

## SOLIDARITY, XENOPHOBIA AND THE REGULATION OF CHINESE BUSINESSES IN NAMIBIA

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Chinese investors and traders (as well as African governments) are facing growing resentment against China's new role in Africa. The most visible expression of anti-Chinese sentiments to date has been the debate on foreign traders in the run-up to the Zambian election of September 2006. However, Zambia is not the only African country where public opinion is slowly turning against China and Chinese. Xenophobia mingles with fears of a new imperialism and creates strong anti-Chinese resentment, while many governments keep up their China-friendly policies. This chapter examines the situation in Namibia. After an overview of the changing feelings towards Chinese involvement on a national level, it presents a case study on Oshikango, a trade boom town on the border with Angola, that shows how the growing opposition to the Chinese presence has shifted power relations within the Chinese migrant community, favouring earlier migrants who can profit from their better political connections. The last section addresses local practices involved in the regulation of Chinese shops, arguing that personal relations with customs officers and an alliance of interest between a modernist

local elite and Chinese investors will emerge as crucial factors for the successes and failures of regulation.

*Anti-Chinese resentment in Namibia*

Cooperation between China and the ruling party in Namibia has a long history. China was an ally of the liberation movement SWAPO from the 1960s. The Chinese government invited its exiled leader Sam Nujoma to Beijing in 1964 as part of Mao's efforts to break China's international isolation. Nujoma came back with two thousand British pounds for exile work and a high esteem for his Chinese hosts.<sup>1</sup> During the liberation struggle, China supported SWAPO in both the armed and the diplomatic struggle, and in March 1990 was one of the first countries to establish diplomatic relations with the newly independent state.<sup>2</sup> After independence, friendship with China seemed a good way of counterbalancing Western neo-colonialism through South-South solidarity. Chinese investors were warmly welcomed by the Namibian government.

China has skilfully used a policy aimed at symbolically representing China as Africa's natural ally against Western imperialism. During his last visit to Beijing, Sam Nujoma was presented with a Chinese translation of his autobiography *Where Others Wavered*. This gesture was both highly personal, apt to win the sympathy of the most important politician in Namibia, and a clear political statement linking China to Namibian independence. Accordingly, Premier Wen Jiabao 'stressed that the western colonial rule is an important root cause for poverty and backwardness of Africa, which have not yet been eradicated even today', while Nujoma said 'that South-South cooperation is becoming more important against the present situations.'<sup>3</sup> When the Chinese Communist Party donated

1 Emil Appolus, 'Reminiscences of Times Gone By', *New Era*, 3 December 2004.

2 See Ian Taylor, 'China and SWAPO: The Role of the People's Republic in Namibia's Liberation and Post-independence Relations', *The South African Journal of International Affairs* 5, 1 (1997), pp. 110-22.

3 Cited after the official website of the Chinese Foreign Office: [www.fmprc.gov.cn/eng/wjw/zjjg/gjlb/3049/3051/t144062.htm](http://www.fmprc.gov.cn/eng/wjw/zjjg/gjlb/3049/3051/t144062.htm) (14 October 2005).

US\$30,000 to SWAPO in 2003, He Shijing, the Chinese Chargé d’Affaires in Namibia, even claimed that ‘we both faced a common task and struggle against imperialism, but now have a similar one which is for the economic development of our countries.’<sup>4</sup> Through this symbolic policy, China’s current government is capitalizing on the political efforts of its predecessors and claiming the heritage of international solidarity in the spirit of Bandung. These efforts, combined with effective trade diplomacy, frequent invitations to Namibian government officials even from lower levels, generous credits to finance Chinese exports to Namibia, and examples of public charity,<sup>5</sup> make China popular with the Namibian government. Many leading politicians see Chinese involvement as a possible means to lessen the dependence on the former colonial powers. Public opinion, however, has started to turn against China and the Chinese, and Nujoma’s manifest sympathy for China is often suspected of being the outcome of corruption facilitated by the good contacts between both regimes from SWAPO’s time in exile. These suspicions are not

4 *New Era*, 16 June 2003.

