To what extent has China's FDI in the Zambian copper mining industry contributed to the development of mining towns in the country? A comparative case study.

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ABSTRACT

This paper explores how Chinese Foreign Direct Investment (FDI) into the Zambian copper mining industry has impacted development in mining towns, specifically in Chambishi, Kalulushi and Luanshya. Chinese FDI in Zambia began around the early 2000s and has maintained a heavy presence over the years, for the purpose of measuring its impact the paper will be working around the timeline from 2005-2015, and because development has various definitions depending on the source, I will focus on some of the most agreed upon parameters of development: infrastructure (roads and bridges), social development (formal employment creation, recreational centres, technology and skills transfer, and state revenue) and human development (education, welfare). The study also explores FDI from other firms in the country and whether the lack of corporate social responsibilities laws in Zambia, contributes to development or the lack thereof.

The purpose of the study is to assess whether Chinese FDI in the copper mining industry is having a positive impact in the towns where it most concentrated and if this benefits majority of the town's residents. The study employed a mixed design of qualitative and quantitative, where survey questionnaires were used to gather the data and the data analysed assisted in answering the initial hypothesis: Chinese FDI has had a positive impact on development.

KEYWORDS; Foreign Direct Investment, FDI, Chinese FDI, China in Africa Development, mining in Zambia, copper, development

DECLARATION

I, Matebe Mary Chisiza, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in fulfilment of the requirements of the degree of Master of Arts (in the field of International Relations) of the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or diploma in any other University or Institution.

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Matebe Mary Chisiza

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Dedication

To my parents, thank you for everything I know there is no way to repay you for your sacrifice but I want you to know, I love you. This is for you.

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List of Abbreviations

ADB	Asian Development Bank
CCS	Chambishi Copper Smelter
CCSI	Columbia Centre on Sustainable Investment
CEC	Copperbelt Energy Company
CLM	China Luanshya Mine
CMNC	Chinese Multinational Companies
CNMC	China Nonferrous Metal Mining Corporation
ECZ	Environmental Council of Zambia
EXIM BANK	Export-Import Bank
FDI	Foreign Direct Investment
FQM	First Quantum Minerals
GDP	Gross Domestic Product
GVC	Global Value Chains
ILRA	Industrial and Labour Relations Amendment
IPA	Investment Promotion Agencies
KCM	Konkola Copper Mines
M&A	Mergers and Acquisitions
MCM	Mopani Copper Mines
MFEZ	Multi-Facility Economic Zone
MLSS	Ministry of Labour and Social Security
MMD	Movement for Multi-Party Democracy
MNC	Multinational Corporation
NGO	Non-Governmental Organisations
NFCA	Non-Ferrous China Africa
NIE	Newly Industrialised Economies
PF	Patriotic Front
PRC	Peoples' Republic of China
SAP	Structural Adjustment Programme
SASAC	State-owned Assets Supervision and Administration Committee
SDG	Sustainable Development Goals
SEZ	Special Economic Zone
SOE	State Owned Enterprises
SSA	Sub-Saharan Africa
TAZARA	Tanzania Zambia Railway Authority
TEVETA	Technical Education, Vocational and Entrepreneurship Training Authority
TNC	Transnational Corporations
TVET	Technical Vocational Education Training
ZCCM	Zambia Consolidated Copper Mines
ZCCZ	Zambia-China Economic and Trade Cooperation Zone

Chapter One: Introduction

1.1 FDI and Development

The attitude of many countries towards inward FDI has changed noticeably over the last couple of decades, as many nations have liberalised their policies to attract various kinds of investment from multinational corporations (MNCs). FDI has many advantages including but not limited to:

- It allows the transfer of technology-specifically in the form of a variety of capital inputs- that cannot be achieved through financial investments or trade in goods and services. FDI also promotes competition within domestic markets.
- Recipients of FDI often gain employee training during the course of operating the new companies. This contributes to human capital development within the host country.
- Profits generated by FDI contribute to the corporate tax revenues in the host country (however some countries forgo this revenue when they curt corporate tax rates to attract more FDI).

FDI is seen as a major mechanism for development. It can be defined as the acquisition of a lasting interest, usually with at least ten percent stake, in an enterprise operating outside of the country of residence of the investor, with the purpose of gaining effective say in the management of the enterprise (BPM5, 1993). A lasting interest implies the existence of a long-term relationship between the direct investor and the direct investment enterprise, as well as a significant degree of influence on the management of that enterprise. It plays an integral role as a source of management, technology and external funding for developing countries and economies in transition. As a result developing countries, emerging economies and nations that are in transition due to advantages related to FDI have liberalised their regulatory frameworks and followed best policies to attract investment (Kurtishi-Kastrati 2013, 2). They have also established investment promotion agencies (IPAs) that actively seek investment which target specific types of FDI in their national objectives. Broadly speaking, there are four types of FDI:

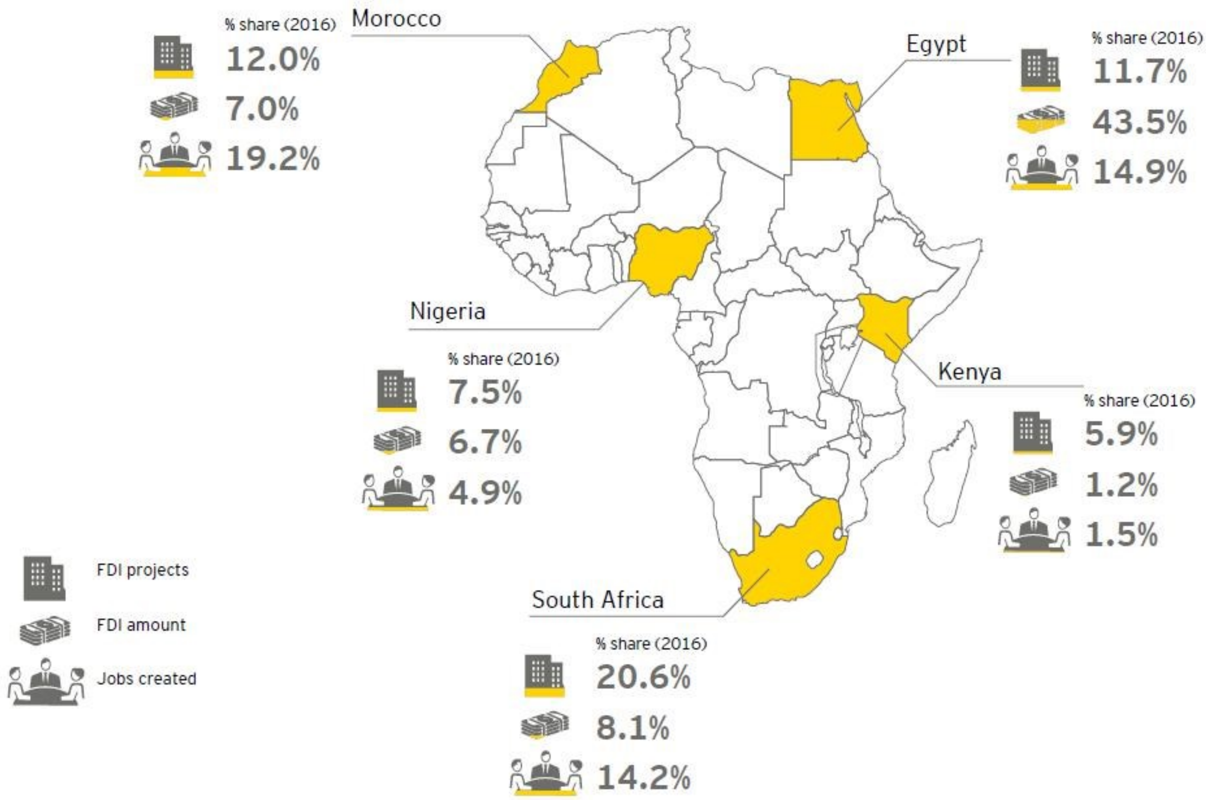
1. Greenfield investment- This is when a firm that enters a foreign market via FDI sets up an entirely new facility. The primary reason for setting up a new facility is that it offers the freedom of design flexibility and efficiency to meet the project's needs.

2. Brownfield investment- This is an investment into an already existing facility and is geared towards improving or increasing its capacity. It has the advantage of reducing the costs of start-up and the time devoted to construction.
3. Mergers and Acquisition- This refers to the consolidation of companies or assets. It could either be two companies joining to become one, or one company taking over another. The reasoning for this is that two companies together create more value compared to one.
4. Joint ventures- This is a strategic alliance between a foreign company and (in most cases) a local company with the aim of doing business together.

The Columbia Centre on Sustainable Investment (CCSI) outlines 5 pillars that are crucial to sustainable international investment-specifically FDI. The five pillars are: a commitment to long-term planning and revenue management, a strategy to leverage investments for development through infrastructure and linkages, an approach that promotes human rights and integrated development, and a system to manage environmental risks and impacts. This shift towards sustainable FDI also aligns with the UN Sustainable Development Goals (SDGs), promulgated in 2015 as a way to eradicate poverty by 2030 through promoting economic, environmental and social sustainability (Markowitz and Langalanga: 2016). The experience of a small number of fast-growing East Asian countries and their newly industrialised economies (NIEs), as well as that of China, has strengthened the belief that attracting FDI is the key to bridging the resource gap of low-income countries and avoiding further accumulation of debt, while directly tackling the causes of poverty. The examples from East Asian countries showed the resilience of FDI, as investments in those countries remained relatively stable during the global financial crisis of 1997-1998. During this time these countries were able to sustain economic growth and utilise the profits from FDI that propelled nations like Japan and Singapore into strong economic states. In contrast, other forms of private capital flows such as, portfolio equity and debt flows, were subject to large reversals during this period. Compared with other forms of global capital flow, FDI has been a relatively steady source of capital for many Asian economies. Historically, most FDI in Asia came from western economies however, the development of technology, human resources and accumulation of capital in Asia has enabled advanced economies in the region to invest and set up production in neighbouring countries. Perhaps the main driver has been the increase of intraregional FDI, or foreign investments from Asian countries within Asia. This is also linked to global value chains (GVCs), where the production of a commodity, usually manufactured goods is not confined to one country, but spread across different economies, as different components are separately produced. Intraregional FDI inflows are mainly driven by East Asia and, to a lesser extent Southeast Asia. In 2015, East Asia and Southeast Asia accounted for 60 percent and 24 percent, respectively, of intraregional FDI inflows (Asian Development Bank 2016, 126). FDI in Asia has created better opportunities for the countries in the region to participate in GVCs which has been important for greater trade and economic efficiency. This helped to facilitate an easier transfer of technology amongst corporations along the supply chain, it also boosted job creation.

After majority of African countries began to gain independence in the 1990s, policy makers across the region hoped that attracting FDI, often with the promise of high tariff protection and generous incentive packages, would provide the catalyst for a "late industrialisation drive" (Mkandawire, 2005:33). And after the debt crisis of the early 1980s, the architects of structural adjustment also saw increased FDI as a solution to sustainable economic recovery, this time conforming to the market fundamentals. From this perspective, the pursuit of responsible macroeconomic policies combined with an accelerating pace of liberalisation, deregulation and privatisation, were expected to attract FDI to Africa (World Bank, 1997:51; IMF, 1999). The vast resources on the continent have been the largest driver of FDI inflows to a number of African countries. Significant amount of FDI to Sub-Saharan Africa (SSA) has been directed towards resource rich countries. For example, in 2013, FDI to resource-rich SSA nations accounted for 95 percent of the increase in FDI to Africa in that year alone. Countries like Angola, Mozambique, Nigeria and South Africa, when combined, account for almost three quarters of Africa's commodities. Although African countries may seem like an attractive destination for FDI, political risk tends to sometimes impede potential investors. Like all other risks, political risks has an adverse effect on any economy. The quality of a host country's investment environment which includes the political situation, is important to attract foreign direct investment into the country (Mawanza 2013, 78). Logically, it should be the case that political risk or uncertainty in the recipient country would have a significant negative impact on FDI. The reason being that political instability increases uncertainty within the economic environment, in so doing decreasing the incentives for foreign investors to invest in the host country. Research shows that the results are mixed, Lucas (1990) argues that only political risk is an important factor in limiting FDI (outflows). Kurecic and Kokotovic (2017) argue that "there is a long-running relationship between political stability and FDI in smaller economies, while, for larger and more developed economies…no evidence of such a relationship." In a study conducted by the ADB (2016), it estimates that if governance in the Philippines improved to the level of Malaysia, it would most likely receive more FDI. Although political instability is a factor that sometimes inhibits FDI, this is usually determined on a case by case basis. For example, countries at war like Syria or without a government like Somalia, might have a harder time attracting FDI (not aid), than countries with various issues of government corruption (South Africa) or bad governance (DRC). In many of these cases, it is also the decision of the investor as to whether or not to take the risk despite political instability, these decisions typically are made if the investors can determine there will be a high return on their investment.

