The Journal of Latin American and Caribbean Anthropology

Andean–Pacific Commerce and Credit: Bolivian Traders, Asian Migrant Businesses, and International Manufacturers in the Regional Economy

By

Juliane Müller

University of Munich

Resumen

Este artículo analiza la configuración cambiante del comercio regional de artefactos electrónicos. Basado en un trabajo etnográfico iniciado en 2013 en varias localidades (mercados populares en La Paz, Bolivia, y la zona franca de Iquique, norte de Chile) y en un análisis histórico de las últimas tres décadas, el objetivo ha sido comprender la conexión cada vez mayor del comercio popular boliviano con las cadenas comerciales y empresas del este asiático, específicamente de los mercados internacionales centrados en China. De este modo, se puede afirmar que en la zona franca, el proceso se caracteriza por la circulación del crédito comercial entre los distribuidores de origen asiático y los comerciantes bolivianos. Mientras que en mercados urbanos en Bolivia, las formas locales de generar confianza han sido adoptadas por todos los actores, también por las empresas transnacionales. Otro aspecto a destacar es cómo las recientes cooperaciones chino–bolivianas e inversiones chinas en Bolivia también incorporan prácticas pasadas, pero al mismo tiempo intentan fomentar cadenas comerciales racionalizadas; y como consecuencia de estos procesos, las empresas multinacionales están contribuyendo a la creciente diferenciación socio-económica entre los comerciantes bolivianos. [Andes, Bolivia, China, comerciantes, confianza, crédito, globalizacion, mercados, zona franca]

Abstract

This article deals with the changing configuration of regional trade in consumer electronics. Based on data from ethnographic fieldwork since 2013 at various locations (marketplaces in La Paz, Bolivia, and the free trade zone of Iquique, Northern Chile), and a historical analysis of the last three decades, the aim of the article is to understand

The Journal of Latin American and Caribbean Anthropology, Vol. 23, No. 1, pp. 18–36. ISSN 1935-4932, online ISSN 1935-4940. DOI: 10.1111/jlca.12328

Bolivian popular commerce as it becomes increasingly connected to East Asian commodity chains and corporations, specifically China-centered international markets. At the free zone, the process is characterized by supplier's credit circulating between Asian migrant merchants and Bolivian traders. At urban marketplaces in Bolivia, locally specific forms of trust-building are adopted by all actors, including multinational corporations, although the latter refrain from informal credit. Recent Chinese–Bolivian joint ventures and Chinese corporate investments in Bolivia incorporate past practices but also try to streamline commodity chains. The analysis shows that the engagement of multinational enterprises contributes to growing socio-economic differences among Bolivian traders. [Andes, Bolivia, China, credit, free trade zone, globalization, markets, traders, trust]

By 2016, ten years into the regime of Bolivia's statist Movimiento al Socialismo (MAS), led by President Evo Morales, China had become the largest importer of goods into Bolivia, and extensive Sino–Bolivian infrastructure projects created opportunities for renewed mineral extraction (Ellis 2009; Valle and Cueto 2013). After the negotiation of a $7.4 billion loan in October 2015 from the Chinese Eximbank, China became Bolivia's main creditor, outpacing the country's obligations to all other multilateral institutions taken together (Melendres 2015; Mena 2015; Rodríguez 2015).[1]

The increase in Chinese investments and loans for infrastructure and resource development has been widely covered by the national media, directing public attention to China's role as the main supporter of President Evo Morales' state-driven macro-economic development. Yet, it is important to understand that the influence of the Chinese economy on the daily experiences of Bolivian people started three decades before these large-scale investments. Bolivians of all social strata and ethnic backgrounds extensively consume Chinese-manufactured goods, such as clothes, shoes, toys, and school materials, as well as vehicles and consumer electronics bought at fairs and marketplaces that abound throughout the country. While larger Chinese electronics and telecommunication enterprises have recently become active in Bolivia, Chinese electronic goods had arrived in the country long before these corporate endeavors. They are sourced through social networks that link China with Bolivia via import–export firms in the free trade zones in Iquique (Chile) and Colón (Panama).

The presence of intermediaries with connections to Asia in Zofri, the free trade zone of Iquique, has provided opportunities for Bolivian popular traders, many of whom are of rural-indigenous origin, to outcompete other, mostly European-immigrant import businesses in Bolivia, and to become traders on a larger scale. As this article shows, this commodity network has resulted in long-term collaborations between Bolivian traders and foreign entrepreneurs. Without these alliances, Bolivian traders would not have become importers and wholesalers with the same level of success. These collaborations also established the conventions for later business transactions and investments, even in relation to multinational corporations (MNCs). But whereas particular kinds of interpersonal trust building were strategically adopted by East Asian multinationals such as Sony, Samsung, and LG Electronics and more recently by Chinese electronics corporations such as Changhong, Haier, Huawei, and Xiaomi, informal supplier's credit is a key aspect of regional commerce not easy to reproduce, as it is deemed too risky from a corporate perspective.

The topic of spatially expanded, cross-ethnic commercial and credit relations has not yet been extensively addressed in research on popular urban and migrant economies in Latin America. Since the often-cited work of Larissa A. Lomnitz on Mexico in the 1970s, subsequent research has focused primarily on economic practices within the social units of family and community (Lomnitz 1975). Similarly, informal loans (lacking the possibility of legal enforcement) are most commonly viewed as circulating by means of rotating credit associations within fairly homogeneous groups of people, which have a limited radius of action and daily face-to-face contact. It is widely assumed that these factors function as proof of creditworthiness (Wilkis 2014).

Recently, Mathews et al (2012) put forward the notion that "low-end globalization" has linked the workings of popular economies with transnational commerce and trade diasporas. Their model of low-end globalization is conceptualized as a series of nodes (i.e., popular markets and trading hubs around the world). These nodes are interconnected through networks of (mostly low-budget) goods and traders who participate in globalization and who trade international commodities, but do so from a subordinate position. This world could not exist without cross-ethnic collaboration, much of which happens outside the reach of the law. Accordingly, the literature on African, South Asian, and Central Asian traders in China discusses forms of interaction with native brokers and firms (Cheuk 2016; Marsden 2017; Müller and Wehrhahn 2013). With regard to Mexican and Brazilian commercial engagements with China, it has been noted that Chinese social and business etiquette, known as *guanxi* (relationship or connection), shows similarities with the personal relationships and fictive kinship arrangements (*compadrazgo*) that crisscross negotiations and business deals in Latin America (Hearn et al. 2011).