5 In July 2006, for example, members of the Chinese Chamber of Commerce and Industry donated 400 blankets for OEWONA, an organization supporting AIDS orphans and widows headed by First Lady Penexupifo Pohamba. They were received at State House by the First Lady, even though the blankets represent a value of about US\$1,000—not a sum that one usually earns a reception in State House. The First Lady accordingly said that the donation ‘should not be measured in quantity but in a quality of solidarity existing between the two friendly countries’ and added that ‘this donation demonstrates the generosity of the Chinese who have been our friends for many years.’ (*New Era*, 13 July 2006.) There are not many examples of such charity, but they all share some traits with the higher-level forms of symbolic policy. Usually, the donation is public rather than substantial, and it is used by all participants to link today’s presence of China in Africa to Chinese solidarity during the struggle years. The logic of public addresses of thanks virtually guarantees that the Namibian side takes up the solidarity argument, reaffirming both China’s role as an important ally and the Namibian government’s stance against neo-colonialism. Charity donations thus become one part of a highly skilled symbolic policy aimed at representing China as Africa’s natural ally against Western imperialism.

always unfounded,<sup>6</sup> although in many cases Namibian government officials act in good faith.<sup>7</sup>

Local media coverage of Chinese interests in Namibia has been growing since around 2004. The Chinese factor is one of the most important topics in popular economic policy debates today and is increasingly present in parliamentary debates. In September 2006, Ben Ulenga, head of the main opposition party, the Congress of Democrats, introduced a parliamentary motion to debate ‘malpractices in the building industry’ and the alleged favouring of Chinese-owned companies for public tenders. In the National Assembly debate that followed, Monitor Action Group’s MP Jurie Viljoen urged the government to stop what he perceived as the easy influx of Chinese into Namibia. He stated (quite wrongly) that over 40,000 Chinese were living in Namibia, and had no problems getting their work permits. Both Ulenga’s concern about labour conditions and unfair tender procedures and Viljoen’s xenophobic fears of being overpowered by an influx of Chinese were widely echoed in local and national media discussions. The two sectors most widely discussed in the local media were construction and retail trade.

6 For the example of a Chinese grant towards the completion of the new State House ‘with no strings attached’, followed by large contracts awarded to Chinese construction firms without a public tender, see Gregor Dobler, ‘China in Namibia’, in Henning Melber (ed.), *Cross-Examining Liberation in Namibia* (Uppsala: Nordic Africa Institute, 2007).

7 For example, in 2004 the parastatal transport company TransNamib decided to buy four diesel locomotives for US\$900,000 each and thirty oil tanks from a Chinese company—much cheaper than a replacement of the old General Electrics locomotives. The purchase was backed by an interest-free loan from the Chinese government, and the locomotives were delivered in July 2004 with a one-year guarantee. In August 2005, government decided to borrow RMB250 million from the Export-Import Bank of China at an interest rate of 3 per cent to finance the purchase of 16 new locomotives. From the beginning, the locomotives were rumoured to have major flaws and to be unsafe; the question even came to parliament, where the Transport Minister, Joel Kaapanda, denied any shortcomings. The Namibian Transport and Allied Workers’ Union’s president claimed that not only did the four locomotives give continuous mechanical problems, but the local mechanics were not trained to service them, the circuit diagrams were written in Chinese, and no parts were available locally. This was used by NATAU to justify its demand to oust the CEO and the board of TransNamib. (*The Namibian*, 19 January 2004; 1 August 2005; 20 December 2006.)

Chinese construction companies have become serious competitors for Namibian firms.<sup>8</sup> As elsewhere, these entered the market by winning public tenders, some backed by soft loans or grants from the Chinese government. The Supreme Court in Windhoek (1994-97), the Police and Prison Training College (1996-97) and the Magistrate's Court in Katutura (1997-1999) were built by China Jiangsu International Namibia Ltd, established in 1994 as a subsidiary of the multinational giant China Jiangsu International Economic-Technical Cooperation Corporation. Other construction companies followed. Out of sixteen government construction tenders in the financial year 2005/6, six were awarded to Chinese companies,<sup>9</sup> even though, since late 2005, foreign firms cannot bid for government projects of less than N\$6 million.<sup>10</sup>

