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An Unexpected Verdict: Exploring the Economic Implications of an Expanding Chinese Presence in Dakar's Informal Market

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An Unexpected Verdict:
Exploring the Economic Implications of an Expanding Chinese Presence
in Dakar’s Informal Market

By Georgina Hurst
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Abstract
Through examination of literature, statistical analysis, and field research in Dakar, Senegal, this study explores the economic implications of an expanding Chinese presence on Senegalese retailers in the informal market of Dakar, and on Senegalese consumers of cheap goods that shop primarily in this market. Since the early 1990s, a neighborhood of Chinese storefronts selling cheap goods has developed in the Centenaire region of downtown Dakar. The Chinese entrepreneurs, primarily in Dakar for wholesale, have adapted to the demands of low-end Senegalese retailers and consumers, focusing their products on basic necessities, such as clothing, and imitation commodities, such as Islamic prayer beads. They are able to mass-manufacture these goods in China under cheaper production costs than the Senegalese face, allowing Chinese traders to provide locally at lower cost the same goods Senegalese entrepreneurs used to have to travel to China to purchase. Contemporary literature suggests that, while democratizing consumption for low-income shoppers, the rock bottom prices Chinese merchants offer trigger competition between Chinese and Senegalese retailers that puts many Senegalese retailers out of business. Field research, however, contradicts these conclusions and removes the secondhand biases and inaccuracies common in the literature. Instead, firsthand research proved the Chinese presence leads to a rise in the standard of living and employment opportunities in Dakar. Thus, despite contemporary literature that argues otherwise, the gains from the Chinese presence in the informal market of Dakar, Senegal outweigh the losses for Senegalese consumers and retailers alike.¹

¹ The term “China” is used in this thesis to designate the People’s Republic of China (PRC). The Republic of China in Taiwan is referred to as “Taiwan.”
# Table of Contents

1. Introduction............................................................................................................. 1

2. Literature Review..................................................................................................... 3

3. Methodology............................................................................................................ 13

4. China in Africa......................................................................................................... 17

5. Who is Senegal......................................................................................................... 31

   **Figure 1. Sandaga Market Place in Dakar**......................................................... 39

6. China-Senegal Relations......................................................................................... 41

7. Chinese Presence in Centenaire Region of Dakar.................................................. 49

   **Figure 2. Chinese Market in the Centenaire, Dakar, Senegal**......................... 54

   **Figure 3. Senegalese tabliers in the Centenaire Region, Dakar**...................... 55

8. Economic Implications For All Actors.................................................................. 61

9. Conclusion............................................................................................................... 75

10. Bibliography.......................................................................................................... 81
LIST OF FIGURES AND TABLES

Figure 1. Sandaga Market Place in Dakar ........................................ 39
Figure 2. Chinese Market in the Centenaire, Dakar, Senegal ................ 54
Figure 3. Senegalese tabliers in the Centenaire Region, Dakar ............... 55
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LIST OF ACRONYMS

ASCOSEN- Association des consommateurs du Sénégal
AU- African Union
CCP- Chinese Communist Party
CHICO- China Henan International Cooperation Group
CNCP- China National Petroleum Corporation
FCFA- Franc Communauté Financière d' Afrique
FDI- Foreign Direct Investment
FOCAC- Forum on China-Africa Cooperation
GDP- Gross National Product
GNP- Gross National Product
OECD- Organization for Economic Cooperation and Development
PRC- People’s Republic of China
ROC- Republic of China (Taiwan)
SOE- State-Owned Enterprise
UNACOIS- Union nationale des commerçants et industriels du Sénégal
UNHCR- United National Human Rights Council
UNSC- United Nations Security Council
WTO- World Trade Organization
MAPS

SENÉGAL

Source: http://goafrica.about.com/library/bl.mapfacts.senegal.htm
**CENTENAIRE REGION AND SANDAGA MARKETS, DAKAR, SENEGAL**

A: Sandaga Market; B: Chinese markets in the Centenaire

*Source: Google Maps*

**CHINA- FUJIAN AND HENAN PROVINCES**

*Source: http://www.heavenmountain.co.uk/picture-gallery/china-map.html*
1. Introduction

Why Explore China in Senegal?

China’s economy has grown exponentially since market-oriented reforms were first initiated in 1978, and is now the world’s fastest-growing major economy. Since the 1990s, China has invested significantly in the African continent to gain access to raw materials and new markets, to exert political influence. As investments and development aid become more extensive throughout the continent, the global controversy over China’s intentions is intensifying.²

Senegal, however, is a bit of an anomaly among African nations. While China’s fundamental purpose in Africa is to mine natural resources that feed China’s domestic manufacturing and export economy, Senegal has no such natural resources. Senegal is also a well-established, stable democracy whose political interests are pointed to the West, not towards communist East-Asian China. Senegal’s relations with China are therefore inconsistent with other African nations, and yet are more extensive than most, with the Senegalese government inviting large Chinese state-owned enterprises (SOEs), such as China Henan and Huawei, to invest millions in infrastructure projects.

Why Chinese Merchants?

As China’s economic presence in Africa expands, so does the Chinese community living in Africa, from officials, such as embassy staff and heads of SOEs, to the labor force of major infrastructure projects. But within the past decade a new group has emerged completely independent of official Chinese government activity: that of Chinese traders and small business owners. Senegal’s informal market is its largest employer,

providing jobs to 61% of Senegal’s urban population. It protects against the absolute lowest levels of poverty in providing small income to individuals that cannot enter the formal market. When observing the informal market, which employs and provides goods to a majority of Dakar’s inhabitants, these Chinese wholesale traders and small entrepreneurs have the biggest impact on the Senegalese economy.  

Chinese wholesalers congregate along the Boulevard du General de Gaulle in the Centenaire region, where they sell basic necessities and imitation goods in bulk primarily to Senegalese retailers. This has led to an expansion of employment opportunities for undereducated Senegalese entrepreneurs within the informal market and to the variety of commodities sold within it. Importantly, these migrants have limited connections to broader Chinese interests and activities within Senegal, and their economic implications differ in scale relative to those outlined in contemporary literature sources. This research provides a unique angle on Chinese presence in Dakar and expands the literature on this subject.

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2. Literature Review: Conceptual Basis for Study

Within the past decade there has been considerable research conducted by political scientists, anthropologists, and scholars regarding China’s penetration of Africa. A rich variety of sources published in North America, Europe and Africa, provide exposure to a diverse range of perspectives on the topic. The research can be consolidated into four main themes: China-Africa relations, China-Senegal relations, Chinese in Dakar, and Senegal’s informal economy. Each piece contributes to the framework for analysis of the expanding presence of Chinese merchants in Dakar. The framework demonstrates why the relationship is likely to be a disadvantage for Senegalese traders within the informal market of the local economy, while benefitting low-income Senegalese consumers that frequent this market. Researchers conclude that the importance of the informal market in providing employment to the economically disenfranchised, in a country where unemployment has hovered around fifty percent for decades, suggests that ultimately the Chinese merchants’ presence in Dakar, Senegal is more detrimental to Dakar than beneficial. Ultimately my own field research contradicts this notion, and instead suggests that Chinese wholesalers boost employment for marginalized populations in Dakar while democratizing consumption for low-income customers.

To begin with the literature, it is important to recognize China’s growing relations with Africa in general to understand the ultimate implications specifically relating to Senegal. As Gehrold and Tietze (2011) articulate, China first established relations with six African nations in the Bandung Asian-African Conference of 1955. With the death of Mao Zedong in 1976, new policies opening and liberalizing China’s economy were
enforced, laying the foundation for China’s robust economic growth. The 1989 Tiananmen Square Massacre, however, destroyed Western hopes for China’s political liberalization, and resulted in widespread efforts to isolate China from Western industrial nations. During the Cold War era, it was pertinent the West advocate for and support democracy over communism, thus the West purposely marginalized many autocratic African nations. These African states instead showed solidarity with a financially generous communist China, thus convincing China to prioritize Africa in foreign policy and to redirect substantial development aid to the continent. African countries also provided new markets critical in stabilizing China’s economy after the 1997 Asian financial crisis. This level of interdependency between China and the African continent was founded on the basis of mutual benefit and financial security.

Chris Alden (2009) outlines three interpretations of China’s role in Africa today. First, China is seen as a long-term economic and development partner dedicated to sharing its technical expertise on solving developmental challenges. China’s involvement enables African countries to diversify and broaden their development trajectories, economic links, and global partnerships.

But, Alden continues, China’s endeavors are not entirely altruistic. China is also seen as an economic competitor with short-term interests in grabbing resources for domestic growth, and thus completely disregarding long-term local environmental and developmental needs, concerns and impacts in Africa. African development gains are challenged by Chinese competitiveness, as will be discussed in Chapter 4.

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Lastly, China is regarded by some as a colonizer, seeking long-term political allies to displace Africa’s traditional Western orientation through partnerships with local elites. It stresses South-South solidarity but ultimately, critics claim, China is seeking political control over Africa. Field research in Dakar defeats this notion of neocolonialism disseminated by Western sources.

China actively engages in a policy of non-interference. In general, China’s development assistance is not conditional or based on principles of good governance, like many Western countries that require recipient nations to achieve economic or political improvement benchmarks before awarding the next development loan. Instead, China provides blind assistance on the agreement of the recipient nation not to recognize Taiwan in accordance with the One China Policy. It is also suggested that China provides development assistance in exchange for access to natural resources often controlled by African governments corrupted by this resource wealth.

Today, the Chinese government heralds its policy of non-interference as exceptional, granting African nations equal access to foreign investment, capital, and development assets, regardless of their ideology or execution of internationally denounced behavior, such as genocide. China effectively leads in securing multilateral ties with the African continent, establishing South-South relations and a strong network of allies, political and otherwise. Each power profits from technological expertise and skill transfers as well as greater access to resources necessary for growth.

Despite the seemingly unhampered flow of aid to Africa, the Chinese government’s methods have certain setbacks, Gehrold and Tietze (2011) continue.

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Various Chinese government bodies are required to approve development assistance initiatives, making the process complex, opaque, and inefficient. Chinese initiatives also strive to enhance China’s reputation through prestige projects and in cultivating good will by constructing public buildings, fighting disease, and improving infrastructure. While African governments benefit from growth and technological transfer, Chinese motives in advancing its stature suggests Chinese aid is not fully altruistic. Western media and literature often take this exploitation of African resources and dependence vulnerabilities as neo-colonialism.

Given this analysis of China’s history and motives in broader Africa, it is informative to investigate Senegal’s localized position within the broader China-Africa framework. Similar to other African nations, Hazard et al (2009) argue that Senegalese goods struggle to enter the Chinese market, demonstrated by the fact that only 0.5% of Senegalese exports head to China. There is a marked trade disequilibrium as a result, with Senegal importing considerably more from China than China imports from Senegal.

But uniquely, natural resources in Senegal are nearly non-existent, with negligible amounts of gold and oil, and an already over-exploited fishing industry. Therefore, Senegal serves little purpose as an export market to China. Senegal could sink into economic bankruptcy in the near future given the government’s acceptance of Chinese loans, and Senegal’s lack of natural resources as a source of consistent and available income used to repay loans. Among the most notable of China’s lending is the $55 million loan in 2009 from the Chinese Export-Import (Exim) Bank targeting the expansion of the electricity supply network in Dakar.

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As Chinese loans to Senegal increase overtime, and Senegal’s minimal resource supply becomes depleted due to overuse by local producers, the threat of getting caught in a debt trap jeopardizes Senegal’s economic integrity. Shinn and Brown (2012) expose this reality in stating “The Chinese impact on Africa is sustainable as long as African countries can repay the loan… If they do not have access to raw material, it is more difficult for the country to get out of the debt trap.”7 Because Senegal does not have raw materials and has trouble accessing the Chinese market, Senegal’s ability to export commodities to pay for future obligations is limited. China’s increasing presence threatens to undermine Senegal’s economic growth and stability.

Another important theme in the academic sources is the history of Chinese-Senegalese diplomatic relations since Senegal’s independence from France in 1960. Hazard et al (2009) lay out the inconsistent history, based largely on economic preconditions and the One China Policy. Under Senegal’s first president, Léopold Sédar Senghor (1960-1980), Senegal recognized the communist People’s Republic of China (PRC) over democratic Taiwan, but it was in second President Abdou Diouf’s best interest to shift diplomatic relations from the PRC to Taiwan in 1996. First, it reflected Senegal’s solidification as the most stable, democratic state in West Africa and thus it was in its diplomatic best interest to recognize another strong democracy over a communist state. The transition was also based on the notion of checkbook diplomacy in which Taiwan provided significant financial backing to states that officially recognized its sovereignty over the PRC. Taiwan bestowed large funds that were not tied to specific development projects, allowing tremendous investment flexibility for Senegal.

