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The Myth and Reality of Chinese Investors: A Case Study of Chinese Investment in Zambia's Copper Industry

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ABSTRACT

In any attempt to analyse the implications of Chinese foreign direct investment (FDI) for African countries, Zambia is the example par excellence, its historical relationship with China and its ever-increasing economic ties with the emerging power being the main reasons for this. The activities of Chinese mining companies operating in the Zambian Copperbelt have roused much contention, particularly in the Western media, yet there is little understanding of the Chinese perspective on this issue. This paper aims to fill this gap.

It argues that Chinese FDI has the potential to bring about both positive and negative results, depending on the structure and quality of the host economy, as well as the strategies and policies employed by the host government to manage the investment. While Chinese companies often apply poor labour and environmental standards, this is also true of other foreign companies operating in the Copperbelt. Furthermore, evidence suggests that Chinese investors are learning from and adapting to the Zambian context, and are gradually embracing the corporate social responsibility agenda. As a result of this progressive transformation, Chinese companies active in Zambia are beginning to play a more positive role in the country's overall development.

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ABBREVIATIONS AND ACRONYMS

BGRIMM	Beijing General Research Institute of Mining and Metallurgy
CCS	Chambishi Copper Smelter
CNMC	China Nonferrous Metal Mining (Group) Company
CSR	corporate social responsibility
FDI	foreign direct investment
IFI	international financial institution
KCM	Konkola Copper Mines
MNC	multinational corporation
NFCA	Non-Ferrous Company–Africa
ZCCM	Zambia Consolidated Copper Mine
ZCCZ	Zambia–China Economic and Trade Co-operation Zone
ZMK	Zambian kwacha

INTRODUCTION

Numerous research articles and media reports bear titles such as 'the new Sinophobia', 'China's scramble for Africa', 'China's conquest of Africa', 'China's new colonialism/mercantilism in Africa', etc. In order to demonise China's presence on the continent and highlight the moral and ethical superiority of Western approaches, many Western commentators tend to project one example of China's negative activities in Africa onto the entire Sino–African relationship. Fortunately, more and more scholars are prudently showing signs that they are cognisant of this tendency and seek to avoid the reductionist conclusions characteristic of such a perspective.

Chinese engagement in Africa is an over-scrutinised yet poorly researched issue. It is over-scrutinised because Chinese activities in Africa are increasingly in the spotlight of Western media, while slowly becoming a focus of Western academia. Chinese involvement on the African continent is attracting unprecedented attention because it is driven by China's general resurgence in world affairs, which is most evidenced on the African continent, and by Western anxiety regarding China's challenge to the West's traditional engagement with Africa. However, time and again, China's intentions, motivations and strategies in Africa are misunderstood and inaccurately contextualised. Consequently, Sino–African relations are, to a certain extent, poorly researched. A sustained effort is required to alter this trend and, therefore, deepen our understanding of the true nature of Sino–African relations. In particular, analysis of popular literature on China and Africa highlights one predominant — and dangerously inaccurate — paradigm that must be altered: that there exists a single Chinese actor dealing with a single Africa.

To further the study of the general Sino–African relationship, we need to contextualise individual cases, meaning we should make sense of the connection between certain Chinese activities and the political economy of local society in Africa, connect Chinese dynamics to the African context and analyse the Chinese presence in well-grounded contexts. In other words, to accurately contextualise the Sino–African relationship, we need detailed and sustained empirical studies on the individual strands of the relationship, and it is also imperative that Chinese perspectives on this topic are taken into account.

A SHORT HISTORY OF ZAMBIA'S MINING SECTOR

Analysing China's engagement with Zambia is an ideal case for understanding Sino–African relations better, owing both to that country's historical relationship with China and the increasingly strengthening economic ties between the two countries. Zambia's importance to China's African strategy is symbolised by the Tazara railway built by China in the 1970s, and the Zambia–China Economic and Trade Co-operation Zone (ZCCZ) established at the beginning of the 21st century.

Zambia's significance to China is in part due to its plentiful mineral resources. Commercial copper mining in Zambia started in the 1920s and since then copper has played an immensely important role in the Zambian economy. The mining sector is the backbone of the economy, generating nearly 80% of Zambia's foreign exchange earnings. During the Kaunda era, the mines were nationalised and consolidated to form the Zambia Consolidated Copper Mine (ZCCM). The wealth earned from copper mining helped Zambia attain middle-income country status by 1969 and one of the highest gross domestic products in sub-Saharan Africa, three times that of Kenya; twice that of Egypt; and higher than those of Brazil, Malaysia, Turkey and South Korea at the time.

