UNIVERSITY OF GHANA

CENTER FOR MIGRATION STUDIES

MIGRANTS IN THE TRADE SECTOR OF GHANA:
THE CASE OF CHINESE MIGRANTS

BY

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DECLARATION

I Andriana Gyedu hereby declare that, except for references to other people's work, which have been duly acknowledged, this long essay is the outcome of my independent research conducted at the Centre for Migration Studies, University of Ghana, Legon under the supervision of Dr. Ken Ahorsu. I therefore declare that this work has neither in part nor in whole been presented to any other institution for academic award.

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(SUPERVISOR)
DEDICATION

This work is dedicated to the Almighty and my family. My husband Mathew Cobbinah Tano and my three children, Albert Kwallah Tano, Kelvin Ackom-Kwaw Tano and Nyameye Cobbinah Tano. God bless you all for your patience and constant encouragement.
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5.0 Summary

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Migration is one of the most topical issues in the last decades due to its complex nature and both the benefits and challenges that come with it. The growing Chinese presence in Africa has led to several agitations and strong public opinions. In recent times, this new trend of migration by Chinese has led to the influx of Chinese products and the rapid growth of small Chinese shops. This has been viewed as posing as an obstacle to the indigenes who are managing the informal sector thereby hindering the progress of local factories. Thus, in Ghana the influx of Chinese and importation of cheap Chinese products has been one of the most talked about issues.

In the wake of various pockets of agitations that continuously arise from Ghanaian traders with respect to the presence of Chinese traders in the trading sector, this study consequently, sought to examine the risks involved for Ghana due to the Chinese traders’ presence in the country. The study specifically examined the risks, threats and potential health challenges Chinese trade pose to Ghana. The study used a systematic review method to assess Chinese trading activities in Ghana; threats to local businesses. Studies which used qualitative, quantitative and mixed designs are included in this study. Reports on Chinese in migration into Ghana, their contribution to the economy of Ghana as well as the threats they pose to local businesses in Ghana were included. Methodical electronic searches of databases such as ProQuest Pubmed, ScienceDirect, Google Scholar, JSTOR were undertaken.

In Ghana, one of the main threats facing the trading industry is the smuggling of Chinese prints through the borders. Smuggling de-regulates the Ghanaian market; that is, it undermines the protective element of the import tariff (and fees and taxes) as it significantly reduces the price at which the Chinese African print may be sold. This makes Ghana’s textile companies unable to compete on their main market, and even the domestic market which may lead to all those local
companies producing these fabrics collapsing. The influx of these cheap Chinese goods in the Ghanaian markets compromise on health and safety standards in the manufacturing process. The illegal mining activities by the Chinese have increased pregnancy, high prevalence of HIV as well as increase in respiratory conditions.
CHAPTER ONE

1.0 Introduction

Migration is one of the most topical issues in the last decades due to its complex nature and both the benefits and challenges that come with it. It is a global phenomenon that is increasingly shaping developmental processes in our ever globalising world and touches on a range of socio-economic issues as well as security which impacts our lives everyday (Blinder and McNeil, 2017). The contribution of immigrants to the economies around the world cannot be overemphasized. Over a decade now, immigrants have constituted 47% of the increase in the workforce in the United States, and 70% in Europe (OECD, 2012). Likewise, in most low rated occupations in Europe, immigrants were the majority occupying those positions making up (24%) and the United States (28%). Thus, occupations such as craft, servicing, domestic work as well as machine operators were all part of declining jobs in Europe; whereas in the United States, jobs such as production, maintenance and installation were part of the jobs occupied by immigrants. All these jobs have been filled by immigrants because of its unattractiveness to the citizens (OECD 2014).

Since 1999, the Chinese government has adopted the “going out” strategy which aimed at helping Chinese firms with sole purpose of exploring opportunities available in foreign countries to invest and establish subsidiaries in those foreign countries. The Chinese government provided support to these Chinese subsidiaries to establish themselves; thus sometimes making them joint owners of the various subsidiaries they establish (Terence et al, 2012). The growing Chinese presence in Africa has led to several agitations and strong public opinions. In recent times, this new trend of migration by Chinese has led to the influx of Chinese products and the rapid growth
of small Chines shops. This has been viewed as posing as an obstacle to the indigenes who are managing the informal sector thereby hindering the progress of local factories. Thus, in Ghana the influx of Chines and importation of cheap Chinese products has been one of the most talked about issues. (Dittgen 2010; Dobbler 2008; McNamee et al 2012; Scheld 2010).

In Ghana these agitation have been led by the Ghana Union of Traders Association. Since the year 2000, many Chinese have set up shops in the central part of Accra particularly around the Rawlings Park, which led to that area being formally renamed the Ghana – Chinese Commodities Wholesale Town around the year 2004 and known as –China Town‖ even though a few Chinese shops in the complex.

Some of these issues led to GUTA remonstrating its dissatisfaction with how uncontrolled foreigners are in their trading. This led to the Union body agitating and threatening the government with a demonstration if the 1994 GIPC ACT is not enforced duly on the foreigners. (Takyi-Boadu, 2005). This study focused on the Chinese traders in Ghana and how their business activities pose a threat or benefits Ghanaian businesses.

1.1 Problem Statement

The reception and integration of immigrants is a significant economic and social phenomenon in many previous emigration countries (Kerr and Kerr, 2011). More so, any possible link between immigration and development largely hinges on the structure of the host country's economy and the characteristics of the immigrants there (Altonji et al, 1991). Immigrants can have good and bad effect on the economy of receiving countries. Positively, immigrants apart from securing employment at their host countries also create jobs as investors. This leads to the increase in employment opportunities citizens could have (Wadhwa et al., 2008). However, the presence of
migrants could have an adverse effect on host nations if they are competing with nationals for jobs without being entrepreneurial. Their influence on economies transcends beyond the labour market, human capital production and economic growth (ILO et al., 2015). This is evident in recent rhetoric in immigration policies in Europe and USA where even candidates have won elections pushing the agenda of anti-immigration. One of the arguments being made in favour of anti-immigration is the belief that most citizens are deprived or denied of their jobs due to the presence of labour migrants in their country of origin.

Until recently, little there has been little empirical work done on the impact of immigrants especially Chinese immigrants on the host country’s economy. Even that, most of the research on the impact of immigration has been on the developed countries. (Friedberg and Hunt, 1995). Adamson (2006) assessed the socio-political and economic effect of immigrants on host countries. Friedberg and Hunt (1995) studied the impact of immigrants on host country’s wages, employment and growth; Kerr and Kerr (2011) studied the economic impacts of immigration by examining the magnitude of immigration as an economic phenomenon in various host countries where they also dealt with the assimilation of immigrant workers into host-country labour markets and the knockdown effects for natives.

However, despite the impact of immigrants on destination countries, there is a general dearth of research on an economic south country like Ghana as a migrant destination. More attention has been paid to south-north migration and associated remittance flow to countries of origin. Ajavon (2014) studied Chinese trading activities in the Central Business District of Accra and its effect on the local economy while Asante (2017) studied the contribution and integration of Nigerian traders to Ghana. While a lot of emphases have been placed on the positive contribution of
immigrants to receiving countries, not much comprehensive work has been done focusing specifically on the risks involved in the presence of immigrants in the area of trade, health and security. In the wake of various pockets of agitations that continuously arise from Ghanaian traders with respect to the presence of Chinese traders in the trading sector, this study consequently, seeks to examine the risks involved for Ghana due to the Chinese traders presence in the country. The study specifically explores the risks threats and potential challenges Chinese trade pose to Ghana.