Recently, other non-traditional resource countries like Ethiopia, Ghana, Kenya, Mauritania and Uganda have experienced an increase in FDI due not only to the rise in exploration FDI in natural resources, but also due to an expanding middle class and changes in consumer behaviour, accelerated by high purchasing power (African Economic Outlook, 2014). In 2013, the share of FDI inflows in the GDP of non-resource rich SSA countries was 4.5 percent, which was twice as much as it was in 2000 (IMF, 2013b). However, as shown in the figure below, SSA's share of the global FDI inflow is still relatively low compared to other regions:



Source: fDi Markets

This low inflow is due in part to four main factors, (i) structural obstacles in Africa's manufacturing sector which resulted in a massive decline in manufacturing flows, (ii) high production costs in the value chain process in production of diamonds in Botswana, South Africa and Namibia, (iii) high labour costs in the textile and apparel industries in countries like South Africa, causing an inability to meet competition from cheaper countries like China and (iv) investors preference to countries that enhanced labour productivity and skill of workers in the manufacturing sector (UNCTAD World Investment Directory, 2008). The attraction of Africa's natural resources has accounted for an uneven spread of FDI flows across the continent. Apart from the factors mentioned above, problems of policy credibility have been identified as likely deterrents to potential foreign investors, with trade policies singled out for particular attention in studies of cross-country regression; low levels of FDI to Africa have been explained by the ad hoc and reversible nature of liberalisation efforts and the abuse of trade policies for wider economic and social goals (Asiedu, 2002). In addition to this perceived policy deficit regarding developing regions, excessive levels of corruption, regulation and political risk are believed to have further raised costs, adding to an unattractive business climate for FDI (Morisset, 2000; Elbadawi and Mwega, 1997).

The effects on FDI on development are almost as varied as the spread of FDI on the African continent. This has led to a number of assumptions on the general impact FDI will have on host countries. The first is that additions to the capital stock from attracting FDI are 'bolted down' in new plant equipment, forcing firms into longer-term commitments and giving policy makers some degree of reciprocal bargaining power once these investments are in place. In reality, FDI can take the form of M&A as well as Greenfield investments; and although from a corporate perspective both are additions to productive assets, this is not the case for the economy of the host country. While long-term considerations might play a role in M&As, these can also be greatly influenced by prospects of quick capital gains, particularly during periods of economic crisis (Krugman, 1998). Furthermore, where finance assumes a more prominent role in shaping of international economic relations, liberalisation of financial flows and related innovations in financial market instruments allow for evasiveness of FDI flows and a blurring of the distinction with other types of capital flow. In other words, a firm may be doing one thing with its assets and something completely different with the way in which it finances them, which opens the possibility to a much more footloose and less stable type of FDI (Hausmann and Fernandez-Arias, 2000: 8).

A second assumption is that the fruitful assets bundled into FDI readily spill over into the local economy through competition, imitation, labour turnover or vertical linkages. However, in a world where markets fail, scale matters, oligopolistic control is important and opaque business practices such as transfer pricing and creative accounting are pervasive, keeping control over specific assets is key to a firm's capacity to generate fees. In this type of society, there are a number of reasons as to why a one-sided focus on efficiency gains is likely to overestimate the size of positive spill-overs from FDI and to underestimate the possible costs, as well as downplaying potential conflicts of interests between TNCs and the host countries. For the most part however, acknowledging different methodologies employed, evidence of positive spill overs from FDI is mixed- there is even less available evidence of this in low income developing countries and what is available is not of a significant scale. Data gathering and accounting procedures, legal constraints, confidentiality concerns and lack of trained personnel inhibit the collection and composing of FDI data in majority of developing countries. Stock estimates and the breakdown of sources of FDI are at best based on irregular survey data and data on M&As is especially problematic, with multiple definitions and collection problems. Furthermore, corporate practices such as 'transfer pricing' and 'round tripping' complicate data compilation. According to the IMF (2004:10), between 1996 and 2002 approximately two dozen countries, mostly in Africa, fell behind in reporting their balance of payment statistics. Even in cases where current data exists, comparability is made difficult by the use of different definitions and methods for FDI data collection (UNCTAD: 2005).

A last assumption is that FDI will crowd in domestic investment if the right governance structures are in place, which includes competitive markets, unrestricted entry and exit of firms, and above all else minimal state intervention. However, it is uncertain, particularly in late-industrialising economies whether governance of the investment process is best left purely to the price mechanism. It is more likely that the governance of this process requires various institutional arrangements and interventions by the state to generate, distribute and revoke economic rents and to co-ordinate investments in such a way that meets wider development goals of the host country. As a result, this process would require constant interaction and bargaining between policy makers and local entrepreneurs. The way in which this will extend to the management of fees created by foreign firms, and their possible impact on the accumulation process, is likely to mean extra challenges for policy-makers. Whether or not the rents created by TNCs through FDI add to local development depend on various factors, including but not limited to corporate strategy set by the firm; the levels of industrial, technological and skill development reached by local firms, which will have a direct effect on the viability of any similar investment projects; and the bargaining capacities of local state and private actors in the light of disproportionate market power that is enjoyed by TNCs.

Foreign direct investment in least developed and developing countries has many consequences, good and bad. Some of the effects associated with FDI are technology transfer and spill overs. Technology transfer transpires in many different ways: new technology is embodied in imported inputs and capital goods, sold directly through licensing contracts, or transferred to exporters who learn about new techniques from their foreign purchasers. Generally, spill overs occur when the MNCs are not able to reap all the productivity or efficiency benefits that follow in the host country's domestic firms as a result of the entry or presence of MNCs partners. Domestic firms can learn from foreign-invested firms by way of observation or by establishing business relations with those companies or through labour turnover- as local employees move from foreign to domestic companies. Ronald Findlay (1978) suggests that the capital used in foreign invested firms plays the role of a generalised promoter of technology improvement. In other words, the more chances that domestic firms have to observe the new advanced technology used by these foreign-invested firms, the quicker the domestic technology level will grow.

Although there is a clear relationship between FDI and developmental growth, it differs from host country to country as well as where the FDI inflows are derived from. It must be viewed in the context of existing domestic economic structures, capacities and strategies.

1.2 Importance of Study

This study is timely. Chinese FDI in Zambia is at its peak while criticism of Chinese FDI in the country has died down. There still lacks a more balanced framework for evaluating FDI and that is the gap that this paper tries to fill. By focusing on Chinese FDI in the Zambian copper mining industry (from 2005-2010), I will argue that although Chinese FDI has had an overall positive impact on Zambia, when you critically analyse this effect at a town level, the effect has been either negative or almost non-existent. The debate surrounding the quickened pace of Chinese FDI in the country has exposed several weaknesses in the regulatory framework that have previously gone unnoticed.

1.3 Methodology

This thesis is a mixed case study- qualitative and quantitative- of impact of Chinese FDI in the Zambian copper mining industry between 2005 and 2010. It focuses on the narrative that

Chinese investment has had a positive impact on development in Zambia, specifically focusing on three towns: Chambishi, Kalulushi and Luanshya. It makes use of data from academic literature, journalistic articles, newspaper reports, and in-person interviews. The single country case study approach was chosen because of the need for an intimate understanding of the direct impact of Chinese investment at a town level. It is a unique case in Africa because of the scale of Chinese FDI in the country, and it is a bounded cases study, focusing on a certain period of time (2005-2010).

This thesis draws on both primary and secondary research. The primary research is comprised of a series of 14 semi-structured interviews conducted in: Chambishi, Kalulushi, Kitwe, Luanshya and Lusaka- in July 2017 and one in December of that same year. Interviewees included, a country Director for one of the mines; a principle labour officer employed by the Zambian government; four mine workers in the different mines; a mining engineer; one local community leader; a CEO to a company that provides mining support services; a Chinese restaurant owner and former manager of one of the mines; two principals of local schools that are supported by the mines; one teacher of a local school supported by the mines; a Chinese manager in one of the mines. The interviews were designed to probe different perspectives on the effect (good or bad) that Chinese owned mines have had in various towns. For this reason, I made the decision to interview teachers who play a number of roles in the towns and are most involved with interactions between the mines and locals. They shed light on the challenges facing the towns before the Chinese took over the mines and discussed on the improvement (or lack thereof) on the livelihood of people in these areas. I also interviewed a country director and a Chinese manager to explore some of the challenges the mine faces in the town such as engaging with the locals and the projects that they are involved in- specifically as part of their corporate social responsibility. The miners and the mining engineer I interviewed have experience working in Chinese owned mines, as well as mines owned by other foreign companies. They were able to give a first-hand account of the challenges faced by mineworkers and people in the towns, as was the community leader. The other two interviewees (the CEO to the company that provides support services and the Chinese restaurant owner), were essential in giving an alternative perspective, representing neither the government, town nor the Chinese owned mines. These last two interviews took place in Kitwe, Zambia which is a major business hub, however, it should be noted that that town itself does not have any Chinese owned mining companies. Furthermore, the interviews also offer a deeper understanding about the framework of Chinese investment in Zambia. The interviews ranged in length with the shortest lasting 30 minutes and the longest lasting 55 minutes. They were held primarily in the office of the interviewee, with the exception of the mineworkers which was at a recreation centre. The interviews were recorded and later transcribed and notes were also taken during the interviews. In addition to interviews, the primary data also includes examination of primary documents, such as official government documents.

The secondary research focuses on interrelated academic studies and publicly available documents and reports. The initial literature review positions the study. It is comprised of a review of various academic articles on the topic of Chinese FDI in Africa. Within this review, a number of themes emerge which I go on to explore. Such as the nature and origin of Chinese FDI on the continent, as well as its impacts on the economic development of Zambia and other states. The Sino influence is growing throughout the continent and Chinese FDI is rapidly emerging as an alternative to western FDI. Although the stakes differ on a country to country basis, there is an overall sense that China is the new, and more favourable alternative to that of the west for numeral African governments (Jauch 2011, 53). These studies provide valuable information, and are used to form an understanding of the trends of Chinese investment in the country. Media reports also provide coverage aspects surrounding debates on the impact of this investment. Interpreting literature, and combining it with interviews from the field, I used both primary and secondary data to form an understanding of the account of Chinese FDI in Zambian mines, and also to identify challenges faced in monitoring and enforcement.

1.4 Chapter Breakdown

Chapter one

The next section of this chapter begins with a literature review in order to situate the study in the broader debate on Chinese FDI in Africa. The literature review will briefly discuss key debates and cover the major themes of the literature, such as the nature of Chinese FDI in the continent and its origins. It then covers the various trends surrounding Chinese FDI in Africa, more specifically if the FDI looks different from country to country and factors that determine the level of investment. The next part of the literature review looks at the several attempts at evaluating the impact of Chinese FDI in African countries. Here, I highlight the benefits associated with Chinese FDI, as well as pointing out the challenges resulting from these investments. In contrast to much of the literature on this topic, the section also inserts the perspective of African actors in the matter, highlighting responses from Africans at the governmental level, as well as in broader society.

Chapter two

The second chapter introduces the Zambian case study. There is a wealth of information on the political economic history of Zambia so this chapter focuses on mining in Zambia as well as the relationship between China and Zambia. Not only will it look at the history of Sino-Zambian relations, it will also discuss how this relationship evolved over time as Chinese FDI increased in the country. The critical juncture of privatisation of the mining industry in the 1990s is also discussed, in order to show the origins of Chinese and other FDI into the industry and examine the relationship between privatisation, development and other social issues affecting mining communities.

Chapter three, four and five

Chapter three, four and five analyses the data collected from the 13 interviews to identify some of the broad and specific development outcomes associated with the increase in Chinese FDI. I combined the three chapters in the breakdown because the analysis, methodology and deduction will be the same across the board. However, the outcomes from each of the towns - Chambishi, Kalulushi and Luanshya, may vary. I use specific developmental parameters: infrastructure (roads and bridges), social development (formal employment creation, recreational centres, technology and skills transfer, and state revenue) and human development (education, welfare) to identify the change that took place from 2005-2010 since Chinese owners took over the mines. However, there is also evidence to show that Zambia has various weaknesses in the regulatory framework for mining- including the absence of corporate social responsibility laws for foreign firms, which also play a part in the sluggish rate of development in the three towns.

Conclusion

The final chapter returns to the central focus of the thesis: the extent to which Chinese FDI in Zambia had an effect on development between 2005 and 2010. It challenges the framing that Chinese investment has an overall positive effect on development of a country, and shifts the debate to foreign actors having a negative impact on the growth of a town (s). Overall, this study adds to the criticism of Chinese investors in the Zambian mining sector, but cautions against the flawed approach of castigating Chinese FDI while ignoring the shortcomings of other firms and the local regulatory laws. The study highlights the key weaknesses in policy formation, monitoring of foreign investment and analysis of the impact that FDI has on the environment and society at a town/city level.

1.5 Literature Review

"China in Africa" has been the subject of scholarly debate and growing media attention over the last decade. As Chinese FDI on the continent continues to grow, analysis and discussion of China's increased presence on the continent grows with it. Much of the discussion has focused on the exact role and consequences of China's increased presence on the continent. This section will review the key debates and major themes within the literature in order to form an understanding of the nature and patterns of Chinese FDI on the continent. It will also point out the gaps in the scholarship and research that is still needed to aid in forming a better understanding of this phenomenon. This section will focus on three main themes: trends in Chinese FDI in Africa, African perspectives on Chinese FDI, and the impact of Chinese FDI on African countries. The first theme traces the evolution of China's involvement in Africa over several decades and explores a point of confusion regarding the different origins of Chinese FDI in Africa, distinguishing between state SOEs and MNCs. This differentiation is important because of the implications for Chinese foreign policy and the overall image of the Chinese state in the international community. The second section will be a synopsis of various African perspectives surrounding Chinese FDI and will include a brief discussion on the growing resistance to Chinese enterprises in several countries, as well as an analysis of the role played by African actors in the outcomes of Chinese FDI. Finally, the impact of Chinese FDI on the political economies of different countries, will make up the third section. This is the central debate within the literature; Kragelund sumps up the two approaches when he writes, "China is either seen as benign or malign to African development efforts" (Kragelund 2009).

