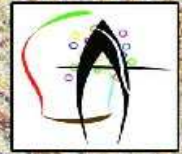




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L'Afrique et les défis du XXIème siècle
Africa and the Challenges of the Twenty First Century
A África e os desafios do Século XXI
إفريقيا وتحديات القرن الواحد والعشرين

**Panel: Uneven Regionalism - SA's post- Apartheid
Expansion in Southern Africa and host country responses**

**DRAFT VERSION
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I would like to provide a synthesis in this paper of research I have done in the past and reflect theoretically on South Africa's post-Apartheid expansion in Southern Africa. When South Africa experienced its democratic elections, expectations were high in Southern Africa. A new regional moment had dawned, one that was portent with political and economic opportunity.

What crystallized out of the debate on post-Apartheid regionalism and SA's role were:

- a. SA's position as a middle power in the region
- b. The character of South Africa's intervention – hegemonic/sub-imperialist/colonial.

These approaches were both *SA-centric and state-centric*: they focused on SA's role in post-Apartheid Southern Africa, firstly, and secondly, on the *hierarchy of states in the region*. But the countries of Africa were not a tabula rasa in the South African expansion. *Local social processes and contestations also shaped the post-Apartheid region through their responses to the deluge of South African capital entering its borders*. While the empirical work showed that such corporate expansion clustered in both traditional sectors such as mining as well as the new services sectors including retail, finance and tourism, my research was used to show that workers in these countries were dissatisfied and that their workplace conditions were unsatisfactory.

Judi Hudson (in Adebajo, 2008), for example, reviewing the literature on SA's post-Apartheid expansion, draws on an article in the South African Labour Bulletin, that says, "workers in the region feel that, next to South African workers, they are treated as second class citizens" (Miller, 2003). But what I have endeavoured to promote, in addition to this focus on workers' conditions, is *a more relational and 'society-centred' understanding of post-Apartheid regionalism, and South Africa's role in the new post-Apartheid Scramble for Africa – a scramble taking place internally within Africa*. I have used the case studies of South Africa's shopping mall expansion, workers and managers in the retail sector in Mozambique, Zambia and Egypt; multinational structures and strategies of organization by Shoprite, the giant South Africa-owned retailer, in Africa, and villagers and the local partnership they set up with Shoprite in the rural town of Chipata, Zambia, to develop *a different approach to the debate on SA's regional role*. To this end I have published various journal articles and research reports, drawing on the literature in human geography to demonstrate how a *'politics of scale' functions at the regional level in the geographic imaginaries and claims of various social institutions and classes*. I have argued this position through various illustrative case studies. Rather than just focusing on the exhortations of states in the region for foreign capital and the descriptions of South African capital expansion, I have used the retail sector as a lens to show *how 'uneven regionalism' proceeds*. I would therefore like to

share some of these theoretical discussions on *the racialised contours of uneven regionalism in the retail sector*, historically and in the current shopping mall expansion.

Uneven Regionalism and South Africa's retail expansion

When the era of neo-liberal regionalism descended on Southern Africa in the 1980s and 1990s, a motley quilt of trading relations stretching across the region, beckoned its reinvigoration from foreign investors. Active agents of this new wave of African 'modernization' were South African retail multinationals. Wittingly or unwittingly, the South African retailers followed the path of European colonial traders who inscribed the earlier geographies of retail in the region. Unlike the little trading stores of the earlier colonials, however, the post-Apartheid retailers brought in their wake a more recent retail phenomenon - the shopping mall. Extending these malls to fifteen foreign African countries, the South Africans superimposed these new centres on the decayed urban infrastructure of older African cities. The 'cathedrals of consumption' (Jaumain and Crossick, 1999) had arrived in Africa, catapulting the old department stores, the little trading shops and the larger state-owned wholesale stores into the competitive new global world of food retailing. Sporting these new retail conglomerations, African cities now unevenly mirrored the consumptive environments of the 'North'. These shopping malls enmesh the region in Ferguson's 'African connect', where foreign investments connect the continent to the global economy but do so in a 'globe-hopping' way, producing an extractive neo-liberalism that fails to effectively integrate most Africans into the world of goods and services (Ferguson, 2006, 49). The Southern African region has embraced a new kind of regional development, namely the expansion of South African retailing. However, there have also been a variety of local responses that challenge the overwhelming presence of South African investors in African retailing since the 1990s.