Chinese construction companies have been winning increasing numbers of private contracts since 2000. The first step into the market has often been facilitated by government involvement, but Chinese contractors are succeeding in the private sector. Today, their market share of private building contracts is estimated at around 15 per cent.<sup>11</sup> Their competition has made life difficult for local firms, especially SMEs, while the formerly dominant players—all subsidiaries of South African construction giants like Group Five or Grinaker/LTA—can deal with dwindling margins more easily. According to industry sources, profit rates have gone down from between 30 and 40 per cent in the middle of the 1990s to around 10 per cent today, mostly on account of Chinese competition.<sup>12</sup>

8 See, for example, Chris Alden, 'China in Africa', *Survival* 47, 3 (2005), pp. 147-64; Harry Broadman, *Africa's Silk Road. China and India as Africa's New Economic Frontier* (Washington DC, World Bank, 2007); Emmy Bosten, 'China's Engagement in the Construction Industry of Southern Africa: the Case of Mozambique', paper for the workshop 'Asian and other Drivers of Global Change', St Petersburg, 19-21 January 2006 (at [www.ids.ac.uk/asiandrivers](http://www.ids.ac.uk/asiandrivers)); Judith van de Looy, 'Africa and China: A Strategic Partnership?' (Leiden: ASC Working Paper 67, 2006).

9 According to the Minister of Works and Transport, Joel Kapaanda, cited in *The Namibian*, 21 November 2006.

10 *Insight Namibia*, 20 April 2006.

11 *Insight Namibia*, 21 April 2006.

12 *Ibid.*, confirmed by own interviews.

Their success creates considerable resentment. Many local contractors from the SME sector feel that Chinese firms cannot live on the margins they make with fair means. Chinese companies are often accused of underpaying their workers, violating labour rights and disregarding affirmative action legislation. In contrast to local players, however, no Chinese company was ever proven to violate these regulations, partly, at least, because of shrewdness in dealing with regulations rather than real compliance. For example, no Chinese construction company officially employs more than fifty workers permanently—the threshold below which companies are exempted from affirmative action reports and inspections. Such practices are not unknown to other companies in the industry, but they are much less commented upon. For Namibian or South African firms, they are rather seen as individual failures, whereas for Chinese companies they are regarded as a systematic feature.

Suspicion against Asian companies is reinforced by the biggest ever foreign investment in the manufacturing sector in Namibia. Ramatex, a large Malaysian textile company, opened a manufacturing plant under the Export Processing Zone regime in 2001. The decision to invest in Namibia was influenced by large benefits granted to the company by the Namibian government (ranging from tax exemptions and subsidized water and electricity to over N\$100 million government money to prepare the site) and by the AGOA regime. Ramatex employs about 8,000 workers in Namibia, of whom 2,000 are of Asian origin. It increased jobs in Namibia's manufacturing sector by 40 per cent.<sup>13</sup> However, low wages, bad working conditions and a frequent disregard for labour rights have brought the company under attack from the media and the unions. One constant bone of contention has been Ramatex-government relations and the employment of Asian workers.<sup>14</sup> The Affirmative Action Act of 1998

13 Herbert Jauch, 'Africa's Clothing and Textile Industry: The Case of Ramatex in Namibia', in Herbert Jauch and Rudolf Traub-Merz (eds), *The Future of the Textile and Clothing Industry in Sub-Saharan Africa* (Bonn: Friedrich-Ebert-Stiftung, 2006), p. 215. For further information on Ramatex, see also Volker Winterfeld, 'Liberated Economy? The Case of Ramatex Textiles Namibia', in Melber (ed.), *Cross-Examining Liberation in Namibia*.

14 '...the relationship between the company and the Namibian government

prescribes that work permits for foreign nationals can only be issued if the required skills cannot be found locally, and that companies have to employ Namibian understudies—a regulation that is frequently disregarded or liberally interpreted to grant greater freedom to foreign investors. Although Ramatex is not a Chinese company, the multinational's presence has considerably damaged the hopes many Namibians used to place in Asian foreign investment and has substantiated the fears of Namibian government's lenience towards Asian investors. Even though the firm is Malaysian, the reputation of Chinese business has suffered. Many Namibians who are aware of the difference between China and Malaysia still feel that Chinese companies would be just as bad.

