The Rise and Fall of Cheap Chinese Goods in Ecuadorian Popular Markets: The Limits of Post-Neoliberal Development in Correa's Ecuador

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Resumen

En contraste con sus vecinos Colombia y Perú, Ecuador ha utilizado los aranceles para regular el flujo de bienes importados de China. En esta investigación, estoy enfocada en la ropa china y las prácticas de negocio y aspiraciones económicas de dos comunidades de comerciantes paralela–uno quichua, el otro chino. Algunos operadores de fábricas textiles nacional se han beneficiado claramente de los aranceles. Sin embargo, desde la crisis fiscal "dolarización" de Ecuador de la década de 2000, muchos comerciantes indígenas se han desplazado a la comercialización Asia, especialmente los bienes fabricados en China como una táctica para preservar los medios de vida y las comunidades de la diáspora comercial. Con ganancias empujadas a cerca de cero, créditos informales, costumbres durables de la vida comercial y la cortesía profesional han llegado a asumir el papel urgente en la supervivencia de la empresa no sólo individual, sino comunidades enteras comerciales. [diáspora, Ecuador, indígenas, mercados populares, migración]

Abstract

In contrast to its neighbors Colombia and Peru, Ecuador has used tariffs to regulate the supply of imported Chinese-made goods. This article reports on research carried out in 2015 in relation to traders and manufacturers in four cities in the northern Ecuadorian Andes: Otavalo, Atuntaqui, Ibarra, and Tulcan. It focuses on Chinese-made apparel and describes the business practices and economic aspirations of the parallel trading diasporas—one Quichua, the other Chinese—that embraced these textiles. Some domestic manufacturing has benefited from tariffs and a newly active state. However, since Ecuador's fiscal "dollarization" crisis of the early 2000s, many indigenous traders

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have shifted to marketing Asian and especially Chinese-made goods as a way of preserving livelihoods and commercial diasporic communities. With profits pushed to near zero, informal, culturally encoded habits of credit and professional courtesy have taken on an outsize role in the survival of not just individual enterprise but entire trading communities. [diaspora, Ecuador, indigenous people, markets, migration]

In a recent *New York Times* article, Ecuador served as an example of China's drive to be a global superpower (Krauss and Bradsher 2015). In the Amazonian region, $2.2 billion has been spent supporting nearly one thousand Chinese workers constructing a dam and a fifteen-mile tunnel. On the coast, the Ecuadorian government spent more than $1 billion to prepare a two thousand-acre site for a new oil refinery that they intend to finance with $7 billion in Chinese loans.[1] China's commanding presence in Ecuador has grown, in part, from the political ambitions of President Rafael Correa. Elected in 2006, Correa promised a strong central government dedicated to promoting the welfare of the poorest Ecuadorians. The 2008 global recession reinforced Correa's orientation toward China, which is regarded as a good match as both a model and a partner. As Hearn and León-Manríquez observe (2011:2), during the fiscal crisis, "governments in Latin America and beyond have taken unusually bold steps to get their economies back on track through stimulus packages, tighter regulatory controls, and ... more active industrial policies." Correa offers a vivid example, turning to Chinese capital to finance costly infrastructure programs and expansive social programs (González-Vicente 2013).

The scale of China's influence worries an increasing number of Ecuadorians. In the country's commercial hub, the newspaper *el Universo* (2014) reported that from 2009 to 2014, the size of the debt Ecuador owed to China had grown 1,000 percent. Such concerns feed fears that China's firms have locked up the country's mining rights and oil reserves and are at liberty to exploit them as they please. In June 2015, Correa's ministers campaigned in the press, asserting that these worries were groundless and that Ecuador had a "sovereign and complementary" relationship with China (el Comercio 2015).

Before these current anxieties, however, some Ecuadorians had long worried about an imminent Chinese takeover. They were the manufacturers, artisans, merchants, and street vendors who had built up Andean apparel trades, where they had found themselves in the midst of what anthropologist Gordon Mathews (2015) has called "low-end globalization." Documenting especially the links among African traders and Chinese manufacturers, Mathews and Alba Vega write of "traders buying used or copied merchandise under the radar of the law, and transporting these goods by container or in their luggage across continents and past borders, to be sold by street vendors at minimal prices with no questions asked" (Mathews and Alba Vega 2012:1). Independently of China, Quichua-speaking Otavaleños had been masters of this globalization from below for decades (Kandell 1993).

Indeed, the 1990s witnessed a distinctive independent moment in Latin American bottom-up globalization. Artisan economies in Mexico, Guatemala, and Ecuador exploited media exposure, ethnotourism, and transnational migration to significantly increase earnings from international sales (Little 2004; Chibnik 2003). Traveling from northern Ecuador, indigenous entrepreneurs needed little capital and only familial social networks to get a foothold in markets abroad (Kyle 1999, 2000; Meisch 2002). With an eclectic blend of machine-manufactured artisanal goods and annual commercial sales trips to cities across Europe, these transnational travelers maintained an idiosyncratic economic home base in a small, Andean market town. The business model mobilized local social capital and place-based manufacturing, preserving earnings in exchanges between revenue earned in hard currency and costs denominated in a national currency that was steadily losing value.

