

# Mama Benz in Trouble: Networks, the State, and Fashion Wars in the Beninese Textile Market

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**Abstract:** This article examines the impact of Chinese textile imports on the organization and politics of women's textile trading networks in Benin. The incursion of cheap Chinese textiles into markets formerly dominated by imported European fabrics has shifted the balance of power between networks of traders in Benin's textile market, reconfiguring relations between textile traders, state officials, and international companies. Focusing on political and economic dimensions of trading networks, the article reveals how global linkages transform local economic networks and how local actors structure networks for global economic partners. Far from bypassing state actors, this process is shown to incorporate state officials from above and from below, splintering established trading networks and weaving new ones from emerging configurations of traders, state officials, and global textile exporters.

**Résumé:** Cet article examine l'impact des imports chinois de textiles sur l'organisation et la politique des réseaux du commerce des vêtements de femmes au Bénin. L'incursion des textiles chinois à bas prix dans les marchés dominés jusque là par des tissus européens a modifié l'équilibre de pouvoir entre les réseaux de commerçants dans le marché textile florissant au Bénin, reconfigurant ainsi les relations entre les commerçants de textiles, les fonctionnaires de l'état et les compagnies

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internationales. En se concentrant sur les dimensions politiques des réseaux de commerce, cet article révèle comment les connexions mondiales transforment les réseaux économiques locaux et comment les acteurs locaux structurent les réseaux pour des partenaires économiques mondiaux. Loin de contourner les acteurs nationaux, ce processus se voit incorporer les fonctionnaires de l'état du haut et du bas, faisant éclater les réseaux de commerce établis et incorporant de nouveaux réseaux issus de configurations nouvelles de commerçants, de fonctionnaires, et d'exportateurs textiles internationaux.

**Key Words:** Mama Benz; Benin; market women's associations; China–Africa; Dutch wax; trading network; trade policy

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## Introduction

The article explores how the powerful “Mama Benz” textile trading networks of Benin in West Africa have been reshaped by competition from cheap Chinese copies of African prints. In the face of market reforms and ongoing economic hardship, imports of low-cost Chinese counterfeit textiles are flooding Benin's highly structured textile market which feeds imported textiles into local as well as regional informal trading systems. The result has been a realignment of power relations between competing women's textile trading networks as they struggle to leverage support from key global firms and state officials to respond to the new configuration of economic power and opportunity.

The market for “wax print” textiles is one of the most important markets for consumer goods in West Africa because women, men, and children use these fabrics for family ceremonies as well as for casual clothes. In Benin, the large Dantokpa market in the port of Cotonou serves as an important textile feeder market for the wider West African subregion. Its wider regional role is evident from the size of the market. In a tiny country of 9.9 million people, Dantokpa is disproportionately vast: 18.7 hectares, twenty-two hundred officially registered traders, and an estimated four hundred thousand clients per day. A large share of textile imports from Europe and Asia passes through the ports of Cotonou in Benin and Lomé in neighboring Togo, whose liberal trade regimes have made them into attractive import points for traders from across the West African region. The tiny economies of Benin and Togo have used low import duties to become import centers for the whole region, as traders from surrounding countries seek to circumvent high tariffs and import bans in their own countries by importing goods into these “entrepôt economies” and then smuggling them onward to their own countries (Igue & Soule 1992).

In the past decade, the balance of power between the leading networks of powerful women wholesalers at the Dantokpa market has changed as a consequence of the massive import of cheap Chinese copies of wax print

textiles, many of them imitations of designs from the Dutch company *Visco*.<sup>1</sup> Just as the imports of European textiles reshaped Benin's trading networks in the nineteenth century, cheap Chinese textiles entering the market since 2000 have radically changed consumer trends and challenged the commercial aristocracy of the so-called *Mama Benz*—"big women" traders and wholesalers who built their fortunes on the sale of Dutch wax textiles. Some of them drove and still drive shiny Mercedes Benz cars as a sign of wealth, which explains this popular and widespread nickname. In Lomé (Sylvanus 2009) as well as in Benin, the powerful women wholesalers have encountered competition from new groups of traders thrown up by the new opportunities of importing and trading cheaper Chinese goods. In Cotonou, many rich wholesalers of Dutch wax have been ruined because they did not see the shift in the market in time. The erosion of their economic power has also influenced their position in traders' associations and in politics (see Sylvanus 2013). New textile traders have emerged, and well-positioned employees in the state administration have taken advantage of shifts in the market to build key positions in new textile trading networks. This raises the question of how state institutions and key state officials influence relations between competing foreign companies and globalized informal trading networks. This case illustrates how political and economic change produces winners and losers in the informal economy as well as in the formal economy and the state.

I argue that the competition at the Beninese wax market is characterized by both continuity and change. Economic globalization, new communication technologies, and shifting patterns of demand open new opportunities. Some people are able to take advantage of the new situation and accommodate to the structural changes of competition; others are not. Hence global structures transform local markets and informal trading networks. Conversely, Dutch, Chinese, and other Asian companies depend on dynamic local trading networks with the knowledge, flexibility, and aptitude to maneuver in the political and economic realities of local informal markets. Therefore, local actors also provide the structure and the conditions that allow the global economic partners to do business. Paradoxically, however, global restructuring processes are leading to the fragmentation of informal trading networks rather than their integration into the global market. In the liberalized global economy, close contacts with central state institutions and key state actors are crucial for both global companies and local partners in the ongoing competition for markets. Through their relations with state officials and global firms, women textile traders have drawn on a range of preexisting political and commercial relationships in responding to globalization, but they have not always managed to remake trading networks to their own advantage.

