SOUTH-SOUTH COOPERATION: A CASE STUDY OF CHINA-ZAMBIA RELATIONS

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ABSTRACT

China's Africa policy is based on “mutual benefits” and “win-win” results, while many critics, especially those in the West, contend that China is only interested in exploiting Africa's natural resources and is a new colonizing power that is harming the democratic process in Africa and is not concerned about human rights. This article seeks to analyze the nature of China-Zambia relations in terms of trade and investments, what kind of benefits the two countries are deriving from their relationship and what are the challenges, if any, facing the two nations. The study will be based on the analysis of secondary data. The objective of the article is to contribute to the growing literature and debate specifically on China-Zambia relations and generally on China-Africa relations and to suggest ways in which the relationship can be improved. The organization of the article is as follows: the first section provides a brief general historical assessment of China’s relationship with Africa from the colonial period to the present. The second section is a case study of China-Zambia relations from 1964 to the present, and this is followed by a conclusion.
1. Introduction

Sino-African relations are reported to have started as far back as 1300 while contemporary or modern dealings between China and Africa in terms of trade and economic relations are traced back to 1949 with the founding of the People’s Republic of China (Taylor, 2006, p. 16). From the 1950s to the 1970s, China attempted to safeguard its own sovereignty and supported Africa’s national liberation struggles while forging friendship and mutual trust. It also established a good political foundation for the future growth of trade and economic relations as part of South-South cooperation. In 1956, Egypt became the first African country to establish diplomatic relations with China, ushering in a new era of China-Africa cooperation. Supported by the friendly nations in Africa and other regions, China was able to restore its legitimate seat at the United Nations in 1971. By 1978, China had established diplomatic relations with forty African countries. During this period, trade and economic cooperation between China and Africa was focused mainly on bilateral trade and on China’s assistance to Africa in areas that included light industrial, agricultural, social welfare and infrastructure projects. From the 1950s to the 1970s, most of China’s aid projects in Africa were “unconditionally awarded” and were based on ideological motivations and political expediency rather than “economic effectiveness” (Wenping, 2007, p. 32). Between 1978 and 1999 the relations between China and Africa were consolidated further through deepening trade and economic ties which resulted in the rapid growth of bilateral trade, and Chinese companies not only began to contract for engineering projects in Africa but they also provided Africa with skilled labor and established equity and cooperative joint ventures on the continent (Forum on China-Africa Cooperation, 2011). During the same period, African businesses started investing in China.
In recent years, there appears to be a general consensus that the evolving relationship between China and Africa is one of the most important developments in international relations in the post-Cold-War era (Ampiah and Naidu, 2008). Many analysts contend that there is ample evidence to affirm that the basic concept of South-South cooperation, which is led by India and China, needs to be developed further (International Poverty Reduction Center in China 2010).

China–IPRCC as a platform for South-South cooperation is having a positive impact on global, regional and national policies, especially with regard to trade, investment, monetary and financial arrangements in developing countries. China’s Africa policy is based on “mutual benefits” and “win-win” results (Wenping, 2006; Taylor, 2010) while many critics, especially those in the West, contend that China is only interested in exploiting Africa’s natural resources and is a new “colonizing” power that is harming the democratic process in Africa and is not concerned about human rights on the continent (Coal Mountain, 2010).

The purpose of this article, which is based on a historical approach, is to analyze the nature of the China-Zambia economic relations in terms of trade, investments and the types of benefits that the two countries are deriving from their relationship. What are the challenges, if any, facing the two nations? The study will be based on an analysis of secondary data. The objective of the article is not to resolve the various controversies and problems in the China-Zambia relations, but rather to contribute to the growing literature and debate regarding China-Zambia relations and to suggest ways in which the relationship can be improved and enhanced for the benefit of both countries. The organization of the article is as follows: the first section is a brief general historical assessment of China’s relationship with Africa from the colonial period to the present. The second section is a case study of China-Zambia relations which is divided into three parts. The first part analyzes the relations between the two countries from 1964 to 1990, part two deals with the post 1990 period to the present and the last part provides a conclusion.
2. Background

South-South cooperation is a term that has been historically used by policymakers and academics to explain the relationship among developing countries relative to trade, the exchange of resources, technology, and knowledge. The importance of South-South cooperation is partly illustrated by the fact that in 1978 the United Nations established the Unit for South-South Cooperation whose aim was to promote South-South trade and collaboration within its agencies (South-South News, December 19, 2011). During the 2011 “Eighth Annual UN Day for South-South Cooperation,” The United Nations Secretary General Ban Ki-moon reaffirmed the importance of South-South cooperation when he asserted, “South-South cooperation can help us meet the challenge of creating a more equal and sustainable world” (South-South News, December 19, 2011). In addition, there is evidence clearly illustrating that despite a number of challenges, South-South cooperation is improving political and economic ties among developing countries. In addition, this cooperation has resulted in the improvement of the living standards of people in developing countries. It is also now generally acknowledged that developing countries are assuming leading roles in decision-making on important global issues ranging from economic recovery to food security and climate change (IPS News, March 12, 2012). A recent study by experts from the African Development Bank, the Organization for Economic Cooperation and Development (OECD) Development Center, the United Nations Economic Commission for Africa, the United Nations Development Program (UNDP), and a network of African think tanks and research centers also concluded that Africa benefited from the direct interactions with the large emerging countries in terms of investment, trade, aid, and from the macroeconomic, political and strategic advantages that their rise has produced (Africa Development Bank, 2011).

In 2005, China, which many analysts say has revived its leadership of developing nations (Osei-Hwedie, 2008; Hurrell and Narlikar, 2006), established the International Poverty Reduction Center (IPRCC) to serve as a platform for South-South learning and capacity development. The center, which has made significant progress, is now
supported by a number of international organizations including the UNDP, the World Bank, the British Department of International Development and the Asian Development Bank.

