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## Chinese Commodity Imports in Ghana and Senegal: Demystifying Chinese Business Strength in Urban West Africa

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Laurence Marfaing and Alena Thiel

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# **Chinese Commodity Imports in Ghana and Senegal: Demystifying Chinese Business Strength in Urban West Africa**

## **Abstract**

Since the beginning of the twenty-first century, independent entrepreneurial migrants from China have been increasingly flocking to Africa in search of “greener pastures.” This paper scrutinizes the empirical foundations of the increasingly hostile discourses of African traders regarding the alleged encroachment of the West African urban market space by Chinese petty entrepreneurs. Based on in-depth ethnographic fieldwork and interviews, we aim to demystify this common allegation by exploring the diversity of influx channels through which Chinese commodities, said to create unfair and existential competition, come to the African continent. Our analysis of trade trajectories shows that Chinese products were coming to Africa long before the arrival of independent Chinese migrants at the beginning of the twenty-first century. Statistical evidence further supports our stance that Chinese entrepreneurs still represent a minority group in the import of “cheap China goods” into Ghana and Senegal.

Keywords: international trade, consumer goods, imperfect competition, migration, social networks, China, Africa

JEL Codes: D43, D85, F14, F22, L14, O24, P45, Z1

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# **The Chinese Commodity Imports in Ghana and Senegal: Demystifying Chinese Business Strength in Urban West Africa**

**Laurence Marfaing and Alena Thiel**

## **Article Outline**

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- 2 Tales of Chinese Migrants and Commodities
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- 4 African Trajectories of Chinese Commodities into Urban West Africa
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## **1 Introduction**

Since the beginning of the twenty-first century, Africa has seen the arrival of a new form of Chinese migration. Largely independent from big Chinese players, these “new entrepreneurial migrants” come to Africa not as workers in the highly prestigious state projects, but rather to follow their own economic interests. Engaging in business activities as diverse as petty manufacturing, printing, pharmaceutical and medical services, restaurants, beauty salons and last but not least, general trade, these independent Chinese migrants are often acknowledged for bringing affordable new commercial services and goods to low-income households

on the African continent. On the other hand, the high visibility of the Chinese entrepreneurial activities has also sparked anti-Chinese sentiments among many African entrepreneurs (for example, see Baah et al. 2009 on Ghana; Bredeloup and Bertoucello 2006 on Senegal; Sylvanus 2009 on Togo; Ogen 2008 on Nigeria; Kohnert 2010 on Benin and other cases).

Independent Chinese entrepreneurs in Senegal and Ghana face allegations of endangering indigenous businesses and encroaching on local market spaces. We argue that this reputation is fed by a mystified idea of the Chinese presence in Africa in general, and it is reproduced, perpetuated, and reinforced by rumors in and about the local marketplaces. Stewart and Strathern (2004: 4) note that rumors play a vital part “in the formation of moral imagination and the development of social processes.” Thus, we suggest that the allegations against Chinese migrant entrepreneurs commonly voiced in our country cases, Senegal and Ghana, have been informed by a paramount myth of the Chinese in Africa rather than the empirical reality. In the recent scramble for Africa’s natural resources, Chinese state-financed projects are usually pitched in terms of a win-win situation. However, media reports reframe these engagements as interest-led and denounce Chinese development initiatives as disguised seizure of Africa’s resources. Added to that, academic discourse outside of China has only recently shifted its tone towards the potential opportunities of China’s engagement in Africa (for example, see Cheru and Obi 2010). In this regard, individual viewpoints on the Chinese in Africa have burgeoned into a myth of implacable Chinese industriousness fed by their discipline and creative potential to adapt but also by allegations of human rights and labor law violations, along with other problematic practices such as land-grabbing or environmental degradation (see, for example, AllAfrica.com 2011, Global Post 2011). Myths, Barthes established, contrary to the everyday usage of the word do not refer to doubtful truths but instead describe a culture’s way of conceptualizing an abstract topic in chains of cultural referents.<sup>1</sup> Myths are thus central to culturally specific processes of signification, or in other words, without their conceptualizing myth, phenomena would mean different things to the beholder, if anything at all.

While the existing literature uncritically adopts local anti-Chinese discourses and thus fails to unveil the dynamics underlying them, our research in the urban centers of Accra and Dakar paints a more complicated picture. This paper provides a comparative perspective on the commercial activities related to China trade in the urban centers of Senegal and Ghana, aiming to deconstruct the public representations of the extent and impact of Chinese commodity imports in these countries. Contrasting these discourses with the empirical observations from fieldwork conducted in early 2011 in the capitals of Ghana and Senegal where we conducted in-depth ethnographic interviews with a sample of 52 local traders (Ghana: n=22; Senegal: n=30), 69 Chinese businesses, as well as various interest groups and authorities, we seek to demystify discourses of Chinese business strength in Accra and Dakar.

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1 “Signification” <<http://faculty.washington.edu/cbebler/glossary/signific.html>> (20 July 2011).

We will first present the discourses and the resistance of Senegalese and Ghanaian merchants towards the Chinese presence before elaborating on the context in which the imports from China to the two African countries have developed over the last 30 years. Then, we will integrate the results of our observations and the import statistics of Chinese merchandise in order to demystify the rumor according to which the Chinese petty entrepreneurs are the exclusive source of economic problems currently affecting African businesspeople.

## 2 Tales of Chinese Migrants and Commodities

If one sets foot into any of Dakar's or Accra's numerous markets these days, rumors about Chinese encroachments and invasions are buzzing from all angles. Interest groups and social networks of traders in Ghana and Senegal propagate claims, in increasingly aggressive tones, of existential threats caused by the business activities of Chinese migrants. The high visibility of the Chinese migrants and of Chinese commodities sparked an intensive circulation of obviously biased tales. The most prominent rumor circulating the Ghanaian market was the suspected sale of Accra's heart of economic activities, the Makola Market, to a Chinese investor.<sup>2</sup> In view of earlier anecdotes of Ghanaian store owners whose running rental contracts had been canceled due to substantially higher bids from prospective Chinese tenants, this rumor transported an existential anxiety across different interest groups. In Senegal, similar sentiments were expressed over the alleged sale of the grounds of the Kawsara mosque.

