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**Cheapness and Resentment:  
Chinese traders and Local Society in Oshikango, Namibia**

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**1. Introduction**

Social, economic and political change often happens without anybody noticing. Actors revise their way of doing things without reflecting on it; routine actions are repeated in a slightly different way, or in a slightly different context. In these cases, social change can only be perceived from the outside – in the analytical perspective of social science, or the reflexive perspective of personal memories.

In other cases, however, social actors are very conscious of social change that takes place around them, and engage with it in their actions. Perceived social change can thus bring about new changes, quickening the pace of transformation. This often (but not exclusively) happens where actors do not perceive change as a result of their own routine decisions, but as the consequence of factors beyond their own control, resulting in a situation where old strategies no longer produce the desired results. Under such circumstances, political reflection in a society often becomes preoccupied with social change. People comment on it, discuss it, and develop strategies do engage with it or to change its pace. The resulting folk theories of change shape social actions and are powerful factors in history.

Among the factors that presently change the conditions under which Africans live, none is discussed more widely and more controversially, within Africa and beyond, than the growing influence of China on Africa.<sup>1</sup> China's importance is a new factor that has developed largely outside of Africans' control, but is very visible, and identifiably, for a large number of people living on the continent. All over Africa, people are debating the new Chinese presence. This debate, and the resulting actions taken by Africans and Chinese alike, will largely influence the consequences the rise of China will have for Africa.

In this short paper, I will use ethnographic material on Chinese traders in Oshikango, Namibia, to trace the development of a discourse on China and Chinese in Namibia. In a first part, I will give an overview of trade in Oshikango and on the practices of Chinese shopkeepers in that town. I will then slightly widen the scope to recount the development of

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<sup>1</sup> This is also true for academic debate, which by now has become quite extensive. The following publications are a good starting point: Alden 2005, Alden/ Large/ Soares de Oliveira (eds.) 2008, Bräutigam 2003, Broadman 2007, Chen/ Goldstein/ Pinaud/ Reisen 2006, Le Pere 2007, Manji/ Marks (eds.) 2007 – and the very useful China Monitor issued by the Centre for Chinese Studies at Stellenbosch University.

a public discourse on China in Namibia, and the influence the presence and the practices of Chinese traders have had on it. I will finally show how that discourse, by shaping the host society's reaction to them, is in turn influencing Chinese traders' actions and changing power relations among them.

## 2. Chinese traders in Oshikango

Oshikango is a Namibian town on the border to Angola, 750 kilometers north of Windhoek. Over the last ten years, it has rapidly developed from a tiny cluster of shebeens around an open market into a thriving trade boom town of around 5.000-8.000 inhabitants. This growth is due to the fact that here, the main North-South road meets the border to Angola, combining transport infrastructure and market opportunities.<sup>2</sup> For the shop owners, Oshikango is the best place to profit from Angolan demand without investing in Angola; for Angolan wholesale traders, buying in Namibia offers better prices and, very often, the possibility to avoid Angolan import duties and taxes.

Among the many businesspeople trying to profit from Oshikango's advantages are a large number of Chinese. When I first came to Oshikango in 2004, I counted 24 Chinese owned shops; by late 2006, this number had increased to over 70, with around 30 new ones in construction in early 2008. This astonishing increase is mainly due to the investments of a few Chinese businesspeople who built large warehouse complexes, which they are renting out to shop owners. Each of these complexes houses around 30 shops.

The shops are all organized along the same lines. Goods are on display and can be bought individually in a public showroom. The bulk of the space, however, is occupied by the storeroom for wholesale trade. This trade is mostly offshore; the goods are only in transit in Namibia and can be re-exported without being subject to Namibian import duties and VAT, provided that all the necessary papers are stamped at the border. Most of the shopkeepers also live on the premises of their shop, often in a few small rooms adjacent to the shop.

If the shops are called "China Shops" locally, that name refers both to the owners and to the goods. Usually, the shop is owned by a senior Chinese man or a couple, while some younger relatives are working in the shop, being gradually trained on the job. The Chinese personnel deals with supply, transport, pricing, negotiations with the more important customers and the officials, and all questions of bookkeeping. In addition, Namibian store hands do the manual work and answer customers' routine questions. In most of the shops, a private security guard hired from one of the local security firms doubles as sales agent if necessary.