Ultimately, however, these funds were no longer sufficient to justify ignoring the PRC’s economic omnipresence on the global stage. In 2005, President Abdoulaye Wade shifted diplomacy back to the PRC to reap the benefits of partnering with the world’s fastest growing economy.

According to Dittgen (2010), these changes in diplomacy and economic alliances link directly to the growing presence of Chinese migrants in Senegal as a result of increased economic ties between the two countries. The Chinese government required the Senegalese government to hire Chinese SOEs in order for Senegal to receive loans and carry out infrastructure projects funded by China. Each SOE required a certain percentage of their labor force to be imported from China. Dittgen argues that as the number of Chinese SOEs in Senegal rose in the 1980s so did the number of Chinese laborers, and that many Chinese SOEs and workers never left Senegal after their contracts expired. The rise in the number of Chinese firms and thus Chinese migrants entering the market dislodged thousands of Senegalese low-skill laborers. While Dittgen argues that the Chinese SOE laborers were the first to enter Dakar’s informal market, I will demonstrate in Chapter 7 that this is not in fact the case.

But as Politzer (2008) suggests, the most consequential category of Chinese migrants in Senegal is that of the growing small-time entrepreneurs that have recently infiltrated the Senegalese informal market. This inflow of Chinese people has stimulated the creation of what contemporary literature deems “Chinatown”, a community of 3,000 Chinese entrepreneurs along the Boulevard du General de Gaulle in downtown Dakar. Although immigrant numbers remain small relative to Dakar’s three-million-person

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population, Mohan and Tan-Mullins (2009) explain “…the generally small size of local economies means that relatively few new entrants into the market can have disproportionate effects.”

Politzer argues that initially, SOE workers in Dakar noticed Senegalese vendors selling goods that were made in China. The Chinese capitalized on the opportunity to produce the same goods at lower production costs in China, exploiting their comparative advantage available because of their common heritage with the Chinese manufacturers, and direct ties to the country that removed middleman fees. This enabled the goods to be sold for prices cheaper than Senegalese traders could charge, while still covering production costs. As Chinese supplier surplus increased, so too did their profits. Through well-developed networks, and encouraged by high profit margins and economic incentives, the flow of low-income rural Chinese laborers disassociated with Chinese government intensified. Consequently, the number of Chinese commercial establishments in Dakar multiplied sevenfold between 2002 and 2005 impacting Senegalese retailers and consumers alike.

Stanton (2011) breaks down the distinct advantages and disadvantages of each affected group. While the Chinese stores increase their profit margins by underselling their Senegalese counterparts, crowding the Senegalese retailers unable to compete out of business, these same Chinese stores enable unemployed Senegalese entrepreneurs with limited capital to buy large quantities of affordable goods used to open their own shops. And while Chinese low-priced goods democratize consumption by increasing the

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purchasing power of low-income Senegalese families, the low quality of the cheaper goods carry severe health risks, containing lead and plastic choking hazards. The Senegalese government has done little to address the presence of illegal Chinese traders who evade taxes, disrupt the local economy, and bribe customs officials to allow the entrance of illegal Chinese goods into Dakar. This is partly due to Senegal’s increasing dependence on Chinese development assistance as it seeks the transition to a mature economy, and also because the Senegalese government cannot provide an alternative source of employment or cheap products to a majority unemployed population.

In understanding the implications of the Chinese on Dakar’s informal economy, it is vital to unravel the dominance of the Senegalese informal sector of the economy relative to the formal market within the larger Senegalese context. As Granström (2009) communicates, the informal sector is defined as the portion of the economy that is not subject to taxes, government oversight or inclusion in the gross national product (GNP), and is characterized by “low productivity due to low levels of skills, irregular earnings and lack of access to financial assets, information, markets and technology.”11 This sector is also known as the “black market,” in which traders resell cheap commodities originally purchased within the formal market.

Senegal’s informal sector has provided an inlet into the local economy for the unemployed looking to turn a profit. It protects thousands of Senegalese from the absolute lowest levels of poverty by granting opportunities to women and economically marginalized members of society. Additionally, the unemployment rate in Senegal hovers around fifty percent, exacerbated by formal regulations and high capital costs that create

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Barriers to entry into the formal market. This has led to Senegal’s informal economy growing at rates faster than its formal economy. The informal sector manifests itself in downtown Dakar’s largest Senegalese market, Sandaga Market, where retailers sell a wide range of commodities made locally and in China, from textiles, to electronics and fresh food.  

These five themes encapsulated within these scholarly articles are widespread, and divergent conclusions are not broadly available. Each positive effect on retailers and consumers has a negative effect to counterbalance it. My firsthand research in January provided a contrasting perspective and analysis of the implications of an expanding Chinese presence within Dakar’s informal sector, and examined whether Senegalese consumers benefited and traders gained or lost with the arrival of local Chinese.

The academic literature and critics conclude that, while there are costs and benefits for both Senegalese retailers and consumers, Senegalese retailers within the informal economy are disadvantaged by the presence of Chinese retailers, while Senegalese consumers benefit from higher affordability of basic goods. The Chinese traders’ base prices undercut those Senegalese traders are able to offer, given lower production and transportation costs. This diminishes the Senegalese merchants’ ability to compete, pushing some out of the market. These same cheap goods, on the other hand, permit a larger portion of low-income Senegalese consumers to purchase a wider variety of essential needs, such as clothing and glassware.

Field research analyzing consumer preferences confirms the advantages of consumption democratization. Yet Senegalese personal and anecdotal experiences and

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empirical observations made within Sandaga Market and the Centenaire region of Dakar prove this hypothesis regarding Senegalese retailers incorrect. The biggest flaw in contemporary literature is the erroneous characterization of all Chinese merchants as retailers, rather than distinguishing between retail and wholesale. On the contrary, the ambition of the Chinese in Dakar is strictly wholesale. Chinese wholesalers help expand the informal market, providing more employment opportunities for undereducated Senegalese entrepreneurs while also democratizing consumption for low-income shoppers.
3. Methodology

After four months of extensive research through Internet- and literature-based sources, I traveled to Senegal for the month of January to expand upon and explore the factual and experiential basis behind the above literature. The majority of my field research was conducted in downtown Dakar, where both Chinese and Senegalese markets are located.

To understand the context in which my research lies, I first observed the markets. I compared the goods sold in Chinese-owned boutiques in the Centenaire to those sold in the Senegalese Sandaga Market, noting which goods are sold in both locations, the similarities and differences in targeted client markets, and how similar goods compare in quality. I looked for markings of the country of production, such as Made in China. I also surveyed who works in the shops as vendors (age, gender, nationality, language spoken). These basic observations contributed to determining the level of competition between Chinese and Senegalese traders within the same informal market selling similar goods, and helped indicate employment and business practices within both cultures.

Price differentials are somewhat subjective, as prices of goods are not set by the market, but rather through bargaining. I observed prices for similar goods found in both Chinese and Senegalese markets first by asking a starting price, and secondly by seeing how low I could haggle the price. I made general observations on the willingness of vendors to bargain, as well as their assertiveness in attracting which types of customers. I did take into consideration the fact that I was viewed as a white American female tourist so my price offerings were inflated. To combat this, I had a Senegalese friend accompany me, and negotiate half of the transactions. Through discussions with consumers, I gained
insight into the average price they expect to pay for each good, why they are buying the good, and why they chose this market. The consumers were strictly Senegalese as no Chinese customers were observed walking around. (See Appendix D for sample interview questions.)

The Centenaire is made up of around two hundred Chinese-owned storefronts so I did not interview every storeowner. I walked up and down the Boulevard du General de Gaulle and interviewed those shopping and selling goods along the way that were willing to participate and spoke French, Wolof or English. There is the question of the legitimacy of the sample that volunteers to participate. The plethora of storefronts to choose from guarantees an appropriate diverse sampling of Chinese entrepreneurs as they come from different Chinese provinces. This was confirmed in interviews conducted with international scholars who conducted similar research in Dakar. I did the same at Sandaga Market. The point is to get local impressions, and understand buyer and seller preferences that complement my statistical and library research completed before arrival in Dakar.

With every visit to Sandaga Market and the Centenaire, I brought a Senegalese escort. This enabled me to acquire the perspective and biases of local Senegalese consumers, as well as take advantage of their fluency in the local languages spoken. As mentioned, this also helped dissipate discrimination against being a white American female.

I contacted various authors of the scholarly journals I based my literature research on for insight into their research methods, Dakar contacts, and further findings. One author in particular, Romain Dittgen, was in Dakar for a five-day conference in January while I was doing field research, and generously spent time guiding me with my
fieldwork and noting differences within the Chinese marketplace between 2009 when he first conducted research and January 2013. The conference itself, entitled *Interactions Sud-Sud et Globalisation - Migrants Chinois en Afrique, Migrants Africains en Chine*, regards Chinese migration to Africa, and reciprocal African migration to China. After a four-hour discussion with the organizer of the conference, Dr. Karsten Giese, I was granted admission to attend this symposium from January 20 to January 24. Here, thirty speakers originating from over ten different countries (including China and Senegal) shed light on the Chinese experience in Africa, which was difficult to gain in my literature research. Among others, topics ranged from the diversity of the Chinese population in Africa, to motivations behind the Chinese entrepreneurial presence in Africa, and family life abroad. Speakers also noted African benefits and responses to the Chinese, from the transfer of technology and skill, to consumer demands, and employment. I received the contacts and research papers of all participants. This conference removed the negativity I had associated with the Chinese entrepreneurial presence in Senegal and, in seeing similar phenomena happening in the rest of the continent as well as in China, helped me recognize this as a new trend of capitalism and globalization not exclusive to Senegal.

I also attended a one-day symposium at the RAW Material Company entitled *Boulevard du Centenaire Made in China*. This complemented a photography exhibit showcasing the images Senegalese photographer Kan Si took of Chinese merchants and boutiques in the Centenaire region. It was revealing of the way certain Senegalese scholars portray the Chinese entrepreneurs, and what aspects of the Chinese presence in Dakar were most important to capture. The symposium also involved a series of lectures by local artists, journalists and academics, discussing the history and interactions of
Chinese and Lebanese entrepreneurs in Dakar. There were certain shortcomings, such as the lack of a Chinese or Lebanese representative, and much of the information provided among the speakers was redundant. The symposium ended with a thirty minute showing of the documentary “The Colony” produced by American documentarian Brent Huffman and sponsored by Al Jazeera. Mr. Huffman was available for questions and conversation afterwards. This symposium uncovered many generic local understandings of the Chinese merchants in the Centenaire and was an important means of attaining the local academic perspective on the Chinese, which mirrored Western contemporary literature.

Lastly, US Ambassador to Senegal Lewis Lukens agreed to let me interview him about the Senegalese government’s approach to formalizing the informal market, and in addressing issues of unemployment. He spoke generally of Senegalese perceptions of Chinese merchants, and shed light on how visas in Senegal work. Lastly, he shared insight regarding how embassies operate abroad in general, and in response to threats towards individuals of the countries they represent.
4. China in Africa

This chapter seeks to summarize the broader trends of China’s role and economic interests in the African continent. In the next chapter, I will demonstrate why Senegal does not fit this pattern.

Why is China Interested in Africa?

China’s power on the global stage grows in conjunction with its mounting economic prowess. The nation serves an important role in leading South-South relations between developing countries of similar histories and with comparable development trajectories to combat the dominance of industrialized economies on the global economic stage. China is primarily interested in Africa for the continent’s service as a generator for China’s own internal economic development, via diplomatic relations, trade, and aid between the two powers.

Natural Resource Provider While Africa remains the poorest and most underdeveloped continent in the world, it has been endowed with a rich natural resource base consisting of an enormous concentration of strategic minerals, such as gold, iron and copper, and deposits of fuels like petroleum and oil. This has attracted extensive investment and extraction by global economic powerhouses, such as Europe and China. China’s economic growth is largely resource-intensive, magnified by its specialization in resource-intensive commodities. China has exceeded its domestic resource capacity, forcing its dependence on the importation of materials from Africa. Thus, China’s export-oriented economy is complemented and supported by the importation of these

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intermediate goods, which in turn supports China’s manufacturing sector and broader economic development. As a result, African mineral-rich countries have experienced a significant increase in the extraction of resources by Chinese SOEs. The African continent’s exports of raw materials to China increased eleven-fold between 2000 and 2012. And, once entirely self-sufficient in oil supplies, China now imports one third of all its oil from the African continent.\textsuperscript{16} China’s motives extend beyond economic, however. With an average 8\% annual economic growth rate since the start of the millennium, China’s ruling Chinese Community Party (CCP) has secured legitimacy amongst domestic and global audiences. Therefore, to feed its exceptional growth rate, China must grab hold of resources necessary to preserve its grasp on power.