This article is based on research carried out from 2006 to 2008.<sup>2</sup> Ethnographic fieldwork conducted in a series of field visits ranging from two weeks to two months was carried out in relevant sections of Dantokpa Market in Cotonou and in various key neighborhoods in the town. Data collection

was based on semistructured interviews, extensive informal talks, participatory observation, and group interviews. Respondents included leaders and the rank and file of market associations, representatives of global firms, state officials at the national and municipal levels, journalists, NGO leaders, and taxi drivers. Interviews were carried out in French, Mina, and Fon. Secondary data from the Beninese Web-based press provided information that was triangulated through interviews and informal talks with key actors displaying conflicting interests.

The following section looks at the historical processes through which actors have adapted to and appropriated new economic and political changes. The next sections discuss the background of European and Chinese exporters of wax print textiles, their investments in West Africa and Benin, and the links between economic and political networks in Benin. A final section looks at the organization, mobilization, and political struggles of two competing local trading networks attempting to promote or block the market penetration of Chinese textile imports.

### **Trade in Dahomey and Benin: Continuity and Change**

Economic and political internationalization is not a recent development in Benin. The Dahomey area, today's Benin, has been part of the global economy for centuries (Igue & Soule 1992). It was regularly subject to changes in trade and production regimes followed by shifts in the balance of power between competing trade networks and import-export agencies. A rich literature documents how Yoruba, Hausa, and European trading networks operated long-distance trade routes linking Benin to other parts of the continent and to Europe and North America long before the current era of globalization (Brégrand 1998; Curtin 1971, 1984; Igue 1983; Igue & Soule 1992; Lovejoy 1980; Soulé et al. 2000).

The Dahomey social and political elite was recomposed several times due to structural changes in the nineteenth century. The creation of the colonial state administration, the immigration of former slaves from Brazil, and the arrival of Lebanese traders drew local men into a new indigenous class of intellectuals and civil servants (Banégas 2003; Igue & Soule 1992). This opened up space for local women to move into higher levels of trade; for example, women in Dahomey organized the processing and trading in the new palm oil sector (Coquery-Vidrovitch 1971). During the colonial period women elite wholesalers organized trade networks distributing commodities such as wax print fabrics from the European companies to the local population. Personal links to state employees were important for business, just like today, when relatives of ministers and high-ranking state employees are central actors in business networks (Igue & Soulé 1992).

In the early 1970s in the postcolonial period Benin adopted an "entrepôt economy" development strategy involving liberalized imports from the world market for reexport to other countries in the region.<sup>3</sup> A strategy of nearly tax-free import of goods into the free port in Cotonou, accompanied

by porous border control, facilitated reexport to Nigeria and nearby Sahelian countries. The reexport strategy was also spurred by monetary disparities between internationally convertible CFA francs and the inconvertible currencies of many neighboring Anglophone West African countries, especially Nigeria (Grégoire & Labazée 1993; Igue 1983; Meagher 1997). The Beninese government deliberately deregulated trade, making massive low-cost import of consumer goods into Benin perfectly legal, although export into neighboring countries was largely illegal, since it bypassed higher tariffs and taxes charged by these states. The result was a proliferation of informal trading networks in which “entrepôt towns,” the free port of Cotonou, and Dantokpa market were key nodal points.

Structural adjustment policies implemented in West Africa starting in the mid-1980s also facilitated rising imports from China through the liberalization of the international trade regime of the WTO, leading to the collapse of national textile industries across the subregion. Cuts in public employment pushed public sector employees into private business, particularly after the political change in Benin in 1990. In 1994 the devaluation of the CFA franc made European products 50 percent more expensive (Axelsson & Sylvanus 2009). This was particularly problematic in the case of European high-quality wax fabric, which was already costly and becoming increasingly unaffordable for large parts of the population after the devaluation.

These shifts in economic conditions have had a serious impact on the competition between the actors in local trading networks. In Benin regionalized and autonomous trading networks dominate the sector, initially federated under a national organization of women wholesalers known as UNACOBÉ. Heilbrunn’s (1997) comparative study of business associations and politics in Benin and Togo offers a unique insight into the restructuring of these market associations in the postindependence period, particularly during the democratization in the 1990s. Together with studies of scholars like John Igue (Igue 1983; Igue & Soulé 1992) and Alice Sindzingre (2006), it contributes to the understanding of the “informal–formal continuum” and the political arena.

As Heilbrunn explains, the associations in Benin’s textile trade were officially federated in UNACOBÉ, but local chapters of the union remained semiautonomous. Influential and wealthy businesswomen organized local patronage networks of vendors that were incorporated into political networks with links to local politicians and civil servants. These networks, based on strong local bonds of trust and a common “ethno-regional” identity (Heilbrunn 1997:481), are stronger than chapters in UNACOBÉ. Active players in the wax trade include both Yoruba- and Fon-led networks from, respectively, the Porto Novo and Cotonou areas; the older Dutch wax network is dominated by Fon speakers, while the newer “Chinese networks” are dominated by Yoruba, although the ethnic dimension of these networks should not be overstated. These networks were organized around central actors in the business associations, and as Heilbrunn explains, “participation

in religious congregations, business associations, and other groups . . . reinforce . . . a merchant's networks and bases of social influence" (1997:482).

