

TRANSNATIONAL TIES: AFRICAN LOGISTICS TRADERS IN SEOUL

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This study explores contemporary African migrants engaged in the informal sector of Seoul, the capital of South Korea. The adaptive strategies of African logistics traders are examined, together with how they mobilize and organize their business in Korea. Through their daily personal economic activities this migrant businessmen are contributing to the socioeconomic development of Korea and their home countries within the broader concept of globalization from below. 25 in-depth interviews were conducted between June to September 2016 with selected African traders in Seoul. The results from the study suggest that hard work, trust and good interpersonal networks are crucial to the success of these businesses. Recommendations are made regarding the extension of South Korea's employment permit system to include selected African countries so as to reduce irregular migration.

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Introduction

Africa is a continent well noted for international migration. Africans migrate to developed countries in the search for prosperity and better living conditions. Traditional receiving countries are European countries like the Netherlands, Germany, United Kingdom, France, Italy and Belgium, and the United States and Canada. As observed by Li, Ma and Xue., there has been increased levels of migration by Africans to foreign countries since the 1970s. First, they started arriving in North America, then to Europe and from the 2000s to China and Korea, generally motivated by domestic political instability, social and economic crises, large-scale famine and high unemployment rates.¹

The majority of African traders in South Korea are from Sub-Saharan Africa, with citizens from countries like Nigeria and Ghana dominating.² There is a government-to-government agreement between Korea and some select Asian countries –

including the Philippines, Vietnam and Bangladesh – on human resource development, allowing migrant workers to be trained and recruited into small- and medium-scale industries in Korea.³ In addition, Hyejeong confirmed that South Korea recognizes English teachers from seven countries - including the United States, United Kingdom, Canada, Australia, New Zealand, Ireland and South Africa.⁴ However, for many migrants from Sub-Saharan Africa there is very limited formal and institutional support to assist with the full inclusion of migrant workers into Korea society. There are no formal agreements between African countries and the Korean government for the training and recruitment of employees to work in enterprises in Korea.⁵ For instance, South Africa is the only African country whose nationals are authorized by the Korean government to teach English in Korea. African migrant traders in Korea – just like their colleagues in Guangzhou, China – have adopted

¹ Zhigang Li, Laurence J. C. Ma and Deshueng Xue, "An African Enclave in China: The Making of a New Transnational Urban Space," *Eurasian Geography and Economics* 50:6. (2009).

² Han Geon-Soo, "African Migrant Workers' Views of Korean People and Culture," *Korea Journal* 43:1 (2003).

³ Lian Kwen Fee and Md Mizanur Rahman, "From Workers to Entrepreneurs: Development of Bangladeshi Migrant Businesses in the Republic of Korea," *International Migration* 52:2 (2014).

⁴ Hyejeong Ahn, *Attitudes to World Englishes: Implications for Teaching English in South Korea* (New York: Routledge, 2017).

⁵ Han, 2003.

various strategies to ensure their survival in Korea. Yang Yang reported that many African traders in Guangzhou, does not actually represent a company back home, they therefore buy invitation letters from Chinese factories and upon their arrival in China many end up overstaying their visa duration.⁶ Some of these descriptions are similar to what Han reported of African migrant workers in Korea.⁷

Currently, studies regarding the Korea-Africa relationship are few in number. This present study aims to contribute to knowledge of contemporary African diaspora, specifically the African community engaged in informal trading activities in Korea. The paper will further explore the socio-economic profile of African migrants and how the economic activities of these individual traders helps to bridge the socio-cultural knowledge gap between Korea and Africa within the broader context of globalization. In this regard, the paper seeks to answer the following questions: how do African traders learn to adapt and live in Korea? And how do African traders mobilize and organize their market in Korea?

Literature review

The literature review is divided into four sections: (1) contemporary African migrant traders and globalization from below, (2) Korea-Africa relations, (3) foreign entrepreneurs in East Asia's informal sector, and (4) living and working in Korea.