However, since 2000, those who had built livelihoods in transnational, informal commodity sales found themselves in an endangered economic niche—in which Chinese goods loomed ever larger. New competition from large retail businesses of all kinds had shrunk the spaces where informality offered economic protection. Indeed, what informality meant was becoming less clear. Showing their own tendencies toward flexibility, both state and large-scale, branded manufacturers were adapting to widespread informal activity (Roy 2005; Tranberg-Hansen 2014). As Milgram (2014:154) observes of Filipino informal vendors, "street trades now entail complex and bizarre intersections of formal/informal and legal/illegal work and public space use." Even as some state policy accommodates new levels of informality, municipal agencies use new techniques of surveillance to formalize the smallest of operators (Seligmann 2013; Little 2014). Those traders who earned profits through traveling and selling directly overseas now face extraordinary measures of immigration enforcement (Gomberg-Muñoz and Nussbaum-Barberena 2014). In terms of their once distinctive products, supply chains have multiplied and Chinese goods and merchants apply a ubiquitous pressure (Chen 2007). At each turn, competitors seem to have an inexpensive Chinese-made alternative to standard Ecuadorian items.

With Chinese-enabled debt, mass infrastructure projects, the fading informal/formal economic boundary, and China-sourced products becoming abundant, there is a larger story unfolding in Ecuador. Across economic scales, China–Ecuador entanglements say a lot about the state of post-neoliberal development in Latin America. Emerging center-left governments of the 2000s turned away from neoliberal development prescriptions, and new governments pursued social equity and economic sovereignty, not just economic growth (Leiva 2008). At the same time, even leftist governments stayed the course with an export-oriented economic policy, an acceptance of increasing globalization, and a proclivity for extractivist-supported government spending (Grugel and Riggirozzi 2012; Kennemore and Weeks 2011). Chinese capital and interests stand astride this duality. For Ecuador, China has been both the state's partner as a funder of ambitions and the state's target as a demonized competitor.

Indeed, since 2009, Chinese-made products have swung from being iconic free-wheeling, cheap global commodities to political pawns. By following the risky livelihoods of those who earn from Chinese-made sweaters, jackets, and casual wear, this article proposes that there are two important aspects to Ecuador's post-neoliberal development in this context. First, the trade in Chinese goods clarifies the continuities of neoliberal and the post-neoliberal moments. Global trade still drives change, right down to artisanal enterprises. Such economic forces reveal continuities, and especially the way the same communities that were empowered by neoliberal policy continue to shape the post-neoliberal moment. In addition, the ease of cross-border movements of wholesalers underscores how vulnerable even large and savvy trading communities have become. Multiple occupations across a binational region can fall apart, come back to life, and shift locations in time frames as short as eighteen months.

The second aspect concerns the consequences of the state's forceful yet temporary market interventions. These have not so much disrupted global economic connections as imperiled local cultural ones. Large increases in the cost of goods due to tariff changes have led to abrupt relocations by traders. Such disjunctures may extinguish social ties among north Andean trading communities: Chinese, indigenous Otavaleño, Spanish-speaking mestizo, and cross-border Colombian. Here, cultural institutions are essential both for credit and for business tactics, yet macroeconomic reversals undo microeconomic accommodations. Diasporic Chinese traders, in fact, may identify specific areas of commercial common ground that they share with Ecuadorian, Peruvian, or Colombian buyers; ethnic Chinese may see potential unity with others that their clients themselves may not see. Political shocks to trading relations, however, stunt the exchanges that would allow fuller business and cultural understandings.

This article, then, traces the fortunes of three interrelated communities across four northern Andean cities. Indigenous Otavaleño traders, mestizo apparel producers in the manufacturing cluster of Atuntaqui, and the Chinese diasporic communities of Ibarra and Tulcan found their economic fortunes bound together in the 2000s. This work details how the macroeconomic structural adjustments of dollarization set in motion the growth in trade in Chinese goods and then the backlash. From 2009, the fortunes of vendors and producers in Otavalo, Atuntaqui, Ibarra, and Tulcan have become ever more volatile as family enterprises

Figure 1 *Colombia, Ecuador, and the research communities. Map credit: by permission, Amanda Henley, 2016.*

have relocated across borders, expanded and contracted in response to tariffs, and teetered under the weight of higher debts and riskier deals. With material drawn from interviews with traders and observations of retail districts, I illustrate where livelihoods have intersected and cultural institutions have been called upon to do new work in these highly competitive trades.

