

**TRADING ACTIVITIES OF CHINESE MIGRANTS IN THE
CENTRAL BUSINESS DISTRICT (CBD) OF ACCRA.**

**THESIS SUBMITTED TO THE SCHOOL OF GRADUATE STUDIES,
UNIVERSITY OF GHANA, LEGON, IN PARTIAL FULFILLMENT OF
THE REQUIREMENTS FOR THE AWARD OF A MASTER OF ARTS
DEGREE IN MIGRATION STUDIES**



BY

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JULY, 2014

DECLARATION

This is to certify that this thesis is the result of my own research work and that no part of it has been presented for another degree in this University or elsewhere.

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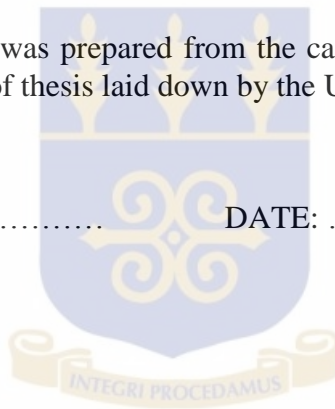
Supervisor's Declaration

I hereby certify that this thesis was prepared from the candidate's own work and supervised with guidelines on supervision of thesis laid down by the University of Ghana.

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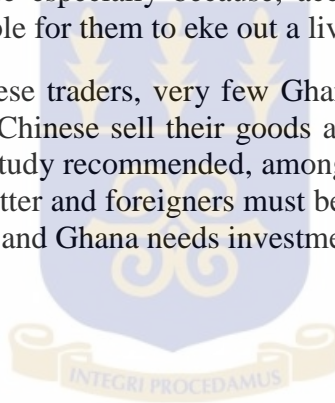
ABSTRACT

This study investigated the impact of the Ghanaian investment law on the operations of Chinese trading activities, especially in the wake of protest by the Ghanaian traders leading to the amendment of the law, which now makes engagement in trading in the central business district by foreigners more stringent. Despite the amendment of the law, some of the local traders are still having issues with the presence of the Chinese traders in the market.

The study sought to examine the impact of the amended GIPC Act (865), 2013 on the Chinese traders in the central business area of Accra. Five Chinese immigrant traders as well as six Ghanaian traders at the Okaishie market were interviewed. Officials from the Ghana Union of Traders Association (GUTA), Ghana Immigration Service, Ghana Investment Promotion Centre (GIPC) and the Ministry of Trade and Industry were also interviewed.

The study revealed that the amendment of the GIPC Act (865), 2013, has had very little effect on the operations of the Chinese traders. This is because the Ghanaian Union of Traders Association is divided into supporters and opponents groups. The supporters group are prepared to protect the interest of the Chinese traders even though their presence contravene Ghanaian investment laws more especially because, according to them, the Chinese offer them jobs which makes it possible for them to eke out a living.

Prior to the arrival of the Chinese traders, very few Ghanaian could afford to buy from the minority trading group but the Chinese sell their goods at competitive prices and even gave discount to them at times. The study recommended, among other things, that GIPC Act (865), 2013, 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.



DEDICATION

I dedicate this study to my daughter to motivate her to aspire to greater heights than I have done.



ACKNOWLEDGEMENT

A work of this magnitude could not have been completed without the support, effort, encouragement of many people, all of whom I cannot mention by name.

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Finally and most importantly to my husband Dr. Edwin Kwakugah and daughter Michelle.

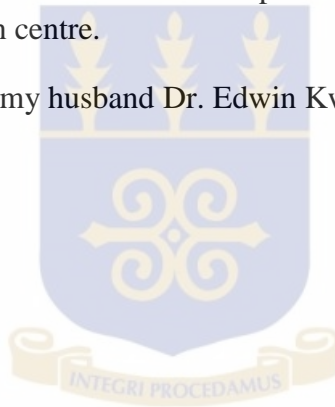


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CHAPTER ONE

INTRODUCTION

1.0 Background of the Study

Migration can be considered as one of the global issues of the twenty-first century and therefore issues of migration in Africa and Ghana need much attention. China currently is becoming Africa's largest trading partner and through loans, infrastructure development, China has also tapped the continent's wealth of natural resources.

The perception of Africa as not only a boundless front of natural resources but as a business opportunity has strengthened Beijing decision to initiate the "going out" ("*zou chuqu*" in mandarin) strategy in 1999 which aims at helping Chinese firms explore investment opportunities abroad and with government support, open up new markets by establishing either joint or wholly Chinese subsidiaries in various countries (Terence et al, 2012).

In recent times, Ghana has experienced a new trend of migration by Chinese entrepreneurs, leading to the influx of Chinese products and proliferation of small Chinese shops (even though the figures are not clear). This has affected local businesses and the displacement of local traders through excessive competition.

This study focused on the survival of the Chinese nationals engaged in trading in the business district of Accra in the wake of agitations from Ghanaian traders in the central business district of Accra. This is because the Ghanaian traders feel the Chinese traders are flouting the Ghana Investment Promotion Act (865), 2013 which makes it clear that activities that are categorized as petty trading and small trading businesses are reserved for

Ghanaians. In this light the foreign traders are expected to engage in large scale trading activities that indeed provide Ghanaian consumers with wider product choices.

They must also not locate their trading activities in the market area but are at liberty to operate in any commercial area such as the Kojo Thompson Road or Osu Oxford Street and not in Makola Market.

1.1 Problem Statement

Three distinct relationships: collaborative, complementary and competitive have been observed to exist between Ghanaian traders and their Chinese counterparts (Obeng, 2013). The collaborators comprise mainly petty traders who lack the capacity to import in person and only sell items bought in bulk from the Chinese at a relatively lower cost, thus making more profit and therefore do not support the Ghana Union of Traders Association (GUTA). Also in support of the Chinese traders being in the market area are; the consumers of cheaper retail prices; workers who earn their wages in the Chinese shops and the landowners who lease their properties to the Chinese traders.

The complementary relationship is where experienced transnational traders are constrained into entering a joint relationship as a result of both internal and external factors in the industry. The internal factors include difficulties in securing the Chinese visa and overbearing competition from the Chinese retailers. The external factors include the discomfort and stress involved in importing from China in person. Thus an attempt to move the Chinese from the market area would undermine their alternative source of import and livelihood.

The competitors who are also members of GUTA are the most critical of the Chinese presence in the market area, thus demanding the complete withdrawal of the Chinese traders from the market space. In response to the demands of the competitors, GIPC Act (865), 2013, was promulgated.

The GIPC Act (865), 2013 is an act to provide for the Ghana Investment Promotion Centre as the agency of Government responsible for the encouragement and promotion of investments in Ghana, to provide for the creation of an attractive incentive framework and a transparent, predictable and facilitating environment for investments in Ghana and for related matters.

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 who is not a citizen may participate in an enterprise other than an enterprise specified in section 27 if that person,

- 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.

However, there is no comprehensive study on the effects of the amended GIPC Act (865), 2013 on the trading operations of the Chinese traders in the central business district of Accra. This has necessitated this study to be conducted.

1.2 Objectives of the Study

The aim of the study is to examine the impact, if any, of the amended GIPC Act (865), 2013 on the Chinese traders plying their trade in the central business district of

Accra in view of the fact that Act 865 has been introduced and made more stringent.