1. Contemporary African migrant traders and the concept of globalization from below

According to Helm et al., “globalization refers to a process (or set of processes) which embodies a

transformation in the spatial organization of social relations and transactions – assessed in terms of their extensity, intensity, velocity and impact-generating transnational or interregional flows of networks of activity, interaction and the exercise of power.”⁸ In essence, contemporary globalization designates the transnational flows of trade and finance in the world economy. The quest for globalization and foreign capital inflow has pushed Korea to position its cities as global cities, with notable initiatives including the Incheon Free Economic Zone, with the aim of serving as an international hub for finance and technology in northeast Asia. The Korean government has initiated various flexible programs to attract talented foreign professionals and investors to the country, while at the same time discouraging the inflow of low-skill workers.⁹ Oftentimes small- and medium-scale migrant entrepreneurs have been left out in the process of globalization, with cross-border linkages predominantly forged by high-end transnational corporations and foreign direct investment. African traders in Korea organize and export goods to their respective countries thereby contributing to globalization. Various scholars, such as Han Geon-Soo,¹⁰ Gordon Mathews,¹¹ and Yang Yang,¹² have referred to this type of globalization as “globalization from below” or “grassroots globalization”. According to Mathews, “globalization from below refers to the transnational flow of people and goods involving relatively small amounts of capital and informal, sometimes quasi-legal or illegal transactions, commonly associated with the developing world.”¹³ Together with other migrants from North America, Europe and Asia, African migrant traders

⁶ Yang Yang. “African Traders in Guangzhou: Routes, Reasons, Profits, and Dreams,” in: *Globalization From Below: The World's Other Economy*, ed. Gordon Mathews, Gustavo Lins Ribeiro and Carlos Alba Vega, (London and New York: Routledge, 2012).

⁷ Han Geon-Soo, “Understanding of African Workers Migration to Korea: Migration System, Processes and Social Network,” *Korean Journal of African Studies* 21 (2005).

⁸ Held et al., *Contents & Introduction in Global Transformations: Politics, Economics & Culture*. (Stanford University Press, 1999), 1-31.

⁹ Seol Dong-Hoon, “The citizenship of foreign workers in South Korea,” *Citizenship Studies* 16:1 (2012).

¹⁰ Han, 2003.

¹¹ See, for example: Gordon Mathews, “Africans in Guangzhou,” *Journal of Current Chinese Affairs* 44:4 (2015).

¹² Gordon Mathews and Yang Yang, “How Africans pursue low-end globalization in Hong Kong and Mainland China,” *Journal of Current Chinese Affairs* 41:2 (2012).

¹³ Gordon Mathews, “Chungking Mansions: A Center of Low-end Globalization,” *Ethnology* 46:2 (2007).

in China have helped diversify the urban population.¹⁴ Through the daily economic activities of African traders in Korea just like their colleagues in China, they are contributing to social inclusiveness and understanding of diverse cultures which is essential in reducing discrimination and conflicts.

2. Korea-Africa Relations

South Korea's rapid economic and industrial development – often called the “Miracle on the Han River” – over the past half-century has made the country a model for most developing countries. South Korea is now the fourth largest economy in Asia and the fourteenth largest in the world, with a GDP of US\$1.93 trillion.¹⁵ South Korea's export-oriented economy is dominated by manufacturing industries, and is home to some of the most prestigious high-end technology companies in the world, including Samsung, LG, Hyundai, Kia and Daewoo.

South Korea and Africa have a relatively short history of diplomatic and economic relations. After the Korean War ended in 1953, the two Koreas sought African votes for recognition by the international community. Until the last three decades diplomatic and economic relations between South Korea and Africa remained remarkably low.¹⁶ Despite recent improvements in trade between Korea and Africa, the volume of trade still remains relatively low, representing about 1% of Korea's total trade volume.¹⁷ Factors such as geographical distance, the poor availability of information and a mutual lack of interest have accounted for the limited economic and political contacts between South Korea and Africa.¹⁸

3. Foreign entrepreneurs in East Asia's informal sector

As noted by Han, the earliest African migrant arrival in Korea dates back to the start of the 1990s, however it is from the early part of 2000s that Korea witnessed increased migration from Africa.¹⁹ The success stories of the first generation of African migrant workers in Korea – the majority of whom now operate chains of transport businesses in Ghana, Nigeria and other African countries – encouraged others to pursue similar success in Korea.²⁰ The well-established African entrepreneurs own shops and consultancy offices in Seoul, Busan and Gwangju, from where they coordinate and organize their transnational trade. The majority of African logistics traders and agents are concentrated in Seoul, Busan and Gwangju.

This business is dominated by Nigerians and Ghanaians. It is estimated that there are about 20,000 Africans in Korea, including legal and illegal residents. Out of this number, approximately 10,000 are thought to be living in and around Itaewon in Seoul.²¹ There are many Africans who have overstayed their visa durations in Korea.²² Lian Fee and Md Rahman identified four main types of migrant-operated business in Korea: retail, services, wholesale, and import-export.²³ Asian entrepreneurs in Korea are dominant in various kinds of business like travel and tour agencies, telecom services and foreign food marts. African entrepreneurs in Korea are mainly into the exportation of Korea manufactured products to their countries. The business is spread out across Korea in places like Busan, Seoul, Suwon, Daegu and Gwangju. The dominant export items include textiles and clothing, automobile

¹⁴ Li, Ma and Xue, 2009.

