# From Pioneers to Professionals: African Brokers in a Maturing Chinese Marketplace

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**Abstract**: Brokers have played a key role in the establishment and development of African trading communities in China. Nigerians were the first African businesspeople to settle in the commercial hub of Guangzhou, South China, in the 1990s. They initially focused on trade in used vehicles and spare parts but soon ventured into a wide array of business sectors. Deficient commercial infrastructure in Mainland China initially compelled most foreign merchants to source goods via Hong Kong. This changed as Nigerians and other Africans set up as brokers in Mainland China and made the market accessible to itinerant traders and customers at home. In addition to mediating between itinerant traders and Chinese manufacturers, resident Africans offered accommodation, food, money transfer, interpretation, and logistics services. Initially, the brokers could charge generous commissions, from both Chinese producers and African customers. As the market matured, however, they experienced a double squeeze; clients became more familiar with Guangzhou's trading economy and eliminated the brokers from transactions with suppliers, and the costs of being based in China mounted as immigration control tightened. In response, some brokers have moved toward trading on their own by investing previous gains into a business. Others seek to control larger parts of the value chain by setting up production, warehouses, and wholesale outlets. Brokering has become professionalized, and the barriers to entry are higher. These changes are examined by drawing upon data from sixteen months of ethnographic fieldwork in Guangzhou between 2009 and 2017, with follow-up research in Nigeria, Ghana, Togo, and Gambia.

## Introduction

"When you have time, come visit our factory," two Chinese men urged Mamadou.[1] They dropped in at Mamadou's logistics office a few days after selling computers to one of his clients. The three men spoke Mandarin Chinese, Mamadou with an accent from French-speaking Africa and the factory owners with a heavy Cantonese inflection. Mamadou listened patiently to their sales pitch and accommodated their requests to add him on WeChat, an instant messenger system used in China for communication, marketing, and payment. "Come by our factory," they repeated. "I will," Mamadou replied, but without enthusiasm. The manufacturers had

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deliberately arrived in the early afternoon, a slow period for African logistics agents. After dark, the office would become busy with clients returning from their tours of markets and factories, full of chatter as they discussed news over glasses of sugary green tea and waited for Mamadou to confirm deliveries and shipments.

After the two Chinese men left, Mamadou turned to me and said, “This means they have very, very big problems.” He had lived in the commercial city of Guangzhou, South China, for eleven years, launching his business career by acting as an intermediary between West African traders and Chinese wholesalers and manufacturers. The generous commissions he could charge during his first years in China provided him with the capital to set up as a logistics agent, collecting and storing goods in a warehouse before shipping them to Francophone West Africa by air or sea. Over time, an increasing share of his income came from logistics rather than sales commissions. In 2016, factory owners started arriving at his office to ask him to send them new customers. They struggled because of tough competition among small-scale manufacturers in the Guangdong province, slow recovery in global demand in the aftermath of the world financial crisis, and unfavorable exchange rates between the Chinese yuan (CNY) and major African currencies. These problems were exacerbated by increasingly restrictive Chinese visa practices, which made traveling to Guangzhou more difficult and expensive for African traders.

This paper examines the role of brokerage in the emerging trade connections between China and Africa. Most goods produced in China reach consumers in Africa via brokerage services of some kind. As Mamadou’s career illustrates, the role of brokerage in the economic interaction between China and Africa has evolved greatly since African traders first ventured to Mainland China to purchase goods. Brokerage has both adapted to a shifting market and been a driver for change. The city of Guangzhou in Southern China has been a center for the production and trade in Chinese goods destined for African markets.

“Brokerage” as an activity rather than “the broker” as a professional will be at the center of analysis. Africans and Chinese in Guangzhou commonly engage in brokerage alongside other activities, such as trade, studying, teaching, sex work, or diplomacy.[2] The knowledge and networks acquired through these other activities are often what enable people to be effective brokers. Brokerage can be understood as the practice of connecting actors in ways that bridge gaps in social structure, thereby facilitating access to new resources.[3] Scholarship on brokerage focuses on the relationships of trust and reciprocal obligations that enable economic transactions. A key tenet in this literature is that middlemen reduce transactional uncertainty and create opportunities for exchanges in environments where formal contractual enforcement is weak.[4]

Studies from the 1960s and 70s in postcolonial societies highlighted how brokers enabled new forms of political relationships, particularly between local tradition-oriented communities and modernistic states.[5] More recently, ethnographic interest in brokerage has increased in the wake of worldwide neoliberal reforms; these reforms demonstrated that a state-centered understanding of power is clearly inadequate.[6] This article contributes to a growing literature on transnational brokerage, in which the levels of scale that actors operate at and negotiate between is a central subject of analysis. The analysis will elucidate how different combinations of social and geographic distance create opportunities for brokerage.