1.2 Objectives

The general objective of the study is to examine the threat Chinese trading activities pose to Ghanaian local traders.

The specific objectives are as follows:

To examine the threat of the presence of Chinese in the trading sector to Ghanaian traders

To examine the health risks of Chinese trading pose in Ghana

To examine the political threats of Chinese trading activities in Ghana (i.e. Unrest by GUTA, and diplomatic relations between countries)
1.2 Significance of the Study

Even though there have been a lot of emphasis placed on the positive contribution of immigrants to receiving countries, there hasn’t been much scholarly work review done on the risks involved in the presence of immigrants in the area of trade, health and security in Ghana. This work will serve as a blueprint in synthesising the major issues of Chinese migrants and their activities in Ghana.

This review will provide much knowledge on Chinese investors and their various types of businesses in Ghana. It will provide more enlightenment on the issues threatening the small local businesses in Ghana and how their various activities impact Ghana as a whole.
CHAPTER TWO
LITERATURE REVIEW

2.0 Introduction

Migration is a century old human phenomenon and mostly influenced by social networks particularly close family and friends. The presence of the Chinese in Ghana and Africa as a whole is an indication of the changing pattern of migration where not only immigrants from other parts from Africa come into Ghana looking for business opportunities (Winters et al, 2001; Munshi, 2003). This Chapter seeks to review existing literature on the trend of Chinese migration in Ghana and Africa. It further reviews relevant literature on the Chinese immigration policy, the GIPC Act among other issues relevant to the study.

2.2 Migration History in Ghana

Ghana has a long history in both internal and international migration (Peil, 1974). Most migration that happened post-independence was within the Ghanaian borders and involved people from different diverse groups moving into other lands in search for settlement and fertile land for farming (Boahen 1975). Farmers moved in search of lands that would help them in the cultivation of both food crops and cash crops (Addea–Mensah, 1983). The introduction of cocoa farming in Ghana was one of the main causes of migration where farmers and children moved to work in farming communities.

Some studies on the north-south migration phenomenon in Ghana have focused on the emerging trend of the youth particularly young females from the northern parts of Ghana to the southern
cities, particularly Accra and Kumasi to engage in menial jobs (Awumbila and Ardayfio-Schandorf, 2008).

After Ghana’s independence, it became a very attractive point of destination particularly in urban areas due to the prospect of landing a good job with higher wages facilitated rural urban migration as well as sub-regional migration (Bosiakoh, 2008). So for instance, the population of Nigerians in Ghana had increased by 1960 which led to many Nigerian migrants concentrated in the trading sector; farming as well as construction sites. These jobs attracted many other Nigerians which led to their influx into Ghana (Adepoju, 2010).

According to Brydon (1985), due to Nkrumah’s political views, many Africans who were pursuing the same agenda of unifying Africa and were fighting for the independence of other African countries entered saw Ghana as safe abode. In the 1960 census for example, immigrants accounted for 12 per cent of the enumerated population. However, by 1969, immigrants in Ghana constituted about 2 million which was significant compared to the total population which was somewhere 8.4 million (Bosiakoh, 2008).

Rural-urban migration in the North is mainly to seek employment and is dominated by the youth (Mensah-Bonsu, 2003). This type of migration is the most predominant of all movements within Ghana (Twumasi-Ankra, 1995). Many migrants generally move because they live in a resource-poor area and would like to live in resource rich areas to enrich their lives. Studies have shown that most of these movements internally come from the northern parts of the country to the southern cities (Anarfi and Kwankye, 2003).

In addition, some authors Twumasi-Ankrah (1995); Anarfi and Kwankye (2003) and Awumbila, 2008) explain the north-south pattern of migration to be due to spatial inequalities in levels of
development which was caused by economic policies that were enacted during the colonial and post-colonial era. Another factor that has forced migrations in Ghana is conflict. According to Black et al. (2006), from 1994 to 1995, about 100,000 people were estimated to have been forced out of their homes in northern Ghana as a result of ethnic conflict.

On the international level, Peil (1995) identified Ghana's economy and educational system as one of the reasons why Ghanaians migrate to other countries. His stance was that, several reasons such as employment opportunities, education and training caused many Ghanaians to migrate to other parts of Africa especially in other West African states. Many Ghanaians moved to Europe and North Africa (Nuro, 1999).

A study by Fosu (1992) revealed other problems such as political instability attributed to the increase in Ghana's international out-migration in the late 1970s and early 1980s. However, the period of large-scale emigration started in the 1970s and 1980s. The Convention Peoples Party (CPP) had maintained a liberal immigration policy to promote its pan Africanism (Dzorgbo, 1998). However, in 1969 the enactment and implementation of the Aliens' Compliance Order ended everything leading to the expulsion of a large number of immigrants in Ghana in the same year.

Following the Order in 1969, there was a decline in the economy of Ghana which was mainly due to the economic policies initiated by the National Redemption Council and the Supreme Military Council (1972-1978) and the many coup d'état in that era (Addo, 1981). According to Dzorgbo (1998) this led to an increase in the country's inflation and unemployment figures. This resulted in many Ghanaians moving out of the country. According to Manuh (2001), migration
became a poverty reduction strategy in for dealing with the economic downturn in Ghana at that
time. This strategy facilitated large-scale migration of Ghanaians.

Beginning in the 1980s, migration of Ghanaians has been characterized by what’s called
―diasporisation‖. Van Hear (1998) classifies Ghana as one of the ten countries involved in
producing a „new diaspora‘ in recent times. Ever since, there has been a large numbers of
Ghanaians moving to major cities such as London, Amsterdam, Hamburg and New York (Anarfi
et al. 2003).

According to Anarfi et al. (2003), Ghana was among the top ten sending countries to the UK in
1996, and in a decade (1990–2001), about 21,485 Ghanaians entered UK. He classified the
international history of emigration from Ghana into four distinct phases.

The first period is the period of minimal emigration. In this period, international movement from
Ghana involved a relatively small number of people due to the fact that Ghana enjoyed a
relatively strong economic prospect. Most of the people moving at that time were students and
professionals who moved to the UK and other English-speaking countries due to colonial links
(Anarfi, Awusabo-Asare et al, 2000; Anarfi, 2003). These professionals did not only move to the
West but other parts of Africa including Gambia, Botswana and Sierra Leone whereas it has been
documented that those from the fishing communities also migrated to Benin and Ivory Coast
(Odotei, 2000).

The second phase of emigration is the initial emigration which took effect after an unprecedented
economic crisis in Ghana during the 1960‘s. The decline of the Ghanaian economy made Ghana
unattractive to both foreigners and citizens which led to the decline of the proportion of
foreigners from 12.3 per cent in 1960 to 6.6 per cent in 1970. The Aliens Compliance Order of
1970 even made it worse; the Act ensured that non-Ghanaians without valid documents were expelled from the country. This made Côte d’Ivoire at that point as the preferred destination in the sub-region for foreigners (Anarfi et al, 2003). This precipitated many Ghanaians migrating outside the country to seek greener pastures. Professionals such as teachers, lawyers, and administrators formed the majority of Ghanaians who moved to other countries for greener pastures.

However, by the turn of 1980s, there was a large scale emigration of both the unskilled and skilled Ghanaians into other countries in search of better opportunities. Migration into other countries exacerbated in response to the demand for the labour of these professionals in abroad as well the collapse in the economy of Ghana. As Anarfi (2003) posited, migration became the “basic survival strategies adopted by individuals and families to enable them to cope with difficult economic conditions.” During that time, most of the migration occurred in Nigeria where a lot of the professionals had migrated there to pursue better opportunities. Others also migrated to Cote d’Ivoire. For instance, in 1986, it was estimated that about 800,000 Ghanaians were in Cote d’Ivoire compared to the total population of Ghana of just over 15 million in 1990. The facilitation of freedom of movement, residence and employment within the West African states by the then newly established Economic Community of West African States (ECOWAS) precipitated further migration.

