Lessons in Micropolitical Management: A Case Study of China's Investment and Political Intervention in Zambia

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Lessons in Micropolitical Management: A Case Study of China’s Investment and Political Intervention in Zambia

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Abstract

China continues to invest in natural resources in Africa to fuel its economic growth. China’s expanded presence in Africa has contributed to growing tensions within the Sino-African relationship. This thesis examines a variety of historical factors that have contributed to the increased presence of China in Africa, and how these factors have evolved into the foundations of the tensions observed today.

By exploring the historical patterns of the Sino-Zambian relationship, this thesis will shed light on the foundations of the underlying tensions between the two countries. With the Zambian election of 2006 as a focal point, China faced a political crisis that threatened their broader economic future. Using a double-pronged economic and political approach to mitigate the crisis, China avoided losing its interests in the 2006 Zambian election. But in the long run, China has continued facing the same anti-Chinese sentiments in Zambia which questions the viability of their political risk management strategy.

This thesis argues that for China to mitigate a political crisis in another African country most effectively, they must modify their strategic decision making model for managing political risk. This thesis proposes an alternate framework which would most effectively address underlying tensions between China and Africa.
Chapter 1: Introduction

Overview and summary of China’s broader involvement in Africa

The Chinese economic revolution over the past three decades has been one of the most intriguing storylines in recent economic history. From 1979 until 2010, China’s Gross Domestic Product (GDP) growth has averaged 9.91%, the highest growth rate amongst developing countries.\(^1\) Despite some of the fundamental weaknesses present in the economy because of state control, the Chinese have nonetheless still achieved an impressive growth rate. The prosperity of China’s economy has led to China not only becoming an economic power in the world, but also supplanting itself as a global political power.\(^2\) In the international conflicts in which it is involved, the Chinese have not wavered to international diplomatic pressure, perhaps because of their powerful global economic position. For example, it shows no signs of retreat in the battle over the Senkaku Islands, and the Japanese now threaten to arm themselves with nuclear weapons due to the United States’ lack of ability to dissuade or negotiate with China.\(^3\) Additionally, North Korea continues conducting nuclear weapons tests with no reprimand from China, the North Korean’s chief ally. The brazen Chinese Communist Party (CCP) has been emboldened by China’s growing status in the world.\(^4\)

While the CCP as a party has somewhat evolved to accommodate the digital realities of the 21st century, but they are still very much an authoritarian regime that aims

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to repress thought not conducive to one-party, CCP total control of China. China’s political system of a one party authoritarian state has been a major factor in its ability to rapidly expand economically. State-owned enterprises (SOEs), which will be explored more deeply later in the paper, are the main economic, quasi-political tool which the CCP uses to engage in foreign countries.

In addition to their own domestic economic growth, China’s economy has expanded to include Africa as an important economic and political ally and resource. As China has continued growing, they have increased their demand for cheap metals and natural resources which they can import for domestic use to build factories and infrastructure. Africa, rich in natural resources, has provided the perfect market for China with ideal domestic economic and political factors in many countries.

Economically, Africa provides plentiful quantities of the many natural resources that China needs for its own domestic infrastructural development and economic growth. There are many African countries on the other hand with questionable human rights practices and thus make them toxic destinations for western aid. China has exploited Africa’s tumultuous relationship with the west and the Chinese have positioned themselves as the less stringent and less intrusive alternative to traditional western aid.

The Chinese are currently not only positioning themselves economically in Africa, they are also positioning themselves in terms of international politics. In 2015, President Xi Jinping pledged $100 million to the African Union Standby force and an additional $1
billion dollars to the UN Peace and Development Trust Fund. This marks a drastic change in previous standard operating procedure for the CCP where they were reluctant to participate in global institutions and global politics. Driven partly by economic interests and international political perception, the Chinese are slowly changing the way they do business in Africa to reflect this change. This includes some acknowledgement of human rights violations along with weak efforts at combating carbon pollution and climate change.

It is also important to note China’s current domestic economic situation as a possible influence on their economic decisions. Unless drastic measures are taken, China could soon be facing a dire debt and housing crisis that could damage the global financial system. With the CCP’s reluctance to acknowledge and responsibly deal with the debt crisis, the CCP must explore additional revenue and resource streams to fund its own deficits. This could perhaps factor implicitly or explicitly in China’s engagement strategy in Africa.

The integration of the Chinese economy with various African countries has yielded many benefits for the Chinese as well as many problems. This paper will explore the sources of tension in the Sino-African relationship and how the Chinese have dealt with these tensions. The tensions of the Sino-African relationship can be most accurately epitomized by the relationship between Zambia and China. Given Zambia’s political, economic, and natural resource profile, it holds many similarities with other African countries where China is also investing. The explosion of the Chinese owned Chambishi

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mine in 2006 triggered the outward manifestation of the subtle tension already underlying the Sino-Zambian relationship. The CCP’s response to this crisis yields insight into Chinese foreign micro-political engagement and may yield some insights into CCP foreign policy strategy in Africa in the future.