Thus, real experiences of Asian companies mingle with unclear suspicions towards Chinese. They are both newcomers and foreigners, and are suspect to many locals under both headings. This is most strikingly expressed in some pervasive rumours. Many Namibians, including journalists, politicians, businesspeople, and academics alike, are convinced that Chinese convicts can choose to serve their prison terms on Namibian construction sites. These rumours are obviously unfounded, but they are readily believed. Old figures of speech from colonial times come to a new prominence, 'the Chinese' replacing 'the Whites'. The (white) editor of the *Namibian Economist*, usually a champion of FDI and free market reforms, accused Chinese of coming to Namibia to increase their 'living space' and take Namibians' land away, a fear echoed by many popular voices.<sup>15</sup> Meanwhile, the old imperialists are no longer seen as a threat by many. Throughout the country, the opening of yet another South African owned Sho-

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which has granted and continues to grant hundreds of work permits to unskilled and semi-skilled Asian workers who carry out tasks that could easily be performed by Namibian workers'. Press release by the National Union of Namibian Workers, 10 September 2004, as cited by Jauch, 'Africa's Clothing and Textile Industry', p. 221.

15 *Namibia Economist*, 16 May 2003. The article ends: 'The only thing we have which they can possibly be interested in is living space. And if I am correct, then expect to see many millions more over the next thirteen years.'

prite, Pick'n'Pay or Game supermarket is enthusiastically welcomed by the local population and politicians alike.<sup>16</sup>

In Northern Namibia, local traders routinely complain about the growing number of Chinese shops in the area and perceive them as a threat to their business. As a matter of fact, more than half of the shops existing in the area before 1990 have silently closed down during the 1990s owing to competition by South African firms. The first wave of new shops consisted mostly of Cape Malay or Indian owned firms, the second wave of branches of the large supermarket chains. Their arrival in the formerly strictly regulated market of northern Namibia was perceived by the local population as a step towards normalization, as a welcome consequence of the end of the colonial regime. Chinese migrants, however, are often seen as intruders, even by the people who buy at their shops.

In many African countries, South African firms are greeted with resentment and seen as the new colonialists, often along with Chinese migrants. Not so in Namibia. The country's history of South African colonialism has made economic domination by South Africa appear the normal state of affairs. It cannot serve as an explanation for Namibia's current economic plight, and South African companies are no longer seen as strangers. In contrast, there is no tradition of Chinese migration to Namibia and the growing presence of Chinese expatriates is a completely new phenomenon. Seventeen years after Namibia's independence, China and the Chinese are slowly emerging as the new imperial threat to the country's economic and social independence. In this process, social unrest is increasingly formulated along a new indigenous/exogenous divide. Even conflicts over labour rights are more and more conceptualized as an outcome of a cultural division, not as an issue of class or of economic domination within an increasingly neo-liberal economy.

Together with real malpractices by Chinese companies, the changing political climate has consequences for the government's policy towards China and especially towards Chinese migrants in

<sup>16</sup> The latest example has been the opening of the extension of Maerua Mall in Windhoek, Namibia's largest shopping complex, in March 2006. The extension was hailed as an economic achievement and an expression of Namibia's modernity (see, for example, *New Era*, 31 March 2006).



Namibia. The threshold of N\$6 million for public tenders was an important outcome of popular criticism and lobbying by the Construction Industry Federation. Public control of Chinese investors has tightened in recent years and it has become increasingly difficult for new Chinese arrivals to obtain work permits. Applications are more thoroughly examined for possible effects on the Namibian economy. It has become virtually impossible to obtain a permit to come into the country to open a shop. This has important—and not always intended—repercussions for the lives and the business of Chinese migrants in Namibia, as the case of Oshikango illustrates.<sup>17</sup>

### *Oshikango*

Oshikango is a small, vibrant and rapidly growing town on the Namibian-Angolan border. Before 1990, it consisted of little more than a war-shattered border post, an open market, some local shops and a school. The area was in the middle of a war zone. Civilian movement was rigidly controlled by the South African army and police, who often clashed with SWAPO guerrilla units coming in from their Angolan bases. After 1990 Oshikango remained a sleepy outpost but started to develop into the main trade post for cross-border trade into South-Western Angola from around 1996. Its most important assets were the road and the border. The road, an excellent tar road built by the South African colonial government eager to control the area, links Oshikango to Walvis Bay, the nearest sea harbour that trucks can reach in around ten to twelve hours.

