

# Has Mercantilism Reduced Poverty in sub-Saharan Africa?

## The China-African Trade from Guangzhou to Lomé

Michal Lyons

London South Bank University  
lyonsm@lsbu.ac.uk

N-AERUS

XI

URBAN KNOWLEDGE  
in  
CITIES OF THE SOUTH

Informal trade has become significant to the poor (ILO 2002) and, increasingly, significant to urban economies (UNDP 2008). It has become a significant segment of the informal economy (Lyons and Brown 2010). Regulatory and governance issues relating to informal trade have been widely studied (Brown et al 2010), the social networks which facilitate it are now well understood (Lyons and Snoxell 2005, Kumar and Matsusaka 2004), and the requirements of business (Dewar and Watson 2001) and costs to business of enforcement (UNDP 2008) are well established. Recent work, however, suggests that to fully understand informal trade and its impacts on urban poverty reduction, its links to the global economy – and changes in the global system over time - must be understood (Lyons and Brown 2010). This paper attempts to bridge this gap by situating urban informal trade in SSA in the contexts of the China-Africa trade and the influence upon it of global phenomena such as the recent global financial crisis. It analyses the influence of these fluctuating global phenomena on Africa's informal traders and the longer term impacts on SSA urban poverty. The paper draws on on semi-structured interviews with traders and on schedule-based interviews with key informants in government, business and the informal trade sector in Lomé, Togo (2008 and 2010) and in Guangzhou, China (2008, 2010).

Findings are that the increase in imports from China initially broadened access to trading for the poor, creating short-term improvements in livelihoods, but competition is driving down profit margins and restricting the trade to a survival mechanism for many today. Thus it has provided limited long-term potential as an economic platform for national development and poverty reduction. The findings are theorised in terms of understandings of urban poverty in developing countries, in terms of alternative conceptualizations of informal trade in Africa. Implications for urban policy in this global context are also discussed.