Before discussing these debates, it is important to note China's long history with Africa. This relationship dates back to early Chinese exploration, six centuries ago, when Chinese ships crossed the sea and ventured west towards East Africa. Arab and Chinese merchants traded spices, ivory and medicine half a century before the first Europeans rounded the tip of Africa. China's modern-day relationship with Africa emerged in the early postcolonial period, specifically at the 1955 Bandung Conference, which proved instrumental in the creation of the Non-Alignment Movement. Between 1950 and the late 1970s, China's relationship with Africa can be described as an exchange of sorts, in which Chinese offered support to African independence movements, in return to receiving support from the newly formed African states at the UN (Kopinski & Polus 2011, 184). Prior to the 1970s, China's quest for international support in the face of the challenge presented by Taiwan was one of the main drivers of cooperation with African countries. As a result, the relationship was one "driven largely by ideological consideration", rather than by economic pursuits, as is currently the case (Jauch 2011). One of the key drivers of Chinese investment in Africa is China's need for minerals in order to sustain its rapidly expanding population and economic growth in the region and globally. Africa as a whole has been an ideal location for Chinese investment, because of the resource oriented nature of Chinese FDI. This investment in Africa is primarily focused within the extraction industry, with oil exploration and mineral mining being the key focus areas. Economic restructuring that was executed throughout the continent in the 1980s and 1990s as a result of the debt crisis and related international pressure to introduce neo-liberal reform by way of Structural Adjustment Programmes (SAPs) have also played an important role in facilitating FDI on the continent (Haglund 2009). For example, and as will be discussed in more detail in chapter two, economic restructuring typically involved the privatisation of nationally owned companies and the relaxation of foreign investment rules. Similar to neo-liberal reforms introduced in other countries globally throughout the 1980s and 1990s, privatisation, trade liberalisation, and other related economic reforms opened many countries up to foreign investment. For example, between 1990 and 2006, Chinese investment on the continent increased by about 6000 percent (Kolstad & Wiig 2011). In 2008, Chinese investment in Africa was valued at $106 billion, which is 10 times the amount it was just a mere eight years prior (Brautigam & Xiaoyang 2011). Despite this growth, Chinese investment in Africa between 2003 and 2006 represented only 1.2 percent of total FDI coming into the continent, and in Zambia the figure for Chinese FDI for that period was at 4.5 percent (Kolstad & Wiig 2011). The comparatively small share of Chinese investment on the continent has not stopped the ever-growing debate, and Denis Tull (2006) defines China's new interest in Africa as "one of the most significant recent developments in the region."

Trends in Chinese FDI:

Chinese Multinational Corporations and State-owned Enterprises

Literature and media coverage about Chinese FDI on the continent has been limited by the inclination to treat and analyse "China as a monolithic entity" (Moyo 2012). Broadly speaking, there are two distinct types of Chinese enterprises in Africa. These are: SOEs which operate with a role for the state (country) in the enterprise, while Chinese Multinational Companies (CMNC) do not explicitly have a government link. Both kinds of enterprises are present in a number of African countries. Overall, privately owned Chinese firms outnumber SOEs in Africa today. In their research, Hairong & Sautman (2000) found that "SOEs number less than

100, with 1 600[1] mostly small and medium sized private Chinese firms in Africa." However, it is not a straightforward charge to make the distinction between SOEs and MNCs, mainly because the Chinese state has a considerable influence on the operations of MNCs abroad. Alden and Davies (2006, 86) state "a typical Chinese MNC has a business model highly reliant upon political support [and] receives financial backing from the state," which indicates the state playing a role in most firms. However, Ian Taylor (2010) challenges the idea that the Chinese state has such a strong and even more so influential role in MNCs, instead opposition the notion of a singular "China" on the continent. He argues that there are many "Chinas" in Africa, and that the evolution of the economic structures in China has resulted in limiting the Sino control over the multitudes of enterprises that are expanding outside of China (Taylor 2010, 5). Kaplinsky and Morris (2009, 552) also set out to dismiss the assumption of a homogeneous China, and instead they acknowledge a number of issues that blur the line between "state-owned" and "private" in Chinese FDI. The term "private" often just means that the state owns less than a 50% stake in the firm, which by no means guarantees that the state does not remain heavily influential in the operations of the company. The situation is further made complicated by "state officials who may also own companies, but in their private capacity, and often use the connections gained through their government positions." By and large, it is difficult to determine the level of state involvement and control over the above mentioned investments.

Though China does have an official 'Africa Policy' and a White Paper that details its intentions and prospects on the continent, it is easy to overstate the consistency of such a policy on the ground (Alden & Davies 2006, 86). Ian Taylor states that the sheer number of projects on the continent as well as the decentralisation of power to provincial and municipal bureaucracies who now have increasing input into policy, specifically limits Beijing's control (Taylor 2010, 5). Haglund argues that since 1978, the Chinese government's role has experienced several changes, due to decentralisation and a decline of the state's role in FDI (Haglund 2009, 628). Ursula Van Beek (2011, 401) outlines the problems that stem from Beijing's limited control over overseas projects. Clashes between foreign policy and economic interests are increasingly common due to challenges in "enforcing existing or new legislation, which translates to…damaging China's reputation." Fijalkowski (2011, 226) points out the challenges created by the dichotomy of control in the investment enterprises that operate in Africa. While the Chinese government's aid with finances and other "coordination mechanisms" helps Chinese businesses in Africa, the deviation in objectives between businesses and the national interest is

[1] Other estimates put this figure at more than 2000.

problematic. Fijalkowski further stipulates that "the gap between bureaucratic principals and cooperate agents' goals are widening and there is already evidence of Chinese corporations taking steps that are at odds with Chinese government interests, creating problems for Beijing's image in Africa"

In general, China's new focus on FDI over the last decade has been governed around the notion of the *zou chuqu* policy, which means "going out", and outlines four main objectives: "providing a market for Chinese products, improving resource security, enabling technology transfer, and promoting research and development" (Haglund). The State-owned Assets Supervision and Administration Committee (SASAC) is chiefly in charge of state-led FDI, which includes control and decision making for many of the enterprises in Africa. However, there are a number of complexities in the bureaucratic structure of SASAC which means that there is always a possible threat of intervention at the helm of senior Communist Party Officials, which usually limits the authority of the committee. The result, elaborates Haglund, is that there is an inevitable "political embeddedness" in the *zou chuqu* process. Although the efforts at decentralisation over the last three decades were designed to separate the state from economic endeavours, the PRC still has a large influence in matters regarding FDI. Despite their involvement in many aspects of Chinese FDI, some companies do operate relatively free from state influence or interference. Even further, privately owned Chinese MNCs are also free of government interference. Some scholars argue that the lack of government oversight in MNCs abroad causes companies to adopt strategies that tend to minimise costs by cutting corners and pursuing more short-term goals; ultimately this negatively affects Chinese foreign policy (Haglund).

FDI and Development Aid

China's approach in Africa has not only contributed to, but has also blurred the lines between FDI and development aid. Alongside the well-documented attraction to natural resources, China has also increased its development aid into Africa in the form of government loans and infrastructure projects. This has led to numerous discussions in the development circles in Africa and in scholarly debates about whether Chinese development aid is more advantageous to African countries versus western aid.

Decades of western investment have, at best, had mixed results in African economies in regards to the economic growth. While on the other side a decade of massive Chinese investment has resulted in considerable growth in several African economies and industries. Yin and Vaschetto frame their analysis of Chinese strategies against the backdrop of a continent that, between colonisation and neo-colonialism, has grown disillusioned with western policies, this includes tied aid and structural adjustment policies. African countries are more and more in favour Chinese development aid because it generally has no strings attached, unlike western aid which frequently has policy conditions and more recently requirements to “democratise”. Perhaps then it is no surprise that many African countries are pursuing closer economic ties with China; in 2007, Africa received about 4.2% of China’s outward FDI. Jauch notes that, of 1,600 Chinese companies in Africa in 2008, 46 % were in manufacturing, 40% in services, and 9% in “resource-related” industries (Jauch, 2011). The value of the resource related companies, however, stood at 28% of total Chinese investment value. Carmody and Taylor point out that, in 2010, trade with China was just 3% of Africa’s overall international trading, while China’s reliance on African oil was quite significant, with 31% of oil imports coming from Africa. An estimated 90% of resources from the Kantanga Province in the DRC are destined for China (Carmody and Taylor). Brautigam and Xiaoyang posit that unlike trade between the United States and African countries, “Africa’s trade with China is relatively balanced, with African countries importing around $50 billion of Chinese goods in 2008.” Local governments and citizens alike have praised the Chinese for the fast-paced delivery of promises, as well as the local job creation surrounding Chinese projects.

The construction of roads, bridges, hospitals and other infrastructure are major indicators of the trends of Chinese investment in African countries (Brautigam and Xiaoyan). Infrastructure development has been a very clear strategy in Chinese state-led investment. In numerous cases, Chinese companies have been able to secure large investment deals mainly because of the willingness of the Chinese government to offer incentives such as loans, grants and quite popularly infrastructure development Although, in my research I found that there is often a blurring of what qualifies as development aid, and what is strictly FDI because of the nature of Chinese development aid initiatives in Africa. By all accounts, it appears that China has become a preferred option over western aid and investment. For instance, $500,000 spent on the refurbishment of a railroad and a $2 billion loan made to Angola were instrumental in the acquisition of an oil and natural gas company called Block 18. In Nigeria, power stations were rehabilitated and an arms deal secured before China made up to $7 billion in investments (Alden and Davies). Similarly, Sudan benefitted in military equipment and diplomatic support. In Sudan again, a Chinese firm constructed the Merowe Dam in a deal that was worth $650 million (Shengxia 2017). David Shambaugh in *The China Reader: Rising Power*, states that Zambia also benefited from, amongst various other things, the construction of a hydroelectric plant valued at $600 million; a project backed by Chinese investment.

Infrastructure projects are particularly important for African leaders, who can use such developments or the possibility of developments, to drive political campaigns and gain public support. The Export-Import Bank (Exim Bank) plays the vital role of administering aid and loans for the Chinese government worldwide. Fijalkowski describes the major destinations of Chinese loans in Africa, noting, "80% of all Exim Bank loans to Africa go to five countries: Angola, Mozambique, Nigeria, Sudan and Zimbabwe (Fijalkowski). It is not a coincidence that these countries are also the largest destinations of Chinese FDI on the continent. Kaplinsky and Morris also note, "most incoming FDI from China has reflected a relatively tight bundling of investment with tied-aid, designed to facilitate the export of natural resources, predominantly directly to China" (Kaplinsky and Morris). China has also proposed, and in some cases implemented the creation of special economic zones in a number of countries namely, Zambia, Egypt, Algeria and others. These zones have been advertised as important for both African industries, as well as for Chinese companies, under the theme of "mutual benefit" that has become synonymous with Chinese economic activity in Africa. As the discourse goes, special economic zones will help African countries to become self-reliant and less dependent on imports, while simultaneously, aid with the development of Chinese enterprises. Indeed, much can be gained from the infrastructure developments and technological imports that these types of zones bring into the continent. The all-important factors in this regard, are the quality of both infrastructure and technological developments put in place. In some instances, African governments are shareholders in the ownership structure of these economic zones, while in other cases they are 100% Chinese owned. The Chinese government, however, is not involved in the overall operation of the zones- they only provide some financial assistance to Chinese companies that win tenders to operate within those zones (Brautigam & Xiaoyang 2011, 27).

The examples above of the Chinese government mixing development aid and government-to-government loans with FDI are evidence of what some scholars have termed Chinese "soft power" in Africa.

Effects of Chinese FDI in Africa

As mentioned above, majority of the literature on Chinese FDI focuses on evaluating the effects of such investment in the continent or in specific countries. The discourse has been polarised, with some scholars keen to highlight the job creation and infrastructure development that goes along with Chinese FDI, while others are quick to note the negative environmental outcomes or the human rights abuses that occur in Chinese owned companies (specifically in the mines), along with the immorality of engaging with undemocratic-often tyrannical- regimes in Africa.

Claims that Chinese companies investing in African mining industries merely “export what they know”, and that “it would be naïve to expect any dysfunctions of their home regulatory setting not be reflected in the behaviour of Chinese firms abroad” are common (Haglund 2008, 567). A 2011 report released by Human Rights Watch highlighted how China’s domestic mining industry is plagued with issues of human rights abuses and a list of accidents that put the country among the top for mining fatalities (HRW, 2011). Some of the conditions which have been ‘exported’ to Africa include “tense labour relations, hostile attitudes by Chinese employers toward trade unions, poor working conditions, and unfair labour practices” (Jauch 2011, 52). Scholars have identified China’s disregard for labour rights and its undermining of unions as a core problem in Africa, where Chinese companies are often seen to be unaccountable to local actors, and dismissive of labour laws and collective bargaining agreements. Research has also pointed to the tendency for Chinese companies to import Chinese labour, rather than hire local labour and pay them a decent salary. Herbert Jauch notes the large number of Chinese workers brought in for construction projects, often in skilled and managerial positions, while African workers make up the mass of unskilled labour. On the opposite side however, Brautigam and Xiaoyang find that Chinese projects which operate in special economic zones have consistently employed “predominantly African workers,” citing examples from Egypt, Mauritius, Nigeria and Zambia (Brautigam & Xiaoyang 2011, 30).