Additionally, aside from imports from the African continent, China advances its export-oriented economy via access to new markets by engaging in diplomatic and commercial relations with the African continent. Since 2000, Chinese exports of manufactured commodities, such as textiles and machinery, to Africa have increased nine times and account for 4\% of global trade.\textsuperscript{17}

\textbf{Industrial Base for Chinese Firms} Africa is also growing as an industrial base for Chinese companies. While mining has dominated the share of China’s total investment in the African continent at around 29\%, manufacturing is rapidly increasing its share, currently held at 22\%.\textsuperscript{18}

Aside from national gains, Africa provides economic benefits for Chinese individuals as well. China’s GDP was $12.38 trillion in 2012, but its GDP per capita was

\textsuperscript{17} Ibid.
low at $9,100, ranking it 118 of 228 countries. Accordingly, 13.4% of the population lives below the poverty threshold. Many people choose to migrate to Africa to find jobs and make money in economies much more open to innovation and free enterprise.

Chinese entrepreneurs and laborers have access to a multiplicity of job opportunities in non-competitive African markets, and can practice greater freedoms in business management in a less regulated arena. Chinese entrepreneurs can be their own bosses, speak their minds without fear of government repression, and have fewer production restrictions than in China. China is a hybrid economy combining aspects of socialism and capitalism that ultimately stunt entrepreneurship and curb incentives to innovate. African nations, alternatively, provide opportunities for all Chinese citizens of an overcrowded state to flourish individually.

Many Chinese have also discovered Africa as a legal escape from China’s One Child Policy, a strategic national policy created in 1979 aimed at addressing excessive population growth by forcibly limiting the number of children per family in China to one. Coupled with new job opportunities, Chinese families are able to make money in Africa, have multiple children, and with capital accumulated from African jobs, can afford to send the children to higher education schools and universities in Europe.

20 Smaller pollution fees serve as an example of lower production restrictions in Africa relative to China. With lower pollution restrictions, production costs for Chinese firms operating in Africa are decreased.
Political Influence in Region China is a big player in many multilateral organizations, including the United Nations Security Council (UNSC), and the United National Human Rights Council (UNHRC). While wielding tremendous power in serving as one of the Permanent Five in the UNSC, China has few powerful political allies, and thus still battles to represent views opposing those of the largely Western-dominated organization. By investing in Africa, China is able to gain not only economic, but also political allies within the global arena. With an aggregate population of one billion, the fifty-four nations on the African continent possess extreme potential as political agents, and it is in China’s best interest to align politically and economically with as many nations as possible. In exchange for support in the UNSC, China offers support for developing African economies in the World Trade Organization (WTO). Western countries often resent Chinese diplomatic ties with some African states, as alliances disregard misconduct and focus solely on domestic gain.

African countries permit China to enter and exploit their resources because the deals are made between African and Chinese elites, who receive large economic benefits from these exchanges at the expense of the masses. Relations with China allow African nations to diversify their investment sources. Elites are willing to accept symbolic projects as part of investment and aid packages, and they are indifferent to societal and environmental consequences that affect locals. The Chinese government in Senegal, for instance, fully funded the Grand National Theater and Black Civilization Museum in

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Dakar, as well as eleven football stadiums throughout the country that do not aid development but rather serve to benefit Senegalese elites and China’s reputation.\textsuperscript{27} China’s demand for Africa’s resources, such as oil and animal feed, raises prices of these goods in global markets. This is particularly damaging to African farmers that consequentially face higher costs of living, but African elites see additional exports as boosting GDP.\textsuperscript{28} Thus, Chinese investments are tightly tied to African elite interests that often undermine those of the masses. Yet some African nations have shown resistance to Chinese dominance in their local economies. Angola, for instance, banished a Chinese state-owned oil company after a disagreement. The company ultimately came crawling back offering more money.\textsuperscript{29} African nations resist absolute control by China and force respectful cooperation. This aids in defeating notions of Chinese neocolonialism and Africa as an amalgamation of developing economies vulnerable to exploitation.

**Why It Matters** As of 2012, China’s population accounted for nearly 20% of the global total at 1.35 billion inhabitants. The entire continent of Africa, according to the same source, is home to 1.1 billion inhabitants, 250 million fewer than China.\textsuperscript{30} Why does this matter? China’s rapid economic growth will fundamentally alter “the strategic agenda in Africa;” the country is so large that any change in growth, whether positive or negative, will be felt in all trade partners around the world.\textsuperscript{31}

\begin{flushleft}
\textsuperscript{31} Kaplinsky “Turning a China-Threat into a China-Opportunity” China Review Spring 2009
\end{flushleft}
Diplomatic Relations

Exploring Chinese economic and political endeavors in the African continent is vital to understanding China’s motives in investing specifically in Senegal. As Gehrold and Tietze (2011) articulate, China first established relations with six African nations under Mao Zedong in the Asia-Africa Conference of 1955. This set the stage for Africa-oriented Chinese diplomacy in which China became progressively more involved in the politics of the continent. In the 1960s and 1970s, Mao sent hundreds of Chinese to Africa to cement diplomatic relations, and establish footholds for technicians to begin economic development projects. By the mid-1970s, the emergence of Chinese businesses became more prominent throughout African countries, namely Namibia and South Africa where small businesses and textile firms flourished.\(^{32}\)

China has gradually accumulated additional diplomatic allies in Africa, from a mere six in 1955 to forty-nine out of fifty-four in 2012. The first Forum on China-Africa Cooperation (FOCAC) meeting in October 2000, served as a platform for dialogue between Chinese and African political and business elites seeking to improve trade relations and promote economic cooperation. It involved forty-four African nations. In November 2009, China partook in the largest diplomatic forum in Chinese history—the fourth FOCAC ministerial meeting with forty-nine African nations. Goals aimed to enhance trade, development assistance, cultural exchanges, tourism, and high-level dialogue between the states.\(^{33}\)

In order to further diplomacy, China has highlighted Africa and China’s shared history of oppression and exploitation by the West. It stresses principles of equality,


\(^{33}\) Ibid.
mutual benefit, sovereignty, and non-interference, showcasing itself as a benevolent non-oppressive partner. China-Africa, essentially, is a win-win strategy. As a result, China turns a blind eye to poor governance and political systems that execute genocide and human rights violations in order to secure as many allies in the South as possible. China’s relations with Sudan are perhaps its most controversial, continuing its diplomatic engagement while becoming subject to the ongoing Darfur conflict, in which 400,000 Sudanese have been killed in widespread ethnic genocide. In October 2008, for example, Sudanese militants held nine China National Petroleum Corporation (CNPC) oil workers hostage, ultimately killing five. Yet CNPC continues to control 60-70% of Sudan’s total oil production. Diplomatic relations between China and the African continent continue to grow, and trade is multiplying as a result. This goes to suggest that China is in African to stay, investing in long-term projects, and establishing strategic relations. But while China remains a dominant and influential economic player in Africa, Africa’s influence in China remains extremely limited.

It is clear that China is increasingly extending its reach throughout the continent. As China’s presence continues to grow, its political involvement in Africa also increases. Chinese diplomats are establishing strong ties and negotiating with African elites (rather than the masses) and are able to play state, provincial, and private actor interests off of one another to get the best deal. Nonintervention in politics facilitates greater diplomatic transactions and strengthens ties in economics.

35 Ibid.
36 Ibid.
**Trade and Commercial Relations**

Increased diplomatic ties have also led to enhanced economic presence. Commercial relations between the two powers have deep roots in Mao Zedong’s international policy of the 1960-70s, as previously mentioned above. Today, China serves as Africa’s third largest trading partner, behind the United States and France, and its leading trading partner for commodity-based economies.³⁷ In 2007, total trade between China and Africa reached $73 billion, and eight months later soared to $107 billion in 2008, attaining and exceeding the FOCAC 3 objective of US$100 billion before 2010 two years early.³⁸

Due to its strength in manufacturing, and its cheap production costs, China is able to provide cheaper imports than other foreign traders, such as the European Union. African nations therefore trade more heavily with China for manufactured commodities where similar goods available in other markets are accessible at lower costs. However, this has negative consequences for domestic import-competing industries, such as textile and clothing manufacturers who shed thousands of employees annually to compete with Chinese cheaper prices.³⁹

Experts have noted China’s growing attention to commercial security issues. China has set up naval vessels to line Africa’s eastern coast so as to secure exports of raw

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materials, and not be dependent on foreign security forces for protection. In a similar effort, Chinese forces have initiated anti-piracy brigades in the same area.\textsuperscript{40}

**Aid, Investment & Infrastructure**

As discussed, African nations provide not only resources that continue boosting China’s economic wealth and power, but also hold significant future economic potential for success. It is a largely untapped pool of wealth that China is slowly tapping into, aided with monetary investments.\textsuperscript{41} Beyond trade, a large portion of Chinese existence in Africa is spurred by investments in infrastructure and developmental projects, carried out by Chinese state-owned enterprises such as China Henan (CHICO), ZTE and Huawei.\textsuperscript{42} China spends about US$50 billion a year, or around 75% of its private investment, in construction abroad alone. These projects include dams, roads, bridges, railways, and ports that aid the extraction of natural resources and goods from mines and local markets, and the transport of such products to global markets. They also serve as entry points for Chinese goods to access local markets. China has more recently also moved into agriculture and farming investments to the fear of many rural African farmers whose living is based on their local monopoly of this industry.\textsuperscript{43} The China-Africa Development Fund (CAD Fund), China’s largest private equity fund focusing on African investments,

\begin{itemize}
\item \textsuperscript{40} Alden, Chris, and Christopher R. Hughes. "Harmony and Discord in China's Africa Strategy: Some Implications for Foreign Policy." \textit{The China Quarterly} 199 (2009): 563-84. Print.
\item \textsuperscript{41} SY, Moussa. Interview by Ama. 22 Sept. 2012.
\item \textsuperscript{42} Gehrold, Stefan, and Lena Tietze. \textit{Far From Altruistic: China's Presence in Senegal}. KAS, 2011. Print.
\end{itemize}
has raised US$1 billion, primarily targeting agriculture, but also other sectors, such as infrastructure, manufacturing, energy and mining.\textsuperscript{44}

Trade and diplomacy is all about compromise and incentives. China discovered that it must provide Africa with significant aid, purchase non-resource products, and supply appropriate skills in specific sectors where there is capacity scarcity, in order to receive access to Africa’s riches and resources.\textsuperscript{45} China issues package deals, offering aid, security support, and extensive infrastructure investments in exchange for access to natural resources and materials for manufacturing.\textsuperscript{46} China’s foreign direct investments (FDIs) in Africa grew from 2.62\% of China’s total FDI in 2003 to 9.82\% in 2008. This investment is almost exclusively in countries rich in natural resources.\textsuperscript{47} China has a tendency to deal with individual countries rather than via the African Union (AU). Practicing good governance is not a prerequisite for African nations in receiving development aid.\textsuperscript{48}

**Implications & Perceptions**

Kaplinsky argues that the potential outcomes of China’s deepening presence in Africa largely depend on how key stakeholders react, and are not yet defined.

Yet many negative perceptions of the Chinese heavy involvement in the African continent already exist. To begin, China’s extensive diplomatic relations with African

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countries are often judged by Western nations as China’s attempt to accumulate political allies in powerful multilateral organizations to strengthen China’s negotiating power in a Western-dominated forum, such as the UNSC and WTO. 49

Others denounce the economic downfalls of China’s prominent involvement in Africa, outlined in Oliver August’s Economist article and validated by Deborah Brautigam. These include deficient corporate social responsibility, poor labor relations, competition with import-substituting industries, and not enough hiring of local labor. The building of African infrastructure is nearly always entrusted in foreign enterprises despite the existence of domestic construction companies in African nations. Many African employees in these enterprises claim similar competence in construction, and better monitoring and maintenance of structures in the medium- and long-run. Additionally, Chinese enterprises do not combat local unemployment as frequently as sources suggest because they remain in Africa only for the duration of their contracts. Employment for thousands of Africans by these SOEs lasts a matter of months or years, but after the Chinese leave, the Africans sink back into unemployment. Chinese firms concentrate on short-run gains when the African people need long-term security. The prevalence of Chinese construction firms in Africa undermines local business development and competency, and focuses on the short-run. 50 Despite immediate results, this has future implications that could harm economic development rather than further it.