¹⁵ “Inter-Korea Economic Gap Stays Wide in 2016, Yonhap News, <http://english.yonhapnews.co.kr/news/2017/03/20/020000000AEN20170320001100320.html>

¹⁶ “Korea in Africa: A Missing Piece of the Puzzle,” Soyeun Kim, <http://www.lse.ac.uk/IDEAS/publications/reports/pdf/SR016/SR-016-Kim.pdf>.

¹⁷ Gil Seong Kang, “Is Korea Exploiting Its Trade Potentials in Africa?” *Korea and the World Economy* 15:1 (2014).

¹⁸ Kim, 2014.

¹⁹ Han, 2003.

²⁰ Ibid.

²¹ Minkyung Koh and Edward J. Malecki, “The Emergence of Ethnic Entrepreneurs in Seoul, South Korea: Globalization From Below,” *The Geographical Journal* 182:1 (2016).

²² Ibid.

²³ Fee and Rahman, 2014.

parts, shoes, bags and household goods, such as appliances, washing machines, television sets, sound systems and mobile phones.

To reduce the shortage of laborers for small- and medium-sized industries, the Korean government introduced the Foreigners Industrial Training Program (FITP) in 1991 to attract foreign workers, which was later expanded in 1993.²⁴ However, as a result of program inadequacies, in particular the abuse of labor rights, the FITP was subsequently phased out and replaced with the Employment Permit Service (EPS) in 2004.²⁵ The introduction of the EPS brought about an increase in foreign workers: by 2010 there were about 500,000 legal workers in Korea.²⁶ The EPS is divided into general employment permit system and the special case employment permit system. The former covers 15 labor-sending countries including Thailand, Vietnam, Cambodia, Philippines, Myanmar, Sri Lanka, China, Nepal, Indonesia, East Timor, Uzbekistan, Mongolia, Pakistan, Kyrgyzstan, and Bangladesh whilst the latter caters for foreign Korean nationals visiting workers.²⁷ Just like African migrant entrepreneurs in Korea, the majority of non-African entrepreneurs – especially from Pakistan, India, Bangladesh and Sri Lanka – enter Korea as temporary migrant workers and subsequently reposition themselves as long-term entrepreneurs.²⁸ The major difference is that migrant workers-turned-entrepreneurs from Southeast Asia came to Korea through the EPS, which is not available to any African countries. Minkyung Koh and Edward Malecki studied Pakistani ethnic entrepreneurs operating in Korea and compared them to Nigerian businessmen. They found that Pakistani entrepreneurs in Korea are mainly engaged in halal food businesses and restaurants, importing items from Pakistan and selling them not only to fellow Pakistanis in Korea but also to Koreans and other foreigners.

²⁴ Ibid.

²⁵ Ibid.

²⁶ Koh and Malecki, 2016.

²⁷ Human Resources Development Services of Korea. Handbook (2007).

²⁸ Fee and Rahman, 2014.

²⁹ Koh and Malecki, 2016.

Nigerians, on the other hand, source Korean goods – including used clothing, textiles and automobile parts – and load them into containers for export to their country.²⁹

In another related study, Lian Fee and Md Rahman explored the transition of Bangladesh temporary workers into long-term entrepreneurs in Korea.³⁰

4. Living and working in Korea

The majority of Africans residing in Korea can be classified into three broad categories: traders/workers, international students and diplomatic officers. With regard to migrant traders, the majority come to Korea through personal or informal broker networks. They receive information about Korea from their relatives, friends and neighbors with experience in the country, while others learn about Korea through Korean products like computers, cars, television set and mobile phones.³¹ In recent times, as a result of the increase in the number of international students from Africa studying in Korea, some work with Korean logistics and trading companies hoping to enter the African market. According to Angelo, many African economies are characterized by high-risk investment and a lack of market information, which these students serve to bridge with their first-hand experience. It is usually the market knowledge of small-scale African traders and international students that foreign companies tap into in order to gain more knowledge on the dynamics of the market conditions in Africa.³²

The majority of Africans enter Korea on a 30-day business or tourist visa. The majority of these migrants usually overstay their visa status and remains illegal in Korea.³³ Those who have lived in Korea over an extended period of time normally act as intermediaries, offering valuable information to newcomers and their short-term

³⁰ Fee and Rahman, 2014.

³¹ Han, 2003.

³² Angelo Gilles, "The Social Construction of Guangzhou as a Transnational Trading Place," *Journal of Current Chinese Affairs* 44:4 (2015).