Furthermore, scholars argue that Chinese companies are concerned with only short-term prospects and profits for their investments, and they lack the economic and social linkages with the local communities in which they invest. This is demonstrated by the lack of integration of Chinese expatriates into African communities within the countries in which they are living, and in the strategy of SOEs to “dictate a short contract and restrict employees from bringing their spouses and families to Africa” (Haglund 2009, 633). The limited amalgamation of Chinese expats, as well as the high turnover of Chinese labour, poses challenges in relations between Chinese employers and African employees. Some of which are language barriers, lack of knowledge transfer, and lack of trust. Alden and Davies explore the language barrier, cultural differences and short-term goals of Chinese firms in Africa and suggest that Indian companies who speak English and employ “westernised business practices,” progress better in terms of integration in Africa than their Chinese counterparts. On the other hand, Kaplinsky and Morris find that it is western firms that are funded through stock markets rather than by governments which are intrinsically short-term in their approach. In contrast, they argue, Chinese SOEs, funded by the state, are more shielded from market shocks and therefore are able to take greater risks and in turn plan for the long-term. In their investigation, Kaplinsky and Morris argue that Chinese companies that are characterised as short-term and profit oriented are mostly smaller, privately owned corporations (Kaplinsky & Morris 2009, 562).

According to Yin and Vaschetto, who argue that the Chinese strategy has resulted in a shift from Western countries to China amongst African leaders, propose that China has “built constructive relationships with nations isolated or abused by Western powers” (Yin and Vaschetto 2011, 48). In addition Tull posits that the Chinese government gravitates towards “African states suffering from western-imposed sanctions,” explaining that such countries stand out as “niche markets” for China to invest, having little to no “legal or political obligation” to participate in the aforementioned sanctions. Tull concludes with the opinion that there should not be such large contrast between western and Chinese investment. He finds that although Chinese investment in African countries has damaging impacts on peace and democracy, these criticisms apply to western investment as well, stating, “a fair number of flaws and criticisms that need to be levelled against Beijing’s politics do equally apply, though to a lesser extent, to western policies towards Africa” (Tull 2006, 468).

Two final arguments of criticism about China’s influence on the continent can be noted: its role in the militarisation and its potential role as an imperial power. In regards to the first, China plays a role in the militarisation of a number of countries in Africa; accounting for 8% of military imports into the continent (Jauch 2011, 50). According to Tull, in 2004 alone, “1,400 Chinese participated in nine UN missions” in Africa, which represents a significant increase in China’s involvement in such matters (Tull 2006, 470). Sudan, for instance, is one of the destinations of significant Chinese investment, and, despite the issues surrounding human rights violations in Darfur, also is a major destination of arms and heavy artillery (Alden 2007, 152). China receives oil exchange for arms despite an international arms trade embargo on Sudan, and is understood to have tried to derail UN efforts towards a resolution during the conflict (Kolstad & Wig 2011, 37). Chris Alden also highlights China’s role as weapons and ammunition provider for both Ethiopia and Eritrea in the 1990s. Even further within the last two decades, China has provided military assistance ranging from aircraft to uniforms and training for a number of countries including Congo, Mozambique, Namibia, Sierra Leone and Zimbabwe (Alden 2007, 152). In spite of the questionable regimes in some of those countries, China, under its non-interference policy, has maintained economic ties and helped to consolidate those regimes by providing different forms of military assistance. Carmody and Taylor express concern about this trend, avowing that China's African "allies often receive military equipment training, and support; sometimes used to deadly effect" (Carmody & Taylor 2010, 503). Van Beck however, shows that there has been a development in China's approach to undemocratic regimes, using the example that China has recently been a force advocating "a stronger role" for peacekeepers in Sudan, and pointing out that Chinese troops have been involved in conflict regions in the Congo and in Liberia.

African perspectives on Chinese FDI

Majority of the scholarship on China's role in Africa often disregards the opinions of Africans and fails to closely detail the ways in which local actors and policies resist, or facilitate such investment. As chapter one demonstrates, this gap in the literature is problematic and leads to a more limited understanding of the interplay between foreign investment and domestic development struggles. Furthermore, it makes it difficult to examine how the investment is benefiting host countries because much of the information focuses on the opinions of investors and government officials, rather on citizens in the country- or for the purpose of this report, in the towns. Despite evidence of anti-Chinse sentiments in various African countries, few scholars have probed this resentment or the implications on development because of it. In South Africa, Zambia, Namibia and several other counties, there is growing resentment amongst populations that are mostly affected by Chinese business (Alden 2011). Rohit Negi is one of the few scholars who explore the way that Chinese investment triggers reactions in local populations, arguing the emergence of a new form of "economic nationalism" on the continent. According to Negi, this new movement represents "an expression of a broader process of growing resistance to neoliberal orthodoxy" (Negi 2008, 48).

In recent years, some authors have shown a growing interest in analysing the role played by African actors such as governments, political parties, non-governmental organisations (NGOs), unions and other groups in civil society. Studies of the role of African governments are developing but are still very much underexplored-which is also the case of studies of regulatory frameworks and other sub-state actors. Kragelund states the importance of acknowledging the role of local contexts in the analysis of Chinese investment in Africa urging researchers "to go beyond this dichotomous view [positives vs negatives of Chinese investment] by examining the multifaceted nature of Chinese investments" (Kragelund 2009, 644). This approach involves identification of both the positives and negatives of Chinese FDI on the continent, but also a willingness to explore the conditions within host nations that add to the outcomes of investment. For example, Mohan explores the ways in which Chinese investment shapes development planning in African states, questioning whether it has an impact on the planning and policy development at all. He finds that for the most part, Chinese investment in an African country does not heavily influence the countries practices- be it social, economic or political. He states that Africa's systems are "resilient and capable of adapting to new interests from China" (Mohan 2013, vii). This argument highlights the need to understand that the systems in place in different African countries have more of an influence on the outcome of Chinese investment than is often given credit to. Specifically the political systems differ in ways that inevitably create variation in the approach of Chinese companies. The type of political regime, the economic structure, and the history of the country, in all of these aspects, is of great importance. Because of these differences, the impact of Chinese FDI on the economy, national politics and democracy also varies (Mohan 2013, viii).

There is also the view that Chinese FDI towards African countries is highly welcomed and encouraged compared to investment from the West. Dambisa Moyo argues, "China's African role is wider, more sophisticated and more businesslike than any other country's at any time in the post-war period" (Moyo 2009, 99). China's state capitalism has boosted the country's explosive growth without extending expanded political rights to its citizens. In Africa, democracy is often absent, incomplete or simply ineffective. Moyo argues however, that Chinese companies (led by China's government) are getting things done fast in Africa- this has benefitted many, particularly those most disadvantaged by decades of economic and political indolence (Moyo 2009, 105). Interestingly, Moyo does not attribute the lack of corporate social responsibility by Chinese firms as a 'China' problem, but rather as a result to the weak institutions in African states. Similarly, Haglund elaborates that capacity to regulate foreign investment is a problem in several African countries, which now largely depend on self-regulation (Haglund 2009, 630).

This is especially true in the case of Zambia, as my thesis will show. For this reason, the next chapter takes into account the way that Zambia has evolved post-independence, in order to understand the current relationship between Chinese FDI and Zambia and how it developed over time. Keeping that in mind, the next chapter details the way that Zambia's centrally controlled economy and national industries were liberalised and privatised in the late 1990s, in order to highlight the effects of economic liberalisation on labour standards, employment and regulatory institutions for both foreign and domestic countries.

Chapter Two: Zambia and China

2.1 Chinese FDI in Zambia

This Chapter explores the relationship between China and Zambia. Similarly to the literature on Chinese involvement in Africa, the discussion about China's FDI in Zambia is relatively polarised. The chapter develops by analysing the framing of the current debate about Chinese FDI in the Zambian mining industry, while exploring the impacts this investment has had on the economy and development. In the following paragraphs, I will examine the increase in Chinese FDI in Zambia, detailing the nature of Chinese FDI in the country and its rapid increase over the last decade, specifically between 2005-2015. The chapter then focuses on the mining industry and CNMC's acquisition and running of four mines in the Copperbelt. As noted in the introduction, and as we shall see in this chapter, Chinese mining companies and mines owned by the Chinese have faced major criticism. For the purpose of this thesis, I will focus on the problem of a general lack of development in the towns in which the Chinese conduct their mining business.

History of Sino-Zambian relations

Chinese cooperation with Zambia stems from the early years of independence with the construction of the TAZARA railway, a progress that was not only critical to the consolidation of the new state, but also instrumental in the growth of Zambia's post-colonial economy (Kopinski & Polus 2011, 184). Other infrastructure projects that involved extensive support from China in those early years include, but are not limited to, the building of the Ministry of Defense building, the construction of the Mulungushi Textile Mill, and other important road routes (Kragelund 2009, 648). Through these activities, the Sino-Zambian relationship fits the pattern that developed in other countries on the continent, with China initially investing in diplomatic relations and infrastructure in newly independent African nations. The scale of Chinese investment that was observable and therefore measurable in Zambia today, would not have been possible without some of the fundamental changes made to the economy as a result of economic liberalisation.

Contemporary Sino-Zambian relations

China's recent (early –mid 2000s) investment in Zambia must be viewed against the backdrop of economic and political reforms in both countries during the 1980s and 1990s. First, recall that economic reforms in China and resulting growth have facilitated the drive for resources. China took advantage of Zambia's own economic restructuring and invested in a number of mining operations in the country. By 2004, Zambia's major privatisation plan had been implemented and the copper market was experiencing a boom, with prices rocketing to a 350% increase compared to the price at the start of the privatisation process (Simpere 2010, 7). Kopinski and Polus state that as of 2010, China was the third largest investor in Zambia, behind the UK and South Africa, creating at least 15,000 jobs and contributing $1 billion the local economy (Kopinski & Polus 2011, 185). By 2015, China had secured its position to become the largest investor in Zambia (Xinhua 2015). Chinese involvement also comes in the form of providing medical doctors, farmers, and support to various construction projects (Kragelund 2009, 644). Among them, both private and state-led investors are present, as is the case in all other African countries where Chinese investment is present. In 2015, 89% of the total FDI to Zambia was located within the extraction industry; a figure that continues to grow as China's demand for copper is projected to increase with the continued growth of the Chinese economy (Kopinski & Polus 2011, 185). Global demand for copper means that Chinese consumption of copper helps set the global prices and indirectly influences mining in Zambia. In 2005, China accounted for over a quarter of the global copper consumption, and in 2009 continued to be the world's largest user of the metal (Kragelund 2009, 653). This large-scale demand for copper, along with increased investment in Zambian mines, has restored Zambia's mining industry, putting Zambia back on a competitive platform as a copper producer on a global scale.

Chinese investment in Zambia is also exceptionally visible, mainly due to China's commitment to construction projects. Infrastructure development that is led by the Chinese government, or by a Chinese construction company, is easily identifiable from the signage, design and language related with the project. The large number of Chinese projects also increases the visibility of Chinese foreign direct investment. There has been some national debates about the seemingly high amount of Chinese individuals in Zambia (McGreal 2014). While he was the leader of the Patriotic Front (PF) party, Michael Sata raised concerns about the number of Chinese residents in the country. All the while the ruling party, Movement for Multi-Party Democracy (MMD), underplayed the number of Chinese workers in mines and mining companies in Zambia (Kopinski & Polus 2011, 189). In 2010, the United Nations estimated there were 80, 000 Chinese nationals living in Zambia, while, perhaps aware of the large and growing anti-Chinese sentiment in the country, the Zambian government made a much more conservative estimate of 3, 500 (Gadzala 2010); critics of the government were sceptical of this figure.

However, there is no evidence that suggests that the number of Chinese in Zambia has a direct correlation to the number of Chinese SOEs in the country. There is a growing amount of small to medium sized, privately owned Chinese businesses that have popped up all over Zambia and in various sectors. One of the factors that serves to aid private investment and leads to the perceived large number of foreign owned small businesses is the simplicity with which the legal framework that straddles immigration and FDI in Zambia can be manoeuvred. Private Chinese investors, posing as tourists, are able to take advantage of an ambiguity in the law that allows Chinese tourists to enter on "fee-waived visas". Once they are in the country, these 'tourists' are able to "change status through a range of exemptions aimed at prospective investors "(Gadzala 2010). In this way, small private business owners are able to enter Zambia without having to pay the full amount it would cost to enter the country as a business. This contributes to a large number of small to medium sized Chinese businesses such as (but not limited to) clinics, restaurants, shops and construction companies. As shown in Gadzala's analysis, these businesses have a negative effect on small Zambian enterprises, as they drive out many out of business, resulting in the growth of the informal economy.

These types of businesses influence the way that "China" is discussed and understood at a local level. As stated in Chapter one, the tendency to view Chinese FDI in Africa as a monolithic operation hinders our understanding of the situation. In the case of Zambia, this inclination manifests in the many news reports, both local and international, which then feed public opinions and set the tone for disputes about China. For this reason, it is important to distinguish state-led FDI from private Chinese-owned investments.

Early and the post-colonial interaction between the China and Zambia was predominantly governmental, and early projects within the country were almost all financed by SOEs; presently, ownership of Chinese enterprises in Zambia now includes both public and private. In 1997, during the period of economic liberalisation in Zambia, Sino-Zambian partnership increased considerably. The opening of a Bank of China in Lusaka, the creation of a Chinese Centre for Investment Promotion and Trade in Lusaka, and the forming of the Association of Chinese Companies in Zambia, shows the extent to which the Chinese government has encouraged and enabled Chinese investment within Zambia (Kragelund 2009, 649). At their formation, these institutions were designed to facilitate Chinese state-led FDI in Zambia, and as the number of privately owned Chinese companies grows, so too do these institutions that provide services for both privately owned and state-owned Chinese companies.

