

**IDEAR Working Paper 2009/3**

**Has Mercantilism Reduced  
Urban Poverty in SSA?**

*Perceptions of boom, bust and the China-Africa  
trade in Lomé and Bamako*

**Michal Lyons, Alison Brown**

Address for correspondence:

Michal Lyons

Professor of Urban Development and Policy

Faculty of Arts and Human Sciences

London South Bank University

Borough Rd. London SE1 0AA, UK

Email: [lyonsm@lsbu.ac.uk](mailto:lyonsm@lsbu.ac.uk)



***Has Mercantilism Reduced Urban Poverty in SSA?  
Perception of boom, bust and the China-Africa trade in Lomé  
and Bamako***

*Michal Lyons\* and Alison Brown*

**Michal Lyons**

Professor of Urban Development and Policy  
Faculty of Arts and Human Sciences  
London South Bank University  
103 Borough Road, London, SE1 0AA, UK  
lyons@lsbu.ac.uk  
+44 20 7815 7239

**Alison Brown**

Senior Lecturer  
School of Town and Regional Planning  
Glamorgan Building  
University of Cardiff, Cardiff, UK  
brownam@cardiff.ac.uk  
+44 29 208 76519

\*Corresponding author

***Has Trade Reduced Urban Poverty in SSA?  
Perceptions of boom, bust and the China-Africa trade in Lomé  
and Bamako***

**ABSTRACT**

This paper addresses the immediate impacts of the China-Africa trade on Africa's informal traders and its longer term impact on urban poverty, based on a comparison of the major cities of two West African countries and drawing on semi-structured interviews with traders and on schedule-based interviews with key informants in government, business and the informal trade sector. Findings are that the increase in imports from China initially broadened access to trading for the poor, creating short-term improvements in livelihoods, but competition is driving down profit margins and restricting the trade to a survival mechanism for many today. Thus it has provided limited long-term potential as an economic platform for national development and poverty reduction. The findings are discussed in terms of structuration theory and in terms of alternative conceptualizations of informal trade in Africa.

**Keywords:** sub-Saharan Africa, Togo, Mali, informal economy, China-Africa

# ***Has Trade Reduced Urban Poverty in SSA? Boom, bust and the China-Africa trade in Lomé and Bamako***

## **INTRODUCTION**

Trade, globalization and adjustment policies have profound impacts on the African urban poor working in the informal economy (Cohen 2004; Carr and Chen 2002). The decline in formal employment in administration and manufacturing, which followed the oil price shocks of the 1970s and structural adjustment in the 1980s, has resulted in a significant increase in informal work (Bryceson and Potts 2006:44). Given the historical importance of trade in many African communities, a major focus for this growth has been in commerce, with street trade now economically significant, and a key source of new jobs for the urban poor (Chen and Carr 2004, Skinner 2008:7-9, Simone 2004:25), although politically motivated evictions remain a constant threat (Hansen 2004: 77). As street trade has increased in scale, its character has changed. Street traders are longer predominantly an outlet for local produce. Instead, many traders are linked to global supply networks. Particularly evident has been the increased sale of Chinese-manufactured imports in urban markets over the last 5-10 years (Lyons, Brown and Li 2008).

This paper addresses the immediate impacts of the China-Africa trade on Africa's informal traders and its longer term impact on urban poverty, based on a comparison of the major cities of two West African countries: Lomé, where trade is heavily influenced by Togo's freeport, and Bamako in landlocked Mali.

The paper sets out a theoretical framework for the research drawn from structuration theory, exploring ideas of perverse outcomes of aggregated actions. It then briefly discusses the recent rapid expansion of the China-Africa trade and explores the context of trade in Lomé and Bamako. Finally, it examines the different strategies adopted by traders, and their outcomes for poverty.

## **THEORETICAL FRAMEWORK**

Giddens famously argued that the social institutions constraining human action are modified

through the aggregate influence of the exercise of limited choice by a multitude of people (1984). Giddens acknowledged that such structural change can be 'perverse' or 'suboptimal' in different ways. This can arise because the action creates an intended effect in isolation but perverse effects if everyone follows but actors are unaware of this potential complication (Elster 1978 in Giddens 1984: 311). A second interpretation draws from game theory, arguing that actors, though aware of the consequences of their action, choose a suboptimal strategy to achieve personal benefits in relation to other people. An example is that of a cartel, which would benefit members, but creates a profitable option for someone who flouts the cartel, thus no-one joins (Olsen 1963 in Giddens 1984: 312).

These arguments led Giddens to formulate the concept of "structural contradiction", in which the "conditions of system reproduction depend on structural properties" which negate the principles on which they are based (1984:314), for example the capitalist state which "depends on a process of accumulation which is beyond its power to organize" (1984: 315). This paper explores the "unintended consequences" of individual actions of urban informal traders.

Some approaches to poverty reduction stress the potential of individual (or household-level) strategies and outcomes. For example, proponents of the sustainable livelihoods framework (Scoones 1998) are interested in possible routes out of chronic poverty and in the ability of large numbers of the poor to sustain their livelihoods and survive in the face of adverse trends and shocks. They argue that, by exchanging one form of asset for another and by developing alternative assets, the poor could exercise sufficient agency to maintain stability, or possibly improve their economic status.

In relation to street trade, research has shown that social capital – a key component of the livelihoods framework - is important in enabling informal individual traders adapt and sustain their livelihoods (Kumar and Matsusaka 2004), and that collective social capital of traders can sometimes be mobilized to mitigate the repressive behavior of urban authorities towards their use of public space (Brown 2006: 183-5). These bodies of work overlap, but have distinct emphases;

the first suggests that *individuals* can develop more effective economic strategies by drawing on the power of a group, while the second emphasizes the potential of *groups* to protect a space for action – physical or political - in the city. Both arguments conclude that some individuals and groups are able to function better than others *within a given economic and political framework*.

However, some work on informal traders suggests that individual activities may have significant *aggregate* effects (Lyons and Snoxell 2005a, b). For example, Fafchamps *et al* (2004) have argued that the aggregate outcome of modified social capital links has been to improve the efficiency of marketing agricultural produce, findings expanded and reinforced by Lyon and Porter (2007). However, the work on informal trade has not generally argued that aggregate outcomes of individual livelihood decisions can be *perverse*, as suggested by research in other livelihood areas (Rodgers 2005; Maclure 2006).

The adoption of market innovations by a large number of traders is one form of aggregate action. This has been discussed from a structuration perspective as the creation of opportunity, in turn attracting entry, in time resulting in growing competition, reduction in profit margins and eventual market saturation (Bhowmick 2007; Poole *et al* 2006). The structuration model also enables entrepreneurial activities to be interpreted within multi-layered contexts where trading responses are seen as a negotiation between broader and immediate environments (Morawska 2004).

Of particular note is the observation that traders operating in international markets may often lack sophistication in understanding new markets or the ability to cope with new challenges (Alexander 1997). In the South, structuration analysis of retail markets has largely focused on the introduction of ICT, in which sector market saturation is a distant prospect (Walsham and Sahay 2006). However, this paper is concerned with the introduction of innovations which both compete with local manufacture *and* saturate the market, and asks what their poverty impact has been, and why.

## **THE CHINA-AFRICA TRADE**

The increase of Chinese-manufactured imports to Africa is one facet of China's widening horizons and burgeoning economy. The expansion of the Chinese economy, almost 10% per annum since

1990, owes much to exports. Following China's accession to the WTO in 2001 its labor-intensive manufacturing grew. Strengthened political ties with developing nations were promoted by China, both to challenge established global power relations, and to develop new sources of raw materials (FOCAC 2008).

The recent growth in Chinese trade has come to represent a critical growth area for African economies. During 1991-2000, Africa-China bilateral trade grew more than 700%, starting from a very small base. Following the first China-Africa Forum in Beijing in 2000, bilateral trade grew to more than \$20bn over the four years to the end of 2004, and has expanded year on year ever since. African manufacturing has not increased its share of exports during the period (Kaplinsky *et al* 2006). As trade has increased, imports have increasingly outstripped exports as shown for selected countries (Figure 1).