**Historical Examination of Sino-African Relations (Pre-1995)**

With a long-lasting relationship going back to the Ming Dynasty, the Sino-African connection has evolved from one based on politics to one based on economics. It is important to understand the historical context of this relationship to understand both China and Africa’s current goals in cultivating the relationship. With the formation of the People’s Republic of China (PRC) in 1949, a more formal, consistent, and substantive Sino-African relationship began, starting with the formal establishment of diplomatic ties with Egypt in 1956.7 Since that point, China has continued establishing a long-lasting bilateral relationship with Africa. Indeed, fifty-one of fifty-four African Countries share diplomatic ties with China. Additionally, the Chinese foreign minister’s first trip is always to an African country.8 Both the Chinese and various African countries have contributed to cultivating this relationship, which demonstrates their willingness to help each other succeed. Researcher Zhang Chun says, “China-Africa relations also contribute to both sides’ struggle for a higher international status.”9 Meaning they both observe and would

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like to maintain the relationship because of the geopolitical implications. This willingness to work each other has yielded a large amount of economic activity between China and Africa. Between 1950 and 2013 trade between China and Africa increased from $12 million to over $170 billion.\textsuperscript{10} \textsuperscript{11} Additionally, the number of individual countries with over $1 billion in trade to China reached 20 in 2008.\textsuperscript{12}

Given the multiple opportunities for Sino-African partnerships to flourish, it has only really been since the turn of the millennium in which Sino-African relations have been considered globally consequential economically, politically, and geopolitically. A 2015 RAND Corporation report articulates, “The explosive growth in Sino-African relations over the past decade has heightened trepidation about China’s role in Africa. Of the more than 5 million Chinese citizens living overseas, approximately 1 million live in Africa, up from only a few thousand ten years ago.”\textsuperscript{13} The number of Chinese nationals living in Africa demonstrates the increased involvement and scale of Sino-African relations over time.

As previously mentioned, Chinese engagement in Africa is not new, but it has significantly changed in form over time. Historically driven by a need to export Maoism and the Chinese brand of communism, Beijing drastically changed its engagement strategy in Africa following the market oriented reforms of Deng Xiaoping.

\textsuperscript{10} ibid, 11
Chinese doctrine toward Africa hinged on “third-world solidarity” along with support of African liberation movements.\textsuperscript{14} The Chinese diplomatic engagement framework in Africa hinged on portraying Africa as a battle between socialism and colonialism.\textsuperscript{15} During the Cold War, the Chinese were not only battling west for ideological influence of the third world, but they were also battling the Soviet Union from spreading their brand of communism. In Somalia, the Chinese supported the Leninist Somalis in the Somalia-Ethiopian War while the Russians supported Stalinist Ethiopia.\textsuperscript{16} In Zimbabwe, Beijing supported, and continues to support, Robert Mugabe’s Zimbabwe African National Union Party, while opposing western-backed governments and Soviet-backed rebels.\textsuperscript{17} The RAND report points out, “Beijing’s active involvement in African politics and support for sub state liberation movements, while decidedly limited in scope compared with U.S. and Soviet activity, demonstrates the limits of Beijing’s theoretically apolitical approach to Africa.”\textsuperscript{18} Despite the apolitical approach Beijing claims to take in Africa, they still manage to influence and manipulate foreign political situations to their advantage. This highlights the importance of a viable political management strategy by the CCP for future situations.

As part of its effort to codify this sentiment of non-interference, China and India devised the “Five Principles of Peaceful Coexistence” in 1954. The five principles were; The mutual respect for each other’s territorial integrity and sovereignty, mutual non-aggression, mutual non-interference in each other’s internal affairs, equality and

\textsuperscript{14} ibid, 4.  
\textsuperscript{15} ibid.  
\textsuperscript{16} ibid.  
\textsuperscript{17} ibid, 5.  
\textsuperscript{18} ibid, 6
cooperation for mutual benefit, and peaceful co-existence.\textsuperscript{19} Originally, this plan was solely an agreement between China and India, then adopted one year later at the Asian-African Bandung Conference as an implicit contract of non-interference between China and Africa. The agreement strongly emphasized self-determination for developing countries. This agreement dictated Chinese behavior in African politics until the 2006 Zambian election, when it finally had to interfere, but this situation will be discussed in more detail in later chapters.

