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Entrepreneurship and Interracial Dynamics: A Case Study of Self-Employed Africans and Chinese in Guangzhou, China¹

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Abstract: Guangzhou is the most popular gateway city for African migration to China. Unlike stereotypical international migrants, Africans in Guangzhou are predominantly self-made entrepreneurs, doing business face-to-face with Chinese entrepreneurs who are predominantly internal migrants with truncated citizenship rights. African-Chinese encounters in local markets and residential neighborhoods offer a rare opportunity for studying interracial dynamics beyond the classic black-white dichotomy and traditional paradigm of ethnic entrepreneurship. In this paper, we draw from in-depth interviews and field observations to examine how interacting social forces shape interracial relations and mobility pathways for migrant entrepreneurs in an emerging city of opportunities. Our analyses suggest that interactions between African and Chinese entrepreneurs are economically interdependent and socioculturally contentious processes, shaping a myriad of intersecting identities and creating room for cooperation that transcends race, class, and migrant status. We discuss the theoretical implications of these findings.

Unlike many countries in the Global North, China has never been a nation of international migrants. Even as China becomes increasingly industrialized and globalized at the turn of the 21st century, international migration to China remains insignificant at the national level. However, since the late 1990s, major capital cities such as Guangzhou and certain new cities such as Yiwu have witnessed a growing presence of foreigners (Le Bail 2009). Although no official data are available, a conservative estimate places the number of African migrants in Guangzhou at the range of 50,000 to 130,000 (Cai and Huang 2008; Wang et al. 2009). Media outlets report much higher estimates, at 200,000 or more. Most of the African migrants are concentrated in one area northwest of Guangzhou.² These foreigners are markedly different from the native population in racial, religious, and cultural backgrounds. They are also distinctive to

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one another, hailing from vastly different nations and cultures. An unconventional lot, African migrants are typically neither low-skilled laborers nor highly-skilled professionals, but self-made entrepreneurs. The most recent arrivals to China's longest standing commercial city, African entrepreneurs engage in face-to-face with Chinese entrepreneurs who are predominantly internal migrants with truncated citizenship rights (Bertoncello and Bredeloup 2007; Bodomo 2007, 2010 & 2012; Cai and Chen 2008; Cai and Huang 2008; Li et al. 2008; Xu 2010). The daily encounters of these two entrepreneurial groups in local markets and residential neighborhoods offer a rare opportunity for studying interracial dynamics beyond the classic black-white dichotomy and traditional paradigm of ethnic entrepreneurship. In this paper, we draw from in-depth interviews and field observations to show how intersecting social locations across ethnicity, class, and migrant status shape identities and mobility pathways for migrant entrepreneurs in an emerging city of opportunities.

Ethnic Economies and Intersecting Social Locations for Entrepreneurs

Ethnic economies generally refer to businesses owned by a host society's ethnic minorities, and ethnic entrepreneurship is viewed as an alternative vehicle by which socially marginalized group members achieve integration into the mainstream society (Olzak 1992; Rath and Kloosterman 2000; Waldinger, Aldrich and Ward 1990). The literature distinguishes two main types of ethnic economies: The middleman minority economy consists of small retail businesses that are located in poor minority neighborhoods and serve primarily non-coethnic residents. Korean-owned businesses in Latino and African American neighborhoods in South Central Los Angeles are middleman minority economies. The ethnic enclave economy consists of a wider range of businesses serving primarily co-ethnic group members and a non-coethnic middleclass clientele. Examples include Chinatowns in New York and San Francisco (Zhou, 2004). The conceptual distinction between middleman minority and enclave economies helps us understand the causal links between entrepreneurship, individual or group social mobility, and interracial conflicts.

The existing literature on ethnic entrepreneurship has been developed from migrant receiving societies in Western or western colonial societies. In the US context, middleman minority entrepreneurs have several marked characteristics. First, they tend to be involved in portable and liquefiable businesses because many are sojourners wishing to eventually return to their countries of origin. Second, they occupy certain occupational or industrial niches that are deserted by mainstream retail and service industries or by business owners of a society's dominant group and serve the basic needs of local residents who are poor, socially marginalized, and non-coethnic. Third, although they have higher levels of education and family incomes than their customers and even some majority group members, they are socially located in the middle of the host society's status hierarchy. Fourth, they are not rooted in, nor do they belong to, the communities in which they conduct business (Bonacich 1973). Jews, Italians, Japanese, Chinese, and Koreans who run small businesses in poor native- and immigrant-minority neighborhoods are historical examples of middleman minority entrepreneurs (Lee 2002; Light, 1972; Min 1996).

Unlike middleman minority entrepreneurs, enclave entrepreneurs establish their businesses in their own ethnic enclaves. By comparison, the economic activities of enclave entrepreneurs are more diverse and global; including not only retail and service industries serving local residents' basic needs but a wider range of mainstream industries. Their clientele

are socioeconomically more diverse as well, including coethnics living in and out of the enclave and non-coethnics of mixed social class backgrounds. Within the ethnic enclaves, enclave entrepreneurs are elite members of their own communities and deeply embedded in coethnic social structures and networks (Zhou 1992). The enclave economy creates a mobility pathway that benefits not only the entrepreneurs but also their coethnic workers while contributing to the development of the ethnic community. The middleman minority economy creates a viable pathway to social mobility for individual entrepreneurs, but contributes little to the mobility of non-coethnic workers and their communities (Zhou 2004).

