

MIXED FATES OF A POPULAR MINORITY: CHINESE MIGRANTS IN CAPE VERDE

Jørgen Carling and Heidi Østbø Haugen

Over the past decade Chinese immigrants have become the most visible immigrant group in Cape Verde. While Chinese immigration to other parts of Africa is met with considerable scepticism and even violent riots, the Chinese in Cape Verde are generally a popular minority. In a 2005 survey of Cape Verdeans 85 per cent responded that immigrants from Asia (essentially the Chinese) contribute positively to the development of the country. Fewer people, 74 per cent, saw European immigrants as contributing to development. At the bottom of the list were immigrants from mainland Africa; only 38 per cent of the survey respondents thought the Africans contributed to Cape Verde's development.¹

China was among the first countries to open an embassy after Cape Verde's independence in 1975. It was a close ally during the years of single-party rule, and remained a principal source of development assistance after the introduction of multi-party democracy in 1991.

1 Afrobarometer, 'The Quality of Democracy and Governance in Cape Verde: Summary of Results 2005' (Praia: Afro-Sondagem, 2005), p. 54.

During the 1990s, when the liberal-democratic Movimento para Democracia (MpD) was in power, China funded and executed several high-profile projects in Cape Verde, including the construction of a new parliament building, a national library and a giant statue of the liberation hero Amílcar Cabral, with an unmistakable Chinese design.

Chinese migrants were virtually non-existent in Cape Verde under Portuguese colonialism. Once in a while Chinese sailors passed through, since the islands were an important bunkering and maintenance stop for fishing boats and other ships in the Atlantic. A small number of Chinese embassy officials have been present in Cape Verde since the embassy opened, and Chinese have stayed temporarily on the islands in connection with development projects. It was not until the large influx of Chinese small-scale retailers in the late 1990s, however, that the Chinese became a sizeable minority. The Chinese population now stands at several hundred people. This is obviously minute in the context of the Chinese diaspora, but it is sufficiently large to have had a momentous impact on the society and economy of Cape Verde.

Cape Verde will remain a relatively unimportant partner for China in the drive for energy and raw materials from Africa, since the archipelago has no petroleum or mineral resources. Furthermore, the domestic market counts less than half a million people and is of little interest as a market for Chinese exports. Nevertheless, China's Foreign Minister Li Zhaoxing began his January 2006 African tour in Cape Verde's capital Praia. During this visit, he announced an offer of an interest-free loan to upgrade one of Cape Verde's hospitals, the latest addition to the series of Chinese aid initiatives in the country.

This chapter gives an overview of Chinese-Cape Verdean relations, with an emphasis on recent entrepreneurial migration to the archipelago. We then return to the results of the 2005 survey, and discuss why the Chinese immigrants are viewed much more favourably in Cape Verde than in many other African countries.

Chinese small-scale entrepreneurs in Cape Verde

The first Chinese shop opened in Cape Verde in 1995. Within a few years, Chinese entrepreneurs set up shops on all of the nine inhabited

islands. The analysis below is based on fieldwork in Cape Verde in 2002, 2003 and 2006 among Chinese shop owners, Cape Verdean workers and customers in Chinese shops, and Cape Verdean government officials. The fieldwork was concentrated to Cape Verde's second largest city, São Vicente. Recorded interviews were carried out in Mandarin Chinese and Cape Verdean Creole Portuguese.²

With a couple of exceptions, all Chinese-run shops in Cape Verde offer the same range of goods and cater to the same customer groups. The shops are not specialized, but sell clothes, shoes, household consumer goods, cosmetics, toys and nick-nacks, mostly imported directly from the wholesale markets in Yiwu in Zhejiang Province, China by the shop owners. Typically, the goods have to be sold at more than three times their price in China in order to recover transport and operating costs. The Chinese goods are nevertheless significantly cheaper than what was available in Cape Verde before the Chinese arrived.