For the Chinese economy, exports to Africa remain relatively insignificant - only 2% of China's 2004 exports were to Africa - but for the much smaller developing African economies the rapid cumulative increase far outstrips growth in GDP (eg: the selected countries in Figure 2). Some 80% of imports are processed/manufactured, light-industrial consumer goods (Goldstein *et al* 2006). The markets under study here can broadly be divided into three categories: shoes, clothing and personal items (such as bags, hair extensions and jewelry); household goods; mobile phones and phone accessories, and electrical items from calculators to TVs.

The import and distribution of Chinese-manufactured goods in Africa has been largely attributed to expatriate Chinese traders. A growing literature analyses the strategies of Chinese diasporas in Africa, for example in Namibia and Angola where Chinese function largely as wholesalers (Dobler 2005); Cape Verde where increasing and continued competition within the Chinese trading community has eroded profits and resulted in its virtual collapse (Haugen and Carling 2005); and Senegal where success in struggles over space and municipal support have been central to the commercial establishment of Chinese wholesalers (Scheld 2007). In contrast, African street trade is widely seen as focused on the distribution of local produce, goods and services.

Figures 1 and 2 about here

Increasingly, however, Africans are playing an important role in the China-Africa trade. Thus, in parallel with the rapid growth of street trade (UNDP 2008: 37), the street economy has become more commercial and international in character, with many African traders acting as buyers, shippers and wholesalers in relatively small-scale yet complex international supply chains (Lyons, Brown and Li 2008).

The aim of this paper is thus to explore the characteristics of the urban informal trading community in Lomé and Bamako, and the impact of the China-Africa trade on the community, using the lens of structuration theory as an analytical framework and seen from the perspective of market traders' themselves. The hypothesis is that the large-scale take up of trading in Chinese-manufactured consumer goods by urban informal traders is eroding the market opportunities which they seek to exploit. The research objectives are thus to:

- explore the characteristics of the urban market trading community in Lomé and Bamako;
- explore traders' perceptions of the importance of the import sector for small traders
- analyse the changing opportunities and constraints for traders, and
- analyse the cumulative and unintended consequences of collective involvement in the China-Africa trade.

The research was funded by the British-Academy, and the team has also undertaken research on African importers based in Guangzhou in southern China, which is not reported here. The focus has been on the perspectives of actors directly involved in the expanding import trade and, as the research was a small project, the team has not yet situated the findings in a wider analysis of national and regional trade policy and international relations with China.

## **CONTEXT**

Both Togo and Mali have the significant informal economies typical of sub-Saharan Africa (SSA). In 2007, Togo's GNI per capita was estimated at US\$ 360 and Mali's at US\$ 500; in Mali the inequality rate as expressed by the Gini coefficient was 0.4 in 2001, high by international standards



(NB no equivalent data for Togo); and, in both, there is a high proportion of below-poverty line population - 60% (WB 2008). In 2004 their shadow economies were estimated at 40% of official GDP for Togo and 45% for Mali, compared to an average of 43% for some forty SAA countries; the analysis used a multiple-indicators econometric approach to estimate at national scale unreported income from the production of legal goods and services (Schneider 2004).

Taken together, these data suggest a strong incentive in each country for the poor to establish small-scale, informal enterprises, requiring low start-up capital and some livelihood and mobility opportunities. The increasing dominance of commerce in their economies, and the reinforcement of bilateral links with China over the past decade, have ensured rapid growth of Chinese-manufactured imports as a percentage of GDP (Fig. 1) and also resulted in relative easing of visa restrictions in comparison with Europe (although since the run-up to the Beijing Olympics in the summer of 2008 visa restrictions on African visitors to China have become – and remain - very severe).

Recent import and export figures demonstrate the importance of commerce, indicating a shift from manufacturing and artisanal industries to commerce. In Togo the shift has been more rapid than in Mali. Data on trade with China demonstrate that Mali and Togo, and their main commercial and capital cities Lomé and Bamako, play different roles in the export chain. In 2005 Togo's trade with China came to \$570M, well below such oil exporting giants as Nigeria (\$2830M) but similar to large trading economies such as Ghana, Tanzania and Kenya; while Mali's came to \$145M. Togo's location on the coast and its freeport, have ensured that imports are far higher in relation to its economy (in relation to GDP) than in most of the region. In contrast, Mali's land-locked position has contributed to its positioning further along the distribution chain (Figure 2).

Togo has been described as a 'failed' state, following its military coup in 1967 and close to forty years of uninterrupted dictatorship. However, following the death of President Gnassingbe Eyadema in 2005, it has progressively adopted democratic processes under the leadership of President Faure Gnassingbe. Abandoned by European donors in 1993, and by the World Bank in 2003, but in

early 2008 when the fieldwork took place the country was in talks with UNDP, the World Bank and other donors, and was in the process of developing a PRSP (KI interviews). The country has taken a *laissez-faire* attitude to trade through the port and Lomé, and to migration. Ethnically the country is mixed. Thirty seven African tribes are represented in 99% of the population (with only 1% white Europeans or others). The population is growing at 2.8% per annum (WB 2008).

Much of the ethnic variety is evident in Lomé, with large communities of Christian, animist and Muslims. Nevertheless, the population of Lomé is predominantly Ewe like southern Ghana and Benin, and the colonially imposed borders are porous, with ethnicity more important than nationality. Lomé sits on the main route connecting Lagos with Abidjan and serves as a distribution point for goods throughout the West African coast. The city has a population of around 1 million people, of whom 80% are thought to work in the informal economy (KI interview) although reliable statistics are rare - at the time of fieldwork the last census had been taken in 1981. The freeport in Lomé is an important gateway for imports, particularly to Nigeria, Niger, Burkina Faso, Ghana and Mali, reportedly more attractive than Cotonou in Benin, or Tema in Ghana. Official statistics indicate that in 2005, 72% of total trade at the freeport was imports with an increase of 10% of goods (Port Autonome de Lomé 2009).

Lomé has a spatial hierarchy of markets. There are two main markets in which consumer goods are sold. Grand Marché, a regional centre of the waxed cloth trade, with a predominance of women traders; and Hèdzranawé, north east of the city, created about 12 years ago when traders in second-hand clothes were relocated from the city centre *en masse* to a new site nearer the airport, which includes trading communities from Benin, Nigeria, Niger, Mali, Chad etc. Neighborhood markets sell food and small household items. There is also a well established community of some 4,000 Chinese residents, many of whom are traders, reflecting bilateral political links of over 20 years with Africans educated in China, and Chinese construction firms building government buildings.

Mali embraced democracy with independence and has maintained free elections throughout, but

developed more slowly economically and is heavily dependent on world cotton prices. Socially and culturally it has remained more homogenous – and conservative – than Togo. At the same time, it is less well placed to capitalize on liberalizing reforms, being landlocked and remote from major trans-shipment points.

Population growth was approximately 2.7% per annum in 2008. Rural-urban migration has been a major driver of urban growth in Bamako, although many migrants retain a circular migration pattern which supplements seasonal work in agriculture. In the country as a whole, the population is predominantly composed of the three largest Mende tribes (50%), particularly Bambara, with the balance made up by some five other tribes (WB 2008). Muslims comprise 99% of the population. Literacy levels are significantly lower than in Togo (46% compared with 60% (WB 2008)). There are virtually no foreign communities and, reportedly, it is difficult to establish businesses in Mali even for other West African nationals (KI interviews).

Situated on the banks of the Niger River, Bamako has long been an important centre for inland trade. As Mali's administrative capital, and largest city, with a population estimated to be 1.3m in 2001, now nearer 1.6m, during the late 1990s its growth rate was estimated to nearly 6% - one of the fastest urban growth rates in Africa (BNETD 2001). Poverty indicators were significant, with an estimated one third of the population below national poverty line, the numbers of people with access to piped water being 20% and to public sewerage 1.5%, and literacy rates at 18%. An estimate d 64% of people were working informally (BNETD 2001).

In both countries, urban policy towards traders is guided nationally. In Togo, in February 2007, the government's ministry for small-scale enterprises promoted a *National Forum on the Informal Sector*, but the ministry was downgraded following the 2007 election (KI interview Lomé) and has been effectively dormant since. In Mali, the directorate general of commerce has a project to support petty traders, although the approach focuses on formalization and licensing (KI interview Bamako), but this has not translated into more tolerant policing, while the nationally recognized negotiating forum excludes hawkers.