In recent decades South-South cooperation, which has been recognized, supported and encouraged by the United Nations, has had a positive impact (Zahran, 2011) on regional and national policies and actions in field of trade, investment, monetary and financial arrangements and on human development in the developing countries (The Secretary-General of the United Nations, 2003; IPS News, March 12, 2012). According to the United Nations, China and India have been at the forefront of South-South cooperation, and they have established vibrant economic and financial links with other developing countries in the last decade (Deen, 2009). A United Nations report notes that both China and India have been and continue to “provide technical assistance initiatives that cover almost all areas of interest to other developing countries, and both have, in the last decade, taken to underpinning technical assistance with financial support (Deen, 2009).

3. Africa-China Relations

As noted earlier, Africa-China relations date back several centuries and have not been without controversy. The watershed for Africa-China relations was the Forum on China-Africa Cooperation (FOCAC), which was held in Beijing in October 2000, where Chinese President Hu Jintao informed the 48 heads of African states in attendance that his country would offer Africa $3 billion in preferential loans and $2 billion in export credits over the next three years (Asayehgn, 2009). Similar assurances were subsequently made, and in 2006 China also indicated that in the future it would double its foreign aid to African states. (BBC News, November 4, 2006; Corkin and Burke, 2008). During the same year, Beijing reduced or canceled one billion dollars in debt incurred by the least developed countries (LDCs). In addition, at the end of the 2006 Beijing FOCAC Summit the Chinese government promised to double its aid to Africa in the next three years, and in 2007 statistics from the Chinese Ministry of Commerce showed that China had so far provided just under $6 billion of aid to Africa and
assisted African states in the implementation of over 800 projects that included textile factories, hydropower plants, sports stadiums, hospitals and schools (Wenping, 2007, p. 33).

Proponents of what could be termed 'benign engagement' argue that China is a "catalyst for development," and there is evidence that Sino-Africa relations have led to a new level of improved livelihoods the continent has never "known for decades" (Naidu and Ampiah, 2008). The OECD, African Development Bank, United Nations Economic Commission for Africa (UNECA), and the UNDP (2011) also affirm these positive developments in their 2011 Annual Report. David H. Shinn (2011, p. 16) even goes further by arguing that the impact of China’s interaction with Africa, which includes giving loans usually at low interest rates and long-term repayment schedules, over the last decades is as “revolutionary” as the Asian country’s own “internal revolution.” At the same time, Shinn contends that in the case of some African countries with consistently large trade deficits, the trade relationship with China is probably not sustainable because such states do not have value added products other than raw materials that can penetrate the Chinese market. However, he says China is taking several steps including duty free imports from poorer African countries in order to rectify the situation, but China’s export power appears to overwhelm most of its trading partners (Shinn, 2011).

By the end of the first quarter of 2009, China had exempted 150 matured debts owed by 32 countries. According to the same source, in the same year, Beijing announced that the total trade between China and Africa was over US$106 billion, which represented an increase of 45 percent from the previous year. During the same period, Chinese imports from Africa increased to US$56 billion or 54 percent more than the previous year. Even more important was the revelation that over the last 30 years, Beijing has extended billions of dollars in commercial and concessional loans to African countries to enable them to develop and bring to market a range of agriculture and mineral commodities (Deen, 2009). In 2009, Chinese Prime Minister Wen Jiabao announced that over the next three years Beijing would double low-interest loans to Africa, from US$5.0 billion to US$10 billion (Deen, 2009). Furthermore, Chinese Ambassador Liu Zhenmin told a United Nations meeting on the
implementation of the New Partnership for Africa's Development (NEPAD) that his country would in future provide additional assistance and support to African countries in areas including agriculture, education, health, medical care and clean energy (Deen, 2009). In the same speech, Ambassador Zhenmin announced that China would also continue to support African states in their conflict prevention and settlement, and peace building endeavors.

Chinese aid is based on the principles of sustainability and mutual benefit. This means that the aid projects administered by China to other developing nations benefit both parties. (Wenping, 2007: p.33). In addition, Chinese aid to Africa is unconditional, and Beijing upholds a policy of non-interference in the internal affairs of African states and respects their national sovereignty and territorial integrity. These factors form the foundation of a basic equality in the relationship between China and African countries (China Daily, June 29, 2004; Ministry of Foreign Affairs, the People's Republic of China, 2000).

Unlike Western debt which is accompanied by various forms of economic and political conditionality, China offers “no-strings-attached,” conditions when it gives financial assistance to African countries (Asayehgn, 2009). Against this background, China’s Africa policy is generally regarded as a good example of South-South cooperation based on “mutual benefits” and “win-win” results (Taylor, 2010; Carmody and Taylor, 2009). Some analysts contend that because China’s experience in the development process is similar to that of African states, Beijing has a profound understanding of the problems that Africa countries are facing and is able to provide appropriate aid and assistance to the continent. As a developing nation itself, China cannot make promises to Africa that exceed its current economic capabilities (Wenping, 2007, p.33).

Many critics, especially those in the West, including academics, the news media, the European Union and the United States, contend that China is not concerned about the welfare of Africans and is simply exploiting Africa’s natural resources, and is a new “colonizing” power that is hungry for the continent’s resources, particularly its energy resources (Southall and Melber, 2009; Osei-Hwedie, 2008, Pan, 2006; IRIN, March 23, 2006; Vines, 2006). The United States Secretary of State Hilary
Clinton is among those who share this view, and she warned that the U.S. did not want to see a new form of colonialism in Africa. She went on to note that the U.S. was “concerned” that China’s foreign assistance and investment practices in Africa were not always consistent with generally accepted international norms of “transparency and good governance” (The Huffington Post, June 11, 2011). Britain’s former foreign secretary, Jack Straw, claimed that what China was doing in Africa now was much the same as what Britain did 150 years before (Junbo, 2007).

Furthermore, opponents of China claim that Beijing’s unconditional and non-interference policy is harming the democratic process on the continent and that the Chinese are not concerned about human rights (Habib, 2008).

