New Light on Chinese enterprises in Africa: Findings from a recent survey of Chinese Firms in Kampala, the capital of Uganda

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Abstract

In this paper five issues will be analyzed. In the first place that no separation is made between providing Chinese aid, developing trade relations with China and starting investment activities in Africa. Secondly, is it true that the Chinese government helps Chinese entrepreneurs to get started in Africa. In the third place it is often suggested that Chinese entrepreneurs start after a Chinese aid project or construction job. Another issue is the presence of Chinese traders: what is the role of Chinese whole sale or retail traders in Africa and why are these entrepreneurs so successful? Finally we will look at employment and environmental issues in which Chinese entrepreneurs are said to be involved.

Based on interviews of 42 Chinese enterprises in Uganda evidence is presented concerning what types of enterprises moved into Uganda and for which reason? We will analyze to what extent Chinese enterprises employ Chinese workers and Ugandan managers. What motivates these Chinese entrepreneurs to invest in Uganda and how do they deal with the challenges such as labour and environmental legislation? Which problems do they face?

The relations between Uganda and China are influenced by the influx of Chinese enterprises in Uganda and the issues this raises. African countries are sensitive to the issue of Chinese companies competing with African firms. Many African countries question whether Chinese (small) traders are necessary to sell Chinese products in Africa. To what extent are 'wholesale' shops in Uganda in fact involved in retail business and how does Uganda react to this? The analysis challenges some of the generalizations concerning China's presence in Africa. We conclude that Uganda is becoming increasingly proactive in its relationship and tries to increase the contribution of Chinese enterprises to the Ugandan economy, while defining the terms on which Chinese citizens can come to work in Uganda.

Introduction

Chinese entrepreneurs have increased their presence in Africa rapidly. According to the Ugandan journal *New Vision* (March 7, 2012) in the last 20 years some 265 Chinese enterprises have started in Uganda. The Ugandan president Museveni claims that China has become the country's major investor in 2010. The article mentions 32 China-invested projects in 2009-2010 creating more than 5500 jobs and helping with the building of roads, houses, hospitals and schools like elsewhere in Africa (*People's Daily*, 2011). In many publications the impression is given that Chinese investors in Africa do not seem to face any problems because of the supposed support they receive from their government and because of the fact that they are considered as coming from a developing country, rather than originating from former colonial powers. Several issues dominate the debate on the new presence of China in Africa. They will be listed to put our empirical contribution in the context of a larger debate:

1. Jeune Afrique (24-8-2012) considers that the Chinese government makes no separation between aid, trade and economic relations. The weekly gives a number of examples of this and claims for example in a separate section on China-Africa that Senegalese officials discussing land transactions with a Chinese delegation had no idea whether they talked to government officials or private investors.

2. Van Dijk (ed., 2009) concludes that the Chinese government helps Chinese entrepreneurs more than other countries by providing market information and visa and by facilitating money transfers. Preference is given to Chinese investments in strategically important industries for example in the oil and mineral sector.

3. He also suggests that Chinese entrepreneurs often start in a rather unexpected way, namely at the end of a Chinese development project or a construction job carried out by a Chinese company.[i] Brautigam (2012) also notes that 'some workers may stay on'.

4. The Chinese are only in Africa to build up market channels in the interior. They are accused of depleting the continent's resources (China-Africa July 2012: 32).

5. Van Dijk (2011b) suggests that Chinese enterprises are often involved in labor disputes and do not always respect local environmental legislation.

6. In a period of less than 20 years over one million Chinese people have settled in Africa (Van Dijk, ed., 2009). To what extent does this lead to

conflicts (Mohan and Tan-Mullins, 2009) and does it also make China more vulnerable (Van Dijk, 2011a)?

7. Chinese products are cheap and benefit African consumers (Hamam and Toomel, 2010: 23)[ii], but the quality of Chinese products sold in Africa is low. Omojola (2010: 8) claims for example that 'experts advise Uganda to stop work on laying fiber optic cable for its national backbone structure because of low quality, but the Chinese contracts won't hear of it'.

8. Chinese entrepreneurs present their investments as win-win (Brautigam, 2009).[iii] However, to what extent are these really partnerships between equals and truly win-win situations?