Our fieldwork in Accra and Dakar revealed the largely univocal character of allegations targeting the Chinese communities in the two cities. This suggests that discursive representations of Chinese migrants are at the very least amplified by the traders' associations based in the two West African capitals and later disseminated in the form of rumors. In Ghana, the Ghana Union of Traders' Associations (GUTA) acts as an umbrella organization of the numerous commodity associations in the country. In 2005 and 2007, GUTA organized a series of demonstrations "against foreigners, particularly the Chinese, from taking over the retail business" (Debrah 2007) in which they also called for a review of the Ghana Investment Act. Established in 1994 to protect the retailers, GUTA argued, the act did not fulfill its mission, because foreigners freely entered the retail business, resulting in "unfair" competition characterized by advantageous exchange and interest rates (interview No. 8 on 03 February 2011 in Accra). Additionally, GUTA affiliates claimed, the influx of foreign goods represented a threat to autochthonous manufacturers, the tax system, and, last but not least, state security (Odoi-Larbi 2007).

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2 Makola Market is an array of four integrated markets and public spaces used for retail activities (31 December, Okaishie, Kwasia Dwasu, Rawlings Park), from which the Accra Municipal Assembly collects daily market fees. According to news media coverage, the traders were contacted by a representative organizing the bid (Tenyah for Ghana Telescope, 2011) but threatened to chase away the investor in a mass demonstration (interview No. 6, Makola Traders' Union, 01 February 2011 in Accra). The Accra Municipal Assembly representative for the market refuted these allegations as mere rumors, claiming that it was legally impossible to sell public land (interview No. 11, Accra Metropolitan Assembly, Makola Office, 04 February 2011 in Accra).

The Ghana Investment Act defines a number of “enterprises wholly reserved for Ghanaians.”<sup>3</sup> These exclusive economic domains include “the sale of anything whatsoever in a market, petty trading, hawking or selling from a kiosk at any place.” A “market” here means “a public or open place established by local custom or by the appropriate local government council for the purpose of buying and selling and any other public place used substantially for that purpose” (Ghana Investment Act 1994). Thus excluded from wide ranges of the retail trade, foreign investors also are subject to a minimum equity contribution of 10,000 USD for foreign investors in joint ventures, and 50,000 USD for projects wholly owned by foreigners. Trading companies, whether partly or fully foreign-owned, require a minimum foreign equity of 300,000 USD and must employ at least ten Ghanaian workers (*ibid.*).

Senegalese interest groups have long demanded a similar legal framework but have not been able to impose positive discrimination for their autochthonous traders. In 2002, 2004 and 2008, Senegal’s *Union Nationale des Commerçants et Industriels du Sénégal* (UNACOIS), condemned the unfair competition brought upon Senegalese entrepreneurs by the Chinese in Dakar (Afrik.com 2004; Carapid 2007). UNACOIS has urged the government and the *Commission nationale de la concurrence* to enforce the legislation or put in place rules and measures for their protection. Yet, the union not only opposes the commercial competition but to a greater extent also criticizes the effect of the Chinese presence on the strategies of employment creation (UNACOIS, interview No. 21 on 05 and 15 February 2011 in Dakar). Additionally, UNACOIS denounces this confused perspective on commercial and immigration policy.

Traders in Ghana and Senegal claim to be anxious about the influx of Chinese commodities as existential threats to their livelihood. Given their significant allegations, what is the actual extent of the Chinese imports into the two West African countries, and most importantly, what part do Chinese and African importers play? The following section depicts the historical trajectories of Chinese commodities into urban West Africa: it shows that Chinese commodities were brought into West African urban market spaces long before the arrival of independent Chinese migrants around the beginning of the twenty-first century.

### 3 Historical Trajectories of Chinese Commodities in West Africa

This paper argues that when interest groups in Ghana and Senegal denounce the unfair competition created by Chinese entrepreneurs, they do not complain about Chinese competition itself but rather about the influx of Chinese traders in a domain that local merchants have mastered themselves since at least the 1970s: the import of affordable consumer goods from Asia to West Africa. West African businessmen did not wait passively for the big wave of liberalization that swept over Chinese politics at the turn of the twenty-first century in or-

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3 “Ghanaians” refers here to Ghanaian citizens or any company, partnership or association in which the capital majority is owned by citizens of Ghana.



der to adjourn to the Chinese markets. Senegal and China had signed an agreement on the free circulation of goods as early as 1971. This enabled Senegalese and other African entrepreneurs to travel to and do business in China where, by the 1980s, industrialization had taken full speed. In 1995, Senegal and Ghana became members of the WTO, which further simplified the import procedures, making the various Asian commodity hubs, including China, more feasible supply sources for African importers (Darkwah 2007).

Thus, since the first wave of China's political opening in the late 1970s, individual African businessmen have slowly started to stock up in China as a strategy to obtain commodities at better prices than in Europe. In our sample of traders, the first Africans flew to Bangkok (interview No. 40 on 08 March 2011 in Dakar and No. 2 on 31 January 2011 in Accra) and Taiwan (interview No. 37, 02 March 2011 in Dakar), and later in the 1980s to Hong Kong (interview No. 26 on 18 February 2011 in Dakar) and Dubai (interview No. 7 on 02 February 2011 in Accra). Towards the end of the 1980s and beginning of the 1990s, they were traveling regularly to the People's Republic of China (PRC), notably to the Guangzhou export fair (interview No. 36 on 01 March 2011 in Dakar and interview No. 2 on 31 January 2011 in Accra), and more recently to Yiwu in China's Hangzhou Province (interview No. 7 on 02 February 2011 in Accra).

Bräutigam (2003: 462) notes for the case of Nnewi in Nigeria how even before the 1980s counterfeited copies of "original" European motor spare parts were being imported from Taiwan. For the Senegalese and Ghanaians in our sample, the historical entry point into China was Bangkok rather than Taiwan. The first Senegalese who dared to embark on the trip to China in the 1970s remember their worries about going to China for the first time. They decided to get a visa for China through existing contacts in Bangkok: "A visa of the duration of one week cost 35,000 XOF (approximately 75 USD). You needed a letter of invitation from a Chinese supplier who gave it to a Senegalese contact in China. This contact then sent it back to Bangkok" (interviews No. 3 on 04 February 2011 and No. 35 on 28 February 2011 in Dakar).

