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The impact of Chinese investment in resource-rich economies: A case study of Zambia and Nigeria

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Masters Research Report

Faculty of Humanities

Political Studies

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Abstract

This research examines the impact of Chinese investment in resource-rich economies in Africa. In order to deal with this issue, I have selected Zambia and Nigeria because they provide a platform methodologically for comparison and evaluation on how China is engaging with resource-rich countries. Zambia and Nigeria have become increasingly important to China. Zambia's copper and Nigeria's oil reserves are some of the vital resources that are scarce and economically significant toward China's global economic ambitions. Similarly both these African countries offer China a market for their manufacturing goods, on the other hand, Zambia and Nigeria have benefited from capital inflow, political stature, infrastructure development, an alternative trade partner, human development and security assistance. China's manufacturing capacity has gained considerable shares in most markets globally, moreover in developing markets by providing low-income consumers with affordable goods, although concerns over their quality is still a major problem. Since becoming a member of the World Trade Organisation (WTO) in 2001, the Asian giant has the greatest number of anti-dumping cases globally, with the largest cases from many African countries. I employ manufacturing as a case study, as it is an effective contributor towards industrial and economic transformation. It boosts technological skills, promotes entrepreneurial activities, and enables entrepreneurs to participate in the global market. However, the influx of Chinese manufactured goods in Zambia and Nigeria has shown to be detrimental towards industrial transformation and competitiveness by crowding out non-Chinese goods, discouraging entrepreneurial activities and strain intra-continental trade. This research has found that Chinese investment has deterred significant economic growth; it further made these economies more resource-reliant, weakened institutions, strengthened political patronage, heightened corruption in resource deals and undermined local manufacturing by crippling local businesses and further strain intra-African trade.

Declaration

I Lydia Mathobela-Nhlapo (Student number: 0612357J), hereby declare the following:

- I am aware that plagiarism (the use of someone else's work without their permission and/or without acknowledging the original source) is wrong.
- I confirm that ALL the work submitted for assessment for the above course is my own unaided work except where I have explicitly indicated otherwise.
- I have followed the required conventions in referencing the thoughts and ideas of others.
- I understand that the University of the Witwatersrand may take disciplinary action against me if there is a belief that this is not my own unaided work or that I have failed to acknowledge the source of the ideas or words in my writing.

Signature: L.S Mathobela-Nhlapo Date: 20 June 2018

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Thank you,

Lydia Mathobela-Nhlapo

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Chapter 1: Introduction

1.1 Thesis statement and rational

China is currently the second largest economy in the world, making its mark as a powerful non-democratic, non-western country. Sino-African relations have drawn global attention with different viewpoints as to whether China's activities on the continent are encouraging or deterring development. Traditionally, Africa was perceived as a dark continent with unfavourable economies due to political instability, and unfavourable conditions for foreign investment. However, Africa's image is changing as it becomes more receptive to the liberalisation of its economies. Critics such as James Okoro, Richard Ingwe and Mathew Ojong (2011: 94) argue that China's heavy presence in Africa; especially in resource-rich countries have deterred development due to imbalance trade patterns, a market to export their manufactured goods, their unconditional support for rogue regimes that heightens corruption, and a relationship that lacks transparency. They further hold the view that China is interested in the exploiting Africa's natural resources, thereby increasing Africa's dependency on resource revenues rather than economic diversification for sustainable growth. On the other hand, supporters of Sino-African relations have welcomed Chinese investments, and also collaborated the construction of roads, hospitals, water systems, schools, power stations and major public infrastructure project such as the coastal railway in Nigeria worth US$12 billion (Adebajo, 2010: 165).

The main goal of this study is to evaluate the impacts of China's investment in Africa, specifically focusing on the extraction of Nigerian oil and Zambian copper in the past two decades. This period reflects the rapid increase of Chinese investments and the cancellation of debts to various African countries. Overall trade statistics between China and Africa reached US$10.9 billion in 2000, then hit US$91 billion in 2009 before increasing to US$300 billion in 2015 (Haggai, 2016: 54). Some studies suggest that China's approach resembles neo-imperialistic characteristics. China is not the only superpower involved in the "new scramble of Africa", but much attention is on the Asian giant. Significant criticism on China's presence in Africa comes from the West, although there are African observers who

are also sceptical of Chinese engagement with various African countries. This study aims to delve into aspects beyond this narrative and to explore China's footprint and influence in Africa. It is for that reason that the study investigates the impacts of Chinese investment in resource-rich economies and to which extent it has been detrimental towards Nigeria and Zambia's development.

1.2 Research questions

Primary question

- What are the impacts of China's investment in resource-rich economies in Africa?

Many African countries are resource-rich and have been so for a long time. Jumanne and Keong (2018: 18) explain natural resources as resources existing in the natural environment that are both scare and economically useful in production and consumption. Non-renewable resources such as copper, oil, gas, metal, the 3Ts (tantalum, tin and tungsten) and gold have been crucial in the development of Western and Eastern economies. China has invested billions worth of Foreign Direct Investment (FDI) in various resource-rich countries such as Angola, Sudan, D.R Congo, Libya, Algeria, Nigeria and Chad (Gamache et. al 2013). I am interested in investigating the effects of Chinese FDI in Nigeria and Zambia, and the evolution of their economic relationship since the establishment of these relations with China. I will map out the key dimensions of Sino-African relations and provide detailed accounts of the scope of Chinese investment and economic policies that have shaped these relations.

Secondary questions

- Does Chinese investment have the same implications in Zambia and in Nigeria?
- Does China's economic and political approach in Africa resemble that of neo-imperialism?
- How have China's political relations changed over time and influence in economic policies?

China's economic growth and decline have a direct effect on economies, including commodity prices. Zambia's and Nigeria's economies are negatively affected should China's economy experiences a slow-down due to their reliance on Chinese investments. Furthermore, China's influence in many African countries, moreover resource-rich countries, has altered foreign policies of these African countries towards the U.S and E.U. Unlike the U.S and E.U., China does not have set conditions when providing capital to these countries. However, the implications of China's engagement with Zambia and Nigeria have resulted in many challenges such as social tensions between mine workers and Chinese mine owners in Zambia and increased violence and the abduction Chinese nationals in the Niger Delta.

The debate that China is exploiting resource-rich countries in Africa by cheaply extracting natural resources and importing their manufactured goods is a concern for the West. Oil extraction in Nigeria and copper mining in Zambia will serve as a base for unpacking these issues of whether China resembles neo-imperialistic characteristics. Key dimensions of what imperialism is will be used in order to determine if China inhibits neo-imperialist characteristics. Secondly, the research will look at the impact of Chinese manufactured goods on local industries, specifically assessing how the influx of Chinese manufactured goods have crowded out non-Chinese goods, crippled local production, discouraged entrepreneurial activity and innovation, and exacerbated the smuggling of counterfeit goods.

China is an authoritarian country – with strong evidence of a powerful and strong central power and limited political power. In addition, it claims to have strong stands on a non-interference foreign policy – which has been the reason it is attractive to other authoritarian regimes. In that regard, China is seen as a state that legitimises human rights abuses, does not encourage rule of law in other countries or democratisation, accountability and to potentially create authoritarian stagnation in other cases (Thakur, 2009: 18). However, the concept of non-interference has not always proven to be effective. In the past, China has supported many African countries during the period of decolonisation by providing aid and investment to countries under conditions of not recognising Taiwan. In recent years China has meddled in

Zambia's 2006 and 2011 elections. Furthermore, they have heavily invested in authoritarian countries, including war-torn countries. Adebajo (2010: 168) contends that China became 40% of the largest investor and importer of oil in Sudan, which perpetuated human rights violations in South Sudan and Durfar. I will be assessing China's power dynamics and these countries responses to the Asian giant's influence in their state affairs.

1.3 Methodology

I will employ comparative research design due to its relevance in generating a hypothesis, in-depth insights, and exploring phenomena (Lor, 2011: 12). As explained by Shell (1992: 3), the use of case studies is imperative when "investigating a contemporary phenomenon within its real-life context". These case studies will be exploratory, descriptive and explanatory. However, the literature review will use few case studies in order to determine if there is a replication of a single type of incident, as well as to make comparisons or contrasting factors in those countries. In this case, I am interested in China's foreign policies and its trade patterns in resource-rich countries in Africa, as securing these scarce and valuable resources are imperative towards China's economic ambition.

I am interested in China's relationship with African countries, more specifically countries with resource profiles. In order to deal with that issue, I have selected Zambia and Nigeria because they provide a platform methodologically for comparison and evaluation on how China is engaging with resource-rich countries. Both countries were British colonies and turned to China as an alternative political and economic partner. Like Nigeria, Zambia is dependent on resource revenues which have resulted in mono-economies. Both countries are in constant need of investments, hence, China's heavy presence in these countries. This has also caused a resource curse as they have plentiful resources but cannot produce sustainable economic progress. The resource curse in Nigeria, for instance, has heightened corruption in government, oil deals and international agents. In the case of Zambia, social tensions have erupted in mining areas were Chinese investments are prominent.

Unlike Zambia, Nigeria offers a unique benefit due to its geographic location in West Africa, as well as its large population. China's manufactured goods are effortlessly transported to the country, and Chinese traders and locals sell them across the country, while some are transported to neighbouring countries. In Zambia's case, the increasing emergence of Chinese migrant entrepreneurs has encouraged business opportunities for Chinese people, an impact Nigeria seemed to have avoided in a sense that we do not see the extreme increase of Chinese migrant entrepreneurs. In 2012, Zambia was amongst the 10 fastest growing economies in Sub-Saharan Africa and reaching a lower middle-income country status (Haggai, 2016: 09). Furthermore, Zambia has agricultural potential; an important factor China will explore, as they address their anxiety for food security in the future.

I will further employ manufacturing as a case study in the last chapter. Manufacturing is an effective contributor towards industrial and economic transformation. It boosts technological skills, promotes entrepreneurial activities, and enables people to participate in the global market. However, Chinese investment is heavily concentrated in natural resources and less in the local manufacturing sector. In addition, China's production capacity is taking over superpowers such as the E.U and the U.S., proving to be a major concern for production capacity not only in Nigeria and in Zambia but also globally. By using this as a case study, I want to evaluate the long-term effects China's production capacity will have on manufacturing in these countries.

The research methodology will predominantly be desktop using a qualitative approach, relying on primary and secondary sources. This approach is effective in explaining social norms, socioeconomic status, phenomena and behaviours that are not apparent (Hancock et. al, 2009). Therefore, the information will be interpreted and will form a critical analysis towards my research findings. I did not choose quantitative methodology because it is aimed at measuring something and I argue that it will not be appropriate for this study. In terms of ethics, my research will not require any interviews or field research. The limitation of my research is that my sources are English-based thus I unable to review literature written in Mandarin, which I believe will have added value and perhaps provided a different perspective on the topic.

1.4 Chapter structure

Chapter two will discuss the evolution of the Sino-African relations – including the challenges and opportunities of these relations. The chapter will also evaluate how natural resources created a geo-economical competition between different economic powers such as the E.U, U.S, and China which is often referred to as the "new scramble of Africa" inspired by the 'Africa Rising' narrative. In addition, it also discusses how Western perceptions of China has continued to drive the negative narrative of China's motives in Africa as well as its foreign policy practices. This is due to the fear that Western hegemony may not be guaranteed in the future, should China become more influential in Africa. It will also focus on the theory of a resource curse and its effects. In addition, it will explore arguments of imperialism and China's neo-imperialistic characteristics.

The dynamics of Sino-Zambian relations has contributed to Zambia's reliance towards copper sales as the main source of the country's revenue, resulting in an undiversified economy. Chapter three will present a historical background of mining in Zambia; from failed nationalisation to privatisation. Due to the enormous Chinese investment in copper sales the principal argument of this chapter is that Chinese political influence has exacerbated social tensions between locals and the Chinese people. This chapter further shows that Chinese private firms have been under the spotlight regarding issues of labour disputes that have led to violent clashes and the death of Zambian miners in the hands of their Chinese employers, environmental damage, as well as the lack of corporate social responsibility. An evaluation of Chinese non-interference policy is tested when an anti-China presidential candidate ran for the 2006 and 2011 Presidential elections.

In the fourth chapter, a historical background of the dynamics of China and Nigeria provides insights into both the economic and political aspects of their relations over the past four decades. I focus on the extraction of oil, as this resource is the frontline of internal and external agents battling for it, which has contributed towards various challenges including the

emergence of insurgent agents such as Boko Haram and MEND (the Movement for Emancipation of the Niger Delta). Furthermore, it highlights Chinese billions worth of investment in the oil industry, particularly after 2004 with the introduction of "Oil for Infrastructure" by the Nigerian government. Due to Nigeria's constant battle with security, a series of coups, coupled with violent ethnic and religious rivalry, the chapter evaluates how these issues shaped Nigeria's foreign policy and more importantly how Chinese navigated through these challenges towards their resource interest. The principal argument of this chapter is that neopatrimonialism, corruption, malgovernance, and well positioned political insiders exercising 'agency' by embezzling oil revenues, has caused a negative impact on Nigeria's national interest.

China's production capacity of manufactured goods globally is increasingly a concern amongst the E.U and the West. Chapter five, compares the Asian giant with Africa's traditional trade partners on business practices, moreover on issues of dumping. I focused on this because; China is often under fire for their imbalance trade patterns due to influx import of their manufactured goods. The principal argument of the chapter is that Chinese manufactured goods and emergence of Chinese economic migrants have contributed to Nigeria and Zambia's lack of industrial and economic transformation by undermining local production and entrepreneurial activities in various sectors. I also focus on how the influx of Chinese manufactured goods has created a grey area for informal trade and the unprecedented sales of counterfeits goods that has caused billions in tax revenues.

China's capital is useful and necessary for Africa but the main argument of this thesis is that consequences of the Sino-African relations have negatively affected economic growth, quality of institutions, the perpetuation of authoritarian governments such as Nigeria and Zambia. Over the course of the thesis, I will evaluate the following; China's investment in resource-rich countries, as natural resources are central to the expansion of Chinese global economic ambitions, the continuous imbalance of trade, unprecedented influx of manufactured goods which are undercutting non-resource sectors, the strong presence of Chinese entrepreneurs in Zambia and China's political influence in these countries which often involves evident state collusion with Chinese companies and state capture.

Chapter 2: Theorising China in Africa

2.1 Introduction

China's engagement in Africa made an undeniable contribution towards growth in many developing economies. African countries such as Ethiopia, Tanzania, Algeria, Zimbabwe, Zambia, Angola, and South Africa have benefited from the much-needed infrastructure, a developmental partner, capital inflow, and a powerful ally and moved away from the West as the main trade partner. However, through all these engagements with China, issues of political patronage, heightened corruption, imbalanced trade deals and the lack of transparency have negatively affected the Sino-African relations and a missed opportunity of sustainable growth for African countries.

This chapter aims to demonstrate challenges and opportunities of the Sino-African relations and argue that the consequences of these relations have negatively affected economic growth and quality of institutions, and the perpetuation of human rights abuses such as in Sudan. The first section will discuss what makes resources-rich economies attractive to foreign actors and how these resources have contributed to a resource curse. In addition, the section will also assess the effects on these economies and their foreign policy with foreign investors. The second section will discuss the dynamics of the Sino-African relations and scope of Chinese investment in various resource-rich countries. Thereafter it will explore arguments of imperialism and China's neo-imperialistic characteristics.

2.2 Africa: Resource-rich and cursed

In recent years, former imperial powers and new foreign investors are "flooding" back into the continent, mainly because of "Africa Rising''. The emergence of "Africa Rising" encouraged foreign investors to do business on the continent and further encouraged Western governments to open more trade opportunities rather than provide aid. According to an article by *The Economist* published December 3rd, 2011, the commodities boom played an important

factor, benefiting a quarter of Africa's growth, with higher revenues generated from natural resources from 2000 – 2008. The article confirms that foreign investment helped improve the development of many African but countries such as D.R Congo, Rwanda and Ethiopia have become politically noxious, while others such as South Africa were left tainted with corruption coupled with many other challenges.

"Africa Rising" is a narrative used to highlight positive aspects of the African continent. Firstly, it claims that there is a fast-growing middle class; arguing that over 60 million people have an income of US$3,000 per year. Secondly, there are growing economies coupled with decent governments (The Economist: 2011). The United Nations (UN) (2016: 16) states that between 1989 and 2003, the number of democracies in Africa increased from 3 to 23. Thirdly, the emergence of technology and innovation is boosting growth; there are 600 million mobile users, further promoting mobile banking and telephonic agro-info, farmers marketing their crops, and participation of people in social and political life. Fourthly, China's arrival has improved Africa's infrastructure and more non-Western investors such as Brazil, India, Turkey and Malaysia are following China's lead (The Economist: 2011). Lastly, from 2002 to 2011 the level of violent conflicts dropped from 55% to 24%, especially West Africa and the Great Lakes regions (UN: 2016: 16).