What did this new era of retailing mean for Zambians, the site of two of the case studies, and the region more generally? In this article I try to show that, while South African capital's expansion is a powerful, regional manoeuvre that dispossesses as it accumulates, it is by no means rolling over the torpid remnants of a post-Independence battlefield. Class contestations shape and reshape the South African economic expansion in retail. *Local entrepreneurs, investors, workers and farmers resist the imperial impetus in South Africa's post-Apartheid regional expansion.* Workers, farmers, local entrepreneurs and even local investors, in the form of minority shareholders, have contested the South African-led retail expansion. Regional and continental contestations around retail and other expansions abound, ranging from Nigerian local farmers

who want to burn down Shoprite stores, to Egyptian retailers who eschew a company that will not play Arabic prayers during Friday prayer time, to the Shoprite workers who claimed equal status with their South African counterparts (Miller, 2005).

While the retail and shopping mall expansion help to create an overwhelming South African presence on the continent, I argue that the region is not South Africa's to claim. Following on earlier work on Zambia (Miller, *ibid*; 2006; 2008), I explore the historical geographies of South African retailing, arguing that the post-apartheid region needs to be understood as *a contested social space*. *What the region is and how accumulation proceeds, is shaped and made by these multiple class contestations*. The second section in this paper examines the themes of race, region and multinationalism. The third section provides a brief overview of trading patterns in colonial and post-colonial Africa, while the fourth examines the development of the city of Lusaka. The fifth section is an empirical overview of the new shopping mall expansion in Zambia. Two cases of local contestation and resistance (the Brait buy-out and the Luangeni Partnership) by both Zambians and South Africans draw on accounts of people who have engaged or stopped the South Africans in their expansionary tracks are examined in the final section of the paper.

My contention is that the narrative of 'South Africa in Africa' is a flawed one: the region's geographies speak of a region integrated since colonial times; of people who, for a long time, traversed the region with labour and goods even when Independence initiatives marked off regional political territories in the SADCC. New traders follow old traders. South Africa and Africa have inter-dependent historical geographies that shaped the region then and now. Post-Apartheid Southern Africa demonstrates new forms of regional class struggle that happen beneath the surface of FTAs and regional development initiatives such as SADC and SDIs (spatial development initiatives). Delineating the contours of post-Apartheid regionalism requires, indeed demands, an interrogation of these political-economic processes and the social relations that occur at the regional level.

Such regional analyses, however, need to be informed by an understanding of how various social classes at the national level reshape regional relations. The story revolves around 'South Africa and Africa'; but the post-Apartheid conceptual framework needs to be revised in favour of a more historically accurate, relational understanding of our region.

1. Race, region and multinational expansion

Post-Apartheid regionalism in Southern Africa has actively promoted investment by foreign multinationals. This active embrace of foreign direct investment has also helped to promote foreign retailers, as African governments shifted away from state-owned industries. Regionalism and regional integration have been seen as state-driven policies (Lee, 1989; Davies, 1991; Gibb, 1997). In an earlier article I suggested that a society-centred approach to regionalism was necessary to break out of the overwhelming state-centrism in regional analyses of Southern Africa (Miller, 2004). I utilised Niemann's (2001:67-72) revision of International Relations theory in which he provides a historical account of the production of spaces (à la Lefebvre) in Southern Africa since the 1800s, to show how a perception of the region as a coherent entity emerged through particular spatial practices.

Out of a physical landmass at the southern tip of the African continent, a notion of a coherent geographic entity, a social space, emerged over time that was intimately tied into the contests for economic control. Race formed one crucial demarcation in representational spaces of the region, with a corresponding set of segregated spaces of representation.

Spaces were identified by the skin colour of those who were permitted to live through them.

It was possible to read if the body of an individual was in the proper space and the pass laws of South Africa, the housing of labour in hostels and compounds adjacent to mines and, later, manufacturing facilities all reflected this racialization of space in southern Africa (Niemann, 2001: 74).

The bounded national entities that dominate the regional space are contradicted by the spatial flows of commodities, people and labour that create mutual dependency amongst the different societies within Southern Africa. There is a porosity in the borders of the region's countries that overflows the boundaries of nation-states and creates a societal level of interaction. In this sense, the region is also a 'counterspace' to inter-state relations.