The border separates and links two economic and political systems. Even now that conditions in Angola have rapidly improved, it is much safer to invest on the Namibian side, and Oshikango is the nearest one can get to the Angolan markets without actually investing in Angola. Oshikango has thus profited from reconstruction in Angola during and after the war. The town has rapidly grown since 1996 and today, with only around 5,000 to 8,000 inhabitants, is the most vibrant trade centre in Namibia. The largest warehouses are owned by businessmen of Lebanese, Portuguese and South African

17 The material for this study was gathered during twelve months of fieldwork in Oshikango between June 2004 and December 2006.

Indian origin, while the second hand car trade is mostly controlled by Pakistani expatriates.<sup>18</sup> Most of the trade is done wholesale: Angolan traders come to Oshikango and buy large quantities of building material, furniture, electronics, textiles, food or liquor in order to resell them in Angola. Smaller quantities are sold to Angolan shop owners or peddlers who cross the border daily, or who have porters working for them to import goods for less than the taxable amount of US\$50.

Before 2004, the Oshikango area was part of the communal lands administered by the regional government. There are no freehold land titles in Namibian communal areas outside established towns. Investors are granted permission to occupy the land and build on it, but they do not own the land. In an attempt both to encourage investors to build shops in Oshikango and to regulate the more or less chaotic growth of the town, Oshikango, together with four adjacent settlements with a total population of around 42,000, was proclaimed a town in 2004. The new administration of Helao Nafidi Town, as it is called today, is the most important regulating body at the local level, responsible among other things for land sales and granting construction permits.

### *Chinese in Oshikango*

Chinese traders have been in Oshikango since 1999. The first Chinese to open shop there was a businessman who had come to Windhoek in 1993 and was already well established by the time he came to Oshikango. His considerable success and booming cross-border trade rapidly attracted others. In 2004, 22 Chinese-owned shops were in business in Oshikango. In 2006, with the opening of two large new warehouse complexes (one of them built by the pioneer Chinese in Oshikango, the other by a Taiwanese national who had opened the first China-Shop in Windhoek before independence), their number increased to over 75.

The first Chinese shops in Oshikango mainly sold textiles and shoes in large quantities. In 2004, for example, one single dealer

18 See Dobler, 'The way to consumption. International commodity flows and trade networks in Oshikango, Namibia' (*Africa* 78, 2008)).

sold more than 200,000 pairs of shoes into Angola. With growing competition, most shops have expanded their range: many are now selling everything from furniture to home electronics, motorcycles or plastic flowers. The bulk of the business, however, is still done in home textiles, clothing and shoes, with a few shops specializing in electronics. Most of the shops are bonded wholesale warehouses, the major form of business in Oshikango. Goods are imported from overseas for re-export without Namibian import taxes or duties. They can only be sold for export, and the bonded warehouses are (at least in theory) rigidly controlled by the customs office.

All Chinese traders import most of their merchandise directly from China. They—or trusted agents—buy large quantities directly from the manufacturer or (for smaller quantities) from wholesalers in China. The goods are packed in sealed containers and shipped to Durban or Walvis Bay. From there, they reach Oshikango by train and/or truck. If both shipping space and trucks are available, goods reach Oshikango three to four weeks after being packed in China, but owing to capacity problems, containers are often delayed for two or three months.

Even if they appear as a distinct group from the outside, the Chinese who are living in Oshikango are no homogeneous, close-knit community. They come from all over China, speak different dialects, have grown up in different climates and have different cultural backgrounds. Most of the older ones have had only rudimentary schooling and did not speak any foreign language when they came to Namibia, while many of the younger arrivals have been to college or university and have learned English or Portuguese. As to business, the different shops barely cooperate; most compete constantly and strive to keep their knowledge and connections to themselves. Business ideas are frequently copied and prices cut. With growing competition, margins have gone down from sometimes 50 per cent to around 10 per cent and less, and here as everywhere business has been most lucrative for the first comers.<sup>19</sup>

In recent times, however, with the growing number of Chinese living in Oshikango, social life has become more intense. Friends

19 For Chinese shops in Cape Verde, see Haugen and Carling in this volume.

often eat together after closing their shops. At weekends, the older people play Mahjong (often for quite high stakes) while the young watch TV, play Western computer games,<sup>20</sup> sing karaoke or compete at the pool tables of local bars. Slowly, the diverse Chinese population may develop into a diasporic community, but so far, the intensifying social life has not yet led to a higher level of business cooperation.