Specifically, to:

- i. Describe the socio-demographic characteristics of the Chinese traders
- ii. Examine the role of social networks in shaping the nature of business operations prior to the implementation of the GIPC Act (865), 2013.
- iii. Examine the extent to which these changes have undermined Chinese business operations

1.3 Significance of the Study

There has been several works on the trading activities of the Chinese in Africa and most especially Ghana and yet, little work has been seen assess the impact of the amended GIPC Act (865), 2013 on the trading activities of the Chinese in the central business area of Accra.

The study would provide much knowledge to Chinese investors and policy makers in Ghana to better understand the impact and the possible ways of applying the amended GIPC Act (865), 2013.

Findings from the study would also add knowledge to the existing literature on Chinese trading activities in Africa. The academia and the research fraternity would benefit immensely from the findings of this study.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

Migration is not something that is new to human existence and indeed migration is as old as humanity itself (Massey et al., 1998). Migration decision is now recognized to be influenced by social networks more especially by extensive family and friends networks of previous migrants according to; Gottlieb (1987), Massey and Espinoza (1997), Winters et al. (2001) and Munshi (2003). The Chinese presence in Africa is an indication of a migration flow of these immigrants looking for business opportunities in Africa. Chinese companies are focusing in Africa to secure resources and capture markets to sell their manufactured goods.

According to Alden et al. (2008), this approach is followed by social and human movement into Africa which is manifested in the presence of Chinese employees in state projects done by Chinese multinational companies in Africa and later individual Chinese traders trading in Africa.

2.1 China Foreign Policy

China is one of the fastest growing economies in the world with a growth rate of 7.8% (Shang-Jin Wei, (1993). The rapid growth rate in China is obviously related to its relentless pursuit of economic reforms which has unleashed productive forces previously suppressed by a rigid central planning. One particular important component of the reform program is China's open door policy or export led growth that do not offer opportunities

for imports easily. To assess the contribution of the Chinese open door policy it is useful to review briefly the path China has taken in this direction.

In 1978 China was ranked 32nd in the world in export volume, and 13th in 1989 (Shang–Jin Wei, 1993). Its share of the world trade almost doubled during the period between 1978 and 1990; the average annual rate of trade expansion was above 15% more than three times higher than that of total world trade (Lardy, 1990). This change in the degree of outward orientation is truly remarkable, particularly when one considers China's strong aversion to trade and foreign investment before the reforms. China's trade regime before 1978 was an extreme version of import substitution (Lardy, 1990).

Then again China's international trade has experienced rapid expansion together with its dramatic economic growth which has made the country target the world as its market. The stable political system, vast natural resources and abundant skilled labour in China has made it a modern global factory. Since the initiation of economic reforms and adoption of the open door policy international trade and China's economy have experienced dramatic growth, Peng Sun (2010).

2.2 China – Africa Relations

China's growing interest in Africa has resulted in huge capital flows into the continent from multibillion dollar investment in oil and minerals to the influx of thousands of merchants or entrepreneurs engaged in the retail or wholesale of Chinese goods, labour and also cheap consumer goods (Ho, 2008).

In recent years China's scramble for Africa's natural resources and Chinese state financed projects are usually pitched in terms of a win-win situation, however media reports reframe these engagements as interest led and denounce Chinese development initiatives as disguised seizure of Africa's resources. Academic discourse outside of China has only recently shifted its focus on the potential benefits of China's engagements in Africa (Marfaing et al, 2011).

According to Fitch Rating China Export-Import (Exim Bank) lent US \$67.2 billion to sub-Saharan African (SSA) between 2001 and 2010 overtaking the world Bank's lending of US \$54.7 billion in grants to more than thirty (30) countries in Africa, as it quest for its natural resources in exchange for building roads, railways, and nurturing a market for Chinese products.

As China becomes the dominant trading partner in many African countries the subject of migration between the two (2) far flung regions has become a touchy issue. Africa's rapidly expanding market for Chinese goods has led to the migration of many Chinese nationals to Africa and Ghana for that matter.

The presence of Chinese migrants in African countries even though has its advantages also has some negative effects on the economies of most of these African countries. The problems are similar in most African countries. Most of these Chinese migrants to African countries follow their own economic interest, engaging in business activities such as petty trade, manufacturing ,medical services, restaurant, beauty salon (Marfaing and Thiel, 2011:4).

In most African countries engagement in petty trading or retail trading is a reserve for the indigenes and the laws stipulate that. The high visibility of Chinese entrepreneurial activities has sparked anti Chinese sentiments among many African entrepreneurs. Studies conducted with regards to the above include Baah et al, (2009) on Ghana, Sylvanus, (2009) on Togo, Ogen (2008) on Nigeria and Kohnert (2010) on Benin.

Therefore the presence of Chinese migrants engaged in this sector of the economy has been met with stiff resistance from the indigenous business man and women. For instance Chinese nationals engaged in trading of textiles in the local market in Kano (Nigeria) have been resisted by the local traders, who complain that the Chinese undercut them, taking their jobs and hurting the national economy.

Across sections of Uganda retail traders in the city have complained to the authorities but nothing has been done about the foreigners in retail business. The chairman of the Kampala City Trader Association (KACITA) an umbrella body of the business community in Kampala, told the Independent newspaper, on January 9, 2013 that the reason they don't want foreigners to engage in trade is because they present unfair competition to local retail business community (Businge, 2013).

This is because foreigners including Chinese can easily procure and import goods from their countries of origin at a subsidized cost and sell them cheaply to end users. They can also access cheap loans from banks from their country of origin which is not the case with the local traders who must endure high interest rates to remain in business. Dittgen (2010) undertook a study to identify and detail the reasons for the arrival of Chinese in retail trade in Dakar.

This study also looked at the choice and concentration of the Chinese along the streets of Boulevard General de Gaulle one of the major roads in Dakar. The study further focused on the spatial impact of the Chinese retailers on every local sale and shows how over time the original residential function of that neighbourhood had evolved. The strategy adopted by the Chinese to integrate into Senegalese society and how they adapt themselves to local realities was also examined (Dittgen, 2010).

According to Dittgen (2010), the Chinese offered goods at a lower price to their customers than their local competitors. Some of the Chinese have learnt the local language, Wolof which helps them to interact with their customers. The Chinese retailers have formed a Chinese chamber of commerce called the Senegal Chinese Business Association to represent the Chinese community and deal with economic questions and potential difficulties.

Starting from the late 1990's, more Chinese have migrated to Senegal concentrating and opening small shops along the Boulevard General de Gaulle. The Chinese arrived in Senegal as a result of a bilateral cooperation between China and Senegal to build several soccer stadiums by Henna Construction, a Chinese company. The contracted Chinese workers realized that some Senegalese retailers were making a fortune selling Chinese goods to the local population. During the period the Senegalese retailers were travelling directly to China to get their supplier and selling them at huge profits (Dittgen, 2010).

Recognizing the origin of the products and how they were over priced in Senegal, some of the Chinese workers or their relatives who were arriving from China sensed the business opportunity and decided to stay and start their own retail business. The Chinese became popular in Senegal by selling affordable products to the local population. The

Senegalese locals also benefited by working in the shops of the Chinese migrants. Senegalese from the rural parts of or smaller cities in Senegal who failed to enter the formal job market, or who did not benefit from a well connected network and could not afford to go to China to get supplies, have access to buying affordable goods in large quantities from the Chinese in Senegal (Dittgen, 2010).

However the Senegalese retailers, who had dominated this sector of the economy before the arrival of the Chinese, lost most of their profit margin and were no longer able to keep up with the Chinese. The Senegal retailer turned to a powerful trade union, National Union of Senegalese Retailers and Industrialists (UNACOIS) to protest against the Chinese retailers and send a message to the government to deal with the Chinese problem (Dittgen, 2010).