For Ghanaian traders, Bangkok has been the destination of choice for over 20 years and for some, it still is the preferred commodity hub in Asia, although the prices there can no longer compete with those in China. Here, considerations of long-term, trustworthy business relationships and the confidence with which the handling of orders is addressed are decisive factors (interview No. 7 on 02 February 2011 in Accra and No. 2 on 31 January 2011 in Accra).

Hong Kong, according to the sample in Bodomo's 2009 study, has been a destination for Ghanaian traders since at least 1988. The majority of Bodomo's respondents come to Hong Kong for business reasons and stay less than a month; however, there are also permanent residents who have been there for over 20 years (Bodomo 2010a). The first Senegalese merchants from our sample came to Hong Kong between 1980 and 1984, dealing in bed sheets and other textiles (interview No. 26 on 18 February 2011 in Dakar).

These historic developments are characteristic of individual traders. In the Senegalese case, the numerically big movements of African traders to China were likely induced by the

Lebanese, who established China as a common source for cheap supplies that made China an attractive supply source for large groups of traders. Upon Senegalese independence, the Lebanese in Senegal remained privileged by the colonial trading firms in that they took over the wholesale and semi-wholesale niches neglected by the French, all the while keeping the same suppliers as their colonial predecessors (cf. Thioub 2009). The competition at the time obliged to offer European quality; all the same, the Lebanese started to look into similar but cheaper alternatives. The Lebanese merchants traveled to China up to three times a year and negotiated directly with the factories. It was in this way that Bic ballpoint pens, for example, were first copied in the 1980s. Following the Lebanese, Senegalese petty entrepreneurs started to expand their business activities throughout the Middle East, from Mecca to Dubai from the 1990s onwards. In Dubai, they could also get Chinese commodities and thus adapt to the prices created by the Lebanese.

In Ghana, unlike in Senegal, Islam is widespread but far from being the dominant religion. Ghanaian traders had also started going to Dubai by the early 1990s but did not regularly stop over in Mecca. Rather, their decision to turn away from their earlier European supply sources, especially Italy, was justified by concerns about their customers' growing price consciousness (interview No. 2 on 31 January 2011 in Accra). Dubai, traders further stated, became a preferred commodity hub in Asia as it allowed and still allows traders to shop in broader quality ranges, allegedly aimed at the European market (interview No. 7 on 02 February 2011 in Accra).

In the middle of the 1990s, African merchants moved from Hong Kong and Dubai to Guangzhou. In the beginning, traders mostly from Nigeria and Mali were traveling to Guangzhou (Martinez 2008; Le Bail 2009; Bodomo 2010a); Ghanaians and Senegalese followed. This shift was explained by the fact that Guangzhou offered cheaper products, mainly because in the proximities of the producers in China's Guangdong Province, traders could cut out the middlemen, which lowered the cost at which a product could be imported (Pawson 2005).

While Africans, especially long-term students, had "always" lived in places like Hong Kong, Macau, Beijing, and Shanghai, according to Bodomo (2010b), actual communities of permanent African traders started to form in China in the 1990s. Today, a tacit geographical agreement separates Anglophone Africans – particularly Nigerians – in the Guangzhou quarter Sanyuanli from Francophone Africans in the Xiaobei quarter (Le Bail 2009: 7). Le Bail's 2009 study counted 300 Senegalese permanently based in Guangzhou. Bodomo's study counted 20,000 Africans there in total, with "only few regular Ghanaian residents but many more visitors" (Bodomo 2010b). More recent estimates account for a total of more than 100,000 Africans residing in the city (Köckritz 2011).

The export fair of Guangzhou for a long time remained the first port of call for African entrepreneurs importing from China. Having had its peak year of African presence in 2007, Guangzhou is now being replaced by the "Small Commodity City" of Yiwu. Bodomo and Ma (2010) stress the strong incidence of hostility experienced by African traders in Guang-

zhou, who in view of ever-tightening police controls opted for the more civil and efficient official treatment they received in Yiwu. Different from Guangzhou, traders buying from Yiwu rarely live there, most only coming to Yiwu to stock up on goods. Yiwu, a city of 2 million inhabitants in the Zhejiang Province has rapidly claimed its place in the international market since the middle of the 2000s.

Parallel to this development, the ongoing trend to move one's supply sources from Dubai to Yiwu is often explained by the encounter with Chinese "friends" in Dubai. This encounter with Chinese middlemen may include the encouragement of trying a new commodity, or more explicitly, the invitation to and rendering of services such as orientation and guidance upon the first arrival in Yiwu (interview No. 7 on 02 February 2011 in Accra). Such interconnections prevail as personal relations over time. As one Senegalese informant explained, her suppliers in China also send commodities to their partners in Dubai whenever she does not have the time to travel all the way to the PRC (interview No. 47 on 11 March 2011 in Dakar).

In sum, as a general trend, Senegalese and Ghanaian merchants have moved to ever-newer Asian supply sources from the 1970s onwards. First, Dubai dethroned Taiwan, Bangkok and Hong Kong, and then Guangzhou became more dominant. In the beginning of the 2000s, new destination Yiwu claimed its place among the major hubs of Chinese commodities in Asia. Lately, old destinations like Italy or France have found their way back onto the travelers' agendas as established traders are turning to higher-quality goods produced in Europe or North America in order to successfully distinguish their businesses from Chinese competitors who, operating on lower profit margins, manage to offer the same commodities at lower prices. In the orientation towards the West, online distribution channels play an increasingly important role, but the diaspora in these parts of the world also has its stake in the setting up of new business contacts and supply channels. These products imported from wholesalers in Europe, especially Italy and the U.S., often also come from Chinese producers, if not from the same assembly line. In general, the originality and authenticity of a product is constructed at the time of its purchase in the West African market (interview No. 2 on 01 February 2011 in Accra). As a common sales argument puts it, in Ghana and Senegal, Chinese commodities sold outside China were "made for the European market" and thus followed higher quality standards. European and American imports are the most highly valued, but products purchased in Bangkok and Dubai also still enjoy higher prestige than purchases from Yiwu and Guangzhou. Conversely, findings by Nadi (interviews conducted by Nadi in October 2010 and March 2011) suggest that successful and established African traders also switched from "Euro-American" supply sources to Chinese ones after realizing that those suppliers themselves import from China, merely claiming that their commodities were superior in quality.

