

Playing the Blame Game: Enforcing and Monitoring Standards in Zambian Mines

by

Yatuta Mukwende Sikazwe
BA, St. Francis Xavier University, 2012

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of the Requirements for the Degree of

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Supervisory Committee

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Supervisory Committee

Dr. Marlea Clarke, Department of Political Science

Supervisor

Dr. Feng Xu, Department of Political Science

Departmental Member

Abstract

Supervisory Committee

Dr. Marlea Clarke, Department of Political Science

Supervisor

Dr. Feng Xu, Department of Political Science

Departmental Member

This thesis engages with debates surrounding Chinese FDI in Africa by examining the real or perceived effects of Chinese investment in the Zambian mining industry alongside the narrative that developed within political campaign discourse between 2006 and 2011. It probes the perception that Chinese mines were, or are, the “worst employers” in the industry and finds that, while there are a range of problems and issues in Chinese owned and operated mines, the framing of labour problems in Zambian mines as ‘a Chinese problem’ is both unfair and inaccurate. In doing so, this thesis calls for a theoretical and policy-oriented shift away from singling out Chinese employers as the chief architects of labour problems in the mines to a more holistic analysis of the political economy of investment and of the regulatory framework for mining.

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List of Abbreviations

ACFTU	All-China Federation of Trade Unions
BGRIMM	Beijing General Research Institute of Mining and Metallurgy
CCS	Chambishi Copper Smelter
CEC	Copperbelt Energy Company
CLM	China Luanshya Mine
CNMC	China Non-Ferrous Metals Mining Corporation
ECZ	Environmental Council of Zambia
FFTUZ	Federation of Free Trade Unions of Zambia
FQM	First Quantum Minerals
HRW	Human Rights Watch
ILO	International Labour Organisation
ILRA	The Industrial and Labour Relations Act
ILRA	The Industrial Labour and Relations Act
IMF	International Monetary Fund
KCM	Konkola Copper Mines
LCM	Luanshya Copper Mine
MCM	Mopani Copper Mine
MLSS	Ministry of Labour and Social Security
MMD	Movement for Multiparty Democracy
MNC	Multinational Company
MoM	Ministry of Mines
MUZ	Mine Workers' Union of Zambia
NFCA	Non-Ferrous China Africa
NGO	Non-governmental Organisation
NUMAW	National Union of Mineworkers and Allied Workers
OHS	Occupational Health and Safety

OHSA	The Occupational Health and Safety Act
PF	Patriotic Front party
PRC	People's Republic of China
SAP	Structural Adjustment Policy
SASAC	China's State-owned Assets Supervision and Administration Commission
SML	Sino Metal Leach Zambia
SOE	State-owned Enterprise
TEVETA Zambia	Technical Education Vocational Entrepreneurship Training Authority of Zambia
UNIP	United National Independence Party
UPP	United Progressive Party
ZCCM	Zambia Consolidated Copper Mines
ZCCZ	Zambia-China Economic and Trade Cooperation Zone
ZCTU	Zambia Congress of Trade Unions

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Victoria, British Columbia

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Dedication

To my Father

Dennis Sikazwe

Chapter One: Introduction

Over the last decade, Zambia has become one of the largest and most important destinations for Chinese foreign direct investment (FDI) in Africa.¹ By 2010, Zambia had become the third largest recipient of Chinese FDI in Africa, and nineteenth in the world.² This investment, valued at \$1 billion as of 2010, has created thousands of jobs and has played a critical role in the growth of the Zambian economy.³ However, this investment has also had some negative consequences in the country. Consequently, beginning in 2006, Chinese investment in Zambia became the focal point of national political debate. Criticism generally referred to two incidents that occurred in Chinese owned enterprises. The first was an explosion at an explosives manufacturing factory in 2005, which left 50 workers dead.⁴ The second incident involved Chinese managers opening fire on a crowd of protesting Zambian workers at a coalmine, wounding several of them.⁵ Opposition to Chinese investment, in the form of workers' protests, strikes and anti-Chinese rhetoric by opposition politicians, also became more common in mining towns. This opposition attracted international media coverage and research, as well as extensive national media

¹ Pdraig Carmody and Ian Taylor, "Flexigemony and Force in China's Resource Diplomacy in Africa: Sudan and Zambia Compared," *Geopolitics*, 15, no. 3 (2010): 505.

² Carmody and Taylor, "Flexigemony and Force in China's Resource Diplomacy in Africa," 505.

³ Dominik Kopinski and Andrzej Polus, "Sino-Zambian Relations: 'An All-Weather Friendship' Weathering the Storm," *Journal of Contemporary African Studies*, 29, no. 2, (2011): 185.

⁴ The number of workers killed in the explosion differs depending on the source. See HRW, "You'll be Fired if you Refuse," 22; Miles Larmer and Alastair Fraser, "Of Cabbages and King Cobra: Populist Politics and Zambia's 2006 Election," *African Affairs*, 106, no. 425 (2007), 627; Carmody and Taylor, "Flexigemony and Force in China's Resource Diplomacy in Africa, 505.

"Dozens Killed in Zambia Explosion," *BBC World News*, April 21st, 2005.

<http://news.bbc.co.uk/2/hi/africa/4466321.stm>; Nicholas Bariyo and Sarah Childress, "Zambians Riot After Miners are Shot," *Wall Street Journal*, October 18th, 2010.

<http://online.wsj.com/article/SB10001424052702304250404575558053979857206.html>.

⁵ Aislinn Laing, "Zambian Miners Shot by Chinese Managers," *Telegraph*, October 19th, 2010.

<http://www.telegraph.co.uk/news/worldnews/africaandindianocean/Zambiaa/8073443/Zambiaan-miners-shot-by-Chinese-managers.html>

coverage. The intense scrutiny of Chinese mining operations by international and national media led to a highly publicised Human Rights Watch (HRW) report in 2011, which exposed gross violations of labour laws and human rights violations within Chinese owned mines.⁶ By then, Chinese companies were seen as the worst employers in the mining industry, and the HRW report generally supported this view. However, since 2011, Chinese FDI in Zambian mines has gradually retreated to the background of the national debate, and criticisms from politicians and unions have reduced considerably. This is despite the government not having taken much action to address perceived problems in the mining industry, specifically reports of human rights abuses and other violations of labour laws in Chinese owned mines. Why, then, has national attention moved away from the issue of Chinese FDI and associated labour practices in mines?

This thesis engages with this question by examining the real or perceived effects of Chinese investment in the mining industry alongside the narrative that developed between 2006 and 2011 when criticism levelled against Chinese companies in the Zambian mining industry was at its heaviest. It probes the perception that Chinese mines were, or are, the “worst employers” in the industry and, in doing so it examines labour issues in the mining industry during the period. It does so by providing a brief history of Chinese investment in Zambia to determine the character and nature of Chinese investment in the country. It also provides an overview of mining in Zambia, and changes in both the ownership and regulation of the industry in order to examine if, or how, Chinese investment has undermined hiring practices and employment conditions, or simply taken advantage of loopholes and weaknesses in the regulatory framework. It will

⁶ Human Rights Watch, “You’ll be Fired if you Refuse: Labour Abuses in Zambia’s Chinese State Owned Mines,” (2011).

do so by outlining changes in the industry resulting from broader economic and political changes during the 1990s, and examining the regulatory framework for the mining industry, specifically: Employment Act, Cap 268 and Minimum Wages and Conditions of Employment Act, Cap 276, the Occupational Health and Safety Act, and the Industrial Labour Relations Act, Cap 269.

My research demonstrates that labour issues in Chinese mines in Zambia should not be viewed in isolation, and that framing these issues as a “Chinese” problem is problematic. Instead, it finds that similar critiques as those levied against Chinese companies are applicable to other companies in the mining industry, and Zambian regulatory institutions face a number of challenges that limit the government’s ability to both address specific problems in Chinese and other foreign mines, and to ensure strong labour standards and protections for mineworkers more generally. As we shall see, the shift from nationally to privately owned mines and related processes of economic restructuring has reduced the monitoring and enforcement capabilities of the government. The main argument advanced is that focusing on incidents and working conditions in Chinese mines to the exclusion of working conditions in the mining industry more generally obscures a more comprehensive analysis of the issues faced by workers throughout the mining industry, and thus shapes, or limits, policy responses.

The thesis engages with the existing literature on the subject of Chinese FDI in Africa in order to understand the nature and pattern of Chinese FDI. Much of the scholarship on the subject of FDI in Africa highlights China’s increased presence on the continent at large. This growth in investment is generally attributed to the rapid growth of the Chinese economy over the last two decades. Globally, China has gone from a position

where it had virtually no inward foreign investment and a low level of international trade and exchange, to a position where it is the second largest global recipient of foreign investment and its trade and foreign exchanges are very high in comparison to its level of national production.⁷ Receiving FDI has greatly integrated China into the global economy. In turn, China's outward FDI has also grown significantly, making China the "largest outward FDI supplier among developing nations."⁸ These changes have taken place as a result of reforms introduced after Mao's death, when Deng Xiaoping emerged as China's leader and spearheaded reforms that greatly reduced government control and increased the role of market forces.⁹ In the 1980s, China embarked on a strategy of using trade as a central component of Deng Xiaoping's drive for economic development. China's move away from a planned economy toward a market economy has made the People's Republic of China (PRC) the fastest-growing major economy in the last two decades.

Economic reforms in China and its corresponding growth have had profound effects on the political economies of several African countries. China's domestic economic growth strategy requires a large supply of mineral resources and other raw materials. China "consumes one third of global steel output, 40% of cement, and 26% of the world's copper."¹⁰ Africa, chief supplier of these materials, emerged as one of the most important sources for China.¹¹ As trade accelerated, China's hunger for resources

⁷ Jack W. Hou, "Economic Reform of China: Cause and Effects," *The Social Science Journal*, 48, no. 3, (2011): 421.

⁸ Hou, "Economic Reform of China: Cause and Effects," 429.

⁹ John D. Aram and Wang Xiaoli, "Lessons From Chinese State Economic Reform," *China Economic Review*, 2, no. 1 (1991): 30-31; Hou, "Economic Reform of China: Cause and Effects," 420.

¹⁰ Carmody and Taylor, "Flexigemony and Force in China's Resource Diplomacy in Africa," 496.

¹¹ Yin-Wong Cheung et al. "China's Outward Direct Investment in Africa," *Review of International Economics*, 20, no. 2, (2012): 201-220.

led it to be characterised as a ravenous dragon and comparisons to the colonial period became common.¹² Indeed, some commentators and scholars began questioning whether this marked the “new scramble” for Africa, with China playing a lead role. The repercussions of China’s growing political and economic involvement on the continent take different forms in different countries. Much of the scholarship does well to point out the diverse political and economic consequences of Chinese investment in various African countries. However, the literature does tend to be quite polarising, focussing on assessing whether investment has positive or negative consequences, and there are a number of gaps in the literature. For example, few studies explore the interaction of Chinese investment with political and economic developments and struggles in specific African countries. This thesis tries to fill in some of those gaps by highlighting the way that the local context influences and shapes the outcomes of Chinese FDI in one specific sector in one particular country. It does so with a case study of the Zambian mining industry, which was the focus of the national anti-China narrative.

In Zambia, there is need to examine critically the way that that the narrative of Chinese FDI in the country has developed in order to understand the effects of FDI in the labour market and perceptions of those effects. High profile incidents involving Chinese ownership have skewed the way that all Chinese FDI in the country is viewed. The resulting narrative surrounding these events, and flowing from them, fits into the dominant approach of studying Chinese FDI in Africa, which focuses on evaluating the political and economic impacts of investments. In the Zambian case, scholars and

¹² “A Ravenous Dragon,” *Economist*, March 13th, 2008. <http://www.economist.com/node/10795714>; Damian Grammaticas, “Chinese Colonialism?” *BBC World News*, July 19th, 2012. <http://www.bbc.com/news/world-asia-18901656>

journalists have generally followed this approach. The importance of these evaluations should be noted as they provide important information about the nature and flow of Chinese FDI and several of its effects in different countries and industries. They present much needed insight on the scale of Chinese investment, the rate at which it is growing, and the origins of different kinds of Chinese investment. However, this approach and resulting debate has tended to narrow the scope of inquiry to the impact of such investment and underestimates ways in which Africans do or do not influence or control the impacts of Chinese FDI. I take a different approach in this case study. Instead of outlining the benefits or negative consequences of Chinese FDI to determine if it is “good” or “bad” for Zambia, I focus on the national debate about Chinese FDI and the role of Zambia’s regulatory framework in shaping Chinese investment and its effects in the mining sector.

Zambia provides an excellent case study to examine these issues, partly because it is one of the major destinations for Chinese FDI in Africa and is the destination of a relatively large amount of “typical” Chinese investment, which is in the extraction industry. Between 2006 and 2011, the dominant debate in national politics was about Chinese FDI, and opposition to Chinese FDI is higher in Zambia than anywhere else on the continent.¹³ The Patriotic Front (PF) party ran on anti-Chinese platforms in the presidential elections in 2006 and 2008, before ultimately winning the elections in 2011. In a populist campaign that arguably created, or at least certainly fuelled, anti-Chinese sentiment in the country, Michael Sata was elected president in September 2011. His campaign has been important in shaping the outcomes of Chinese FDI in the country, as

¹³ Rohit Negi, “Beyond the ‘Chinese Scramble’: The Political Economy of Anti-China Sentiment in Zambia,” *African Geographical Review*, 27, no. 1, (2008): 43.

well as in the overall relationship between Zambia and China. At one campaign rally, Sata referred to Chinese “infesters,” rather than investors, and threatened to expel all Chinese businesses upon his election.¹⁴ At the height of the tension, the Chinese ambassador to Zambia threatened to sever diplomatic ties between the two countries and redirect FDI if the PF was elected, which was an unprecedented move in Chinese foreign policy of non-interference.¹⁵ Since the election of the PF, Sata’s government has not responded with new policies or addressed the issues raised in the 2011 HRW report in any way. Further, while sporadic worker unrest continues, government criticism of Chinese mining enterprises has been muted at best. Publically, Sata embraced Chinese FDI merely months after his election, stating, “Don’t blame the Chinese, blame yourself because the Chinese are willing to work.”¹⁶ Why did the narrative suddenly shift away from lambasting Chinese FDI so strongly since the election of PF? This is one of the questions that this thesis will explore. It will do so by focusing on the mining industry, and by engaging with debates focused on Chinese owned mines in Zambia over the last decade. Firms in question include those under ownership of China Non-Ferrous Metals Mining Corporation (CNMC): Non-Ferrous China Africa (NFCA), Chambishi Copper Mine (CMC), Sino Metal Leach Zambia (SML), and Luanshya Copper Mine (LCM).

Importance of Study

This study is timely. Chinese FDI in Zambia is at its peak and while criticism of Chinese FDI in the country has died down, Sata’s populist anti-China election campaign

¹⁴ Kedar Pavgi, “A Setback for China in Africa,” *Foreign Policy*, September 26th, 2011: http://blog.foreignpolicy.com/posts/2011/09/26/a_setback_for_the_dragon

¹⁵ Kopinski and Polus, “An All-Weather Friendship,” 187.

¹⁶ “Sata U-turns on China,” *Lusaka Times*, October 30th, 2011. <http://www.lusakatimes.com/2011/10/30/sata-uturns-china/>

was an important moment in Zambian political history. It was important for the development of a critical approach to discussion about FDI in the country, and was instrumental in providing a platform for mineworkers. However, the narrative largely ignored the role of domestic actors, legislation and regulatory institutions. As will be discussed, enforcement of labour legislations is heavily reliant on self-reporting, consensus, and consultations. I will argue that although legislation is quite strong, enforcement and government capacity to address problems and loopholes in the system is weak. The debate surrounding the quickened pace of Chinese FDI in the country has exposed several weaknesses in the regulatory framework that have previously gone relatively unnoticed.

Methodology

This thesis is a qualitative case study analysis of the national debate surrounding Chinese FDI in Zambia between 2006 and 2011. It focuses on the narrative developed within the country during a time of high Chinese FDI, which coincided with three presidential elections held in 2006, 2008, and 2011. It makes use of data from academic literature, journalistic articles, reports, and in-person interviews. The single case study approach was chosen because of the need for an intimate understanding of the way that the national debate on Chinese FDI has developed. It is a unique case in Africa, because of the scale of Chinese FDI in the country, and because of the intensity of the opposition

among Zambians towards this investment. Further, it is a bounded case study, focusing on a certain period of time (2006-2011), and focuses on presidential elections.¹⁷

The thesis draws on both primary and secondary research. The primary research is comprised of a series of six semi-structured interviews conducted in Lusaka, Zambia, in January 2014. Interviewees included government officials, a Project Officer for the International Labour Organisation (ILO), a policy-monitoring researcher and analyst, and senior executives of the Mine Workers Union of Zambia (MUZ) and the Federation of Free Trade Unions of Zambia (FFTUZ). The interviews were designed to probe different perspectives, as well as gather specific information about labour incidents in the mines, the regulatory framework, and government responses to incidents. For that reason, I interviewed two government employees from the Ministry of Labour and Social Security (MLSS). Both are Labour Officers involved with day-to-day interactions with employers and employees on issues concerning contracts, disputes and labour laws. They shed light on the challenges facing government institutions in monitoring and enforcing labour standards. I also interviewed two senior union officials in order to explore some of the challenges faced by workers in Chinese owned mines. Both have experience representing workers working in Chinese owned mines, as well as mines owned by other foreign companies. The union representatives provide the workers' perspective on the state of the regulatory framework, as well as a first-hand account of the challenges faced by mineworkers. The other two interviewees give the perspective of policy analysts representing neither the government nor the workers. One analyst works with a Zambian policy monitoring NGO, while the other is a Project Officer at the ILO. These interviews

¹⁷ John W. Creswell, *Qualitative Inquiry and Research Design: Choosing Among Five Approaches*, (London: SAGE, 2013), 97.

are important because they provide a third party analysis of the government's role in labour issues, as well as an assessment of the different investors in the country. They provide an evaluation of the performance of the regulatory framework as it stands and highlight its strengths and its weaknesses. Furthermore, the interviews also offer an opportunity to gather information about the impact of Chinese investment in the mining industry, as seen from the vantage point of organisations and individuals who are in constant interaction with Chinese firms and mineworkers. The interviews ranged in length, with the shortest lasting 20 minutes and the longest lasting 45 minutes. They were held primarily in the office of the interviewee, with the exception of one telephone interview with the representative from MUZ. The interviews were recorded and later transcribed. Notes were also taken during the interviews. In addition to interviews, the primary data also includes examination of primary documents, such as labour legislation and other official government documents.

The secondary research focuses on related academic studies and publically available documents and reports. The initial literature review situates the study. It is comprised of a review of several academic articles on the topic of Chinese FDI in Africa. Within this review, a number of themes emerge and are explored, such as the nature and origin of Chinese FDI on the continent, as well as its impacts on the political and economic development of Zambia and other countries. China's influence is growing throughout the continent and Chinese FDI is emerging as an important alternative to Western FDI. The stakes differ on a country-to-country basis, but there is an overall sense that China is the new, and more favourable, alternative to the West for a number of

African governments.¹⁸ These studies provide valuable information, and are used to form an understanding of the impacts of Chinese investment in the country, both politically and economically. Media reports also provide coverage of various aspects of the political fallout and debate. Interpreting this literature, and combining it with interviews from the field, I use both primary and secondary data to form an understanding of the narrative of Chinese FDI in Zambian mines, and also to identify the challenges faced in monitoring and enforcement.

Chapter Breakdown

Chapter Two

In order to situate the study in the broader debate on Chinese FDI in Africa, the thesis begins with a literature review. The literature review will briefly discuss key debates and cover the major themes of the literature, such as the nature of Chinese FDI in the continent and the origins of this FDI. It then covers the various attempts at evaluating the impact of Chinese FDI on the political economies of a number of countries. Here, I highlight the various benefits associated with Chinese FDI, as well as pointing out the challenges resulting from these investments. In contrast to much of the literature on the topic, the chapter also inserts the perspective of African actors in the matter, highlighting responses from Africans at the governmental level, as well as in broader society.

Chapter Three

¹⁸ Herbert Jauch, "Chinese Investments in Africa: Twenty-First Century Colonialism?" *New Labor Forum*, 20, no. 2 (2011): 53; Kopinski and Polus, "An All-Weather Friendship," 184; Barry Sautman and Yan Hairong, "Trade, Investment, Power and the China-in-Africa Discourse," *The Asia-Pacific Journal*, 52, no. 3, (2009): 2.

The third chapter introduces the Zambian case study. It details the political economic history of Zambia, including the early socialist administration under Kenneth Kaunda, economic liberalisation under Frederick Chiluba, and the transition that culminated in the election of Michael Sata in 2011. This historical overview demonstrates the importance of the mining industry in national politics since independence in 1964. It also provides the background of the industry, showing how various governments instituted different policies and how these diverse policies shaped the industry's development. The critical juncture of privatisation of the mining industry in the 1990s is also discussed, in order to show the origins of Chinese and other foreign FDI into the industry and examine the relationship between privatisation, labour problems in the mines, rising unemployment and broader social issues affecting mining communities.

Chapter Four

Chapter four focuses on the relationship between China and Zambia in order to understand the anti-China narrative that developed between 2006 and 2011. It focuses on the election campaigns of Michael Sata and the PF in 2006, 2008, and 2011, analysing the political debate and national discourse on the role of China in Zambia during that time. It also conducts a review of the scholarship on the impacts of Chinese FDI in the Zambian mining industry, focusing on the particularly prominent 2011 HRW study, titled *You'll be Fired if you Refuse: Labour Abuses in Zambia's Chinese State Owned Mines*. This literature details the nature of Chinese FDI in Zambia, focusing on the mining industry and CNMC's acquisition and running of four mines in the Copperbelt. Some of the key themes discussed in the chapter are: the exploitation of local labour, the

phenomenon of casualisation, human rights abuses, and the general lack of compliance by Chinese companies.

Chapter Five

Chapter five focuses on employment and labour issues in the mines, as well as the regulatory framework for the industry. The chapter uses data compiled from the six interviews to identify some of the broad and specific challenges facing the industry and workers in the sector as a result of economic reforms and the associated increase in FDI. I use this data to demonstrate that, although the national debate focuses on Chinese enterprises and the supposed lack of compliance of those companies, the Zambian regulatory institutions and unions routinely fall short of fulfilling their responsibilities. I identify several issues that have led to the problems that presently affect mineworkers in all mines, Chinese owned or otherwise. These include the lack of compliance with labour laws by several foreign companies, but also the failures of unions to adequately protect and represent mineworkers, and limitations in the government's capacity to monitor and enforce legislation. I argue that the constant focus on Chinese ownership hinders an exhaustive and comprehensive analysis of the labour problems and their causes, including weaknesses in the regulatory framework for mining and other weaknesses in local institutions and labour unions. The Chinese may well be poor employers, but there is little evidence to demonstrate that they are the "worst employers." Indeed, it appears that they were a convenient scapegoat for a political party that wanted to win the election, and then for a government unwilling to confront problems in the mining industry.

Conclusion

The final chapter returns to the central focus of the thesis: the politics surrounding the narrative of Chinese FDI in Zambia that emerged and dominated national attention between 2006 and 2011. It challenges the framing of the issues in the labour market as a Chinese problem, and shifts the debate towards an evaluation of the local regulatory framework. Overall, this study adds to the criticism of Chinese investors in the Zambian mining sector, but cautions against the flawed approach of lambasting Chinese FDI while ignoring the shortcomings of the local regulatory institutions and unions. It highlights several weaknesses in the regulatory framework that stem from the lack of resources. It also sheds light on the shortcomings of workers' representative bodies, which have resulted in inadequate representation for employees in several mines. Furthermore, the narrative championed by the PF between 2006 and 2011 has gradually disappeared from the national debate. This suggests a lack of political will from the elected government to address the issues that legitimised the populist PF campaign in the 2011 election. The study highlights the key weaknesses in policy formation, monitoring, and enforcement of legislation within the regulatory framework. It calls attention to the failings of the MLSS, the MSD, and MUZ, as well as the country's leadership at large, for lacking the political will and urgency required to address the highlighted issues promptly.

Chapter Two: Literature Review

“China in Africa” has been the subject of scholarly debate and growing media attention over the last decade. As Chinese FDI on the continent grows, analysis and discussion continue to grow with it, much of it focused on the exact role and consequences of China’s increased presence on the continent. This chapter will review the key debates and major themes within the literature in order to form an understanding of the nature and patterns of Chinese FDI on the continent. It will also point out gaps in the scholarship and research that is still needed to help form a better understanding of this phenomenon. The chapter focuses on three main themes: trends in Chinese FDI in Africa, the impact of this FDI on the political economies of African countries, and African perspectives on the FDI. The first traces the evolution of China’s involvement in Africa over several decades and explores a point of confusion regarding the different origins of Chinese FDI in Africa, differentiating between state-owned enterprises (SOEs) and Multinational Companies (MNCs). This is an important distinction to make because of the implications for Chinese foreign policy and the overall image of the Chinese state in the international community. The second section focuses on assessing the impact of Chinese FDI on the political economies of different countries, because this is the central debate within the literature on Chinese FDI in Africa. Kragelund sums up the two main approaches when he writes, “China is either seen as benign or malign to African

development efforts.”¹⁹ Finally, the discussion of various African perspectives surrounding Chinese FDI in the third section includes a brief discussion on the growing resistance to Chinese enterprises in several countries, as well as a brief analysis of the role played by African actors in the outcomes of Chinese FDI.