In the 1990s democratization and new commercial pressures created new challenges for women's business solidarity. UNACOBÉ deteriorated as an organization due to commercial and political conflicts among the powerful leaders of the *Mama Benz*: Augustine Codjia, Grace Lawani, and Justine Chodaton. They had all been elected to the Chamber of Commerce in Cotonou and represented competing political and business networks (Heilbrunn 1997; Prag 2010a). Justine Chodaton set up her own groups of market women to build her personal trade network, first creating the *Groupement Professionnel des Vendeuses des Marchés du Bénin* (GPVMB) and in 1992 founding the *Syndicat National des Vendeuses et des Vendeurs et Assimilés des Marchés du Bénin* (SYNAVAMAB) (Prag 2010a). At the same time, the rise of Chinese competition was weakening the market power of *Vlisco*, the leading European company supplying imported textiles.

In the midst of these struggles, new wholesalers—largely young, highly educated, IT-savvy women traders—conquered the important market for low-price wax fabric by targeting the broad consumer segment of poor people in Benin, and they, too, leveraged their success to spin global personal networks (Spring 2002; Axelsson & Sylvanus 2009). These wholesalers have established local networks incorporating small retailers and street vendors, who, consequently, have been able to enter business and further undermine the old generation of the *Mama Benz* wholesalers in Cotonou selling top-quality Dutch wax. Many members of the old networks are on the edge of bankruptcy, and the crisis has also eroded the honor and symbolic capital linked to the identity of being a wealthy *Mama Benz* wholesaler. Political and economic structural changes have thus triggered a restructuring of the wax textile business and the professional associations. But how profound is the market change in the region?

### European Textile Trade and the Chinese Challenge

For one hundred and sixty years, the Dutch company *Vlisco* was among the leading European companies in the production and sale of "African" textiles, in particular the textile called "Real Dutch Wax." Today, however, *Vlisco* faces severe competition from Chinese, Indian, and other Asian producers who began expanding sales in African textile markets in the mid-1990s, often copying *Vlisco*'s products. Cheap Chinese copies of *Vlisco* designs are especially problematic. Today cheap fabrics from China dominate the wholesale market in all West African towns: in Lomé, Cotonou, Abidjan, Dakar, and Accra.

In Ghana, *Vlisco* closed the fifteen-hundred-employee *Juapong Textile Mill* in June 2005, and its holding company, *Gamma Holding*, faced losses on the African markets. Sales went down from 2002 to 2006 (*Gamma Holding Annual Report 2003, 2005*). The decline was attributed in the 2005

Annual Report to difficult market conditions in Côte d'Ivoire and Ghana, the weakening of the U.S. dollar exchange rate, and the fact that "the business unit was faced above all with low-priced imports from China." In 2007 Ghana reopened the Juapong Textile Mill—in cooperation with China. Ghana's former president, John Kufuor, argued that "Ghana cannot survive alone where textile production is concerned unless she goes into partnership with China" (Amankwah 2007).<sup>4</sup> At the same time, the problems of cheap contraband copies from China and other cheap producers are issues of concern in the region. The chief designer from Vlisco, Frans van de Rood, explained that the situation was difficult for his company because of the perfect match between Chinese interests in raw materials from Africa and the continent as an export market for cheap Chinese products. The problem for Vlisco is not limited to the Chinese trademark "Hitarget." At least fourteen other companies produce imitations of Vlisco's products (personal communication, Dantokpa, Nov. 8, 2006). According to my informants among the wholesalers, illicit imports of Chinese copies first came from Lomé and later directly from the harbor in Cotonou. Vlisco reports having taken legal action against some of these companies in China (and also Thailand) that counterfeit its designs and brands (Gamma Holding Annual Report 2005).

In Benin, the imported Chinese copies of wax fabric now dominate the wax trade at the Dantokpa market and the surrounding textile shops in the neighborhood of Missébo and the Hagi Ali Shopping Centre close to the market. Vlisco and its local sales company, John Walkden, are losing their market share. Its products have become relatively too expensive for the majority of poor consumers in Benin, with a price (in 2007) above seventy-five Euros for twelve yards, whereas the copies could be bought for under ten Euros. Nearly all the semi-wholesalers and retailers in and around the covered three-floor building called the Étages at Dantokpa sell Hitarget and other cheap copies. Many argue that the Chinese wax cloth has "democratized" this category of products, making them affordable for the general public. The Vlisco products tend to be sold only by a minority of rich and well-established wholesalers and women from their associations located at the second floor of the Étages. Their clientele comes from Nigeria, mainly Igbo and Yoruba traders, and from other rich oil-producing countries like Gabon and Equatorial Guinea. Observing the trade, one rapidly sees that it is a buyer's market. The clients circulate and try to negotiate lower prices.

The competition from the Chinese and other Asian products has created a tense atmosphere at the Dantokpa market between the women who have been selling Vlisco's products for years and those who have turned to the cheaper Chinese Hitarget fabrics. The "Vlisco women," with Justine Chodaton from SYNAVAMAB (and also now a Member of Parliament) at the helm (see Prag 2010a, 2010b), claim that the other groups of traders are disloyal because they trade in smuggled and copied textiles without paying tax.<sup>5</sup> The women selling Hitarget argue, in response, that the Vlisco wax

products are too expensive for ordinary people. The restructuring of the textile trade has thus led to a segmentation of the market, with the new networks, new global operators, and changes in product lines aimed at different consumer segments with unequal purchasing power.