## METHODS

The research drew mainly on key informant interviews with government officials, multilateral agencies and community leaders, and on in-depth semi-structured interviews with traders themselves. Traders were classified into three main groups: wholesalers/larger retailers; market traders with established trading sites or stalls, and mobile hawkers. Interviews were carried out in Lomé in January 2008 and in Bamako in March 2008. Some 175 interviews were held in total, with the numbers of interviews in each location detailed in Table 1. The research and interviews focused on trade in the garment, household goods and small electronics sectors, where imports from China are increasingly replacing local manufacture or other import sources, notably Europe and the Middle East.

Table 1 about here

The *key informant interviews* explored issues of trade management, the changing scale and character of street trade, the role of street-trade in urban and national economic policy, and trade policy.

For the purpose of sampling, traders were grouped to reflect trade-career trajectories out of poverty, from hawker to wholesaler (Lyons and Snoxell 2005b). Interviews with *wholesalers/larger retailers* used an interview schedule to focus on current business and markets, employment history, perceptions of market trends, limits and opportunities, and generally lasted about an hour. Interviews with *market traders* used a detailed semi-structured questionnaire to permit in-depth investigation of respondents' socio-economic status; business characteristics; income and turnover; spatial characteristics; registration and formality; supply and distribution networks; trading-relevant social capital such as savings and loans groups, and vulnerabilities. These interviews generally lasted about one and a half hours with traders continuing to trade during the interview. Interviews with *hawkers* covered similar topics but were necessarily briefer, lasting about half an hour, and using an interview schedule.

In each city, interviews were carried out in two market areas where the sale of Chinese-

manufactured consumer goods was most evident. In Lomé the survey areas were Grand Marché (the main market building at Assigamé and the surrounding district), and Hédzranawé, and in Bamako the central market buildings and area surrounding Marché Rose and the outlying Médine market. Respondents were selected from the clothing/textile areas, household goods and consumer electronics, including mobile phones. Traders were randomly selected within identified areas in the markets with interviewers counting off each fifth eligible stall in the selected areas and moving on one in case of refusal. In Bamako the interview period with market traders and hawkers had to be curtailed because the *mairie* announced a street clearance during the fieldwork, although this did not eventually take place when scheduled following public debate.

## **FINDINGS**

### **1. Urban Market Trading Communities and Trends in Lomé and Bamako**

There is widespread consensus in both cities that there has been a rapid increase in the scale of urban informal trade in the last 5-10 years but no reliable data (KI interviews Lomé and Bamako). In Lomé trade is traditionally important, with women forming the large majority of urban market traders, particularly in the sale of cloth, new clothing, food and household goods, although male traders predominate in the sale of electrical goods and second hand clothes. In Mali, men form a majority of traders, and informal trade has increased rapidly since 1995, when the country agreed to abolish fixed pricing and abandon national control of trading and distribution. For example, Grand Marché in Bamako housed 7,950 formal tenants in 2000, but by 2008, the number had risen to 10,000, an increase of over 20% (KI interviews Bamako). As elsewhere, in both cities hawking is often the first entry point to commerce for the poor.

In both cities the nature of trade is also changing, with an increase dominance of imports among the goods for sale. The different pace of change in each city reflects – and is reflected in - the different character of the trading communities. In Lomé, transit trade to inland Togo and the region is important, partly because of the influence of the freeport. Chinese imports are widely available

and there is an established Chinese trading community some of whom have lived in Togo for 15 or more years although with many recent arrivals (KI interviews Lomé). The onward trade and Togo's reportedly open borders have drawn migrant communities from across the region, including Nigeria, Niger, Mali, Burkina Faso, Benin, and Ghana. Over half the market traders interviewed in Lomé were international migrants, sometimes with a history of migration, having living in three or four countries *en route*. A large majority of the hawkers interviewed in Lomé also came from abroad (19 of the 30 interviewees), and the others, from various parts of Togo. In Bamako the Chinese community is much smaller, and Chinese traders have difficulty in managing the French language (KI interview Bamako). Amongst both market traders and hawkers, the migrants were from smaller cities or rural areas to Bamako. Every market trader interviewed in Bamako was Malian, and only one of the 21 hawkers had come from abroad (Burkina Faso).

The three broad categories of traders interviewed – wholesalers, market traders and hawkers – represent different levels of business size in terms of capital base and turnover. These levels are also reflected in general terms in the extent to which such businesses can be described as informal (or 'extra-legal'). Many formal businesses were licensed, and almost all those interviewed paid taxes or daily fees, in Bamako to the *mairie* (municipality) and in Lomé to EPAM, a private company that manages the city's main markets. Togo retains a peddling license, and some hawkers are licensed to trade. All other hawkers interviewed paid daily hawking fees. In contrast, in Bamako no peddling license exists but hawkers still pay daily fees, to officials, 'gatekeepers' or both. Neither licenses nor payment of fees provide immunity from eviction.

As Table 2 shows, the large bulk of market traders interviewed in both cities had at least some formal education (69 of 83 responses), and the percentage was very similar in the two cities. However, the market traders interviewed in Bamako were generally better educated (44%, or 11 of 25 respondents had completed more than 10 years of schooling compared with 12%, or 5 of 52 in Togo). The low levels of literacy amongst market traders in Lomé are particularly striking given the nationally lower literacy levels in Mali (see above). Among hawkers, mean educational attainments

were lower in Bamako (4.9 and 3.6 years of school completed by Lomé and Bamako hawkers respectively).

A much higher proportion of women were observed trading in all the selected sectors in Grand Marché in Lomé than in either the outer Lomé market of Hèdzranawé, or the markets in Bamako, as reflected in the interview sample. No child market traders were found in either Lomé or Bamako. However, market traders interviewed in Lomé were significantly younger with 64% under 35 (32 of 50) compared with 44% in Bamako (13 of 31). One hawker in Lomé and three in Bamako were under 17.

The picture summarized in Table 2 is of two contrasting trading communities: Lomé, a highly dynamic, mobile and opportunistic society, and Bamako, far more traditional and conservative. Reinforcing this contrast, there is evidence of a more stable and family-based structure surviving in Bamako, with far higher rates of marriage among market traders; a higher proportion of traders with children of their own; and lower rates of bachelorhood (8 of 31, or 26%, against 21 of 51, or 41%). There is also evidence of stronger support to family by traders in Bamako, with a much higher proportion supporting children in school (Table 2). Interestingly, traders in Bamako were also supporting the education of children beyond their immediate family (97% supporting children in education, while only 77% have children of their own), probably reflecting the strong extended family ties still surviving in Mali. In addition, while traders in both cities are more likely than not to make remittances to family members, the rate amongst interviewees was higher in Mali (42% against 32%).

The mean working week for market traders is 68 hours, comprising a working day of 6-14 hours, seven days a week, fifty two weeks a year, indicating that trading is their main occupation. Physical working conditions are difficult, with inadequate cleaning of markets and trading places, poor (or no) sanitary facilities, and often no regular access to water or electricity. Hours for hawkers are similar or, often, longer, as formal markets are subject to regulated opening times. However, in general, working hours in Lomé are somewhat shorter than working hours in Bamako at all trading

levels.

In all SSA cities, the income from market trading is a significant source of locally raised revenues. Most market traders and all wholesalers interviewed work in accepted trading areas, which may be public or private facilities, and almost all were paying at least some taxes. In Lomé, 28 of the 36 market traders interviewed in and around Grand Marché paid a license of between CFA 12,000-80,000 a month, and only one of the 16 interviewees in Hédzranawé was not paying a license fee. In Bamako 13 of the 31 interviewees were not paying license fees. All but one of the unlicensed traders paid daily fees of CFA 100-500 a day.

