Chinese Investments in Africa:

Opportunity or Threat for Workers?

African Labour Research Network

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Abbreviations

ACFTU	All China Federation of Trade Unions
AGI	Association of Ghana Industries
AGOA	Africa Growth and Opportunity Act
ALRN	African Labour Research Network
ANIP	National Agency for Private Investments (Angola)
ANSA	Alternatives to Neo-liberalism in Southern Africa
AU	African Union
BPA	Bui Power Authority
CAC	Corporate Affairs Commission (Nigeria)
CBMWU	Construction and Building Materials Workers Union
CCB	China Construction Bank
CNOOC	China National Overseas Oil Company Limited
CNPC	China National Petroleum Corporation
COVEC	China Overseas Engineering Company
CPC	Communist Party of China
DRC	Democratic Republic of Congo
ECAM	Employers' Consultative Association of Malawi
EPZ	Export Processing Zone
FDI	Foreign Direct Investment
FOCAC	Forum for China-Africa Cooperation
GDP	Gross Domestic Product
GIPC	Ghana Investment Promotion Centre
GTUC	Ghana Trades Union Congress
GUF	Global Union Federation
IAZ	Investment Approval Committee (Malawi)
IBWF	International Building Workers Federation
ICBC	Industrial and Commercial Bank of China
ICESR	International Convention on Economic, Social and Cultural Rights
ILO	International Labour Organisation
IMF	International Monetary Fund
IPC	Investment Promotion Centre
ITUC	International Trade Union Confederation
KIA	Kenya Investment Authority
KRA	Kenya Revenue Authority
LaRRI	Labour Resource and Research Institute (Namibia)
MANWU	Metal and Allied Namibia Workers Union
MCTU	Malawi Congress of Trade Unions
MHRSS	Ministry of Human Resources and Social Security
MIPA	Malawi Investment Promotion Agency
MNC	Multinational Corporation
NGO	Non-governmental Organisation
NLC	Nigeria Labour Congress
NLC	National Labour Commission (Ghana)
NNPC	Nigeria National Petroleum Corporation
NUS	National Union of Seamen (Ghana)
OATUU	Organisation of African Trade Union Unity
OECD	Organisation for Economic Cooperation and Development

OHS	Occupational Health and Safety
PHCN	Power Holding Corporation of Nigeria
PRC	People’s Republic of China
SAPs	Structural Adjustment Programmes
SIIC	Shanghai Industrial Investment Corporation
SOE	State Owned Enterprise
TNCs	Transnational Corporations
UDHR	Universal Declaration of Human Rights
UN	United Nations
UNDP	United Nations Development Programme
USA	Unites States of America
ZDA	Zambia Development Agency

Foreword

Following the death of Mao Zedong in 1976, China's ruling Communist Party embarked on major political and economic shifts, declaring the end of "Maoism" which had provided the political and economic framework for the Chinese revolution since 1949. The Central Committee of the party declared an end to "class struggle of a mass kind" and began focussing on "socialist modernisation". In December 1978, Deng Xiaoping announced market reform polices which paved the way for China's increasing shift towards capitalist production. Termed "socialism with Chinese characteristics", the country pursued a continuous policy of economic liberalisation and private investments, initially through "Special Economic Zones", which have now become a "normal" and regular feature of the Chinese economy. China achieved annual Gross Domestic Product (GDP) growth rates of around 10% and in 2008 had grown into the second largest economy after the USA. Its overall GDP reached US$ 3 823,2 billion while its GDP per capita stood at around US$ 2 839, placing China amongst the lower middle income countries.

By 2006, China had overtaken France and Britain to become a "global workshop", producing most of the world's toys and shoes as well as large volumes of textiles and electrical appliances. By 2004, China already consumed 7,4% of the world's oil, and 31% of its coal, 30% of iron ore, 27% of rolled steel, 25% of aluminium and 40% of the world's cement. China is the largest recipient of Foreign Direct Investment (FDI), recording an inflow of US$ 84 billion in 2008. The country's rapid industrialisation programme is set to continue for years to come, although the global financial crisis has negatively affected Chinese exports and led to massive job losses in the export industries.

By the end of 2007, China had also become a major source of foreign investments as 7000 Chinese enterprises invested US$ 118 billion in 173 countries. This has made China an integral part of a global, capitalist economic system despite the socialist symbols and the occasional ideological rhetoric of its Communist Party.

Transnational Corporations (TNCs) use China as a giant Export Processing Zone supplying Western retailers (such as Wal-Mart). In recent years, capital and technology-intensive industries (such as automobiles, airbus and chemical industries) have also started shifting their production to China. The country is now the second largest automobile market and sold 5,92 million cars in 2005 alone. China has also become the largest exporter of IT products.

The rise of China as an industrial giant is linked to TNCs search for higher profits by using advances in technology and communications to shift production to locations where labour and resources (like power) are cheaper and returns are higher. China's industrialisation strategy is dependent on ongoing inflows of foreign direct investments (FDI) and expanding exports. Likewise, China will need an increasing supply of raw materials to drive the industrial boom. Global prices for steel, copper, oil and shipping rose due to strong demand from China, which is the second biggest consumer of petroleum products (after the USA) since 2003. Oil deals were entered into with Iran, Venezuela, Indonesia, Thailand and several African states that include Sudan, Angola and Nigeria.

Trade between China and Africa increased by over 40% in 2005 to US$ 33 billion and this trend has continued since then. The main reasons for this increase are Chinese imports of oil and raw materials and the export of Chinese consumer goods to Africa. Africa is increasingly gaining in importance as a source of raw materials needed for China's continued industrialisation. Chinese investments on the continent target the oil and energy sectors, mining and construction. Several Chinese textile and clothing firms invested in Africa to circumvent limits in the US and the EU on Chinese exports. Furthermore, Chinese companies are involved in infrastructure and telecommunications projects in Nigeria, Ghana and Angola.

It is against this background that the China-Africa Summit of November 2006 and China's renewed interest in Africa have to be understood. China is essentially interested in natural resources and raw materials and offers investments in roads, railways and infrastructure. The deals concluded during the China-Africa summit are worth US$ 1,9 billion and include an aluminium plant in Egypt; a highway in Nigeria; a rural telephone network in Ghana; a copper project in Zambia and a ferrochrome smelter in South Africa.

The proposal to undertake a study on Chinese investments in Africa from a labour perspective emerged during a workshop of trade union leaders and union educators in Johannesburg, South Africa, in November 2006. The study was then implemented by the African Labour Research Network (ALRN), which brings together African trade union-based research organisations. Country-case studies were carried out in Ghana, Zambia, Botswana, Zimbabwe, South Africa, Namibia, Angola, Nigeria, Tanzania, Kenya and Malawi. This booklet summarises the main findings of the study and we hope that it will assist African workers and their trade unions to confront the challenges associated with Chinese investments and trade on the continent.

Anthony Yaw Baah and Herbert Jauch

Accra and Windhoek, June 2009

Brief Historical Overview

After the Chinese revolution of 1949, China began to grow from a regional to a global power. During the 1960s and 70s, most African countries were struggling to free themselves from colonial rule. Determined to extend its influence throughout Africa, the People's Republic of China (PRC) supported African liberation movements, a policy that is still appreciated by African governments today. During the "Cold War" (1948-1990), China competed with both the West and the Soviet Union for influence in independent Africa, and by 1970 China had established diplomatic ties with all the countries that had gained independence, except Libya.

China's economic and political interests have also changed its relations with developing countries. From the 1960s until the 1970s, the relationships between China and African countries were driven mainly by the anti-capitalist ideologies of Marx and Mao, as well as by efforts to counter Soviet influence in states like Angola and Congo (later Zaire and now the Democratic Republic of the Congo – DRC). During that time, China's support for Africa consisted mainly of moral and material support for liberation struggles. This changed in the 1980s as the relationship shifted from ideological support towards economic co-operation based on common aims. Another shift occurred with the end of the "Cold War" in 1990 when China began to attach importance to both political and economic benefits and to the development of bilateral relations in an "all-round way". China also extended its co-operation with other countries of the South, for example in Latin America, Asia and the Middle East.

China seeks to portray itself as an attractive partner – a trade partner, an investor, a technology supplier, a provider of credit and development assistance and a political friend based on the principle of "non-interference" in internal affairs. In financial terms, by far the most significant dimension of Chinese engagement is the multi-billion dollar agreements it has concluded in the energy sector, especially in Africa. There seems to be a direct correlation between China's fast economic growth, particularly its huge consumption of energy, and its deeper involvement with Africa.

Today, China is essentially market-oriented, driven by pragmatic considerations and less ideologically motivated. Professor Kwesi Prah noted that "now largely purged of any ideological content, China's engagement with Africa is motivated by an urgent commercial agenda intended to feed its burgeoning economy". Forty-seven (47) African countries now have diplomatic ties with China.

Economic reforms in China

The state-owned economy has been the backbone of China, establishing both the economy's structure and direction. As the historic basis of China's level of development and productivity since 1949, it is the central focus of the reform process and opening up to the outside world. Chinese state-owned enterprises continue to receive government support and patronage.

It has been argued that in the past, social and economic resources were not distributed optimally or used effectively and that despite the economic and social achievements made between 1950 and the mid-1970s, the production of food and consumer goods lagged in performance. What bolsters China's economic expansion is a reform process that fosters fiscal efficiency and channels economic and human resources to the most effective enterprises. China's reorganisation of State Owned Enterprises (SOEs) was aimed at achieving optimal distribution.

Since the Chinese revolution in 1949 until the 1970s, China's economy was transformed continuously into a fully-fledged publicly-owned economy. By 1978 this economy accounted for 98 % of China's GDP and nearly 100 % of the total value of industrial output. Of that 77,6 % was created by industries owned by the state and 22,4 % was produced by urban and rural collectives and co-operatives.

Following the announcement of market reform policies in December 1978, the "Decision of the Central Committee of the Communist Party Concerning Reform of the Economic System" of October 1984 declared that China must strengthen the vitality of enterprises, especially that of large-scale enterprises owned by "the people". It further proposed according to the principle of separating ownership and operating rights that State Owned Enterprises (SOEs) should be granted rights in production, supply and marketing, retention of capital, employment, bonuses and price setting.

Since about 1990, China's economic planners and theorists seem to have decided that the reform of SOEs must be market-guided. In particular, Deng Xiaoping advanced the idea that a planned economy does not equal socialism, nor does a market economy equal capitalism. In 1992, during the 14th National Congress, the Central Committee of the Communist Party (without fear of contradiction) declared that the final objective of the economic system was to evolve a "socialist market economy".

Since the advent of the reform of SOEs, enterprises have grown in their vitality and quality output. Equipment has been modernised and the development of strategic sectors such as communications, energy, infrastructure and basic raw and processed materials have improved tremendously. State-Owned Enterprises have made great contributions to China's economic progress and its embrace of the global economy. After nearly 20 years of enterprise reform, SOEs have passed from the protected fold of the state to confront the vagaries of the market.

China's economic outlook and relations with Africa

Nearly 30 years of reform and opening-up of the economy have brought dramatic changes to China. From 1979 to 2004, China registered an average Gross Domestic Product (GDP) growth rate of 9,4 % a year and 16,7 % in its international trade. About 220 million people have been lifted out of chronic poverty. Despite these achievements, China is still a lower middle-income country, with a per capita GDP of about US$ 2 839 in 2008. According to the Ambassador of the People's Republic of China to South Africa, there are 26 million rural people living on less than half a US dollar a day, and 22 million urban residents still dependent on subsistence allowances.

In 2004, the total trade volume between China and Africa reached US$ 29, 46 billion, which was up by 58,9 per cent over the previous year. China's imports from Africa stood at US$ 15,6 billion, up by 87,2 per cent. According to incomplete official statistics, direct investments by Chinese companies in Africa has totalled US$ 625 million, with US$ 135 million being invested in 2004 alone.

China is creating strategic alliances with oil-rich states in the Far East and in Africa. F and furthermore, it is already investing vast sums in coal liquefaction plants to create an independent strategic reserve from its enormous coal deposits.

