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China and Namibia, 1990 to 2015: how a new actor changes the dynamics of political economy

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The article identifies changes in Namibia's society linked to China's new role. To understand such changes, it is important to avoid isolating 'Chinese actors' from their host society. The author analyses links between Chinese and Namibian actors in three domains: 'soft power', Chinese traders and the construction industry. In all three, the presence of Chinese actors does not simply change Namibia's relations with the world. It has important repercussions on Namibian society, it influences the distribution of capital within Namibia and it engenders shifts in the internal balance of power. Since Chinese influence does not remain external, the line between 'Chinese' and 'Namibian' actors has long become blurred – turning Namibian political elites into constituent parts of the 'external' dynamics they are charged with regulating.

1. Introduction

Discussions about China's new role in Africa have come a long way since the topic first entered the debate in the mid-2000s. Criticism of China's 'new imperialism' (often driven by fears for Western powers' hegemony) and enthusiasm about its 'win-win' approach alike have given place to a soberer and more nuanced perspective. Scholars have tried to unpack the amorphous unity of 'China', analysing the multitude of actors and institutions and their different agendas and ways of acting; they have differentiated between African countries and their economic and political trajectories; and they have increasingly propagated a bottom-up approach that looks at things as they appear in the real world, not in policy statements or contracts signed in Beijing. Today, we can draw on a number of excellent case studies to evaluate developments on the ground, in which scholars have highlighted the possibilities of African governments to regulate Chinese influences and to transform the role they play in African countries.[i]

These differentiations have broken up the categories of 'Africa' and 'China', but they have left a fundamental dichotomy largely intact: in spite of their internal differentiation, Chinese and African social actors still mostly appear as two separate groups, and China's influence as a force external to African societies. Such a perspective, I will argue in this article, stands in the way of understanding the processes of social change triggered by the involvement of Chinese actors. Structures of political economy are not neatly organised according to nationality, and 'Chinese' actors do not remain external to African societies.

I argue this point by analysing changes following from China's increasing presence in Namibia's economic, social and political landscape. Many of the developments I focus on, it is important to note, have started long before Chinese actors became involved in them. The country has for many decades been dependent on resource extraction that created political rents for the ruling elites. With independence and the transformation of the liberation movement Swapo (South West Africa People's Organization) into a ruling party, which has won every national election by landslide margins, new groups have acquired access to such rents. The rise of a new black middle class has not translated into much sustainable economic growth and has exacerbated rather than attenuated income inequality, which remains among the highest in the world (see Melber 2014 for a critical overview).

Neither Chinese migrants to Namibia nor other Chinese investors can be made responsible for such processes, but, as will become apparent in the article, their presence feeds into them and often makes them more effective. The commodities boom of the early 2000's, which was mainly caused by China's market entry and its industrial growth, has led to the establishment of new mines in Namibia at a pace not seen since early colonial times. This again has generated income, created political rents and produced many opportunities for politically connected middlemen and -women. It spills over into other sectors, including the import of manufactured goods often produced in China, and the construction industry in which, again, Chinese companies play an important role. The resulting interlinkages between Namibian elites and Chinese investors increase inequality in Namibia and embed Chinese investors into the Namibian political economy in a specific way that makes effective regulation much more difficult.

I focus my analysis on the interaction between Namibian elites and Chinese investors in three domains: Chinese cultural diplomacy, Chinese traders, and the construction industry. In all three domains, the presence of Chinese actors does not simply change Namibia's external relations. By adding resources and providing new avenues of external integration, it influences the distribution of economic, social and cultural capital within Namibia and engenders shifts in the internal balance of power. Alliances between Namibian elites and Chinese investor have emerged which reaffirm the social and economic exclusion of large parts of the population. The nature of such alliances shows that 'Chinese' investments are no longer just an external factor which we could reasonably expect Namibian politicians to regulate in a constructive manner. Chinese and African actors have become part of a single social field in which the focus on nationality is more often misleading than helpful.

Within the diversified field of Chinese investment in Namibia, I concentrate my analysis on investors who personally conduct their business in Namibia. Many have come as traders, others as employees of state-owned companies, and most have developed personal links to members of the Namibian elites. Throughout the article, I use the concept of 'elites' in a somewhat loose sense adapted to the Namibian context: the relatively small group of people who can take far-reaching decisions in the economic and political sphere, and the satellites circling around them and hoping to achieve a similar status. Since state tenders or urban land deals decided upon by town councils are the surest and quickest means of gaining wealth, political connections are crucial even for those whose primary field of interest is business.

The paper builds on ten years of scholarly engagement with and interest in China's role in Namibia. It synthesises results of around 24 months of ethnographic fieldwork in Northern Namibia and Windhoek since 2004, of interviews and informal conversations with Chinese and Namibian economic and political actors and of a wide range of published and unpublished primary and secondary sources.