For market traders, negotiating access to legitimate and secure space is a major problem:

*We can never forget all the troubles in which we get in before having the license to sell here. It was very difficult ....All markets in Lomé are under EPAM. EPAM keeps order in their markets and maintain them. Those who need space apply to EPAM, abut many individuals pay bribes to get trading space. EPAM collects rent from everyone who sells in a public space, but the customers derive little benefit from the taxes/rates they pay. (Market trader, shoes, Assigamé, Lomé).*

*I started selling with a friend in the market, we were selling second-hand goods (jeans, shirts, coats) I learnt how to trade and I made many friends. As I raised some money, I started my own business with 20 jeans. It was difficult for me and I had to stop because I could not pay fees to EPAM. I stayed at home for four months. One of my customers who was my friend, helped me and I started again my business. Dubai products are affecting second-hand trade (Market trader, second hand jeans, Hédzranawé, Lomé).*

In Bamako, increased crowding in the streets has reduced municipal tolerance for street trade and resulted in repeated evictions (KI interviews, local and central government).

*Municipality agents seized my merchandise on the pretext that it was spread out on the road, which was false. I paid so that they returned it to me. They also closed my store under pretext that I was six months in rent arrears, whereas it was only one month (Market trader, radios and calculators, Marché Rose, Bamako).*

*The municipality served us with notice of a week to quit our places. We went to the Chamber of Commerce who advised us to consult a lawyer, who obtained a delay of one year in the eviction notice. Nevertheless, three days later at night, municipality agents demolished*



*our stalls. We still don't know the reason for the evictions and no other activity has been allowed there (Market trader, small items, Médine, Bamako).*

For hawkers, the situation is more complex. Although unlicensed hawkers in both cities pay daily tolls to occupy their space, in both cities there are frequent crack-downs on hawking as a result of political decisions, sometimes to present a better image to visiting dignitaries or as response to pressure from formal traders.

*The police harass us at every moment. Often, they rifle my goods. Twice a day. I have lost goods to the value of perhaps CFA 100,000. Also, we pay fines. I sell products from China and Dubai. This is what sells quickly. For China it's the price; For Dubai, the quality. There are more products for the cheap goods (and therefore the Chinese) (Hawker, trousers and T-shirts, Grand Marché, Bamako).*

*When I was a hawker, municipality agents confiscated my goods although I had not infringed the market rules of Médine. I had to pay money to get the goods back (Market trader, telephone accessories, Médine, Bamako).*

*They want us to stop. They don't want us to circulate in the markets, but we can't stop in a fixed position, because they chase us away when we stop (Hawker, ladies' shoes, Lomé).*

Many businesses were relatively new. Some 62% of market traders (50 of 81) had traded for less than six years, and 55% (28 of 51) of the hawkers interviewed had traded for less than four years. In contrast however, several of the Togolese traders in and around Assigamé were working in businesses set up by their mothers or grandmothers, illustrating the long trading history in the region.

*My grandmother started selling pills, initially, but was arrested, so changed to textiles. Later on she decided to go into household goods. My mother has been trading for around 30 years now, my sister is also working. They have also sold rice and baby clothes in the past (Market trader, cookery items, Assigamé, Lomé).*

Commerce in both cities is a relatively mobile sector, with people moving in and out of street trade. Of the forty one market traders in this study who reported their job history, 48% (19) had entered commerce after working in services (restaurateur, teacher, secretary, driver), manufacturing, or construction in the 1990s. Of the hawkers who responded well over half (68%) (??) had worked in

other sectors, generally, agriculture. Particularly in Bamako, many return to a rural home each year for the harvest season, thus combining urban and rural livelihoods.

Once in commerce, traders provide a crucial link in the livelihoods chain. As Table 2 shows, most market traders in both cities make remittances to relatives. The percentage of hawkers who reported sending remittances was also very high (57%, or 17 of 30 interviews in Lomé, and 71%, or 15 of 21 interviews in Bamako – not shown). Although the rate of support to extended families is much higher in Bamako than in Lomé, it is interesting that even in the dynamic environment of Lomé, the practice is so common. Indeed, the rate in Mali may be unusually high for sub-Saharan Africa – for example recent findings in large-scale study in Tanzania, found that 55% of rural-urban migrants continuing to make remittances after 5 years in the city (Lyons and Msoka 2008). Far fewer of the hawkers interviewed in both Lomé and Bamako are also receiving occasional remittances or help with starting a business from family overseas (30% and 27% respectively).

## **2. Perceptions of Importance of the Chinese Import Trade**

Various authors have explored the profound impacts of Chinese-manufactured imports on manufacturing in of SSA (Kaplinsky et al 2002; Kaplinsky et al 2006; Goldstein et al 2006), but impacts on commerce have been much less fully addressed.

While the growth in imports from China over the last few years has been very significant, across all sectors of manufactured goods, the research indicates that Chinese-manufactured goods are substituting other sources of equivalent goods, undercutting both local manufacture and other imports. The majority of wholesalers and market traders interviewed in both cities reported that their main product was imported (95% and 93% in Togo and Mali respectively). Among those selling clothes, textiles, shoes and accessories the prevalence of imports was even higher (100% and 95%).

Some traders considered that the import of Chinese goods is making new markets accessible to African consumers.

*I appreciate the Chinese trading policies. First, the Chinese take into account the living conditions of Africans when manufacturing goods for Africa. Chinese goods are cheaper than European goods. Second, they settled their business in Africa, especially in Togo to be close to customers. they are wholesalers, importers at the same time (Market trader, electrical goods, Assivito-Grand Marché, Lomé).*

Others are concerned that Chinese trade is undermining established local manufacture and commerce - the last textile factory in Togo closed some years ago (KI interview). There has been considerable impact on the sale of Dutch waxed cloth, a key produce in Grand Marché in Lomé, developed in the 19<sup>th</sup> century as a trading commodity, and latterly imported, and also on the sale of imported second hand clothes at Hèdzranawé,

*The Chinese are copying the designs of the cloth, producing more cheaply, and selling cheaper. They are undercutting the market. A law was passed last year to restrict people who are wholesalers in waxed cloth from also retailing; a Decree has been issued but it has not yet been implemented (Wholesaler, waxed cloth, Lomé).*

*The major problem for used clothes sellers is that there is no money in the country and people cannot afford quality goods. Africans are poor, so the Chinese goods suit them (Market trader, second hand bags, Hèdzranawé, Lomé).*

However, competition is rapidly eroding prices and profits. Prices vary with the precise technology and quality used but, in the garment sector low-grade Chinese-made clothes are sold for as little as 10-15% of western second-hand goods; similarly, imitation wax prints sell for about 20% of the cost of the traditional Dutch imports and local manufacture; and plastic utensils undercut local metal, pottery and other household-goods crafts. Wholesalers and importers of second-hand clothes, African-made textiles, and western-made electronics have seen stocks stagnate and prices - and incomes - fall. Many have now expanded to include Chinese imports Interviews with wholesalers of consumer electronics confirmed that the cost of a standard TV has halved in five years.

*Business is falling because cheap imports are undercutting the traditional market. Cost difference between Dutch goods (55,000F for a full piece - 12 yards) and Chinese (11,000 F) is enormous (Wholesaler, high quality wax cloth, Lomé).*

Further along the distribution chain, the same pattern is reflected. Some hawkers are not aware of

the manufacturing origin of their goods – they buy whatever the wholesaler supplies. However, an examination of the products suggested that over 70%, or 36 of the 51 hawkers interviewed sold Chinese goods as their primary product. Of these, the overwhelming majority explained that their choice resulted either from improved ease of entry into trade, or higher profitability.

### 3. Opportunities and Constraints of the Trade

The qualitative data in response to the open question '*How have Chinese imports affected the market-place?*' provides rich insights into the opportunities and challenges in the trade. Interestingly, although price competition is the primary factor, both economic and political/cultural themes emerge.

#### **Economic themes**

The first and most important driver of change is simply price. Most traders see an 'economic crisis' or fall in purchasing power (*pouvoir d'achat*) as the main driver of demand for Chinese goods. A market trader in second-hand clothes (*frippeur*) represents a widespread view among traders in both Lomé and Bamako the mass of their customers are poor – too poor to drive growth in the marketplace through consumption of relatively expensive goods. The stagnation of regular employment for example in government services has left a vacuum in demand for high-end goods, such as imported second-hand jeans from the USA, Europe or Australia, obliging sellers to broaden their range to include the lower-quality, but cheaper Chinese goods (*Dubai product* – so called because they are bought not directly from China but from intermediary wholesalers in Dubai).