### **Economic and Political Networking in Benin**

The case of Justine Chodaton illustrates more than the changing nature of the wax-cloth trade. It shows how business and political actors straddle different fields or arenas (Roitman 1990), exchanging and relying on the social, political, and symbolic capital they control (Bourdieu 1983).<sup>6</sup> The underlying argument is that in the ongoing restructuring of the wax market, the ability to combine and use social, political, and symbolic capital is an important parameter in business competition and specifically in the effort to influence or circumvent public trade policies.

Chodaton is an example of how a leader can successfully combine, convert, and employ different forms of capital accumulated in her social, political, and business networks, building up impressive material resources and, reciprocally, converting her material resources into social and political capital (see Prag 2010a). In Chodaton's case, religious connections also come into play. Among other activities, she attends and promotes an annual Catholic ceremony in the St. Michel Cathedral in Cotonou where market women, national and local politicians, and Catholic clerics celebrate and pray for the market women's prosperity, and she is also influenced by the "vodoun" cult, explaining to me how important the "vodoun twin" symbol in the office is for her (interview, Feb. 10, 2008). SYNAVAMAB works closely with the international network/NGO called StreetNet International, which organizes market associations internationally, and Chodaton funds part of their regional activity. Three times elected to the parliament in Benin, she has built strong connections to the successive governments, ministers, and opposition leaders, and the highest-ranking politicians solicit her support and advice. Her links to John Walkden and Vlisco are also longstanding due to her status as associational leader and doyenne of the Dantokpa market, politician, and client. Chodaton's ability to combine and use her assets—different forms of capital—in the networks, gives her popular legitimacy, authority, and power. It also strengthens the Vlisco market women in their ongoing struggle with the competing textile networks.

In the case of the Beninese "entrepôt economy," in which negotiating the formality–informality divide is part of the economic and institutional logic of the shifting postcolonial Beninese governments, it is relevant to see these two economic models as "symbiotic," as one "system" (Roitman 1990:683, 685) forming an "informal–formal continuum" of economic/labor relations (Chen 2007:2). This is also John Igue's (1983) position when he argues that "the modern sector, which is the privileged domain of intervention for public powers, cannot expand without the support of the clandestine networks and traditional markets through which

the distribution of goods operates” (quoted in Roitman 1990:683). Thus informal and formal economic agency and politics are interwoven in Benin, where state institutions are part and parcel of the interplay between the formal and informal economy. In fact, such a symbiosis is central to the design and strategy of the “national” economy. In this situation of severe competition in the textile trade, the struggle is not between formal and informal actors, but between different trading networks that combine informal trading practices with formal sector connections. And in the competition between these textile networks, the political power of the leaders and their skills in lobbying central state actors become of central importance.

Kate Meagher (2006), in her discussion of the relationship between social and political capital in the Aba manufacturing clusters in Nigeria, concludes that “weak formal institutions and the lack of incorporation into the formal economic framework encourage informal firms and occupational associations to turn to cliental forms of economic and political incorporation” (2006:579). The consequence, she argues, is that cliental linkages between informal networks and the state lead to the conversion of citizens’ social capital (trust) to political capital for “powerful political forces” to pursue their own interests, a situation that erodes and weakens the “organizational capacity of African social networks and undermine[s] their ability to promote popular economic interests” (2006:579–80). Meagher recognizes that “this scenario of state neglect and capture is not the only possible outcome” (2011:68), and the question is whether the argument can be extended to African social networks outside of Nigeria, particularly clientelist relationships in informal trading networks in other parts of Africa. As Heilbrunn (1997), Igue and Soulé (1992), and Roitman (1990) emphasize, the long historical structures of informal–formal relationships are flexible arrangements that can adapt to changing economic and political environments.

In a situation of rapid structural changes in the global markets—in this case the market for different qualities of wax textiles—the power of informal trading networks to influence, incorporate, and align themselves with central state agencies and actors is at the heart of the regulatory struggle in Benin. In the next section, I analyze the case of the competition between the networks of Dutch wax and Chinese wax traders, with an emphasis on the ways in which the networks create political linkages among the textile producers, state authorities, and other actors in the informal textile trading networks. I start by looking at Vlisco and its linkages to wholesalers and to the political and administrative arenas in Benin, with a focus on the company’s competitive strategy. Then follows an analysis of the Boni Yayi government’s position and the political networking that takes place between the importers of Chinese wax products and central Beninese authorities. The final section discusses the impact of these new developments on the Vlisco wholesalers originally dominated by the traditional Mama Benz trading networks.

## Vlisco and Local Textile-Trading Networks

The company Gamma Holding, of which Vlisco was a part, explained its relationship with local trade networks quite openly in its annual report from 2003:

From the coast of West Africa far into the interior of the continent, the Exotic Fabrics business unit is building an extensive distribution network for the sale of exclusive fabrics from the Vlisco Group. As a result, a great many different forms of cooperation have developed in this part of the world, both in retail and in the (semi-) wholesale sector. Thousands of shopkeepers and traders have joined forces with Vlisco, which is making it easier to support sales at a local level. In the west of Africa, where travel and transport systems do not always run smoothly and the import and export of goods is restricted by legal regulations, Vlisco is working in this way to expand its commercial opportunities.