2. Soft power, cultural diplomacy and the search for influence

China's presence in Africa has often been analysed in the framework of 'soft power'. The People's Republic, until recently, rarely deployed military personnel and did not link aid to political conditionality or structural adjustment. Instead, the country's politicians routinely evoked the 'Five Principles' of foreign policy formulated in 1954 in the conflict with India over Tibet, namely mutual respect, territorial integrity, non-aggression, equality and mutual benefit and peaceful co-existence. Since the 2000s, China's foreign policy strategists foregrounded the concept of 'soft power'. Policy documents often paraphrase Joseph Nye, who argued that 'in a global information age, soft sources of power such as culture, political values, and diplomacy are part of what makes a great power. Success depends not only on whose army wins, but also on whose story wins.'[ii]

When China returned to the African political scene in the early 2000s, the circumstances were favourable to China's 'story'. Evocations of solidarity, friendship and progress looked much more attractive to African decision-makers than the tale about structural reform, economic belt-tightening and externally led democratisation which Western diplomats repeated at every occasion. Instead of regarding Africa as a failure and spreading the gospel of handouts combined with conditionality, Chinese spoke about business interests, mutual benefits and win-win situations.[iii] 'Sharing similar historical experience', the Chinese Africa policy issued in early 2006 puts it, 'China and Africa have all along sympathised with and supported each other in the struggle for national liberation and forged a profound friendship.'

The economic and political interests behind this rhetoric were of course obvious, but many African countries were familiar enough with outside economic and political interests to appreciate if for once it was coupled with the acknowledgment of equality. What is more, China had a real history of positive engagement on the continent.

For Namibia, China had been an important ally during the liberation struggle (see Dobler 2007, Taylor 1997). China supported Namibia's case against the South African occupation in the UN Security Council, gave military assistance to SWAPO combatants in Tanzania and was one of the first countries to establish diplomatic relations with the newly independent state in 1990. Founding President Sam Nujoma visited the country eighteen times, his successor Hifikepunye Pohamba four times; Hage Geingob, Namibia's President since March 2015, has been on an official visit in 2014 while still Prime Minister, and met Hu Jintao at the occasion of the FOCAC summit in Johannesburg in December 2015. Jiang Zemin came to Namibia in 1996, Hu Jintao in 2007, and high-level representatives of both countries regularly exchange visits. Every meeting has been an occasion to repeat the same message of solidarity. In the words of He Shijing, former Chinese chargé d'affaires in Namibia: 'We both faced a common task and struggle against imperialism, but now have a similar one which is for the economic development of our countries' (New Era, March 6, 2003). Recently, similar words are usually accompanied by a reference to 'the "China dream" of national prosperity and rejuvenation' comparable to 'the "Namibia dream" of national industrialization' and the goals of Vision 2030, as Chinese Ambassador Xin Chunkang said in March 2015 (http://na.chineseembassy.org/eng/sgxw/t1248925.htm).

Such public rhetoric can of course not be taken at face value, but is only the tip of the iceberg. Beneath the surface of public scrutiny, relations between Chinese actors and members of the Namibian elite have become ever more intensive over the years. A comparatively large number of Namibian professionals have been invited for training or exchange visits to China – ranging from NGO organisers to journalists of state-owned media and local authority administrators.

In 2009, scholarships by the Chinese government to children of Namibia's political elite made headlines. I am not sure if many other transactions on record in world history so cheaply established cordial relations to such a huge portion of a country's key decision makers: facilitated by the Chinese Embassy, the ten scholarships went to sons, daughters or younger relatives of founding President Sam Nujoma, President Hifikepunye Pohamba, the Minister of Home Affairs, the Minister, Deputy Minister and Director in the Ministry of Mines and Energy, the Minister of Justice and the Inspector General of the Namibian Police (Informanté October 22, 2009). Other, less controversial scholarship schemes are set up by Chinese businesspeople out of philanthropic reasons or in the hope to create general goodwill; they, as well, expose young elite Namibians to Chinese language, culture and business life and help to create a China-friendly climate among the upper echelons of Namibia's society.

According to reports by the Chinese embassy in Namibia, around 300 Namibians were studying in China in 2014 (http://na.chineseembassy.org/eng/sgxw/t1248925.htm). This is not a very high number compared to the 2.672 Namibian tertiary-level students in South Africa, but it makes China the second most important destination for Namibian students (UNESCO 2015). The Confucius Institute in Windhoek, inaugurated in cooperation of the University of Namibia and the China University of Geosciences in August 2013, might contribute to a further increase. The individual effects of studying in China are of course mixed; many Namibians return from China with negative experiences of everyday racism and exclusion. But all I have spoken to still look upon their cultural and languages skills as a crucial asset in their CVs, often enabling them to find jobs in companies dealing with Chinese investors.

Local Authority personnel invited on exchange tours to China, on the other hand, invariably seem to cherish the experience. Many such visits have been organised in the framework of town twinning agreements between Namibian and Chinese towns. Usually, the twins are of somewhat unequal girth. Helao Nafidi Town, which has less than 20.000 inhabitants, is twinned with Nantong, a town of 8 million people; the small coastal resort of Swakopmund has found Yiwu, a town of 2 million and home to the world's biggest commodity market; Marienthal, a sleepy settlement in Southern Namibia, is twinned with Zhengzhou, the capital of Henan Province, of 9 million inhabitants. Other partnerships link Windhoek and Shanghai, Tsumeb and Lanzhou, Okahandja and Maqiao, Grootfontein and Kunshan, Outapi and Yinchuan, Walviy Bay and Wenzho. In addition to these city partnerships, the Khomas Region has a twinning agreement with Jiangsu Province.