A Provincial Landscape of Textile Risk-Taking

While Ibarra, the provincial capital of Imbabura, is the largest city in the north Andes, the commerce of three smaller towns—Otavalo, Atuntaqui, and Tulcan—has paced textile development in the region (see Fig. 1). Of the three, Otavalo, a market town straddling the Pan-American Highway, eight kilometers north of

Quito, is the one internationally identified with a distinctive indigenous Quichua-speaking ethnic group (Buitrón 1947; Colloredo-Mansfeld 1999; Meisch 2002; Rubio Orbe 1956). In the 1980s, Otavaleño families recruited vast numbers of rural women to knit sweaters, aggregating the knitwear for sales through family members in Europe and the U.S. By 1993, a dozen shipping companies operated out of the small town: a distinctly Andean form of "low-end globalization" had taken root and flourished (Colloredo-Mansfeld 2002).

With profits from the sweater trade, the wealthiest Otavaleños began investing in machinery and mechanized the production of sweatshirts, hammocks, bags, and embroidered cotton shirts. The turn to mechanization in Otavalo was made possible, in part, by the town's proximity to Atuntaqui, a center of apparel production in its own right that is located fifteen kilometers to the north along the Pan-American Highway. In many ways, the towns are opposites: Otavalo's economy is indigenous, international-oriented, and commerce-centered; Atuntaqui is Spanish-speaking, provincial, and based on manufacturing. For most of the twentieth century, Atuntaqui's civic and economic life revolved around a single large textile factory established by two Spanish investors in the 1920s. Designed by Italian engineers, run by a German manager, and operated by over six hundred local workers, the Imbabura Textile Factory ran profitably until the 1950s.

In the 1960s, the factory went into a steep decline. A lack of investment and labor conflicts—including a strike and the killing of a Spanish manger in 1965—resulted in a large number of layoffs. For years, retired workers had invested in their own workshops, bought electric looms, and produced shawls, ponchos, and other woolens. With the collapse of the big plant, these artisanal operations stepped up production, expanding into school uniforms and sweaters. Marketing took place through personal networks of clients, including an increasing number of Otavaleños.

The one international outlet for Atuntaqui producers was in Tulcan, the capital of Carchi Province, less than ten kilometers from the Colombian border. Buoyed by the currency advantage of the relatively weak Ecuadorian sucre in relation to the Colombian peso, intermediaries in Tulcan stocked stores with a wide range of Ecuadorian merchandise from gas stoves to toothpaste. By the 1970s, so many Otavaleños had moved to Tulcan to pursue cross-border trade that they formed a formal trade association.

Here then were the northern Andean circumstances that gave rise to the traders who would drive the sales growth of Chinese-made products. For out-of-the-way provincial towns, Otavalo, Atuntaqui, and Tulcan were very much a part of national economies. In fact, each had distinctive histories of international sales and investment, whether through commercial trading networks, international foreign investment, or cross-border trade. By the 1990s, the economy of each place had become specialized—indigenous products, casual apparel, and trading. In

	Otavalo	Atuntaqui	Tulcan
1990s Emergence from "lost decade" structural adjustments	Mechanization of indigenous craft production, expansion of global exports	Family textile operations expand from sweaters into T-shirts and casual wear	Growth of indigenous community of cross-border traders
2000 Dollarization economic shock	Rapid escalation in raw material costs, shift away from manufacturing to imported substitutes	Close collaboration with national ministries to retrain workers and reorganize operations to compete with imports	Adoption of dollar eliminates currency advantage and market for inexpensive Ecuadorian goods, traders shift to cheaper Chinese substitutes, period of "Chinese fever" and rapid expansion of outlets selling Chinese-made apparel
2008-2010 Foreign currency safeguards and tariff increases	Unchanged and ongoing competition with imported crafts	Boom in large quantity orders from major Ecuadorian retail chains, dropped investment in local brands	Loss of price advantage offered by imported Chinese apparel, growth of Tulcan-based traders bringing Colombian-sourced Chinese wares to Ecuador
2011-2015 Reduction in tariffs	Continued competition with imports, new wave of craft mechanization	Downscaling of multiple operations in the face of stricter labor law enforcement, debt burden from scaled up production, and new cost advantages of working with local, unregistered clothing assembly operations	Slow return of Chinese-goods wholesalers to compete with the Colombian-sourced imports, modest expansion of Atuntaqui-made sales
2015-	Renewed preparation for another round of tariff increases and restrictions on Chinese-made goods		

Figure 2 *Summary of economic shocks and adjustments in Otavalo, Atuntaqui, and Tulcan, Ecuador, 1990–2015.*

turn, such specializations had reinforced customs and cultural identities unique to each place. However, the growth in enterprises in each town pitted businesses against each other in intensifying competition, reducing profits, and pushing operators to take more risks and seek alternative markets (Antrosio and Colloredo-Mansfeld 2015). By the 2000s, Chinese products figured as both a deepening of these dynamics and the start of a solution (see Fig. 2).

Dollarization and the Turn to Chinese-Made Apparel

In 2001, the dollarization of the Ecuadorian economy amplified the woes of Otavalo's multimillion dollar handicraft export economy. Facing massive losses among the nation's banks, President Mahuad's government abandoned the national currency, adopted the U.S. dollar, and committed to an IMF-backed structural adjustment program to ensure a flow of international credit. In the provinces, artisanal producers suffered lost sales, escalating prices, factory boycotts, and idle machinery. The leaders of Ecuador's largest indigenous artisan association regarded dollarization as a symptom of a deeper crisis. A union member who ran a sweater-making workshop explained, in July 2001, "Sales are a bit paralyzed, including, I have heard, a few countrymen who have shut their workshops. What we are lacking are well-finished items to compete with more advanced countries. Artisan goods from around the world, for example, from Mexico, Guatemala, Thailand and China."