We can therefore imagine regions not only as spatial constructs which facilitate the exploitation of the subcontinent; we can also imagine them as counter-spaces, as sites of resistance to such processes. One such imagination is to think of *regions as spaces of rights (my italics)* rather than spaces of flows or spaces of places. A region so conceptualized constitutes an integrated space not because of trade flows or institutional apparatuses but because its inhabitants share a commitment to struggle for the same enforceable protections against abuses be they committed by states or corporations. To conceive of regions as spaces of rights represents a direct challenge

to the hegemonic consensus of liberalism. Such efforts transcend the traditional spatial organization by insisting that rights of persons be recognized outside and independent of the national state. They reject the position of the state as the sole arbiter of the rights of 'its' citizens and therefore create new spaces of reference (Niemann, 2001:75).

While Niemann's revision represents a critical widening of the debate on regionalism, understanding the region as a 'space of rights' both opens up and closes down different possibilities for understanding regionalism. Seeing regions as 'spaces of rights' ignores the spatial and scalar problems that regionalization poses for regional identities against particularistic identities. Attachments to place and localities or sub-regional identities can become stronger as spatial barriers crumble and local areas are subjected to global forces in a more direct way. While global forces seem out of reach and more difficult to control, communities attach more vociferously to local places (Harvey, 1996). Extending the discussion of 'rights' to the spatial claims of different social classes allows for a more expansive discussion of regionalism in Southern Africa.

To expand Niemann's (2001) discussion, we need to present the region as a '*space of claims*' by exploring the concepts of social scale and geometries of power. Scales are a basic way of differentiating human activity from the local scale, such as the household, the workplace, the city, the globe. In daily, lived experience, multiple scales exist simultaneously.

....scale is a set of abstractions through which we make sense of social processes making and remaking these material landscapes (Smith in Jonas, 1994).

Geographic spaces are produced by abstractions that form these entities into a particular scale-global, national, regional or local. Scale is also political, a way of 'fixing power' within institutions.

Scale distils emancipatory and oppressive possibilities of space and provides a distilled expression of spatial ideologies, racism, xenophobia...The representation of scale lies at the centre of spatialised politics (Smith, 1990:173)

Limited by a specific geographic scale or level of accumulation such as the nation-state, a rescaling process ensues at the local, sub-national, multilateral regional or global scale, for example. Spatial representations and material practices exist in a dialectical relationship (Smith, 1990; Lefebvre, 1996; Harvey, 1996).

The social relations of capitalism invariably take on a geographical expression...What is often less clear is the precise way in which spatial form is related to social forces (Wolch, 1989:5).

In the same way that globalisation is a 'societal construct' (Keet, 1999), regionalism and the formation of regions is a social process, entailing institutional power, a shared geographic identity, regional labour markets and is always relentlessly driven by capitalist accumulation and framed by the power and command of money. Who is to be integrated, how and on what basis is not simply a question of contractual regional arrangements but a question of the spatial 'geometries of power' (Massey, 1992). Shifting power geometries and their spatial representations are underpinned by the spaces of production and reproduction. Capital's constant re-territorialisation and expansion is driven by over-accumulation (Harvey, 1999), and these internal contradictions have geographic consequences.

Regionalism invokes a claim over a bounded geographic space that is also a social space. Bounding the region as a group of historically and economically tied countries that should act together for a particular economic strategy produces a spatially determined power structure that demarcates the region. As social power relations reconfigure, these changes and produce new meanings about a specific geographic scale, marginalizing some while thrusting others into centre stage.

Most importantly, however, these scale redefinitions alter and express changes in the geometry of social power by strengthening the power and control of some while disempowering others (Swyngedouw, in Cox, 1997:142).

What is significant here is not that inclusion and exclusion processes happen, but that these processes take spatial forms, and have spatial consequences. A new meaning is given to a particular social scale - the nation, the region, the global system- in line with shifts in power relations. Regions, then, are more than physical demarcations. They entail a social claim to a geographic space between the scale of the nation-state and the global system. Against the Euclidian notion of 'space-as-container' or space as fixed, regions are dynamic entities, not just static groups of contiguous states. Social space according to Lefebvre's conceptual 'triad' is constituted by 'the perceived, the conceived, and the lived' (Lefebvre, 1991:39). The foreign investment of South African companies in post-Apartheid Southern African can be understood as a claim on the region. Capital's ability to command power over space and social relations is a central dimension in the way that the region is integrated, how regional power is accumulated and which regional forces are marginalized. Geographic claims have important consequences for the way that the regional role of South African multinationals plays out.