Statistics Exaggerated, Contradictory & Nonexistent

Western media generally portrays China’s presence in the African continent as heavily demonizing. In fact, few decisive figures are actually known to the Western world regarding Chinese investments abroad, whether in Africa or elsewhere. To begin, China is not a member of the Organization for Economic Cooperation and Development (OECD)\textsuperscript{51}, like the US and many European countries, so it is not required to publish its development aid budget. According to Gehrold and Tietze, the definition of development aid in China differs from that of the OECD.\textsuperscript{52} Therefore, it is extremely difficult for non-Chinese economic analysts to substantiate exact data regarding flows of Chinese investment and development assistance abroad.

Deborah Brautigam, author of the Dragon’s Gift, confirms through data certain negative aspects of the China-Africa relationship. But she asserts that media sources hyperbolize facts and make erroneous claims that Brautigam contends leads to a misrepresentation of their relationship (examples from “China in Africa: The Real Story” if necessary). Raphael Kaplinsky continues this argument, stating, “We know almost nothing of these magnitudes [of the data regarding aid, investment and migration numbers].” Some reporters seek to obscure reality, he continues, other times data changes so rapidly it become outdated before publication.

Still others maintain that Western reports are too simplified and exacerbate prejudicial imagery. In failing to distinguish between differentiated migrant communities,

\textsuperscript{51} OECD: an international organization dedicated to global development through economic growth and financial stability. The thirty-four-member countries meet regularly to peer review, monitor, and assess development member programs, make recommendations and ultimately implement new projects to alleviate poverty and cultivate prosperity. For more: www.oecd.org

\textsuperscript{52} Gehrold, Stefan, and Lena Tietze. \textit{Far From Altruistic: China’s Presence in Senegal}. KAS, 2011. Print.-page 95
the Chinese are often misrepresented in the singular, implying unity and homogeneity where that is rarely the case. The media also exaggerate state-driven decision-making. Chinese migrants in Africa largely work and travel unassisted by the Chinese government, so this falsity compounds distortions. Lastly, reports commonly characterize the African people as children without agency. They are powerless victims to China’s selfish neocolonial pursuits.\footnote{Mawdsley, Emma. “Telling Stories: British Broadsheets on China, Africa and the West.” \textit{Great Britain-China Centre: China Review} 46 (2009): 8-10. Print.}

**Who disseminates this information?**

Critics are largely Western media sources with inherent biases against Chinese penetration of developing economies and governmental systems. But it is not exclusive to the West. Many African sources are also condemnatory of the Chinese presence. Surprisingly, these sources tend to be those individuals that are least affected by the Chinese presence. In the case of Dakar, Senegal and the ubiquity of Chinese merchants in the market, Senegalese critics tend to be academics and policymakers rather than the low-income consumers that shop primarily Chinese-made goods.

**Why It Matters**

Public opinion is vital in legitimizing policy debates and political choices. Simplistic views of misunderstood communities limit critical understandings of the varying national and international interests of states around the world. As will be addressed in Chapter 8, proper understanding of the Chinese in Dakar, Senegal helps mediate tensions between local retailer and consumer unions that seek to expel and protect Chinese traders, respectively.
5. Who is Senegal?

Historical Development of Senegal

Senegal has a long history of foreign influence largely owing to its function as a regional and international commercial hub and gateway into West Africa. Since the fourteenth century, what is Senegal today has been passed between Portuguese, Dutch, British and most importantly French political control, with significant implications in forging new societal and governance structures. Senegal was a French colony from the mid-nineteenth century through 1960, and was home to French West Africa’s colonial capital, St. Louis (later moved to Dakar in 1902). Today, Senegal is a stable Westward-pointing democracy, with major trading partners including the United States and former colonizer France. Geographically, Senegal is the furthest west tip of Africa, and remains the only African nation to never have experienced a coup d’état. Despite numerous distinct tribal ethnicities, 94% of the population is Muslim.

Due to its strategic geographic location, Senegal has traditionally served as an international commercial hub, most significantly functioning as the last stopping point in Africa before heading to the Americas in the Atlantic Slave Trade of the 1600-1700s. Senegal is both an exit from and a point of entry into West Africa. Today, with an international airport and major shipping port, Dakar provides vital access to inner West Africa where infrastructure is less developed. This has aided the economic development of West African nations, and also led to migration to Dakar for economic purposes.

Poverty has plagued the Senegalese population for centuries. Today, over half of Dakar’s population of 2.5 million people is less than twenty years old, with forty-three percent of the population of working age (20-59 years). Yet only 61% of school age
children attend school and unemployment soars at 48%. Much to do with this is poor access to education, with 43.4% of Dakar illiterate, concentrated mainly amongst women and adults. Similar poor access to healthcare leads to malnutrition and chronic illness that prevent children and adults from entering the formal economy. Poverty resulting from poor education and healthcare forces many Senegalese to enter the informal market, where the majority of revenue amongst poor households in Dakar originates, 27%.^54

**The Informal Sector**

There are many factors causing poverty in Senegal, namely Dakar’s overpopulation, endemic unemployment, difficult access to credit, high costs of living, and natural disasters, such as droughts and floods leading to rural exodus. The government fail to provide an open environment for entrepreneurs to innovate and for workers to enter the formal economy. High taxes and bureaucratic red tape often push entrepreneurs to participate in illicit behavior, such as bribing government officials to bypass certain restrictive regulations. There are many other barriers to enter the formal economy, including limited access to a quality education, to healthcare services and to public goods. Consequentially, the Senegalese are unable to fill their full potential without the necessary human, physical and financial capital attained through schooling and basic employment.^55 As a result, about 61% of the urban labor force is employed by Senegal’s informal economy.^56

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^55 Human capital is a measure of the economic value of an employee’s skill set (investopedia.com). Financial capital is money used to purchase necessary means of production and assets to start a business.

What is an Informal Economy?

Informal economy refers to commercial activities that transpire outside the official bounds of government regulations and taxation. It is characterized by low productivity and skill levels, poor and irregular earnings, long work hours, and a lack of access to information, markets, financial assets, training and technology.\(^{57}\) Entry into the informal market is rarely voluntary, but rather a necessity for the desperately impoverished. As in the case of Senegal, complex government regulations, high taxation, lack of finance, and poor access to capital create barriers to entry into formal markets, and force individuals to pursue informal activity.\(^ {58}\) With no guarantee that a firm will become or remain profitable once it enters the formal market, the cost of formalizing is too high and incentives are too low.\(^ {59}\) The informal economy, on the other hand, has low barriers to entry, requires low levels of education and skills, and is labor-intensive rather than capital intensive, so limited capital is required to enter.\(^ {60}\)

Workers often “operate in the hidden,” meaning there are no contracts for employees, and firms and output are not registered with the local government so they are not taxed. Thus informality is often associated with illegality, stealing market shares from formal firms, escaping taxation and keeping firms small to avoid government detection.\(^ {61}\)

There are some downfalls to the informal economy. To begin, it deprives the government of tax revenue that could be reinvested in infrastructure and development


\(^ {59}\) Ibid.


projects. National economic development is therefore curbed, which curtails formal employment opportunities. Employees are also hurt by poor remuneration, job insecurity and scarce social protection.\textsuperscript{62} But if the government is unwilling to reform and simplify regulations, taxation and bankruptcy laws, or improve services and access to credit, then the reality of the informal sector will continue to strengthen and grow.\textsuperscript{63}

So, while the informal sector may curb overall national growth, it is a second best option in providing work and an available source of income for poorly educated individuals wishing to enter the market. Women in particular benefit in the informal economy from increased bargaining power through the acquisition of a paid job, improving their social and economic standing. The presence of an informal economy also serves as a buffer in times of economic instability as it is comparatively unaffected by exogenous shocks, like financial crises. Lastly, it provides intermediary goods to the formal sector. The informal economy serves to benefit individuals, the formal economy and the national economy. It is protection against the absolute lowest level of poverty. It is also a force of creative destruction, pushing inefficient, non-profitable producers out of the market, and making room for creative and efficient production.\textsuperscript{64}

\textbf{History of Dakar’s Informal Economy}

As previously mentioned, foreign minorities have a historical role in significantly influencing Dakar’s economic and political spheres. French colonials and Lebanese immigrants, Lebanon being another important French colony at the time, monopolized

\begin{thebibliography}{9}
\bibitem{Ibid} Ibid.
\end{thebibliography}
Dakar shopkeeping in the early to mid-1900s. This curbed the maturation of a Senegalese capitalist class, and instead pressured urban Senegalese to survive off petty trade. Working class French and Lebanese entrepreneurs became business managers despite inadequate qualifications as their education and business skills were better developed relative to local levels.65

The bulk of French colonials flocked back to France in the 1960s after Senegal’s independence and as they retired. By the 1970s, the French colonial ambiance was nearly entirely removed. But the Lebanese retained their economic sway. As a result, immigration was officially restricted in 1964, despite already being in decline since the government’s take over of the peanut industry, which the Lebanese controlled for a time. The Lebanese that remained in Senegal were fairly prosperous but contributed negligibly to Senegal’s economic development. They sent most of their profits home to Lebanon and relied on family and community networks for employment rather than the local labor force. They learned French, Arabic and Wolof but preserved their distinct identity.66

Dakar’s informal economy has always existed, but it mushroomed in the past half century. The 1970s and 80s proved critical years. Senegal experienced a series of unfortunate natural and economic events forcing unemployment and overall economic instability.67 It began in the seventies when reduced agricultural returns and thus reduced profitability of the sector, coupled with inflation led to a recession. This intensified with the 1974 oil shock, spurring a massive displacement of people from the interior of the

66 Ibid.
country. The usual seasonal exodus to Dakar became permanent. Due to a lack of schooling, funding, and capital, and with few technical skills, these former agricultural workers were unable to enter the formal urban labor force. Instead, they sought informal employment in Dakar. The informal economy quickly developed as the primary provider of work for the Senegalese population as a whole.

In the eighties, the situation worsened with a series of droughts that furthered the decline of the agricultural sector. The World Bank and International Monetary Fund introduced structural adjustments, forcing Senegal to liberalize trade, privatize business and decentralize the financial system. This caused further factory closures and job loss. Slums and homelessness came to dominate Dakar’s city center and the informal economy grew to conquer the trade sector.

Senegal devalued its franc CFA on January 13, 1994 in an effort to boost exports and stabilize the economy. Terms of trade grew while poverty appeared to fall. But the poverty reduction was not evenly distributed, and official real wages decreased nationally. There was a rise in private investments that concentrated on the urban trading sector, leading to urbanization, which contributed to the growing informal sector. In 2000, the informal market accounted for 43% of Senegal’s GDP. Between 1995 and 2004, 97% of new jobs came from the informal sector. Within that same decade, there was a three percent increase in informal employment compared to a one percent increase.

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in formal employment.\textsuperscript{72}

Thus, throughout history, Senegal’s informal sector grew faster than its formal sector, and quickly became the primary employer particularly of entrepreneurs. Of the firms operating in today’s informal market, 25% were created since 1999 compared with just 5% since 1980. So businesses are new and quickly developing. 61% of Senegal’s urban labor force is concentrated in Dakar’s informal sector, and accounts for 30% of Dakar’s total economic output. Informal economies are labor-intensive by nature. Senegal nationally has a low capital-to-labor ratio thus making it more profitable to pursue informal economic activities. The sector has three subdivisions: industry, commerce and services, with commerce accounting for 68.9%.\textsuperscript{73}

A small workforce, long hours and business mobility characterize Dakar’s informal sector. 74% of informal businesses are self-employed, with only 7% having more than three employees. The average workweek requires 54 hours of labor, with up to 32.1% of employees working more than 60 hours a week. Despite opportunity costs, such as leisure time, long workweeks satisfy customer demand, increasing firm income. Lastly, 75% of informal businesses have no fixed location, largely due to short business life averaging 9.4 years, and high costs of rent.\textsuperscript{74}

Compared to other African countries, Senegal’s economy is highly productive. However, this statistic conceals certain discrepancies. The formal sector is six times more productive than the informal sector, largely due to broader matters, such as access to schooling. 53% of informal employees do not have schooling compared to just 10% of

\textsuperscript{74} Ibid.
formal workers. Overall, wages are 2.7 times larger and schooling is 3.3 times more frequent in formal employment. Human capital developed through education correlates with competitiveness, economic development and productivity, hence why the formal economy is more advanced in all three of these sectors.