A critic of the "Africa Rising" narrative Wadongo (2014) proposes that there needs to be a realistic view towards this narrative due to the fact that the so-called growing middle-class people are still living in poverty. For instance, the African Development Banks terms a middle-class person in Africa as one who spends between US$2 and US$20 a day. In the case of Kenya, 93% of households of 42 million people in that country have a monthly income of under US$450. In 2010, the World Bank said around half of the population of Sub-Saharan Africa (SSA) lived on the equivalent of less than US$1.25 a day (Carmody, 2011: 02). In essence, there is a contrast of what a middle-class person is in Africa compared to one in the U.S. The benefits of a middle-class person in the U.S consists of accessing and affording decent education, financial opportunities, a decent house and job, good health care facilities and more, however, those are not the same benefits we see within the so-called middle-class people in Africa. Therefore, the need to adopt effective policies to improve African lives is

imperative. I echo Machirori's (2015) argument that "Africa Rising" is currently a gateway for Western and Eastern powers to benefit from the exploitation of oil and gas reserves as well as to benefit from the booming telecommunications industry and infrastructure development to transport these natural resources back to the West and East. Despite this narrative and growth rates of more than 6% revenues end up in the pockets of government officials, investors, shareholders while wealth gap is rising in an alarming rate in Africa (Machirori: 2015).

Furthermore, Machirori (2015) affirms that the 2013 – 2016 West Africa Ebola outbreak - which claimed 11,300 lives mostly in Liberia, Sierra Leone, and Guinea, undermined the narrative of "Africa Rising". These countries were unable to provide medication and emergency health care for people infected and affected by the virus disease. In addition, it showed the reality of people still living in dire conditions, eating fruit bats and bush meat of which are unclean, diseased and dangerous. I argue that Africa's inability to address Ebola with the abundance of human resources and natural resources means that "Africa Rising" is a "sales pitch" for Western and Eastern economic powers to exploit resources and contribute little towards inclusive growth, the creation of jobs, and poverty reduction in this resource-rich African countries.

The abundance of natural resources incites the concept of the "new scramble of Africa". Foreign and internal investors within the continent are strategically exploiting natural resources and the telecommunication industry. These strategies include soft power game by using economic and humanitarian aid, interest-free loans, preferential trade agreements, and investment in infrastructure compared to the previous scramble of Africa that consisted of strong-arm tactics (Al Jazeera, 2014).

Natural resources are resources that exist in the natural environment that are both scarce and economically useful in production or consumption. Typically, renewable resources are land, water, fish and forestry, while non-renewable resources are minerals such as oil, gas, and

other raw materials. Non-renewable resources are often the drivers of attracting FDI in Africa, and vital for industrialisation economic expansion for the West and East (Jumanne and Keong, 2018: 18). For instance, the 3Ts (tantalum, tin and tungsten) & gold are valuable minerals for the manufacturing of everyday products such as phones, iPhones, refrigerators, jewellery, aeroplane components, automobile (Cuvelier et.al, 2014: 1).

According to Tsing (2005: 51), what makes natural resources natural is that they have to be transformed by all kinds of human intervention, from the extraction stage to the systematic process of making it usable and valuable. For instance, coal is just a lump of coal when extracted from the earth, and it goes through various processes of being transported to a warehouse, sorted, graded to meet different specifications and then transformed into burnable coal. Secondly, the negotiations by people who extracted the lump of coal to the burnable coal contribute towards its value and the creation of demand. Furthermore, Tsing (2005: 51) emphasises that resources should be prepared carefully to make them "natural" and ready for consumption. Like rough diamonds extracted and transformed into polished finished "natural" diamonds.

The African continent is an example of a resource-rich continent, however, economically poor. Hence, competing foreign investors are particularly investing heavily in the mining sector. Carmody (2011: 02) contends that the resource-rich continent contains 42% of the world's bauxite, 38% of its uranium, 42% of its gold, 73% of its platinum, 88% of its diamonds and around 10% of its oil. Natural resources offer the beginning of a value chain in advancing economies, especially industrial economies. Therefore, the West and the East depend on an affordable supply of natural resources in order to maintain their fundamental role of a high capacity in the production of exports of various manufactured goods.

Despite the continents rich resources, it suffers from a resource curse. Although the existence of a resource curse is not sufficiently proven, convincing arguments on the subject exist. While there is no best measure, empirical and casual observation provides information on the

subject. Ross (2015: 240) explains a resource curse as resources that negatively affect a country's political stability, quality of institutions, and economic growth. Furthermore, the resource curse enriches the government; leads to a mono-economy, triggers violence, the government is less accountable to its citizens and is less democratic. Resources such as petroleum, alluvial diamonds & gemstones, other non-fuel minerals, and coca leaves can contribute to the curse. Many African countries have been resource-rich for a long time but have not gained sustainable economic growth compared to countries with fewer resources or no resources altogether. Chad, Niger, Nigeria, Algeria, Côte d'Ivoire, Liberia and Zambia are examples countries suffering from a resource curse (Sachs and Warner, 2001: 829).

Bashwira et.al (2014:109) explains that the mining of the 3Ts in the D.R Congo has led to horrific violence; armed groups are accused of committing severe human rights violation such as modern-day slavery, forced labour and sexual violence. In addition, rape is often used as a weapon of war in the area of Kivu. An estimated 5.4million people have died and 1.7million displaced due to mineral conflict-related deaths between August 1998 to April 2007 (Enough Project: 2016). Furthermore, the illegal extraction of these minerals has a direct link to corruption amongst politicians involved in the mining industry, Multinational Corporation (MNCs), and armed groups. In 2008, these minerals generated US$185million for armed groups (Enough Project: 2016).

In the last decade, studies on the resource curse found that, under certain conditions, oil attributes to a "political resource curse" more especially amongst African countries. Ross (2015: 246) contends that oil, in particular, has three negative effects on a country. Firstly, authoritarian regimes become more durable and prolong their survival in office; secondly, there is more corruption and thirdly it triggers violent conflicts in low and middle-income countries, i.e. the Niger Delta (Jackson, 2007: 588). Oil rents assist authoritarian leaders to remain in office and they do this by spending more money on the military to keep it loyal as a preventative measure to suppress possibilities of an uprising, as well as media freedom. Sachs and Warner (2001: 828) confirm that oil-rich countries such as Nigeria have not experienced sustained rapid economic growth because it tends to render the export industry uncompetitive.

On the other hand, Watts (2013: 1017) remarks that oil alone does not contribute to the political dysfunction of a country, but in fact, the curse manifests because of people controlling it. He holds the view that oil by itself cannot produce all these effects but instead oil is surrounded by these specific sets of political, economic, social relationships, networks, and circumstances. He is critical of oil having what he calls an "Olympian power". Oil does not have a life of its own; it has been given life through the networks and processes of human beings. However, not all oil exporting countries look like Nigeria and alike. For instance, both Nigeria and the U.S produce oil and both have different political and economic outcomes; the U.S did not necessarily experience a resource curse. The U.S has economic diversity, have strong institutions, they do not rely on oil exports but rather consumes all its oil domestically. Jackson's (2007: 592) study further highlights that the discovery of oil in the Niger Delta continues to have a harmful impact towards stability and nation-building. The Niger Delta crisis has worsened over time due to sophisticated organised criminal activity, encouragement of international criminal networks and display of deep-rooted corruption in the procurement and marketing of oil and gas.

Location of oil can also exacerbate conflict in oil-rich areas. Ross (2013: 251) found that when oil is offshore it does not pose the same effect on a country's conflict risk, whereas oil located onshore can have a devastating effect. This is even more consequential when it is found in a region populated by marginalised ethnic groups, or a region with a highly concentrated ethnic group, or poor regions relative to the national average.

2.3 Sino-African relations and neo-imperialism

China's political and economic relations with African countries have a long-standing history from the period of decolonisation and independence in the 1950s and 1960s. China used this period to strengthen their relationship with African countries, more especially resource-rich countries (Harper: 2017), such as Algeria, Egypt, Somalia, Tanzania and D.R Congo (previously Zaire) were some of the countries that received the lion's share of Chinese

assistance (Adebajo, 2010: 165), by presenting itself as an alternative developmental partner, rather than previous imperialist empires. The majority of African leaders viewed this as an opportunity to liberate African economies, and secure substantial physical infrastructure, which was a crucial development area for the continent (Harper: 2017).

Chinese aid and financial investments contributed to Africa's economic development, with notable successful infrastructure projects such as the Tazara railway, which handles exports/imports for Tanzania, Zambia, Malawi, DR Congo, South Africa, Zimbabwe as well as China. The project cost over US$600 million and took five years to build, and was finished two years ahead of schedule in 1975. Although the project was first envisioned by Cecil Rhodes in the late nineteenth century, British colonists reconsidered it years later. The project ceased to exist when it was rejected as an unfeasible project by a World Bank mission and the United Nations until China, Tanzania and Zambia signed off on the project in 1967. From the literature, it is evident that the success of the project marked as an iconic symbol of China's commitment to Africa as well as an ideologically inspired engagement of anti-imperialist solidarity and possibly unchain their control or dependency from previous colonial powers (Power et al. 2012: 48).

Similarly, in early in the 60s and 70s China assisted with aid that focused on light industries for countries such as Guinea, Benin, Mali, Somalia and Tanzania to manufacture cigarettes from their own tobacco, which were popular with the locals (Brautigam, 2009:195). In total, China contributed US$2.5billion to 36 African countries between the mid-1950s to mid-1970s. Between the 1980s and 1990s, the Asian giant provided more aid in efforts to rehabilitate former aid projects of which have previously collapsed or weakened and began to cement sustainable developmental benefits in African countries. (Power et al. 2012: 51). African countries sought political stature, investment, trade, human development and security assistance, and infrastructure from China, whereas, China sought key natural resources, a market for Chinese manufactured goods, political legitimacy, and prosperity. Here, political legitimacy refers to China's need for legitimacy in the international platform (Hanauer et.al, 2014: 5).

China is not a new player in Africa, but rather it increased political and economic interests in recent years as part of the "new scramble for Africa". It also created competition amongst different economic powers for resource exploitation, a market for foreign manufactured goods and most importantly to become exceptionally influential with different resource-rich countries in Africa (Alden and Alves, 2009: 5-6). Interestingly, authors Edinger and Pistorius (2011: 502) argue that Africa's trade with China is not different from other trading partners in the West. According to 2010 findings, over 93% of Africa's exports to China were metals, minerals, and petroleum products, which was similar trading deal with the U.S.

Unable to meet its annual copper, nickel, zinc and other raw minerals; China has become an important trading partner for many African countries and engaged in various resource extraction projects within Africa. China imported over US$100 billion worth of base metals every year since 2009. In 2003, it passed the U.S as the world's largest copper consumer (Executive Research Associates, 2009: 45). Following this, many argue that China's engagement with African countries resemble forms of neo-imperialism by taking advantage of Africa's resources.

Chinese direct investment in Africa has led to the fast economic growth as well as the reduction of poverty in many African countries. By the year 2000, China had assumed the role of being Africa's largest trading partner. The per capita growth rate of the average African economy rose from 0.6% per annum in the 1990s to 2.8% in the 2000s. Meanwhile, many African rulers received China with open arms. African countries willing to do business with the Chinese strengthened some of their institutions and macroeconomic policies (Chen et al. 2015: 2). On the other hand, Sino-African relations showed that there is an overwhelmingly positive perception of China's political and economic involvement within Africa by Africans. According to a 2015 survey conducted by the Pew Global Attitudes, 70% Africans were in favour of China, unlike in other regions such as 41% in Europe, 57% in Asia, or Latin America (Chen et al. 2015: 2).

I argue that China's presence in Africa is a concern for mostly Western powers due to China's influence on the continent. China is a threat moreover when they invest in rogue countries such as Zimbabwe, and Sudan because they have the potential of undermining international standards of democracy, economic liberalisation and other challenges. Most importantly, many African countries are comfortable embracing China's businesses and other opportunities. The West fears that it will no longer have a dominant-influence on African matters, which also means less influence on the types and resource deals they may agree on in the future. The more influence and powerful China becomes, the more attractive it becomes in global affairs as a non-democratic, non-western country – which is a very important factor. China does not go by the normal standards of doing business and it could be very detrimental to Western powers, especially economically. Hirono and Suzuki (2014: 445) contend that the rise of China could mean Western hegemony may not be guaranteed in the future.

Between 1961 and 2006 saw a period were China and Africa embraced exchange programmes, such as sending 2,000 students from 48 African countries to study in China. While 15,000 Chinese technical experts were sent to Africa for various projects ranging from growing rice and building factories, roads, bridges and airports (Adebajo, 2010: 165). Again, here is another example of China using aid as a strategically to make it more attractive to African countries in the early years of Sino-African affiliations.

In addition, China used aid projects such as agricultural cooperation to boost agricultural production in Africa by purchasing or leasing farms for productions intended for local markets. This initiative was introduced in 2006 through the establishment of the Forum on China-Africa Cooperation (FOCAC), as well as the China-Africa Development Fund in 2007. This resulted in the completion of 221 agricultural cooperation projects, 47 irrigation and water conservation projects, and 66 other types of projects by 2010 around Africa. Through FOCAC, 100 senior Chinese experts in agriculture were sent to various African countries and

established 10 agricultural sites (Okolo and Akwu, 2016: 50), while 15,000 of its medical experts have been dispatched to 42 African countries (Adebajo, 2010: 167).

China further cancelled US$3.83billion in debt globally, the majority of which aimed towards African countries (Ayodele and Sotola, 2014). Authors Okolo and Akwu (2016: 46) state that China's engagement in Africa is a great opportunity for the continent and their pursuit of deepening the South-South cooperation. China has provided its architectural skills, expertise and knowledge in various projects such as the building of the African Union Secretariat in Ethiopia – described as 'China's gift to Africa'. Construction of the building cost US$200 million and promoted trade between the Asian giant and the continent. Notable improvements also included 'hard infrastructure' across African countries, for example, in Namibia China Guangdong Nuclear Power holding Corporation made a US$1.23 billion offer in 2011 for Kalahari Minerals in a bid to secure a stake in the country's uranium sector. Similarly, in Zimbabwe, Chinese investments have focused on the improvement of agriculture and mining sector. As a result, Anjin Investments financed almost US$400 million into operation in the Marange diamond mining (Mapaure, 2014: 15). China has positioned itself over essential sectors such as in mining, utilities, and telecommunications. In 2000, overall trade statistics between China and Africa reached US$10.9 billion. In 2009, it hit US$91 billion, in 2014 US$222 billion, and in 2015, trade hit US$300 billion (Haggai, 2016).

Arguments of neo-imperialism

Capital inflow in China during the 1970s and 1980s was minimal, because of the reluctance of international investors not keen on investing in a socialist economy with weak institutions (Prasad and Wei, 2005: 3). Therefore, in March 1978 China announced that in the next coming ten years, the country would focus on 120 key modernisation projects, which would include thirty electric power stations, seven trunk railroads, eight coal mines, ten new steel plants, five harbours and ten new oil and gas fields domestically (Power et al. 2012: 52).

Power et al. (2012: 50 and 89-91) in their research found that, within years of completing Tazara railway project, China's domestic and foreign policy changed and gravitated towards an ideology that prioritised economic modernisation via access to foreign markets, technology and capital. The country's astounding economic transformation, economic reforms, and 'open door' policy was a success, as China embarked on global economic outreach and ventured into new regions and markets like Africa. The Chinese government in the late 1990s encouraged state-owned and private companies to invest abroad, more especially in resource-rich countries (Hanauer et al. 2014: 6).

Carmody (2016: 72) explains that between 1978 and 2005, the trade volume of China increased by 70 times, with a share of the world trade increasing from 0.78% to 7.7% in 2002, China overtook the U.S as the single biggest receiver of FDI. At the same time, it was producing half of the world's clothing and footwear and most of its computers. It comes as no surprise that between 1981 and 2005 China was able to lift 600 million Chinese people out of poverty. In addition, in 2012 for the first time, China overtook the U.S as the world's largest trading nation. China's GDP was worth US$11064.66 billion – reaching an all-time high in 2015. The GDP value of China represents 17.85% of the world economy (Trading Economics, 2017). According to Giovannetti and Sanfilippo (2016: 11), since 1992 Chinese manufacturing imports grew at an average annual rate of 18%, making the country the third importer of manufacturing in 2007 globally.