Historically, migration movements within and outside Ghana could be traced to a very long time before the arrival of the colonialists (Wolfson 1958). Rouch (1959) has noted that some of the migrants to Ghana, including many from Niger, Mali and Nigeria, were self-employed traders rather than wage labourers. Nypan’s study of market traders in Accra also indicated how many of the emigrants from these three countries mentioned above worked in the trading sectors. One
thing that also attracted many people was the emergence of gold mines and cocoa farms. Labour migrants came from a variety of neighbouring countries in response to labour shortages in the colony (Ababio 1999).

2.3 Chinese emigration patterns

The history of Chinese emigration patterns especially in Africa can be traced back to the first century CE when they entered the Huang-tchi kingdom which is believed to be modern-day Eritrea and Ethiopia, as told by Smidth, (2001). The earliest record of a Chinese in Africa is Du Huan’s travel report which documented how after their capture they ended up in modern day Sudan and Eritrea (Snow 1988; Smidth 2001). Since then, there have been many Chinese encounters in Africa. For instance, between the periods of 1368-1644, Levathes describes the voyages of Admiral Zheng He in the early 1400. In total, Zheng He embarked on six voyages to Africa even though not all of them were for trading (Levathes, 1994).

From the period of 1650s to 1990s, Chinese emigration to Africa during most of this period was principally related to forced labour, and then later contracted labour to aid the West’s colonial expansion into Africa. The earliest and most of the activities occurred in southern Africa from the southern coast of Kenya to the Cape of South Africa (Ho, 2012). These forced Chinese labourers were brought in largely to replace local African workers who were uncooperative or did not have the skills to perform certain work, such as planting rice and sugar, carpentry, masonry, and pottery. South Africa was a hostile environment for Chinese who were indentured labourers and convicts or those who arrived after 1970, first from Taiwan, then Hong Kong (Park, 2009), yet they continued to stay because of the perceived opportunities that were
available in the country. Historians often note that these motivations explain the larger international Chinese emigration pattern that began in the nineteenth century (Pan, 1994).

From the late 1940s to the early 1980s, China had significant contact and projects in Africa. Two political events caused this new contact. First, China’s Communist Revolution ended in 1949 with the rise to power of the Chinese Communist Party, giving birth to the People’s Republic of China. Secondly, in the 1960s to the late 1970s, most African colonies were decolonising. These newly independent African countries were eager to form South-South connections. African countries and China were attempting to achieve recognition on the world stage (Achberger 2010).

2.3 China Foreign Policy

China has now emerged as one of the economic and political power in the world and has been remarkable in the way sudden rise to the top in the 20th century. They have now become a big player in the economic and political world and this influence is evident when we look at how they influence the political affairs of the country. They have veto power in the UN and more say in the political and economic affairs of the world (Taylor, 1998). One of the policies that catapulted China into the global dominance is the open door policy adopted by China. From a closed economy at the end of 1970s, by the mid-1990s China had become the 11th largest trading country. There was a significant increase in its GDP from 17% to 40% in the mid-1990s. China is now one of the most preferred investment destinations due to its investment friendliness. China has become the second hottest investment destination country, second only to the US. Between 1990 and 1996, China attracted $230 billion of foreign capital, accounting for 20% of total capital flows to developing countries in the period (Galbraith and Lu, 2000).
The economic reform by the Chinese government has led to it experiencing rapid extension in terms of international trade; thus targeting the world as its market. The abundance of skilled and cheap labour due to the country’s growing population, the seemingly political stability and the availability of vast natural resources have made China an economic giant in the world (Sun and Heshmati, 2010).

2.4 China – Africa Relations

There has been growing Chinese interest in Africa which has resulted in huge capital flows into the continent from several investments; from oil and minerals investments to the influx of merchants or entrepreneurs engaged in the retail or wholesale of Chinese goods, labour and also cheap consumer goods (Ho, 2008). With most economies advocating openness, China and Africa have developed close ties.

According to Lum Thomas (2009), China’s economic presence on the continent is in the form of infrastructure finance as well as trade deals and Brautigam 2009:77-78) puts it from 2006, China’s policy in relation to Africa has emphasized mutual benefits and equality. In Studies by Zafar A (2007), Anshan L (2008), African products prices and competition of resource endowed countries are increased by the presence of Chinese and leads to positive effects on debt financing.

Cornelissen and Taylor (2000) are of the view that integration of Africa into the global arena is the driving force of relationship. VanderWath (200) suggests that China maintains a non-interference policy in Africa. On Infrastructural development, china has been the continent’s largest contributor (Hensengerth and Scheuman (2011). China provides a one stop package of financial abundance, expertise and labour (Lumumba Kasongo (2011). Africa needs Chinese

China’s involvement in Africa in the early or initial stage involved primarily development aid and projects. For instance, The Suez Canal crisis of 1957 and Algerian War from 1954 to 1962 were two dramatic African events that China became involved with through declaration of military support and financial backing. Similarly, forming alliances with newly formed African governments was China’s way to demonstrate to the Soviet Union that it was being underestimated. China had also begun its social and economic plan called the Great Leap Forward. Under the political slogan “let politics take command”, the intention was to move China from a largely peasant agrarian economy to a communist society through industrialisation and mechanised farming.

Chinese used aid to accomplish strategic goals such as supporting the corrupt dictator of Zaire, Mobutu, primarily because he was in strong opposition to the Soviet-backed regime of neighbouring Angola. Chinese aid thus was used to offset the influence of the USSR and Western countries. Foreign aid was also provided to discourage diplomatic recognition of Taiwan and to support various national liberation movements in Africa. Thirdly, aid was used to support economic development and political unity among various developing countries. Finally, the economic reason for foreign aid is to develop markets to export goods manufactured in China.

In 1996, before the resumption of media and academic fervour over China in Africa, The Economist reported that western governments were losing interest in Africa, but it continued to
be a battleground for China and Taiwan to compete frenetically for recognition by governments, much as western powers used to compete for treaties with African kings and chiefs” (The Economist 1996). The story reports that China made a $10 million joint venture deal with the then Zaire to process cobalt and copper waste, and another $250 million deal to overhaul Nigeria’s railroads. Its trade with South Africa amounted to $1.3 billion in 1994 (Segal, 1992).

By the mid-2000s, China’s involvement in Africa had increased dramatically from what was seen as a “limited influence” (Eisenman and Kurlantzick 2006) to a greater influence where China invested about $55 billion in 2006 (Asche 2008).

Around 1985, China’s main focus was economic development and modernisation thus sparking an outflow of Chinese migrants, making it easier for business people and workers to go abroad (Thunø 2001). This policy encouraged its state enterprises to go abroad in search of raw materials and investment opportunities in order to create externally driven economic growth (Zhou 2006). The investments made by the Chinese included making available loans at zero or close to zero interest which are sometimes paid in natural resources or cancelled completely (Sautman and Yan 2007). This development aid and assistance given by the Chinese in turn grants them to new markets for exports of their products. Chinese investment is primarily driven by its desire for resources such as oil, mineral, and metals and timber but also in areas such as textiles, construction, agriculture, retail trade, etc (Broadman 2007; Hurst 2006).