Before turning to these debates, it is important to note China’s long history with Africa. This relationship dates back to early Chinese exploration, six centuries ago, when Chinese ships crossed the sea and ventured west to East Africa. Arab and Chinese merchants exchanged spices, ivory and medicine half a century before the first Europeans rounded the tip of Africa. China’s contemporary relationship with Africa emerged in the early postcolonial period, at the 1955 Bandung Conference, which proved instrumental in the creation of the Non-Alignment Movement.²⁰ Between 1950 and the late 1970s, China’s relationship with the continent was an exchange of sorts, in which the Chinese offered support to African independence movements while receiving support from the newly formed African states at the UN in return.²¹ China’s quest for international support in the face of the challenge presented by Taiwan was one of the main drivers of cooperation with African countries prior to the 1970s.²² As such, the relationship was one “driven largely by ideological considerations,” rather than by economic pursuits, as is currently the case.²³

¹⁹ Peter Kragelund, “Part of the Disease or Part of the Cure? Chinese Investments in the Zambian Mining and Construction Sectors,” *European Journal of Development Research*, 21, no. 4, (2009): 644.

²⁰ Kopinski and Polus, “An All-Weather Friendship,” 184.

²¹ See Kopinski and Polus, “An All-Weather Friendship,” 184; Rohit Negi, “Beyond the ‘Chinese Scramble,’” 42.

²² Ursula J. Van Beek, “China’s Global Policy and Africa: A Few Implications for the Post-Crisis World,” *Politikon: South African Journal of Political Studies*, 38, no. 3, (2011): 394.

²³ Jauch, “Chinese Investments in Africa: Twenty-First Century Colonialism?” 49.

In contrast to the more political and ideological relationship of the early post-colonial period, economic investment now shapes the relationship. One of the key drivers of Chinese investment in Africa is China's need for minerals in order to sustain its own economic growth. Because of the resource oriented nature of Chinese FDI, Africa, as a whole, has been a central destination for Chinese investment. Chinese FDI in Africa is primarily focused on the extraction industry, with oil exploration and mineral mining being key focus areas. Economic restructuring implemented throughout the continent in the 1980s and 1990s as a result of the debt crisis and related international pressure to introduce neo-liberal reform by way of SAPs have also played an important role in facilitating FDI on the continent.²⁴ For example, and as will be discussed in more detail in chapter three, economic restructuring generally involved the privatisation of nationally owned companies and the relaxation of foreign investment rules. Similar to neoliberal reforms introduced in other countries around the world throughout the 1980s and 1990s, privatisation, trade liberalisation, and other related economic reforms opened many countries up to foreign investment. For example, Chinese investment on the continent increased by about 6000% between 1990 and 2006.²⁵ In 2008, Chinese investment in Africa was valued at \$106 billion, which is 10 times the amount it was just eight years prior.²⁶ However, for all its growth, Chinese investment in Africa between 2003 and 2006 represented only 1.2% of total FDI coming into the continent, and in Zambia the figure

²⁴ Dan Haglund, "In it for the Long Term? Governance and Learning Among Chinese Investors in Zambia's Copper Sector," *China Quarterly*, 199, (2009): 628.

²⁵ Ivar Kolstad and Arne Wiig, "Better the Devil You Know? Chinese Foreign Direct Investment in Africa," *Journal of African Business*, 12, no. 1 (2011): 3.

²⁶ Deborah Brautigam and Tang Xiaoyang, "African Shenzhen: China's Special Economic Zones in Africa," *Journal of Modern African Studies*, 49, no. 1, (2011): 27.

for Chinese FDI for that period was 4.5%.²⁷ The relatively small share of Chinese investment on the continent has not stopped the ever-growing debate, and Tull describes China's new interest in Africa as "one of the most significant recent developments in the region."²⁸

Chinese Multinational Corporations (MNCs) and State-owned Enterprises (SOEs)

Literature and media coverage about Chinese FDI on the continent has been hindered by the tendency to treat and analyse "China" as a monolithic entity.²⁹ Broadly speaking, there are two distinct kinds of Chinese enterprises in Africa. State Owned Enterprises (SOE) operate with a role for the state in the enterprise, while Chinese Multinational Companies (MNC) do not explicitly have a government link. Both kinds of enterprises are present in a number of African countries. Overall, privately owned Chinese firms outnumber SOEs in Africa today. Hairong and Sautman found that, "SOEs number less than 100, with 1600 mostly small and medium sized private Chinese firms in Africa."³⁰ However, making the distinction between SOEs and MNCs is not a necessarily straightforward task. The Chinese state does have considerable influence on the operations of MNCs abroad. As Alden and Davies highlight, "a typical Chinese MNC has a business model highly reliant upon political support [and] receives financial backing

²⁷ Kolstad and Wiig, "Better the Devil You Know?" 35.

²⁸ Denis M. Tull, "China's Engagement in Africa: Scope, Significance and Consequences," *Journal of Modern African Studies*, 44, no. 3, (2006): 459.

²⁹ See "China in Africa: Soft Power, Hard Cash," <http://www.theguardian.com/global-development/series/china-africa-soft-power-hard-cash>; *Guardian Series*; Dambisa Moyo, "Beijing, a Boon for Africa," *New York Times*, June 27th, 2012. <http://www.nytimes.com/2012/06/28/opinion/beijing-a-boon-for-africa.html?module=Search&mabReward=relbias%3Aw>

³⁰ Hairong and Sautman, "Contesting the Discourse of Chinese Copper Mining in Zambia," 134. Other estimates put this figure at more than 2000.

from the state,” which indicates a role for the state in most companies.³¹ Taylor challenges the idea that the Chinese state has such a strong role in MNCs, instead opposing the notion of a singular “China” operating on the continent. Taylor argues that there are many “Chinas” on the continent, and that the evolution of the economic structures in China has resulted in limiting Beijing’s control over the multitudes of companies that are expanding outside of China.³² Kaplinsky and Morris also set out to dispel the assumption of a homogenous “China,” and acknowledge a number of issues that blur the line between “state-owned” and “private” in Chinese FDI. For one, “private” often just means that the state owns less than a 50% stake in the firm, which by no means guarantees that the state does not remain heavily influential in the operation of the firm. The situation is further complicated by “state officials who may also own companies, but in their ‘private capacity,’ and often use the connections gained through their government positions.”³³ Overall, it is difficult to ascertain the level of state involvement and control over such investments.

Though China does have an official ‘Africa Policy’ and a White Paper detailing China’s intentions and prospects on the continent, it is easy to overstate the coherence of such a policy on the ground.³⁴ As Taylor outlines, the sheer number of ventures on the continent, as well as the decentralisation of power to provincial and municipal bureaucracies who now have increasing input into policy, specifically limits Beijing’s

³¹ Chris Alden and Martyn Davies, “A Profile of the Operations of Chinese Multinationals in Africa,” *South African Journal of International Affairs*, 13, no. 1, (2006): 86.

³² Ian Taylor, *China’s New Role in Africa*, (Colorado: Lynne Rienner Publishers, 2010), 5.

³³ Raphael Kaplinsky and Mike Morris, “Chinese FDI in Sub-Saharan Africa: Engaging with Large Dragons,” *Journal of Development Research*, 21, no. 4, (2009): 552.

³⁴ Taylor, *China’s New Role in Africa*, 20.

control.³⁵ Haglund contends that, since 1978, the Chinese government's role has undergone several changes, due to decentralisation and the reduction of the state's role in FDI.³⁶ Van Beek points out the problems that stem from Beijing's limited control over overseas projects. Clashes between foreign policy and economic interests are increasingly common due to challenges "enforcing existing or new legislation, which translates to...damaging China's reputation."³⁷ Fijalkowski discusses the challenges created by the duality of control in the investment enterprises that operate in Africa. While the Chinese government's assistance with finances and other "coordination mechanisms" helps Chinese businesses in Africa, the divergence in objectives between businesses and the national interest is proving problematic. Fijalkowski notes, "the gap between bureaucratic principals and cooperate agents' goals are widening and there is already evidence of Chinese corporations taking steps that are at odds with Chinese government interests, creating problems for Beijing's... image in Africa."³⁸

Overall, China's new focus on FDI over the last decade is governed by the *zou chuqu* policy, meaning "going out," which outlines four main objectives: "providing a market for Chinese products, improving resource security, enabling technology transfer, and promoting research and development."³⁹ The State-owned Assets Supervision and Administration Committee (SASAC) is chiefly in charge of state-led FDI, which includes control and decision making for many of the enterprises in Africa. However, various

³⁵ See Lukas Fijalkowski, "China's 'Soft Power' in Africa," *Journal of Contemporary African Studies*, 22, no. 2, (2011): 227; Taylor, *China's New Role in Africa*, 5.

³⁶ Haglund, "In it for the Long Term? Governance and Learning among Chinese Investors in Zambia's Copper Sector," 631.

³⁷ Ursula J. Van Beek, "China's Global Policy and Africa," 401.

³⁸ Fijalkowski, "China's 'Soft Power' in Africa," 226.

³⁹ Haglund, "In it for the Long Term? Governance and Learning among Chinese Investors in Zambia's Copper Sector," 631.

complexities in the bureaucratic structure of SASAC mean that there is always a “credible threat of intervention by senior Communist Party Officials,” which generally limits the authority of the committee. The result, Haglund elaborates, is that there is an inevitable “political embeddedness” in the *zou chuqu* process.⁴⁰ Although the efforts at decentralisation over the last three decades were designed to separate the state from economic endeavours, the PRC remains heavily influential in matters regarding FDI. Despite the involvement of the PRC in many aspects of Chinese FDI, some companies do operate relatively free from state influence or interference. Further, privately owned Chinese MNCs are also free of government interference. Some scholars argue that the lack of government oversight in MNCs abroad results in companies adopting strategies that tend to minimize costs by cutting corners and pursue short-term goals, which end up negatively affecting Chinese foreign policy.⁴¹

Motives for Investing: A New Scramble for Africa?

As Chinese FDI in Africa grows, scholars, journalists, politicians, and citizens of African countries are increasingly questioning the motives driving the investment.

Haglund identifies two strategic objectives for China. The first is “to maintain resource security, essential for continued economic growth,” and the second is “to secure political support in the political arena.”⁴² Carmody and Taylor similarly note China’s motivations are “natural resource access and the cultivation of support constituencies.” Marton and Matura also show the importance of African support for China in the international arena,

⁴⁰ Haglund, “In it for the Long Term? Governance and Learning among Chinese Investors in Zambia’s Copper Sector,” 645.

⁴¹ Ibid.

⁴² Dan Haglund, “Regulating FDI in Weak African States: A Case Study of Chinese Copper Mining in Zambia.” *The Journal of Modern African Studies*, 46, no. 4 (2008): 550.

citing the adoption of the resolution that saw the PRC become the sole government of China in 1971, when 26 of the 76 supporting votes came from African countries.⁴³ Further, on human rights issues at the UN, an average of 46.6% of votes from African countries are in support of China; “only 5.1% of African votes were supportive of condemnation of China” between 1990 and 2004.⁴⁴ Tull adds his voice to this train of thought, asserting that China’s approach in Africa has won it “valuable diplomatic support to defend its international interests.”⁴⁵ He also argues that Chinese expansion into Africa is the result of a more active foreign policy from China in efforts to challenge the hegemony of the US and replace it with multipolarity.⁴⁶ Similarly, Van Beek posits that China’s foreign policy in general, and its embedded opposition to hegemony in particular, guides its exploits in Africa, seeking to challenge western domination on the continent. Alden echoes this sentiment, noting China’s “overriding concern with American hegemony” as a major influence in the Chinese expansion into Africa.⁴⁷

China’s rapid and immense economic growth brings with it heavy demand for raw materials. Africa, chief exporter of these materials, is the ideal region for China to secure its materials. Tull asserts, “Nine out of [China’s] ten most important trading partners are resource-rich countries.”⁴⁸ Alden and Davies show that Chinese enterprises in Africa are mainly in the mining and energy industries, noting particularly aggressive acquisitions in the oil industry. Of particular interest to them are oil investments made in Chad and

⁴³ Peter Marton and Tamas Matura, “The ‘Voracious Dragon’, the ‘Scramble’, and the ‘Honey Pot’: Conceptions of Conflict over Africa’s Natural Resources,” *Journal of Contemporary African Studies*, 29, no. 2 (2011): 162.

⁴⁴ Ibid.

⁴⁵ Tull, “China’s Engagement in Africa,” 459.

⁴⁶ Ibid., 461.

⁴⁷ Chris Alden, “China in Africa,” *Survival: Global politics and Strategy*, 47, no. 3, (2005): 152.

⁴⁸ Tull, “China’s Engagement in Africa,” 465.

Sudan, “energy interests” in Morocco, Nigeria and Gabon, as well as other natural gas investments around the continent.⁴⁹ However, China’s attraction to resource-rich African countries does not reflect a pattern that is exclusive to China. Most FDI in Africa, regardless of origin, is focused on the extraction of natural resources.

Growing interest and investment in Africa has led observers to characterize this as a new “scramble” for access to Africa’s various resources.⁵⁰ The popular narrative typically involves a juxtaposition of Chinese and Western interests in the continent, which ultimately will result in conflict between the two powers. For example, commentators have portrayed the inaugural U.S.-Africa Leaders Summit, which took place in August 2014, as a response to China’s Forum on China-Africa Cooperation (FOCAC), created in 2000.⁵¹ This jostling for influence both politically and economically, as well as access to materials, is depicted as the 21st century version of the scramble for Africa.

Marton and Matura question the likelihood of a conflict between a coalition of Western countries and China over Africa’s “honey pot” of resources. The assumption of unitary action from the countries that make up the “West,” in the face of this Chinese challenge, appears to be an over simplification. The authors also point out that “China” cannot constitute one side of the conflict because, as discussed in the previous section,

⁴⁹ Alden and Davies, “A Profile of the Operations of Chinese Multinationals in Africa,” 87.

⁵⁰ See Mandy Turner, “Scramble for Africa,” *Guardian*, May 2nd, 2007.

<http://www.theguardian.com/environment/2007/may/02/society.conservationandendangeredspecies1>; “China’s New Scramble for Africa,” *Financial Times*, August 25th, 2010,

<http://www.ft.com/cms/s/0/d23c0066-b08a-11df-8c04-00144feabdc0.html#axzz36ovE2c3B>

⁵¹ Laura Dickey, “China and the US Compete for Influence in Africa,” *Diplomat*, August 6th, 2014.

<http://thediplomat.com/2014/08/china-and-the-us-compete-for-influence-in-africa/>

the assumption that China is a unitary actor on the continent is misguided.⁵² Further, the characterisation of the conflict as a zero-sum game, with the idea that the winner directly diminishes the loser's access to resources, is flawed because it ignores the structural interdependence in global markets for these resources.⁵³

China's Approach in Africa: FDI and Development Aid

China's approach in Africa has contributed to, perhaps even accelerated, the blurring of the lines between FDI and development aid. Alongside the well-documented attraction to natural resources, China has also increased its development aid into Africa in the form of infrastructure projects and government loans. This has led to a heated discussion in the development circles in Africa and in scholarly debates about whether Chinese development aid is more advantageous to African countries than western aid.

Decades of western investment have, at best, had mixed results in African economies in terms of economic growth,⁵⁴ while under a decade of massive Chinese investment has resulted in considerable growth in several African economies and industries. Yin and Vaschetto frame their analysis of Chinese strategies in Africa against the backdrop of a continent that, between colonisation and neo-colonialism, has grown disillusioned with western policies, including tied aid, and structural adjustment policies.⁵⁵ While western aid frequently has policy conditions, be they economic reforms or more recently requirements to "democratise," Chinese development aid generally has no strings attached.

⁵² Marton and Matura, "The 'Voracious Dragon,'" 159.

⁵³ Marton and Matura, "The 'Voracious Dragon,'" 160.

⁵⁴ Tull, "China's Engagement in Africa," 467.

⁵⁵ Jason Z. Yin and Sofia Vachetto, "China's Business Engagement in Africa," *The Chinese Economy*, 44, no.2, (2011): 46.

Perhaps it is no surprise, then, that many African countries to pursue closer economic ties with China. In 2007, Chinese FDI outflow to Africa was 3%, and as of 2008, Africa received about 4.2% of China's outward FDI.⁵⁶ Jauch notes that, of 1600 Chinese companies in Africa in 2008, 46% were in manufacturing, 40% in services, and 9% in "resource-related" industries. The value of the resource related companies, however, stood at 28% of total Chinese investment value.⁵⁷ Carmody and Taylor point out that, in 2010, trade with China was just 3% of Africa's international trading.⁵⁸ China's reliance on African oil was significant, however, with 31% of oil imports coming from Africa.⁵⁹ An estimated 90% of resources from the Kantanga Province in the Democratic Republic of Congo are destined for China.⁶⁰ Brautigam and Xiaoyang posit that, unlike trade between the United States and African countries, "Africa's trade with China is relatively balanced, with African countries importing around \$50 billion of Chinese goods in 2008."⁶¹ Local governments and citizens alike have praised the Chinese for the fast-paced delivery of pledges, as well as the job creation surrounding Chinese projects.

The construction of roads, bridges, hospitals and other infrastructure are a major indicator of Chinese investment in African countries.⁶² Infrastructure development has been a particularly clear strategy in Chinese state-led investment. In many cases, Chinese companies have been able to secure investment deals largely because of the willingness

⁵⁶ Herbert Jauch, "Chinese Investments in Africa: Twenty-First Century Colonialism?" *New Labor Forum* 20, no. 2 (2011): 50.

⁵⁷ *Ibid.*

⁵⁸ Carmody and Taylor, "Flexigemony and Force in China's Resource Diplomacy in Africa," 498.

⁵⁹ *Ibid.*, 499.

⁶⁰ *Ibid.*, 507.

⁶¹ Brautigam and Xiaoyang, "African Shenzhen: China's Special Economic Zones in Africa," 27.

⁶² See Tull, "China's Engagement in Africa," 468; Alden, "China in Africa," 150-151.

of the Chinese government to offer incentives such as loans, grants and, quite popularly, infrastructure development. Admittedly, there is often a blurring of what qualifies as development aid, and what is strictly FDI because of the nature of Chinese development aid initiatives in Africa. In general, though, it appears that China has become a preferred option over western aid and investment. For example, \$500,000 spent on the refurbishment of a railroad and a \$2 billion loan made to Angola were instrumental in the acquisition of an oil and natural gas company called Block 18.⁶³ In Nigeria, power stations were rehabilitated and an arms deal secured before China made up to \$7 billion in investments.⁶⁴ Similarly, Sudan benefitted in military equipment and diplomatic support. In the same country, a Chinese firm is currently constructing the Merowe Dam in a deal that is worth \$650 million. Zambia is also benefiting from, amongst other things, the construction of a hydroelectric plant valued at \$600 million.⁶⁵

Infrastructure projects are particularly important for African leaders, who can use such developments in political campaigns to gain public support. The Export-Import Bank (Exim Bank) plays the important role of administering aid and loans for the Chinese government worldwide. Fijalkowski shows the major destinations of Chinese loans in Africa, noting, “80% of all Exim Bank loans to Africa go to five countries: Angola, Mozambique, Nigeria, Sudan and Zimbabwe.”⁶⁶ It is not coincidental that these countries are also the largest destinations of Chinese FDI on the continent. Kaplinsky and Morris also note, “most incoming FDI from China has reflected a relatively tight

⁶³ Chris Alden and Martyn Davies, “A Profile of the Operations of Chinese Multinationals in Africa,” *South African Journal of International Affairs*, 13, no. 1, (2006): 92.

⁶⁴ Alden and Davies, “A Profile of the Operations of Chinese Multinationals in Africa,” 90.

⁶⁵ Fijalkowski, “China’s ‘Soft Power’ in Africa,” 227.

⁶⁶ *Ibid.*

bundling of investment with tied-aid, designed to facilitate the export of natural resources, predominantly directly to China.”⁶⁷ China has also proposed, and in some cases implemented, the creation of special economic zones in a number of countries, namely Zambia, Egypt, Algeria, and others.⁶⁸ These zones are touted as important for both African industries, as well as for Chinese companies, under the banner of “mutual benefit” that has become synonymous with Chinese economic activity in Africa. As the argument goes, special economic zones will help African countries to be self reliant and less dependent on imports, while, simultaneously, helping the development of Chinese enterprises. Indeed, much can be gained from the infrastructure developments and technological imports that these kinds of zones bring. The all-important factors, in this regard, are the quality of both the infrastructure and the technology put in place. In some cases, African governments are shareholders in the ownership structure of the zones, while in some cases they are 100% Chinese owned.⁶⁹ The Chinese government, however, is not involved in the operation of the zones, providing only some financial assistance to Chinese companies that win tenders to operate in the zones.⁷⁰

The above examples of the Chinese government mixing development aid and government-to-government loans with FDI are evidence of what some scholars have termed Chinese “soft power” in Africa. Soft power indicates a system where China uses the power of attraction to shape the actions of African states both at a national level, for example with regard to bilateral trade agreements with China, and at international level.⁷¹

⁶⁷ Kaplinsky and Morris, “Chinese FDI in Sub-Saharan Africa: Engaging with Large Dragons,” 562.

⁶⁸ Brautigam and Xiaoyang, “African Shenzhen: China’s Special Economic Zones in Africa,” 31.

⁶⁹ *Ibid.*

⁷⁰ *Ibid.*, 34.

⁷¹ See Yin and Vachetto, “China’s Business Engagement in Africa,” 47-48; Fijalkowski, “China’s ‘Soft Power’ in Africa.”

Development assistance, according to Fijalkwoski is the “primary evident tool of Chinese soft power.”⁷² He notes, however, that there is need to be careful in the use of soft power, questioning who it is that is attracted by it; “is it a government or a country’s population?”⁷³ This is an important point, especially with regard to African agency. In several African countries, there is a disconnect between political elites and the general population with regard to Chinese investment. For their part, African governments ensure that they create attractive conditions for Chinese and other foreign investors, which include “tax holidays, waivers on import tariffs for raw materials, along with restrictions on strike activity.”⁷⁴ These conditions represent quite significant action by African governments to create situations in which investment is prioritised over the demands and needs of the local population for environmental protection and employment growth or “decent” jobs.

Carmody and Taylor offer a slightly different analysis of the Chinese’ approach in Africa, preferring the term “flexigemon” over “soft power.” Flexigemony relies on a combination of adaptations depending on circumstances in the host country.⁷⁵ It is an approach that uses a mix of both soft and hard power, focusing on cooperation with the host government elites. Tellingly, there seems to be unwillingness on the part of African governments to address the problems stemming from Chinese investment, such as labour abuses and environmental issues, “for fear of losing foreign investments as a result of being branded ‘investor unfriendly’.”⁷⁶

⁷² Fijalkwoski, “China’s ‘Soft Power’ in Africa,” 230.

⁷³ Fijalkwoski, “China’s ‘Soft Power’ in Africa,” 229.

⁷⁴ Brautigam and Xiaoyang, “African Shenzhen: China’s Special Economic Zones in Africa,” 37.

⁷⁵ Carmody and Taylor, “Flexigemony and Force in China’s Resource Diplomacy in Africa,” 497.

⁷⁶ Jauch, “Chinese Investments in Africa: Twenty-First Century Colonialism?” 53.

There is, however, general adulation among African leaders for China's "Africa Policy," which is based on the principles of mutual respect for sovereignty, non-aggression, non-interference, equality, and peaceful coexistence.⁷⁷ Barry and Sautman indicate that "China's experience as a semi-colony, its socialist legacy, and its developing country status... make [China's] policies presumptively less injurious to African sensibilities about rights than that of Western states."⁷⁸ Kopinski and Polus also point to China's "lack of a colonial legacy" as significant advantage in the continent's perception of Chinese investment and partnership.⁷⁹ Further, Jauch refers to the 'Washington Consensus' backed Structural Adjustment Programs (SAPs) as a problem with regard to western aid and its, accompanying policy prescriptions, citing China's 'Beijing Consensus' as a welcomed alternative.⁸⁰ Several authors note China's repeated reference to "South-South cooperation,"⁸¹ which, when compared to SAPs and the more recent Poverty Reduction Strategy Papers (PRSPs), appeals to African leaders. For Yin and Vaschetto, China's provision of "desperately needed" infrastructure development has not only "speeded up the integration of their economies with the rest of the world," but has also "enhanced self-development capabilities for poor African nations."⁸² Indeed, China's approach to development may open the door to a new conversation regarding models of economic growth and poverty alleviation in Africa, issues in which China has been quite successful domestically. Van Beek compares western business strategies in Africa to the

⁷⁷ Haglund, "Regulating FDI in Weak African States," 550.

⁷⁸ Sautman and Hairong, "Trade, Investment, Power and the China-in-Africa Discourse," 2.

⁷⁹ Kopinski and Polus, "An All-Weather Friendship," 184.

⁸⁰ Jauch, "Chinese Investments in Africa: Twenty-First Century Colonialism?" 50.

⁸¹ See Giles Mohan, "The Chinese just come and do it: China in Africa and the Prospects for Development Planning," *International Development Planning Review*, 35, no. 3, (2013): vi; Fijalkowski, "China's 'Soft Power' in Africa; Tull, "China's Engagement in Africa"; Kolstad and Wiig, "Better the Devil You Know?"

⁸² Yin and Vachetto, "China's Business Engagement in Africa," 54.

Chinese approach with the aim of “[assessing] which might hold more promise for Africa’s development.”⁸³ In conclusion, she finds that the Chinese approach of engagement on equal footing, with business interaction in mind, succeeds over western development aid policies, which end up doing more harm than good. This is not to say, however, that Chinese strategies do not pose a different set of challenges for African countries. Scholars focused on evaluating Chinese FDI in Africa frequently cite some of these challenges. It is to those debates that we will now turn.