Carmody (2016: 75) suggests that China's ideology of accumulating wealth and advancing their economy includes taking various measures to achieve their economic goal. It comes as no surprise that China is often under fire for their domestic labour practices – such as making employees work long hours until the job is complete. It is widely reported in popular media that an average of thirteen miners dies a day in the coal mining industry in China.

Globally, a country can attract FDI based on three factors, namely, market size (total PPP GDP), the access of natural resource as a share of that particular economy as well as good

governance. In regards to governance, the rule of law needs to be applicable. Also, the presence of political stability and the absence of violence/ or terrorism. In practice, the allocation of Chinese FDI across 49 African countries largely follows the global pattern. From 1998 – 2012 there were about 2,000 Chinese firms investing in 49 African countries (Chen et al. 2015: 3-6).

However, when analysing Chinese allocation of its outbound direct investment (ODI) to Africa, it was found that its allocation correlates with market size, natural resource wealth, and often-political stability, but has a negative correlation with the rule of law, while property rights/rule of law may not matter at all. This analysis supports that Chinese FDI is attracted to politically stable environments, without reference to the rule of law. This is the reason why China is able to do business with democratic countries and authoritarian countries (Chen et al. 2015: 7). Likewise, African leaders also prefer China in contrast to Western governments' preconditions to be transparent in resource allocation and conduct democratic practices (Hanauer et al. 2014:6). Controversial countries were China was awarded oil contracts includes Angola, Sudan, Congo-Brazzaville and Equatorial Guinea (Alden and Alves, 2009: 07).

FDI into Africa from China is mainly investment in natural resources. To keep their governments running, the majority of African countries generate their revenues from their natural resources. In rich oil countries, governments can generate 60% of revenue, while governments rich in other natural resources can generate 45%. The literature reveals that about 34 African countries are currently 'mineral dependent' for more than 25% of their tangible exports. From this number, about 19 countries rely on minerals for more than half of their exports – the rest are predicted to become increasingly dependent. Considering this, it can be concluded that almost all African natural resources are sold abroad. This continuation of natural resource exploration, coupled with high commodity prices, is set to keep these countries dependent on their natural resources for a long time, undermining any development, hence many African countries experience a resource curse (Hanauer et al. Morris, 2014: 6).

With the latter in consideration, arguments have claimed that China's approach in Africa resembles neo-imperialism. According to Rotberg (2008: 1), China is economically driven and needs to continue feeding its massive industrial surge. Therefore, it is not interested in colonising Africa but rather wants to embrace its immense economic ambitions. As a rising global power, it is growing at a rate of 10 – 11% annually while extracting basic commodities from all over Africa. China's appetite for natural resources is robust and invests in long terms deals, securing their permanent supply within many resource-rich African countries. China has made sure that it is a trade partner, which can offer almost everything to African countries. This includes supplying cheap manufactured goods, military firepower, and technical assistance. Based on China's global engagement, it can be concluded that large foreign exchange reserve that China is holding as well as the large amount of FDI it attracts it is justified to say that China is following a more mercantilist policy (Prasad and Wei, 2005).

The first scramble of Africa amongst major European powers occurred in the late nineteenth century. In 1884-5, rules for the division of Africa amongst colonial powers were established based on the principle of 'effective occupation' – meaning that a European power had to show the capability of effective control that consisted of troops and administration when it claims a particular territory. Thereafter, economies were structured to produce natural resources and wealth for Europe. Essentially, imperialism was about empire and the expansion of the European core by using rulers in the periphery to work for core instead of their constituencies. In current times, we see a geo-economic competition between different economic powers for Africa's natural resource (Carmody, 2011: 02). In addition, the colonial powers created a system of importing raw materials cheaply with the objective of selling manufactured goods back into the colonies. Hence, the philosophy of building railroads from the colonies to the coast, in order to transport them to Europe. This unequal trade still persists, were Sino-Africa trade relations are in favour of China, as well as the rehabilitation of railways infrastructure and the establishment of various Special Economic Zones (SEZ) across the continent. However, it's important to note that this is the case also with traditional African trade partners such as the U.S and E.U (Carmody, 2011: 03).

As mentioned before, natural resources were central to the first scramble of Africa. These resources were (and still are) useful towards industrialisation and advancement of technology. For instance, Harms (1975: 73) affirms that the taxing of the rubber boom trade in the Congo during the last decade of the nineteenth century was a convenient way to finance colonial conquest. Likewise, rubber played an equally important role in French Guinea, Angola, the Gold Coast, while other parts like Western Sudan dependent heavily on the resource. Rubber was used for the manufacturing of car tyres and condoms (in which birth rates fell to Congolese rubber) in Europe and U.S (Carmody, 2011:3). Similarly, with the new scramble of Africa natural resource are significant with the expansion of global economic power and more importantly toward the production of manufactured goods.

Another important point is the collusion between MNCs and the state, which led to labour disputes and violent clashes during the rubber boom in the Congo. The state would give MNCs rights to control workers and the extraction of rubber (Harms, 1975: 85). According to Carmody (2011, 03), an estimated 10 million people were killed in the Congo during the Belgian colonialism in search of ivory and rubber. People refusing to search or tap rubber were either killed or got one of their hands cut off. There was no regard for African lives. I argue on similar patterns of what happened in the Congo to recent times were "conflict minerals" were responsible for the death of millions (Enough Project, 2016). Also, violent conflict around oil, diamonds, and other resources have been reported in popular media (Carmody, 2011: 06).

Theorists such as Okoro et.al. (2011: 94) argues that China is using "diplomatic friendship" and their commonality with African countries of being victims of a Western imperialism as a facade towards China's own neo-imperialistic offences on African countries. Furthermore, Odeh (2014: 156) argues that although China is not a colonising power today, there is a great possibility for it to do so decades to come. My analysis is that China does have neo-imperialistic characteristics. China is not formally occupying territories like previous imperialist powers; however, they do have similar patterns of engagement which includes resource exploitation, imbalance trade, violent clashes with locals, environmental damage, and the constant need for natural resources.

Statistics available from the Ministry of Commerce of the People's Republic of China (MOFOCOM), the National Bureau of Statistics of PRC (NBS), and the State Administration of the PRC (SAFE), indicate that at the end of 2013, China's investment in Africa amounted to 26.1% in construction, 14% in finance, 13.4% in manufacturing, 5.1% in scientific research and 5.1% in technical services. These figures only accounted for 1% of China's total outbound investment globally (Han, 2016: 2). China's investment in African countries is substantial, however modest compared to the rest of the world; it has six times as much direct investment in the U.S. as in Africa. Chen et.al (2015, 06) regards China's investment contributing to economic growth. Based on the findings of these figures, the argument is that China's economic strategy desires a global outreach. In addition, it's for that reason Han (2016: 02) states that Africa remains important to China but not on a large scale globally.

Tull (2006: 473) points out an important argument, which argues that China will not per se have a positive impact on developing economies in Africa. This is because China is not motivated by an unselfish and moral motive to assist African countries to develop and reduce poverty. The relationship from the beginning was centred on the prospect of creating wealth and surpassing Western hegemony in Africa. Furthermore, Chinese South-South solidarity should not be taken at face value. For instance, former Zimbabwean President Robert Mugabe travelled to China in 2005 to request funds during its economic crisis due to sanctions imposed by the U.S and EU. China only provided US$6 million for gain imports. Again in 2009, China paid US$3 billion for exclusive access to Zimbabwe's extensive platinum rights, a contract estimated to be worth US$ 40 billion (Mapaure, 2014: 13 - 17). This shows that China puts the emphasis more on the business side rather than their rhetoric massage being a developmental partner.

Analysis from the *Trilateral Dialogue conference* (2013: 55), emphasised that Western efforts aiming at encouraging good governance and improve human rights in African have been undermined by Chinese oil companies that operate in authoritarian countries. Concerns over human rights abuses, violence and corruption, and damage to the local environment are

often legitimised under the guise of non-interference. Giry (2004) evaluates China's involvement in Sudan to have contributed to an unstable regional situation, terrorism and weapon proliferation. Between 2004 and 2006 China provided about 90% of the small arms entering Sudan, as well as further selling the country US$100 million worth of Shenyang and F7 fighter jets (Carmody, 2016: 80). In the case of Equatorial Guinea, China has imported oil from the controversial and corrupt government. It also sold arms to Ethiopia and Eritrea during their bloody civil war in 1998 and 2000 (Adebajo, 2010: 168). Carmody (2016: 82) contends that, because China is an authoritarian state, it continues to maintain relations with other authoritarian states. The country's strategy in Africa is also characterised by different elements of clientelism with their African allies, both soft and hard power.

In addition, Thakur (2009: 14) found that Ethiopia views China as a developmental partner, due to Chinese FDI into the country, trade deals, economic co-operation projects and development assistance. Admittedly, Ethiopia's economy has improved with much increase towards business. However, infrastructure projects dealing with building roads and bridges have been a concern, due to their poor quality, with the exception of Addis Ababa and other urban areas. Some Chinese firms are accused of submitting bids below costs in order to secure contracts, consequently disregarding quality-building materials. Numerous negative implications arise, firstly, the poor quality of infrastructure will have to be regularly be maintained and ultimately cost the country money. Secondly, inadequate structures pose a safety issue, and possibly the loss of lives if a structure collapses. Thirdly, construction projects built by Chinese firms be labelled untrustworthy; and lastly, local businessmen and women are often overlooked for construction projects, which then directly becomes detrimental to Ethiopian businesses and growth in general (Thakur, 2009: 14).

2.4 Conclusion

According to Adisu et.al (2010) analysis, the Chinese model of investment and infrastructure loans known as the "Beijing Consensus" has been an important approach for China. Unlike the former Washington Consensus which was a model of authoritarianism and heavy state involvement in the economy, the Beijing Consensus has also attributed to China's strong

government intervention which has allowed China to gather large amounts of resources towards economic growth and has further been a model China uses to engage with its African trade partners (Yang, 2011: 28). In addition, this model of investment has demonstrated to have brought economic growth objectives and foreign policy that guided investment along with the "no strings attached" approach which has proven to be detrimental in some African countries. As mentioned earlier, China promoted itself as an alternative developmental partner and African leaders used this as an opportunity to capitalise on the relationship. The Asian giant has invested in previously Western failed projects, especially in physical infrastructure, and agriculture – which has proven to be positive towards crucial African development (Ayodele and Sotola, 2014).

This chapter showed challenges and opportunities of the Sino-African relations and argued that the consequences of these relations have negatively affected economic growth and quality of institutions, the perpetuation of human rights abuses such as in Sudan. The first section spoke on what makes resources-rich economies and how these resources contributed to a resource curse in many countries, simultaneously assessing their effects on this economy and their foreign policy with foreign investors. The second section discussed the dynamics of the Sino-African relations and scope of investment in various resource-rich countries. Thereafter it explored arguments of imperialism and if China's neo-imperialistic characteristics and found that even though China does not formally occupy African territories, their pronounced investments in this countries prove to have neo-characteristic.

Chapter 3: Sino-Zambian Relations

3.1 Introduction

China and Zambia established official diplomatic relations on 29 October 1964. Zambia supported the "One China" policy and co-sponsored the UN General Assembly resolution to restore China's seat on the Security Council in 1971. China's construction of TAZARA railway line in 1975 through an interest-free loan cemented their relations, as the railway line was a strategic and political project, which benefited both countries. For China, it demonstrated its economic footprint, meanwhile for Zambia; it provided relief from the country's dependence on then apartheid South African government at the time (Leslie, 2016: 90-91).

On the one hand, China has successfully benefited from this relation by securing key natural resources, moreover copper, while Zambia's economy has improved its economic growth rate, investment in infrastructure and much-needed capital, more especially after the 2000s. However, both countries have come across unavoidable challenges which some are consequential for Zambia than China. In spite of the 2010 growth rate of 7.6% for Zambia, the country remains one of the poorest in the Southern African Development Community (SADC) region. This is because the country has failed to capitalise on the economic benefits of Zambia's copper production for economic growth and failed to diversify the economy in search of alternative ways to generate revenues.

This chapter shows that the dynamics of the Sino-Zambian relations supports the argument that China's investment in this resource-rich country has become detrimental toward Zambia's growth. In addition, China's economic growth or slowdown has a direct impact on Zambia's economy. The first section will provide a historical background of mining in Zambia - from nationalisation to privatisation. Thereafter, a discussion of the dynamics of the Sino-Zambia relations will be in the second section. Furthermore, the section will include the scope of China's investment in Zambia coupled with the issues of labour disputes,

environmental damage, and the lack of corporate social responsibility by Chinese mining companies compared to other foreign investors. In the third section, an evaluation of Chinese non-interference policy is evaluated when an anti-China candidate ran for the 2006 and 2011 Presidential elections.

3.2 History of mining in Zambia

Copper extraction dominated the mining sector for more than seven decades since the first commercial mine opened in 1928. Although other minerals existed such as gold, emeralds, lead, zinc, cobalt, nickel, bauxite, natural gas and more, copper was regarded with high value as it generated bigger revenues for the country (Muneku, 2002: 49). During its peak in the 1960s and the early 1970s, copper generated 80% of the country's revenue from foreign exchange, 50% of government revenue and at least 20% of total formal sector employment (Simutanyi, 2008: 01).

The Zambian government nationalised the copper sector in 1969 through a process called Mulungushi reform in order to maximise returns, improve social and economic development for the Zambian population, and transfer economic power following decades of Britain colonial rule. Zambian government further acquired a 51% share-hold in a number of privately run commercial, financial and industrial sectors to create a conglomerate parasternal sector (Muneku, 2002: 49). During the Kaunda government (which ruled from 1964 to 1991), copper mining transformed the Copperbelt area into the most developed area in Zambia and according to Li (2010: 06) provided to some degree social development. Meanwhile, the mining towns operated the "cradle to grave" policy (Mutesa, 2010: 176), whereby worker's children had free education; workers families received subsidised housing, food, electricity, water and transportation.

Simutanyi (2008: 01) in his study found that the effects of nationalisation from 1969 to 1975 led to the increase of investment in the construction of schools, hospitals, roads from the revenues generated through copper sales. During that period, copper was at its peak and

attracting substantial foreign investment. However, the performance of copper dramatically declined after 1975 until the end of 1982. The economic global shock attributed towards the collapse of commodity prices during this period. Moreover, the increase in oil prices, coupled with the poor operational management of Zambian state-owned enterprises (SOEs) contributed to the economy's slowdown. All these factors pushed the government to seek assistance from the International Monetary Fund (IMF) and the World Bank under certain conditions such as devaluating Zambia's currency, trade liberalisation, reduction in the mine labour and general wage freeze. Although most of the conditions were met by 1984, the government was in a crisis and unable to improve the situation. This resulted in the inability to finance social welfare programmes - education and health system was affected the hardest. Furthermore, the standard of living dramatically dropped, to the point where daily strikes and food riots became a norm (Simutanyi, 2008: 2).

The government was no longer able to fulfil their role following the adoption of the structural adjustment programmes (SAPs) encouraged by the IMF and the World Bank. The Zambia Consolidated Copper Mines Limited (ZCCM) took over responsibilities of the government as instructed by then President Kenneth Kaunda. ZCCM provided health, education and social services in the mine communities even though the company was not making money. ZCCM was further tasked to pay political appointees salary, buy cars for government top officials and other benefits for Kaunda. The core business of ZCCM diverted to serve the government, subsequently resulting in the poor performance of the mines in the 1980s and 1990s (Simutanyi, 2008: 02).

When government uses state resources to meet their own government objectives, it takes away the capability to improve the economy and social development in the country. Toward the end of the 1980s, Zambia's economy was in a dire crisis due to the poor performance of the copper mines which were unable to cope with the demands of the government. For instance, some unprofitable mines and shaft were closed down, such as mines in Ndola (an administrative capital of the copper belt), Mufulira (copper belt area), Luanshya and Chiliabombwe (Simutanyi, 2008: 02). This became the 'boom and bust' of a natural resource that was no longer able to provide employment for people and improve the livelihood

towards the majority of people in Zambia, causing a deadlock toward the entire economy at the time (Simutanyi, 2008: 02).