As mentioned earlier, during the 1980s the relationship between China and Africa shifted from political support and generous aid towards economic co-operation with the aim of achieving mutual benefits through practical results and common progress. By 1989, there were 33 Africa-China joint projects across Africa valued at US$ 1,7 billion. China-funded projects in Africa remained relatively small even in the late 1990s, numbering just about 50 per annum across the continent. However, since the Forum for China and Africa Cooperation (FOCAC) in 2000, China's shares of investments and trade in Africa have been increasing considerably. As part of its "Go Abroad" strategy, the Chinese government has established trade and investment promotion centres in a number of African countries including Egypt, Mali, Guinea, Cote d'Ivoire, Nigeria, Zambia, Tanzania, Gabon, Cameroon, Mozambique, and Kenya. China has also signed investment promotion agreements with over 20 countries in Africa. By 2004, Chinese investors had established businesses in 49 African countries mainly in joint venture enterprises in mining, petroleum, agriculture, manufacturing, trade, telecommunications, electronic industries, textiles, transportation, construction and other infrastructural development projects. The main destinations of Chinese investments in Africa are South Africa, Algeria, Sudan, Nigeria, Zambia, and Angola. By 2008, the number of sizeable Chinese enterprises in Africa had reached about 800.

Chinese Investments and Trade Today

Given China's booming demand for energy and natural resources to fuel its industrial growth, the bulk of African exports to China are minerals, petroleum, and timber. Angola, the DRC, and Sudan are significant exporters of crude petroleum to meet China's demand for energy. Cameroon and the DRC, along with Mozambique and Tanzania, are exporters of wood, while Ghana, Namibia, and Zambia supply non-ferrous base metals. South Africa exports iron and steel products to China while Cameroon, Sudan and Tanzania export cotton. In all cases, the exports involve very limited processing within Africa.

Table 1: China's export destinations in Africa

Rank	Country	Value of exports (in US$ million)
1	South Africa	5 768,79
2	Egypt	2 976,32
3	Nigeria	2 855,67
4	Algeria	1 951, 58
5	Morocco	1 569,61
6	Benin	1 452,37
7	Sudan	1 416,87
8	Angola	894,37
9	Ghana	802,94
10	Togo	704,04
	Total Chinese exports to Africa	***26 704,9***

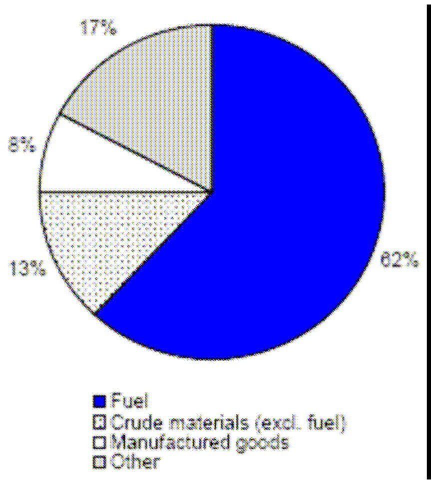
Source: Centre for Chinese Studies, in Berndsen and Pennington 2008

Table 2: African countries exporting to China

Rank	Country	Value of exports (in US$ million)
1	Angola	10 930,88
2	South Africa	4 095,29
3	Congo	2 784,61
4	Equatorial Guinea	2 537,59
5	Sudan	1 941,42
6	Libya	1 694,29
7	Gabon	816,85
8	Mauritania	402,02
9	DRC	368,46
10	Morocco	359,47
	Total Chinese imports from Africa	***28 767,6***

Source: Centre for Chinese Studies, in Berndsen and Pennington 2008

Figure 1: Africa's export to China



Source: Wang, 2007

South Africa attracts the largest share of Chinese investments in Africa. It is estimated that Chinese FDI to South Africa is worth US$ 6 billion (cumulatively). The sectors that have attracted Chinese investments in South Africa include energy, technology, mining and metallurgy, electronics, telecommunication, textiles, commercial banking, transportation, manufacturing, construction and automobiles. The single largest Chinese investment in South Africa was in the financial sector in 2007 when the Industrial and Commercial Bank of China (ICBC) bought 20 % shares in Standard Bank of South Africa worth US$ 5.5 billion. As in other African countries, Chinese construction companies are establishing themselves in South Africa. They include the China Overseas Engineering Company (COVEC), which has recently won a US$ 61 million contract for the civil engineering component of Vaal River Eastern Sub-System Augmentation Project. In manufacturing, Shanghai Industrial Investment Corporation (SIIC), a subsidiary of state-owned Shanghai Industrial, is making very significant inroads in the well-developed light manufacturing sector in South Africa. The company has so far invested in fourteen enterprises, mostly in the KwaZulu-Natal province. The South African mining, transportation and retail sectors have also attracted Chinese investors. It is estimated that between 100,000 and 200,000 Chinese immigrants are engaged in retail trade in South Africa.

It is interesting to note that South Africa is the only African country with significant foreign direct investments in China. South African investments in China, mainly in the mining and financial sectors, are worth approximately US$ 700 million. Kumba, a South African company, invested US $10 million in an iron ore terminal at the Qingdao Port in China in 1994. Another South African company, SABMiller, entered into a joint venture and is currently China's second largest brewer with stakes in 33 breweries across China.

Zambia is another important destination of Chinese investments on the continent. Zambia's relations with China date back to 1964 which makes Zambia one of China's oldest friends in Africa. According to the Zambia Development Agency (ZDA), between 1993 and 2007, a total of 166 Chinese companies invested US$ 666 million in Zambia and created over 11 000 jobs during the period. Manufacturing, construction, mining, retail trade and tourism attracted the largest Chinese investments in Zambia. Chinese investments account for 10,5 % of total foreign direct investments in the country.

Among the major Chinese projects in Zambia in recent times is the investment in the Chambishi mines in the Copperbelt province worth US$ 20 million. Employment in the mine has since increased from 143 in 1998 to 2000, excluding 168 Chinese employees. Chinese companies invested in five more mining companies in Zambia between 2000 and 2007 worth US$ 35 million. These projects are expected to create about 550 jobs. Chinese companies are also participating in major construction works in Zambia. In 2008, the Zambian government awarded two Chinese companies seven European Union-funded road construction contracts worth US$ 19 million. Other investments in Zambia include the construction of the Government Complex (including a museum, a banquet hall and a conference centre), the Football House (a new headquarters for the Football Association of Zambia), Lumwana Power Project (a power supply for the Lumwana copper mine), Larfarge Cement Plant outside Lusaka, the Lundazi-Chamma road, and the hydroelectric plant at Kafue Gorge in southern Zambia.

In **Angola,** the Angolan Agency for Private Investments (ANIP) approved 50 Chinese-funded projects between 2005 and 2007. Prior to that, Angola had benefited from Chinese investments in the rehabilitation of the 444 kilometre Luanda Railway valued at US$ 90 million as well as the rehabilitation and expansion of electricity in Luanda, Lubango, Namibe and Tombwa worth US$ 55 million. In March 2004, China and Angola signed an economic and commercial cooperation agreement worth US$ 2 billion. It is reported that the value of the agreement has since risen to US$ 9 billion. In 2005, US$ 2,9 billion was granted by the China International Fund Ltd, a private Hong Kong–based institution, to support Angola's reconstruction after the long civil war. The Chinese have also shown interest in Angolan diamonds. In 2005, a joint venture agreement was signed between Angola's state-owned diamond company (ENDIAMA) and China International Holding Ltd to prospect, produce and market diamonds. Currently, over 100 Chinese companies are doing business in Angola. Two Chinese construction companies, China Jiangsu and China Roads and Bridges Corporation have planned to invest US$ 5 million and US$ 1,1 billion in Angola respectively. Chinese firms are engaged in the rehabilitation of 317 kilometres of the road between Luanda and Uige. The first phase of the project involves 31 contracts in energy supply, water, health, education, and communication. Chinese construction companies are also involved in the construction of stadia in Cabinda, Huila, Benguela, Huambo and Lunda for the 2010 African Cup of Nations.

Nigeria is another important destination of Chinese investments in Africa. With its large population and vast oil reserves, Chinese traders and industrialists were attracted to Nigeria in the 1960s after Nigeria's independence from British colonial rule. Formal bilateral relations between Nigeria and China started on 10 February 1971 with the signing of the Joint Communiqué on the Establishment of Diplomatic Relations and the establishment of the Chinese Embassy in Lagos. China-Nigeria relations have since been smooth and steady. The two countries have supported and co-operated with each other on a number of issues at the international level. The two countries have signed agreements on trade and investment promotion. Prominent among them is the crude oil deal worth US$ 800 million signed in July 2005 between China's Petro China International and Nigeria's National Petroleum Corporation (NNPC). China's offshore oil producer CNOOC has invested US$ 2,3 billion in Nigeria's oil and gas fields.

There is an increasing trend of Chinese investments in retail and other economic sectors in Nigeria. In 2004, it was estimated that there were more than 20,000 Chinese living and working in Nigeria, including 300 from Taiwan. By 2007, the Chinese population in Nigeria had increased to 70,000, according to the Nigeria Immigration Service. Chinese traders are engaged mainly in the retail of light industrial goods, textiles, electrical and electronic gadgets. Other sectors that have benefited from Chinese investments - apart from oil and gas include construction, manufacturing, agriculture and services. According to the official data from the Corporate Affairs Commission (CAC), there are currently over 1 000 Chinese companies registered in Nigeria.

The major Chinese investments in Nigeria in recent times include the construction of a 125-kilometre six-lane road in Port Hardcourt (the hub of Africa's oil industry) by China Harbour Engineering Corporation worth US$ 1 billion; the construction of a 100 mega-watt (M/V) hydro power plant for the Power Holding Corporation of Nigeria (PHCN) and Zamfara State government by China Geo-Engineering Corporation worth US$ 65 billion; China National Overseas Oil Company Limited's (CNOOC) 45 percent stake in offshore deepwater oil field worth US$ 2,3 billion; Petro China's crude oil sale deal with Nigerian National Petroleum Corporation worth US$ 800 million; and the modernisation of Nigeria's one-track rail from Lagos to Kano via Abuja to be constructed in five segments over a five-year period, estimated to cost US$ 8,3 billion upon completion. In addition, two Chinese firms, Delta Services and Western Metal, have been licensed to operate power plants using coal in Kogi and Benue States respectively. The projects are worth US$ 80 million. Other Chinese investments are Huawei equipment agreement with GV Telecoms/Prestel worth US$ 250 million and the financial support given to Reliance Telecommunications Limited by China Development Bank facilitated by Huawei Technologies worth US$ 20 million.

Kenya and China established diplomatic relations in 1964. China encourages its businesses to import Kenyan goods, expand investment in Kenya and to participate in Kenya's economic infrastructure, construction, manufacturing and agriculture. The number of Chinese companies winning contracts in Kenya has been increasing in recent years. Chinese firms are gradually overtaking their British and American counterparts in terms of the number of contracts won in recent years.

Tourism is a very important sector in the Kenyan economy. In order to stimulate Chinese investment in the tourism sector Kenya has been granted an "Approved Destination Status" by the Chinese government along with a few other African countries that include Egypt, South Africa, Ethiopia, Kenya, Tanzania, Zambia, Mauritius, Seychelles, Zimbabwe and Tunisia.

Chinese investments in Kenya currently number about 96 with a workforce of about 6,700 Kenyan nationals and an investment capital of US$ 52,6 million. According to the Kenya Investment Authority (KIA), the total value of FDI from China between

2000 and 2005 was US$ 32 million out of the total FDI inflow of US$ 446 million. The Chinese companies investing in Kenya are mostly wholly–owned by the Chinese government.

Chinese companies are involved in other economic activities in Kenya. For example, an offshore exploration deal has been signed between Kenya and China which has allowed CNOOC of China to explore in six oil blocks covering 44 500 square miles in the north and south of the country. A Chinese pharmaceutical company, Beijing Holley20 Cotec Pharmaceuticals, has established a drug distribution centre in Nairobi to serve the East and Central African region. In 2007, China's Jinchuan Group and a Canadian mining company, Tiomin Resources signed a US$ 9,34 million joint venture deal to finance the development of the Kwale mineral sands project in Kenya.

Ghana, unlike Angola, Nigeria and South Africa, attracts a relatively small share of total foreign investments in Africa. However, with the establishment of the Ghana Investment Promotion Centre (GIPC) in 1994, Ghana has made consistent efforts towards attracting foreign direct investment. Available statistics indicate that between September, 1994 and December, 2006, 2 178 projects with a total investment amount of US$ 4,6 billion were recorded. In 2006 alone, 238 projects with a total capital outlay of US$ 3 billion were registered. Together, these projects were expected to generate 12 044 additional jobs. In 2007, the GIPC registered 305 projects with a total estimated FDI component of US$ 5,56 billion. Over 25 000 jobs were expected to be generated from the 305 projects.