According to Ho, 2000 there are three categories of Chinese migratory groups in Africa. Labour migrants make up the largest group and usually are associated with large infrastructure projects, mostly in the oil production and energy resource sector with an estimated 80,000 labour migrants as at 2007 (Mung, 2008). The second group consists of entrepreneurs in small businesses such as
trade, light manufacturing, and restaurants (for example, Dobler 2008; Haugen and Carling 2005). The last group consists of undocumented migrants. Some are workers for local industries, while others use African states as a gateway to North American and Europe (Mung, 2008).

There has been consistent flow of trade and investment between Africa and Asia. Trade between China and Africa has increased in the last five years to reach $40 billion in 2005 which is mainly driven by exports of goods to China (Nduru, 2006). China has become a great and outstanding economic force in Africa since 2000. Since 2012, China’s trade with Africa has increased significantly from $55 billion in 2007 to an estimated $198.4 billion in 2012, accounting for about 5.13% of the total value of China’s foreign trade (Alden, 2013). In that period also, Africa’s exports to China have also grown, increasing from 2.6% in 2000 to 9.3% in 2006. In 2009, China became the leading trading partner in Africa therefore displacing the World Bank as the top lender (Brautigram, 2009). The Brenthurst Foundation’s study of Chinese traders in African countries observes that more that 88% of Chinese traders have come to Africa because of the perception that it is easier to make it in Africa as compared to their home country China (McNamee, 2012, p.14). Chinese traders due to the perceived ease of earning more in Africa see only their fellow Chinese as their competitor and this was evident in a recent survey where these traders did not see natives as a threat (McNamee, 2012, p.28).

A particularly attractive feature of China’s support for Africa has been its resource-backed infrastructure loans. A lot of the physical projects that were abandoned or not given enough attention since the colonial days have been rehabilitated and completed through Chinese capital and technology. In the area of development support, a recent report suggests that between 2000 and 2011, China had funded 1,673 projects in 51 African countries with a total of $75 billion in commitments of official finance (Strange et al, 2013)
2.4 Chinese Emigration to Ghana and their trade relations

According to Ho, (2012) who relied on oral history and life histories of long-time residents, as far back as the 1960s, Chinese had set up factories in Ghana. The primary pattern up until the 1980s is the story of Hong Kong Chinese manufacturing industries established by industrialists or by their proxies. After these factories were established, the industrialists typically left Ghana behind while their proxies stayed behind and additional Chinese workers were brought over to continue to develop the factories. These stories locate the Chinese first in Takoradi when it was the only city with a deep-sea harbour expediting the import of raw materials from abroad. The story of Chinese settlement begins to shift eastwards to the Accra-Tema region in the 1960s when Tema’s harbour and industrial area were developed. The industrial centre moved from the twin cities of Sekondi-Takoradi to the Accra-Tema region.

China and West Africa has a rather long history. In the 1950s, to establish that connection between China and Ghana, they started helping African countries to work against the Soviet Union, as well as for other ideological reasons (Shoujun, 2013). China’s relations to Ghana started in the 1960s, when diplomatic relations was established and this has led to China making significant contributions and investments in the country. An example is the Kumasi Youth Centre, the National Theatre, a hospital, and a stretch of the road between Kumasi and Accra (EPRCRG, n.d).

Using anecdotal evidence, Ho, (2008) explains that the first company established by these Chinese was a tobacco venture. However, due to the unpopularity of tobacco in Ghana, the venture collapsed despite having a great potential. A few years after the tobacco factory was established, a household enamelware factory was founded in the same region. Several Chinese were brought over to manage the factories though most factory workers were local Ghanaians.
Ghana's political and economic approach to its colonial legacy and desire to rise as an industrial nation created the possibility for Chinese entrepreneurs to establish industries in Ghana.

The economic reforms and opening up of the People’s Republic of China, migrants from mainland China began arriving to Ghana. The influx of the mainland Chinese began in the late 1990s with an estimated 6,000 and 20,000 Chinese living in Ghana mainly at the coastal urban areas of Accra, Tema and Takoradi (Mohan & Tan- Mullins 2009).

Ghana’s desire to rise as industrial nation post-independence created the possibility for Chinese entrepreneurs to establish industries in Ghana. Thus, Nkrumah who saw himself as an advocate of pan-Africanism launched an industrialisation campaign. By 1960, the manufacturing sector claimed 10% of GDP, and by 1970 it was 14% (Berry 1995). Another possible explanation for Chinese’s migration to Ghana was China's policy of aligning itself with other developing countries. Chinese Communist Party’s control over China was consolidated in 1954, and in 1955 at the Bandung Conference, China had their first major contact with African liberation movements (Larkin 1973). Just as Nkrumah was conscious of not aligning with either the Western or Eastern bloc, China desired to remove itself from the influence of the Soviet Union and to ally with African states. Thus, on July 5, 1960, formal diplomatic relations were formed between China and Ghana (EPRCRG 2003).

One factor that could also explain China’s rapid emigration to Ghana and other parts of Africa is the desire to escape from communist influence. For example, there are stories of industrialists from Shanghai who had begun immigrating to Hong Kong in the mid-1940s and who eventually helped to develop Hong Kong’s industrial economy (Wong Siu-Lun 1988). Because Hong Kong’s market for textiles was small, new export markets had to be opened, especially after the
United Kingdom and the United States imposed quotas on Hong Kong's textile products. Some of these markets for textiles included Nigeria and Ghana. However, these second migratory moves for the entrepreneurs were temporary. Once the factories were established, managers and workers from Hong Kong were sent to take over the day-to-day operation of the companies, allowing these industrialists the freedom to move away from Ghana (Ho, 2012).

In Ghana, around the year 2000, imports from China increased from a 3.7% share in 2000 to 9.8% share in 2004 (ISSER, 2005). Between 2001 and 2005, Ghanaian imports from China increased from US$ 160.5 million to $740.1 million (IMF, 2006). All these numbers are indications of the strong relations and trade links between Ghana and China. However, to what extent is Ghana benefitting from this increased trade. Cheap goods from China may help consumer get what they need at a cheaper rate but it is also possible these same goods may freeze out domestic manufacturers, thus impacting negatively on Ghana's industrial sector (Tsikata, Fenny and Aryeetey, 2008).

China’s presence is evident in Ghana’s economy in a variety of industries. Most prominently, China is co-operating with Ghana in the energy sector, rail and road networks, and other infrastructural projects. For instance, the Bui Hydro-electric Dam, which is one the largest Chinese infrastructural project in the country, was built by Sino-Hydro with a cost of approximately US$622 million which was financed by the Chinese Export-Import Bank (EXIM Bank). Ghana contributed only $60 million with the rest of the loan being collateralized by using Ghana’s export of cocoa to China. China also financed the Kpong Water Expansion Project with the aim of providing water supply to the eastern parts of Accra by 40 million gallons a day. In 2009, the Chinese government helped the Electricity Corporation of Ghana by providing them with a loan of US$170 to extend electricity to other parts of Ghana. China is also supporting

China is also helping Ghana in the improvement telecommunication and ICT services. Beijing has provided a loan of $30 million to support the first phase of Ghana’s National Communication Backbone and E-Government Project. The project is expected to link all 10 regional capitals and about 36 towns on the fibre routes to assist the implementation of Ghana’s ICT for development policy, which has three aspects. The first is to ensure a creation community information centres furnished with ICT facilities expand access to ICT facilities across Ghana. The second phase is to create a system that will help and coordinate the gathering interministerial and departmental information in Ghana. The third phase is to ensure the spread of ICT skills to have an economy where citizens have basic knowledge of ICT and expand the working group and have diverse ways of generating income at every sector of the economy (Idun-Arkhist, 2008). Below is a table of some of China’s assistant provided to Ghana.
Table 1: Major Chinese aid projects