The analysis of how brokerage in African trading communities in Guangzhou has evolved is based on data collected through participant observation and interviews during sixteen months of fieldwork in Guangzhou, South China, between 2009 and 2017. Supplementary material was obtained during shorter data collection periods in Nigeria (2011), Gambia (2015), Ghana (2015), and Togo (2015), where I reconnected with traders, suppliers, and return migrants I knew from the China fieldwork. Research informants commonly operated between formal, informal, and illegal economies, which made trust building through long-term ethnographic fieldwork essential. I conducted life story interviews with people who had lived or traded in Guangzhou when the city was still a new destination for African traders. Central events and turning points in these accounts form the basis for the periodization that organizes the discussion below. The rest of the paper is structured chronologically. First, I examine the role of brokerage when African traders first arrived in Mainland China and Guangzhou overtook Hong Kong as the main hub for trade in Chinese products (1997–2002). Next is an exploration of brokerage services supporting Guangzhou's trading economy during the period of strong growth (2003–2008). The final section discusses how the nature of brokerage has changed in an era of market maturation and declining profits (2009–present).

## The Emergence of African Trading Communities in Guangzhou (1997–2002)

Serendipitous circumstances brought the first African traders and business brokers to Guangzhou in 1997. They arrived from Hong Kong, where Commonwealth citizens enjoyed visa-free entry. Hong Kong had become a springboard for Africans seeking informal employment in Taiwan, South Korea, the Philippines, and Japan. Undocumented African workers in these parts of Asia were occasionally deported back to the British colony, the closest territory where they could legally stay. There, they ran into wealthier compatriots on visits to purchase goods manufactured on the mainland.[7]

Both the itinerant traders and the deportees stayed in the Chungking Mansions or the next-door hostel Mirador. The costs of living were prohibitively high. Some migrants escaped to Shenzhen, a manufacturing center across the border in Mainland China, where food and lodging was cheaper. They commuted into Hong Kong to eke out a living in the trading economy. In addition to these commuters, a small number of African students, graduates, and English teachers lived in South China in the mid-1990s. A Nigerian teacher based in Guangzhou invited his friend, Ikechukwu Okani, to visit from Hong Kong. Okani had knowledge of mechanics from his time as a former apprentice with a motorcycle spare parts dealer outside Lagos, and his skills landed him an assembly line job in South Korea. However, his arm was trapped in a machine and permanently injured. Unable to work, he was forced to return to Hong Kong. While visiting his friend in Guangzhou, Okani noticed that people rode the same Japanese motorcycles that *okada* drivers used in Nigeria. He commissioned the help of Smith, a friend who was married and lived in Guangzhou, to locate a depot for seized and defunct motorcycles in the Sanyuanli district and negotiated with the managers. "It is scrap. It cannot be sold at the Chinese market," the managers informed the two Nigerians. However, after long consultations with officials higher up in the government, the civil servants were eventually permitted to sell the defunct machines for export.

Dismantling used motorcycles and packing the spare parts for transportation to Nigeria were labor-intensive tasks. There was no shortage of young Nigerian men in Hong Kong with the free time and skills needed for the job. Very soon, about fifty Nigerians were employed at the motorcycle dump in Guangzhou. Customers were also easy to find. Many Nigerian dealers were already importing spare parts from other places in East Asia, and the favorable prices of the Chinese engines gave them a competitive edge in the thriving market for *okada* parts.

When Smith saw how the trade prospered, he decided to quit his job as an English teacher and become a dealer in spare parts as well. Together with a third friend, Smith and Okani landed a contract that secured them exclusive rights to deal in the discarded vehicles, effectively forming a cartel. They each claimed the right to work at the dump two days per week. "Now containers were being loaded every day," Basil Ukaere, an early Nigerian entrant to Guangzhou, recalled. "The people rushed in from Hong Kong. Everybody had a job. Within the space of three to four months, we had two hundred people in Guangzhou."[8] Apart from the three exporters, the new African entrants were wage workers at the motorcycle depot. They lived in much the same way as Chinese migrant workers: lodged in a four-story building, and provided with three meals per day by their employer. With a stable income and few expenses, these employees soon started looking to start their own trading ventures. They were effectively locked out of the trade in used spare parts, but an abundance of other goods could be bought cheaply on the mainland and sold to African traders in Hong Kong. Opportunities for exporting directly to Nigeria were curbed by their limited capital. Only full containers could be sent to Africa at the time, and few had enough money to fill a container and wait three months for a return on the investment. In Hong Kong, by contrast, shipping agents sold space in containers, allowing small-scale traders to ship moderate quantities by sea.