Evaluating Chinese FDI in Africa

As already noted, much of the literature on Chinese FDI focuses on evaluating the effects of such investment in the continent or in particular countries. The debate has been polarised, with some scholars keen to highlight the job creation and infrastructure development that accompanies Chinese FDI, while others are quick to note negative environmental outcomes or the human rights abuses that occur in Chinese companies, along with the immorality of engaging with undemocratic regimes in Africa.

Claims that Chinese companies investing in African mining industries merely “export what they know,” and that “it would be naïve to expect any dysfunctions of their home regulatory setting not to be reflected in the behaviour of Chinese firms abroad” are common.⁸⁴ China’s domestic mining industry is plagued with issues of human rights abuses and a litany of accidents that put the country among the top for mining fatalities. Conditions “exported” to Africa include “tense labour relations, hostile attitudes by

⁸³ Ursula J. Van Beek, “China’s Global Policy and Africa” 389.

⁸⁴ Haglund, “Regulating FDI in Weak African States,” 567.

Chinese employers toward trade unions, poor working conditions, and unfair labour practices.”⁸⁵

Scholars identify China’s disregard for labour rights and its undermining of unions as a core problem in Africa, where Chinese companies are often seen to be unaccountable to national actors, and dismissive of labour laws and collective bargaining agreements. A further criticism often levelled against Chinese employers is the extremely low pay for local labour, as will be demonstrated in the case study. Across the continent, Chinese companies pay as little as a third of the national average for similar work in mining and construction where worker organisation is weak.⁸⁶ Freedom of association is not present in China, with the All-China Federation of Trade Unions (ACFTU) being closely linked to the ruling party, thereby limiting the workers’ options in terms of organised action.⁸⁷ Consequently, some scholars argue that in Africa, in the cases where workers are organised and trade unions are strong, Chinese employers take to “union bashing strategies to discourage their workers from joining trade unions.”⁸⁸

In a related issue, research has pointed to the tendency for Chinese companies to import Chinese labour, rather than hire local labour. Jauch notes the large number of Chinese workers brought in for construction projects, often in skilled and managerial positions, while African workers make up the mass of unskilled labour.⁸⁹ On the other hand, Brautigam and Xiaoyang find that Chinese projects operating in special economic

⁸⁵ Jauch, "Chinese Investments in Africa: Twenty-First Century Colonialism?" 52.

⁸⁶ Ibid.

⁸⁷ Ibid.

⁸⁸ Ibid.

⁸⁹ See Jauch, "Chinese Investments in Africa: Twenty-First Century Colonialism?" 50; Alden and Davies, "A Profile of the Operations of Chinese Multinationals in Africa," 93.

zones have consistently employed “predominantly African workers,” giving examples from Zambia, Egypt, Mauritius and Nigeria.⁹⁰

Scholars also argue that Chinese companies are concerned with only the short-term prospects and profits for their investments, and lack economic and social linkages with the local communities in which they invest.⁹¹ This is illustrated by the lack of integration of Chinese expatriates into African communities within the countries in which they are living, and in the strategy of SOEs to “dictate a short contract and restrict employees from bringing their spouses and families to Africa.”⁹² This limited integration, as well as the high turnover of Chinese labour, poses challenges in relations between Chinese employers and African employees. Other challenges in the interaction between Chinese employers and African employees frequently involve issues such as language barriers, lack of knowledge transfer, and the lack of trust. Alden and Davies explore the language barrier, cultural differences and short-term goals of Chinese firms in Africa and suggest that Indian companies who speak English and employ “westernised business practices,” fare better in terms of integration in Africa than their Chinese counterparts.⁹³ However, Kaplisky and Morris find that it is “northern” (western) firms that are funded through stock markets rather than by governments are intrinsically short-term in their approach. In contrast, they argue, Chinese SOEs, funded by the state, are more insulated from market shocks and therefore are able to take greater risks and in turn plan for the

⁹⁰ Brautigam and Xiaoyang, “African Shenzhen: China’s Special Economic Zones in Africa,” 45.

⁹¹ Haglund, “In it for the Long Term? Governance and Learning among Chinese Investors in Zambia’s Copper Sector,” 633.

⁹² *Ibid.*

⁹³ Alden and Davies, “A Profile of the Operations of Chinese Multinationals in Africa,” 89.

long-term. In their analysis, Kaplinsky and Morris find that Chinese companies that are characterised as short-term and profit oriented are mostly smaller, private owned firms.⁹⁴

Another avenue for criticism is the issue of the selection of African recipients of Chinese FDI. Western powers consider the Chinese approach dangerous in its potential to “undermine private sector accountability” as well as anti-corruption and governance reforms.⁹⁵ Non-interference, one of China’s five principles for investment in Africa, has been particularly contentious. Haglund suggests that African rulers may prefer Chinese cooperation to Western aid because of the lack of political pressure that often accompanies cooperation with western countries. To demonstrate this, Haglund identifies a trend that shows China “appears focused on outcomes, rather than processes”⁹⁶ referring to the general disregard for democratic processes and looking only towards what they can gain from economic partnerships. Zafar expresses further concern about China’s “delinking of aid from political reform” and warns that such an approach would “cause African governments to delay reforms that promote openness and accountability.”⁹⁷ However, these voices of caution and criticism are not the only ones to be heard on the subject.

Yin and Vaschetto, who argue that the Chinese strategy has resulted in a shift in preference from Western countries to China amongst African leaders, suggest that China has “[built] constructive relationships with nations isolated or abused by Western

⁹⁴ Kaplinsky and Morris, “Chinese FDI in Sub-Saharan Africa: Engaging with Large Dragons,” 562.

⁹⁵ Haglund, “Regulating FDI in Weak African States,” 547-575.

⁹⁶ Haglund, “In it for the Long Term? Governance and Learning among Chinese Investors in Zambia’s Copper Sector,” 629.

⁹⁷ Ali Zafar, “The Growing Relationship between China and Sub-Saharan Africa- Macroeconomic, Trade, Development and Aid Links,” *The World Bank Research Observer*, 22, no. 1, (2007): 106.

powers.”⁹⁸ Alden, too, notes that China can provide a “lifeline to regimes ostracised by the west.”⁹⁹ Tull also posits that the Chinese government gravitates towards “African states suffering from western-imposed sanctions,” explaining that such countries stand out as “niche markets” for China to invest, having no “legal or political obligation” to participate in said sanctions.¹⁰⁰ Tull concludes with the view that there should not be such large contrast drawn between western and Chinese investment. He finds that Chinese investment in African countries has damaging impacts on peace and democracy, but that these criticisms apply to western investment as well, stating, “a fair number of flaws and criticisms that need to be levelled against Beijing’s politics do equally apply, though to a lesser extent, to western policies towards Africa.”¹⁰¹ Van Beek views China’s involvement in these “niche” economies as a consequence of being a latecomer on the continent, and having to carve out a space in the crowded field of investment in Africa.¹⁰² Drawing on the previously noted theory that China seeks diplomatic partnerships in its expansion into Africa, Yin and Vaschetto suggest that, besides the well-documented drive for natural resources, China is interested in “allies among the developing economies to counter-balance the predominance of the developed economies.”¹⁰³ They argue that in return African leaders appreciate the departure from traditional Western partnerships that curtailed their power and autonomy, making partnership with China one of “reciprocal gains.”

⁹⁸ Yin and Vachetto, “China’s Business Engagement in Africa,” 48.

⁹⁹ Alden, “China in Africa,” 154.

¹⁰⁰ Tull, “China’s Engagement in Africa,” 468.

¹⁰¹ *Ibid.*, 476.

¹⁰² Van Beek, “China’s Global Policy and Africa,” 404.

¹⁰³ Yin and Vachetto, “China’s Business Engagement in Africa,” 46.

In a fascinating paper investigating China's motives for investing in Africa, Kolstad and Wiig note the tendency for Chinese companies to invest in countries that have been identified as having weak institutions, stating, "China's involvement in Africa has little to do with propping up undemocratic regimes per se. Rather, China appears to be attracted by other types of institutional inefficiencies."¹⁰⁴ What they argue is that, while natural resources are a major attraction for China, the lack of strong, well functioning institutions in the host country is an additional attraction. Notably, the authors find that this is a characteristic of almost all foreign investors in Africa, and, while this pattern is detrimental to the development of African countries, "it is unclear whether China plays more of a destructive role in Africa than investors from other countries."¹⁰⁵ Similarly, Van Beek argues that it cannot be alleged that China "singles out" non-democracies that have vast amounts of natural wealth. Rather, Chinese companies engage with every country on the continent, except for the six that refuse to denounce ties to Taiwan.¹⁰⁶ It just so happens that weak institutions are prevalent on the continent, making it inevitable that interaction with countries harbouring flawed institutions takes place. In these scenarios, there is even less impetus for Chinese investors to adhere to any sort of regulations or have regard for the impacts of their investments.

Mohan advances a similar argument to Van Beek, and characterizes Chinese investments in three ways, namely "elitism and a lack of accountability, weak regulatory

¹⁰⁴ Kolstad and Wiig. "Better the Devil You Know?" 43.

¹⁰⁵ Ibid., 44-45.

¹⁰⁶ Van Beek, "China's Global Policy and Africa," 400.

capacity, and the reinforcement of a particular vision of modernity.”¹⁰⁷ Elitism relates to the ways in which Chinese investments in African countries are negotiated, which is in meetings often exclusively between political elites from either country. Under such arrangements, one can expect very little accountability or appreciation for the wider impact of these investments. In terms of capacity, Mohan explains how “weak local planning and regulatory capacity is a toxic cocktail, in which Chinese firms are relatively free to abuse labour and environmental laws.”¹⁰⁸ Finally, on development discourse, Mohan finds that China uses its “muscular approach to development” to focus on the building of infrastructure (“hardware”) rather than the enhancement of liberal institutions (“software”). The results of this approach are that the weaknesses in democratic institutions and general disinterest in “good governance” from African leaders remain unaddressed.¹⁰⁹ In the same breath, many African countries appear to be looking to China’s development model and seek to emulate it, rather than the western neo-liberal route. Alden describes China as a symbol to African leaders who seek to lead their nations from impoverished victims of western imperialism to economic powers without having to drastically alter their political system in ways that would “threaten established regime interests.”¹¹⁰

Two final points of criticism about China’s influence on the continent can be noted: its role in the militarisation and its potential role as an imperial power. In terms of the first, China plays a role in the militarisation of a number of countries on the continent,

¹⁰⁷ Mohan, “China in Africa and the Prospects for Development Planning,” vii.

¹⁰⁸ Mohan, “China in Africa and the Prospects for Development Planning,” ix.

¹⁰⁹ Ibid., x.

¹¹⁰ Alden, “China in Africa,” 156.

accounting for 8% of military imports into the continent.¹¹¹ Tull points out that in 2004 alone, “1,400 Chinese participated in nine UN missions” in Africa, which represents a significant increase in China’s involvement in such matters.¹¹² Sudan, for example, is one of the destinations of significant Chinese investment, and, despite the issues surrounding human rights violations in Darfur, also is a major destination of arms and heavy artillery.¹¹³ China receives oil in exchange for arms despite an international arms trade embargo on Sudan, and is understood to have tried to derail UN efforts towards a resolution in the conflict.¹¹⁴ Alden also highlights China’s role as weapons and ammunition provider for both Ethiopia and Eritrea during their war in the 1990s. Further, within the last two decades, China has provided military assistance ranging from aircraft to uniforms and training for a number of countries including Mozambique, Namibia, Zimbabwe, Sierra Leone and Congo.¹¹⁵ Despite the questionable regimes in some of those countries, China, under its non-interference policy, has maintained economic ties and helped to consolidate those regimes by providing military assistance. Carmody and Taylor express concern about this trend, asserting that China’s African “allies often receive military equipment training, and support; sometimes used to deadly effect.”¹¹⁶ Van Beek however, shows that there has been an evolution in China’s approach to undemocratic regimes, using the example that China has recently been a force in

¹¹¹ Jauch, "Chinese Investments in Africa: Twenty-First Century Colonialism?" 50.

¹¹² Tull, "China's Engagement in Africa: Scope, Significance and Consequences," 463.

¹¹³ Alden, "China in Africa," 152.

¹¹⁴ See: Kolstad and Wiig. "Better the Devil You Know?" 37; Carmody and Taylor, "Flexigemony and Force in China's Resource Diplomacy in Africa," 503; Tull, "China's Engagement in Africa," 470.

¹¹⁵ Alden, "China in Africa," 152.

¹¹⁶ See Carmody and Taylor, "Flexigemony and Force in China's Resource Diplomacy in Africa," 497.

advocating “a stronger role” for peacekeepers in Sudan, and pointing out that Chinese troops have been involved in conflict regions in the Congo and in Liberia.¹¹⁷

Second, while some applaud increased development aid, as noted earlier, others compare China’s new relationship with Africa to that of its European colonizers. In 2006, then president of South Africa, Thabo Mbeki remarked, “Africa might become an economic colony of China.”¹¹⁸ Similar comments have been made by western leaders, including UK Prime Minister David Cameron and then U.S. Secretary of State Hillary Clinton¹¹⁹ In one extreme view, China’s economic activity on the continent was described as the possible “beginning of a world empire.”¹²⁰ Jauch writes that, in general, “trends indicate that – despite some notable differences between the nature of Chinese economic involvement and that of western FDI in the continent – Chinese business mostly adheres to a familiar, neocolonial pattern of resource extraction, labour exploitation, and infrastructure projects that fail to emphasize the development of local capacity.”¹²¹ Kragelund is of the view that Chinese FDI does not differ vastly from investment originating from elsewhere, but acknowledges that the “sheer size and growth of the investments trigger[s] local reactions.”¹²² In his “soft power” narrative, Fijalkowski points out China’s emphasis on the “fact that China has never sought to subjugate, colonize or enslave Africa.”¹²³ Negi argues against the use of colonialism as a conceptual tool for analysing Chinese investment in Africa, stating, “invocations of the spectre of a Chinese ‘scramble for Africa’ tend to sanitize the historical colonisation of

¹¹⁷ Van Beek, “China’s Global Policy and Africa,” 400.

¹¹⁸ Kopinski and Polus, “An All-Weather Friendship,” 189.

¹¹⁹ Hairong and Sautman, “The Beginning of a World Empire?” 132.

¹²⁰ Ibid., 135.

¹²¹ Jauch, “Chinese Investments in Africa: Twenty-First Century Colonialism?” 49.

¹²² Kragelund, “Part of the Disease or Part of the Cure?” 644.

¹²³ Fijalkowski, “China’s ‘Soft Power’ in Africa,” 230.

Africa and have the effect of expiating Europeans of their excesses.”¹²⁴ Further, Negi asserts that the numerous reports and articles that largely portray negative views of Chinese investment in Africa are evidence of “the anxiety that [China] is undermining western hegemony in Africa.”¹²⁵ For Negi and others, to speak of China’s current activities in Africa as colonialism is to ignore, or conveniently forget, the wider, and far more destructive, components of European colonisation such as its political, religious and cultural effects. In the end, for all of China’s efforts to appear as the opposite of western investors on the continent, one cannot ignore that Africa’s role within this new relationship remains largely that of provider of raw materials and importer of finished goods, similar to its previous colonial role. As it stands, it is a relationship that bares striking resemblance with the one ‘enjoyed’ by colonial Africa and European empires, but one that also carries with it its own subtleties and requires particular attention.

Role of Local Actors and National Economic Restructuring

Much of the scholarship on China’s “role” in Africa frequently ignores the opinions of Africans and fails to closely detail the ways in which local actors and policies resist, or facilitate such investment. As chapter four demonstrates, this gap in the literature is problematic and leads to a more limited understanding of the interplay between foreign investment and domestic politics and political struggles. As we shall see with reference to Zambia, Chinese investment has sparked significant debate in the country and has been further politicised by political parties to gain votes in the national elections. However, despite evidence of anti-Chinese sentiments in various African

¹²⁴ Rohit Negi, “Beyond the “Chinese Scramble”: The Political Economy of Anti-China Sentiment in Zambia,” *African Geographical Review*, 27, no. 1, (2008): 45.

¹²⁵ Negi, “Beyond the ‘Chinese Scramble,’” 46.

countries, few scholars have probed this resentment or the political implications of it.¹²⁶ In South Africa, Zambia, Namibia and several other countries, there is growing resentment amongst populations that are most directly affected by Chinese business.¹²⁷ Negi is one of the few scholars who explore the way that Chinese investment triggers reactions in local populations, arguing the emergence of a new form of “economic nationalism” on the continent. This new movement represents “an expression of a broader process of growing resistance to neoliberal orthodoxy.”¹²⁸

More recently, some authors have shown a growing interest in analysing the role played by African actors, such as governments, political parties, non-governmental organisations (NGOs), unions and other groups in civil society. Studies of the role of African governments are emerging, but still underexplored, as are studies of regulatory frameworks and other sub-state actors. Kragelund notes the importance of acknowledging the role of local contexts in the analysis of Chinese investment in Africa urging researchers to “to go beyond this dichotomous view [positives vs. negatives of Chinese investment] by examining the multifaceted nature of Chinese investments.”¹²⁹ This approach involves identification of both the positives and negatives of Chinese FDI on the continent, but also a willingness to explore the conditions within host nations that add to the outcomes of investment. For example, Mohan explores that ways in which Chinese

¹²⁶ See Michael Wines, “China’s Influence in Africa Arouses some Resistance,” *New York Times*, February 10th, 2007. <http://www.nytimes.com/2007/02/10/world/africa/10assess.html?module=Search&mabReward=relbias%3Aw>; Drew Hinshaw and Chuin-Wei Yap, “Arrests in Ghana Stoke Tensions,” *Wall Street Journal*, June 7th, 2013, <http://online.wsj.com/news/articles/SB10001424127887324069104578531183642717120>; Richard Aidoo, “China’s ‘Image’ Problem in Africa,” *Diplomat*, October 25th, 2012. <http://thediplomat.com/2012/10/non-interference-a-double-edged-sword-for-china-in-africa/>

¹²⁷ Alden, “China in Africa,” 157; “Trying to Pull Together,” *Economist*, April 20th, 2011. <http://www.economist.com/node/18586448>.

¹²⁸ Negi, “Beyond the ‘Chinese Scramble,’” 48.

¹²⁹ Kragelund, “Part of the Disease or Part of the Cure?” 644.

investment shapes development planning in African states, questioning whether it has an impact on the planning and policy development at all. He finds that, for the most part, Chinese investment in an African country does not heavily influence that country's practices, describing African political systems as "resilient and capable of adapting to new interests from China."¹³⁰ This point highlights the need to understand that the systems in place in different African countries have more of an influence on the outcome of Chinese investment than is acknowledged. These "political systems" differ in ways that inevitably create variation in the approach of Chinese companies. The type of political regime, the economic structure, and the history, in all of these contexts, is of great importance. Because of these differences, the impact of Chinese FDI on the economy, national politics and democracy also varies.

Further, Mohan and Lampert point out that even when African agency is appreciated it is often done at a superficial level that concentrates solely on the state level. They argue that African actors, beyond the state, have "shaped and even driven Chinese engagements in important ways."¹³¹ While noting the role of the government in the relationship, the authors shed light on the way that sub-state actors have influenced the outcomes of Chinese investment in Angola, Nigeria, and Ghana. These include Africans in management positions of large Chinese companies and (traditional) chiefs who still control land and the people who live on it. Most notable are African entrepreneurs who source both the products they sell and the "harder working" labour

¹³⁰ Mohan, "China in Africa and the Prospects for Development Planning," vii.

¹³¹ Giles Mohan and Ben Lampert, "Negotiating China: Reinserting African Agency into China-Africa Relations," *African Affairs*, 112, no. 446, (2012): 93.

they employ from China.¹³² African agency is also manifested in the resistance to Chinese investments in different countries. In Nigeria, opposition to Chinese enterprises fuelled a move by the Customs Service to close down the country's "China Town for three months in 2005, which led several businesses to close."¹³³ Trade unions and civil society organisations have also been involved in protests against the importation of Chinese labour in the country.

Not only is much of the existing scholarship silent with regard to the role of local actors or domestic politics in Africa, it also tends to overlook the interaction between neoliberal economies and economic policies in African countries- frequently the result of externally imposed SAPs in the 1980s- and the influx and role of FDI, especially that originating from China. For many African countries, the 1990s were periods of significant economic change in the form of liberalisation processes, and western financial institutions largely dictated the nature and pace of economic reforms. Kragelund, one of the few scholars that explore this relationship, investigates the legacy of western financial institutions in Africa, analysing the way that these institutions, in their push for the liberalisation of African economies, paved the way for current Chinese investment on the continent.¹³⁴ Haglund elaborates that capacity to regulate foreign investment is a problem in several African countries, which now depend largely on self-regulation, and also points to the effects of liberalisation policies that have left host countries exposed in the face of

¹³² Mohan and Lampert, "Negotiating China: Reinserting African Agency into China-Africa Relations," 102-103.

¹³³ Mohan and Lampert, "Negotiating China: Reinserting African Agency into China-Africa Relations," 108.

¹³⁴ Peter Kragelund, "Knocking on a Wide-Open Door: Chinese Investments in Africa," *Review of African Political Economy*, 36, no. 122, (2009): 479-497.

investment from multinational companies.¹³⁵ This is particularly true in the case of Zambia, as my thesis will show. For that reason, the next chapter takes into account the way that Zambia has evolved post independence, both politically and economically, in order to understand how the relationship between Chinese FDI and Zambia reached its current status. With that in mind, the next chapter details the way that Zambia's centrally controlled economy and national industries were liberalised and privatised in the late 1990s, in order to highlight the effects of economic liberalisation on labour standards, employment and regulatory institutions.

¹³⁵ Haglund, "In it for the Long Term?" 630.

Chapter Three: Zambia and Copper Mining

Zambia, known then as Northern Rhodesia, was a British colony from the late 1800s until independence on October 24th, 1964. Zambia's importance to the British Empire stemmed from the large mineral wealth of the territory. The large copper deposits found along the "Copperbelt," near the border with the Belgian Congo were the chief focus of the British Empire. As was typical in the pattern of British colonial rule on the continent, Northern Rhodesia was an export-oriented economy, ruled with minimal costs, while generating great wealth for the empire. During this period, Roan Selection Trust and Anglo American owned and operated the mines.¹³⁶ Under these companies, and within the context of colonisation, little revenue remained in the country, with all exploits returning to the British Empire and its companies. Copper mining remained important in the post-colonial period, more so to economic development in Zambia rather than simply to generate wealth for Britain. As the chapter will explore, the mining industry remained central to the country's political and economic development over the course of several regimes.

This chapter turns to the Zambian case study and to the Zambian mining industry. It discusses some of the critical points in Zambia's political and economic history in order to chart the path to the current state of the mining industry. In this chapter, the close relationship between national politics, the economy, and the mining industry is established. The chapter covers the evolution of the mining industry against the backdrop of economic and political development over the course of three political regimes.

¹³⁶ "The Mopani Copper Mine, Zambia: How European Development Money has Fed a Mining Scandal," *Counter Balance*, (2010): 7.

The chapter progresses as follows. First, I briefly highlight the newly independent state under the leadership of Kenneth Kaunda. Following that, I detail the evolution of Zambia into a single party state, until the re-emergence of multi-party democracy under Frederick Chiluba 1991. The analysis will highlight how the political and economic changes within these regimes influenced the mining industry. Lastly, I briefly discuss the history of trade unions in Zambia in order to understand how unions have influenced national politics. Overall, this chapter demonstrates how the economic liberalisation project undertaken in the 1990s allowed for crucial new investment into the mining industry. Further, it highlights the important legislative and policy changes in the industry during this process that have left mineworkers exposed to labour exploitation.

Post-Colonial Zambia: Kaunda Regime

In 1964, Britain relinquished control of Northern Rhodesia and an independent Zambia was created. Known as the ‘first republic,’ newly independent Zambia was created with a pluralist political system.¹³⁷ The first black government was formed and headed by Kenneth Kaunda. Zambia emerged as a country retaining several of the hallmarks of the colonial regime. Milimo notes, “Zambia attempted to adopt the government of her former Metropole, namely, the Westminster parliamentary model” but ended up with a mixture that integrated some of the tenants of the presidential system.¹³⁸ The result, in his view, was the creation of a highly powerful executive and a

¹³⁷ Gero Erdmann and Neo Simutanyi, *Transition in Zambia: The Hybridisation of the Third Republic*, (Lilongwe, Konrad-Adeauer-Stiftung, 2003), 5.

¹³⁸ John T. Milimo, “Multiparty Democracy in Africa: Lessons from Zambia,” *International Journal on World Peace*, x, no. 1, (1993): 35.

“concomitant decline of parliamentarism” aptly termed “neopresidentialism” for its resemblance to the classical presidential system.¹³⁹

Before long, in 1973, Zambia adopted a single-party system, under the guise of preserving national unity and avoiding the pitfalls of tribalism.¹⁴⁰ Milimo identifies several political and economic issues that were born out of this move away from a multiparty system, many of which continue to be present in Zambia today. Democracy quickly eroded, with the United National Independence Party (UNIP) essentially becoming the state. Meredith points out the extent of Kaunda’s grip on power, stating, “In the 1980s, Kaunda was estimated to control 40,000 patronage positions in Lusaka alone.”¹⁴¹ This contributed to human rights issues, lack of accountability within the leadership and the government, and, most famously, economic decline.¹⁴²

Shortly after independence, in 1969, Kaunda, under the principles of Humanism, nationalised several of the country’s industries, making the Zambian government the majority stakeholder in several enterprises.¹⁴³ This included the creation of state farms and parastatals in many of the key industries in the country.¹⁴⁴ Nationalisation of the country’s mining operations was most significant.¹⁴⁵ By 1982, all of the nation’s mines were combined and jointly owned by what eventually became known as the Zambia

¹³⁹ Milimo, “Multiparty Democracy in Africa: Lessons from Zambia,” 36.