In line with the general upward trend, Chinese investments in Ghana have increased tremendously over the last few years, particularly after 2000. Currently, China is one of the10 countries selected by Ghana’s investment promotion agency for increased and “focused” investment generation activity under GIPC’s Investor Targeting Strategy. These investor-targeting activities have yielded significant results in terms of Chinese investment flows to Ghana. Between September 1994 and December 2007, the GIPC registered 336 projects of Chinese origin. The estimated value of the projects was US$ 238,5 million. The projects were either wholly-owned by Chinese investors or jointly owned by Chinese and Ghanaian investors. The manufacturing and trading sectors attract a large proportion of Chinese investments in Ghana. During the period 1994 to 2007, approximately 35 percent of Chinese investments in Ghana went into manufacturing and 24 percent went into trade.

The high rate of growth in Chinese investments in Ghana has been attributed to the prevailing investor-friendly atmosphere in the country. The relative peace in Ghana, compared to other countries in the West African sub-region, has made the country the preferred destination for investors, including Chinese investors. The investment promotion activities of the GIPC targeted at China and nine other countries partly explain the upward trend. The major Chinese investments in Ghana have been in the form of official development assistance. After the 2000 Forum of China-Africa Cooperation (FOCAC), China has substantially scaled up its financial assistance to the development of Ghana’s economic infrastructure. China’s financial commitment to Ghana’s infrastructure projects over the last eight years is estimated to be about US$ 1 billion. The following are some of the China-funded projects: the construction of the military barracks in Ghana’s capital city, Accra, worth US$ 3.9 million (the project was completed in 2004); US$ 18 million grant to help in the development of cooperatives in Ghana; the rehabilitation of the 17,9 km Ofanko-Nsawam Road in 2003 with a grant of US$ 22 million; the construction of an office complex for the Ministries of Defence and Foreign Affairs; the construction of three model basic schools; the renovation of the Peduase Lodge; and the construction of the Phase I of the National Communications Backbone Network Project which was completed in June 2008 financed with a loan of US$ 30 million from ExIm-Bank of China; the construction of two stadia in Tamale and Sekondi-Takoradi with a concessionary loan of US$ 38,5 million from China EX-Im Bank for the 2008 African Cup Nations soccer tournament which was hosted by Ghana. The two stadia were constructed at a total cost of US$ 313,5 million by the Shanghai Construction Group of China. Barclays Bank of Ghana supported the project with additional loan facility of US$ 275 million. Other projects are a concessionary loan facility of US$ 30 million for the implementation of a dedicated communication system for the security agencies in Ghana worth US$ 30 million (in 2007); and a US$ 90 million loan facility for rural electrification. The largest Chinese investment in Ghana so far is the on-going construction of a 400 megawatt dam at Bui in the Brong Ahafo Region of Ghana by SinoHydro Corporation worth US$ 622 million (with Chinese loan facility of US$ 562 million).

China has invested heavily in various sectors in other African countries including Mozambique, Tanzania, Djibouti, Uganda, Cote d'Ivoire, Democratic Republic of Congo, Gabon, Mali, Namibia, and Sierra Leone. The state-owned China Road and Bridge Corporation alone had some 500 projects in Africa in 2004. In **Mozambique**, Chinese firms are involved in the repair of more than 600 kilometres of roads and the rehabilitation of a bridge between Mozambique and **Tanzania**. Chinese firms are repairing water systems in Maputo worth US$ 30 million and Beira and Quelimane worth US$ 45 million. In **Sudan**, apart from the huge investments in oil, Chinese companies have been awarded contracts to build the Merowe Dam project on the Nile River. China has supported a number of building contracts like foreign ministry buildings in **Djibouti** and **Uganda**; presidential palaces in Kinshasa, houses of parliament in **Cote d'Ivoire**, Gabon, and Mozambique, and soccer stadia in Tanzania, the Central African Republic, Ghana and Mali. In **Namibia**, Chinese firms have built show pieces such as the courts, hospitals and the police and prison training college.

China is investing in the **Democratic Republic of Congo** (DRC) where Fezo mining, a joint venture between the Chinese companies Wambao Resources Corporation and some Congolese businessmen, is building a pyrometallurgic plant which will produce 1 000 tonnes of pure cobalt per year. In Gabon, a Chinese consortium headed by the China National Machinery and Equipment Import and Export Corporation (CEMEC) has been granted the licence to exploit iron ore reserves and build the rail links to the site. In **Sierra Leone,** China has set up an economic cooperation zone, which has attracted about 20 Chinese small and medium sized enterprises.

Besides the funding of infrastructural development projects, China has invested in human resource development in Africa. China's African Human Resources Development Fund had provided training for nearly ten thousand Africans by the end of 2004 and 3 800 places were planned for each of 2005 and 2006. Over 15 000 scholarships were offered to the 52 African countries in 2005. China has provided technical assistance to more than 600 teachers. In the area of health care, 1 500 Chinese doctors have so far worked in many countries across the continent.

At the 2006 FOCAC China pledged to train 15 000 Africans. There were further pledges to send 100 senior agricultural experts to Africa; build 60 hospitals and malaria clinics across the continent; provide Chinese-made anti-malaria drugs; send 300 youth workers to Africa; build 100 schools; and increase scholarship for Africans to study in China. African and Chinese leaders seem to be fully convinced of the mutual benefits their countries derive from their cooperation. While Africa benefits from long term economic infrastructure development through Chinese investments, China benefits from the access to Africa's oil and its vast natural resources to feed its fast-growing industrial sector. China's interest in Africa has a political dimension but that aspect of the China-Africa relations does not seem to attract as much attention as it used to during the cold war.

Despite the concerns raised by critics about China's "oil diplomacy" in Africa and the negative influence China may have on the development of democratic governance on the continent through its economic support for and investments in countries with repressive regimes, it seems that Africa-China relations will continue to grow in leaps and bounds in the foreseeable future. This is clearly evidenced by the rapid growth of Chinese investments in almost all the countries in Africa.

Trade between China and Africa

China-Africa trade has been growing at a very fast rate since 2000. From US$ 10,8 billion in 2001, China-Africa trade increased more than fourfold to nearly US$ 40 billion in 2005 and further to US$ 50 billion in 2006. China's share of Africa's trade increased from about three percent in the 1990s to six percent in 2001. China is currently Africa's third largest trading partner after the European Union and United States. China projects its trade with Africa to reach US$ 100 billion by 2010. The tables below show the volume and growth of China-Africa trade between 2001 and 2005.

Table 3: China's Trade with Africa (2001 – 2005) – US$ billion

Year	Trade Volume	China's Exports		China's Imports		Trade Balance
		Volume	Growth (%)	Volume	Growth (%)	
2001	10.8	6.0	19	4.8	-14	12.1
2002	12.4	7.0	16	5.4	13	15.3
2003	18.5	10.1	46	8.4	54	18.2
2004	29.5	13.8	36	15.7	87	-18.3
2005	39.8	18.7	35	21.1	35	-24.0

Source: Li Zhibiao in Prah K.K. 2007: 286. Original Source: Chinese Ministry of Commerce.

Table 4: China's Major trading Partners in Africa in 2005 (US$ billion)

Country	Exports	Country	Imports
South Africa	3.8	Angola	6.6
Nigeria	2.3	South Africa	3.4
Egypt	1.9	Sudan	2.6
Algeria	1.4	Congo	2.3
Sudan	1.3	Equatorial Guinea	1.4
Other countries	8.0	Other countries	4.8
Total	**18.70**		**21.10**

Source: Li Zhibiao in Prah K.K. 2007: 286. Original Source: Chinese Ministry of Commerce.

As shown in Table 4 (above), with the exception of South Africa, China's biggest trading partners in Africa are the few oil-producing countries including Nigeria, Sudan, Algeria, Angola, and Equatorial Guinea. Together, these countries share over 70 percent of trade between China and Africa. Currently, China imports a quarter of its oil from Africa mainly from Sudan, Angola, Nigeria, Equatorial Guinea, Algeria, Chad and Gabon.

Table 5: Sino-African trade in selected natural resources

Mineral type	(Share in total export value of product from Africa to China) Top three African exporters to China in 2001	Top three African exporters to China in 2006
Petroleum	Sudan 37% Angola (28%) Eq. Guinea (17%)	Angola (57%) Rep. Congo (13%) Eq. Guinea (13%)
Copper Ore	S. Africa (96%) Zambia (4%) -	S. Africa (26%) Tanzania (22%) Rep. Congo (13%)
Iron Ore	S. Africa (100%) - -	S. Africa (98%) Mozambique (2%) Mauritania (1%)
Cobalt ore	S. Africa (40%) DRC (33%) Rep. Congo (22%)	DRC (73%) Rep. Congo (18%) S. Africa (8%)
Manganese Ore	Ghana (52%) Gabon (41%) S. Africa (3%)	Gabon (50%) S. Africa (35%) Ghana (14%)
Timber	Gabon (56%) Eq. Guinea (21%) Liberia (8%)	Gabon (44%) Rep. Congo (16%) Cameroon (15%)
Chromium ore	S. Africa (73%) Madagascar (27%) -	S. Africa (91%) Madagascar (5%) Sudan (4%)

Source: COMTRADE database by the UNSD, data obtained using Wits software

China's economic growth over the last twenty years has increased its demand for oil to unprecedented levels. In 2003, China replaced Japan as the second largest consumer of oil after the United States. During the decade between 1995 and 2005, China's oil consumption doubled to 6.8 million barrels per day. It is projected that by 2025, China's oil import will increase to almost 13 million barrels per day and by 2030 Chinese oil imports will equal the current level of United States oil imports.

China's quest for energy security is part of China's overall development strategy. One can, therefore, understand China's growing interest in Africa's oil resources.

The rapid growth of trade between China and Africa in recent years affected several African countries, both large and small. Table 6 (below) shows trade volumes between China and some selected African countries including those with large economies like South Africa and those with small economies such as Botswana. From a total trade volume of US$ 7.2 billion in 2005, China's trade with South Africa reached US$ 13 billion in 2007. China currently ranks as South Africa's fifth biggest trading partner in terms its exports after the European Union, the United States, Japan and the so-called "unallocated" countries. Whereas South Africa exports mainly base metals and chemicals to China, China's exports to South Africa are sophisticated, high-value manufactured products such as machinery and equipment, electrical goods, and computers. This has resulted in a trade imbalance in favour of China. In 2007, South Africa recorded a trade deficit of between US$ 3 and 4 billion and this trade deficit is largely due to South Africa's trade with China.

Table 6: China's trade with selected African countries (2005 – 2008)

Country	Trade with China	Trade Balance with China
South Africa	US$ 13 billion (2007)	- US$ 3 – US$ 4 billion
Angola	US$ 12 billion (2008)	NA
Ghana	US$ 543 million (2006)	- US$ 465 million
Zambia	US$ 372 (2006)	- US$ 167
Nigeria	US$ 2.83 billion (2005)	- 1.77 billion
Botswana	US$ 115.8 million (2007)	- US$89 million
Namibia	US$ 400 million (2007)	NA

Source: ALRN 2009

The figures (in Table 6 above) confirm that Angola and Nigeria are among China's most important trading partners in Africa alongside South Africa, Sudan, Algeria, Equatorial Guinea, Algeria, Chad and Nigeria. China is the second largest oil importer from Angola after the United States. Eighteen percent of China's total oil imports come from Angola and 30 percent of Angola's crude oil is exported to China. China has overtaken Brazil and South Africa to become Angola's second largest trading partner after Portugal.

Nigeria and China have signed various agreements covering trade and investment protection. China's main exports to Nigeria include motorcycles, machinery and equipment, automobiles and auto parts, rubber tires, chemical products, textiles and garments, footwear, cement, electronics and electrical appliances. Recently, there has been an influx of cheap Chinese hand sets (mobile phones) into the Nigerian market and they are fast displacing long-established and more durable brands from the OECD countries.

But like many other countries in Africa, including South Africa, whereas China imports raw material (mainly oil) from Angola and Nigeria, the two African countries import finished products from China. The result is a trade imbalance in favour of China.

Common Features of Chinese Investments and Trade in Africa

Firstly, it has been argued that China's interest in Africa is driven mainly by its quest for oil and other natural resources to feed its fast-growing industries. This is evidenced by the nature and destination of Chinese investments and trade in Africa. The oil-rich Sudan, for instance, attracts disproportionately high Chinese investments despite the international community's concerns over Darfur. The China National Petroleum Corporation (CNPC) has secured exploration rights in Sudan through its 40 percent stake in the Greater Nile Petroleum Operating Company. China has invested over US$ 8 billion in oil exploration contracts in Sudan. Similar concerns have been expressed about the economic relations between China and Zimbabwe, where President Robert Mugabe has adopted dictatorial measures to stay in power.