South African-based or South African multinational corporations have played a central role in constituting South Africa as a regional entity. Much of this capital flowed through or from South Africa, allowing part of the regional surplus to fuel South Africa's growth as well as enhancing the role of its multinational corporations as an important characteristic of post-Apartheid Southern Africa.

South African (or South African-based) capital historically, through the agency of the multinational firm, has integrated the countries of South Africa in an uneven way. South Africa's ability to command capital and labour flows in the region through these powerful multinational corporations accelerated South Africa's economic growth, creating tremendous regional unevenness. South African capital has established a strong claim to the regional space of Southern Africa, both in the present and in the past. The historical geography of capital accumulation in Southern Africa has placed South African capital, through its multinational corporations, at the center of these accumulation processes. Currently comprising 14 countries that are members of SADC (the Southern African Development Community), Southern Africa is dominated by South Africa, the region's economic giant (Martin and O'Meara, 1995; Seidman and Makgetla, 1980). Capital accumulation develops the most profitable sectors of the economy to the detriment of other sectors, creating uneven capital flows. South Africa is a region of unevenness in regional flows of capital accumulation, generating \$130bn of the region's \$160bn in output in 1998.

Global accumulation processes centered on South Africa have shaped the boundaries of the region.

If we are to understand how the social construct 'Southern Africa' came into existence, we must place it in the context of the cyclical rhythms of capitalist world-economy (Vieira, Wallerstein and Martin, 1992:5).

The notion of Southern Africa as a coherent geopolitical entity can be traced back to the first "Scramble for Africa". As cycles of world hegemony have evolved, Africa has been the site of renewed scrambles and reterritorialization of capital. South Africa's regional domination goes back to the phases of early mining and finance accumulation under colonial expansion. The initial expansion that centered on South Africa, Zimbabwe and Zambia occupied a central place within this new formation. Combining with this territorial expansion were also the imperialist expansion of the capitalist type (Harvey, 2003:33-36), entailing large investments in rail and road networks. This phase of Southern African accumulation coincided with the period of the Great

Depression, initiating a new phase of capital's reterritorialization in Africa (Vieira, Wallerstein and Martin, 1992).

The period from 1873-1920 saw the British, the global hegemon of the time, consolidate political control over the areas of mineral wealth in Southern Africa and form political boundaries that endure today. Gold mining in Southern Rhodesia (Zimbabwe) and Johannesburg's Reef (South Africa), copper mining in Northern Rhodesia (Zambia), and Kimberly's diamond mining absorbed capital surpluses from London financial and commercial and corporation and commodity surpluses of British manufactures. Despite this regional economic integration through the London-and South African-based capital, political divisions inscribed regional fault-lines. White settler regimes in South Africa, Rhodesia and Mozambique were isolated internationally in the period during the two World Wars and after the World War II bequeathing to the region a racially divided historical geography.

Ideas of developing intra-African export markets and 'delinking' from the dominant 'North' animated post-colonial Africanist programmes. The NIEO (New International Economic Order) perspective inspired many Africanist programmes in the 1960s and 1970s. 'Collective self-reliance' was a strong principle in the programmatic perspectives for Africa at the time. One example was the Lagos Plan of Action, adopted by the Organization of African Unity (OAU) in 1980 and proposed by the UN Economic Commission for Africa (ECA). Throughout this period of national self-determination in some parts of Southern Africa, however, multinationals continued to use Apartheid South Africa as a base of their investment activities in Southern Africa. Some of the capital surpluses that flowed through South Africa during this period were trapped in South Africa, partly through the protectionist policies of the Apartheid state, allowing South Africa's economy to expand faster than other countries in the region.

In the 1960s and early 1970s, there was a new scramble in Africa, this time led by the transnational corporations who sought new sites of investments for over-accumulated capital. As countries became politically independent, South Africa was a stable launching-pad for investment into the region (Seidman, 1980:45). Protected by Apartheid, global multinational formed joint ventures with South Africa companies. In the 1960s, eight of South Africa's top eighteen industrial companies had major ties with transnational firms. (Seidman, 1980). Regional economic integration proceeded despite the political barriers. While political geometries demarcated the region into white settler states, on the one hand, and Frontline (independent) black states on the other, the territorial independence of African nation-states

after national liberation struggles interrupted but did not halt continued capitalist expansion. Nationalization operated unevenly in economies that allowed multinational investment often via and from South Africa. These racialised patterns of regional development were replicated over time in the retail sector, as discussed below.