In ethnic economies, intergroup relations between entrepreneurs and their customers are interdependent, and business success requires cooperation (Gold 2010). However, these relations are often conflict-prone because of differences in ethnicity, class, and migrant status. Ethnicity serves as an identity marker for boundary making. It often intersects with class, as reflected in asymmetric power relations between groups in economic transactions (Cornell and Hartmann 2007). Ethnicity and class are also highly intertwined with migrant status, since ethnic entrepreneurs are also disproportionately migrants. In the ethnic enclave economy, conflicts between business owners and their clientele can be effectively mediated by “bounded solidarity” and “enforceable trust” rooted in coethnicity (Portes and Zhou 1992). Vast intraethnic differences, such as local dialects and place-based kinship systems, can create the potential for internal conflict. However, these differences become less important in the host society. Shared cultural origin and migrant status, social position in the larger racial hierarchy, and social exclusion bind entrepreneurs and their coethnic customers (who are often their workers as well) to coethnic networks of social support and control, leading to cooperation.

In a middleman minority economy, by contrast, asymmetric power relations between entrepreneurs and non-coethnic customers or workers are heightened by their respective group positions in the larger society (Blalock 1967; Gold 2010; Kim 2014; Min 1996; Park 1999). Non-coethnic entrepreneurs are not invested in the local communities they serve, which tend to be disadvantaged due to marginalized racial/ethnic and class statuses. These entrepreneurs are perceived by native residents or non-coethnic immigrants as suspicious “outsiders” who exploit them and drain resources from their communities. Language and cultural differences further hinder the formation of trust, making them vulnerable to intense intergroup relations in the place of business (Min 1996). In times of crisis, middleman minority entrepreneurs are blamed for the systemic and structural problems that native minorities or non-coethnic immigrant minorities encounter in the mainstream society, but lack the political power to defend themselves (Min 1996). Thus, strained intergroup relations in the middleman minority economy are caused not merely by differences in physical, cultural, and socioeconomic characteristics between interacting group members, but also by a range of broader intersecting factors, including the overlapping social positions of the immigrant group to which entrepreneurs belong; the dominant society’s discourses about the immigrant group vis-à-vis other racial/ethnic minority groups; economic downturns that affect the mobility of natives and immigrants; societal nativism and group-based racial/ethnic political action against immigrant groups; and media fanfare that misrepresents immigrant and native minority groups and enlarges racial or ethnic stereotypes (Bialogorski and Bargman 1996; Kim 2014; Min 1996; Park 1999).

However, prior studies find that, even when the conditions are ripe for conflict, commercial life in poor urban neighborhoods where middleman minority entrepreneurs do

business is orderly and routine. Jennifer Lee (2002) debunks the popular image of the ubiquity of interethnic conflict in America, showing that social order and cooperation are constantly negotiated and maintained through countless interactions and that civility, rather than conflict, is actually the norm. In a comprehensive study of conflicts between immigrant merchants and native minority customers throughout the U.S. during the 20th century, Steven Gold (2010) convincingly argues that intergroup conflicts do not stem exclusively from the actions of immigrants, the urban poor, and other marginal groups, but are the consequences of the actions of more powerful institutions and interest groups, including government agencies, politicians, leading companies, and majority voters. These studies demonstrate that intersecting social forces shape the environments in which intergroup relations occur.

The existing ethnic economy theory has limited applicability to the phenomenon of migrant entrepreneurship in China, but nonetheless offers a sound theoretical point of departure from which to understand the complex mechanisms of intergroup relations. First, the ethnic economy theory presupposes a racial hierarchy in the host society, one characterized by a dominant native majority group on top, native minority groups at the bottom, and immigrant groups in-between. As such, the theory presupposes group membership, identity, and community formed on the basis of race or ethnicity and migrant status rather than class. Yet, class is intrinsically interacted with ethnicity and migrant status. In host societies lacking a highly intertwined racialized system, such as China, race and class may interact differently to shape identity formation and affect intergroup relations between natives and migrants. Second, the ethnic economy theory is developed in migrant resettlement societies where migrant groups are expected to integrate into their host societies irrespective of their intentions to settle or sojourn. In migrant-receiving societies where the paths to citizenship and social integration are restrictive, such as China, migrant status may take on different meaning and intersect with class differently. Third, the ethnic economy perspective has paid attention to conflictual relations between ethnic entrepreneurs and non-coethnic customers who are in different social locations, but neglected the interdependent relations of ethnic entrepreneurs with non-coethnic entrepreneurs of similar class and/or migrant status. Examining intergroup relations in the Chinese context may uncover mechanisms of conflict and cooperation not yet known in the existing literature.

Since African migrants emerge in Guangzhou as a visible racial group of relatively higher socioeconomic status vis-à-vis Chinese internal migrants, there has been a plethora of research on this new group (Bertoncello and Bredeloup 2007; Bodomo 2007, 2010 & 2012; Cai and Chen 2008; Cai and Huang 2008; Cisse 2014; Haugen 2012; Le Bail 2009; Li et al. 2008; Xu 2010). However, most of the existing literature focuses on describing who the African migrants are, why they go to Guangzhou, where they live, and how they fare economically in Guangzhou. Relative little has focused on how they interact with Chinese on a daily basis. African entrepreneurs' encounters with Chinese entrepreneurs in local markets and neighborhoods in an emerging global city offer an opportunity to explore intergroup relations in a social context drastically different from traditional migrant destinations in the Global North. The present investigation examines two main questions: 1) How do self-employed Africans and Chinese interact with each other on the ground? 2) How do social locations across race, class, and migrant status shape identities and mobility pathways for migrant entrepreneurs in an emerging global city? We argue that common economic interests and socially constructed meanings of shared identities create spaces for cooperation and differences in perceived or real social status between the two interacting groups lead to conflict.