When the first Chinese shop opened in Cape Verde in the mid-1990s, the country offered a rare combination of political stability, security, high price levels and relatively high local purchasing power. The lack of existing Chinese businesses on the islands constituted an opportunity for making better profits than in more mature markets. As one Chinese woman put it, 'In Europe there have been Chinese running businesses for sixty years, so it's hard to manage.' In São Vicente the first Chinese shop was established in 1997. Two years later there were six shops. Since then the number of Chinese shops has doubled every two to three years, and surpassed 50 in 2006. While the first shops were spaced out across the city centre, new shops have filled the gaps so that certain streets are now completely dominated by the Chinese (Figure 1).

The growth in the number of shops is intimately connected with the growth in the number of Chinese residents. Chinese shops have multiplied in two ways: new owners have entered the market and established shop owners have expanded their businesses and

2 H. Haugen and J. Carling, 'On the Edge of the Chinese Diaspora: The Surge of Baihuo Business in an African City', *Ethnic and Racial Studies* 28, 4 (2005), pp. 639-62.

CHINA RETURNS TO AFRICA



Figure 1. Chinese shops in São Vicente

opened more shops. Having several outlets increases the turnover of goods. Shop owners therefore have an interest in increasing the number of shops under their control, either through direct owner-

ship or by lending goods to new establishments and sharing the profit. New owners usually have a relationship with incumbents, as relatives, former employees, or both.

Cape Verdean employees are usually not entrusted with handling cash in the shops. Increasing the number of outlets therefore requires more people to be brought over from China. The new Chinese immigrants generally come to Cape Verde at the invitation of migrants who have already established themselves in the country and can produce the necessary documents for visa applications.

The early Chinese migrants to Cape Verde came from different parts of China, including Shanghai and Beijing. After a few years, however, people from Zhejiang province came to dominate through rapidly expanding chain migration. The majority of the Chinese in Cape Verde now come from the region of Wenzhou in the southern part of Zhejiang province, a region with a long history of emigration, especially to Europe.³

The competition in the market for general merchandise has become fierce as a result of the large number of shops. Profit levels have dropped sharply, and the success and failure of individual shop owners depends largely on when they arrived with respect to the wave of Chinese immigration. The gradual Chinese domination of a market niche, and subsequent market saturation, are not a phenomenon unique to Cape Verde, but can be observed in different parts of the Chinese diaspora. The widespread pattern of growth by copying existing enterprises creates a rigid and isolated industry that is ill prepared when the number of suppliers grows out of proportion to the demand, and profits are pushed to critical levels. A typology of responses to this situation can be outlined based on the recent history of Chinese migration to Europe (Table 1).

3 F.N. Pieké, 'Introduction', in Gregor Benton and Frank N. Pieké (eds), *The Chinese in Europe* (London: Macmillan, 1998), pp. 1-17; Li Minghuan, "'To Get Rich Quickly in Europe!' - Reflections on Migration Motivation in Wenzhou", in F.N. Pieké and H. Mallee (eds), *Internal and International Migration. Chinese Perspectives* (Richmond: Curzon, 1999), pp. 181-98; M. Thunø, 'Moving Stones from China to Europe: The Dynamics of Emigration from Zhejiang to Europe', in Pieké and Mallee (eds), *Internal and International Migration*, pp. 159-80.

CHINA RETURNS TO AFRICA

| | Same business | Same location | Existing concept | Required resources | Examples |
|---------------------------|------------------|------------------|---------------------|--|--|
| Geographical expansion | Yes | No | Yes | Accessible regions with unsaturated markets | Textile trade from Russia through Eastern Europe (1980s–1990s) |
| Price wars | Yes | Yes | (Yes) | Price-cutting potential, docile labour power | Restaurants in Denmark and the Netherlands (1970s–1980s) |
| Sectoral expansion | No | (Yes) | Yes | Information, capital, skills, networks | From restaurants to shops in the Czech Republic and Spain (1990s) |
| Innovation | Yes | Yes | No | Information, capital, skills, networks | Restaurants in the Netherlands, Denmark and Norway (1980s–1990s) |

Table 1. A typology of responses to market saturation

Source: H. Haugen and J. Carling, 'On the Edge of the Chinese Diaspora: The Surge of Baihuo Business in an African City', *Ethnic and Racial Studies* Vol. 28, No. 4 (2005), pp. 639–62.

