# FROM SCOTCH WHISKY TO CHINESE SNEAKERS: INTERNATIONAL COMMODITY FLOWS AND NEW TRADE NETWORKS IN OSHIKANGO, NAMIBIA

## Gregor Dobler

Imported consumer goods have been an element in African lives for many centuries, but the increase in consumption has probably never been as great as in the past twenty years. Everywhere in Africa, people adopt new commodities that change their daily lives. Consumption, and the quest for consumption, has become one of the major modes of integration of young Africans into a global society, and consumption choices have become an important means to express personal identity in relation to the wider world, with all its social and economic discrepancies. Consumption is thus directly linked to political identities and to self-assertion in a context of economic deprivation, and the impossibility of making certain consumption choices ranks among the most acute experiences of exclusion.

The symbolic interaction with the wider world through consumption relies on a very tangible mode of integration of African countries into the world market for consumer goods. In the past twenty years, transnational commodity trade into Africa has been the topic of a number of major ethnographies (for example, Burke 1996; Hansen 2000; Vierke 2006; Weiss 1996). While these provide detailed accounts of how the local construction of social reality through consumption is shaped by structural conditions, they focus on trade to and from the old colonial centres. But the old image of unilateral dependency of African countries on 'the West' or 'the North' is no longer accurate. Consumption in Africa is increasingly influenced by new trade linkages. China, India, Brazil or the Emirates emerge as new nodal points for commodity flows, often completely independent of old colonial structures. These new trade networks bring new and often cheaper commodities to Africa, but they also create new dependencies. What Africans can buy in their local shops and the price they have to pay is no longer determined by decisions in Paris, London or Washington.

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<sup>&</sup>lt;sup>1</sup>For perspectives on the use of new consumer goods in Africa, see, for example, Allman 2004; Arnould and Wilk 1984; Beck 2001; Belk 1988; Ferguson 1992; Hahn 2004; Prestholdt 2003; Rowlands 1996.

Instead, these choices and prices are increasingly influenced by political meetings in Beijing, chance encounters between businesspeople in Johannesburg, or the tax policies of the Pakistan government.

These changes in Africa's integration into the world market have become very visible in Oshikango, a vibrant trade boom town in the north of Namibia. Oshikango, although small, with only around 20,000 inhabitants, is a showcase of the structural changes that will affect the way we look at Africa and the way in which Africans will look at themselves. In this article, I describe trade networks that link Oshikango to the world at large and often bypass the old colonial powers completely. I use four commodities to illustrate my point: Scotch whisky, second-hand Japanese cars, Brazilian living-room furniture and Chinese sneakers.

My analysis of these networks has two major aims. First, I wish to show how ongoing shifts in international trade are changing Africa's economic, political and social relations with the rest of the world. Oshikango, though perhaps an extreme case, is not unique in being a single nodal point on which the plurality of worldwide connections converge or in illustrating the growing complexity of international trade networks. The world of consumption is no longer neatly divided into the former colonizers and the former colonized, and the emergence of new actors has led to more complex structures of economic domination.

In looking more closely at the Oshikango case, it becomes abundantly clear that such new structures of economic domination are not just brought about by anonymous market forces, but through the individual actions of traders and businesspeople looking for profit under given economic conditions. All four networks in Oshikango are organized to a certain degree along ethnic lines, but they differ widely in structure and in their mode of integration into the socio-economic environment. The second aim of my analysis is to show how different types of collective action in trade networks contribute to African life by translating, in different ways, global structural conditions into local reality.

### TRADE AND NEW FORMS OF CONSUMPTION IN OSHIKANGO

Oshikango is a small town in northern Namibia, situated directly on the border with Angola. Until the mid-1990s, it was a small village consisting of a couple of homesteads and a dilapidated border post, which had been largely destroyed in the guerrilla war between the South African apartheid regime and SWAPO. The main road through Oshikango, built as an important supply route for the South African military, led into a country torn apart by war.

Since the fragile peace in 1995, which brought a period of relative stability and reconstruction in Angola, this road has become the region's most important trade axis, connecting Angola to the ports of Durban, Cape Town and Walvis Bay. Angolan demand for commodities is high, and the road makes Oshikango the ideal location to conduct wholesale trade with Angola from the south. The amount

of trade is enormous compared to the town's size: goods worth around US\$300–400 million are sold in Oshikango every year.<sup>2</sup>

Most wholesale warehouses sell nearly exclusively to Angolans. For many Angolan traders in the southern and central parts of Angola, Oshikango is more accessible than Luanda, and it is often cheaper and faster to bring Asian goods into Angola from Durban by truck than to ship them round the Cape to Luanda and transport them into the interior on Angolan roads. Above all, doing business in Oshikango is the best way for Namibian and foreign businesspeople to make money in Angola without investing there. The relative stability and transparency of the Namibian governmental and economic system provide security, while the reconstruction in Angola provides opportunities.

For all these reasons, Oshikango has become a trade boom town since the mid-1990s, especially since Angola's foreign trade liberalization in 1999. (For the history and structural conditions of trade through Oshikango, see Dobler 2008b.) Angola produces more than 1.4 million barrels of crude oil a day, and the country's oil rents are being increasingly redirected from military spending towards reconstruction and elite consumption. As demand for building materials, furniture and household appliances has increased steadily after the re-establishment of peace, trade has become a major source of wealth for the well-connected establishment and a playground for young urban entrepreneurs. The bulk of their supplies come from the large warehouses in Oshikango, whose shelves eloquently capture Angola's new world of consumption.

Most of the commodities are traded offshore: they are not officially imported into Namibia but are sold to Angola tax free from bonded warehouses. The buyer has to pay Angolan import duties and VAT, but no Namibian taxes. The registration system was computerized in 2004. It is, at least officially, quite precise and reliable, and allows a good overview of the offshore trade in commodities through Oshikango. Cars, alcohol, furniture and household appliances (including video and audio systems) account for the bulk of the trade volume—more than 80 per cent.