2. Trading in colonial and post-colonial Africa

One common element in the development of retailing in Africa was the colonial pattern of indigenous exclusion. During this period, credit extended more from the metropole to the European entrepreneur than to any other community. Combined with racial municipal legislation, white-run businesses dominated the formal retail market in many African cities. As settler cities grew in the 1930s and 1940s, central business districts (CBDs) expanded. African businessmen, however, were prohibited by municipal legislation from retail activities in the towns. African townships were typically served with cheap imitations of 'white stores and confined to the 'truck trade' (Burke, 1995: 100).

Like other less-developed regions, retailing in Southern Africa is extremely diversified, ranging from informal street traders to small outlets with low turnover, to larger shopping complexes (Findlay et al,1990). Limited purchasing power, low outreach and poor infrastructure are some of the common factors that have restricted the growth of retailing in poorer countries (Paddison in Findlay et al., 1990). In the twentieth century, retail infrastructure clustered in some places and failed to penetrate others, the urban-rural divide being the most graphic illustration of this uneven clustering of money and resources.

Race politics in retailing was not only along white-black fault lines. There was a lot of anti-semitism amongst the company officials from the controlling British Company of South Africa (BCSA. Racial politics manifested itself between Jewish traders and) Chartered Company officials in these early days already. The district commissioner for Lealui in 1901 went on a tirade against the Jewish traders, calling them 'undesirable character' (Findlay et al, 1990, 27). He charged that the Jewish traders were successful because they were willing to include ammunition in their deals with local. The dispute between European traders also caused a loss of prestige for whites, in the view of the commissioners.

There is I regret to say a certain insolence about the natives towards traders, other than Jews, making it difficult to maintain the peace and the respect for the white man is not what it should be.(Findaly et al, 1990, 28)

Traders kept close relations with ruling groups in order to keep their trading lines open. Competition amongst small traders with limited capital resources, was vicious. 'Legitimate' traders were seen by a larger retailers like Susman- the founders of which came from the Baltic region- as those who operated from substantial stores and built large camps, unlike the small traders who traded from their wagons and operated with lower cost and profits. These small traders regularly undercut prices and moved their wagons to the nearest markets. 'Hard work, good credit, efficient trading and a superior understanding of the market' helped the Susman become the dominant traders in the area, argues Macmillan (ibid: 48). This was aided by the liberalization of trading licences by the colonial government which recognized their important commercial role.

King Lewanika summed up the racial politics of the time in the following way:

There are three types of whites: those of the government, traders and missionaries. Those of the government, fear them, they have the power; traders, eat them, for they have come to eat you. As for the missionaries they are ours, they are at home with us-chez nous (King Lewanika,1898, p.52).

From 1910 the Susman brothers expanded outwards into Livingstone. The Susman used the cold storage facilities of the North-Western Rhodesia Cold Storage plants set up by the railways contracts, then under the Chartered Company. After the war, Werners was the main Copperbelt business of the Susman Brothers & the Wulfsohn Group. There was constant diversification in the Susman's activities into the post-war years which included transport, timber, saw mills, textiles and expanding cattle sales as South African demand grew. This provided the basis for the Gersh and Susman brothers. In keeping with colonial practices, wages for their African workers were low and working conditions were poor. While the Susman brothers colonized the area north of the Zambezi, Apartheid-South Africa developed its own racial geographies. The lucrative central business districts were reserved for European and white South African

companies like Stuttafords, Greatermans, John Orr's and OK Bazaars. White consumers were the target shoppers in these towns.

As the cities grew, local white and foreign (mainly European) investors built shops, shopping centers and infrastructure in white suburbs and CBDs with government support. A host of racial municipal by-laws restricted the growth of African entrepreneurs and the retail sector in black residential areas. Local black consumers had to rely on informal trading markets and visits to white CBDs for their requirements. The poverty of black township residents and the lack of infrastructure development made these areas less attractive to retail property developers. Retail accumulation in the black townships and locations of Southern Africa was therefore stunted, with the growing underdevelopment of these areas restricting their market capacity. The geography of retail accumulation during the colonial phase became racially segregated in most parts of Southern Africa, favouring local white and Europeans investors (Colclough, 1989; Findlay et al, 1990).