Research Site, Data, and Methods

Guangzhou as the Host City for African Entrepreneurs

Guangzhou is located about 120 kilometers north-northwest of Hong Kong in southern China. It is the capital of Guangdong Province and the third largest city (after Shanghai and Beijing), with a population of 12.7 million as of 2010.³ For foreign traders and merchants, Guangzhou has something unique to offer that other Chinese cities do not. Historically, Guangzhou was China's most important trading port, referred to as the starting point of a maritime silk road which dated as far back as the Qin Dynasty (221 BC – 206 BC) and extended to Southeast Asia, South Asia, the Middle East, and East and North Africa during the Tang Dynasty (618-609 BC). Guangzhou was also the first place in China to make contact with African or other dark-skinned slaves from overseas. Furthermore, its main port, the Port of Canton, was the only port opened to foreign trade prior to 1840 under *Hai Jin* law (sea ban) of the Ming Dynasty (1368-1644).

Guangzhou has been at the forefront of China's economic reforms and one step ahead of the rest of the country, sustaining a double-digit average annual growth rate since the 1980s. Geographically, it is at the center of the Pearl River Delta, a region dubbed the "World Factory." The city has served as the most important manufacturing center, commercial hub, and trading post in China (Xu and Yeh 2005), producing premium quality manufactured goods ranging from clothing and fabrics to shoes, toys, electronics, and motorcycles. Likened to the Hong Kong on the Mainland or the Gold Mountain by the Pearl River, Guangzhou has attracted hundreds of thousands of migrants from both rural and urban areas all over China to pursue better economic opportunities and better lives. Despite strict population control via the *hukou* (household registration) system, the ratio of the migrant population without local *hukou* to the resident population with local *hukou* in Guangzhou in the late 1990s was 1:3 (Zhou and Cai 2008). Many rural-to-urban migrants, lacking local *hukou* status and access to full citizens' rights, have taken up self-employment as an effective social mobility pathway, engaging in businesses that complement the rising demands of African entrepreneurs (Bodomo 2007; Cai and Chen 2008; Cai and Huang 2008).

There are other reasons why Guangzhou is attractive to African entrepreneurs. First, the city has a well-established and integrated system of wholesale markets, warehousing infrastructure, and logistics services for domestic and foreign traders (Cai and Chen 2008; Cai and Huang 2008; Xu 2010). The port of Guangzhou is a vital transport hub for industries in the Pearl River Delta region and in neighboring provinces with easy access to railroads and highways and direct routes to Hong Kong and other major international destinations.

Second, as China's most important and convenient port of entry, foreign traders and merchants can more easily bypass China's stringent visa restriction to conduct business. For example, China's multiple-entry tourism or non-business visit visas, which remain valid for one year and permit a 30- or 90-day visit per entry, are not difficult to obtain (Xu 2010). Those holding such visas can go back and forth between Guangzhou and Hong Kong with relative ease and low cost as an alternative way to getting a visa extension because Guangzhou is well connected and close to Hong Kong.

Third, Guangzhou's municipal government and local control over foreigners is relatively lax compared to other capital cities in China. Foreigners can find rental housing in the private market without much official restriction or local opposition (Li et al. 2008; Xu 2010). In addition, the presence of accessible and affordable rental housing in the city's informal housing market, especially in *chengzhongcun*, provides more options to both internal and international migrants who are excluded from the formal housing market. *Chengzhongcun*, or literally village-in-the-city, is a distinct urban form in contemporary China. These *chengzhongcuns* are villages encircled by new real estate development. Landless farmers hold onto their own housing in villages and rent it out as a way to augment their incomes from wage work. Housing rental is lucrative, especially as the demand increases among internal migrants, who lack financial means and local *hukou* status to access housing in the formal market (Zhou and Cai 2008). Guangzhou has the largest number of *chengzhongcuns* of any other big cities in China (Chen 2012; Zhang 2003). Africans find housing in *chengzhongcuns* for reasons similar to those of internal migrants (Li et al. 2008).

Data and Methodology

Our analysis relies on data from two interrelated qualitative studies. One study, "The Social Adaptation of African Merchants in Guangzhou, China," focuses on why and how African merchants went to Guangzhou; how they found housing, business opportunities, and their way around the city; and the kind of social support systems they brought with them or rebuilt to facilitate their business endeavors and social adaptation to their host city (Xu 2010). The study collected data from in-depth interviews with 31 African merchants (26 male, 5 female) who had been in Guangzhou for at least 6 months, as well as from participant observations in the main shopping mall and neighborhoods with a sizeable African presence from 2008-2009.