Apart from beer, all these commodities are imported. They are produced in South Africa, Japan, China, Scotland, Pakistan, South America or Singapore and arrive in Oshikango via various routes. Oshikango is the last station in the trade networks where goods are differentiated by their point of origin. Many Oshikango warehouses trade exclusively in goods from a distinct region. Traders who buy in Oshikango usually trade indiscriminately and simultaneously in

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<sup>&</sup>lt;sup>2</sup>The exact figures are difficult to come by. According to data received from the Ministry of Trade and Industry, Namibia exported commodities worth N\$2.5 billion (approximately US\$300 million) into Angola in 2003, excluding the offshore trade. The average amount of offshore trade through Oshikango in 2004–6 was almost N\$700 million. If we add to that a large part of the goods exported through Katwitwe (N\$470 million in 2005, N\$340 million in 2006) and an unknown amount of goods smuggled or transported into Angola in small amounts under the taxable threshold, US\$300–400 million seems to be a fair guess for goods turned over in Oshikango alone.

goods from different countries of origin. Oshikango is where the trade networks of the producers meet those leading to the consumers and is, therefore, the first link in the chain of appropriation of foreign commodities.

#### FOUR COMMODITIES AND THEIR TRADE INTO OSHIKANGO

The combination of Angola's post-war trade boom and Oshikango's border location makes the town a very good place to earn money by trading. Many people profit from the opportunities that Oshikango offers. Small, often informal businesses abound and offer an income to part of the local population. The large-scale trade market, however, is dominated by different groups of minority entrepreneurs. Chinese, Pakistani, Lebanese or Portuguese traders are among the most successful businesspeople in Oshikango.

Even a cursory glance at these minorities shows how widely they differ in social status, organization and in the role ethnic networks play in commodity chains. Scotch whisky is still traded by specialized monopolist importers of European descent, a dominating minority that can link producers and consumers using old cultural and social ties. Although Lebanese and Portuguese traders play a crucial role in the Brazilian furniture trade, most of the trade does not draw on ethnic networks to link producers and consumers, but rather on 'pure business' contacts facilitated by international trade diplomacy: these minority traders have emancipated themselves from diasporic trade networks linked to their countries of origin. Used cars are brought to Oshikango by an international diaspora of Pakistani traders, foreigners both in the producers' and the consumers' countries, but linking both markets with their ethnic network. Chinese sneakers, finally, are traded by Chinese migrant entrepreneurs whose main business resource is their familiarity with Chinese markets and their ability to bridge the gap between the two countries.

#### Scotch whisky

Since early colonial times, alcoholic beverages have been among the most important long-distance trade goods imported into Africa from Europe. The production of wine and of various spirits is usually tied to a specialized economy that relies on outside markets. Liquor can be transported easily over long distances and generates high surplus value. The history of alcoholic beverages in Africa is well documented (see, among others, Akyeampong 1996; Heap 1998; Pan 1975; for southern Africa, see Crush and Ambler 1992; La Hausse 1988; McAllister 2003; Mager 2005; van Onselen 1976). In the colonial trade of the late nineteenth century, they ranked among the main European export commodities. In southern Nigeria in the early twentieth century, for example, more than 60 per cent of import taxes were accounted for by alcohol (Olorunfemi 1984: 238). Cheap so-called 'trade spirits',

'produced for the sale to Non-Europeans' (Wyndham 1930: 803) shared the market with brands produced for higher-class consumption.<sup>3</sup> Trade in high-class liquor was especially extensive and lucrative in the settler colonies.<sup>4</sup>

The more expensive brands were usually imported from the colonial motherlands. When whisky started to change from a locally consumed spirit to a globally marketed commodity around 1850, it was soon exported to the British colonies (Storrie 1962). The Edinburgh blending firm of Walker's was founded in 1820. The firm bought whisky from the producers, blended it and sold the product worldwide under its own brand, Walker's Kilmarnock Whisky. Walker's opened up new markets overseas by commissioning trade societies and ship captains to sell its products. Later, the resulting trade connections were consolidated through local representation. In 1890, Walker's opened up an agency in Sydney, and by 1897 the firm had its first representative in South Africa. In 1908, Walker's Kilmarnock Whisky was renamed Johnnie Walker. This early expansion was crucial to the success of the brand and made Johnnie Walker Red Label the best-selling Scotch whisky in the world.

The centralized organization of the whisky trade—with production in Europe or by monopolistic concessionaires in the better-off colonies and distribution through a world-wide network of exclusive representatives—has continued to shape the whisky trade up till the present. In Oshikango, branded liquor is the only important wholesale commodity still produced in Europe. All important wholesale traders come from families of European background: Portuguese whose families moved from Angola in 1974, white Namibians or South Africans whose ancestors came from Germany or Britain. The whole trade network from Europe to the Namibian wholesaler is organized along ethnic lines and functions much as it did in colonial times. The monopolistic character and capital-intensive nature of the trade mean that newcomers are restricted to the third or subsequent links in the import chain.<sup>5</sup>

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<sup>&</sup>lt;sup>3</sup>Regulation of the liquor trade was an important topic in colonial policy. The colonial powers strove to achieve the goal of limiting native consumption of cheap liquor without damaging their export markets. After the agreement of St Germain-en-Laye in 1919, the most important instrument for regulation was the distinction between trade liquor and liquor for European consumption. The former (mainly produced in Germany or the Netherlands) was banned from certain zones and subjected to a different tax regime. While France prohibited the importation of spirits 'except those made from the distillation of the grape, sugar-cane or fruit', Britain included grain on the list. For further details, see Wyndham 1930.

<sup>&</sup>lt;sup>4</sup>The winelands of South Africa were an exception in so far as they were an important source of local liquor production as early as 1800. Small amounts of whisky were distilled in Paarl around 1840 and production increased sharply in the second half of the nineteenth century. In 1896, a German firm, Erste Fabrik Hatherly Distillery Company, bought the monopoly on whisky distillation. Lawson claims that the monopoly was grossly undervalued, as the distillery was able to pay 20 per cent of dividends to its owners, even though the concession had cost them \$122,319 (Lawson 1896: 297).

<sup>&</sup>lt;sup>5</sup>The beer trade, on the other hand, is often in the hands of black businessmen. This goes back to 1976, when South West African Breweries yielded to political pressure from the apartheid government, keen to develop Ovamboland in accord with its own plans, and granted

In Oshikango today, alcoholic beverages account for more than 20 per cent of offshore trade. Their variety offered for sale is broad. It ranges from South African and Namibian beer to cheap South African wine to Johnnie Walker Black Label and Moët Chandon champagne. Beer still accounts for the largest quantities, even if beer sales in Oshikango have declined following SAB Miller's decision to invest in breweries in Angola. The various whisky brands share an important part of sales, too. The most popular brands are Passport, a mid-price brand owned by Pernod Ricard, and Johnnie Walker Red Label, owned by the market leader Diageo.