The initiatives for these partnerships have usually either come from Chinese businesspeople living in Namibia or, more rarely, from Chinese government agencies. Whatever their origin, they do involve delegation travel.[iv] In principle, these tours do not differ much from similar programs organised by Western states. They are openly intended to convey a positive impression of the guest country, and very coherently designed for that purpose. Invitations are usually issued on the basis of hierarchy and public dignity rather than on skills or need – a pattern very compatible with a general trend in Namibian politics to put courteous public respect based on the dignity of rank in the foreground of political exchange.

The Mayor and the CEO of Helao Nafidi Town were on several occasions invited to China. One such occasion was Nantong's 'International Sister Cities Summit' in September 2010. Nantong had invited delegations from its seven sister cities – Tomakomai in Japan, Troisdorf in Germany, Gimje and Changwon in Korea, Helao Nafidi Town in Namibia, Gabarone in Botswana, Vacoas-Phoenix in Mauritius and St Petersburg's Moscovsky District in Russia. On the agenda – according to the glossy brochure the attendees were presented with at the summit's conclusion, including their own photos and pictures of the various events – were 'highlight activities like Hand-in-Hand Bonfire Party, joining in classes in a primary school and a visit to the 2010 Shanghai Expo Park. These activities deepened the friendship among sister cities and helped achieve breakthroughs in inter-city communication. The summit arrived at a common understanding that future inter-city exchanges will center on substantive programmes that serve practical purposes' (City of Nantong 2010, 1). From what members of the Namibian delegation told me afterwards, these rather diplomatic words aptly describe the summit's practical impact – but the Namibians came back impressed, flattered and with a very positive image of China and Nantong. Helao Nafidi's mayor displayed the large framed group photograph he had been given as a parting gift in his living room, prominently positioned above his official photo with the mayoral chain of office.

Donations to charity and to political organisations, as well, often target politicians. During the 2000s, they had been symbolic rather than generous (Dobler 2007), but they have since grown with the amount of Chinese investment in the country. In November 2014, Jack Huang (of whom more below) donated N$1 million (around US$90.000) to Swapo's election campaign 'because the ruling party government had created a conducive environment for businesspeople, both local and international, to flourish' (Namibian Sun, November 18, 2014). The 'Namibian-Chinese Loving Heart Organisation' founded by the same Chinese investor has over the years also financed 30 bursaries for Namibian students to study medicine in Nantong and given numerous donations to charity, usually handed over in the presence of high Namibian politicians.

The individual impact of such interventions is difficult to measure, and the few examples I gave might seem anecdotic to some political economists. I do not think, however, that it would be possible to understand the way Namibian and Chinese actors cooperate without taking them seriously. Taken together, they have a crucial impact on Namibian decision-makers – perhaps even more so for their apparent lack of any need for a quid pro quo. They are given unconditionally, without strings attached. Rather than bribes, they constitute gifts. As gifts, they create social relations and a generalised reciprocity that certainly does no harm to private and public Chinese interests.

Analyzing such exchanges as 'soft power' projection obfuscates the issue rather than clarifying it. Three different processes go hand in hand here. First are state policies which find their expression in official visits, diplomatic statements or the founding of Confucius Institutes; they might or might not use soft power approaches. Secondly, we find official goodwill measures aimed at individual politicians; by projecting soft power where it matters, they are much rather examples of the skillful exercise of hard power. Finally, we find private interests and lobbying by Chinese businesspeople. If they result in, for example, town twinning agreements, such agreements are not the outcome of official cultural policies, but the fruit of extensive efforts by the investors. Most of their lobbying efforts are indeed directed towards other Chinese, since it is much easier to find the support of Namibian politicians by inviting them on a trip abroad than to convince Nantong City of a twinning agreement with a fairly insignificant Namibian town.

These three processes help creating an alliance between Namibian elites and Chinese investors and officials, but their soft power effects are contradictory. If anything, they have made ordinary Namibians much more skeptical about the story China has to tell. They have contributed to a rift between a skeptical majority progressively disillusioned with the Chinese involvement, and a well-connected elite convinced of the benefits closer cooperation with China can have (see Dobler 2008c and 2009a for a closer view of the causes and consequences of popular resentment against China). This rift, as will become apparent from the next two sections, influences Namibia's policy towards Chinese investors, the societal climate under which they have to operate and the way they are doing business.

3. Trade and the role of Chinese migrants

Most Chinese migrants have come to Namibia either as traders or as employees of Chinese companies investing in the construction or mining sectors. Mining, which I cannot explicitly cover in this article, although its boom forms an important background, had not played an important role in Chinese investments in Namibia. This is bound to change with the commissioning of the US$ 2bn Husab Uranium Mine by China's General Nuclear Power Holding Corporation – China's second largest investment in Africa so far –, the same company's acquisition of a 25% in Langer Heinrich Uranium Mine majority owned by Australian Paladin in 2014, the large-scale iron mining projects in Kunene Region by Eastern-China Non-Ferrous Metals Investment Holding, a division of East China Mineral Exploration and Development Bureau (ECE), and the re-development of Berg Aukas lead and zinc mine by a joint-venture between Weatherly and ECE.