The other study, "African Migrants in Guangzhou, China," is a mixed-method exploratory study of interracial dynamics, examining how African migrants and Chinese locals perceive each other, whether and why their perceptions are racialized, and how these perceptions influence their attitudes and interactions. Data were collected in several local sites from 2009 and 2012: the *Xiaobei* area where the African enclave is formed and several adjacent neighborhoods on the northwestern edge of Guangzhou. African migrants, other international migrants from South and West Asia and the Middle East, and internal migrants from all over China, including Muslims from Xinjiang and Ningxia, share the same urban space. The entire study was composed of face-to-face surveys with a questionnaire, one on Africans and the other on Chinese; in-depth interviews of 50 Africans and 45 Chinese randomly selected from the survey samples; and systematic field observations on main commercial streets, wholesale markets and shopping centers in the research site between 2009 and 2012 (Zhou 2010, 2011). In this paper, we rely primarily on in-depth interviews and systematic field observation data. We focus on African migrant entrepreneurs and Chinese migrant entrepreneurs who are self-employed and engage in trade and commerce.

Findings

Diverse Origins

Existing studies and our own survey data show that African entrepreneurs to Guangzhou are predominantly male, young, and single. They are of diverse origins, mostly from the former French and British colonies in West Africa. Nigerians form the largest group and Malians the second largest, followed by others from various countries such as Ghana, Guinea, Cameroon, Congo, Tanzania, and Zambia (Bodomo 2012; Cai and Huang 2008; Haugen 2012; Li et al. 2008; Zhou 2011). African entrepreneurs come from diverse socioeconomic backgrounds, but the majority of them are well educated and proficient in English or French. Comparatively, African entrepreneurs are much better educated than their Chinese counterparts — three times as likely to have some college education (60% v. 20%). Although neither group has proficiency in the other's language, the two groups in interaction are able to communicate through human or machine interpreters, calculators and even gestures. Among African entrepreneurs, there is also a visible group of current exchange students. These exchange students go to China to study on Chinese scholarships. Many initially had no entrepreneurial aspirations, but quickly turned to business as opportunities presented themselves upon arrival in China (Haugen 2013). Because of Chinese visa restrictions, some Africans use valid student visas to enter China with a clear purpose of doing export business. Chinese entrepreneurs doing business with Africans are disproportionately rural-to-urban migrants from other parts of China (Zhou 2010).

Although they hail from diverse origins and their socioeconomic profiles are vastly different from those of traditional migrants—most of whom are unskilled or semi-skilled laborers, or political, economic, or religious refugees—Africans are homogenized by Chinese locals as one single “foreigner” group and perceived as an entrepreneurially savvy but culturally “backward” lot from the poor, “uncivilized” “Third World.” The language and cultural barriers reduce the class advantages that African entrepreneurs have over their Chinese counterparts.

Shared Aspirations

African entrepreneurs leave their families and native countries to go to Guangzhou initially as “sojourners” with no intention to stay (Haugen 2012; Le Bail 2009; Lyons, Brown and Li 2013; Şaul and Pelican 2014). Besides the few who go to China just to see “what’s out there,” most Africans arrive in Guangzhou for economic opportunities. In their own words, they go to pursue the “Chinese Dream” or to make “big” money. African entrepreneurs in Guangzhou primarily engage in exporting manufactured goods, such as clothing, textiles, footwear, toys, electronics, furniture, batteries, motorcycles, construction materials, and many other products (Cai and Huang 2008; Cai and Chen 2008).

The pioneer group of African entrepreneurs consists of those who have long been doing business in Southeast Asia and Hong Kong and who look to Guangzhou as a new land of opportunity in the wake of the Asian economic crisis outside China in the late 1990s (Bodomo 2007; Cai and Huang 2008; Le Bail 2009). Our study finds that more than a quarter of them had already been doing business in Asia, and they went to China to explore the possibility of making *more* money. L.K., a 40-year-old merchant from Nigeria had been in China for 11 years, said:

“I used to station in Hong Kong and export goods from there. Sometime back in 1998, I heard that prices of similar goods in Guangzhou were a lot lower. So I came just for a try. The profit made from this first try was much better than expected. So I immediately moved my business to Guangzhou without much hesitation.”

Because of high consumer demands in African markets and low prices of manufactured goods in China, many African entrepreneurs have capitalized on new opportunities in China with remarkable success. Some even gave up their professional jobs in their home countries to make big money in China. Mohamed, a 38-year-old Malian, who went to China a year ago, stated:

“Back then, there was a saying that one can find gold on streets in China. Many of my friends went to China without much money but all came back full-wallet. I was a university lecturer. My pay was very low compared to my friends in business. Pushed by my friends and also by my own desire to get rich, I quit my job and came to Guangzhou, and then moved to Yiwu. I noticed that money wasn’t that easy to make and competition among our own people was quite fierce. I still managed to make more money than my teacher’s salary.”

The success stories in turn inspire friends and families back home and stimulate subsequent migrations to China via social networks. Going to Guangzhou to pursue the Chinese Dream becomes a shared economic interest, which coincides with that of self-employed Chinese interacting with them in business.

African-Chinese Encounters in Business

Africans’ entrepreneurial goals and mobility aspirations are similar to those of Chinese migrants in Guangzhou. Our study shows that more than 80 percent of the self-employed are internal migrants (Zhou 2010). Seventy percent of the self-employed Chinese in our study reported doing business mostly with Africans, while 40 percent reported doing business mostly with whites (e.g., Middle Easterners). African entrepreneurs can be roughly categorized into three groups. The first group consists of expatriate traders of African import and export or trading firms. These traders receive salaries from their firms and commissions from their business transactions, and some have side businesses. They are generally capital-rich and trade with Chinese companies and manufacturers on a large scale via formal channels. They seldom deal with individual merchants in local markets, but often use Chinese agents, trading partners, and other intermediaries (Cisse 2014).