As previously stated, although private Chinese companies outnumber SOEs, investment that is led by the state remains the most important form of Chinese FDI in Zambia. The majority of this investment comes in the form of ownership of mining operations in the Copperbelt. China's SASAC, which is responsible for all other Chinese state-owned enterprises, controls Chinese activities in the Zambian mining sector. In 2006, China and Zambia reached an agreement that created the first Chinese Special Economic Zone in Africa, known as the Zambia-China Economic and Trade Cooperation Zone (ZCCZ) (Carmody and Taylor 2010, 505). Within this operation, CNMC, which is present in 19 other countries, owns Non-Ferrous China Africa (NFCA), Sino-Metal Leach Zambia, Chambishi Copper Smelter (CCS) and China Luanshya Mine (CLM) in Zambia.[2] CCS and CLM were both opened in 2009, the latter after the former owner closed operations due to lack of profits during the 2008 global financial crisis. As noted previously, Chinese FDI has also gone into other sectors, some of them include, construction of a variety of infrastructure projects such as roads and bridges, which have also contributed to job creation and brought other benefits to the country (Kopinski & Polus 2011, 186).

2.2 Mining in Zambia

Since about 1889, the Zambian economy has been dominated by the mining sector and in particular by copper, which has historically accounted for nearly 90 percent of Zambia's export. Majority of the extraction of copper was carried out by multinational corporations, and at independence in 1964, foreigners (either foreign owned companies or companies owned by resident expatriates) also controlled an enormous portion of large-scale trading, commercial farming and manufacturing businesses. However, this situation did not last long; in 1968, then President Kenneth Kaunda launched a series of economic reforms that aimed to 'Zambianise' the economy. These reforms first pushed out Asian merchants from the trading and construction sectors and thus, left room for Zambian businesspersons to take over. At the time, the Zambian state bought controlling shares in major companies, these reforms led to nationalisation of large parts of the economy. After which, the role of foreign companies in Zambia was limited to two multinational corporations in the copper sector- although they were also subjected to a 51 percent nationalism in 1969 as part of Kaunda's reform process- and a few subsidiaries of multinational manufacturing companies producing for the local market. In 1989, a decade later, the two copper corporations were merged into one: the state-owned Zambia Consolidated Copper Mines (ZCCM), which effectively ended an era of foreign capital dominance in Zambia (Burdette, 1988; Taylor, 2007).

[2] http://www.cnmc.com.cn/outlineen.jsp?column_no=1204

However, the actual 'Zambianisation' of the economy did not last very long. As international copper prices deteriorated at a rapid pace, copper ore grades worsened and foreign debt burdens increased. The Southern African country soon had no choice but to approach the Bretton Woods Institutions to try and kick start a stabilisation and structural adjustment programme. A fundamental part of this programme was to liberalise the investment climate and privatise nearly 280 parastatal companies including the nations jewel, ZCCM. John Craig identifies three objectives that guided the privatisation of ZCCM: the need to source foreign investment that would ultimately provide the funds needed to continue mining operations, the need to maintain a degree of Zambian control over the mines, and finally acquiring the highest bidder for the sale (Craig 2001, 392). This effectively started the process of de-Zambianising the Zambian economy (Ferguson, 1999). ZCCM was broken up into seven divisions to be sold: Nchanga, Mufulira, Nkana, Luanshza, Konkola and the Power Division (Craig 2001, 392-395). Craig further notes, the Zambian government had limited room in which to manoeuvre during the sale of ZCCM, largely due to the already set global prices for copper. The bids received for the different mines within the above mentioned divisions were consistently below their initial projected value which had been determined by the Zambian government. In addition, the timing of the sales during a "buyer's market" with low copper prices was unfavourable to the government; the joining of investors under a number of consortiums dealt a blow to competitive bidding and further down prices. Furthermore, certain mines, such as Nampundwe and Ndola Precious Metals Plant, did not receive any bids (Craig 2001, 400).

Between the years of 1997 and 2000, most of the "packages" were sold off to foreign companies. Kansanshi Mine was sold to United States based company Cyprus Amax Metals for approximately $25 million, while the Luanshya Division was sold to an Indian company-Binani Industries for $35 million (Craig 2001). The Power Division was sold to a UK consortium comprised of Midland Power International and National Grid Company for around $50 million. It is now known as the Copperbelt Energy Company (CEC). Chambishi Mine was acquired by CNMC at the price of $20 million; it has since been renamed to NFC Africa Mining PLC. The Mufulira division was one of the top prized assets of ZCCM, and was sold to a consortium of Swiss based Glencore International and Canadian company First Quantum Minerals (FQM) for $20 million with a commitment to invest up to $159 million more in the mine. It is now known as the Mopani Copper Mines (MCM) (Craig 2001). Chambishi Cobalt Plant was sold to Avmin Ltd., a South African company, for $50 million and is now called Chambishi Metals PLC (Craig 2001, 395). The most valuable mines in ZCCM, both Nchanga and Konkola divisions, were sold for $30 million and a $208 million investment, while the latter sold for $523 million (Craig 2001, 409). The divisions are now joined under a consortium known as Konkola Copper Mines (KCM) and ownership has since been changed to Vedanta Resources.[3] As highlighted earlier, privatisation opened up Zambia to foreign investment-in this case to that of Chinese Foreign Direct Investment. Given the timing of Zambia's reforms during the very period of China's own economic reforms and expanding presence in Africa, Zambian copper mines were an ideal destination for Chinese investment.

Modern-day Mining Climate and the Impact of Privatisation

Zambia's economy by and large improved in the new millennium, on the back of privatisation and the booster of new capital into the mining industry. For example, the economy grew steadily at a rate of at least five percent per year between 2001 and 2010 (ILO 2012), and dropped to 3 percent by 2015.[4] A decade after privatisation ended, the Zambian mining industry is in a very different shape. Along with a global rise in copper prices in the mid-2000s, much needed investment was injected into the industry, and previously under producing mines have returned to near optimal levels of production. By 2004, Zambian mines were producing 400, 000 tonnes of copper, compared to pre-privatisation levels of 250, 000 tonnes in the 1990s (Fraser & Lungu, 2006). In 2004, this figure was predicted to rise to 800, 000 tonnes by 2009. Fraser and Lungu state that "the value of copper exports more than doubled between 2005 and 2006, reaching $26.78 billion." Between the years 2000 and 2006, the sector experienced a 9% growth, as opposed to negative growth in the 1990s (Fraser & Lungu, 2006).

The commitment to the economic liberalisation project which started in the 1990s had and still has a profound impact on the way that the Zambian government approached the regulation of FDI. In the quest to make the country more 'attractive' as an investment destination, there have been a series of policies that have, for the most part, been detrimental to the country's social economic development. In 1991, the new Investment Act, "allowed foreign investors to retain 100% of foreign exchange earnings for three years" (Kragelund 2009, 491). In 1995, during the process of negotiations for the sale of the mines, the government under Chiluba passed a new Investment Act, and a Mines and Minerals Act. Within them, the Acts contained a number of exemptions in relation to taxes, environmental issues as well as social responsibilities (Kragelund 2009, 492). Development Agreements are additional mechanisms stemming from the Mines Act that created conditions under which investors in the mining industry were given

[3] All information on sales: Table 3 in Craig «Putting Privatisation into PRACTICE, » 402---3.
4This data puts a focus on 2005-2015 to adhere to the scope of the thesis, Zambia's current economic growth rate is at 3%. https://www.indexmundi.com/zambia/gdp_real_growth_rate.html

concessions which provided them with incentives to invest. The Zambia Development Agreement Act currently in place “does not stipulate any requirements regarding local content, technology transfer, equity, employment, or use of subcontractors” (Kragelund 2009, 492).

These Acts were deliberate so as to make Zambian mines more attractive to foreign investors, however, they have left the industry vulnerable to exploitation in a number of ways. For instance, tax exemptions have left the mining industry “contributing virtually nothing to Zambia’s budget” (Simpere 2010). In addition, the social responsibilities that ZCCM assumed under Kenneth Kaunda are no longer the responsibility of mines that are privately owned. Provision of funds for schools, hospitals, sports facilities and other social services is not, under the Development Agreements, part of the obligation of the private mines. Further, the government is unable to provide basic services such as health services, educational opportunities and infrastructure in mining towns (Simpere 2010, 9). The Environmental Council of Zambia (ECZ) was also left in a weakened position following privatisation. Presently, the ECZ is unable to enforce its regulations if a ministerial ruling states otherwise and provides permission for a company to continue activities despite the potential negative consequences on the environment. Additionally, companies merely have to pay an extra fee for allowance to exceed the emission limits set by the council (Simpere 2010, 11).

Perhaps the most immediate impact of privatisation, was the large-scale loss of employment in the mining industry. This is demonstrated by debates about FDI in the Zambian mining industry which primarily focus on employment issues. Between 1991 and 1997, at the time of the sales of the mines, the number of employees in the sector went from 56,582 to 31, 000. By 2004 the number had dropped further to 19, 900 (Simpere 2010, 10). Peak employment occurred in 1976, when mineworkers numbered 62, 222 (Fraser & Lungu 2006, 21). Alongside an overall reduction in employment has been the steady increase in casual work. Similar to global trends and facilitated by privatisation, mining companies more frequently outsource work to small companies and replace full-time permanent workers with casual (seasonal) workers. Not only are seasonal and outsourced workers harder to unionise and therefore be included in collective bargaining agreements, labour inspectors have a harder time monitoring and enforcing legislation in such fragmented workplaces. Another problem identified as a negative consequence of privatisation is the unpaid pensions of former ZCCM employees, as pensions are not the responsibility of the acquiring private companies. The Development Agreements allowed for the new buyers of the mines to be exempted from the responsibility of paying pensions to ZCCM employees and, with ZCCM unable to afford these pensions, few were paid out (Fraser & Lungu 2010, 21-22).

One of the effects of privatisation that is still being felt today is the slow progression of development in the mining towns as well as the environmental impact by foreign firms, and their lack of concern for sustainable mining. However, unlike many foreign firms, Chinese FDI has also gone into other sectors, including the construction of a variety of projects like roads and bridges which amongst other things, created employment opportunities. Because Chinese investment in Zambia is much more visible, and has rapidly increased in a short period of time, many expect that there should also be visible development in these towns. The next chapter will elaborate development in Africa, and what this means according to Thandika Mkandawire.

Chapter three: Theoretical Framework

Mkandawire's theory of development

This section analyses the theoretical framework for development by Thandika Mkandawire in order to understand the case study that is Zambia. In his essay "Thinking about developmental states in Africa", Thandika opines that the 'developmental state' is essentially made up of two components one being ideological and the other structural. The ideology-structure link distinguishes developmental states from other states (2001, 290). In regards to ideology, a developmental state is essentially one whose ideological foundation is 'developmentalist'. In other words it conceives its purpose as that of ensuring economic development, usually interpreted to mean high rates of accumulation and industrialisation. The developmental state not only refers to the collective economic and human development, but also describes the state's vital role in harnessing national resources and directing incentives through a distinctive, policy-making process (Ng 2008).

According to Mkandawire (2001, 289) much of the literature in the 1980s and 90s suggests that "developmental states were impossible in Africa". Noting the poor performance of African countries in the post-colonial era, it is not surprising that their ability to establish developmental states is constantly put under scrutiny, which has brought about the 'impossibility theorem'. Mkandawire challenged this view in his essay, although he does not ignore the deficiencies of many African countries' development experiences, he argues that there tends to be a lack of distinction in measuring their performance and potential on the one hand and the achievements of the East Asian development nations on the other. Thandika highlights how countries have been examined in comparison with idealised models of states from elsewhere, in this case, romanticized models of the developmental state (2001, 290). As a result, countries are given unrealistic targets to achieve in order to qualify as developed, the focus is more on what states should be rather than what they are. His views are informed by the debate "most of the analysis about African states that have led to so much despondency about the prospects of development are based on invidious comparison between African states in crisis and idealised and tendentiously characterised states elsewhere" (Mkandawire 2001, 290).

Mkandawire and other theorists have argued that the so called impossibility theorem is characterised more by an ideological penchant of the economic market approach to development rather than a careful analysis of the actual role of the country in development (Mkandawire 2003, UNCTAD 2007; Chang 2006). In particular, Ha-Joon Chang criticized the neo-liberal position which sees the market as a natural phenomenon while institutions are not viewed this way:

> "More generally, we should point out that the view that countries need to have some 'special' (bureaucratic and other) capabilities before they can adopt some economic 'model' that is not predominantly 'market-based' (e.g. the East Asian model) is based on the mistaken mainstream belief that while markets as 'natural' phenomena can be transplanted anywhere, 'institutions' (including the modern bureaucracy), as man-made things cannot" (Chang 2006, 50).