<table>
<thead>
<tr>
<th>Sector</th>
<th>Projects</th>
<th>Assistance type and how China Benefits</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>Bui hydro-electric power dam project; continuous support for rural electrification</td>
<td>$562 million mixed credit financing from China Exim Bank; 42% concessionary from Exim, the rest supplier's credit; concessionary component repayable over 20 years at 2% interest rate per annum, while commercial component within 17 years with a five-year moratorium; Ghanaian Ministry of Finance to establish escrow account with China Exim Bank to avoid default; China’s Energy giant Sinohydro undertaking the project, plus jobs for about 500 Chinese workers</td>
<td>Bui project under way to be completed by 2021; rural electrification ongoing</td>
</tr>
<tr>
<td>Telecom</td>
<td>Implementation of the 1st phase of the National Communication Backbone and E-Government Project</td>
<td>$30 million interest-free loan approved in 2006; a big new turnkey business for Huawei</td>
<td>Completed</td>
</tr>
<tr>
<td>Transport</td>
<td>Reconstruction of the 17 km Ofankor–Nsawam road</td>
<td>$28 million interest-free loan; opens new business opportunities for Chinese construction firms</td>
<td>Completed and commissioned in 2006</td>
</tr>
<tr>
<td>Sector</td>
<td>Activities</td>
<td>Outcomes</td>
<td>Status</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>----------------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------</td>
<td>---------</td>
</tr>
<tr>
<td>Agriculture &amp; fishing</td>
<td>(i) Support for irrigation farming, including for Afife rice project in the Volta region; (ii) construction of landing sites for fishing communities</td>
<td>(ii) $99 million interest free loan for construction of landing sites; Chinese fishing companies gain improved access rights</td>
<td>Completed</td>
</tr>
<tr>
<td>Mining</td>
<td>Supply of labour-saving small-scale mining equipment to Ghana</td>
<td>More business opportunities for Chinese operators in contract mining services provision</td>
<td></td>
</tr>
<tr>
<td>Technology transfer</td>
<td>Transfer of bamboo technologies through the development of the bamboo and rattan industry in Ghana; transfer of fish-farming technologies through the establishment of demonstration centres for training and distribution of fingerlings to out-growers; assisted Legon Fisheries to start processing of octopus; assisted Ghana National Fishing Corporation to establish factory with processing capacity of 20,000 metric tonnes of tilapia, 8,000 tonnes of shrimp</td>
<td>Technical assistance and various grants; improved access rights to Chinese fishing companies; China seeking off-shore processing opportunities in Ghana</td>
<td></td>
</tr>
<tr>
<td>Health, water &amp; sanitation</td>
<td>(i) The construction of a 100-bed capacity general hospital for malaria treatment at Teshie, a suburb</td>
<td>Grant</td>
<td></td>
</tr>
<tr>
<td><strong>Defence</strong></td>
<td>Construction of an office complex for the Ministry of Defence</td>
<td>Estimated cost of $9 million with $7.5 million grant from the Chinese government; growing security cooperation with Ghana's security agencies; triangular aid peacekeeping in third party countries and regional stability necessary for Chinese business</td>
<td>Completed</td>
</tr>
</tbody>
</table>

**Source:** Ministry of Finance and Economic Planning, Accra, Ghana (2016)

The statistics from the Ghana Investment Promotion Centre (GIPC) suggests that Chinese investment in Ghana covers a wide array of sectors, including manufacturing, construction, tourism, service and agriculture. China was one of the biggest investors in Ghana with an amount $543 million between 1994 to 2013. Out of this amount, $254 million, $120 million, $96 million $48 million covered the manufacturing, the trade, construction and service sectors respectively.

By the end of 2014, Ghana was China's biggest trading partner with a value of trade reaching $5.6 billion (GoV, 2016). In Ghana Investment Promotion Centre’s latest investment report, in the 4th Quarter, China with 13 projects was the leading source of investments by project numbers. France, India, Mauritius and UK each recorded 3 projects. In terms of FDI values, China again topped the pack recording US$183.85 million within the quarter. India and Iran
followed with US$ 42.00 million and US$ 30.00 million respectively. Mauritius and Singapore occupied the 4th and 5th positions recording US$ 27.01 and US$ 20 million respectively (www.GIPC.com).

2.5 Ghana Investment Promotion Centre Act 2013 (Act 865)

The Ghana Investment Promotion Centre (GIPC) is a Government Agency established under the GIPC Act 2013 (Act 865) to create an enhanced, transparent and responsive environment for investment by promoting, coordinating and facilitating investment in the Ghanaian economy. The GIPC Act (865), 2013 provides the Ghana Investment Promotion Centre the mandate to ensure the promotion of investments in Ghana, as well as ensure the provision of an enabling environment that will make it easier for people to invest in Ghana.

The Act has specified activities that are reserved for Ghanaians and Ghanaian owned enterprises in section 27 of the Act. According to this section, a person who is not a citizen or an enterprise which is not wholly owned by citizen shall not invest or participate in:

a. the sale of goods or provision of services in a market, petty trading or hawking or selling of goods in a stall at any place;

b. the operation of taxi or car hire service in an enterprise that has a fleet of less than twenty-five vehicles;

c. the operation of a beauty salon or a barber shop;

d. the printing of recharge scratch cards for the use of subscribers of telecommunication services;

e. the production of exercises books and other basic stationery;
f. the retail of finished pharmaceutical products;

g. the production, supply and retail of sachet water; and

h. all aspects of pool betting business and lotteries, except football pool.

In subsection (1) of section 28 of the Act, it is stated clearly that a person can engage in an enterprise even if they are not citizens. It further states

a. “in the case of a joint enterprise with a partner who is a citizen, invests a foreign capital of not less than two hundred thousand United States Dollars in cash or capital goods relevant to the investment or a combination of both by way of equity participation and the partner who is a citizen does not have less than ten percent equity participation in the joint enterprise;” or

b. “where the enterprise is wholly owned by that person, invests a foreign capital of not less than five hundred thousand United States Dollars in cash or capital goods relevant to the investment or a combination of both by way of equity capital in the enterprise.”

In subsection (2) of section 28 of the Act, it is stated that a person who is not a citizen may engage in a trading enterprise if that person invests in the enterprise, not less than one million United States Dollars in cash or capital goods relevant to the investments. In subsection (4), an enterprise referred to in subsection (2) shall employ at least twenty skilled Ghanaians.

This Act sought out to provide a wider mandate and regulations of foreign nationals doing business within the country.
Even though Ghana has served as a market for Chinese goods and services, the vast majority of our local businesses have not been able to access Chinese markets. This has posed some challenges to the local businesses in the country, thus leading to agitations among the locals. This essay/review will examine the various threats; be it perceived or real posed by Chinese immigrants.
CHAPTER THREE
METHODOLOGY

3.1 Introduction

This chapter presents the methodology of the study which was employed in researching relevant issues of this study. Because this was a review essay, a systematic review was done in the area of Chinese trading activities in Ghana; threats to local businesses.