The second group consists of independent merchants and traders with prior business and trade experience in Southeast Asia and Hong Kong (Le Bail 2009). They go to China with long-term business plans and usually operate their own small- to medium-size firms. While some directly trade with Chinese manufacturers, many rely on Chinese agents like the first group. They tend to set up their business offices and stay in Guangzhou for longer periods of time than their visas allow. Although they shuttle back and forth between Hong Kong and Guangzhou to circumvent visa restrictions, they keep a residence in Guangzhou.

The third group is made up of petty, or aspiring, entrepreneurs. Compared to the first two, this group is the most numerous and also the most diverse in terms of socioeconomic background and business experiences. The petty entrepreneurs live amongst Chinese locals and trade face-to-face with Chinese entrepreneurs in local wholesale and street markets. They are often seen holding a calculator, large suitcases, and plastic garbage bags, so locals refer to them as “calculator merchants,” “suitcase merchants,” or “garbage bag merchants.” Some petty entrepreneurs later become owners of small- to medium-size export firms and expand their businesses like the second group.

Self-employed Africans hail from many different nation states and are culturally, linguistically, and religiously diverse. Self-employed Chinese who are in direct contact with Africans are also diverse in places of origin, dialects, and regional cultures. Each group perceives the other as a homogeneous lot, even though intra-group relations are often times competitive and antagonistic. A common economic interest serves as a premise from which interracial relations between Africans and Chinese emerge and develop.

African-Chinese encounters in business show diverse patterns. One pattern is between African traders and merchants and Chinese manufacturers with Chinese middlemen (owners or employees of brokerage firms or individual agents). Another pattern is between African traders or merchants and Chinese manufacturers without Chinese middlemen. A third pattern is via the primitive retail style — “one sells and the other buys” and “one hand with cash and the other hand with goods.” All three patterns of interracial interactions are interdependent, mutually beneficial, cooperative, and peaceful, despite language and cultural barriers. Some are able to build trust in long-term business dealing while others are able to establish friendships. For example, Poly, a 38-year-old Nigerian, recalled:

“I am an independent textile exporter, in business with Lao Zhang for more than 3 years. Though we met frequently, our relationship was nothing beyond business. One time, I came to Guangzhou with more than ¥500,000 in cash, but the transaction only required ¥150,000. I did not have a bank account in China to deposit the remaining ¥350,000 and carrying this much cash was inconvenient and unsafe. So I left it with Lao Zhang as a deposit for my future transaction. Lao Zhang was very surprised. Seeing it as a gesture of trust, Lao Zhang almost instantly turned me into his friend. Our relationship has grown stronger ever since, which helps me in times when I am cash short.”

May, a 32-year-old female Chinese merchant selling low-end jeans and casual clothing in a small store on Xiaobei Road, recalled,

“I was a little scared at first sight of these black men coming to my store, especially when they looked right into your eyes and grinned. The Chinese don’t do that. After a while, I got used to them. They are just people who look different. They are polite and respectful, bring good business. In business, I’d say they need me and I need them ... I later became friends to a couple of them and introduced them to my other friends who sell electronics. We hanged out in MacDonald’s for lunch.”

However, interdependent and cooperative relationships can become problematic. In regular business dealings, conflicts often occur because of breach of contract. For example, some African merchants would bypass their middleman to deal with manufacturers directly, which would result in conflict between African merchants and Chinese agents and between Chinese agents and Chinese manufacturers. Some Chinese manufacturers would deliver goods of lower quality and at a much later date. African merchants would fall victim to fraud. One common fraud type involves a fake manufacturer’s representative. For example, when an African merchant places an order with a factory directly, a deposit is required. The person who claimed to be the factory’s representative might simply take the deposit and disappear. These fraudulent practices are not uncommon among entrepreneurs in the informal economies where regulations

are lax and uncertainty high, and both African and Chinese entrepreneurs are aware of them. As their businesses grow, many of them return to using middleman and brokerage firms. Altogether, their business relations cycle through cooperation, conflict, and cooperation. From our observation, these relations, even when in the case of high intensity, have rarely manifested on racial terms.

African Clients and Chinese Rental Housing Agents

Finding housing is an immediate and urgent need for any migrant to a new place. Capital-rich owners or well-paid expatriate employees of African firms and traders or merchants on short-term business trips to Guangzhou usually stay in moderate hotels in the *Xiaobei* African enclave or in luxury hotels nearby. Given the sojourning nature, limited resources that individual migrants have, and visa restriction, the vast majority of African migrants in Guangzhou rent from the low-end and unregulated segment of the rental housing market in the *Xiaobei* area and adjacent *chengzhongcuns* (Li et al. 2008; Xu 2010).