9. Local manufacturers targeting national markets have been hurt by competitive imports from emerging economies (Hamam and Toomel, 2010: 23)

10. Finally it is often said that African countries have no reaction to the Chinese penetration of their economies.

We will use the data collected to shed new light on some of the issues that come up when discussing China's presence in Africa (for example Van Dijk, ed., 2009). In this paper we focus on the first five issues:

1. No separation between aid, trade and economic cooperation?
2. The Chinese government helps Chinese entrepreneurs?
3. Chinese entrepreneurs start after project or construction work?
4. The presence of Chinese traders: what is the role of Chinese whole sale or retail traders in Uganda and why are these entrepreneurs so successful?
5. Are there frequent labour relation and environmental problems according to the entrepreneurs interviewed?

We also look to what extent African countries have a reaction to the Chinese penetration of their economies. After presenting the methodological approach, we present some results from a recent survey of 42 Chinese companies in Kampala, the capital of Uganda under the heading: what types of enterprises moved into Uganda, in which sectors did they invest, for which reason and what are the problems they are facing? After discussing the above mentioned issues in the light of the evidence from a survey of Chinese entrepreneurs in Kampala some conclusions will be drawn.

Methodology

A survey was designed to cover a number of issues which can be found in the literature on Chinese investments in Africa (for example, Van Dijk, ed., 2009).[iv] This survey concerns 42 Chinese enterprises in Kampala to shed new light on a number of statements concerning the presence of China in Africa, which are often taken as facts.[v] The questions asked deal with the history of starting the company in Uganda, its investments, turnover and work force and the plans for the future. We looked in particular to what extent these entrepreneurs receive assistance from their government and what motivated Chinese enterprises to invest in Uganda. Special attention is paid to the reason to come to Uganda, the relations with the workers and the problems these Chinese entrepreneurs are running into and some in depth interviews were held. The answers given allow us to deal with the above mentioned issues and to assess the benefits of the rapid increase in Chinese businesses in Uganda on employment and the economy (Warmerdam and Van Dijk, 2012).

What type of Chinese enterprises invest in Uganda and why?

Countries tend to specialize abroad in certain activities. The Dutch are for example active in horticulture in Uganda, the Indians supply Uganda motorbikes and the Japanese sell there their second hand cars, busses and lorries. Chinese investments are increasing in different parts of the world and also show sectoral preferences in Uganda (figure 1).[vi]