In Cape Verde, Chinese shops began to open in 1995. This immigration of Chinese entrepreneurs transformed the local retail and significantly affected the purchasing power of the locals (Haugen and Carling, 2005). The study analyzed how Cape Verde's second largest city, Sao Vicente, was filled with shops over the course of a few years. Chinese traders found two requirements for the success of their trade. The first was a great demand for goods that are cheaper than those already on the market. The second was the few barriers to market entry in the form of business regulations and requirements for capital and knowledge.

By 2001, the market for Chinese goods in Sao Vicente had become saturated, with even some Chinese shop owners complaining about how the Chinese had become numerous in Cape Verde and the country was too small. Thus newly established Chinese shop owner explain their difficulties in making money in Cape Verde by their late arrival.

The fall in profit levels was a result of the increased numbers of Chinese shops and also demands related change in the Cape Verde market (Haugen and Carling, 2005).

When the first Chinese shop was opened there was a large unmet demand for their goods but today the demand for consumable items is more stable. The saturation of the Chinese market in Cape Verde has led to the Chinese employing the following strategies including geographical expansion and price wars.

Research by Marfaing and Theil, (2011) on Chinese entrepreneurial migrants to Ghana and Senegal reveal an increasingly hostile disposition of African traders regarding the alleged encroachment of the West African urban market space by the Chinese petty entrepreneurs. This is due to the creation of unfair competition in the market. The African traders were of the view Chinese products were coming to Africa long before the arrival of the Chinese migrants and hence the physical presence of the Chinese in their markets was not needed.

McNamee (2012) conducted a study in South Africa, Lesotho, Zambia, Botswana, and Angola between April 2011 and February 2012 and looked at the perceptions of Chinese traders in a systematic way. It also examined why Chinese are so successful in Africa and what their experience might tell us about the future of Chinese African relations. In the study, only in South Africa traders saw the Chinese as belonging or part of the country. Almost without exception Chinese traders seal themselves in cocoons, completely cut off from local communities.

The Chinese traders have values and mindset that enabled them to succeed where many others have failed or fear to tread. Also their capacity to endure hardship, sacrifice to earn a living and also long separation from their families is an added advantage (McNamee, 2012).

In some Southern African countries, more than half of the traders come from just one province Fujian. They also did not receive any assistance from their embassy. In Lusaka's Kamwala market they are less conspicuous because the Chinese traders spend little time in their shops due to the new legislation forcing them into hide and seek with Zambian immigration officials. Botswana's second city Francistown, boast of about 70 Chinese in a city of less than 100,000 and rare for even the smallest farming towns of South Africa's North West province not to have at least one. The Chinese shop is the opaque symbol of China's presence in Africa (Mcnamee, 2012).

Identifying the location of the Chinese shops in these Southern African countries was not too much of a problem as they are normally concentrated in particular areas, mostly densely populated areas, notably Johannesburg, Gaborone and Francistown. About 90% of the Chinese traders revealed that it was easier for them to make money in Africa than China, but some wished they could return to China because it was no longer attractive during business in Africa (Mcnamee, 2012).

Migration of Chinese traders to Africa is mostly based on network. Sometime it is just one family member who serves as the pioneer establishing him or herself as an informal trader in one location then becoming a business owner in the process drawing other member of the extended family often the new entrants of Chinese begin as shop workers but eventually become self employed in the same kind of business (Mcnamee, 2012).

In the study most said they would never bring their children to African because of poor education and medical care. They also succeed were Africa traders or most foreigner fear to tread is due to their willingness to accept low profit in margins and also their capacity to endure hardship. According to the study in Southern African countries where

the studies were conducted these Chinese traders are resented by the local traders because most of the local traders have been pushed out of the market because they could not compete against low-cost Chinese goods (McNamee, 2012).

There was also an issue of increasing competition affecting Chinese traders from new Chinese traders as well as traders from other nationalities like Pakistanis, Turks, Indians, Lebanese and also small number from Ethiopians, Ghanaian, Nigerian and Malians. According to the study, the income made by the Chinese traders in Africa when compared to that in China is profitable to continue trading in Africa. The obstacles Chinese traders have to overcome to earn a living in Africa during the past decade included insecurity, language difficulties, as well as xenophobia. Research suggests that traders in Africa are making about three times what they might theoretically earn in China (Mcnamee, 2012).

2.2.1 Chinese and African Business Cultures in Sub-Saharan Africa

Chinese migrant entrepreneurs in Ghana have met a growing resistance from their Ghanaian entrepreneurs. The number of Chinese that have flocked into Africa within the past ten years would be approximately one million even though an exact count has not been possible because of the irregular status of most of the immigrants (Mohan & Kale, 2007).

The outward movement of these Chinese had been as a result of the deregulation of China's emigration legislation and of private labor recruitment within the first decade of this century due to geopolitical and ideological concerns (Mohan & Kale 2007). This influx has resulted in an exceedingly visible Chinese presence in Africa and most particularly in the capital cities and areas of high economic potentials. To highlight this

point, some of these areas in Africa include the oil-rich Niger Delta, Zambian and Congolese Copperbelt regions, mining regions in Ghana and many more.

The Chinese foreign direct investment (FDI) in Africa has only been involved with small and medium enterprises (SMEs) which are seen to be driven by a strong entrepreneurial spirit and ethos (Gu 2009). There are strong indication that most of Africans growing industries would eventually collapse due to the tremendous growth in China's cheap consumer goods exports, especially textiles, footwear and other low-priced nondurable consumer goods. A visible sign has been the gradual displacement of exports of clothing in Africa (Gu 2009; Sylvanus 2009; Akinrinade & Ogen 2008). This development has had a negative effect on the nascent African export industry's manufacturing terms of trade (Kaplinsky 2008).

African traders' associations are increasing exerting political pressure on their respective national governments to demand a protectionist measures against these Chinese migrants and goods that are made in China (Sylvanus 2009; Mohan & Kale 2007; Akinrinade & Ogen 2008). The relative performance success and business integration of the Chinese and the African entrepreneurs are debatable issues. Most scholars have agreed that the remarkable entrepreneurship demonstrated by overseas Chinese in Africa and elsewhere could be attributed to their specific network that have been adapted to the requirements of globalization and not due to cultural characteristics such as Confucianism (Mohan & Kale 2007; Ho, 2008).

2.3 Chinese Migrant Entrepreneurs In Ghana

The Chinese migration to Ghana could be traced to colonial days when it began and blossomed during the era of the first Ghanaian president, Kwame Nkrumah. The Nkrumah

government lured these Chinese from Hong Kong with a promise of a flourishing economy (Ho, 2008a; Mohan & Tan-Mullins, 2009). These migrants consisted largely men who came to Ghana alone and worked as employees in Chinese owned factories, while their families remained in Hong Kong (Ho, 2008b).

Initially, the Chinese were concentrated in western Ghana, but after Ghana achieved independence, Kwame Nkrumah's government began implementing plans to promote development in the southern part of the country and as a result they began to move toward Accra and Tema. In the late 1960's and early 1970's some of the Hong Kong migrants began to bring their wives and children to Ghana but due to political unrest in the 1970's and 1980's many of the Chinese migrants returned to Hong Kong (Ho, 2008a).

However with 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 for the reasons mentioned already. About 6,000 and 20,000 Chinese live in Ghana mainly at the coastal urban areas of Accra, Tema and Takoradi (Mohan & Tan-Mullins 2009).

