



China's Silent Storm in Sierra Leone

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RECOMMENDATIONS

- Accountable local partners and stronger state institutions are needed to ensure that Chinese investment is ultimately to the benefit of all Sierra Leoneans.
- Sierra Leone should be stricter in negotiating its trade agreements and protecting the local workforce from exploitation.
- Donors could play an important role in assisting Sierra Leone to maximise benefits from foreign investments and private sector development.
- Both countries have to abide by local law (eg Mines and Minerals Act 2009).
- China's presence in Sierra Leone should not be seen as a panacea for economic growth; unforeseen circumstances in China's demand for commodities could alter the Sino-Sierra Leonean relationship abruptly.
- The role of the government of Sierra Leone in promoting corporate social responsibility should be further explored.

EXECUTIVE SUMMARY

There are many faces to China's presence in Sierra Leone and its present role there. Chinese investments, 'gifts' and trading activities have gone some way to reshaping the stereotype of Beijing as solely an exploiter of Africa's minerals resources. On the contrary, in impoverished Sierra Leone the Red Dragon not only has re-emerged as a serious bilateral trade partner, but also continues to invest in several urgently needed areas of development. By exploring the Sino-Sierra Leonean relationship in the current acute developmental phase of a conflict-shattered country, this policy brief comes to the main conclusion that China's activities are unquestionably of extreme importance and may promote overall economic growth in Sierra Leone. In the long term, however, Chinese aid and investments may not necessarily lead to significant employment generation and effective poverty reduction. The country's institutions are still too weak to regulate the behaviour of private (hence not only Chinese) investors.

INTRODUCTION

Since the end of its civil war of 1991–2002, Sierra Leone's transition from conflict to peace and development has been often portrayed as a success story. Not only did the country experience three successive peaceful general elections (in 2002, 2007 and 2012) but it was also recently reclassified by the International Monetary Fund (IMF) from a 'Fragile State' to a 'Low Income State'.

In February 2012 the government of Sierra Leone (GoSL) organised the Sierra Leone Conference on Development and Transformation (SLCDT) with the aim of presenting a vision of Sierra Leone transformed into a middle-income country within the next 25 years and into a net lender within 50. This initiative was followed by the launch of the third Poverty and Reduction Strategy Paper (PRSP III), also known as the 'Agenda for Prosperity', in the first quarter of 2013. Clearly, such socio-economic development proposals have set the tone for current priority planning and have superseded peace-building

programmes and agendas. In this process, next to bilateral, multilateral and international community support, the influence of the People's Republic of China (PRC) cannot be overlooked.

Since the 1970s China has invested in sectors such as agriculture, health care, infrastructure and education in Sierra Leone. In 2010, bilateral trade reached \$109 million, and total Chinese direct investment was \$51,2 million.² Unlike that of its Western counterparts, however, China's assistance to the African continent in general has never been based either on neoliberal ideas or sheer altruism, and has followed a strict principle of non-interference in other countries' domestic affairs. This applies even in conflict-shattered and corruption-prone societies such as Sierra Leone; China does not concern itself with 'good governance', or anti-corruption campaigns and programmes to foster 'attitudinal change'; nor does it claim to know better than Africans what Africa must do for its economic development.³ Indeed Beijing is often criticised for lacking transparency in its bilateral partnerships with African countries. That said, in mineral-rich Sierra Leone China has taken on many different roles and functions during the country's transition from conflict to peace and development. Now, more than 10 years after the civil war, the time is ripe briefly to assess and unfold the many different layers of the Chinese presence, and, in turn, its impact on the current development process in Sierra Leone.

ORIGINS OF CHINA-SIERRA LEONE RELATIONS

Like that of many African countries, Sierra Leone's relationship with China is of long standing. Diplomatic ties were first built in 1971 against the backdrop of Cold War politics and Communist Party chairman Mao Zedong's 'cultural revolution'. On 29 July 1971 the two countries signed a communiqué on the establishment of diplomatic relations. Only three months afterwards Sierra Leone voted in favour of UN General Assembly Resolution 2758, which recognises the PRC as the only legitimate representative of China in the UN. Sierra Leone's diplomatic support continued with President Siaka Stevens' temporary and tactical masquerade as an 'anti-capitalist'. In the early 1970s Sierra Leonean

politicians praised communal farming and many other practices based on the Chinese model. Sierra Leone never lived up to its ephemeral communist slogans, but nevertheless managed to become, in per capita terms, one of the larger recipients of Chinese aid in Africa.⁴ The Sino-Sierra Leonean relationship was further strengthened by the signing of a cultural agreement in April 1981. Since then cultural delegations have exchanged many visits. Throughout the 1980s the two governments concluded fishing co-operation contracts, and a major trade agreement was signed in 1989. Chinese involvement became more sluggish throughout the 1990s, however, when the country was experiencing its decade-long civil war. Only recently has the Red Dragon revived its ties, demonstrated most obviously by the visit to Sierra Leone of China's foreign minister in January 2010.