Whisky is sold wholesale by most of the larger warehouses, while only one warehouse specializes in liquor. All import commodities in these warehouses are *in bond* (imported duty free for re-export), which complicates accounting. In addition to the usual bookkeeping, import and export in bond must be registered in bond books and proved by customs documents. Import and export papers are filled in electronically and must be stamped by the local customs and excise office. VAT and punitive tariffs must be paid on unaccounted quantities. These payments, however, can sometimes be avoided by serviceable contacts or bribery.<sup>6</sup>

European liquor is shipped on container ships to Durban. Two importers share exclusive marketing rights in southern Africa: one markets, among others, Johnnie Walker, Passport, J&B and Famous Grouse, while the other sells Scottish Leader and Dewars. From Durban, the whisky reaches Oshikango in two different ways: directly to Oshikango by truck, or by train to Tsumeb and onward from there to Oshikango. Between importers and consumers, the liquor is usually sold twice or thrice: by one or two wholesalers and finally by the retailer. The channels of distribution from importer to wholesaler are very smooth. If the ordered quantities are in stock, an order usually takes three to five days to arrive in Oshikango. The containers are unloaded by hand, the boxes are piled on pallets in the warehouse and reloaded by hand when sold.<sup>7</sup>

All customers are Angolan businessmen. They fall into two different groups: small traders from nearby who buy only a few boxes of liquor

concessions to four well-connected black traders. In the following years, these businessmen, among them Frans Indongo, former Minister of Trade in the Ovamboland government, earned a fortune by selling beer to the South African troops stationed in the area.

<sup>&</sup>lt;sup>6</sup>Namibian Customs and Excise is relatively reliable, and one can count on getting the necessary papers in a short time, usually within three days. In recent years, however, it has become a rule that some dossiers are dealt with preferentially and can be dispatched within hours. Businesspeople have started to pay officers privately for preferential treatment. By doing so, they have raised general expectations, so that payments are gradually becoming everyday practice.

<sup>&</sup>lt;sup>7</sup>The pallets belong to the breweries. They have their own sphere of circulation and are not lent into Angola, which makes offloading and loading by hand a necessity. Furthermore, containers are not high enough to store more than one pallet, so that piling the boxes on top of one another increases the number of boxes per container. The warehouse hands, young men, are in fixed employ, but they receive much less than the minimum wages set by law.

and more often than not smuggle them over the border. Most of them repack the bottles in unlabelled boxes (often the original boxes are simply turned inside out) and try to sneak them into Angola by packing them between cheaper goods, in order to avoid import duties. In Santa Clara, the border post opposite Oshikango, smuggling has become more risky since February 2003, when the Angolan government charged the British Crown Agents with the supervision of the customs officers.

For that reason, the second group of traders, large wholesale importers from Lubango or Luanda, often choose to export their shipments 400 kilometres farther east through Katwitwe, a tiny border post without telephone or computer networks. These traders often buy several forty-foot containers of whisky, and informal arrangements with local customs officers make even the large detour profitable. On legally imported liquor, Angola charges import duties of 35 per cent, plus another 30 per cent VAT, so the incentives to avoid the payments and to resort to bribery are high. (The most elegant approach to circumventing taxes was devised by an army general who had his shipments transported to Rundu airport, where they were picked up by military cargo planes and flown to his Luanda warehouses—free of charge and of taxes.)

Business is transacted in cash in US dollars. Often, traders will pay for a shipment worth US\$100,000 literally out of their pockets. The large traders usually send deputies to undertake the day-to-day transactions and only travel to Oshikango or Windhoek once or twice a year to keep up their contacts and to negotiate larger deals.

Unlike the other commodities I describe, branded liquor can be bought and sold without inspecting individual shipments. The commodity is standardized and its quality does not change. This makes the market very transparent, and small differences in price or the exchange rate can induce traders to change their supplier. All traders are therefore interested in stable business relations with their customers. The practice of relying on general importers keeps prices high and makes customer retention easier to manage. Consequently, the trade in liquor runs smoothly and without complication from Glasgow to Lubango.

The whisky trade from Europe to Africa is a continuation of the old colonial trade. The consumption it serves was influenced by colonial consumption history. Today, it also owes much to the publicity by large international firms and to the presentation of Western lifestyles in the visual media. The whisky trade follows the logic of luxury consumption: the ideal is the most expensive and most exclusive commodity, not the cheapest.

#### Brazilian furniture

In all these respects, the trade in Scotch whisky is the exception rather than the rule. Only a small part of the commodities consumed in Africa today are still produced in Europe. New centres of production

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have arisen, and trade relations between Southern countries are slowly replacing the old North–South networks. The importation of furniture from Brazil is a good example of trade relations with new countries that still follow established trade structures.

Brazil is among the world's most important suppliers of raw materials and is increasingly developing into a manufacturing production centre. The Brazilian furniture industry has seen an average growth of 23 per cent per year between 1990 and 2003. A large part of this growth has been due to increasing exports. Furniture exports from Brazil were worth US\$40 million in 1990: by 2006, they had reached US\$945 million. Most export furniture is standardized and mass-produced, and the sales figures are achieved more by price than by quality. Brazil is well positioned in this market, mainly due to its enormous wood reserves and comparatively cheap labour, combined with significant rationalization and modernization in the mostly small and medium-sized furniture factories.

The lion's share of Brazilian furniture exports goes to the United States and Western Europe, but the most dynamic markets are in Africa and the Arab states, where exports were six times higher in 2004 than in 2003. The success of the Brazilian export industry is largely due to bilateral trade policy and to the lobbying work of Abimóvel, the Brazilian furniture industry's association. At ministerial level, at trade fairs or between chambers of commerce, contacts between producers and importers are arranged that enable direct imports.

In Oshikango, Brazilian furniture is mainly sold by two large warehouses: International Commercial Pty Ltd, owned by a Lebanese family, and Sigma Trading Company, an import firm with a small production and assembly unit. Both import product lines directly from the factories owned by large Brazilian producers (Carraro in Rio Grande del Sul or Movelar in Linhares, among others). The packages bear the names and addresses of the producers, and often the imprint 'packed for XY warehouse, Oshikango, Namibia'.