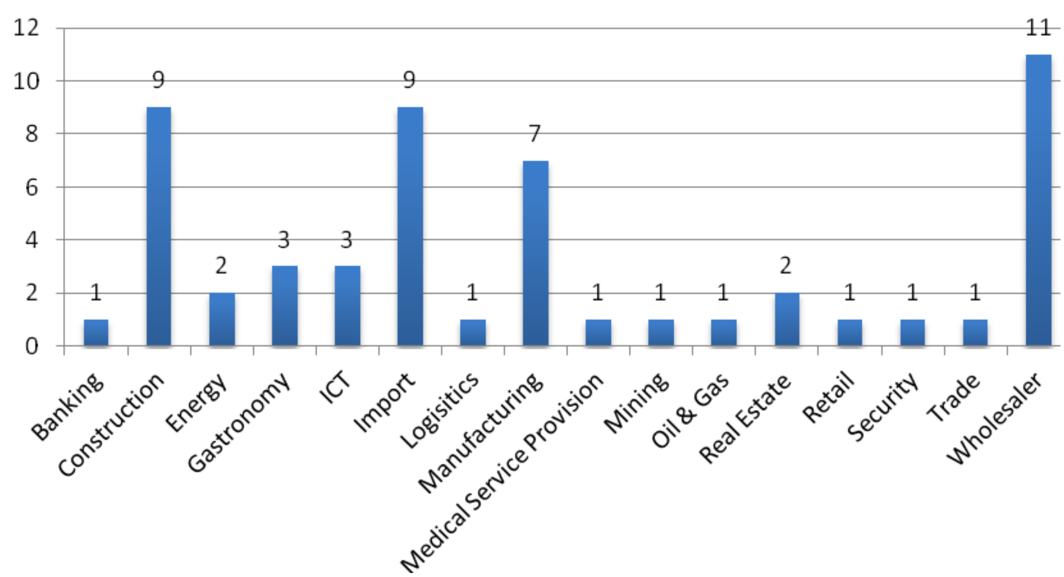


Figure 1: Sector involvement of interviewed companies

Are the Chinese companies active in all the sectors of the local economy? This involvement is part of a broader trend to diversify China's sources of income, to assure access to raw materials and markets for China's industrial products. The issue is are Chinese enterprises in Uganda to get the raw materials out of the country and selling Chinese products in every corner of the country? Figure 1 shows the activities of Chinese enterprises which we interviewed, allowing ten times for multiple activities. Chinese companies were most heavily involved in four sectors. Wholesalers accounted for 26% of all interviewed companies, 21% were construction companies. Companies engaged in import and engaged in retail and wholesale trading accounted for 21%, and manufacturing companies for 17%. The remaining sectors each accounted for less than 10% (figure 1).

SOEs dominate the construction sector with 78% of all SOEs engaged in construction, and 22% engaged in import. Privately owned enterprises (POEs) had a broader spread of sector involvement with the highest levels of involvement in wholesale at 37%, manufacturing at 22%, and import at 19%. Mixed companies similarly had a broad spread of sector involvement. Their highest levels of engagement were in imports (accounting for 33% of all mixed companies), construction (17%), ICT (17%), manufacturing (17%), oil and gas (17%), retail (17%) and wholesale (17%).

The relations between Uganda and China are influenced by the influx of Chinese enterprises in Uganda and the issues this raises (Lee, 2007: 29). She characterizes them as extremely complex and studied in detail the diplomatic relations, trade, investment, tourism, medical support and armaments.

What types of enterprises moved into Uganda and for which reason? 64% of the entrepreneurs interviewed are fully private operators. 21% are state-owned enterprises (SOEs) and 14% of the companies have mixed ownership. Warmerdam and Van Dijk (2012) focus on the contributions of these Chinese investments to the Ugandan economy such as the number of jobs created, investments, turnover and training programs for Ugandan workers and opportunities to participate in management functions.[vii]

The entrepreneurs invested in Kampala because of the expected market for their goods and services (90% of all interviewed companies stated that they were interested in the Kampala market). 74% of all interviewed companies were interested in the market in Uganda, while only 36% of the respondents expressed interest for the regional (East African) market.[viii] Aspirations to supply the regional market would be achieved by opening subsidiaries or authorized dealerships in other countries or by attracting customers from regional markets, when coming to Kampala, which is a central location for countries like Southern Sudan, Eastern Congo, Burundi and Rwanda.

Which problems do Chinese entrepreneurs face?

Chinese entrepreneurs are facing problems depending on the nature of the firm, its size, sector and ownership. Problems mentioned by more than 20% of the interviewed companies, are: the problem of corrupt local officials (31% of all interviewed companies mentioning this problem); the problem of local bureaucracy and inefficient officials (33%); the re-valuation of the Chinese currency (the Yuan or RMB; 26%); the Ugandan shilling- US dollar exchange rate fluctuations (31%); unreliable local workforce (24%); the problem of local workers stealing things (24%); and the problem of getting visas for Chinese workers (36%).

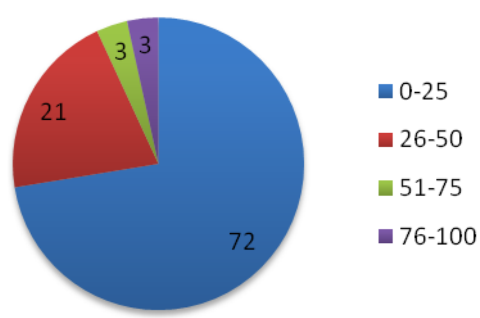
Table 1: Problems mentioned by the Chinese companies

Problems	**Percentage of entrepreneurs mentioning this**
Corrupt officials	31
Bureaucracy, inefficient officials	33
De-valuation of RMB	26
Shilling-Dollar exchange fluctuations	31
Bank interest rates high	7
Bank interest rates irregular	7
Local workforce unreliable	24
Prices of local goods too high	12
Low skilled workforce	19
Local workforce lazy	5
Import restrictions	2
Fierce competition	17
Taxes too high	5
Workers steal things	24
Getting visas for Chinese workers	36
Chinese workers too expensive	17
Increasing sense that Chinese are not so welcome	12
Unstable investment climate	14
Unstable or incomplete water and electricity supply	10
Not paid on time	12
High price of local workers	2
Poor law and order	5
Limited market capability	12
Don't understand local procedures	2
Trade Unions	2