The copper-mining industry has also transformed the Copperbelt into the most developed area of Zambia. ZCCM operated a 'cradle to grave' policy, in which the amenities provided for workers were much wider in scope than offered during the colonial period, including free education for miners' children; subsidised housing and food, electricity, water and transportation; and even burial arrangements for the dead. The mines also provided services to the whole community. ZCCM maintained the roads and collected refuse, as well as providing cafeterias, bars and social clubs throughout the mining townships.

However, in the 1970s the Zambian mining sector plunged into serious difficulty as the price of copper fell drastically, and, as the government had borrowed heavily in anticipation of price stability, the Zambian economy experienced a severe debt crisis. Per capita income plummeted by 50%, leaving Zambia the 25th poorest country in the world.[1] The Zambian government had no choice but to yield to the external policy prescriptions of the International Monetary Fund and the World Bank, and since then Zambia's economic policies have been tightly policed by international financial institutions (IFIs). The privatisation of ZCCM was one of the preconditions of the IFIs' debt relief assistance. ZCCM was sold to several foreign companies. The China Nonferrous Metal Mining (Group) Company (CNMC) bought the Chambishi Mine, thus beginning the long foray of Chinese mining companies into Zambia's mining sector.

These development agreements with IFIs strained relations among the Zambian government, the Zambian people and foreign mining companies, and are the root cause of current problems. As Fraser and Lungu highlight, two problems were associated with the negotiation process of these agreements: (1) the mines were sold when the copper price was low and with few strings attached, weakening the government's position; and (2) the negotiation process was secret and there was no public discussion regarding the details of these agreements.[2] With the explosion of copper prices in recent years, mining companies have earned large sums of money, yet the Zambian government has been unable to collect significant revenues from this price explosion. Other problematic issues, such as poor labour and environmental practices and poor community investment, are also the result of the terms of these agreements. Current labour and environmental issues and the neglect of corporate social responsibility (CSR) must therefore not be regarded as the problems of a particular company, but rather as the manifestation of the drawbacks of the agreements in question.

WHY DO CHINESE INVESTORS COME TO ZAMBIA?

Access to natural resources such as copper is crucial to the maintenance of China's economic growth. China is now the world's largest consumer of copper, and investments in mining constitute over 88% of total Chinese investments in Zambia.

Of all the Chinese mining companies operating in Zambia, Chambishi Copper Mine, owned by the Non-Ferrous Company–Africa (NFCA), is the largest. NFCA is a subsidiary of the state-owned CNMC, which in 2006, by value of investment, was China's 29th largest outward investor. CNMC also acquired Luanshya Copper Mine for $50 million after the original owners pulled out in January 2009, citing low copper prices on the international market. CNMC acquired an 85% share in the mine and invested over $400 million in recapitalisation.

Attention surrounding NFCA has overshadowed the complexities of Chinese investment in the Zambian mining sector. Besides NFCA, there are other large Chinese mining firms operating in Zambia. For example, Jinchuan Mining Group acquired a 51% majority share in Zambia's only nickel mine after the original owners pulled out of the mining sector due to low metal prices on the international market. Jinchuan, known also as the 'nickel city of China', accounts for more than 90% of the total output of nickel and platinum group metals in China, prompting Chinese Premier Wen Jiabao to name it the 'pride of China'.

Except for these large companies whose focus is mine prospecting and exploitation, there are also many small mining companies operating in the Copperbelt, most of them privately owned. Unlike NFCA, which sells its copper output on the London Metal Exchange, these smaller companies ship the unprocessed copper back to China. Most of these small mining companies keep a low profile, making it difficult to estimate accurately their exact number and scale.

There is evidence that middle- and small-scale investors have no access to Chinese government support and guidance. According to one private mining owner:[3]

> It's difficult for us to approach the Chinese embassy; only a few of the big companies, such as NFCA, keep good relations with the embassy. They are always busy receiving delegations from the Chinese central and provincial government.
>
> Our government should pay more attention to the significance of private enterprise on the ground, and give more support and guidance to us. For example, only Chinese companies at home can get financial support from the China–Africa Development Fund, even though private enterprises in African countries are more familiar with the local context.