As in all bonded warehouses, furniture price tags are in US dollars. A  $2 \times 2$  metre cabinet with two glass doors, decorative columns and a two-door floor cupboard cost US\$220 in November 2004; a set of lounge chairs in imitation leather seating one, two and three persons could be bought for US\$550. In 2006, furniture worth N\$60 million (approximately US\$10 million) was exported through Oshikango border post alone: onshore exports of furniture from Namibia to Angola amounted to almost N\$90 million in 2003. All told, the value of Angolan furniture imports across the Namibian border should be well over US\$30 million—the equivalent of about 60,000 sets of lounge

 $<sup>^8</sup>$  (http://www.furnitureglobal.com/news/news.asp?newsid=2371), 30 July 2007. Exports were even higher in 2005, as are projections for 2007. The decrease in 2006 is mainly due to the weak US dollar.

<sup>&</sup>lt;sup>9</sup>Data of the industry's lobby, Abimóvel, cited from (http://www.brazzilmag.com/content/view/3147/49) 21 July 2007. For export development in other countries, see Abimóvel 2004: 31.

chairs or 150,000 cabinets. The furniture is destined for Angola's new urban middle class, who partake in one way or another in the country's export rents: employees of parastatals, lower-ranking army and government officers, or urban traders.

Most of the furniture is bought in Oshikango by medium-sized trading companies whose position in the trade is not sufficient to enable them to organize and finance imports directly from Brazil. They transport the packed furniture directly to Angola on trucks and sell it at their own risk. Often a truckload comprises different goods – say whisky, mattresses, building materials and furniture. The lighter lounge chairs commonly serve as additional cargo in truckloads of heavy building materials or liquor.

Other customers, small traders or end users, buy only one or two pieces of furniture and consign them to one of the many freight services whose trucks regularly travel the same routes into Angola. A cardboard sign on the truck's windscreen or on a fence nearby announces the truck's destination. When enough merchandise has been consigned to the carrier, the truck leaves for the designated town in Angola, where the owner can pick it up.

Brands usually do not play a role in the sale of furniture. Customers don't connect quality or style with the names of manufacturers, and often they do not know or care if the item comes from China, Brazil or Europe. Since early 2006, one producer and his importer have attempted to change this perception by promoting a specific brand, and signboards praising 'Da Costa – 100% MDF' have appeared along Oshikango's roads. Thus, brands may play a more significant role in the future, and this would be an important step for Brazilian producers. Until now, however, design is much more important than brand, and glitzy fronts count for more than durability. Furniture design must convey wealth and an association with a hypothetical Western model that is rooted more in Brazilian telenovelas than in lifestyles in Western centres. From many conversations with customers, the impression was gleaned that they are primarily looking for decorative and expressive facades as a framing of their own lives, not as objects of primary utility.

Because of the absence of branding, the opening up of new markets by producers functions in different ways than in the case of Scotch whisky. It is not necessary to link a product with a certain lifestyle through publicity or convince the customer of the quality of a brand. The most important strategy—next to design—is to get in touch with local wholesalers. That is why trade policy and lobbying matter so much in the export of downmarket furniture to Africa. New business contacts are often arranged from the top, through political networking and strategic government exchanges. Decisions about consumption are thus influenced by trade policy—not concrete decisions on which commodities are appropriated in what ways, but simply the fact of which commodities are available for appropriation and which aren't.

On the political level, new South-South trade relations have become more and more prominent in recent years. Brazil is adroitly using its historic relationship with Africa and Africans to enhance its

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chances on African markets, especially in Angola, whence very many Brazilian slaves originated. The country positions itself as part of the African diaspora and capitalizes on its common colonial past and the common language with African Lusophone countries. In official speeches, South–South solidarity and the common fight against (neo-)imperialism are often mentioned. Helped on by this political positioning, a dense network of economic relations between Africa and Brazil has developed. It may be doubtful that the new South–South trade will be more advantageous for Africa than the old North–South trade, but there is no doubt that the players in international trade and the origins of the commodities consumed in Africa are rapidly changing.

### Used Japanese cars

The sale of used cars is a special case in international trade: the commodities come from industrial countries but are distributed nearly exclusively by traders from the South. According to the South African Ministry of Transport, 80,000 used cars were imported through Durban into southern Africa in 2004. Since it is illegal to own them in South Africa, one must assume that most of them were exported to Namibia, Mozambique and Angola.

In Namibia more and more imported cars have been sold in the last couple of years. Everywhere on the streets one can see Toyota Land Cruisers, Hi-Lux pick-ups, Corollas or Nissan Sunnys that still have Japanese stickers on their windscreens. They often differ in design from the models built in South Africa. Even if it is difficult to find spare parts for them, such used cars are very attractive to Namibian buyers. Prices for new and used cars built in South Africa are very high. Despite the high cost of transport, imported used cars from Japan or the US are often only half as expensive as comparable local models, and normally have far fewer kilometres on the odometer.

To understand why the trade in used cars is so attractive and how it is organized, the best starting point is Japan, the biggest single source of used cars imported into southern Africa. Both Japan and the Anglophone countries of southern Africa drive on the left side of the road, thus eliminating the need for modification. Japanese consumers seem to have a special liking for new cars, and the average mileage of a used car is lower in densely urban Japan than in vast and sparsely populated Namibia. The liking for new cars is further accentuated

<sup>&</sup>lt;sup>10</sup> Brazilian President Lula da Silva, accompanied by trade delegations, has travelled five times to Africa since he took office in 2002. During that time, bilateral trade has doubled. His repeated reference to Brazil as the country in which, after Nigeria, most Africans live, is often taken up in the African discussion on diaspora and South–South relations. One prominent occasion for this was the CIAD (Conférence des Intellectuels d'Afrique et de la Diaspora) conference organized by the AU in October 2004. Apart from the furniture trade, one could cite many other examples of trade relations between Africa and Brazil. For Namibia, there is a naval agreement of 1994 that led to the sale of a Brazil man-of-war to the newly founded Namibian marine in 2004, or the massive import of chicken meat from Brazil when South Africa stopped its exports during the avian 'flu outbreak in late 2004.

by a tax regime favouring the Japanese car industry: car taxes rise dramatically five years after the initial registration of a car. This creates an oversupply of used cars and keeps the prices lower than in most other countries. In total, an estimated one million cars were exported from Japan, and the underlying trend is upward.