Some analysts are concerned that China is lending to African countries, including dictatorships that abuse human rights, that already have large debts outstanding and are likely to incur more debts, and to make matters worse there is lack of a transparency in loan contraction processes (Huse and Muyakwa, 2008). While this observation is generally said to be true, there are studies showing that this was not always the case (Down, 2011). A study by Fentu Cheru and Cyril Obi showed that Chinese investments in Africa have provided "an alternative to the condition-laden" and "asymmetrical relations" into which African states had been hitherto locked with the Western trading partners and financial institutions. (UPI News, June 22, 2011). The study also showed that trade between China and Africa grew from US$20 billion in 2001 to more than US$120 billion in 2009 (UPI News, June 22, 2011).

Additionally, China has been criticized for investing in multi-billion dollar projects in mostly resource-rich, especially oil endowed African states, and this is said to have led to the influx of thousands of Chinese merchants and laborers (Cameron, 2011) and cheap consumer goods (Alden, 2007). This process, it is argued, is contributing to unemployment in Africa and whipping small-scale industries that are unable to compete with Chinese cheap imports. Chinese firms have also been accused of providing poor conditions of service and lack of adherence to safety regulations at places of work as well as disregarding
labor laws/regulations and not respecting environmental rules (Alden, 2007). Some critics also argue that China is only one of the participants in the second “scramble for Africa” (plunder), and the western criticisms of Beijing are simply hypocritical because China’s investments are very small compared to those of the West, and it has no intention of occupying any territory on the continent. Instead, it is argued that the West is concerned because China, whose rise as a trading power is re-shaping the rules and practices of world trade (Wang and Rosenau, 2009), appears to be challenging the hegemonic positions that have historically been monopolized by the United States, Britain and France (Naidu and Ampiah, 2008). A recent study also showed that despite claims by many critics, there is no evidence to suggest that China or other new players on the continent are hindering Africa’s industrialization, debt sustainability or governance (Africa Development Bank, 2011).

The argument that modern China’s relations with Africa dates back to the 1950s is dismissed by the opponents of China as simply a ploy by Beijing to become acceptable in the international community following decades of isolation due to a hostile western and Soviet Union foreign policies (Anshan, 2008; Alden, 2007). On the other hand, those who support China argue that China’s interaction with Africa, both past and present, transcends a mere quest for resources and is not limited only to those countries rich in resources. It is contended that Chinese policies must be perceived in a global context, including the fact that Beijing is striving for the sustainable development of its economy and wants political support on the important issue of reunification with Taiwan (Wenping, 2007, p. 32).

It is against this background that this article attempts to assess the nature of China-Zambia cooperation and whether or not both countries have and continue to benefit from this relationship. The analysis will also endeavor to evaluate the extent to which many of the above controversial issues raised with regard to the Chin-Africa relationship also apply to the China-Zambia relations.
4. China-Zambia Relations

As with many African states, China’s relations with Zambia date back to the pre-independence period. In the case of Zambia, Beijing started supporting the African country during its struggle for independence (Mwanawina, 2008). Since independence in 1964, Zambia regards China as an “all-weather friend” that can be relied upon (Anonymous, 2008). According to the Chinese government, Zambia has always firmly supported Beijing on important national and international issues such as the status of Taiwan, Tibet, and the violence in Xingjiang (2010 China-Zambia Relation in Retrospect, 2010, p.1). Zambia has also supported China over issues of human rights abuses including the controversies surrounding the 2008 Beijing Olympic Games. Similarly, Beijing has always supported the Zambian government and people in their national development efforts. At the same time, China has been supportive of Zambia’s mediation efforts in regional issues as well as its contribution to the regional integration process and institutional building of the African Union (2010 China-Zambia Relation in Retrospect, 2010, p.1).

Historically, China-Zambia relations have been cemented by the fact that Beijing has been providing active support to the Zambian government in its efforts to consolidate its political independence and struggle against foreign domination (China-Zambia Relation in Retrospect, 2010, p.1). Economically, since 1964, the two countries have been cooperating in many spheres including signing many bilateral and multilateral trade deals and agreements. Even before China became an economic global power, the Chinese government assisted Zambia and Tanzania by providing funds for the construction of the 1,860-kilometer-long Tanzania-Zambia Railway (TAZARA) that runs from Kapiri Mposhi, north of Lusaka, the capital of Zambia, to Dar-es-Salaam, the capital of Tanzania (Arsene, 2011). Despite the fact that the rail line which was completed in 1976 was never profitable, and is still supported by China, the project which was the largest venture financed by the Chinese in Africa, was a technological success and ideologically it has been described as a “true success story” (Arsene, 2011). Since then, the Chinese have made very substantial investments in various key sectors in Zambia. These include agriculture, mining, trade, infrastructure,
communications, transport, construction, and manufacturing (Mwana-
wina, 2008). China-Zambian trade has grown rapidly in the last 10 years
from just $100 million (£63 million) in 2000 to $2.8 billion in 2010
(Arsene, 2011).

In the last ten years, Chinese investments in Zambia, especially
in copper, cobalt and nickel mines, have risen to unprecedented levels
and trade between the two countries has grown rapidly. The 2010 Chi-
na-Africa Trade and Economic Relationship Annual Report made the
following observations:
(a) As one of the eight new measures of the Fourth Ministerial Confer-
ence of the FOCAC, the Chinese government has remitted all due Zamb-
ian debts in the form of interest-free loans that matured by the end of
year 2009.
(b) Bilateral trade increased by 100 percent compared with the same
period of last year (2009) and the bilateral trade volume from January to
August this year 2010 increased to US$1.688 billion. With a growing
trade balance in favor of Zambia, the country promises to rank as Chi-
a’s third largest trading partner within the Sub-Sahara region.
(c) Currently, more than 300 Chinese companies operate in Zambia,
increasing the total value of Chinese investment from US$500 million in
2006 to US$1.26 billion in 2009. Chinese invested enterprises account
for 60 percent of Zambia’s infrastructure construction market, 10 per-
cent of the construction materials market, 20 percent of mining projects
and 10 percent of the agriculture and service market, creating at least
20,000 jobs for Zambia.
(d) Up to November of 2010, there were 13 enterprises in the Zambia-
China Economic and Trade Cooperation Zone (ZCCZ), realizing ap-
proximately US$780 million in investment and a turnover of US$770 mil-
lion in 2009. The ZCCZ Lusaka sub zone broke ground in October 2010.
(e) The Grain Silos, which was funded by a Chinese government con-
cessional loan, has been completed and is now operational. Zambia had
a historic bumper harvest in 2011, and the project played a very im-
portant role in storing the grain harvest. The renovation of the govern-
ment complex building and the container scanning equipment project
are both progressing well, and are scheduled to be completed in 2012.
Additionally, a sport infrastructure project and a health project have been signed and work will also start in 2012. Other infrastructure and equipment projects funded by the Chinese government credit are also running smoothly.