Lack necessary raw materials	2
Lack financial resources	2
Language and/or cultural barrier	10
Negative image of China	2
No problems	12

The problem of 'Getting visas for Chinese workers' meant more specifically problems to obtain visas and work permits. Workers dissent and long transportation times to the work place were not mentioned as problems. A problem not mentioned, but clear from our study is the limited participation of Ugandan workers in management. Only 3% of all interviewed companies had between 76-100% Ugandans at the management level, and a further 3% of all interviewed companies had 51-75% Ugandans at the management level. 21% of all interviewed companies had management levels composed of 26-50% Ugandans, while the vast majority of all interviewed companies had 0-25% of their management level that were Ugandans. See Figure 2.

Figure 2 Percentage of Ugandan management in Chinese companies



The issues: no separation between aid, trade and investments

The picture given is that the Chinese government negotiates on behalf of Chinese companies and sweetens certain economic favours by providing additional aid or loans on favourable terms. However, none of the enterprises interviewed in Kampala indicated that their entry in Uganda was part of a negotiated deal between the Chinese and the Ugandan government. Some exceptions are a fish raising developing project of which we interviewed and which turned out to be a POE. The management indicated that they will evaluate the possibility of becoming active in the Ugandan market. Also some construction projects (for example the planned road from the airport to Kampala) will be financed under Chinese development aid. Other examples concern a company which entered Uganda to provide logistical equipment in the framework of a Chinese development project and now perceives an opportunity to continue independently.

China has had relations with Uganda for 50 years. Early on China provided Uganda with numerous foreign aid projects. While development cooperation still plays a major role in China-Uganda relations, Chinese companies have increasingly started pursuing commercial activities in Uganda. However, only a quarter of the entrepreneurs we interviewed had started after a Chinese funded development project in Uganda, although there were differences per sector and size of enterprise. That quarter mainly concerned state owned construction enterprises and some were the result of a development project.

The Chinese government helps Chinese entrepreneurs

It has been argued that China has increased its presence in Africa rapidly by providing systematic support to potential investors (Van Dijk, ed., 2009). The evidence for Uganda shows that only 17.5% of the interviewed entrepreneurs have indicated that the government has helped them. The support came from the Chinese government and only 43% stated that they had also received assistance from the Ugandan government. In particular state-owned enterprises (SOEs, 44%) received assistance. Only 8% of the private owned enterprises (POEs) and 17% of the mixed companies received government assistance.

Four types of assistance were investigated: helping with visas, helping with financial transactions, helping with market information and other types of support. What kind of support does the Chinese government provide? In the first place information about investment opportunities (market information) and secondly facilitating money transfers. Chinese entrepreneurs have also access to a website of the ministry, providing information in Chinese about markets in African countries. Besides helping mainly state owned enterprises, the assistance is also limited to certain sectors such as oil, gas and other types of energy (Sino-hydro for example). It is not provided to Chinese traders, or ICT companies wanting to invest in Africa. Also the importing firms we interviewed did not receive any assistance from the Chinese government. The role of the Economic and Commercial counselor's office (ECCO) is important and this institution seems to have the same status as the Chinese Embassy. There is constant coming and going of Chinese entrepreneurs in Uganda (see figure 3), but only a part of them is registered by the ECCO. In particular the SOEs and the mixed enterprises register with the ECCO.