The road to privatisation

In 1991, when the Multi-party Democracy (MMD) came into power under the late President Frederick Chiluba, the government inherited Zambia's weak economy, crippled by declining capital formation, high and unstable inflation, huge external debt stock, budget deficits, rising unemployment and poverty. The Chiluba government established the Zambia Privatisation Agency (ZPA) in 1992, aiming to more foreign investment. MMD had a neoliberal belief that government should not be involved in business and that the state's role in the economy needed to be reduced. Nine years after establishing the ZPA, Zambia divested 257 SOEs and was left with 24 (Muneku, 2002: 50).

Although the impact of privatisation has been mixed, most noticeable was the loss of jobs, especially in the copper sector, as SOEs were preparing for privatisation by reorganising, re-engineering and downscaling. Muneku (2002: 50) claims that due to retrenchment; employment between 1992 to 2000 fell from 55,017 to below 25,000. Moreover, when RAM-COZ copper mine in Luashya shutdown, 6,000 people lost their jobs and crippled the economy of that small mining town. Muneku argues that unintended consequences of privatisation and the shutdown of more mines affected the greater community at large and its regional economy.

Although to some observers privatisation was necessary, for Muneku (2002, 50) it was a miscalculated decision for the government to implement at that time. His observation comes from the job losses that occurred during the process because of SOEs were shutting down, others SOEs went into voluntary liquidation soon after being sold, while some were stripped off their assets and shipped overseas. He argues that the direct impact of privatisation and public reform resulted in the loss of 79,000 jobs by 1996, mostly affecting women workers (Muneku, 2002: 50).

In addition, the Mineworkers Union of Zambia (MUZ) further claims that about 110,000 mineworkers lost their jobs (Li, 2008: 08). With an estimate of six people per family, this ultimately directly affected about 660,000 people. As a result, the Zambian government were left at the mercy of foreign investors goodwill. The process of privatisation in Zambian was not entirely transparent. The government was accused of adopting previous governments' operational systems such has management appointed through political patronage (Muneku, 2002: 53). More especially in the privatisation of mines, it was implemented in an extremely secretive manner (Simutanyi, 2008: 04).

Revenue from copper production was very low, from 2002 to 2006 the government received about US$752 million in various taxes from foreign investors holding large-scale mining licences. These conditions were agreed upon between the government and the mining companies which prescribed tax concession for periods ranging from 10 to 15 years. Mining companies have made astonishing profits from natural resources in Zambia, mining companies, especially in the copper sector have recorded to have made a total of US$652 million in profits from 2003 to 2006, and about US$71 million went towards the national treasury and taxes (Simutanyi, 2008: 5-6).

3.3 Dynamics of Sino-Zambian relations

From 1991, both countries maintain a strong relationship, while Chinese private firms established themselves in Zambia. In 1996, China provided Zambia with the unconditional aid of US$21.6 million, including US$18 million soft loans aimed at the rehabilitation of Mulungushi Textile joint venture and US$3.6 million in non-project aid. China established the Bank of China (Zambia) Ltd in 1997 (Leslie, 2016: 91-92). Significantly, this led to China being the third largest investors in terms of FDI stock in 2006 – after Great Britain and South Africa (Bastholm and Kragelund, 2010: 211). The Zambia-China Economic and Trade Cooperation Zone (ZCCZ) was the first Multi-facility Economic Zone of Zambia established by the Chinese government in 2007 (Haggai, 2016: 53). The East Lusaka Multi-Facility

Economic Zone that was inaugurated in 2009 followed by the opening of the Bank of China, which became the first bank to offer renminbi banking services whereby customers were able to make a transaction using the Chinese "people's currency" yuan in 2011 (Leslie, 2016: 91-92). Bilateral trade between the two countries in 1990s trade reached US$20 million, compared to US$300 million in 2005. In the first 10 months of 2006, trade stood at US$290 million (Mutesa, 2010: 170). In 2014, it amounted to US$3.8 billion and US$4 billion in 2016. These figures reveal that, US$2.84 billion in exports to China and US$987 million in imports (Kuo, 2017).

Zambia's main export to China is tobacco, cotton, sugar, coffee and copper. Meanwhile, China's export to Zambia consists of textiles, apparel, food products, electronics and automobiles (Mutesa, 2010: 170). China has since become the main investor in Zambia in 2015. The Asian country has provided FDI amounting to US$5.3 billion work of project as well as the existence of more than 280 companies, including Chinese company that launched the construction of the Kafue Gorge Lower Hydropower project in 2015. The project is acknowledged as the largest investment in the country's energy infrastructure in more than four decades (Leslie, 2016: 92).

In the past decade, Zambia has experienced rapid growth. Its GDP grew above 7% annually between 2005 and 2014. Investor confidence in the country has become extraordinary, due to Zambia's democratic credentials that saw the country's ability to hold five successful multiparty elections since the return of multiparty politics in 1991. In addition, growth was attributed to the rise in global commodity prices as more FDI flows into the country, more especially for the extraction of copper. However, its reliance on copper and lack of economic diversification contributed negatively toward the pace of its sustainable growth which to translate to development for its population. The 2014/2015 slowdown of the global economic decreased the demand of copper, affecting China's trade patterns with the country by repositioning its economy toward consumer-led growth and less from export and investment (Haggai, 2016: 60). For instance China's annual GDP declined to 7.5% in 2013/2014 and 6.9% in September 2015 (Haggai, 2016: 61), towards the end of 2015, Zambia's currency,

the kwacha, was hit the hardest compared to any African currency by losing 42% of its value against the dollar (Ford, 2016: 75).

I argue that Zambia has a potential to diversify their economy by looking at other sectors such as agriculture, infrastructure developments, tourism and manufacturing. It is not sustainable to continuously depend on copper because Zambia's economic success or failure is often and directly influenced by external economic shook. The Zambian Development Agency, through the Zambian government offer incentives for investors investing in key priority incentives such as agricultural, energy, infrastructure, manufacturing and mining sectors, therefore, alternative avenues of generating revenue are available but underutilised (Haggai, 2016; 61).

The scope of Chinese investment in Zambia

Bastholm and Kragelund (2010: 211) assert that acquiring reliable quality data on Chinese FDI in Africa is a difficult task. Both the Chinese and Zambian sources provide aggregate data that is often contradictory. For instance, Bastholm and Kragelund (2010: 211) explain that their research findings revealed that in 2006 there were more than 200 Chinese companies investing in Zambia, translating into the stock of Chinese FDI reaching US$570 million. However, there were 143 Chinese investments approved by Zambia Development Agency (ZDA) by the end of 2006. Nonetheless, the information available still provides an insight into the scope of Chinese investment in Zambia.

According to Kamwanga and Koyi (2009: 11), China's main investment in Zambia involves resource extraction. However, Bastholm and Kragelund (2010: 212) adds that by 2009 the mining sector only constituted of 5% of companies directly investing in the sector, while the rest have invested in manufacturing by 43%, services by 21%, construction by 16%, agriculture by 13% and timer by 2%. He highlights that the majority of investment in the manufacturing industry is mining related. For example, the Beijing General Research Institute of mining and metallurgy (BGRIMM Explosives), Chambishi Copper Smelters and

Sino-Metals Leaching Plants investment are manufacturing companies related to the mining sector. More importantly, to note, all these three Chinese companies are subsidiaries of the same company, China Nonferrous Metal Mining Group – the same company that owns China's largest mine in Zambia, the Chambishi mine in the Copperbelt. Therefore, all mining-related activities make up at least 70% of the total value of all registered Chinese investment in Zambia (Bastholm and Kragelund, 2010: 212).

While this is the case, not all Chinese companies are registered with the ZDA, the Association of Chinese Corporations in Zambia (ACCZ), or the line ministries for that matter. These include small manufacturing and construction companies that were reported to have been set-up by employees who previously worked for large-scale Chinese companies. Furthermore, other companies include those that are in the construction sector and are de jure Zambia, which means that a Zambian partner will own 51% of the company but in fact are de facto Chinese. In essence, the Zambian partner is used as a front (Bastholm and Kragelund, 2010: 212).

The Asian giant has secured direct equity interest in copper, coal and manganese mines, resulting in a positive improvement for struggling mines during the 2008 international financial crisis (Li, 2008: 08). It is worth noting that, FDI can either have a good or bad impact on a country. The recipient of the FDI needs to set up institutions structures that will be able to translate the commodity windfall into sustainable development, coupled with a legitimate government that will manage the FDI. China became a major stakeholder in Zambia after it acquired 85% of Chambishi copper reserves in 1998 (Alden and Alves, 2009: 15). It has made significant progress in acquiring assets, directly and indirectly through the extension of concessional loans for infrastructure. It is the so-called "economic statecraft" of securing long-term supply and access to resources. Alves (2013: 07) explains economic statecraft as a strategy of a government to influence another government's behaviour in their favour. This particular strategy can be executed in two ways, which are either negative or positive.

Negative economic statecraft is using economic sanctions, and punishment to influence a government to adhere to particular demands. On the other hand, positive economic statecraft involves using a softer approach of extending economic incentives or rewards in order to influence a government to comply with the lender's foreign policies. For example, China used concessional loans for the infrastructure as a foreign policy instrument during the construction of the Tazara railway, which was favourable for China's political aims in Zambia in the late 1960s and 1970s. As a result, China was able to influence the decision in their favour in order to access natural resources. These types of infrastructure-for-resources deals/ or loans are also welcomed by the Head of State because China's interest is generally at 1.5% - 3% below the benchmark of the People's Bank of China, and the repayment plans can take up to 20 years (Alves, 2013: 08).

Labour disputes, environmental damage and lack of CSR

As mentioned previously, CNMC bought the Chambishi Mine, setting the opportunities for more Chinese mining companies to invest in Zambia's mining sector. Consequently, the arrival of Chinese mining companies has not always been welcome. Developments of the agreements between Chinese mining companies and Zambian government have caused a great deal of tension, conflict and violence with the Zambians. During privatisation processes, the Zambian population were not part of the process. Copper mines were then sold for low prices and with few strings attached which the government would have bargained with. Instead, the process weakened the Zambian government's position. For that reason, Chinese companies are not entirely trusted by the Zambian population. Furthermore, Chinese companies have a bad reputation regarding labour practices while neglecting their role for corporate social responsibility (CSR), compared to other foreign investors such as South African, Canadian, Swiss and British companies (Li, 2010: 06).

Zambians often complain about Chinese business practices. Part of the problem is that the government is not doing much to protect workers, especially mineworkers. Moreover, Chinese private companies turn to behave outside the law without any penalties. For instance, in 2005 at the Chambishi mine, 49 miners were killed in an explosion, putting on the

spotlight safety concerns. 2 years later in 2007, at the same mine during a protest by miners, workers were killed. In 2008, at a copper smelter, a Chinese manager was beaten following a labour dispute (Chan, 2013: 26). Another incident happened in October 2010, where Chinese supervisors shot 13 protesting miners at the Collum coal mine. The mine belonged to a private Chinese owner. Shocked by what transpired at the mine, both the government and Chinese embassy ordered the settlement of the dispute in favour of the miners. Following that, the supervisors were arrested (Chan, 2013: 30).

Locals complain that working for a Chinese company (either private or state-owned), accusing Chinese managers refusing to integrate with them, incidents of bullying, racism and low wages (Chan, 2013: 30). In addition, Kamwanga and Koyi (2009: 28) claim that Chinese mining companies often rely on hiring heavy equipment rather than buying new ones. This practice defeats the purpose of development and further limits technology transfer in that sector. It allows Chinese to have the control and all the decision making power. It does not harness any new skills and the use of technology. Chinese companies are known for hiring unskilled and semi-skilled Chinese labour. The key issues have cause grievances amongst Zambians. This defeats the purpose of Sino-Zambian relations to have a positive impact on Zambian lives through various developmental projects. According to Zambian law, the only time foreign skills should be used is if the country was unable to source the skill locally (Museta, 2010: 172).

The hiring of Chinese workers in both Chinese SOEs and private companies involved in large and public infrastructures are sometimes referred to as "the import of workers" – an issue that has sparked controversy. Furthermore, the Chinese have defended their actions by arguing costs, cultural affinity, and productivity (Park, 2009: 06). I do not agree with the arguments of the hiring of Chinese workers as it undermines the very factor of what they have presented to various African countries. The China-Africa Corporation is not only meant to assist in the development of African countries but to also transfer training and technology. Many African countries have high levels of unemployment and often struggle to create jobs for their own citizens.

Furthermore, the argument of cultural affinity for instead is one example of how social unrest between Zambians and Chinese nationals has worsened over time. Chines workers are often accused of occupying jobs intended for locals specifically in construction jobs and small-scale trading. By creating a sense of differences amongst people and workers, the hierarchy is formed and further exacerbates social unrest as other factors of discontentment continues. For that, reason issues of racism and xenophobia become increasingly evident.

A very thorny issue has always been "poverty wages", which described the nature of rumination by Chinese companies. Mutesa (2010:170) contends that Chinese companies in comparison to companies owned by the West and India pay their Zambian employees below the minimum wage of 268, 00 kwacha (K) (about US$70) per month. He adds that this is the same amount of money the World Bank uses to classify people who are living in poverty. Such mining companies include Chinese owned Collum coal mine which pays its employees US$60 a month. Non-Ferrous Company (NFC) Africa mining is also accused of paying employees between US$50-US$60 a month. In 2011, the mine (and JCHX Mien Construction Zambia Ltd) dismissed 2,000 mineworkers who went on strike and refused to return to work (Leslie, 2016: 93). Mutesa (2010: 1741) explains poverty wages is caused by Chinese FDI having a downward pull on wages, subsequently not improving working condition of workers in Chinese mines.

Comparatively, disparities in wage and salary differences between Chinese and Zambian workers have created a problem for companies such as the Zambia-China Mulungushi Textiles (ZCMT), with the Chinese government as the majority shareholder. At a particular period, a Chinese general manager was apparently being paid K17 million while their Zambian deputy general manager was getting paid K3.5 million. Issues of this nature have emerged in other state-owned and private-owned Chinese companies in Zambia (Museta, 2010: 172). Furthermore, a study by Frazer and Lungu in 2007 (as cited in Leslie, 2016: 92) revealed that from 2,100 workers only 52 Zambians were permanent employees and unionised at Chambeshi. The Zambian employees also did not have medical aid or pension

benefits, compared to the 180 Chinese employees working at the same mine, who were on permanent contracts and received benefits.

On the other hand, exploitative working conditions raised alarming concerns. Zambian employees working for Chinese companies across the country have reported of long working hours, and near-forced-labour, and a general disregard for good working conditions. Furthermore, Mutesa (2010:172) states that China is reported to have the worst mining health and safety records in the world. The latter is due to the demand for copper and excessive use of the machinery for massive production and neglecting safety and health measurements of their employees. Leslie (2016:94) cites the 2011 Human Rights Watch report entitled *"You'll Be Fired if You Refuse: Labour Abuses in Zambia's Chinese State-owned Copper Mines*" which revealed that the worst human rights violations were committed by some Chinese-owned mining companies. The report correlated with workers complains of working 12-18-hour shifts, anti-union activities, poor health and safety issues. Brautigam (2009, 157) asserts that it's the government's responsibility to ensure that private companies are monitored and stricter regulations set in order to prevent such issues from happening. Foreign companies should not operate outside the law. Labour practices in Zambia by Chinese companies are an ongoing serious problem.

In addition, CSR should play an important factor in the responsibility of foreign investors. Some of the criticism that both the Zambian government and Chinese mining companies are accused of, is that there is no particular focus on the investment in social infrastructure. Natural resources are located in remote or rural areas. It has been evident throughout the decades since the operation of mines that the government has generated revenues from natural resources provides few social services in those areas. Moreover, when foreign businesses start operating in those areas, the government does not take measurements to encourage CSR in the areas. Locals in mining communities have hoped for corporate to provide housing, schools, clinic and other services. Instead, Chinese mining company has invested little in social infrastructure. For instance, Chinese mine operator in Chambishi stopped providing essential services such as health to all dependents of its workers; they have

further reduced the preventative health care programs. Contribution towards the municipal water, sewage, and trash collection were reduced (Hanauer et al. 2014: 63 - 64).

In terms of environmental issues, large-scale mining has a negative impact on environmental damage. Often locals in mining communities are affected by various problems such as being displaced, negative effects on health, safety, unemployment, access to water and agricultural land for their crops. Mining operation always requires tract of land for developing mines. In the past, foreign companies will make deals with local chiefs in mining communities, through negotiations and paybacks. In the case of Zambia, the early copper mines were obtained through negotiation and trickery between the British South African company (BSA); and not much has changed. The government set regulations and give out mining rights to foreign companies at the expense of the local people (Simutanyi, 2008: 5-6).