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<sup>2</sup> For a more detailed account of Oshikango's growth and its preconditions, see Dobler 2008b and 2008c. – This article is based on fourteen months of ethnographic fieldwork in Oshikango between 2004 and 2008. Some of the material used here has been presented in English language in Dobler 2007 and Dobler 2008a. Even though the focus of these articles is different, repetitions of some basic facts have been unavoidable in the interest of clarity.

All the goods sold in these shops are imported from China. The traders' ability to buy on Chinese markets is their main asset and the main reason for their success. Namibia's consumer goods are still largely imported from South Africa at relatively high prices. While the quality is often better than the quality of goods offered for sale in Chinese owned shops, prices are prohibitive for a large part of the population both in Namibia and in Angola. Chinese shop owners can thus tap into a high price market while sourcing supplies from a low price market. Profit rates used to be very high for the first arrivals, who opened up their shops in the late 1990's; they routinely reached around fifty percent. Competition between the growing numbers of Chinese shops has decreased the average profit rates to around or just over ten percent by now. Contrary to the usual image of communities of migrant entrepreneurs, competition between Chinese traders in Oshikango is fierce, and neighboring shops often undercut each other.

Profitability of Chinese shops is enhanced by creative, if illegal, ways of dealing with official regulations. This starts with under-invoicing at the factories or wholesalers in China. Invoices and custom papers that accompany shipments of Chinese goods to Namibia normally only show between thirty and fifty percent of the actual price, often much less. If the goods are officially imported into Namibia, this practice economizes import duties and VAT; if the goods remain offshore, it creates the possibility to under-invoice Angolan customers, passing on lower tax rates to them, while at the same time earning the balance between the invoiced amount and the real value in unregistered hard currency. As almost all transactions in Oshikango are done in cash and in US dollars, the practice of under-invoicing leaves traders with a large stack of cash, of which they can dispose without state interference in Namibia or China – at least if they manage to smuggle it out of the country. The arrest of a Chinese businessman from Oshikango at the international airport in Windhoek in November 2007 with US \$ 531.492 in his suitcase, which made the headlines in Namibian newspapers, was exceptional only in the fact that the trader was caught and arrested.<sup>3</sup>

Not all foreign currency is smuggled out of the country by the individual businesspeople, however; a large part seems to be bought in Oshikango by Chinese nationals from South Africa. I am not sure in how far this is linked to money laundering, but the possibility seems certainly there. An interesting side-effect of widespread under-invoicing is that most certainly, official trade statistics between China and Namibia (and, I would suppose, between China and most other African countries) are systematically underrating the volume of trade. My estimate would be that the amount of manufactured goods exported from China to Namibia is at least two times higher than the official numbers suggest.

Like all businesspeople in Oshikango, Chinese traders need good relations to the customs' officials. Sometimes this can involve bribery, for example to rectify a discrepancy between the

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<sup>3</sup> The Namibian, 19 November 2007.

amount of goods physically present in a bonded warehouse and the goods registered to be in bond.<sup>4</sup> But even more important than cooperation in such special cases is official goodwill on an everyday basis. Friendly relations to officials can ensure a quick and smooth handling of business transactions. The amount of time an export paper sits on a desk before it is stamped; the number of days a sealed container waits until an official finds the time to attend to the breaking of the seal, and the verification of the contents; the degree of accuracy involved in counting the hundreds of boxes within a container; the number of papers mislaid due to sloppy handling by border official... All this is critical for the success of any export business, and it vastly depends on the attitude customs' officials adopt towards a specific businessman. It is also one of the ways public opinion on a certain group of businesspeople feeds back into their actual business prospects.

### **3. Discourses on China and Chinese in Namibia**

From Namibia's independence in 1990 to the early 2000s, the attitude of Namibia's administration towards China and Chinese was shaped by experiences during the anti-colonial struggle. Beijing had given financial, political and military support to Swapo before 1990 and was perceived by Swapo's leadership as an ally in the fight against neo-colonialism and Western domination. After independence, President Sam Nujoma invited Chinese to invest in Namibia. This official backing made it relatively easy for Chinese nationals to obtain work permits in Namibia throughout the 1990s.