China was emerging as a central preoccupation. In Atuntaqui, the Chamber of Commerce exhorted its members to participate in quality improvement programs, pointing out that China was buying up cotton from the Andean region, driving up their raw material costs. An official of the Chamber noted that Chinese producers would come in with products "at much lower costs and with a quality that is relatively the same as ours." Similarly, an indigenous Otavaleño trader, returning from Canada, reported that Chinese-made goods were coming into the folk art markets where he worked. He said that a friend of his in Vancouver made his money by selling Mexican crafts, and he had found a Chinese supplier who could make versions of his Mexican wares for half the price.

In such comments and observations, people gave voice to a specific Northern Andean "Chinese Takeover Narrative"—a conviction, especially among provincial producers, that their trade could not withstand an onslaught of rival Chinese products. Four separate ideas were at work. First, free trade and Ecuador's integration into the global economy were inevitable (as evidenced by dollarization), and exchange with China would be a part of that. Second, Chinese goods were cheap and versatile, with a "good enough" quality that customers would accept as a substitute. Third, it would be outsiders, whether Chinese or urban resellers with privileged access to Chinese goods, who would drive the sales of these goods. Finally, the surge in Chinese imports represented a permanent change in the regional economy, a further decline in manufacturing, and a shift to more reselling.

This narrative of a Chinese takeover portrays a dynamic, foreign manufacturing juggernaut invading a slow, out-of-date provincial economy, smothering homegrown enterprises with generic global offerings. It is a narrative that draws on Ecuadorian experience with "invasive economies"—a sequence of rapid economic changes set in motion by the arrival of an unusually profitable product within a mature, diverse, yet also disrupted economic landscape (Antrosio and Colloredo-Mansfeld 2015). In contrast to previous invasive products, these Chinese wares inserted an alien economic superpower into the mix of what had been provincial innovations.

For one Chinese trader whose family had settled in Ibarra, this narrative provided a shallow reading of history and culture. In July 2015, he hosted me in his brother's shop on the edge of Ibarra's sprawling food market. He explained his family's journey and the ups and downs of his business. Born in Peru, his mother was Chinese–Peruvian and his father was from south China, although his father's mother was Japanese. I joked that he was "a true man of the world." My comment made him wince. He smiled and said, "Ahh, don't say that." It seemed painful to be marked as an outsider in this Andean city.

"How did other countries spread around the world?" he asked rhetorically. "How did the U.S. invade? The U.S. invaded with its cinema. For China, they let their people travel. China has invaded with culture, with food." He took great pride in his Peruvian–Chinese heritage, touting the depth of its culinary traditions as well as the ambitions of its businesspeople. He observed that for nearly a century Ecuador has had Chinese restaurants—*chifas* in Ecuadorian Spanish. "*Chifa* is not a Chinese word," he said. "It comes from Peru where the Chinese words, '*Chi mifan*,' which mean 'eat rice,' became the Spanish word *chifa*. Later, *chifa* came to Ecuador."

He claimed that Lima is the transit point between China and Ecuador, as it was in his case. For years, he was the general manager of a Lima-based importer. He had relocated to Ibarra to be with his parents and help his brother take care of his ailing father. He still placed all his orders through the web of Chinese contacts of his former Peruvian–Chinese boss. He remained nostalgic for the entrepreneurial opportunities in the larger Peruvian economy. He estimated that up to 40 percent of the goods that China exports to the world were in Lima, from medicinal teas to industrial, electronic scales (a specialty product of his): "Ecuador is an outgrowth of Peru (una ramificacción de Perú)," he complained, adding that Ecuadorians have so little of what China offers. "Why?" he asked, and then answered, "Because there are restrictions and because Ecuadorians do not know. This market is too small." According to this insider's account, the trading landscape seemed marked by absence, not invasion.

Even so, throughout the 2000s, evidence for a Chinese expansion mounted. With growing Andean distribution, Chinese wholesalers built networks involving long-established vendors who sold across formal and informal economies, from popular department stores in modern shopping centers to small, stand-alone "Asian Products" stores, to the stalls of transient street sellers. In 2010, Ecuadorians imported $92.3 million in Chinese-made apparel; by 2014, the trade had more than doubled to $252.3 million (World Bank 2016). Certainly, the dollar value is modest in relation to energy infrastructure projects, but measured on the scale of human transactions, the trade in clothing—and the cheap everyday articles that move through similar supply chains—affects far more people, enterprises, and careers than oil export sales.