Besides these ulterior marketing strategies – which justify higher prices in the Asian supply centers outside of China with an assumed difference in quality – it is with diverse considerations in mind that wholesalers choose the place to buy their stock. In general, traders

choose their commodity source according to experiences in the past, the availability of contacts, and the range of commodities and available options for personalization. Yiwu and Guangzhou, with their direct connections and proximity to the producers, offer the greatest range of personalization options (interview No. 19 on 14 February 2011 in Accra). Suppliers in Dubai or Bangkok in contrast do not manage orders for factories but sell only what is in stock on site (interview No. 2 on 31 January 2011 in Accra).

#### **4 African Trajectories of Chinese Commodities into Urban West Africa**

Despite the fact that West African traders constantly adapt their business strategies (such as the choice of the commodity hub) in an effort to meet the requirements of an ever-changing business environment, West African traders going to China, irrespective of their eventual destination, reproduce trade relations that have been developing in the informal sector since the time of the caravans. The structure of the encounter and the transaction remains the same whether a trader travels to Casablanca, Bangkok, Dubai, New York, Hong Kong, or Yiwu. Irrespective of site or targeted commodity, traders today work like their great-grandparents did in the past – that is, like in Casablanca for the Senegalese case (Marfaing 2007: 165). Traders meet an intermediary in China, usually an African who has been in the location for a certain amount of time. Often, these intermediaries in China are young Africans who have moved there for their studies. In the beginning, students deciding to work as intermediaries may find employment in an agency but after a while they usually build up their own client base (Le Bail 2009). African agencies – there are approximately 15 Senegalese agencies in Guangzhou at this point – can handle about seven clients at a time. Each office employs at least one guide responsible for driving new entrepreneurs through the cities and to the Chinese producers and wholesalers. Beyond these services, the agency takes the responsibility for contacting wholesalers, handling the orders and negotiating the grouping in containers for shipping. Thus, in addition to the provision of intermediary services such as guiding and translation, agencies also act as sourcing and forwarding agents, solving the logistic problems of the business transactions.

Forwarding agents in Guangzhou and Yiwu can process approximately 100 containers every other month (interview No. 30 on 22 March 2011 in Dakar). It is these agents who, in cooperation with their Chinese counterparts, decide on the composition and price of the container in an attempt to maximize the quantity and weight of the transported goods.<sup>4</sup> It is also they who control the commodities, check the quality of the order and settle the accounts on behalf of their clients. As is sometimes still expected, these monetary transfers have to be made in cash. In the 1990s, merchants traveled with liquid assets in order to pay cash for

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4 A container may have a volume of either 28m<sup>3</sup> (20-ft. container) or 68 m<sup>3</sup> (40-ft.container) but either way must not weigh more than 27 tons.

their stocks. This has today become unusual, and most payments are now made by bank transfer. However, in cases where Chinese producers still prefer cash payments, it is the intermediary who takes charge of changing the currency (interview No. 38 on 07 March 2011 and No. 47 on 11 March 2011 in Dakar). Transferring up to 50 million XOF (approximately 110,000 USD) based on a telephone call gives this work its particular responsibility. In return for their multiple services, agents will usually be paid between 5 and 10 percent of the commodity's value (interview No. 30 on 22 February 2011 in Dakar).

The high level of responsibility involved in the work of the agent may explain why traders have a preference for agents of their own nationality. As Darkwah notes for the transient<sup>5</sup> nationalistic networks of Ghanaians in Asia,

the members of the Ghanaian community in these foreign towns often share similar experiences as migrants, the community is often quite closely knit. As such, it is almost impossible for any one of these migrants who work for the transnational traders to abscond with monies given them (Darkwah 2007: 213).

On the other side, traders who remunerated the migrants badly for their services would also lose their reputation and thus have difficulties finding these services upon their next visit (ibid.: 214). Another reason why African traders prefer the services of their countrymen and -women is that they get benefits that they would not get from or give to non-compatriots (ibid.). Notably, traders exchange material rewards for crucial services, such as guidance and chauffeuring. While these services may first be exchanged in a business context, traders come to depend on those also in their free time. Only in few cases are services, like the transport of food items from Ghana to China, remunerated in monetary forms (ibid.: 215).

Despite the creation of personalized economic relationships between traders and migrants, the most experienced and dynamic merchants are emancipating themselves from their intermediaries and transforming their Chinese hotels into caravanserais for the duration of their business transactions. In these hotels, in order to avoid subsequent trips to China, they negotiate with the Chinese producers who are doing business with India or Dubai (interview No. 47 on 11 March 2011 in Dakar). While in the beginning Senegalese merchants coming to China stayed in hotels, since 2005 they have increasingly been joining their resident compatriots (especially agents and intermediaries) in China, renting apartments where they can welcome and receive partners for their business transactions. Additionally, these experienced merchants have their invitation sent directly to Dakar by the Chinese suppliers and travel to China on their own. Leaving Dakar, they already have a list of orders from catalogs brought along for their customers. These experienced entrepreneurs hardly import low-priced commodities like clothing, shoes, etc., instead concentrating on more specialized goods than the Chinese importers in their country.

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5 These networks are transient because their members keep moving to new supply sources, just as others join the network of a particular country (Darkwah 2007: 214).

Even though entrepreneurs have a tendency to independently negotiate their transactions after a few visits to China, the forwarding agent usually continues to stock the commodities waiting for a suitable container to finally verify and ship the commodities. It is also these agents who take orders directly from Senegal. They guarantee the transaction, not the supplier in China.

