# China's Attitude May Hinder its Quest for Africa's Natural Resources

By Assoc. Prof. Richard Rousseau

China's willingness to invest in Africa has brought benefits to both that continent and the Chinese people. But if Chinese leaders do not quickly respond to the growing mass political consciousness in many African countries, all that has been achieved could crash around their ears.

Whether it is by democrats or dictators, China is accustomed to being welcomed with open arms throughout Africa. Recent regime changes, however, have revealed some layers of resentment which could thwart Beijing's attempts to lay their hands on precious resources. The victory of the "rebels" in Libya, ill feelings in Namibia and the recognition of South Sudan' independence could turn upside down long-standing relationships China has forged with Africa, mostly at the expense of Western competitors.

In September 2011 Zambia, a former British colony, changed its leadership, an event that has the potential to derail China's ambitious investment drive. Michael Sata, alias "King Cobra," was sworn in as Zambia's president on September 23, 2011 after an overwhelming electoral victory over incumbent Rupiah Banda. The election result brought to an end the 20-year reign of the Movement for Multi-party Democracy (MMD). The new president, who leads the Patriotic Front party, promised Zambia's poor that he would divvy up the revenue from copper production more efficiently and equally.

The MMD's long reign may have produced a – deceptive – sense of security within the Chinese government: it did not expect the MMD would lose the election. The end of the Cold War has brought African governments a certain

degree of stability. African rulers have since often been able to measure their tenures in decades rather than years. Where elections have been held the results have, by and large, favored incumbent leaders. However, if the "Arab Spring" has shown anything to the one-man-rule Middle East and African regimes of today, it is that nothing lasts forever.

The change of political leadership in Zambia, the largest copper producer in Africa, came as a really unpleasant wake up call for China, one of the world's largest consumers of this precious metal. Sata's electoral campaign played heavily on anti-Chinese sentiment, which, given that China is the largest investor in this low-developed country, looked to many observers a quite risky platform. But Sata had a good grasp of his audience and knew only too well how cunning the Chinese can be in seeking to achieve their objectives.

During the 2006 presidential election campaign Sata, who under British colonial rule was a railway worker and trade unionist, once referred to Taiwan as a sovereign state. Beijing then reportedly fumed about what it considered a transgression of diplomatic norms. It even threatened to withdraw from the country should he be elected. The Zambian media even hinted that Beijing may be secretly transferring funds to the MMD'd coffers. A little less confrontational in his September campaign, Sata nevertheless made good use of his anti-China diatribes, and this paid off handsomely in the final vote count.

China's economic relations with Zambia are considerable in terms of the sums of money invested. The communist state has poured in approximately $2 billion in Zambia. Investment projects are mostly concentrated in the exploitation of copper, a metal China voraciously consumes to supply its ever-expanding

The major Nkana open copper mine, Kitwe

Victoria Falls

Chisokone Market in Kitwe, Zambia

infrastructure programs, especially those involving electric cabling.

The MMD regime enthusiastically sought to court Chinese state-owned companies and facilitates their access to Zambia's national wealth. Out of a total of six Chinese Special Economic Zones in Africa, two are located in Zambia. In 2011 Lusaka, the country's capital, became an African financial leader by offering Chinese people the possibility to deposit and withdraw funds denominated in Yuan, China's national currency.

Banda and his predecessors made every effort to lure the Chinese. Ordinary Zambians, however, grew resentful of thousands of low-skilled Chinese entering the country and stealing their jobs. A growing number of Zambia's markets, especially the chicken market in Lusaka, are now under the control of the Chinese.

In addition, in April last year, Zambian prosecutors refused to pursue proceedings against two Chinese foremen who had injured 13 miners by opened fire on a crowd of demonstrators at the Chinese Collum Coal Mine in 2010. This incident touched off a wave of anger throughout Zambia. The suspension of the investigation was expected by many, and only amplified the perception among Zambians that a privileged status has been given to Chinese firms.

Sata has pledged that under his government the relationship between Zambians and Chinese buyers and sellers, truck drivers and construction workers – constantly on the increase – will undergo profound changes. The first act of the 73-year old president was to arrange for a meeting with Chinese Ambassador Zhou Yuxiao. The meeting officially aimed at dispelling the storm clouds threatening China-Zambia relations. But Sata also made it clear to the Chinese Ambassador that his government would put an end to unrestricted Chinese immigration.