Today, Senegal’s informal economy is a thriving source of employment for undereducated entrepreneurs. The structural adjustments from the eighties helped stabilize the economy, but hindered the development of a modern industrial and business sector in Senegal. Thus the economic crisis proves the importance of the informal sector in neutralizing the negative effects on output and employment.

**Major markets and goods produced**

“All of Dakar is a marketplace,” as Angela Dodson of the New York Times accurately states. Dakar is scattered with a variety markets, from Soumbedioune Village Artisanal, to Colobane, Kermel and HLM 5. The largest market in Dakar is Sandaga Market, selling everything from a customer’s next meal to low-end toys, jewelry, clothing and furniture. It is the most central market in Dakar, located 200 meters from La Place de l’Indépendance. Sandaga attracts locals, but vendors make the most profit off of unknowing tourists who do not know local prices. Vendors in Sandaga tend to be

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The market itself is located inside a dilapidated three-storey building, and is surrounded by hundreds of tightly compacted tables and stalls. It is a literal maze trying to navigate the narrow walkways, with a fast-paced flow of customers, and aggressive vendors shouting daily deals and following potential clients. A majority of the goods sold in Sandaga market are counterfeits, bought either directly from China or the halfway point of Dubai, or from the Chinese wholesalers in Dakar’s Centenaire.\footnote{Georgina Hurst. Sandaga Market, Dakar, Senegal. January 9-28, 2013.}

\textbf{Figure 1. Sandaga Market Place in Dakar, by Rindra Ramasomanana}
6. China-Senegal Relations

Chinese traders in Dakar have significantly affected business activities and practices within Dakar’s informal market. Therefore, it is informative to recognize Chinese-Senegalese interactions on various scales to situate the Chinese traders within this broader context.

When it comes to Sino-African relations, Senegal is a peculiar fit in the puzzle. As we have seen, China historically invests in oil-rich African nations, such as Angola, Namibia and Sudan, to meet the demands of China’s expanding consumer base. Furthermore, since the 1950s when the African continent served as an ideological battleground between communism and capitalism, China has actively sought political allies against Western capitalist forces. Yet since independence in 1960, Senegal has been a stable democratic, capitalist state with a limited resource endowment. This is the first indicator that China’s major influence on Senegal lies outside of Chinese government activities and more within informal networks.

Senegal’s relationship with China is dynamic and ever changing. 81 As discussed, Senegal has shifted between recognizing the PRC and Taiwan since the 1960s. Most recently in 2005, Senegal transferred diplomatic endorsement to the PRC, anticipating sustainable development benefits and rise in foreign trade, but economic relations remain unbalanced. 82

Brief Summary of Trade & Investment

Senegal and China engage in formal commercial activities, government to government. Until 2003, tea was Senegal’s main import from China at 17% of total

imports. 2004 textiles overtook tea, and 2005 construction materials dominated. Trade, therefore, has diversified and grown between the two economic powers. Senegalese exports to China tripled from 2000 to 2005, but remain minimal at only 0.5% the total value of Senegal’s global exports. Many critics, such as Sijh Diagne, claim the Chinese presence in Senegal threatens local producers’ ability to compete legally in domestic and international markets. Thus, Senegalese actors are increasingly dependent on Chinese imports for consumption.

As a result of diversified relations, China has invested heavily in culture, sports, education, agriculture and energy rather than just infrastructure and development in Senegal. With the creation of a national theater and eleven soccer stadiums, motives behind such investments are curious and deemed prestige projects, showing off Chinese wealth and power with the intention of gaining esteem and political allies. Investment in Senegal suggests potential as a source of untapped capital and economic growth.

**Main Chinese economic actors in Senegal**

China’s manufacturing superiority empowers the Chinese to infiltrate various sectors of Senegal’s economy, most notably textiles. The Chinese comparative advantage in producing affordable clothing makes it cheaper for emerging economies such as Senegal to import Chinese manufactured goods rather than produce them domestically. Furthermore, electricity is an expensive input, and constant electricity cuts in Dakar

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increase utility prices. Chinese mitigate these expenses through government subsidies or domestic manufacture. This undercuts Senegalese import-competing firm profits, forcing many to shed thousands of textile employees to cover costs. In the informal market, this has a more positive implication, as discussed in Chapter 7.

In terms of development, the Chinese state-owned enterprise China Henan International Cooperation Group (CHICO) is a principal actor. CHICO helped significantly in Dakar’s expansion and modernization in developing road, canal and water supply systems. The SOE never left Senegal after being hired by the Senegalese government in the 1980s, despite a break in diplomatic relations in the 1990s, and today is among the most competitive public works companies in Senegal. Huawei and ZTE have a smaller impact on the Senegalese economy, working specifically in telecommunications and information technology. Specifically, Huawei supplied a modern technology network to the Senegalese national government.

There is also a varied list of influential Chinese economic actors that act independently of Chinese federal agendas and big Chinese actors. These include businessmen in trade, services, light manufacturing and construction. Perhaps the most important subset of economic actors within this category is that of Chinese entrepreneurs permeating the commercial sector of the informal economy where barriers to entry are

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few. They engage in petty manufacturing and printing, and they own boutiques, restaurants, and massage parlors.\textsuperscript{93}

**Chinese Migratory Trends**

Migration is shaped by varying push and pull factors, but it is important to note the capitalist world economy is a major influence in migration patterns today. There is a modern ideology of development that attracts people from around the world to migrate to countries where economic opportunities are greater than at home.\textsuperscript{94} Entrepreneurs and firms seek to operate in less competitive markets with lower production costs to decrease expenses and maximize profit. This often prompts relocation abroad.

Although today Chinese migration to Senegal is largely independent of state influence, Chinese emigration policies of the past largely impacted the scale and type of migration. Historically, Chinese migrants have lived in Africa since Dutch and British colonizers imported small numbers of Chinese workers in the eighteenth and nineteenth centuries to work in public infrastructure and agricultural projects.\textsuperscript{95} The Qing Dynasty of China issued decrees in 1712 and 1724 that forbade emigration and overseas trade to prevent Ming Dynasty supporters from establishing bases abroad. But, after the Opium Wars in the 1840s and 1850s, in which China suffered a humiliating defeat, colonial powers took over and forced China to allow emigration. This led to the creation of the “coolie trade” in which Chinese manual laborers were shipped out to the Americas and


African colonies under Western labor contracts, sometimes forcefully, and sent back after the contracts expired.96

The politically fragmented Republic of China (ROC) was established in 1912, but civil war with Mainland China developed shortly after. Ultimately, Mao Zedong’s Communist Party won control of Mainland China, declaring it the People’s Republic of China in 1949, and forced ROC members to flee offshore to Taiwan. This period was vital to Chinese migration as 22 million people left the PRC to form the ROC. Today, around the world, political tensions continue to exist in diasporic communities between PRC and ROC citizens. As previously mentioned, the economically dominant PRC provides favorable aid to African countries supporting the PRC over Taiwan under the One-China Policy.97

China’s economic liberalization in the late 1970s after Mao’s death weakened the state’s role in emigration. The state privatized Chinese SOEs, neutralized the national emigration policy, deregulated labor recruitment, and increased private labor contracts. This enabled individualized pursuit of economic success within China, and abroad. The idea was to increase foreign investment abroad and also open the Chinese economy to foreign investment to allow for development.98 Between the 1960s and 1980s, 150,000 Chinese technical assistants were dispatched to Africa. These were temporary appointments, but many chose to stay in Africa to engage in commercial activities that allowed for remittances.

97 Ibid.
As aforementioned, recent FOCAC developments focus on increasing diplomatic, economic, political and touristic ties between the continent and China. As a result, Politzer estimates that over 234,000 Chinese people have traveled to African countries. It is important to note that there are distinctions between the experiences of Chinese migrants throughout the African countries to which they migrate. There is no unified experience or diasporic identity.99

As China-Africa relations have picked up momentum, Chinese government authorities have become more assertive in encouraging the Chinese population to migrate to China. In 2007, for instance, Li Ruogu, the head of China’s Exim Bank, urged poor farmers to move to Africa, promising to support their migration with employment in investment projects, to provide project development, and to support the sale of entrepreneurs’ products.100

Migration to Senegal is not always easy, especially for clandestine migrants. Formal Chinese employees are often sent to China tied with a Chinese firm or recruiting agency. They are guaranteed a job and receive working visas. Those Chinese laborers that travel via informal social and familial networks often go undocumented, as visas are prohibitively expensive and difficult to attain. Relatives and personal connections help these Chinese entrepreneurs find jobs, but opportunities are often restricted to the informal economy.101

101 Ibid.
Given strong push and pull factors, Chinese natives are traveling the world today in the capitalist pursuit of wealth in a globalized economy.

**Why It Matters**

Chinese in Senegal tend to be transitory migrants, meaning they engage in petty trade in a noncompetitive environment in an effort to acquire enough capital to eventually sustain business in Western Europe, where cost of living is elevated and profits are higher. Also, Chinese employees at large companies tend to remain only for the duration of the contract before returning home. The ambition of these immigrant communities in Senegal is strictly short-term economic gain. Also, there is a strong disconnect between China-Senegal relations on governmental level and unassociated Chinese merchants at the informal level that act independently. Chinese migrants are not Chinese government pawns; they act under their own will. This defeats claims of Chinese neocolonialism often found in contemporary rhetoric.

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7. Chinese Presence in Centenaire Region of Dakar

History of Centenaire & Boulevard du General de Gaulle

The Centenaire region is located in downtown Dakar. Once a prestigious residential area, the neighborhood transformed into what the local Senegalese call “Chinatown” starting in the 1990s with a wave of Chinese immigrants searching for economic opportunity. In the 1970s, President Leopold Senghor funded a housing project, supplying affordable accommodations for Senegalese government employees and civil servants, when previously adequate housing was unavailable. The area’s residents granted the Centenaire a certain prestige and higher class than surrounding neighborhoods.103

In the late 1980s and 1990s, aging occupants of the residential complex began retiring and dying. This, coupled with the 1994 FCFA devaluation, significantly exacerbated the financial situation of polygamist Senegalese families, in which generally one family member earns income for multiple wives and umpteen children. Subsequently, Centenaire property was sold.104

At this same time, Chinese SOEs began entering the Senegalese economic stage. Upon participating in local Dakar markets, Chinese SOE employees recognized an extraordinary economic opportunity for relatives back home. Senegalese hawkers and vendors sold Chinese goods almost exclusively. SOE workers alerted entrepreneurial relatives at home to the opportunity to capitalize on cheaper domestic production and transportation costs of the same goods relative to Senegalese rates. This led to an influx

104 Ibid.
of Chinese businessmen independent of the Chinese government to Dakar that adapted to local market conditions quickly.

The entrepreneurial Chinese immediately engaged in commercial activities within Dakar’s informal market, where capital requirements, fixed costs and barriers to entry were low. They initially established boutiques along Petersen Avenue, where commercial activity was directly linked to the ebb and flow of consumers via the Petersen bus station. Over time, the Chinese extended along the Boulevard du General de Gaulle, initially as a place of residence. The Boulevard gradually converted to a commercial area as Chinese popularity rose among local consumers, and demand for boutiques grew with it. Chinese merchants rented front yards from Senegalese residents in the Centenaire, built stalls, and transformed garages to shops. Those migrants with longer-term goals, or who sought to ultimately sell for profit bought property instead of renting. Today, most Chinese live in the Gibraltar neighborhood behind the Boulevard, using their homes for storage.

Residents welcomed the Chinese, whom alleviated their financial stresses and allowed many elderly to retire. With limited supply and high demand for homes among Chinese migrants, the Senegalese could charge rates higher than to an exclusively Senegalese market.\textsuperscript{105} Thus, the influx of Chinese caused a real estate boom in the Centenaire and surrounding areas.\textsuperscript{106}

Progressively, an informal market was established. Senegalese took advantage of the Chinese presence in reinventing themselves and becoming self-employed. Former local hawkers settled along Boulevard du General de Gaulle and became table retailers \textit{(tabliers)}, buying their goods in bulk from Chinese boutiques. This increased efficiency


in allocating resources quickly and at lower cost to consumers. Roads running perpendicular to the main Boulevard enabled the steady expansion of the informal market and job market in the area. Economies of scale attracted a huge consumer base.