Among Chinese immigrants in Cape Verde, *geographical expansion* has so far been the most important reaction to the increased competition. Shops spread from the capital Praia to São Vicente and other islands. The opportunities for spatial expansion were originally considerable. Cape Verde consists of nine populated islands, some with several population centres where the demand for cheap consumer goods is large enough to sustain at least one Chinese shop, with little competition from other businesses. Today, Chinese shops modelled on the original ones are established in all Cape Verdean population centres, and the potential for geographical expansion within the country is exhausted.

Some shop owners have responded to market saturation in Cape Verde by searching for opportunities for geographical expansion in mainland Africa, notably the major Portuguese-speaking countries, Angola and Mozambique. Those who have realized their plans to move keep their shops in Cape Verde as security while establishing themselves on the mainland, letting Chinese employees and relatives run these businesses. Once the shops in mainland Africa prove profitable, the Chinese migrants shut down or sell some of their shops in Cape Verde. However, lack of information and connections in other African countries, as well as the capital tied up in the shops in Cape Verde, serves as a barrier against moving on to the mainland.

Engaging in price wars is the second way in which Chinese shop owners in Cape Verde have responded to falling sales. Consequently, the net profit on sales has fallen markedly. Some shops do not dis-

play prices out of fear of being undercut by competitors, and only tell customers the price upon request. Cape Verdeans have become more conscious of the quality of what they buy, and many importers have reduced their profits by selling higher quality goods without raising prices. The decrease in profits makes the situation especially difficult for newly established shops, which share the profit of their sales with importers. The original price cuts were possible because the early shops maintained very high profit margins. The potential for cutting prices is now almost exhausted, however, as is the potential for generating income by exploiting a docile labour force more intensely.

The third response to market saturation is *expansion into other business sectors*. In many other countries, Chinese have moved from one niche to another, with catering, trade in consumer goods, and traditional Chinese medicine being the most important sectors.⁴ In Cape Verde, by contrast, the Chinese entrepreneurs have faithfully kept to trade in consumer goods. Sectoral expansion is inhibited at the individual level by the need for capital or for business-specific information, skills or networks. The migration chains to Cape Verde have so far been confined to one line of business, with skills and information being passed on through apprenticeships and family networks. The consumption patterns in Cape Verde may also make it difficult to run Chinese restaurants and clinics. One successful attempt at expansion into another sector, however, has been the opening of a garage in Praia where Chinese mechanics repair cars at higher speed and lower prices than the market standard.

Finally, one may respond to market saturation by implementing *innovative changes* to get an edge over co-ethnic competitors. Within small-scale retail, there are apparently still areas where prices are surprisingly high and there is a potential for Chinese expansion. An example is canned and dry food, which is often more expensive in Cape Verde than in Western Europe. The Chinese explain their absence from the food sector on the basis of their limited knowledge of lo-

4 M. Moore and C. Tubilewicz, 'Chinese Migrants in the Czech Republic. Perfect Strangers', *Asian Survey*, 41 (2001), pp. 611-28; G. Nieto, 'The Chinese in Spain', *International Migration*, 41 (2003), pp. 215-37.

cal tastes, lack of necessary connections for importing foodstuffs and shortage of capital.

Paradoxically, the fierce competition from other Chinese shops serves as a disincentive for both sectoral expansion and innovation. Successful initiatives are quickly copied, profit margins are driven down, and the benefits of innovation are shared between several Chinese shops. In the case of failure, however, the pioneer bears the loss alone. Other obstacles include the lack of local social networks and disapproving attitudes from other Chinese towards attempts at innovation.