Although in Zambia, mining companies are required to seek consent from the environmental impact assessment (EIA) to assess the feasibility of the mines and its impact on the local people and further get the consent from locals before present back to the community. In instances where the results of the EIA are not in favour of the mining company, there have been highly contested by both the government and the mining company, and disregard the wish of the people (Simutanyi, 2008: 06). This is a clear indication of the government collude with external mining companies in order to benefit from an unsustainable and potentially environmentally damaging mining operation for personal benefits. Subsequently, the government has focused on forging good relations with key foreign investors such as Australian, British and Chinese. More especially the Chinese who have become a major investor in Zambia's copper sector as seen in the past decades (Smith-Hohn, 2009: 42).

When the Chinese owned Non-Ferrous Corporation Africa (NFCA) was awarded 1,000 hectors of land which was previously inhabited to embark on a project to build a smelter in Chambishi, they paid K500,000 (US$130) to each affected family as compensation. The company did not take into account the loss of livelihood and costs of relocating to towards

those families. Independent observers evaluated these compensations as inadequate and government did not step in to enforce social development programmes to ensure a smooth transition. For that reason, there were disputes between Chinese investors and locals throughout the entire process (Simutanyi, 2008: 06).

Similarly, mining operation has a negative impact on the environment. ZCCM releases hazardous materials into the atmosphere, streams and rivers. Ultimately, this also negatively affects the health of locals near the mines. One of those toxins is sulphur dioxide emissions from smelters. When this toxin slits into the rivers and consumed by locals, it can cause respiratory disease, while others such as acid rain damage rivers and trees. As mentioned earlier, most of these mines are in rural areas, and the majority of locals in those areas rely on water from rivers for drinking and for their livestock as they do not have running water. Other areas of similar environmental issues also include Kitwe, Mufulira, Chingola and Ndola, where smelters released yellow fumes caused by sulphur oxide which was visible in the atmosphere (Simutanyi, 2008: 06).

Often in the past, China has been criticised for its lack of environmental diplomacy with international agencies as well as non-governmental organisations (NGO). This has led to their bad reputation regarding environmental practices and in debates on global environmental governance issues. Power et.al (2012, 193) claims that since 2003, China has gradually attempted to improve its domestic record of dealing with environmental problems. The pressure from international community and its growing global responsibility as a "rising power" is evident from China's willingness to improve its image in Africa and the rest of the globe. Unfortunately, the literature shows that more needs work needs to be done only by Chinese companies but foreign mining companies operating in Zambia.

3.4 China's political influence in the 2006 and 2011 elections

China has increased their business investment with political objectives (Kamwanga and Koyi, 2009: 26). Its policy of non-interference in international affairs of the Zambian government

was in the spotlight during Zambia's 2006 presidential election. The Asian giant was accused of meddling in the election when the opposition candidate, the late Michael Sata (from the Patriotic Front Party) raised his concerned over Chinese labour practices and the growing number of Chinese traders. He complained about the close relationship between China and the then ruling government MMD (Brautigam, 2009: 151). Chinese political influence had become increasingly more pronounced under the former MMD government, more especially involving the late president Levy Mwanawasa and former president Rupiah Banda (Masterson, 2011: 1).

The incident played out in public and showed China's clear use of economic statecraft (towards their political gain) by threatening to cut diplomatic relations with the country should Sata win the elections. Similarly, Sata had also threatened to chase bogus Chinese (as he referred to them) out of the country and promised to crack down on corruption if he was elected. MMD claimed victory in the 2006 presidential elections (Brautigam, 2009: 151). However, Zambians continue to demonstrate their anti-Chinese sentiments, as result, China's former President Hu Jintao was unable to visit Chambishi to inaugurate the Zambia-China Economic and Trade Cooperation Zone in February 2007 due to local demonstrations across the country (Brautigam, 2009: 06).

Sata was of the view that Chinese economic and commercial investment in Zambia perpetuated a neo-colonial dynamic because Zambia provides China with natural resources, in return of specific policies and cheap Chinese manufactured goods back into the country. It was for that reason Sata ran for the 2011 election (on his third attempt) campaigning by mobilising the growing anti-Chinese sentiment in the Copperbelt, Luapula, Lusaka and Northern Province (Hanauer et al. 2014: 55). Due to the growing support, Sata was receiving from Zambians; Chines opened a new state hospital in Lusaka weeks before the Election Day. Observers viewed this as a shameless attempt to gain popularity amongst people for Banda, who was running for re-election (Masterson, 2011).

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Sata won the 2011 Zambian presidential elections. The election results breakdown revealed that Sata claimed victory in regions with significant Chinese investment (Hanauer et al. 2014: 55). His victory unmasked the majority of dissatisfaction of Zambians (especially in those areas). The outcome of the elections can be viewed as the political consequences of China's interference in government internal affairs, which cost the MDD as voters lost faith in the party's ability to put the interest of the population (Masterson, 2011).

Chinese infrastructure projects affect daily lives of locals, on whether to hire more locals or bring in Chinese migrants. Therefore, locals' perception of China is determined on the positive impact of Chinese contribution towards economic/ commercial outcomes. Even though some miners are employed by Chinese mining companies and somewhat benefiting from the investment, perceptions can either be positive or negative. A 2010 survey by the Afrobarometer (a research project that measures the social, political and economic perception in Africa) revealed that the positive outcome of Chinese investments correlated with positive a perception of China by Zambians. If the investment improves the quality of life and economic health of the country, China will have a higher approval rating from people. Locals viewed China's investment contributes to corruption and political patronage. This concept can be seen with the 2011 election, where negative perception on China and the MMD government evoked anti-China sentiments and ultimately played a role in electing a new government (Hanauer et al. 2014: 61-62).

Unquestionably, issues of corruption and lack of transparency played an important role towards change. Investment deals between foreign companies and the government are often secretive, especially in the extractive sectors. Corruption has resulted in personal enrichment amongst government officials and the head of state. Enormous amounts of money are often involved when Chinese companies receive exclusive mining rights, licensing, regulation, powers over land and the export of commodities. Political elites are often accused of benefiting from these transactions, and the state is seen as being captured by external investors (Hanauer et.al, 2014: 64).

Following Sata's victory, he changed his perception towards China and pledged to work alongside them. He instead blamed Zambia's under development on the previous government for not using the opportunity of properly managing the investments returns to its advantage (Chan, 2013: 151), and further become aware of the economic and financial benefits brought by the Chinese (Smith-Hohn, 2009: 41). I argue that the fact that Sata once in the office felt obliged to revoke his previous statement on China shows the level of Chinese influence in Zambia's political affairs, and some level of state capture. However, this was not the first time a president had second thoughts on China. The late Frederick Chiluba initially wanted to work alongside Taiwan. However, following his victory in the 1991 elections, he decided that his government would continue to work with China. Leslie (2016: 91) contends that Chiluba's government, which emphasised on privatisation and economic liberalisation, corresponded with China's policy of direct economic engagement with the country. This supports my arguments that China's non-interference policy does not necessarily apply in certain cases, especially considering the pronounced investment in that country.

Zambia's political problems persisted due to patronage politics employed by the previous government through tactics of compromise and confrontation in order to secure power and support from foreign investors and political elites. Although improvements in some areas are evident, serious shortcomings are obvious by evaluating the standard of living of its population. The lack of effectively distributing wealth threatens stability in Zambia. For instance, the number of young, educated individuals who are struggling to find employment after completing their studies. It is a potential trigger to an outbreak of violent conflict in the country. Unemployment stood at 50% in 2000. Moreover, neglecting key areas such as education, health and infrastructure remains a fundamental problem and it is a concern that sustainable developments are not considered when setting up investment deals with foreign investors, especially in the case of Chinese businesses making enormous profits the country (Smith-Hohn, 2009: 41).

3.5 Conclusion

Both the Chinese and Zambian government have maintained bilateral relations as a result of benefiting from each other. Trade figures have shown China's willingness to continue investing in Zambia. However, the developing African country is often seen as exploited for its natural resource and analysts argue that its crucial flaw is its over-reliance on the copper sector, which continues to generate the highest revenue for the government. Chinese are able to extract natural resources using different economic statecraft tactics, often to their advantage. Although, the country is developed in other areas; the standard of living for ordinary Zambians remains poor. The Zambian government needs to relook at their relations with China and work toward an effective system that will encourage economic and social prosperity for its population and the entire country.

The first section provided a historical background of mining in Zambia; from nationalisation to privatisation. Although nationalisation was short lived it provided some improvement towards social development before the government decided to privatise. The process of privatisation was not entirely transparent resulting in locals being discontent with the government. In addition, many mineworkers lost their jobs during the process of privatising copper mines. Thereafter, the second section discussed the dynamics of the Sino-Zambia relations, the scope of China's investment in Zambia coupled with issues of labour disputes, environmental damage, and the lack of corporate social responsibility by Chinese mining companies compared to other foreign investors. In the third section, an evaluation of Chinese non-interference policy was tested when the late former president Sata ran for the 2006 and 2011 Presidential elections.

Chapter 4: Sino-Nigerian Relations

4.1 Introduction

China and Nigeria established official diplomatic relations in February 1971. During the 1980s and 1990s, Nigeria was experiencing a series of military coups; meanwhile, China was transforming itself into a global power (Odeh, 2014: 155). Due to economic sanctions imposed by Western nations against Nigeria's General Sani Abacha's military regime (who ruled from 1993 – 1998) over human rights violations, Nigeria turned to China as a political and economic ally. Over the last 20 years, China's engagement in Nigeria has spurred speculation on whether the relationship is based on mutual benefit or exploitation. Nigeria has become increasingly important to China, for the reason that it provides China with energy supply, as well as a market for Chinese manufactured products and services. Srinivasan's (2008: 335) study proposes that China's investment is yet to make a significant impact on Nigeria's economic growth. According to Mama (2016: 46), these developments are often met with both gratitude and pessimistic views of China's engagement in Nigeria.

This chapter argues that China's investment in this resource-rich country became detrimental towards Nigeria's economic transformation and political stability. In the first section, a historical background of the dynamics of China and Nigeria will provide insights into both the economic and political aspects of their relations over the past 4 decades. This section includes the scope of Chinese investment in the country, and further highlights opportunities and challenges. Nigeria's constant battle with security, a history of military rule, the ethnic and religious rivalry has shaped foreign policy in the country, the second section aims to critically discuss these issues.

4.2 The dynamics of the Sino - Nigerian relations

The fundamental reason behind bilateral relations between states - whether trade, diplomatic or otherwise, is motivated by the prospects of mutual benefits in areas of politics and

economic gains. Traditional trade partners the U.S and Britain did little to advance significant development in Nigeria. In fact, evidence has shown that policies of capitalist West in sub-Saharan West African countries severely undermined development and negatively affected their economies. For instance, the SAP of the IMF was a particular catalyst in Nigeria's case during the General Ibrahim Babangida's administration (1985 - 1993) (Odeh, 2014: 150-151). With that said, it is also significant to note that Nigeria's history of territorial division rooted by colonial rule continued following independence decades of military coups, civil war, ethnic and religious division and political instability was also detrimental for the economy and the country as a whole (Jackson, 2007: 590).

China's inconsistency and direct foreign policy in Africa were visible. A case in point was during Nigeria's political crisis in the mid-1960s which resulted in a civil war between Nigeria and breakaway Republic of Biafra between 1967 – 1970, which left more than a million people dead (Odeh, 2014: 156). Although there were no diplomatic relations between the two countries when the conflict began, China was accused of having animosity towards pre-war Nigeria (Srinivasan, 2008: 337). It is for that reason Mama (2016, 46) highlights this indifference when then Chinese Premier Zhou En-Lai excluded Nigeria when he embarked on a 10-country trip to Africa in 1963.

However, conflicting views from Srinivasan (2008: 337) claims that Nigeria was China's third largest trading partner in Africa during that period, based on the belief that China had established a strong presence in Northern and Eastern Nigeria. Furthermore, it had made no pronouncement regarding its position on the Biafran conflict for two years. The Asian giant thereafter declared support for Biafrans in September 1968 as a counter to Soviet involvement and support for Nigeria. There were also unconfirmed rumours that China had supplied Biafra with small arms via Tanzania. However, it is equally important to note that China was not the only external country to support Biafra. According to Srinivasan (2008: 337), China's strategic move in its involvement in liberation movement in Africa gained favour with many African countries that provided their support toward getting a permanent seat at the United Nations Security Council October 1971.

Both countries in the 1970s continued to build modest bilateral relations, which included limited aid packages for Nigeria and other agreements but waned following the death of Mao in September 1976. Subsequently, China "abandoned Africa" when it adopted a "*tiaguan yanghui"* (hide brightness and nourish obscurity) policy designed by Deng Xiaoping's. The policy prioritised China's economic growth, building its capabilities while keeping a low profile in international affairs (Zhao, 2007: 36). China – Nigeria trade fell from US$57 million in 1980 to only US$7 million in 1985 and slowly picking up to US$35 million in 1989 (Srinivasan, 2008: 337). Ironically, Nigeria was facing political turmoil marked by the series of *coup d'etat* during that period (Odeh, 2014: 155).

The June 1989 Tiananmen Square massacre, which left an undisclosed amount of people dead led to China's isolation in the global community. China thereafter reached out to Africa for support, and Nigeria's Chief of Staff went to China in October 1989. Sino-Nigerian relations reawakened during and after the Cold War. Trade relations increased more than in the previous years, coupled with six state visits by China in the 1990s. In 1993, trade reached US$97 million and by 1997 it increased to US$327 million (Srinivasan, 2008: 337 - 338).

Sino–Nigerian relations significantly improved during General Abacha's regime, which led to the establishment of Chinese Chamber of Commerce in 1994. In 1997 then Chinese Premier Li Ping visited Nigeria and signed protocols for power generations, steel, oil, as well as the construction of Nigeria's railway network by China Civil Engineering Construction Corporation at the cost of US$529 million. Economic relations between China and Nigeria provided the fourth republic of Nigeria with the highest involvement of China's investment in mainstream Nigeria. Similarly, the relations improved during the first term of Obasanjo's civilian administration (1999 – 2003) (Odeh, 2014: 155).

The first year of Obasanjo's second term (2003 - 2007), China provided Nigeria with patrol boats, combat-trainer aircraft, and MiG jet. Further developments were recorded including

the lunch of a Nigerian communications satellite at a cost of US$200 million by the Great Wall Industry Corporation of China in 2004 (Adebajo, 2010: 205) and the establishment of the Nigerian-China Investment Forum in 2006 (Odeh, 2014: 155). Also in 2006, at the China-Africa Summit in Beijing, the China Civil Engineering Construction Corporation won a US$8.3 billion deal to build a railway in Nigeria that would link Lagos with Kano. Ironically, Chinese textile imports crippled the textile industry in the city that same year. The latter supports the papers argument that Chinese investment has detrimental effects on the growth of Nigeria's economy by negatively under developing other industries meant to promote growth and economic diversity (Jackson, 2007: 593). In 2007, China and Nigeria funded a US$500 million free trade zone in Ogun to host 100 Chinese companies, due to Nigeria identified as one of China's special economic zones (Adebajo, 2010: 206). Finally, weeks before the end of his term, Obasanjo granted China four drilling licences in exchange for commitments to invest US$4 billion in oil and infrastructure projects (Rindap, 2015: 23).

Following Asia's dramatic economic growth in 2004, Nigeria established a foreign policy towards Asian countries tagged "Oil for infrastructure". To explore this further, John Iliffe as cited in (Taylor, 2015: 36) states that Obasanjo had actually offered Asian nations oil companies "rights of first refusal". This was in response to earlier failed advancement of oil companies to extract Nigerian oil. This new open market commitment would allow oil companies to explore and develop oil blocks in the investment via capital, infrastructure and technology in Nigeria. Chinese state-owned oil company and the Nigerian National Petroleum Corporation (NNPC) signed an agreement to develop Oil Mining Lease (OML) 64 and 65 in the Niger Delta area in December 2004. The China National Offshore Oil Company (CNOOC) and NNPC thereafter signed a US$800 million contract that would guarantee 30 thousands of barrels per day to China over the 5 year period in 2005 (Taylor, 2015: 37).