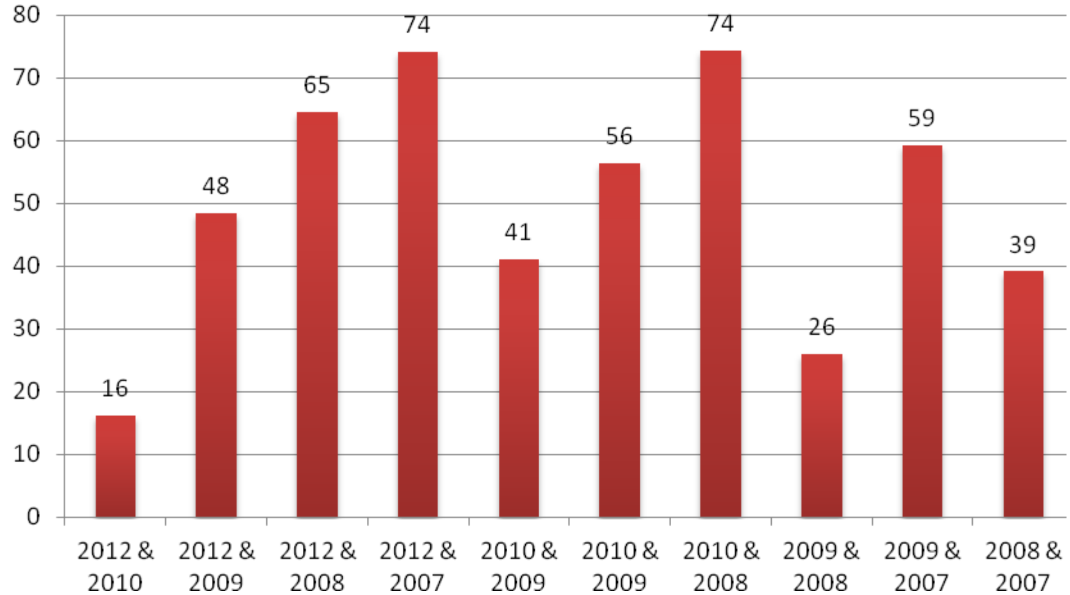


Figure 3: Percentage of companies not on earlier lists of the ECCO

An analysis of the lists of the ECCO shows that 16% of the companies that were on the 2012 list were not on the 2010 list, 48% on the 2012 were not on the 2009 list, 65% of the companies on the 2012 were not on the 2008 and 74% of the companies on the 2012 were not on the 2007 list. Figures are similar for the 2010 list. 41% of the companies on the 2010 list were not on the 2009 list, 56% of the companies on the 2010 list were not on the 2008 list and 74% of the companies on the 2010 list were not on the 2007 list. For the 2009 list the differences are slightly smaller 26% of the companies on the 2009 were not on the 2008 list, and 59% were not on the 2007 list. Finally, 39% of the companies on the 2008 list were not on the 2007 list.

The impression is that the Chinese government has a general policy favoring investments by Chinese enterprises in Africa, but the Chinese government would act rather on behalf of SOEs than for private enterprises. As will be shown below our interviews with traders taught us that the Chinese government will certainly not intervene for small traders, who may give China a negative image in African countries. Despite the attention given to them by the ECCO a large number of enterprises is not on the list or leaves the country at a later stage.

Only a small number of entrepreneurs interviewed in our sample indicate that they have received assistance from the government; the majority (82.5%) of all entrepreneurs interviewed had not received support from the Chinese or Ugandan government when starting in Uganda.

It turns out, that contrary to the common opinion of many researchers and journalists, Chinese entrepreneurs receive very limited support from the government and the government does not always act on behalf of its enterprises, which may have their own arguments to be in Africa. We also found that the partnership jargon is currently hardly used by Chinese entrepreneurs as cover up for unequal economic relations. Only Huawei used the partnership jargon for its training activities undertaken jointly with Makarere and other universities in Uganda. Chinese enterprises do sometimes say they want to do something for Uganda and then embark on Corporate Social Responsibility (CSR) type of activities, directly related to their personnel and communities in which they operate.

Chinese entrepreneurs start after a project or construction work

It is often suggested that Chinese entrepreneurs start their business in Africa after a project or a first construction work, getting some of the equipment from the project. The Chinese government would stimulate construction companies to tender for infrastructural projects in Africa. It provides the equipment for free and allows the workers to stay in Africa after finishing the job. They can get the equipment, which is not shipped back to China. One quarter of the entrepreneurs interviewed explained that they came to Uganda through a Chinese development or construction project.

The impression is often given that Chinese entrepreneurs just stay behind in Africa, even getting some of the building equipment from the project they worked for. When asked why Chinese entrepreneurs have opted for coming to Uganda in different ways. 83% of the interviewed companies expressed their interest in the market potential of Uganda, while a quarter had participated in a Chinese government funded project before coming. 10% of respondents stated that they were motivated by the friends or relatives who were already in Uganda to come to Uganda. 7% of respondents were attracted by attractive Ugandan government projects, a further 7% came for non-governmental projects, and a further 7% were attracted by a perception that Uganda had a stable, safe and secure investment climate. 2% were entered due to an international organization financed project and a further 2% entered for a Ugandan government funded project. 5% of respondents stated that they had other motivations.