In terms of policy, contrary to the general idea that there is a coherent 'going out' strategy for all Chinese actors venturing abroad and into the global economy, Chinese engagement with Zambia is fragmented and unco-ordinated.

THE POSITIVE EFFECTS OF CHINESE INVESTMENT

Chinese foreign direct investment (FDI) has propelled the development of the Zambian copper industry, particularly during two separate periods of crisis. Undoubtedly, 'Chinese investments in Zambia's copper industry … rejuvenated an industry that had been dead on its feet in the 1990s'.[4] When NFCA acquired the Chambishi mine in 1998 it had been inactive for 13 years, copper prices had hit rock bottom, and a Canadian investor had cancelled its purchase plan of the state-owned mine. According to one NFCA manager:[5]

> When the Chinese minister of commerce visited Zambia earlier this year [mid-January 2009], the Zambian mining minister confessed that the conditions at Chambishi mine were

> not good, especially in comparison with KCM [Konkola Copper Mines] or Mopani, but Chinese investors have endeavoured to revive it to an operational state.

Chinese FDI has also bolstered the Zambian mining sector during the current (2008–10) international financial crisis. The Zambian economy has felt the full force of the economic slump, especially in the extractive industries. In 2008 and early 2009, some Western mining companies reduced and even closed production, resulting in substantial job losses. According to government data, about 85 000 Zambian workers lost their jobs. The Mineworkers Union of Zambia, one of the country's largest and most influential trade unions, estimates the number as being even higher, claiming that more than 110 000 mineworkers have lost their jobs. Since the average family in Zambia has six members, then if the union figure for job losses is correct, jobs cuts in the mining sector have directly and indirectly affected 660 000 people, a significant portion of Zambia's overall population of 11.8 million.

In comparison, Chinese mining companies have increased their investment in Zambia's mining sector. The Jinchuan Mining Group's acquisition of Albidon Mining Company and CNMC's incorporation of the Luanshya Copper Mine occurred after Western companies chose to pull out from the Zambian extractive industry. In spite of the global financial crisis, CNMC did not cut its production, as a Chinese manager pointed out:[6]

> Facing the global crisis and the slump in the price of copper, NFCA policymakers decided to employ a 'four nots' [*si bu*] policy that committed the company not to cut production levels, not to reduce the workforce, not to reduce investment, and not to delay the development of projects under construction. As state-owned companies, we shouldn't just care about profit and loss; we should also shoulder the political and social responsibility involved. If we cut production like other private companies do, what will the Zambian people think of us?
>
> That's the reason why NFCA has promised the Zambian government that it will not cut financial support and is ready to face the economic crisis side by side with the Zambian government. It's rumoured that the headquarters of CNMC in Beijing even promised to contribute $10 million to NFCA to cover losses. NFCA's response in spite of the crisis is noteworthy, and that's also the reason why CNMC successfully purchased the Luanshya Copper Mine, even though its bid price was not the highest. The Zambian government understands that we, as a state-owned company, are long-term, strategic investors, not short-term speculators.

The Chambishi Copper Smelter (CCS), owned by CNMC, also started production in March 2009. These ambitious activities seem to support Alastair Fraser's opinion that:[7]

> Chinese investment in Africa frequently squeaks in around the edges of more established global firms, picking up apparently unattractive assets that Western capital investors have lacked the courage to pitch for …. In the bust Chinese firms may again pick up the scraps (where the Western investors lacked the courage to invest).

However, the positive effects on Zambia's economy of Chinese FDI in the mining sector should not be overestimated. The actual effects of FDI on particular countries depend largely on the institutional structures of the recipients, i.e. the ability to translate the commodity windfall into sustainable development. Chinese FDI can be good or bad; the effect depends on the structure and quality of the host economy, as well as the government's strategies and policies to manage the FDI.

ARE THE CHINESE THE WORST INVESTORS?

Admittedly, NFCA and other Chinese companies at large have a bad reputation regarding labour and environmental practices, and the neglect of CSR. The 2005 Beijing General Research Institute of Mining and Metallurgy (BGRIMM) explosion, which killed almost 50 Zambian workers, fuels such a negative reputation. Swiss, British, South African and Canadian companies are said to have better labour and environmental standards.