As noted above, the top ten trading partners in Africa, except South Africa, are oil-producing countries. China has signed more than forty oil exploration and production agreements with a number of African countries including Congo-Brazzaville, Kenya, Ethiopia and Madagascar. Beside oil, there is a great demand in China for other raw materials from Africa. China consumes large quantities of zinc, nickel, copper, aluminium as well as tropical woods. Chinese companies are becoming increasingly involved in logging in Africa since the early 1990s. China's import of timber products from Africa has more than tripled since 1993. In 2004 alone, China imported 120 million square metres of timber. China consumes nearly 13 percent of Africa's total log exports mainly from Cameroon, Congo, Equatorial Guinea, Gabon and Liberia. Critics accuse Chinese logging companies of dealing with unlicensed loggers or companies with environmentally harmful logging practices. It is estimated that the proportion of illegal timber imports from Gabon to China could be as high as 70 percent of Gabon's total timber exports.

Chinese companies have penetrated the agricultural sector including the fisheries sub-sector. Already, Chinese investors have leased vast tracts of agricultural land in Tanzania, Zambia, and Zimbabwe and joint fish-processing ventures have been established in Gabon to process the catches from Chinese industrial trawlers. In Mozambique, Chinese companies are moving into soya processing and the production of prawns.

It is feared that, if this trend continues unchecked, China with its ever-growing industries will use up Africa's natural resources, which could serve as a strong base for its own industrialisation and development in future when Africa and Africans develop the appropriate technology to process and add value to the continent's vast natural resources.

The second key feature of China-Africa cooperation is the strong link between the Chinese government's foreign aid policy objectives and Chinese investments on the continent. Unlike Western investors, most of the Chinese companies operating in Africa are either wholly state-owned or they receive substantial financial support from the Chinese government. Chinese investments in Africa are, therefore, strongly linked to China's priorities in Africa. This was clearly demonstrated at the 2006 FOCAC conference in Beijing where 11 Chinese companies signed 14 agreements with some African countries worth US$ 1,9 billion. The agreements covered infrastructure, communications, technology, equipment, energy and resource development, finance and insurance. The biggest deal, worth US$ 938 million was undertaken by China's state-owned Citic conglomerates in an aluminium plant in Egypt. Other deals included the plans to construct a US$ 55 million cement factory in Cape Verde, a US$ 230 million mining contract in South Africa, a highway in Nigeria, and the 400–megawatt hydroelectric power project at Bui in Ghana worth US$ 622 million.

Thirdly, Chinese investments in Africa are characterised by the use of large numbers of Chinese workers. This is a great concern to Africans because for most Africans the only visible benefit of foreign investments, particularly investments directed towards the exploitation of Africa's natural resources, is employment. The continent's natural resources are usually exported in their raw state and processed outside Africa. Therefore, the increasing use of Chinese workers in China-funded projects has attracted a lot of criticisms. For example, in Ghana, the Chinese company, Shanghai Construction Group, which constructed the Sekondi-Takoradi Stadium, employed 150 Chinese out of the total workforce of 230. In Angola, 25,000 Chinese construction workers are currently engaged in various projects across the country. A similar trend can be found in Namibia, Sierra Leone, Sudan and many other African countries.

Angolan cities and towns now host thousands of small Chinese businesses. In 2008 alone, 17,000 Chinese nationals applied for visas to Angola in addition to the 38,000 visas issued to Chinese nationals between 2004 and 2007. These figures exclude more than 25,000 registered Chinese construction workers in Angola, mentioned above. The Chinese population in Kenya is estimated to be 8000, most of them traders involved in importing Chinese products to Kenya. In Botswana, the estimated Chinese population stands at about 5 000.

It should be noted, however, that some Chinese projects employ larger proportions of local workers. An example is the Chambishi Copper mine in Zambia, which employed 2000 Zambians. The on-going Bui Hydroelectric power project in Ghana employs 560 Ghanaians and 110 Chinese.

Concerns

Some Chinese companies operating in Africa have been accused of violating environmental rights of the local communities where they operate. For example, a Chinese logging company in Nigeria, WEMPCO, has been accused by a local NGO of discharging untreated effluents into the Cross River in South-Eastern Nigeria, thereby damaging the health and livelihood of people in that area. In Mozambique, a Chinese ship docked in Maputo harbour in October 2005 with around four tonnes of illegal shark fins.

Furthermore, there is a trend of apparent lack of concern on the part of China for human rights violations in its investment drive across Africa. Critics, especially those from the West and their NGOs operating in Africa, have expressed strong opinions on how some of China's major investments in Africa are undermining democracy on the continent through their support for repressive regimes. Sudan and Zimbabwe are usually cited as countries that China has actively supported. Weapons deals between Nigeria and China have also come under attack by critics in recent times.

Some African states are concerned about the issue of competition for local firms, especially in the clothing, textiles and furniture sectors. There is evidence that China's growing competitiveness in global markets is having a harmful effect on local employment. Lesotho, Swaziland, Madagascar, Kenya, South Africa and Ghana have all been hit hard. Employment loss has been high in several cases, with distributional and poverty impacts. South Africa's clothing and textile sectors have been badly affected by imports from China since the elimination of the Multi-Fibre Agreement in January 2005. In 2006, the South African government announced quotas on 31 categories of textile and clothing imports from China for a period of two years. This was to allow the local industry to restructure and prepare for competition with China. South African manufacturers are also accusing China of dumping heavily subsidised products on the South African market. An example is the alleged dumping of stainless steel kitchen sinks. In spite of the 20 percent import duty on stainless steel, the prices of imported products mainly from China were still lower than the cost of raw material in the local market. A South African company, Franke Kitchen Systems, alleged that the kitchen sinks from China were being subsidised by nearly 48 % of the value of the product.

In response to Africa's concerns, the Chinese government has granted some trade concessions to a number of African countries. Currently, the 25 least-developed African countries enjoy zero tariff and special preferential tariff rate for exports of 190 products (or over 90 percent of exports) to China.

It may be the case that the cheap imports from China to Africa could have some welfare effects on poor African consumers. The availability of cheap made-in-China products has widened access to goods for many of Africa's poor. Thanks to the cheap clothing from China, poor people in Ghana and other countries across the continent are able to afford new clothes instead of the "second-hand" (used items imported from the West). A case has also been made that the competition from China has forced some African manufacturers to improve the quality of their products and efficiency of their operation.

Generally, African consumers seem to have welcomed the availability of low-priced Chinese goods. Traders and merchants have seized the opportunity to source their goods from China in order to increase profit margins. Likewise, Chinese companies and merchants have been reaping high dividends by promoting their products in the new and emerging markets of Africa. This has been observed in some African countries such as Lesotho, Kenya and Swaziland, which increased their clothing exports to the United States through the Africa Growth and Opportunity Act (AGOA).

But the net effects on Africa's development may be negative especially in countries where there is ample evidence that domestic manufacturers are being out-competed by the cheap goods from China. Competition from Chinese imports has led to closure of industries and job losses in both formal and informal sectors in some African countries. In Zambia, trade unions complain that imports of Chinese clothes have undermined the clothing and the electrical sector. In 2007, a textiles factory at Mulungushi in Zambia which employed 2000 workers was closed down leading to the loss of jobs for hundreds of people, mostly women. The National Union of Commercial and Industrial Workers has lost one fifth of its membership due to the closure of the textile and apparel companies in Zambia. The Zambian government also lost the tax revenue from the company. The closure affected not only workers in the factories and shops but also cotton farmers. Unions in Ghana have attributed the closure of Juapong Textiles and the subsequent loss of hundreds of jobs to the unfair competition from China. Trade unions and the Association of Ghana Industries (AGI) have called for some protection from cheap imports from China. Similarly, Nigerian unions blame Chinese imports for the loss of 350,000 jobs. Also in Ethiopia, a study of 96 micro, small and medium local enterprises reported that 28 percent of these enterprises were forced into bankruptcy and 32 percent downsized activities as a result of direct competition from Chinese products. Sudanese entrepreneurs have called for protection from government against increased Chinese imports that have made local goods retreat in the face of Chinese dumping.

There is another dimension to China's influence on global trade which has to do with the ability of China to attract cheap raw materials from Africa through reduced tariff incentives to feed its industries leading to increased output of Chinese firms which in turn introduces competition for African products on the international market. Already a tough competition in favour of Chinese firms has been detected in the export of finished wood products, including furniture. Ghana and South Africa used to be the major source of garden furniture in Europe. They lost their position to China and Vietnam. The single reason for this was that Africa did not appear "price-competitive". For example, in 2005, a garden furniture product imported from South Africa cost £60. The same piece of furniture cost £50 when imported from Ghana but £38 and £30 when imported from Vietnam and China respectively.

We cannot conclude this discussion without mentioning another important feature of China-Africa economic relations - the rapid growth of Chinese traders in many African cities and towns. There are hundreds of China shops in Namibia and the number of Chinese traders in Lusaka, Zambia, increased from 3 000 to 30 000 over the past decade. Over 160 000 Chinese live in South Africa in and around Johannesburg. Some estimates put the number of Chinese traders in both urban and rural areas in South Africa at between 200 000 and 300 000. There are over 70 000 Chinese nationals currently working in Nigeria, most of them are located in and around Lagos in the south and Kano in the north.

The future prospects of China-Africa economic and trade relations

China claims that its relationship with Africa is guided by the principles of equality, mutual benefit, achievement of practical results, diversity in the forms of interaction, and attainment of common progress. However, China's economic and trade relations with Africa are everything but equal. Currently Africa is still an exporter of raw materials and an importer of consumer and capital goods. Many Africans, especially those in the textile and clothing, footwear and furniture sectors have lost their jobs because of what many African entrepreneurs see as unfair competition from cheaper Chinese goods. Nearly 70,000 jobs are estimated to have been lost in the textiles sector in South Africa due mainly to the importation of cheaper Chinese substitutes. A total of 2 000 Zambians lost their jobs when a local textiles company closed down. The situation in Ghana, Sierra Leone and other countries in the sub-Saharan African region is similar. This has serious consequences for Africa's effort to take millions of its people out of poverty and destitution.

China’s support for controversial regimes like those of Sudan and Zimbabwe, and especially the supply of weapons to them is a threat to political, social and economic stability. Furthermore, China’s apparent lack of concern for human and labour rights has come under attack from unions and other civil society organisations. Chinese companies have also been accused of violating environmental rights in some local communities in Africa.

Clearly, there are negative aspects of the China-Africa relations. But there is a positive side too. African leaders are particularly happy with China’s offer of trade, aid and investments without strings. The following statements from African leaders describe their perception about Africa’s relations with China.

> *“…the Chinese do not peg their economic activity or aid to political conditions… You never hear the Chinese saying that they will not finish a project because the government has not done enough to tackle corruption. If they are going to build a road, then it will be built.” (*A Kenyan Government Spokesperson).
>
> *“The Chinese are doing more than the G8 to make poverty history…If G8 country had wanted to rebuild the stadium, we’d still be holding meetings! The Chinese just come and do it. They don’t hold meetings about environmental impact assessment, human rights, bad governance and good governance. I’m not saying it’s right, just that Chine investment is succeeding because they don’t set a high benchmark”.*
>
> *Most European companies abandoned Sierra Leone long ago, but where Africa’s traditional business partners see only difficulty, the Chinese see opportunity. They are the new pioneers in Africa, and – seemingly unnoticed by aid planners and foreign ministries in Europe – they are changing the face of the continent”* (Government official from Sierra Leone).

Chinese firms, with the support of their government, are engaged in the various sectors across the continent. They are constructing roads and building hydroelectric dams and hospitals. As mentioned earlier, the state-owned China Road and Bridge Corporation alone had over 500 projects on the continent by 2004. In Zambia, the construction of the Government Complex; a new headquarters for the Football Association of Zambia; a power supply for a copper mine; a cement plant outside Lusaka; the Lundazi-Chamma Road; and the hydroelectric plant at Kafue Gorge were enough to win the hearts and minds of the Zambian authorities and the people. The foreign ministry buildings in Djibouti and Uganda; the presidential palaces in Kinshasa; the houses of parliament in Cote d’Ivoire in Gabon and Mozambique; and soccer stadia in Tanzania, the Central African Republic, Mali and Ghana; the Supreme Court and the Police and Prison Training College in Namibia have all received admiration of the people in these countries. Chinese firms are involved in oil, transportation and communications sectors. They are also involved in water management and industrial technology.

China’s demand for some African commodities has had indirect but positive effects on the prices of African exports, especially oil and other raw materials. Some have even attributed the higher economic growth in Sub-Saharan Africa in the last few years partly to the positive effects of China's participation on the international commodity market and its trade with Africa.

African leaders consider their engagement with China as a viable alternative to the neo-colonial relations they have had with the West in the past 50 years. China's principle of non-interference in domestic affairs has enabled Angola, Sudan and Zimbabwe to effectively avoid the international financial institutions and other bilateral donors.