CHINA'S APPROACH TO DEVELOPMENTAL AID

'Finding information on Chinese aid is like putting together a jigsaw puzzle'.⁵ Aid figures are a sensitive issue for the Chinese. Apart from its different cultural traditions and philosophies on aid, China above all is still a developing country itself. Hence, against the background of existing domestic poverty and a persistent demand for domestic development finance, aid to other countries might be seen in domestic circles as immoral. The consequent obfuscation often leads to an assumption that China provides much less developmental aid than it actually does.⁶ In the case of Sierra Leone, China's aid, per se, is still relatively low compared with developmental aid provided by the OECD countries. Its developmental assistance to Sierra Leone normally encompasses donations, education and training programmes, food aid, health care and infrastructure. Since the early 1970s (with a hiatus during the civil war) China has sent 14 medical teams to Sierra Leone and every year 30 Sierra Leonean students benefit from scholarships to study in China.

Recently, Chinese companies working in Africa have also begun to chart a more socially responsible course.⁷ Due in part to international and local pressure, but also to China's own poor record with

regard to low standards of work conditions and labour rights, there has been an increasing trend for Chinese state-owned companies to adopt corporate social responsibility (CSR) initiatives. It is yet to be explored how CSR will be positioned in Sierra Leone. So far only two projects have been officially reported as Chinese CSR initiatives. The Chinese Railway Group Ltd has donated books and writing materials to Sierra Leonean schools, while since 2000 China National Cereals, Oils and Foodstuffs Corporation has continuously provided food aid.⁸ The role of the state in promoting CSR programmes, and how they might complement Sierra Leone's development agenda in the long run, would certainly reward further examination.

CHINA AS AN INFRASTRUCTURE DEVELOPER

Freetown's urban landscape started to take on a new shape during the 1970s and 1980s with the construction by Chinese contractors of the multi-use National Stadium and the Youyi Building ministerial complex. Over the past few decades, China reportedly has also built bridges, power transmissions, a dam and some roads. More recently, Chinese contractors finished constructing a new foreign ministry building, additional offices for parliament and the new 100-bed China–Sierra Leone Friendship Hospital at Jui, close to Freetown. Projects in the provinces include a clock tower in Makeni and another multi-purpose stadium in Bo. Early in July 2013, President Ernest Bai Koroma announced that he had signed deals with Chinese Railway International Company to build a new international airport and a railway, together with other large construction projects amounting in total value to \$8 billion.

Despite these achievements, Chinese involvement in local infrastructural development has had its moments of frustration. The construction of Wilkinson and Spur roads in Freetown serves as a prime example. Due to several co-ordination problems between Chinese and Sierra Leonean contractors, Chinese construction of these two roads has been – and still is – an extremely expensive, slow and protracted process. Local newspapers and leaked documents from the Ministry of Finance

have revealed that GoSL paid \$18 million for the 4 km-long Wilkinson Road, which is still in progress: the unit price amounts to roughly \$4.5 million a kilometre, compared with an internationally accepted average price of \$250 000. If Chinese infrastructure development (be it in the form of a 'gift' or through agreements and commissions) is to be sustainable and to the benefit of all Sierra Leoneans, accountable local institutions and stakeholders are required, to absorb such developments in a long-lasting and non-wasteful manner. This is certainly a major challenge for a country such as Sierra Leone, where the government has been repeatedly accused of corruption and embezzlement.

SINO–SIERRA LEONE TRADE RELATIONS

Joint ventures and China-funded projects started in 1984 when the Fujian-Africa Fishing Company of China and the Okey Agent Company of Sierra Leone signed their first co-operation contracts. More recently, China emerged as Sierra Leone's second largest import and export partner, after the EU.⁹ According to its foreign ministry, China's main exports to Sierra Leone include: mechanical and electrical products, textiles and other light industrial goods, cultural and educational materials, and hardware and articles for daily use. China's main imports from Sierra Leone are coffee and cacao beans.