According to information from its general office, NFCA employ more than 2 000 Chinese general (contractual) workers, including the workers of its two subcontractors, the Golden Honest (mining) and Beijing China Mine Group (prospecting). The lowest salary in Zambian kwacha (ZMK) is about ZMK 1,100,000 per month ($235.80). The wages received by Zambian employees of CCS are even lower. According to Caritas, CCS has employed 600 local people in Zambia; the lowest salary is ZMK 540,000 per month ($115.80) inclusive of a housing allowance and overtime. The company intends to produce 150 000 metric tons of copper blister, worth $900,000,000 at the current copper price of $6,000 per metric ton. Therefore, the total cost of wages is just 0.093% of gross income.[8] One Chinese CCS manager confirmed this, claiming that the average salary per month of the company's 570 Zambian employees is about ZMK 1,000,000, with the lowest salary being about ZMK 700,000 ($150.10).[9]

To accurately evaluate the labour standards of Chinese mining companies in terms of average employees salary, it is necessary to factor in the difference in starting salary. As indicated above, when CNMC bought the Luanshya Copper Mine in 2008, the mine had been inactive for 13 years. Because production begun after such a long period of inaction and all the employees were new, no established salary conditions were in place and so the start-up salaries of employees were low. In comparison, Mopani and Konkola Copper Mines (KCM) bought mines that were already in operation with salary conditions already well established, so the initial salary for new employees of these companies was considerably higher than that of CNMC. Consequently, the salaries paid by NFCA are much lower than Mopani and KCM, even though they have seen an annual increase.

Some NFCA and CCS employees complain that the companies do not adhere strictly to Zambia's occupational health and safety regulations. Nevertheless, there is a general consensus that Chinese companies are beginning to rectify this and that standards are better currently than in the past. For example, currently, even casual workers are provided with personal protective equipment, which was not the case several years ago. According to one Chinese manager, 'casual workers earn just ZMK 1,500 per hour, but we must provide them with personal protective equipment, or the Mine Safety Department will punish us. The safety regulations here [in Zambia] are stricter than in China'.[10] As a result of the improvements to health and safety standards, since 2006 there have been no fatal accidents in NFCA-operated mines.[11]

When referring to the BGRIMM explosion in 2005, the same interviewee was keen to point out that BGRIMM is an independent company that rented land from and supplied dynamite to NFCA. The accident, therefore, should be regarded as a BGRIMM accident, not an NFCA one:[12]

> It's nonsense to say that we locked the Zambian workers in the workshop and treated them like slaves. Many Zambian are curious about why only Zambian workers were killed in the accident. The truth is that two Chinese workers were present, but they went to the toilet two or three minutes before the explosion, and if it were not for that they also would have died in the accident. After the accident we encountered strong pressure from the media, which encouraged us to improve our safety standards.

Chinese mining companies are not the sole culprits behind poor labour conditions in Zambia. The terms of investment, inadequate labour laws and the failure of the Zambian government to implement related laws are also contributing factors. These problems are Copperbelt-wide rather than specific to Chinese companies.

Nevertheless, there is evidence that Chinese actors are gradually embracing the CSR agenda. ZCCZ in Chambishi, for example, is the first foreign economic processing zone authorised by the Chinese government to be established in Africa. ZCCZ is facilitated by CNMC, whose interest is closely connected with the development of ZCCZ. According to CNMC, ZCCZ is an excellent example of Chinese multinational corporations' (MNCs) 'going out' strategy. Based on personal experience of China's reform and opening up, CNMC policymakers decided to take advantage of the plentiful mineral resources on the Copperbelt and the comparative advantage of Chinese MNCs to set up economic processing zones abroad, thus also facilitating Zambian economic development and Sino–Zambian co-operation. Since no other companies have invested so substantially, ZCCZ is crucial to Zambia's economic development. According to Mr Zan, vice general manager of ZCCZ:[13]

> We will build an industry chain for the Zambian economy because we are different from Western private investors; however, I'm not suggesting that we are morally superior to these private investors. We hope that ZCCZ will provide Zambia with a new industry chain, facilitate the industrialisation of the Zambian economy and create more opportunities for local suppliers. This will also facilitate urbanisation in the Copperbelt.

CHINESE COMMUNITIES IN ZAMBIA

Language barriers and cultural differences, and the misunderstandings arising from these factors, should not be underestimated. These factors will affect Zambian perceptions of Chinese investors and workers, and the relations between Chinese expatriates and Zambian communities.

With increasing economic engagement between the two countries, the Chinese migrant population in Zambia has increased from more than 3 000 in 1990s to nearly 20 000 in 2010.[14] Most are 'new migrants', yet some have been in Zambia for more than ten years. These migrants can be divided into three groups.