These recent studies have reframed earlier literature on ethnic entrepreneurship and debates on the informal economy. Migrant entrepreneurs are now understood both in relation to a web of horizontal community ties and in the context of cross-ethnic and vertical forms of trust-building with local and national institutions

(Hearn 2016). Younger, well-educated children of Chinese immigrant traders in Central America capitalize on growing opportunities for transnational brokerage as China's role in the world expands (DeHart 2018).

Such studies of transnational and cross-ethnic business relations reframe debates on informality in commerce: indeed, they reveal the Euro–North American bias surrounding the concept. Informality has generally been employed as a concept that relies on Western notions of what an economy and economic action should look like.[2] The formal–informal dualism has been inspired by orthodox economic ideals and abstract models of supposedly impersonal and rational markets. Informality refers to oral agreements, reciprocal favors, and personal ties, which are conceptualized as residual elements of less modern, less capitalist economic forms and societies. However, China's development policies do not conceptualize informality in opposition to economic progress (Pinheiro-Machado 2012): *guanxi* is used instrumentally in Chinese economic diplomacy (Hearn 2016). As outlined here, the Andean–Pacific trade economy is aided by the interweaving of social and commercial relationships in a way that resonates with customary Asian business practices.

This article thus addresses cross-ethnic and transnational economic transactions between traders in Bolivia and Chile that have facilitated a China-centered commodity network. Their interactions over time have prepared the way for Bolivian traders to engage directly with Chinese factories and for Chinese brands to become interested in the Bolivian market. I argue that the entanglement of different actors within a spatially expanded trade economy has provided extraordinary opportunities for upward mobility for some Bolivian traders, while others have been left behind. Success can be attributed to having made use of deferred payment options and supplier's credit offered by providers. The main currency of this credit, implicit in the trade, is trustworthiness: that is, a good reputation built over time in periodically renewed interactions and with increasing purchase volumes. The sources of this trust are the person and his/her past behavior in a specific context, and the relatively stable commercial environment in the free trade zone of Iquique, which compensates for the unpredictability of contraband trade and other losses resulting from changing regulations and their uneven political enforcement.

The work here is based on ethnographic and historical research conducted between 2013 and 2016. Field research was carried out over fifteen months, mainly in Bolivia at marketplaces in La Paz, but also at Zofri in the Chilean port city of Iquique. Much of the data was collected from conversations with traders at their places of work, from observation at marketplaces, as well as at social events. I compiled biographical interviews with elderly traders in order to analyze their career trajectories, and track historical commercial dynamics. In addition, semi-structured interviews were conducted with younger traders in La Paz, distributors in Iquique, and corporate employees at both locations. Direct observation of corporations took place at "interface spaces" in which companies represent themselves to the public (Ortner 2010). These took the form of promotional events offered to Bolivian traders where Samsung Electronics and other manufacturers provided technical information about novel products, offered bonus payments to the Bolivian wholesalers and retailers, and invited them for dinner and drinks. To complement the fieldwork, I systematically followed national media news on Chinese engagement in Bolivia, and also reviewed a range of documents concerning the corporations. This kind of document analysis plays an important role in the ethnography of contemporary economies, particularly in relation to the corporate sector.

In the pages that follow, I briefly introduce the marketplaces for electronics in La Paz and then examine the free trade zone of Iquique, as well as supplier's credit between Bolivian traders and intermediary firms. I then describe interactions between Asian MNCs and Bolivian traders in La Paz, which capitalize on culturally specific forms of trust-building and buyer–seller relations. Finally, I explore the arrival of Chinese corporations in Bolivia and show that the binational representation of a Chinese company appropriates both preferential provider–customer relations and supplier's credit. The analysis of these three phases aims to track the economic transformation that has occurred since the rise of Iquique, the relative ease of Asian strategic adaptation to Bolivian commerce, and recent direct Chinese engagement in Bolivian consumer markets. These processes involve corporate efforts that include past processes and successes of Asian–Bolivian interaction, but also change the relative positions of the participants in the electronics trade.

Consumer Electronics in La Paz

La Paz, the seat of the Bolivian government, located at thirty-five hundred meters above sea level, lies at the intersection of a historical route that connects the Andean highlands and the Pacific coast. Along with the city of El Alto, which grew above the basin of La Paz following waves of immigration, it forms a densely populated metropolitan area of 1.6 million people. The main marketplaces for consumer electronics in La Paz are located along two streets and the surrounding blocks, Eloy Salmón and Huyustus, in a district northwest of the city center. A strong influx of rural migrants since the beginning of the twentieth century, especially those of indigenous Aymara descent, has characterized the area. With the growth and consolidation of this district in recent decades, covered markets and open-air fairs have multiplied, and street trading has spread along every sidewalk.[3]

During my fieldwork there, it was clear that China was viewed far more positively among traders than among Bolivia's general population. Chatting about this huge, distant country and its productive output, traders repeatedly said that these days everything is Chinese-made, but that the quality is now very good, unlike years ago when everything *chinito* broke within a week. This appreciation was part of their selling strategy, but it was also reinforced by past experiences of sourcing Chinese goods either in Iquique or directly in China. As Bolivian traders try to add value by producing their own labels (such as for household appliances), they insisted that this is now feasible because they could obtain "ten different qualities" of Chinese goods. For their own label, they would always buy products of better quality from reliable partners. Similarly, as will be explained in more detail below, Chinese electronics companies now serve clients from all economic strata. Chinese electronics corporations are entering Bolivian markets at a breathtaking pace, which is changing the traditional image of *chinito* merchandise.

The commercial areas of Eloy Salmón and the upper parts of Huyustus have undergone change because of the increasing availability of Asian and Chinese electronic and digital devices in the free trade zone of Iquique. Street vendors have become shop owners, wholesalers, and importers, while new traders have entered at lower levels of the supply chain. The built environment has also changed, as the most successful traders have opened *galerías* (shopping arcades). People from the wider metropolitan area buy goods in Eloy Salmón and Huyustus. Supermarkets located in the wealthier parts of town also purchase electronics from these popular wholesale businesses. Consequently, the East Asian MNCs Samsung, Sony, and LG Electronics, and more recently, a representative of Chinese Changhong, have opened showrooms in Eloy Salmón—both to showcase their products to clients and to be close to the Bolivian traders that have become key partners of the foreign companies.