For Ecuadorians who committed early to business with China, the trade has been life changing, in terms of both profits earned and cosmopolitan experience gained. "To go to China? That was like entering a myth," said Edgar Almeida, a resident of Ibarra who had been a pioneer among northern Ecuadorians dealing in a range of Chinese goods. Interviewed in July 2015, Edgar recalled expanding his Asian imports with pride. After the dollarization in 2000, he was determined to find a supply of cheap Chinese apparel and gift items or *fantasia*—whimsical sculptures, decorative clocks, and other knickknacks that might be given on the occasion of weddings or baptisms. Unlike others in the region who purchased merchandise from Chinese merchants in Quito, Edgar flew to China and visited Guangzhou. It was a bold move. As a long-time importer, however, he realized that "70 percent of the goods from Colombia, Peru, Panama, and the United States were from China. I wanted to go directly to the source."

He felt welcomed in Guangzhou. "When it comes to business, the Chinese offer trust. They are friendly," he recalled. "In China, it is not possible to see the racism that one encounters in Europe and the United States. Those Chinese do not put down anyone." Edgar found himself respected for the international businessman that he was, not discriminated against for his South American origins. Throughout the 2000s, he used the cost advantages he gained to build a network of clients that stretched from Quito to Pasto, Colombia.

Suppliers like Almeida and his competitors came to figure significantly for those Otavaleños who had built careers in large measure on the cheapness of their wares. This need for a price advantage was acute in Tulcan, where the core premise of the border trade's existence had been reversed. Until 1999, Colombians arrived and exchanged their relatively strong peso for the ever-devaluating sucre. After 2000, however, Colombians had to purchase one of the world's hard currencies to make their purchases. José Santillan, an indigenous merchant who began his career in 1989, running a sidewalk stall when he was twelve years old, reported how hard this change hit him and others. In 2001, long-time clients would ask about prices: "When I tell them what an item cost in dollars, their eyes open wide, they cross themselves, and then they leave." He summarized the situation: "No one is selling anything. One stands with one's arms crossed. It is paralyzed."

Thus, in the 2000s, Otavaleños learned to take advantage of direct purchasing from Chinese merchants who had set up in and near Quito's colonial center. In May 2015, Rafael Maldonado, an Otavaleño merchant, recalled, "Little by little they arrived in Quito, those Chinese themselves and they set up their own stores. They sold everything: blankets, clothes, shoes, track suits, jackets, blouses."

For his part, José Santillan noted, "There were a lot of different models of the different clothes. If one wanted a little of everything [sizes, styles, and colors] one really had to invest." In one of his first purchases in Quito, José decided to buy a single product—leather jackets—in several sizes. This transaction, back in 2004, was a sign of where his business was heading. Increasingly, he diverted money away from the hand-woven sweatshirts he used to buy from indigenous producers, or the machine-knitted wares of Atuntaqui. The economic logic was irrefutable. José offered the example of a delicate lady's cardigan that he had specialized in. He stocked one model of these sweaters that he had purchased in Atuntaqui at $5 each: in Quito, he found a substitute for $1.50.

As the indigenous merchants rebuilt transactions with their Colombian customers, the Chinese merchants began to notice. As the 2000s wore on, increasing numbers of Chinese people came to Tulcan to open stores. In 2015, José recalled the double threat this arrival posed, when guiding a tour through Tulcan's main retail district and pointing out where some of the Chinese operations had set up: "The Chinese would come and ask how much it would cost to rent a store, maybe $500, maybe $600. They would go to the owner and say, 'we will pay $1000 for this space.' People lost their stores. It was the era of 'Chinese fever.'" At its height in 2009, the trade in Chinese apparel and other goods saturated the markets of Tulcan. Forty-six merchants specialized in their sale and operated dedicated retail and wholesale outlets for Chinese-made goods.[2] Some proprietors were Chinese, and directly imported the goods; others were Ecuadorians—indigenous and nonindigenous—who exclusively sold them. The high rents the new Chinese enterprises paid and the low prices they charged for goods put considerable pressure on local merchants. At the same time, all these operators together had restored vitality to Tulcan with their Chinese products: the city was once again a destination for Colombians looking for bargains.

Tulcan's gain, however, was Atuntaqui's loss. The most common product substitution in a merchant's inventory was a Chinese sweater for an Atuntaqui one. While the Colombian border trade was only a small part of their business, the lost sales came at a bad time. Ironically, the troubles these manufacturers experienced in the late 2000s stemmed in part from the success they had had in ramping up production in the face of the initial pain of dollarization. Owners of the largest operations had united, recruited municipal authorities, and persuaded the national Ministry of Industry, Trade, Integration and Fisheries (MICIP-Ministerio Industria Comercio Integración y Pesca) to undertake a major training program.

The productive capacity of Atuntaqui producers grew substantially. The national ministries pushed to formalize the operations and hired consultants from Central America who redesigned workshops and retrained workers. MICIP began to set up tours for other Ecuadorians to come and see how grassroots competitiveness could be achieved. The town was the crown jewel of neoliberal development measures (Paredes Vallejo 2010), but this success came with a new set of pressures. The changes forced operators to compete on a new national stage against the Asian, Colombian, and Peruvian manufacturers on whom they were modeled but, partly because of their dollar economy, they were unable to match in terms of costs.