Most Senegalese in Dakar have rural origins, and thus lack the necessary technical skills to enter the formal urban market with limited education and experience. Without steady employment and thus no income, Senegalese entrepreneurs were unable to afford trips to China to buy goods and enter even the informal market. With the flooding of Chinese within the Centenaire, Chinese goods are affordably transported to Senegal and purchased by locals for resale. The Chinese entrepreneurs, therefore, have helped expand informal employment of Senegalese retailers by absorbing certain expenses that Senegalese vendors no longer have to. Secondly, despite remaining removed from the surrounding Senegalese society, the Chinese do hire two to three Senegalese youth per shop, both male and female, to serve menial tasks essential to business sustainability. The Senegalese mainly serve as security, or interpreters and negotiators for Senegalese clients, as the Chinese do not know the local French and Wolof languages. The Senegalese also know local prices and general consumer needs. Employment of females is also relatively unique to the Chinese petty entrepreneurs, and progressive in an otherwise conservative society.

Existing diasporic communities are essential in new migrant integration, and the constant flux of migrants helps facilitate physical connections back to family and producers on Mainland China. As a result, the Chinese remain relatively self-contained.

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maintaining their own languages and culture, while adapting those necessary to play their relative advantages.\textsuperscript{109}

The perpetuation of business is heavily reliant on information from a broad network of kin that provides employment opportunities and aid with transportation. This is best described by the Chinese term \textit{guanxi}, “a close personal trust between individuals,” or literally translated as relationships.\textsuperscript{110} Chinese business practice is based on trust and cooperation, with kin engaging in regular voluntary favors. Business and employment are also highly personalized and informal. There are no written contracts, set wages or regulated credit relations. Confidence in both employer and employee is essential in upholding wage and labor agreements, hence why family is primarily used.

\textit{Guanxi} is imperative in understanding Chinese business in Dakar. First of all, the boutiques are prone to business succession, and therefore Chinese merchants utilize \textit{guanxi} to import family labor. In particular, there is a very close relationship between uncles and nephews in Chinese culture. An uncle buys a boutique in Dakar, and imports a nephew as cheap labor. Jobs are low-skill, and on the low end of the wage scale, thus allowing employment to be based off of relationships rather than skill or merit. The uncle pays for airfare, residence, food and other means of survival while in Dakar while the nephew works for “free” for a set number of years. After a set period of time, the nephew receives a large lump sum of money, equivalent to hundreds of thousands of USD. Nearly all Chinese are in the Centenaire through relatives. One man, for instance, may own three

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shops and import a different family member to work each shop, selling the same goods. Sometimes boutique owners do not work at all, or conduct business from China.\footnote{Giese, Karsten. Personal interview. 16 Jan. 2013.}

A strong network of trustworthy Chinese kin, and the constant movement of Chinese migrants to and from China provide superior access to supplies and resources from Mainland China for those in Dakar.\footnote{Gadzala, Aleksandra. "Chinese Entrepreneurs in Africa's Informal Economies." \textit{Great Britain-China Centre: China Review} 46 (2009): 5-7. Print.} Chinese men and women are in the Centenaire, but rarely full families because wives of boutique owners are part of the supply chain. They live in China, purchase goods from the Chinese manufacturer, and ship them to Dakar. There the husband boutique owner sells the goods in the open market.\footnote{Giese, Karsten. Personal interview. 16 Jan. 2013.} This gives Chinese traders an advantage over Senegalese traders that travel to China to purchase the same commodities for retail, but also opens the door for many Senegalese traders that instead purchase directly from the Chinese wholesalers in Dakar.

**The Centenaire as an Informal Market**

The Chinese market in the Centenaire is similar to Sandaga Market in terms of the goods sold, but the layout and the way business is practiced differ greatly. To begin, the Chinese boutiques are spread out between two wide streets and stretch two to three blocks with no definitive end point. The Chinese merchants are passive and contained, conducting all business over the counter within their boutique, as opposed to ambling Senegalese hawkers and Senegalese retailers that trade over makeshift stalls. Traders only address clients when the client is ready for purchase. Chinese shops tend to be single rooms with concrete or wooden counters stretching from wall to wall so clients cannot enter. They are operated by a single family and employ no more than five individuals, on
average two or three. Chinese bosses tend to live in China, and own multiple boutiques in Dakar run by their nephews. The outsides are curtained by hanging bundles of backpacks, soccer balls and other toys, and hanging mannequins dressed in for-sale clothing. It is very rare to see a Chinese person walking the streets, and the presence of Senegalese hawkers clutters the pathways, making it very difficult to recognize the area as a Chinese market.\textsuperscript{114}

These Senegalese hawkers, known locally as \textit{tabliers}, set up makeshift stalls and mobile carts similar to those found in Sandaga Market, and sell goods directly bought or borrowed on credit from the Chinese boutiques in the surrounding area. While the tabliers cater to retail needs, the Chinese boutiques are for wholesale. So while a majority of Senegalese consumers buy from Senegalese retailers, whether in the Centenaire or

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Sandaga, the goods bought are nearly always made in China. There is no animosity between the Chinese boutique owners and Senegalese tabliers. The Senegalese can tell by the behavior and appearance of the Chinese that the traders have common, modest origins just like the Senegalese tabliers. The Senegalese also recognize that they cannot afford to buy the boutiques the Chinese own so they are not being crowded out; in fact the tabliers business would not exist without the presence of the Chinese. Problems do exist but there is limited hostility between the different nationalities.

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How have the Chinese adapted to an environment exceptionally different from their own? To begin, the Chinese are able to exercise economic strength denied in China’s hybrid socialist-capitalist economy by opening up their own boutiques. In Dakar, they adapt to local consumer demand, imitating and mass-producing prayer beads, framed pictures of Senegalese religious leaders, and traditional female *pagnes* and *mouchoirs*. They also supply basic necessities, such as low-end electronics, hygiene products, clothing and school supplies. By focusing production on Islamic holidays, school and basic household needs, the Chinese merchants are able to capture a diversified consumer base.

Senegalese consumers in Dakar’s informal market tend to be young women, and more broadly very low-income Senegalese families unable to maintain similar standards of living given Senegalese markets. Local Senegalese consumers, therefore, also benefit. Religious holidays are expensive to prepare for, and cost of living is high. Therefore, with cheap Chinese goods sold locally, public purchasing power increases. Consumers are able to effectively increase their standards of living by purchasing previously unaffordable goods, such as consumer durables, and electronics. Glassware is a significant example as it can be sterilized, unlike the clay and plastic cups Senegalese markets provide in a similar low price range. Goods marked “Made in China” proliferate the area, accentuating the Chinese marketing and production superiority.

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Not a ‘Chinatown’

Although the area is dominated by Chinese-owned boutiques, the Centenaire is far from our definition of a Chinatown. In most countries, including the United States, Chinatowns are heavily dominated by Chinese culture. Streets are dotted with Chinese restaurants and petty boutiques selling traditional touristy Chinese goods, such as maneki neko, silk clothing, slippers, and Chinese lanterns. It is a scene of extravagance, with large red and gold arches, neon signs and street-wide banners in Chinese characters. Tourists visit Chinatowns to get a feel for the culture, eat original food, and purchase traditional Chinese merchandise. Chinatowns embody a tangible sense of community and Chinese culture.

In Senegal, however, this is not the case. The streets are cluttered with makeshift stalls manned by Senegalese traders, and it is nearly impossible to see Chinese traders hidden in boutiques behind a curtain of hanging merchandise. The goods being sold are daily essentials, from clothing to hygiene products and shoes, generally pasted with knock-off Western brands, such as Puma, Colgate, and Toms. Restaurants are few, and signs of Chinese culture are limited; there are no neon signs, banners, lanterns or dragons. Despite the Chinese living almost exclusively off of food, clothing, and entertainment imported from China, these goods are not sold in the open market. It is simply the density of the Chinese population that encourages a perception of an overwhelming presence when in reality the Chinese inhabitants remain minimal, and cultural implications are minute.  

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Also, in Dakar there is little apparent sense of community among the Chinese. To begin, there are few full families. This is partly due to concerns of cultural socialization, fearing Chinese children will not sufficiently learn the Chinese language or culture while in Dakar. Chinese adults returning to China after three years in Dakar do not recognize their home anymore and feel that they do not fit in because China is growing so rapidly. And, as previously mentioned, wives stay in China to serve as a link in the supply chain. Chinese males therefore dominate the Centenaire, so there is limited chance of love or new relationships. Traders work all day to make a living, have little time to socialize, and either sit alone in a shop or with a Senegalese employee with whom they cannot communicate. Life in Senegal is lonely for these Chinese traders.\textsuperscript{121}

There are also cultural tensions and social divides. Most of the migrants in the Centenaire are from the rural Henan region of Mainland China. Henan Chinese are historically poor, uneducated laborers that conduct menial agricultural and service tasks for a small income. The second largest group of Chinese in Dakar is from the Fujian region. These individuals are of a slightly higher class and historically view those from Henan as servants. Therefore, the Fujian competing with the Henan on the same income level in the same market has stirred ethnic tension, and resentment towards the Henan. This, as well as hostility deriving from jealousy and competition over rapid accumulation of wealth, has culminated in murder in a few cases.\textsuperscript{122}

Two relatively recent instances of violence include the murder of a 44-year-old male merchant on February 20, 2009 and a 52-year-old female Chinese trader in August 2009, both found gagged and bound with their arms tied behind their backs. In the first

\textsuperscript{121} Giese, Karsten. Personal interview. 16 Jan. 2013.
\textsuperscript{122} Ibid.
instance, the murderer had been an employee of the female trader, and stole four million FCFA from her. In the second, the murder(s), still unknown, stole all the goods from the Chinese man’s shop.123

8. Economic Implications for All Actors

The informal economy is fundamental to economic development in developing countries around the world today.\textsuperscript{124} It is the first step into employment, where entering the formal economy is too difficult. It helps families avoid the gravest extremes of poverty, and aids individuals in acquiring the skills necessary to conduct and manage business, and receive income, even if limited. While many argue the Chinese have helped expand this critical sector of the economy in Senegal, others claim the pervasive presence of the Chinese crowds out local entrepreneurs.

As previously mentioned, the structural adjustments of the 1980s brought about widespread economic disaster for Senegal, from government officials to the already unemployed. There was a significant cut in the number of officials in the administrative, education, and health sectors, and a decline in wages for those that remained. Families struggled to survive given their meager pensions, and many children failed and quit school to join the workforce and help their families. The devaluation of the FCFA in the 90’s led to a rapid rise in food prices and other essentials, such as energy. For these affected families that quickly plummeted into unemployment and extreme poverty, the Chinese traders in the Centenaire were a blessing. To begin, the Chinese that rented homes and boutique-space provided struggling Senegalese families with supplemental revenue in terms of rent.\textsuperscript{125} But there are more economic implications for Senegalese vendors and consumers.

\textsuperscript{124} But, as previously mentioned, the informal economy is low in productivity and largely conducted outside the tax base, meaning it does serve as a drag on development as well.

Economic implications for Senegalese vendors and employees

To begin, it is important to note that the impact of Chinese merchants in the Centenaire region of Dakar is ambiguous and depends on a variety of factors that vary in gravity between Chinese boutiques. Employment practices and wage levels are not standardized, particularly in an informal economic setting. Therefore, in some instances wages are higher than local businesses pay while others boutiques award lower wages based on the season. Also, estimating the actual number of Chinese entrepreneurs is extremely difficult given the somewhat clandestine and informal nature of their migration, so contemporary statistics often contradict each other. Therefore it is difficult to analyze the full extent of the Chinese presence on local business and society. The most recent estimates place Chinese entrepreneurs between one and two thousand, and stores range from 140 to 300 in the Centenaire.

Total volume of Chinese imports in Senegal remains finite around 8.5% of total imports. While there has been a significant increase from just 2.85% in 2002, the major rise in imports from China began before a large community of Chinese migrants developed in Dakar. Commodity flows are therefore not directly linked to independent Chinese migration. But it is not unjust to conclude that recent migration has some influence on the augmentation in magnitude of commodity imports. Senegalese customs officials declare 30% of commodity imports from China are strictly for personal Chinese use and never enter the market.

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127 Ibid.