While the long-standing influence of foreigners and MNCs in the mining and manufacturing industries has been widely analyzed and also plays a significant role in Bolivian public opinion and popular protest, the influence of foreign trading companies in the region and in Bolivia more generally has not been discussed.[4] Although the number of Chinese or other East Asian and South Asian nationals who actually live in the country is still small,[5] their presence in Iquique and as part of the configuration of economic actors that form Andean–Pacific commercial circuits and credit relations has been important and influential for Bolivian traders.

Iquique and the Rise of Regional Exchange through Supplier's Credit

Transaction patterns between international merchants and Bolivian traders in Iquique show that the shift from European and North American trading houses and goods to those from Asia is based neither on the brute logic of "low prices," nor solely on the achievements of Bolivian traders. Rather, the change of trading routes and merchandise is dependent on the growth and consolidation of Zofri as a distinctive commercial and social environment. The Bolivian traders of Eloy

Salmón and Huyustus have traveled to Zofri for decades to acquire manufactured goods. As consumer electronics have increasingly arrived in South America from China since the 1980s, Zofri, founded in 1975, has become the key place for the purchase, storage, and handling of electronic equipment and appliances destined for Bolivia. This has profoundly changed wholesale and retail structures at popular marketplaces in Bolivia. First generation traders, now in their sixties, know about the earlier "monopoly" of commercial houses in the colonial district. Ana and Ángel Fernández[6] narrate how, forty years ago when they had first started trading, they brought goods from the city center to their rudimentary sales sites. Taking advantage of segmented urban space that has resulted from the dynamics of racial discrimination and segregation of indigenous peoples, experienced traders such as this couple bought U.S.- and European-made devices from companies with an Italian, German, Jewish, or Lebanese–Syrian background in order to re-sell them to indigenous customers and petty traders. Over the same period, merchandise was also smuggled into Bolivia from Peru, but these were still European goods—batteries, sewing machines, and typewriters, for example. As electronic goods increasingly arrived directly from Asia, European enterprises lost their privileged intermediary position, and Zofri became more important.

Zofri, the free trade zone of Iquique, consists of a duty-free shopping center and a wholesale area. The latter, a so-called walled enclosure, is an entire neighborhood with numbered streets and hundreds of shops and warehouses. In comparison to the elegant, glittering shopping mall nearby, this assigned area looks shabby. It is dusty and functional, yet multisectorial and highly international. Only 44 percent of the trading companies at Zofri are owned by Chileans; the rest are a mix of Chinese migrant entrepreneurs (17 percent) and family firms from Taiwan, Korea, India, Pakistan, Lebanon, Argentina, Brazil, Peru, and Bolivia, to name the most numerically significant communities (Zofri 2014).[7]

Over recent decades, intermediaries at Zofri have provided links between traders from neighboring countries (in particular Bolivia, Paraguay, and Peru) and global brands. They acted both as and for agents and producers in China. However resellers in sectors such as clothing, shoes, toys, and smaller household appliances sell cheap items and copies of international brands directly imported from overseas, the bigger intermediaries in electronics handle internationally known brands and interact as much with popular traders as with the manufacturers. They are the official redistributors of particular product lines. In these cases, the corporations handle the logistics from the factory to the free zone. At Zofri, the intermediaries take over. They buy at their own risk from the corporations, which incentivizes them to make special offers for their Bolivian clients at times when they want to get rid of stock. As will be described below in more detail, their intermediary position does not rest on their expertise in international logistics or distribution (which are handled by the corporations and the Bolivian traders, respectively), but on trade credit practices that serve to elevate and accelerate the turnover of merchandise.

The more successful Iquique firms have known their favored Bolivian customers for years, and their representatives constantly travel to La Paz and other Bolivian cities for the purpose of receiving orders and payment. They sell at competitive distribution prices and offer credit that allows for long periods of deferred payment—up to 120 days, or even 150 days in the final quarter of the year. In contrast to these generous periods, corporations only offer deferred payment options of thirty or, in some exceptional cases, sixty days (Conversations, Iquique, November 2014). Moreover, Iquique distributors extend credit to traders whose business is known as *unipersonal* and who are only minimally registered as sole owners or as individual traders. They lack legally enforceable means of insisting on open payments should these unipersonal businesses go bankrupt or otherwise cease to exist.[8] This rather risky endeavor, from the economically orthodox perspective of MNCs, is part of the distributors' strategy to secure their client base and to increase their client purchase volumes. General conditions for supplier's credit depend on relative trading positions that are subject to the specific market context; in this case, Iquique-based distributors depend on the dynamics of supply and demand in Chile's neighboring countries, which vary with national economic policies, the relative value of currencies, and border regimes. The distributors thus depend on the vitality of transnational popular commerce in South America. They would be put out of business if MNCs started to sell directly to Bolivian wholesalers, or if multinational retail chains gained a foothold in Bolivia.

For Bolivians, the credit lines of Iquique-based suppliers are considered crucial. For example, importer and wholesaler Elsa Gomez highlights the role of Colón's free trade zone and Iquique distributors in the growth of her business. Her shop is small, basic, and as chaotically packed as any other in Huyustus, and her appearance reflects her rural origins (she always wears a *pollera* skirt[9]), but she, her husband, and their two children are currently among the main importers of brand name household appliances in La Paz and are wooed by the corporations. These large-scale traders import merchandise worth around $100,000 per month, sometimes more, often divided into two orders (Interview, Iquique, November 2014). When the couple traveled to Iquique for the first time in the mid-1990s, they had only $5,000 in their pockets. Over the course of two decades, they have expanded the size and frequency of their orders through the lucrative conditions created by deferred payments and the massive discounts that they occasionally received from distributors in Zofri and the free trade zone at Colón.