Here, Chang demonstrates that the neo-liberal position has even questioned the "desirability, sustainability, and replicability" of the developmental state experience where it has been successful in a number of East Asian countries (Chang 2006, 17). His dismissal of this position is supported by Linda Weiss who, with specific reference to ongoing global conditions, argues that developmental states are not becoming redundant but in fact have entered a process of conversion by way of acclimating and re-inventing themselves in order to fit in the new global economic order (Weiss 2000, 25-45). Mkandawire argues that African countries are also capable of taking part in such innovative systems (Mkandawire 2001, 309). The developmental state is not a fixed model but rather a developmental concept based on particular features which can and need to be adapted to various conditions. UNCTAD (2007, 65) stated that the difficulty of identifying a "replicable strategy" out of the East Asian developmental state does not mean that peer learning process cannot be applied to African countries. Mkandawire agrees with this and states that it is possible for African countries to borrow some of the experiences of the East Asian developmental state and specifically contextualise them to African realities (Mkandawire 2001, 30).

In regards to FDI, it can assist developmental states push forward to the next stage (developed), in light with the different benefits associated with it. As shown in the example from East Asia during the global financial crisis of 1997-1998, FDI is remarkably resilient. This means that developing states have the opportunity to favour FDI over other forms of capital flows. FDI allows more countries in the developmental state to tap into global markets by increasing their international flow. Furthermore, they have more room to negotiate the terms of the investment as countries wanting to invest have to follow the set laws of the host countries. FDI especially in countries that are in a slow developmental state, can provide access to new and cutting edge technological innovation, which can also be transferred to the domestic firms in the host country. However, what countries in the developmental process should also be cautious of are the risks associated with FDI, these risks vary in shifting degrees depending on the host country. Cultural and social tensions between the investor and host country could lead to an altogether failure of the investment (Prakash, 2011). FDI can also have negative impacts on the environment, economy and human rights- as shown in the 2011 Human Rights Watch report.

Thandika Mkandawire, states that the slow developmental process of African countries can be attributed to the structural programmes created by international agencies like the World Bank and the IMF. These programmes have contributed to reducing the capacity of civil service in many African countries; what is needed to create the developmental state in the African countries is the strengthening of state capacity. Mkandawire states that in today's donor community, 'capacity building', is now a major prerequisite for investment into countries (Mkandawire 2001, 307). He suggests that once the "anti-state ideology" associated with structural adjustment programmes is overcome, African countries should use their own potential and focus on "the valorisation of existing capacities through better 'capacity utilisation' and 'retooling' of the civil service" (Mkandawire 2001, 307). This approach can also be applied to foreign direct investment in Zambia in that they can utilise Chinese FDI in order to build a stronger state capacity. However, Mkandawire is not oblivious to the differences which exist between development trajectories within the African continent. He states that there are some African countries which have achieved growth rates similar to those of East Asian development states over long periods of time (Mkandawire 2001, 303-304). Furthermore, there are examples of African countries namely Botswana and Mauritius that have come to be identified as developmental states. There are also a number of states in Africa which have been highlighted as showing promise of the appropriate capacity and commitment, including Ethiopia, Rwanda, South Africa and Tanzania. Their individual achievements provide the strongest rebuttal of the impossibility theorem and evidence of the feasibility of developmental states in Africa. It is important to note that these countries are resource rich and prime destination for FDI.

Conclusion

My interpretation of Thandika Mkandawire's theory is a perception of Africa as a continent being dismissed, and the diversity and uniqueness of the African experience being homogenised in a way which undermines a fuller understanding of the strengths and weaknesses of African nations (Mkandawire 2001, 290). There seems to be some consensus that the emerging developmental states will look markedly different from states originally labelled as developmental, and Zambia could become a part of this. With high levels of Chinese FDI in the copper mining industry, the country has the potential to utilise this resource and ensure that the towns where the FDI is located is being developed. The next chapters will focus on my research findings on fieldwork conducted in Chambishi, Kalulushi and Luanshya.

Chapter four: Effect of FDI on Development: Research Findings

4.1 Introduction

In late July 2017 I travelled to the Copperbelt in Zambia where I conducted a number of interviews to help assist in my research question "To what extent does Chinese FDI in the Zambian copper mining industry contribute to the development of towns". My main method of data collection was qualitative and I utilised a mixed method approach. Upon analysis of my results there were some recurring themes: job security and skills development, casualisation, community development (schools and recreation centres), occupational health and safety. The classification of these themes is important because it fits my initial developmental parameters to measure the success/failure of Chinese FDI. Furthermore, it agrees with arguments that Thandika Mkandawire makes that developmental state in Africa is possible, but there are limiting factors especially within those states. The general consensus I was able to reach was that in the years discussed (2005-2015) there had been not much developmental change that can be attributed to Chinese FDI in the copper mining industry. The reasons for this varies and range from Zambia's own laws on corporate social responsibility, the closing down of mines as well as language barriers between Chinese investors and the locals. However, this is not to say that these towns- Chambishi, Kalulushi and Luanshya- have not had any positive development as a result of Chinese FDI. During the interviews, I encountered a number of areas which were a direct result of this FDI, including schools and recreational centres. Although majority of my interviewees were cooperative, there were a few participants who did not want their name stated anywhere in the paper. From what I could gather, this was a genuine fear of repercussions that might arise from working for Chinese owned mines. In addition, I found that some individuals were sceptical of my motives and were convinced that I was a representative from either the Zambian government or the Chinese owned mines. Despite my assurances that I was neither of these, they remained unconvinced which I felt tainted their answers during the interview; these results were not included in my findings.

The next section will be a thematic summary of my findings as well as some reasons to explain these outcomes. As mentioned above, rather than discussing the results of each interview, I have summarised the main findings into the themes, but this is not to say that other themes did not surface during the research. Some of these included, responsibility of Zambian government, lack of knowledge about ownership of the mines, infrastructure that can be attributed to Chinese FDI. Although I agree that these are pertinent issues to help measure development on the Copperbelt, only two participants mentioned these issues therefore it was not a major concern for citizens at the time. I did encounter some limitations in that my process was not a true test. I say this because it was based not only on observing my surroundings, but primarily on the opinion of individuals which is subjective based on their experiences. However, the interviews were conducted in such a manner that aimed to mitigate risks and not to influence the outcome of the results.

4.2 Job Security and skills development

Job security and improving employment opportunities in the mines have been an important rallying point for workers and unionists. One of the problems facing Zambian workers is the influx of foreign labour. Interviews conducted with mine workers addressed the concerns about the conduct of Chinese investors regarding this tendency of foreign companies to import their own labour. As part of Zambia's Development Agreements, the Investment Protection and Promotion Agreements allow foreign companies to bring in employees from abroad to fill management positions. However the specific conditions for such arrangements are dependent on the size of the operation and the amount of money being invested. Expatriates who enter the country under this provision do so on work permits, which require them to work only in a specified capacity and for a specific period of time. In addition, the terms of these agreements stipulate that a Zambian must be under training and tutelage so as to be able to assume the position once the foreign worker's permit has expired. An interview with a Labour Officer revealed that "They (expatriates) are given a period in which they can work in the country, and they need to have a program to ensure that during the period that they are working in the country, they are actually developing a Zambian to take over that job."[5] However, this is not usually the case and often times high level positions are reserved for Chinese nationals.

Used either as a 'union busting' technique, or a managerial response to a dissenting employee, the risk of dismissal is a constant concern for Zambian mineworkers in Chinese mines. FQM and KCM (Anglo-Indian) mines on the other hand, are said not only to employ more Zambians, but Zambians also retain their positions over long periods, and receive extensive training while working in those mines. In contrast, Chinese hire fewer Zambians and place less emphasis on training Zambian employee. Management in Chinese mines typically changes every three years, which "limit [s] [the] manager's interest in building long-term sustainable relationships" (Haglund 2009, 643), and there is often little interest in training local labour. Gadzala opines that Chinese hiring and business patterns do not encourage skills and knowledge transfer to Zambians, describing Chinese investments, as "social setups as enclaves that are clustered together, economically independent, and employ only co-ethnics" (Gadzala 2010, 280). These tactics prevent the transfer of knowledge to Zambians, leaving little long-term benefit to citizens. My findings collaborated with the above statements in that many of the mine workers had temporary jobs, even then, all but the Zambian country director, stated that "they did not believe they had a chance in getting promoted."[6] From what I gathered, there was no job security; many of them had seen different mines (owned by Chinese and other firms) close unexpectedly putting thousands of people out of jobs. As mentioned the Chinese owned mines are not the only investors guilty of such actions. The financial crisis of late 2008 -whose effects are still felt in many Global South countries- , shows the extent to which many foreign investors in the mining industry provide little job security for mineworkers. An ILO report covered the topic of the financial crisis and the impact it had on investment and employment in the Zambian mining sector (Matenga 2010, 281). For the most part, foreign owned mines in Zambia scaled back their projects, which led to massive retrenchment within the industry. I found this to be true when I interviewed a mineworker from Luanshya mine, CNMC. Mr X stated that he "had previously worked for a foreign owned mine (not Chinese) in the area, and was retrenched when the mine decided to downsize".[7] This retrenchment came with no warning but the promise of paying out the pension-to this day he has not yet received that payment. He feared the same outcome for the current Chinese owned mine that he worked for. However, he did not

[5] Interview with a Principle Labour Officer, Lusaka, December, 2017.
[6] Interviews with various mine workers in the Copperbelt, Kitwe, July, 2017.
[7] Interview with a mine worker in Luanshya, July, 2017.

express anger towards the mine. Instead, he feared that copper in the town had been mined too fast and "would soon run out". This would lead to many of the mines and the mining companies including those in neighbouring towns, such as C&B Engineering (in Kitwe) that dealt in copper to close down.

Enya Holdings, which was based in the Netherlands, pulled out completely, selling Luanshya mine to the now CNMC. Researchers show that "30% of permanent miners, and nearly half of all miners were laid off by early spring of 2009, many of whom were never rehired" (Hairong & Sautman 2013, 148). At MCM (Swiss-Canadian), the labour force was cut by 40%, while contracted labour was cut by an additional 30%; hiring and recruitment was also frozen. At KCM (Anglo-Indian), a company with a particularly prolific record of retrenchment, dismissed an alarming 6667 workers (Gadzala 2010, 284). In May 2013, KCM announced its planned cutback of 2000 workers, and had previously retrenched 11 Zambian managers in a "downsizing" campaign in February of the same year. However, expatriate employees were not at all affected by this downsizing exercise.[8] In 2012, the same company, through its contractor Merchandised Mining Solution, retrenched 379 workers.

Yet, I was still surprised by the results from the mineworkers in Chinese mines, who feared that at any time they could lose their job. This is because during the 2009 period of financial instability, Chinese mines on the Copperbelt expanded mining operations and hired back much of the redundant labour force from KCM and MCM, while adopting a policy to not lay off any of its own workers (Hairong & Sautman 2013, 148). In addition, the Luanshya Mine, which was bought and reopened by CNMC, rehired several workers who had been laid off, creating further employment in an industry that had suffered greatly. Matenga shows that as of June 2009 the new jobs created by the reopening of the Luanshya mine accounted for about 7% of the industry's labour force (Matenga 2010). During this period (and partly still ongoing), employment growth in the sector is largely a result of new investment by the Chinese at a time when other investors in the sector drastically reduced or stopped investment. In my initial hypothesis, I had stated that Chinese FDI in the Zambian copper mining industry was positive because it brought employment and job security. However, after conducting interviews into this, I found this only partially true. It was true that the Chinese owned mines had led to an increase of employment for people in the town (mostly men), however the job security had gone down with the extreme mining of the copper raw material. These mines had fallen into

8 https://www.lusakatimes.com/2014/07/10/kcm-workers-fight-back-end-exploitation-vedanta/

the same trap as their predecessors and mined the copper at an alarmingly fast rate, that certain areas where no longer viable to get the resource.

Not surprisingly, when I interviewed the Chinese restaurant owner who was a former manager in the mines, he denied this. He stated that there was "100% job security" working in these mines and that "Chinese owned mines were better than other foreign owned mines because they brought employment and trained the mine workers in different skills".[9] However, when asked the question "Does your job provide extra training, introduce new technology or develop your skills?" group 1 (mine workers), all answered no. The average number of years that this group had worked in the mines was eight years and during this time, no new technology had been introduced, and no new skills taught to the miners. Apart from the skills they were taught at the beginning of their employment, nothing new was introduced. From analysing these results, it is no surprise that majority of 'team leaders' and managers in these mines were all Chinese. However, my research shows that this is not a Chinese issue but rather a systematic issue, the implications of this are crucial for development. Training of Zambian mineworkers is inadequate, and leaves Zambians vulnerable to competition from expatriates who are better trained. This is a situation that is prevalent in many mines in the industry, and is not specific to Chinese mines only. However, this problem of not providing skills training has severe implications, in this case in the mining towns. The situation is made even more difficult if these mine workers were to reenter the job market if they would cease to work in the Chinese owned mines. Zambia currently has a gap in the labour market in that the people filling up the labour market lack skills. Because of technology advancements in society, it requires certain skills. This means that foreign investors are forced to get labour outside the country. Due to this reason, Chinese employers in the mines can justify not having Zambians in managerial positions, however, if they still do not develop their employees skills, it creates a vicious cycle of unskilled (basic skilled) labour force.