The new South African retail sector expanded as the regional hub grew, confronting the limits of Apartheid accumulation when excess cash for investment dammed up in the 1980s. This section traces this growth in the South African retail sector, showing that Zambian liberalisation coincided with the liberation of South African capital from its Apartheid constraints with the elections of 1994.

In the mid-1960s, retailers in South Africa studied the Canadian model and saw the benefits of drawing a large number of consumers to the same place, where they became a critical shopping mass. Their shift away from the CBD and to the suburbs was also informed by the US model of highway development with shopping centers located at the interchanges of these highways. The target areas of new shopping centres in South Africa were the white suburbs. Enterprising white property developers began by opening Darragh Centre and Hyde Park Centre, both in Johannesburg. These white suburban shopping centres became targets for new financial accumulation by South African finance capital in the 1970s. As the interest rates rose, South Africa's large MNCs such as Liberty Life, Sanlam, Old Mutual and the Eskom Pension Fund gobbled up the small-scale developers. The (largely women) shoppers were less important to

them. What they really coveted were the blue-chip tenants and the high rentals that they paid. Soon, the mega shopping mall replaced the smaller shopping centre.

According to G.Fritz, Shoprite-Zambia's General Manager at the time, the Shoprite group's historical experience in Africa since the 1960s through their clothing chain, Pep Stores, and their supermarkets in the black-run, nominally independent 'homelands' of South Africa gave them some organizational advantages. This experience with black rural and working class consumer markets as well as their surplus capital and bold organisational leadership in the company's upper echelons, positioned Shoprite to penetrate a consumer market perceived as high-risk and with low consumer savings. Their absorption of other retailers like OK Bazaars added to this sense of 'African know-how'. Consolidation of the industry over the past few years, for example, Shoprite's acquisition of OK, has narrowed competition to three large players in South Africa: Shoprite, Pick 'n Pay and Spar (part of Tiger Foods).

Other retail multinationals faced with a similarly crowded market have employed expansion strategies in other global regions such as Europe and Australia. Losing market share in South Africa to large competitors like Pick 'n Pay and Spar, Shoprite-along with other South African retailers like Game, Steers, Deboniars, Engen, ProFurn, the J.D.Group and Wimpy opted for a 'spatial fix' (Harvey 1982) to address their crises of accumulation.

3. Shoprite's Post-Apartheid Expansion in Zambia

As one of the largest retail multinationals in South Africa, Shoprite made R70 million available for reinvestment in Africa in 1999 (www.shoprite.co.za). Shoprite now has stores in Angola, Botswana, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Swaziland, Zambia, and Zimbabwe in Southern Africa. In East Africa it has stores in Tanzania and Uganda, in North Africa it has stores in Egypt and in West Africa it has stores in Ghana and of late, Lagos, Nigeria. It has also opened up a store in Mumbai, India, its first foreign operations beyond Africa. The primary business of the Shoprite Group is food retailing. It claims to be the largest fast moving consumer goods retailer. Shoprite models its cross-border investments on its shopping centre developments in South Africa, featuring a Shoprite supermarket as an anchor store. These shopping malls change the local consumption and urban environments dramatically. Locally-owned internet stores and music outlets often make up part of this cluster.

In a number of cases, the Shoprite Group establishes partnerships with a local group. For example, Egyptian Kuwait Holdings has a 30 per cent share in the Egypt investment.

But for this foreign expansion to enjoy any success, it needed local markets in host countries. Consumer markets in Zambia, like many other countries, are highly diverse. Despite high levels of general poverty, white expatriate and black Zambian elites have significant savings and consumptive capacity, sometimes generated by earnings in foreign currency (dollars; rands). Such expatriates, government elites and middle class professionals are significant customers for the new supermarkets. Some of these internal markets have local peculiarities. For example, company management reported that Angolan diplomats and international community workers cross the border for olive oil, bakery items and other specialist items at the rural supermarket in Solwezi province, a market which Shoprite management in Zambia have learnt to cater for in this branch (Interview, General Manager, Zambia, August 2003). Trade unionist also argued that there was pent-up demand as there had no outlet as long as the retail and services sectors were run as poorly stocked, state-owned enterprises. People had money, but had to go to South Africa to buy commodities that they now can find inside Zambia at South African companies. (Interviews, NUCIW officials, Lusaka region, August 2002). Working class consumers have made use of Shoprite's promotional activities to buy basic consumer items such as fish, oil, eggs, washing powder, rice, bread and milk (although these promotions appear to be less now as the company is more established and tax breaks for the company's first years in both countries are over). The expanding tourist sectors have also boosted consumption capacity in the region.