While in other African nationalities, both men and women work as agents, Senegalese women are hard to find in this context. Senegalese women come to China join their husbands, or they come as migrants looking for employment within the group of Senegalese already installed in China. They often have restaurants or hotels that serve as points of transaction. In Guangzhou at this moment, seven hotels are in the hands of Senegalese women while approximately 20 are run by Senegalese men (interview No. 30 on 22 February 2011 in Dakar). Ghanaian migrant networks in foreign towns are usually half male, half female depending on the location of the network and the consumer items available there, as typically, male and female traders in Ghana sell different commodities (Darkwah 2007: 214).

Senegalese merchants aim to return with containers – either exclusively for their own commercial activities or in shared containers – worth at least 8 to 10 million XOF (approximately 17,500 to 20,000 USD). They count on this to realize a minimum profit of one million XOF (approximately 2,200 USD), corresponding to approximately 10 percent. Besides their minimum profit, merchants aim for the quickest possible turnover. Generally, these entrepreneurs import one container every time they travel to China, or about three to eight containers a year.

Ghanaian traders pay approximately 5,000 GHS (3,400 USD)<sup>6</sup> for a full 40-foot container, and approximately 3,000 GHS (2,000 USD) for a 20-foot container. Compared to container prices in Europe, this is very advantageous for traders importing from Asia. In the past, wholesalers in Ghana stated that a 20-foot or 40-foot container from Italy cost at least 2,500 USD or 5,000 USD, respectively (interview No. 19 on 14 February 2011 in Accra). In a full container, a Ghanaian shoe seller can ship, for example, 20,000 pairs of various quality sandals. While Darkwah (2001) provides evidence of traders' profit margins being over 100 percent in the past, individuals from our recent Ghanaian sample made an approximately 70 percent profit over the course of the preceding year (calculation based on interview No. 2 on 31 January 2011 in Accra).

However, it happens that traders face disappointments when unloading their containers, notably in terms of the quality of the commodities, but also in terms of the ordered colors and sizes. "In China, if you order gray you get pink," traders complain, or, "after two months in the container [during shipment], the shoes were all rotten so I had to throw away all of them" (interviews No. 2 on 31 January in Accra and No. 7 on 02 February 2011 in Accra). This obviously reduces traders' profit margins as shipping is too expensive to process re-

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6 Exemplary Forex Bureaux Rates of 1 January 2011, Bank of Ghana: 1 GHS = 0.49970 EUR = 0.66672 USD.

turns. Still, most traders stocking in China are satisfied overall with the business prospects Chinese supply sources are opening for them (interview No. 7 on 2 February 2011 in Accra).

At the same time, women in particular often continue on their conventional paths to Dubai and other Asian destinations according to their needs and personal experiences. With the Chinese suppliers, they feel forced to buy very big quantities in order to operate profitably – wholesalers in Yiwu and Guangzhou also supply small quantities but do so at higher prices per piece – thus it is sometimes more interesting for the merchants to buy from intermediary wholesalers in other countries (interview No. 2 on 31 January 2011 in Accra). Other traders continue also to pass through the European capitals where they study and buy fashion articles for them to be remade cheaper in the second station of their trip, China. In this commodity group, they refrain from buying more than 50 to 100 articles of the same model in order to avoid having to cut the price and stockpile but, in turn, have to accept higher production prices per piece (interview No. 31 on 25 February 2011 in Dakar).

The number of importers who can afford the trip (flight and visa costs, etc.) to purchase Chinese goods from Asia is limited. Another big group of importers purchases Chinese commodities in the proximate countries, notably Benin and Togo, in the case of Ghana. Ghanaian wholesalers prefer the wide range of Chinese products from around the harbor cities of Lomé and Cotonou to the products of Chinese wholesalers in Accra. Wholesalers who usually travel to China also stock up in neighboring countries in case they run out of stock. This is, however, only to bridge the time before their next trip to Asia.

The free port of Lomé is a significant hub for trade in West Africa, especially in the high-value commodity of wax prints (Axelsson and Sylvanus 2010).<sup>7</sup> Our research in Accra has shown, however, that the direction of trade is currently swinging backwards, with Togolese coming to Accra to purchase tennis shoes and similar goods in bulk. The reason why particular commodity groups are flowing in particular directions is not least politically motivated. In Ghana, certain items attract a special import tax in order to protect local industries. As there is a lack of a viable shoe industry in Ghana, shoes do not attract this tax and are thus attractive import products (Darkwah 2001: 3). Wax prints, on the other hand, represent a highly politicized commodity. Framed as a measure to protect local employment and indigenous intellectual property (interview No. 6 on 01 February 2011 in Accra), the wax print trade in Ghana is today highly regulated as a response to the massive influx of Chinese textiles after the 1980s donor-mandated opening of the local markets (Axelsson and Sylvanus 2010).

Senegalese traders only rarely travel to neighboring countries to stock up their warehouses. On the contrary, Dakar appears to be a regional center for traders from other countries, especially Gambia, Mauritania, Mali, and Guinea. The port of Dakar is a major transit port for the neighboring countries, with Mali being the main client (Annual Report, Port of Dakar 2009). This excludes certain commodities such as cell phones – which are imported in-

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7 The import of Chinese wax prints has been politicized to the point that sanctions like high import duties were implemented as a protectionist measure of domestic textile industries.

to Senegal through Mauritania – or drapery, which reaches the Senegalese markets through Gambia.

In some instances, it is not only the wares that are transcending the regional borders but also the markets themselves. Ghana, one Nigerian informant explained, is too small a market to be attractive for direct Chinese imports in some commodity groups. These particular commodities are imported into Africa's most populous nation, Nigeria, and from there reach Accra from Lagos by land.

Whether the Chinese commodities reaching West African markets through continental borders are included in the official statistics is questionable. Obviously, things are not always what they seem, and statistics fail to depict a number of cases of, for example, smuggling and hidden business models such as some Ghanaian-owned stores that in effect run on a provision and profit participation model where Chinese investors provide the stock and account for the profits at the end of the month, leaving the "store owner" with only a previously defined share of the profit (interview No. 30 conducted on 21 February, 2001 in Accra). Still, the statistics about Chinese business involvement in Ghana and Senegal presented in the following section paint a clear enough picture for us to refute the discursive allegations against Chinese importers in the Senegalese and Ghanaian market spaces.