The passage states frankly that the collaboration with the traders in wholesale and retail has been a way for the company to penetrate the market and circumvent legal restrictions. The company has followed this strategy since its start in 1846 when the founder imported batik techniques from Java to West Africa, and Vlisco began to cooperate closely with women wholesalers in Cotonou, Accra, Lomé, and Abidjan (Gamma Holding Annual Report 2003). These women built distribution networks in the marketplaces, as in the case of Dantokpa and other markets in Benin. The strategy of linking with powerful “market queens” like Chodaton offers Vlisco (as well as competing companies) flexibility in an environment where politics and trade are inseparable.

The upper layer of wholesalers consists of formally registered companies such as John Walkden that pay *la patente*—the annual business license fee—to the state.<sup>7</sup> John Walkden also directly collects the business profit tax from their smaller wholesaler customers on behalf of the state. The manager of John Walkden explained,

In terms of the taxes paid to the state from 2002 to date, business profit went from 768 million to 400 million last year. In addition to all of these, we have a particular quality of being a control post for the state. Our partners and other wholesalers who are our most important customers are not formal enterprises, and in order to avoid tax evasion, the state uses us as a guarantor: this is reflected through the business profit tax collected from our customers on behalf of the state, which we have recovered. (Economiebenin.org 2009)

The manager’s comment shows the complex regulatory relationship that exists between the Beninese state authorities and the Dutch company. Vlisco cooperates, on the one hand, with a restricted group of registered wholesalers, their informal trading networks, and on the other hand, with

the state. In accordance with the framework of an “entrepôt economy” system, the Dutch company heads up the commodity chain that links the continuum of formal and informal business, mediated through the close relationship to central and local state authorities. It is not always easy for Visco to influence government trade policy directly. However, Justine Chodaton, the leading Visco wholesaler, “market queen,” and Member of Parliament, can do so, legitimately mobilizing women traders and lobbying government institutions for a protectionist national textile policy.

Cooperation with the women wholesalers also provides the company with insight into rapidly changing African taste (Sylvanus 2007), because market women work as “trend spotters” for Visco, reporting back on the changing fashions. Visco argues that African consumers see their products as “exclusive, trend-setting and status-enhancing” (Gamma Holding Annual report 2006). The company invests in innovation and design with the assumption that clients from the elite and upper middle class constantly need to change their wardrobe and “produce distinction—and thus power” (Sylvanus 2009:65). The company’s strategy is consequently to introduce new collections regularly and concomitantly strengthen the distribution network to maintain its position as the leading brand in the region (interviews with Frans Van Rood and Charlotte Babagbeto, Cotonou, Nov. 8, 2006).

Leading market women with access to capital also can order particular designs and work closely with designers from the company (Levelt 2006). The chief designer, Frans Van Rood, meets regularly with the “big women” at Dantokpa (interview, Cotonou, Nov. 8, 2006). Visco grants these women the right to an exclusive stock of the new prints, which they then can distribute before the rest is marketed openly. They consider the prints as their property and have an interest in stopping imitations. According to Van Rood, the Chinese companies are able to copy, but not yet to invent and “read,” the shifting styles in Africa, and Visco has opened legal proceedings against some of the companies that violate their property rights.

In 2006 Visco acknowledged problems due to competition from cheap Chinese textiles and instability in Côte d’Ivoire. The company also faced competition from other luxury textiles, although according to their research three-quarters of the African consumers still prefer “ethnic clothing,” meaning “African” wax prints. Therefore, the business unit made a determination to change “from a production and distribution company into a marketing and brand organization” (Gamma Holding, Annual Report 2006). The strategy focuses on the repositioning of other Visco-owned brands—Uniwx, GTP, and Woodin—so that “each brand has its own market focus and customer approach” and its own designers, buyers, and sales representatives. While Visco products in general are still “high-end” consumer goods destined for “the more affluent African lady,” the Woodin brand is intended to have a “more distinctive identity aimed at a younger, modern and more fashionable target group and marketed as the first pan-African fashion brand.” The Uniwx brand, produced in Côte d’Ivoire, and the GTP brand

from Ghana “will take up competition from cheaper Chinese textiles in the middle segment” (Gamma Holding Annual Report 2006).

A result of this marketing and production strategy was that the Exotic Fabrics division of Vlisco registered a net increase in turnover from 2005 to 2006 of about four million Euros (from 111 million to 115 million Euros), even with a reduction in its workforce (Gamma Holding Annual Report 2006).<sup>8</sup> During the following years turnover continued to increase. Thus over a ten-year period Vlisco managed to reverse a downward trend that had begun in 1998. In 2010 Vlisco was purchased by the global equity fund Actis, a development that the company explained in terms of a restructuring of its wholesaler and distribution network (How We Made It in Africa 2010). Vlisco acknowledges indirectly having lost the segment of poor and lower-to-middle range of consumers to the Asian producers and their networks (Gamma Holding Annual Report 2006). Cheaper Chinese and other Asian fabrics now dominate the market for this broad segment of the consumer population, which mostly buys less expensive copies of wax fabrics, saving the purchasing of “high-end” originals for occasional social events like weddings. An Actis partner affirmed that “we are also open to expanding beyond the Vlisco Group’s current markets,” and the company, according to its Web site, is determined to “take . . . advantage of Africa’s growing middle class consumer base.”<sup>9</sup> At the same time, large numbers of former Vlisco retailers have turned to selling Chinese Hitarget, and rumors suggest that even Justine Chodaton straddles the networks, buying and selling Chinese textiles and even renting a room in her house to Chinese businessmen. In the segmentation process, networks of actors as well as products are being reconfigured.