³³ Koh and Malecki, 2016.

trading counterparts.³⁴ Some of the African migrant trader's resident in Korea for an extended period of time have business visas, while others have asylum status or residence visas.

Research methodology

Data collection and analysis

The data for this study comprised of primary and secondary materials. Primary data were generated from semi-structured in-depth interviews, observations and site visits. Secondary data were obtained from academic journals, scholarly research articles, magazines and online newspaper articles. The focus of this study was Itaewon in Seoul, and Yangju and Paju in Gyeonggi-do Province. A total of 25 African logistics traders in Seoul and its suburbs were surveyed from June to September 2016, comprising 12 traders from Ghana, nine from Nigeria, two from Cameroon, one from South Africa and one from Kenya. Interviews were conducted face-to-face, with prior permission to record the interviews obtained from the interviewees.

The meetings took place in the residences of interviewees, offices, churches, African restaurants in Itaewon, and during site visits to Yangju and Paju. The semi-structured interviews provided the medium for interviewees to talk freely about their experiences, feelings and emotions about their trading activities in Korea, and make suggestions which served to enrich the data for the research. Example of questions posed to interviewees are given below. This list is not exhaustive.

- How did you get to know about Korea and the available business opportunities?
- What are your sources of capital?
- What are your major motivations for doing this type of transnational business?
- How do you cope with the business environment in Korea?
- What are the main types of goods that you buy in Korea?

- What are some of the major challenges you face while doing business in Korea?
- What are your views concerning the future prospects of this type of business in Korea?

The data was coded and interpreted to support the research, where necessary respondent's answers was transcribed and written verbatim. The author's experience gained whilst working with a shipping and freight-forwarding company in Busan provided complementary information for the study.

Out of the 25 traders surveyed, 10 are long-term stay traders who have resided in Korea for more than 15 years. The rest are short-term traders, five have been doing this business for over 10 years-with a maximum stay in Korea of about two to three months. Their average age is 40, over 50 percent have post-secondary school education.

Introduction to study site

Seoul was selected for this study because it is the central point of economic and political contacts with the outside world. It is also the main point of entry for international arrivals into Korea. The relatively high concentration of foreigners residing in Seoul makes it suitable for this study. Seoul has an estimated population of about 10 million people, out of which it was reported that 270,000 are foreigners. As noted earlier, it is estimated that there are about 20,000 Africans residing in Korea – including illegal visitors and short-term visitors on tourist visas. Out of this number only 9,532 are officially registered.³⁵

Itaewon is a central district in Seoul and is the most culturally diverse area in Korea. It is host to many foreign businesses, including restaurants, travel agencies and entertainment centers with an estimated 10,000 Africans living in Itaewon alone.³⁶ Paju and Yangju are located in the Gyeonggi-do province of Korea. They are centers for retail, wholesale business, and manufacturing and industrial activities.

³⁴ Short-term traders in this study refers to African traders who travel to Korea for a minimum of 30 days and a maximum of 90 days for the purpose of business.

³⁵ Koh and Malecki, 2016.

³⁶ Ibid.

Adaptation to conducting business in Korea

This section is divided into three parts: (1) motivations for doing business in Korea, (2) African social networks and (3) the globalization of technology.

1. Motivations for doing business in Korea

My first interviewee was a 55-year-old male short-term trader from Ghana who had been doing this business for the past 12 years in Korea. Before starting his transnational business, he was a trader in Kantamanto market in Ghana,³⁷ where he ran a shop together with the wife selling televisions, refrigerators, sound systems and other household appliances. It was through a fellow market trader, who had travelled to Korea to buy used cars and other automobile parts, that he found out about the business opportunities in Korea.

“I remember the first group who travelled to Korea for the clothing business didn’t do container, they just bought a few clothes and brought them in bags, and it sold very quickly in Ghana. My first time in Korea was quite difficult. I wasn’t familiar with Korean food, I had no idea what Korean culture was like, I slept in a hotel. Later, as the business progressed, during my second business trip I was provided with free accommodation by my Korean partner. During my first trip, I managed to do two containers and spent about 45 days in Korea. I had to make sure the clothes were of high quality and everything was good before going home. After I had received the goods back home, it sold very well. After the first successful transaction, I made a contract with the factory in Korea to supply me with eight containers every month. At the initial stages business was very encouraging I remember we used to make between \$8,000-\$10,000 profit per container” (interviewee no. 1).

According to this interviewee, the major motivation for transnational trading is money. He

further explained that when he was launching his business, it was very challenging to obtain a European or American visa compared to Korea. His start-up capital came from his shop in Ghana, and also traders in the same market who were interested in doing business in Korea but could not afford to travel themselves.