Much of the informal housing is owned by urban residents or farmers who enlarge their own houses by illegal add-ons or multiple partitions to create additional rental units. Internal migrants, many of whom lack local *hukou* (household registration) status and are thereby considered the “floating population,” live there. Without local *hukou* status, internal migrants lack equal access to public education, housing, and other social welfare programs and are systematically excluded from better job opportunities reserved for local residents with *hukou* status (Chan 1994; Solinger 1999; Zhou and Cai 2008). Even before the arrival of African migrants, these areas had become segregated migrant enclaves, identified by the municipal government as “bad” neighborhoods plagued with poverty, overcrowding, and the usual urban ills (Zhang 2003). To local residents who live in nearby neighborhoods or elsewhere in the city, the concentration of Africans in these migrant enclaves adds to the stigmatization.

Africans are led to these migrant enclaves not only because of low housing cost but also because of loosened government control at the neighborhood level. Most rental housing that Africans find affordable is concentrated in the *Xiaobei* area, which has short-term leases, variable rents, and loose requirements for the number of tenants. Housing types include two- to three-bedroom apartment units and makeshift “matchbox” units partitioned in a regular apartment or private house in a *chengzhongcun*. The matchbox units are furnished with a bed and small table set and equipped with a tiny bath room and a cooking stove. There are also rooming units with shared kitchens and bathrooms. Owners of such rental housing are usually urban residents or former farmers in *chengzhongchuns* with local *hukou*, while housing agents tend to be migrant workers-turned entrepreneurs. The agents interact with Africans face to face. They not only broker business transactions, but also provide additional services, such as showing tenants how to use facilities and get around town; resolving problems with disconnected electricity and water services due to unpaid bills; and mediating landlord-tenant disputes regarding security deposits, possible damages to rental property, and possible fines. Because of the additional work, agents command a 10 to 20 percent service fee on top of the rent. Africans are well aware of the fee and accept it as fair because these agents fill a much-needed service void. Through frequent contact, African clients and Chinese agents develop long-term relations. For example, interviewed at the sitting area in front of her office, Ms Chen, a 40-year-old agent, recalled:

“I was in this business initially just to make a living almost 15 years ago. I didn’t know English, I still don’t, but learned just a few useful words, such as ‘hi,’ ‘yes,’ ‘no,’ ‘need house?’ ‘cheap!’ ‘deal!’ ... With my smile, patience, hard work, and attentiveness to their needs, I have built a good client base. The Africans like me and trust me, and they spread the words about me among their friends. Now they all call me ‘mama.’ I have a lot of returned and new clients, and this office front is their gathering place in the evening. My work is hard, but theirs is not easy. We kind of bond together.”

Some agents and their clients even become friends. Ms. Zhang, an agent who speaks some English, gave an example:

“I had a client whom I hanged with a lot for lunch and tea and later became friends. Once he was found overstaying his visa, and was detained by the police for quite a long time. When he was taken into the detention center, I was the first and only person he called for help. He asked me to sell his furniture and some household items and then deposit the money to his bank account. And I did. He was very grateful for it.”

African Customers and Chinese Transportation Service Providers

For African entrepreneurs, another basic service demand is for convenient and affordable transportation, as many cannot afford or do not qualify to own a car. The *Xiaobei* area is easily accessible to Guangzhou’s sophisticated and convenient public transportation via bus and subway and to major intercity bus railway terminals. While they use public transportation for personal use, Africans find it insufficient for their business needs.

Private car and mini-van service is a new niche craved out from the informal sector of the urban economy by migrant entrepreneurs in response to African entrepreneurs’ urgent need for transportation service. Some African entrepreneurs need to travel long distances to factories or wholesale markets in the Pearl River region. Taxis are too expensive for such trips and, in some cases, too small to hold the merchandise. Mini-van and car services emerge to meet this particular demand. The drivers are mostly Chinese migrant entrepreneurs who own vehicles but do not have the proper license to run such service. These drivers physically wait in front of hotels and apartment buildings in the *Xiaobei* area where many Africans live. They usually negotiate with the Africans face-to-face to mutually agree on a fixed fee for a trip to a particular destination and/or additional services in the same trip. The relationships between Chinese mini-van or car service drivers and African clients are very much like those between housing rental agents and their clients. Both sides are aware of each other’s identity as “entrepreneurs,” act on that shared identity, and cooperate to maximize mutual benefits.

The relationships between Africans and taxi drivers are not as congruent. Unlike mini-van or car service providers, taxi drivers do not depend on African customers for business and see Africans as part of the broader local clientele. When taxis are in high demand, especially during rainy days and peak hours in the mornings or late afternoons, drivers can be selective and even discriminatory toward their clientele, Chinese local or African alike. But to Africans, taxi drivers who pass by them with available lights on are racist. Africans recounted stories about discrimination by taxi drivers frequently. In our African survey, 40 percent Africans respond

“sometimes,” and 25 percent, “often” to the question: “Have you ever been refused service by taxi drivers?”

In our field observations, we have noticed a high frequency of taxi drivers passing up Africans who are waving for a cab and taking other Chinese customers instead. This suggests that taxi drivers treat Africans differently. Taxi drivers who participated in our in-depth interviews gave two main reasons for doing so. A frequently cited reason is the cultural habit of Africans’ wearing strong perfume or cologne. Mr Li, a taxi driver from Hunan who participated in our in-depth interview, complained:

“They ‘smell’ and that smell stay long after they are gone. I am choked by that intense smell, and it drives away my customers too. I tell you, I am not discriminating against those heigui [he just did by using this derogatory term, literally black ghost or devil].⁴ I just mind my own business. I have to refrain from smoking while at work because I know smoking or the smell from my smoking would bother my customers.