Still, the largest share of the perhaps 6.000 Chinese living in Namibia have come as traders. It is difficult to say how many 'China shops' there are in Namibia today. My rough guess would be around 1.500, but this number may be wildly off. Around two to four Chinese migrants are associated to an average shop – as owners, family members or assistants. I have described the lives and business activities of Chinese traders in Oshikango elsewhere (Dobler 2008a; 2008b; 2009a). Here, I want to concentrate on the effects the uneven distribution of Chinese soft power has had on traders' integration in the Namibian economy. I argue that a double stratification process – among Chinese migrants and between parts of the Namibian elite and the population – is directly linked to consequences of China's changing image.

To understand this, we have to take a closer look at the reasons for Chinese traders' success. Most Chinese owned shops sell relatively cheap consumer goods: clothes, shoes, cooking ware, cheaper electronics, often counterfeit perfumes or other branded goods. Some do business in small towns and villages where such goods were not previously available; others supply informal traders in the bigger towns or, as in the case of Oshikango, sell wholesale to neighbouring countries. Their main asset is their ability to bridge markets: to buy goods in

China and to sell them in Namibia. Unlike most Namibian traders, they feel at home in the Chinese wholesale markets or factories; they speak the language, know the politics and are capable to smoothen the good's way overseas. Their advantage is greatest where informal arrangements increase trade gains. Many Chinese traders are much more adept than Namibians doing business in China in obtaining invoices and export papers that only show a fracture of the goods' real price, which lowers their tax burden and creates unregistered foreign currency income. This – together with hard work, family labour and often enough self-exploitation – enables Chinese migrants to offer goods at lower prices than Namibian competitors.

The main threats to their business model are competition from other Chinese on the one hand, Namibia's foreign investment rules on the other. The first Chinese who established businesses in Namibia have been fabulously successful. They could sell goods as fast as they could bring them into the country, and were able to couple profit rates of 50% with very high turnover. Since around 2005, however, competition has markedly increased. In Oshikango, for example, I counted 22 Chinese-owned shops in 2004, 75 in 2006, around 120 in 2008 and no less than 285 in 2012. The competition these traders present to each other, the sheer amount of cheap goods they bring into the country and their need to earn at least enough to cover their costs has made profit rates shrink dramatically. Most are still able to make a living, but not many are going to become rich.

From the mid-2000s, successful established traders foresaw this crowding of the Namibian market. They pursued three main strategies to escape the competition: moving into new markets, moving up the value chain into bulk trade and real estate, or establishing themselves as brokers and patrons for newly arriving Chinese.

Some moved away to open businesses in Angola, Madagascar, Australia, apparently even Iraq. They either sold their Namibian companies of left them in the care of a relative to reap the profits as long as they were still forthcoming. The richest traders diversified geographically, but made sure to profit from new arrivals: they invested in real estate by building huge warehouse complexes. Windhoek's China Town, the first of these complexes, opened in 2005; it was followed, among others, by Oshikango's 'China Town' and 'China Village' in 2006, 'Freedom Square', 'Namibia Dragon City' and 'Nam-Dan Shopping Centre' in 2008 and 2009. Each of these complexes houses more than 50 retail shops, and with very few exceptions, all the shops are rented out to Chinese entrepreneurs.

Apart from money to invest and new Chinese migrants to pay the rent, the crucial factor for these developments is access to land. They all were built on municipal land sold to the investors by the respective town councils. Good relations to Mayors, Town CEOs and the ruling Party are essential in obtaining town land. This is the point where 'soft power', delegation trips to China and hard business interest interlink.

Mr. Yuequan 'Jack' Huang, whom I have earlier mentioned as a generous donor to Swapo's 2014 election campaign, is one of the most important Chinese investors in Namibia. Born in Shanghai, he moved to South Africa as a young man and to Namibia in 2000. He operates several textile companies in South Africa, Botswana and Namibia, but his more important business concerns are in wholesale trade and real estate.[v] As the owner of Oshikango's largest business complex, Namibia Dragon City, and the adjoining 50-room hotel, he claims to have invested more than N$100 million in the town. His Chinese home base today is Nantong, and he had an important role in bringing about the twinning agreement between the two towns and in inviting council officials to Nantong.

A new twinning agreement signed in January 2015 between Oshakati (the biggest town in central northern Namibia) and Nantong further puts the role of Chinese investors in twinning agreements in perspective. A few days after the agreement was signed, Huang submitted a bid to build a three-story shopping mall (this time with mostly South African companies as tenants) in what is perhaps the most coveted piece of real estate in Northern Namibia today, the site currently occupied by Oshakati's open market (Namibian Sun January 14, 2015). The decision to sell the land rests with the same officials who travelled to Nantong twice to negotiate the twinning agreement. In this case, Huang does not seem to have ben successful, but the outcome makes the stakes quite clear: Oshakati Town Council decided to sell the land, valued at N$ 50 million, to an equally well connected local businessman for N$ 2.5 million (New Era July 26, 2016).