¹⁴⁰ See Martin Meredith, *The State of Africa: A History of Fifty Years of Independence*, (London, the Free Press, 2005), 406; Milimo, “Multiparty Democracy in Africa: Lessons from Zambia,” 36.

¹⁴¹ Meredith, *The State of Africa*, 380.

¹⁴² See Milimo, “Multiparty Democracy in Africa: Lessons from Zambia,” 37; Meredith, *The State of Africa*, 381.

¹⁴³ Rohit Negi, “The Micropolitics of Mining and Development in Zambia: Insights from the Northwestern Province,” *African Studies Quarterly*, 12, no. 2, (2011): 28.

¹⁴⁴ Milimo, “Multiparty Democracy in Africa: Lessons from Zambia,” 38.

¹⁴⁵ Kopinski and Polus, “An All-weather Friendship,” 183.

Consolidated Copper Mines Limited (ZCCM).¹⁴⁶ Private ownership was greatly reduced in capacity. For example, Anglo American retained just 27.3% ownership, with the Zambian government controlling a 60.3% share of the industry.¹⁴⁷

The Economy under Kaunda

Scholars have described the nationalisation of the mining industry as a ‘cradle to the grave’ approach, where employment was high, workers received numerous benefits, and the state was provider of all social services. In the mining towns, ZCCM assumed the role of the government providing many of the social services for the area.¹⁴⁸ Negi notes, “permanent jobs, good salaries and benefits, cultural centres, women’s clubs and football teams,” are just some of the projects funded by mining companies.¹⁴⁹ Nationally, in this early period of nationalisation, the economy was faring well. Zambia boasted one of the highest GDPs on the continent – three times that of Kenya, - and with 750,000 waged employees out of an urban population of 1 million.¹⁵⁰

However, nationalisation of the copper industry, in conjunction with the “Zambianisation” project, which saw the replacement of white labour with black Zambians, led to mollification of the unions.¹⁵¹ For example, at independence, the mines employed 22, 500 people, and by 1969, this number had risen to over 51, 000.¹⁵² Many argue that mining employment had an adverse impact on entrepreneurship in the country,

¹⁴⁶ John Craig, “Putting Privatisation into Practice: The Case of Zambia Consolidated Copper Mines Limited,” *The Journal of Modern African Studies*, 39, no. 3, (2001): 391.

¹⁴⁷ Craig, “Putting Privatisation into Practice,” 391.

¹⁴⁸ Counter Balance, “The Mopani Copper Mine, Zambia,” 7.

¹⁴⁹ Rohit Negi, “‘You Cannot Make a Camel Drink Water’: Capital, Geo-History and Contestations in the Zambian Copperbelt,” *Geoforum*, 45, (2013): 241.

¹⁵⁰ Alastair Fraser and John Lungu, “For Whom the Windfalls? Winners and Losers in the Privatisation of Zambia’s Copper Mines,” *Civil Society Trade Network of Zambia*, (2006), 7.

¹⁵¹ Negi, “The Micropolitics of Mining and Development in Zambia,” 29.

¹⁵² Ibid.

contributed to the inefficiency in many companies, and placed significant pressure on the government's wage structure.¹⁵³ In effect, the government employed around a third of the entire country's labour force.¹⁵⁴

In the mid 1970s, Zambia faced a major debt crisis. The timing of the nationalisation scheme was an important factor in the crisis. Nationalisation coincided with the large drop of the global price of copper, and, together, these two factors contributed heavily to the near collapse of the Zambian economy. The global price of copper declined dramatically, leaving Zambia's copper dependent economy weakened. A sizable decrease in copper export revenue from \$3.4 billion in 1974 to \$1.8 billion in 1975 illustrates the gravity of the situation at the time.¹⁵⁵ The decline continued into the 1990s, and eventually the copper industry produced just 200, 000 tonnes in 1998, compared to 700, 000 in 1976.¹⁵⁶ By 1998, the country's GDP per capita stood at \$317.¹⁵⁷ Unable to sustain itself through revenue from the copper mines, the UNIP government resorted to heavy borrowing, and between 1970 and 1990, the total of external debt rose from \$650 million to \$7 billion.¹⁵⁸ For example, food imports were a major cost of the government during the 1970s, with the government spending significant portions of its

¹⁵³ Milimo, "Multiparty Democracy in Africa," 37.

¹⁵⁴ Ibid., 38.

¹⁵⁵ "Decent Work Country Profile: Zambia," *International Labour Organisation*, (2012) <http://www.ilo.org/public/english/region/afpro/lusaka/download/publication/dwcp2012.pdf> , 1.

¹⁵⁶ "Decent Work Country Profile: Zambia," 1.

¹⁵⁷ Ibid., 2.

¹⁵⁸ James Copestake and Phillip Weston, "Pitfalls of Debt Reduction: A Counterfactual Case Study of Zambia During the Early 1990s," *Journal of International Development*, 12, (2000): 590.

budget on food imports.¹⁵⁹ Between 1981 and 1987, per capita income dropped from \$630 to \$200.¹⁶⁰

With the economy struggling under the cost of production of unmarketable copper and loans used to maintain food subsidies, Kaunda's government ran into significant debt.¹⁶¹ As a result, the UNIP government sought assistance from the International Monetary Fund (IMF). Under IMF policies, food subsidies ended and other public spending was cut. This prompted popular dissent and opposition to the UNIP government. Most importantly, the government lost support of the workers under MUZ and ZCTU, with significantly large protests in the Copperbelt.¹⁶² Strikes were also widespread in several industries including, "the motor trade, shoemaking, Zambia Breweries, milling plants, postal services, schools, hospitals, sugar estates, and textile factories."¹⁶³ Meredith highlights the targeting of state owned enterprises for looting and arson attacks.¹⁶⁴ In addition to economic reforms, the IMF also 'encouraged' political reforms. Kaunda's loss of political credibility was firmly rooted in the economic ills that had ravaged the economy during the course of his leadership. However, the one-party system remained until 1990, when, under considerable pressure both domestically and internationally, Kaunda agreed to a referendum that reintroduced a multi-party system.

Since independence, in 1964, the evolution of policy regarding the mining sector has taken several turns. Du Plessis and Du Plessis undertake a study intended to

¹⁵⁹ Meredith, *The State of Africa*, 282.

¹⁶⁰ Miles Larmer, "'The Hour has Come at the Pit': The Mineworkers' Union of Zambia and the Movement for Multi-Party Democracy, 1982-1991," *Journal of Southern African Studies*, 32, no. 2, (2006): 297.

¹⁶¹ Meredith, *The State of Africa*, 406.

¹⁶² Larmer, "'The Hour has Come at the Pit,'" 305.

¹⁶³ *Ibid.*, 307.

¹⁶⁴ Meredith, *The State of Africa*, 406.

understand the causes of Zambia's economic decline. They conclude by rejecting the Resource Curse theory and the Dutch Disease theory as sole explanations, and identify a combination of Resource Curse theory and the poor quality of economic institutions as the causes.¹⁶⁵ Among the various steps that led to economic ruin is the nationalisation of the mining industry, including the Mines and Mineral Act of 1969, which "[reverted] all mineral rights to the president on behalf of the state."¹⁶⁶ Facilitated by this Act, the government was able to buy a 51% stake in all mines, private banks, and shutdown all foreign and private insurance companies leaving only the state insurance company.¹⁶⁷

The tax system of the mining industry also underwent considerable restructuring in the post-independence period. In 1969, after a referendum on the matter, royalties and taxes on profits were set at 73%. Du Plessis and Du Plessis argue that changes such as these had adverse impacts on the mining industry and stifled the growth of the sector and other major industries in the country.¹⁶⁸ Zambia's dependence on the sector, in particular, left the national economy in a poor state.

Multiparty Democracy and Chiluba

As noted, in 1990, Kaunda bowed to pressure and, after a national referendum, reintroduced a multi-party system. Elections were held in November of 1991 and Chiluba was elected president. It was a landslide victory, in which the Movement for Multiparty Democracy (MMD) won 125 of 150 parliamentary seats, and 76% of the presidential

¹⁶⁵ Stan Du Plessis and Sophia Du Plessis, "Explanations for Zambia's Economic Decline," *Development Southern Africa*, 23, no. 3, (2006): 351-369.

¹⁶⁶ Du Plessis and Du Plessis, "Explanations for Zambia's Economic Decline," 364.

¹⁶⁷ Ibid.

¹⁶⁸ Ibid.

vote.¹⁶⁹ The MMD assumed office and, based on the party's campaign of economic reform, set about reversing many of Kaunda's policies.

Frederick Chiluba was the leader of the MMD. Chiluba had previously been chairman of the Zambia Congress of Trade Unions (ZCTU), and drew great support from its members, as well as from professionals in the private sector.¹⁷⁰ He campaigned on a platform that addressed the economic ruin of the country, and mapped out his economic liberalisation project.¹⁷¹ ZCTU and the labour movement were key actors in the opposition to Kaunda. For example, as Larmer notes, the defeat of UNIP in the 1991 general election was largely due to Chiluba's leadership of ZCTU, and the disillusioned mineworkers who had initiated political opposition to Kaunda within the mines.¹⁷² ZCTU is described as "the de facto political opposition to UNIP," and was the source of "consistent challenge[s]" for the ruling party.¹⁷³

Under Chiluba's leadership, ZCTU had rejected IMF interference in the economy. Mineworkers and employees in other industries staged strikes and other demonstrations against austerity measures and the removal of food subsidies in the 1980s. Upon his election as president, however, Chiluba welcomed IMF intervention and asserted his view that a capitalist economy would lead to development in Zambia.¹⁷⁴ Economic liberalisation, sanctioned heavily by the IMF and the World Bank, was the official answer to the question of saving Zambia's economy.¹⁷⁵ Tariff cuts, removal of industrial

¹⁶⁹ Copestake and Weston, "Pitfalls of Debt Reduction," 588.

¹⁷⁰ See Copestake and Weston, "Pitfalls of Debt Reduction," 588; Negi, "The Micropolitics of Mining and Development in Zambia," 29.

¹⁷¹ Meredith, *The State of Africa*, 410-411.

¹⁷² Larmer, "The Hour has Come at the Pit," 293-312.

¹⁷³ *Ibid.*, 294.

¹⁷⁴ *Ibid.*, 306.

¹⁷⁵ Craig, "Putting Privatisation into Practice," 391.

and agricultural subsidies, and removal of exchange controls were just some of the policies introduced.¹⁷⁶ The most important aspect of Chiluba's legacy, however, remains the privatisation of the mining industry. This is because of the scale of influence that privatisation has had on various aspects of Zambia's social economic development. First, privatisation hugely increased the level of FDI entering Zambia, and helped to make the mines productive again. However, privatisation also led to widespread redundancies and retrenchment programs that have dissipated the mining labour market. Secondly, the withdrawal of ZCCM from its role as provider of social services, such as the funding of schools, hospitals and other services, in the Copperbelt left a vacuum unfulfilled by private companies. Lastly, the role of the government in regulating the behaviour of foreign companies has diminished significantly, particularly in issues regarding labour.

Labour Unions

As noted above, ZCTU played an instrumental role in the political transition in 1991. In fact, labour unions have been important in the political history of Zambia dating back to independence. The Mineworkers Union of Zambia (MUZ) was established in 1949, prior to independence, when the British companies Roan Selection Trust and Anglo American controlled the mines.¹⁷⁷ The union played an important role in the nationalist movement for independence. Notably, industrial strikes in 1935 and 1940 won mineworkers the right to form African unions.¹⁷⁸ From industrial action in the 1930s and

¹⁷⁶ Miles Larmer and Alastair Fraser, "Of Cabbages and King Cobra: Populist Politics and Zambia's 2006 Election," *African Affairs*, 106, no. 425, (2007): 616.

¹⁷⁷ Cherry Gertzel, "Labour and the State: The Case of Zambia's Mineworkers Union," *The Journal of Commonwealth and Comparative Politics*, 13, no. 3 (1975): 291.

¹⁷⁸ Miles Larmer, "Unrealistic Expectations? Zambia's Mineworkers from Independence to the One-Party State, 1964-1972," *Journal of Historical Sociology*, 18, no. 4, (2005): 321.

1940s until independence in 1964, unions of differing political persuasions dominated the industry and backed their respective nationalist movements.

Gertzel explores the post-independence interactions between the Zambian government and MUZ in an effort to analyse the government's attempts to co-opt the union.¹⁷⁹ In her assessment, the MUZ was a strong, autonomic, and well-run organisation capable of adequately representing its members. Of note is the decidedly nonpartisan stance of the union in its early years of existence and in the years immediately after independence. Larmer points out that MUZ has been strong in its endeavour to remain independent of the political machinery of the country, particularly among the "rank and file" members of the union, who would often rebel against senior members who got too close to UNIP.¹⁸⁰ Indeed, the Zambian mineworkers have been "by and large, the most radical element of the Zambian working class."¹⁸¹

Their radical, nonpartisan stance, combined with the insecurities of a newly elected UNIP, led to MUZ being viewed as a potential threat to the ruling party.¹⁸² As Larmer notes, UNIP faced many challenges trying to manage the "unrealistic" expectations of the mineworkers' union in post-colonial Zambia, which caused repeated strikes and constant calls for wage increases.¹⁸³ For example, "mineworkers clashed with UNIP in 1965-66 as the ruling party sought to restrict their demands."¹⁸⁴ In what was viewed to be an attempt to win support of the union, the government implemented a 22%

¹⁷⁹ Gertzel, "Labour and the State: The Case of Zambia's Mineworkers Union," 290-394.

¹⁸⁰ Miles Larmer, "The Hour has Come at the Pit," 296.

¹⁸¹ Negi, "The Micropolitics of Mining and Development in Zambia," 31.

¹⁸² Gertzel, "Labour and the State: The Case of Zambia's Mineworkers Union," 291.

¹⁸³ Larmer, "Unrealistic Expectations?" 318-352.

¹⁸⁴ Miles Larmer, "A Little Bit like a Volcano- The United Progressive Party and Resistance to the One-Party Rule in Zambia, 1964-1980," *The International Journal of African Historical Studies*, 39, no. 1, (2006): 52.

wage increase for mineworkers in 1966.¹⁸⁵ Larmer notes, however, the government's attempts through new legislation to "[limit] workers' capacity to take legal industrial action."¹⁸⁶ In an effort to control the unions, Kaunda's government, under the Trade unions and Trade Disputes Act, of 1965, established ZCTU.¹⁸⁷ The Congress had the "powers to create and dissolve member unions, alter their rules, and approve or reject strike ballots and industrial action."¹⁸⁸ The government was further able to interfere with union activities, as is shown in the legal requirement that union leaders have employment history in the industry they seek to represent.¹⁸⁹ Upon failing to gain the desired influence over the union, the government tried to restrict further the influence of the union. In her examination of the Industrial Relations Act introduced in 1971, Gertzel notes that the Act "restricted the field from which union leadership might be drawn, prohibited any affiliation with or financial assistance from outside bodies without ministerial permission, and eliminated the right to strike by declaring all sections of the mining industry an essential service."¹⁹⁰ When, in 1971, UNIP split with the creation of the United Progressive Party (UPP), led by Simon Kapwepwe, it became even more important for the UNIP to maintain the support of the union and popularity in the Copperbelt.¹⁹¹ Maintaining the mineworkers' support has proved important in subsequent

¹⁸⁵ Gertzel, "Labour and the State: The Case of Zambia's Mineworkers Union," 292.

¹⁸⁶ Larmer, "The Hour has Come at the Pit," 296.

¹⁸⁷ Larmer, "Unrealistic Expectations?" 326.

¹⁸⁸ *Ibid.*, 325.

¹⁸⁹ *Ibid.*, 328.

¹⁹⁰ Gertzel, "Labour and the State: The Case of Zambia's Mineworkers Union," 293.

¹⁹¹ *Ibid.*, 295.

elections in 1991 and 2006.¹⁹² Most recently, in 2011, the importance of the urban vote, especially in the Copperbelt has shown itself again.

As UNIP cemented its grip on power, it became increasingly able to penetrate the MUZ leadership and gain influence over the affairs of the union. However, the radical base of the union was still influential in the politics of the country. As Larmer notes, while the leadership of MUZ had been penetrated by UNIP, “rank and file” members of the union continued to defy the party, and even to organize unauthorised strikes.¹⁹³

As noted earlier, in the 1980s, the Zambian government was battling rising debt and had resorted to international financing via the IMF. Limited spending and wage limits led to protests and stiff opposition from ZCTU. Following a number of economic reforms, such as the removal of food subsidies, riots and protest spread across the Copperbelt.¹⁹⁴ In response, Kaunda bowed to popular pressure and reinstated the subsidies.¹⁹⁵ He “[disregarded] the externally imposed programme, [changed] the debt-service conditions, and [instigated] an internal recovery programme.”¹⁹⁶ The decline of the mining industry, which led to reduced salaries and living conditions, led “most mineworkers to believe that the removal of the state from their industry would enable these conditions to be improved.”¹⁹⁷ Again mineworkers and mining towns were proving to be key actors in the political evolution of Zambia. In 1990, miners demanded a wage

¹⁹² Larmer and Fraser, “Of Cabbages and King Cobra: Populist Politics and Zambia’s 2006 Election,” 614.

¹⁹³ Larmer, “The Hour has Come at the Pit,” 296-7.

¹⁹⁴ Ibid., 298.

¹⁹⁵ Ibid., 302.

¹⁹⁶ Kragelund, “Knocking on a Wide Open Door: Chinese Investments in Africa,” 489.

¹⁹⁷ Larmer, “The Hour has Come at the Pit,” 295.

increase to the tune of 200% and landed one of the largest pay increases in the industry's history.¹⁹⁸

By the time of the election in 1991, it was clear that the ZCTU and the mineworkers were in full support of MMD. However, as Larmer argues, in challenging UNIP and supporting MMD, mineworkers relinquished a portion of their independence and autonomy.¹⁹⁹ Negi goes as far as saying that mineworkers, in their support for MMD and its economic liberalisation project, may have been complicit in their own demise.²⁰⁰ In the long run, Chiluba's dominance among workers allowed him to establish control over ZCTU. In doing so, the union placed mineworkers' fates in the hands of a leader who championed economic liberalisation and a capitalist economy. The results, Larmer writes were "devastating." The MMD's policies "[weakened] the political importance of the labour movement," and "led to the redundancy of more than 50% of Zambia's mineworkers and the general devastation of the mining industry."²⁰¹ ZCTU went from 350,000 members in 1986 to 250,000 in 2001.²⁰²

Today, the politicisation of the unions in the mining industry remains a key issue. MUZ and the National Union for Miners and Allied Workers (NUMAW), the two major unions for mineworkers, each support PF and MMD, respectively. This politicisation poses challenges for employers in negotiations over collective agreements, but, most importantly, creates unfavourable circumstances for adequate representation of workers. This issue of representation will be explored in more detail in Chapter Five.

¹⁹⁸ Ibid., 307.

¹⁹⁹ Ibid., 296 and 308.

²⁰⁰ Negi, "The Micropolitics of Mining and Development in Zambia," 31.

²⁰¹ Larmer, "The Hour has Come at the Pit," 311.

²⁰² Negi, "The Micropolitics of Mining and Development in Zambia," 31.

Privatisation of the Mining Industry

Zambia's inability to service the debt incurred during the UNIP government, along with significant pressure from the IMF in the form of SAPs, led to the decision to privatise the country's mining industry, among other state-owned enterprises.²⁰³ Larmer and Fraser note that early in the Chiluba government, "More than 250 parastatals, representing around 85% of the Zambian economy, were listed for privatisation."²⁰⁴ It has been described as "one of the most comprehensive and rapid privatisation processes seen anywhere in the world."²⁰⁵ The sale of ZCCM, in particular, to a private investor was necessary in order to curtail the state's expenses, but also to raise much needed new investment in the mining sector. Craig points out that copper production had "declined by a quarter between 1982 and 1990," and that ZCCM's debt stood at over half of its entire asset value.²⁰⁶ On top of that, the necessary rehabilitation and new exploration fees meant that the company needed new investment totalling \$2 billion.²⁰⁷ Zambia, at the time, was economically weak and corruption was rampant.²⁰⁸ These conditions, according to Counter Balance, shaped the privatisation of the mining industry. In what has been described as "the decade of plundering," Chiluba's government oversaw the sale of the

²⁰³ Carolyn Bassett, "Debt, Recolonisation and Delusions of Hegemony in Southern Africa," Working Paper, (2014): 7/17.

²⁰⁴ Larmer and Fraser, "Of Cabbages and King Cobra: Populist Politics and Zambia's 2006 Election," 616.

²⁰⁵ Fraser and Lungu, "For Whom the Windfalls? Winners and Losers in the Privatisation of Zambia's Copper Mines," 1.

²⁰⁶ Craig, "Putting Privatisation in to Practice," 392.

²⁰⁷ Ibid.

²⁰⁸ Counter Balance, "The Mopani Copper Mine, Zambia," 7.

entirety of ZCCM, which was valued at \$3 billion, for \$627 million under “opaque conditions.”²⁰⁹

Craig identifies three objectives that guided the privatisation of ZCCM: the need to source foreign investment that would provide the funds needed to continue mining operations, the need to maintain a degree of Zambian control over the mines, and finding the highest bidder for the sale.²¹⁰ As part of the 1995 Mines and Minerals Act, ZCCM was parcelled off and the mines that made up the consortium were sold as separate entities.²¹¹ ZCCM was broken up into seven divisions for sale: Nchanga, Mufulira, Nkana, Luanshya, Konkola, and the Power Division.²¹² As Craig notes, the Zambian government had limited room in which to manoeuvre during the sale of ZCCM, largely due to the global prices for copper.²¹³ The bids received for the different mines within the above-mentioned divisions were consistently below their projected value as determined by the Zambian government, and the timing of the sales during “a buyer’s market” with depressed copper prices was unfavourable to the government. In addition, the joining of investors under a number of consortiums dealt a blow to competitive bidding and further drove down prices.²¹⁴ Additionally, certain mines, such as Nampundwe and Ndola Precious Metals Plant, did not receive any bids.²¹⁵

Between 1997 and 2000, most of the “packages” were sold to foreign companies.

Kansanshi Mine was sold to USA based company Cyprus Amax Metals for

²⁰⁹ See Counter Balance, “The Mopani Copper Mine, Zambia,” 7; Larmer and Fraser, “Of Cabbages and King Cobra: Populist Politics and Zambia’s 2006 Election,” 617.

²¹⁰ Craig, “Putting Privatisation into Practice,” 393.

²¹¹ Negi, “The Micropolitics of Mining and Development in Zambia,” 30.

²¹² Craig “Putting Privatisation in to Practice,” 392-95.

²¹³ Ibid., 389-410.

²¹⁴ Ibid., 404.

²¹⁵ Ibid., 400-401.

approximately \$25 million, while the Luanshya Division was sold to Indian company Binani Industries for \$35 million. The Power Division was sold to a UK consortium comprised of Midland Power International and National Grid Company for around \$50 million. It is now known as the Copperbelt Energy Company (CEC). Chambishi Mine was acquired by China Non-Ferrous Metal Corporation (CNMC) at the price of \$20 million, and is now NFC Africa Mining PLC. The Mufulira division, one of the prized assets of ZCCM, was sold to a consortium of Swiss based Glencore International and Canadian company First Quantum Minerals (FQM) for \$20 million with a commitment to invest up to \$159 million more in the mine. It is now known as Mopani Copper Mines (MCM). Chambishi Cobalt Plant was sold to Avmin Ltd., a South African company, for \$50 million and is now called Chambishi Metals PLC. The most valuable mines in ZCCM, both Nchanga and Konkola divisions, were sold to a consortium led by Anglo American. The former was sold for \$30 million and a \$208 million investment, while the latter went for \$523 million. The divisions are now joined under a consortium known as Konkola Copper Mines (KCM) and ownership has since been changed to Vedanta Resources.²¹⁶ As noted earlier, privatisation opened the country to foreign investment. Given the timing of Zambia's reforms during the very period of China's own economic reforms and expanding presence in Africa, Zambian copper mines were ideal for Chinese investment.

Contemporary Mining Climate and Impact of Privatisation

²¹⁶ All information on sales: Table 3 Craig "Putting Privatisation in to Practice," 402-3.

Zambia's economy generally improved in the new millennium, on the back of privatisation and the injection of new capital into the mining industry. For example, the economy grew steadily at a rate of at least five percent per year between 2001 and 2010.²¹⁷ A decade after privatisation concluded, the Zambian mining industry is in vastly different shape. Along with a global rise in copper prices in the mid-2000s, much needed investment was pumped into the industry, and previously under producing mines have returned to near optimal levels of production. By 2004, Zambian mines were producing 400, 000 tonnes of copper, compared to pre-privatisation levels of 250, 000 tonnes in the 1990s.²¹⁸ In 2004, this figure was predicted to rise to 800,000 tonnes by 2009.²¹⁹ Fraser and Lungu note "the value of copper exports more than doubled between 2005 and 2006, reaching \$26.78 billion."²²⁰ FQM's profits at MCM went from \$4.6 million in 2003 to \$152 million in 2005, while KCM's earnings increased from \$52.7 million in 2005 to 206.3 million in 2006.²²¹ Between 2000 and 2006, the sector experienced a 9% growth, as opposed to negative growth in the 1990s.²²²

The commitment to the economic liberalisation project beginning in the 1990s has had a profound impact on the way that the Zambian government approaches the regulation of FDI. In the quest to make the country more 'attractive' as an investment destination, there have been a series of policies that have, overall, been detrimental to the country's social economic development. In 1991, the new Investment Act "allowed

²¹⁷ "Decent Work Country Profile: Zambia," 1. Note: In the year 2002, the growth rate dropped below 5 percent to 3.3 percent for the year.