Surprisingly, even as they sought to compete against China, they also turned to Chinese businesses as potential allies. Hoping to modernize the redesigned and expanded workspaces, Atuntaqui solicited funding from MICIP to send a delegation to South China. They wanted to source industrial sewing machines. One member of the delegation wanted to go further and see if she and her husband could outsource all their production and shift their business to concentrate on design, branding, and franchising. They gave up this idea, yet its very conception testified both to how far their business had come and how close China now seemed.

In many ways, this was Ecuador's final surge of neoliberal development: Correa's policies had yet to take hold, and orthodox structural adjustment programs and hands-off economic policy held sway. Under pressure from dollar-denominated costs, producers, resellers, and retailers found their situations punishing, but predictable. For much of the 2000s, regaining earnings depended on finding a profitable product—not lobbying for protection or securing subsidies. Further, a kind of passive multiculturalism prevailed. Chinese-Ecuadorians, Quichua-speakers, and Spanish-speaking mestizos built careers in reference to their own communities, without much consideration of the national economic agenda.

Globalization from Below Meets the Pursuit of Economic Sovereignty

In a way, the warning signs of Chinese goods' fall from grace were there from the beginning, and it was not only because indigenous and mestizo producers were surprisingly resilient. A lack of cross-ethnic economic credit hindered deals. Social intercourse among Chinese suppliers and Ecuadorian resellers was brittle, and parties to an exchange rarely chatted or learned about each other's strengths and plans. Consequently, sequences of transactions failed to accommodate either merchant's earning tactics. While these fault lines in Chinese-based industries are explored in more detail below, the precipitating events were political, not economic—and grassroots, not national. Atuntaqui mobilized to fight the incursion of Chinese stores into their rapidly growing textile retail district, which set up an even bigger political victory.

"They went out in the street, business owners and workers, and they shouted, 'We don't need an invasion of these Chinese friends'," reported Carlos Torre, an official with the Atuntaqui Chamber of Commerce, during an interview in June 2015. He said the protests took place in 2009. Retail sales and investment in downtown stores had been booming and a Chinese entrepreneur had leased a significant space on the main street connecting the Pan-American Highway with Atuntaqui's central square. The mayor, who was himself the owner of a successful clothing operation, joined the anti-import demonstrations. He then pushed through a plan that tacked a substantial surcharge on the business permit that nonresidents needed to open a store in Atuntaqui. The Chinese operator gave up, reportedly moving just up the highway to Ibarra. However, the existential threat Atuntaqui faced from Chinese goods was less in their hometown market and more in the one they would need to expand into—the shopping centers of urban Ecuador. Thus, the elected leaders from Atuntaqui kept up the fight. They managed to link the threat posed by cheap Chinese apparel to that of used clothes and used car parts, convincing members of Correa's party to raise tariffs for eighteen months on all clothing imports.

In a short-lived u-turn, the administration imposed "Balance of payment safeguards" and import substitution tariff policies from January 2009 to July 2010. Once again, the basic foundations upon which the northern Andean apparel trade was built were disrupted. In Atuntaqui, producers abruptly shifted strategies when the new tariffs came in. They stepped into the place of Chinese, Peruvian, and Colombian manufacturers and supplied huge orders to the national chains. After years of building up their own brands, Atuntaqui operators set them aside. With orders for anywhere from fifteen thousand to two hundred thousand units, shops operated at capacity and sewing machine operators complained to government regulators about work conditions in the manufacturing plants, setting off cycles of inspections and fines.

In Tulcan, the "safeguards" extinguished the trade that had been reanimated through Chinese goods. Chinese merchants who had piled into the city through 2009 began to shut their operations. By 2015, seventeen had gone out of business, leaving twenty-nine proprietors, many of them downsized from independent stores to stalls in the popular market. Similarly, Chinese entrepreneurs fled from Quito—the larger operators relocated to Bogota, and some set up in Ipiales, just over the border with Ecuador. Tulcan's traders, however, had to find new suppliers—either old partners in Atuntaqui, now strained by new bulk sales to chains, or a new set of partners who had access to cheap imports—or a new supplier of Chinese wares.

The Jittery Present of an Uncertain Trade in Chinese Apparel

As soon as the tariff's effects were felt, they expired, eighteen months after their imposition, and another more tentative and fragmentary chapter in the trade of Chinese goods has since opened up. Ever the globalized traders, indigenous Otavaleños adjusted to the relocation of the Chinese to Bogota by traveling there to resupply clients back in Ecuador. Several Otavaleños tried to circumvent their South American suppliers and traveled to Guangzhou, but found themselves stymied. One Otavalo resident explained his nephew's setbacks:

> He came back from New York City and was looking to develop some business. In Otavalo there are three shops that specialize in Polar fleece fabric from China. They

> are supplied by Chinese merchants based in Guayaquil, who send trucks from the coast. So he went over to China to see if he could source the material directly. It was too costly. First he had to organize himself to make his money available to himself in China, which means paying a tax to the Correa government. Then once he had arranged the shipment, he would have to pay a second tax to bring the goods back into the country. He looked at various trading options in Russia too. No one used the dollar. It was all yuan and ruble. He could not use his credit cards and there was no Facebook to communicate with his partners. It was all too complicated. He went back to New York.