Chinese entrepreneurs have so far established themselves in Cape Verde independently of the Chinese state. The migrants emphasize that they came to Cape Verde on their own initiative and by their own means, and that the only time they need to be in contact with the embassy is in connection with paperwork such as renewal of travel documents. As one Chinese shop owner put it: 'Frankly, we don't have great need for the embassy's help. [...] Their development aid is completely separate from the Chinese people who live and do business here. It's just government relationship.' On one occasion in 2003, Cape Verdean authorities requested the Chinese embassy to assist in improving the compliance of Chinese shop owners with Cape Verdean labour laws. This initiative was welcomed by many shop owners who had found it hard to understand local legislation. In Praia, the Chinese embassy also provides an institutional setting for social interaction among the Chinese on festive days. Despite the lack of any direct connection with the Chinese state, many Cape Verdeans—including high-ranking officials in the area of commerce—wrongly assume that the Cape Verdean government gives Chinese traders preferential treatment in return for Chinese development aid.

Entry into higher-value sectors

While the Chinese engagement in small-scale retail in Cape Verde was initiated and developed independently of official relations between the two countries, government institutions have played a more active role in connection with attempted Chinese entry into higher-value sectors in Cape Verde. This is not a question of small-

scale shopkeepers advancing, but of well-established Chinese entrepreneurs entering the market at higher levels. In this process, the Chinese government plays different roles.

First, projects funded by the Chinese government can be used as a stepping-stone for entering the Cape Verdean market. When the Chinese fund development projects, they often bring Chinese companies and professionals to do the work. For instance, a Chinese construction company recently came to Cape Verde to carry out a construction project in the Chinese embassy compound. According to two Chinese employees, the company's intention was to use this opportunity to assess the potential of the regular Cape Verdean construction market. The company is present in several other African countries, and has a large pool of Chinese professionals to bring to Cape Verde when and if its business expands. While working in the embassy, the company filed an application for a local license necessary to work on projects that were not funded by the Chinese government. The initial plans were to enter the construction and real estate business with a view to expanding into other areas with time. The property market in Cape Verde is already attracting considerable attention from Italian, Portuguese and other foreign investors.

Second, Chinese investment in development projects can leverage support from the Cape Verdean government for commercial ventures. So far, money for development projects in Cape Verde has come from the Chinese government rather than the private sector. This is about to change if the plans of David Chow, Cape Verde's Honorary Consul in Macau, are realized. Chow intends to invest US \$100 million in Cape Verde over the next two years, possibly extending to as much as US \$300 million over a ten-year period.⁵ The scale of investment is unprecedented in a country where the average net foreign direct investment per year was only US\$18.5 million in 2000-4.⁶ David Chow's immediate plans include building a luxury casino on the islet of Santa Maria off the shorefront of the capital

5 CCITPCV, *Sector do Turismo em Cabo Verde, breve panorâmica* Lisbon: Câmara de Comércio, Indústria e Turismo Portugal Cabo Verde (CCITPCV, 2006).

6 World Bank, *World Development Indicators* (Washington, DC: World Bank, 2006), p. 298.

Praia, and to build hotels. In return for the rights to use the land, Chow has promised to construct social housing and clean up beaches in Cape Verde. Such deals whereby Chinese entrepreneurs pay for Cape Verdean resources in favours rather than in fixed amounts of money obscure the real value of the contracts.

Third, Chinese authorities may facilitate investment through high-level political dialogue. This may be required for Chinese companies to enter into sectors with heavy state regulation. A case in point is the Cape Verdean telecommunications market, where Cabo Verde Telecom, a subsidiary of Portugal Telecom, until recently held a monopoly for both the mobile and landline networks. A week after Cape Verdean Prime Minister Jose Maria Neves met with the mayor of Shanghai in August 2004, rumours spread that Shanghai Telecom was to receive the licence to offer mobile, internet and cable TV services in Cape Verde. These reports were later publicly denounced by the Cape Verdean Ministry of Information and Transport and the new telecommunications licence ended up being given to an American company.