(f) During the financial crunch, many companies in Zambia either closed or downsized while others reduced production and retrenched their employees, but none of the Chinese companies made any such restructuring. Instead, Chinese enterprises bought both the Luanshya Copper Mine and the Munali Nickel Mine and they tried every means to resume production in a short time, save thousands of miners from unemployment, and helped Zambia recover from the financial crisis.

The Zambia-China Trade and Economic Cooperation Zone was the first of its kind established by China in Africa and, by the end of 2009, had attracted funds from the NFC Africa Mining PLC (NFCA) and 12 other investors engaged in mining, prospecting, non-ferrous metal processing, chemical manufacturing, metal processing, and architecture. Additionally, the 2010 China-Africa Trade and Economic Relationship Annual Report noted that companies had made a paid-in investment amounting to US$578 million against the US$820 million total contract value and they created over 6,000 Zambian jobs (China-Africa Trade and Economic Relationship Annual Report 2010). According to the Zambia Development Agency (ZDA), by 2012 the Zone attracted 17 companies and a total investment of approximately US$1 billion (Sinyangwe, 2012). The Zambian Development Agency also noted that companies in the economic zone that is situated in Chambishi on the Copperbelt generated nearly US$500 million in taxes and sales revenues that amounted to US$4.35 billion (Sinyangwe, 2012). It appears that both Zambia and China are benefiting from their relationship, which is testimony that South-South cooperation can and does produce positive gains despite some challenges that are examined later in this article.

It has been argued that since the Chinese built the historic TAZARA rail line, Zambia has received a significant portion of many development efforts that the Chinese government has provided to African countries (Macha, 2010). It is therefore not surprising that many Zambian government officials and some opposition members have welcomed and praised China for assisting and doing business with their country.
Former Finance and National Planning Minister, Situmbeko Musokotwane, claimed that Chinese investment in the country had helped Zambia attract other investors from bigger economies (Times, Friday, April 16, 2010). In addition, former President of Zambia, Rupiah Banda, who often praised Beijing for its investments in the country and for not disinvesting, down-sizing or closed companies during the global financial crunch, said it was good to do business with China because of the “attractive interest rates.” (Lusaka Times, October 19, 2009, AFP News, December 3, 2010). He was partly referring to the fact that Beijing had given the Zambian government a US $1billion concessional loan for infrastructure and development projects in 2010 (Business Monitor, online, March 11, 2010).

According to The Monitor, Zambia was the first African state to access the US$10 billion in concessional loans for infrastructure development projects that China had pledged to African countries during the November 2009 FOCAC meeting in Beijing. In 2011, Lusaka, Zambia’s capital, became the first African city to offer the Chinese currency in banking services. Louise Redvers (2011) has observed that the Bank of China branch is now able to handle counter deposits and withdrawals in Yuan, and it is anticipated that in future Chinese businesses operating in Zambia will save money. This is because they will not be required to pay commission when doing business among themselves since there will be no need to convert the Yuan to other currencies.

Another reason why Zambia sought the loan from China was explained by the former Minister for Trade and Commerce Felix Mutati who stated that his country had approached China partly because it had the liquidity and because the financial decisions were made quickly. Therefore, the Zambian government was now creating the jobs that citizens so desperately needed (Wu, 2010). According to the same source, the loan was supposed to finance many projects including the construction of two hydropower plants, housing and road rehabilitation, and it is reported to be part of Zambia’s 10-year initiative that started in 2003. Former Finance Minister Ng’andu Peter Magande, who like many senior Zambian officials is proud of Beijing’s investments in Zambia, is quoted as having stated: “We see a lot of Chinese investors coming to Zambia, so I’d say that in the 20th century, Europe was interested and the West
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did exploit our raw materials. But this time in the 21st century, we have found new investors that are coming back to try to help us to move ahead" (Quist-Arcton, 2008). Magande claimed that the other attractive aspect of Zambia doing business with Beijing was that the Chinese were not very frank; they would like to know Zambian procedures, traditions and systems after which they would explain their own systems to Zambians and try to identify programs that benefit both parties (Quist-Arcton, 2008).

According to former Mines Minister Maxwell Mwale, the Chinese have proved to be Zambia's "all-weather friends" because when other investors were "fleeing" the country they assured Zambians of their jobs, and during the privatization of the mines, they took up the "least attractive" entities that they have now turned around (Gondwe, 2010).

The Zambian government officials are not the only ones who appreciate Chinese investments in Zambia. Many Zambians working for Chinese companies and consumers of cheap Chinese goods are also happy (Lusaka Times, December 28, 2009; Magistad, Lusaka Times 2011). In some cases, people are asking for more Chinese investments. For instance, Chief Mpidi of the Lunda people of Zambezi District in North-Western Province of Zambia would like Chinese Companies to be awarded contracts to construct schools, health centers and other infrastructure in his area because he believes that the quality of their projects is better than that of local contractors (Times of Zambia, January 2, 2010).