The most important implications of the budding Chinese boutiques are the resulting spike in Senegalese employment and the improvement of Senegalese business practices that help maximize profits and efficiency. The Chinese in the Centenaire are wholesalers. Their ambition is to sell in bulk to Senegalese retailers, but they do cater to individual buyers to allow profit maximization. 129 90% of profit comes from wholesales for the Chinese. This enables cooperative competition between Chinese wholesalers and Senegalese retailers. 130 They must coexist and cooperate to make profit and maintain the supply chain. Senegalese retailers buy cheap goods from the Chinese boutiques in Dakar rather than traveling to China to purchase them, and sell the goods for a higher price than they paid initially, thus making a profit. With the Chinese wholesalers a few blocks from Senegalese small businesses in Sandaga Market and dispersed throughout Dakar, transport costs and customs fees are absorbed by Chinese traders rather than Senegalese traders, thus making opportunity to earn higher profits a reality. In this way, the Senegalese are able to fight poverty in entering the informal market by way of the Chinese wholesalers. 131

The Senegalese are able to retail the goods at higher prices than offered in the Centenaire due to consumer preferences and loyalties, and unfortunate racism against the Chinese that is perpetuated by the media. Senegalese low-income consumers would rather purchase goods from trusted Senegalese relatives and friends than from the Chinese.

The Chinese wholesalers provide a more efficient marketplace, and greater employment opportunities to undereducated Senegalese entrepreneurs unable to enter the formal market. Senegalese youth are hired to serve menial tasks in the boutiques, from security to translation and customer services. Although there is no job security or set wages, employment for these uneducated, low-income youths is unmatched elsewhere in Dakar. Also, with the Chinese wholesalers in the Centenaire, Senegalese retailers are able to purchase the same goods they used to have to travel to China to purchase. Now, Senegalese retailers have a more consistent local supply of goods at cheaper cost, and do not have to worry about customs fees or transportation costs. This significantly decreases barriers to enter the informal market, as Senegalese entrepreneurs no longer have to fund a roundtrip plane ticket to China. Therefore, more Senegalese entrepreneurs with limited capital are able to find employment in Dakar’s informal economy.

The Chinese have developed effective methods of comprehending consumer patterns of behavior, which the Senegalese have not yet mastered. In recording inventory, tracking high selling seasons, noting what is in and out of fashion, and in establishing a lower initial price in haggling rather than pushing the highest possible rate, the Chinese can pointedly target consumers much more efficiently than the Senegalese that live on day-to-day profits. These specialized skills are transferable, and they are the key to success in a globalized economy. Senegalese business tactics will improve as a consequence of engaging in business with the Chinese traders.

Not all ramifications are positive for the Senegalese informal market. The Chinese wholesalers in Dakar provide merchandise for Dakar’s retail trade. Therefore, Dakar’s

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retail trade is determined by Chinese retail supply. With fewer and fewer Senegalese having to travel to China and develop business relations with Chinese manufacturers and suppliers, the Senegalese retailers are becoming more heavily reliant on the Chinese physically present in Dakar for the goods they sell.

Also, aside from essentials, the Chinese traders also sell imitation Senegalese goods that Senegalese traders make by hand, such as beaded jewelry and leather sandals. In order to make a high enough profit to offset opportunity costs, the Senegalese must charge prices higher than the Chinese offer given Chinese cheaper inputs. Therefore, Chinese inexpensive and varied products peel low- and medium-income consumers away from local entrepreneurs, forcing Senegalese vendors to adopt competitive pricing strategies that lead to profit loss and ultimate exit from the market. Shoes are one of these trades. Once favored by regional kings, pointy-toed leather slippers are now a staple in Senegalese households. The shoes are handmade in a town called Ngaye Mekhe, located in northern Senegal and known locally as Senegal’s shoe capital. Requiring significant manual labor and skill, and high quality leather, a pair of shoes costs nearly US$20. The Chinese recognize the high demand, and mass-produce replicated versions of the shoes in lower cost plastic, selling them for US$5. This aids the gradual demise of the traditional handcrafted business.

But it is important to note that the Senegalese initiated this process of imitating traditional Senegalese handmade goods and mass-manufacturing them in China to take

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advantage of cheaper production costs and resulting ability to sell the products for cheaper in Dakar. The Chinese picked up on this, and moved to Senegal to provide a more direct supply of merchandise, and capitalize on their manufacturing superiority.\textsuperscript{137} Therefore the issue is not the presence of the Chinese but rather than availability of a global value chain. Imitation was inevitable regardless of the Chinese migrants in Dakar.

Many Senegalese have also established strong supply networks directly with Chinese manufacturers in China that are too costly to abandon. The local provision by Chinese wholesalers of the same goods these Senegalese pay large sums to import from China force Senegalese retailers to shut down.

Next, the Senegalese are on average a deeply religious people, with 94% of the population practicing Islam. Therefore, they close markets on Sundays to enjoy a day of rest. The Chinese, on the other hand, are strictly in Dakar for economic purposes, and stay open seven days a week. This extra day of business gives the Chinese an advantage.

Ultimately there are some negative implications for the Chinese presence in Dakar, but the gains in expanded employment opportunities and cheaper prices exceed the relatively minimal losses.

**Economic implications for Senegalese customers**

The actual number of Chinese residents in Dakar relative to the Senegalese is minimal. But their tightly compacted existence in the Centenaire, as well as the proliferation of Made in China goods throughout markets and homes in urban and rural Senegal give the impression of Chinese ubiquity. This has catalyzed many negative

conceptions of and prejudices against the Chinese in Dakar. Although unproven, locals claim Chinese toys contain toxic substances, and because prices are so low, Senegalese low-income consumers are forced to purchase these unhealthy goods.\textsuperscript{138} But, the Senegalese retailers catering to the low-income locals provide the same Chinese goods.

Admittedly, the quality of the Chinese goods is poor. But Senegalese consumers actually demand this poor quality, as do Senegalese suppliers. With nearly half of Senegal’s population unemployed and the majority living below the poverty line, low-income consumers are more interested in subsistence and minimizing cost than in maximizing the quality of the goods they buy. With the proliferation of inexpensive Made in China goods throughout the market, impoverished Senegalese can achieve a higher standard of living. In this way, the Chinese democratize consumption, making a greater variety of goods available at lower cost to a wider consumer market. Senegalese retailers also demand the Chinese import lower quality commodities so that those who maintain expensive supply chains directly with China can continue to effectively compete in the same market. The Chinese therefore adapt to the low purchasing power of the Senegalese, hence providing lower quality ‘rubbish’ goods.\textsuperscript{139}

\textbf{Implications for Chinese Merchants in Dakar}

Unfortunately for the Chinese, life in Senegal is neither easy nor enjoyable. The Chinese work so hard to make a living and support their families in China, there is little time to make friends and engage in social life. They lead a very lonely existence and

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remain strictly to make large profits and gain enough capital to continue on to Europe, or return to China. Thus, the Chinese temporarily sacrifice happiness for money.¹⁴⁰

Cost of living and conducting business in Dakar is high, even for the Chinese merchants. To begin, the Senegalese government has caught on to the large influx of foreign commodities in recent years, and consequentially customs fees have risen considerably. Although not explicit, this motion has targeted Chinese merchants the most. Additionally, the Chinese pay above-market prices for renting shops and homes.¹⁴¹ Their presence is often seen as a threat, and this clearly has led to economic sanctions against them, whether direct or indirect.

The number of Chinese merchants in Dakar cannot be known with certainty, but hovers around one thousand individuals. The number of French inhabitants peaked at 30,000 and the Lebanese today probably far exceed that. Furthermore, it is harder today for the Chinese to penetrate the market compared with the French. The French owned mercantile monopolies and enjoyed imperial discrimination from a French-controlled government. Today, the Senegalese government is sovereign, and the Chinese have next to zero involvement in local politics. Therefore, the Chinese presence is minimal compared to past migrant communities, and relative to the 2.5 million Dakar inhabitants, thus the implications are not as negative as sources claim.¹⁴²

Local Reactions

But tensions do exist. In July 2004, a local Senegalese trade union UNACOIS (Union nationale des commerçants et industriels du Sénégal) staged a protest against

¹⁴¹ Ibid.
¹⁴² Ibid.
Chinese petty merchants in the Centenaire, accusing them of not respecting the law by participating in bribery, tax evasion and importation fraud. UNACOIS strongly believes the Chinese pollute low-income family households with valueless and dangerous items whereas the Senegalese import essential Chinese products, such as furniture.\textsuperscript{143}

UNACOIS demands the Senegalese government become involved. Extremists even demand a complete expulsion of all Chinese merchants from Dakar in an effort to reestablish the old economic order. Since 2004, there have been a series of other protests staged by UNACOIS as recently as 2011, but with limited success.\textsuperscript{144}

L’Association des consommateurs du Sénégal (ASCOSEN) which seeks to educate, inform and protect consumer interests, staged a counter-protest in 2004 asserting UNACOIS is racist and xenophobic towards the Chinese. They note that the Chinese are actually not that different from the Senegalese retailers. Senegalese merchants cheat customers with grossly inflated prices. The Chinese, on the other hand, increase the standard of living by diversifying consumption at lower cost to consumers.\textsuperscript{145} They contend that the goods Chinese sell are no more dangerous than the goods the Senegalese offer as a majority of the merchandise sold by Senegalese retailers comes from the same source. ASCOSEN also points out that by definition the informal sector activity is outside the fiscal reach. Therefore the Chinese do not engage in a higher level of tax evasion and informality than the local Senegalese retailers in Sandaga Market.\textsuperscript{146} And, although not

directly consumer related, ASCOSEN claims the Chinese provide jobs directly and indirectly for the Senegalese, and provide and alternative for employment where the government cannot.147

Essentially, ASCOSEN regards UNACOIS’s aggression towards the Chinese as a human rights issue violating international consumer rights. Consumers have a right to access basic goods available in a given market and their choices must be respected and protected, as a United Nations principle established in 1986 declares. In 2004, ASCOSEN, in collaboration with various local human rights and consumer rights organizations,148 initiated a movement to protect Senegalese consumer liberties and entitlements against UNACOIS’s hostile measures targeting Chinese merchants in Dakar. Together, they contended that aggression towards foreigners would lead to social imbalance with potential catastrophic consequences. It would also question how international law applies to Senegal’s freedom of trade, freedom of competition and freedom of establishment. Lastly, ASCOSEN asks that the government protects consumers in stating, “We ask the Senegalese authorities competent in the matter to be vigilant, to resist commercial terrorism, to refuse blackmail and to be intransigent towards any attitude that may be a source of division for the Senegalese people”149

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148 ASCOSEN collaborated with the following groups: Rencontre Africaine des Droits de l’Homme (RADDHO), l’Union Nationale des Consommateurs du Sénégal (UNCS), la Confédération des Syndicats Autonomes (CSA) le Conseil National pour la Défense du Pouvoir d’Achat des Citoyens (CNDPA) and l’Organisation Nationale des Droits de Homme (ONDH)
Aside from trade union resistance, the Chinese have also suffered from prejudicial assertions due to their high visibility and rumors that the media and critics use to create anti-Chinese sentiment. The media present reality as interest-led, and win-lose as opposed to win-win. The most common claim is that the Chinese have endangered thousands of Senegalese by feeding the market and thus the population with poor quality goods, and engaging in tax evasion and bribery. Secondly, critics say the Chinese invade local markets, jeopardizing indigenous businesses. This is seen as a human rights issue and a violation of local labor laws. The Chinese remain an isolated community, importing everything from food to clothing and games. Their unwillingness to engage in Dakar’s social life is often interpreted as intended invisibility and living in secret.

There has been much speculation over how poor Chinese traders from rural Henan are able to afford the cost of transportation to Senegal, on top of paying customs fees and rent up to five times above-market rates. Locals suspect money laundering and illicit activities such as prostitution and boutiques serving as drug fronts. The Chinese provide the explanation of guanxi. The traders function through tight family networks that involve investing and saving enough money to sustain business, which requires importing Chinese labor. An extensive nexus of kin accrue enough wealth together to invest in a new employee, and pay for a plane ticket to Senegal.