I first learned about Okani's opportune discovery from his friend Basil Ukaere.[9] The two were from the same hometown, and it was Ukaere had who brought Okani to Korea. When things started going well in China, it became Okani's turn to invite his friend to join him. I had known Ukaere since I first stayed in Guangzhou in 2009. Once the leader of the Nigerian Union (in the late 1990s to early 2000) in Guangzhou, he was well respected in the community and thus was very well positioned to know how Nigerians first came to China. His experience with contentious debates notwithstanding, he became visibly upset after listening to academic presentations given at a conference I invited him to in 2014. One presenter, employing irony that was misunderstood, confronted him with claims that Nigerians were ruining the reputation of all Africans in China through their unruly behavior. After the conference, Ukaere was eager to challenge this representation and demonstrate that Nigerians had in fact been instrumental in introducing other Africans to the opportunities present in China. The description of the genesis of the Nigerian community through trade in *okada* spare parts in China is based on his [Ukaere's] account. Interviews with Chinese people who did business with West Africans in the late 1990s and West African traders who bought goods in Guangzhou at the time corroborated his claims that Nigerian businessmen paved the way for direct trade from mainland China to Africa, as discussed below.

Hesitantly and slowly at first, traders from other African countries followed the Nigerians into Mainland China in search of cheaper merchandise. Guangdong was seen as a frontier, a dangerous and messy market with appealingly low prices, a place where you risked everything—including health and life—to make great gains. Seydou, a Guinean trader who had been traveling to Hong Kong since 1994, remembered how his West African friends warned him against going to mainland China in 1998.[10] "No, you shouldn't go, it's dangerous, maybe they will kill you!" a compatriot said. Seydou went anyway. With the help of a Nigerian man, he found a shoe market in Shenzhen and marveled at how, less than an hour away from Hong Kong, the shoes were so much less expensive. Furthermore, the factories and wholesale traders in China were just as eager as the African traders were to cut the Hong Kong broker out of the value chain.

Seydou did not have enough capital to fill a container. In Hong Kong, he used to share a container with two or three other traders. However, a Chinese factory owner took a leap of faith and offered to defer most of his payment for a 20-foot container of shoes. Seydou repaid her upon selling the shipload, and 16 years later, they are still working together. "I could make 5,000 dollars by sending a container from Hong Kong. But I made 7,000 dollars by sending a container from China. That's how [the business cooperation with the shoe factory owner] evolved, little by little," Seydou explained.

As with many pioneer traders in Mainland China, Seydou started practicing as a broker for other traders from his home country. With him to facilitate their stay, they no longer felt afraid to go to Mainland China. Even though he charged a commission on each transaction, they could get the goods cheaper there than in Hong Kong or Dubai. Seydou had never tried to go to Europe, where he "heard others complain about not having any [immigration] papers." In China, he had no such worries, and he brought his wife and children to live with him. His business prospered as Guineans gradually stopped sourcing belts, shoes, and building material from Italy and foodstuffs from Holland, turning instead to China for these goods.

Through the brokering and wholesaling of shoes, Seydou soon made enough money to fill containers on his own, and he expanded into new types of merchandise. "I thought, 'What do Africans buy every day?' Plastic bags! They get everything in plastic bags. Another thing they use every day is toothbrushes." He shipped containers of these products. By then, Chinese traders had arrived in Guinea to sell shoes and consumer goods, but Seydou was not intimidated by the competition. "The Chinese are there in Guinea, but they don't understand Africa," he claimed, continuing:

> They think they can take one or two containers of the same stuff and sell it. Guinea has a population of 9 million people. It's not a big market like China, where you can sell a lot of the same piece. This year, this model is moving. The next year, people need a new model—the past year's model is over! Every year you have to change what shoes and clothes you bring in. The Chinese do not understand how to do this and bring a lot that they cannot sell.[11]

*The Role of Brokerage*

Brokerage played a different role in Guangzhou than it had in Hong Kong and Dubai, other global centers for the wholesale of Chinese goods.[12] In Hong Kong and Dubai, the merchandise is produced elsewhere and sold from warehouses. Transactions in ready-made goods are instantaneous; the payments are made and the goods delivered at the same time. In Guangzhou, by contrast, much of the merchandise is manufactured to order. The customer typically deposits 30 percent to start production, paying the balance when the goods are ready for delivery. This entails greater risks for both parties in the transaction; customers may fail to make the second payment, after which producers must try to recover their expenses by selling the products on the open market. The more customized the products are, the harder it is to find alternative buyers. Manufacturers, for their part, may deliver substandard goods or pocket the deposit without supplying anything at all. In transactions with deferred settlements, brokerage can offer some protection against opportunism. In the case of nonpayment, suppliers can locate and confront the brokers, who are based in Guangzhou. The customers rely on the brokers to control the production and delivery process in their absence. Both parties may expect brokers to possess the necessary trust, integrity, and cross-cultural competence to mediate in cases of misunderstanding and conflicts.[13]

Because Guangzhou is a production hub, there are several ways of making purchases, and brokerage plays a different role in each. The first method is buying stocks of general merchandise. The standard products kept in stock are the most accessible. There are dozens of specialized wholesale markets in the greater Guangzhou metropolitan area. Brokers bring traders to these markets, usually for a fixed fee, and bargain with wholesalers on behalf of their clients. The wholesalers may secretly ask the brokers whether they expect a commission, and prices quoted to customers include this amount. Brokers I interviewed justified the practice by arguing that they would obtain lower prices for their customers even with the commission included. Yet, most traders would eventually visit the markets on their own, using business cards and memorized public transportation routes to find their way.