## **5 Chinese Migrants' Share in the National Import Statistics**

The increasing commodity imports from China to Africa meet a rising demand for consumer goods. Compared to European or domestic products, Chinese commodities are comparably cheap and hence favored by many African consumers whose purchasing power is low. This observation encouraged business-minded, entrepreneurial Chinese migrants to start considering African countries in their business strategies. Chinese entrepreneurial migrants have been increasingly flocking to West Africa since the beginning of the twenty-first century and have settled in Ghana and Senegal in substantive numbers since approximately 2005. Often denounced merely on the basis of their high visibility, Chinese businesses face severe allegations of encroaching on the local market spaces and crowding out autochthonous traders. These discursively skewed conclusions circulating in the public spheres of both Ghana and Senegal usually confound a number of dimensions of the presence of Chinese commodities in the two West African countries: the level of total imports from China, the total amount of Chinese businesses in the host societies, and, finally, the share of these migrants in the total imports from China. In this section, these dimensions will be disentangled in order to test the common allegations. The first dimension is on the level of total imports.

As illustrated in Table 1, the volume of Chinese imports in Senegal is limited despite a more recent increase in imports from China in Senegal.



**Table 1: Total Imports and Imports from China in Senegal 2000–2009**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
(Cost Insurance Freight (CIF) in 10,000 USD)										
Total imports in Senegal	155,278	172,446	203,099	239,864	283,913	349,770	367,099	487,139	652,760	471,290
Imports from China	5,128	5,256	5,786	7,299	10,831	13,308	18,272	33,292	40,155	39,934
Share in %	3.30%	3.05%	2.85%	3.04%	3.81%	3.84%	4.98%	6.83%	6.15%	8.47%

Source: China Statistical Yearbook, ANSD UNCOMTRADE.

While the Senegalese statistics (Table 1) from the start put the discursively spread allegations against Chinese businesses into perspective, in the case of Ghana (Table 2), macroeconomic indicators at first glance point more in the direction of the accusation commonly voiced in public discourse. The steeper share in imports from China to Ghana may be explained by the size of the Ghanaian market compared to the Senegalese market and the rising demand produced by Ghana's expanding middle class (Yeboah 2000).

**Table 2: Total Imports and Imports from China in Ghana 2000–2009**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
(CIF in 10,000 USD)										
Total imports in Ghana	293,319	315,380	272,012	321,016	407,395	487,839	532,882	727,829	853,605	958,149
Imports from China	10,593	14,588	18,227	32,199	51,040	67,242	80,309	122,137	174,789	153,372
Share in %	3.61%	4.63%	6.70%	10.03%	12.53%	13.78%	15.07%	16.78%	20.48%	16.01%

Source: China Statistical Yearbook, Ghana Statistical Service, UNCOMTRADE.

However, this first indicator commonly implied in the traders' discourses is not sensitive to the nationality of the importing agents. In fact, the substantive arrival of the Chinese traders in Ghana and Senegal around 2005 is only one of many potential factors responsible for the increase in imports from China to Ghana and Senegal. This hypothesis is supported by the steady rise in Chinese import shares in Ghana from 2000 onwards – that is, before the substantial inflow of Chinese migrants. This idea is further underscored by the second indicator commonly implied in public discourses: the total number of Chinese migrant entrepreneurs in Senegal and Ghana.

The general trend of independent Chinese migrants increasingly flocking to Africa is widely accepted in academia; however, statistics estimating the actual number of Chinese entrepreneurs in African countries are contradictory. According to Gu (2011: 13), even the Chi-

nese government at this moment does not know how many Chinese private entrepreneurs currently operate in Africa. As of now, hearsay estimates the number of Chinese migrants in Senegal at less than 10,000 people. Besides the administrative personnel and employees of the large-scale, state-financed Chinese building projects (e.g. the Dakar National Theatre or parts of the port of Dakar, or roads, especially in Saint-Louis and Touba), this estimate also includes independent Chinese migrants. While it is difficult to obtain information from the Chinese embassy on the exact number of Chinese businesses in Dakar, statistics on imports of Chinese origin declared at Senegalese customs in Dakar allow us to calculate the share of Chinese businesses located in Senegal among enterprises engaging in the importing of consumer goods from China. The following table (Table 3) illustrates a decline in the number of Chinese importers from 2007 onwards, suggesting that Chinese entrepreneurial migrants no longer find the market interesting and have decided to move on.

**Table 3: Number of Chinese Importers among Total Number of Importers of Goods of Chinese Origin at the Port of Dakar**

	2005	2006	2007	2008	2009	2010
Local <sup>8</sup> importers	1,400	1,956	1,741	1,376	1,208	1,016
Chinese importers	99	110	80	75	47	36
Share of Chinese importers	7.07%	5.62%	4.60%	5.45%	3.90%	3.54%

Source: Authors' own calculations based on statistics from Customs Directorate, Dakar/imports from China.

In 2004, UNACOIS estimated that the number of Chinese petty retail stores in Dakar was about 300 (Afrik.com 2004). Literature relativizes this number and gives estimates of 138 to 158 shops for the year 2005 (Kernen and Vuillet 2008; Bredeloup and Bertoncetto 2009; also Dittgen 2010). According to our observations, on the Avenue de Gaulle alone, one can count 138 shops to which those in the Allées Pape Gueye Fall and the Avenues Faidherbe and Petersen have to be added. Yet, their number probably remains below 200.

Similar to in Senegal, statistics regarding Chinese migrants in Ghana are inconclusive. While informal sources in Ghana univocally estimate the number to be approximately 30,000 individuals, official documents account for about 6,000 to 10,000 Chinese migrants in Ghana (ECCO Ghana 2009). Of those migrants, a temporary workforce of 1,400 was employed in large-scale (Chinese) state-sponsored building projects by 2008 (ibid.). The Ghana Investment

8 Local importers here comprise all importers with long-term Senegalese residence, including state enterprises and foreign, particularly Lebanese, enterprises. The margin of error for this calculation revolves around 100 for each year with importers who could not be identified (27), internationally based businesses (52) and Senegalese official recipients, e.g. ministries (13). The number of Chinese importers does not comprise the imports for large-scale building projects, since these are not required to pay import tax.