Second is the consequent widespread availability of new consumer goods, important for style. One second-hand clothes seller, echoing a number of similar comments, was of the view that:

*Customers like the Chinese goods because of their cleanness and sharpness, but the problem is that Chinese goods, especially clothes, don't last. So people who like wearing quality things prefer second hand clothes (Market trader, second-hand clothes, Hédzranawé, Lomé).*

Others cited the importance of keeping up with economic progress – according to a trader in

Bamako,

*With the development of telecoms and globalisation it has become compulsory for all to use telephones, so there is a big need and we are the suppliers. I sell Chinese products like Siemens, Novo" (Market trader, mobile phones, Médine, Bamako).*

### **Political themes**

The third argument put forward for switching to Chinese goods expresses a broader readiness to engage with China in preference to Europe. A small number of market traders mention cultural and political arguments in their explanation, including liberation from ex-colonial Europe and a sense that the new, Chinese trading partnership is the future, and better attuned to Africa. Several market traders expressed admiration for China's Africa-tailored export policy:

*"For me, China has come to the rescue of Africa. Three quarters of our population is poor and they cannot buy primary necessities like soap, milk, sugar, coffee because it is produced in Europe and it is expensive. If we were in 1990, I could not have sold glasses because I am not rich enough. This is now the opportunity for me to trade with China. Wholesalers are complaining because we the poor can also buy the same product and at the same time price in the Chinese shops - this is just competition and it will boost trade in Togo (Hakwer, wine glasses, Assigamé, Lomé)."*

A number of respondents stated informally that the Chinese respect Africans more than their European counterparts, and this predisposed the African traders to deal with them. This supports findings from interviews with African traders from across East and West Africa in Guangzhou (Lyons et al 2008).

## **4. Cumulative and unintended consequences**

Initially, the introduction of new consumer goods into a market leads traders at all levels to report high levels of profitability. The relatively recent expansion of telecommunications in the region provides such a niche at the moment for some traders at all levels.

*Mobile phones' trade is a new business that makes you rich if you are an importer. With the development of telecoms and globalisation it has become compulsory for all to use telephones, so there is a big need and we are the supplier" (Market trader, Assigamé –*

*Grand Marché, Lomé).*

Many traders have made good profits from the trade. For example, a 29-year old trader from Lomé, selling Chinese jewelry by post across the CFA-region had built three houses as a direct result of business success:

*I like this [Chinese] trade...we are making profits with them. Chinese products are not expensive, and we don't need to travel to China. I know that people are complaining, but I can't complain (Market trader, jewelry, Grand Marché, Lomé).*

Another trader in Assigamé selling synthetic leather handbags, said

*When I started selling with my aunt I was surprised by the high profit levels. So I decided to save money to go into trade. When I told my mother that I had earned enough to start my own business (CFA 700,000 in 5 years) she couldn't believe it, and gave me CFA 300,000 so I started with CFA 100,000! (Market trader, bags, Assigamé – Grand Marché, Lomé).*

However, the market for consumer goods in every sector has attracted increasing numbers of traders at every level. As a migrant trader from Niger in Lomé's Grand Marché said: '*Chinese goods are a boon to all who hope to enter trade but don't have much capital*'. Thus, longer term, the competition for sale of Chinese-manufactured goods is intense, with respondents at all levels reporting continuing pressure on prices, falling profit margins, and falling profits (although some hawkers still amass sufficient capital for upward mobility). Informing the comments of all but two of the 52 market traders interviewed in Lomé, for example, is a strong perception that the consumer-goods market as a whole, has peaked. Two main stages are identifiable in this decline.

First, there is the pressure on the price of local products, or of products from previously established import sources, from the low prices of newly imported Chinese goods. This means that traders in such goods must sell their stocks at well below their expected sale price and often at well below the purchasing price, or watch their customers drift away, while competitors flourish.

*In 1995 I made a profit of CFA 180,000, but Chinese imports are not helping us. What we sell before at CFA 1,200 now the Chinese sell at CFA 300...Prior to arrival of Chinese I had imported a lot of goods from China. However... the Chinese... have brought in the same*

*goods more cheaply, and I have not been able to sell my goods. This is a big loss of capital. Consequently I have developed a health problem of not being able to sleep at night until I take drugs (Wholesaler/large retailer, new clothes, Lomé).*

*Trade was flourishing here in the 1990s when I came, but now it has become very difficult (Market trader, clothes, Kokétimé-Grand Marché, Lomé).*

*When I started the business in 2003, it was more profitable, but now [it] is poor (Market trader, small electrical items, Lomé).*

*I would like to remind you that sales were good here in 2000 when I started here, but now it is very difficult and we are very sorry for that. Chinese imports are affecting us (Market trader, second-hand shirts, Hèdzranawé, Lomé).*

*We are not selling. Our expenses are higher than the daily income. People prefer now brand new TV and radio. They prefer Chinese products because it is cheaper and new. (Market trader, second-hand electrical goods, Marche Rose, Bamako).*

Second, competition among traders selling Chinese-manufactured goods developed, and Chinese and local traders compete for local custom. Chinese traders interviewed were reticent and some emphasized their good relations with local traders. However local traders see themselves as disadvantaged because of their dependence on Chinese traders for access to imported goods, because the Chinese traders can import directly from factories and suppliers – many are providing sales for family-run firms, whereas African traders have to buy from wholesalers or travel to China to import.

*In the old days we sold Dutch Wax, but now our products are made in China (or Vietnam or HK). Once the Chinese had begun imitating the Dutch Wax, we could not sell the original, so the Dutch Wax lost its value. (Wholesaler, Dutch wax cloth, Grand Marché, Lomé).*

*I have been selling Chinese goods long term before the new wave of Chinese goods in African markets. My Albums are Chinese made product. Before 2000 there were few album sellers and though Chinese products are less desired because of their lower quality, I made a profit. Today it is no longer possible because the products are available in every corner of the streets and the price is reduced (Haker, photo albums, Sakomi, Grand Marché, Lomé).*

It is noteworthy that, in the face of competition from Chinese traders, competitors from all over the CFA region and beyond, in Nigeria and Ghana, are accepted as 'local'. Malians are viewed as

preferring to do business with other Malians yet, even in Lomé, the Chinese minority is often identified and 'othered':

*The Chinese goods are cheap and the Chinese are also selling the same products, thus taking away our customers and reducing our profits - we cannot price our goods lower than them. The Chinese settled their shops in the market and compete with the local traders. Their prices are very good so customers prefer them (Market trader, household goods, Marché Rose, Bamako)*

*To obtain accurate information about China in Africa is hard. We have to talk to the Chinese wholesalers, who have their shops in the market (Market trader, school books and stationery, Assigamé, Lomé)*

The study in Lomé and Bamako confirmed the complex and conflicting relationships among Chinese traders, reported elsewhere. For example, mutual mistrust in the Chinese trading community has been well described in Namibia by Dobler (2005), while in Cape Verde Haugen and Carling (2005) described a gradual decline of the Chinese trading community, as progressive price competition among its members, vying with each other to sell household goods for local consumption, drove down profit margins and eroded traders' capital base.

The Chinese wholesalers interviewed in this study, both in Lomé and Bamako, reported downward pressure on prices and profit margin from competition with other Chinese importers. The intense competition among Chinese traders is associated with mutual distrust, and there is very little socializing within the Chinese 'community' (KI interview with the president of Bamako's newly formed Chinese Chamber of Commerce).

*There are trust relations between Chinese importers and local wholesalers. All wholesalers were given Xmas presents (Market trader, cloth for muslim prayer robes, Assivito-Grand Marché, Lomé).*

*The Chinese businessmen all live in Chinatown, but they do not socialise [with each other]. Many Chinese businessmen here do not join the new Chamber of Commerce. Some are too poor. Some want to remain private (KI interview, Chinese community leader, Bamako).*



## 5. Emergent strategies

The opening up of the China-Africa trade has occurred in parallel with other structural changes, which have driven growth in the informal economy. The increased street-trading and competition between informal and formal traders have created political pressures to reduce municipal tolerance for street trade and resulted in a wave of enforcement measures across SSA (Lyons and Msoka 2008). With the exception of the mobile phone sector, traders in consumer goods are faced with falling profitability and increased competition. Opportunities in home countries and districts and in other employment sectors are seen as extremely limited, but there was also the hope mentioned by many hawkers that they would be among the small numbers to achieve success. Faced with such downward pressures on profitability, how do traders act to better their position in the market-place?