²¹⁸ Fraser and Lungu, "For Whom the Windfalls? Winners and Losers in the Privatisation of Zambia's Copper Mines," 19.

²¹⁹ *Ibid.*, 20.

²²⁰ *Ibid.*, 21.

²²¹ *Ibid.*

²²² "Decent Work Country Profile: Zambia," 2.

foreign investors to retain 100% of foreign exchange earnings for three years.”²²³ In 1995, during the process of negotiations for the sale of the mines, the Chiluba government passed a new Investment Act, and a Mines and Minerals Act. Within them, the Acts contained a number of exemptions in relation to taxes, environmental issues, and social responsibilities.²²⁴ ‘Development Agreements’ are another mechanism stemming from the Mines Act that created conditions under which investors in the mining industry were granted concessions and given incentives to invest. The Zambia Development Agreement Act currently in place “does not stipulate any requirements regarding local content, technology transfer, equity, employment or use of subcontractors.”²²⁵

These Acts, designed to make Zambian mines more attractive to foreign investors, have left the industry and its labour force vulnerable to exploitation in various ways. For instance, tax exemptions have left the mining industry “[contributing] virtually nothing to Zambia’s budget.”²²⁶ Further, the social responsibilities that ZCCM assumed under Kaunda are no longer the responsibility of the privately owned mines. Provision of funds for schools, hospitals, sports facilities and other social services is not, under the Development Agreements, part of the responsibility of the private mines. The government, too, is unable to provide these essential services such as health services, educational opportunities and infrastructure in mining towns.²²⁷ The Environmental Council of Zambia (ECZ) was also left in a weakened position following privatisation. Currently, the ECZ is unable to enforce its regulations if a ministerial ruling states

²²³ Kragelund, “Knocking on a Wide Open Door: Chinese investments in Africa,” 491.

²²⁴ See: Counter Balance, “The Mopani Copper Mine, Zambia,” 8; Kragelund, “Knocking on a Wide Open Door: Chinese investments in Africa,” 491.

²²⁵ Kragelund, “Knocking on a Wide Open Door: Chinese investments in Africa,” 492.

²²⁶ Counter Balance, “The Mopani Copper mine, Zambia,” 8.

²²⁷ *Ibid.*, 9.

otherwise and provides permission for a company to continue activities despite potential negatives consequences for the environment. In addition, companies merely have to pay an extra fee for allowance to exceed emission limits set by the council.²²⁸

The most immediate impact of privatisation, however, was the large-scale loss of employment in the mining industry. In fact, employment issues dominate debate about FDI in the Zambian mining industry. Between 1991 and 1997 at the time of the sales of the mines, the number of employees in the sector went from 56,582 to 31,000. By 2004 the number had dropped further to 19, 900.²²⁹ Peak employment occurred in 1976, when mineworkers numbered 62,222.²³⁰ Further, alongside an overall reduction in employment has been the steady increase in casual work. Similar to international trends and facilitated by privatisation, mining companies more frequently outsource work to small companies and replace full-time permanent workers with casual workers. Not only are casual and outsourced workers harder to unionise and therefore be included in collective bargaining agreements, labour inspectors have a harder time monitoring and enforcing legislation in such fragmented workplaces. Another issue identified as a negative consequence of privatisation is the unpaid pensions of former ZCCM employees, as pensions are not the responsibility of the acquiring companies. The Development Agreements allowed for the new buyers of the mines to be exempted from the responsibility of paying pensions to ZCCM employees, and, with ZCCM unable to afford these pensions, few were paid out.²³¹

²²⁸ Ibid., 11.

²²⁹ Ibid., 10.

²³⁰ Fraser and Lungu, "For Whom the Windfalls? Winners and Losers in the Privatisation of Zambia's Copper Mines," 21.

²³¹ Ibid., 21-22.

Causalisation and low wages are other features that have marked the newly privatised mines. The new owners of several mines have preferred to employ contracted labour, and to hand out sections of the mining operation to sub-contractors, who almost always employ casual labour.²³² Wages are also significantly lower than they were when ZCCM owned the mines, with numerous mines paying just over the minimum wage. As the next and final section will show, similar to many other countries, government institutions are primarily responsible for monitoring and enforcing legislation. However, in contrast to the government's direct role in the industry and access to mining revenues to help fund services to mining communities during the nationalisation period, the government's more limited role and access to mining revenues currently undermines its regulatory functions and abilities.

Regulatory Framework

This section outlines the role of the Ministry of Labour and Social Security (MLSS), and presents the key pieces of legislation that regulate the Zambian labour market in order to understand the legal framework that is in place to protect workers. The MLSS is responsible for enforcing the regulations largely through Labour Officers, inspectors, and the Mines Safety Department (MSD). There are 23 "field offices" across the country, which are essentially extensions of the MLSS. Six of these offices are in the Copperbelt, where mining activity is concentrated.²³³ The MLSS is also responsible for the registration of trade unions of various industries, and keeps information regarding the activities and membership of these unions. In addition, the Ministry compiles and keeps

²³² Ibid., 22.

²³³ "Frequently asked Labour Law Questions," Ministry of Labour, Sports, and Youth, GRZ, 3.

statistics and other information about the labour market, such as unemployment levels, demand for particular skills, the informal economy, and unionisation.

For the purpose of this thesis, I will focus on three main pieces of legislation: the Employment Act, Cap 268; The Industrial and Labour Relations Act, Cap 269; and, the Minimum Wages and Conditions of Employment Act, Cap 276. I also briefly discuss the Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA), because of the key role it plays in the supply of labour for Zambia's various industries.

The Minimum Wages and Conditions of Employment Act, through the periodic issuing of a statutory instrument by the MLSS, sets the "lowest basic remuneration due to an employee."²³⁴ This minimum level is designed to protect non-unionised workers, casual workers, employees serving under contract, and employees covered by collective bargaining. The Act also grants several conditions of leave and allowances to workers. A person who has been employed for six months is entitled to two days leave per month, adding up to 22 days a year. Work on Sundays and Public Holidays requires overtime pay (double the normal rate). Workers are also entitled to 90 days on sick leave with full pay, and an additional 90 days on half pay. Finally, the Act governs casual employment. The Act defines a casual worker as one who receives "payment as the end of each day and who is engaged for a period of not more than six months."²³⁵ The Act also states that once a worker has been employed for more than six months, she or he "automatically qualifies for admission as a permanent employee."²³⁶

²³⁴ "Frequently asked Labour Law Questions," 10.

²³⁵ "Frequently asked Labour Law Questions," 13.

²³⁶ Ibid.

The Employment Act has the widest scope of all the labour legislation in the country. It “applies to any person who works under a contract of service, whether the contract is express or implied, is oral or in writing, and whether the remuneration is calculated by time or by work done, or is in cash or kind.”²³⁷ It applies to permanent workers covered by collective bargaining agreements and workers in pensionable positions. Also under the Employment Act, Labour Officers have the powers to enter any workplace, at any time, to carry out inspections, examinations, and to question employers and employees. Labour Officers are also charged with settling contract disputes and investigating misconduct and ill treatment in the workplace.

The Industrial Labour and Relations Act (ILRA), Cap 269, governs freedom of association and collective bargaining rights. It outlines the procedure for the creation of a union, provides protection for workers wishing to belong to the union of their choosing, and prevents employers from restricting workers’ involvement in unions. Under ILRA, workers may set up a union in the work place provided there is sufficient support among the workers. A union needs at least 50 supporters at time of formation, must draft a constitution, and must submit an application to the Labour Commissioner to be recognised officially by the employer in the form of a Recognition Agreement. Upon signature to the agreement by both the union and the employer, the union is present in the workplace and the employee must bargain collectively with the union.²³⁸ According to the MLSS, “it is an unfair labour practice for an employer to discriminate or retaliate in any way against a worker for exercising his or her rights as a union member or for taking lawful collective action around work place issues.” Further, the Ministry lists a number of

²³⁷ “Decent Work Country Profile: Zambia,” 7.

²³⁸ “Frequently asked Labour Law Questions,” 15.

unfair labour practices regarding workers' organisation, which include "threatening to close down a plant or subcontract work if a union is organised, questioning employees about union activities in an effort to intimidate them, [and] harassing union activists," among other things. Further, if there are multiple unions in a workplace, employers are barred from influencing workers' decisions regarding which union to join. The Act also provides guidelines on the operations of unions. For example, unions may not "use threats, intimidation or violence" or otherwise coerce workers into joining a given union. Unions are also forbidden from refusing to bargain "in good faith" with an employer, and should not force an employee to interact with the employer through the union if the employee prefers to interact directly with the employer.

The Occupational Health and Safety Act (OHSA) governs the health and well-being of employees in the workplace. It regulates the effects of work environments on workers, and aims to prevent mental and physical harm as a result of employment. The Act is enforced through the MLSS' Department of Occupational Health and Safety (OHS) Services. The department's functions include formulating, reviewing, and reforming labour legislation regarding OHS. Officers inspect, examine and test equipment in the workplace, and are responsible for investigating accidents and other "dangerous occurrences."²³⁹ The department's work in Zambia is spread across various industries, including manufacturing, agriculture, construction, and mining. The mining industry, however, averages the largest number of fatalities per annum. Accidents in the

²³⁹ "Frequently asked Labour Law Questions," 14-22.

industry are typically “preventable,” and are mostly result from the use of “outdated equipment and inadequate protective gear.”²⁴⁰

The Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA) is a publically funded institution designed to aid the MLSS in its response to the demands of the labour market.²⁴¹ It focuses on the education and training in response to the shortages revealed in the statistical analysis of the labour market. The body’s functions are described as “[regulation], [monitoring] and [co-ordination] of technical education, vocational and entrepreneurship training in consultation with industry, employers, workers and other stakeholders.”²⁴²

Overall, the regulatory framework in Zambia is quite strong – especially in comparison to many other African countries. However, labour market and other changes linked to privatisation and related employment restructuring, such as widespread casualisation and outsourcing practices, have put pressure on the system and made it increasingly difficult to ensure effective enforcement of legislation. As Fashoyin states, political and economic reforms in Zambia in the 1990s have had an “alarming effect on the institutions and processes of that labour market.”²⁴³ In particular, as he notes, the liberalisation of the labour market undermined collective bargaining structures established in the early post-independence period. For example, the Kaunda regime implemented a “one union per industry” policy in 1971 and later consolidated unions

²⁴⁰ “Occupational Health and Safety-Zambia,” Human Rights and Business Country Guide, <http://hrbcountryguide.org/countries/Zambiaa/labour-standards/occupational-health-safety/>

²⁴¹ “Decent Work Country Profile: Zambia,” 12.

²⁴² Mundiya Muya, Andrew D. F. Price and Francis T. Edum-Fotwe, “Overview of Funding for Construction Craft skills Training in Sub-Saharan Africa: A Case of Zambia,” *Construction Management, and Economics*, 24, no. 2, (2006): 199.

²⁴³ Tayo Fashoyin, “Employment Relations in Zambia,” *Employment Relations*, 30, no. 4, (2008): 392.

under the Zambia Congress of Trade Unions (ZCTU) in order to limit the number of unions operating in the mining sector and strengthen collective bargaining.²⁴⁴ One consequence was that union membership grew from 101, 654 to 336, 243 between 1964 and 1987.²⁴⁵ Membership continued to grow, especially in the period immediately following the nationalisation schemes in the early 1970s, when the growth rate of unions was 79%.²⁴⁶

External pressure to make Zambia's labour market more flexible and collective bargaining less rigid resulted in the government introducing amendments to Industrial and Labour Relations Act in 1993 and 1997. The removal of mandatory centralised bargaining in 1997 and of the one union policy, especially, allowed employers to choose between collective bargaining and the industry or enterprise level. Amendments led to a weakening of collective bargaining and to the fragmentation of unions and related growth of smaller unions. For example, the ZCTU had 17 "affiliated" unions and around 480, 000 members when Chiluba took over power. By 2006 there were 29 ZCTU affiliates with just 281, 554 members, a 60% decrease in union membership.²⁴⁷ The "workers councils" introduced at the time of nationalisation in 1971, which were instrumental in giving workers a platform to voice concerns about health and safety, efficiency and other working conditions were discontinued with the 1993 amendments to the Industrial and Labour Relations Act (ILRA). Further, as noted earlier and as a point to which we will return to in Chapter Five, the growth of casual employment has made it more difficult for

²⁴⁴ See Fashoyin, "Employment Relations in Zambia," 395; Thomas Turner, "Determinants of Trade Union Growth in Zambia Since Independence," *Employee Relations*, 14, no. 2, (1992): 55.

²⁴⁵ Turner, "Determinants of Trade Union Growth in Zambia Since Independence," 55.

²⁴⁶ Ibid.

²⁴⁷ Fashoyin, "Employment Relations in Zambia," 395.

unions to organise and represent workers and harder for Labour Officers to ensure regulatory protection is extended to all workers.

Privatisation also greatly affected the government's revenue from the mines, which, one might argue, has played a role in the reduced capacities of government ministries to monitor and enforce legislation. For example, a hallmark of privatisation in Zambia is the Mines and Minerals Act of 1995, which was designed to create and "investor friendly" climate for foreign investment – in stark contrast to the Mines and Minerals Act of 1972, put in place during state ownership of the industry.²⁴⁸ The 1995 Act introduced financial incentives that allowed foreign companies to maximize revenue and pay comparatively little in taxes and royalties. Royalties paid to the government were set at 3% of revenue, although, through the Development Agreements that allowed the government to create unique agreements with different investors, many companies paid just 0.6%.²⁴⁹ Royalties and taxes were set at over 70% in 1972.

Workers' social security has also been reduced as a result of restructuring, with many of the benefits associated with ZCCM no longer available to workers. For example, when mines were nationally owned, employees of ZCCM benefitted from a housing scheme run by the company that provided housing for mineworkers according to the ranking in the company, with higher ranked workers qualifying for a house in the "high cost" section of the neighbourhood.²⁵⁰ And, as Mususa notes, the presence of an in-house skills-training facility in the mines under ZCCM provided workers with on-site training and opportunities to improve their skills or learn new skills to upgrade their job options in

²⁴⁸ Lungu, "Copper Mining Agreements in Zambia: Renegotiation of Law Reform?" 406.

²⁴⁹ Ibid., 407.

²⁵⁰ Patience Mususa, "Getting By: Life on the Copperbelt after the Privatisation of the Zambia Consolidated Copper Mines," *Social Dynamics*, 36, no. 2, (2010): 381.

the mines. In-housing training ended with privatisation, as did the provision of housing and other services to mine workers. While TEVETA provides an important service in the country, its role is more to help coordinate education and training with employers and other stakeholders and thus cannot and does not play an active role designing and delivering much needed training to mine workers today. One consequence of the ‘gutting’ of in-house training provisions is that Zambian workers find it increasingly difficult to compete with foreign workers brought in by Chinese or other foreign mine owners for jobs in the mines.

Thus, at just the time when Zambian workers would especially benefit from focused training, and strong unions and collective bargaining to ensure their wages and workers conditions are protected and defended is the time when these structures and processes were being weakened from employment shifts and other changes associated with increased FDI, privatisation, and other restructuring processes.

Conclusion

This chapter discussed some of the key periods in the history of the Zambian mining industry since independence. In doing so, it highlighted the importance of the shift from nationalised industry to widespread privatisation in the 1990s in terms of employment conditions and the capacity for the government institutions to carry out monitoring and enforcement of legislation. Importantly for this thesis, the privatisation scheme in Zambia, which coincided with China’s own domestic economic liberalisation project, led to an increase in Sino-Zambian partnership. The chapter also highlighted the

changes in the regulatory framework regarding the mining industry during the privatisation process, which led to the weakening of regulatory institutions.

Chapter Four: Chinese FDI in Zambia

This chapter explores the relationship between China and Zambia. Similarly to the literature on China in Africa, the discussion about Chinese FDI in Zambia is quite polarised. The chapter develops by analysing the framing of the current debate about Chinese FDI in the Zambian mining industry and exploring the impacts this investment has had on workers, the economy, and on national politics. In the following paragraphs, I will examine the increase in Chinese FDI in Zambia, detailing the nature of Chinese FDI in the country and its rapid increase over the last decade. The chapter then focuses on the mining industry and CNMC's acquisition and running of four mines in the Copperbelt. As noted in the introduction, and as we shall see in this chapter, Chinese mining companies have faced major criticism, which often focuses on five perceived problems: exploitation of local labour, the phenomenon of casualisation, human rights abuses, preferential employment, and the general lack of compliance of Chinese companies with the regulations of the local authorities.

History of Sino-Zambian Relations

Chinese cooperation with Zambia stems from the early years of independence, with the construction of the TAZARA railway, a development that was not only critical to the consolidation of the new state, but also instrumental in the growth of Zambia's post-colonial economy.²⁵¹ Other infrastructure developments that involved extensive support from China in those early years include the building of the Ministry of Defense building, the construction of the Mulungishi Textile Mill, and other important road

²⁵¹ Kopinski and Polus, "An All-Weather Friendship," 184.

routes.²⁵² In these ways, the Sino-Zambian relationship fits the pattern that developed in other countries on the continent, with China initially investing in diplomatic relations and infrastructure in newly independent African states. In the previous chapter, I detailed the introduction of reforms during the latter period of Kaunda's presidency, and the acceleration of reforms under Chiluba's government, focusing on the adoption of neo-liberal economic reforms, many of which were linked to aid conditionality from the IMF. As was noted, and as will be explored in detail in this chapter, the scale of Chinese investment observable in Zambia today would not be possible without some of the fundamental changes made to the economy as a result of economic liberalisation.

Contemporary Sino-Zambian Relations

China's recent investment in Zambia must be viewed against the backdrop of economic and political reforms in both countries during the 1980s and 1990s. First, recall that economic reforms in China and resulting growth have facilitated the drive for resources. China took advantage of Zambia's own economic restructuring and invested in a number of mining operations in the country. By 2004, Zambia's major privatisation plan had been implemented, and the copper market was experiencing a boom, with prices rocketing to a 350% increase compared to the price at the start of the privatisation process.²⁵³ Kopinski and Polus note that, as of 2010, China is now the third largest investor in Zambia, behind the UK and South Africa, creating 15,000 jobs and contributing \$1 billion to the local economy.²⁵⁴ Zambia is also the third largest recipient

²⁵² Kragelund, "Part of the Disease or Part of the Cure?" 648.

²⁵³ Counter Balance, "The Mopani Copper Mine, Zambia," 7.

²⁵⁴ Kopinski and Polus, "An All-Weather Friendship," 185.

of Chinese investment in Africa, and nineteenth in the world.²⁵⁵ Chinese aid involvement also comes in the form providing medical doctors, farmers, and support to various construction projects.²⁵⁶ Among them, both private and state-led investors are present, as is the case in all other African countries where Chinese investment is present. 89% of total FDI to Zambia is in the extraction industry; a figure that is likely to grow as China's demand for copper is projected to increase with the continued growth of the Chinese economy.²⁵⁷ It is important to note, however, that Chinese companies extract only 5% of all Zambian copper extracted annually.²⁵⁸ In comparison, Canadian companies accounted for 54% of all Zambian mining production in 2011.²⁵⁹ It is interesting, then, that Chinese companies are the focus of such intense debate, even when, as will be shown in this chapter, there is evidence of poor labour practices and other employment problems in other mines. Further, Chinese companies, among the smallest operations in the industry, employ only a tenth of the country's miners.²⁶⁰ Demand for copper globally means that Chinese consumption of copper helps set the global prices and indirectly influences mining in Zambia. In 2005, China accounted for over a quarter of the world's copper consumption, and in 2009 continued to be the world's largest consumer of the metal.²⁶¹ This large-scale demand for copper, along with increased investment in Zambian mines, has revamped Zambia's mining industry, returning Zambia to competitive form as a copper producer on a global scale.

²⁵⁵ Carmody and Taylor, "Flexigemony and Force in China's Resource Diplomacy in Africa," 505.

²⁵⁶ Kragelund, "Part of the Disease or Part of the Cure?" 644.

²⁵⁷ Kopinski and Polus, "An All-Weather Friendship," 185.

²⁵⁸ *Ibid.*

²⁵⁹ Hairong and Sautman, "The Beginning of a World Empire?" 150.

²⁶⁰ *Ibid.*, 149.

²⁶¹ Kragelund, "Part of the Disease or Part of the Cure?" 653.

Chinese investment in Zambia is also extremely visible, mainly because of China's commitment to construction projects. Infrastructure development that is led by the Chinese government, or by a Chinese construction company, is easily identifiable from the signage, design and language associated with the project. The large number of Chinese employees working on Chinese projects also adds to the visibility of Chinese FDI. There has been some debate, nationally, about the seemingly high number of Chinese individuals in Zambia.²⁶² While he was opposition leader, Sata raised concerns about the number of Chinese residents in the country, while the government (MMD at the time) underplayed the number of Chinese workers.²⁶³ In 2010, the UN estimated there were 80,000 Chinese in Zambia, while, perhaps aware of the large and growing anti-Chinese sentiment in the country, the Zambian government made a much more conservative estimate of 3,500.²⁶⁴

The number of Chinese in Zambia is not a direct result of Chinese SOEs in Zambia, however. There is a growing number of small to medium sized, privately owned, Chinese businesses that have popped up all over Zambia and in various sectors. One of the factors that serves to facilitate private investment and leads to the perceived large number of foreign owned small businesses is the ease with which the legal framework that straddles immigration and FDI in Zambia can be manoeuvred. Private Chinese investors, posing as tourists, are able to take advantage of an ambiguity in the law that allows Chinese tourists to enter on "fee-waived visas." Once in the country, Chinese

²⁶² Chris McGreal, "Chinese Influx Revives Colonial Fears," *Guardian Weekly*, <http://www.theguardian.com/guardianweekly/story/0,,2007803,00.html>

²⁶³ Kopinski and Polus, "An All-Weather Friendship," 189.

²⁶⁴ Aleksandra W. Gadzala, "From Formal to Informal-sector Employment: Examining the Chinese Presence in Zambia," *Review of African Political Economy*, 37, no. 123, (2010): 42.

‘tourists’ are able to “change status through a range of exemptions aimed at prospective investors.”²⁶⁵ This way, small private business owners are able to enter Zambia without having to pay the full amount it would cost to enter the country as a business. This contributes to a large number of small to medium sized Chinese businesses including clinics, restaurants, shops and construction companies. As Gadzala’s analysis shows, these businesses have a negative effect on small Zambian enterprises, driving many out of business, which results in the growth of the informal economy.

These kinds of businesses influence the way that “China” is discussed and understood at local level. As noted in the chapter two, the tendency to view Chinese FDI in Africa as a monolithic operation hinders our understanding of the situation. In the Zambian case, this tendency manifests in the many news reports, both local and international, which then feed public opinions and set the tone for debates about China. For this reason, the distinction between state-led FDI and private Chinese-owned investments in an important one to make.

While the early post-colonial interaction between China and Zambia was governmental, and early projects within the country were financed by SOEs, ownership of Chinese enterprises in Zambia now includes both public and private. In 1997, during the period of economic liberalisation in Zambia, Sino-Zambian partnership increased considerably. The opening of a Bank of China in Lusaka, and the creation of a Chinese Centre for Investment Promotion and Trade in Lusaka, along with the Association of Chinese Companies in Zambia shows the extent to which the Chinese government has

²⁶⁵ Aleksandra W. Gadzala, “From Formal to Informal-sector Employment: Examining Chinese Presence in Zambia, *Review of African Political Economy*, 37, no. 123, (2010): 46.

encouraged and facilitated Chinese investment in Zambia.²⁶⁶ In general, these institutions were designed to facilitate Chinese state-led FDI in Zambia, and as the number of privately owned Chinese companies grows, so too do these institutions that provide services for both privately owned and state-owned Chinese companies.

As previously noted, although private Chinese companies outnumber SOEs, state-led investment remains the most important form of Chinese FDI in Zambia. The majority of this investment comes in the form of ownership of mining operations in the Copperbelt. China's State-owned Assets Supervision and Administration Commission (SASAC), which is responsible for all other Chinese state-owned enterprises, controls Chinese activities in the Zambian mining sector. In 2006, China and Zambia reached an agreement that created the first Chinese Special Economic Zone in Africa, named the Zambia-China Economic and Trade Cooperation Zone (ZCCZ).²⁶⁷ Within it, CNMC controls four of the mines under Chinese ownership – the four main operations. CNMC, present in 19 other countries, owns Non-Ferrous China Africa (NFCA), Sino-Metal Leach Zambia, Chambishi Copper Smelter (CCS) and China Luanshya Mine (CLM) in Zambia.²⁶⁸ CCS and CLM were both opened in 2009, the latter after the former owner closed operations due to lack of profits during the 2008 financial crisis. As noted earlier, Chinese FDI has also gone into other sectors, some of them, like construction of a variety of infrastructure projects such as roads and bridges, have contributed to job creation and brought other benefits to the country.²⁶⁹

²⁶⁶ Kragelund, "Part of the Disease or Part of the Cure?" 649.

²⁶⁷ Carmody and Taylor, "Flexigemony and Force in China's Resource Diplomacy in Africa," 505.

²⁶⁸ China Non-Ferrous Mining Group, "Organisational Structure," http://www.cnmc.com.cn/outlineen.jsp?column_no=1204

²⁶⁹ Kopsinski and Polus, "An All-Weather Friendship," 186.