Why do Chinese entrepreneurs manage to build up an enterprise in Africa, where many European investors have not even tried it, despite Lomé, Cotonou and Economic Partnership Agreements (EPA)? Agreements between Europe and the Africa, Caribbean and Pacific (ACP) countries should have made it more attractive for European enterprises to invest in these countries. However, not much investment has been forthcoming, except for investments by the big enterprises such as Unilever and Philips, which do not need a specific policy framework. Indeed the number of Chinese enterprises has grown much faster; this does not mean however that the total investments by China in African countries are bigger than what EU countries or the USA are investing in Africa (Moyo, 2012). The difference is that China uses new companies, while a lot of the western investments are made by companies which have been active in Africa already for some time.

We interviewed nine construction companies. These were larger companies and no evidence was found that they were stimulated to tender for infrastructural projects in Africa, other than by the 'go out policy'. They mentioned market potential as the major reason to go to Africa/Uganda. No evidence was found that they received the equipment for free. The issue of allowing workers to stay in Africa was not mentioned since these enterprises had not finished their job and intended to continue their activities in Africa anyway.

Chinese are building market channels in the interior of East Africa

An issue that has drawn a lot of attention in Africa is the activities of Chinese traders. Chinese businessmen move to smaller towns and even bigger villages to sell Chinese products, which they receive per container, while the Chinese government facilitates its organization. We did not interview entrepreneurs outside Kampala, but the enterprises in Kampala are certainly representative for Chinese companies in African in general and Uganda in particular. They certainly had organized their own supply chain without Chinese government assistance and were profitable because of that.

The distinction between whole sale and retail traders is not always clear. Most countries in East Africa welcome Chinese whole sale traders, but do not want retail trade by Chinese individuals. As one member of parliament noticed in Kampala: 'do we need a Chinese trader to sell a banana in this country?'. Wholesalers provide goods which otherwise may not have been available, or not at the current price. However this has led to conflicts in Algeria, Zambia and Suriname (Van Dijk, ed., 2009). More recently similar conflicts have been noticed in Kenya and Malawi (*New vision* June 2, 2012), always focusing on Chinese traders involved in retail trade. Malawi has decided for this reasons that no Chinese traders are allowed in the rural areas. The Ugandan government has developed policy instruments to deal with the issue. In the first place it has made clear to foreigners that Uganda welcomes foreign investors but will no longer provide visa to Chinese businessmen who have no other source of income than small trade.

Our survey shows the difficulties faced by Chinese companies in Kampala, most notably the recent difficulty of Chinese traders and wholesalers to get work permits. It shows different sectors have been affected differently, and through an analysis of the investments, turnovers, work force sizes and employee training policies of the interviewed companies, shows the reasons for the Ugandan government's tighter controls on Chinese firms in general and wholesalers in particular.

Many African countries have no policies with respect to the number of Chinese workers or immigrants and feel you cannot say no to Chinese investments. In Malawi (*New vision* June 2, 2012) it is official policy to prevent Chinese to live in the rural areas. Also Uganda is making it more and more difficult for Chinese businessmen (in particular the smaller towns or for retail traders) to obtain a visa.

In Uganda's parliament the question was asked do we need Chinese traders to sell Ugandan products. Officially Uganda does not allow retail traders, but want Chinese investors in the wholesales sector. As the inflow of Chinese businessmen and traders accelerated, and the imbalance in trade relations grew increasingly large, there was a negative reaction among the local Ugandans. The competition with the Chinese, especially the low-level wholesalers led to claims that Ugandans were unable to compete with Chinese, and as such Ugandans were losing their businesses. The authorities are now clamping down on Chinese wholesalers. Some of these seem to be involved in retail trading as well. The Ugandan traders point to the low quality of the Chinese goods and indicate how they suffer from this competition. The Chinese use the expression 'stealing some else his rice bowl' for this phenomenon. Larger trading companies also face tighter regulations, however. Some of them even understand and agree with the Ugandan government, saying that these so-called wholesalers often give China a bad image. The Chinese embassy says that it doesn't approve of the activities of these smaller traders.