Some Chinese came as employees, but most were independent traders running import-export businesses or restaurants. The Chinese traders gained a larger amount of influence in retailing of textiles, electrical appliances and daily use goods. Most of the migrants came with intention of making money rather than settling in Ghana (Ho, 2008a).

For the Chinese migrants, moving abroad signified progress and modernity, and have aimed to distance themselves from the cultural practices, traditions and the politics at home which they had viewed as contrary to modern trend which they themselves share. However, the recent rise of China as a major player obeying the rules of global capitalism

could convince some to return home. The massive inflow of FDI and the growth of Chinese imports in Ghana have been of benefit to the migrants.

The legal framework for expatriates in business which has been restrictive, increased in competition, and disposable resources of newcomers have changed the business climate in Ghana. These factors have impacted the effectiveness of the migrants' own trading networks. According to Liu (2010), most Chinese entrepreneurs in Ghana are involved in irregular activities notably in illegal retail which is apparently covered by a shop fronted by a Ghanaian counterpart. Besides the Chinese traders, the Nigerians are also often targeted by the Ghana Investment Promotion Centre's (GIPC) task force against illegal retail trading (Baah et al., 2009).

The GIPC Act of 1994 (Sec. 17 to 19) reserves retail up to a certain volume for Ghanaians only. The Ghanaian traders and entrepreneurs have constantly complained against the dumping of the market with cheap counterfeit goods made in China, the transfer of investment in manufacturing into trading companies contrary to the law, the transgression of restriction for foreigners in retailing and the lack of respect for labour rights. The Ghana Union of Traders Association (GUTA), which is a representation of Ghanaian retailers and petty traders have protested against the alleged impunity of these perpetrators and exerted political pressure on government (ibid.; 97).

In 2007 and 2008 GUTA organised a series of demonstrations against foreigners particularly the Chinese from taking over the retail trade business. They also called for a review of the Ghana investment Promotion Act established in 1994 to protect the retailers. GUTA argued that the Act did not fulfill its mission because foreigners freely entered the retail business resulting in unfair competition (Debrah, 2007).

The local traders protested against the influx of Chinese traders selling imported goods and accused them of breaking investment laws. They also accused the Chinese of unfair competition and trading in fields for which they were not qualified. In February 2009, officers of the Ghana Immigration service arrested over 100 Chinese people, with forty-one (41) Chinese business people signing an open letter of protest to the Ghana Immigration Service (Ho, 2012).

2.4 China – Ghana Relations

Relations between Ghana and China dates back to 1960 when the countries first established diplomatic relations. Since then Ghana has substantial diplomatic support to the People's Republic of China with them reciprocating with material support for Ghana's Development (Ho, 2012).

Since the year 2000 the volume of Chinese trade and investment in Ghana has increased greatly, an indication of the importance China attaches to its economic relationship with Ghana. China is currently the second largest exporter to Ghana. In 2005, US \$433.74 million worth of imports came into Ghana from China with Ghana exporting US \$31.26 worth of exports. Most of China's foreign direct investments in Ghana focused on manufacturing, trading and services with investments worth US \$75.8 million in 2008 (Ho, 2012).

2.5 Conceptual Framework

The framework is the structure of the research idea or concept and how it would be followed to achieve the set objectives. The research is further elaborated and supported with relevant literature. Existing literature and its relevance to this study is explored

further. People over the world migrate to other places which include towns, cities, countries and even continents for several reasons. Others do so for security and safety, economic, political, and religious and other reasons.

A lot of Africans have migrated into Europe and other continents to seek greener pastures with few there for educational purposes. Others too have migrated to other African countries for similar reasons. In the same scenario, people from other continents do migrate to Africa for the same reasons. One of such people which normally migrate to Africa is the Chinese. The presence of the Chinese has become dominant in Ghana especially in areas of high economic benefits like the markets and gold mines.

2.5.1 The Social Network Theory

Social networks are a set of recurrent association between people linked by occupation, finance, culture or affective ties according to Portes (1995). The importance of networks in international migration is highlighted by this theory. After a social network is established, it could lead to the so-called chain migration which stimulate and perpetuate the migration process. This approach focuses on the impact of networks on the migration decision which is taken by a rational actor who takes into consideration the existence of such network.

The actor is a subject in different networks that he or she could rationally use to maximize gains. The networks operate through the creation of social capital. Coleman (1990) described the value of interpersonal ties and saw networks as an image of aggregate social capital. The social capital is embedded in the relation between the actors.

The rational actor is able to utilize social capital as a resource similar to material resource to maximize gains. According to Massey et al., (1998), people could dwell on network connections as a form of social capital to gain access to financial capital, foreign employment, high wages, and the ability to accumulate savings and sending remittances.

Different forms of social capital had been identified by Coleman (1990) and these are obligations and expectations, norms of reciprocity and solidarity.

2.5.2 Obligations and Expectations

Actors use this approach to achieve their objectives within and through the network. The migrant often seek favour from different actors within the migration network, like smugglers, landlords, tax officials, immigration officers, job agents and many more that they come across. The aides deliberately create obligations and expect a certain reward for the assistance given or job done. Thus, obligations and expectations arise between the actors in the network. This in turn causes the creation of social capital depots in which obligations and expectations are compiled (Coale, 1990).

The Chinese immigrant is able to secure assistance from the country of origin all the way to the host country through various means. Family members who are already in Ghana provide them with guidelines as to how to enter Ghana through the borders that are porous.

2.5.3 Norms of reciprocity and Solidarity

The actors in the migration network are not equal in terms of power or resource availability and hence the more powerful could easily take control over the others. Norms

of reciprocity and solidarity emerge as a moral standard between the actors. According to the norm of reciprocity, actors ought never to impair people who helped them in the past, but help those who helped earlier (Coleman, 1990). A necessary condition for the norm of reciprocity is solidarity backed by a feeling of collectivity which could be defined along arbitrary or functional borders.

In this study, we shall look at how the Chinese immigrant in Ghana has been able to utilize these social networks.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

The study employed the use of qualitative fieldwork. The qualitative research as suggested by Padgett (1998) was also employed since the focus of the study has a less research data and the study sought to investigate deep-seated reasons why people take certain economic and social actions and also looked at the effects of government policies on their economic activities.

This method is chosen because of the entities under investigation, the purpose and questions of the study and the effectiveness of these methods in gathering the necessary data. The study involved interviewing Chinese immigrants in Ghana who were engaged in retail business at the central business area of Accra.

3.1 Study Area

Specifically, Chinese at the Okaishie market were conveniently interviewed. The interview was done at the business centers of these immigrants. Okaishie is located around the Makola market which happens to be the biggest business centre in the city of Accra. The Chinese immigrants are predominant at the Okaishie market. One can conveniently consider the Okaishie market as part of the Makola market.

The Makola market is located within the Central Business District of the Accra city and this serves as the central commercial area for all categories of people. It also serves as a tourist site for many foreigners that come into Ghana. The market is part of the Ashiedu-Keteke sub-district of the Accra Metropolitan Assembly (A.M.A) in the Greater Accra

region of Ghana. It is the biggest of all the markets in Accra and it is an ideal site for wholesale and retail of several kinds of goods. Several people in and around Accra and others from other regions in Ghana come to the market center each day to do business. The market is a very busy place and market activities start as early as 6am till 6pm when it begins to get dark.

3.2 Sampling Technique and Sample Size

A convenience sampling approach was adopted for the study since it was expensive and time consuming to interview all Chinese immigrants operating in the central business area of Accra. Moreover, the sensitive nature of the topic, prompted the researcher to adopt this approach. Hence the most convenient sample according to the researcher was used. The study sampled only five (5) Chinese. Two executives from the GUTA were also interviewed as well as six (6) market traders. In addition, one (1) official from the Ghana Investment Promotion Centre (GIPC) and an official from the Ghana Immigration Service were interviewed.