Figure 3 presents in diagrammatic form the value chains for the large bulk of Chinese-manufactured goods reaching consumers in Lomé and Bamako. This picture has been built up from research by the authors in both China (Lyons, Brown and Li 2008), and East and West Africa (Lyons and Msoka 2008, Brown 2006, Lyons and Snoxell 2005a, b). Across the top of the diagram, boxes identify the main bodies of regulation which govern activities at each stage, while across the bottom; the main spatial nodes on the journey from factory to consumer are identified.

The actors numbered 30-50 in the diagram are the subject of this paper and describes the trading situation in Lomé. The markets of both cities include Chinese wholesalers (31) and indigenous wholesalers (33). Lomé also has a significant population of regional migrants (32). The arrows identify typical paths for the flow of goods from Lomé to other regional capitals, from Lomé to Togolese provinces, and within Lomé itself (NG not all paths identified in the text below are explicitly shown in the diagram).

Since every transaction (ellipse) represents a point at which value is added to a product, each trader must aim to minimize the number of transactions between him/her and the factory, on the one hand; and between him/her and the consumer, on the other. At the same time, the international nature of the trade, the different legal, cultural, and linguistic barriers to moving people, money and

goods between nodes, create a wide range of transaction costs, and there is an incentive to minimize these. Being able to participate in the competition on price in selling to the consumer, requires traders to operate in a way which reduces these costs, in other words, to reduce the number of nodes on the chain in which they are operating.

The Chinese traders in Lomé and Bamako have several advantages in trade. They are able to export directly from the wholesaler or the factory in China, reducing the intermediate transactions, and they are able to communicate effectively with Chinese suppliers and regulators at that end, reducing their transaction costs (although, particularly in Bamako, they face transaction costs in SSA). They are also able to undercut local wholesalers and create direct links to market traders and hawkers (31-42-52; but also, 31-52 (not shown)). Whether true or not, the perception of some interviewees was that Chinese traders received favourable treatment in relation to import regulations and customs, as well as securing more favourable terms when dealing with Chinese manufacturers.

Fig. 3 shows that 'traditional' distributions networks, drawing on ethnicity-based social capital, still function in this market. Links can be drawn backwards from Chinese wholesalers in Lomé to manufacturers and distributors in Guangdong; and from African wholesalers to compatriot exporters, often family members, in Guangzhou. Equally, links can be drawn forward from wholesalers in Lomé to co-ethnic retailers and hawkers in the city (e.g. 33-42-52 or 32-42-53), in the provinces (33-42-41) and abroad (32-44-54). Thus, many Nigerians trading in Lomé, having migrated from Nigeria (or Niger, Cote d'Ivoire, Benin, Cameroon and other west African countries), often source (though not exclusively) from countrymen in China and sell on to countrymen Lomé. An important element of such strategies is trust (Brown *et al* 2009). The flow of arrows in Fig. 3 shows clearly goods flow along national (and ethnic) links, and that this is represented in the distribution networks established.

However, the pressure on traders to reduce the number of nodes through which their supply chains pass, have created strong incentives to by-pass these traditional routes. Hawkers, traditionally

reliant on goods on credit from trusted (and trusting) wholesalers from their brotherhood and ethnic networks (Lyons and Snoxell 2005b, Lyon *et al* 2007) have been enabled by the low capital requirements of Chinese-manufactured goods to buy more cheaply directly from Chinese wholesalers (31-52). Similarly, retailers regularly bypass co-ethnic wholesalers (31-42), although all traders interviewed, both Chinese and African, insisted that Chinese wholesalers *never* extend credit. Some retailers and hawkers succeed in shortening supply chains still further, by making more direct links with China (0-(11)-22-42). At the same time, traders strive to reduce their dependence on intermediaries for distribution, with wholesalers selling to hawkers and individuals, as well as retailers; Retailers selling to hawkers (and through hawkers) as well as direct to customers.

A second strategy adopted by traders is the development of multiple distribution chains although opportunity to do so varies considerably with traders' position in the value chain. Hawkers have little freedom of manoeuvre, except in being able to change the range of goods in which they trade. Retailers, wholesalers and importers use various strategies to build supply chains to more than one market (for example 33 or 23 might link directly to 41, 42, 43, 44 – as well as by-passing some of these to deal directly with traders further down the chain.

Figure 3 about here

However, opportunity is also constrained by the conditions of particular businesses. It might have been expected that, constrained as they are, hawkers would be less optimistic about their prospects than others. Nevertheless, in both Lomé and Bamako hawkers remained most optimistic, and a large majority (70%, or 36 of the 51 hawkers interviewed) reported that their business was growing. The optimism amongst hawkers in both countries may be because hawking is used as a short-term stepping stone to a more established trading position, although very few reported being able to save.

In contrast, many market traders see themselves as trapped by low profits and with little room for manoeuvre. Some are extremely reluctant to venture into new areas or change the balance of their

goods.

*This is what we do and what we know how to do. If God wants us to succeed, we will (Market trader, mobile phones, Grand Marché, Bamako).*

Wholesalers fall into two groups. The first are well established in the Chinese trade, and may be able to improve their profit margins relative to others, particularly if they have direct links with China. For example, a Nigerian shop owner outside Lomé cathedral, said that his main concern now is to find strategies which can convince his customers to buy his goods, '*while searching for other opportunities*'. He is saving to travel overseas to trade. Another, a textile wholesaler in Bamako has sent his younger brother to China several times a year to buy fabrics since 2000. Others are establishing additional outlets in countries throughout the region, sometimes in volatile areas seen as potential growth areas, such as Côte d'Ivoire or DR Congo, and seeing rapid growth. However, these optimistic traders were a minority.

In contrast, many respondents' comments were pervaded by resignation:

*Chinese goods business is profitable, but if you are seller and you are known as clothes seller, you cannot convert yourself into Chinese goods seller, because you will lose your customers. So those who were used clothes sellers have some Chinese goods in their stocks must tell the truth to their regular customers! (Market trader, second-hand clothes, Hèzranawé, Lomé).*

*Chinese become our major competitors. They challenge us, but we don't have enough money to stand. So, most of our brother traders are leaving Togo for Cdl. (Market trader, shoes, Hollando-Grand Marché, Lomé).*

Thus, the adoption of these strategies is uneven and traders' attitudes range from buoyant optimism to profound despair.

## **DISCUSSION**

This research examined the hypothesis that, from the traders' perspectives, the rapid influx of traders to the market for Chinese-manufactured consumer goods was undermining market opportunities. Findings are that, while traders experienced initial growth following from the increase in effective demand for relatively low-prices Chinese-manufactured consumer goods, subsequent

growth in supply has not been matched by growth in demand.

Within different strands of the value chain, certain types of trader benefit at the expense of others, yet in no group is the growth sufficient to accommodate the massive influx of entrants. Moreover, traders' analysis of existing economic trends does not suggest that demand will significantly grow in the future, as they see no prospect of growing purchasing power in the wider populations they serve.

Thus, despite the different positions of Lomé and Bamako in the distribution chain and differences in the two trading societies, described above, the findings suggest that most actors in the market - wholesalers, market traders or hawkers, Africans or Chinese - share the view that the prospects for long-term growth are limited. The inference from trader stories is that the market afforded short-term opportunities for real poverty reduction, but that this has become a largely survivalist sector, with low profit margins dependent on cost cutting rather than growth.

Given falling profit margins, growing competition, and repeated street clearances of hawkers, why is the number of traders increasing; and to what extent are traders aware of the unintended, cumulative consequences of their actions?

The stories told by *hawkers* clearly point to a lack of viable livelihood alternatives in either agriculture or formal work. Their capital investment is minimal and overheads are kept low, often by buying tiny amounts of stock per day, or taking goods on credit. They are generally able to subsist and sometimes to increase their capital. For example, one young Nigerian started hawking, and over a period of 18 years moved into the wholesale trade in second hand clothes. When interviewed he had just opened one stall in Grand Marché selling new Chinese clothing, and was hoping to open a second stall.