Employment and environmental issues

African countries are sensitive to the issue of Chinese companies dealing with African workers. How do the 42 interviewed Chinese enterprises deal with their workers and to what extent do they employ Chinese workers and managers? We found a mixed picture. The 42 enterprises employ in total 9845 workers, including 1004 Chinese employees. For all Chinese companies in Uganda it can be estimated that they created in total some 50,000 jobs.

Chinese enterprises are often involved in labor issues, and operate like they would do at home, where they are benefitting from their local government's support, which are interested in creating more employment. The HRW (2012) reports for example that 'Zambian workers at Chinese ventures complain about safety, low pay and workplace conflicts which have spiraled into a spate of shootings. The employment figures for Uganda are given in table 2.

Table 2 Employment figures for Uganda

Percentage of Uganda workers	Number of Chinese firms in Uganda
76 to 100%	55 %
51 to 75%	29%
26 to 50%	10%
7 to 25%	7%

It is striking that almost half of the Chinese companies have less than three-quarter of their workers from Uganda. In 17 percent of the cases less than half the number of workers is from the host country. The role of Ugandan labour depends very much on the type of companies and their ownership. The SOEs have a higher percentage and also the POEs score better than the totally private Chinese enterprises, which also tend to be smaller.

A number of common problems concerning workers are mentioned. The entrepreneurs we interviewed mentioned in particular the following labour related issues: on the one hand the entrepreneurs we interviewed declared that the local workers are unreliable (meaning that they would come and go as they please), low skilled, with a low productivity and sometimes steal things. On the other hand it has become more difficult to recruit Chinese workers because of visa problems and because they claim higher wages than before. Also given the Yuan has been slowly re-valued until July 2012 this meant paying Chinese workers in Yuan, while earning money in Ugandan shilling became more and more expensive. However, even local workers are becoming more expensive, while many Chinese entrepreneurs have the feeling that Chinese people are no more welcome in Uganda. There are also language and cultural barriers and one entrepreneur interviewed mentioned the influence of trade unions in Uganda, which have a very different role than trade unions in China. Finally, given the importance of training and other secondary benefits, designed to tie the workers to the firm vary per activity it should be noted that x% of the Chinese companies have developed training programs for their workers.

Chinese entrepreneurs in Africa have a bad name as far as the environment is concerned, because they repeat abroad practices of not respecting environmental legislation, which are quite common in China. However, this delicate question was rarely answered in an affirmative way. Two reasons could be that the enterprises interviewed are active in the capital and probably better regulated, than for example the Zambian case documented in Van Dijk (ed., 2009; on the behaviour of directors of Chinese mining companies in the Copper belt). China has become more aware of the damage to its image of negative stories in the press about labour and environmental problems and has instructed its companies to comply with local regulation.

African countries have no reaction to the Chinese penetration

It is often noted that Africa has no reaction to the Chinese penetration of their economies. However, besides AfDB (et al. 2011) a report has also been published by the UN Office of the Special adviser on Africa (OSAA) how both sides could gain more from the relationship. According to Hamam and Toomel (2010: 23) the report suggests that African countries should adopt a coherent strategy and exercise greater ownership over their growing interactions with emerging economies. The emphasis is on tying trade to measures to promote Africa's development and infrastructure needs. Foreign Direct Investments (FDI) should be directed to sectors that can stimulate domestic investment, create jobs, spur regional economic integration and boost productive capacity.

Conclusions

We reviewed some of the issues triggered off by the presence of a large Chinese community in Uganda, which is very active in the business sector. African countries are concerned about a number of issues when foreign investment is discussed. This concern has also been expressed with respect to Chinese investments and workers in Africa. Following the order in which the issues analyzed in this paper were discussed, we can conclude that in Uganda aid, trade and economic collaboration are also not clearly separated. However, the Chinese government only supported a limited number of the companies investing in Uganda, suggesting Chinese investors often operate independently from aid or trade arrangements.