It is too early to evaluate the economic and political consequences of Chinese investment in higher-value sectors in Cape Verde. However, it seems clear that the influence of Chinese investments in such areas may become as forceful as the impact of Chinese entrepreneurs on the small-scale retail market.

Why are Cape Verdeans so positive towards Chinese immigrants?

People in Cape Verde hold a strikingly positive view on immigration from China. The reasons can be found both in the positive change brought about by the Chinese small-scale entrepreneurs and in the absence of negative consequences of Chinese immigration for the majority of the population. We will now account for the characteristics of Cape Verde that we believe underlie the positive attitudes and explain some of the contrast with other parts of Africa.

Local purchasing power has increased. The most important reason behind the popularity of the Chinese is probably the fact that their presence has exerted a downward pressure on consumer prices in

Cape Verde. Before Chinese shops opened in large numbers, prices for clothes and durable household items in Cape Verde were often at European levels or above. With a GDP per capita at one sixth of the average OECD level, the high prices severely restrained people's ability to purchase basic consumer goods. Chinese and Cape Verdeans alike commonly assert that the living standard of poor Cape Verdeans improved with the entry of the Chinese. One shop owner had heard that 'before the Chinese came, very few people wore shoes. At least now they have shoes.' Locals confirm this, saying that the arrival of the Chinese has meant that children in Cape Verde no longer need to go barefoot to school. Another, equally emotive example frequently referred to by Cape Verdeans is that now all parents can afford to buy Christmas presents for their children.

In the past, Cape Verdeans often relied on gifts and parcels from emigrant relatives for obtaining clothes and household items. Today, with lower prices and a wider selection in the local market, emigrants on holiday increasingly bring cash to their relatives and let them buy what they want. Furthermore, emigrants are shopping in the Chinese shops and bringing the goods back with them to Europe or the United States.

It is worth noting that in a situation with parallel development aid and small-scale trade from China, the latter appears to have been more important for the Cape Verdeans' positive view of the Chinese. Attitudes towards the Chinese are no more positive in the capital Praia, which has received the bulk of Chinese development aid, than in other parts of the country.⁷ In fact, the development aid has been a cause of suspicion against Chinese entrepreneurs. One of the most common misgivings expressed by Cape Verdeans during our fieldwork was that Chinese shop owners were exempted from paying import duties as a counter-favour for Chinese development aid. The accusation is unfounded, as there are no special tax arrangements for Chinese shop owners in Cape Verde.

Chinese imports have little impact on local production. Chinese undercutting of local industries has been a source of discontent in

7 Afrobarometer, 'The Quality of Democracy and Governance in Cape Verde', p. 54.

several African countries with a significant manufacturing sector, such as Morocco, South Africa and Lesotho. Local industry in these countries faces tighter competition caused by the increasing supply of cheap Chinese goods. The lifting of EU and United States import barriers against Chinese goods has further contributed to this by depriving African manufacturers of the competitive edge they previously possessed.⁸

The local manufacturing sector in Cape Verde is very small, and much of it is export-oriented and not affected by imports from China. There is, in other words, very little domestically oriented production that is driven out of business by competition from China. One exception is clothes repair, which is less in demand because people can now afford to buy new clothes from the Chinese instead of having old ones repaired.

The relatively high standard of living in Cape Verde has primarily been financed by income in the form of migrant remittances, overseas development aid, and export earnings from services. The Cape Verdean diaspora now outnumbers the resident population, and many families have emigrant members who send them money.⁹ Despite the relatively high standard of living in Cape Verde, the level of aid per capita has been the world's highest in some years. In 2004, the most recent available data, Cape Verde ranked third with an inflow of more than US\$280 per person.¹⁰ The dependence on transfers from abroad ensures that people enjoy the benefits from the drop in retail prices caused by cheap imports from China, while not experiencing deterioration in income due to the increase in supply of Chinese goods.