This oversupply has consequences for the organization of the market. Most used vehicles are not sold to individuals, but to trade firms that auction them off in big public sales. The buyers, too, are mainly wholesalers, and trade volumes are amazing. According to its website, USS in Chiba, the biggest of these auction houses, sells up to 11,000 cars per day (\( \http://www.ussnet.co.jp \), accessed 15 December 2007). Such volumes cannot be handled by traditional methods, and for some years now the auctions have been held electronically. The dealers sit in a hall full of computer screens, pressing a button to place a bid. Pictures of the cars are projected on to the monitors and on to big screens mounted in the hall. The average time needed to auction off a car is twenty seconds. A new USS auction hall in Noda seats 2,400 dealers (Craft 2004).

Within this trade system, dealers from Pakistan have become more and more important as wholesale buyers. Expatriate Pakistani traders first became involved in the international used car market in the 1980s, when the Pakistani government stipulated that used cars imported into Pakistan had to be owned by Pakistanis living abroad. When the import of reconditioned cars into Pakistan was banned in 1994, expatriate Pakistani car dealers living in Dubai and Japan developed new markets in Africa (Ahmad 2005). Today, the used car trade into the world's poorer countries is firmly in the hands of expatriate Pakistani traders, even if new players are starting to emerge. Wherever used Japanese cars are sold, be it East Russia, Iraq, the Pacific Islands or Angola, Pakistani traders are involved. The big junctions of their international trade networks are Dubai for the Arabic countries and North and East Africa, Zarate near Buenos Aires for South America, and Durban for southern Africa.

There are two typical variants of trade in used cars from Japan to southern Africa. A smaller number of cars is ordered directly from Japan. On the trade firms' websites, one can find detailed descriptions of the cars on offer and can choose the appropriate model. The transport to the nearest port is organized by the trading company and charged to the buyer, who is responsible for all import formalities, taxes and registration. This is the cheapest way to import a car from Japan and is favoured by individuals looking for a car and also by local prospective dealers who want to move into the market without investing too much. As the wholesalers offer the necessary infrastructure and are easily accessible on the web, individual trade networks, personal contacts and dealer know-how are relatively unimportant.

The greater number of cars are not shipped on demand: instead, they are sent by Japanese wholesalers to their overseas branches or to business partners for retail sale within southern Africa. These cars remain in bond until they are bought by local customers. Then, customs

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clearance and registration formalities are taken care of by the dealers. Most dealers of 'grey import' used Japanese cars in Namibia are of Pakistani origin. Many of them are part of large trade networks, and those who are not have usually learned the trade in one of the big companies. The first southern African branches of international trade firms dealing in Japanese used cars were based in Durban. At first, they sold to local dealers in Mozambique, Zimbabwe or Namibia. In 1999, when Angola was developing into an important market, one of the trade firms founded a branch in Oshikango and started to sell directly to Angola, thus avoiding intermediaries. In 2004, there were six import-export firms selling used cars: all six were owned by Pakistanis. In early 2008, a further seven Pakistani firms had opened and were joined by five other new showrooms, four Lebanese-owned and one Namibian-owned. At the time of writing, it was still unclear how the Pakistani networks would be affected by the competition, but existing traders welcomed it, saying it would attract further customers from

Most of the vehicles are still imported through Durban and transported to Oshikango by road. The bigger companies use car transporters, the smaller ones pay drivers—mainly white South Africans—to drive the cars from Durban to Oshikango. Currently, Pakistani trader networks end in Oshikango and the remaining links in the supply chain are in the hands of Angolan dealers.

All over the world, the used car business is gradually becoming more difficult, as many countries have closed their markets to used car imports from Japan. In Namibia, grey imports are a contentious issue too. The first regulation was imposed by the Namibian government in 2003, when it banned new imports of left-hand-drive cars. This restricted market access for North American and most European cars and thus encouraged imports from Japan. In early 2004, the Angolan government followed suit by banning the registration of right-handdrive cars. Through their international trade networks, import firms in Oshikango were able to react flexibly by increasing imports from the United States, while some also started to convert right-hand to left-hand-drive cars. A further blow came in November 2004 when the Namibian government banned the import of used cars older than five years from January 2005. This measure took the dealers and the public completely by surprise. It seems to have been the result of successful lobbying by South African car manufactures and by the RMI (Retail Motor Industry), the association of local car dealers.<sup>11</sup> The new regulation did not affect offshore trade to Angola, but it robbed the traders of their Namibian customer base for right-hand-drive vehicles and made reorientation of supply bases necessary.

<sup>&</sup>lt;sup>11</sup> An advertisement in which the government warned against buying grey imports was paid for by Namibia's biggest car dealership, Pupkewitz Motors. Moreover, the arguments government used-mainly reproaching Pakistani dealers for allegedly not sticking to the import regulations and the comment on the losses of local firms-were exactly the same as those of the RMI (Retail Motor Industry).

The new regulations ignited fierce discussions in Namibia about the advantages and disadvantages of grey imports. Potential clients concentrated on the advantages of cheaper cars and emphasized the positive changes brought about by grey imports. They had most of the consumers on their side when they stressed that lower prices benefited everybody, not least small enterprises and the emerging black middle class. In Namibia, cars are both a desired luxury good and a necessary tool. Because of the large distances within the country, the population's high spatial mobility and the poorly developed public transport network, cars are at the centre of public attention and are probably the most sought-after commodity in Namibia. For the many locals who cannot afford to own a car, private taxis are an important means of transportation. It is as a taxi that more often than not a car reaches the last stage in its life cycle-with notorious consequences for road safety. Grey imports have made better cars accessible at a lower price. 'Today, you can find taxis here in Oshikango that are not even ten years old. I can't think of any government measure that has improved road safety as much as the import of cheaper cars', one local dealer claimed.

The main argument of those advocating the new regulations was that the South African car industry and local dealers had to be protected. They claimed that cheap cars and the profits of a few international firms and minority entrepreneurs mattered less to the Namibian and southern African economy than a possible decline in the established car industry and its retailers. International car producers are divided on that matter: typically, the southern African subsidiaries of Japanese companies ally with their international competitors against grey imports, while Japanese mother companies seek to expand them. In fact, the export of used cars has many advantages for Japan. It generates direct trade revenues and solves the problem of disposal. Cheap used cars are an efficient and cheap way to open up new markets in poorer countries: they promote brand consciousness as well as an infrastructure of workshops and distributors of spare parts.