For very different reasons, the trouble of using cash payments had vexed Otavaleños since their earliest efforts to sell Chinese goods in the early 2000s. Small operators had long relied on lines of credit with Ecuadorian suppliers to build attractive inventories. Few had managed to secure similar terms from Chinese vendors. The Chinese wholesalers "did not work with credit, they did not loan a single penny's worth," said José Santillan. He was discussing his tactics to sell Ecuadorian sweaters in the current market. The Chinese goods still had a significant price advantage. A thin Chinese sweater sells for $5, while José must buy the equivalent sweater for $10–$12 and then sell it for $15. When his Colombian clients claim this is too expensive, he tries to sell them on quality.

José's commitment to the better made, fashionable Ecuadorian sweaters after 2010 was not just to support legitimate operators out of loyalty. Regional manufacturers extended credit to allow him to pursue bigger deals and restore the revenues he had gained before all the market reversals. In 2013, however, one of these deals went badly wrong. He and Mercedes had borrowed $30,000 from a bank using their house as collateral. They used the loan to purchase sweaters from longtime suppliers in Atuntaqui. These suppliers then upped the ante, and offered an additional $20,000 worth of sweaters beyond what had been purchased. The indigenous couple delivered the $50,000 inventory of sweaters and another $5,000 worth of other merchandise to a Colombian client with whom they had worked for five years. The client disappeared with the goods, never paid, shut down operations in Ipiales, moved out of his apartment, and was untraceable.

Having lost all they had saved, José and Mercedes had no choice but to start from scratch with the most affordable product they could sell—basic fleece blankets made of Chinese material. Here, the lack of rapport with his Chinese suppliers began to anger José in 2015, more than fifteen years since he had started to work with them. The issue was not only credit. He said that the problem was a lack of rapport and understanding. "They are half angry with you all the time. You have to buy from them so you put up with it," José said. They would not engage in the kind of bargaining that José relies on with his indigenous and mestizo partners. In the give and take with his suppliers, he angles for the latest designs, newest colors, or a small run of distinct cut or tailoring. Seeking exclusive merchandise that might complement his distinctive style, he wanted to customize a transaction.

He clearly is not alone in this habit of conversation and confidences with suppliers—the wheedling for special purchases. Chinese entrepreneurs had begun to expand their work in Tulcan in 2015. In the largest of these Chinese-owned clothing stores, the owners have hung a sign prominently on the first rack of clothes at the front of their shop: "All the colors and styles are on display." It suggests the owners' frustration at having customers pull out garments and approach the desk and ask for specific variations. While that sign may be an accurate statement of the inventory, to indigenous merchants it signals a cold shoulder. It demonstrates a lack of long-term shared fellowship in the trade.

For the Peruvian Chinese businessman who was quoted above, José's anger indicates a misunderstanding of Chinese business habits. In turn, this misperception reveals the current limitations that Ecuador faces in its relations with China and the world economy. In his account, an Otavaleño's inability to obtain the goods he needs is not an artifact of cultural misunderstanding, nor is it a Chinese unwillingness to bargain. Rather, it reflects the insularity of Ecuador as a whole—the narrowness of its economy and its president's vision. He elaborated by explaining why he gets his Chinese goods through Peru rather than through Panama and its famous free trade zone: "Panama is too small. It does not have the population. Peru has twenty million people. It has the productive machinery; it has the spirit to move products with velocity." In this cosmopolitan account, the greater the national economy, the richer the set of products, and the more interaction and exchange there is with Chinese merchants.

As an illustration, he explained that he always expects to bargain. He picked up a shiny, golden, plastic waving cat: "When I get these, I mark the price up 500 percent. In Peru, someone comes in and says, 'If I take 500, what is my price?' I then give them a discount. But the man stays, he says, 'OK. I want 2,000. What is my price now?' I give him a better price. The man then says, 'but I want 5000.' So now I give him my best price. And then? 'I want 7,500 . . . .'"

In the course of our interview, repeatedly my respondent wanted to make it clear that Chinese were willing partners in a place such as Peru—a country of action and ambition, markets and movement. In response to a lively setting, Chinese operators accommodated customers, dropped prices, and found new product lines. He offered a vision of Chinese goods, entrepreneurs, and communities as organic extensions of the life of Andean cities and economies. If sales were poor, relations raw, or goods not available, "it is because Ecuadorians are being held back or they simply do not know what is out there." Correa, in this analysis, was the problem. For all the costly infrastructure investments backed by Chinese capital, the president was turning a small country inward. If globalization from above was being pushed forward by the president, globalization from below was unraveling.