Chinese people in Oshikango—and, by extension, in Namibia—are not physically threatened by the changing political climate. However, growing resentment creates serious problems for Chinese businesspeople. The most important problem is the Ministry of Home Affairs' marked reluctance to grant further work permits for Chinese traders. In the past, prospective Chinese shop owners could get work permits rather easily. With growing public criticism and frequent allegations of corruption, Home Affairs officials have become more sceptical towards Chinese applications. Delays are frequent, and it has become very difficult to obtain a work permit to open a shop in Namibia. This, however, has not led to a decline in the number of new arrivals—it only encourages more creative ways of dealing with work permit procedures. Most new arrivals do not just come on their own. Established businesspeople act as migration brokers and work permit agents.

Until around 2004, new migrants usually came to work as assistants in established businesses, often with relatives. They earned their travel expenses by working in the shop for two or three years, getting used to life in Namibia at the same time, learning the trade, the language and preparing to set up a shop of their own. This remains an important source of new migration, but it has been partially replaced by a new, more commercialized form of chain migration: new migrants pay an established Namibian Chinese either for their work permit or for the complete preparation of their arrival. A one-year work permit can be had for around N\$20,000, the organization of the whole migration process will cost up to N\$100,000.

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<sup>20</sup> Internet use plays an important role, too, especially to keep up relations to relatives and to the home country at large. See also Loong Wong, 'Belonging and Diaspora: The Chinese and the Internet', *First Monday* 8, 4 (2003).

Established Chinese entrepreneurs in Namibia have thus found a new line of business. While in the normal import business they exploit their knowledge of and access to the cheaper Chinese producers and wholesalers to make a profit on an African clientele, they have started to exploit their knowledge of English, of Namibian administration and business culture, and their access to Namibian networks, to make a profit on incoming Chinese. The deal serves both sides: for a new arrival, it is harder to establish a business, the administration is less cooperative; there are not many towns left without a sufficient number of Chinese shops, good knowledge of the economic situation is required to judge the few remaining opportunities; and profits have gone down owing to competition. It is no longer possible to flourish on trial and error—if you are allowed into the country at all.

Getting a work permit and spending some time learning the trade are the two most important prerequisites for doing business as a Chinese in Namibia. The Chinese migration brokers organize work permits in two different ways. There are agents who have good contacts with higher Home Affairs officials and handle your application for a fee. All Chinese I talked to are convinced that a part of the usual N\$20,000 goes to the Home Affairs official. One told me: ‘Of course, it is bribery. That is normal. If you want to get something, you have to pay. But with all the talk about corruption now, it has become very difficult. If you don’t know somebody, he will not even take your money. He’s afraid. But those people, they have been friends for a long time. They know they can trust each other. So for them, it’s no problem.’<sup>21</sup> In general, Chinese in Namibia do not regard corruption as an offence. They take it as part of the rules of business; expenses combined with a certain risk, but not subject to moral judgment.

The second easy way to obtain a work permit is connected to the Namibian discourse on development and foreign investment. Chinese shops have been heavily criticized for being unproductive and extractive. The general notion is that these shops hinder rather than help the development of the Namibian economy. In contrast, investment in the manufacturing sector would be more than welcome. As a

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21 Male Chinese electronics trader established in Oshikango since 2003; statement of August 2006.

consequence, applications for work permits in order to open (or work in) a shop are by now routinely rejected by Home Affairs, whereas applications to work in a manufacturing plant are usually successful. Many Chinese have started to exploit that preference by setting up 'manufacturing plants' as a smokescreen for retail or wholesale trade.<sup>22</sup> In Oshikango, for example, one company built a blanket factory, imported a few old industrial sewing machines from China, and employed local women to sew duvets for export to Angola. All material—cloth, cotton filling, thread—is imported from China, and there is not the slightest possibility to compete with duvets imported from there. The real output of the production site is work permits for Chinese 'technicians' and supervisors who, in reality, work as assistants in Chinese shops. Other 'manufacturing plants' in Oshikango include Chinese food, photo printing, mineral water processing and furniture assembling businesses. None of these ventures is really functional. 'It is a good business,' as one younger Chinese told me. 'You import a few old machines, pay the transport—maybe that's N\$50,000 per machine. Then you can easily get papers for some people, maybe even five or six per machine. That's quite good!'<sup>23</sup>