A second way of sourcing goods—buying surplus production from factories—demands more of the broker. To access these products, a network of suppliers is needed. The surplus merchandise often results from failed transactions between factories and customers. Delays in delivery or substandard quality may cause customers to cancel contracts, and factories sell off stocks when customers do not have the balance ready on time. This problem intensified following the financial crisis, during which many European and American customers defaulted. Furthermore, some factories deliberately produce additional units to sell on their own, benefiting from economies of scale and the design costs shouldered by the customer who placed the original order. The factories cooperate with brokers to find buyers for these goods. African traders thus get access to high-quality merchandise that may be passed off as non-Chinese to the end customers. In Seydou's words:

> It's not easy to hide that something is Chinese. […] But what we do is to buy the stock from factories that produce for Europe. When the factory gets an order of 10,000, they may produce 15,000. They keep 5,000 and sell them as stock. Some of

> the Africans and Arabs who come here, they like to buy this stock. They touch it, and we can feel that it's European, not Chinese.[14]

A final way to source products is by manufacturing them to order. Brokers may play a key role at all stages of the production process. They receive samples from clients in Africa and locate Chinese producers. The factories, in turn, produce copies that the customers may entrust the broker to check on their behalf. The brokers may also monitor the production process to preempt problems, knowing that the chance of a refund for faulty products is slim. This need for monitoring decreases if they have previously cooperated with the factory. Finally, brokers control the delivery before shipment. Some brokers request that factories produce an extra batch of goods in addition to their clients' order, to sell themselves. The brokers thus benefit from low unit costs and their clients' knowledge of the home market.

It is in the brokers' interest to maintain their position as liaisons between the Chinese suppliers and African customers. To secure loyal customers, West African brokers offered itinerant traders the chance to live and eat in their apartments in Guangzhou. The hosts thus retained great control over the traders' movements. This arrangement resembles historical ways of organizing West African long-distance trade, in which landlords provide traders with food and accommodation free of charge and enjoy a number of indirect economic benefits in return.[15]

In the early years of African trading in Guangzhou, African immigration to the city grew rapidly alongside trading volumes. To obtain a visa to go to China was still easy. Newly arrived migrants with no capital or prior business experience soon discovered that brokering for itinerant traders was their best chance of making a living. Some were better suited for this work than others. Prince, a soft-spoken Nigerian who arrived in China in 2000, quickly saw his savings disappear as he hosted incoming traders without getting much in return. When his younger and more assertive brother, Uzochi, arrived unannounced in 2001, new ground rules were established: Anyone housed in their apartment was asked about their business needs. The brothers called potential suppliers to tell them that they owed three percent commission on every order. "I'm bringing you this customer; don't joke with my percentage," Uzochi told them on the phone, to avoid introducing the topic in front of his clients. He also charged the customers a five percent fee. "You have to take what you can get right away. You know that next time they will go directly to the factory and cut you out," he explained.[16]

In an effort to prolong their time as middlemen between the supplier and customer, Prince and Uzochi carefully removed company names and addresses from the many product catalogues in their apartment. While they lost clients who became more experienced, more new traders arrived every month. On slow days, Prince would go to the airport to convince incoming African traders to stay with him. Nigerian traders were scrambling for good brokers in China in those days. More than once, the brothers were called by strangers requesting their services, and Uzochi presumed that their phone number had been stolen from other clients of theirs. Some customers never personally came to China. "Many people were afraid to go to China. They were afraid of getting lost and afraid of getting imprisoned," Uzochi said about the business climate in 2001. Brokering was tough but profitable.

**The Consolidation of Trade Through Informal Institutions (2003–2008)**

The period between 2003 and 2008 saw a consolidation of the African resident communities in Guangzhou and a continued growth in the number of African visitors. These trends peaked around 2008.[17] At the same time, Yiwu in Zhejiang Province emerged as an additional destination for African traders.[18] The upsurge in trade was supported by an improved institutional structure easing the movement of money, goods, and persons. Informal institutions filled the gaps left by ineffective or missing formal structures, and ensured that contracts were respected and facilitated flows across borders. As more people tried to make a living by engaging in brokerage for Africans in China, the profit margins in such businesses were squeezed. A downward pressure on prices for China-made consumer goods in African end markets also worsened profit margins.[19] Commissions of the size collected by Prince and Uzochi became unimaginable.