Rebecca DeLancey surveyed African entrepreneurs in Korea and found that about 27% of the respondents confirmed the primary reason of migrating to Korea is the pursuit of better economic opportunities compared to 22% for political motives like seeking asylum.³⁸

Another short-term trader had been doing this business in Korea for the past decade. Before starting his business, he ran a shop in his home country, dealing in used cars and automobile parts. One of the sources for his supplies was Korea, and it is through this that he came to know about the country and the potential business opportunities.

“During my first business trip to Korea, my agent/partner, who is Korean, gave me free accommodation, together with the other guys that I came with. I got to know the agent through a friend who was also into this business. My first Korean partner prepared my invitation documents to apply for a business visa to enter Korea. In addition to the accommodation, we also got one bag of rice and chicken. I spend about 30 days in Korea per trip and do one or two containers, depending on the price of the goods” (interviewee no. 2).

He started his business in Korea trading in used Korean cars and automobile parts after a short while about five years ago, he switched to textiles and clothing business, the initial capital he invested wasn’t enough to sustain the used cars business. His major reason for doing this business is money.

Not all these traders were entrepreneurs in Africa before starting their transnational business, a short-

³⁷ Kantamanto market is one of the largest markets in Ghana, located in the Central Business District of Accra.

³⁸ Rebecca M. DeLancey, “Entrepreneurship and Immigration: A Study of Africans in the Korean Economy,” *International Journal of Knowledge and Innovation in Business* 1:2 (2014).

term trader from Ghana, has been doing these business in Korea for two years. He was a worker in a company in Ghana and was introduced to these business by a friend, with whom he attended the same church in Ghana. His main business is textiles, shoes, and bags, he spends about 30 or more days in Korea and makes about 1 or 2 containers depending on his capital and prices of goods and services. Normally business peaks in the summer. During his first business trip, he was issued with a 30-day business visa, on the second trip he managed to secure 60 days to enable him stay long enough to supervise his goods to make sure they were of good quality before departing for Ghana. Unlike him, his Ghanaian business partner, who has been doing these business over 10 years in Korea has the privilege of travelling to Korea for 30 days without a visa. My first interviewee explained to me that after travelling to Korea more than 10 times, traders are eligible for 30-day visa-free status. Every Ghanaian is supposed to apply and obtain a visa before travelling to Korea. A businessman from South Africa told me there is a 30-day visa free for all South Africans who want to travel to Korea, a privilege which is not enjoyed by Ghanaians, Nigerians and many other African countries. In fact, out of the 54 countries in Africa only five: South Africa, Mauritius, Seychelles, Swaziland and Egypt enjoys 30-day visa free status.³⁹ The difficulties in securing an entry visa for Korea, as well as extending the period of stay whilst in the country, will be considered in a subsequent section of this paper.

2. African social networks in Korea

Within Itaewon and the surrounding areas there are Pentecostal and Orthodox churches, where Africans meet. There is also a mosque where Muslims come together and pray. Africans from Ghana, Nigeria, Cameroon, Kenya, Rwanda, Uganda, and other countries meet on Sundays for worship and networking. According to one interviewee:

“we are planning a mini soccer tournament during the Chuseok holiday. These games serve to unify us and create opportunities for social networking to get to know ourselves better. Information is circulated by word-of-mouth and on pieces of paper circulated in African restaurants and shops in Itaewon” (interviewee no. 11).

As I sat in one of the newly opened African restaurants with my Cameroonian friend waiting for our food, you can hear the shop owners having long conversation on the phone about business dealings, giving advice on business in Korea, information on what to say when incoming migrants arrive at the immigration desk at Incheon airport, and where to meet for accommodation. Through a sense of African brotherhood, migrants make use of these support networks for accommodation, advice and business opportunities.

The unique transnational trading activities of Africans in Korea helps bridge the knowledge gap not only in the way that business is done but also in building socio-cultural understanding. Some of the interviewees confirmed that they do not receive government support from their home countries, nor from Korea, and are not aware of the existence of such programs. One respondent said:

“Even if there is such a program in Korea like a trade forum organized in Korea it is likely to be in Korean language and I don’t speak Korean language so I don’t see the need to search and participate in such forums” (interviewee no. 1).

These traders do not represent international companies from their home countries; instead, their businesses are family-run, along with a few staff home country to assist with the receipt of goods from Korea and the distribution to local wholesalers and retailers.