Another land deal shows Huang's political connections even more clearly. He owns 60% of 'Africa Sunrise Inverstment'; 20% of the company are held by the Familiy Trust of Namibian President Hage Geingob, the remaining 20% by Geingob's ex-wife. The company's main asset are 39 ha of land in Windhoek, sold by Geingob to the company to be developed into town houses. The company is currently applying to the City of Windhoek for the sale of another 29 ha of land. When asked about the land deal, Geingob lauded Huang's social responsibility, explicitly citing the scholarships he gave to Namibian medical students (Namibian May 20, 2016).

Where they involve warehouse complexes, such real-estate investments combine the second strategy to escape competition in the retail trade – investing in more capital intensive, but also more lucrative sectors – with the third one: establishing oneself as a patron of newly arriving Chinese migrants.

The first Chinese arrivals had little need for middlemen. Due to the history of Chinese-Namibian relations, their own wish to attract foreign investors and frequently simply a lack of control capacity, Namibian authorities were friendly and often lenient towards Chinese business migrants. This changed when public opinion became more and more sceptical of Chinese goods and Chinese migrants, and the opposition discovered the theme as a means to criticise the government. Gradually, the first threat to the success of Chinese retailers in Namibia, their increasing number, combined with a second: growing difficulties to obtain a work permit and to be allowed to do business in the country. From 2006, every Chinese migrant I asked cited this as the major difficulty in doing business in Namibia.

In this situation, better connected Chinese businesspeople discovered migration brokerage as a new source of income. Some, other Chinese alleged, resorted to bribing Home Affairs officials. If this occurred, it was dangerous to all people involved and only possible after establishing relationships of mutual trust with officials over a longer period. More often, migration brokers found a middle way: in line with Namibian industrialisation policy, they registered manufacturing companies and were allocated a contingent of Chinese workers to set up and run the machines imported from China. They could then use these work permits to bring in prospective new shop owners. Their fees they could charge for this service – beyond N$100.000 in 2006 – made it very lucrative to set up a dysfunctional manufacturing company.

For some, additional income from the sale of work permits also offered a kind of infant industry subsidy. Some Chinese companies have indeed become successful in producing things – matrasses, duvets, adhesive tape and more recently corrugated iron sheeting for roofs and fences. Even the employees of these companies, however, frequently open a shop after having come into the country as technicians.

Patrons' income from rents, brokerage fees, bulk supply and sometimes interest on credit given is much less volatile than the profit their clients make from retail trade. Their role as middlemen also helps patrons to keep their relation to the Namibian authorities exclusive. The enclave character of the warehouse complexes reinforces social divisions: new traders work and live in fenced-in business complexes controlled by private security guards and off-limits to non-residents after closing hour. In Oshikango at least, the vast majority of traders only leave these premises on business trips or to visit compatriots in other Namibian towns. Warehouse owners actively discourage interactions with the host society and like it best if their tenants pass their lives on the compound – 'to avoid trouble' and 'for security reasons', I was told.

Even when newcomers after a time develop new business ideas and want to establish themselves outside of retail trade, they are likely to need the cooperation of one of the patrons – competition and higher initial investment has made profit rates shrink and raised the financial threshold for venturing into a new sector.

The conditions for this increasing stratification among Chinese migrants are created by anti-Chinese feelings in the host society. Whenever the general public climate becomes more hostile towards Chinese migrants, the gulf between migrants and hosts widens and makes new arrivals more dependent on a patron who can negotiate with the authorities on their behalf. Those patrons, on the other hand, who have the local knowledge, the standing and the necessary contacts to directly negotiate with officials often find them prepared to cooperate. In this double process, in which elite cooperation produces resentment in the population, the economic and political networks involving both Namibians and Chinese become simultaneously more important and more exclusive. Their structuring effect reinforces the imbalance of power and wealth among Chinese migrants.

This, as will become apparent in the next section, does not leave the distribution of power among Namibians unaffected, either. Chinese investors in need of local cooperation partners provide exclusive new resources for well-connected Namibians, who can transform political connections into economic benefit.

4. Construction industry and tenderpreneurship

Besides mining and trade, the construction industry is the third important sector of Chinese investment in Namibia. As in many African countries, Chinese contractors have usually made their market entry through public projects funded by grants or loans from Chinese government agencies, often the Exim Bank. This practice started not long after Namibia's independence 1990 and the Exim Bank's founding in 1994. Contracts awarded in this way have often gone to Chinese state owned enterprises and their local subsidiaries. Over the years, no less than seventeen Chinese state owned companies (including provincial and municipal companies) have won large tenders in Namibia, or have registered a local company in order to qualify for tenders.[vi] Most of these contractors belong to groups that are active in many African countries.

State owned enterprises have often brought in privately owned Chinese companies as subcontractors, who could thus make their market entry in the shadow of an established and well-financed corporation. In other cases, local managers of internationally operating Chinese companies have started their own construction companies in Namibia, sometimes together with a Namibian shareholder who brought local connections and credibility.