Another example is Marta González, who started traveling with her two sisters to Iquique thirty years ago. Today, all three sisters have their own import businesses, and their shops and warehouses are spread around Huyustus.[10] Marta González has built such a strong alliance with her providers at Zofri that, despite losing merchandise in mid-2015 (which was presumably confiscated as contraband), she immediately received a deposit of US$70,000 into her bank account from an Iquique firm "without signing anything". Her Indian business partner encouraged her, confirming that whatever happened "we will start again." With this capital, Mrs. González has again been able to bring large amounts of merchandise into circulation. When I visited her not long after this happened, she had sold car stereo systems, which are her "specialty," worth over US$1,000 in only forty minutes. Moreover, as Chinese white goods (renamed under local labels) become evermore popular among Huyustus's importers of home and consumer electronics, Mrs. González added that her Indian business partner offered to accompany her to China and show her the factory where the goods were being produced. Her promise, in return, was not to enter into direct competition with him.

The interaction between Bolivian traders and Iquique-based suppliers also includes gifts and all the "tokens of attention" of long-term business relationships. The suppliers invite their biggest Bolivian clients, such as the Gómez family and Mrs. González, to business dinners. The Bolivians receive special offers and gifts at the end of the year and for Mother's Day. In October 2015, various Bolivian traders and their families were invited by one of the Iquique-based companies for a week-long vacation to the Dominican Republic. Such events have become part of the general Bolivian–Iquique way of doing business. Since the manufacturers established themselves in the Bolivian popular market, they have also started to offer dinners, professional trips, and holidays to their best Bolivian clients.

As these examples illustrate, informal supplier's credit options in the form of deferred payments are central to transnational and cross-ethnic trading networks. They constitute an ongoing interest-free loan system for large purchases, which has helped both sides to grow. An immense body of work within the field of anthropology has shown that credit/debt relations move objects through space and time, and mutually bind exchange partners, whether in nonmarket or market contexts (Peebles 2010). Relationships based on economic credit/debt mark insiders and outsiders of commercial networks. In the case of Andean–Pacific trade, preferential supplier–buyer relations and supplier's credit developed over decades have produced socioeconomic differences among Bolivian traders—those that are excluded are left behind as petty retailers.

When I traveled with Antonia Colque to Iquique in September 2016, all the important intermediaries for brand-name home appliances and consumer electronics had established a minimum order of at least $2,000 per brand. Buyers could no longer mix televisions from Samsung with washing machines from LG, although this kind of diversification and varied product portfolio (*oferta surtida*) is a key strategy among lower scale traders. Mrs. Colque was left upset and desperate after being met with disinterest by the head of a sales division from one of the firms she had bought from five years ago. Her self-esteem plummeted. She exclaimed:

"Is it true that travelling to Iquique is now only viable for the capitalists?" (Iquique, September 16, 2016). The Lebanese man had hardly looked at us while murmuring that he could not give any credit because "you have to earn your credit." He continued that years ago "it was a different story" as you could buy for just $500, but today "the business has changed. We are now operating on a different scale" (Iquique, September 16, 2016).

This experience stands in stark contrast to the stories heard from the successful traders mentioned above. It highlights a trade focused on economies of scale, a trend toward original brand names, and strict profit-oriented lending and borrowing practices incentivized by manufacturers who leave their distributors in Iquique limited margins for deferred payment and limited leeway to renegotiate agreements.

As this example shows, Bolivian traders who travel often and want to buy smaller quantities because they lack investment capital are relegated to less lucrative products. Mrs. Colque was visibly relieved when we entered a small Japanese trading house[11] where she recognized the vendor and the vendor recognized, or at least pretended to recognize, her as well. She was able to buy pots and sets of scales, which Mrs. Colque knew would sell well in Bolivia. Although no credit options were offered to her, low purchase volumes were accepted (a minimum of $500 per purchase, and a mixed portfolio was allowed). During the journey home, Mrs. Colque lamented her bad luck as she had lost an order the last time she traveled to Iquique[12], and expressed regret that she had not traveled there thirty years ago. She remembered how other traders went to Iquique with little money, then came back, sold everything, and immediately returned to Zofri, often during the same twenty-four-hour period. This had been the case with Mrs. González and the Gómez sisters, fellow trading women who Mrs. Colque has known for decades.

Today, Bolivian wholesalers and intermediaries in electronics even deincentivize smaller scale traders from traveling to Iquique. This reflects a level of self-interest, but is also based on rising transportation and transaction costs. As the contraband trade has become increasingly risky (customs control has significantly increased under Evo Morales's government), the *piloteros*—informal transport agencies—have raised their fees to roughly 25 percent of the purchase price of the merchandise they carry (at least for smaller traders who do not receive the discounts that *piloteros* offer to larger businesses). Among other things, Mrs. Colque bought a set of six pots of different sizes for a price in U.S. dollars equivalent to 175 bolivianos (1 U.S. dollar = 6.9 Bolivian Pesos, the conversion commonly used among traders in September 2016). With the costs for the *pilotero* this added up to 219 bolivianos, while the maximum price she would be able to achieve for the set would be 250 bolivianos. If she had counted the costs of her journey and her stay in Chile, it would have amounted to a loss rather than a profit. She still likes to travel to Iquique and other places such as Oruro to purchase merchandise, however.

Traveling is part of her career and identity as a trader. She finds it entertaining and also uses it as an opportunity to teach her trade to her granddaughter. Moreover, small-scale traders who depend heavily on both their own and their family's labor tend not to include travel time and costs into their calculations. Because of these factors, she said it was still worthwhile.

In summary, the tendency toward upscaling trade in consumer electronics is the result of the coordination of Iquique-based intermediaries in cooperation with their biggest Bolivian clients, and has been augmented by the MNCs. The latter prefer to sell large quantities of goods and offer price reductions on big purchases, a practice the distributors pass on to their Bolivian clients. The following section will examine the arrival of these corporate actors in Bolivia in the 2000s.

East Asian Corporations, Bolivian Popular Markets, and Trust-Building

While goods made by Western manufacturers (such as Philips, Oster, Bosch) are also sold in La Paz, the most prominent brands are East Asian. In contrast to their Western counterparts who work out of their regional headquarters in Miami, Samsung, Sony, and LG first came to Chile, then set up Bolivian offices, and finally established themselves with a physical presence at popular marketplaces in La Paz. Sony was the first to arrive in Bolivia in the mid-1990s and it opened a branch office and show room in Eloy Salmón in 2003. LG and Samsung followed suit with show rooms in 2007 and 2012, respectively. Samsung Electronics in particular has greatly expanded its business in Bolivia in recent years.