³⁹ “Visit Korea,” Korea Tourism Organization, http://english.visitkorea.or.kr/enu/TRV/TV_ENG_2_1.jsp

3. Globalization of technology

Social media platforms such as Facebook, WhatsApp, Viber and Skype have helped reduced the cost of international communication. In the words of Li, Ma and Xue.: “In the last two decades of the 20th century, revolutionary improvement in communication and transportation technologies, along with the globalization of production, led to a new ‘borderless’ world. This new era of globalization has witnessed the collapse of space and time, with increasing global flows of ideas, technology, capital, and people as cities everywhere have become more diversified and complex than at any time in the past.”⁴⁰

In 2012, Korean Air launched a direct flight between Seoul and Nairobi. Similarly, in 2013, Ethiopian Airlines also began to operate a route between Addis Ababa and Seoul with a 45-minute stopover in Hong Kong.⁴¹ These developments attest to the fact that there is a greater interest in the movement of both people and goods between Africa and Korea has become easier.

Organization of the market

Most African traders live in Itaewon, where they also base their offices. The market is concentrated in neighboring cities like Hanam, Paju and Yangju, located in Gyeonggi-do Province, all of which are reachable in a little over an hour by subway from the center of Seoul. The main items traded include textiles, shoes, clothing, bags and automobile parts. There are many money exchange stalls in Itaewon where these traders exchange the currency they brought with them from Africa. Traders normally communicate in English and sometimes Korean. Currently the cost of filling a 20-foot container with used and new clothes is between US\$15,000-\$20,000, a 40-foot container of the same would be between US\$50,000-\$60,000. Similarly, a 40-foot container loaded with textiles and materials would cost US\$70,000-\$80,000. These costs exclude ocean freight

charges and customs duties. The smooth exchange of goods between Korean traders and their African counterparts is facilitated by informal agencies and personal networks.

Two types of markets can be observed: the Korean wholesale warehouse, managed by Koreans, and African shops, managed by Africans. Recently, some Korean companies recruit African international students and long-term stay Africans as cultural brokers.⁴² Their role includes tasks such as translating from Korean to English and vice versa, providing English lessons to Korean managers and introducing Korean products to prospective African customers. When I was working with a Korean shipping and freight-forwarding company, I received several requests and enquiries from potential African clients in Korea and from different countries like Ghana, Nigeria, Kenya, Zambia and Ethiopia. Eventually only about 1% of such enquires materialize into actual business. Some of the traders place an upfront deposit ranging between 30-50% for their goods; others offer payment in full and collect their goods. During my site visit at Paju, I observed that work starts at 6am and ends at 8pm, sometimes until 9pm in the summer. They move from one Korean factory to another, inspecting and collecting the goods, mainly clothing, shoes, bags and textiles. They arrange for trucks to load the items to a central loading point, where they keep all the items bought until final shipment to Africa. One Ghanaian broker, who introduces potential clients looking to ship containers to Africa, said he takes a commission of US\$100 for a 20-foot container and US\$150 for a 40-foot container for each successful business transaction.

African entrepreneurship in Korea

In recent times, the number of shops owned by African migrants in Korea has increased. Typically, these are run by people who have stayed in Korea for an extended period of time, normally longer than five years. Even though most

⁴⁰ Li, Ma and Xue, 2009.

⁴¹ “Flights to boost Korea-Ethiopia ties,” The Korea Times, <http://www.koreatimes.co.kr/www/common/printpreviaw.asp?categoryCode=176&newsIdx=135579>

⁴² Cultural brokering is defined as the act of bridging, linking, or mediating between groups or persons of different cultural backgrounds for the purpose of reducing conflicts/producing change (Mathews, 2015).

of these traders are not well-established businessmen, they offer vital services to their clients from Africa. They can serve the function of knowledge brokers, sharing information on, for example, where to find the cheapest goods, how to negotiate with Korean suppliers, how to prepare a bill of lading and invoices. They may also provide accommodation and share their office space.

Well-established Ghanaian dealers in new and used cars and automobile parts own workshops with office spaces. At these workshops one can see African employees and short-term traders busily working and loading their containers. One Ghanaian interviewee, whose business peaks at 10-15 containers per month, has even employed a Korean woman as a manager.

Another well-respected and successful Ghanaian businessman (interviewee no. 1), even though he is not domiciled in Korea, visits Korea three or four times a year. He owns a shipping agency in Ghana and Kenya, working with Korean partners to arrange ocean freight to Africa. Unlike other companies where clients must pay ocean freight fees in Korea prior to container shipping, he allows customers to delay this payment until their containers arrive in Ghana. He further explained that doing business this way affords the traders the opportunity to use the money which they would have used to pay for their freight cost in Korea to purchase more goods. It normally takes about 45 days to ship a container to Ghana from Korea, and so within this time traders are able to source money to defray the freight cost and other custom charges in Ghana.