I gave a first overview of construction contracts awarded to Chinese owned companies in 2007 (Dobler 2007). Today, a complete list would be much more impressive and even more tedious to read. To enumerate just some of the most important projects recently built by Chinese contractors: the new State House and the new office complex for Namibia's founding President Sam Nujoma; new headquarters for the Ministries of Lands and Resettlement, the Ministry of Finance, the Ministry of Gender Equality and Child Welfare, the Anti-Corruption Commission and the Motor Vehicle Accident Fund; a new naval base and a new government hangar; the Namibian Institute of Public Administration and Management, new classrooms for the University of Namibia in Windhoek and Ongwediva, and a number of schools; state hospitals in Oshakati, Okakarara, Katima Mulilo and Ekamba; the headquarters for the Southern African Customs Union and the UN Organisations in Namibia; the upgrading of Eros and possibly soon of Hosea Kutako International Airports.

Other infrastructure projects include roads building or rehabilitation from Windhoek to Okahandja, from Oshakati to Ongwediva, from Omafo to Outapi, from Omakange to Ruacana, from Okahandja to Karibib, from Tsumeb to Katwitwe (in joint venture) – all in all more than 670 km at a cost of about N$ 3.5 million per km. Discussions are ongoing about the construction of a new railway line from Tsumeb to Walvis Bay and an upgrade of the roads from Walvis Bay via Khorixas to the Angolan border in Oshikango and from Windhoek to Hosea Kutako Airport. In September 2014, Shanghai Electric has been selected as the preferred bidder for the N$1.2 billion Kudu gas power plant in Southern Namibia. Still the biggest project to date is the ongoing upgrade of Walvis Bay Harbour, with a N$ 4 billion contract for new oil storage facility shared between China Harbour Engineering Company and the Namibian Roads Contractor Company, and a new container terminal at N$3.9 billion constructed by China Harbour and financed by a loan from the African Development Bank. Taken together, these infrastructure contracts have been worth around N$ 13 billion, quite a substantial sum for a country of 2.1 million inhabitants.

If this is a problem, it is not a problem caused by Chinese contractors. Where Chinese companies are not successful in tendering, the contracts often go to the Namibian branches of

South African firms like Group5, Grinaker, Teichmann or Raubex instead. In its current state, the Namibian construction industry alone could probably not carry out so many large projects at once. Even as it is, road construction projects subcontracted to local small and medium enterprises are often affected by capacity and cash flow problems.

More important than the sheer amount of contracts going to Chinese owned companies are the politics behind the contracts and the resulting cooperation between Chinese and Namibian companies. The local construction industry, the Unions and other civil society groups, opposition parties and the media still often point to the Chinese state as the most important factor influencing investment decisions by linking preferential loans to the contracting of a Chinese state owned enterprise to do the work. This was indeed the crucial entry point for Chinese construction companies in Namibia and remains an ongoing practice. Over the years, however, well-connected Namibians have discovered Chinese companies' know-how and capacities as an important source of revenue.

In 2012, a company owned by the Inspector General of the Namibian Police, 'Slavery Never Again Construction', partnered with the Chinese-owned company 'Namibia Jin Rijiu Affordable Housing Project', concluded a Memorandum of Understanding with the City of Windhoek and submitted a proposal to build 10.000 low-cost houses in Windhoek. The project was put on hold after in-camera discussions in the Town Council, and the Chinese company was later excluded from the housing scheme after a demo house it build was found not to be up to standard (Namibian, 3 March 2012). Even though it did not come to fruition, the project established a new type of Chinese-Namibian business relations. A well-connected Namibian whose son studied in China with a Chinese government scholarship and who had repeatedly accompanied official missions to China founded a company which, with no prior experience and no business credentials, came close to securing a major public contract.

To add credence to the technical side of the project, he partnered with a Chinese company that provided both the technical know-how and access to financing. If it results in a contract, such a cooperation offers a win-win situation for the partners: the Namibian partner receives a share in a lucrative project without any initial investment, technical skills or sector experience; the Chinese partner gets access to decision-makers and can build up his presence in a new market.

It is very difficult to establish the reasons when a contract is finally awarded, or not, to such a joint venture. All tender board decisions, especially those involving Chinese companies, are surrounded by rumours, allegations, suspicions and increasingly court cases. All companies involved in bidding often do extensive lobbying and try to influence tender board members in their favour. In this regard, Chinese companies do not differ from other international or local contractors. Increasingly, however, their tendency to form relationships or consortia with Namibian companies whose contribution to the actual work is not always clear sets them apart. In a tender for the Windhoek-Okahandja road in 2015, 22 of the 15 bids came from Namibian companies partnering with Chinese contractors (Namibian, 20 August 2105).