At present there are 30 Chinese companies operating in Sierra Leone. The reason for their presence is not hard to find: the country is extremely rich in natural and mineral resources and according to the Sierra Leone Investment and Export Promotion Agency (SLIEPA) is 'full of unrealised potential in the mining sector'. Yet China's natural resource extraction in Sierra Leone is still in its early stages and, at least for now, 'Western' international companies such as London Mining or African Minerals have a much firmer grip than the Chinese. It is notable that working conditions in Chinese mines are perceived to be worse than those of other international companies.¹⁰ In 2009 parliament passed the Mines and Minerals Act but local civil society organisations complain that the Act has never been properly implemented and that trade

co-operation with Sierra Leone is not attuned to laws that serve the interests of the people. In November 2012, Bai Koroma promised to boost tax revenues from the mining sector;¹¹ it remains to be seen whether the president's deeds will match his words.

CHINA'S IMPACT IN SIERRA LEONE

In the Western world, China's presence in Africa is often associated with the fear of a rising superpower soon to take over the entire continent along with all its natural and human resources. Ironically, it was Western-imposed liberalisation policies that provided fertile ground for China to access African resources and markets in the first place.¹² This is not to say that the Chinese presence in Sierra Leone could not be used to the country's full advantage. Although the civil war is over, Sierra Leone remains one of the world's least developed countries and currently ranks 177 on the UN Human Development Index (HDI). It needs Chinese investment but like many Sub-Saharan African countries it is not immune to labour unrest or political instability. Furthermore, poor local infrastructure and unforeseen shifts in demand for commodities from China could make for abrupt change in the Sino-Sierra Leonean relationship.

Generous gifts and infrastructure development projects notwithstanding, the Red Dragon's activities at present do not work to the benefit of the Sierra Leone people generally. If Sierra Leone really wants to be a middle-income country in the next two decades GoSL must ensure that Chinese investment benefits the country as a whole. This implies much stricter trade agreements, more effective protection of the local workforce and combating corruption at all levels. Simply put, Sierra Leonean institutions and legal instruments are still too weak to regulate effectively the behaviour of a growing number of investors. The international aid and donor community could play a vital role in assisting Sierra Leone to maximise benefits from foreign direct investments, and tighten standards for present and future collaboration.

ENDNOTES

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- 3 Brautigam D, *The Dragon's Gift, The Real Story of China in Africa*. Oxford: Oxford University Press, 2011, pp. 38–39; Brautigam D, 'Foreign assistance and the export of ideas: Chinese development aid in The Gambia and Sierra Leone', *Journal of Commonwealth & Comparative Politics*, 31, 3, pp. 22–42.
- 4 Brautigam D, *op. cit.*, pp. 324–348.
- 5 Grimm S *et al.*, 'Transparency of Chinese Aid: An analysis of the published information on Chinese external financial flows', University of Stellenbosch Centre for Chinese Studies and Publish What You Fund, August 2011, p. 23.
- 6 *Ibid.*, pp. 4, 23–25.
- 7 See Tan-Mullins M & G Mohan, 'The potential of corporate environmental responsibility of Chinese state-owned enterprises in Africa', *Environment, Development and Sustainability*. Milton Keynes (UK): The Open University, 2012.
- 8 Sinoafrica.org, <http://www.sinoafrica.org/en/node/2275>, accessed 14 July 2013.
- 9 European Commission Directorate-General for Trade, *Sierra Leone – EU Bilateral Trade and Trade with the World*. Brussels, 5 July 2013, http://trade.ec.europa.eu/doclib/docs/2011/january/tradoc_147381.pdf, accessed 29 April 2013.
- 10 Personal interview with Alhaji Mohamed Warisay, national co-ordinator, Democracy in Sierra Leone, <http://www.democracysierrealeone.org/>.
- 11 Reuters, 'Sierra Leone's Koroma moots higher mining revenues if re-elected', <http://uk.reuters.com/article/2012/10/18/uk-sierrealeone-election-koroma-idUKBRE89H1AN20121018>, accessed 20 May 2013.
- 12 Kragelund P, 'Knocking on a wide-open door: Chinese investments in Africa', *Review of African Political Economy*, 36, 122, pp. 479–497.

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