*HospitalityIinfrastructure*

Guangzhou's infrastructure for visiting traders grew in step with the trade volumes. While the practice of brokers hosting their customers continues to this day, it has become much more common for traders to find their own accommodations. Chinese-run hotels and restaurants around the markets accommodate African tastes and religious beliefs. African migrants offer cheap guesthouses, and they have catering businesses delivering home-cooked meals, making sure the traders feel at home despite transiency.[20] The competition between brokers trying to recruit customers at the airport became fierce, and migrants searched for new ways to expand their client base. Some paid Chinese hotel managers to notify them whenever a guest from their home country checked in. Others teamed up with brokers of Chinese visas in their home countries, paying for each client the visa brokers sent their way.

*Legal Papers*

For people from most parts of Africa, the costs of obtaining a Chinese visa and retaining a legal status in China have increased greatly over the past decade. Consequently, an industry has developed to provide papers for entering and staying in China. Visa brokerage was offered from the inception of African trading communities in Guangzhou. The first Nigerian migrants who registered offices in the city in the late 1990s could provide invitation letters to support visa applications. With time, Chinese businesses started advertising that they sold legal documents for visas and residence permits. As in other instances of migration brokerage across Asia, the people who trade in migration credentials are diverse.[21] Most are also engaged in other types of business, and some are themselves immigrants. The line between commercial brokerage and favors to friends is often indistinct.

Foreigners in China must register their rented housing at the local police station within 24 hours, unless they stay in formal hotels. The rule is a legacy of the household registration (*hukou*) system designed for Chinese citizens. The punishment for failing to register has become increasingly severe, and the registration procedure is an indirect tool to enforce immigration legislation. The system drives up the costs of housing, as low-end apartments cannot be registered, and registration is denied in certain parts of Guangzhou. The system has also fueled a black economy in false registration and the brokering of housing for undocumented migrants. The commercial viability of migration brokerage has increased in step with the difficulty of obtaining legal documents. At the same time, the profit margins in the brokering of merchandise purchases have diminished. As a result, some brokers, both African and Chinese, who previously helped producers and customers connect have turned their attention to the brokering of legal papers. The Guangdong government's clampdown on undocumented migrants improved the profitability of migration-related brokerage.

*Logistics*

Traders must find ways to bring their goods home. In the 1990s, logistics was a main bottleneck for the development of direct trade ties from Guangzhou to Africa. The workers in the motorcycle depot, the itinerant traders they assisted in purchasing goods, and most other African procurers had to ship their goods via the Hong Kong port. The introduction in Guangzhou of "groupage," container transport where customers pay only for the volumes they occupy, revolutionized the capacity to export by sea.[22] Logistics agents match clients who need to ship at the same time, which helps traders ship inexpensively, without needing the capital to fill a whole container. Wealthy traders may also prefer groupage, because it mitigates risk and allows their wares to reach the market at different times. The Africans who first opened logistics agencies that allowed traders to share containers from Guangzhou redirected trade flows to bypass Hong Kong.

Brokerage also facilitated shipment by air, matching international travelers and traders who required goods to be transported. "Hand carry" is an informally organized alternative to traditional courier services, such as DHL, FedEx, and UPS. Travelers sell their luggage allowance to brokers, who collect goods from traders for transportation. The goods are packed and delivered to the traveler at the Baiyun airport to be checked in. Once the traveler reaches the destination, the goods are handed over to a brokerage representative on the African side, from whom customers retrieve them. In Nigeria, the brokers have partners inside the airport who extricate the goods, and the traveler does not see the goods again after checking them in. The brokerage of luggage space provides a fast and reliable way to transport items quickly. Its significance to China-Africa exports extends beyond the value of the goods, as items such as release documents for containers and preproduction samples were often sent as hand carry.

The duties of logistics companies extend beyond the physical movement of goods from one place to another. Equally if not more important is clearing the goods through customs, both for export on the Chinese side and import on the African end. Logistics companies are required to be formally registered and licensed to clear customs. In practice, however, smaller unlicensed logistics agents commonly pay licensed ones to lodge declarations in their name.[23] Logistics brokers choose a different path for their goods whenever routines and fees as well as import bans, informal and formal, change at various ports. Experience enables them to accurately predict the costs of bringing in both legal and contraband goods, and they can therefore advertise their prices by weight for goods of both categories. However, unanticipated events may arise—goods are seized, higher taxes are demanded—that may lead to conflicts over responsibility and compensation. Goods that are destroyed during transport or trapped in customs can ruin an importer. To have a stronger moral claim when things go wrong, importers often prefer to remain with the same logistics broker.

Traders may bring goods to their logistics agent's warehouse themselves or have factories and wholesalers deliver the merchandise. The logistics agent may be in an exposed position if disputes arise over payments and quality. Negotiating such situations requires experience and the trust of both parties. An incident with a Somali logistics broker is a case in point. When I was in his warehouse, the managers of a jeans factory rushed in. They had delivered goods, but the customer had not paid as agreed. Now they wanted to take their goods back, using physical force if needed. The logistics agent asked them to wait. Whether it was his calm and respectful demeanor or their long-standing relationship with his customers that convinced them, they let him try to work it out. He managed to contact the customer, who promised to pay shortly. The broker persuaded the manufacturer to leave the goods with him in the meantime. Once the factory received its money, the broker released the goods for shipment to Nairobi.