Used cars, like second-hand clothes, are an example of the North–South trade in commodities whose consumption lifespan has ended in the industrialized countries. As in the case of second-hand clothing, their appropriation and the economic consequences of their trade are manifold and controversial. The international used car trade differs from the trade in second-hand clothing in one important aspect: the trade network is no longer in the hands of Northern companies. People from the South sell manufactured goods from the North to customers in the South. The used car trade is a niche market that does not require high initial investments, but only a personal presence on the scene and a high level of integration in a network of solidarity—conditions that typically foster minority entrepreneurship.

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<sup>&</sup>lt;sup>12</sup>Toyota South Africa's boss, Johan van Zyl, stood up for the ban on grey imports as early as 2002; his colleague Maureen Kempston Darkes, president of General Motors Latin America/Africa/Middle East, harshly criticized the abolition of a 20 per cent import tax on used cars in Kenya.

Chinese sports sneakers

Minority entrepreneurs do play a part in nearly all import networks to Oshikango, but Chinese traders are the only expatriates selling commodities from their home country on a large scale. Currently there are over seventy Chinese-owned shops in Oshikango (see Dobler 2007; 2008a). Most of the shops sell the same commodities: textiles, shoes, electronics, motorcycles and a large array of goods ranging from calculators to wall clocks, from punch balls to perfume.

The Chinese trade in Namibia is not confined to Oshikango. Many large and medium-sized Namibian towns have Chinese shops, all of which sell a similar range of goods. Chinese commodities play an ever-increasing role in consumption changes in Africa (see for example Alden 2005; Alden, Large and Oliveira 2008; Brautigam 2003; Haugen and Carling 2005). According to OECD data, the value of exported manufactured goods from China to Namibia grew more than one hundred fold between 1996 and 2003. The increase is less dramatic for Angola, as Chinese–Angolan trade relations started from a higher level due to the old alliance between the ruling regimes of both countries, but it is still very noticeable. <sup>13</sup>

The export figures represent a surprising volume of commodities—just one of the 22 Chinese shops in Oshikango sold more than 200,000 pairs of sports sneakers to Angola in 2004. Clothing articles are among the best-selling Chinese commodities. They are cheaply produced in the new Chinese industrial economy and are modelled on Western brands. Only a few shoes are really imitations, but most of the clothes bear famous brand names. Prices are very low by southern African standards. The first Chinese traders in Oshikango enjoyed profit margins of 50 per cent and more, but fierce competition has brought down profits to 10–20 per cent. Cheapness is in fact the main argument for buying Chinese. Some Chinese traders complained to me that they would like to sell better goods, but that the Angolans they sell to wouldn't know the difference.

Goods are usually imported in sealed containers from China to Oshikango and reach the town by truck from Durban. They are either commissioned directly at the factory or, for smaller amounts, ordered through wholesale merchants in China. All Chinese traders in Oshikango have agents in China – mostly a family member. Others travel to China regularly to seek out new goods and new suppliers and 'to keep up with the contacts'. As all the Chinese shops in Oshikango are family businesses, wives, sons or nephews keep shop during the owner's absence.

<sup>&</sup>lt;sup>13</sup> In 1996, the net worth of Chinese exports of manufactured goods to Namibia was US\$132,000, in 2000 US\$2.2 million, in 2002 US\$9.3 million, in 2004 US\$24 million. For Angola, the corresponding figures climbed from a yearly average of about US\$7 million from 1996 to 2000 to US\$16 million in 2002 and US\$43 million in 2004. Total Chinese exports to Namibia went up to US\$52 million in 2004 from US\$8 million in 2000. The figures for Angola are US\$33 million in 2000 and US\$193 million in 2004 (OECD International Trade Statistics Database, SITC Rev. 3, China).



FIGURE 1 William Li supervising the offloading of a container of sports sneakers, October 2004

The boom in the Chinese export economy has been extensively described and analysed. But why are there so many Chinese traders living in Oshikango? Why do Namibian businesspeople import Brazilian furniture, but diaspora Chinese import Chinese shoes?

One answer is the greater cultural distance. Language is not the only barrier, but different business environments and different forms of political embeddedness make it difficult for foreigners to establish successful contacts with Chinese commodity manufacturers. Their ability to serve as brokers between the different business cultures is the main asset possessed by the Chinese traders in Oshikango. This is not to say that they feel at ease in both worlds from the start—on the contrary, they usually work hard to achieve this advantage. When they arrived in Namibia, most of them spoke neither English nor Portuguese. By dealing with Angolan customers, many of them have achieved reasonable proficiency in Portuguese, while most are still far from fluent in English.

Business opportunities attract Chinese traders to many countries of the world, but they are not the only reason for their presence in Oshikango. The first steps were taken on a political level. Contacts between SWAPO and the Chinese government reach back far into the pre-independence era. In 1964, SWAPO President Sam Nujoma was

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invited by the Chinese government, which was seeking contacts with southern African liberation movements loyal to Beijing's rival Moscow. Later, China's support in the UN for Namibian independence did much to strengthen the lopsided friendship. These inter-governmental relations later became the foundation of the Chinese presence in Namibia. In 1990, Sam Nujoma welcomed Chinese investments and Chinese businessmen into Namibia, and he has kept his word, in the process often angering local prospective businessmen, who feel that the Chinese are treated much more favourably by the Namibian bureaucracy.

As far as the Chinese are concerned, they see Oshikango as a lucrative opportunity to escape the still strongly regulated economy of their country, its intense competition among businesses and the need to be well-connected in order to have a successful business. Most of the Chinese living in Oshikango today came after 1999. They had heard of Namibian opportunities from relatives or friends, and many learn the trade in a relative's established business. Their backgrounds are as diverse as their hometowns—from the son of a peasant who started selling rice as a small side-business twenty years ago, to the upper-middle-class son trained at Beijing University business school.

They buy and sell individually: nobody talks about his suppliers and nobody asks. Much to the dismay of the Beijing MBA, they do not fix prices, but compete with each other, even though cartels would be more profitable. As far as business is concerned, they are not an ideal example of a group of minority entrepreneurs. Socially, however, they form a close community. Unlike most businessmen in Oshikango, virtually all the Chinese live in their shops. They have small bedrooms attached to the shop or the storeroom. In the evenings, they sit outside their shops and chat with each other, and the large square between two wings of a shopping centre becomes their living room. They do not spend their evenings in pubs, as most people in Oshikango do: only a few of the youngsters go there to play pool or lose some money on the slot machines. More often, they play soccer with the locals. They give the impression of feeling at home, but they do not consider Oshikango their town. While they do not really mind being there, their common credo is 'We are here for business'. Some of them have lived in other countries before, and all of them make it clear that they are willing to move on if business is better somewhere else.