Chinese Involvement in Zambia: Shaping Politics?

Along with playing a large role in the economy, China, or at least the issue of Chinese investment in the country, has had an influence on national politics in Zambia. The last three general elections held in the country have featured a notable increase in discussion centred on the regulation of FDI in the mining sector. While the mining sector is and has always been central to the political debate in Zambia, the 2006, 2008 and 2011 presidential elections showed a significant increase in societal concern about the government's role in regulating FDI in the sector.²⁷⁰ This increased concern coincided with the quickened growth of Chinese FDI in the mining sector. In that period, several instances arose in local, as well as international, media regarding the apparent dire conditions in Chinese run mines in Zambia and resulting disputes between Zambian workers and Chinese managers.²⁷¹ Shootings, health and safety lapses and violations are just some of the reported causes of friction. Reports of poor pay and the tendency to employ Zambian workers in unskilled jobs, with Chinese labour imports occupying high skilled, high paying jobs only serve to further local opposition to Chinese ownership of industries.²⁷² Reported violations against labour and basic human rights laws in Chinese mines appear to be the worst instances of violations by foreign companies since independence. Guy Scott, the Vice President of Zambia, was quoted as saying “we have

²⁷⁰ Sebastien Berger, “Anti- China Candidate Michael Sata Hopes to Become Zambia President,” *Telegraph*, October 30th, 2008.

<http://www.telegraph.co.uk/news/worldnews/africaandindianocean/Zambia/3287332/Anti-China-candidate-Michael-Sata-hopes-to-become-Zambia-president.html>

²⁷¹ David Smith, “Chinese Firms Under Fire for Mistreating Workers in Zambia,” *Guardian*, November 3rd, 2011. <http://www.guardian.co.uk/global-development/2011/nov/03/chinese-mining-Zambia-mistreating-workers>.

²⁷² “Chinese Manager Slain during Labor Dispute at Zambian Mine,” *Los Angeles Times*, August 5th, 2012 http://latimesblogs.latimes.com/world_now/2012/08/zambian-miners-kill-chinese-manager.html.

had bad people here before. The whites were bad, the Indians worse, but the Chinese are the worst of all” when comparing Chinese investors with other foreign investors.²⁷³

Two prominent incidents have heavily shaped Zambians’ perception of Chinese FDI. The first occurred in 2005, when over 50 workers were killed at a Chinese explosives manufacturing plant.²⁷⁴ These Zambian workers died at the Beijing General Research Institute of Mining and Metallurgy (BGRIMM), an explosives manufacturing plant connected to the Chambishi Mine, in an accident that was publicised around continent and beyond.²⁷⁵ In another incident, in 2006, protests regarding wages and working conditions in Chinese owned mines became violent, and Zambian workers were shot while protesting at the living quarters of Chinese managers.²⁷⁶ Subsequently, in 2010, Chinese managers at Collum Coal Mine in Sinazongwe again opened fire on protesting workers.²⁷⁷ After the initial arrests of the Chinese managers, the government dropped legal proceedings against the accused.²⁷⁸

While anti-Chinese sentiment is present other African countries, there is need to qualify that the levels of discontent in Zambia are not ‘normal.’ In fact, it has been noted that the level of discontent towards the Chinese is highest in Zambia when compared to

²⁷³ Negi, *Beyond the “Chinese Scramble,”* 43.

²⁷⁴ The number of workers killed in the explosion differs depending on the source. See HRW, “You’ll be Fired if you Refuse,” 22; Larmer and Fraser, “Of Cabbages and King Cobra: Populist Politics and Zambia’s 2006 Election,” 627; Carmody and Taylor, “Flexigemony and Force in China’s Resource Diplomacy in Africa,” 505.

²⁷⁵ “Dozens Killed in Zambia Explosion,” *BBC World News*, 21st April 2005.

<http://news.bbc.co.uk/2/hi/africa/4466321.stm>,

²⁷⁶ HRW, “You’ll be Fired if your Refuse,” 22.

²⁷⁷ Aislinn Laing, “Zambian Miners Shot by Chinese Managers,” *Telegraph*, 18th October 2010, <http://www.telegraph.co.uk/news/worldnews/africaandindianocean/Zambiaa/8073443/Zambiaan-miners-shot-by-Chinese-managers.html>

²⁷⁸ Barry Bearak, “Zambia Drops Case of Shooting by Chinese Mine Bosses,” *New York Times*, April 4th, 2011. http://www.nytimes.com/2011/04/05/world/africa/05Zambiaa.html?_r=0

all other countries in Africa that receive large amounts of Chinese investment.²⁷⁹ This leads to the question: why has discontent been so high? As will be argued below, while problems in Chinese mines and the shooting of Zambian workers certainly contributed to anti-Chinese sentiment among mineworkers and the general public, politicians and political campaigns have largely fuelled discontent with Chinese investors.

The PF was a key actor in fostering anti-Chinese sentiment in Zambian urban areas, and aimed to capitalize on it in national elections. Not only did Sata's PF record significant wins in the 2006, 2008 and 2011 parliamentary elections in these areas, but there has also been violence directed at Chinese managers by Zambian workers, seemingly as a result of the growing sentiment. Since the election of PF in 2011, these divisions have been characterised by even more extreme episodes of protest, strikes, violence, and even deaths.²⁸⁰ Beatings, stone throwing and arson are just some of the actions taken against Chinese managers.²⁸¹

Chinese FDI was arguably one of the largest factors in the emergence of Michael Sata and the PF as a major political party in Zambia.²⁸² Sata campaigned on a platform that focused heavily on opposition to Chinese FDI, citing labour abuses and exploitation of Zambian labour. In his usual bullish manner, Sata championed the "Zambia for Zambians" slogan, which threatened the expulsion of Chinese from Zambia and led to massive support for the PF in urban areas.²⁸³ In the 2006 presidential election, PF

²⁷⁹ Negi, *Beyond the "Chinese Scramble,"* 43.

²⁸⁰ "Zambian Miners Kill Chinese Manager During Pay Protest," *BBC World News*, August 5th, 2012 <http://www.bbc.co.uk/news/world-africa-19135435>.

²⁸¹ Hairong and Sautman, "The Beginning of a World Empire?" 137.

²⁸² Steve Hess and Richard Aidoo, "Charting the Roots of Anti-Chinese Populism in Africa: A Comparison of Zambia and Ghana," *Journal of Asian and African Studies*, 49, no. 2, (2014): 135.

²⁸³ Kopinski and Polus, "An All-Weather Friendship," 187.

candidates won every urban seat in the Lusaka- the capital- and in the Copperbelt- where mining activities are centred. It was during this campaign that the PF and its leader originally tapped into the relatively calm but growing resentment towards Chinese investors within the population by using inflammatory rhetoric.²⁸⁴

The 2008 election was held because of the death of the incumbent MMD president, Levy Mwanawasa, and was won by his deputy, Rupiah Banda. During his campaign, Sata again framed his criticism of the incumbent government through claims about Chinese investors. Sata accused the ruling party of being in bed with the Chinese, claiming the Chinese feared a PF take over and were thus funding Rupiah Banda's campaign. In the same vein, he indicated he would recognize Taiwan upon winning the presidency. This claim led to an unprecedented response from the Chinese government in all of its involvements in African countries. In a move that clearly went against the five principles of China in Africa, the Chinese ambassador, Li Baodong, "threatened to cut diplomatic relations with Zambia if Sata won the election" as well as to divert investment to other countries.²⁸⁵ The ambassador's comments are indicative of the "flexigemon" identified by Pádraig and Carmody, which relies on combination of a non-prescriptive approach and the threat of economic sanction. By 2011, the MMD's strong support base, which had helped the party maintain control for 20 years, was eroded by the popularity of the PF candidate who vowed to "remove" the Chinese from the country.²⁸⁶

²⁸⁴ Aislinn Laing, "Zambian Election a Referendum on China," *Telegraph*, September 20th, 2011. <http://www.telegraph.co.uk/news/worldnews/africaandindianocean/Zambia/8777317/Zambian-election-a-referendum-on-China.html>

²⁸⁵ Kopinski and Polus, "An All-Weather Friendship," 187; Larmer and Fraser, "Of Cabbages and King Cobra Populist Politics and Zambia's 2006 Election,"

²⁸⁶ "Michael Sata: Zambia's 'King Cobra' Finally Strikes," *BBC World News*, September 23rd, 2011 <http://www.bbc.co.uk/news/world-africa-15034694>.

The 2011 election resulted in the first change in ruling party since the historic 1991 election, in which Zambia's Founding Father, Kaunda, was unseated. During the 2011 campaign, the importance of the Zambian mining sector to the country's political landscape was once again demonstrated. As shown in the previous chapter, the state of the mining industry had proved pivotal in the removal of Kaunda and his one-party state, through the emergence of the MMD. In 2011, as a tactic and a political tool, Sata's platform, which focused on labour issues, low-wages, and the apparent problems associated with the rising number of Chinese traders in the country, worked wonders and succeeded in alienating the MMD, thereby creating the kind of political unrest that Zambia seldom sees. For example, during the 2011 election, Sata referred to the growing number of Chinese in Zambia, stating, "Our Chinese friends are too numerous, and we know their resources cannot sustain them. Zambians do not need labour being dumped here."²⁸⁷

However, there is need to explore whether or not the PF campaign overstated and misrepresented the level of discontent among the population in order to create a platform on which to run. Evidence suggests that Sata's rhetoric aided in the creation of a xenophobic attitude towards Chinese people among Zambians, which has never been the case throughout Zambia's history. Granted, Chinese investment is different from investment from other countries: it is vastly more visible, and has increased rapidly in a very short period of time. But Zambia plays host to multiple foreign companies that invest heavily in the extraction industry, and, in keeping with the history of resource

²⁸⁷ Aislinn Laing, "Zambian Election a Referendum on China," *Telegraph*, September 20th, 2011. <http://www.telegraph.co.uk/news/worldnews/africaandindianocean/Zambiaa/8777317/Zambiaan-election-a-referendum-on-China.html>

extraction since colonisation, provide few lasting benefits to Zambians. The level of discontent and animosity that has risen among the population when it comes to Chinese investment in particular is remarkable, and even more so once the size of Chinese investment in the mining sector is taken into account.

Human Rights Watch Report, 2011

Foregoing Sata's campaign hyperbole, there remain serious and important questions around China's expansion into Zambia. Haglund asserts, "Chinese investors often enter Zambia through closed-shop negotiations between the presidency and Chinese officials."²⁸⁸ Fraser and Lungu note, "Political relationships with mining houses mean that health and safety, labour laws, immigration, and environmental regulations can be ignored with impunity."²⁸⁹ The close relations between political leaders and investors, especially in "closed shop negotiations," mean that there is the likelihood that Chinese companies are granted leeway and allowed to escape punishment when they disobey regulations. There is also a noted trend for Chinese investors to import skilled labour.²⁹⁰

Although multiple publications have discussed the problems within the mining sector, none have focused exclusively on the problems of Chinese mining operations in the same manner as the HRW report of 2011. Titled *You'll Be Fired if You Refuse: Labour Abuses in Zambia's Chinese State-Owned Copper Mines*, the report investigated industrial relations in Chinese owned mines in Zambia, exposing various labour issues and violations of health and safety regulations. The report sought to "paint a picture of

²⁸⁸ Dan Haglund, "Policy Effectiveness and China's Investment in the Zambian Mining Sector," *Swedish International Development Agency* (2010): 3.

²⁸⁹ Fraser and Lungu, "For Whom the Windfalls? Winners and Losers in the Privatisation of Zambia's Copper Mines," 3.

²⁹⁰ Kopinski and Polus, "An All-Weather Friendship," 186.

China's broader role in Africa" by examining its involvement in the Zambian mining industry.²⁹¹ It emerged at a time when debate about Chinese FDI in Zambia was at an all time high, and the general election contested primarily by the MMD and PF was in full swing. The report utilizes data compiled mostly in the form of interviews with workers in the mining industry between November 2010 and July 2011, prior to the general election scheduled for September 20th, 2011. Researchers conducted 143 interviews, 95 of which were with workers from Chinese mines, and 48 with workers from non-Chinese mines. They conducted the interviews in mining towns, but away from the respective mines. They also interviewed MUZ and NUMAW representatives, as well as officials from the Ministry of Mines (MoM), MLSS, and MSD. The report describes the nature of Chinese FDI in Zambia, and details several human rights abuses perpetrated by Chinese managers in copper mines. The abuses outlined in the report focus mainly around health and safety, labour rights, job security and employment conditions, and accuse Chinese firms of violating the rights of workers in these regards. The report concluded, among other things, "China's state-owned enterprises in Zambia's mines appear to be exporting labour abuses along with investment, with some issues in Zambia strikingly similar to safety and labour problems that plague China's domestic mining industry."²⁹² Of note is the timing of the report and its conclusions, which Sata used and exaggerated during the election.

Did this report represent a fair and accurate picture of the role of Chinese investment in the mines with regard to industrial relations? I argue not. In the following paragraphs, I will discuss the key findings of the report, and will draw on other scholarship that focuses on Chinese FDI in the Zambian mining industry to challenge the

²⁹¹ HRW "You'll be Fired if You Refuse," 1.

²⁹² "HRW "You'll be Fired if You Refuse," 2.

report's claims. The two main issues with the report are as follows. First, methodological problems in the research led to some problematic conclusions. Second, the report unfairly and inaccurately contributed to framing the problems within the *Zambian mining industry* as a 'Chinese problem.' I argue that the problems identified in the report are reflective of the *Zambian mining industry* as a whole, rather than specific issues to be associated with Chinese FDI. I will draw on a range of other sources to point out examples of similar problems in other foreign owned mines, seeking to push the discussion away from a Chinese focused analysis, and towards an analysis of the regulatory framework of the labour market as a whole.

Employment Conditions

A major issue in media reports and the HRW report is wages. HRW argues that mineworkers are extremely low paid, and workers interviewed also detail low wages and the tendency for Chinese managers not to honour overtime payments when workers work beyond their standard shifts.²⁹³ Jauch's research supports these findings. He claims that Chinese employers in an unspecified copper mine initially paid workers a mere 30% of what workers in other mines received.²⁹⁴ Haglund also finds that Chinese companies work to minimize labour costs, while focusing most spending on production.²⁹⁵ 2007 data demonstrates how NFCA paid the lowest salaries in the industry.²⁹⁶ It is perhaps no surprise, then, that the majority of strike action taken by workers in the industry centres on wages and remuneration.

²⁹³ HRW, "You'll be Fired if you Refuse," 77.

²⁹⁴ Jauch, "Chinese Investments in Africa: Twenty-First Century Colonialism?" 52.

²⁹⁵ Haglund, "In it for the Long Term?" 642.

²⁹⁶ Ibid.

However, a closer look at the mining sector in general indicates that low wages have, in the past, been an issue in several mines, not just Chinese owned mines. Larmer and Fraser elaborate on the wage demands of workers at KCM (Anglo-Indian) that led to a strike in 2005, when workers demanded a 100% increase in their salaries.²⁹⁷ The HRW report notes, however, that workers at both KCM and Mopani Mine (Swiss-Canadian) describe problems regarding overtime pay with both Zambian and Chinese managers.²⁹⁸ It must be noted that in the mining sector, recent conflict over wages is mainly linked to workers' expectations for shared benefits of rising profits in the sector. After decades of poor output and no new investment, the newly competitive price of Zambian copper has seen massive profits for the companies that are now investing in previously dormant mines. Owing to these developments, workers expect that their wages will increase as the mine becomes more profitable. When these increases are not forthcoming, strike action is usually taken, as the example at KCM in 2005 proves.²⁹⁹

In terms of hours of work, the HRW report documents that workers at Sino Metals (Chinese owned) sometimes worked 78 hours a week, with some claiming to have worked 365 days without a day off.³⁰⁰ Some workers also reported that their pay would be reduced if they were absent from work.³⁰¹ The standard, legal workweek in Zambia is 48 hours over six days. The report asserts that the standard shift for mineworkers in other Zambian mines is eight hours, and that the 12-hour shifts in place at Sino Metals and CCS are abusive.

²⁹⁷ Larmer and Fraser, "Of Cabbages and King Cobra: Populist Politics and Zambia's 2006 Election," 618.

²⁹⁸ HRW, "You'll be Fired if you Refuse," 81.

²⁹⁹ Larmer and Fraser, "Of Cabbages and King Cobra: Populist Politics and Zambia's 2006 Election," 618.

³⁰⁰ HRW, "You'll be Fired if you Refuse," 75.

³⁰¹ Ibid.

Hairong and Sautman critique the HRW's findings in terms of hours of work. They find that the 12-hour shifts in place in Chinese-owned mines are normal and widely used in the industry, locally and internationally, as result of the technology in use.³⁰² Further, there are reports of other mines (KCM) using four 12-hour shifts back to back. In another example, workers at Kansanshi Mine (Canadian owned) have also gone on strike in protest of long shifts.³⁰³ Even if long working hours are a problem, it appears that they are an industry norm, and not specific to Chinese mines, although presented as such in the HRW report.³⁰⁴

Job Security

Job security is a constant theme in the HRW report. Used either as a “union busting” technique, or a managerial response to a dissenting employee, the risk of dismissal is a constant concern for Zambian mineworkers in Chinese mines. FQ and KCM (Anglo-Indian) on the other hand, are said to not only employ more Zambians, but Zambians also retain their positions over longer periods, and receive extensive training in those mines. In contrast, Chinese mines hire fewer Zambians and place less emphasis on training Zambians. Management in Chinese mines changes every three years, which “limit[s] [the] manager’s interest in building long-term sustainable relationships”³⁰⁵, and there is little interest in training local labour.³⁰⁶ Gadzala argues, too, that Chinese hiring and business patterns do not encourage skills and knowledge transfer to Zambians, describing Chinese investments and social setups as “enclaves” that are “clustered

³⁰² Hairong and Sautman, “The Beginning of a World Empire?” 146.

³⁰³ Ibid.

³⁰⁴ HRW, “You’ll be Fired if you Refuse,” 75.

³⁰⁵ Haglund, “In it for the Long Term?” 643.

³⁰⁶ Ibid., 642.

together, economically independent, and [employ] only co-ethnics.”³⁰⁷ These strategies prevent the transfer of knowledge to Zambians, leaving little long-term benefit to citizens.

However, the financial crisis of late 2008 shows the extent to which many foreign investors in the mining industry provide little job security for mineworkers. An ILO report covered the topic of the financial crisis and the impact it had on investment and employment in the Zambian mining sector.³⁰⁸ For the most part, foreign owned mines in Zambia scaled back their projects, leading to massive retrenchment in the industry.³⁰⁹

Enya Holdings, based in the Netherlands, pulled out completely, selling Luanshya Mine to CNMC. Researchers show that “30% of permanent miners, and nearly half of all miners were laid off by early spring of 2009, many of whom were never rehired.”³¹⁰ At MCM (Swiss-Canadian), the labour force was cut by 40%, while contracted labour was cut another 30%. Hiring and recruitment was also frozen.³¹¹ At KCM (Anglo-Indian), a company with a particularly prolific record of terminating workers contracts, an alarming 6667 workers were dismissed.³¹² Amnesty International expressed “fear that the situation may lead to problems of famine, extreme poverty, and migration.”³¹³ In May 2013, KCM announced its planned retrenchment of 2000 workers, and had previously fired 11 Zambian managers in a “downsizing” exercise in February of the same year. Expatriate

³⁰⁷ Gadzala, “From Formal to Informal-sector Employment: Examining Chinese Presence in Zambia,” 45.

³⁰⁸ Crispin Radoka Matenga, “The Impact of the Global Financial and Economic Crisis on Job Losses and Conditions of Work in the Mining Sector in Zambia,” *International Labour Organisation*, (2010).

³⁰⁹ Matenga, “The Impact of the Global Financial and Economic Crisis on Job Losses and Conditions of Work in the Mining Sector in Zambia.”

³¹⁰ Hairong and Sautman, “The Beginning of a World Empire?” 148.

³¹¹ Gadzala, “From Formal to Informal-sector Employment: Examining Chinese Presence in Zambia,” 44.

³¹² Ibid.

³¹³ Counter Balance, “The Mopani Copper mine, Zambia,” 15.

employees were not affected by the exercise.³¹⁴ In 2012, the same company, via its contractor Merchandised Mining Solution, retrenched 379 workers.³¹⁵

The Chinese, however, expanded mining operations during the 2009 period of financial instability, hiring back much of the redundant labour force from KCM and MCM, while adopting a policy to not lay off any of its own workers.³¹⁶ Further, the Luanshya Mine, which was bought and reopened by CNMC (Chinese), rehired several workers who had been laid off, creating further employment in a badly hit industry. Matenga shows that as of June 2009 the new jobs created by the reopening of the Luanshya mine accounted for about 7% of the industry's labour force.³¹⁷ Employment growth in the sector is largely a result of new investment by the Chinese at a time when other investors in the sector drastically reduced or stopped investment. It is important to note the relative exaggeration on job creation by new mining initiatives overall, however. Counter Balance point out that mining activity relies heavily on machinery, and that investment in machinery and technology far outweighs money spent on hiring new workers.³¹⁸

Jauch's research advances similar claims to the HRW report regarding the preference of Chinese workers in high-skilled, high paying jobs, while local workers are resigned to low paying unskilled jobs. Gadzala also explores the employment tendencies

³¹⁴ "KCM Workers Fight back to end Exploitation by Vedanta," *Lusaka Times*, July 10th, 2014.

<http://www.lusakatimes.com/2014/07/10/kcm-workers-fight-back-end-exploitation-vedanta/>

³¹⁵ "379 Miners Retrenched," *Lusaka Times*, May 19th, 2012.

<http://www.lusakatimes.com/2012/05/19/379-miners-retrenched/>

³¹⁶ See Hairong and Sautman, "The Beginning of a World Empire?" 148; Haglund, "Policy Effectiveness and China's Investment in the Zambian Mining Sector," 2.

³¹⁷ Matenga, "The Impact of the Global Financial and Economic Crisis on Job Losses and Conditions of Work in the Mining Sector in Zambia."

³¹⁸ Counter Balance, "The Mopani Copper Mine, Zambia," 16.

of the Chinese companies in Zambia, noting the tendency for Chinese managers to lay off
Zambian workers replace them with Chinese workers. Zambian workers, upon dismissal,
resort to employment in the informal economy, where casual employment is rampant.
Statistically, Zambia's workforce is largely employed in the informal economy, which
accounts for 88% of the work force.³¹⁹ However, in his analysis, Gadzala points to a
systemic issue, rather than a Chinese issue. His findings refer to the lack of training of
Zambian workers, who "are often ill equipped to execute the duties demanded of
them."³²⁰ Training of Zambian mineworkers is inadequate, and leaves Zambians
vulnerable to competition from expatriates who are better trained. This is a situation that
is prevalent in many mines in the industry, and is not specific to Chinese mines only. In
Chinese mines, however, there is the additional aspect of mutual understanding that is
based on customs and language, which adds to the preference for Chinese workers over
Zambians. Haglund cautions of the impacts of the language barrier, noting, "Language
problems increase the propensity for dangerous mistakes."³²¹ In light of the challenges
resulting from the language barrier, the reported high number of accidents and injuries in
Chinese mines may be influenced by miscommunications.

Casualisation

Similar to other countries, casualisation is another problem in Zambia's labour
market, including in the mining sector. Casual employment is defined in Zambia as an
arrangement under which an employee is engaged in only short-term employment, for a

³¹⁹ Gadzala, "From Formal to Informal-sector Employment: Examining Chinese Presence in Zambia,"
42.

³²⁰ Gadzala, "From Formal to Informal-sector Employment: Examining Chinese Presence in Zambia,"
50.

³²¹ Haglund, "Policy Effectiveness and China's Investment in the Zambian Mining Sector," 3.

period not exceeding six months, and receives a daily wage, rather than a salary.³²² When an employee is engaged in work for over six months, the position is considered permanent, therefore requiring a long-term contract, employee benefits, and a pension upon retirement.³²³ Casualisation alludes to the perpetuation of such an arrangement and the employment of workers on short-term contracts continuously for periods exceeding six months. “Casualisation is a practice whereby an employer or agent engages an employee on a short term contract for a job of a continuous nature with terms and conditions applicable to a casual employee.”³²⁴ Studies show that up to 45% of all mineworkers are casual workers, and that casual and temporary forms of employment tend to accompany contracting out arrangements.³²⁵ Fraser and Lungu note the large portion of mining activity that now relies on sub-contracting, stating, “since privatisation, almost all of the growth in employment has been for those employed by contracting firms.”³²⁶ Counter Balance asserts that in 2006 more than 50% workers at MCM, a Swiss-Canadian company, were temporary workers.³²⁷ KCM (Anglo-Indian), the largest employer in the sector with 18 000 workers, has, as of 2014, 11 000 workers on short-term contracts.³²⁸ Chinese companies, however, are presented as the chief perpetrators of this violation in the HRW report, a conclusion that is only reached by ignoring consistent patterns of casualisation in other mines in the country. Further, recent changes in Chinese companies have a policy in place to begin hiring only permanent labour. This has been

³²² Ministry of Labour and Social Security, *Frequently Asked Labour Law Questions*, 13.

³²³ MLSS, *Labour Law Questions*, 13.

³²⁴ MLSS, *Labour Law Questions*, 13.

³²⁵ Fraser and Lungu, “For Whom the Windfalls? Winners and Losers in the Privatisation of Zambia's Copper Mines,” 3.

³²⁶ *Ibid.*, 22.

³²⁷ Counter Balance, “The Mopani Copper Mine, Zambia,” 6.

³²⁸ “KCM Workers Fight back to end Exploitation by Vedanta,” *Lusaka Times*, July 10th, 2014.