Reuters reported that the new Zambian president told the Chinese ambassador on December 1, 2011 that Zambia "welcome your [Chinese] investment, but as we welcome your investment, [it] should benefit Zambians and not the Chinese." He added that "it's in the law that all investors coming to Zambia should bring a limited number of expatriates whom they cannot find in Zambia … My party has expressed concern at the unlimited number of people your investors are bringing to Zambia."

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Copper export to China was also suspended for a few days. Sata announced that from now on all copper exports will be cleared by Zambia's central bank to safeguard the country against exporters' miscalculation of volume and value. It is strange to many that, while government data indicate that copper accounts for 75% of Zambia's export revenue, it makes up less than 10% of its tax revenue.

Since Sata's election, Zambian labor unions have embarked on a series of strikes, demanding higher wages. In early October some 2,000 miners at NFC

Africa Mining, majority-owned by China Nonferrous Metals Mining Corporation, refused to work. A few days later 500 workers at the Sino Metals copper processing plant walked out. Labor unrest is unlikely to ebb in the near future as worker associations take advantage of the wind of change initiated by the new political leadership.

Investors have also eagerly awaited the approval by the Zambian Ministry of Finance of the takeover of Metorex, a South Africa-based copper and cobalt miner, by Jinchuan, a Chinese mining and refining group. The Zambian authorities' approval for the sale was needed because Metorex holds a majority stake in Chibuluma copper mine. Authorization for the $1.1 billion deal was finally given at the end of November, to the relief of investors who had to wait for several months, not knowing whether the takeover would be allowed to proceed or not.

In Namibia, the government is quite active in distributing uranium exploitation licenses in the Namib Desert in the mountainous Erongo region, one of 13 regions of the country. Some 66 mining companies, mostly from Australia, Canada and China, dig immense holes, releasing radioactive dusts. In some places, radioactivity exceeds accepted norms. In April, the oldest firm operating in the country, Rössing Uranium, sold Namibia's giant Husab uranium project, believe to hold the world's fourth largest uranium-only deposit, to Taurus Mineral, a subsidiary of Chinese state-owned

Tintenpalast, the center of Namibia's govn.

Sand dunes in the Namib Desert, Namibia


The Namibian Stock Exchange in Windhoek

Guandong Nuclear Corporation (CGNPC).

Many Namibians protest against China's stranglehold on Namibia's natural resources because Chinese corporations always try to dictate the terms of investment contracts. China's investments now extend throughout the African continent, as European colonialism did before them. In Namibia, natural resources, uranium diamonds, fish, meat, copper and gas extraction and exploitation account for only 9% of GDP.

Joseph Kony, leader of the Lord's Resistance Army (LRA) is now widely known among international security scholars and those living in Africa for his infamous activities in that continent. Since the early 1990s Kony, allegedly the spokesperson of God and a spirit medium, has led his army on a reign of terror in poverty-stricken Uganda and, more recently, in the Democratic Republic of Congo and Sudan.

He and his group have now apparently settled in the Central African Republic. They survive by living off the land and by robbing and terrorizing villagers living deep in the jungle. They are mostly known for their practice of kidnapping children and forcing them to serve as "child soldiers." International organizations' estimates suggest that the LRA has murdered, abducted, mutilated and raped tens of thousands of men, women and children in Central Africa over the past 20 years. Kony has been indicted by the international criminal court for alleged war crimes and he and his army continue to be on the run.

During that same period, China has pursued a policy in Sudan aimed at destabilizing its domestic politics and society as a whole. Nevertheless, being politically isolated from the international community, Sudanese President Omar al-Bashir has found in China his most important political, economic and military ally since he seized power in a military coup in 1989.

China officially maintains a non-interference policy toward African countries' internal politics, but this approach was trampled on in Sudan. From the 1990s until the Comprehensive Peace Agreement of 2005, it actively backed the National Islamic Front, led by Bashir, against the Sudan People's Liberation Movement/Army (SPLM/A) rebels in the south. It modified this policy only when it became clear that the rebels would manage to gain their independence from the north, which was achieved on July 9, 2011. This more recent diplomatic overture by Beijing to South Sudan can be explained by purely by practical considerations. After Angola, this new country is the second most important supplier of oil to China on the African continent.

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Infrastructure projects worth billions of dollars were bankrolled by China during its years of supporting Bashir, along with additional financial assistance in the form of low to zero interest loans. Beijing usually later forgave them. But China's economic engagement in Sudan is better illustrated by its activities in the energy sector.