*Money Transfer*

The traders buy goods in Guangzhou and sell them in their home countries. They therefore need ways to transfer money back to China for new purchases. In the trading malls catering to Africans, crowds of Nigerians used to congregate in the afternoon outside offices bearing names such as Dollarman, Easy Cash, and Upwards. They waited for money to arrive, carried by couriers on journeys starting in Lagos, passing through Europe, Ethiopia, or Dubai, and ending at the Baiyun airport. Once couriers passed over green vacuum-packed stacks to the money transfer agencies, they could relax. Within an hour, the transfer agencies had handed out the money. Cash in hand, the receivers made their way to wholesalers, factories, and logistics offices to do business. Those who received money on behalf of others would try to deposit it right away, as holding on to cash was considered risky.

The Nigerian money transfer agencies operated quite openly, but similar services were run more discreetly by businessmen from most West African countries. Their formal sector competitors, Western Union and MoneyGram, have offices in the African trading districts. However, these more expensive options were only used if informal alternatives were unavailable, typically when the money arrived from Europe and North America. The informal money transferors usually charged a modest one percent commission. The official agencies were also constrained by legal limits as to how much they could transfer. Intercontinental money transfer systems can be found across the world, but what makes Guangzhou stand out is the direction of the money flow: Migrants in Guangzhou receive money from Africa, whereas migrants in other parts of the world generally send money to their home countries.

Receiving money through informal transfer agencies is straightforward. A nickname and phone number may be all that is needed. The users of the systems regard the simplicity as a sign of trustworthiness and a guarantee of smooth functioning. In the words of a Malian businessman:

> Western Union is almost instant, but it takes quite a lot of paperwork. One must fill in a form and have a signature. […] The French introduced signatures to Mali. But in many cases, signatures are not needed. Money transfer is an example. Somebody deposits money in Mali, the person receiving it makes a phone call here, they call you, and you take the money. No signatures, no paperwork is involved in this process. This system is superior. It works more efficiently than any other system.[24]

The physical transport of cash described above has been made redundant by some money transfer agents. Trade flows from Africa to China are overall of equal size to those running in the other direction.[25] Money is needed on both sides to pay for the goods. Some traders engage in both the import of Chinese goods and the export of African products to avoid moving money across borders. However, most lack the necessary knowledge, capital, and contacts to do this. Brokers match the people transferring money from China to Africa with those moving money in the opposite direction. For example, Seydou, the Guinean mentioned above, observed that his customers who arrived from West Africa were uncomfortable traveling with money. He got to know a Chinese man trading in timber in Guinea, and through him, other buyers of natural resources in Sierra Leone and Liberia. When one of them needed 300,000 dollars to purchase timber, Seydou had his brother in Guinea collect the same amount of money from petty traders on their way to China. Once the brother collected enough money, he handed it over to the Chinese timber trader, who in turn called his people in China to release the same amount to Seydou. The petty traders received their money from Seydou once they arrived in Guangzhou.

The informal money transfer systems are used alongside bank transfers. There are Chinese factories that prefer to be paid in cash, while others require African customers to deposit money directly into bank accounts in Hong Kong. While some traders can count on one hand the number of times they have transferred money from Africa to China through banks, others portray a reliance on informal transfers as a sign of lack of sophistication and poor education. Cost and convenience are undoubtedly important factors when people choose a money transfer mechanism, but their preferences are also statements of identity.

The Nigerian money transfer agencies mentioned above operated openly until around 2012. Signs and posters promoted their services, and when the money arrived, people walked out of the offices with stacks of dollars while the sound of the banknote counter could be heard in the background. Today, the agencies are much less conspicuous. Most have been forced to move out of the main trading areas and run behind closed doors in anonymous offices. The police do not prosecute the agencies but have demanded that these move further underground. The managements in trading malls, which previously welcomed such agencies because they generate business, are now reluctant to rent out space to them. In short, the open defiance of the law embodied by the Nigerian alternative financial institutions is no longer accepted.