“By crossing national borders, international migrants everywhere seek to realize entrepreneur opportunities afforded by geographically variable comparative economic advantages and commercial policies, their adjustment often facilitated by culturally linked support network existing within ethnic enclaves.”⁴³ This applies to African traders as they have become more visible in Korea just like their counterparts in China, on a typical weekend in Itaewon one can see a sizeable number of Africans walking in groups. There is even a street in Itaewon unofficially referred to as

“African Street”. African migrants have constructed their own social space in Itaewon: at one end of the main street in Itaewon there is one building housing about six to seven different African shops including a beauty salon, a boutique, a restaurant and a barbershop. Even though container shipping is not the primary business activity of African shop owners in Korea, it is common for many of them to engage directly or indirectly in the logistics business. Directly, they may buy and organize goods for monthly or bi-monthly shipments to their respective countries, while indirectly, they may offer advice and consultancy services to potential clients. They also provide accommodation and space in their shops for other recreational activities. For example, a businesswoman from Ghana explained:

“I arrived in Korea as a migrant worker and decided later to do business. I later changed the focus of the business because I didn’t invest enough money to make it more profitable. I am now operating a small restaurant in downtown Itaewon, selling Ghanaian and other African dishes. I do container alongside my restaurant when I receive orders from home” (interviewee no. 9).

A Nigerian interviewee who has lived in Korea for the past five years disclosed that the major source market is Yangju. Ghanaian businessmen dominate in the trading of used and new cars and automobile parts. Nigerians and Cameroonians generally trade used garments, textiles and clothing, as well as automobile parts. According to him, in contrast to three to four years ago, business is not healthy, due to the global economic recession. In particular, he cited currency fluctuations and endemic corruption as other obstacles to smooth international trading.

“We buy used garments in US dollars. Before we buy, we call home to verify the current fashion trends and prices, and make projections based on the information received from home. After buying the goods you hear of sudden changes in the US

⁴³ Li, Ma and Xue, 2009.

dollar, we make losses because of this problem. In recent times, the number of Nigerians coming to do business in Korea keeps on decreasing. There is a friend of mine called Chairman who used to ship about six to seven containers – he just told me he is struggling to break even now” (interviewee no. 11).

Challenges in doing business in Korea

One trader from Ghana explained how he had once lost \$20,000 as a result of a low-quality consignment from his Korean partner. The goods were of inferior quality than agreed, and some wrong items had been sent. He made a complaint to his partner but no compensation was given, so the only option was to discontinue business with him and find another partner. The regular occurrence of this situation has compelled many short-term traders to stay longer in Korea so as to be able to oversee the shipment and ensure that the goods are of the quality expected. In order to stay longer in Korea, sometimes traders have to make a short trip to nearby countries in order to secure another 30-day visa. This adds to their operating costs, which is ultimately passed on to the consumer in Africa.

Difficulties in obtaining Korean business visas, most traders interviewed made comparison to the visa system of the United States and other European countries. They explained that the United States issues a five-year visa with multiple entries and some European countries issue a one-year visa, also with multiple entry. Korean embassies usually issue a 90-day business visa for most African countries with single entry. *“The number of Ghanaian businessmen travelling to Korea continues to decrease as result of difficulties in obtaining visas, even well-established businessmen are being refused visas”* (interviewee no. 2). A Nigerian trader said that obtaining a visa had become so difficult that some African workers have resorted to illegal solutions, such as buying prepared invitation letters from unscrupulous Korean businessmen. He further explained that this can cost as much as US\$1,000. It should be noted that Korea introduced a new multiple-entry visa system which took effect from 1st April, 2017. Under this new scheme, frequent

travelers from Ghana and other African countries who already enjoyed the 30-day visa-free status now have to apply for a visa to enter Korea. Another major challenge is the increasing cost of doing business in Korea.

“When we started doing this business in Korea a 40-foot container stuffed with clothing, bags, and shoes cost between US\$20,000-\$30,000, with a profit of about US\$8,000-\$10,000 made per container. Currently, the same 40-foot container with the same quantity of goods might cost \$50,000-\$60,000. It has become more difficult to make a profit of \$2,000. In China, you can make the same 40-foot container for about \$30,000-\$40,000” (interviewee no.1).

This situation has compelled him to relocate his clothing business to China. Similarly, another Ghanaian trader suggested that Chinese clothing is more popular in his home country, due to both style and cost. *“We know the Korean quality is better than the Chinese but with the market in Africa, the cheaper goods are what most customers look for”* (interviewee no. 2).