China is the main outlet for Sudan's oil: Sixty-seven percent of Sudan's oil is exported to China, an amount which constitutes 10% of Beijing's total oil imports. Since the 1990s the Chinese have developed and exploited Sudan's oil fields, which are mostly located in Southern Sudan. They have also laid two pipelines to carry crude oil across Sudanese territory to Port Sudan in the north. This infrastructure was built while a civil war raged between Bashir and the SPLM/A. At the same time several Western oil companies were competing in the region. Soon, however, they all sold their shares, afraid of the constant violence and buckling under the allegation that they were "oil exploiters" profiteering from the war. In comparison, the state-run Chinese petroleum industry did not concern itself with such criticisms and pursued its own policy in Sudan.

Omar al-Bashir

Independent Southern Sudan now holds 75% of the proven oil reserves of the two Sudans combined. Thirsty for oil, Sudanese or other, China is now playing a flimsy diplomatic balancing act between South and North Sudan. At the moment dark clouds of war are gathering over the two countries and oil is one of the main root causes of this potential armed conflict. Seeking compensation for the loss of oil revenue, Sudan demands oil pipeline transit and port processing fees of $36 a barrel, while Southern Sudan is offering only $1 to $2 a barrel. The oil rich South is also ready to sell discounted oil to North Sudan. In January South Sudan, in protest, suspended all oil production, which provoked attacks from both sides along their oil rich border. Beijing actively seeks a resolution, not because it looks for peace and stability in the Sudans out of altruism but because the oil tap to Chinese ports must be quickly turned back on.

In exchange for oil Sudan received weapons and military hardware from China. The 1990s saw China supplying Bashir's Sudan with tanks, helicopters, anti-aircraft systems, howitzers and fighter aircraft. Small arms and rifles were also provided to Sudan in its battle against the SPLM/A. In the 2000s China supplied two-thirds of all small arms and light weapons used by the Sudanese army. More tanks, rocket launchers, helicopters and combat aircraft also poured into Sudan. These arms imports occurred despite the 2004 United Nations embargo on weapons going to Darfur. This non compliance with the embargo helped Khartoum supply small arms to the Janjaweed militia (Sudanese Arab tribes currently in conflict with rebel groups in Darfur, western Sudan) and send Chinese-equipped Sudanese forces

Development in Khartoum

to Darfur. Chinese weaponry was also used by Bashir's armed forces when they brutally cleansed the local population from areas chosen for oil exploitation by Chinese companies in the south. According to some estimates, today China supplies 90% of Sudan's small arms purchases, and has for a decade assisted Sudan in building its own arms and ammunition factories.

More weapons, more forced displacement due to oil exploitation and disregard for international sanctions designed to bring an end to the genocide in Darfur – this is mostly the legacy of China in Sudan.

What happened in Zambia and Sudan should be interpreted by China as a warning sign. While Beijing's policy of "non-interference" in sovereign states' affairs has brought it important economic benefits over Western firms it competes with for the enormous volume of African natural resources, it is becoming increasingly noticeable that its conduct risks antagonizing workers in African countries where China is doing business, especially those ruled by autocrats. In the event of the collapse of some of these dictatorial regimes, China's closeness with them could become a burden. After the downfall of Gaddafi in Libya and the formation of a new country in the name of South Sudan, China scrambled to salvage the oil concessions obtained from the previous, and deeply detested, regimes.

China has maintained close ties with the Mugabe regime in Zimbabwe. But if the ailing tyrant loses power, these relations may end abruptly. In February 2011 the state-owned China Development Bank announced that it was willing to invest the tidy sum of $10 billion in agriculture and mining in Zimbabwe. But Mugabe's government is deeply unpopular and fears are growing among his sycophants over his health, as he is nearing the end. His reign will most likely end in chaos, and this should raise concerns in Beijing that it could become a scapegoat in the ensuing popular upheaval.

Regardless of pundits and policymakers' legitimate criticisms of China, the latter's activities in Africa have, overall, been positive. Chinese businesses are ready to provide much-needed capital when now cash-strapped Western personal investors, state-owned companies and multinationals prefer in many cases to stay away. They also don't carry the weight of a colonizing past, which is still quite an issue in most African countries.

Nonetheless, China's strategy involves a number of risks and has its share of dangers. Government-to-government negotiations over investment, ignoring the interests of the workers and citizens on the ground, could undermine China's reputation in Africa – and elsewhere – in the long run. Its refusal, so far, to attentively listen to workers' opinion and grievances, in a time of political awakening and growing awareness of economic strength in Africa, could significantly slow down its attempts to gain the major proportion of the riches of the African Continent.

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