Although MNCs directly engage with Bolivian traders through these offices, the Bolivian headquarters of the corporations are located in upscale business districts, either in the westernized metropolis of Santa Cruz, in the east of the country, or in the southern zone of La Paz. Employees at these main offices are middle-class Euro-Bolivians, whereas employees at the popular market branches tend to be mestizo and lower middle class, and their dress and behavior are casual. These young, technically savvy and, in some cases, professionally trained employees relate well to the emergent group of young local entrepreneurs and vendors who are especially visible in the Eloy Salmón retail market.

Since their operations first began, the corporations have had to learn that the main focus of their marketing initiatives must be on wholesalers and retailers. When Sony left the traders of Eloy Salmón "unattended" for six months, their brand lost visibility, all advertising banners were changed to those of the competition, and sales dropped considerably. They discovered that it was essential to remain physically close to popular marketplaces in order to promote their brand and gain access to key information. The showroom employees constantly move around, asking about sales and whether any models are missing. They carry out market surveys upon which to base corporate sales strategies and marketing initiatives. Trust is a prerequisite for obtaining information from the traders, which is handled with discretion. As one Samsung employee proudly announced: "I have managed to get their trust fast, as I know about international commerce and help them sometimes. We also speak about political inclination, family, and religion—more private issues" (La Paz, September 2016).

The attention and information provided by traders at Eloy Salmón and Huyustus is considered crucial for determining which brands clients will buy. As the key account manager (KAM) of one of Korean branch offices at Zofri exclaimed: "They are 'capos' [bosses]. A client enters to buy a Sony, but he leaves with a Changhong" (Iquique, November 2014). The vendors' power of persuasion relates to the customary bond between seller and customer. The flow of merchandise at popular marketplaces in Bolivia is made possible through personalized relations that involve a mutual commitment. The relationship is about the ability of sellers, be it wholesalers or retailers, to offer prices to loyal buyers called *caseros* that are a little better than those offered to less regular buyers.

Although *casero* relationships tend to be stronger between wholesalers and retailers, and in rural marketplaces and urban fairs, they are also practiced in established retail areas such as Eloy Salmón, where many clients are initially unknown. In a similar way, corporations—by wooing vendors with bonus payments for every item sold—try to build up a loyal base of *casero/casera* clients and try to prevent them from selling the competition's products.

Another way of building on existing customary practices is to hold promotional events, such as on specific dates before Christmas, and in June and July before the Bolivian holidays. The corporations invite wholesalers to business dinners, and retailers and their vendors to promotional receptions and banquets. These events were originally planned as training sessions for newly launched products, but having been adapted to local *fiesta* traditions they are now social events that start with a brief presentation of the goods, their qualities, and unique selling points, followed by a presentation of the bonus payment scheme. Such events end with a dinner, and sometimes with music and dancing.

In summary, since the beginning of the 2000s Asian strategic corporate adaptation to the Bolivian market has meant that marketing campaigns are developed specifically for Bolivia and focus on the traders. Corporate employees participate in the web of relations at popular marketplaces, as they perceive this to be necessary in order to sell their brand and access key market information. They practice a method of trust-building through instrumentally adopting local practices. This has required a gradual transition from a Westernized–Chilean to an Asian–Bolivian model. However, the most recent change in the regional trading network, in terms of the strategic adaptation of Asian companies to the expanding Bolivian markets, has been the direct engagement of Chinese corporations with local traders in Bolivia, the broadening of their product portfolio, and the formation of Chinese–Bolivian joint ventures.

Chinese Electronics Brands in Bolivia and "Next Generation" Commodity Chains

Since 2014, as part of a wave of Chinese investment in Bolivia, Chinese electronic brands have become increasingly available in the country.[13] The companies Haier and Changhong have chosen to enter Bolivia (mainly with LED televisions) exclusively through popular markets and actors. The company Reifschneider, Haier's official distributor in Iquique, proudly states that Haier opted for Bolivia to begin their proposed expansion in South America (Vásquez 2014). Similarly, Bolivian representatives working for Changhong emphasize the attraction of the country's fast-growing consumer markets and its geographical position at the heart of the continent. These assertions can be interpreted as advertisements for the Bolivian market by people interested in its growth, though they also resonate with the nationalist economic discourse of the MAS government. It is the extension of past Asian–Bolivian interactions and connections that have made these strategies successful, however.

As with Sony and LG Electronics, Changhong's[14] representative office in Bolivia is located in Santa Cruz, though their history is different from that of the other Asian brands. Rather than working out of a regional headquarters in Santiago de Chile like other companies, their Santa Cruz office was created from the joint initiative of a Chinese couple and a Bolivian man. They became acquainted at Zofri and worked for years as providers of Chinese-made tires before starting their current enterprise. Over a period of two years, the three colleagues decided to create a Society of Limited Liability with a base in Santa Cruz, and they approached Changhong to be their Bolivian representatives (Interview, Santa Cruz, October 2015).

Theirs is a relatively small joint venture with few resources and only modest support from the parent corporation. At first, the name of the brand, Changhong, was seen as a problem. It was difficult to pronounce and people made jokes about *chancho* (dirty pig) goods. In response, the representatives organized a social event in 2014 to introduce the company and promote its televisions. Notably, the event did not take place in La Paz, but in El Alto.[15] Emphasis was placed on Changhong's growing global presence and social goals. A video in English with Spanish subtitles was shown, outlining the company's history, corporate identity, and efficient logistics. An extra payment offered to vendors, which was a little higher than that offered by the competition, was particularly appreciated. The company also announced that it would sponsor a new cable car connecting El Alto and La Paz. Playing on diplomatic tensions between Bolivia and China, as well as the dependence of Bolivian traders on foreign suppliers, the head of Changhong Bolivia stressed that the company specifically "opted for Bolivia" and that "pure Bolivians" were working for them.