In 2004 the dramatic decrease in sales of Dutch wax cloth provoked the Vlisco women wholesalers to take action. They arranged sit-ins and demonstrations and sent deputations to the minister of trade and industry demanding regulations on Chinese import. Their campaign intensified up to and after the presidential election in spring 2006. Collective action targeted the minister of industry and trade in the Kérékou government, Massiyatou Lauriano Latoundji.<sup>10</sup> Several times during 2005 and 2006 the Vlisco women asked her and the minister who replaced her, Issifou Moudjaïdou Soumanou, to intervene both by taxing foreign traders and by lowering taxes for imported textiles (Maoussi 2006). However, according to observers, Latoundji was personally part of the conflict, since she was herself a Cotonou textile trader and, in fact, one of the key figures in the network responsible for the import of Chinese fabrics (interviews, Cotonou, 2006, 2007). In May 2005 she supported the passing of “Decree 057 of 19 May 2005” prohibiting foreign citizens from accumulating textiles for retail on Beninese territory and placing strict restrictions on their wholesale activities as well. It stated that foreign traders were prohibited from retailing “Wax” (and also “Fancy”) textiles (targeting mainly Asian products), and that they were allowed to engage in wholesale and semi-wholesale transactions only as long as they imported more than five bales in a closed container.<sup>11</sup>

This criterion, according to many observers, was meant to constitute a trade barrier because it is difficult to sell large quantities of wax fabric, but the decree did not, in fact, affect sales of the Hitarget textiles negatively.

Visco vendors, in response, began to put pressure on the new Boni Yayi government. Charlotte Babagbéto, a close ally of Justine Chodaton and the spokeswoman of the *Groupe Professionnel des Vendeuses des Marchés du Bénin* (GPVMB), attacked Latoundji for not having sincerely enforced the regulations. During a meeting with President Boni Yayi, the new minister of industry and trade, Issifou Moudjaïdou Soumanou, and the director of the customs service, she accused the now former minister of double standards (Ahigni 2006). Despite “Decree 057,” the illegal import from Lomé continued to increase and the Hitarget fabric continued to flood into Dantokpa market. The government, for its part, tried to walk a tightrope between the “Visco women” and the “Hitarget women” as well as assuaging other groups of “Indo-Pakistani,” Lebanese, and Chinese traders. Trade minister Soumanou set up a commission to enforce the decree and he also called upon the foreign traders to strictly observe its restrictions (Touré 2006).

In September 2006 the president and minister of trade were invited to Peking for talks on cooperation and trade. The controversy in the textile sector was also on the agenda, although the “Visco women” did not regard Minister Soumanou as an ally or a neutral actor since he was the former secretary to Minister Latoundji (personal communication with a participant in the trade delegation, Cotonou, August 27, 2006). In the end, the minister’s talks with both Dutch wax and Hitarget traders led to some feeble regulations on import from China and other countries. But despite the new regulations, Hitarget continued to copy Visco’s new products: two weeks after a new design was out, copies would be available. Now Visco and John Walkden send the new designs to the Ministry of Commerce and Industry for registration of copyrights, although in the “informal” Beninese political environment the registration also opens the way for immediate copying. There are too many accomplices in the Ministry of Finance” commented Junior Ahodégnon, the marketing manager of John Walkden (economiebenin.bj 2009). Another employee from the same company claimed that the government is also dependent on the Chinese interests (interview, Cotonou, Feb. 2, 2008).

The Visco network has never succeeded in stopping the import of cheap Chinese fabrics. In fact, several Beninese elite women based in the neighborhood of Missébo opposite Dantokpa have themselves begun importing larger quantities of Chinese Hitarget. They are called “the Yoruba women” by colleagues of Justine Chodaton, one of whom claims that “it is the former Minister Latoundji, a Yoruba, who was the ‘head’ of the discovery of the Hitarget business” (interview, Cotonou, March 2, 2008). The label “Yoruba,” however, may also be part of the many circulating rumors that are not always accurate. Several elite woman traders of the Fon ethnic group are central actors in the “Chinese” network, and as we have seen, Justine Chodaton also has close relationships with some of them. Augustine Codja, the president

of UNACOBE (in 2007), the Vlisco wholesalers business association, spoke of a close relative who had become

the most high selling textile-women in town. . . . Every day she sells two to three containers of Hitarget . . . yes, every day! The market women leave Dantokpa and visit her shop in Missébo. Even Madame Chodaton goes to her [to buy]. But she was among the first to cry out: “Do not buy Hitarget.” That’s what she says to people. She says that she is against it, but she is 100 percent into it. (Interview, Cotonou, Feb. 27, 2007)

This points to the strategic rather than purely ethnic character of these networks and the actors straddling them, and the adjustments that are made to remain competitive in a very tough market.

### **The Chinese-Copy Networks and Government Connections**

The Beninese importers of Hitarget are well known to the other wax wholesalers. Some of them continue to be members of UNACOBE. Others work individually and prefer anonymity, probably because their trade activities are contested and partly illicit. Many of these traders in Chinese-made textiles travel to Dubai, Malaysia, Thailand, Indonesia, India, Peking, Hong Kong, Shanghai, and Guangzhou Province in China to explore the markets for cheap copies. They also bring samples of bags, shoes, other leather accessories, and Dutch wax with them to order reproductions and send back containers to Cotonou and Lomé (interviews with Laurencia Lundin, Cotonou, 2006; Augustine Codjia, Cotonou, 2007; and two anonymous traders). These women travel on a regular basis and import large quantities every month. The big importers encourage other women to set up trading networks, like those Justine Chodaton created when she started her business. They target women’s groups in markets and popular neighborhoods in provincial towns and rural areas and promote the idea of creating *tontines* (Rotating Credit and Savings Associations, or ROSCAs) in order to buy larger quantities together. In cases in which poor women are not able to buy the products, they offer textiles on credit.