Public discussions about a possible negative impact of China and Chinese on Namibia began to take off in the early years of the new millennium, and became more pronounced after 2004, when China's new role in Africa emerged as the new hot topic in the international political sphere. In Namibia, the first bone of contention was the growing market share of Chinese construction companies. After independence, Namibia's construction sector consisted of a few large contractors, usually branches of big South African players, and a broad range of small and medium sized Namibian enterprises. In the middle and late 1990s, Chinese construction companies made their entrance to the Namibian market by winning public tenders for high-profile construction projects. After gaining some experience on the new market, they extended their business to private clients, and soon gained an important share of the market.<sup>5</sup> Industry representatives started lobbying against the new players, and all kinds of rumors started to fly. One of the most persistent was that Chinese convicts could choose to serve time on Namibian construction sites instead of going to labor camps in China. This rumor aptly

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<sup>4</sup> All goods imported in bond have to be registered. If the goods officially exported from a bonded warehouse plus those remaining in the warehouse do not match the registered amount, VAT, import duties and a fine have to be paid. This system necessitates very accurate bookkeeping, and inevitably, some problems occur even to those with the best intentions. In the past, a gift to the controlling officer could serve to rectify mistakes; due to a heightened awareness for corruption, this has become more difficult in recent years, especially for newcomers.

<sup>5</sup> See Dobler 2007, with examples and further sources.

combines wariness about unfair competition with human rights issues – two subjects that come up whenever China's new role is discussed. On a more serious note, concerns about Chinese companies' tax and labor law compliance have been raised by unions and employers' associations alike. Wherever Chinese contractors are awarded public tenders, suspicions of favoritism or corruption come up, as well. Nobody seems to be able to imagine that as rapid a growth in influence can be achieved by fair means.

Chinese companies and official representatives of China are very aware of the growing resentment, and do their best to counter it by a sort of hearts and minds campaign. On every official occasion, Chinese representatives use the rhetorics of solidarity, South-South cooperation, a shared past of anti-colonial struggle against Western imperialism, and mutual interests in development to convince everybody involved of the benign influence of China's growing influence. In recent years, highly mediatized, if often not very substantial, charity by Chinese companies has supplemented those rhetorics. On a more official level, a very active goodwill diplomacy has developed, ranging from KPC subsidies to the printing of Swapo's election manifestoes to twinning agreements between Chinese and Namibian towns and invitations to Namibian officials for training or information tours in China.

While these strategies help to ensure the sympathy of officials, they cannot counter a growing popular uneasiness about the Chinese presence in Namibia. China is more and more seen as the new imperialist threat. In comparison – and rather paradoxically –, the old colonizers seem homely and familiar. One can perceive such feelings in the construction industries, where South African giants who had never been known for their scruples about labor rights or transparency suddenly appear as models of economic probity; they are even more pronounced in the retail sector. Namibia's consumption sphere is largely dominated by South African companies that open ever more outlets in ever more shopping malls throughout the country. Historically, there is a clear continuity with apartheid South Africa's forced integration of the Namibian economy. Even though, I have never heard any complaints or rumors about the likes of Shoprite, Game or HiFi Corporation. There is a lot of resentment, however, against Chinese owned shops. In a society that puts more and more emphasis on consumption, their very cheapness counts against them. The most coveted proof of liberation for the new Namibian elites is the ability to afford the same goods as the former colonizers. Shopping malls in which the happy few can buy Western luxury goods (of which many are produced in China) are seen as a sign of achievement. Against them, the cheap goods in Chinese stores appear as the equivalent of colonial glass beads, third rate consumer goods only fit for third rate economies. While cheapness is the main argument to buy in Chinese shops, it is also the main arguments to resent their presence.

This resentment has not yet led to any tangible actions, and I do not think that any outbreak of violence comparable to the election riots against Chinese traders in Zambia in 2006 is likely in the near future. But slowly, public perception of Chinese in Namibia is changing. China is

no longer seen as an alternative to Western neo-colonialism, but as the proponent of a new colonialism that comes with the same inferiority as the old one. This is certainly unfair if one looks at the economic role Chinese do play in Namibia, but it changes the conditions under which Chinese businesspeople have to operate in Namibia.