The Chinese Embassy in Dakar has also reacted to the inundation of the market with Chinese merchants. In response to UNACOIS protests, Chinese merchants contacted

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the Embassy for help and security amid high tension. The Embassy did little in response, fearing the merchants tarnished China’s prestigious image and reputation in Senegal.\textsuperscript{153}

How has the Senegalese government responded to all of this? Basically, officials appear rather helpless. The federal government has done little to address issues of extreme poverty and incorporating the informal sector into the economy. It is not an easy process, and starts with education reform and improved access to healthcare and other basic needs. So it seems the government is, in a way, grateful for the presence of the Chinese and the economic opportunities the entrepreneurs have provided for an otherwise unemployable group of Senegalese. The government cannot, at this point, provide an alternative to the opportunities presented by the Chinese and therefore have done little to address the complaints of UNACOIS. The Senegalese government is also thankful for the real estate boom that follows Chinese migration. The US government plans to aid this formalization of the market in the near future, working alongside recently elected Senegalese President Macky Sall. On his list of concerns are increasing employment opportunities for Senegal’s young, entrepreneurial population. For the time being, however, Senegalese politicians seem stuck with the status quo.\textsuperscript{154}

**Future of “Chinatown” in Dakar?**

Given the economic implications and local reactions to the presence of Chinese traders in Dakar, Senegal, what is the future of the Chinese market? As Professor Babacar Gueye would say, “the Chinese never die.”\textsuperscript{155} Here he suggests that as soon as one

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Chinese merchant leaves Dakar, another takes its place seemingly immediately, giving the impression of immortality. But the market is already oversaturated, with nearly every Chinese boutique and newly developed Senegalese boutiques sprouting on adjacent alleyways selling the same items. Consequentially, it is highly unlikely that Centenaire market will expand in terms of the number of boutiques and merchants. Due to oversaturation, profits margins are slimmer and competition is gradually intensifying.\textsuperscript{156}

The Chinese market in the Centenaire will not completely disappear anytime soon, but there are already signs of decline. It is difficult to sell off stock quickly, and it takes about a year to do so. But there is already evidence of Chinese merchants migrating to less competitive markets. Dakar is often a stepping-stone for Chinese entrepreneurs looking to capitalize in non-competitive markets. It is easy to sell inexpensive lower quality goods where there is a large supply of low-income consumers demanding them. Thus, many Chinese have traveling to countries surrounding Senegal, such as the Gambia, Mali and Mauritania. But the real profit is made in Europe, where instead of boutiques in a developing country, Chinese invest in larger shops targeting higher-income clientele and gain exposure to more important technical and business skills.

Therefore, diminishing profit margins due to overcrowding of Senegal’s informal market, as well as better economic opportunities abroad is leading to the gradual decline of the Chinese presence in the Centenaire region of Dakar, Senegal. But it will be decades before the market is completely eliminated. In the long run, Senegalese retailers have already benefited from the Chinese presence and adapted to new business practices that make for a more efficient market.

\textsuperscript{156} Giese, Karsten. Personal interview. 16 Jan. 2013.
Statistics and Data

Statistics regarding Chinese immigration to Senegal are often speculative, with no clear evidence as to how researchers reached their conclusions. With rapid migration, often undocumented through informal social networks, it is very difficult to track and calculate Chinese migrants. It is also often the case that the media and Chinese critics inflate numbers to make Chinese appear a greater threat. Senegalese official data collection of migrants is limited.¹⁵⁷

9. Conclusion

As shown in previous chapters, China serves as the primary provider of substantial foreign development aid and investment in Africa with the ulterior motive of acquiring access to necessary raw materials, of which many African nations are well endowed. As a result, trade between the two powers has soared. The most recent figures value China-Africa trade at over $200 billion, with an upward sloping trajectory.\(^{158}\)

But Senegal’s relationship with China serves as an anomaly, attracting significant investment and aid, but without the benefit of having a rich natural resource base. The principal means of urban employment in Senegal is the informal sector. Many Chinese entrepreneurs have easily infiltrated the markets of Dakar, with cheap goods and low production and transportation costs that serve to increase Senegalese consumer surplus and employ Senegalese entrepreneurs, despite literature that states the contrary. Despite a widely held perception that the Chinese are engaging in neocolonial behavior, over the past two decades, informal networks have developed through which young Chinese entrepreneurs have migrated to Senegal in hopes of benefiting from capitalist ventures. My firsthand research asserts that Chinese entrepreneurs in Dakar’s informal economy are not connected with broader federal Chinese interests and thus act independently of supposed imperialistic pursuits.

What this thesis has proven through extensive literature-based and in-field research is that while there are advantages and disadvantages to the expanding presence of Chinese merchants in Dakar, the gains outweigh the losses for all players in the Senegalese informal market: consumers and retailers. Further, this phenomenon is not specific to China and Senegal, but rather is a natural development of the push of migrants

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from oversaturated markets to less competitive markets abroad, and the migrants’ success due to supply and demand of goods and labor.

Senegal’s informal sector is its largest employer, and is thus significant in the lives of poor, uneducated Senegalese. The petty Chinese merchants in Dakar have helped expand this sector by introducing wholesale imitation products with more variety and at lower cost than previously available to low-income local consumers. As a result, Senegalese retailers buy these goods in bulk, and resell them amongst the low-income Senegalese consumer market. The Chinese have filled a niche previously nonexistent in Senegal: that of a cheap wholesaler. As we have seen, the Senegalese retailers in the Dakar informal market have generally shifted their merchandise from handmade crafts to highly demand manufactured goods according to economic trends of supply and demand. A majority of Senegalese merchants purchase these cheap manufactured goods from China, where costs are lower than those offered in nearby Europe or the United States. But with the immediate introduction of these same goods in Dakar by Chinese persons, Senegalese merchants can purchase these products without facing the same steep transport costs or middleman fees. The Chinese merchants are in a different area of the market than the rest of Senegalese vendors. They directly cater to the needs of Senegalese merchants by selling in bulk, while the Senegalese then sell retail, singular products to individual customers. The Senegalese are entrepreneurial people with motivation and ambition. Chinese merchants have provided an opportunity for the Senegalese to self-exploit this spirit.

Admittedly, there are still downfalls to the presence of low-cost foreign goods that damage certain members of Dakar’s society. Consumers, for instance, face higher
health risks due to poor quality goods with lead components, and choking hazards in toys. The poor quality also induces the constant repurchase of goods as they deteriorate much faster than higher quality, yet more expensive, European manufactured products. But this is largely speculation based on Western standards of consumerism. The low-income Senegalese population sheds a different light on the phenomenon. Frequent re-purchasing of goods simulates greater wealth, as families are regularly changing wardrobes and toys. Aggregate cost is still less than or equivalent to purchasing European-produced similar goods of higher cost. Thus the Chinese merchants indirectly provide an opportunity for upward social mobility amongst local consumers, whether assumed or real. The cheap prices also allow low-income families to purchase formerly inaccessible necessities, such as school supplies and furniture that increase standards of living.

Imitation products steal jobs from Senegalese entrepreneurs that hand-make the goods being imitated, such as wooden prayer beads, leather sandals and shoes, and woven bracelets. While this is true, the Chinese entrepreneurs in Dakar are not the initial perpetrators of this. Evidence suggests entrepreneurial Senegalese retailers took the designs to Chinese manufacturers in Mainland China and had them produced with cheaper products decades ago. Chinese superior manufacturing capacity has enabled China to dominate the global cheap goods market. Entrepreneurs around the world have latched on to this opportunity to buy low and sell high in order to make a profit more simply. The problem flattening local cultural production is not the presence of the Chinese but the availability of the global value chain. Chinese migration and its associated economic networks have simply lowered the cost of bringing these goods to the Senegalese market. The knock-off mass-produced goods would have appeared in any
case. Migrant networks lowered costs; the imitation goods competing with traditional suppliers were available from other sources.

The Chinese example in Senegal is not unique. It follows a developing trend of economic liberalization and globalization that has provided a means for global entrepreneurs to pursue opportunities within a capitalist context. The relationship between immigration and the informal sector of the economy is centuries old, even within Senegal. Overcrowding of domestic markets causes individuals to leave in search of markets facing less competition. These immigrants are likely to fill positions that have minimal cultural, language or local knowledge requirements, hence why informal employment is most common.

The thesis argued throughout is important in providing a positive contrasting view to contemporary literature that tends to demonize the Chinese presence in Dakar and exaggerate the negative economic implications. Sources claim the Chinese conquer the informal market, forcing widespread unemployment and sickness due to poor quality goods. This thesis, however, proves that while unemployment is a byproduct of the Chinese presence, it is minimal relative to the expansion of employment opportunities for poorly educated Senegalese entrepreneurs otherwise unable to enter the informal market. Demand for poor quality goods allows Chinese producers to manufacture commodities at cheaper cost, therefore selling them at lower prices. More low-income Senegalese are able to purchase these goods as a result. There is also no official proof of definitive health implications from the poor quality goods either. A proper understanding of the Chinese presence is essential in resolving conflict, such as the extreme racism and recent anti-
Chinese protests. Fact-based public opinion is vital in legitimizing policy debates and political choices.
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Appendix A

*Aerial Map of Sandaga Market*

*Aerial Map of Chinese Merchants, Centenaire*
School supplies, clothing, and electronics

Low-end consumer toys

Senegalese retailers in Centenaire

159 All photographs taken by Georgina Hurst unless otherwise noted
Senegalese tabliers in the Centenaire region

Cantine chinoise avec un jeune employé, by Amadou Diop
Pictures from Sandaga Market

Handcrafted basketry, by Wendy Hurst

Handcrafted beaded jewelry, by Tod Spedding

Chinese-made sneakers, purses, and bags in Sandaga, by Adama
RAW Materials Company: Boulevard du Centenaire Made in China
Conference: Interactions sud-sud et globalisation: migrants chinois en Afrique et migrants africains en Chine
## Appendix B

### Table of Goods Sold in Each Market

<table>
<thead>
<tr>
<th>Market Location</th>
<th>Type of Goods Sold</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Chinese in the Centenaire Region</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>African Marabouts Portraits</td>
</tr>
<tr>
<td></td>
<td>Colored, black and white, gold frames, laminated, pocket-size to poster-size</td>
</tr>
<tr>
<td></td>
<td>Textiles, Clothing &amp; Footwear</td>
</tr>
<tr>
<td></td>
<td>Bras, sneakers, belts, dresses, socks, jeans, sneakers, plastic sandals, t-shirts,</td>
</tr>
<tr>
<td></td>
<td>business attire, traditional</td>
</tr>
<tr>
<td></td>
<td>Senegalese clothing (pagnes, mouchoirs)</td>
</tr>
<tr>
<td></td>
<td>Household Goods</td>
</tr>
<tr>
<td></td>
<td>Soap, fans &amp; air conditioning units, perfume, bags</td>
</tr>
<tr>
<td></td>
<td>(back packs, purses, satchels), glue, hygiene products</td>
</tr>
<tr>
<td></td>
<td>Entertainment</td>
</tr>
<tr>
<td></td>
<td>Plastic toys, soccer balls, headphones, electronics</td>
</tr>
<tr>
<td><strong>Sandaga Market</strong></td>
<td>Textiles, Clothing &amp; Footwear</td>
</tr>
<tr>
<td></td>
<td>Traditional wax fabric, hand-made leather sandals, spadri, Chinese-made sneakers</td>
</tr>
<tr>
<td></td>
<td>and plastic manufactured sandals, touristy t-shirts, Muslim hats, sunglasses</td>
</tr>
<tr>
<td></td>
<td>; others identical to those sold in Centenaire</td>
</tr>
<tr>
<td></td>
<td>Household Goods</td>
</tr>
<tr>
<td></td>
<td>Ataaya glasses, teapots, cooking supplies</td>
</tr>
<tr>
<td></td>
<td>School Supplies</td>
</tr>
<tr>
<td></td>
<td>Backpacks, secondhand books</td>
</tr>
<tr>
<td></td>
<td>Artwork</td>
</tr>
<tr>
<td></td>
<td>Beaded jewelry, silver bracelets, hand-woven basketry, sand art, wood sculptures</td>
</tr>
<tr>
<td></td>
<td>and masks</td>
</tr>
<tr>
<td></td>
<td>Fresh food</td>
</tr>
<tr>
<td></td>
<td>Locally grown vegetables, meat, fish, spices, sugar</td>
</tr>
<tr>
<td></td>
<td>Miscellaneous</td>
</tr>
<tr>
<td></td>
<td>Toys, soccer balls, cell phone credit, electronics, headphones, marabouts portraits</td>
</tr>
<tr>
<td></td>
<td>; prayer beads</td>
</tr>
</tbody>
</table>

### Analysis

- Prices of goods in Centenaire range from five to ten times cheaper than those sold in Sandaga Market
- “Made in China” printed on all products
- Senegalese retailers complain about Chinese yet buy their goods to resell, claim they are from Europe or the US
- Sandaga Market is retail-oriented, and largely targets tourists while Chinese merchants are wholesalers. In this way, some Senegalese retailers are insulated from Chinese wholesale manufacturing competition