Another reason given is the problem with payment. Taxi drivers who participated in our in-depth interview and whom we met during our fieldwork almost uniformly reported this problem as a reason for avoiding African customers. The drivers complained that Africans frequently paid fares based on their own reasoning or on the lowest amount once paid by their friends from point A to point B, rather than on the meter, and that they often refused to pay the toll charge or surcharge not shown on meter. Mr Lai, a local Cantonese taxi driver, put in these words:

“I always try to avoid them [Africans] because I just don’t want to deal with the problem [of underpayment]. At the taxi pickup at Baiyun Airport, I cannot bypass them. It’s my bad luck, because I know for sure they will not pay the toll fee... They also underpay by throwing you a ¥10 yuan bill when the fare is ¥12 yuan, or a ¥20 bill when the fare is ¥22. I have this problem only with these heigui, never with other foreigners, never with Chinese. If you don’t believe me, ask other taxi drivers.”

We also found that when such a case occurred the driver would report to radio dispatch or text other drivers, confirming the stereotypical image of an underpaying African. We also noticed that taxi drivers almost uniformly used the derogative term *heigui* (or *hakgwai* in Cantonese) to refer to Africans, while merchants, housing rental agents, and neighbors were less likely to do so, except when reporting a negative encounter.

Africans have also developed strong suspicion and distrust through their own experiences with taxi drivers and news of discrimination circulating among their friends. Africans complain that taxi drivers often take longer routes or go around the streets for a higher meter reading. M.C., a Ghanaian merchant who has been in Guangzhou for three years and speaks some Cantonese, recalled:

“I frequently take taxi to Dongpu market and know the approximate fare. Once a driver took me around many different streets and ended up Dongpu with ¥34 on the meter. I just gave him ¥26, ¥25 for the fare and ¥1 for the gas surcharge, not

a single penny less. The driver was mad and wouldn't let me go. I talked back in Cantonese, 'Don't fool me, I am not a foreigner, I am local, I know the way!' Hearing that, he cursed and drove off."

Such underpayment is actually a strategy employed by African migrants to deal with dishonesty in taxi service. Misinformation and miscommunication lead to stereotyping and deepen the harsh feelings between taxi drivers and their African customers.

However, the relationships between taxi drivers and Africans are more complicated and nuanced than generally understood. Taxi drivers in Guangzhou are made up of two groups, one consisting of Cantonese with local *hukou* status, and the other, of migrant workers from other provinces. The local drivers are independent contractors on long-term leases with taxi companies and tend to work on single shift during the day when the demand from locals is high. Migrant drivers without local *hukou* are more likely to be subletters from contractors or local drivers. Sublet drivers must work hard and odd hours to compensate for extra subletting costs and consequently cannot afford to be selective about their clientele, they tend to run into Africans during odd hours more often than they do locals and, through more contact, they also tend to become more tolerant.

Mr. Zhang migrated to Guangzhou from a rural village in Henan Province for more than 15 years ago, changing jobs from being a factory worker, a construction worker, to a sublet taxi driver. He said in an interview:

"...If I had a choice, I'd prefer not to take them ... but I don't have a choice. And then when I see them carrying big and small bags and enduring others' contempt looks, I would feel for them and think about my own past. When I was young like them, I came to this city, also carrying big and small bags and enduring the same kind of despised look from locals ... Trying to make it in a new place is not easy. So I would take them in even though I don't like the cologne. After I drop them off, I'd roll down the windows and let the air-con run high for a while before picking up another customer ... not a big deal."

To some extent, this shared status as the disadvantaged other ties migrant drivers to Africans in a kind of sympathetic relationship much less frequently found between local drivers and Africans.

In any case, we have observed significant changes in intergroup interactions over the course of our fieldwork. In Guangzhou, a society in which race has not yet been institutionalized into a social hierarchy, Africans and Chinese are adjusting their ways to become more accommodating. In follow-up interviews, for example, we found that taxi drivers less frequently mentioned the cologne issue and that Africans said they wore lighter cologne and learned basic Chinese to make small talk. "The Chinese love it when I speak Chinese. I can soften a stone face whenever I say *"ni hao"* [how are you] or *"dui bu qi"* (sorry), said Adam, a Ghanaian merchant living in the *Xiaobei* area.

Discussion and Conclusion

What do the patterns of diverse intergroup interactions tell us about the relationship between migrant entrepreneurship and interracial dynamics? Our analyses suggest that interactions between African and Chinese migrant entrepreneurs are both economically interdependent and socioculturally contentious processes, shaping a myriad of intersecting identities and creating room for cooperation that transcends race, class, and migrant status. On the whole, African-Chinese encounters in places of business or on streets are mutually beneficial, routine, and orderly.

Several intersecting forces are at work to promote cordial and productive relations. First, the two groups, drawn together by shared economic interest, have forged a shared identity as the self-made and legitimate entrepreneur. This shared identity is symbolic, matching each group's aspiration to make it in the city of opportunity. Second, keenly aware of their outsider status, the two groups have developed a shared identity as the hardworking and painstaking migrant. This identity is also symbolic, helping to bridge the foreigner-native divide. Third, the two groups have engaged with each other in the same line of business, occupation or industry, but in non-competitive and complementary economic activities, breaking the material basis for interracial conflict. Fourth, the two groups consciously foster trust to ensure success in business transaction. Their mutual trust is built over time by consistently aligning words with behavior through interaction and not by a common ethnic or racial identity. What breaks trust is the action (e.g., breach of contract, fraudulent practices) of that "greedy" guy rather than the action of that "black" or "Chinese" guy. Symbolic identities and trust help create spaces for cooperation and goal attainment despite significant language and cultural barriers and class differences.