<http://www.lusakatimes.com/2014/07/10/kcm-workers-fight-back-end-exploitation-vedanta/>

effective: since 2012, all CNMC (Chinese) employees are permanent.³²⁹ Sub-contractors in non-Chinese mines, who often fly under the raider, are major culprits when it comes to casual labour. Mainly KCM and MCM, which are the larger, non-Chinese mining operations in the industry, sub-contract sections of mine development to smaller, private companies. These smaller companies, then almost exclusively hire casual labour, which is especially lowly paid and has no benefits attached.³³⁰

Unionisation

The HRW report also claims that Chinese management uses various strategies to undermine and discourage unionisation among Zambian employees.³³¹ The ILRA grants workers freedom of association, which guarantees workers are free to join any union of their choosing. The HRW argues that Zambian workers at CCS (Chinese) are prevented from joining MUZ, a particularly powerful union in the industry.³³² A key technique used to prevent unionisation is the unlawful dismissal of workers who support the union or try to recruit union members. HRW also contends that workers are cautious of joining unions, or being public about their union membership for fear of salary deductions, job transfers, and even dismissal.³³³ Further, short-term contracts of two years are sometimes used at CCS in order to deter union activity, because the threat of non-renewal is always lingering.³³⁴ However, the report also acknowledges that workers are free to join the union of their choosing in other Chinese mines in the country.³³⁵ Hairong and Sautman's

³²⁹ Hairong and Sautman, "The Beginning of a World Empire?" 147.

³³⁰ Counter Balance, "The Mopani Copper mine, Zambia," 16.

³³¹ HRW, "You'll be Fired if you Refuse," 85.

³³² *Ibid.*, 86.

³³³ *Ibid.*, 92.

³³⁴ *Ibid.*, 96.

³³⁵ *Ibid.*, 86.

research also shows the presence of both major unions (NUMAW and MUZ) in all Chinese mines, except CCS, which only had NUMAW present. However, another mine, South African owned Metorex, had only MUZ present.³³⁶

Occupational Health and Safety

Health and safety concerns make up the largest section of the HRW report. Chinese mining companies are said to be “the worst for health and safety conditions”³³⁷ Among the issues discussed, Chinese managers “routinely force workers to continue in areas considered to be unsafe... underreport accidents...[and] at times; bribe workers not to report them.”³³⁸ According to the report, workers are also not adequately provided with protective equipment, and Chinese companies fail to replace damaged equipment and even charge workers the price of replacement of equipment.³³⁹ The report outlines these and other problems, and compares them to the conditions in other foreign owned mines (MCM and KCM) where “companies have standard procedure in which they were able to obtain a replacement.”³⁴⁰ The Counter Balance report, however, details similar health and safety violations in the Swiss/Canadian owned MCM. According to this report, miners worked in “pathetic” conditions that lacked proper ventilation and in which level of silica exceed the authorised rates. In the same mine, fatality rates were described as “alarming,” with 20 out of 71 mineworker deaths in 2005 occurring in MCM.³⁴¹ Officials from MCM were also able to dodge repercussions by showing inspectors only the properly ventilated areas of the mine, and not the areas that, although operational, were not adequately

³³⁶ Hairong and Sautman, “The Beginning of a World Empire?” 147.

³³⁷ HRW, “You’ll be Fired if you Refuse,” 32.

³³⁸ Ibid.

³³⁹ Ibid., 39-44.

³⁴⁰ Ibid., 39.

³⁴¹ Counter Balance, “The Mopani Copper mine, Zambia, 17.

ventilated.³⁴² In small-scale Zambian owned mines, between 2008 and 2011, 231 workers died.³⁴³ This shows, yet again, that almost all of the employment problems that are highlighted in the HRW report on Chinese mines are present in other foreign (and even locally) owned mines.

Final Assessment

As noted previously, the overall claim advanced in the HRW report is that Chinese employers are the worst in the Zambian mining industry. This conclusion and evidence presented in the report was similar to the widely cited claims made by Sata during the contested 2011 election. But, are these claims accurate? Do they paint an accurate picture of the labour issues in the mining industry? I argue that the conclusions reached misrepresent the situation in Zambia's mining sector, and place unfair critiques on Chinese owned mines. The report has several methodological problems. First, the sample of interviews is not representative of the industry's workforce because it interviews a disproportionately high number of employees from Chinese mines compared to employees of other mines. Sixty-six percent of those interviewed, 95/143, were from Chinese owned and operated mines. Second, interviewees from non-Chinese mines were permanent, skilled workers, leaving out the contracted, unskilled workers who would be in the best position to discuss issues of health and safety, as well as casualisation.³⁴⁴ This is in contrast to unskilled, contracted workers interviewed in Chinese owned mines. Third, the interviews were conducted between November 2010 and July 2011. This was, arguably, the period in which anti-China sentiment was highest in mining towns where

³⁴² Ibid.

³⁴³ Hairong and Sautman, "The Beginning of a World Empire?" 149.

³⁴⁴ Hairong and Sautman, "The Beginning of a World Empire?" 137.

interviews with mineworkers and other employees of related enterprises were conducted. As such, interviewees' views about problems in the mines may very well have been shaped by anti-Chinese popular opinion. Further, interviews with representatives from MUZ and NUMAW were likely also influenced by this sentiment, as it is widely perceived that NUMAW and MUZ are partisan and split between PF and MMD. NUMAW is largely perceived to have been in support of the MMD, while MUZ is seen to support PF.

Lastly, and crucially, the report focuses mostly on Chinese mining companies, as evidenced in the HRW's aim to use the research to try to draw conclusions about Chinese investment on the continent. The study therefore ignores the context in which Chinese mining operations in Zambia take place, and largely ignores the practices of other enterprises in the industry. This is problematic, especially given that Chinese companies make up the smallest operation in the industry, hire the smallest percentage of the workforce, and extract the smallest amount of copper among all foreign investors in the industry. To draw any conclusions about the way that Chinese enterprises conduct themselves in Zambia, or elsewhere, based on this study, is problematic and likely inaccurate.

I echo the call that Kragelund makes for stressing the importance of contextual analysis of Chinese investment in the country. Kragelund calls for a balanced approach by local actors. He notes, "Zambian debate about Chinese investment is based on very few widely circulated stories about China and the Chinese. These perceptions have

become highly politicised and set concrete actions in motion.”³⁴⁵ The HRW report is an example of the narrative that partly fuels anti-China sentiment in Zambia, influences media reports on the topic, and shapes political debate and elections.³⁴⁶

Conclusion

This chapter begins to show, and as the next chapter will explore in more detail, that there are industry wide problems in the Zambian mining sector, most of which can be linked to a lack of effective oversight and regulation, rather than problems directly linked to Chinese investment. The regulatory framework of the Zambian mining industry appears to be buckling under the pressure of rapidly increasing FDI, making it more difficult to protect its workers in the process. Zambia's current regulatory framework in the mining sector has weaknesses in some aspects, especially in monitoring and enforcement. As chapter three outlined, privatisation and related changes in the labour market have heavily influenced this weakening. As Haglund notes, Zambia's regulatory framework for the mining industry is “fragile... heavily reliant on self-reporting, consultations and consensus among the mining companies.” He adds that the country’s regulatory policy has “failed to keep pace with the changing needs of its expanding mining sector.”³⁴⁷ Indeed, as Fraser and Lungu note, the regulatory frameworks in the sector are built to

³⁴⁵ Kragelund, “Part of the Disease or Part of the Cure?” 657.

³⁴⁶ For media reports carrying findings from the HRW report, see: “China Mines in Zambia ‘Unsafe’ says Human Rights Watch,” *BBC World News*, November 3rd, 2011. <http://www.bbc.com/news/world-africa-15569310>; Ishaan Tharoor, “Human Rights Watch Reports Abuses in Chinese-Run Mines in Zambia,” *TIME*, November 4th, 2011. <http://world.time.com/2011/11/04/human-rights-watch-reports-abuses-in-chinese-run-mines-in-Zambiaa/>; David Smith, “Chinese Mining Firms Under Fire for Mistreating Workers,” *Guardian*, November 3rd, 2011. <http://www.theguardian.com/global-development/2011/nov/03/chinese-mining-Zambiaa-mistreating-workers>

³⁴⁷ Haglund, “Policy Effectiveness and China’s Investment in the Zambian Mining Sector,” 1.

make Zambia “more attractive than its neighbours and competitors.”³⁴⁸ Even the HRW report noted, in passing, the deficiencies with regard to proper regulation and enforcement.³⁴⁹ These comments point to a regulatory framework that is ill-equipped to handle the rapidly increasing investment into the mining sector, regardless of its origin. Therefore, it seems misguided to single out Chinese investment when discussing labour conditions in the mining industry.

Furthermore, it seems that Chinese companies in Zambia’s mining industry are responsive to pressure from authorities. As early as 2009, Haglund reports organisational changes in Chinese mines that have seen improvements in the conduct of NFCA in both industrial relations, and in social issues as a result of pressure.³⁵⁰ Since the high profile HRW report, several MSD officials have praised Chinese companies’ revised approach to health and safety.³⁵¹ For example, upgrades in equipment, training, and technology in Chinese mines have been implemented. These changes, in my view, highlight the importance of a critical analysis of local regulatory institutions and the political actors that have influence over both FDI in the country, and public perceptions of the role of FDI. It is evidence that, when the right pressure is applied, and the various companies are given incentives to abide by regulations, they will do so.

It comes as no surprise that the current government has not carried through its campaign promise to “deal” with the Chinese. Having drawn on it during the electoral campaign, the current government is acutely aware of the grievances held by the

³⁴⁸ Fraser and Lungu, “For Whom the Windfalls? Winners and Losers in the Privatisation of Zambia's Copper Mines,” 3.

³⁴⁹ “You’ll be Fired if you Refuse,” HRW, 98.

³⁵⁰ Haglund, “In it for the Long Term?” 643.

³⁵¹ Hairong and Sautman, “The Beginning of a World Empire?” 139.

population directly affected by the practices of foreign investors. After all, the PF won “every single urban parliamentary seat in the Copper-belt Province, where the impacts of privatisation were most intensely felt.”³⁵² The official stance of the PF government is now to continue to invite even more Chinese investment into the country- a complete reversal from the campaign platform that won the 2011 election.³⁵³

The government’s lack of action on the issues that it helped bring attention to during the campaign speaks volumes about its commitment to affect change in the mining sector. This lack of action is also indicative of the highlighted pattern of Chinese state-led investment to deal primarily on the presidential level, with personal relationships between government officials being the foundation of economic partnerships.³⁵⁴ In effect, government officials are unwilling to reprimand Chinese investors, which in turn perpetuate labour problems and reinforce regulatory weakness. For example, under Mwanawasa, in a shooting incident at a Zambian mine where three workers were killed, none of the perpetrators were prosecuted. Similarly, the government stopped Environmental Council of Zambia (ECZ)’s legal action against KCM after the country’s largest environmental disaster where toxins were released into the Kafue River in 2006. In 2007, Mwanawasa denounced strike action taken by workers at FQ’s Kansanshi Mine. As such, it would be dangerous to overlook the role that Zambian leaders themselves have played en route to the current situation in which the industry finds itself.

³⁵² Negi, “Beyond the Chinese Scramble,” 53.

³⁵³ “Zambian President Embraces Chinese Investment,” *Caixin*, October 30th, 2011, <http://english.caixin.com/2011-10-30/100318969.html>.

³⁵⁴ Sebastien Berger, “Anti- China Candidate Michael Sata Hopes to Become Zambia President,” *Telegraph*, October 30th, 2008. <http://www.telegraph.co.uk/news/worldnews/africaandindianocean/zambia/3287332/Anti-China-candidate-Michael-Sata-hopes-to-become-Zambia-president.html>; Fraser and Lungu, “For Whom the Windfalls? Winners and Losers in the Privatisation of Zambia's Copper Mines,” 3.

Since independence, ideology and economic necessity have dictated the state's position on foreign investment. Rarely has the conversation shifted to the actual practices of the investors once they are in the country. Post independence, Kaunda's efforts to regain control of the country's industries prompted nationalisation of the mines, making the government the main authority on all issues, including labour issues. In the aftermath of the Chiluba victory, the MMD and the IMF sought to repair the damage of Kaunda's socialist policies and the depressed copper prices. The economic liberalisation project was undertaken, and Zambia's mining sector was opened to foreign, profit-oriented ownership. In the process, the reduction of government control of the labour market limited regulation in important ways. Today, after more than a decade of foreign ownership, the conversation has turned towards the practices of the foreign companies that now control the sector. While this focus is both appropriate and necessary, the way the debate has taken place, as I show, has been problematic and has unfairly focused largely on Chinese investors. As a result, broad debates around ownership of the mines, employment conditions in the whole sector, and the government's ability to monitor and enforce legislation have fallen aside. As such, the role of local actors, such as government officials and unions in both shaping investment patterns and labour practices in the mines is ignored. It is to these issues that we now turn in the next chapter.

Chapter Five: Labour Standards in Zambian Mines: Primary Research Findings

The coverage of Chinese investment in the Zambian mining industry is not entirely representative of the conditions on the ground, and this inaccuracy hinders a comprehensive assessment of the issues. My research indicates that the singling out of Chinese investors for criticism leaves out several other contributors to the problem. It presents evidence of failures within governmental regulatory institutions, as well as trade unions that work within the industry. These shortcomings have mainly to do with funding of regulatory bodies, understaffing, lack of training, and an unresponsive training institution. Together, the inadequacies of both government institutions and trade unions have contributed to the lack of protection for workers.

This chapter presents data gathered during my primary research in Lusaka, Zambia, in January 2014. It shows the results of six interviews with government officials, union officials, an ILO official, and a local policy researcher. Using primary data from six interviews, I find that, while the lack of compliance from Chinese employees does play a role in shaping the employment problems in Zambian mines, the identified failures in the protection of mineworkers in Zambia have multiple causes, several of which are shortcomings on the part of local regulatory institutions. In the sections below, I present data that highlights the extent to which the local regulatory institutions and workers' representative bodies contribute to weak protection of workers.

To be clear, my research findings do not attempt to clear Chinese employees of wrongdoing. In fact, in the interviews, officials from the FFTUZ and MUZ supported some of the arguments outlined in the Human Rights Watch Report of 2011, specifically regarding abuses of workers' rights within Chinese owned mines. These abuses, as discussed in the previous chapter, include an assortment of health and safety lapses as well as the existence of employment conditions that are in violation of the Minimum Wages and Conditions of Employment Act, the Employment Act, and the Industrial and Labour Relations Act.³⁵⁵

However, my data points to lack of enforcement as an industry wide problem, rather than lack of compliance by the Chinese in particular. The data will show that Chinese investors do flout various industry regulations, but it will also highlight that flouting regulations is not a uniquely Chinese phenomenon. In the following paragraphs, I lay out evidence to support my claim that many of the failures in regulation of the labour market stem from failures of local institutions. I do so by exploring key themes that emerged in the interviews, they are: cultural issues, job security, skills, casualisation, and unionisation.

Cultural Issues

As mentioned in Chapter Four, Chinese activities in Zambia are viewed mainly against the backdrop of two major incidents. An ILO Project Officer acknowledged the role of these high profile incidents, stating:

The issues to do with working conditions [in Chinese mining companies] were mainly linked to two main

³⁵⁵ HRW, "You'll be Fired if You Refuse."

incidents. The first one [was] during Mwanawasa's government, when there was an explosion in Chambeshi that was associated a lot with negligence. Again, that was an accident, not so much an issue of safety and health, and not so much of labour relations. The second incident was the one in Sinazongwe, at Collum Coal Mine. Again, if you look closely at [the details of] that incident, and if you interact with people in the community, it was not so much [about] bad conditions of work, it was more that the workers were demanding more. There's a big difference.³⁵⁶

One criticism that appears to be specific to Chinese mine owners and managers is the role that cultural differences play in the relations between Chinese managers and Zambian workers. Differences in work ethic, for instance, are a cause of friction. For example, in the construction industry in particular, Chinese workers seem willing, or able, to work harder than Zambians.³⁵⁷ Chinese managers are used to long work hours, high levels of productivity, and fewer regulations around working times, perhaps more so than Zambian workers. A number of Zambian politicians have even urged Zambian workers to emulate the work ethic of Chinese workers in Zambia.³⁵⁸ At the same time, the lack of cultural education on the part of the Chinese managers who run Zambian mines compounds the situation. On their part, Zambian workers have complained that Chinese managers are too demanding. As described by a senior Labour Officer, "There are issues of cultural differences, in terms of how work is perceived, how occupational health and safety, and social issues are perceived. For example, Zambia is a Christian nation, but a Chinese person cannot understand why [a Zambian] cannot work on Sunday."³⁵⁹

³⁵⁶ Interview with ILO Project Officer, Lusaka, January, 2014

³⁵⁷ "The Chinese in Zambia...How Hard They Work There," *CBC Radio*, October 6th, 2010. <http://www.cbc.ca/dispatches/the-view/2010/10/06/following-the-chinese-in-Zambiaa-who-does-the-work-here/>

³⁵⁸ "Adapt to the Hardworking Culture of the Chinese-RB" *Lusaka Times*, July 5th, 2009.

<http://www.lusakatimes.com/2009/07/05/adapt-to-the-hardworking-culture-of-the-chinese-rb/>

³⁵⁹ Interview with a Senior Labour Officer, Lusaka, January 2014.

Language barriers were also presented as one of the factors that influence the perceived non-compliance surrounding occupational health and safety. Interviewees pointed to misunderstandings of regulations by Chinese managers, as well as miscommunication between managers and Zambian workers as some of the reasons why workers may sometimes work in dangerous situations. A senior Labour Officer stated, “there is a bit of a language barrier,” which suggests that misunderstandings and ineffective communication, rather than disregard, are partly to blame for the Chinese’s failure to adhere to Zambian regulations.³⁶⁰ Bureaucracy and different bureaucratic cultures and processes, too, play a role in the interactions between Chinese owners and Zambian workers. In a telephone interview, a representative of the largest workers’ union in the mining industry (MUZ) said that one of the main challenges of working with Chinese owners has to do with issues of bureaucracy, due their strong attachment to head offices in China. He noted, “They are still linked to their head office [in China], and that involves translation and such kinds of delays makes them not very effective in running [the mines].”³⁶¹ What this interviewee seemed to be pointing to is difficulty in establishing dialogue with Chinese managers on important issues. This, it seems, is because Chinese managers have to relay information to their superiors in China, who then issue instructions on how to proceed. This process is time consuming.

Job Security: Zambianisation and Foreign Labour

Job security and employment opportunities in the mines have been an important rallying point for workers and unionists. One of the problems facing Zambian workers is the influx of foreign labour. Interviews conducted with labour officials addressed the

³⁶⁰ Interview with a Senior Labour Officer, Lusaka, January 2014.

³⁶¹ Telephone interview with representative from MUZ, Lusaka, January 2014.

concerns about the conduct of foreign investors regarding this tendency for foreign companies to import their own labour. An officer in the MLSS noted that the ‘Zambianisation’ policy, as discussed in chapter three, remains in place. The policy was created to ensure for the employment of Zambians ahead of foreign workers wherever possible. As such, this policy remains the primary way that applicants for work permits are screened to ensure the initiative to employ Zambian workers is respected. The officer stated, “There is a Zambianisation committee, which is a committee of stakeholders that take part in awarding of work permits, and there are certain criteria that are set. They consider things like, ‘is this a rare skill?’ and the CV of the applicant.”³⁶² Foreign workers who are granted Zambian work permits are barred from undertaking a position other than that which is expressed on their work permit upon admittance into the country.³⁶³

As part of the Development Agreements discussed in chapter three, ‘Investment Protection and Promotion Agreements’ allow foreign companies are to bring in employees from abroad to fill management positions.³⁶⁴ The specific conditions for such arrangements are dependent on the size of the operation and the amount of money being invested. Expatriates who enter the country under this provision do so on work permits, which require them to work only in specific capacities, and only for specific time periods³⁶⁵ Further, the terms of these agreements stipulate that a Zambian must be under training and tutelage so as to be able to assume the position once the foreign worker’s

³⁶² Interview with a Principle Labour Officer, Lusaka, January 2014.

³⁶³ Interview with ILO Project Officer, Lusaka, January, 2014.

³⁶⁴ Interview with a Senior Labour Officer, Lusaka, January 2014.

³⁶⁵ Interview with a Senior Labour Officer, Lusaka, January 2014.

permit has expired.³⁶⁶ An ILO officer said, “They [expatriates] are given a period in which they can work in the country, and they need to have a program to ensure that, during the period that they are working in the country, they are actually developing [a
Zambian] to take over that job.”³⁶⁷

However, a senior Labour Officer at the MLSS acknowledged that several major foreign companies, namely KCM and NFCA, have foreign employees who fulfil roles other than those that they are permitted to. “I’ve seen [cases] where a permit is given by immigration, it’s indicated in the permit that [the] expat is supposed to be, for instance, a Technical Manager, yet you find [the expat] doing the work of an Accountant. It directly results in the unemployment and underemployment of Zambians.”³⁶⁸ A Principle Labour Officer offered a different view by that the Immigration Department has the powers and resources to enforce its mandate adequately. Regarding the Immigration Department, he said, “When it comes to the attention of law enforcement, deportations of foreign workers who have stayed beyond the time permitted are instantly [carried out].”³⁶⁹ In the MLSS, however, Labour Officers do not have the same kind of powers that would see to the prosecution expatriates holding positions for which they do not have the required documentation.

Lack of Trained and Skilled Zambian Labour

While there might be issues of non-compliance with regulations regarding the employment of foreign workers, there is also an underlying issue regarding the

³⁶⁶ Interview with a Senior Labour Officer, Lusaka, January 2014.

³⁶⁷ Interview with ILO Project Officer, Lusaka, January, 2014.

³⁶⁸ Interview with a Senior Labour Officer, Lusaka, January 2014.

³⁶⁹ Interview with a Principal Labour Officer, Lusaka, January 2014.

availability of suitable and qualified Zambian labour. An ILO Project Officer pointed out that the issue of labour importation transcends industries, and is not specific to Chinese owners. For example, a key obstacle in the mining industry regarding the enforcement of policy that prioritises Zambian labour comes from the lack of trained Zambians for certain positions. The Project Officer referred to the rapid growth of the mining industry and to the advancements in technology within the industry as reasons for the increased foreign labour. While the industry's expansion creates new jobs and there is need for new labour, the labour market in the country is made up of workers who lack the skills and training to take up the new positions that require knowledge that is more technical. He stated, "The people filling up the labour market don't have the skills for the labour market. Because of the technology advancements that have been attained, it requires people with certain skills. There is a skills gap in the labour market that is forcing investors to get labour from outside the country. It is everywhere, and in the mining sector."³⁷⁰ A policy researcher and analyst at a Zambian policy-monitoring firm identified a similar trend, saying, "Even where companies would like to employ Zambian workers, they tend to be limited in terms of capacity, skills, and productivity levels. This is what has caused certain companies to continue to rely on expatriates."³⁷¹ The ILO officer added that the trend is a result of the lack of training initiatives within the mining sector. "There is justification [for the importation of labour] because, for the last 15 years, Zambia has not been training workers for the sector. The local labour force we have is not as experienced or qualified as those abroad."³⁷²

³⁷⁰ Interview with ILO Project Officer, Lusaka, January, 2014.

³⁷¹ Interview with Policy Researcher and Analyst, Lusaka, January 2014.

³⁷² Interview with ILO Project Officer, Lusaka, January, 2014.

The lack of adequately trained Zambians in various industries, and especially for specific roles in the mining labour force, speaks to a larger issue within the country, about which several interviewees elaborated. For many years, the country has struggled to provide the necessary training to Zambians, even for technical jobs that are in high demand in the country. Furthermore, MLSS lacks data on the human resource shortages, with no information on the demand for particular skills. In turn, this lack of information limits the development of programs that would focus on training Zambians to fill the positions mostly in demand. As such, workplace and industry-level training have struggled to produce employable personnel at several levels. One interviewee, speaking about the lack of statistical data regarding the labour market, added:

There is still no comprehensive labour survey that has been done specifically for the mining sector to determine the levels of demand in specific areas. The educational sector does not produce the required people, and neither does the Ministry of Labour have databases required to inform technical and training institutes to start training particular types of skilled labourers. So, even when you seek to enforce laws [such as the Zambianisation policy] that say ‘hire Zambians,’ if there are no Zambians to be hired, or if information is scarce as to who is available, it becomes quite difficult.³⁷³

Currently, TEVETA, introduced in chapter three, is mandated with establishing and circulating curricula to colleges and institutions that provide technical training in the country.³⁷⁴ Created under the TEVET Act of 1998, amended in 2005, TEVETA was designed to regulate institutions operating within the country by providing training and vocational education.³⁷⁵ Although training in various institutions continues, and TEVETA remains as a functional regulatory body, there are many challenges that hinder

³⁷³ Interview with Policy Researcher and Analyst, Lusaka, January 2014.

³⁷⁴ TEVETA Mandate: <http://www.teveta.org.zm/index.php/about-us/mandate>, March 2014.

³⁷⁵ TEVET Act No 13 of 1998.

the process of ensuring that the labour market has skilled and trained Zambian workers available for hire in various capacities. An interviewee noted:

One of the challenges has been the cutback in the programs [designed] to train workers who can go and work in the mining sector. [TEVETA] points out that they tend to have a curriculum developed to address human resource shortages in the mining sector. However, due to budgetary constraints, implementation within the respective colleges tends to be limited by the fact that there may not be lecturers and there may not be equipment. In those regards, the gap in skills required by the mining sector tends to remain.³⁷⁶

This lack of training and skilled personnel results in the increase of low skilled jobs for Zambians, as well as an increase in casual labour. Thus, while employers might abuse the worker permit system to hire foreign labour, there are often limited Zambian alternatives for the jobs.