While there is no significant manufacturing sector that suffers from the increase in Chinese supply, there is also no raw material sector that benefits from the increase in demand from China. Cape Verde is therefore not among the African countries that benefit from

8 J-C Servant, 'La Chine à l'assaut du marché africain', *Le Monde Diplomatique*, May 2005, pp. 6-7.

9 J. Carling, 'Emigration, Return and Development in Cape Verde: The Impact of Closing Borders', *Population, Space and Place* 10, 2 (2004), pp. 113-132.

10 UNDP, *Human Development Report 2005* (Washington, DC: United Nations Development Program, 2006) p. 281.

the price rise caused by China's increasing demand for natural resources.

No substantial Cape Verdean job losses from Chinese shops. The entry of Chinese retailers has transformed the local small-scale retail market in Cape Verde. However, the incomes of most Cape Verdeans remain unaffected by this change. This can be explained by the structure of the retail market before the arrival of the Chinese. The market was roughly divided into two segments. At the top end of the market, there were the so-called *boutiques*, many of which were run by relatively wealthy women who did not depend on the income from their shops, but were motivated by the prospect of frequent travel to purchase goods. Their shops were often confined to a space of less than ten square metres, and they kept a selection of clothes, shoes and accessories bought mainly in Brazil or Southern Europe. Typically, they had a very low turnover and high profit margins. Many *boutiques* have suffered competition as a result of the increasingly fashionable stock of the Chinese shops.

At the other end of the market in São Vicente, there was the municipal market, dominated by mainland Africans. These vendors either travelled abroad to buy goods, or bought wholesale from traders travelling regularly to Portugal or Senegal. The clothes imported from such places were often produced in Southeast Asia, but had become anything but cheap by the time they reached Cape Verde. The establishment of Chinese shops has resulted in a transformation of business at the municipal market. Many of the stalls have now closed, and those that are still in business specialize increasingly in goods other than clothes.

Neither the *boutique* owners nor the mainland African traders are groups average Cape Verdeans strongly identify or sympathize with. The number of Cape Verdeans employed in *boutiques* and by mainland Africans is small, and the employment losses are outweighed by the new employment opportunities in Chinese shops.

Limited corruption problems in Cape Verde. In countries where corruption is a widespread problem, resentment may arise against an immigrant group that is seen to exacerbate this problem. A recent example is the Solomon Islands, where rioters attacked Chinese business owners partly as a result of frustration with politicians who

exploited the China-Taiwan rivalry for their personal gains.¹¹ While the ultimate target were politicians known to be corrupt for years, Chinese business owners was an easy group to go after.

In Cape Verde, by contrast, corruption is a problem that is perceived to be relatively limited. In the 2005 survey referred to earlier, only between 5-8 per cent of Cape Verdeans were concerned corruption among parliament or cabinet members, civil servants, and members of the police force.¹² Most of the Chinese we interviewed during our fieldwork said that they found corruption to be less of a problem in Cape Verde than in China. Many cited the lack of corruption as a trait that made Cape Verde an attractive country to run a business in, and saw greater corruption problems in other African countries as an obstacle to moving.

Although corruption is not a problem that causes Cape Verdeans to perceive Chinese immigrants negatively today, there are some indications that it is a problem on the rise. Some officials who deal with Chinese have started asking for personal favours, and a culture of corruption is underpinned when requests for bribes are met. The consequences of crackdowns on corrupt practices may reach beyond those directly involved. A few years ago Cape Verdean residence permits, which enabled Chinese immigrants to apply for Schengen visas from Cape Verde, could be acquired quite easily. However, some Chinese began to bribe local officials to speed up the processing of their permits. The Cape Verdean government reacted to this practice, and it has since become more difficult for all Chinese to obtain residence permits and visas to Europe. The potential for corruption may also increase as the economic interaction between Cape Verde and China becomes deeper and more complex. Practices such as offering development aid in return for rights to pursue commercial interests make transactions less transparent and unethical practices harder to disclose.