Prior to this event, Changhong had started negotiations with several wholesalers and importers from Huyustus. Their KAM (key account maker) made use of his personal contact with his *caserita*, an Aymara wholesaler. He had been a faithful client of hers when he owned a retail business in the more prosperous Southern zone of La Paz.[16] The woman's family wholesale business was among the first to resell Changhong televisions. She also advised him on how to organize the event described above.

Knowing at least some of the traders at Huyustus personally was a key asset for Changhong employees. As the KAM claimed, "one has to know the market and with whom to work." This means knowing who is handling enough volume and capital to be a potential and reliable Changhong buyer. The Changhong representative started conversations with traders, although these were not proper companies but unipersonal businesses. What is important for Changhong is the *caja* (equity capital, in Bolivian jargon) that the wholesaler can offer. *Caja* is the amount of capital that serves as warranty and guarantees purchases without the need for significant supplier credit. The short private agreement Changhong signs with clients for each purchase must be understood as a material manifestation of the will to cooperate, not as a legally binding document that fixes the rights and obligations of each party (see Alexander 2001). This became obvious when two of Changhong's distributors failed in 2015. The KAM acknowledged that Changhong could not successfully enforce the fulfillment of agreements from these bankrupt unipersonal traders, even though the company tries to minimize uncertainties by giving relatively short time spans for deferred payment. It seems his contacts had not been solid enough. After this experience, Changhong reduced its group of distributors.

In the end, the company assumed a certain level of financial risk as it attempted to engage directly with the traders in order to circumvent distributors in Iquique. Although exclamations such as: "We have broken the distribution chain" (Interview, Santa Cruz, November 2014), uttered by Changhong's logistics specialist, seem exaggerated, they have, in fact, managed to streamline the supply chain in two ways: First, their own Iquique branch office manages all the orders. Second, as they directly extend credit to Huyustus traders, they have been able to monitor and limit the number of wholesalers in Bolivia. They have thus broken with some of the mechanisms governing Andean–Pacific commercial networks.

In the space of a few years, various Chinese electronics companies have entered the Bolivian market in quick succession (Changhong, TCL, Haier, Huawei, Xiaomi, and Hisense). Huawei also works out of Bolivia directly, rather than from Chile. First attracted by high-level deals with the Bolivian government for the construction of telecommunication infrastructure, by the end of 2016, Huawei's mobile phones have become a serious competitor with Samsung's for the most popular smart phone brand in the country. In 2017, the company employed nine sales managers and promoters at popular marketplaces in La Paz, and was also trying to narrow supply chains. They rely on three authorized distributors at Zofri, although one of them, the Bolivian transnational Brightstar,[17] is without doubt the main partner. Haier, globally known for major home appliances, as well as Xiaomi,[18] a smartphone, mobile apps, and laptop manufacturer founded in 2010, have followed traditional trading patterns by entering Bolivia from Iquique. However, they are each working with one single distributor (Interviews and conversations, La Paz, April–June 2017).

Conclusion

This article has examined spatial and temporal transitions in the regional trade economy of the southern-central Andean–Pacific area by investigating the shifting relations among Bolivian traders, international intermediaries, and MNCs. The free trade zone at Iquique is a place where local and global linkages are especially noticeable. Heterogeneous economic agents are involved in long-term trade and credit relations. Varying degrees of interpersonal trust are involved in the transactions between family firms of different sizes and make-ups across international borders. The rise of this Andean–Pacific trade economy was not achieved overnight. It was not only based on low prices, but rather mediated by a reordering of commercial networks. The interplay of factors such as a high supply of Asian-made goods in the free trade zone, growing demand in Bolivia for novelties and branded products, and the fast circulation of goods between the zone and Bolivia, have been mutually constitutive. Bringing ever-greater volumes of goods into circulation has been made possible because of the synergy of Bolivian traders and international merchants, as well as through capital circulation and deferred payment within their trade networks. Distributors in Iquique have facilitated increasingly large purchases and credit for Asian-sourced commodities. Finally, growing economies of scale attracted the attention and engagement of MNCs in the region.

A second phase of trade resulted in the establishment of the physical presence of East Asian corporate representatives in popular Bolivian marketplaces. The companies' Chilean headquarters lost control over marketing and sales in Bolivia as a result. The MNCs' strategic adaption to Bolivian trading practices has rested on various factors that make exchange more robust: physical proximity and face-to-face contact, respect for the roles of different market players, prevalent class and ethnic positions, as well as the use of customary loyalty practices and material incentives in the form of extra payments for vendors and shop owners.

Finally, a third phase has been characterized by direct Chinese investment, Chinese–Bolivian joint ventures, and attempts to streamline the commodity chain. In this sense, the dynamics of the market for electronics in Bolivia, and across the region more generally, reflect an overall tendency toward direct engagement between Bolivian and Chinese economic actors. They also mark a movement toward simpler distribution chains that might reduce the opportunities and gains of middle-sized intermediaries and trade diaspora communities in the region. But contrary to common assumptions about intensively mediated trade and its "natural" disappearance as a result of advanced transportation and communication technologies, this analysis has shown that the threats to Iquique-based merchants lie elsewhere. Their commercial futures depend on their ongoing role as providers of supplier credit to unipersonal traders that are deemed too risky from a manufacturers' perspective. This intermediary role would become superfluous if the MNCs and their representatives started to sell and lend to popular traders, or, conversely, if traders were to formalize into a corporate structure, which only a handful of La Paz–based trading families have done so far.

The tendency toward a flattening of commodity networks and a more pronounced division of labor between distributors, wholesalers, and retailers reduces the spatial mobility of Bolivian traders, and accentuates hierarchies among them. Although in other sectors, such as clothing and shoes, small-scale traders still travel every other week for relatively small purchases, this is no longer a lucrative practice in electronics as the minimum order per brand is at least $2,000, and transportation costs for these often bulky goods have risen. The changes have meant a restriction on the range of places from which to source merchandise. To buy at various places according to product and label, and to have first-hand access to novel goods have been key strategies among small-scale traders in order to secure their livelihoods. Given that formal employment remains the exception rather than the rule in Bolivia, trade mobility remains an important economic resource, and even for petty traders it tends to offer better remuneration than when they stay put. In the past, even retailers used to buy electronics and household appliances in Zofri. Small-scale traders now depend less on Iquique and more on their fellow Bolivians.