The Ghanaian traders in this study comprised of Ghanaians who go to China to bring goods to Ghana to sell and Ghanaian traders who cannot afford to travel to china to do business and hence rely on the Chinese traders in Ghana. Those who rely on the Chinese in Ghana buy the goods in bulk or wholesale and resell on retail bases to other Ghanaians.

For the purpose of the study, the Ghanaian traders were grouped into two groups according to their disposition towards the Chinese traders. The Ghanaian traders that travel to China for their goods would be called opponents and those that buy from the Chinese in Ghana would be called supporters.

3.3 Data Collection

The data for the study was mainly based on an interviews that was guided by an interview guide. Because the interviewees were Chinese immigrants some of whom have difficulty communicating in the English language, an interpreter was employed to aid in the process. Thus a face-to-face interview was employed. The Ghanaian traders were interviewed in their local language. The officials were interviewed in their various offices after the necessary arrangement were done.

3.3.1 Reasons for semi-structured interviews

Basically interviews helped us to get answers to questions of interest to the researcher. There are three types of interviews as enumerated by Saunders et. al. (2003). These are the structured, semi-structured and the unstructured interviews.

A structured interview consists of identical sets of questions that respondents are asked. A good interaction must exist between the researcher and the respondent. A semi-structured interview has questions that are not identical. The questions may vary from interview to interview and depending on the flow of responses may enable the questions to vary.

In some instances, notes could be taken and or responses could be recorded on tapes during the time of interview in order not to forget vital information. In a structured interview, there are no specific rules concerning questions that should be asked the respondents. Respondents are at liberty to express them in relation to the topic.

The semi-structured interview was chosen as appropriate for the study in order to get varied information from respondents. This approach would enable respondents to express their feelings about the topic.

3.3.2 Face-to-face interviews

Face-to-face interview is the form of interview that is conducted by engaging the respondent face to face. This approach could be done on a group or a one on one basis. The nature of interview in this study was one on one.

This approach was suitable for the study because it offered the researcher the opportunity to explain certain information concerning topic in details to the respondent. It also offered the researcher the opportunity to ask many questions as possible and additional questions that came up during the interview.

3.3.3 Selection of Interviewees

By the sensitivity of the topic and to really give respondents the assurance that information given would be treated with the highest level of confidentiality, the researcher employed the services of one of the immigrants to assist in obtaining candid opinions from respondents by introducing the researcher to the them.

Five Chinese traders were interviewed with the help of the assistant. In the opinion of the researcher, the number was enough to get a general understanding of the questions under investigation.

The Ghanaian traders were purposeful selected in order to get three each for each group in accordance with the style of the researcher. The officials interviewed for this study were made available by their various offices.

3.4 Ethical Considerations

Prior to the interview, a consent form was read and interpreted to them stating their right to withdraw or avoid certain answering certain questions if deemed necessary to do so. To build a rapport between the interviewer and the interviewee, a fellow Chinese immigrant who is also into the retail business in the same locality was employed to help in the interview.

A letter of introduction from the school was delivered to the office of GUTA, Ghana Immigration Service and the Ghana Investment Promotion Centre (GIPC) to assure them that it was purely an academic work.

3.5 Data Analysis

The researcher employed themes to get a general view of those interviewed. Key network strategies the Chinese used to ensure their continual stay in business were also explored in the interview with the stakeholders.

CHAPTER FOUR

ANALYSIS OF DATA

4.0 Introduction

This chapter of the study presents the data collected through the interview with the various stakeholders involved in the study. The data collected for the study involved mainly primary data that was gathered by the researcher through interviews and interaction with the stakeholders. The views were sought from the GIPC, Ministry of Trade and Industry, Ghana Immigration Service, six Ghanaian traders and the five Chinese traders.

The main objective of this study was to examine the impact that the GIPC Act (865), 2013 has had on the business operations in the Central business area of Accra. To be able to get answers to this objective, key questions relating to the socio-demographic background of the Chinese traders, professional history in their homeland, perspectives on business climate in Ghana, and relationship with the natives among other issues were explored.

4.1 Socio-demographic Characteristics

The Chinese were interviewed to identify the sex, age, marital status, educational background, and the province of origin of the respondents. All the Chinese interviewed were males with ages ranging from 26 to 45 years old. It was revealed that three of the immigrants hailed from Auhui and the other two from Shanghai. Four of the respondents were males with only one female.

Three of the Chinese traders were single with no children at all because it is not morally accepted in China for singles to have children according to the respondents. Four of the five Chinese have had a university education in their country.

The Chinese immigrants normally sleep very close to their warehouses which is not too far away from their shops. It was revealed that the Chinese rarely eat the locally prepared food. Most of their foods and other consumables are imported from their home country. This indicates that the Chinese despite the fact that they are not used to our local foods, are also committed in promoting their businesses both locally and in their home country. This is because they make sure everything they use or buy is made in China.

4.1.1 Professional History in China

All of the Chinese interviewed said they had a job in their country before migrating to Ghana to engage in business. Chen, a Chinese trader said he had a job with a company that dealt in the importation and exportation of goods with branches in Africa. According to him, he was brought to Ghana to operate their business in Ghana. Thus, the respondent had been working in a company in the home country.

One other Chinese called Liu said he was a teacher in China with no business background but he is at the moment engaged in trading. Thus, the Chinese in one way or the other are skilled people who could easily move to other sectors if the need be.

4.1.2 Professional Background in Ghana

All the Chinese interviewed indicated they deal in the selling of products that are manufactured from their home country. These goods range from shoes, building materials,

dresses and many more. Some of these goods are the ones that are affordable and of low quality in China.

4.1.3 Reasons for migrating into Ghana

Four of the Chinese immigrants said they were in Ghana to make money and had the intention of returning to their country after making a fortune. One Chinese trader said that he was invited into Ghana by his brother who was a businessman in Ghana who revealed to him the business opportunities in Ghana. Thus, the Chinese could rely on information given to them by family members and friends and their organizations to migrate into Africa or Ghana.

Another Chinese trader who is in Ghana as a representative of his parent company in China, revealed that he had no intention of going back to China in the immediate future. He would rather move to other African countries to continue his trading activities. He enumerated the challenges China is facing with the dense number of population and hence he could not struggle for opportunities in China.

4.2 Ghanaian Traders Experience with the Chinese

According to the opponents group, the Chinese started arriving in Ghana in the late 1990s and majority by the year 2005 and 2006. They indicated that they had had foreign traders like the Indians, and Lebanese before the arrival of the Chinese. They revealed that there was no problem between them because those foreigners did not import in huge volumes like the Chinese do.

In addition, the Indians and Lebanese also employed more Ghanaians as drivers, cooks and labourers but the Chinese did not do that. The Indians and Lebanese went into the supermarket business unlike the Chinese who did business in small shops exactly like the Ghanaians. According to the opponents, when the Chinese companies saw that there was a huge demand for their products in Ghana, decided to bring their representatives to Ghana and exported the goods directly to their representatives thereby reducing the cost of transaction for the Chinese.

It could be assumed that the Chinese traders had already created a network or are part of a chain in the country of origin that supplied them the necessary resources needed to maximize their profits in Ghana. There is a strong support from their home country that had enabled them thrive in Ghana according to the opponents.