11 R. Callick, 'Corruption the catalyst behind Pacific pattern', *The Australian*, 25 April 2006.

12 Afrobarometer, 'The Quality of Democracy and Governance in Cape Verde', p. 11.

Chinese immigration is not perceived as a threat to national identity. Visible and culturally distinct immigrant groups are often seen as a threat to national identity and social harmony. In Cape Verde, however, the presence of Chinese immigrants is not perceived as threatening in this way. The centuries of mixture, Creolization and outbound migration from Cape Verde are key to understanding how a distinct cultural and racial group may be readily accepted as part of Cape Verdean society. Virtually all Cape Verdeans are descendants of both mainland Africans and Europeans, and their national identity has been created out of this mixture. Migration from Cape Verde has resulted in a widely dispersed diaspora, and the country's position at an Atlantic crossroads has ensured a steady flow of new impulses. Cape Verdeans have come to perceive themselves as open towards cultural difference and experienced in interacting with foreigners.¹³ Many of the Chinese we interviewed expressed appreciation of this cultural openness, and contrasted it with the discrimination they feared they would have faced in Europe.

In one way, however, the Chinese presence may pose a challenge to the national identity of Cape Verdeans. Many people in Cape Verde perceive their country as poor, and understand their personal and collective poverty as place-bound.¹⁴ Searching for opportunities elsewhere is often seen as the only way to wealth. The arrival of a considerable number of Chinese who search for, and in some cases attain, wealth in Cape Verde challenges this common world-view. Some Cape Verdeans consider the (perceived) success of the Chinese as a cause for suspicion, and conclude that the only explanation must be that the Chinese do not play by the rules or are granted favours such as tax exemptions for political reasons. Such logic may be used to justify property crimes against the Chinese, from shoplifting to armed robbery, which are serious and increasing problems.

13 L. Åkesson, 'Making a Life. Meanings of Migration in Cape Verde', Unpublished PhD thesis (Department of Social Anthropology, Göteborg University, 2004).

14 J. Carling, 'Migration in the Age of Involuntary Immobility: Theoretical Reflections and Cape Verdean Experiences', *Journal of Ethnic and Migration Studies* 28, 1 (2002), pp. 5-42.

The Chinese are not reinforcing internal conflicts. During the past couple of years, there has been an increase in Western media reports of China undermining efforts to promote human rights and good governance in Africa by selling arms to regimes known to turn them against their own citizens or extending diplomatic support to assist repressive regimes to keep in power. Unlike many African countries, Cape Verde has faced no wars, neither during decolonization nor later. The country is marked by relative political and social stability, and Cape Verdeans have faith in their political system. After the 2001 elections, only 5 per cent of the population thought that the elections had not been 'free and just'.¹⁵ The Chinese presence does not add to the repression of any population segment in Cape Verde. The fact that the Chinese presence is not reinforcing internal conflicts in Cape Verde helps ensure that the Chinese immigrants are not negatively viewed.

Sources of resentment

Despite the largely positive attitudes towards the Chinese, their settlement in Cape Verde has not proceeded without resentment. While Cape Verdeans expressed gratitude for the lowering of consumer goods prices brought about by the Chinese, they often also commented on the low quality of the Chinese goods. Discussions between Chinese shop owners and customers who wanted to return broken products occurred frequently during our fieldwork. The increased competition among the Chinese traders has partly affected quality as well as price, and in general, the quality of the goods is now higher than when the first Chinese shops opened. However, upmarket goods from China are difficult to sell because of the poor reputation of Chinese merchandise. Disappointment with the goods purchased from Chinese stores continues to be a source of conflict between Cape Verdeans and the Chinese.