The older, more established traders in wax fabrics see the opening up of the sector as a devaluation of their trading skills and status. The designs are available in short pieces of three and six meters, which make them affordable to groups of local street vendors and consumers. Street vendors can have a fairly high profit margin, depending on the wholesaler’s initial price. Hitarget products are popular in poor areas because they are cheap, and compared to the Dutch originals women get more fabric for the same amount of money. Thus less wealthy vendors are able to enter the business circuit, which has in some way been “democratized.” It is possible to run a small shop with a selection of designs for less than 150 CFA (personal communication, Danish embassy, Cotonou, March 1, 2007). Being a wax trader has always been regarded as a lucrative and highly valued business.

The leading wholesalers of Hitarget now have the potential to become powerful businesswomen like Justine Chodaton.

Also conducive to the entrance of new traders into the market is the fact that Vlisco's exclusive rights on some old designs have run out. Among other legislation supported by Massiyatou Lauriano Latoundji when she was minister of trade was the stipulation that after three years patented designs would become open-access designs. This has allowed other producers, including Hitarget, to print them legally. Latoundji also supported the efforts of Elisabeth Megnigbeto, the leader of an association of small-scale semi-wholesalers and retailers at the Dantokpa called "Pagnes pour tous" (wrappers for everyone). Megnigbeto explains that she created the association in 2000 because she and her members were angered by the high prices charged by John Walkden as well as trading companies dealing in consumer goods such as the CFAO (Companie Française de l'Afrique Occidentale).

This was why we created our association. Because if you are not organized you cannot stand up and defend your rights, and we who sell the "petits pagnes," we are many more than these women who sell the Dutch products. The day I called on the others to close down their shops from Tokpa Hoho down to this market [Dantokpa], you should have seen it! There were very few [textile] shops open that day. Everybody closed, and it was visible that the Vlisco women were very few in number. We closed down to say that we had had enough, because before John Walkden, it was the British who were in business. When they stopped in 1945, they handed over the designs to John Walkden, and there are a lot of old designs which they no longer use. They have to hand over these designs to us, because we are the indigenes. They have to hand them over like the British handed them over to Vlisco. (Interview, Cotonou, Feb. 16, 2007)

The creation of Elisabeth Megnigbeto's association, along with the import restrictions on wax products and the open access to designs, has contributed a great deal to the breaking of Vlisco's monopoly as well as Justine Chodaton's personal influence. Thus smaller wholesalers and retailers are now able to reach the large poor segments of the population.

The Vlisco women who remain are also no longer a homogeneous group. Before 1990 they were united in UNACOBÉ, the business association that negotiated the terms of trade with Vlisco/John Walkden and other companies. Justine Chodaton still has her "own" old designs, and it seems as if she retains a preferred position in Vlisco's network of wholesalers. However, the company's wholesale and retail networks have been restructured as a consequence of the competition and the changed market situation. Many of the old wholesalers have lost their preferred position, which means that they cannot buy wax directly from John Walkden, and the company has taken on new women as preferred wholesalers. Today three women are well known leaders and wholesalers in the "les Étages" building at Dantokpa: Charlotte Babagbeto, Philomène Sokou née Houedjissin, and Rita Gozo.

Some retailers are also thought to be employees in the ministry of trade and industry, although a John Walkden representative affirmed that “this is not allowed” (interview, Cotonou, Feb. 14, 2008). As a strategy, such a collusion between Vlisco/John Walkden and government officials would seem to be a strategic choice to strike back against the Chinese offensive, but even if it exists, it has not been wholly successful. In general the new wholesalers are regarded with distrust by the older generation of Mama Benz, who call their incorporation into the Vlisco network “a kind of corruption” (interviews with traders, Cotonou, March 2007; interview with Justine Chodaton, Cotonou, Feb. 9, 2008).

Thus, we see a reconfiguration of power relations between networks of influential female leaders of different market associations, state authorities, and the leadership of the Dutch wax traders. It indicates that “state–society” or “public–private” boundaries in business and politics are porous (Gupta 1995; Lund 2006) and central state institutions linked to trade are an arena for struggles between competing networks over issues of regulation. Beninese informal trading networks, far from being independent of the state, are intertwined with structures of political authority.

## Conclusion

I have argued that competition in the Beninese wax market is characterized by both continuity and change. New technologies, global trade agreements, cheap labor, and large production capacity have given China a competitive edge and reduced European and African companies’ market share in the textile industry. Consequently, the local trade networks need to adapt to the new global conditions of competition, and they depend on the Chinese and European companies and their support structure.

Local entrepreneurs seeking to benefit from the new trading conditions investigate and organize the import opportunities from China. They create networks in political and administrative circles, participate in official business delegations to China, make linkages to local brokers, or search for business partners on the Web. In this regard, the interaction between informal traders and state institutions and officials reflects continuity.

Dutch wax traders who did not adapt prices and product lines in time have experienced profound economic problems, and many of them have stopped trading. In the process, there has been a fragmentation and diversification of products, local trading networks, and global operators.