Some private businesses have also commended China for granting Zambia and other developing countries a zero-tariff status because it gives them more opportunities to increase their trade with China (Dodia, 2011). Phesto Musonda, a local mining entrepreneur who is in support of Chinese investments, claims that all countries in the world, including the US, want China as a long-term investment partner (Gondwe, 2010).

The importance of China-Zambia relations is also reflected in the World Bank data showing that all of China's investments in copper mining between 2001 and 2007 were in Zambia (Wu, 2010). The same source shows that most of the US$220 million invested in mining went
into reinvigorating the Chambeshi copper mine, for which Beijing had received concessions in 1998 through the government owned Non-Ferrous Metals Mining Company (NFCA). The loan agreement included a memorandum of understanding between China and Zambia and had a provision for NFCA to develop the Lusaka copper zone with US$300 million worth of investments. The significance of the China-Zambia relationship is also partly reflected by the fact that Zambia is the third largest recipient of Chinese foreign investment in Africa and China is now the world’s largest consumer of copper, and that undoubtedly makes Zambia a partner (Wu, 2010).

By 2009 there were an estimated 200 Chinese companies operating in Zambia (Taylor and Carmody, 2009, p. 10) and in 2010 it was reported that the trade between China and Zambia had increased to US$2.2 billion (China-Africa News, “China-Zambia relations,” June 10, 2011). The Chinese investments in Zambia range from mainly mining interests in the country’s Copper belt to investments in agriculture, manufacturing, and tourism. By February 2011 Chinese companies were running a total of 25 farms in Zambia (China-Africa News, “China-Zambia relations,” June 10, 2011). Furthermore, earlier on China had launched a major scheme to purchase cotton from farmers in Zambia, and there is evidence suggesting that Beijing was negotiating a similar scheme for jatropha, a plant whose oil can be used for biofuel production (Laishley, 2009). Chinese companies are also increasingly investing in Zambia’s retail sector, ranging from imported textiles and electronics, to farming chickens locally that are sold in city markets (Redvers, 2011). Chinese investments in Zambia are diversifying from mining and infrastructure construction to other areas that include agriculture.

As noted earlier, in some cases the Chinese took over some of the enterprises that had been closed by Western companies. For instance, in 2009, Non-Ferrous Metals Mining Company (NFCA) was granted in the midst of controversy a contract to run Luanshya Copper Mines, which is located in Zambia’s Copperbelt Province, after it had been closed by the Swiss-based International Mineral Resources Bein Group Resources of Israel in January 2009 (Kachingwe, 2009). The mine was closed because copper prices at the London Metal Exchange had
tumbled from US$8,000 per metric ton to US$3000 and the closure left 1,700 miners jobless (Kachingwe, 2009. In a rare case, the miners and their wives are reported to have petitioned the then President Rupiah Banda to find a buyer for the mine, and in the end the government engaged NFCA. The mine is expected to produce 30,000 metric tons of copper cathodes every year. In addition, NFCA, which reportedly committed US$400 million to the mine’s operating costs, took over operations of the mine’s hospital, the trust school, the craft school and the sports recreation facilities. President Banda justified his government’s decision on the grounds that NFCA not only knew and understood the business of mining, but it was not investing in Zambia to make a “quick buck” and would not run when there are first signs of stress in the business (Kachingwe, 2009).

In 2008, the then deputy minister of finance and now former Minister for Trade and Commerce, Felix Mutati, had asserted that, doing business with China had been good for Zambia because the Chinese were bringing investment, world-class technology, jobs, and value addition (Wu, 2010). The choice of NFCA was controversial, because 49 miners died in an accident at the Chambishi Mine which the company had taken over in 2003 (Kachingwe, 2009). In March 2012, Luo Tao, the General Manager of China Non-Ferrous Metal Mining Company (CNMC) group, told President Michael Sata that CNMC planned to accelerate its investment in Zambia. He added that production would commence by the end of March and that their next project was going to be the US$800 million South East Ore body at Chambishi mines (Post Newspaper, March 15, 2012).

Other recent Chinese investments in Zambia include the Kafue Gorge and Kariba North hydropower plants that were built by Sinohydro with the support of the Ex-Bank of China (Chimageni, 2006). In 2009 it was estimated that the investments by 160 Chinese companies operating in the Zambian economy were more than US$300 million dollars, and more than 10,000 Zambians were employed in those industries (Chimageni, 2006). It is against this backdrop that Chinese Ambassador to Zambia, Li Qiangmin, asserted that Chinese investors in Zambia were not just in the country to make money but they were also there to transfer technology, build infrastructure and had already trained locals in
various fields (Post Newspaper, February 9, 2010). He went on to state that Chinese investors in Zambia had created 25,000 jobs in 2009 at the time when many people were losing jobs due to the global economic crisis. Chinese companies created some of the jobs after buying mines that had closed as a result of the global crisis. Qiangmin also noted that more Chinese companies were willing to invest in various sectors in Zambia including agriculture, construction and education (Post Newspaper, February 9, 2010).

Overall, the former Minister for Trade and Commerce, Felix Mutati, noted that in the small-scale mining sector the Chinese constituted the majority and he also claimed that on average large Chinese mining companies in Zambia paid more than other investors (Wu, 2010). He went on to say that in terms of safety, large Chinese companies had a record as good as any large firm in the country (Wu, 2010).

Zambia is also reported to be one of the African countries that have bought military equipment from China in recent years, but the types and amounts supplied are not known due to the sensitive nature of the subject (Jane's Sentinel Security Assessment, 2012). What is clear is that Sino-Zambia military cooperation over the years has included the training of a small-undisclosed number of Zambian military personnel.