As MNCs adapt to, but also initiate, changes to prior business arrangements, they are thus contributing to a growing division of labor as well as economic and social differences among Bolivian traders. The rise of Iquique meant the demise of the Euro-Bolivian oligopolistic control of Bolivian import markets. The potential decline of Iquique reflects the rise of a native commercial elite that benefits from business deals with international distributors and East Asian MNCs, and an engagement with Chinese nationals and companies, both within the region and in China itself. In the meantime, from around the early 1980s to the mid-2000s, low barriers to entry to regional trade enabled humble city dwellers and rural–urban migrants to profit from Bolivia's growing demand for electronic goods. Hundreds of traders made their way over the border to Chilean Iquique to buy household appliances, televisions, and the like in Zofri.

The adaptation to specific socioeconomic worlds and the use of social networks are effective corporate strategies to gain and increase their market share. Managing transnational supply and distribution chains means forging hierarchical collaboration between dissimilar firms (Tsing 2009). Still, as this article has shown, regional trade economies that rest on informal supplier's credit form contemporary frontiers of corporate investment. A comprehensive analysis of growing inequalities in popular commerce induced by big corporations, and the changing bargaining powers among actors extend beyond the limits of this work, but remain important subjects for future research.

Notes

[1] Shortly after his election at the end of 2005, Evo Morales visited Chinese President Hu Jintao to forge a "political alliance" and express Bolivia's interest in Chinese investment and loans (Poveda 2010:153). Before Morales, Bolivian presidents Jaime Paz Zamora and Gonzalo Sanchez de Lozada visited their Chinese counterparts in 1992 and 1997, respectively (Ellis 2009:138). Bolivia first opened diplomatic relations with China in 1985.

[2] For debates on the informal economy in Latin America relating to the state, capitalism, and labor, see Fernández-Kelly and Shefner (2008), Itzigsohn (2008), and Perez Sainz (1998).

[3] On the historicity of market exchange in the Andes, see Larson et al. (1995).

[4] See Buechler and Buechler (1992) for an exception.

[5] Ellis (2009:138) estimates the number of individuals with Chinese ancestry at 12,000. According to the latest census, no more than 933 Chinese citizens live in Bolivia, and only 114 live in the city of La Paz (Ellis 2009:138; INE 2012). Though numbers have grown over the past years, there are hardly any Chinese, or otherwise foreign traders in Eloy Salmón and Huyustus. In textiles, there is a small number of Chinese intermediaries in La Paz. Lebanese-Syrian trading houses have been important historically throughout the country.

[6] Names of individual traders have been changed to maintain anonymity; company names have not been changed.

[7] People from Asia and the Middle East have migrated to Chile since the beginning of the nineteenth century. The story of Canton Chinese people in Antofagasta and Tarapacá (the regional capital here is Iquique) begins with immigrant workers in saltpeter mining in the last half of the nineteenth century. Trade developed quickly around this saltpeter extraction; in 1887, the Sociedad de Beneficencia China was founded in Iquique (Lin Chou 2004).

[8] Unipersonal businesses (*unipersonales*) are registered with the local administration and increasingly hold a national tax identification number, but are only minimally controlled in their business operations. If the trader disappears or dies, the *unipersonal* ceases to exist. This is one reason why Samsung, LG, and Sony do not sell to them directly.

[9] A multilayered skirt associated with rural–urban market women throughout Bolivia.

[10] The gendered dimension of Bolivian popular commerce, reflected in the choice of actors throughout the text, cannot be adequately treated in this article; on indigenous women in Andean trade, see Babb (1998), Scarborough (2010) and Seligmann (2004, 1989).

[11] These are small businesses with up to ten employees, which trade mostly low-cost and low-margin goods such as kitchenware, lamps, and counterfeit household appliances. The official intermediaries,

in contrast, are middle-sized family holdings with seventy to one hundred employees, which in some cases are also involved in other business areas.

[12]The risk of losing merchandise on the journey from Iquique to Bolivia (either by accident, as a result of fraud, or customs) is meant to be shouldered equally by traders and transporters. However, as contracts are exclusively oral, some transporters, especially vis-à-vis weak traders, avoid their obligations.

[13]This resonates with what we know about Chinese internationalizing strategies among electronics and IT companies that have been contract manufacturers for Western companies before going global under their own brand name (Ernst and Naughton 2008).

[14]Changhong (Sichuan Changhong Electric Co., Ltd.), founded in 1958, has been listed on the stock market since 1994 and has a strong position in the Chinese market for televisions (http://www.changhong.com/changhong˙en/about˙en/12205˙12217.htm, accessed April 24, 2015). It is an example of "management buy-out," or "insider privatization," of former state-owned firms. Forms of "hybrid ownership" with a significant percentage of private equity investment are common in Chinese electronics and IT, as exemplified by Haier and Huawei (Ernst and Naughton 2008:46).

[15]Samsung held all its 2014 events in La Paz, while LG celebrated its first convention in El Alto in 2014 after many years of holding them in La Paz, Cochabamba, and Santa Cruz.

[16]He bought from the same wholesale traders as the popular retailers of Eloy Salmón. Formality mainly serves as an image in Bolivia—it is a façade that differentiates businesses according to the ethnic and class origin of the owner and the location of the business in the city, but not according to different purchasing practices or product quality.

[17]Brightstar is one of the biggest distributers of cell phones and other devices in Latin America. The global headquarter is in Florida where the company was founded in 1997 by Bolivian businessman Marcelo Claure.

[18]On Xiaomi's global strategy to cut out the middlemen, see Triggs (2014).

References Cited

Alexander, Catherine. 2001. "Legal and Binding: Time, Change and Long-term Transactions." *Royal Anthropological Institute* 7: 467–85.

Babb, Florence E. 1998. *Between Field and Cooking Pot: Political Economy of Marketwomen in Peru.* Austin, TX: University of Texas Press.

Buechler, Hans, and Judith-Maria Buechler. 1992. *Manufacturing against the Odds: Small-Scale Producers in an Andean City*. Boulder, CO: Westview.

Cheuk, Ka-Kin. 2016. "Everyday Diplomacy among Indian Traders in a Chinese Fabric Market." *The Cambridge Journal of Anthropology* 34(2): 42–58.