The first group is made up of Chinese government personnel, including Chinese embassy employees, medical teams, agricultural technology teams, construction teams, etc. From 1978 onwards the Chinese government dispatched numerous medical teams to Zambia. Many Chinese doctors chose to stay in the country after they had finished their 'mission', resulting in the emergence of many Chinese-owned private health clinics, such as Doctor Yan's, Friendship Clinics and Zhongyi Clinics. Most of these doctors come from Henan Province in China.

The second group of migrants from China consists of MNCs' engineers and employees (such as the mining companies CNMC and Jinchuan Mining Group), construction companies (such as Jiangxi International, Henan International and Shanghai Construction Group), telecommunication companies (mainly Huawei) and agricultural companies (such as Zhongken Farm). Take Jiangxi International, for example, a state-owned company directly under the Jiangxi provincial government. With support from provincial governmental leaders, Jiangxi International became one of the earliest state-owned enterprises investing in Africa in the early 1990s, and it has since achieved great success on the continent. Its base in Zambia has also become a hub of Chinese visitors and businessmen.

The third group of Chinese migrants in Zambia is made up of private entrepreneurs and the self-employed. In comparison with the saturated markets, intense competition and higher entrance requirements limiting investment in Western countries, the African continent is regarded by Chinese investors as the last remaining virgin territory. It has attracted more and more Chinese 'gold diggers' wanting a share in its plentiful resources and high developmental potential. With the development of private capital, more and more Chinese are going to Africa, some of them from rural areas (many of whom are relatively uneducated and have little capital). Such migrants begin life in Africa as cooks or construction workers, gradually working towards establishing their own business enterprises.

One common feature of Chinese communities in Zambia is that they tend to be quite closed off from the local population. For example, the NFCA headquarters in Kitwe and Chambishi is referred to by local residents as 'China House', because the Chinese employees live and work there separately from the local community.

This phenomenon, above all, is the result of language and cultural barriers. Language remains a problem for the Chinese migrants, as very few can speak English or French, not to mention the local languages. This makes communicating and integrating with the local community extremely difficult for the Chinese. It seems that even though Chinese MNCs have embraced the outside world in economic terms, Chinese communities in Africa are still not ready to embrace the culture of the local societies in which the work and live.

Culture is also a determining factor. Chinese people have a tradition of loyalty to their families, and they are conservative in terms of sexual relations. Most Chinese workers go abroad without their families for several years, only returning home during the spring festival. Some Zambian workers cannot understand how the Chinese can live abroad for several years without engaging in sexual activity. It is not uncommon for Zambian interviewees to express their discontent regarding the cultural conservatism of Chinese migrants, as one Zambian worker explained:[15]

> The enterprise culture of Chinese companies is different to Western companies. Western managers treat Zambian employees like their small brothers. For instance, the Western managers will use the same toilet as the Zambian workers, but in Chinese companies, the Chinese have their own toilet. It seems that the Chinese like to put up barriers. When guys from America and South Africa do business in Zambia, they will look for houses where we [Zambians] live, but the Chinese are not the same. They just stay together. They even have their own bus service running from where they live directly to the mining sites.
>
> When people from other countries come here, we want them to follow our customs and communicate with us. If you Chinese want to stay in Zambia and want to do good business here, you should open up and overcome these barriers. Zambian people are friendly people. We want to share ideas with one another and to mix with the Chinese. We want to go out and play soccer, basketball and table tennis together.

Many Chinese workers have a habit of napping in the afternoon, which some Zambian workers at NFCA cannot understand. They argue that the time after lunch is a good opportunity for the managers to improve relations with the Zambian workers by communicating with them, but instead the managers choose to sleep. Some also claim that the Chinese are not sociable towards their fellow employees, noting that they do not greet the Zambian workers, which is strange for Zambians, who always greet each other even if they are strangers. They argue that, in comparison, the Western managers will greet them, which makes them feel good and that they are not just employees, but also friends and brothers.

Chinese managers also complain about Zambian employees, citing their poor punctuality and slow work rate as major problems. In reference to Zambian employees, one Chinese manager remarked: 'it's difficult to find skilled workers. Immediately after you tell the unskilled workers how to do a job, they understand, but several hours later, they will have forgotten and you have to tell them again.'[16] A Chinese manager also complained that:[17]

> … some of the Zambian workers have no idea about saving money; they will waste their salaries at the bar. Some of them will not come to work until after they have spent all their money. Chinese are different; when we get our wages, we buy food for our families and save money for our children.