Attempts at stricter regulation have been turned into a new resource by established Chinese in Oshikango who have the local knowledge to creatively circumvent the new measures, and increase their competitive advantage over new arrivals. New regulations have not fulfilled the expectations of the regulators. They have only managed to make fraud slightly more difficult—and thus more lucrative for those capable of committing it. The consequences of Namibian xenophobia have increased power imbalances within the Chinese migrant 'community'. The growing public sensitivity over real or imagined preferential treatment of Chinese migrants has closed the circles of corruption and increased the value of existing contacts. Demands to link Chinese investment to sustainable development have turned the ability to position oneself in the development discourse

22 I have not been able to establish numbers; in Oshikango, however, certainly more than half of the traders have already applied for manufacturing licences or have made the first steps to do so.

23 Male Chinese trader, in Oshikango since 2002 as junior partner in a relative's business; statement of August 2006.

into an important resource. Just as the Chinese government is wrapping its interests in Africa in a rhetoric of solidarity, mutual gain and cooperation, Chinese traders on the local level are using the language of development to justify their presence and to gain access to the benevolence of both the public and the administration. The setting up of manufacturing shopfronts is only one example of that tendency. Whenever the occasion arises, Chinese migrants in Oshikango stress their contribution to local economic development, the amounts they have invested and the number of local people they employ.

By positioning themselves as players in local economic development, Chinese investors have become an interesting ally for a modernist elite on the local level. Like all Namibian towns, Helao Nafidi Town is governed by the Town Council, headed by the mayor and supported by the local administration, whose most important member is the town's CEO. The members of the Town Council are no experts; they were elected into their office in 2004, mostly without prior administrative experience, and are all working full-time in different professions. Their decisions are usually prepared by the CEO, who holds the real power in the town and can easily influence decisions according to his wishes. The current CEO of the town is a young man with a background in business administration and SWAPO politics. He sees his five-year term as a step towards a higher office, preferably in the capital, where his wife holds a post in the municipal administration. Many locals suspect him of corrupt practices; what is certain is that he can run the town at his whim, having no equally capable and equally powerful opponent on the local level.<sup>24</sup> His politics are modernist, business-friendly and, on foreign investment for example, neo-liberal. For him, the town administration's main role is to make Oshikango a better place for investors, and to promote it internationally. In his perception, what is good for business is good

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24 There is not enough space here to elaborate on the relations between members of the Town Council and Chinese migrants, although there is no lack of material. To cite just two examples: one influential member of the Town Council sold a plot of land to a Chinese businessman for more than twenty times its official value, while another, though generally opposed to a growing Chinese influence, has a large collection of pirated film DVDs bought under the counter in a Chinese shop.

for the town—and for himself, extending his own powers with the town's revenue and increasing his chances in the future job market.

The CEO was also instrumental in bringing about a twinning agreement between Helao Nafidi Town and Nantong, an important industrial centre in eastern China with around 700,000 inhabitants.<sup>25</sup> The Mayor and the CEO of Helao Nafidi Town went on a ten-day trip there, a voyage that did much to improve the mayor's opinion of China and the Chinese. The twinning agreement was signed in Helao Nafidi Town on the occasion of a short visit by a Chinese delegation; to date, the agreement has not had any further consequences. However, through such feel-good measures, politicians of the Chinese government are brought to the local level in an African town, where they meet a similar discourse by local elites. On every public occasion, both the CEO and the more established Chinese investors talk of development, progress, South-South cooperation and Namibia's Millennium Development Goals.<sup>26</sup> Jointly, the two parties inscribe both Chinese investments and the Local Authority's actions in a transnational elite discourse on sustainable development that serves to highlight their own importance and obfuscate their own motives.