In the telecommunications sector Huawei Technologies has expanded its business into nearly 40 countries in Africa, including the US$ 800 million contract to build the infrastructure for Nigeria's lucrative cell-phone market mentioned earlier.

China's does not limit its relations with Africa to the exploitation of Africa's natural resources and infrastructural development, although these are the areas in which China's impact is mostly felt across the continent. In an attempt to keep its principle of "diversity in forms of interaction", the Chinese government has provided aid not only for selfish economic gains but also for social progress in Africa. According to the Chinese Academy of Social Sciences, by 2006 the Chinese government had provided aid for over 800 projects across Africa worth nearly US$ 6 billion. China had also provided debt relief worth US$ 10,5 billion for 31 African countries. China's African Human Resources Development Fund had provided resources to train about 10 000 Africans in China by the end of 2004. In 2005, China offered scholarships to nearly 16 000 Africans from 52 countries and more than 600 Chinese teachers and 1 500 Chinese doctors have worked in these countries.

At the 2006 China-Africa Summit in Beijing, China committed itself to doubling aid to Africa by 2009 and to increase funding for development projects particularly in health and agriculture. China has also pledged further debt cancellation for the poorest African countries and to give further preferential customs treatment to African exports to China and to establish trade and economic zones on the continent. There were further pledges in human resource development and health, including training for 15 000 Africans, construction of 60 hospitals, malaria clinics and schools, provision of anti-malaria drugs, and increased scholarships for Africans to study in China.

China-Africa relations can grow stronger in the years to come because African leaders perceive their relations with China as a viable alternative to the neo-colonial relations with Western countries. But to ensure equity, there is need for joint efforts on the part of both China and Africa to develop appropriate policies to bring about trade relations that are truly complementary. The Chinese government has shown some sensitivity to the negative impacts of its manufactured exports on the survival of African industries and has taken some initiatives to promote local industries in some African countries. For instance, in 2006 the Chinese government publicised a planned investment package of US$ 300 million in Zambia, which included a US$ 100 million in a "high-tech" economic zone for the manufacturing of television sets, mobile phones and other "electronic items". In Nigeria, there are plans by Shaoxing Textiles Company of China to build a US$ 50 million textile park. In 2004, the Chinese Ministry of Commerce trained more than 2 400 Africans from 48 countries in the fields of trade and investment and economic management among others to develop the capacity of local men and women. Such initiatives may go a long way in supporting the development of local industries.

African governments could draw on lessons from many Asian countries to make strategic investments in education and infrastructure to promote economic development. Such investments would also facilitate their abilities to attract and benefit from efficiency-seeking and export-oriented FDIs. In addition, African governments must strengthen their monitoring capacity to ensure that investors, including Chinese investors, do not divert their focus from manufacturing for which they have been granted licenses. There is also the need for African governments to regulate the use of expatriates as a means of building the capacity of local experts. There have been cases where some African governments - in their quest for foreign investments - have flouted their own rules and regulations in favour of Chinese investors. Tender regulations, investment acts (including affirmative action and employment acts), labour acts, pension acts as well as minimum wage regulations have been flouted in some African countries in favour of Chinese companies at the expense of local entrepreneurs. In Ghana, local entrepreneurs have complained that foreign enterprises find it easier to access loans from local banks.

China-Africa relations will continue to generate debate among researchers, policy makers and activists. The negative aspects of the relationship will continue to be highlighted, especially by the West. African leaders and intellectuals will, on the other hand, continue to perceive these criticisms from the West as a reflection of the fears of the ex-colonists to lose their grip on the continent. There is no doubt that Chinese presence in Africa has produced some mutual benefits, albeit in a few African countries, in terms of infrastructural development, technology transfer, and even in terms of job creation. However, evidence suggests that the conduct of many Chinese companies operating in Africa is unacceptable as will be discussed in the next section.

Critics have pointed to the trend of China trying to corrupt African leaders with loans and grants. In spite of these criticisms, it is fairly easy to predict that in the near future, China-Africa relations will grow stronger. The reasons are that the emerging “Beijing Consensus” (co-operation without interference in each others internal affairs) seems far more attractive than the discredited “Washington Consensus” that was based on a patronising and prescriptive relationship of the West with Africa. For as long as China needs material resources from Africa for its own economic growth and development and African countries continue to receive Chinese aid and investments in key sectors of their economies without policy conditions, African governments will continue to welcome China to Africa.

Workers and Trade Unions in China

China achieved a drastic drop in poverty from 250 million people in 1978 to currently 23 million people. Income has also risen as shown by its ranking in GDP per capita of countries. Before the economic reforms China was number 175 out of 188 countries – or 13th from the bottom. Currently it ranks 129 out of 209 countries. According to official statistics, the poor represent 10% of the total population. Of these 5,968 million are from the rural population, 4,616 million from the urban population and 2,5 million are migrant workers.

Of concern, however, is the rise of unemployment which, although officially at 4%, is more likely to stand at about 8% if one includes workers laid off from State-Owned Enterprises. They are not counted as unemployed due to their continued relationship with the company. These are called “xiagang” workers and their number has grown to between 30-40 million in the past 10 years. Also not accounted for is the growing number of unemployed migrant workers.

Inequality has also become a huge feature of the socio economic landscape in China – the Gini coefficient of China is 0.496 (2006), equivalent to that in Latin American countries. The form that inequality is taking shows that the new middle class based in the cities has improved earnings while the earnings of farmers in the rural areas have declined. The divide in income between the population of the farmers and urban people has widened from a ratio of 2.57 to 1 in 1978 to 3.33 to 1 in 2007. The biggest disparity exists, like in most countries of the world, between the small employers’ class and the rural population. The employers’ class represents 3,15 % of the labour force, but their income share constitutes 15,94 % of the total. The new middle class’ share of the labour force is 7,76 % but their income share is 16,95 %; the urban working class’ share of the population is 30,61 % and their income share is 35,76 %, while the rural farmers account for 47 % of the population, but only 17,91 % of the national income.

The Chinese government has come to recognise the problems of growing unemployment and inequality as well and publicly argues that there needs to be countervailing measures to the “growth first” economic policy. Towards this end, it has adopted what it calls a balanced approach, such as the “green GDP” measurement, which includes the respect for human rights and “putting people first”. The government believes that business interests should be protected and pursued, and has also instituted some mechanisms to relieve the pressure of unemployment.

One of these mechanisms is the policy of sending workers overseas. The number of overseas workers in October 2008 was 838 000 according to the Ministry of Commerce, an increase of 81 000 compared to the previous year. This is an underestimated figure as many Chinese go overseas without proper documents, which are arranged by “snake heads” (labour brokers). It is well documented that Chinese migrant workers are badly treated and there are numerous labour disputes and wildcat strikes. Unscrupulous employment agencies exploit overseas Chinese workers who are vulnerable.

Other attempts to create employment in China include focusing on new entrants to the labour market, creating jobs in the rural areas and retraining unemployed workers in the city. The Ministry of Human Resources and Social Security (MHRSS) has set targets for employment of 10 million new people, retraining 50 million "xiagang" workers and maintaining the unemployment rate of 4.5%.

Working Conditions in China

It took China 40 years to enact the first comprehensive Labour Law. On paper the Chinese Labour Law looks good. Enacted in 1994, it stipulates the basic rights of a worker in terms of employment contract, rest days, wages, dismissals and layoffs, working hours, occupational health and safety, social insurance, and labour disputes. This is a direct result of the early market reform in China where private sector workers needed protection against unscrupulous business. In 2008, two further laws were enacted due to the rise of migrant labour: the Labour Contract Law and the Labour Disputes Conciliation and Arbitration Law of 2008. The new Labour Contract Law states that every employee should have a contract which stipulates all the workers' rights and entitlements, failure of which will compel the employer to pay twice the compensation to the workers.

A Chinese worker earns on average 2,000 RMB a month (US$ 250). The government has different minimum wage rates for different cities but these apply only to workers formally employed in State-Owned Enterprises. Numerous workers are informally employed in privately owned enterprises or joint ventures and are mostly migrant workers. The wage difference between migrant workers and permanent state workers is significant, without counting benefits. In 2007, a migrant worker earned 921 RMB (US$ 115) a month compared with an urban worker whose average monthly wage was 2 364 RMB (US$ 295). In other words, a migrant worker earned less than half of a worker in a state-owned company even if they were doing similar work. In addition, migrant workers are not entitled to benefits such as maternity or unemployment benefits and are excluded from many social security measures such as social assistance.

The old social security system dates back to 1951 and provided workers with cradle-to-grave benefits. This system has been dismantled due to rapid reforms or privatisation (though this term is rarely used because of political sensitivity) or lack of funds. Previously it did not require any workers' contribution and was based on the former Soviet Union (USSR) model. The new central system is not yet in place and a bill on Social Insurance Law is pending at the National People's Congress. There are, however, numerous schemes currently operating under the social security system in China:

- Old age grants - the retirement age is 60 years for men and 55 for women.
- The labour insurance medical system aims to protect the health of enterprise employees, with medical expenses subsidised if they are sick or injured at work.
- The unemployment benefits extend for a maximum of 2 years, but the length is determined by the length of subscription and the amount is 80% of the minimum wage.

- Industrial injury covers medical allowance and subsidies for work injuries, disability allowance and compensation according to the assessment; and compensation and allowance for work-related deaths.
- Maternity benefits cover medical expenses for child delivery, birth allowance (10 weeks), and family planning cost.

The problems that the forthcoming Social Security Bill attempts to deal with are as follows:

1. Low coverage: There are many private enterprises which fail to pay the premium and their employees are thus exempt from benefits. Furthermore, the large number of migrant and informal economy workers is not protected.
2. Not transferable from city to city or, province to province: The funds accumulated in the fund by an employee in one city are not transferable when the employee moves to another city.
3. Rural workers are unprotected: Some villages have remedial or limited security schemes.
4. The Social Security System is under-funded: There is no central pool system which can allow cross subsidisation.
5. Corruption: Due to the power of politicians in their cities they are able to misappropriate funds as was the case of the Shanghai Mayor who appropriated RMB 3,2 billion from the pension scheme.

In terms of international labour standards, China has ratified 25 International Labour Organisation (ILO) conventions. Of the eight core labour standards, China failed to ratify the conventions related to forced labour (conventions no. 29 and no. 105) because prison labour and “re-education” labour programmes still exist. The conventions related to freedom of association and the right to organise (no. 87 and no. 98) have also not been ratified because there is only one single union structure.

In addition, China is a signatory to the Universal Declaration of Human Rights (UDHR) and is a founding member of the United Nations. Under the UDHR there are several clauses (article 23 for example) related to labour rights, so China has a duty to fulfill all these labour rights.

Workers’ Experiences

Despite the extensive legal protection of workers through government enacted national laws and approved international regulations, there are undoubtedly unfair labour practices. A large number of workers remain oppressed and exploited in the following manner:

The Household Registration System

The hukou (household registration) system, which dates back to 1958, makes it difficult for migrant workers to change their status to urban workers, unless they are rich enough to do so or are professionals. It was a measure by the government to segregate the rural from the urban population and to exploit the farmers to subsidise the urban population. A person from the countryside is confronted with all forms of discriminatory measures due to his or her rural status. Some people compare this with South Africa’s apartheid system, which discriminated against black people. The Civil

Affairs Department and the Public Security Bureau keep a close eye on the hukou status of each individual.

Recently, a lawyer listed 10 of China's laws and regulations that limit the civil, political and social rights of migrants. For example:

- the election regulations prevent migrants from voting or standing for election other than the place where they are from;
- the low cost housing measures only apply to the Beijing residents;
- the regulations governing taxi drivers and mini-bus drivers only apply to those who have Beijing resident permit; and
- the social assistance scheme, the maternity scheme, the medical scheme do not cover migrant workers.

A "Citizen Recommendation" which advocates for equal rights for migrants in terms of social insurance, right to vote, subsidised housing, education for children and right to work as urban Beijing citizens has been submitted to government. Overall, there are between 150 million – 200 million migrant workers who are taking up what is known as "three D jobs" -dangerous, dirty, and difficult.

Another issue that has affected workers was the dismissals at State-Owned Enterprises. These dismissals had severe repercussions far beyond wages. Workers also lost their social benefits such as subsidised housing, schooling for their children, etc. They lose their status and self-esteem even though they are still entitled to limited social security benefits.

There is also a growing trend towards the "informalisation" of work. It is estimated that informal workers represent 40-50% of the urban workforce, and contribute 35% of GDP. Most of them are migrant workers or "xiagang" workers.