This tendency has quietly changed the Namibian economic landscape, and has only recently come into spotlight when children of leading Namibian politicians have allied with Chinese companies to bid for construction tenders. The best-known example is Kata Investment, a company owned by Kaupumhote Pohamba, daughter of the second Namibian President Hifikepunye Pohamba, and Taschiona !Gawaxab, daughter of Old Mutual Africa's Managing Director Johannes !Gawachab. In 2013, the first year after the two young women (then aged 26 and 33 respectively) founded the company, and without having had any relevant contracting experience, Kata was awarded a N$ 16.4 million housing contract by the National Housing Enterprise (NHE) – one week after President Pohamba decided against the recommendation of some of his Ministers to strip NHE of the responsibility for the government's mass housing initiative over alleged tender irregularities (Confidente 13 June 2014). In 2014, Kata Investments received a Roads Authority contract over N$ 100 million to rehabilitate the road from Elundu to Eenhana and was shortlisted for two other road contracts, collectively worth N$ 510 million, and a water tender for N$ 47 million in Oshikoto Region. In all these cases, the company partnered with Chinese contractors, either China State Construction Engineering Corporation or China Xing Xing Corporation, an entity that would have made its Namibian market entry with the roads contract.

In April 2015, Namwater split the reconstruction contract of water pipelines to Swakopmund and Henties Bay worth more than N$ 500 million between, on the one hand, Kata Investment with its Chinese state owned partner China State Construction Engineering, Luka Properties and its Chinese state owned partner Zhongmei Engineering Group on the other (Namibian, 9 April 2015).

Namibian media have been quick to point out that Namwater's Chairperson Esther Akwaake is a close friend to her mother Penehupifo Pohamba, and generally cry foul about the possibility of corruption of conflict of interest. While I share such concerns, I do not see them as the main issue at stake here. The degree of cooperation between economic and political actors in the construction industry has, if any, dropped from earlier Namibian times. Before independence, white political and economic interests cooperated much more closely and with less need for stealth, and some of the networks continued to function under the new regime. In this situation, Chinese contractors have allowed emerging black entrepreneurs to make inroads into the formerly closed circles of large-scale public and private construction tenders. Outsiders with the necessary engineering capacity, external political backup and financial muscle have established an alliance with emerging elites who could not otherwise have built up this capacity in a closely integrated industry. This has not only boosted the sector's productivity; in a way, it has also done a lot for black economic empowerment, even though the tender board has frequently disregarded BEE laws where Chinese companies were concerned. It is difficult to see how else a company owned by two young black women could have become successful in the Namibian construction industry.

New Chinese actors enable Namibians to transform social into economic capital. For Namibian elites, this is not a small thing. In their eyes, an economy still largely controlled by white business interests had dashed too many of the hopes of liberation. For the first time, young political and economic entrepreneurs can now overcome the paradox of being in power, but not in charge. One cannot really blame them if they perceive the shift as one more necessary corrective to old colonial structures.

Unfortunately, the new structures look very similar to the old ones, just with rather different internal and external actors. The empowerment has been very selective both in scope and in kind: a very small elite gets access to outside rents without building up additional local manufacturing capacity. Since Chinese companies do the work, Namibian firms have little incentive to increase their own capacity and skills or to invest in machinery or staff training, let alone research and development.

5. Conclusion

All three examples – the projection of 'soft power', the differentiation among Chinese traders and the elite networks emerging in the construction industry – show how various Namibian and Chinese elites look for alliances across nationalities in order to compete with their own compatriots. Motives and opportunities for such cooperation often stem from perceived differences between 'China' and the rest of the world, which enable Chinese investors to set themselves apart and to engage the hopes of Namibian politicians and entrepreneurs.

Most ordinary Namibians remain unaffected by Chinese promises of a new development path. They instead see the growing importance of things Chinese as an indication of what is going wrong with their country and single out the newcomers as the agents of a change to the worse.

The ensuing rift between Namibian elites and the rest of the population makes business more difficult for most Chinese in Namibia, but it opens up vast chances for a few well connected Namibian and Chinese individuals. The more different both groups appear in the public imagination, the higher the premium for bridging the gap becomes. The conceptual separation between 'Chinese' and 'Western' investors motivates the search for alliances while simultaneously making them more exclusive. It widens the gulf between those who profit from the new actors and all others, and increases social stratification both within the host and within the migrant society.

In this environment, Namibian political and economic elites more and more resemble the comprador bourgeoisie of colonial times. In exchange for a certain percentage of the profits, they provide the missing link for the extraversion of resources (Bayart 2000). The new compradors no longer only sell access to raw materials (although these remain important); increasingly, they broker access to tax income spent on infrastructure development. The alliance between tenderpreneurs and Chinese investors strengthens Chinese and Namibian variants of state capitalism and shows how strongly their agenda is driven by the individual self-interest of well-connected elites.

The links between Namibian elites and Chinese investors are the most crucial factor for the consequences 'the rise of China' is having on Namibia – not any inherent differences between Western and Namibian ways of doing business. Variants of capitalism of course differ with the source and control of capital (see Lee 2014), but Chinese investors in Namibia are not per se more or less benign than Western ones. In theory, Chinese investment in the construction sector could still lead to know-how transfer and spill-over effects, and create a degree of industrial or service development in the country. Just like the old comprador bourgeoisie, however, tenderpreneurs so far rarely reinvest their profits in any productive economic activity. Instead, most spend their money on conspicuous consumption of products manufactured outside the country and, crucially, on housing. This doubly increases inequality. It drives up property prices in Windhoek and at the coast and makes living in the inner city an unfulfillable dream for many aspiring young people; and it channels the scarce available investment resources into a real estate market that looks more and more unsustainable, driving up the debt ratio and further increasing political rents for those who decide on property allocation.