DeHart, Monica. 2018. "Chino Tico Routes and Repertoires: Cultivating Chineseness and Entrepreneurism for a New Era of Trans-Pacific Relations." *Journal for Latin American and Caribbean Anthropology* 23(1) (forthcoming).

Ellis, R. Evan. 2009. *China in Latin America: The Whats and Wherefores.* Boulder, CO: Lynne Reinner.

Ernst, Dieter, and Barry Naughton. 2008. *China's Emerging Industrial Economy: Insights from the IT Industry*. London: Routledge.

Fernández-Kelly, Patricia, and Jon Shefner. 2008. *Out of the Shadows: Political Action and the Informal Economy in Latin America.* University Park, PA: Pennsylvania State University Press.

Hearn, Adrian H. 2016. *Diaspora and Trust: Cuba, Mexico, and the Rise of China.* Durham, NC: Duke University Press.

Hearn, Adrian H., Smart, Alan, and Roberto Hernández Hernández. 2011. "China and Mexico: Trade, Migration, and Guanxi." In *China Engages Latin America: Tracing the Trajectory*, edited by A. H. Hearn and J. L. León-Manríquez, 139–57. Boulder, CO: Lynne Rienner.

INE (Instituto Nacional de Estadística, Bolivia). 2012. *Resultados de Censo de Población y Vivienda.* La Paz: INE.

Itzigsohn, José. 2008. "Neoliberalism, Markets, and Informal Grassroots Economies." In *Out of the Shadows: Political Action and the Informal Economy in Latin America*, edited by P. Fernández-Kelly and J. Shefner, 81–96. University Park, PA: Pennsylvania State University Press.

Larson, Brooke, Olivia Harris, and Enrique Tandeter, eds. 1995. *Ethnicity, Markets, and Migration in the Andes: At the Crossroads of History and Anthropology*. Durham, NC: Duke University Press.

Lin Chou, Diego. 2004. "Chile. De culíes a profesionales." In *Cuando Oriente llegó a América. Contribuciones de inmigrantes chinos, japoneses y coreanos*, 35–52. Washington, DC: Banco Interamericano de Desarrollo (BID).

Lomnitz, Larissa A. 1975. *Cómo sobreviven los marginados*. México: Siglo XXI Editores.

Marsden, Magnus. 2017. "Actually Existing Silk Roads". *Journal of Eurasian Studies*, 8(1): 22–30.

Mathews, Gordon, Gustavo Lins Ribeiro, and Carlos Alba Vega, eds. 2012. *Globalization from Below: The World's Other Economy*. Abingdon: Routledge.

Melendres, Miguel Ángel. 2015. "Crédito chino por $us 7.400 millones irá a 9 proyectos." *El Deber/CBHE* website, October 20. Accessed January 4, 2018. http://www.cbhe.org.bo/noticias/6381-credito-chino-por-us-7-400-millones-ira-a-9-proyectos.

Mena, María. 2015. "La inversión china en Bolivia supera los $us 3.000 millones." *La Razón* website, September 30. Accessed January 4, 2018. http://www.paginasiete.bo/economia/2015/10/1/inversion-china-bolivia-supera-3000-millones-71917.html.

Müller, Angelo, and Rainer Wehrhahn. 2013. "Transnational Business Networks of African Intermediaries in China: Practices of Networking and the Role of Experiential Knowledge." *Die Erde* 144(1): 82–97.

Poveda, Pablo. 2010. "Bolivia and China: Indirect Relations in a Global Market" In *Latin America Facing China: South–South Relations beyond the Washington Consensus*, edited by A. E. Fernández Jilberto and B. Hogenboom, 153–66. New York: Berghahn Books.

Ortner, Sherry B. 2010. "Access: Reflections on Studying in Hollywood." *Ethnography* 11(2): 211–233.

Peebles, Gustav. 2010. The Anthropology of Credit and Debt. *Annual Review of Anthropology* 39:225–40

Perez Sainz, J. P. 1998. "The New Faces of Informality in Central America." *Journal of Latin American Studies* 30(1): 157–79.

Pinheiro-Machado, Rosana. 2012. "Copied Goods and the Informal Economy in Brazil and China: Outlining a Comparison of Development Models." *Vibrant* 9(1): 335–59.

Rodríguez, Gary. 2015. "Con el nuevo préstamo, China será el mayor acreedor del país." *Página Siete* website, October 20. Accessed January 4, 2018. http://www.paginasiete.bo/economia/2015/10/21/nuevo-prestamo-china-sera-mayor-acreedor-pais-74203.html.

Scarborough, Isabel M. 2010. "Two Generations of Bolivian Female Vendors." *Ethnology* 49(2): 87–104.

Seligmann, Linda J. 2004. *Peruvian Street Lives. Culture, Power, and Economy among Market Women of Cuzco*. Champaign, IL: University of Illinois Press.

———. 1989. "To Be In Between: The Cholas as Market Women." *Comparative Studies of Society and History* 31(4): 694–721.

Triggs, Rob. 2014. "The Xiaomi Model Is Taking over the World Accessed." Accessed May 30, 2017. http://www.androidauthority.com/xiaomi-business-model-575619/.

Tsing, Anna. 2009. "Supply Chains and the Human Condition." *Rethink Marxism: A Journal of Economics, Culture, and Society* 21(2): 148–176.

Valle, Valeria Marina, and Héctor Cueto Holmes. 2013. "Bolivia's Energy and Mineral Resources Trade and Investments with China: Potential Socioeconomic and Environmental Effects of Lithium Extraction." *Latin American Policy* 4(1): 93–122.

Vásquez, Walter. 2014. "La marca Haier eligió a Bolivia para su ingreso a Sudamérica." *La Razón* website, June 8. Accessed January 4, 2018. http://www.la-razon.com/index.php?˙url=/suplementos/financiero/Haier-eligio-Bolivia-ingreso-Sudamerica˙0˙2065593568.html.

Wilkis, Ariel. 2014. "Sociología del crédito y economía de las clases populares." *Revista Mexicana de Sociología* 76(2): 225–252.

Zofri. 2014. *Empresas autorizadas al 31.10.2014 por rubro*. Iquique: Zofri S.A.