*Market traders* are continuing a long-standing tradition of trade in West Africa. Togo has been an entrepôt for many years, and older market trading businesses, particularly those trading in waxed cloth, are often inherited by second or third generation entrepreneurs – the emerging China-Africa

trade thus continues a long-standing tradition. In Mali trading is often part of a complex livelihood strategy combining seasonal agricultural work with off-season urban trade. The strategies for growth rely on ethnic social capital for obtaining goods on credit, but also on subsequent shopping around for goods from an increasingly open group of suppliers – retailers and wholesalers, Chinese and local. However, strategies open to them are limited by the falling value of their stock, fixed assets and social capital.

*Wholesalers and large retailers* can employ a broad range of strategies which include widening their clientele locally by selling directly to hawkers as well as to market traders, and attempting to find clients in more difficult, or emerging economies. Crucial in this are cross-border ethnic networks evidenced in both the origins of traders and their complex patterns of remittances and, particularly in Bamako, collective family strategies. Nevertheless, many wholesalers do not see opportunities for growth and are resigned to a period of decline.

In essence, the seemingly inexorable flood of new entrants to these markets, and the resistance of established traders to leave, reflect a perception that the alternatives are limited and, generally, worse.

While overcrowding of markets is not unusual in economic terms, the critical factor here is that the local urban economies are relatively small, and the trade has become so widespread that it is squeezing out established manufacture and commerce, potentially leaving the whole urban economy vulnerable to change. For the sector as a whole, the outcomes can be considered perverse, undermining the market for local manufactured products, and further restricting alternative investment and livelihood possibilities.

Following the recent review of urban informal economies in SSA (Skinner 2008), it is useful to reflect on how the findings presented above are able to enrich that debate. First, as summarized in Figure 3, findings indicate that the complex web of links between formal and informal actors in the SSA urban economy identified by Moser (1978) and Carr and Chen (2002) have survived the decline of the manufacturing sector, the transfer of focus of African economies to commerce, and

the development by a multitude of actors of complex trans-border links – and continues to be reinvented, change and adapt.

Second, despite these changes, the discussion of trade practices and trader-supplier links above also suggests the continuum of formality identified by a number of authors (Potts 2007). Most traders – wholesalers, market traders or hawkers pay for their trading space, even if not licensed and thus have some degree of legitimacy, but street traders lack security from harassment and evictions. Evictions were commonplace in Mali, whereas in Togo the privatization of market management led to more stability, but getting space was difficult. However, the findings from this research suggest that for the large majority of actors the import sector is unlikely to be more than a survival strategy.

Finally, returning to structuration theory, the theoretical framework of this paper, two types of cause are posed in that debate for the development of perverse aggregate outcomes: actor ignorance and actor selfishness.

First, perverse aggregate outcomes can result from individually beneficial decisions. Thus, *hawkers* are making an optimal move as individuals, but because of limited effective demand, they contribute to the decline of the market. As shown above, market entry is sometimes undertaken in hopeful ignorance. However, underlying the determination of individuals in a range of market positions to remain in commerce is not ignorance about cumulative outcomes and market trends, as suggested by Giddens, but a combination of hope against hope and knowledge of how limited opportunity is in other economic spheres.

Second, some aspects of perverse aggregate outcomes can arise from failure to act collectively, or to respect the collective will. The research was designed to evaluate the actions of traders as individuals in a large market-place. Yet the findings show many to be acting collectively, as part of a family, or to be drawing on ethnic and community ties. This influences supply chains, access to credit and distribution network. Unlike cartels, identified as a classic strategy by Giddens, in this competitive environment collectivism can have an impact on traders' costs. Thus the entry to the

market of more traders is facilitated in aggregate, and downward pressure on the market is maintained.

It is more difficult to find in structuration theory an explanation for the initiatives which traders do *not* take. While traders compete on price and initiate changes to their supply chain, they do not compete on innovation in their goods. Further research is needed to investigate the links between individual strategy and conformity.

The findings presented here suggest dynamic but very different markets in the urban trading communities of Lomé and Bamako, with different roles in the complex value chains in the import of Chinese-manufactured consumer goods. Indications are that, although for some the trade is making cheap consumer goods accessible, with high poverty levels in the urban economies studied, the main impact of cheap imports is substitution (rather than an overall increase in demand) which thus undermines local manufacture and established trade. The traders involved in this process are far from secure, not fully recognized by governments as legitimate economic actors, although almost all pay a license fee or daily toll indicating some degree of formality with respect to trading space and registration. The research was undertaken, but perhaps presaged, the recent global decline in trade; it can be anticipated vulnerability has increased significantly since our fieldwork was completed.

The trade is ephemeral, and unlikely to lead to long-term poverty reduction without national strategies to protect indigenous products and markets. The findings suggest that it is important for African urban economies that the early profits from the growth in trade are invested in other, labor-intensive and high value-added sectors. Without such growth, effective demand cannot rise, and new entrants to the labour market will continue to be forced into trading.

## **REFERENCES**

Alexander, N. (1997) International Retailing, Chichester: Blackwell Publishing

Bhowmick, S. (2007) Opportunity creation as structuration: illustrations from three technology entrepreneurial initiatives International Journal of Technoentrepreneurship, 1(2): 129-145



- BNETD (2001) Bamako, Mali, City development strategy report, Bureau National d'Etudes Techniques et de Développement, (BNETD) Côte d'Ivoire, <http://www.serd.ait.ac.th/ump/CDS%20part2.pdf>
- Brown, A. (ed) (2006) Contested Space: Street Trading, Public Space and Livelihoods in Developing Cities, Rugby, ITDG Publishing.
- Brown, A., Lyons, M. and Dankoco, I. (2009) Street traders and the emerging spaces for citizenship and voice in African cities, Urban Studies, forthcoming
- Bryceson, D. F. and Potts, D. (2006) African Urban Economies: Viability, vitality or vitiation? New York, Palgrave Macmillan
- Carr, M and Chen, M A (2002) Globalisation and the informal economy: how global trade and investment impact on the working poor, ILO Employment Sector Working Paper on the Informal Economy 2002/1.
- Chen, M. and Carr, M (2004) Globalisation, Social Exclusion, and Work: With Special Reference to Informal Employment and Gender, International Labour Review 143.1-2 .
- Cohen, B. (2004) Urban Growth in Developing Countries: A Review of Current Trends and a Caution Regarding Existing Forecasts, World Development 32(1) pp. 23-51.
- Dobler, G (2005) South-South business relations in practice: Chinese merchants in Oshikango, Namibia, Basel: Institute for Social Anthropology University of Basel.
- Fafchamps, M Gabre-Madhin, E and Minten B (2004) Increasing returns and market efficiency in agricultural trade, Journal of Development Economics Volume 78(2) 406-442.
- FOCAC (2008) Forum on China-Africa Cooperation, <http://www.focac.org/eng/>, accessed August 2008
- Giddens, A (1984) The Constitution of Society, Cambridge: Polity Press.
- Goldstein, A, Pinaud, N, Reisen , H and Chen, X (2006) The Rise of China and India What's in it for Africa? Development Centre Studies, Development Centre of the Organisation for Economic

Cooperation and Development.

Hansen, K. T. (2004) Who rules the streets? The politics of vending space in Lusaka, in Hansen, K. T. and Vaa, M. Reconsidering Informality: perspectives from urban Africa, Uppsala, Nordik Afrikainstitutet

Haugen, H.O. and Carling, J. (2005) On the edge of the Chinese diaspora: The surge of baihuo business in an African city, Ethnic and Racial Studies, 28(4), 639-662.

Kaplinsky, R., McCormick, D. and Morris, M. (2006) The Impact of China on Sub-Saharan Africa, Department for International Development (unpublished report)

Kumar, K B and Matsusaka, J G (2004) Village versus market social capital: an approach to development, University of Southern California, Social Science Research Network Electronic Library (<http://papers.ssrn.com/sol3/papers>).