Conclusion

In summer 2015, Ecuador geared up for a new round of tariff protections. The Correa administration planned eighteen months of foreign reserve safeguards, in a move many Ecuadorians linked to an unraveling of the administration's debt-laden finances. It was a double dose of bad news for Tulcan. Compounding tariff-driven price increases, the dollar was strengthening against the peso. Colombian foot traffic had dwindled to a trickle in the main commercial district.

The northern Andes have cycled through such booms and busts since international capital entered the region over a century earlier. Chinese goods—and the policies they have incited—have amplified these ups and downs, but not introduced any real novelty. For this reason, the rhetoric of "post-neoliberalism" must not obscure the long-unfolding dynamics of international trade that produce difference among provincial towns and then bring those towns into unequal relations. An indigenous market town, a factory town, and a border town, Otavalo, Atuntaqui, and Tulcan, can be distinguished in cultural and economic terms. Yet business realities, from client networks to shared spaces of production, join these places together regionally. Thus, a period of state favor, such as the Ministry of Competitiveness's intervention into Atuntaqui, confers region-wide advantages. The gains may show up years later as outsized political influence in Atuntaqui, a pattern of precipitously shuttered retail stores in Tulcan, and turmoil among communities of traders on both sides of the Ecuador–Colombia border.

The role of Chinese products in these and other changes taking place is not so much causative as accelerative. Despite expectations of the early 2000s, Chinese-made casual clothing did not have the unbeatable cost advantages that would in and of themselves transform the market and drive Ecuadorians out of business. Rather, the markets for Atuntaqui and Otavalo's goods were already in transition in the 1990s. The dollarization then caused nagging problems to become crises. Chinese merchants provided local economic actors with products that rushed in the changes many felt were coming anyway. At the same time, the Chinese merchants themselves were subjected to state-driven disruptions specifically relating to tariff and industrial policy in Ecuador. As the Chinese suppliers, indigenous merchants, local manufacturers, and government trade policy all cycled through these changes, especially during 2010 to 2015, cost differences narrowed, cross-border advantages were neutralized, and traders diversified to regain opportunities for credit and volume.

Over the years and the crises, no single economic feature—price, scale of production, quality of goods—could deliver a lasting advantage to any particular group. Traders and wholesalers had to position their business operations with any capital they could leverage—social or cultural. Proprietors sought an edge in the networks of suppliers they could cultivate, or an advantage with the distinctive tastes and needs they could satisfy. Recurrent market turbulence has made it hard to extend the ties across the boundaries, especially of the indigenous trading community and the diasporic Chinese traders.

Indeed, Chinese-sourced apparel presents ongoing possibilities for disrupting cross-cultural trade networks. Unlike other booms that have swept across the north Andes, Chinese imports have arrived amid massive borrowing from China and a widespread turn to Chinese technical assistance with infrastructure projects—a convergence of Chinese influence that makes Chinese apparel a perennial concern for national trade policy. The state hovers in the background of this trade unlike any other that Otavaleños have been involved in, which is where Correa's post-neoliberal development draws its starkest contrast with the policies of his predecessors. His government combines a discourse of national economic sovereignty with activist industrial policy, and technical practices of inspection and enforcement. The government has a formidable presence in the media, at the borders, and on shop floors. To update Mathews and Alba Vega's (2012) observation, the new trading economy is *within* the sweep of the state's radar in a way that low-end globalizers have never experienced before.

When roused to action, the government intervenes in ways that habitually work against these cross-border entrepreneurs' interests. For all his post-neoliberal aspirations, Correa works on an economic terrain that had been contoured by neoliberal free-market competitiveness programs. These projects in turn promoted the fortunes of those who had benefited from an industrial policy that never preoccupied itself with the cultural economic diversity that is the foundation of indigenous or Chinese–South American diasporic trading communities. So, if it is cultural minorities who now find their work most battered by today's decisive tariff and industrial actions, a long history set up those communities to suffer these costs.

All this is further complicated because state decision making relating to apparel may well be driven by looming negotiations concerning oil, minerals, and government borrowing. That is, ironically, what hangs over Andean apparel trades is not the economic power of Chinese goods—their vast supply and cheap prices; rather, it is their role as potent political objects—emblems by which Correa's government can project national autonomy in the face of eroding public confidence. Here, we can set aside the duality of "bottom-up" and "top–down" globalization. The global economy as a whole has been gathering force in Correa's Ecuador just as it had under his predecessors. In this post-neoliberal moment, globalization sets the parameters for even the most meager of careers or the most ambitious of presidents. The Chinese triple presence as entrepreneurial networks, infrastructure investors, and suppliers of mass consumer commodities adds cultural complexity: an activist government adds political calculations. To be sure, in the face of an increasingly Chinese-shaped economy, men and women across the northern Andes are not beginners; they have habits of global work and community to draw on.

Yet, however set they may be to compete, they must do so now with a wary eye on their president.

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Notes

[1] For more comprehensive list of recent Chinese-funded projects, see Gallagher and Myers (2015).

[2] The number of stores and the number of closures are established in a block-by-block review of store fronts carried out by Jorge Mantilla Salgado and Rafael Teran Maldonado, July 2015.

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