Secondly, contrary to the common opinion of many researchers and journalists, Chinese entrepreneurs receive very limited support from the government and the government does not always act on behalf of its enterprises, which may have their own arguments to be in Africa. We also found that the partnership jargon is currently hardly used by Chinese entrepreneurs as cover up for unequal economic relations. They do sometimes embark on CSR type of activities, usually directly related to the well being of their employees. Why are Chinese entrepreneurs so successful? Probably they are less demanding and willing to take more risks than many European or US investor.

Concerning the third issues, we found that only a quarter of the entrepreneurs we interviewed had started after a Chinese funded development project in Uganda.

China does build marketing channels (the fourth issue) but at the same time faces critique for sending too many retail traders, instead of organizing wholesales trade with Ugandan retailers. Many African countries question whether Chinese traders are necessary to sell Chinese products in Africa. To what extent are 'wholesale' shops in Uganda in fact involved in retail business and how does Uganda react to this? Many so called Chinese wholesale traders also sell their products one by one, competing with local small traders. In Malawi this has led to a lot of resentment and legislation banning Chinese retail traders in certain parts of the country. In Uganda the issue has been debated in parliament and it was decided to be stricter with providing visas for Chinese traders.

African citizens are sensitive about labour relations of Chinese companies, our fifth issue. Chinese employ Chinese workers and managers. One, the Chinese enterprises compete with local firms and creating employment for local inhabitants is a priority for the Ugandan government. On the positive side, some Chinese firms have Ugandan staff in management positions, employ in majority Ugandan workers and have developed training programs for their employees. The issue are not so much Ugandan or Chinese workers, but rather how to improve the productivity and loyalty of the Ugandan workers to the Chinese firm. Chinese enterprises are often involved in environmental issues as well. They do like they would do at home, where they are benefitting of their provincial or local government's support, because they create employment. Like in Uganda, these local governments are interested in investments and employment and consider the environment a long term issue.

Finally, the increased presence of Chinese enterprises in Uganda has raised a number of other issues. The entrepreneurs interviewed are very clear that there are a number of structural problems working in Africa. In fact we interviewed some who have sent their Chinese workers back to China and are considering going back to China themselves.

Many African countries have no policies with respect to foreign investment or with respect to the number of Chinese workers or immigrants and feel you cannot say no to Chinese investors. Some initiatives have been taken to come with a common reaction and were mentioned (Hamam and Toomel, 2010).

The analysis shows a rapidly changing situation which challenges some of the generalizations concerning China's presence in Africa. The journal China Africa has published (July 2012: 32) reports on polls concerning the opinion of Africans about China's presence in Africa. A survey of 24,000 African showed that in general they are positive about it mentioning the Chinese product and the impact of China on the economy. Sautman and Yan (2009) give the African perspectives on China-Africa links and conclude that African views are not nearly as negative as Western media make out and that not only the ruling elites are positive about these links.

We conclude that far from being a passive player in the relationship with China it is noticeable that Uganda is becoming increasingly proactive in its relationship. Several obstacles exist to the successful tightening of regulations, but such rules would allow Uganda to make the most of its relationship with China, favoured by its president as mentioned, from Ugandans' point of view.

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Notes

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[i] It is even suggested that these new entrepreneurs get some of the equipment from the project, or that construction workers receive construction equipment supplied freely by the Chinese government.
[ii] For example the provision of generic medicines and insecticide dipped mosquito nets.
[iii] Or, as from one Third world country to another (South-south business).
[iv] The questionnaire was an interview schedule of 11 questions.
[v] The Secretary of the ECCO was very helpful and provided an updated list for 2012 with 31 company names. 18 companies not on the ECCO list were also interviewed.
[vi] UNCTAD (2012) provides information on Chinese investments in different countries, which allows a comparison. Updates of these figures can be found at www.unctad.org.
[vii] Other benefits would be access to cheap consumer products (AfDB et al. 2011), rising commodity prices and hence increasing government income in a number of African countries (AfDB et al. 2011) and helping these countries to invest more in the public sector (AfDB et al. 2011), improving infrastructure (AfDB et al. 2011), and giving more negotiating space when dealing with donors (AfDB et al. 2011 and Warmerdam 2012).
[viii] None of the interviewed companies was interested in operating in the global market by locating themselves in Uganda. It should be noted that larger multinationals, such as Huawei, ZTE, Complant and CICC, also had branches in other countries in the region such as DRC, Tanzania and Kenya, and therefore were not interested in operating in those regional markets from their base in Uganda.