Lyon F and Porter G (2007) Market institutions, trust and norms: exploring moral economies in Nigerian food systems Cambridge Journal of Economics Advance Access published on June 1, 2007; doi:10.1093/cje/bem008

Lyons, M, Brown, A and Li, Z (2008) The 'Third Tier' of Globalisation: African traders in Guangzhou, City, online August 2008.

Lyons, M, and Msoka, C (2008) The World Bank and the Street: (How) do the Doing Business Reforms Affect Tanzania's Street Traders, Urban Studies, May/June 2010 forthcoming.

Lyons, M and Snoxell, S (2005a) Creating Urban Social Capital: Some evidence from informal trades in Nairobi, Urban Studies 42:7 1077-1097.

Lyons, M and Snoxell, S (2005b) Sustainable Urban Livelihoods and Market-place Social Capital: crisis and strategy in petty trade, Urban Studies 42:8 pp 1301-1320.

Maclure, R. (2006) I didn't want to die, so I joined them: Structuration and the process of becoming child soldiers in Sierra Leone, Journal of Terrorism and Political Violence 18(1) pp. 119-135.

Morawska, E. (2004) Immigrant transnational entrepreneurs in New York, International Journal of Entrepreneurial Behaviour and Research 10(5): 325-343

Moser, C. (1978) The Informal Sector or Petty Commodity Production: Dualism or Dependence in Urban Development? World Development, Vol. 6, No. 9.

Poole, R, Clarke, G P, Clarke, DB (2006) Competition and Saturation in West European Grocery Retailing, Environment and Planning A 38(11) 2129 – 2156 doi: 10.1068/a3816

Port Autonome de Lomé (2009) Trafic, <http://www.togoport.tg/html/sommaire/chiffre.html>, accessed May 2009

Potts, D (2007) The State and the Informal in sub-Saharan African Urban Economies: Revisiting debates on dualism, Crisis States Research Centre, Working Paper No. 18, Oct 2007.

Rodgers, D. (2005) Youth Gangs and Perverse Livelihoods Strategies in Nicaragua: Challenging certain preconceptions and shifting the focus of analysis, paper to Arusha Conference, "New Frontiers of Social Policy" – Arusha, December 12-15, 2005.

Scheld, S. (2007) The 'China challenge': activists' responses to new traders in Dakar, Senegal, paper to the conference on Informalising Economies and New Organizing Strategies in Africa, Nordic Africa Institute 20-22 April, 2007.

Schneider, F. (2004) The size of the shadow economies of 145 countries all over the world: first results over the period 1999 to 2003, IZA DP No. 1431, Bonn, Institute for the Study of Labour.

Scoones, (1998) Sustainable Livelihoods: a framework for analysis, Institute of Development Studies, University of Sussex, Working Paper 72.

Simone, A. (2004) For the City Yet to Come: Changing African Life in Four Cities, Durham, Duke University Press.

Skinner, C (2008) Street Trade in Africa: A Review, University of KwaZulu Natal, School of Development Studies, Working Paper No. 51 April 2008 ISBN 978-1-86840-662-3

UNDP (2008) Making the Law Work for Everyone, final report, Commission for Legal Empowerment of the Poor, New York, June 2008.

Walsham, G and Sahay, S (2006) Information Technology for Development, C 2005 Wiley Periodicals, Inc. Published online in Wiley InterScience ([www.interscience.wiley.com](http://www.interscience.wiley.com)). DOI: 10.1002/itdj.20020

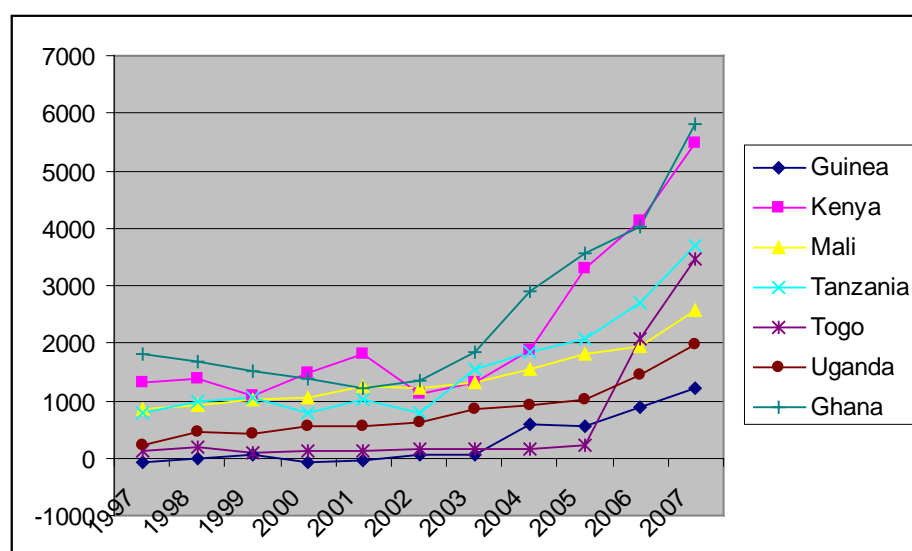
World Bank (2008) Key development data & statistics, <http://www.worldbank.org/>, accessed November 2008.

## FIGURES and TABLES

**Table 1: Interview summary**

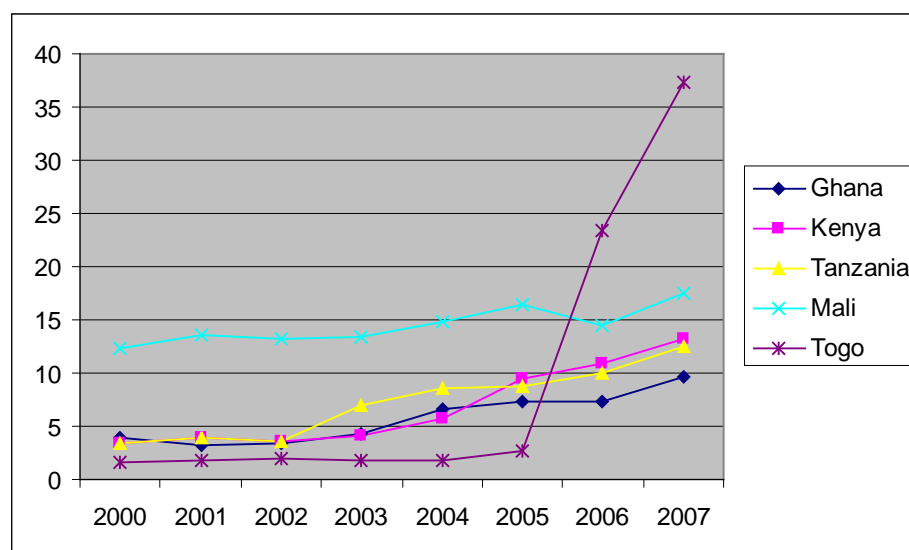
	Lomé, Togo	Bamako, Mali	total
Key-Informant	11	10	21
Wholesaler/larger retailer (established shop in formal space selling in large quantities)	9	11	20
Market traders (kiosk or small shop in market area)	52	31	83
Hawker (trading illegally in public space, stationary or mobile)	30	21	51
total	102	73	175

**Figure 1: Balance of trade (imports less exports) 1997-2007 (US\$ million)**



Source: Direction of Trade Statistics, IMF, extracted by the authors

Figure 2: Balance of Trade (imports less exports) as % of GDP



Source: extracted by the authors from IMF Direction of Trade Statistics

Table 2: Summary of trader characteristics (83 respondents)

Percent of traders who are:	Bamako		Lomé		All		Total	
	n	%	n	%	n	%	n	%
International migrants	0	0	29	55%	29	35%	81	100%
With some formal education	26	84%	43	83%	69	83%	83	100%
With more than 10 years formal education	11	44%	5	12%	16	24%	66	100%
Married	22	51%	26	71%	48	56%	81	100%
Bachelors	8	26%	21	41%	29	35%	82	100%
With dependent children	23	77%	30	59%	53	65%	81	100%
Support children in education	30	97%	23	46%	53	65%	81	100%
Make remittances to relatives	10	32%	21	42%	31	38%	81	100%

Figure 3: Multiple value chains for Chinese-manufactured goods