*Information*

Brokerage bridges information gaps to change the paths of global value chains. The Africans who settled in Guangzhou and worked as brokers forged links between producers and purchasers that not only brought goods to Africa through more direct paths but also efficiently channeled information about styles, standards, and prices from end markets to producers. A key idea about value chains is that the degree to which information is standardized in codes influences how firms work together and decisions about whether to outsource. Technical standards reduce the need to transmit information ad hoc between firms up and down the value chain and prevent misunderstandings and conflicts between trading partners.[26] Codified information plays a relatively small role in China-Africa value chains for several reasons. First, markets in Africa are fragmented, with great variations across space in tastes, quality appraisals, and purchasing power. Requirements are therefore highly uneven. Second, Chinese producers are appreciated for their flexibility and ability to make the products available in various qualities depending on the buyer's budget. Purchasers can determine which price/quality nexus to settle for on a case-by-case basis. Some buyers specifically request that factories violate formal industry standards to bring down costs. Third, some parties may have an interest in breaking with prescribed procedures. In the case of licensed producers making a surplus that they sell to traders in noncompeting markets, some license-owners tacitly accept this practice, because it reduces costs and allows the factory to offer them the goods at a lower costs by collecting a profit on additional sales. Finally, even in cases where it would have been better to work from codified information, the lack of common technical training and shared vocabularies may make this difficult.

Brokerage replaces codified information along the value chain. The brokers are often on-site during the various stages of production, evaluating samples with factory representatives, touching the materials that go into production, adjusting the settings of the machinery, and checking the products before shipment. They know the product and production processes well, to predict where things can go wrong. Instead of being standardized in codes, the information needed for the processes to run smoothly is embodied by the broker.

The main types of production-related brokerage are summed up in Table 1. The last column describes the reasons why each brokerage service may be made redundant. Direct interaction between suppliers and traders, increased trust between the two parties, and the greater mobility of the trader are all factors that undermine the reasons for brokerage to exist. Added to this are online services that match producers and consumers. However, these services have reduced the need for brokerage less than might be expected, as it has proved hard to build enough trust online to support transactions.

The final section of this paper discusses the responses of brokers as their capacity for income generation has come under threat.

**Responses To Market Changes (2009–Present)**

With good luck and hard work, the Africans who arrived in Guangzhou early could make a living from brokerage alone. The luck consisted of finding a few prosperous clients for whom they could successfully place orders with Chinese producers. The work involved meticulously searching for reliable factories, following up on the production processes, checking the finished goods, and shipping them off in time. Successful brokerage was often rewarded with gaining new customers through word of mouth.

**Table 1. Four Main Production-Related Brokerage Services and Their Characteristics**

| | Nature | Basis | Vulnerability |
|---|---|---|---|
| **Matching** | Connecting traders with producers. | Traders' and producers' limited networks;<br>Incomplete information about potential partners. | Direct interaction between traders and producers brought together by brokers;<br>Online matching services. |
| **Monitoring** | Ensuring that products meet the traders' expectations. | Potential for producing sub-standard goods;<br>Traders' absence from Guangzhou. | Traders' presence in Guangzhou;<br>Relationships of trust between producers and traders. |
| **Accountability** | Ensuring that traders and suppliers meet their commitments to each other. | Reduced market value of customized goods;<br>Traders' absence from Guangzhou. | Traders' presence in Guangzhou;<br>Relationships of trust between producers and traders. |
| **Mediation** | Prevention of misunderstandings and conflicts, handling of irregularities. | Deferred payments and liquidity constraints;<br>Limited means of formal enforcement. | Relationships of trust between producers and traders. |

As time went by and profit margins were squeezed, however, being a liaison between traders and factories no longer yielded generous profits. None of the successful businesspeople I spoke with in Guangzhou after 2014 relied on this kind of brokerage as their main source of income. If they started off as brokers, they then advanced their businesses in two main ways: reinvesting the profits from brokerage into their own trading activities or offering an expanding range of services to control larger sections of the value chains. Those who failed to pursue new strategies saw dwindling profits. The costs of living in China also increased as acquiring visas became more difficult and expensive. China passed a new Exit and Entry Administration Law in 2012 with the aim of providing a more coherent framework for managing immigration.[27] The new law represented a formalization of a long-standing trend toward more restrictive visa policies and the intensification of controls to identify undocumented migrants within China.[28]

*From Brokers to Traders*

A fundamental challenge to brokers is that they may be cut out of future transactions between the parties they brought together. Brokers from various African countries believed they had a moral entitlement to remain involved in deals between factories and purchasers they had connected. At the same time, they realized that, in reality, they would eventually be pushed out. One broker-turned-trader explained:

> The reason why I can't rely on other people [as a source of income] anymore is that the first 1–2 times they come, you go with them. The third time, they go by themselves. If the Chinese factory is honest, they will call you when your customer has come and ask you to take your commission. The customer was from you, and they should call you every time the customer you brought returns. But 90 percent of them are not honest. They allow the clients to go there by themselves. You are cheated by both sides, the [African] customer and the Chinese agent.[29]

He had invested in his own trading business when brokerage still offered handsome profits. By the time it was difficult to make a living from brokerage alone, he had amassed enough capital to ship a twenty-foot container of women's lingerie purchased at 12,000 USD per cubic meter. He continued to engage in brokerage, but alongside the lingerie trade, which had become his main source of income.