Such real-life consequences have not been the aim of Chinese actors. If Chinese influence on African societies today shows any parallels to colonial times, these parallels lie in the way global imbalances translate into local realities. No external power, whether European or Chinese, can do without local elites. European colonialists and Chinese investors alike have managed to co-opt an important part of these elites by providing status, wealth and outside legitimacy. As a consequence, China's influence on African societies does not remain external. It changes their inner fabric and their power structures, and it creates alliances of foreign and local elites that makes the stratification of African societies more stable and more pronounced.

This has important implications for political regulation. Namibian President Geingob (2015) recently stressed that just as Western nations 'have faith in their capacity to negotiate the best deals for themselves, Africans too have this same capacity. Africa is free now and so is our ability to deal with those we choose to deal with, on our terms.' Just like Geingob, scholars have often argued that China's role can be defined by the policies African governments implement.

The Namibian case study shows the problems of such an approach. Regulation can only work if regulator and regulated remain separate entities. By widening the gulf between those who profit from the cooperation and all others, cooperation between the two elites increases social stratification in Namibia – both within the host and within the migrant parts of the society. International power imbalances transform into national ones through co-optation. As a consequence, those who profit from the alliance are also in charge of regulating its effects.

Max Gluckman (1940) argued many decades ago that we can only understand segregated South Africa by analysing it as a single society. 'Black' and 'White' South Africans, Gluckman argued, form parts of a single social body. The same is true of African and Chinese actors today, but Gluckman's insight has too often been lost in the analysis of China's new international role in Africa. As long as we let a discursive exceptionalism ascribed to China define our analytical framework, we cannot begin to understand the consequences of China's new global role, and the conceptual divide will too often hide alignments of interest and elite co-optation.

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[i] The literature has become much too extensive to do justice to it in an article. For literature reviews, see Large 2008, Melber 2013, Mohan 2008, Monson and Rupp 2013; for some excellent and differentiated recent work, see e.g. Alden & Chichawa 2014, Brautigam 2015, Corkin 2013, Gadzala 2015, Giese and Marfaing 2015, Kernen and Mohammad 2016, Mohan et al. 2014, Lee 2014.

[ii] Nye 2005, Glaser & Medeiros 2007, He Wenping 2007, Paradies 2009, Kurlantzik 2007, Bodomo 2009, Ding 2008, Suzuki 2009, King 2013, Fijałkowski 2011, Wuthow 2008.

[iii] For a first overview, see e.g. Alden 2007, Alden, Large & Soares de Oliveira 2008, Brautigam 2011, Mohan 2013, Kernen 2014.

[iv] In such cases, travel costs are sometimes paid by the Chinese side, sometimes by the Namibian town councils; in most cases, both sides pay for some of the expenses each. The expense claims of Namibian delegations have raised eyebrows at several occasions. One example was the trip of Khomas Regional Council officials to Jiangsu in 2013. In addition to Council officials, Windhoek Mayor Agnes Kafula, Swapo's regional coordinator and an official from the Ministry of Local Government and Housing traveled on council expenses – just as Sebastian Ndeitunga did, the Police's Inspector General whose son studied in China with a scholarship. The latter said he had accompanied the delegation 'to learn more about security matters in China' (Namibian Sun, 7 May 2013).

[v] While constructing Dragon City, he realised he could import cement more cheaply from China than buying in in Namibia; since 2008, his company Jack's Trading CC is importing

cement into the country. His plans have been affected by an import duty of 60% on cement which the Namibian government introduced in 2012 as infant industry protection for a cement factory established by the German company Schwenk Zement. He is contesting the duties in court; at the time of writing, the case was pending before the Supreme Court after the High Court decided in his favour. From the proceedings, it transpired that he had a contract to import 180.000 tons of cement per year. Calculated on the taxes he stated he had to pay, this cost him around N$90 million landed in Namibia; the retail value is around N$216 million (Namibian, 10 May 2012).

[vi] These companies are *China Jiangsu International Namibia Ltd*, a subsidiary of CJCC; *Jiangsu Zhengtai Construction Group Namibia*; *China Jiangxi International (Namibia)*, a subsidiary of China Jiangxi Corporation for International Development CJCI; *China Nanjing International (Namibia)*, a subsidiary of the Guangsha Group of companies; *China State Construction & Engineering Corporation Southern Africa*; *Corporation for International Economic and Technical Cooperation* (CJIC); *China Henan International* (a subsidiary of CHICO); *China Civil Engineering Construction Corporation*; *MCC Communications Engineering Technology*; *China Harbour Engineering Company*, a subsidiary of China Communications Construction Company; *Anhui Foreign Economic Construction Corporation*; *China City Construction Company*; *China Beijing Corporation for International Economic Cooperation* (BIECO); *China Gezhouba Group International Engineering* and *Qingdao Construction* (today Qingjian Group), *Zhongmei Engineering Group* and *Shanghai Electric*.