These pioneer entrepreneurs who introduce Chinese commodities into a succession of new countries are a decisive resource for the Chinese export economy. Rather than being a diasporic community of minority entrepreneurs, they are itinerant traders who take up residence for some time. The organization of their trade networks fits that role: they are the only group of expatriates in Oshikango who come to Namibia along with commodities from their home country, bridging the cultural gap that would otherwise make trade relations difficult. The old ties to their home country are more important to them and to their business than newly established ties in their country of residence.

#### FOUR TRADE NETWORKS: A COMPARISON

The warehouses of Oshikango plainly show how much the world of commodities in Africa has changed today, and how much old colonial trade networks have been supplanted in the process. The increase in globally produced commodities in Africa can no longer be described in terms of old North–South models. A constantly growing part of trade in Africa is linked to new manufacturing countries and new trade routes. These international trade networks influence which commodities reach African consumers, and their organization has important consequences for local consumption.

I have described four of the hundreds of different trade networks that direct commodity flows into Africa. The people involved in organizing these networks differ widely, but they share the desire to earn money by bridging national, cultural and geographical boundaries. To do so, they draw on different abilities, different social networks and different forms of capital. They have no prior connection with Oshikango: they have gathered there because the historical and geographical situation of the town makes it a good place for their business. Even if it is not their aim to change life in Oshikango, their presence inevitably changes the living conditions of local people.

Each of the four trade networks I have described is organized in its own distinct way and relies on a specific mode of social integration. Trade in Scotch whisky follows old colonial patterns. On the one hand, it is characterized by the exclusive character of the brands that enables producers to control trade networks tightly through concessions and keeps newcomers out of the market; on the other hand, standardization makes the trade foreseeable and uncomplicated, while giving high incentives for strong customer retention, as transparent market price competition could easily lead to a downward spiral. Both characteristics make it hard for new players to gain a foothold in the market, with the consequence that the whisky trade is still in the hands of formerly advantaged businesses and formerly advantaged people.

Apart from branded luxury commodities, consumer goods of European origin have become an exception in the trade to Angola via Oshikango, and trade is no longer controlled by Europeans or Northern Americans. Western-style living room furniture is still a luxury commodity that only a few Angolans can afford, but, unlike whisky, furniture is judged not by the brand name but by its design. Consequently, commodities from countries whose producers don't have the European luxury brands' global exposure in the media have better market chances. Most of the furniture sold in Oshikango is directly imported from Brazil. The necessary contacts are made by manufacturers and wholesale traders, often facilitated and stimulated by political contacts.

Pakistani traders dominate the used car trade in Oshikango. While, in the example of Brazilian furniture, contacts between producers and wholesalers are initiated symmetrically, the initiative in the used car trade lies exclusively with the Pakistani traders. They have opened

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up new markets as pioneers and thereby created formerly non-existent demand. Consequently, the whole trade—up to the retailer or consumer—lies in the hands of one group. Pakistanis living in Oshikango are connected by a dense ethnic and religious network. This network provides access to all kinds of business resources, including social security, training of newcomers, procurement of credit and business contacts, and supply of spare parts. This creates ideal conditions for setting up competitive new businesses in underdeveloped markets. The world-wide trade in used cars is a model example of the expansion of commodities on the initiative of ethnic trade networks.

Unlike the Pakistani car dealers, Chinese shop owners in Oshikango are not part of a tightly knit trade network. Rather, their business contacts resemble parallel strands stretching from China to Namibia, and the Chinese diaspora community offers them social contacts and friendship, not access to economic resources. But once again the spread of new commodities starts in the country of origin and is made possible by the emigration of traders who act as cultural brokers. As with Pakistani used car dealers, the main argument for buying in their shops is the price, not the design or the brand.

All four trade networks are to some degree organized along ethnic lines. This, however, is not due to ethnic networks or to a specific business ethos prevalent among a migrant group. It is influenced much more by the place people from a similar background occupy in the global economy. The main resource of all traders in Oshikango is their capability of bridging different markets. All four groups of traders are best suited to bridge one specific gap between producers and consumers. Portuguese traders are thriving, but they would be incapable of negotiating prices in Shanghai, just as Pakistani car dealers are very successful minority entrepreneurs, but would be less at ease than people of British or German descent in linking up with South African whisky importers. Minority status, networks and intergroup solidarity do play a role in how they conduct their business, but are not the main factors in their economic success. Minority traders in Oshikango do not become successful because they are minorities - they emerge as minorities through market conditions in a globalized economy which create specific, culturally and socially distinctive opportunities in a given location.

Each of the four minorities I have described is ideally placed to trade in a specific market segment. The reasons for their success are only vaguely known to most members of their host society, but the range of goods a minority trades shapes how the majority society looks at that minority. In post-colonial Namibia, consumption plays a crucial role for the reproduction of cultural values and social positions. Eighteen years after independence, access to consumer goods has become the epitome of liberation, an expression of the freedom to redefine one's own social status. In the public discourse, consumer goods take up much of the space that was devoted to political issues during the liberation struggle.

Among the most telling symbols of that change are the changing names of local shebeens and bars scattered across the towns and villages of northern Namibia. Most of them are named after the owner, or are called 'Lucky Star', 'Blue Lagoon', or 'Sunshine'. But there have always been a number of bars with programmatic names. Many of the older ones were named the likes of 'Democracy Works' or 'One Nation'. They stood for a new beginning and a new political order in one's own land. Later, in the first years of the trade boom, bars were often called 'Namibia & Angola Bottle-Store', 'King Madame Again' or 'Katwitwe Bar'-names referring to the common heritage with Angola and to border-crossing identities. In recent years, even this kind of political message is left behind, and the most popular names emphasize consumption and modern living. The names 'Rolex Bar' or 'Fashion House' are self-explaining; the very popular 'Supersport Bar' takes its name from the two TV sets broadcasting Supersports channel on DSTV day and night.