The opponents group indicated that it would be difficult for them to compete with their Chinese counterparts in the same open market. According to the group, the activities of the Chinese had contributed immensely to the depreciation of the new Ghana Cedi considering the huge volume of goods imported into Ghana in a year by the Chinese. The Chinese repatriate all their profits without investing any in the economy. Thus, the Chinese takeout more than what they invest in the country according to the group.

4.3 Chinese Traders Support in the Market

The supporters group work with the Chinese in several ways that enable the Chinese traders thrive in their businesses. According to the Chinese, some of the supporters trading group serve as middlemen for the Chinese traders in securing business permit since the Chinese could not meet the entire requirement to legally establish their businesses. These supporters group also lead their Chinese trading partners to landlords to

acquire shops, warehouses and other facilities that would facilitate their businesses. They also patronize the goods of the Chinese and in turn compete with those in the opponents group.

According to a trader in the opponent group, some of the supporters trading group goes to the extent of shielding some of the Chinese who might have committed an offence from public officials. Thus, they connive with the Chinese in doing their own thing because they benefit from that act. Three of the Chinese said that the supporters group feed the Chinese traders with information on prices of goods from other Chinese traders and the opponent Ghanaian traders group as well. This enables the Chinese traders to adjust their prices to get more patronage for their goods.

Two people from the supporters group indicated that the Chinese had created an employment avenue for them. They could engage in meaningful trading with just a little capital since they could afford to purchase goods cheaply at the Chinese shops. These traders who are mostly women were very thankful to the Chinese for enabling them to afford to cater for their families. They continued that the Chinese offer them some bargain packages especially when they wanted to clear their old stock for new ones.

According to supporters group, the Chinese sometimes offered them spaces to trade in front of the shops of the Chinese for a small fee. This generosity they said was not given them by the opponent group. Thus the Chinese traders had created a win-win situation for them to enjoy so far as it would not be illegal. Thus, one could say the Chinese migrant had been successful in making supporters group dependent on them for their survival. This means they would have the supporters group fighting for their continual stay in trading in the market.

According to the supporters group interviewed, before the arrival of the Chinese traders, they were not treated well by the opponents group. Those in the opponents group did not give them any discount and would not sell to them after 4pm but the Chinese would sell till late hours provided it brought them money. The opponents group were not ready to change defective goods but the Chinese traders were ready to do that. The Chinese were always ready to reciprocate the loyalty of their customers by doing what the customers wanted. They saw their existence in business and in the country as a dependent on the customers who patronize their products.

The supporters group interviewed revealed that sometimes those in the opponents group would not give them the specific goods they wanted to buy with the excuse that they did not have it in stock even though all indications could show otherwise. They expressed their relief since the arrival of the Chinese traders since they are able to start their own retail business with just a little capital.

4.2 Nature of Business Operations prior to the Implementation of GIPC Act (864), 2013

An official at GIPC indicated that the Chinese traders were initially settled outside the market area but due to expansion of the market over the years, the Ghanaian traders had found themselves occupying a section given to the Chinese traders. The official indicated they did not foresee that to be as much of a problem as it had become.

All the Chinese interviewed revealed that doing business prior to the implementation was smooth. They added that a lot more Chinese traders were engaged in trading in the market area because their profit margin was higher and the Ghanaian traders accommodated them well. The customers that were buying from the Chinese shops were

more than those buying from the Ghanaian shops according to the Chinese interviewed. The Ghanaian shop owners upon realizing this decided to protest for the removal of the Chinese from the market area.

Other Chinese traders who had been in the country for long were of the view that business was good in the 90s with few Chinese in trade than they are now and they were free to own their businesses without using any middleman.

4.3 Nature of Business after the Implementation of the GIPC Act (864), 2013

A respondent from the Ministry of Trade and Industry reiterated that the GIPC Act (864), 2013, forbade trading in the market but as to the definition of a market, he said the law was not explicit on that. He continued that the role of the Ministry of Trade and Industry was to get rid of foreigners engaged in retail business in line with the Ministry of Trade national policy. In line with this, a task force was set up in 2012 comprising the following stakeholders to close down shops owned by foreigners engaged in retail trading:

- Ministry of Trade and Industry
- Ministry of Foreign Affairs and Regional Integration
- Ghana Revenue Authority
- Social Security and National Insurance Trust
- Ghana Police Service
- Accra Metropolitan Assembly (AMA)
- Registrar General's Department
- Ghana Union of Traders Association (GUTA)
- Ghana Immigration Service
- Office of the National Security Coordinator

However, according to the official from the Ministry, some of the closed down Chinese shops had to be reopened because the Chinese provided all the relevant documentation. The rest of the Chinese traders were relocated to other places far from their present location and others went back to their country. There had been strict enforcement on the wholesale trading afterwards. A recent protest by GUTA which led to the closure of shops in the market area for four days starting from 23rd June to 26th June, 2014 compelled the Minister for Trade and Industry to inaugurate a 24 member reconstituted inter-ministerial task force on 22nd July, 2014 whose duty was to identify foreign traders who are in the market in contravention of the GIPC Act (865), 2013 and rid the market of them.

The official of GIPC reiterated that the implementation of the GIPC Act (865), 2013 section 27(1) (a) stipulates that trading in the market is a preserve for the Ghanaian citizen. Section 28(2), (3) and (4) also stipulates the equity capital that a non Ghanaian needs to establish a trading enterprise and the number of skilled Ghanaians that need to be employed by this enterprise. The Chinese realizing they could not meet these requirement decided to operate through the Ghanaian in various ways. He continued that the Ghanaian traders are partly to be blamed for not expressing dissatisfaction when the Chinese traders initially entered the market. As has already been revealed, the amended GIPC Act (865), 2013 from the previous GIPC Act (478), 1994 had increased the equity capital of foreigners to engage in business from three hundred thousand dollars (US \$ 300,000.00) to one million dollars (US\$ 1, 000,000.00).

The Chinese were able to adopt a networking strategy by establishing a tie with some of the Ghanaian citizens. The Chinese who could not meet the criteria of the new Act have resorted to registering their businesses with Ghanaians directors so they evade the payment of the US\$ 1,000,000.00. The Ghanaian traders refer to this strategy of the

Chinese traders as “fronting”. The Chinese had registered their shops using Ghanaian directors since that was free and so it could be said that legally the shops belong to the Ghanaians. This is a risky development, because the Ghanaians could claim ownership to the business at any time in the law court and would definitely win looking at the circumstances surrounding the whole operation of the business.

Despite this fact, the Chinese traders had been able to build trust with their Ghanaian directors that there had not been any litigation issue from this as far as this study enquired from the Chinese. The researcher did not enquire about the benefits the Ghanaian directors enjoyed but one could guess that there would be some form of compensation or royalties that is given to these directors in order to maintain a healthy relationship.

Thus, the Chinese traders had been able to maneuver their way through by reducing the equity capital since they would register their businesses through the Ghanaians. The GIPC is responsible for enforcing the law on trading in Ghana. For this reason personnel from the GIPC go round the shops of the Chinese traders to ensure that they have the requisite certificate from GIPC which permits them to engage in trade.

According to the official, when GIPC realized this was the strategy the Chinese had adopted, they had to revise the Act again and so with effect from 1st March, 2014 wholly Ghanaian owned trading enterprises had to pay an equity capital of five thousand Ghana Cedis (GHS 5000.00), which was initially free to register with GIPC. GIPC also promulgated the law on trading in conjunction with other relevant stakeholders like the Ministry of Trade, and the Registrar General's Department.