Casualisation

Casual labour is recurring theme in the HRW report, and was so amongst interviewees in Zambia. Chinese mine owners and operators are accused of hiring Zambian workers on a series of short-term contracts for periods of over six months, without hiring them in permanent positions. Hiring workers for successive short-term contracts is a violation of the Minimum Wages and Conditions of Employment Act. One problem with this use of casual labour is that it leaves thousands of workers without benefits, such as health care and a pension. As a result, many workers are left without an income to sustain themselves upon retirement.

³⁷⁶ Interview with Policy Researcher and Analyst, Lusaka, January 2014.

Speaking about the sector in general, and not specifically about Chinese mines, a senior Labour Officer in the MLSS said, “The issue of casualisation is quite rampant.”³⁷⁷ A senior representative of the MUZ also stated that the main issue facing Zambian mineworkers today is casualisation. “On the ground, in most mining operations, casual workers who are denied decent wages appear to be more [in numbers] than the formal workers.”³⁷⁸ In a different interview, a researcher and policy analyst at a Zambian policy-monitoring firm stated that casualisation remained one of the main challenges faced by mineworkers in the country, noting, “Many of them don’t enjoy [security] in their jobs. Significant threats of those operating in the mines are casualisation and job security.”³⁷⁹ All interviewees noted that casualisation appears to be an industry wide issue, affecting employees from mines owned by Chinese investors, as well as other foreign owned mines.

As an explanation for the prevalence of casualisation in the industry, one official noted that outsourcing, as mentioned in chapter four, was a contributing factor. An ILO Project Officer stated, “Most companies are now engaging in outsourcing. When they outsource these jobs, the people that are subcontracted to carry out those jobs are not given long-term contracts [they get only three to six month contracts]. That, in itself, has also promoted a lot of casualisation in the labour market.” A senior Labour Officer also pointed to subcontractors who “are under the radar” as being problematic in regard to casualisation.³⁸⁰ A Senior Labour Officer also acknowledged that the wording of the Minimum Wages and Conditions of Employment Act leaves room for various

³⁷⁷ Interview with a Senior Labour Officer, Lusaka, January 2014.

³⁷⁸ Telephone interview with MUZ Representative, Lusaka, January 2014.

³⁷⁹ Interview with Policy Researcher and Analyst, Lusaka, January 2014.

³⁸⁰ Interview with a Senior Labour Officer, Lusaka, January 2014.

interpretations and thus has provided a loophole that allows foreign companies to continue hiring casual workers. According to legislation, companies are prohibited from continuously renewing short-term contracts of casual employees for periods lasting over six months. Thus, if the position is required for over six months, the workers should be engaged in the position permanently. However, there is no stipulation for companies terminating employment before the contract of six months ends, and then re-hiring the same employee. As such, it is considered re-hiring, rather than renewing. Another loophole used to continue casualisation involves the ILRA. One interviewee commented, “Most workers in the industry are not unionised, because they don’t meet what is provided for in the ILRA. For a business entity to have its members unionised, it should have more than 25 workers. It could be deliberate, but some employers ensure that they do not have more than 25 workers, [which would allow them] to unionise.”³⁸¹ Mine managers take advantage of loopholes such as this one, making it difficult for legislation to protect workers. One official noted that there are proposed amendments to the Act, stating, “we are trying to address a number of issues, including the definition of casualisation, and trying to reduce the length of service on a casual basis from six to three months.”³⁸²

Challenges in Monitoring and Enforcement

The examples above highlight weaknesses in certain parts of labour legislation in Zambia. However, the regulatory framework is, in theory, quite strong, and protective of Zambian workers. For example, legislation regarding foreign labour in the country is not

³⁸¹ Interview with ILO Project Officer, Lusaka, January, 2014.

³⁸² Interview with a Senior Labour Officer, Lusaka, January, 2014.

only strong, but it also gives immigration officers the necessary powers and resources to be able to enforce it, as noted earlier in the chapter. However, for the MLSS, the ability to adequately monitor and enforce legislation remains a problem.

Often, officers have no powers to enforce legislation due to the limited scope of their mandate. Labour Officers are responsible for monitoring all labour legislation and have the power to conduct random inspections and interrogate employers at any workplace where s/he has “reasonable cause to believe persons are being employed.”³⁸³ However, Labour Officers are, essentially, powerless to take any decisive action because prosecution procedures are still weak. Upon identification of a problem, a Labour Officer can only provide guidance and mediation services to both the employee and the employer. A Labour Officer in the MLSS said, “First of all, its advice- you provide guidance and give time to the organisation to adhere. If the organisation does not adhere, then prosecution procedures go on. You write to the Director of Public Prosecutions, who then assigns someone to the case on behalf of the government.”³⁸⁴ Tracking of cases that do reach persecution level is difficult because of the lack of a centralised prosecution authority for the ministry. “There has been no centralised prosecution authority that would enable you to track these cases. It is all dependent on the availability of someone to take over the case. Other departments have specialised lawyers, so it’s easier for them to prosecute. It’s a big challenge.”³⁸⁵ As a result, Labour Officers, though able to conduct inspections and identify problems in the workplace, are unable to pursue much action that directly leads to correctional changes.

³⁸³ MLSS, *Labour Law Questions*, 4.

³⁸⁴ Interview with a Principal Labour Officer, Lusaka, January 2014.

³⁸⁵ Interview with a Senior Labour Officer, Lusaka, January 2014.

Interviewees across the board also expressed major concerns about the governments' resources regarding enforcement. The government's funding allocation to various regulatory aspects came into question, along with the training of inspectors and staffing of the agencies involved with regulation. One Labour Officer described the MLSS as one of the least funded ministries in the country.³⁸⁶ An ILO Project Officer added that, while funding remains an issue, understaffing poses a greater barrier to inspections. The Project Officer stated:

What is clear on the ground is that we don't have the same kind of unit of inspectors that existed under ZCCM. That unit was like a government eye, and since the mines have been sold off, that has not existed. Under ZCCM, the mines had a very strong inspections unit with highly educated guys. After privatisation, has the government made any effort to have that kind of a unit inspection mine operations?³⁸⁷

He continued, "There was a year when there were adequate funds to implement the labour inspections, but there were no officers, so numbers are [also] a challenge."³⁸⁸ A senior Labour Officer also noted that the ministry was spread too thin all over the country, with its presence in only 23 of the country's 72 districts.³⁸⁹ He noted, "The numbers of the enforcement unit- the labour inspections unit- don't match the economic growth. For instance, we have about 68 000 registered establishments, against 72 labour officers."³⁹⁰ Another officer elaborated on the shortage of Labour Officers in the MLSS,

³⁸⁶ Interview with a Senior Labour Officer, Lusaka, January 2014.

³⁸⁷ Interview with ILO Project Officer, Lusaka, January, 2014.

³⁸⁸ Interview with ILO Project Officer, Lusaka, January, 2014.

³⁸⁹ Interview with a Senior Labour Officer, Lusaka, January 2014.

³⁹⁰ Interview with a Senior Labour Officer, Lusaka, January 2014.

stating, “The entire ministry, in all provinces, is supposed to have about 90 labour officers, but there are only about 40.”³⁹¹

The lack of officers and other staff indicates a problem in terms of retaining trained personnel. The MLSS and the MSD, particularly, face the challenge of high labour turn over, due to competition from companies within the mining sector. Along with government agencies, companies and unions also have internal inspector units to deal with monitoring and enforcement. The government conducts training for its inspectors, providing them with the qualifications to work in the government inspection units. However, due to the government’s inability to compete against private firms, who offer larger pay, inspectors prefer to work for private companies. The ILO official noted:

Even when government trains personnel, the people who come in as investors very easily get those people from the government and employ them to manage occupational health and safety [for the company]. Sometimes, the government is used as a training ground for investors. Going forward, let’s talk of introducing a training levy to address the skills gap.³⁹²

Unions and the Challenges of Worker Representation

A major concern emerging from the interviews is the role of trade unions within the mining sector. While companies are guilty of disregard for regulations, and government institutions are inadequately enforcing legislation, the unions operating in the mining sector have also failed the workers. An ILO Project Officer in Lusaka spoke about some of the challenges facing worker organisation in the mining industry, pointing out that the unions themselves cause some of the main challenges.

³⁹¹ Interview with a Principle Labour Officer, Lusaka, January 2014.

³⁹² Interview with ILO Project Officer, Lusaka, January, 2014.

One of the major challenges is the proliferation of unions in the industry. An amendment to the Industrial Relations Act in the early 1990s reversed some of the restrictions that the Kaunda government had placed on union activity in the 1970s. The 1991 amendment introduced changes to allow more extensive Freedom of Association provisions, which meant that workers were free to create and choose any union they wished to be represented by. The legal process of creating a union states that it needs a minimum 25 members within the work place in order to be recognised at that establishment. This amendment led to an increase in the number of unions operating in the sector, and to a corresponding fragmentation in the union organisation. For example, the creation of FFTUZ split ZCTU, and further broke up a number of unions in different industries.³⁹³ An ILO Project Officer stated:

The challenge is that there are now some amendments [made] during the Chiluba government [to allow more extensive Freedom of Association]. What that brought into the market was a lot of fragmentation in the unions. We saw the formation of the federation of free trade unions, which now came in as a mother organisation for workers, splitting ZCTU. [That split] trickled down. Now, at workplace level, you have one business entity with workers belonging to three or four unions.³⁹⁴

There are currently five unions in the mining industry. NUMAW and MUZ are the biggest unions in the mining sector, but often struggle against each other to gain higher memberships in the different mines. A MUZ official stated, “The numbers keep fluctuating, but at the moment they are hovering around 16 000. At our peak we tend to be around 20000. You may be aware that there are about five unions in the mining

³⁹³ Interview with ILO Project Officer, Lusaka, January, 2014.

³⁹⁴ Interview with ILO Project Officer, Lusaka, January, 2014.

industry, but we are the majority.”³⁹⁵ Added to the mix is the politicisation of unions, with occasional accusations of blockages and favouritism by the ruling party. Unions in the mining industry tend to be affiliated to the major political parties. NUMAW is linked to the MMD, while MUZ is linked to the PF. A MUZ official commented on the impact of political influences regarding unionisation, stating:

NUMAW has majority membership in Chinese mines, because of the recommendation that was given by the MMD government that left. It is only now that MUZ is regaining its footing in [Chinese mines] in terms of [workers freely] exercising their rights of which union to join. With the change of government, we are seeing that [MUZ is] getting to enter those mines that were privy only to NUMAW [under MMD rule].³⁹⁶

The large number of unions in the mining sector also proves a difficulty in the bargaining process. An ILO Project Officer said:

It’s time consuming and not the best practice, and that’s one of the challenges employers are facing. We have a Tripartite Consultative Labour Council (TCC), which is a forum used by government to consult workers and employers. But even during that TCC, workers are represented by two bodies, [which] may [each] have different views about an issue. So the processes of negotiation and consultation are derailed.³⁹⁷

A senior Labour Officer echoed this point, adding that the TCC has real difficulty in agreeing on certain issues.³⁹⁸ As a result, collective bargaining is often hindered as companies struggle to accommodate the views of two powerful yet opposing unions.

In another interview, a Labour Officer at the MLSS also noted that the proliferation of mineworkers’ unions had posed challenges to the negotiation process

³⁹⁵ Telephone interview with representative from MUZ, Lusaka, January 2014.

³⁹⁶ Telephone interview with representative from MUZ, Lusaka, January 2014.

³⁹⁷ Interview with ILO Project Officer, Lusaka, January, 2014.

³⁹⁸ Interview with a Senior Labour Officer, Lusaka, January 2014.

between workers' groups and employers, despite policy stating that the union with the largest membership in the company represents all workers during negotiations.³⁹⁹

Initially, we had only the MUZ, but then, because of the Freedom of Association clause, a number of unions have come up to represent workers in mining companies. When it comes to negotiation, that's where there is a problem, because each union has to negotiate its own terms and conditions of service. As a company, you may not have time to negotiate with each and every union.⁴⁰⁰

The inconvenience of dealing with numerous unions has contributed to both casualisation and to outsourcing. Outsourcing refers to the tendency of companies to sub-contract different sections of the operation to smaller companies within the industry, many of which are not unionised. As noted in chapter four, sub-contractors often hire casual workers on daily wages, without any benefits. The presence of sub-contractors, with workers hired on short-term contracts, further escalates the problem of casualisation. Having outsourced certain parts of the operation, major mining companies are no longer responsible for employment or hiring practices of contractors. As such, companies such as KCM and MCM (both non-Chinese), who sub-contract more often than Chinese companies, are not accused of infringements in the media and by unions. Because they are not responsible for the hiring practices of the contractors, companies such as KCM are able to keep issues of casualisation at arm's length. Further, like other countries, Zambian unions, including those in the mining industry, have struggled to find ways to organise and represent casual and sub-contracted workers.

Union Priorities: Remuneration vs. Health and Safety?

³⁹⁹ Interview with a Senior Labour Officer, Lusaka, January 2014.

⁴⁰⁰ Interview with a Senior Labour Officer, Lusaka, January 2014.

Unions representing mineworkers have also been criticised for prioritising issues of remuneration over the health and safety of their members. An interviewee noted:

On the face of it, unions are mainly preoccupied with issues of remuneration and conditions of work. They mainly look to ensure that their members are given contracts that provide job security. But, if you look at the functions of a trade union, the issue of occupational health and safety [should also be] key.⁴⁰¹

The ILO Officer points to the lack of adequate training on the part of union representatives for the poor representation of workers, as well as for the failure of union representatives to inform their members on workers' rights. "Every trade union is supposed to have a worker's education program that is supposed to be used to educate the members and the workers on their rights. That's where we have a gap in the unions."⁴⁰²

Echoing a similar sentiment, a high-ranking executive from FFTUZ, pointed out that attitudes towards issues of health and safety within the workplace were, generally, poor. The high-ranking official stated of workers and their representatives, "At the end of the day, they are not interested in their bodies, they just look at the money, which they end up spending on health costs."⁴⁰³

The above comments point to growing weaknesses in the union movement, especially in terms of securing the workers' best interests. Based on these interviews, there appears to be a lack of training among workers, especially shop stewards, health and safety representatives, and union officials. Many shop stewards have limited knowledge and understanding of key legislation regarding workers right beyond the core rights in labour legislation. Due to this poor training, representatives then fail to educate

⁴⁰¹ Interview with ILO Project Officer, Lusaka, January, 2014.

⁴⁰² Interview with ILO Project Officer, Lusaka, January, 2014.

⁴⁰³ Interview with FFTUZ executive, Lusaka, 2014.

their members on important issues outside of remuneration. The FFTUZ executive added, “We need a lot of education. If you call for workers in a workplace to come and discuss health and safety, they won’t come. But if you called them to come and discuss salary increments, they will come. So, the investors who come in take advantage of our attitudes towards these things.”⁴⁰⁴

Corporate Responsibility/ ZCCM Nostalgia

Lastly, there is need to account for the way that the legacy of ZCCM influences mineworkers’ attitudes towards foreign investors. A common theme within the interviews, and within much of the literature on the industry, is the issue of social responsibilities of the mining companies to mineworkers and their families. As discussed in chapter three, under state ownership, ZCCM fulfilled many of the roles that, traditionally, would be the responsibilities of the government. These roles include free healthcare, education, and the provision and maintenance of sports and recreational facilities, among other things. Once privatised, mining companies retreated from providing the social services that ZCCM did. As a result, social services in mining towns have slipped through the cracks. With the government unable or unaccustomed to providing these services, because it had grown accustomed to ZCCM’s role, and the foreign companies unwilling to fill this role, employees and inhabitants of the Copperbelt are left with declining levels of support. An ILO project Officer noted:

We must appreciate that in Zambia, the mining sector was first privatised and then owned by government, and now we have gone back to privatisation. When the mines were in private hands and working very well, [the] government

⁴⁰⁴ Interview with FFTUZ executive, Lusaka, Zambia, 2014.

took over and they worked very well. [Then] we had a period when there was a collapse in the price of copper, and ZCCM collapsed because the government couldn't support it.⁴⁰⁵

A Principle Labour Officer in the MLSS elaborates, stating:

One of the things the mining sector has been facing is that there's no clear cut reinvestment into the social aspect-community responsibility. It is an issue because, when people look at the profits the mines are making, and then they look at what used to happen when the mines were state owned, how the mines supported communities and social structures, it creates discontentment about the operatives of the mines. The communities tend to resent that.⁴⁰⁶

An ILO Project Officer similarly noted:

A few years ago, we had that boom in the copper prices. So this change has affected the workers in the sector. There has been this high expectation because they compare their conditions of work with those that were prevalent during the time of ZCCM. The new investors have completely side-lined those amenities.⁴⁰⁷

To conclude, this chapter, while acknowledging the role of foreign companies in the plight of mineworkers in Zambia, seeks to broaden the discussion beyond the focus on the Chinese mines. It demonstrates some of the shortcomings of the Zambian regulatory institutions, both in enforcement and, to a lesser degree, in legislation. It also highlights several of the factors within trade unions that lead to poor worker representation in the industry. As such, by drawing attention to these issues, the chapter challenges the notion that Chinese employers are the cause of the issues facing mineworkers today, and adds context to the problems highlighted in the HRW report and other publications.

⁴⁰⁵ Interview with ILO Project Officer, Lusaka, January, 2014.

⁴⁰⁶ Interview with a Principal Labour Officer, Lusaka, January 2014.

⁴⁰⁷ Interview with ILO Project Officer, Lusaka, January, 2014.

Conclusion

While Africa remains a relatively low priority in China's overall foreign policy, much academic and public attention has been paid to China's engagement in Africa in recent years. This is, in part, due to China's growing importance in Africa. China is now Africa's largest trading partner, and the continent receives over 45% of China's total foreign aid.⁴⁰⁸ Increased trade with China provides an important alternative to conditionalities attached to loans from western countries, and to neoliberal policies African countries are now frequently encouraged to adopt. However, Chinese motivations and investment strategies in Africa have also been questioned and, perhaps due to the considerable increase in Chinese involvement in Africa over a short period of time, pointed critiques and tensions have surfaced. Consequently, the debate, both internationally and on a national level, tends to focus on whether Chinese involvement in Africa is investment or exploitation.⁴⁰⁹

This thesis engages with this debate, but aims to move beyond it and contribute to re-shaping the focus and nature of that debate by examining the political economy and politics of Chinese investment in the Zambian mining sector. Between 2006 and 2011, public debate in Zambia surrounding Chinese investment largely focused on the idea that Chinese owners were the worst employers of all foreign owners in the mining sector. Owing, in part, to large political campaigns by the PF party and its leader Michael Sata, public sentiment in urban areas grew decidedly anti-Chinese. In the general elections in

⁴⁰⁸ Yun Sun, "Africa in China's Foreign Policy," Brookings, 2014, 6.

⁴⁰⁹ "China in Africa: Investment or Exploitation?" *Aljazeera*, May 4th, 2014.

<http://www.aljazeera.com/programmes/insidestory/2014/05/china-africa-investment-exploitation-201454154158396626.html>

2006, 2008, and 2011, the topic of Chinese investment was the most debated issue, and the growing opposition to Chinese FDI was reflected in PF success in a number of parliamentary elections in that period, as well as in Sata's election as president in 2011. A few months prior to the 2011 election, HRW released a highly publicised and widely drawn upon report portraying Chinese owners as especially abusive of local labour in the mining industry, which further fuelled international debate on the issue. Since the 2011 election, however, the national debate surrounding Chinese labour abuses has reduced considerably, despite little action from the government in attempts to resolve the issues. My research probes the politics of this debate, the political economy of Chinese investment in Zambia's mining sector and seeks to understand the authenticity of the debate, and heated criticisms focused on Chinese labour practices in Zambia.

My primary research in Zambia helped me to better understand the context of the critiques against Chinese miner owners, and the broader political economy of both investment and weak labour practices in the mines. My findings suggest that while there are a range of problems and issues in Chinese owned and operated mines, the framing of labour problems in the mines as 'a Chinese problem' is both unfair and inaccurate. Indeed, I critique the HRW report, which supports the 'Chinese problem' narrative, both on methodological grounds and on its overall conclusions. As previous chapters have outlined, my research supports the general finding in the HRW report that Zambian labour laws are not always respected, and Chinese mine owners do either intentionally or unintentionally exploit weaknesses and loopholes in the regulatory framework. However, I show that there are widespread labour problems in the mining industry that affect workers in the entire sector, not just Chinese-owned or even foreign owned mines. As

such, presenting labour issues in *Zambian mines* as a ‘Chinese problem,’ is unfair and problematic. I argue that the politicisation of Chinese investment in *Zambian mines* between 2006 and 2011 led to the inaccurate portrayal of Chinese owners as particularly bad employers, while largely ignoring problems in non-Chinese owned mines. In doing so, I advance a broader claim and challenge to other research: local actors, such as unions, labour officers and other government officials, have contributed to some of the labour problems in the mines, and that the interaction between FDI and national politics and political struggles needs to be better understood. In particular, I discuss the effects of economic liberalisation on the labour market, focusing on the reduced capacities of regulatory institutions and on the challenges faced by the labour movement as a result of changes to labour legislation. I also point to the issues regarding poor capabilities of *Zambian training and vocational institutions* as contributors to the problems of underemployment and casualisation. While these issues are not unique to *Zambia* and many other countries in *Africa* and beyond have experienced similar processes of neoliberal economic reform and resulting labour market changes, the particular way in which these reforms facilitated Chinese FDI in the mining industry and the way in which the issue was later politicised by the PF was the focus of the thesis.

In conclusion, this thesis calls for a theoretical and policy-oriented shift, from singling out Chinese employers as the chief architects of labour problems in the mines to a more holistic analysis of the political economy of investment and of the regulatory framework for mining. Firstly, the political and economic restructuring processes of the 1990s are crucial to understanding the way that Chinese or other FDI impacts mineworkers. Investment patterns observable today can be linked to the agreements made

under the Chiluba government, when external pressure to make Zambia ‘investor friendly’ was high. Economic restructuring processes during that period significantly altered the way that the Zambian government approaches FDI, and, by extension, the legislation that governs the labour market. One of the main results of restructuring is the reduced capacity of government institutions to monitor and enforce regulations. For one, as provided for in the 1995 Mines and Minerals Act, the government receives considerably less revenue from the mining sector, which, one could argue, continues to limit the funds available to the LSS and the MSD. Underfunding has contributed to a lack of equipment and personnel, which, together, have limited the capacities of the regulatory institutions to carry out their monitoring and enforcement roles. Alongside these changes, a number of amendments to the ILRA were implemented, partly to make the labour market ‘more flexible.’ These reforms undermined collective bargaining capabilities, fragmented and weakened the labour movement at the very time when workers needed strong structures and processes to protect them from downward pressures on wages and working conditions associated, in part, with casualisation and other changes. Further, broader labour market changes have pushed unions into a defensive position and are now increasingly focused on issues of remuneration, rather than health and safety issues, thus making it easier for employers to neglect health and safety or other labour protections in the work place.

Secondly, privatisation has had an impact on the social welfare of mineworkers and mining towns as a whole. While ZCCM provided a number of social services in mining towns and tried to maximise employment during the period of nationally owned mines, private companies have had a different approach to those social responsibilities,

largely abandoning many of the programs. Soon after privatisation, a number of services, such as in-house skills training, free health care, education, and employee housing schemes, disappeared from the mining industry, leaving workers to find alternate sources to cover health, housing and education costs. Simultaneously, large-scale redundancy within the industry has left a large number of former mineworkers unemployed, underemployed, or with casual work as the only option of a source of income.

Third, and lastly, the tendency for Chinese and other foreign companies to import labour is, in part, linked to the lack of an effective national effort to provide Zambians with the appropriate training to make them competitive in the job market. The lack of in-house skills training, discontinued after privatisation, has left Zambian mineworkers facing stiff competition in the job market from foreign workers. In addition, the TEVETA, like many other government institutions, is underfunded and struggles to coordinate, design and deliver the appropriate training to workers. Inadequate funding for training and compiling labour force statistics has meant that curriculums and training programs that are developed are not properly designed to meet the demands of the labour market.

The points made above show the various challenges that mineworkers in Zambia are faced with. These are not necessarily unique; many other countries in Africa and beyond have undergone similar processes of neoliberal restructuring and with similar consequences. However, as discussed in this thesis, the politicisation of Chinese investment in the mining industry and the way in which the debate has unfolded in the country is quite unique and under-researched. As my research demonstrates, although Chinese and other foreign owners can be faulted for not following the regulations that are

in place, it is difficult to ignore the role played by the government and other local actors in labour issues in the mining industry. Introducing policies to address these various problems in the labour market is no easy task, especially if the current macro-economic framework continues to be followed. But small changes could be introduced to strengthen the regulatory framework and better protect workers. For example, more, and better trained, labour officers would contribute to monitoring and enforcement, and reforms to the Employment Act could also help slow the process of casualisation. Further, amendments to the ILRA could help strengthen collective bargaining processes and therefore contribute to improved wages and working conditions. TEVETA could benefit from not only a larger budget, but also an increased and reliable flow of information and statistical data that would allow for the creation of curriculums and training programs that would produce *Zambian* workers who are equipped to fulfil the demands of the labour market.

Labour market and other reforms are needed. However, political will – which seems sorely lacking in Zambia at the moment – is really what is needed to address the growing problems in the mining industry. Instead of just talking about the issue and using it to win votes, the PF needs to show political leadership on the issue and follow through on its commitments made during the election campaign of 2011.

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