Gender discrimination

Women workers suffer further through lower wages, gendered job segregation and discrimination. The cases regarding women workers are numerous. For example, women are asked to retire earlier (at age 50 or 55) than men (at 60). In mass lay-offs, women are usually the first victims, being asked to "return to the kitchen". In export-oriented factory work, assembly line women are required to produce a "family planning" certificate (a paper certifying married women's family planning status or unmarried status because of the one child policy) before employment can be granted.

Health and Safety Issues

There were 101 480 reported work-related deaths in 2007. A 2006 report by the Panyu Migrant Centre says most of the accident victims in Pearl River Delta in South China are migrant workers in metal, furniture, electrical appliances, plastics and other industries. These accidents are more likely to occur in small and medium size factories (with less than 1 000 employees) in Chinese-owned enterprises and in Taiwanese factories. The survey shows that the majority of migrants had no occupational health and safety training, nor were they provided with proper protective gear. They were required to work overtime (10 or more hour shifts a day). Furthermore, most of the small and medium-sized factories used outdated or second hand machinery from Japan, Korea, Taiwan or Hong Kong.

Occupational diseases, which take longer to be noticed are widespread in China. Over 600,000 workers suffer from lung diseases, not to mention chemical poisoning, deafness and other health complications.

Corruption
Corruption plays a major role in the exploitation of workers either directly through politicians appropriating workers' funds or indirectly through preventing reforms or not monitoring violations. The government and the Communist Party condemn corruption and it appears that in more recent times, senior Party members or officials have been exposed. From December 2002 to June 2007, the Disciplinary Authority handled 677,924 cases and condemned 518,484 Communist Party and government officials.

Access to Farm Land
At present, each farmer is given a small piece of land. Due to rapid industrialisation in the coastal provinces and other factors, the seizure of farmland has made more than 55 million farmers landless. Neither local governments nor the developers compensate dispossessed farmers and so they not only lose their means of subsistence, but are alsoexcluded from the social security system and are the "new poor" in China.

Workers' Responses

There are records of 94 000 "disturbances" in China during 2006 alone, most of them being labour disputes, land issues and farmers' resistances. On the labour front, disputes have grown at a rate of 30% per year. Between October 1986 and December 1987, the labour arbitration machinery only handled 5 606 cases. However, in 2006, the figure had reached 317 000. Collective labour disputes increased from about 300 cases in 1991 to 14 000 in 2006. In 2006, this involved 350 000 workers. In the labour courts, workers' cases constituted more than 50%, which indicates the high level of violations of workers' rights, especially in privately owned enterprises. Most of these cases dealt with wage issues.

There are many cases in China's labour courts but workers often resorted to "direct action" such as work stoppages, sabotage, go-slows, strikes or blocking highways. Thousands of women workers took part in the "winter of discontent" in the Pearl River Delta before the Chinese New Year towards the end of 2007 and in early 2008. The fact that in most instances workers won their demands for wage increases, back pay and improvements of working conditions has further encouraged this form of response and issues are resolved through direct negotiation between management and workers or through the intervention by the unions.

The recent economic downturn and closures, however, may impact negatively on this trend. Hundreds of toy, garment, metal and electronics factories closed down in South China, due to a drop in overseas orders. Local governments have been paying wages to workers on behalf of the run-away employers to avoid further disturbances. It was estimated that more than 10 million migrant workers returned to their hometowns in 2008 with little hope of finding jobs.

Trade Unions in China

The Chinese government recognises only the All China Federation of Trade Unions (ACFTU). This union federation has 10 national industrial unions and 1,324 million grassroots trade union organisations (in 2,753 million enterprises and institutions). The total membership of the ACFTU stands at 170 million (of which 36,4% are women and 24,1% are migrant workers). The unionisation rate is 73,6% and there are 543 000 full-time trade union officials and 4,568 million part-time cadres.

The ACFTU has a heroic historical background. Formed in the midst of the workers' struggle against capitalism and imperialism in 1925, it led big campaigns and was closely linked to the Chinese Communist Party (CCP) and the Communist Red International. After the oppression by the Nationalist government in 1927 when hundreds of activists were killed or imprisoned, this militant federation went underground to continue its operation.

Although it still identifies with its militant history, the ACFTU's position today is radically different because it identifies itself with the government. It has adopted the role of being a "bridge and link through which the Party keeps in contact with the masses of the workers and staff members, an important pillar of society for the political power of the state"'. Its objectives are to defend workers' rights, to educate workers, to promote the construction of a socialist market economy, and to participate in public affairs and management and it sees itself as an indispensable partner in what has been termed "building a harmonious society".

Most workers, particularly the migrant workers, see the ACFTU as an extension of the government, as the human resources department of management or as a relief agency because it plays no supportive role in the direct action of workers so prominent today.

The ACFTU usually adopts a top-down approach and tries to reach agreements with employers first before consulting workers. In fact, it is not uncommon to find a union chairperson also holding a management position such as human resources manager, or being a party official and/or being a close relative of the employer. These "union officials" are quite open and proud of playing different roles at the same time, claiming it was the most effective and convenient way to settle labour disputes.

As most of the industrial actions are spontaneous, the ACFTU plays no role in organising them. It may intervene as a mediator. If there is a gross violation of labour rights, the ACFTU will publicise these cases or inform the Labour Department to seek a remedy. The ACFTU has not been very forceful in taking up violations of labour rights as indicated by the example of a Danish electronics factory, where the factory management resisted the reinstatement of union officials and refused to grant back-pay after a dispute. While the ACFTU did not show much interest in this case, the Danish unions intervened in solidarity with their Chinese colleagues and the matter was then settled in favour of the workers.

On the other hand, the ACFTU has many advantages when it comes to legal reforms. It is an ex-officio party member in the drafting and consultation process of regulations and is well represented at the Political Consultative and National People's bodies. It is well connected with the ruling party and the present chair of the ACFTU is a high ranking Communist Party member.

There have been attempts to form independent unions in China but this was either ruthlessly suppressed or the unions have been co-opted into the mainstream union federation. The crackdown on the Beijing Workers Autonomous Federation was illustrative. These groups were formed to support the students' movement in 1989, and to vent workers' frustration over corruption and the malpractices of the factory management. Similar independent workers' organisations were formed in other cities during that period. At one stage, the ACFTU showed sympathy towards the democratic movement but this changed after the movement was suppressed and hundreds of worker activists were arrested or forced underground. Learning from the lessons of Eastern Europe in the 1980s, the Communist Party and the Chinese government reacted swiftly to any independent union and civil society movement.

The new surge of labour NGOs in South China is a recent development. Influenced by the Hong Kong labour organisations, these groups began to emerge as workers' centres, health clinics and cultural groups in industrial districts providing legal aid, evening classes, and library services for migrant workers. The organisers are mostly ex-factory workers who regularly visit industrial victims in hospitals, and help them to claim compensation. Right now, there are around 100 labour NGOs in China, the majority of them in South China. The Chinese authorities keep tight surveillance over developments and are ready to suppress any alliance of these groups. As these groups cannot register under with the Civil Affairs department as a society, they either register as business entities or they operate clandestinely.

Working Conditions and Labour Relations at Chinese Companies in Africa

This is the most controversial aspect of Chinese investments in Africa. It has pitted African workers and their trade unions against Chinese business people and government officials as well as local politicians who believe that the Sino-African relations are beneficial for Africa, even if working conditions are poor. This was very prominently expressed in Namibia where officials of the Chinese Embassy and Namibian government officials alike called on workers to "suffer now" so that future generations may benefit.

The conditions faced by workers are not the same in all African countries and all sectors. In Nigeria, for example, there were Chinese companies with exemplary working conditions and labour relations alongside others where workers rights were frequently abused. However, there were some common trends at Chinese businesses in Africa, which included tense labour relations, hostile attitudes towards trade unions, various violations of workers' rights, poor working conditions and several instances of discrimination and unfair labour practices. These incidents are outlined below, drawing on the 10 country case studies.

General working conditions

A common feature of working conditions at Chinese companies was the absence of employment contracts and the arbitrary determination of wages and benefits by the owners or managers. There was, therefore, no record of employment, which made enforcement of local labour laws difficult. Even in countries with clearly defined legislation and procedures for dispute resolution – for example South Africa – the absence of contracts and records of employment often hindered enforcement.

Another common feature was the employment of African workers as "casual workers". Even in countries where labour laws provide for the classification of workers as permanent employees after a few months of employment – such as Angola – Chinese companies tended to continuously treat African workers as casuals, depriving them of the benefits that they are legally entitled to. There were, however, some cases where strong unions managed to convert casual jobs into permanent ones, for example at a Chinese company that manufactured explosives in Zambia.

Despite stipulations in national labour legislation, many Chinese employers ignored the provisions for breaks and forced their workers to either work continuously or with only a very short lunch break. In Malawi, for example, a significant number of workers at Chinese companies had to work for 12 hours without a break.

Wages

Wages varied significantly between countries and a comparison was made difficult due to the varying strengths of local currencies in relation to hard currencies like the US Dollar. Thus a comparison between the wages paid by Chinese employers and those paid by other employers in the same industry in the same country was carried out. It revealed that Chinese companies tended to pay the lowest wages. In South Africa, Chinese-owned textile companies paid significantly below the country's minimum wage. Likewise, Chinese construction firms in Ghana, Namibia and

Angola paid their workers lower wages than local and other foreign firms and in some cases wages were below the applicable sectoral or national minimum standards. In Zambia, the Chinese copper mine paid its workers about 30% less than other copper mines in the country. In Nigeria, on the other hand, some Chinese companies established good labour relations and were paying reasonable wages while others were not. The Nigerian case study further pointed out that in some instances, Indian, Lebanese and Israeli-owned companies were paying even less than the Chinese.

Wages above the national average were only found at companies with a strong trade union presence such as a textile company in Nigeria as well as some mining companies and an explosives manufacturer in Zambia.

Benefits

The benefits offered at Chinese companies varied but were usually confined to those that are compulsory by law, such as those contained in national social security laws. In some instances, Chinese companies even ignored those provisions and paid their workers merely a basic wage. In other instances, workers were provided with transport or a transport allowance and incentive bonuses. Other benefits such as a pension scheme, medical aid or a housing allowance were virtually unheard of. As a large part of African workers at Chinese companies were regarded as "casual workers", they were generally denied any meaningful benefits.

The conditions of Chinese staff tended to be quite different as they enjoyed higher wages and significantly more benefits. In Botswana, for example, Chinese staff received subsidised housing, paid annual leave and paid sick leave while their Batswana counterparts did not. Likewise in Kenya, Chinese employees received subsidised transport, paid annual leave, paid maternity leave, interest-free loans and education bursaries. These benefits were not offered to Kenyan workers.

In blatant violation of local labour laws, most Chinese companies denied African workers annual leave, sick leave, maternity leave and compassionate leave. In some instances, workers went on leave and then discovered that they were not paid for the leave period. In Angola, many female workers at Chinese companies were unaware of their right to paid maternity leave and as a result worked until they gave birth and returned to work shortly afterwards. Ghanaian workers were also not aware of their right to have paid annual leave and thus worked at Chinese construction companies without taking leave.

Another frequent problem was the accommodation provided to workers. This applied particularly to construction companies, which often carried out projects in remote areas and thus had to provide accommodation for their staff on site. In most cases workers complained bitterly about the quality of accommodation with overcrowding and lack of ablution facilities being common problems.

Relations with trade unions

At most Chinese companies, trade unions were not welcome and workers who joined trade unions risked losing their jobs. The country case studies provided many examples of union-bashing strategies. Collective bargaining was rare at Chinese companies in Africa. Trade unions encountered many problems when trying to organise workers there as many workers feared for their jobs and thus were forced to endure highly exploitative conditions. In some countries, such as Namibia and South Africa, workers expressed doubts about the ability of trade unions to represent them effectively and to protect their rights while in other countries, such as Angola and Malawi, many workers never had any contact with trade unions.

Chinese businesses tended to see trade unions as “trouble-makers” and prefered to determine wages and working conditions for their staff unilaterally. In many instances, Chinese businesses were openly or indirectly supported by host governments who defended Chinese investments against the demands of labour. In the few cases where collective bargaining occurred, wages and working conditions tended to be improved in line with conditions elsewhere in the country. In Ghana, for example, there were significant differences in the conditions of employment of unionised and non-unionised Chinese construction companies.