Promotion Centre (GIPC) accounts for 482 Chinese projects in Ghana at the end of 2010, of which 126 are listed as “general trade” projects that are the core of our investigation. The lengthy registration process of the GIPC (allowing investors to remain unregistered for up to a year) and the observation that fluctuation of Chinese businesses in Ghana is high, in addition to potential irregularities in the registration process, make it difficult to estimate the concrete number of Chinese trade firms operating in the Ghanaian market spaces at a given point. A local accountant who specializes in Chinese businesses in Accra estimated the number of businesses as being much higher than the 126 projects stated in the official statistics, adding up to an estimated 700 trade firms. While the number of Chinese businesses in Dakar is on the decline, Chinese are still increasingly coming to Ghana. In 2010, the absolute number of registered Chinese businesses in Ghana (n=482) was 179 higher than the year before. This trend is despite the fact that legislation is more restrictive in Ghana than in Senegal.

In view of these numbers, allegations of an encroachment on a market hosting several thousand local entrepreneurs in Accra alone can be put into a different perspective. However, the absolute number of Chinese business operators in Dakar and Accra is only meaningful when seen in relation to their particular business size and import values. While Chinese businesses in Senegal are typically small, Chinese independent entrepreneurs in Ghana are now clearly dominating certain market segments, particularly the shoe sector, where they appear to move a tenfold number of containers compared to their local counterparts in the same commodity group. As a matter of fact, the limited and, in the case of Senegal, decreasing number of Chinese importers alone does not suggest that the Chinese migrant businesses are insignificant competitors. It is possible that the concentration of imports will continue to increase – that is, a smaller number of entrepreneurs will continue to claim ever-bigger market shares. This possibility can be ruled out by contrasting shares of Chinese imports by local and Chinese importers.

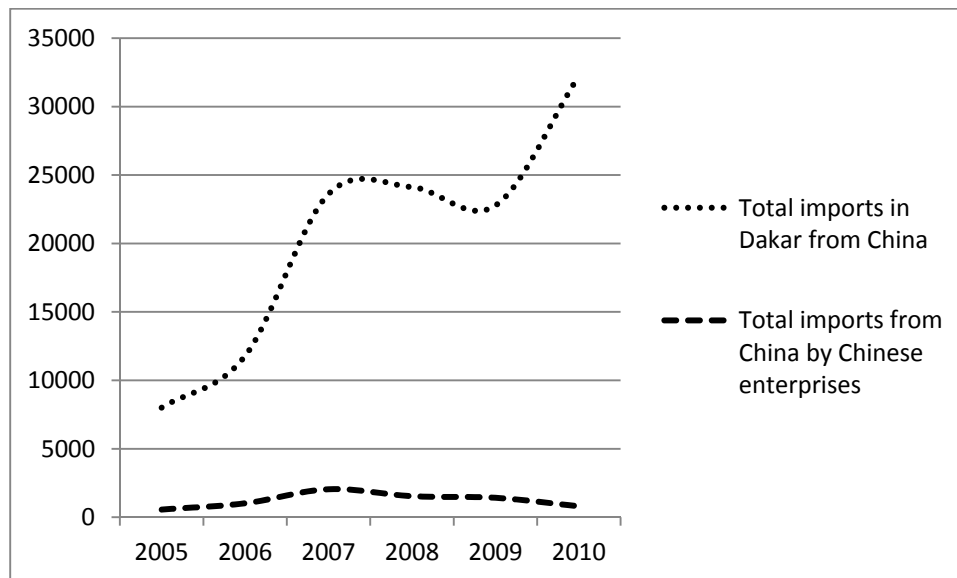
**Table 4: Share of Imports by Chinese Enterprises Based in Senegal**

	2005	2006	2007	2008	2009	2010	Total
CIF value in 10,000 USD							
Total imports in Dakar from China	8,008.73	11,783.74	23,611.39	24,118.95	22,774.59	32,243.46	245,081.72
Total imports from China by Chinese enterprises	559.01	1,017.22	2,047.30	1,538.58	1,420.72	803.12	7,198.87
Share of Chinese enterprises in imports from China	6.8%	9.0%	9.4%	5.8%	6.2%	2.6%	6.1%

Source: Authors' calculations based on statistics from Customs Directorate, Dakar/imports from China; Port Authority Dakar, Annual Report 2009.

Depicted graphically, this results in a graph as shown in Figure 1.

**Figure 1: Chinese Imports (CIF value in 10,000 USD) by Chinese Importers at Port of Dakar, 2005–2010**



Unfortunately, data for the share of Chinese importers within Chinese imports to Ghana are not available, but data on foreign direct investment (FDI) in the trade sector provided by the Ghana Investment Promotion Centre (GIPC) indicate a related trend.

**Table 5: Investment Costs of Chinese Projects in Ghana as Shares of Sector Total (General Trade)**

Investment (in million USD)					
	2001	2002	2003	2004	2005
Total foreign investment to Ghana	97.31	6513	118.31	186.28	201.95
Total investment China to Ghana	6.93	3.13	2.17	3.09	17.87
China share in % of total investment	7.12	4.8	1.84	1.66	8.85
Sector Breakdown (General Trade)					
General trade (total)	16.79	7.36	11.60	17.55	33.52
General trade (Chinese companies)	0.63	0.75	1.83	2.31	10.13
China share in % of total investment	3.75	10.25	15.78	13.13	30.23

Source: GIPC, 2011; Tsikata, Fenny and Aryeetey, 2008.

The cumulative sector breakdown provided by the GIPC representing data after 2005 shows how the number of projects, and among them the number of “general trade” investments, have been rising increasingly quickly since 2005 (GIPC 2011). This supports the observation

that Chinese businesses did not arrive in substantive numbers before the second half of the first decade of the twenty-first century. At the same time, however, the investments in general trade remain small (a cumulative 64.07 million USD as of 2011), particularly when compared to other importing nations (e.g. from Nigeria to Ghana, 802.61 million USD). In a similar light, Broadman (2007: 180) notes that in Ghana, competition from local rivals is still dominant over foreign import competition. In other words, the limited number of Chinese businesses in Ghana is not capable of crowding out local traders despite their generally higher individual import sizes.