#### **4. Practical Consequences**

As foreign nationals, Chinese shop owners in Oshikango are more vulnerable to a change in their public perception. Through the everyday practices of regulation, resentment can translate into a massive handicap for business. Even more importantly, the willingness of Namibian authorities to issue visa and work permits is affected by official opinions about their usefulness to the Namibian economy. In the 1990s, it was easy to obtain a work permit, even for opening a shop. This has changed in recent years. Now the official line is that there is a sufficient number of Chinese owned shops in Namibia, and that work permits should be subject to investment that benefit the Namibian economy to a higher degree. “You don’t get a work permit nowadays unless you invest in the manufacturing sector”, as one of the veteran Chinese in Oshikango told me, “so we all invest into manufacturing.” The new manufacturing plants put up by Chinese companies in Oshikango are, however, rarely functional. Most of them consist of second-hand machinery imported from China, awaiting repairs for most of the year and producing a meager output of blankets or duvets from material equally imported from China. Manufacturing plants’ real output is not manufactured goods, but work permits for Chinese migrants who then work in shops. Often, such work permits are sold to new arrivals, making “manufacturing” a much more lucrative business than it would otherwise be. It is common for established Chinese to offer their services as migration brokers, either just providing the work permits or organizing a place as apprentice in one of the existing businesses, to learn the job on the trade before setting up shop independently (for more details, see Dobler 2007 and 2008a).

In general, established traders suffer less from the change in official attitudes than new arrivals. They have better personal networks in Namibia, more local knowledge and better access to office bearers. Growing resentment against Chinese in Namibia thus strengthens their position within the Chinese community. Their contacts become more exclusive and more useful. In addition, many of the traders who came to Namibia at an early stage still had the chance to benefit from high profit rates. Some of them have made fortunes that allow them to invest in real estate, often in warehouses they rent out to new Chinese migrants. The co-owner of Oshikango’s China Town, a Taiwanese national who has been in Namibia since before independence, has now moved on to Australia, where his daughter is pursuing her university studies. It is unlikely that many of the traders who are now renting space from him will arrive there – even if they are still able to make a good living from trade.

## 5. Conclusion

In January 2008, northern Namibia was suffering from a lack of rain. The annual downpours of the rainy season should have started in November or December, but mid-January still saw dry grounds and starving cattle. Everybody was talking about the drought, and wondering if the rains would not come at all. This does not seem to have anything to do with Chinese – but one persistent rumor in the surrounding villages blamed the drought on the Chinese traders in Oshikango. Just like the arrival of the Germans and South Africans had been accompanied by droughts in the early 20<sup>th</sup> century, the growing Chinese presence, the people felt, changed the rules of accepted behavior and angered God, who withheld the rain to punish a people that allowed strangers to define the rules, and shops to be opened on Sundays. While the number of Chinese traders in Namibia has constantly grown over the last five years, their image in Namibia has worsened. Growing skepticism whether their presence really benefits the Namibian economy has made life more complicated for Chinese in Namibia. The general public no longer sees South-South cooperation with China as a way to avoid the pitfalls of an economic globalization centered on the West; on the contrary, China's image as an investor seems worse today than South Africa's or Germany's. Chinese products are perceived by most Namibians as cheap junk, not as desirable goods, and Chinese are – in part quite accurately – suspected not to comply with local regulations which should ensure that foreign investments benefit the country.

Until now, efforts of Chinese officials and businesspeople in Namibia to improve their image have been limited to symbolic policy. Solidarity and co-operation is evoked at every meeting; mediatized small-scale charity is used to convey a more positive message on Chinese business. But not much has been done to enhance the benefits Namibia draws from the Chinese presence. China is rapidly squandering the trust the country gained in Namibia during the liberation struggle. The rather positive image of Chinese shop owners as energetic people who bring affordable goods to the poor has been supplanted by the negative image of greedy businesspeople profiting from selling worthless junk. More and more, talking about Chinese becomes a new idiom for expressing concerns about social change in general. Blaming Chinese for the drought is certainly unfair, but it is a proof of how strongly many feel about the growing Chinese presence, and should be taken serious as such.

Some measures to improve both the image of Chinese and their positive effects on the Namibian economy seem rather simple. Better co-operation between customs and excise officials from both countries could certainly help to avoid under-invoicing, tax evasion and illegal capital exports; money spent on image campaigns could more usefully be invested into real manufacturing plants. Such measures would not solve the problems of competition and productivity in a globalised economy – but they would certainly serve both sides better than the rapid degradation of China's image in Namibia.

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