The 10 country studies revealed that workers in Chinese firms find it difficult to exercise their rights. The General Secretary of the construction union in Ghana expressed the view and frustration of unions in Africa when he said that Chinese firms “present unique challenges for the organisational work of unions” especially those in the construction and mining sectors. Generally, unionisation of workers on short-term employment contracts, as in many construction projects, is complicated and tedious. But unions complain that it is more challenging to unionise workers in Chinese companies. Unions see the entry of Chinese companies on labour markets in Africa as a “direct threat” to the limited social protection unions have achieved for workers over the years through collective bargaining. Even in cases where workers are unionised, the Chinese employers are reluctant to engage the unions in collective bargaining. And where they agree to engage in bargaining, they pretend that they cannot communicate effectively in the official language (English) or any of the local languages. Unions complain that negotiations with Chinese employers are painfully slow and tedious because they claim to take their mandates from their bosses in China. In most African countries, there are local employers’ associations which facilitate negotiations between their members and trade unions. But the Chinese companies have refused to join these associations. Unions are becoming more frustrated because dealing with Chinese companies has stretched them to the limit both in terms of finance, human resources and time.

Victimisation and violation of workers rights

Several of the core ILO conventions were frequently violated by Chinese employers. These included the rights to join trade unions, to bargain collectively, to receive equal remuneration and to be protected against discrimination. Also, basic rights such as paid leave were often ignored and forced overtime work (often without additional compensation) occurred in several countries. In most cases, workers felt that they had no choice but to work long hours of overtime, even without any extra pay. They feared that refusal to do so would result in their dismissal. In Botswana, workers were threatened with dismissal if they reported labour rights abuses to the government labour office. In Zimbabwe, most workers at Chinese companies were simply forced to work overtime and in Ghana workers at a Chinese construction site were simply told to work 9 -12 hours per day for seven days per week – in contravention of the national labour law. Workers knew that a refusal to work such long hours would lead to automatic dismissal.

A particularly grave case of workers' rights violations was the "locking-in" of workers during working hours. They were unable to leave the factory premises even during break times and thus their basic right of freedom of movement was violated. In Malawi, our researchers had to communicate with workers through a window because they were locked inside the factory during their lunch break. Such practices also placed workers at an enormous personal risk as was demonstrated during several tragic events. In Nigeria, for example, 20 workers were killed by a fire while locked inside a Chinese rubber and plastic factory. In Kenya, 29 workers who had been locked up were killed when their factory caught fire in 2007.

In some instances, Chinese companies used virtual slave labour that they obtained through international labour brokers. This was reported from Botswana where a Chinese national had to work for Zheng Ming Knitwear in forced labour without pay. Cases of physical assault and verbal abuse were reported at Chinese firms in Malawi.

Health and safety

Health and safety issues seemed to enjoy little attention at Chinese companies. An almost uniform picture emerged across the case studies as precautionary measures were ignored. There was no training on health and safety issues at any of the Chinese companies. Only very few Chinese employers provided their staff with protective clothing and equipment while local requirements to protect workers' health were largely ignored. In Malawi, for example, workers had to mix cement with their bare hands while at a Chinese construction company in Botswana, workers had to pay for their boots and overalls .. In Namibia, work at a Chinese construction company was halted until the basic health and safety requirements were adhered to.

The toilets at most Chinese companies were found to be in a deplorable state and posed severe health risks for workers. In some cases, toilets were also used as change rooms and even "canteens" where workers ate from.

Discrimination and unfair labour practices

The case studies found many instances of discrimination and unfair labour practices. Sexual harassment was found in Namibia and Kenya while all female workers in Malawi were treated as "casuals", thus denying them some of the benefits enjoyed by men. The case studies also found violations of the right to paid maternity leave – even if they were enshrined in national labour legislation such as in Angola. Furthermore, in some countries Chinese employers tended to terminate the employment of female workers once they fell pregnant. These cases constituted violations of basic international workers' rights as well as locally enshrined rights.

In South Africa and Namibia, Chinese companies violated the provisions of affirmative action legislation, locally known as "employment equity". Chinese employers seemed ignorant about the legal provisions, which aim to promote the employment and promotion of women, people with disabilities and those citizens who were disadvantaged during the Apartheid era. Chinese companies tended to employ African workers for basic tasks at very low pay while importing Chinese managers and supervisors for higher paid positions. In Zambia, there was a clear case of discrimination as local managers earned substantially less than their Chinese counterparts – even when carrying out similar tasks at the same company. The same trend was observed in Kenya.

Overall, the labour relations at Chinese companies in Africa were found to be poor, characterised by widespread abuse of workers rights.

Possibilities for Trade Union Intervention

The increase in Chinese investments in Africa has come at the time when many African trade unions are facing very difficult challenges. Unions in many sub-Saharan African countries have not recovered from the membership and financial losses they suffered in the 1990s as a result of the IMF/World Bank-sponsored policies of mass lay-offs of their members in the public sector as well as the privatisation of state enterprises. In most African countries, public sector workers constitute the majority of trade union membership. The retrenchment and privatisation policies, therefore, had very devastating effects on unions.

The combined effects of privatisation and mass retrenchment policies were the drastic decline of union membership across Africa in the 1990s. In Ghana, the Trades Union Congress (TUC) lost nearly a quarter of its membership during that period and has since not recovered fully from the losses. An affiliate of the Ghana TUC, the National Union of Seamen (NUS), lost over 80% of its members when Ghana's state-owned shipping line, the Black Star Line, was privatised. The same policies were implemented in Zambia, Tanzania, Uganda and many other sub-Saharan African countries with similar effects on trade unions. Consequently, unions were deprived of their main source of income, i.e. membership subscriptions, and have remained weak.

Botswana did not experience structural adjustment programmes. But even there, trade union membership has been declining in the past several years due partly to neo-liberal economic policies that favour capital at the expense of labour. Recent reports show that there are between 100 000 and 120 000 unionised workers in Botswana out of the total of 301 978 workers employed in the formal sector of the economy. This represents an estimated union density of about 30 percent of those in formal employment. The construction sector in Botswana remains non-unionised since the Construction and Wood Workers' Union collapsed some years ago. The Botswana Manufacturing and Packaging Workers' Union is surviving but has managed to unionise just about one percent of the workers in the sector. The Botswana Commercial and General Workers' Union, Botswana Wholesale Furniture and Retail Workers' Union and Botswana Beverages and Allied Workers' Union, have had insignificant impact on labour conditions in the retail industry. There have been no changes in the labour legislation in Botswana but collective bargaining is still restricted in many organisations. The labour movement does not have adequate capacity to analyse and monitor national labour trends and to promote decent employment nationwide. Unions in Botswana seem powerless in the face of government's drive and determination towards attracting and retaining foreign investments.

The financial difficulties facing unions have had a negative impact on their recruitment drives and their capacity to effectively engage employers and government. The situation has worsened due to the growing "informalisation" of employment. Already about 90 percent of the economically active population is employed in one form or another in Africa's informal economy. Since it is difficult to unionise informal economy workers, unions have traditionally drawn their members from the formal sector which forms just about a tenth of the total workforce in most African countries. Some unions are making efforts to increase their membership through the recruitment of informal economy workers. But there is still a long way to go. Union membership has continued to shrink in Africa. Currently, the union density (i.e. unionised workers as a percentage of the total workforce) in most Sub-Saharan African countries is less then 10 percent.

Again, as part of the structural adjustment programmes, African governments were forced by the international financial institutions to implement labour law reforms with the objective of attracting and retaining foreign investors. Consequently, some categories of workers are, by law, not allowed to form or join unions. In Ghana, the current labour law which came into effect in 2003 bars the police, the fire service, and the prison service from forming or joining trade unions. Even those who are allowed to form unions, some categories of workers, the so-called essential workers, are not allowed to embark on strike action. For example, all health workers in Ghana are, by law, not allowed to strike. Employers in Ghana are allowed to terminate the employment of their workers without any reason. This has resulted in the creation of less secure jobs and incomes. Furthermore, in most African countries the labour inspection system has collapsed due to poor funding and labour laws are not strictly enforced.

Historically, collective bargaining has been the most effective tool for trade union intervention. Unions have relied on collective bargaining (backed by strikes when negotiation fails) in their struggle for improved pay and working conditions. But this tool can only be employed when workers are unionised and the union is recognised to be the legitimate representative of workers. Employers who want to avoid collective bargaining usually do so by blocking the unionisation of their employees. That is precisely the case with many Chinese employers. They use both open and subtle methods to discourage their employees from forming or joining trade unions thereby denying the unions the opportunity to use their most effective tool – collective bargaining – to intervene in Chinese companies that are openly flouting labour laws and regulations.

Despite these frustrations, trade unions in Africa have managed to unionise workers in a few Chinese firms and are taking steps to address the concerns of their members. The construction union in Ghana provided detailed information on how the union is dealing with Chinese firms. First, the union lodged complaints with officials of the Chinese Embassy in Ghana. The meetings with the embassy officials afforded the union the opportunity to officially bring to their attention the appalling labour practices in Chinese companies operating in the construction sector. Second, the union lodged several complaints of labour right violations by Chinese contractors with the National Labour Commission (NLC) – the body charged with the responsibility of preventing and settling industrial disputes. Third, the union is currently collaborating with its Nigerian counterparts to develop a common (regional) approach to deal with the special challenges posed by Chinese investors in both countries. Lastly, the union has reported the unfair labour practices in Chinese companies in the construction sector to government through the ministry responsible for works and housing. In its submission to the Ministry of Works and Housing, the union recommended the involvement of unions in the negotiations with Chinese investors in the construction sector. The union also suggested that government should promote labour standards in the procurement process so that Chinese investors would be aware of these standards and regulations even before they take up contracts in the country.

Like their Ghanaian counterparts, Namibian trade unions are experiencing many challenges in their dealings with Chinese companies. Workers interviewed in Namibia, as part of this study, put the blame at the doorstep of the Namibian government for the labour rights violations in Chinese companies. They argued that government has the power to protect Namibian workers but it refuses to do so because of the fear that Namibia may lose foreign investors if labour laws are strictly enforced. The Metal and Allied Namibia Workers' Union (MANWU) proposes the setting up of a committee made up of representatives of all stakeholders including the union and ministries in charge of works and labour to monitor compliance with labour standards in the construction sector. At the time of the study, preparations were under way to set up a Council for the Construction Industry. The council will serve as a regulatory body that will ensure compliance with all relevant laws in the construction industry. The Economic and Commercial Counsellor at the Chinese Embassy in Namibia hinted that the Chinese Embassy has set up a Chinese Construction Association to ensure that Chinese companies understand the national laws and comply with their provisions. Workers in the retail sector in Namibia suggested an industry-wide minimum wage as a way of protecting them from exploitation by Chinese (and other) employers. They further suggested that unions operating in Chinese companies should unite and build a common front to deal with the Chinese employers.

In South Africa, initially, the unions were able to organise workers fairly easily. But the Chinese companies started adopting a wide range of strategies to frustrate unions. For example, they started employing workers on short-term contracts. Workers who join trade unions risk not having their contracts renewed. Workers are, therefore, reluctant to join unions because they have been made to believe that unions are ineffective in protecting their rights and interests.

To get the Chinese companies to conform to the labour practices, it is recommended that unions should form alliances with community-based organisations and possibly boycott products made by Chinese firms that do not comply with labour standards. Unions can use the ILO core standards and the national labour laws as basis for mobilising communities and workers against Chinese companies which do not adhere to national labour laws, norms and practices. Unions must also seek to deal with Chinese companies at the regional level through the International Trade Union Confederation (ITUC-Africa) and the Organisation of African Trade Union Unity (OATUU). Cooperation between the continental trade union organisations (i.e. ITUC-Africa and OATUU) and the Chinese trade union centre (ACTFU) is recommended as a means of bringing the bad practices of Chinese companies operating in Africa to the notice of the Chinese authorities.

In Zambia, the trade union response to the excesses in Chinese companies is mixed. Like other African countries, workers in Zambia are allowed by law to form or join unions of their choice. But Chinese companies usually employ casual labour in order to avoid unionisation. An example is the Chinese-owned NFC Africa Mining Plc Chambishi copper mine. Out of a total local workforce of 2 000 employed by the company only 52 were unionised. The rest were either on fixed contracts ranging from one to five years or casual workers. The mining union continued to put pressure on management to end casual contracts and to allow all workers to join the union. The unions have since organised and recruited the casuals into the union.

The experience in Zambia affirms the need for a more aggressive organising strategy in Chinese companies. In addition, it is important that the union decision-making structures in the enterprises are made to work to ensure effective representation. The role of the Global Union Federations (GUFs) will be crucial in this regard. The GUFs can support their affiliates across Africa to deal with the Chinese in a more coordinated manner. They can help the unions to build the capacity of their affiliates to develop collective responses to foreign investors. Building alliances aimed at promoting Africa-wide or sub-regional framework agreements may also help to improve working conditions and to restore confidence in unions.

