Yiwu is a small city by Chinese standards. It has fewer than a million people and lies in the shadow of its wealthy neighbors, Shanghai and Wenzhou. But Yiwu is special. It claims the world’s largest wholesale market for consumer goods and is a Mecca for foreign traders. I had heard about the market from a Syrian trader, having asked him if there were many Arab traders in the city. He laughed and replied, “Not many Arab traders. All Arab traders are in Yiwu.” Intrigued, I decided to find out for myself. It was winter when I arrived and the city was gripped by a chill wind. I hustled out of the small airport into the warmth of a taxi. We sped along a newly built freeway to the city’s outskirts. From the outside, the exhibition hall looks like a large American mall. But, from the inside, it looks like a riotous collision of every retail shop, city market, and roadside stall in the world.

There are 18,000 individual stalls. Most are less than ten feet wide and staffed by a single stallholder. Each is stuffed with product samples and sell wholesale only. The literature claims there are 320,000 products for sale. Multiply each sample by the thousands of identical products filling warehouses elsewhere in the city and you start to arrive at the sheer volume of goods that Yiwu ships to the rest of the world. It was a mind-numbing experience to walk past a hundred stalls displaying inflatable toys, another hundred stalls displaying plastic flowers, and yet another hundred stalls displaying cutlery. Yiwu’s exhibition halls are a massive temple to the twin-gods of consumerism and globalization that have captured the imagination of traders from around the world.

Even the Chinese are impressed. When the Chinese Commerce Minister Bo Xilai visited the city he was awed enough to suggest
that the municipal government create an index to survey the city’s trade in small consumer goods. Bo recognized that Yiwu was so important to the entire country’s trade in small consumer goods that the index would accurately reflect the health of that sector of the economy. The city’s municipal government sensibly agreed to his suggestion; after all, Bo was a senior Communist Party leader, the son of one of the “Eight Immortals” responsible for the country’s post-Mao transition. A walk through the city’s exhibition halls today reveals bronze plates identifying which shops participate in the survey. The Yiwu index takes the temperature of the world’s demand for small consumer goods.

Yiwu isn’t widely known in the West. The city only started to make its fortune from the early 2000s, whereas Wenzhou, a three-hour drive north, was already an export dynamo in the early 1990s. But Yiwu is different. It sells mainly to individual traders, rather than to large retail conglomerates such as Wal-Mart and Carrefour so the city hasn’t grabbed the Western media’s attention. Yiwu is also better known in the developing world than in the developed world. As I walked through the city’s exhibition halls, I met traders from Cairo, Lagos, and Budapest, among dozens of other cities. It is a true global village. Traders traveled in groups of two or three, accompanied by translators. Most were visiting the city for just a few days before returning to their home countries. All had caught the Yiwu bug.

What makes Yiwu special? It focuses on selling the type of cheap consumer goods that can be purchased for a few dollars. Vendors are also happy to sell in small volume, ideal for developing-world traders who are generally stocking their own street stalls back home and prefer to buy just a few hundred, rather than a few thousand, of any single item. And so, Yiwu has found a niche. But its timing is also fortuitous. The developing world is booming. A surge in commodity prices had injected cash into many economies even as governments have opened their domestic markets to foreign imports. It is an explosive combination and the sudden flood of traders to Yiwu represented the cutting edge of a consumer boom across large parts of the developing world. Forget selling DVDs to America and shoes to Europe. Yiwu is making its fortune selling gifts, toys, and hardware to the developing world.