3.2 Methodological Approach

3.2.1 Inclusion criteria, selection procedure and results

The main inclusion criteria consisted of studies in peer review journals and books that reported on Chinese migration into Africa; West Africa and Ghana as a whole. Studies which used qualitative, quantitative and mixed designs are included in this study. Reports on Chinese in migration into Ghana, their contribution to the economy of Ghana as well as the threats they pose to local businesses in Ghana. Methodical electronic searches of databases such as ProQuest Pubmed, ScienceDirect, Google Scholar, JSTOR were undertaken. There are no restrictions on the articles' year of publication. Therefore, all studies published by July, 2018 were considered. In addition, only studies which reported results in English are however, included in this review. 220 papers were initially retrieved and after screening titles and abstracts, forty-eight papers were selected for use in the review. Below is a flow chart of articles selected for the review.
Records identified through database searching (n = 1,323) Science Direct

Records after duplicates removed (n = 476)

Records screened (n = 220) → Records excluded (n = 172)

Full-text articles assessed for eligibility (n = 48)
CHAPTER FOUR

PRESENTATION OF RESULTS

4.0 Introduction

This chapter of the study presents the data collected through review of secondary data. The data collected involved mainly secondary data through documents and other literature. The main objective was to examine the impact or threats of Chinese trading activities to Ghanaian local traders. Below are the presentations of results after reviewing of literature and relevant documents.

4.1 Threats of Chinese presence in the trading sector in Ghana

The involvement of Chinese‘s involvement in Africa has generated a lot of plaudits and criticisms not only from Africa but from the West. Some Africa critics fear the threat of competition from the Chinese industrial force and the rise of Chinese traders‘ competition in local Africa markets. As Idun-Arkhurst (2008) explains, Chinese–Ghanaian trade follows a classic North–South model, in which Ghana exports mainly things such as cocoa, beans; manganese; sawn timber; natural rubber and vegetable products; and metal ores, concentrates and scrap, while importing from China a wide range of manufactured goods, including textiles and clothing, travelling bags, shoes, electronics, machinery and automobiles as well as food, live animals, beverages and tobacco. China is now the largest supplier of imported products into Ghana, therefore surpassing Nigeria which supplies Ghana mainly with crude oil, (www.GIPC.com).
In Ghana, China is among the ten export destination, with net worth of $420 million in 2013, making up about 2 percent of exports. It is also accounted as the largest trading partner after Europe and among one of the largest in Africa. These statistics already show the level of unbalanced trade deals that exists between Ghana and China.

As is common with all countries in Africa, Ghana’s expanding trade with China is heavily skewed in China‘s favour, making Ghana highly vulnerable with an increasing trade deficit. For instance, between 2000 and 2005, there was a significant increase in Ghana's imports from China from $93.13 million to $433.74 million. Meanwhile at the same time, Ghana’s exports to China increased only marginally from $24.73 million to $31.26 million, indicating the level of skewedness in our trading capacity and ensuring a better deal (Idun-Arkhurst 2008).

The ability of Chinese manufacturers to produce goods with low-income characteristics and adapt their technology to produce African designs presents poor Ghanaian consumers with a more options in terms of purchasing power. Consumers who cannot afford to buy goods from these high-end stores benefits from the Chinese products being sold on the market. These markets are cheaper than most goods on the market. However, this exposes vulnerable local markets to these threats coming from the influx of cheap products. For instance, in the early years of Juapong Textile Mills which collapsed and remerged as Volta Star, it still remained unviable, because its raw materials which were gray bafts (aligidon), which it sells to local textile printers, cannot compete with imported gray bafts from China. More alarming is the fact that Chinese companies have beaten local companies at their own game in niche markets which were only accessible to Ghanaians. They are now mass-producing local designs without permission and at prices below local costs of production. For instance, the high-value Kente which was only exclusive to Ghanaians, a source of indigenous business is now mass-produced
in China and exported to West Africa and the rest of the world. On the Ghanaian market, the
typical African print produced in China are sold at a cheaper rate than the one produced locally
leading to the non-patronizing of the local prints (Idun-Arkhurst 2008).

In Ghana, one of the main threats facing the trading industry is the smuggling of Chinese prints
through the borders. It is well known that the costs of production for textile products are
considerably lower in China than in countries such as Ghana. The main reason for the imposition
of tariffs and other fees on imports of African prints from China is to reduce the price gap
between Chinese and Ghanaian African prints on the market. In Ghana, the trade policies ensures
a 20 per cent tariff is imposed on the Chinese products to enable these Chinese products prices to
go up so that the local made ones can compete with them. This was ensure that the Chinese
African print sells on the Ghanaian market to a level where it no longer can outcompete locally
produced African prints (WTO, 2008). Hence, when goods are smuggled, it de-regulates the
Ghanaian market; that is, it makes it difficult for the measures put in place to protect the local
companies to operate and benefit Ghana.

Thus, pricing plays an important role when people especially Ghanaian consumers are trying to
make a decision on which African print to purchase. Thus if consumers realise that Chinese
products are cheaper that the locally made prints, then they will be forced to purchase the chines
African prints which will end up threatening the local industries. Two main consequences will
result from the collapse of local industries which will be unemployment and the loss of revenue
to Ghana (Van Koert 2007). The influx of exotic goods from China represents a threat to
manufacturers, tax system, and state security. In a news item on the threats of these Chinese
goods, foreign traders registered as free-zone companies but then imported goods which are then
sold in the Ghanaian market. Other foreigners use the pretext of exporting goods to neighbouring
landlocked countries to divert goods to the Ghanaian market without paying the necessary taxes, which makes these goods cheaper.

Tsikata et al (2008), points out that the impact of imported manufactured goods is the challenge facing the market economy in Ghana especially with the survival of local manufactured industries. As more and more import continues to flood the Ghanaian market of Chinese finished goods, leads to reductions in the incentives because of the threats posed by the actions of the Chinese goods. This threatens local manufacturers to extinction. An example is the Akosombo Textile Company limited which has declined in terms of production because of Chinese textile importation in the last years. Not only is the textile production sector affected, but also the agricultural sector has experienced food production decline. For example, food such as rice and barley, tomatoes and fruits have all experienced decline in food production due to the influx of imported rice and fruits. This is evident in the table below where from 2000 to 2006, there was an exponential increase in Chinese manufactured imports.

### Computation of China’s % share of imports by commodity groups

<table>
<thead>
<tr>
<th>Commodity groups</th>
<th>China share as % of the total (2000)</th>
<th>China share as % of the total (2001)</th>
<th>China share as % of the total (2002)</th>
<th>China share as % of the total (2003)</th>
<th>China share as % of the total (2004)</th>
<th>China share as % of the total (2005)</th>
<th>China share as % of the total (2006)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food and live</td>
<td>0.94</td>
<td>2.14</td>
<td>3.78</td>
<td>2.74</td>
<td>2.63</td>
<td>2.70</td>
<td>5.62</td>
</tr>
<tr>
<td>Category</td>
<td>2001</td>
<td>2002</td>
<td>2003</td>
<td>2004</td>
<td>2005</td>
<td>2006</td>
<td></td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>-------</td>
<td>-------</td>
<td>-------</td>
<td>-------</td>
<td>-------</td>
<td>-------</td>
<td></td>
</tr>
<tr>
<td>Beverages and tobacco</td>
<td>0.04</td>
<td>0.03</td>
<td>0.05</td>
<td>0.12</td>
<td>0.04</td>
<td>0.05</td>
<td>2.36</td>
</tr>
<tr>
<td>Crude materials except food/fuel</td>
<td>0.14</td>
<td>0.19</td>
<td>0.30</td>
<td>1.77</td>
<td>1.79</td>
<td>1.68</td>
<td>15.82</td>
</tr>
<tr>
<td>Minerals</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Animal/vegetable oil/fat/wax</td>
<td>0.00</td>
<td>0.23</td>
<td>0.04</td>
<td>2.01</td>
<td>3.58</td>
<td>2.74</td>
<td>0.41</td>
</tr>
<tr>
<td>Chemical products</td>
<td>3.00</td>
<td>7.13</td>
<td>3.41</td>
<td>5.34</td>
<td>7.13</td>
<td>14.60</td>
<td>16.11</td>
</tr>
<tr>
<td>Manufactured goods</td>
<td>14.95</td>
<td>17.75</td>
<td>16.36</td>
<td>18.97</td>
<td>34.40</td>
<td>27.83</td>
<td>24.86</td>
</tr>
<tr>
<td>Machinery, transport and other equipment</td>
<td>1.21</td>
<td>2.05</td>
<td>1.94</td>
<td>3.44</td>
<td>2.36</td>
<td>23.26</td>
<td>4.93</td>
</tr>
</tbody>
</table>

Source: Tsikata et al, 2008

Apart from the retail markets, Chinese business are opening restaurants and selling a variety of goods from motor cycles to building materials all over Ghana. Although the influx of these Chinese goods have been lauded as good due to the fact that it gives consumers options to
choose from; the threats to local businesses is real and needs to be given close attention. The collapse of several textile businesses in Ghana as result of influx of cheaper alternatives from China being marketed in Ghana by Chinese entrepreneurs is a classic example. Ghana also loses the funds needed to carry out developmental activities from reduced tax revenues due to proceeds from the illegal business activities being channelled out of the country by these Chinese immigrants.