As with many critics, prior to becoming head of state, Michael Sata, the current President of Zambian, often claimed that Chinese companies were exploiting Zambian workers while taking the profits for themselves. After winning the 2011 elections Sata's views appeared to have changed. This is because he now contends that he welcomes Chinese investments and wants to make sure that it is the Zambians who benefit (Magistad, BBC News, September 28, 2011). He also recently acknowledged the important role of Chinese investments in the country and invited the Chinese to explore the possibilities of more investment opportunities in Zambia in various sectors, especially in mineral exploration, agriculture, textile and many other areas (Staff Reporters, 2012). As part of his government’s appreciation for Chinese investments, Sata also appointed the first Republican President Kenneth Kaunda as a special envoy to China, and the aim was to renew Zambia's acquaintances with China (Kuwema, 2011). The other purpose of the appointment was to assure the Chinese government that the Patriotic Front government under the leadership of President Sata was ready to engage China as an
4.1. Criticisms of Chinese Investments in Zambia

Despite the foregoing positive assessments of Chinese investments in Zambia, there have been many criticisms regarding the operations of some Chinese businesses in Zambia. The concerns have been raised with regard to the poor conditions of service accorded to Zambian workers, lack of adherence to work safety regulations in the workplace, disregard of labor laws and regulations, and the lack of environmental considerations (Mwanawina, 2008). It is well recognized that part of the major problem is the Zambian government’s failure, and alleged complicity, to enforce various pieces of legislation and regulations (Bonicelli, 2011).

On the contrary, at the time, former Finance and National Planning Minister Situmbeko Musokotwane was urging critics to focus on the benefits that come with Chinese investment rather than the negative effects. In addition, he noted that China was one the major financial lenders to bigger economies and as such Zambian needed to be grateful for Chinese investment which had contributed to the growth of the country’s economy (Times of Zambia, April 16, 2010). He also commended China for showing interest in investing in many other sectors of the Zambian economy.

Some critics claim that that the so-called “win-win proposition” relationship is misleading because there are simply “winners and losers”. For instance, President Sata used to pose the question often, “who is winning?” (Polgreen, 2007). His answer was always the Chinese were the winners and were only interested in exploiting Zambians just like everyone who had came before them. Sata also claimed that the Chinese had simply come to take the place of the western countries as the “new colonizers of Africa” (Polgreen, 2007).
During the same period some Zambians, such as Henry Kyambaelsea, had argued that the country, which is now regarded as one of the ten fastest growing economies in the world (The Economist, January 6, 2011), had failed to attract many western investors because the investment climate and government policies were not very conducive:

A great deal of effort is needed to lure foreign investors. It is, therefore, essential to create an enabling investment environment that provides for attractive tax incentives, adequate skilled labor, a network of business support services and institutions, well-developed infrastructure (including energy, water, telecommunications, and transport facilities), and protracted industrial harmony (Lusaka Times, December 31, 2009).

As an opposition leader, Michael Sata who called the Chinese investors "infesters" had also argued along similar lines, but he blamed the ruling Movement for Multiparty for Democracy (MMD) for all the country’s problems (Boncelli, 2011; Sata, 2007, p.4). He also used to contend that Zambia had not only found it difficult to consolidate democracy, the rule of law and respect for human right, but Zambian leaders had also found it difficult to attract genuine investors (Sata, 2007, p.4).

He also believed that the country had become “the prey of the rogue Chinese investors” that have no regard for the welfare of Zambians and were only interested in exploiting the country’s natural resources and its people. After becoming president, Sata appears to have made a "U-turn" on Chinese investments, and the Chinese have not carried out their pre-election campaign to disinvest from Zambia if the opposition leader was elected to office (Sata, 2007, p.4). Sata has even relented on the issue of increasing the government’s share in private owned mines, on imposing a windfall tax on the mining companies and reviewing their contacts in such a way that they generated additional benefits for Zambia (Lusaka Times, November 14, 2011 and November 16, 2011).

The general perception appears to be that in recent years Chinese-owned mining companies in Zambia have had stormy relations with Zambian workers over labor and safety policies (Haglund, 2009).
For instance, as alluded to earlier, in 2006, Chinese managers at Chambishi mine shot six miners during a wage protest (Bariyo, 2011). In 2006, a few years after the shootings, NCFA Mining fired at least 1,000 miners at Chambishi Copper Mines for participating in a strike over wages, illustrating the fact that tensions between workers and management were still unresolved (Bariyo, 2011). After the six-day strike, the Zambian government intervened in the dispute and the workers were reinstated. The company was ordered to pay its workers similar wages like those paid at Vedanta Resources PLC’s (VED.LN) Konkola Copper Mines and Glencore International AG’s (GLEN.LN) Mopani Copper Mines.

The management is reported to have initially refused to comply but later NFCA agreed to increase salaries for the lowest paid worker to Kwacha 2million (Lusaka Times, October 10, 2011). It is, therefore, hardly surprising that recently Luo Tao, the General Manager of China Non-Ferrous Metal Mining Company (CNMC), led a 14-member delegation from Beijing to Zambia and told President Sata that China was committed to improving "employment and economic development in Zambia". He also asserted that Chinese investors in the country would adhere to Zambian laws (Staff Reporters, Post Newspaper, and March 15, 2012).

In 2010, at a private Chinese owned company in the Southern province, Collum Coal Mine, at least 13 Zambian coal miners were shot by their Chinese managers for striking over conditions of service that included low wages (Magistad, October, 4, 2011). Some analysts contended that one of the issues that led to the shooting was language, since many of the miners were unable to understand English and many Chinese could not understand English or Tonga (Mundy, 2011; Bearak, 2010). The other complaints of the workers included working under dangerous conditions, failure to regularly provide them with protective clothing, and there was no compensation for those who lost their lives or limbs (Human Rights Watch, 2011). Bearak observed that many Zambians complained that the powerful foreign companies were permitted to play by their own rules, plunder the country and abuse workers while doing little to develop it (New York Times, November 20, 2010).

Additionally, Bearak contends that the wounding of 13 miners at the Collum mine revived the negative sentiments regarding Chinese
investments because the incident also revealed conditions at a coal mine where men walked more than 1,000 steps into the earth to slosh through dark and often unsafe tunnels (New York Times, November 20, 2010). He also laments the fact that the workers were being paid about $4 a day and they were expected to work every day of the year. However, after the incident, Xu Jianrui, one the executives at the mine, reported that the workers’ salaries had been increased from $305 to $485 a month and the company had since hired three interpreters and a Zambian human resources manager as part of the solution to the problems at the mine (Mundy, 2011).