However, the inconsistency of leadership changes in the government was a (and still is) a major disadvantage towards its foreign policy. This is because it will often consist of different conflicting foreign policy objectives. For instance, the Obasanjo administration did not fully capitalise on Sino-Nigerian trade relations to benefit his population, despite having a close relationship with China. Consequently, some of these policies were either suspended or

discarded when a new Head of State comes into power (Odeh, 2014: 156). Nevertheless, Sino-Nigerian trade relations increased by US$3 billion between 2002 and 2005, and in 2007, China won lucrative oil deals resulting in a trade surplus of US$250 billion with Nigeria. In addition, China was one of the top ten global trading partners of Nigeria by 2008 (Adebajo, 2010: 205).

Former presidents Umaru Yar'Adua (2007 – 2010) and Jonathan Goodluck (2010-2015) maintained relations with China during their respective terms. Nigeria secured investments in power and energy sector, transport infrastructure, concessionary loans for various projects. Chinese solely owned investments include ZTE Nigeria Investment limited, Plas Alliance Company, Royal Motors Company limited. CNOOC limited made payments for a 45% stake in the Akopo oil field, the total deal offered to CNOOC was worth US$2.7 billion. In addition, Chinese National Petroleum Corporation (CNPC) was offered four oil blocks in return for the rehabilitation of the Kaduna oil refinery worth US$2 billion. The China Exim Bank also partly funds thermal power stations such as Ugehelli, Geregu, Papalanto, Alaoji and Omotosho power plants, which are handled by the Chinese (Rindap, 2015: 24 - 23).

Furthermore, finding buyers for oil in Nigeria are increasingly becoming a problem. In October 2014, the African country was exporting 2 millions of barrels per day, in the same year; the U.S stopped importing oil in Nigeria due to the discovery of alternative energy supplies (shale gas and light tight oil). Currently, Brazil, India and China have become important investors in the extraction of oil and gas for the Nigerian government (Taylor, 2015: 36). The consequential effects of Sino-Nigerian relations are that Chinese investors have a history of preferring to deal with Nigeria's public sector and not expanding business opportunities with the Nigerian private sector. Chinese investors typically direct their trade efforts to Abuja through government-level agreements. As a result, the practice of transparency and independent initiatives under building strong self-sufficient economies is undermined. Nigerian entrepreneurial spirit is also indirectly discouraged (Mama, 2016: 47). Critics also blame the fact that the oil industry is abused, with Asian MNCs awarded access to high potential oil assets, despite some failing to deliver on infrastructure commitments (Rindap, 2015: 25).

Gu's (2016: 159) study illustrates that Chinese investors are mainly motivated by the access to local markets in Africa; intense competition in domestic markets; transfer abroad of excessive domestic production capability; entry into new foreign markets via export host; advantage of African regional and/or international trade agreements; and to access raw material. Furthermore, their enthusiasm to do business in Nigeria is due to commercial opportunities as it is the second largest economy in Africa, making the huge market very attractive. In essence, Nigeria could be a gateway for Chinese firms to venture into the West Africa sub-regional market. Gu (2016: 160) contends that Chinese entrepreneurs operating in Nigeria are aware of the risks and dangers of doing business in Nigeria, however, they have a saying which states "Despite the strong wind and wild waves, the deep water still has fish to be found".

Chinese investors have admitted that constraints on the quality of electricity, importing poor infrastructure, transportation, weak macroeconomic management, communication and labour regulations as some of the major problems they are facing. However, business licencing & operating permits, quality of the legal system, crime, corruption and bureaucracy were not factors they worried about (Gu, 2016: 161). Contrastingly, Nigerian investors and entrepreneurs are yet to significantly benefit from these relations and receive assistance from the Nigerian economic-diplomats that often describe their economic relations to China as mutually beneficial to both countries. Furthermore, Nigerian aspiring entrepreneurs are unable to exploit these economic-political opportunities both in their home country as well as in China. It is essential to note that Nigerians who want to pursue business in China are said to face enormous challenges, as the market in China is limited to extractive industrial crudes. It is for this reason that economic observers are yet to understand Nigeria's real benefits from the Sino-Nigerian relations (Okoro et.al. 2011: 91). In addition, over the years not much has been done to reverse trade imbalances between the two countries (Odeh, 2014: 154 - 155).

According to Mama (2016: 46), Chinese investments have been met with both gratitude and pessimistic views. Incumbent Nigerian president, Muhammadu Buhari visited the U.S and

China in 2015 with the aim to secure Nigeria's long-term infrastructure-based business and diplomatic relations. This can be seen as necessary because the majority of previous infrastructure development deals were not successful. The visit saw him signing sizable mutual commitments with China towards the improvement of Nigeria's power sector, railways as well as an agreement to use the yuan as one of Nigeria's foreign reserve currencies. Economics professor, Owuala as cited in (Mama, 2016: 46) claims that the agreements could potentially move Nigeria's economy towards a more diversified one if its goods or services are denominated in renminbi (yuan). However, it would be difficult to predict if it will replace the U.S dollar as a major trading currency (Mama, 2016: 47).

Nigeria benefited from Chinese companies building infrastructure at low cost without conditions to privatise Nigeria's SOEs compared to Western conditions. This correlates to the fact that FDI in Nigeria is handed in both public and private sectors. In regards to the private sector, Chinese have also collaborated in joint ventures with Nigerian companies, such as light manufacturing, agro-allied (Okoro, 2011: 105). An example of successful high profile public sector-led infrastructure developments included one during Obasanjo's administration when the China Civil Engineering Construction Corporation's (CCECC) housing project in 2000. The project built 5,000 housing for international athletes who were taking part in eighth Abuja All-Africa Games (Mama, 2016: 47).

Sino-Nigerian relations are coupled with various challenges. One negative impact is in regards to the present state of infrastructure facilities such as power, rail network system and communication in Nigeria, which is poor. The Nigerian government has been unable to effectively address this issue with their Chinese partners. Secondly, the wide range of imbalance in trade has been a major concern due to the fact that, trade is often in favour of China. Despite various non-oil investment by the Chinese, technology transfer has not been significant. Chinese firms have been accused of bringing equipment and Chinese technicians for projects. This has also been the case in Zambia. Lastly, Chinese multi-billion investments in oil fields of South of Nigeria have sparked social violence and unrest. Although China is not the only foreign investors in the area, they have been specifically targeted by insurgent groups (Rindap, 2015: 26 – 27).

Likewise, to Europe, Japan and the U.S, China offers Nigeria trade deals combined with aid. Chinese aid commitments to Nigeria began in 2002, and have taken the form of loans and grants agreements both countries entered in the aim to assist Nigeria's economic growth goal "20/2020" – which aspires to make Nigeria one of the 20 largest economies in the world by 2020 (Okoro, 2011: 106-107). Despite the strong revenue Nigeria has received from crude oil exports, it is underperforming drastically. Maladministration and the lack of strong institutions in the country have led to the high neglect in areas such as agriculture, infrastructure and technology transfer (Odeh, 2014: 161).

Brautigam's (2015: 27) study suggests that there are substantial areas of land that are agro-climatically suitable for farming food, such as maize, soybean and sugar production. She further highlights a 2014 World Bank report, which confirmed that most farming is predominantly at a subsistent level with minimal commercialisation. Most farmers are using this alternative way of generating revenue as a way to survive in order to support themselves as well as their families and not a way to participate in the market. This also shows that Africa remains dependent on imported food and other food products. Another major disadvantage that undermines farmers to participate in commercial farming and into the market includes major constraints of technology, the market infrastructure and farm management. It is for that reason that China has tapped into this market by becoming the main source of canned and process food imports in Nigeria. Records show that close to 40% of rice consumed in West Africa is imported mainly from Asia. Meanwhile, Nigeria imports the largest amount of rice compared to other African countries.

4.3 Nigeria: Africa's socio-economic giant

In 2013, Nigeria's GDP neared US$510 billion, making it the largest economy in Africa. Oil and gas revenue contributed 90% of total export earnings and 80% of government revenue. Oil and gas make up important commodities in Nigeria, with proven crude oil reserves of 37 billion barrels – making Nigeria the largest producer of oil in Africa. Natural gas reserves are

estimated to be at 159 million cubic feet – which means that it is one of the top ten natural gas endowments in the world. The gas is of high quality and has light low sulphur and it's often hailed as “sweet”; making it attractive to investors. Even with the wealth of oil, Nigeria faces an extreme case of inequality in the world (Taylor, 2015: 30).

The World Bank states that the high level of corruption has led to 80% of Nigeria’s energy revenue only benefits 1% of the population – including the former Head of State such as Goodluck Jonathan. The international financial institution verifies that the Niger Delta region produces 90% of Nigeria’s oil, while 75% accounts to the country’s export earnings, however, the wealth does not trickle down to these oil communities, like in the Niger Delta. Taylor (2015: 31), further points out that neopatrimonialism, corruption, malgovernance, and well positioned political insiders exercise ’agency’ by embezzling oil revenues, causing a negative impact for Nigeria’s national interest. For instance, Western analysts claim that Nigeria lost an average of US$4 billion – US$8 billion per year to corruption over the eight years of the Obasanjo administration (1999 – 2007). To elaborate, a neo-patrimonial political system dominates the Nigerian society, and personal authority of the “Big Man”. Often the population do not have rights, privileges and often live below the poverty line.

Prior to the Nigerian oil boom, the agricultural industry was a key in the development of the economy. However, it declined over time with the concentration of oil production. Farming and fishing grounds were ruined due to the environmental damaged caused by unfettered oil exploitation. Gas flaring in the Delta is reported to be the biggest contributor to greenhouse gas emission in Africa, however, mainly due to Shell – which has been the constant polluter in the region. Apart from oil extraction activities, other significant contributors towards the decline of agriculture industry included, the growing human and livestock population mainly affecting deforestation and desertification, poaching and settlements in protected areas, road construction, demand for firewood and timber (Jackson, 2007; 592). In the past, 70% of Africa’s top grade timber was sold to China; ironically, logging has been banned in China to reduce damage to the environment (Odeh, 2014: 158)

Watts (2013: 1015) states that oil is the largest industry in the world and notorious for its lack of transparency. Oil gives so much wealth and quick wealth. As a result, government and oil producing companies are able to conceal how much money they generate from the industry. The lack of transparency in the oil perpetuates the government and external powers not to be accountable towards wealth distribution, the instability of political life and deterioration of the economy. In addition, citizens are often not able to monitor if they are getting their fair share of oil revenues. This has serious implications towards the growth of the economy, it is for that reason, Sachs, and Warner (2001: 835) concludes that oil as a resource crowd-out logic, such as entrepreneurial activities, innovation, non-traded manufacturing activities and other non-oil sectors, which are factors that are essential to drive economic growth and development.

Furthermore, conflict arises because the Head of State continues to maintain his power, political survival while providing certain political favours to well-positioned political elites, and relevant players who support his regime. In Nigeria, this has led to frequent violent clashes between the ruling party and insurgents, coupled with general discontent amongst its population. Thus, it is a general norm for people to resort to violence in the absence of other possibilities for self-advancement - including attacking Chinese communities. Militants from the Movement for Emancipation of the Niger Delta (MEND) have been targeting oil installation since the mid-2000s resulting in assassinations, kidnappings, and car bombings. The on-going violence led to a 20% reduction in Nigeria's oil production in 2006. MEND defended their violent strategy in the Niger Delta by responding to clientelism, corruption, patronage, and external actors engaging in the extraction of oil for personal enrichment (Taylor, 2015: 34). Unable to protect the area, Nigeria turned to China, which invested billions towards Nigeria's energy infrastructure and security (Jackson, 2007: 593)

MEND is calling for total control of oil production, with the aim to introduce fair distribution to Delta's Ijaw people (Jackson, 2007: 593). Nigeria's political authority is known for not having the foresight or the willingness to invest in the national public good and towards developmental initiatives that will build a diversified economy that is not dependent on 95% of its oil revenue. The dependency on commodity exports to generate revenue has damaging

long-term effects in terms of trade. Likewise, in Nigeria, the country mainly attracts FDI largely in natural resource extraction. Instead, Nigeria should focus on critical domestic savings and investment in various sectors (Taylor, 2015: 34).

Similarly, the establishment of Boko Haram is another terrorist group responding to the enormous looting of state resources in Northern Nigeria by political elites and external actors. The group says they want to create pure Islam state ruled by Sharia law throughout Nigeria. Furthermore, since 2011 the group have been targeting schools, government officials, churches, the kidnapping of the Chibok girls. In addition, in 2014, Boko Haram militants from Nigeria killed a Chinese national and kidnapped 10 others in northern Cameron (Taylor, 2015: 36).

The ethnic and religious tension in Nigeria has remained a threat towards state security. Since independence, the country has never successfully integrated into a coherent nation. Nigeria has struggled with the domination of ethnic and religious division, territorial disputes over natural resources simultaneously battling towards patriotism, unity, and a national consciousness. The legacy of colonial foundation contributed to this as the state of Nigeria was a formation of three separate colonial governments – the amalgamation of two governments in the south in 1906, and the amalgamation of the southern northern government in 1914. The British colonial rule would use this as a strategic tool to divide and compete amongst themselves while distributing revenue from the southern government to the northern government unfairly. A unified colonial government was formed in 1914, however, ethnic asymmetry and struggles for identity and autonomy were already causing tension. Furthermore, tensions exacerbated when the 1951 constitution introduced formal regionalism along the fault line of the Ibo, Hausa, Fulani and Yoruba ethnic groups. Although Nigeria was granted full independence in October 1960, citizens identified themselves first by their tribe (Ibo or Hausa) and Nigerian second (Jackson, 2007: 589).

Nigerian politics was further dominated by the religious division between the Muslim north, with a majority of the Hausa and Fulani, and "Westernised" south led by Yoruba and Ibo politicians (Jackson, 2007: 590). It is apparent that there is a correlation between ethnic territorial division and religious affiliation. Some people turn to religious extremism because the state is unable to offer basic needs or rights to people. Under these conditions, the intervention of the military in politics, which led to continues military coups and civil war was inevitable from 1966 to 1979 and the return of military rule in 1999. The result of this shifted the balance of power while Nigerian politicians focused on strengthening their ethnic kin as opposed to rebuilding Nigeria's general population and encouraging unity. For that reason, I argue that military rule in Nigeria resulted in weakening the process of strong institutions which could have led to good governance and economic development and perhaps prevented none-state agents to influence the country via heavy patronage to maintain control and limited opportunities for Nigerians as a whole. State capture in Nigeria saw non-state agents benefiting from military rule, and further undermining free market (Jackson, 2007: 591).

Furthermore, the religious rivalry between Christian and Islam play key roles in the outcome of Nigeria's political, social and economic sphere and in global events. The global community is concern over security issues, as this spills over to other West African countries and vice versa. When al-Qaida attacked New York and Washington in 2001, fighting between Christians and Muslim in Jos and Kano in Nigeria intensified. Similarly, when a Danish press in 2006 published a cartoon of the prophet Mohammed, increased violent clashes erupted in the streets of Nigeria, leaving dozens killed and injured and further displaced thousands in parts of Nigeria (Jackson, 2007: 599). Based on these events, the inability of the Nigerian government to stop the violence and adequately come up with a solution for these kinds of violent expression has made people lose hope in the government, and negatively impacted on the economy at large has, in fact, destabilised the country (Taylor, 2015: 36). Odeh (2014: 162) emphasises that the absence of true and strong leadership in Nigeria will ultimately be the key challenge when articulating and enforcing long-term developmental strategies for Nigeria's future.

4.4 Conclusion

Sino-Nigerian relations have consisted of both opportunities and challenges. Nigeria has not fully capitalised from these relations and a big part of that is due to its lack of diplomatic effectiveness and left out the majority of its population in matters of wealth distribution. Non-accountability and the persistence of neopatrimonialism political system that still dominates the Nigerian society coupled with personal authority of the "Big Man" as undermined Nigeria's economic transformation. I argue that the issue of a resource curse is multifaceted. It is not only the discovery of oil that makes authoritarian regimes become more durable and prolong their survival in office; corruption and violent conflicts but also because oil is a motivation towards wealth and self-enrichment.

The first section gave a historical account of the dynamics of China and Nigeria and provided insights into both the economic and political aspects of their relations over the past 4 decades. This section included the scope of Chinese investment in the country, and further highlights opportunities and challenges. Nigeria's constant battle with security, a history of military rule, and the ethnic and religious rivalry has shaped foreign policy in the country; the second section critically discussed these issues.