The import statistics from Ghana and Senegal presented throughout this section not only include commodities meant for sale, but also account for an unspecified amount of personal goods and construction materials that (Chinese) importers transport in their containers for different uses than selling. Customs authorities in Dakar estimate that 30 percent of commodities arriving from China are destined for the personal use of Chinese migrants, thus never entering the markets. A different margin of error can be attributed to the fact that importers are potentially listed under a nationality different from their own. In order to better negotiate at the port, it is often suspected that Chinese importers use local frontmen. Also, as has been noted earlier, a certain number of Chinese commodities is imported through neighboring countries such as Mauritania or Togo and the European and North American diaspora. In Dakar, it is estimated that 40 percent of the containers are ordered by Senegalese migrants in Europe and carried out by their Senegalese partners. Despite these error margins, the numbers presented in this section are strong enough to suggest that local discourse is based at best on a perception of encroachment. Data presented in this section suggest that while the number of Chinese enterprises in Dakar is decreasing, Ghana is still experiencing a rise of Chinese trade projects, with commodity flows even reaching into the neighboring countries. However, as importers, Chinese entrepreneurial migrants occupy only a minimal position beside Lebanese, Nigerians, Mauritians, Indians, and most importantly, Senegalese and Ghanaian entrepreneurs themselves. This is not to disguise the fact that the Ghanaian and Senegalese markets are currently indeed “flooded” with Chinese commodities. Yet, one may not confuse this fact with the discourse unilaterally blaming the Chinese migrants for “dumping” their cheap imports onto the West African market spaces.

## **6 Conclusion: Dynamics of Market Change in Ghana and Senegal**

This paper has shown how the commodity flows from China to Ghana and Senegal are not an invention of Chinese entrepreneurial migrants as is often implied in anti-Chinese discourses. Having undergone complex geographical expansions over the last three to four decades, African trade routes to Asia and China were in place decades before the arrival of independent Chinese migrants in Ghana and Senegal. In West African economies, transnational business and trading networks based on ethnic, religious or socio-professional identities

have long been a common phenomenon. Transnational African traders have monopolized certain trade routes and items since pre-colonial times. More recently, transnational trading networks have been formed on the basis of, among other things, membership in religious groups such as the Tijjaniyya and Mouride brotherhoods (Marfaing and Sow 1999). Within the economic realm of African trade, social networks – which are based on trust among their members – also function as channels for accessing and disseminating knowledge about goods and consumers. In this light, the choices of Senegalese and Ghanaian entrepreneurs to go to Yiwu over Bangkok, Hong Kong, and Guangzhou follow a logic of expansion. The 1970s marked the beginning of the international migrations followed by the installation of toeholds and the replication of commercial structures that had already proven to be successful in the colonial period (e.g. in Casablanca for the case of Senegal). Commercial strategies have remained relatively stable since the time of the caravans, even though some aspects have been adapted to the needs of globalization. In sum, while the one-sided focus on Chinese importers in Africa in the existing studies has effectively diverted attention from the diversity of channels through which Chinese goods enter the African urban market spaces, this paper shows how most Chinese commodities are imported into West Africa not by Chinese traders but by African or other non-Chinese merchants.

Despite its limited extent, the Chinese presence has a structural impact on local traders as reduced prices are now altering consumer behavior more generally. While, during the 1930s, it was the Lebanese (Filfili 1975), and in the 1960s the Mauritanian (Senegal) and Nigerian (Ghana) petty traders who spoiled the margins, today it is the Chinese trader who proverbially “sleeps under his counter” and who, content with a very humble lifestyle, pushes realizable profit margins in the market towards the minimum. Senegalese and Ghanaian entrepreneurs have long been taking steps in the Chinese direction but cannot afford to lower their profit margins any more without deteriorating their quality of life. This is mainly due to the fact that African entrepreneurs do not operate far away from relatives and friends but have to attend to various social obligations in the extended family. However, having fine-tuned their commercial strategies to the West African cultural and entrepreneurial context, local traders have an important advantage over the Chinese migrant entrepreneurs – that is, the deep understanding of local consumer tastes and behaviors. Our fieldwork in Accra and Dakar has shown how local importers still set general consumer trends while Chinese entrepreneurs only fulfill such a position in the low-price segment of such commodities. Local traders additionally benefit from their ability to personalize economic relations, a strategy aimed at securing the continuing loyalty of regular customers, not least in the presence of cheaper competitors like the Chinese. In the past, Senegalese importers and wholesalers waited for the customers to come and buy their stocks in the urban centers. Today, the situation is that fewer customers come to Dakar. Instead, the wholesaler takes up the initiative and explores the interior, often traveling with catalogs from which orders will then directly be placed during the next trip to China. Wholesalers are now organizing the supply, marketing and

transport of the goods (interviews No. 20 on 14 February 2011 in Dakar). In Ghana as far back as the nineteenth century, foreign Akan and Hausa traders were known to collect goods in specific locations and transport them to other areas of consumption (Arhin 1979). By the 1960s, Nigerian traders in Ghana had a similar intermediary position. Thus, this adaptation to the influx of Chinese commodities amplifies developments of a historical continuity.

In view of this remarkable resilience, we note the paradox of local businesspeople fighting a virtual phenomenon, that is the alleged Chinese encroachment on the market, although they still occupy the top position. Although theories of ethnic niche economies do not apply to the Chinese entrepreneurs in Senegal and Ghana, since they arrived only recently and because they enter diverse market segments, their position as ethnic minorities makes them vulnerable to the spread of such negative rumors, especially when interested bodies see the potential benefits in the presentation of the anti-Chinese discourse in various policy arenas. Sustained by a myth of an essentially destructive Chinese presence in Africa in general and further reinforced by the circulation of rumors, local traders conceptualize their environment in terms of a dominant myth that defines their situation as threatened even though the empirical reality is at most ambiguous in this respect. Considering that this myth of Chinese industriousness is spreading not only in Africa, it is not surprising that traders in Ghana and Senegal feel threatened by an ethnic community that is feared for its economic success even in Europe and Latin America.

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