4.4 Effect of the GIPC Act on Trading Activities

The GIPC Act (865), 2013 which according to the Chinese is a stringent law had also reduced the flow of the number of Chinese traders into the country since majority of them could not afford to meet the new criteria. The number of Chinese in the market had reduced because some of the Chinese think the attitude of some of the Ghanaians who are protesting against them was hostile. The recent depreciation of the new Ghana Cedi has also been a disincentive for the Chinese to do business. A large number of the Chinese in trade stated that this had made business less lucrative for them.

According to an official from the Ghana Immigration Service, the service had to regulate the flow of foreign nationals especially the Chinese after the country's experience with them in illegal mining. Many of the Chinese have been deported and some engage in retail trading. He noted that the Chinese managed to find their way into the country through porous borders and also by influencing some of the Ghanaian officials. From the researcher's point of view, this is another approach that the migrant Chinese in Ghana had adopted to connect some officials to their network. The researcher can deduce that some of the immigration officers are collaborating with the Chinese in gaining easy access into the country. This relation, the Chinese would make sure is upheld to ensure the smooth entry of the other Chinese migrants.

The supporters group indicated that the relocation of the Chinese traders from the market center would not solve the problem because they were prepared to follow the Chinese wherever they go since the trading with Chinese was seen to be their only source of livelihood. The group recounted when the Okaishie market was very quiet and deserted, but upon the arrival of the Chinese traders to the place, the market has become vibrant again. The trading strategy that had been adopted by the Chinese traders had created a strong bond between them and the supporters group and hence the group is not ready to

break it. The Chinese are not ready either. The supporters group would pull even more traders into the network and likewise the Chinese traders.

4.5 Reactions from GUTA

The GUTA started raising alarm when the Chinese traders were increasing in number in the later part of 2000 leading to a task force being setup to close foreign shops in 2012 according to an official of GUTA. Some of these shops were reopened and GUTA had to pull out of the task force because of that development. Another task force had been setup in July, 2014 and the GUTA is keen in making sure the Chinese traders are removed from the market according to the official.

This action to be taken by the taskforce according to a member of GUTA is not necessary. An executive member of GUTA is quoted as

GUTA know their actions would not be able to get the market rid of the Chinese traders entirely but at least would limit the number of Chinese in the market and also help prevent new ones from joining. The GUTA indicated they were aware that some of the Ghanaian traders who rely on these Chinese traders would follow the Chinese everywhere they were taken to and their current market place would be dead. GUTA is requesting from the government to regulate the flow of Chinese migrants into the country.

GUTA indicated that the Chinese should not be allowed to engage in trade at all if they want to invest in Ghana but rather focus on establishing a branch of their manufacturing companies in Ghana and produce here. In this way more Ghanaians would be employed and the long-term effect would be more beneficial to the economy.

GUTA claimed the new amended GIPC Act (865), 2013 which has made trading more stringent for foreigners is not relevant because no Chinese trader would invest such a huge capital to engage in trading in a market. The Chinese would look for other means to circumvent the law. GUTA members said that even though the new amended Act

stipulates that foreigners are to employ at least twenty skilled Ghanaians, these Chinese had flouted the law and employ Ghanaians with no skills.

Thus, by inference the new amended Act had had no or little impact on any person or group. In fact, the members of GUTA are divided and hence it could be concluded that it would be difficult ridding the market of the Chinese traders. The supporters group with less capital are ready to support the Chinese to succeed as opposed to the opponents group who cannot compete with the Chinese and hence want them to leave the market for them to monopolise it. To quote one Chinese respondent, "we have to struggle for opportunities in China that is why we came to Africa". One Chinese trader who had been in the country for 18 years indicated his unwillingness to return to China since he had already acquired properties in Ghana. He plans on applying for a permanent residence here in Ghana.

4.6 Changes in Business and Causes

The Chinese were asked whether there had been a significant change in their business operations and the possible causes for these changes. They attributed most of the change to the depreciation of the local currency on the international market and stiff competition among themselves. The depreciation of the Cedi on the international market they said had made the importation of their goods very expensive. This they say had reduced their profit margin since customers are not able to buy the quantity of items they used to purchase. This has led to the slow movement of the goods in their shops making them idle most of the time. According to them, they are sometimes compelled to reduce prices of the goods to clear the old stock for new arrivals.

Others lamented on the stiff competition they face each day because there were only few Chinese who engaged in trading in Ghana when they arrived but day in day out their numbers are increasing leading to a reduction in profit. Thus the Chinese traders did not attribute the changes in their business to the GIPC Act (865), 2013 but rather blamed it on other factors.

4.7 Impact of Changes on Business Operations

The Chinese traders revealed that the current trend of agitations from some Ghanaian traders and also the law has made it difficult in doing business in Ghana. Thus, business is becoming less attractive and some Chinese have the intention of moving to other African countries or back to China if the trend continues.

The executive member of GUTA indicated that the Ghanaian economy could be destroyed if left open for the Chinese. The Chinese traders could afford to rent shops for as much as one hundred thousand dollars (US\$ 100,000.00) and one hundred and fifty thousand dollars (US\$ 150,000.00) for ten (10) years which the Ghanaian trader could not do and hence they are losing their shops to the Chinese traders who could afford to rent for long leases and in dollars.

He added that the Ghanaian traders could not afford to service their loans because they could not sell their goods due to stiff competition from the Chinese traders and this has led to these traders becoming "fugitive" in their own country. He said "fugitive" because financial institution are always on their neck to service their loans which they find difficult doing. These traders are made to always run away from their creditors according to the executive member. The Chinese traders on the other hand could afford to reduce

their prices to clear their stocks because they source their goods at cheaper prices and also evade tax since they could afford to bribe some of the officials everywhere.

4.8 The Chinese Approach to Social Network

The Chinese migrants are always in touch with their families in their home country and continually give them information about the prospects in their host nation. The Chinese, once in Ghana, keep in touch with the companies they represent in Ghana and other key personalities in their home country in order to consolidate resources together for the benefits of all. Due to this, the number of Chinese in the market area kept increasing with new arrivals of relatives and friends. Despite the efforts put in place by the major stakeholders to ensure the Chinese are out of the market, many of them seems to be coming. They function in unison to the extent that one is not able to detect how they spread in the market area.

4.8.1 Approach to Obligations and Expectations

Actions which could be moral or legal that are expected from an individual or group of people to take could be referred to as an obligation. The Chinese traders once in Ghana always ensured their rent are paid on time and that all the necessary legal documents expected from them to be in business are up to date according to the Chinese interviewed. The Chinese traders said they have had no problem with landlords provided they pay their rent on time. They revealed the landlords charge the rent in dollars over a long lease period of up to ten years sometimes. One could say that the Chinese trader had really made provisions to ensure their trading activities produce its maximum output.

According to the Chinese traders, the increased competition and the need to remain in business for a long time had made their relationship with the Ghanaian customers very cordial. They revealed that they had taken the customers as their partners in trade. These customers normally buy on wholesale bases and later resell on a retail bases for little profits. Thus the Chinese had become the wholesale distributors for these customers. According to the Chinese, some customers sometimes asked for bargain which they allowed, if it would not affect their profit too much. The Chinese, one would say had built a solid relationship between their Ghanaian customers.

Even though the Chinese had been accused by some of the GUTA members of not employing skilled Ghanaian labor, they had kept their obligation of at least employing some Ghanaians. The Chinese indicated that there has not been any problem between them and their Ghanaian employees so far as they treated each other with dignity. When the wages of employees are paid on time, there is no problem. They, however, revealed that they experience theft from these Ghanaians employees sometimes. One of the Chinese, Chen, enumerated an instance when after close of work one day, all his sales for the day was robbed from him by robbers which later was found out to have been done in connivance with one of the Ghanaian employees. This he remarked had been the reason why they employ a lot of their fellow Chinese in their shops for security.