Chapter 5: The impact of Chinese manufactured goods

5.1 Introduction

China has proved itself as an economic powerhouse. In recent years, the Asian giant has become the first exporter of manufactured goods worldwide gaining considerable shares in most markets, including developing ones. Most significant products include machinery, and equipment, textiles and clothing industry, wood products iron and steel (Giovannetti & Sanifilippo, 2016: 12) Its relationship with various African countries assisted Chinese entrepreneurs export manufacturing goods into the continent while enjoying tax benefits and subsidies provided by China (Rupp, 2008: 65). On the other hand, it has provided low-income consumers with affordable manufactured goods although concern over the quality of goods is still a major issue.

Subsequently, Chinese manufactured goods imported in African countries have shown to be detrimental to Africa's industrial growth by crowding out some non-Chinese goods, local goods, and further straining intra-continental trade. It is worth noting that China is no different from traditional African trading partners in their practices. However, since entering the World Trade Organisation (WTO) in 2001, China is continuously in the spotlight with the greatest number of anti-dumping cases from across the globe, with the largest number of cases from African developing countries (Jiang, 2008: 58).

This chapter argues that Chinese manufactured goods have contributed to the lack of Nigeria and Zambia's industrial transformation by reducing local production and entrepreneurial activities in various sectors. The first section explores international trade pattern, issues of dumping and contingent protection measures. Chinese trade practices will be compared to those of traditional African trade partners. The section also provides an overview of the influx of manufactured goods in Nigeria, and the impact of counterfeits goods and how they have crippled the economy through the loss of billions worth of tax revenues. In addition, the emergence of Chinese economic migrants in African with a focus on Zambia and impacts are

assessed. The second section aims to explain factors hindering African economies from competing with Chinese manufactured imports.

5.2 Overview of imported manufactured goods in Africa

In the past 20 years, Chinese imports of their manufactured goods to Africa has grown in an alarming rate not only demonstrating to be detrimental to Africa's industrial and economic transformation by crowding out some non-Chinese goods but also impacting negatively on Africa's main traditional trade partners by dominating African markets. The U.S, in particular, has been the main trade partner in Sub-Saharan African (SSA) countries, whereas the E.U trades with North African countries. China has managed to penetrate various markets across Africa through the sales of their low-cost price manufactured goods (Giovannetti & Sanfilippo, 2016: 12).

The Asian giant has become known for their capacity to supply low-cost manufactured goods in labour-intensive sectors. Most significant products include machinery and equipment, textiles and clothing industry, wood products, iron and steel, low-tech and relatively sophisticated productions. Various manufacturing sectors decreased as a result of China's rise in the export of their manufactured goods, including those that rely on the production of low-tech labour-intensive products. Therefore, China thus has a direct impact on local markets by displacing local producers, such as the displacement of clothing and accessories industries in Zambia. In fact, SSA countries domestic markets have declined since China's strong competition, most particularly small and medium enterprises in the clothing, footwear and textile industry (Giovannetti & Sanfilippo, 2016: 12).

Ward (2017) reported on a story highlighting that the E.U's aggressive imports of poultry in Africa, specifically in Senegal, Cameroon, Ghana and most recently South Africa has been negative on these economies. He has found that the E.U has long-standing abusive agricultural trade practices by using its economic partnership agreements to import their highly subsidised agricultural products. Poultry farmers and producers make their profits

from the highly demanded chicken breast (white meat), which is considered to be healthy. The rest of the chicken meat; the bone-in such as thighs, wings, feet are classified as waste/or surplus which is not popular amongst European consumers but to African consumers and therefore is heavily imported to these countries. Ward (2017) claims the effect has led to the shut down of 70% of broilers operation in Senegal, 120 000 job loses in Cameron, a reduction of poultry processing plants reduced to 25% capacity, feeding mills reduced to 42% capacity in Ghana whilst the South African poultry market has declined rapidly. As the European poultry farmers and producers are essentially dumping their surplus poultry in these developing countries. My observation is that this practice seems to be a trend by developed countries to use developing countries as a dumping ground for their manufactured goods. Therefore dumping is not a unique phenomenon brought by Chinese business practices. China's trade patterns in this regard mirror similar practices as the E.U and others traditional African trade partners.

As mentioned previously, dumping in international trade is not a new phenomenon. In fact, various countries expressed the need to impose "contingent protection" in order to balance their liberalisation commitments under certain circumstances. The introduction of (1) safeguards measures to respond to the serious injury to domestic market (2) anti-dumping duties, and (3) countervailing duties in response to subsidies become the three types of measures to fall under the contingent protection under the WTO. However, economists argue that free trade involves competition which may lead other or similar businesses to decline or cause them to close down as an unintentional consequence of business. Governments have found that some domestic industries suffer due to the influx of imports, therefore, these measures are viewed as necessary to balance "unfair trade"(Trachtman, 2013: 628).

As explained by Trachtman (2013:631) the concept of dumping is known as selling your goods in a foreign market at a price below the production cost and lower than the home market or if such a price does not exist at all – this further understood as the international price discrimination. Dumping is also considered when it causes serious injury to material in that foreign market producing the same goods. It also often happens in private sector activities. Should that foreign market accuse the importing company of dumping, an

investigation into price discrimination will go ahead as well as an investigation into the cause of serious injury to the material, following confirmed findings of dumping, anti-dumping duties will then be applied. Furthermore, antidumping measures are used in order to prevent the formation and durability of monopoly capital which will result in the reduction of wealth on that foreign markets importing those goods (Trachtman, 2013: 640).

The rationale behind dumping in the past was motivated by the fact that domestic market prices were no longer competitive due to their monopoly. They will then extend their reach to foreign markets. For that reason, goods sold below domestic prices will be justified as normal business practices as consumers in those foreign markets will benefit from low-cost goods. That is the reason why the economic definition of dumping does not exist as they see dumping as not a discrete economic phenomenon. The other argument against dumping arises from the issues of subsidies. Generally, under the WTO, subsidies alone is not illegal, however, export subsidies and import substitution subsidies are illegal and should be removed when they cause serious injury to material on the foreign market. Subsidies can be used to protect domestic markets from an influx of goods imported in that country, however, producers for instance in the E.U who are subsidised for the production of their products will have a negative impact on foreign producers in that similar industry. Determinations of what constitutes a serious injury to material in domestic markets are still widely contested and have caused debates between economists and political economy analysts (Trachtman, 2013: 642 - 645).

Developing countries make up the largest number of complaints against Chinese trade practices (Jiang, 2008: 58). Recently, U.S has launched anti-dumping and countervailing duty cases against China's aluminium producers (LaRocco, 2017). Reviewing the literature on trade pattern by Eastern and Western countries, my analysis is that China becomes the focus in African trade relations due to their increased investment and they are subjected to criticism based on their business practices. Strong evidence shows that China is taking advantage of trade relations and cases of imbalance in trade figures, Chinese trading patterns have not been different to those of Western ones. Moreover, Tull (2006: 472) explains that through these trade exchanges, it cannot be justified to say that China will make a significant impact to

fundamentally alter Africa's asymmetrical integration in the international market or reduce their dependency on export revenues or low-cost manufactured goods. China does not have altruistic motives when it comes to their foreign trade policies, instead, they engage in beneficial relations, which see them as seeking viable deals in order to expand their own economic goals. Tull (2006: 472) states China's motives are driven by investments, markets, and a labour-intensive and export-oriented manufacturing sectors such as textile and clothing.

The influx of Chinese manufactured goods in Nigeria

In earlier years, Chinese manufactured goods were sold only in "China Town" in Lagos, but over time, Chinese products become accessible throughout the country in various markets in spite of the Nigerian governments' campaign for "Made in Nigeria" goods. This was complemented by Chinese restaurants also becoming more popular in the country. The commercial success of Chinese entrepreneurs in Nigeria has been phenomenal considering the large population as a viable market and their attractive prices for locals. Thus, Chinese brands like Ferjeng and Jincheng would be cheaper than second-hand Japanese brands such as Yamaha or Suzuki. Chinese growing prominence in Nigeria is demonstrated by the fact that some Nigerian traders are also selling Chinese products because of their popularity (Ikhuoria, 2010: 131 - 132).

Even though locals generate an income through the sales of Chinese manufactured goods by locals traders, I argue that this practice won't yield a positive outcome in the long term. The influx of Chinese goods in Nigerian markets is a result of weak institution inability to protect jobs or create them, therefore, there will be limited growth as an entrepreneur. For instance, if a local trader sells the same products offered in the next shop (in this case, chain of shops full of Chinese goods) for the same price means a local trader will have little to no profits as well as no competition. The ends do not justify the means in terms of them generating wealth, but rather, they are surviving a harsh economic reality. Chinese traders have chains of shops and their businesses often expand as a result of providing a wide range of products for their consumers while generating great returns, unlike local traders who sell a few Chinese products. Fundamentally, local traders resort to selling Chinese goods as a reaction to their

situation rather than a choice – with local producers out of businesses. Ikhuoria (2010: 133) points out that it is as a result of the liberal trade regime that China is exploiting. The hypothesis is that more people will remain in poverty instead of breaking the cycle of being in poverty or creating deeper levels of poverty.

High levels of Chinese manufactured goods in Nigeria, specifically Chinese textile resulted in the shrinkage of local business unable to compete. Chinese producers in China have better infrastructures to meet the high demand of supplying millions of people in one country alone in a short space of time. Unlike in Nigeria were infrastructures is a major problem and with constant electricity outages, it is virtually impossible for local producers to keep up and offer similar deals as the Chinese. Consequently, 65 Nigerian textile mills closed down and 150,000 textile workers lost their jobs in the last decade. In 2008, it was reported that more than US$50 billion worth of Chinese goods were imported into African markets (Brautigam, 2009: 231).

Counterfeit Goods

Imported manufactured goods coming into Nigeria are meant to be inspected and administrated by various institutions. For example, the Ministry of Commerce is responsible for trade policies and trade administration. In addition, administration of imports is the responsibility of the Nigerian Customs Services, whereas the National Agency for Food and Drug Administration and Control (NAFDAC) are responsible for the safety and control of those products on the health and wellbeing of the Nigerian nationals. Lastly, the inspection for quality and control of local and international manufactured goods are handled by the Standards Organisation of Nigeria. These institutions are meant to work in conjunction with each other in order to protect the Nigerian economy but often fail to detect counterfeit goods (Ikhuoria, 2010: 130).

Africa's lag in good institutions has created a serious problem concerning the emergence of counterfeit goods. A 2016 report by the Organization for Economic Co-operation and

Development (OECD) and the European Intellectual Property Office (EUIPO) showed that counterfeit goods accounted for US$461 billion of the global trade compared to US$17.9 trillion of total imports in world trade. In essence, 2.5% is the total figure of global exports made of counterfeit goods. Counterfeits goods are easily smuggled into the continent via various ways. African governments have been unsuccessful in eradicating counterfeit in their markets. It is estimated that close to 100,000 African die annually due to unknowingly consuming counterfeits medications. Poor people buy fake medication and other harmful products unknowingly as they look real. The World Health Organisation (WTO) predicts that African markets are flooded anywhere between 30 to 60% of fake medicine. Such as the Kenyan market is believed to have 80% of fake malaria medicine. Counterfeit goods that enter Africa go beyond damaging brand reputation and consumer confusion. Products range from the fake baby formula, cigarettes, medical instruments, vehicle parts, tyres, aircraft parts, motor oils and many more (Walter, 2017).

Moreover, counterfeit goods result in an enormous loss in tax revenue; East Africa, for instance, lost US$500 million in tax revenue every year. This evidence suggests that the trade of counterfeit goods flourish in the informal environment than in controlled and regulated environments (Walter: 2017). Lin (2011: 2) correlates the latter with the fact that, counterfeit goods flow through open-air wholesale markets in densely populated areas because they are easy to transport and sold in an informal economy creating a so-called “grey zone” between formal and informal economy. As cited in Walter (2017), a 2011 study by Standard Organisation of Nigeria revealed that 85% of all goods sold in Nigeria were counterfeit and substandard.

Walter (2017) asserts that the vast majority of counterfeits products come from the East - mainly from China. He confirms his argument by highlighting a report from the UN Office on Drugs and Crime (UNODC) that revealed 70% of all counterfeits goods seized globally during the period of 2008 to 2010 were manufactured in China. The decision toward China’s switch to becoming a more market-oriented economy gave a free rein to produce counterfeit goods, which have been under controversy and debate globally. Observers are particularly concerned about intellectual property rights, brand reputation and safety issues. The WTO

defines intellectual property as “rights given to people over the creation of their minds. Creators can be given the right to prevent others from using their inventions designs or other creations”. Furthermore, exploitation of any sort of the intellectual property rights without the acknowledgement and permission of the owner, constitute an infringement. Despite this, markets across the world are flooded by counterfeits, which are identical to genuine products (Lin, 2011: 4).

Lin (2011: 6) explains that the production of counterfeits goods in China is about not only generating profits, or imitating Western brands and selling them at a cheaper price but it is also motivated by the desire to create a sense of shared cultural intimacy. She suggests that the copy culture has been a way for consumers to resist and reclaim control from the daily changes that come with an evolving global economy. The practice further demonstrates consumers’ ways of expressing themselves through various channels (particularly in China), by embracing innovation and a new wave of equality by not recognising the mainstream culture of consumption (Lin, 2011: 61). Manufactured goods shipped into African are of very low standard as mentioned earlier regarding fake medication. African consumers have expressed bitterness and frustration about the substandard quality of Chinese products flooding into their markets compared to those produced for Euro-American markets. Rupp (2008: 70) claims that China views African people as substantial, and undersupplied as a result, China took aggressive advantage by exporting their manufactured products but admits that it provide an agency of economy that was previously lacking. It is for that reason that critics have accused China of dumping their products in African markets.

Counterfeit products make it to Africa through East African countries – with the main entry point in Tanzania and Kenya (Walter: 2017). Products are transported via cargo ships, air and increasingly through the internet. In order to avoid detection, counterfeit goods go to various ports from China to acquire formal documentation and invoices. In other instances, orders of goods are sent to Taiwan, but they are manufactured in China then transported to Taiwan then Africa (and various cities in the world) under false registrations and trademarks (Lin, 2011: 35). In fact, smuggling of manufactured goods in Nigeria has become a norm and out of the control of the government. Even when the government tracks operations using smuggled

goods and shut them down, they often find a way to reopen the operation at the same place or somewhere else under a different name. An example is a Chinese market in Ikoyi, Nigeria in 2003 (Ikhuoria, 2010: 135).

Policing counterfeits goods is a challenge, not only in Africa but globally. It is impossible to regulate Chinese counterfeit goods because they are under "local protectionism"; whereby some local governments make the effort to protect local counterfeit operations, as they believe in their necessity within the economy and abroad (Lin, 2011: 48). I argue that this is another form of corruption and for some people in local governments to make profits and subsequently, developing countries will be hit the hardest. Walter (2017) states that there are currently sensible legal remedies for addressing counterfeiting in countries such as Nigeria and Zambia amongst other but unfortunately this enforcement is at a very small scale as these countries battle with the enormous amounts of counterfeit goods coming in their countries.

The emergence of Chinese economic migrants in Africa: a focus on Zambia

Due to the long-standing relationship, China has with many African countries; the number of Chinese nationals in African countries has increased throughout the past few decades. The majority are temporary migrants who are employed by Chinese SOEs and private Chinese companies. However, it is important to note that there is an increasingly larger number of independent migrants coming to the continent in the pursuit of economic opportunities (Park, 2009: 2). It is common for Chinese nationals to leave the country in pursuit of economic opportunities, in fact, the coastal provinces of China, specifically Guangdong, Zhejiang, and Fujian are areas that for centuries sent out their nationals into the world. Young people are also put under social pressure to go abroad and return home successful. Although there are a number of migrants travelling to the U.S, Italy, Malaysia and France and more, the purpose of this paper is to focus on those who travel particularly into Africa.

According to Park (2006: 3), there are various ways of how Chinese nationals arrive in Africa. Firstly, migrants arrive in Africa through the government-to-government

arrangement. These are particularly Chinese professional and labours such as doctors or agricultural advisors who are involved with development aid projects. Secondly, through a government licensed private employment agencies that tasked to recruit workers for government-run projects in oil fields, construction or mines. In addition, these agencies also assist with proper visa and travel documents. Thirdly, independent migrants travel to Africa through social networks, family or friends. Finally, those who are unable to use the above channels resort to getting into the continent through "snakeheads" or human traffickers/smugglers. Emmanuel Ma Mung as cited in Park (2009: 06) concludes that there are three types of Chinese migrants in Africa: firstly, temporary labour migrants who work for large Chinese companies involved in public building and large infrastructure; secondly, small-time entrepreneurs; thirdly, transit migrants. Furthermore, the Migration Policy Institute includes agricultural workers as a fourth category to the list.