Even when backed by official state politics, the joint interest in linking Chinese investments to a development discourse does not guarantee the local elite's benevolence towards Chinese migrants. Rather, it establishes a common ground on which negotiations on concrete projects can be successful. These negotiations are saturated

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25 The agreement seems part of a general policy by the Chinese government to further Chinese-African relations at local level and to position China as Africa's new partner for economic development. In Namibia, at least the following twinning agreements are in place: Windhoek and Shanghai, Tsumeb and Lanzhou, Mariental and Zhingzhou, Grootfontein and Kunshan, Outapi and Yinchuan; talks are on for Henties Bay and an undisclosed Chinese city, and the entire Erongo region has a twinning agreement with the city of Tiazhou.

26 A model occasion for such public discourse was the opening of Oshikango China Town, one of two new warehouse complexes built by Chinese investors, in July 2006. Dragon dancing, public speeches and a Chinese dinner for the local honourables were combined with a rather large number of public speeches. Every speaker stressed China's important role for Namibian development and the good mutual relations expressed in the new building.



with development rhetoric, but they are much more about both sides' personal aims than about development. As long as development can be kept up as a façade for business and as a moral argument against sceptics, the real economic benefits of Chinese investment to the Namibian economy can be left aside.

Chinese traders' real contribution to sustainable development in the Oshikango area to date has been small. There has been no spillover into manufacturing, no capacity-building on a local level, and almost no extension of networks to include native Namibians.<sup>27</sup> The labour the Chinese shop-owners employ is unskilled and rather poorly paid, and apart from a few assistants working closely with the owners, they change quite often. Growing resentment against Chinese in Namibia has not changed this for the better. It has led to closer and more ostentatious cooperation between Namibian administrators and Chinese investors rather than to a more critical discussion. In order not to lose their room to negotiate, both sides try to shield the cooperation from outside criticism by linking Chinese investments even more strongly to development—without reference to its real impact on the Namibian economy. In the area of local regulation, too, xenophobia has made differentiation more difficult and given more influence to the more powerful players.

### *Conclusion*

When looking into African states' policies towards Chinese migrants, political scientists usually concentrate on a national discourse and on official rules set up at national level. In Namibia, as in many other African countries, the political climate is increasingly hostile towards Chinese migrant entrepreneurs. They are seen as representatives of a new imperialism and as unfair competition to local businesspeople. Calls for stronger regulation of the Chinese element are gaining prominence. To counter these voices, Chinese officials and their Namibian counterparts try to link the Chinese presence to the politics of solidarity during the struggle for independence, and to the new struggle for economic freedom and development.

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27 For a more thorough assessment, see Dobler, 'China in Namibia'.

So far, growing popular opposition to Chinese investors has not led to any decisive policy changes. On the level of administrative practices, however, Chinese migrants encounter much stronger problems than some years ago. A closer look at business practices on a local level shows that this has not, as yet, discouraged Chinese business migration to Namibia. Instead, it has led to higher levels of fraud, a closing of circles of corruption and a shift in power relations within the Chinese community in favour of the longer established and better connected migrants.

What is conspicuously absent in Namibia is a real debate on the costs and benefits of the Chinese presence and the possibilities for its regulation. National and local attitudes towards the growing importance of China and of Chinese in Namibia are shaped by a web of personal interest, development ideologies, party politics and individual idiosyncrasies. The specific community of interest between Chinese investors and both national and local administrators in particular prevents an objective debate. Both investors and local modernist elites base justification of their dominant role on their participation in the development discourse. Inscripting the Chinese presence into that discourse lends them a broader base of power and an opportunity to regain their dominant role. For the opposition, an objective analysis of costs and benefits seems just as difficult. In popular perceptions, both migrant Chinese and the ruling elites suffer from being associated with each other. Foreign investment and a new imperialism serve as an explanation for economic difficulties, and attempts to discuss the problem in a less ideological way are often discredited as either naïve or dishonest.

Both the interests of local elites and the new xenophobic tendencies prevent a pragmatic discussion of possible ways of regulation, and the implementation of a political framework that channels Chinese investment into sectors where it could really benefit the country's economy. Namibia has probably more than enough Chinese shops; certainly enough Chinese manufacturing plants existing solely on paper. But with the growing competition, many of the established Chinese migrants are looking for new opportunities outside trading. Some talk of moving into the service sector, others think about the possibilities of setting up real manufacturing plants. If Namibia can

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both effectively control new shops and offer alternative investment opportunities, the country may still draw real benefit from the Chinese presence.