4.2 The political threat of Chinese trading activities in Ghana

The influx of Chinese and their businesses in Ghana has led to agitations among the populace especially those directly affected by their activities. Others have voiced concerns over the lack of social and environmental responsibilities of Chinese-owned firms. This perceived threat posed by the Chinese importers has resulted in public protest. In Ghana, this has been led by the Ghana Union of Traders Association (GUTA) with their protest mostly in the Accra Business District area and to some extent in Kumasi Central market. The protest and agitations against Chinese traders in Ghana began in late 2005, according to Takyi- Boadu (2005). There have also been recent agitations between Ghanaians and Nigerians traders in Ghana. Some Ghanaian traders have in time past expressed concerns about the high rate at which they say Nigerian traders are taking over their jobs. In July 2018, some unidentified traders believed to be members of the Ghana Union of Traders Association (GUTA), closed down more than 30 shops belonging to Nigerian businessmen in the Suame business enclave in Kumasi, alleging that the Nigerians engaged in retail trade in contravention of the law. GUTA is the umbrella body of 12 trading associations that include Fishing Net Dealers Association, Ghana Electrical Dealers Association, Ghana National Spare Parts Dealers Association, Kantamanto Traders Association, Okaishie Traders Association, and Kaneshie Traders Association among others.
In a report filed by Takyi-Boadu (2005), the influx of these foreigners, mostly from the sub-region and China, has threatened indigenous companies and also led to most of these foreign companies evading taxes in Ghana. It has also resulted in security issues since most of these foreigners do not have valid traveling and working documents to enable monitoring of their activities. Some of the traders believed that all these activities are being allowed to happen due to the ECOWAS protocols, which makes it easier to circumvent the laws of the country. The situation has led to traders questioning the vigilance of government and other security agencies in ensuring our borders are protected and the activities of foreigners are regulated.

In 2005 and 2007, Ghana Union of Traders Association (GUTA) organized a series of demonstrations against foreigners, particularly the Chinese for taking over retail business. GUTA then called for the review of the investment act which is almost two decades old. They proposed a minimum investment amount be raised to $ 1m from the $ 300,000 and the least number of employments increased from 10 to 25 Ghanaian in the case of trading companies. GUTA argued, the Act did not fulfil its mission, because foreigners freely entered the retail business, resulting into unfavourable competition with indigenous people.

Thus, to protect the activities and interest of Ghanaians in the retail sector the government policy (Ghana Investment Promotion Centre (GIPC) Act), that was developed with the assistance of the IMF and the World Bank to help attract the needed FDI into the country, offered Ghanaians protection from foreign competition. This GIPC Act (ACT 478) of 1994 and now 2013 (Act 865) regulates the participation of foreigners in the economy, with the exception of those in the mining and petroleum exploration. The amended GIPC Act of 2013 makes two demands on foreigners, who desire to invest in the distribution sector, be it wholly or jointly. The first demand is the investment of a minimum of US$ 1,000,000.00 [used to be US$ 300,000.00] cash
or goods of equivalent value. The second is the employment of at least 20 skilled Ghanaians. These legal measures are aimed at attracting big international players, and at the same time, aimed at protecting the local informal trade as one of the major employment generating sectors within the country (Giese 2014). When these conditions are met, the enterprise qualifies for automatic expatriate quota depending on the amount invested. According to the regulations, a foreign-registered business qualifies for a quota of two expatriates if the investment is US$ 100,000 or more but less than US$ 500,000. These two demands exclude other costs which must be borne by the expatriate before the business can take off. This Act was amended to address the pertinent issues deemed important and in response to the demands of the Ghanaian importers and traders.

In spite of the huge financial barrier that the GIPC ACT of 2013 places on their activities, there seems to be more Chinese operating in Ghana. Explaining how the financial barrier is failing to deter the Chinese in Ghana, Giese and Thiel assert that although the almost $1.2 million required for participation appears to be huge by both Ghanaian and international standards, the legal framework also opens a massive window for it to be abused with little or no consequences. They opine that even though the investor is to provide proof of either a foreign currency account balance with a Ghanaian bank or goods of equivalent value at the time of registration, since the proof of the investment is only required temporarily, it is easy for Chinese entrepreneurs to raise this "capital" within their kinship-based social networks to facilitate the registrations and to withdraw the same amount afterwards (Giese 2014:3). This strategy therefore makes nonsense of the financial barrier. Additionally, enforcement of this requirement is loosely implemented, creating unfettered access to the market. In fact, many of the international operators in the Ghanaian market are currently operating outside the legal regime (see Haugen 2011; Gadzala
2009). For example, data from the GIPC indicates that only 147 Chinese companies were registered between 1994 and 2011 to engage in general trade, even though there are many more operating across the length and breadth of the country.

Thus, the good intentions of the ACT to attract large international investors who would supply, rather than compete with established local businesses and, moreover, create employment has, therefore, become more of a toothless bulldog which cannot bite (Giese, 2014) leading to the agitations among traders.

Another activity that has led to agitations among Ghanaians in general is the involvement of Chinese in the artisanal gold mining sector in Ghana. For several years, thousands of Chinese nationals have migrated to rural Ghana, and proceeded engage in illegal extraction of gold. Thus, in recent times, illegal Chinese miners have immensely contributed to the increase in level of environmental degradation in Ghana. It is estimated that there are around 20 000 to 50 000 illegal Chinese miners in the country (Dong, 2013; Jiao, 2013). As at 2015, there were six legal major Chinese mining companies located in the country (Ayisi, 2013). The income from those operating illegally directly leads to a situation whereby most of the gold is smuggled therefore making it difficult for the government to tax them appropriately. This leads to loss of revenue on the part of Ghana. (Booyenes, 2012).

The presence of natural resources like gold, diamond and oil have negatively impacted human security as they have fuelled several conflicts in the region where they are located. These activities by the Chinese have led to several clashes between locals and Chinese, where most of the times the Chinese are often armed or have the protection of the security agencies. In 2013, there was a major clash in the Siana community that was fuelled by local’s disagreement of the
Chinese practices. The report of the use of sophisticated weapons by Chinese migrants in protecting themselves against xenophobic attacks is a direct threat to national security. The influx of these weapons into the country has several implications for national security. Apart from the few weapons being used by Chinese migrants for protection, the main national security threat stems from how these arms get into Ghana.