The Chinese indicated they have Ghanaian agents who deal with the clearing of their imports at the ports at a fee and hence do not deal directly with the officials. The Chinese traders do not want to have any difficulty with port officials. Most of the tax related matters they claimed are dealt with by their Ghanaian accountants. They also make sure their documents are always right to avoid any problem with the tax official.

According to them, relationship with other Chinese traders is very cordial but they do not discuss business among themselves since they do not want their competitors to know their business strategies. One is quoted as saying "we rather enquire about price information of our competing Chinese traders from our customers and this helps us to adjust our prices to attract more customers".

4.8.2 Approach to Norms of reciprocity and Solidarity

The social norm of reciprocity could be seen as the expectation from people as a result of the actions of the others they come into contact with. The Chinese always try to accord the Ghanaian employees with the mutual respect they deserve and in so doing the Ghanaian employees are ready to defend the Chinese. Goods are sold at a far lower price to the supporters group and hence these supporters in appreciation do not support their umbrella organization (GUTA) in evicting the Chinese from the market. The new Chinese migrants who come to Ghana through the guidance of the existing Chinese, try to serve under them for some time before they finally think of being independent according to the Chinese.

Solidarity could also be seen as the ties that exist between groups of people which identify them as one unit. The Chinese traders always ensured that there was a good relationship among themselves and try to work together even though they did not discuss business matters among themselves. The study did not identify any formal association that the Chinese belong to as a group but by observation of the researcher, there was total understanding and cohesion between them.

The Chinese revealed that relationship between the Chinese traders and the Ghanaian traders especially the shop owners had been very peaceful until recently that the Ghanaians decided to protest against the presence of the Chinese in the market.

One Chinese trader is quoted as saying

Some of us have large stock of goods which we have to sell and also have rented our shops for about ten years so how can we leave the market like that. The Ghanaian government had promised to get us a new place but that has not materialized. We shall only leave if the government says we should and not the Ghanaian traders.

The Chinese traders depended on their customers to get information on goods prices from their fellow Chinese traders who are their competitors.

4.8.3 The Effect of the GIPC Act on the Chinese Social Network

The recent amendment of the GIPC Act (865), 2013 had made most Chinese put measures in place to ensure the law does not have any effect on their trading activities. According to Fu, the Chinese had been on the alert for any possible relocation. The Chinese have won the sympathy of the supporters group in GUTA and this in a way had boosted their confidence to stay till the government says otherwise as indicated by a respondent in the supporters group.

The GIPC Act (865), 2013 had not had any adverse impact on the activities of the Chinese from the researcher's point of view. It has rather served as publicity for the promotion of the goods of the Chinese.

4.9 Why Chinese Traders sell at lesser Prices than their Ghanaian Counterparts

Even though, both the Ghanaian and the Chinese shop owners buy their goods from China, the prices of the Chinese traders are always lesser than the Ghanaian counterparts. The Chinese attributed this to the fact that they buy their goods directly from the manufacturers in China and also know where to source their goods at cheaper prices whilst the Ghanaian traders had to rely on agents in China to lead them to source for cheap goods or sometimes buy from the open market which is expensive.

The Chinese indicated that the Ghanaian traders sometimes wanted to get huge profits and hence would not reduce prices unlike the Chinese traders who are ready to reduce prices by small margin in order to clear their stock to order for new ones. According to the Chinese traders, the members of the opponents group had to travel frequently to China as many as three times in a year in order to import their goods unlike the Chinese who do not do that. The travel expenses of the opponents group increases the cost of selling their products. The Chinese traders on the other hand, have a link with the manufacturers of the products who do the exporting directly to Ghana.

The Chinese indicated that the presence of many Chinese traders in the market had created competition leading to competitive prices which the opponents group could not stand so had resorted to protest.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

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

5.0 Summary

This study had four main key objectives which are to understand: the socio-demographic characteristics of the Chinese traders; the nature of their business operations prior to the implementation of the GIPC Act (865), 2013; the nature of their business operations after the implementation of the GIPC Act (865), 2013; and to understand the extent to which the changes had undermined Chinese business operations.

Prior to the implementation of the GIPC Act (865), 2013 business was generally good for the Chinese traders and they lived in harmony with their Ghanaian counterparts. The Chinese could own their businesses without much legal restrictions. After the implementation of the Act, businesses of these Chinese are registered with Ghanaian directors and the Chinese had to pass through the Ghanaian in most of the things they have to do. The opponents group have been hostile to them and want them out of the market area.

The Chinese traders generally attributed the changes in business operations mainly to the depreciation of the local currency. The implementation of the Act had not had any major adverse effect on the Chinese traders. They have been able to secure the services of the Ghanaians in their operations and could add to their transaction cost.

5.1 Conclusion

The Ghanaian traders could establish a network with some of the manufacturing companies in China to import directly from them as the Chinese traders in Ghana do. The study had shown that the Chinese used a well networked system to operate in Ghana which is seen in the way they deal with public officials, their families at home and the link existing between them and their companies. The implementation of the GIPC Act (865), 2013 has not had a significant effect on the business operations of the Chinese traders. The supporters of the Chinese traders are ready to follow the Chinese traders if they are relocated.

GUTA as it stands now is a divided house from findings in this study and supporters are against the action of the opponents. One would then ask whether the opponents group who had enough financial strength and were not giving the supporters group the relief they wanted prior to the arrival of the Chinese into the market are fighting this battle for personal gains or for the benefit of all. The supporters group is saying they do not have a problem with the Chinese whilst the opponents group has problems.

All indications from this study show that, currently, the Chinese traders cannot be moved entirely from the Ghanaian market. Hence, the researcher would like to suggest to the Ghanaian opponents group of traders to adopt some of the viable strategies of the Chinese traders.

5.2 Recommendations

1. 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.

2. The Ghanaian economy is developing and for that reason 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.
3. Measures must be taken to speed up the availability of the Yuan on the Ghanaian foreign exchange market by Bank of Ghana in view of the fact that non availability of the Yuan is creating a lot of pressure on the local currency due to the increased imports from China.
4. The Ghana Immigration Service should 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.
5. The Ghana Immigration Service should put measures in place to arrest and punish officials that connive with some of these Chinese to enter through the country's borders illegally

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APPENDIX

INTERVIEW GUIDE

FOR CHINESE TRADERS

1) SOCIO-DEMO GRAPHIC BACKGROUND

Can you tell me about yourself?

Sex, age, marital status, educational Level, Children (In Ghana and/or Abroad), Chinese province of origin

a) Professional history in China

b) Professional history in Ghana

- What year did you arrive in Ghana and what year you started trading in the market
- Type of goods traded/origin of goods.

(Probe reasons for migrating to Ghana; easier work opportunities, more money, others)

2) PERSPECTIVES ON BUSINESS CLIMATE IN GHANA

a) Nature of business activities upon arrival?

b) Changes and causes?

c) Impacts on business?

c) Plans for return to China and reasons?

d) Your views on life and opportunities in Africa and Ghana for that matter

3) RELATIONSHIP WITH GHANAIANS

- Nature of relationship with landlord
- Nature of relationship with customers
- Nature of relationship with employees, Ghanaians who work in your shop
- Nature of relationship with port officials
- Nature of relationship with tax officials
- Nature of relationship with other Chinese traders
- Nature of relationship with Ghanaian traders