Former Deputy Minister for Local Government and Housing, Elijah Muchima, who had visited the mine described the sanitary conditions prevailing at the premises as “pathetic,” and he is reported to have compared the road leading to the place as “cattle shed” and noted that the working environment at the mine was “hazardous to the employees” (Lusaka Times, December 28, 2009). Furthermore, he asserted that while the Zambian government supported Chinese investment in the country, it would not tolerate a situation where Zambians were working like slaves (Lusaka Times, December 28, 2009). He also pointed out that he was disturbed by what he had seen and reiterated that the president’s position was that Zambians would rather be poor than being subjected to inhuman conditions. Muchima also warned that the government would not tolerate attitudes that amounted to enslaving its citizens. The same mine had been closed earlier because of the failure to observe safety measures (Lusaka Times, December 28, 2009).

Polgreen (2007) contends that the Chinese investment in copper mining has “left a trail of heartbreak and recrimination.” She argues that the Chinese poor working conditions are not just restricted to the mining sector by citing an accident that occurred at a Chinese-owned explosives factory in Chambishi on the Copperbelt of Zambia in 2005. The blast at the mine resulted in the death of 46 people, most of them in their twenties. Chimangeni (2006) not only concurs with Polgreen, but she also cites another incident where six workers were shot dead during a demonstration at a Chinese-run textile factory in Kabwe in 2008. The workers at the Zambia-China Mulungushi Textiles of Zambia were demanding better working conditions.
Chimangeni (2006) also noted that although the late President Levy Mwanawasa won the September 28, 2006 elections, Sata received an overwhelming majority of votes in the capital Lusaka and the Copperbelt, the two provinces with the most Chinese traders and investors, because people in these provinces resented the Chinese presence. The resentment is likely related to the alleged Chinese poor labor practices that include casualization, low pay and no social security benefits. These labor practices have led critics, like Sata, to charge that foreign relations must benefit all concerned and that Zambia wants investors who add value. These sentiments are shared by many trade union leaders as well as the Federation of Free Trade Unions (FFTUZ) in Zambia which supported Sata's presidential election campaign (Chimangeni, 2006).

Other analysts and observers have argued that the poor labor and safety conditions in many of the Chinese companies have been fuelling conflicts in Zambia (Carmody, 2009; Taylor, 2009; Larmer and Fraser, 2007; McGreal, 2007). According to Taylor and Camordy (2009), after Sata lost the election there were anti-Chinese riots in Zambia's capital Lusaka that forced the Chinese President to cancel a planned visit to the Copperbelt in 2007. The trip was supposedly cancelled because of fear of negative reactions from the people. In an attempt to defuse criticism of the Chinese presence in Zambia, President HU is reported to have offered Zambia $800 million in soft loans, cancelled $350 million of bilateral debt and declared that a new special economic zone would be established in the country (Taylor, 2009 and Camordy, 2009).

The Chinese working conditions are reportedly so bad that the Minister of Southern Province in Zambia cried when she saw the working environment at a Chinese coal mine in Kafue (Mwanawina, 2008; Taylor, 2009 and Camordy, 2009). It is against this background that some critics note that some members of the opposition, led by Sata, have been threatening to deport large numbers of Chinese traders and laborers if they were to assume power (McGreal, 2007). According to the same source, Beijing threatened that if the opposition were to assume power, it would stop all construction projects partly because Sata does not subscribe to the “One-China” policy regarding Taiwan.
The Minister for Trade and Commerce, Mutati, has acknowledged that many Chinese small-scale mining companies “cut corners” in the sector which they dominate but claims that this was not the case with big Chinese firms whose image was being dented by the activities of the small-scale investors (Wu, 2010). However, the evidence above from Chambishi and Kabwe clearly shows that this is not the case because the companies cited above are large state-owned firms. In Lusaka, Zambian traders are reported to be unhappy with Chinese traders whom they claim have taken up most of the shops in the new Kamwala market that was historically dominated by indigenous Zambians because the cheaply-priced Chinese goods took away businesses from Zambian traders (Chimangeni, 2006).

Despite the foregoing analysis of the criticisms of Chinese investment and business activities in Zambia, according to Barry Sautman and Yan Hairong (2011), who have done detailed studies of labor relations in Zambia, they contend that the 2001 Human Rights Watch Report regarding labor abuses in Chinese mining companies is not only “woefully inaccurate” but also “perpetuates Western racist stereotypes” with regard to China’s alleged ‘neo-colonialist’ expansion in Africa. The Zambian government also claims that in general the Chinese conditions are not as bad as some critics, like Miller et al., (2006), contend (Zambia Watchdog, November 4, 2011 and November 5, 2011). Supporters of Beijing, such as Jian Junbo (2007), argue that China not only buys natural resources from Africa but it also assists the continent by building infrastructure such as schools and hospitals and it also provides technology to African states. Equally important is that fact that China, as a member of the World Trade Organization, cannot escape from trade regulations. Others argue that at a time when Western companies were pulling out of the country because of the slump in copper prices, the Chinese enterprises are the only ones investing in the country, and showing that they were not only interested in exploiting the country’s resources (Gondwe, 2010).

Conversely, opponents of Chinese investments, like Cephas Mukuka, the assistant national executive secretary of the Zambia Federation of Free Trade Union, contend that the Chinese have done little in terms of supporting the growth of local industries (Ngandwe, 2007). He
Edgar Bwalya believes that the solution lies with the Zambian government, which should come up with a policy requiring Chinese investors to help establish an infrastructure that would facilitate the transfer of technology to Zambia. Additionally, Mukuka believes that the government must seek China's commitment to long-term investment in the country and establish a university of science and technology to help transform Zambia (Ngandwe, 2007). Lameck Simwanza, program coordinator for Women for Change, argues that even though Chinese investment is purported to result in a “win-win” situation, it is the Chinese who seem to be benefiting more from the current investment. He also claims that the current Chinese ventures are not aimed at building Zambian local technological expertise but they are aimed at utilizing casual labor (Ngandwe, 2007).