Oshikango's visual landscape is changing with the names of shebeens. Billboards for consumer goods take ever more space, and the walls of warehouses are painted with bright images of the goods the affluent can buy there. Consumption certainly takes more space in public discourse than political programmes, and more and more people strive for a good life not through political struggle, but through individual prosperity. Consumption is both its expression and its ultimate goal.

This is even more visible among members of the emerging Angolan economic business elite. For many of the Angolan traders I met in Oshikango, but mostly for young businessmen who are not yet part of the well-connected elite, consumption is an effort to find reliable markers of social status after the uprooting during the war. Consumption is a common gauge through all fractions of society. Toyota Landcruisers or bottles of Johnny Walker Black Label are real, no matter how fragile or fraudulent the riches were that bought them. Money as a common denominator works both ways: it is an incentive to spend much on conspicuous consumption and the least possible on everything else. In the eyes of the young traders, the most expensive luxury goods and the cheapest necessities are the ideal. On both sides of the scale, price matters more than quality. Radios, for example, are mostly no-name products built in China; they are discussed and compared by their prices, not their quality. The different luxury whisky brands, however, are known by everyone, and the traders choose their bars for their fashionability, not for low prices.

On the Namibian side, this leads to a surprising re-politicization of public discourse on consumption. Western-style consumer goods are seen as the epitome of modernity and liberation, but their inaccessibility creates a growing sense of frustration that is not directed against the former colonizers' trade, but against new players providing cheaper goods. South African firms, once the embodiment of a hated apartheid regime, take on the role of leading Namibia into modernity. Shopping malls comprising branches of South African chain stores such as Game, Shoprite, Pick'n'Pay or HiFiCorporation are inaugurated by Namibian

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FIGURE 2 Painted advertisements on the walls of a warehouse, August 2006

politicians, accompanied by strong applause from media and the public. When President Pohamba opened a new wing of Windhoek's flagship Maerua Mall in March 2006, he hailed it as a vital contribution to the country's infrastructure, and the only criticism voiced in the media on that occasion was insufficient parking space. In northern Namibia, Oshakati's shopping malls have become points of attraction and fascination.

The Chinese shops do not share that privilege. Their sheer cheapness counts against them: both in the media and in everyday discourse, they are routinely presented as neo-colonial enterprises aimed at taking over the Namibian economy by flooding the market with cheap junk. This has to do with xenophobia, but it is fuelled by the image of Chinese goods as cheap substitutes for the real thing. Being liberated means having the right of access to Western consumer goods—to be on a par with the former colonizers. In a paradoxical move, this makes the presence of South African-owned businesses selling the big international brands a sign of liberation, while Chinese traders appear as colonialists trying to fob off Namibians with cheap trinkets.

No Chinese or Brazilian brand of consumer goods has yet emerged as a new point of reference that could break the orientation of consumption dreams towards the old colonial powers. Perfumes or watches may be produced in China, but they still bear the labels of *Hugo Boss* or *Rolex*. Consumption, and the trade networks that make

it possible, shape the image Namibians have of the former colonizers and of emerging economic powers. They help to create mental maps of this world that will surely have political repercussions: the riots against Chinese traders in Zambia before the elections in 2006, or the movements against South African trade interests in many African countries bear witness to this fact. We cannot know how these world maps will look in a few years' time. We do know, however, that the world map of real trade flows has profoundly changed over the last ten years and will continue to do so.

In 2003, Crawford Young argued that the age of post-colonialism is over in African politics. In his view, African political practices are too diverse and too heavily influenced by internal factors and by changes in the international system to be meaningfully described as deriving from the colonial situation and its aftermath. Business in Oshikango suggests that on the economic level, too, the post-colonial period could soon be over. Structures of international economic integration are rapidly changing. It is true that many of the consumption models appropriated and changed by African consumers still develop in the old colonial metropolises. The largest part of *real* commodity flows, however, could soon bypass the global North completely.

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#### ABSTRACT

After the end of the colonial period, international commodity flows into Africa at first continued to reproduce patterns of colonial domination. In the last ten years, however, important shifts have become visible. New commodity chains bypassing the old colonial powers have developed and are changing the way Africa is integrated into the global economy. This article looks at four trade networks that converge in Oshikango, a small trade boom town in northern Namibia. It describes how trade in Scotch whisky, Brazilian furniture, Japanese used cars and Chinese sneakers into Oshikango is organized. Whisky trade follows old colonial patterns; furniture trade relies on new South-South business contacts backed by political lobbying; in the used car trade, goods from the North are traded by networks of Southern migrant entrepreneurs; Chinese consumer goods are brought into Africa by Chinese migrants who bridge the cultural gap between the markets. Trade in Oshikango highlights the importance of new trade routes for Africa. Migrant entrepreneurs play an important role in these trade routes. A closer look at them shows, however, that their importance is largely due to opportunities arising from their place in the international system, not to a group's inherent cultural or social characteristics.

### RÉSUMÉ

Après la fin de la période coloniale, les flux de marchandises internationaux entrant en Afrique ont continué, initialement, de reproduire les schémas de domination coloniale. Or, des changements importants sont apparus au cours de ces dix dernières années. De nouvelles chaînes de marchandises omettant les anciennes puissances coloniales se sont développées et modifient la façon dont l'Afrique s'intègre dans l'économie mondiale. Cet article se penche sur quatre réseaux d'échanges commerciaux qui convergent à Oshikango, petite ville du Nord de la Namibie dont le commerce est en plein essor. Il décrit comment s'organise le commerce du whisky écossais, des meubles brésiliens, des voitures d'occasion japonaises et des chaussures de sport chinoises à Oshikango. Le commerce du whisky suit les anciens schémas coloniaux; le commerce des meubles s'appuie sur de nouvelles relations commerciales Sud-Sud soutenues par un lobbying politique; le commerce des voitures d'occasion du Nord est assuré par des réseaux d'entrepreneurs migrants du Sud; les biens de consommation chinois sont amenés en Afrique par des migrants chinois qui comblent la fracture culturelle entre les marchés. Le commerce à Oshikango souligne l'importance des nouvelles voies d'échanges commerciaux pour l'Afrique. Les entrepreneurs migrants jouent un rôle important dans ces voies d'échanges. Un examen plus détaillé de ces voies montre, cependant, que leur importance tient essentiellement aux opportunités qui découlent de leur place dans le système international, et non aux caractéristiques culturelles ou sociales inhérentes à un groupe.

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