautions and ability to handle emergencies. Establish a rapid response mechanism. When Wenzhou businesspeople encounter personal safety threats, legal disputes, and other emergencies, the embassies and consulates should promptly provide consular assistance, including legal aid and coordination with local government departments, to safeguard their basic rights and interests.

3.2. Social Organization Level

Strengthening the Role of Overseas Wenzhou Chambers of Commerce: Overseas Wenzhou Chambers of Commerce should fully play their role as a bridge and link, enhance information sharing and mutual assistance among members. Provide information consultation, legal aid, and dispute mediation services to overseas Wenzhou businesspeople; regularly organize business exchange activities to help Wenzhou businesspeople expand business channels and enhance their market competitiveness in the local area. At the same time, the chambers of commerce should actively establish good relationships with local governments, chambers of commerce, and industry associations, promote communication between Wenzhou businesspeople and local governments and communities, help resolve conflicts, and represent the interests of Wenzhou businesspeople to participate in the formulation of local business rules, safeguarding their overall interests. For example, in response to anti-dumping investigations, the chambers of commerce can organize enterprises to jointly defend, increasing the success rate of defense.

Support from Domestic Industry Associations: Domestic relevant industry associations should strengthen guidance and services for Wenzhou businesspeople's overseas operations. Organize expert teams to study international market dynamics and industry development trends, providing Wenzhou businesspeople with consulting services in market research, technological innovation, and brand building. When encountering trade frictions, industry associations should integrate resources, coordinate enterprise actions, and closely cooperate with government departments to jointly address challenges.

3.3. Enterprise Self-level

Strengthening Risk Management and Compliant Operations: Wenzhou businesspeople should enhance their risk management capabilities. This includes strengthening research on the political, economic, and legal environments of the host countries, formulating comprehensive risk assessment and response strategies before investment and operation. Establish and improve internal risk prevention and control systems, and strengthen monitoring and early warning of market risks, exchange rate risks, and credit risks. At the same time, strengthen compliance management, strictly abide by the laws and regulations of the host countries, and avoid legal disputes and interest losses caused by violations; pay attention to localized operations, respect local cultural customs, and actively fulfill social responsibilities to reduce cultural conflicts and social risks.

Enhancing Core Competitiveness: Increase investment in technological innovation, improve product quality and added value, build brands with independent intellectual property rights, and enhance core competitiveness in the international market. Through differentiated competition strategies, reduce reliance on price competition and minimize the risk of trade frictions caused by low-price competition. For instance, some manufacturing enterprises in Wenzhou have transformed from traditional OEM production to independent brand research and development and production through technological upgrading, thus achieving higher profit margins and market shares in the international market.

Diversification of business operations and market layout: To reduce the risk of relying on a single market, Wenzhou businessmen should actively implement a diversification strategy, expand business areas, and venture into different industries. At the same time, they should optimize their overseas market layout, consolidate traditional markets, and intensify the exploration of emerging markets to diversify investment risks and enhance the ability of enterprises to cope with external risks. For example, some Wenzhou businessmen, while continuing to focus on the European and American markets, have also actively explored markets along the "Belt and Road" initiative, achieving diversified market development.

4. International Experience for Protecting Overseas Interests of Wenzhou Entrepreneurs

In the process of establishing the mechanism for protecting overseas interests of Wenzhou entrepreneurs, drawing on international experience is of great significance. Developed countries such as the United States and Japan have accumulated rich experience in protecting the overseas interests of their enterprises. For instance, the United States has established legal norms for enterprises through laws such as the "Foreign Corrupt Practices Act", and has also established a comprehensive overseas investment insurance system. Japan, on the other hand, provides comprehensive support to overseas enterprises through institutions like JETRO, including market research and legal consultation services.

These international experiences offer important inspirations for protecting the overseas interests of Wenzhou entrepreneurs. Firstly, a sound legal system should be established to protect the interests of enterprises while regulating their behaviors. Secondly, the government should establish specialized institutions to provide one-stop services for overseas enterprises. Thirdly, the role of non-governmental organizations should be emphasized to form a collaborative protection mechanism involving the government, enterprises, and society. Finally, international cooperation should be strengthened to create a more favorable international environment for enterprises through bilateral and multilateral mechanisms.

While drawing on international experience, it is also necessary to combine the characteristics of Wenzhou entrepreneurs and China's national conditions to explore suitable protection models. For example, the advantage of Wenzhou entrepreneurs' well-developed network can be utilized to establish information sharing and mutual assistance mechanisms. At the same time, China's diplomatic advantages as a major country should be fully leveraged through high-level visits and economic diplomacy to secure more benefits for Wenzhou entrepreneurs.

5. Conclusion

The development of Wenzhou entrepreneurs overseas faces both opportunities and numerous challenges, and the issue of protecting overseas interests has become increasingly prominent. Through multi-dimensional collaborative cooperation involving the government, social organizations, and enterprises themselves, the establishment of a complete overseas interest protection mechanism is crucial for safeguarding the overseas interests of Wenzhou entrepreneurs and promoting their sustained and healthy development. The government should play a leading role in improving the diplomatic protection and policy support system; social organizations should strengthen their service and coordination functions to unite the strength of Wenzhou entrepreneurs; enterprises themselves should enhance risk management and core competitiveness improvement. Moreover, drawing on international experience is of great significance for improving the overseas interest protection mechanism of Wenzhou entrepreneurs. Only through the joint efforts of all parties can we effectively respond to the complex and changing international situation and safeguard the development of Wenzhou entrepreneurs overseas, enabling them to continue playing an important role in the global economic arena and promoting economic and cultural exchanges and cooperation between China and foreign countries.

In the future, as international situations change and the overseas business of Wenzhou entrepreneurs expands, overseas interest protection will face new challenges and opportunities. It is recommended that subsequent research focus on the following directions: 1) New characteristics of overseas interest protection for Wenzhou entrepreneurs in the digital economy era; 2) Opportunities and risks for the development of Wenzhou entrepreneurs overseas under the "Belt and Road Initiative"; 3) The impact of global governance changes on the overseas interest protection of Wenzhou entrepreneurs. Through continuous and in-depth research, more powerful theoretical support and practical guidance can be provided for the sustainable development of Wenzhou entrepreneurs overseas.

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