The same interviewee explained how some Chinese managers inculcate their Zambian employees with the idea of saving money for their families, which often generates positive outcomes. He proudly remarked: 'one of my Zambian workers has saved ZMK 1.8 million now. Though it's not a big amount of money, I'm glad to see this.'

Interestingly, most of the Chinese interviewees admitted that Zambian people are generally polite and kind, that they never spit or speak loudly in public, and even poor people pay attention to their appearance. They note that Zambian drivers are very polite and, unlike the Chinese, they will make way for pedestrians.

WHY ARE CHINESE INVESTORS THE TARGET OF CRITICISM?

Chinese companies operating in Zambia are gradually learning from and adapting to the local context. For example, all major mining companies employ labour from the local community and some even subcontract parts of their economic activities to companies that are not Chinese owned. In addition, wildcat strikes protesting against low wages and casualisation have occurred in most of the mining companies, forcing a re-evaluation and restructuring of company practice in line with employee demands.

However, according to Ching Kwan Lee, only the 'Chinese became the sole target of resource nationalism'.[18] Michael Sata, the leader of Zambia's largest opposition party, the Patriotic Front, insists:[19]

> We want the Chinese to leave and the old colonial rulers to return. They exploited our natural resources too, but at least they took care of us. They built schools, taught us their language and brought us the British civilisation … at least Western capitalism has a human face; the Chinese are only out to exploit us.

In reference to the growing ZCCZ involvement in Zambia, Sata proclaimed: 'then they will have their state within a state, and will truly be able to do as they please.' The Western media have exploited this ill feeling towards Chinese involvement in Zambia, cultivating Sinophobic emotions among Zambians. As a BBC news report stated: 'They [Chinese investors] came to make profit, not to look after the lives of the people who were giving them profit.'[20]

The question is why Chinese investors are targeted. Firstly, problems stem from the Chinese investors themselves. The labour and CSR standards of Chinese companies are lower than those of Western companies, in part due to the lack of familiarity with the concept and requirements of CSR among Chinese MNCs even in China. However, by adopting the 'going out' strategy, Chinese MNCs are increasingly confronted with pressure to conform to the norms of international good practice as their integration into the global market deepens. Nevertheless, it will take a long time for Chinese MNCs to transform and adapt fully to these international rules, and most likely this process will be accompanied with all kinds of conflicts as the MNCs try to forge a more influential role for themselves on the international stage.

The problems facing Chinese investors in Zambia is not only limited to MNCs, but small-scale investors also encounter significant obstacles. While Chinese investment in Zambia's mining, textile and manufacturing sectors has undoubtedly facilitated the development of the Zambian economy, investments made in areas such as large-scale farming, construction and trade have curtailed the success of local businessmen. For example, the Kamwala market in Lusaka is leased to Chinese management for 65 years, bringing local traders into direct competition with their Chinese counterparts. Another critical issue involves Chinese investment in the Zambian agricultural sector. There are several Chinese-owned farms in Zambia, which have generated large sums of money during the last several years. However, according to Professor Obed Lungu of the University of Zambia, 'what Zambian people need are not Chinese farms, but the transfer of technology, especially suitable to the small-scale farms, which account for 70% of Zambia's farms'.[21]

Secondly, Chinese small-scale investors are often in direct competition with their Zambian counterparts, providing fertile ground for the spread of anti-Chinese feeling. But complaints about competition are not exclusively aimed at China. Indian, South African and Western companies are also the targets of criticism. Making matters worse are Sata and his opposition party, who continually mix these complaints together and politicise them.

In general, Chinese investment is highly politicised in the populist politics in Zambia. As an editorial in *The Post* newspaper highlights: '[Sata] is a populist who will say what he thinks his audience wants to hear …. He has no morals to defend and no principles to fight for.'[22] Another politician also explained: 'so that frustration that people have, they express it through Sata who is able to … use any language against the President …. Sata will use anything including insults to get the audience.'[23]

Sata clearly understood the mood among Zambian miners and market traders, and was able to exploit it effectively. He successfully transformed pre-existing popular concerns, such as health and safety standards in Chinese-owned mines, the failure of the small-scale traders due to Chinese competition, and urban disorder into a common set of problems linked to each other in the popular urban imagination, from which he sought to benefit electorally.