Our findings contrast sharply with the experiences of middleman minority entrepreneurs who do business in poor urban neighborhoods of many migrant-receiving cities of the Global North. They also defy the stereotypical depictions by popular press and social media of the uncivilized and lazy Africans or the clannish, racist Chinese. Instead, intergroup relations among self-employed Africans and Chinese in Guangzhou appear to fit Lee's (2002) finding that civility is characteristic of commercial life in minority-concentrated inner-city communities in Philadelphia and New York. They support the central argument made by Gold (2010) that cooperation dominates the relations among ethnic entrepreneurs and between ethnic entrepreneurs and minority customers.

Several implications are in order for theoretical consideration. First, social locations across race/ethnicity, class, and migrant status vary by context. In Guangzhou, there is very little bounded solidarity or enforceable trust on the basis of race or ethnicity either among Africans or Chinese. The reasons are twofold in the Chinese context: one is due to the lack of a well-established, institutionally entrenched racial hierarchy in the host society and the other to the absence of functional ethnoracial communities. The absence of race-based community also blurs the distinction between middleman minority and enclave entrepreneurs.

Second, the asymmetric power dynamics that cause conflict are not intrinsic to the merchant-customer relations in urban ghettos. Africans in Guangzhou are concentrated in stigmatized migrant enclaves that are vastly different from the ethnic enclaves of America both in terms of organization and structure. Guangzhou migrant enclaves are somewhat similar to the urban ghettos in America in that they are high in cultural diversity and low in social cohesion. However, they also differ from American urban ghettos in some remarkable ways. The segregation of residents in Guangzhou migrant enclaves is less systemic and consequential, and

divisions along class, race, and nativity lines in local commercial life are less clear-cut. Africans in Guangzhou are merchants and customers simultaneously. As entrepreneurs, Africans form a complementary duo with the Chinese out of shared economic interest. As customers, Africans are similar in social standing to their service providers, since both are migrants with limited citizenship rights. However, Africans' typically higher socioeconomic status (especially in education) offsets their disadvantaged foreigner status.

The third implication is that there are varying degrees of complexity in entrepreneur-to-entrepreneur and merchant-client relations. Africans' encounters with different categories of Chinese entrepreneurs add nuances to our understanding of ethnic entrepreneurship. Comparatively, business dealings that are face-to-face, in which one hand exchanges the cash and the other the goods (*yishou jiaoqian*, *yishou jiaohuo*) are more straightforward and less conflict-prone than those involving Chinese agents or direct dealings with Chinese manufacturers. The latter can elicit suspicion because of unequal power and the potential for fraud. Merchant-agent business relations that are recurring and long-term—such as those between African tenants and rental housing agents—are more cooperative than one-shot deals (e.g., with taxi drivers). Perceived or experienced interdependence over common economic interests seems to promote accommodation.

It should be noted that, while African entrepreneurs generally feel comfortable living and doing business in Guangzhou, they unanimously point out that the legal barriers are formidable. Because of China's underdeveloped immigration policies (characterized by high restrictions to foreigners' permanent residency and long-term stay and no policy for migrant resettlement and integration), immigration control and management are localized, falling mainly in the hands of the police. Most Africans enter China on short-term visas and face difficulties getting their visa extension. As a result, many are forced to overstay their visas and remain in China illegally (Zhu 2014). The municipal government of Guangzhou labels these visa overstayers *sanfei* (illegal entry, illegal residency, and illegal employment) foreigners. The encounter with local authorities further complicates social relations on the ground. This role of the state in shaping intergroup dynamics is a subject matter deserving further study.

In sum, our analysis only begins to interrogate the role of ethnicity in entrepreneurship, which has been overstated in the ethnic economy theory. It does so by focusing on the ways in which social locations across race, class, and migrant status affect identities, intergroup relations, and mobility pathways of migrant entrepreneurs in an international context. We show that when conditions and contexts change, the effects of the intersecting forces change as a result. In a migrant host society where the social status hierarchy, group identity, and community are not based on race or ethnicity, we must think beyond the established causal linkage between ethnic entrepreneurship and intergroup relations. This case study allows us to formulate models to explain how race or ethnicity is constructed and how it interacts with varied contexts to shape intergroup dynamics.

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Notes

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² In 2008, Guangdong provincial authorities recorded 2,125 Africans registered as long-term visa holders and 163,000 Africans with temporary visitor visas, 80% of them were in Guangzhou (Wang et al. 2009).

³ Guangzhou Statistics Bureau, 2010 Chinese census of population brief http://www.gzstats.gov.cn/tjgb/glpcgb/201105/t20110517_25227.htm [access on October 11, 2014].

⁴ *Heigui* in Chinese (or hakgwai in Cantonese) stands for "black ghost." *Hei* means black, and *gui* means ghost or devil. *Gui* (or *gwai*) is a derogative term used by Chinese to refer to foreigners, for example, *gui lao* (or *kwai loh* in Cantonese) stands for foreigners.