On the other hand, while acknowledging that there is the need for improvements in labor relations, former Labor Minister Austin Liato has argued that Zambia’s economy was in transition, and his government could not afford to “lose the cow” that is giving milk to the country (Bearak, 2010).

Zeng Aiping of the African Research Center at Peking University is of the view that, some of the problems arising from China’s investment and donations are due to the fact China is learning the process of how to administer international aid (Ngandwe, 2007). In the same context, Aiping contends that China is still not very actively involved in African scientific and technological development because it is still learning from the West and Beijing is not yet accustomed to exporting its science to other developing countries (Ngandwe, 2007). Xue Hong, Director of Development Assistance Research at the Chinese Academy of International Trade and Economic Cooperation, concurs and believes that China’s scientific presence in Africa is “highly enterprise-oriented” and is concentrated in telecommunications and the mining and oil industries (Ngandwe, 2007). He also feels that many Chinese companies have not been in Africa long enough to develop the capacity of the local people.

Despite the foregoing observations, Aiping is of the view that China has enormous potential to boost Africa’s scientific and technological capacity largely because Beijing is at a developmental stage that is closer to that of African countries than Western states and it is able to transfer many practical technologies to the continent (Ngandwe, 2007).
Mwananyanda Lewanika, the President of the Zambia Academy of Sciences, contends that African policymakers must ensure that Chinese funding is not only directed towards priority areas, but they should also insist on the Chinese investing in relevant sectors like science and technology and emphasize the transfer of skills as a condition for future business deals (Ngandwe, 2007). In the same context, he notes that some countries such as Namibia are already taking steps to set up priorities for Chinese investment in areas such as agriculture, health, training in information and communication technology and human resources.

Regarding loans, some critics argue that despite China’s cancellation of much of the loan for the TAZARA rail line, China still derives the greater benefit because Zambia’s largest debt repayment in 2008 went to China (Huse and Muyakwa 2008). Another serious criticism surrounding Chinese aid and investments to Zambia is the lack of transparency which is due to the fact that the loan contracts are often made at the highest political level such that the agreements are not available for scrutiny by parliament, civil society or media (Huse and Muyakwa, 2008). According to opponents of China’s policies, the lack of transparency in investment decisions makes it difficult for Zambians to assess whether or not the government is taking careful “precautions to avoid landing into unexpected eventualities” (Mulenga, 2007; Taylor and Camordy, 2009). There are also concerns that the lack of transparency makes it difficult for Zambians to ascertain the amount of debt that their government is contracting and the conditionality involved:

Loan contracts between China and African countries are not open to public scrutiny...our case study from Zambia shows...the risk that funds will not be used for the intended purposes and might turn out to be cases of illegitimate debt in the future...in order to prevent irresponsible loan contraction, there is a need for responsible lending practices to be put in place (Huse and Muyakwa, 2008).

Kaela Mulenga (2007) claims that Chinese loans and investments are no different from those from the western countries because the end result is the same in the sense that Zambia, like other African
countries, is simply being exploited because of its resources. Polgreen (2007) believes that there are clear “winners and losers” and claims that textile mills and other factories in Zambia have suffered and even closed as a result of cheap Chinese goods that flooded the market, leading to the elimination of jobs in a country that desperately needs them. Similar evidence is available from countries like Ghana, Kenya, Mauritius, South Africa and Swaziland (Kaplinsky and Morris 2006; Corkin and Burke 2008; Finger 2007).

There are also allegations that Chinese construction companies are undercutting local firms and engaging their own laborers even when they can employ local people (McGreal, 2007). Some critics like Carmody and Taylor (2009) allege that the Chinese government is building a US$800 million multi-facility economic zone in the Copperbelt partly to deflect criticisms regarding the negative impact of Chinese imports on local manufactured goods and for economic reasons relating to reduced transport costs in Zambia.

In spite of the overwhelming evidence that Zambia has been benefiting from its relations with China, some critics, such as Luena independent Member of Parliament Charles Milupi, still maintain that Zambians are not benefiting from the country’s economic growth even though various assessments have concluded that the economy is growing (Mwenya, 2012). Despite these types of resentment, strong economic ties between Zambia and China continue to flourish.

5. Conclusion

This article has endeavored to assess the issue of South-South cooperation with regard to Sino-Zambian relations. It is quite evident that both countries have been benefiting from their relations that began decades ago, albeit with a number of problems that are not insurmountable. It is also clear from the above discourse that both countries have been supportive of each other relative to international issues. The analysis presented here also illustrates that despite the fact that China is often accused of being a new “colonizing” power in Africa, its experience with Zambia in terms of trade and investments shows that is not the case. Instead, the case study shows that China is becoming an important
partner in Africa’s development process and that there are a lot of potential gains for all the participants. The future of this cooperation appears to be bright at the moment, but the long-term relationship will depend on how both governments handle their mutual economic and political issues. At the same time, Sino-Zambian relations appear to be growing stronger and beneficial to both parties, and the fact that Zambia has now, as alluded to earlier, become one on the fastest growing economies in Africa and the world means there is potentially a lot to be gained from its interaction with China.

The so called “win-win” and “South-South” cooperation are only going to be beneficial for Zambia if the country continues to have good leadership that is capable of formulating and implementing effective regulatory policies and is able to develop the capacity to implement and manage such measures. There is also the need for the government to articulate clear investment policies that can be implemented and monitored in a transparent and efficient manner to the benefit of all Zambians. This is part of the reason why it has been argued that the Chinese and other investors are not the only ones to blame for the bad labor relations and other related industrial ills in Zambia, because they operate in a country with a weak regulatory framework.

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