The often-mentioned BGRIMM accident was ignored by many politicians, but it became the central feature of Sata's campaign strategy. Several weeks before the general election, Sata raised the issues of BGRIMM and labour standards in Chinese-owned companies. He also criticised the allocation of Kamwala market to Chinese investors, declaring that:[24]

> I am not going to allow fake traders who arrive at the airport, and are given a temporary permit …. Why should I give them shops at Kamwala? Why should I allow Chinese to come and sell *salaula* [second-hand clothes] and sell chickens and sell *nshima* [Zambia's staple food]? The markets are for Zambians. No foreigner shall be allowed to sell chickens in the market. Foreigners must bring investment …. If you want to remain poor and if you want good things to go to foreigners, vote for Mwanawasa.

Indeed, overseas Chinese communities, not just those in Zambia, have a long history of limited integration with host societies. According to Mohan and Kale, the Chinese are often 'treated as outsiders and often scapegoated as the reasons behind a society's ills'.[25]

Thirdly, Chinese investments are the target of criticism because of ignorant opinions regarding FDI held by some elements of Zambian society. As Frederick Bantubonse, the general manager of the Chamber of Mines of Zambia, stated: 'we still have people saying that when I come into power, I will chuck that one out … investors are very sensitive to that.'[26] For Zambia and other African countries, Chinese FDI, along with China's rapid economic growth, provides enormous development opportunities, and Chinese growth is often regarded as the model and potential motor for their own economic development. As the NFCA has successfully demonstrated, Chinese investors and contractors can do a good job while adhering to the required standards. However, just like other investors, the Chinese are prone to take advantage of loopholes in the system. As one key informant explained: 'if you are weak, any one will take advantage of you. You, therefore, need to put your foot down and ensure that things get done the way they should be done.'[27] 'So who do you blame?' asked Martyn Davies. 'You can't blame China for being too competitive. China is doing what every other emerging market is doing.'[28]

Zambia should understand the function of FDI, which is critical to its economic development. As Li Qiangmin, the Chinese ambassador to Zambia, argues, the secret to China's dramatic development in the past years is the good policies that the Chinese government has been pursuing. Paramount are the open policy to investment and the provision of incentives to attract FDI. In a similar fashion, Zambia must take advantage of the FDI coming from China to accelerate development and expand production capacities for goods for domestic consumption and export. As opposition leader Hichilema commented on Sata's anti-Chinese discourse:[29]

> If you chase investors, [this] shows that you lack understanding of how you grow [the] economy. A bigger economy means that you can have a bigger investment and more people come to pay tax … essentially what we want is to strike a healthy balance between local and foreign investment which we need to grow the economy, and a balance that takes care of the needs of the workers and those who are underprivileged.

CONCLUSION

Nearly 15 years ago, Philip Snow asserted that '[a] frank quest for profits by both China and its African partners might well, in the end, prove a more solid basis for their future relationship than the continuing attempt to sustain a rhetorical unity which has sometimes disguised the pursuit of profoundly different goals.'[30] The last 15 years have witnessed a historic change in Chinese policy towards Africa, largely motivated by the rapid growth of the Chinese economy.

Whether China's increasing role in Africa will serve as a catalyst for African development or be just another episode of external powers pursuing narrow self-interests remains to be seen. Nevertheless, one thing is certain: for Africa, 'the most significant dimension of Chinese engagement is that it is a potential source of investment capital and development assistance which Western sources are either uninterested in or unwilling to provide'.[31] Chinese engagement with Africa provides exciting opportunities for many countries on the continent and attractive alternatives to the aid-focused and neo-liberally informed approaches traditionally favoured by the West. Perhaps, investment-centred Chinese engagement in Africa might be more efficient. The case of Chinese investment in the Zambian economy, especially in the mining sector, seems to confirm this possibility.

Whether African countries will take advantage of this opportunity is another matter. Chinese FDI can be good or bad, depending on the structure and quality of the host economy, as well as government strategies and policies employed to deal with FDI. Developing countries should not overestimate the function of FDI; neither should they adopt the anti-Chinese mantra favoured by politicians such as Michael Sata who oppose Chinese FDI and dismiss the development opportunities it represents. The Zambian government should enforce laws and regulations to manage Chinese and other foreign investors so as to take advantage of the FDI they offer on the government's own terms. Only in this way will the Zambian people benefit from the huge Chinese investment.

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