Trade unions in Malawi, led by the Malawi Congress of Trade Union (MCTU) have adopted various approaches to deal with the Chinese. First, like their counterparts in Ghana, they have brought the bad labour practices in Chinese companies to the notice of the Chinese Embassy. Through dialogue, the Chinese ambassador has assured the Malawi Congress of Trade Unions (MCTU) leadership that the embassy will cooperate with the trade unions and the government to ensure that the Chinese investors abide by national labour laws. In addition, the unions are planning to embark upon a more aggressive organising campaign including educational campaigns on radio to encourage workers to exercise their rights to join or form unions of their choice. Unions are also encouraging the Employers Consultative Association of Malawi (ECAM) to extend their membership to cover the Chinese employers. The unions are of the view that the ECAM can effectively facilitate the engagement between unions and Chinese companies in the unionisation process and in collective bargaining. The Chinese companies will also benefit from ECAM's cultural orientation programmes. The MCTU is planning to raise issues regarding working conditions in Chinese companies in their national tripartite dialogue.

African unionists proposed a variety of measures that need to be taken to ensure social and legal protection for workers in Chinese companies. These include:

Unions organisers should learn the Chinese language (Mandarin)
Unions identified language barrier as one of the factors hampering smooth labour relations in Chinese companies. Chinese managers find it difficult to communicate in English, which is the official language in all the countries where the study was conducted (except Angola where the official language is Portuguese). It was suggested that union organisers dealing with the Chinese must learn the Chinese language. In order to reduce the cost of learning the language, it was further suggested that ITUC-Africa and OATUU should liaise with All China Federation of Unions (ACFTU) to facilitate this process. The Tom Mboya College in Kisumu in Kenya can serve as a venue for organising such language skill programme for trade union organisers. The capacity building in language skills should not be limited to trade union organisers. Trade union centres must work with their governments, employers' organisations and Chinese embassies to translate all the relevant legal documents into the Chinese Language to make it easier for Chinese managers to familiarise themselves with the laws.

Minimum wage and other labour legislation

Low pay is one of the common features in Chinese companies across the continent. Unions, generally, agree that one way to deal with this is to have national legislation on minimum wages. In countries where there is national minimum wage legislation, some employers still pay their workers below the minimum wage because the relevant institutions are unable to enforce it. Unions must start vigorous campaigns to pressure their governments to resource their labour inspection units to monitor working conditions at the enterprise level in particular in the Chinese companies known to be notorious for labour rights violations. In this regard it may be useful to lobby labour-friendly parliamentarians to raise pertinent labour issues in parliament and to influence labour legislation in favour of workers. Unions will also have to become more forceful in their approach to collective bargaining and bring Chinese firms to the negotiation table.

Need for coordinated approach at the regional and continental level

Governments in Africa are desperate to attract and retain investors in their countries. The quest for increased investments leads to the "race to the bottom" in the sense that governments relax or ignore labour regulations in order to attract investors. The way to tackle this issue is to adopt common investment polices either at the regional level or at the continental level. Again, ITUC-Africa and OATUU can push for such a coordinated approach by first developing proposal by the African labour movement and then lobbying the African Union and its member governments to adopt a more selective and strategic common foreign investment policy.

Capacity building for union leaders and negotiators in the labour laws and industrial relations

Unions admit that, in some cases, their officials are unable to deal with the Chinese managers because of their weak capacities in negotiation. This is particularly so at the enterprise level. Unions must therefore intensify education for shop stewards and other enterprise level union leaders. Unions also need to build their research capacities to monitor working conditions in Chinese enterprises.

Social dialogue

In most African countries there are mechanisms for tripartite or bipartite consultation among workers, employers and government. But such consultations are usually done on *ad hoc* basis and the issues discussed at such forums are usually limited in scope. Within the framework of the Decent Work Agenda of the ILO, unions must begin to widen the scope of tripartite consultations to include other workplace issues such as hours of work, sick leave with pay, paid annual leave, rest periods, social security, medical care, protection of workers with special needs, maternity leave and rights of pregnant women, migrant workers; home workers, indigenous and tribal populations; occupational safety and health, community protection, settlement of labour disputes, labour brokerage and human resource development. Unions, through their research units, should be able to document the systematic violations in Chinese companies on a regular basis and bring them to the notice of employers and government. Unions may also consider reporting the serious violations to International Labour Organisation for further action at the international level, if governments and employers are unwilling or unable to deal with such cases at the national level.

Alliances, advocacy and campaigns

Unions seem to agree that they cannot fight alone and that there is a need to form alliances with other civil society organisations to mobilise workers, students, and communities around the Decent Work Agenda. Such campaigns and advocacy must be extended to include terms, contents and conditions of investment policies as a means of pressuring governments and to prevent labour issues from being sacrificed for the sake of attracting foreign investment.

Advancing alternatives to the neo-liberal agenda

Even more crucial will be the building of strategic alliances with progressive organisations in Africa and beyond to deal with the results of rampant global capitalism. The current global economic crisis has had devastating effects on working people, including those in industrialised countries. This, no doubt, has been the result of the neo-liberal globalisation which placed economic growth above all social considerations. Excessive capitalist tendencies have relegated social welfare to the sidelines of development paradigms. The global crisis provides the opportunity for unions to intensify advocacy and campaigns for alternative policies to the neo-liberal agenda in Africa. An important example in this regard is the initiative known as "Alternatives to Neo-Liberalism in Southern Africa" (ANSA).

Conclusion

The China-Africa relations have changed significantly over the years. During the 1960s and 1970s, Chinese relations with African countries were driven by ideological considerations, with China presenting itself as an alternative to both the West and the Soviet Union. During that time, China's support consisted mainly of moral and material support for liberation struggles. During the 1980s, the relationship shifted towards economic co-operation based on common aims. After the end of the "Cold War", China attached importance to both political and economic benefits and portrayed itself as an attractive economic partner and political friend. For African governments, this presented an alternative to the "Washington Consensus" and was termed the "Beijing Consensus", i.e. support without interference in internal affairs.

China's engagement with Africa today is less motivated by ideological considerations but based on a commercial agenda that aims to sustain rapid industrialisation and economic growth rates. China's "socialist market economy" is driven by market-oriented State-Owned Enterprises and its interests in Africa are geared towards energy resources and minerals to feed its industrialisation programme. Chinese investments in and trade with Africa have increased significantly over the past few years, although Europe and the USA are still the predominant sources of foreign investments and the main markets for African exports.

The importance of the Sino-African relations has increased significantly over the past few years and this trend is set to continue. At present, the "traditional" economic relations with Africa's former colonial power in Europe as well as the US and Japan are still far stronger. Africa now has the opportunity of shaping her relations with China differently. At a political level, this seems fairly easy due to China's policy of non-interference into domestic affairs and due to its willingness to accommodate Africa's concerns. The term "Beijing Consensus" was used to describe the way in which China deals with other countries. China's approach focuses on bilateral trade and a strong role for the state rather than on privatisation and free trade. Unlike the neo-liberal Structural Adjustment Programmes that the World Bank and IMF imposed on Africa, China does not demand privatisation, trade liberalisation or cuts in social spending, and instead renders project-based support, based on bilateral agreements. However, the policy of "non-interference" may become problematic when translated into support for dictatorial regimes, which may prolong their stay in power.

At an economic level, the challenges of shaping the China-Africa relations for Africa's long-term benefits are far greater. There are substantial differences in the level of development and capacity between China and African states. The South African researcher Dot Keet has warned that "Africa may indeed receive (some) quantitative returns, but it is China that will achieve the further vast qualitative transformation of its economy, using the material and financial resources it gains from Africa. There cannot be genuine win-win development scenarios in such a situation". The current trade relations with China follow largely the colonial and neo-colonial pattern of Africa being an exporter of raw materials and an importer of finished products. This pattern may be beneficial to Africa's trading partners but holds little promise for the continent in the struggle to address the burning social problems of mass unemployment and poverty. Thus the quality of the China-Africa economic relations needs to be altered substantially if Africa is to benefit.

A new economic relationship will have to be built around Africa's own strategic development agenda. The Chinese cannot be blamed for pursuing their particular development objectives, including access to the raw materials and energy resources needed to sustain the country's industrialisation programmes. African governments will have to set their own agenda as far as local beneficiation, skills and technology transfers and industrialisation is concerned. Based on these objectives, Africa then has to negotiate the best possible deals with potential investors, including those from China. In the absence of a strategic approach by African governments, Chinese investments in Africa will remain of limited benefit for Africa's development.

African workers have borne the brunt of labour relations and practices that are simply unacceptable. This was expressed by Namibian workers who experienced Chinese businesspeople as the "new colonisers" who treated workers in the same exploitative and condescending manner like the former colonisers. Trade unions across the continent have expressed deep concerns about the way they and their members are treated by Chinese companies. The systematic violations of workers' rights undermine the legitimacy and credibility of trade unions, including the continental and regional trade union organisations. The relevance of trade unions will continue to be questioned in a situation where they cannot prevent the exploitation of workers. In practice, the majority of workers in many African countries enjoy very few or no rights; a large proportion of workers are employed as casuals with no job security, low levels of income and social security. The ILO Decent Work agenda remains a distant dream for many African workers.

Unions are aware of the threat of being rendered useless if they cannot stop exploitative practices at Chinese and other companies. In many cases, Chinese companies are not the only culprits but often they are amongst the employers that offer the worst working conditions. This was clearly confirmed by our country case studies. African trade unions struggle to recruit members and to represent them effectively at Chinese companies. Little progress has been made to eliminate or at least significantly reduce labour rights violations as Chinese employers tend to disregard unions and discourage workers from joining through the threat of dismissal.

Unions need to reaffirm their commitment to the core values of trade unionism in order to deal effectively with the challenges posed by the increasing presence of Chinese companies in Africa. Social dialogue and cooperation with "social partners" at the national level might be one strategy to expose rogue employers and to pressurise them to accept workers' rights and better working conditions. Likewise, pressure can be exerted on Chinese embassies to call on "their" companies to behave better. However, the success of any trade union is determined to a large extent by its own organisational strength, that is the ability to recruit and retain members and to successfully advance their interests. This fundamental building block has to be laid at local and national level but there is also a need for a coordinated approach at continental level through the African trade union organisations, ITUC-Africa and OATUU. Workers' rights violations will stop only if workers are unionised and have a collective voice, which they can use effectively to protect their own interests at the enterprise level. Capacity building for enterprise level union representatives is therefore crucial. That is the most effective way unions can deal with the challenges confronting them when dealing with Chinese enterprises. National trade union centres must therefore lead the struggle towards the achievement of decent work for all including workers in export processing zones, those employed in Chinese companies and many others who continue to suffer abuses despite the existence of unions and protective legislation.

At continental and international level, trade unions will have to jointly fight for a more selective and targeted approach when dealing with foreign investors- including the Chinese. As mentioned before, this has to be based on Africa's own development priority and on respect for workers rights as non-negotiable. The apparent trade-off between less protection for workers and higher levels of investment and employment has to be exposed as false. The "low wage – low skills" strategy of achieving employment and industrialisation has not worked and resulted merely in the creation of a large number of "working poor" – people in employment that are trapped in poverty. Trade unions need to advance a very different strategy based on decent work, human dignity and a life free from poverty. African unions are not alone in this endeavour and can forge strategic alliances with progressive organisations on the continent and beyond, including workers in China who are themselves struggling against exploitative practices.

There are possibilities for developing a meaningful dialogue between the labour movements in Africa and China. Currently, Chinese and African labour activists get to meet each other only through international conferences or exchanges held in the US or Europe and therefore do not get a chance to develop an independent agenda. It is the responsibility of Chinese and African trade unionists and labour activists to think creatively about how to develop a dialogue that can deepen their understanding of each other's contexts and which provides alternative strategies of engagement.

Global companies operate in China and Africa alike and use similar strategies to exploit workers. Social and working conditions are similar in Africa and China and it appears that the progressive labour movement and labour activists confront similar challenges of trade unions taking up workers' demands effectively and organising workers in "new forms" of employment such as casual and informal work.

Although many African union officials visit China at the invitation of the ACFTU, there is no real exchange about conditions of workers and developing strategies to build solidarity around pressing issues of informalisation and precarious work, social protection and the organising of migrant workers. For example African unions should inform the ACFTU of labour violations at Chinese operations in their countries and request assistance and solidarity. If African unions can not show that they are getting anything from the ACFTU, their visits to China will continue to be viewed as "trade union tourism". The need to understand each other must take priority and thus there is a need for an exchange programme targeting workers at grassroots level rather than just trade union officials. Understanding each other's environments and struggles may not only counter racism and divisions, but might also pave the way for co-ordinated actions at international level in future.