Even though brokerage may now only account for a fraction of the income of well-to-do businesspeople in Guangzhou, it is still not necessarily insignificant to their businesses. By placing orders for others, they preserve their business contacts at home, keep abreast of tastes and fashions, expand their experiences with suppliers in China, and achieve economies of scale by ordering goods for themselves on top of those their clients purchase. These indirect gains have been recognized and highly valued by the brokers. One large Chinese company with its headquarters in Guangzhou and branch offices in five African countries started offering a shipping service in 2013, long after the profit in the sector had declined. A company employee explained to me that the sole purpose of providing this service was to learn African markets better to know how to expand the company's own production and trading portfolio.

*Brokers Controlling Larger Parts of the Value Chains*

Brokering has become professionalized, with higher entry barriers. While the demand for the most straightforward brokerage services (such as taking itinerant traders to the markets) has declined, traders still need a range of amenities, including housing, money transfer, visa services, logistics, and storage. Those who offer a combination of services are better able to retain their customers. A number of businesspeople have therefore entered the highly competitive logistics sector for the sake of collecting information and strengthening their customers' loyalty. At the same time, some established logistics agents have started to offer their own customers free help with placing orders. Some of them also engage in more segments in the freight chains by no longer merely handing goods over to Chinese companies after collecting and packing them but rather bundling enough orders to work directly with the airlines. Africans doing container shipping increasingly also run the warehouses in which their customers' goods are received, stored, compressed, and loaded.

New constellations of cooperative relationships have emerged since African traders have started to expect a wide range of services from a single broker. For example, some African brokers without much experience or investment capital have teamed up with well-established logistics offices to work from their premises. An outsider walking into the office may find it difficult to distinguish the boss from a lowly freelance broker. The logistics companies benefit from the customers such brokers bring them. One large Chinese production and logistics firm associated itself with self-employed brokers in a deliberate effort to develop its credibility by "appearing more African." The African brokers worked behind large wooden desks, while the Chinese employees sat at plain workstations.

**Conclusion**

The Nigerians settling in Guangzhou in the late 1990s laid the groundwork for an inflow of African traders from across the continent. Brokers staying in the city made the market accessible to itinerant African traders, allowing them to source directly from the mainland rather than via Hong Kong and Dubai. The emergence and growth of trading communities in Guangzhou were highly dependent on various forms of brokerage, including informal institutions for logistics, money transfer, information transmission, and legal papers facilitating the export of goods. Brokerage remains important as the trading links between China and Africa multiply and mature, but it has taken on new forms as the social distance between actors decreases when they have more experience in trading with each other. Place-based knowledge and relations were sufficient to achieve success as a broker in the past, but establishing a profitable operation as a broker today requires the financial capital to set up additional infrastructure for export or engaging in trade as well as providing services. There is a sustained need for trading infrastructure to overcome the obstacles associated with the geographic distance between the sites of production and end markets. The African brokers living in Guangzhou have been crucial to the expansion of exports from Mainland China to all parts of the African continent. However, their visa and residence status remains insecure, even in cases where they have married in China. Guangzhou may be where African brokers have made their money and established a family, but they cannot be sure that the city holds a future for them.

## Notes

1 Pseudonyms are used for all traders and brokers mentioned in the text, with the exception of the first Nigerians in Guangzhou.
2 Cf. Le Bail 2009; Haugen 2013.
3 Stovel and Shaw 2012.
4 Uzzi 1996.
5 Bailey 1963; Scott 1972; James 2011; Lindquist 2015.
6 James 2011.
7 Many African traders in Hong Kong previously bought goods in other Asian cities. For accounts of trajectories of African traders in Asia in the 1990s, see Darkwah 2002 and Bertoncello and Bredeloup 2007.
8 Interview in Guangzhou, 25 January 2014.
9 Interviews in Guangzhou, 1 October 2009; 25 January 2014; 26 May 2016.
10 Interview in Guangzhou, 7 December 2014.
11 Ibid.
12 Keshodkar 2011; Mathews 2011; Verne 2012.
13 Mathews et al. 2017.
14 Interview in Guangzhou, 7 December 2014.
15 Launay 1979.
16 Interview in Guangzhou, 7 December 2014.
17 Marfaing and Thiel 2016.
18 Cissé 2015; Bork-Hüffer et al. 2016.
19 Lyons and Brown 2010.
20 Bodomo and Ma 2012; Castillo 2015.
21 Lindquist, Xiang, and Yeoh 2012.
22 Mathews 2016.
23 Cantens, Kaminski, Raballand, et al. 2014.
24 Interviews in Guangzhou, 8 October 2009; 10 January 2014; 4 December 2014. The quote is from the January 2014 interview.
25 UN Comtrade 2016.
26 Gereffi, Humphrey, and Sturgeon 2005.
27 Ministry of Public Security 2012.
28 Lan 2017
29 Interview in Guangzhou, 4 December 2014

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