European and African companies have also had to go through a tough adaptation process. The article analyzes the case of the Dutch company Vlisco, which changed its sales strategy and adapted to the new market conditions through segmentation of their product line. Moreover, the purchase of Vlisco by the global equity fund Actis has strengthened its financial basis with the aim of market expansion among Benin’s growing middle class. With

its new strategy, Visco has changed partners among the local wholesalers, provoking changes in power relations among the trade networks at Dantokpa. However, both the Chinese and the European producers still depend on tight connections to and support from their respective local networks of women traders.

In this case, neoliberal globalization proponents would tend to argue that globalization has encouraged the deregulation of markets and that the participation of informal networks promotes economic development “from below.” But it is not so evident that this is what has happened. On the contrary, the Beninese case shows that the informal market for wax textiles continues to be regulated through network relationships linking multinational producers, leading local wholesalers, and key state actors. Visco knows that the political field is a key to market access and that wholesalers like Justine Chodaton are still the most effective agents for their political maneuvering and lobbying. As Grégoire and Labazée have argued, “the political, social, and religious fields are intimately connected in the African trade networks’ strategies” (1993:36), and Chodaton’s investments in politics, NGO activities, and religious ceremonies illustrate the conversion of material resources into “social and political” capital (power), an important resource in the competitive business environment. At the same time, international companies depend on local trade networks to structure their market access, which depends on their local partners’ flexibility, knowledge, and linkages in business and politics. Thus the case of the Benin textile business shows that both “Afro-pessimists,” arguing that nothing has changed in Africa because of globalization, and “Afro-optimists,” who argue that globalization has fundamentally changed market conditions, each tell only part of the story.

It makes sense to see the “informal–formal” relationship between business and politics as an arena of struggles, competition, and negotiations in which state institutions play a part. Networks are constantly competing over access to and support from central state institutions and actors. Some of them even participate in the informal trading networks. It is therefore difficult to make a clear distinction between the official state policy and the network’s interest because the boundaries are blurred and actors straddle “formal” and “informal” institutions in politics and business (Roitman 1990). Consequently, this Beninese case does not exemplify the kind of “state neglect” that Kate Meagher (2006, 2011) found in the Aba informal shoe and garment industry in Nigeria. On the contrary, Beninese networks are constantly competing for privileged access to and support from central state institutions and actors. Competition over market access is an ongoing process, and it is still difficult to predict the winners and the losers. What is clear is that in the context of globalization, the struggle for success requires competing informal trade networks in Benin and their respective international partners to engage, and even capture, state actors by incorporating them into their business operations.

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## Notes

1. The technique of wax printed textiles originates from Java, Indonesia, from where the Dutch and former Dutch slaves brought it to Europe and Africa. Printing techniques range from hand printing to sophisticated new processes, but all real Dutch wax possesses unique coloration because one wax-dyed textile never resembles another and lasts for years. For a detailed discussion see Robinson (1969); Nielsen (1979); Gerlich (2004); Sylvanus (2007).
2. The research was carried out as part of my postdoctoral project entitled "Women, Marketplaces and Local Politics in Benin: Businesswomen, Market Women's Associations and Political Culture" funded by the Det Frie Forskningsråd Forskning og Erhverv (FSE), The Danish Council for Independent Research/Social Science.
3. Besides Benin, Togo and Gambia are also considered as "state-entrepôt systems" since they gain most of their income from the well-structured and often illicit reexport and transfer-export of cheap and non- or low-taxed goods (Igue & Soulé 1992).
4. See Axelsson (2012) for a detailed discussion of the Ghanaian situation.
5. See interviews with Justine Chodaton in *La Fraternité* (Ahigni 2006).
6. The concept of "straddling" introduced by Roitman (1990) helps to overcome the problem of seeing informality and formality as separated arenas between which the actors maneuver. She warns against the "static" use of the concepts and argues that we should understand the actors' positioning as simultaneous processes of formality and informality.
7. According to Justine Chodaton, "Nous avons des patentes à payer à ces trois niveaux: Chambre de Commerce, Trésor, et Ministère du Commerce obligatoire" (We have to pay trading tax on three levels: the Chamber of Commerce, the Treasury and the Ministry of Commerce) (interview, Cotonou, Feb. 9, 2008).
8. The total number of employees in the Gamma Holding Exotic Fabrics fell from 3,706 in 2003 to 1,945 in 2005 (Gamma Holding Annual Reports 2003, 2005).
9. See [www.act.is/content/Home.aspx](http://www.act.is/content/Home.aspx). The equity fund Actis, based in London, bought Vlisco in 2010 for U.S.\$151 million. According to Murray Grant, an Actis partner, "The economies that the Vlisco Group sells to are typically growing

at more than 5%. The middle-class segment driven by urbanisation and demographics is growing faster than this. This is an attractive background for growing a consumer brands business. We are also open to expanding beyond the Visco Group's current markets" (How We Made It in Africa 2010).

10. Latoundji also has a professional past as a minister in the Ministry of the Women, Social Protection and Solidarity and as a civil servant in the Ministry of Employment and Social Affairs, the Ministry of Commerce, the Ministry of Finance, and the Ministry of the Family, Social Affairs, National Solidarity, Disabled Persons and the Elderly (Le Ministère de la Famille des Affaires Sociales de la Solidarité Nationale des Handicapés et des Personnes de Troisième Age).
11. One bale has 50 pieces of goods, 12 yards each.