French (2014) asserts that Zambia has been the frontline of a large number of Chinese migrants. Chinese migrants began moving to the country as early as the 1990s, and with recent figures estimating over 100,000 Chinese nationals in the country. However, the Zambian government said the number was closer to 3,000 (Brautigam, 2009: 269). Despite the contradictory figures on the exact number of Chinese people in Zambia, evidence has shown the impact of the increased presence of Chinese traders has had on local traders (Leslie, 2016: 09).

As mentioned earlier, small-time entrepreneurs or "new entrepreneurial migration" are another group of migrants in Africa. Many of these small-time entrepreneurs arrive in Africa to establish their businesses commonly in retail, wholesale trade of Chinese manufactured goods, although they were not necessarily entrepreneurs in China. Small-time entrepreneurs stock their products straight from China and sell them in their shops. This practice reduces the number of intermediaries, cut costs and guarantees bigger profits for the owners. These shops often stock almost everything that people need from toys, clothes, shoes, jewellery, hair extension, home appliances, garden tools, small electronics and more (Park, 2009: 7).

Zambian local traders have complained about the presence of Chinese traders in Lusaka who has taken up shop in the sprawling market of Kamwala – which is traditionally known as the city's oldest trading place. Local traders have been displaced by the import of cheaply priced garments from China (African Business, 2008: 53). Rupp (2008: 68) has found that most anxieties, racism, and anger have been vigorously expressed due to the presence of Chinese nationals found in the marketplace. Furthermore, the establishment of Chinese shops encourages employment, as they will need more people to assist around the shop as the business expands, however, many times this is in favour of their relatives, friends, family or other Chinese national as preferred workers. Carling and Haugen as cited in Park (2009: 8) argues that Chinese nationals hire other Chinese nationals due to trust, arguing that it is easier to trust a family member or a friend. Transit migrants are another group of Chinese nationals who are most difficult to identify and document due to their informal status. It is believed that after 2008, 15, 000 Chinese farmers have settled in 50 agricultural villages (often remote and isolated) in 28 African countries; one of those countries is Zambia.

5.3 Africa lacks manufacturing capacity

Three factors are affecting the success of the manufacturing sector in Africa. Firstly, structural factors that influence costs. The lack of infrastructure in Africa is the biggest challenge as it influences the level of production in manufacturing, the quality of institutions, the size of the domestic market and landlocked status. The Chinese government created Special Economic Zones in Africa to encourage manufacturing activities, which have resulted in favour for Chinese SOEs and private businesses to import their manufacturing goods in various countries (Jeannenry & Hua: 2015: 6). In contrast, African economies are battling to take advantage of the benefits of international division of labour through the integration into global production networks the same way China has been able to do over time (Yap & Henson, 2016: 6).

I argue that if African countries had appropriate infrastructure as well as functioning institutions it will exert significant positive results on manufacturing sectors in Africa, perhaps to an extent of not manufacturing products in landlocked regions for local markets

but abroad significantly. The sale of African manufactured goods enables that particular country to diversify its economy and independently encourage entrepreneurs to integrate into the international marketplace. Currently, many African countries rely on traditional productions and do not have the capacity for large-scale production (Henson & Yap, 2016: 11).

Secondly, foreign competitors have negatively affected local economies. The greater volume and the more diversified the manufactured goods imported by foreign competitors in African countries, the greater the impact it has on various manufacturing sectors (Jeannenry & Hua: 2015: 6). China's ability to penetrate into African economies market through the export of various manufactured goods is detrimental. Even though China is not the only country that has secured an African market for their manufactured goods, competition amongst these various countries has exacerbated African industrial development. However, China has been the biggest culprit. Chinese manufactured goods to African countries were more than double the growth of export at 28% from the rest of the world at 12.9% from 2000 to 2013. Manufactured goods coming into Africa from China increased from US$4.4 billion in 2000 to US$86.7 billion in 20013. In essence, China's negative impact on African manufacturing has directly resulted in a decrease of manufacturing added value of -1.12% in African countries, which was higher than the effect other foreign countries have in Africa. This is in contrast to the rapid growth of China's export of manufactured goods to Africa and profit generated (Jeannenry & Hua: 2015: 4 & 15).

Thirdly, the relative price of manufactured goods, which is based on real exchange rates with different trade weights as per the competitors and markets. African counties who belong to certain custom unions such as the African Growth and Opportunity Act (AGOA) and the E.U benefit from quota and tariff-free access to their markets with the exception of arms. The negative impact of this often comes from the ambiguity of real exchange rates. In fact, this practice has negatively influenced labour remuneration, as local traders and foreign companies have to adjust prices and offer low-income wages to their workers. Studies have shown that workers who receive too low remuneration are at a higher chance of having their health and work capacity negatively affected (Jeanneney & Hua, 2015: 7).

China has traditionally relied on low-level labour remuneration as its main of competitiveness as well as intense productiveness. Giovannetti & Sanfilippo (2016:16) highlight a World Bank study on textile and clothing sector which shows AGOA member offers much lower labour remuneration as compared to in China. In essence, many African manufacturing exports lack the capacity to supply quality products, labour productivity, higher labour remuneration, comparative prices, and speed to market. For that reason, African producers are in no position to compete with Chinese companies, as they are unable to undercut Chinese productions costs as well as prices. Unquestionably, the imbalance of trade undermines job creation in Africa – as export to China is by large limited to capital-intensive commodities while Africa is creating jobs in China (Tull, 2006: 472).

Giovannetti & Sanfilippo (2016: 35) state that in spite of the influx of Chinese manufacturing goods on the continent, the intra-African trade still continues but not at an impressive rate. They found that there is a correlation between China's rising export to SSA countries and the reduction in both African export to SSA countries and in intra-SSA trade. This illustrates that the continual increase in Chinese manufactured goods in these countries came at an expense of intra-regional trade. They note that it is equally important to have intra-African trade agreements (such as ECOWAS) put in place in order to sustain trade grown in these regions. Furthermore, For them, Intra-regional trade is not considered to be the primary source of trade to other African countries and they explain this by highlighting that in 2006, only 8% of total export from Africa were directed in other African countries. They recognised that other factors such as the absence of regional production networks, varied barriers to trade, bureaucracy, lack of adequate internal infrastructure and increase in the cost of internal trade as hindering effects.

Adebajo (2008: 19) suggests that Nigeria could be instrumental in reducing the dependency of Western and Eastern manufactured goods. However, another challenge in the equation is the informal trade within Western Africa since it has proven to outstrip formal trade and further exploit porous borders. In addition, the use of francophone currency zone tied to the

euro is also another element that hinders sustainable and successful regional integration within ECOWAS. That is the reason why, many ECOWAS countries remain poor, lack the infrastructure for industries, electricity and are dependent on customs duties to generate revenues. Due to the difficult growth in the economy, these countries find themselves competing instead of collectively working together towards change and progress. Meagher (2008: 168) also suggests that Nigeria could become a major player to provide a framework towards regional economic stability. Its successes will happen through economic capacity and organisational skills.

5.4 Conclusion

This chapter demonstrated that since China's entry into the WTO, it has increased the supply of unprecedented amounts of manufactured goods worldwide, more especially affecting developing economies in Africa. Moreover, industries that produced textile, footwear, and leather, low-tech have been affected the most. Even though China is not the only country that has secured an African market for their manufactured goods competition amongst these various countries has exacerbated African industrial development.

The first section explored international trade pattern, issues of dumping and contingent protection measures. Chinese trade practices were compared to those of traditional African trade partners and found that, although China is no different from traditional trade partners, they have the highest number of anti-dumping cases. The section also provided an overview of influx manufactured goods in Nigeria, and the impact of counterfeits goods and explained how they have crippled the economy through the loss of billions worth of tax revenues while causing the death of 100,000 Africans annually from unknowingly consuming the counterfeit medication. In addition, the emergence of Chinese economic migrants in Africa with a focus on Zambia was discussed. The section found that Zambians frequently complain of the presence of Chinese traders, often contributing to social unrest in the country. The third section explained various factors hindering African economies from competing with Chinese manufactured imports.

Chapter 6: Conclusion

African countries with rich resource profiles have attracted Chinese investment. Resource-rich countries consist of resources which are scarce and economically useful for production and consumption. Moreover, non-renewable resources such as oil, gas, alluvial diamonds, the 3Ts and gold are critical to the expansion of global economies. The second chapter highlighted how these natural resources created a geo-economical competition between different economic powers such as the E.U, U.S, and China which is often referred to as the "new scramble of Africa". The narrative of "Africa Rising" highlights positive aspects of the continent such as investor confidence, growing economies, more democratic governments, growing use of cellphones, and the fast-growing middle class. In addition, these indicators are used to attract foreign investment to exploit oil and gas reserves while developing infrastructures such as railways from the resource points to the costs in order to transport these resources to the East and West. The consequence of this is that often revenues end up in the pockets of government officials, investors, shareholders while the wealth gap is rising at an alarming rate in many of these African economies such as Nigeria and Zambia.

Moreover, the chapter found that Chinese investment in resource-rich countries has undermined substantial growth for various reasons. Countries such as Ethiopia, Tanzania, Algeria, Zimbabwe, Angola and South Africa have benefited from infrastructure projects (schools, hospitals, airports, roads) capital inflow, political stature, human development, security assistance and a developmental partner. Similarly, Chinese investment assisted the rehabilitation of copper mines in Zambia and Nigeria's railways. However, the Sino-African relations has heightened corruption, further weakened institutions, undermined the rule of law, made economies such as Nigeria and Zambia resource dependent and are therefore unable to diversify their economies, coupled with continuous trade imbalances. It is for that reason that they also experience a resource curse. Consequences of the curse have enriched governments, triggered violence, made authoritarian regimes more durable, and made governments less accountable to its population while undermining democracy. Often the implication of these relations includes lack of transparency, especially in the procurement of resource deals which has led to citizens to lose faith in their governments, especially concerning issues of social development and wealth distribution from resource revenues.

Under imperialism, economies were structured to produce raw materials and wealth for European powers. It was a policy about empires and the expansion of the European core by using rulers in the periphery to work for the core instead of their constituencies. Other key dimensions of imperialism included collusion between the state and MNCs, damage to the environment from resource extraction, horrific violence, labour disputes, and the import of manufactured goods to the periphery. Although China is not formally occupying African territories like previous imperialistic powers, Okoro et.al (2011: 95) affirms that China inhibits neo-imperialistic characteristics by "diplomacy friendship" and “new" rhetoric promises to exploit resources.

In my research, I found that China’s ideology of wealth accumulation and expansion consists of neo-imperialist characteristic. There is strong evidence of Chinese companies colluding with states such as Nigeria and China, particularly in securing exclusive mining rights that often exclude the participation of local businesses. This has resulted in violent clashes in these mining areas of Zambia where Chinese companies are operating and in the Niger Delta region. Similarly, the Asian giant has secured a cheap supply of raw materials and a market for their manufactured goods in these countries. China also exercises some level of influence, mostly interested in economic global outreach. As a result, both Zambia and Nigeria do not have the diplomatic effectiveness but rather lags behind China's superior diplomatic knowledge and it is for that reason key implications of this would increase state capture to their advantage and will continue to feed China’s resource interests.

The research also found that China employs the so-called “economic statecraft” of securing long-term supply and access to resources. As mentioned in previous chapters, Alves (2013: 07) explained that economic statecraft is a strategy of a government influencing another government’s behaviour in their favour and this strategy can either be negative or positive. For instance, negative statecraft is using economic sanctions, and punishment to influence a government to adhere to particular demands. Whereas positive economic statecraft involves using a softer approach of extending economic incentives or rewards in order to influence a

government to comply with the lender's foreign policies. For example, China used concessional loans for the infrastructure as a foreign policy instrument (Alves, 2013: 08).

In addition, Chinese allocation of investment correlates to market size, population, natural resources and often-political stability but negatively correlates with the rule of law. That is the reason why China establishes relations with rogue states such as Sudan and Zimbabwe, who are resource-rich countries. The West often criticise China for their business practices as they argue they undermine the international standard of promoting democracy and economic liberalisation. In addition, The West fears that it will no longer have a dominant-influence on African matters, which also means less influence in securing a cheap supply of the resources. In addition, the West fears that the more influential and powerful China becomes, the more Western hegemony is threatened in Africa and ultimately in global affairs.

When evaluating the scope of Chinese investments in chapter three and four, it is clear that the level of investments is more pronounced in the case of Zambia than Nigeria. China established various business ventures in various sectors with the majority in copper mining and manufacturing. China has also taken interest in joint ventured with both countries. This tells us that, joint ventures could have the potential to include local production companies to participate in the copper mining sector. However, Chinese investment is still dominant meaning they still have more advantage in being awarded resource deals.

Another point is that Zambia and Nigeria have high levels of political patronage, strongly influenced by China's political power. Chinese influence in the 2011 elections was evident when the late former president Michael Sata retracted his promises, to crack down on corruption and get rid of "bogus" Chinese businesses in the country shortly after his election victory. Their influence involves particular levels of state capture and political influence. China's cosy relationship with former leaders such as Zambia's Levy Mwanawasa, Frederick Chiluba, as well as Nigeria's Sani Abacha, Goodluck Jonathan, Olusegun Obasanjo are examples of political patronage which has been persisting for a long time. An implication of

political patronage is that it strengthens corruption and most importantly political patronage is likely to continue, as mining deals will be awarded through this practice. This has a devastating effect on local companies who want to be part of the mining industry. Furthermore, revenue generated is not likely to be used for development and the interest of its population but rather government enrichments and a close circle of political elites.

Unlike Zambia, the high levels of violence in Nigeria's oil fields are horrific. Nigeria asked China for military assistance in order to protect their oil fields due to the inability to protect them from insurgent groups such as Boko Haram, MEND as well as to ensure the safety of Chinese nationals who have been targeted. This is also due to the resource curse; oil, in particular, has caused the deaths of hundreds of thousands of people in the Niger Delta. However, Nigeria does not experience the same level of labour disputes as experience in Zambia. Chinese companies operating in copper mines are frequently been accused of the worst labour practices, despite the fact that mining conditions are generally bad globally. Violent clashes between Zambian mine workers and Chinese mine bosses have led to the deaths of local miners in the hands of their Chinese bosses. This is also due to the fact that Chinese mines turn to operate outside the rule of law and not held accountable.

Chapter five found that Chinese manufactured goods imported to Zambia and Nigeria are detrimental to their potential industrial and economic transformation by crowding out some locally manufactured goods and most importantly straining intra-continental trade. Although the U.S and E.U produce the same effects, China is criticised more because they have the greatest number of anti-dumping cases globally, with the majority of complaints coming from African developing economies such as Ethiopia, Nigeria, South Africa and Zambia. There is strong evidence suggesting that China is taking advantage of trade relations and trade figures support this argument. Dumping is selling your goods in a foreign market at a price below the production cost or lower than the home market or if such a price does not exist at all. In essence, dumping is a form of price discrimination and often developing economies such as Nigeria and Zambia are unable to compete with these prices as well as other factors such as labour intensity it required. The biggest disadvantage hindering Africa's manufacturing capacity is the lack of appropriate infrastructure and technology to handle large production,

hence locally manufactures turn to close down. Chinese manufactured goods include machinery and equipment, clothing, wood products, iron and steel, low-tech and relatively sophisticated productions.

Much like Nigeria, Zambia has complained about the unprecedented influx of low-quality Chinese manufactured goods and poor quality infrastructure. Although locals benefit from low-cost products, local businesses have been negatively affected more especially in Zambia with the continuous increase of economic migrants. In contrast, entrepreneurs in Nigeria and Zambia expressed that penetrating the Chinese market is often difficult. In addition, counterfeits goods are responsible for East Africa losing US$500million in tax revenue annually, although this problem affects the entire continent. Moreover, 100,000 people die annually due to unknowingly consuming the counterfeit medication. According to Walter (2017), the majority of counterfeits goods come from the East, smuggled as a result of weak institutions meant to inspect and manage imports.

The U.S, E.U, and more specifically China are global economic powers who continue to have a strong footprint in African developing economies and their keen interest in resource-rich countries have successfully secured oil and other natural resources. The implications tell us that Africa will not necessarily be integrated into the global economy, but rather its resources are the key in the economic expansion of these global powers, Therefore, many African countries like Zambia and Nigeria will not gain significant improvements towards sustainable economic growth and development toward their national interests and benefit for their populations.

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