The African businessmen interviewed expressed concerns about the instability of foreign exchange in their home countries. *“Before coming to Korea, we buy United States dollars at a higher exchange rate, so when we arrive and the Korean won is almost equivalent to the US dollar it affects our business”* (interviewee no. 3). They blame the weak African currencies on African governments’ inability to curtail corruption and promote sound economic management policies. They called on African governments to invest in technology.

“Samsung import some of their raw materials from African countries. God has really blessed Africans, all we need to do is to invest in technology and manufacturing. As Africans, we are really not good in networking, we still believe its physical strength, we don’t need physical power all we need is technology our strength has failed us over the past years” (interviewee no. 11).

The emergence of Dubai as a trading hub in the Middle East. The geographical proximity of Dubai

to Africa connected with daily flights to most African cities makes Dubai a suitable trading partner to Africa. Dubai has become a 'Wholesale Market for Africa.' African intermediaries and their partner's supplies goods ranging from household appliances, automobiles and consumer goods to the African market. Instead of travelling to Korea or China the number of African traders buying goods from Dubai is on the rise.

Policy recommendations

The absence of interest and specific policies to grant long-term stay to foreigners in most Asian countries, including Korea, has led to high rates of illegal overstay and irregular entrepreneurship. Asian governments have very rigid visa regimes which discourage long-term residence.⁴⁴ Based on the interviews conducted and review of related studies, the following policy suggestions are made:

1. It is recommended that the Korean government extend the 30-day tourist visa-free status to include a greater number of African countries. It is regrettable that out of the 54 countries in Africa, only five are eligible for 30-day visa-free travel to Korea. In addition, the visa-free system, which had previously applied to African visitors who had travelled to Korea 10 times, but was later replaced should be reinstated. A flexible visa system will reduce illegal overstay and irregular entrepreneurship among the African diaspora community in Korea. Moreover, it will encourage the formal registration of business activities and promote new trade links between Africa and Korea. A 90-day visa-free or business visa will to a larger extent help these entrepreneurs especially the short-term stay travelers to be able to complete their business transaction in Korea. Every stage involved in the preparation and shipment of a container can take over 30 days, necessitating a costly visa run and disincentivizing business in Korea. In light of this, official authorization to stay in Korea beyond 30 days would facilitate business, given the nature of the work of most African traders.

2. Similarly, the EPS should be expanded to include select African countries. Currently, the scope of the program is limited, with all 15 eligible countries located in Asia. Africa is the second highest recipient of Korean Overseas Development Assistance, after Asia.⁴⁵ The inclusion of African states could complement these aid efforts. Moreover, such an arrangement could be mutually beneficial, considering Korea's aging population and declining birthrate.
3. As things stand, South Africa is the only country from Africa whose citizens are eligible for English teaching jobs in Korea. If additional African countries are included it will help to diversify teaching practices and, more importantly, reduce the cost of fees associated with English education in Korea.

Conclusion

The African migrant community in Korea is relatively small compared to other foreign communities such as the Pakistanis, Chinese and Vietnamese. The African migrant community is fragmented, making it difficult to appreciate and understand their socio-economic contribution to the host country. However, the above interviewees have given some detail in describing how traders buy used cars and automobile parts, clothing and textiles, and export them to their home countries in Africa. Through their daily personal economic activities these migrant businessmen are contributing to the socio-economic development of their home countries, as well as Korea. The majority of African entrepreneurs in Seoul have adopted an export-oriented business model. This business is established with initial capital derived from family and relatives, as well as soft loans from the bank. These small-scale transnational businesses are not linked to multinational corporations and do not rely on high capital and technology. Instead, success depends on close, trustworthy social networks, stretching from the Korean suppliers to the custom officers in recipient countries. This type of transnational

⁴⁴ Fee and Rahman, 2014.

⁴⁵ Korea International Cooperation Agency (KOICA). Year Book (2011).

entrepreneurship can be seen as an example of globalization from below.⁴⁶

As observed by this study, a growing phenomenon is the emergence of businesses outside the traditional export-oriented strategy, like African barbers and hair salons, restaurants and shops selling accessories and clothing. The materials used by some of these businesses are imported from Africa. In light of the increase in the number of foreign students, particularly from Africa, and the presence of African-Americans in Seoul, the potential for African businesses in Korea might be said to have a promising outlook. Also notable is the growing involvement of African students as part of this transnational trade, often acting as translators and conducting market surveys for Korean companies looking to enter the African market.

This research has been limited by both time and financial constraints. However, it is suggested that further research should be conducted on the activities of African migrant in Korea. These studies might include the working conditions of migrant workers in Korea, African students in Korea, the remittance culture of African migrants in Korea, as well as healthcare-seeking practices.

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