The informal market sources some of its goods from Shoprite in Zambia, hence the conversion of one store in Lusaka into a primarily wholesale store, catering for small shop owners from rural areas as one of their key markets. In rural areas where Shoprite has outlets, informal traders buy from Shoprite and resell to local consumers, sometimes just outside of the company's premises. In the Copperbelt province of Zambia, Anglo-American's pull-out in 2001 led to smaller businesses going under and Shoprite's capture of local market share that had previously gone to these competitors (Telephone Interview, Zambian Regional Manager, April 2002). While it may be more efficient in some ways if Shoprite adopted a style of wholesale stores rather than shopping mall supermarkets, Shoprite is wedded to its brand image and the new consumer environment that this brand creates in less developed African locales outside of South Africa.

In Zambia, nationalization policies attempted to restructure the racialised geographies of retail development. These efforts were reflected in the Africanisation initiatives of the government which created a tier of black Zambian management who were in charge of the state-owned wholesale stores. Larger economic difficulties restricted these efforts at restructuring for national economy, copper prices collapsed on the global market, dooming the prospects of the nascent nationalist experiment and a typical African debt trap ensued. In Zambia, Anglo-American was paid full compensation in American dollars for the state's purchase of ZAMANGLO and with no restrictions of profits abroad (Innes, 1984: 24). Designed to trap profits for national development, therefore, nationalization often benefited MNCs through the large compensation paid to these companies by newly independent states when they expropriated the companies. Anglo, for example, used this money to establish MINORCO in Bermuda through which it became a major global player in mining in Latin America, Canada and the United States (Innes, 1984: 235:236). A host of problems relating to nationalized systems of ownership and control, hampered commodity production and distribution, reducing the retail sector to a stuttering system of tatty commodities by the time of Shoprite's arrival in the late 1990s (Ariyo and Afeikhena, 1999).

Reflecting the regional emphasis on FDI, Zambia's democratic, union-led government embarked on a vigorous programme for attracting foreign investors when they took office in 1991. Since 2002 the country has recorded positive economic growth, averaging five percent each year. It was in the 1990s, therefore, that major sectors of the Zambian economy went up for sale to private investors, including the strategic copper mines. The government privatized more than 200 state-owned enterprises in the 1990s (Kolala, 2000:15). Like many other countries in Southern Africa, Zambia formed a Zambian State Privatization Agency to oversee the sale of state-owned enterprises (SOEs). The Zambia Privatization Agency (ZPA) established in 1992 by an Act of parliament carried out the privatization of inter-alia dairy boards, parks, milling factories, sawmill assets, hotel and wholesalers. Multinational firms from the UK, Italy, Germany, China and India bought many SOEs and by 1997 over 200 of 326 parastatals had been sold (ZPA Privatisation Status Report, July 2002). No limitations or conditions applied to foreign investors and their capital exports from profit (Torres, 1998:214). Critics of the state's liberalization attribute the subsequent contraction of the Zambian economy to the privatisation policies.

During the period of intensified structural adjustment under Chiluba's regime, the mining industry's contribution to the overall economy declined while the service sector grew.

The Zambian economy only recently emerged from a decline of three decades, where per capita Gross Domestic Product (GDP) decreased from \$700 in 1970 to \$390 in 1998. Since 1999 a 3.7% increase per year has been registered each year to 2003. Loans in Zambia are difficult to acquire for local capital with prevailing annual interest rates of around 28% and collateral of three times the loans size is required. Between 1980 and 2002, however, FDI increased from US\$61.7m to US\$197m. (African Inc. Report, p.6). Other investors have also taken advantage of the new environment is also an important new development

An Investment Climate Assessment conducted in 2003 showed that areas such as services and tourism have been important for recent new Chinese capital in the country. There have been mixed responses to this growth in foreign investment in Zambia. Zambia is one of a number of African countries (Angola, Botswana, Democratic Republic of the Congo, Egypt, Gambia, Kenya, Liberia, Mauritius, Nigeria, Uganda) that has no controls on outward FDI, making its economy more vulnerable. At some level there has been an improvement in Zambia's links to global production and distribution systems; at other levels there has been evidence of asset stripping through foreign direct investment. FDI often displaces local capital and undermines the growth of local suppliers (Miller, 2008).