The Guardian Newspaper in a report on the activities of Chinese migrants in small-scale mining in Ghana stated that resentment towards foreigners, especially Chinese nationals, is widespread in mining communities. The paper reports of frequent attacks by Ghanaians against increasingly heavily armed Chinese miners. The Chinese are also accused of assaulting Ghanaians, whom they employ to operate their machinery. On one Chinese mining site that was visited by the reporter of the Guardian newspaper, the paper reported that the ground was littered with spent shotgun cartridges. The paper quoted one Chinese migrant miner, Huang, as saying “We have the guns to defend ourselves from the locals.” The mining activities by the Chinese have obviously brought a lot of tensions between them and the locals in the affected communities.

Sometimes, the environmental degradation by the Chinese has resulted in conflicts especially when the environment was the basis of their livelihood. Unlike the locals, the Chinese migrants use sophisticated earth moving equipment and pumps in their mining activities. This equipment has the tendency of causing huge environmental degradation.

Good diplomatic relations is essential for good trade relations. Recently however, diplomatic relations seem to have suffered a bit on the peak of escalating tensions when the government of Ghana started arresting and deporting Chinese illegal miners. This created a lot of tensions between Ghana and China with allegations of casualties. There were unofficial reports of
brutalities and confrontations between miners and the security forces. These turn of events seem
to have affected somewhat diplomatic relations between the two countries.

4.3 The health risk of Chinese trading in Ghana

Also, Chinese foreign direct investment in Ghana is of cheap and poor quality of products. The
influx of these cheap Chinese goods in the Ghanaian markets has been lauded by many who
consider the products as inferior, but a substitute for other manufacturers of good quality in the
market. Tsikarta et al (2008), argue that the qualities of these products such as the electronic and
other consumable products are of poor quality compared to other manufacturing companies from
the western countries. It is against this background that any evaluation of Chinese manufacturing
in the economy cannot overlook the health and safety implications of these products.is essential
in the manufacturing process. Arguably, Chinese manufacturing compromise on health and
safety standards in the manufacturing process. For instance, in 2005 china imported a host of
dolls and toys into the US with high dose of lead when tested by the FDA which discovered that
majority of the products were infested with lead, a dangerous substance for consumption. If
China can often get away with standards such as this in African countries, and for that matter
Ghana, then one wonders the health implication of Chinese products into the economy (Tsikata
et al, 2008).

Increased child pregnancy and increased prevalence of single mothers is a potential impact from
the Chinese *galamsey*. The former is associated with numerous risk factors, some of them being
lower birth weight, premature birth, negative long-term cognitive and educational development
and performance. It can further be a cause of unmarried status and/or poverty (Gueorguieva et
al., 2001). The prevalence of HIV is always higher in a *galamsey* community than outside it and

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this is as a result of a large influx of people from outside the community coming in for shorter periods. When this combines with a large concentration of youth with low education, HIV can easily spread (Carson et al., 2005). For instance, in 2012, there was a news article by a Ghanaian journalist saying that as much as 116 new infections had been recorded only the first half of 2012 in the Amansie West District, said to predominantly be caused by the increased galamsey activity (Tawiah, 2012).

According to Bach, (2014), in their study of illegal mining activities in the Amansie West district in Ghana, there has been an increase in respiratory diseases since the Chinese influx started. It rose from 2,497 cases to 3,972 cases, thus increasing with 59 per cent. Of these 3,972 cases, only 7.1 per cent received treatment. Additional to these mentioned impacts, it is reported to be the case that several people have died as a consequence of falling into the uncovered pits filled with water abandoned by the Chinese.
CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

This chapter gives a summary, conclusion and provides recommendation for policy makers and major stakeholders.

5.0 Summary

The study sought to examine the threat Chinese trading activities pose to Ghanaian local traders with specific objectives of: identifying the threat of the presence of Chinese in the trading sector to Ghanaian traders; identifying the health risk of Chinese trading and activities in Ghana as well as examine the political threat of Chinese trading activities in Ghana.

As more and more import continues to flood the Ghanaian market of Chinese finished goods, it threatens local manufacturers to extinction thereby lowering incentive for indigenous production. In Ghana, one of the main threats facing the trading industry is the smuggling of Chinese prints through the borders. Smuggling de-regulates the Ghanaian market; that is, it undermines the protective element of the import tariff (and fees and taxes) as it significantly reduces the price at which the Chinese African print may be sold. This makes Ghana’s textile companies unable to compete on their main market, and even the domestic market which may lead to all those local companies producing these fabrics collapsing. This may lead to unemployment and loss of revenue to the state.

In terms of the political threat of Chinese activities in Ghana, the influx of Chinese and their businesses in Ghana has led to agitations among the populace especially those directly affected by their activities. Others have voiced concerns over the lack of social and environmental responsibilities of Chinese-owned firms. This has been led by the Ghana Union of Traders
Association (GUTA) with their protest mostly in the Accra Business District area and to some extent in Kumasi Central market. They organized a series of demonstrations against foreigners, particularly the Chinese for taking over retail business. GUTA then called for the review of the investment act which is almost two decades old. Another Chinese activity that threatened Ghana is the issue of illegal mining. These activities by the Chinese have led to several clashes between aggravated locals and Chinese, where the latter is often armed. The report of the use of sophisticated weapons by Chinese migrants in protecting themselves against xenophobic attacks is a direct threat to national security. The influx of these weapons into the country has several implications for national security.

The last objective sought to examine the health risks or threats posed by Chinese activities in Ghana. The influx of these cheap Chinese goods in the Ghanaian markets compromise on health and safety standards in the manufacturing process. The illegal mining activities by the Chinese have increased pregnancy, high prevalence of HIV as well as increase in respiratory conditions.

5.1 Conclusion

The study has shown that even though the Chinese are the major contributors of Foreign Direct Investment, thus helping boost the economy of Ghana; the import of Chinese goods into Ghana far exceeds the exportation of Ghanaian products into China. The fact that some of the Chinese companies could find a way to circumvent the laws and policies regulating trading activities of foreigners is alarming.

The various trading activities of the Chinese are gradually collapsing the local businesses which do not augur well for our country particularly when most of these products tend to be inferior to our locally made products. The illegal mining activities by the Chinese also serve as a main
threat to the national security of Ghana. These Chinese are sometimes able to have access to
guns therefore engaging in conflicts with the locals. Most of the times, even though there are
laws governing the operations and activities of foreigners in Ghana, these are not applied
therefore allowing Chinese and other foreign nationals to circumvent these laws. A lot of
Chinese have been engaging in illegal migration which has affected the environment in those
areas; leading to an increase in respiratory diseases since the Chinese influx started.

5.2 Recommendations

Ghana is a sovereign country with laws and therefore if the laws stipulate that trading in the
market is a preserve for Ghanaian, then the law must be enforced to the letter and foreigners
must be made to respect the laws of Ghana in as much as they are investors and Ghana needs
investments. The government must ensure that our investment policies attract more investor
ventures into the manufacturing sector instead of the large scale imports of finished goods which
does not develop the Ghanaian economy but rather kill the local industries and do not create
employment avenues.

There is the need for Ghana Immigration Service to stiffen the requirement for Chinese
nationals' entry into Ghana especially where China is experiencing over population and their
nationals are seeking opportunities all over the world especially in Africa. Relaxing the
immigration laws would mean an influx of Chinese nationals into Ghana. The purpose and
intentions of immigrants must be clear. Despite these issues, the China-Ghana relations have
prospects of developing Ghana and therefore it is important to ensure a smooth relationship.
More Chinese enterprises could be encouraged to invest in Ghana’s energy, resources
development, agriculture and infrastructure. However, there should be structures in place that
would ensure that the locals and companies in Ghana benefit the most from these investments. These structures should be enforced without to ensure that there are no agitations among the locals.
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