The lack of adequately trained Zambians in various industries, and especially for specific roles in the mining labour force, speaks to a larger issue within the country, about which several interviewees elaborated. For many ears, the country has struggled to provide the necessary training to Zambians, even for technical jobs that are currently in high demand in the country. Furthermore, the Ministry of Labour and Social Security (MLSS) lacks data on the human resource shortages, with little to no information on the demand for particular skills. The result

[9] Interview with a Chinese restaurant owner in Kitwe, former manager in the mines, July, 2017.

of this lack of information limits the development of programs that would focus on training Zambians to fill the positions mostly in demand. While engaging with the interviewees a surprising sub theme kept coming up in the results, there was an aspect of mutual understanding that is based on customs and language, which adds to the preference for Chinese workers over Zambians. Haglund cautions of the impacts of the language barrier, stating that, “Language problems increase the propensity for dangerous mistakes” (2009, 630). However, I disagree with this. For the most part, the mine workers interviewed were all competent and willing to learn more skills or become more efficient in their job if the opportunity arose. I found the claim of language barrier to be a defence when pried with questions about skills development and promotion of their workers. The four mine workers interviewed could all speak English and two of them had received degrees from Technical Vocational Education (TVET) colleges. In my observations, I could see that the other mine workers also spoke English. The problem seemed to stem from the Chinese managers or owners of the mine (despite being able to speak English), not communicating with the Zambian workers.

Job security and skills development was the most repeated theme amongst the interviews of group 1 which was the mine workers. The constant fear of losing their job unexpectedly especially in such an unpredictable sector made it hard for them to plan for the future. Many of the men (I did not encounter any female mine workers) were the sole breadwinners in their family and because they didn’t trust that they will not be fired, had side businesses. These included small scale farming of fruits and vegetables, mechanic and electrical odd jobs. This lack of job security, but more directly, training and skilled personnel results in the increase of low skilled jobs for Zambians, as well as an increase in casual labour. Thus while employers might find ways around Zambian employment laws to hire foreign labour, they are often limited Zambian alternatives for the jobs.

4.3 Casualisation

Similar to other countries, casualisation is also a problem in the Zambian labour market, including in the mining sector. Casual employment is defined in Zambia as an arrangement under which an employee is engaged in only short-term employment, for a period not exceeding six months, and receives a daily wage rather than a salary.[10] When an employee is engaged in work for over six months, the position is considered permanent, therefore requiring a long-term contract, employee benefits, and a pension upon retirement.[11] Casual labour was a

[10]Ministry of Labour and Social Security, *Frequently Asked Labour Law Questions*, 13.
[11]MLSS, Labour Law Questions, 13

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

Speaking about Chinese owned mines (CNMC) in Chambishi a community leader said he often got complaints from casual mineworkers about the looming fear of job loss. Again, job security comes as a result of casual employment. In my secondary research an explanation for casualisation in the industry was outsourcing, as mentioned in the previous section, as a contributing factor. Jobs are outsourced and the people that are subcontracted to carry out those jobs are not given long-term contracts; informal conversations with some miners in Chambishi revealed that these were usually three to six month contracts. However, further investigation showed that Chinese owned mines are not the only culprits of casual employment, most of the foreign owned mines hire local employees on a casual basis. The reason I believe is the law. The Minimum Wages and Conditions of Employment Act[12] leaves room for various interpretations and thus has provided a loophole that allows foreign companies to continue hiring casual workers. According to the legislation, companies are prohibited from continuously renewing short-term contracts of casual employees for periods lasting over six months. Thus, if the position is required for over six months, the workers should be engaged in the position permanently. Yet still, there is no stipulation for companies terminating employment before the contract of six months ends, and then re-hiring the same employee. As such, it is considered re-hiring rather than renewing. Another loophole used to continue casualisation involves the ILRA. One interviewee commented, “Most workers in the industry are not unionised, because they don’t meet what is provided for in the ILRA. For a business entity to have its members unionised, it should have more than 25 workers. It could be deliberate, but some employers ensure that they do not have more than 25 workers, [which would allow them] to unionise.”[13] Mine managers take advantage of loopholes such as this one, making it difficult for legislation to protect workers.

12 http://www.ilo.org/dyn/travail/docs/2274/MWCE%20-%20General%20Order%202011.pdf

13 Interview with CEO of mining support company, Kitwe, July 2017.

4.4 Occupational Health and Safety

In 2011 Human Rights Watch released a report titled *You'll Be Fired if You Refuse: Labour Abuses in Zambia's Chinese State-Owned Copper Mines*. The report investigated industrial relations in Chinese owned mines in Zambia, exposing various labour issues and violations of health and safety regulations. According to this report, Chinese mining companies are said to be "`the worst for health and safety conditions" (HRW 2011, 32). Although this report was widely cited to state that health and safety regulations were the worst in Chinese mines, I find the conclusions to be a misrepresentation on the situation in Zambia's mining sector, and place unfair critiques on Chinese owned mines. However, this does not mean that they are blameless. My interviews revealed that although they are safety regulations in the mines, a number of them are outdated. This is especially true in the operation of machinery, the safety regulations do not factor in updated machinery and little to no training is provided on how to tackle this. An interview with a mining engineer in Zambia revealed that he had to teach himself some of the new safety measures and pass this information on to his colleagues. He stated that "these Chinese don't care about us, but it is the same with all foreign owned mines. They train you on safety one time, and think that it will be enough".[14] In addition, the issue with health kept arising. All mine workers acknowledged that the Chinese owned mines do provide health services for their workers, but only if it is because of an injury or something you may have contracted while at the mine. However, the medical services are located very far and a car has to be available to drive the workers there. The issue with this is that sometimes there is no vehicle available and also a patient has to endure long rides while enduring pain. Chinese owned mines in the three towns (Chambishi, Kalulushi and Luanshya) all had this problem and when I approached the Chinese manager of one of the mines he said "we are doing the best we can, we at least pay for their medical services, some other mines don't pay anything and the workers have to figure it out for themselves".[15] However, I disagree with this because there are other options such as making sure a medical vehicle is always available on site or have an onsite doctor. Although the HRW report was highly exaggerated, it stemmed from true facts about safety and health in Chinese owned mines.

4.3 Corporate Responsibility\ZCCM Nostalgia

Lastly, there is need to account for the way that the legacy of ZCCM influences mineworker's attitudes towards foreign investors. A common theme within the interviews, and within much

[14] Interview with a Zambian engineer in the mines, Luanshya, July 2017.
[15] Interview with a Chinese manager in the mines, Luanshya, July 2017.

of the literature on the industry, is the issue of social responsibilities of the mining companies to mine workers and their families. As discussed in chapter three, under state ownership, ZCCM fulfilled many of the roles that, traditionally, would be the responsibilities of the governments. Some of these roles included free healthcare, education and the provision and maintenance of sports and recreational facilities among other things. Once privatised, mining companies retreated from providing the social services that ZCCM did. As a result, social services in mining towns have slipped through the cracks. With the government unable or unaccustomed to providing these services, because it had grown accustomed to ZCCM's role, and the foreign mining companies unwilling to fill this gap, employees and inhabitants of the Copperbelt are left with declining levels of support. A Principle Labour Officer in the MLSS elaborates:

One of the things the mining sector has been facing is that there's no clear cut reinvestment into the social aspect-community responsibility. It is an issue because, when people look at the profits the mines are making, and then they look at what used to happen when the mines were state owned, how the mines supported communities and social structures, it creates discontentment about the operatives of the mines. The communities tend to resent that.[16]

In an interview with the Country Director of Chibuluma mines, Jackson Sikamo, he stated a lot of projects and ways that the Chinese owned mines gives back to the community. These included providing tables, chairs and other resources to the local primary and high schools, refurbishing the schools, sponsoring local entrepreneurs like the elderly women's tailoring group and also building and maintaining local recreational areas. He said "people often have a bad impression about Chinese owned mines, perhaps that's why the Chinese hired me, a Zambian, to also be a bridge between the community and the company. There is a lot that Chibuluma mines does to help out the people of this area apart from providing employment, but you will never hear about this in the news".[17] In my interview process, Mr Sikamo provided me with a car and a guide to visit all the community projects, the results were quite different from what was discussed in his interview. I managed to visit the three schools which receive support from Chibuluma mines. At all these schools, I interviewed the principles at the school. They elaborated and said they had not seen representatives from the mines in months. One principal said "I have been trying for over seven months to get someone from the mines to come and remove this big anthill in the middle of the playground. If we could do it ourselves

[16] Interview with a Principal Labour Officer, Lusaka, December, 2017.

[17] Interview with the Country Director of Chibuluma Mines, Kalulushi, July, 2017.

we would but they had promised to help us remove it as they have the machinery for it. It’s becoming dangerous for the kids to play here”.[18] The other two principles had the same outlook and said that representatives from the mines only came to visit when there had visitors from China or from the Zambian government.

I also visited a recreational centre which was dilapidated and lifeless on the outside, but I was unable to interview anyone there. In Luanshya however, there was a thriving recreational centre that the community leader said was maintained and supported by CNMC.

To conclude, this chapter, while acknowledging the role of foreign companies in the plight of mineworkers in Zambia, seeks to broaden the discussion beyond the focus on the Chinese mines. It demonstrates some of the shortcomings of the Zambian regulatory institutions, both in enforcement and to a lesser degree in legislation. By drawing attention to the different issues discussed, it addressed the notion that Chinese employers are the sole cause of the issues facing mineworkers today, and adds context to the problems highlighted in the literature and publications.

Conclusion

Much academic and public attention has been paid to China’s engagement in Africa in recent years. This is in part a result of China’s growing importance in Africa; it is currently Africa’s largest trading partner, expanding its economic ties to the continent. However, along with this expansion is the growing debate of China’s lack of development in the host countries. But there is no denying that increased trade with China provides an important alternative to the conditionalities that are often attached with loans from western countries. However, China’s motives and investment strategies in Africa have also been questioned, and perhaps due to the increase in Sino involvement in Africa over a short period of time, has brought about more suspicion and critique. Subsequently, the debate both internationally and on a national level, tends to be focused on whether Chinese investment in African countries is involvement or exploitation (Aljazeera, 2014).

Despite the political and media interest around Chinese development finance flows to Africa, and the motives behind it, data about Chinese government aid to Africa is scarce. This thesis engages with the above debates, but also aims to move beyond it and contribute to re-shaping the focus and nature of that debate by examining the impact of Chinese investment in the

[18] Interview with a Principle of a Primary School, Kalulushi, July, 2017.

Zambian mining sector on development, in four specific towns- Chambishi, Kalulushi and Luanshya. Between 2005 and 2015 (and ongoing), public debate in Zambia surrounding Chinese investment largely focused on the idea that Chinese investors do not contribute to the development in the host countries. Owing in part to the increase of Chinese FDI in Africa, national and international sentiment grew decidedly anti-Chinese. Some of the debates around development, which also aided in deciding on my parameters, was the lack of skills transfer from Chinese owned mines to the Zambian mine workers, infrastructure that went beyond the mining transportation route, the lack of local managers in the mines, treatment of local employees and minimal work towards corporate social responsibility. In 2011, Human Rights Watch released a highly publicised and widely drawn upon report portraying Chinese owners as especially abusive of local labour in the mining industry, and since then debates around this investment have been negative. My research probes the reasons behind this debate and the negative connotation surrounding Chinese investment in Zambia's mining sector, and seeks to understand the authenticity of the debate.

My primary research in Zambia helped me to better understand the context of the critiques against Chinese mine owners, and the broader economy of both investment and weak laws on FDI in Zambia. My findings suggest that while there are a range of problems and issues in Chinese owned and operated mines, the framing of the lack of development in Chambishi, Kalulushi and Luanshya as a 'Chinse problem' is both unfair and inaccurate. Indeed, I critique reports that generalise the lack of Chinese development in these mining towns, both on methodological grounds and the failure to acknowledge faults within Zambia's laws that do not protect the mining sector. As previous chapters have outlined, my research supports some arguments that Zambian laws on labour and foreign direct investment are not always respected, and Chinese mine owners do either intentionally or unintentionally exploit weaknesses and loopholes in the regulatory framework. However, I show that there are widespread labour and development problems that affect the entire sector, not just Chinese-owned or even foreign owned mines. As such, presenting issues around the lack of development in these mining towns as solely a 'Chinese problem' is one-sided and problematic. I argue that increased presence of Chinese investment in Zambian mines between 2005 and 2015, and lack of accurate data based on primary research, led to the inaccurate portrayal of Chinese owners as bad employers, and against promoting development in the host country, while largely ignoring problems in and around non-Chinese owned mines. In doing so, I advance a broader claim and challenge to other research: local actors such as unions and government regulations and officials, have contributed to some of the problems in the copper mining industry, and that the interaction between FDI and development at a town/city level needs to be better understood. In particular, I discuss the effects of privatisation in the mining sector and economic liberalisation on the labour market, focusing on the challenges associated to weak/changing legislation on FDI and the role of foreign investors. I also point to the issues regarding poor capabilities of Zambian training and vocational institutions as contributors to the problems of underemployment and casualisation. While these issues are not unique to Zambia and many other countries in Africa and beyond have experienced similar processes of increased Chinese FDI and no visible change around development, the negative connotation on the impact Chinese FDI, specifically at a town level, was the focus of the thesis.

In conclusion, this thesis calls for a theoretical and policy-oriented shift from singling out Chinese owned mines and employers as the chief architects of problems in the mines and development in the host country, to a more holistic analysis of the political economy of investment and the regulatory framework for mining. Firstly, the political and economic restructuring processes of the 1990s are crucial to understanding the way that Chinese or other FDI impacts mineworkers. Investment patterns observable today can be linked to the agreements made under the Chiluba government, when external pressure to make Zambia 'investor friendly' was high. Economic restructuring processes during that period significantly altered the way that the Zambian government approaches FDI, and, by extension, the legislation that governs employment, development, and although not a law, corporate social responsibility. One of the main results of restructuring is the reduced capacity of government institutions to monitor and enforce regulations. For one, as provided for in the 1995 Mines and Minerals Act, government receives considerably less revenue from the mining sector, which, one could argue, continues to limit the funds available towards development, specifically based on the findings in my research. Underfunding has contributed to a lack of equipment and personnel, which, together, have limited the capacities of the regulatory institutions to carry out their monitoring and enforcement. Alongside these changes, a number of amendments to the ILRA were implemented, partly to make the labour market 'more flexible.' These reforms undermined collective bargaining capabilities, fragmented and weakened the labour movement at the very time when workers needed strong structures and processes to protect them from casualisation and threats associated with Chinese FDI.