While state ownership placed nationalized retail out of private capital accumulation during Independence, the post-Apartheid region combined political change in South Africa with wholesale sectors became a new phase of retail development in Zambia and Southern Africa more generally. South African retailers were the principle investors taking advantage of retail liberalization in Zambia. South Africa's influence in the Zambian retail sector has grown significantly. South Africa is now the largest foreign investor, dominating 39% of the retail market (Zambia Investment Centre)

As part of Zambia's privatization, the national state wholesale stores were sold off in a deal with SA's Shoprite Holdings in 1999. Now, in an era of slow economic growth, global connections are being re-established, but such connections are based on wealth and privilege. As we illustrate

below, creating zones of exclusivity in Lusaka is an expression of inequality, social distancing and privilege which is expressed spatially through the investment choices of local and international capital investment.

Local Resistance to SA's foreign African expansion

Two unanticipated sites of struggle have impeded South Africa's retail expansion, emanating from two less likely quarters: shareholders in South Africa along with workers in Zambia, when the private equity fund, Brait, tried to purchase the foreign Shoprite stores, firstly, and secondly villagers in the rural Eastern Province in Zambia. In the case of the villagers from Chipata in the Eastern Province, University of Zambia students conducting research in the village of Luangeni, Chipata, had learnt that villagers were threatening to burn down the local Shoprite store. These local farmers claimed that their regular sales at the village market had been undermined by the presence of the new Shoprite supermarket. They needed cash for privatized services such as education and health care, and the village market was an important source of such cash income for their vegetable crops. Shoprite dispatched their managers to liaise with Luangeni farmers.

Partnership structures were set up which included non-governmental organizations operating in the area as well as the local Agricultural Extension Officer and representatives of the company and the farmers. Some donors stepped in and provided seed funding for the newly-formed Luangeni Cooperative Community Project (LCCP). A corresponding structure called the Luangeni Partnership Forum (LPF) was formed in Lusaka. This structure has 5 directors and an officer that liaised with the local supplier structures. The LPF was meant to function as a liaison between the village co-op and the company. Other similar initiatives were launched in the Chamba Valley region. The villagers agreed to supply the company with five vegetables-lettuce, tomatoes, green beans, onions, cabbages. Shoprite structured its supplier relationship with the villagers around a 'green market' that operated on a Saturday in a specially assigned venue adjacent to the Shoprite store. With the help of the donors, support was given to local farmers in the form of advice on farming method and the provision of seeds and fertilizers. Although improvement occurred, there were still several hurdles to overcome.

Regional Implications

South Africa's economic expansion is sometimes portrayed as a one-way process, where local environments and communities are passive recipients of South African-led interventions. But evidence increasingly suggests that penetration of the region is highly contested by host countries, and sometimes actively and effectively resisted at local level. In other words, elements of both "sub-imperialism" and local subversion are at play.

The region's foundational economic structures have been reshaped by South African-led regional economic "integration" against the backdrop of globalisation, neoliberal reforms and the local policy rendering of the Washington Consensus, the New Partnership for Africa's Development (Nepad). Yet the precise direction and implications of this process remain unclear for South Africa, the investment-receiving or "host" countries and the economic coherence of the SADC bloc as a whole.

What I have tried to demonstrate is the way that local communities respond, by looking at the local resistance of local farmers in Zambia, as well as the responses of workers and managers in different places. The theoretical contribution I have tried to contribute, in relation to regional working class formation, relates to the 'regional claims' and subjective imaginaries of workers; how region is not just a matter of physical space, geographical contiguity or adjacent countries, but entails a '*space of claims*'.

In this context, the prevailing depiction of South African domination over African countries who are host to South African corporate expansion do not always capture the diversity of FDI experiences, nor the lessons and strategic challenges which flow from these experiences.

The success and extent of these efforts vary widely and reflect the diverse configuration of power and weakness in class politics in the region. In all cases, the contradictory impact of new capital flows is clear, as is the impetus within host countries to respond to the changing terrain. The growing presence of China as a trade and investment partner in Africa, and the rapidly diminishing credibility of neoliberal economic policies are changing the scope of the "politics of the possible" in Southern Africa. Understanding internal class contestations in African countries that are host to foreign investors is crucial for an analysis of how both South African companies and regional relations more generally are being reconfigured by local challenges and responses.