Another source of tension between the Cape Verdeans and the Chinese is the employee-employer relationship. Most Chinese shops have two to five local employees who assist customers, watch out for

¹⁵ Afrobarometer, 'The Quality of Democracy and Governance in Cape Verde', p. 7.

shoplifters and do other work in the shops. While unemployment in Cape Verde is high, the Chinese shop owners said they had difficulties finding employees they could trust. Some shop owners introduced strict control measures to catch employees stealing. Others assumed that all employees would start stealing after some time and kept a high turnover, firing employees after a couple of months, before they acquired any protection under the country's labour laws. Yet others invested in their relationships with the employees to build loyalty and retain good workers. The relationship between shop owners and employees continued to be a source of tension, however, with each side complaining about being cheated and let down by the other. Both the Chinese and the Cape Verdeans attributed such tension partly to cultural differences. It remains to be seen how the relationships between Chinese employers and Cape Verdean employees will play out when the Chinese are moving into other business areas but small-scale retail.

Conclusion: The future of Chinese-Cape Verdean relations

While the days when small-scale Chinese retailers could make good money in Cape Verde have passed, the number of Chinese small-scale entrepreneurs has kept growing. Barriers to exit are high. Entering new markets requires knowledge and contacts that many entrepreneurs do not have access to. Shutting down the existing business carries high costs as unsold goods are expensive to export to a third country and are hard to sell wholesale locally. Those entrepreneurs who have higher education from China worry that their skills will already be outdated and useless in modern China. Those without an education fear their opportunities for making a profit will be even slimmer in China, where they are now out of touch with the market. While a few chose to go to Cape Verde mostly to get the experience of living abroad for a while, many came because they were not doing very well in China, either at school or in their jobs.

The lucky retailers came when profit levels were still generous, and some moved on while it was still easy to sell off their goods to colleagues. The unlucky late entrants have to make do at least until their sunk costs are recovered. It remains to be seen whether some of them

will introduce innovations in the ways they run their businesses or move into new business niches. So far the opposite has happened—Chinese who tried starting restaurants or bars have shut them down and opened shops instead.

While the entry and proliferation of Chinese entrepreneurs in Cape Verde took place without encouragement or much intervention from the state on either side, a second generation of Chinese entrepreneurs has started entering Cape Verde, and these, backed by political connections and more capital, are attempting to enter higher value markets such as property, natural resources and communications. This involves tighter cooperation between Cape Verdean and Chinese political and commercial players, and lead to greater intertwinement of fields such as commerce and development aid.

China's pronounced ambitions to move into higher value markets in Africa are paralleled by Cape Verdean expectations that China will be a strategic partner in turning Cape Verde into a commercial and service hub in West Africa.¹⁶ The consequences of the second wave of Chinese business investment, and how this will affect the way ordinary Cape Verdeans regard the Chinese, are not yet known. It is evident, however, that the impact of Chinese investments on the small island economy of Cape Verde is potentially extensive. While taking a principled stance for or against Chinese investment is a meaningless exercise, it is pertinent for Cape Verde to carefully weigh advantages and costs related to concrete cooperation projects.

The case of Cape Verde is in many ways a Chinese success story in Africa. The principal losers so far seem to be the Cape Verdean *boutique* owners, the mainland African traders, the women who used to make a living on clothes repairs, and indeed some of the Chinese traders themselves. The late entrants often ended up struggling to recoup their investments and felt stuck in a market with dim prospects. For the majority of Cape Verdeans, however, and for the image of the Chinese in Cape Verde, the encounter has been overwhelmingly positive. As we have shown in this paper, this outcome has much to do with specific factors in Cape Verde. The Cape Verdean case

16 Embassy of the PRC, 'Chinese foreign minister kicks off African Tour', Press Release, 12 January 2006.

MIXED FATES OF A POPULAR MINORITY

illustrates how the variety in local markets and social and political contexts across the continent precludes sweeping conclusions about the impact of China's growing presence in Africa.