Secondly, privatisation has had an impact on the social welfare of mineworkers and mining towns as a whole. While ZCCM provided a number of social services in mining towns and tried to maximise employment during the period of nationally owned mines, private companies have had a different approach to those social responsibilities, largely abandoning many of the programs the government had initiated. Not long after privatisation, a number of services such as in-house skills training, free health care, education and employee housing schemes, disappeared from the mining industry, leaving workers to find alternate sources to cover health, housing and education costs. Simultaneously, large-scale redundancy within the industry has left a large number of former mineworkers' unemployed, underemployed, or with casual work as the only option of a source of income. Third and lastly, the tendency for Chinese and other foreign companies to import labour, is in part linked to the lack of an effective national effort to provide Zambians with the appropriate training to make them competitive in the job market. The lack of in-house skills training that was discontinued after privatisation, has left Zambian mineworkers facing stiff competition in the job market from foreign workers. In addition, Zambia's weak regulatory framework for FDI and lack of coherent national and local development strategies have led to problems within the mining sector.

The points made above show the various challenges that these mining towns in Zambia are faced with. These are not necessarily unique; many other countries in Africa and beyond have undergone similar processes of neoliberal restructuring and with similar consequences. However, as discussed in this thesis, the 'demonising' of Chinese investment in the mining industry and the way in which the debate on their lack of development in the host country has unfolded in the country and globally, is quite unique and under-researched. As my research demonstrates, although Chinese and other foreign owners can be faulted for not following the regulations that are in place, or taking initiative to provide social responsibility to these towns, it is difficult to ignore the role played by the government and other local actors in developmental issues in the mining industry. Introducing policies to address these various problems within FDI and development is no easy task, especially if the current macro-economic framework continues to be followed. However, small changes could be introduced to strengthen the regulatory framework and better protect workers and develop these mining towns. For example, more and better trained labour officers would contribute to monitoring and enforcement. This would make it harder for Chinese and other foreign investors to find loopholes around these regulations. Furthermore, the government should have strict consequences (such as suspension of operations as John Magufuli did in Tanzania) for Chinese (and other) actors in the mining industry who do not strictly adhere to these laws. This would help to protect the mining industry and the exploitation of copper. An establishment of an effective law on social corporate responsibility to develop mining towns where foreign companies are located. TEVETA could benefit from a larger budget to allow for the creation of training programs that would produce Zambian workers who are equipped to fulfil the demands of the labour market. Reforms to the current Employment Act could also help to slow the process of casualisation, and stronger unions need to be established which keep workers aware of their rights.

Overall, my research shows Chinese owned mines and mining companies have had a positive impact on development in the four towns, specifically in creating jobs, building non-existent infrastructure, assisting (although limited) schools and paying taxes to the government. However, Chinese mining companies in Zambia still have further reforms to make in order to strengthen their efforts to develop mining towns and other areas, as a way of ensuring a mutually beneficial relationship. This includes hiring more local workers for permanent and managerial positions, improving health and safety conditions of workers hired by subcontractors, building infrastructure that not only benefits their transportation routes, utilising local manufacturing companies to promote new technology and assisting to improve hospitals, schools and recreational centres in the towns. This would also help to improve the Special Economic Zones in Zambia and create a spill over effect of success to other areas, as is the case of SEZ's in China. The use of local manufactures to produce and promote new technology would eventually reduce export costs for the Chinese owned mines, while simultaneously provide skills transfer and better opportunity for mine workers to learn about the technology. In addition, Chinese could do much more regarding corporate social investment, versus the current minimum being done, as I observed in my visit to the mining towns. In 2017, China through its Aid projects to Africa, set aside US$50 million for the construction of a vocational skills training centre at Chambishi Multi-Facility Economic Zone (MFEZ) to address skills gap in the mining sector (Mwape, 2017). This is already a step in the right direction, and Chinese owned mines should ensure that their workers attend such programs to enhance their skills. It would also increase the chances of having local actors as managers, as the main reason given by the Chinese for not hiring or promoting Zambians to managerial positions, was that there was not enough skilled labour in the market. However, as the mining sector is one of the largest employers on the Copperbelt, one centre will not be enough. Chinese owned mines should invest in sending some of their workers to China at a similar operation, in order to learn new skills they can bring back into the country.

It is evident that changes within the Zambian investment market and other reforms are needed. However, political will- which seems sorely lacking in Zambia at the moment- is really what is needed to address the growing problems in the mining industry. The current ruling party PF, needs to show political leadership and also have stricter laws to protect mining towns and ensure that increased Chinese, and foreign, FDI in the mining industry is not taking away more than they are bringing in. The lack of sufficient data to examine the impact of Chinese FDI in the mining towns shows that more transparency is needed in the mining industry. This role needs to be played by both foreign investors and local actors.

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APPENDIX A: INTERVIEW QUESTIONNAIRE

Research Instrument: Interview (1 hour)

Group 1

Section 1

Demographics: Please answer the following questions in order to enable the researcher to get a sense of the demographics of participants.

Please indicate your Gender

- o Male
- o Female
- o Prefer not to say

Please indicate your age

o 18-28

o 29-39

o 40-50

o 51-61

o 62-72

o Other, please specify………………………………….. o

Prefer not to say

Please indicate the number of years you have lived in this town

o 0-11

months

o 1-5 years

o 6-10 years

o 11-20 years

o 21-30 years

o 31+ years

o Other, please specify……………………………………..

Do/did you work in any of the mines in the town, if so how long have you worked there?

o 0-11 months
o 1-5 years
o 6-10 years
o 11-20 years
o Other, please specify…………………………………………

If you no longer work there, do you mind telling me why not?

Section 2

This section will explore the participants' knowledge of China's presence in their towns, specifically in relation to the mining industry.

1. How do you feel about working for a Chinese company in Zambia? Please explain

2. On a scale of 1-10 how has your life and that of your family improved? Please explain
3. Do you have a contract of employment, for how long?
4. Are there any Zambian managers in the mine?
5. Do you know of any projects in town that the mining company has built/help to create? Such as roads, bridges, hospitals, schools, recreational centers or others.
6. Do you go on any training workshops that teach you about new skills/new technology? If yes, please explain.
7. Other than job loss, if the Chinese company was to leave your town, do you think the town would suffer? Please explain

Research Instrument: Interview (1 hour)

Group 2

Section 1

Demographics: Please answer the following questions in order to enable the researcher to get a sense of the demographics of participants.

Please indicate your Gender

- Male
- Female
- Prefer not to say

Please indicate your age

- 18-28
- 29-39
- 40-50
- 51-61
- 62-72
- Other, please specify…………………………………..
- Prefer not to say

Section 2

This section will explore the participant's knowledge of Chinese mining companies in their town.

1) What is the name of the company/organisation your work for?
2) How long have you worked for the company?

- 0-11 months
- 1-5 years
- 6-10 years
- 11-15 years
- 16-20 years
- 21+, please specify
- Prefer not to say

3) How long has this company been in Zambia?
- 1-5 years
- 6-10
- 11-15
- 16-20
- 21-25
- 25+ years
- Other, please specify……

4) What does the company do in the town?
5) To your knowledge does the company participate in any local projects? Such as build/make renovations to hospitals, assist schools, recreation centers, other-please specify
6) What percentage of managers/supervisors are Zambian?
7) It has been stated that majority of the wealth produced by mining companies goes towards developing the capital, Lusaka. In your opinion how true is this statement?
8) Do you know if the company teaches/sends its workers to learn new skills or how to use new technology?
9) If this mining company was to leave the Copperbelt, other than employment, do you think the towns would suffer? In what ways?
10) In your opinion what is the overall impact this mining company has had in the town?

Research Instrument: Interview (1 hour)

Group 3

Section 1

Demographics: Please answer the following questions in order to enable the researcher to get a sense of the demographics of participants.

Please indicate your Gender

- o Male
- o Female
- o Prefer not to say

Please indicate your age

- o 18-28
- o 29-39
- o 40-50
- o 51-61
- o 62-72
- o Other, please specify…………………………………..
- o Prefer not to say

Section 2

This section will explore the participant's knowledge of Chinese mining companies in their town.

1) What industry do you work in and what is the name of the company?
2) To what extent do you engage with Chinese mining companies on the Copperbelt?
3) Specifically which ones and how do you engage?
4) Do you know if these companies have contributed/helped to build roads, bridges, schools, hospitals, recreation centres, other? Please specify
5) Has your company/organisation helped/contributed to any of the above?
6) Based on your knowledge, do these companies employ a lot of locals- in mid to high level positions?
7) Do you think the mining company has had a negative impact in your town/ on the Copperbelt? Please elaborate
8) Other than to your business, if these companies were to leave the Copperbelt, what effect would this have on the towns?

Research Instrument: Interview (1 hour)

Group 4

Section 1

Demographics: Please answer the following questions in order to enable the researcher to get a sense of the demographics of participants.

Please indicate your Gender

- Male
- Female
- Prefer not to say

Please indicate your age

- 18-28
- 29-39
- 40-50
- 51-61
- 62-72
- Other, please specify…………………………………..
- Prefer not to say

How long have you lived in this town?

- 0-11 months
- 1-5 years
- 6-10 years
- 11-15 years
- 16-20 years
- 21-25 years
- 25+, please specify……………………………………….
- Prefer not to say

What is your role in this town/community?

Section 2

This section will explore the participant's knowledge of Chinese mining companies in their town.

9) Do you know how long the Chinese mine/mining company has been in your town?
10) Have you noticed any changes good/bad since this mining company has been here?
11) Do you have any friends/relatives who work in the mines/mining companies?
12) Other than create jobs, are you aware of any other work they have down for the town/community? Such as helped to build schools, roads, bridges, hospitals, recreation centers, other please specify….
13) How often do you engage/meet with people from that mining company? Please elaborate
14) Other than the loss of jobs, if this/these company was to leave how will the town/community be affected?

APPENDIX B: CONSENT FORM AND INFORMATION SHEET

I, the undersigned, confirm that (please tick box as appropriate):

1.	I have read and understood the information about the project, as provided in the Information Sheet.	☐
2.	I have been given the opportunity to ask questions about the project and my participation.	☐
3.	I voluntarily agree to participate in the project.	☐
4.	I understand I can withdraw at any time without giving reasons and that I will not be penalised for withdrawing nor will I be questioned on why I have withdrawn.	☐
5.	The procedures regarding confidentiality have been clearly explained to me.	☐
6.	I agree to the interview being audio recorded	☐
7.	The use of the data in research, publications, sharing and archiving has been explained to me.	☐
8.	I understand that other researchers will have access to this information only if they agree to preserve the confidentiality of the data and if they agree to the terms I have specified in this form.	☐
9.	I have been given a copy of this consent form co-signed by the interviewer.	☐
10.	I, along with the Researcher, agree to sign and date this informed consent form for the Researchers use **only**.	☐

Participant:

___________________________ ______________________________ __________________

Name of Participant Signature Date

Researcher:

___________________________ ______________________________ __________________

Name of Researcher Signature Date

Study Title: *To What extent has China's FDI in the Zambian copper mining industry contributed to the development of the four main mining towns in the country?*

You are being invited to consider taking part in the research study mentioned above. Before you decide whether or not you wish to take part, it is important for you to understand why this research is being done and what it will involve. Please take time to read the information below carefully and ask me if there is anything that is unclear or if you would like more information.

My name is Miss Matebe Chisiza and I am currently completing my Masters in International Relations (MA) at the University of the Witwatersrand (Wits) in Johannesburg, South Africa.

Chinese foreign direct investment (FDI) into the Zambian mining industry has increased over the last ten years. Majority of it has been concentrated in Zambia's main mining towns- Kitwe, Kalulushi, Chambishi and Luanshya/Mufulira. The aim of this research is to measure the impact this investment has had on development- infrastructure (roads and bridges), social development (formal employment creation, technology and skills transfer, and state revenue) and human development (education, welfare) - in these towns.

You have been selected to participate because you live/work/are/have been involved, in the mining industry in one or more of these towns and are in a position to give me more information about development that has or has not taken place due to Chinese FDI. Your participation in this project is entirely voluntary and will remain anonymous to everyone other than the researcher. There is no risk, penalty, loss of benefits, sanctions, or job-loss whether or not you choose to participate. There will be no direct benefit to you from the research, but a report back on the research's findings will be published on my university faculty archive. No one other than the researcher will have access to the recordings and notes taken. To ensure confidentiality code names will be used. If you choose to participate, your role will be to honestly answer the questions from the researcher as well as provide any other useful information- there is no right or wrong answer. During the interview you may refuse to answer any questions that you feel uncomfortable with answering. The notes from the interview will be kept until no longer needed by producing publications, after which they will be destroyed. The research will be available online as all Wits dissertations are made available online.

Should you have any questions, or wish to obtain a copy of the results of the interview, please contact me at +27 83 508 6482 or email at: mchisiza@gmail.com or contact my supervisor Garth Shelton: garthshelton@gmail.com .

Kind Regards,

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