Owing no small part to African support, China was able to gain entry into the United Nations in 1940. Carefully coaxing and luring, China established a common thread of anti-imperialist sentiment with many African countries which prompted many African countries to ally with China. A report articulates Mao’ strategy in Africa, “In 1959, Mao Zedong referred to Africa as a partner in the ‘struggle against imperialism.’”\textsuperscript{20} Carefully trying to garner a similarity in the struggle against imperialism became a crucial tool as China influenced the newly independent African states into recognizing China over Taiwan. Many African countries continued recognizing Taiwan, but as China continued its lobbying efforts, the number of countries continued to increase. In fact, as of 2014, there are only 3 African countries left that recognize Taiwan. [See Figure 1] In 1963 Chinese Premier Zhou Enlai visited eleven African countries attempting to frame China’s position in the region

as an ally in anti-colonialism, while committing the PRC to nearly $120 million loans and other development projects.\textsuperscript{21}

**FIGURE 1**

*Diplomatic Recognition of Taiwan*


Diplomatically, China has also increased and cultivated its relationships in Africa with many countries. Beginning in the Cold War, China supported many of the freedom and anti-western movements that many African countries were going through at the time. Russia crossed alliances and supported Ethiopia in a dispute between Ethiopia and Somalia, this drove Siad Barre to form an alliance with the Chinese and he broke away from the Russian Brand of communism. Additionally, the United Nations has been an arena in which Sino-African relations can be seen flourishing. In 1971, many African countries supported

China in its quest of recognition in the UN. As a document from a Chinese embassy in Egypt proclaims, “China resumed its legal status in the United Nations largely due to support from the developing world, including many African countries.” The document adds, “Also thanks to the long-time adherence to the one-China principle by those countries, the attempt by Taiwan—an island province of China separated from the mainland after a civil war in the 1940s-to join the United Nations have ended in failure 13 times since the 1990s.”

As market reforms were implemented and the Cold War ended, China’s economic interests evolved and its policy toward Africa changed accordingly. In the 1970s and 1980s, China was a net oil exporter, but in 1993, it officially became a net oil importer. China’s consumption of copper and other natural resources has also steadily increased. In 1995, Chinese consumption of aluminum, copper, and oil increased exponentially and has continued increasing since. Thus, it is no coincidence that this is when the new phase of the Sino-African relationship started to develop.

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Modern Chinese Relations with Africa (1995-present)

The second, and current phase of the Sino-African relationship can be classified as a mostly economic relationship. As China’s consumption of natural resources has increased, they have turned to countries in Africa as reliable trading partners. With their membership into the WTO in 2001, China officially had access to the world market. As The Economist reports, “The bet paid off for China. It has blossomed into the world’s greatest exporter and second-biggest importer. The marriage of foreign know-how, Chinese labour and the open global market has succeeded beyond anyone’s predictions.”\(^{25}\) This increased trade was a major factor of China’s expanded economic

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presence in Africa. Approximately a quarter of sub-Saharan Africa’s trade in 2013 came from China, up from 2.3 percent in 1985. As a World Bank report articulates, “About one-third of China’s energy imports come from sub-Saharan Africa-a vital trade link, especially as energy and commodity consumption rates in China have grown by more than twice the global average over the past 10 years.”[27] [See Figure 2]

China’s increasing economic demands as the Chinese economy flourished necessarily changed the relationship between China and Africa to rely on economic necessity for both. As a RAND report articulates, “Chinese economic interests, however, have gradually subsumed Beijing’s previous ideological and political interests as drivers of Chinese Behavior in Africa. Beginning with the fallout from the Great Leap Forward and Cultural Revolution, continuing with the closing of the Cold War, and accelerating alongside China’s economic development, China’s political interests in Africa have waned relative to growing economic ties.”[28] The report further notes, “The ascendancy of China’s economic interests is reflected in a stream of economic and political events over the past three decades: China becoming an oil importer in 1993; Chinese Communist Party (CCP) reorganization and packaging of aid, trade and investment to Africa in the mid-1990s; admission to the World Trade Organization (WTO) in 2001; and roughly an order of magnitude expansion of economic ties over the past ten years.”[29]

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27 ibid.
29 ibid,6.
produced by the CCP in 2006, 2010, and 2013 summarize the economic necessity of investing in Africa.

Additionally, as trade between China and Africa has increased, so has Foreign Direct Investment by China in Africa. Starting out at almost nothing, China had $3.1 billion in FDI in Africa in 2013, representing 7 percent of global FDI flows in specifically sub-Saharan Africa. Due to various government policies and other market drivers, the 1990s marked a big jump in Chinese FDI in Africa. The second large increase came during the global recession of 2008. When the global recession occurred, many firms left Africa, but Chinese state-owned enterprises, with the backing of the CCP, could not only sustain their presence in Africa, but they could increase their presence in many areas through mergers and acquisitions, debt financing, and other arrangements. Additionally, a World Bank report found that despite China’s decreasing economic growth rate, China’s trade with sub-Saharan Africa has continued increasing and has reached a total value of $170 billion as of 2013.

Overseas investments by the Chinese government has been a huge driver of growth for the Chinese. Along with an expanding manufacturing sector, the expanding Chinese middle class has led to a bigger consumption of energy for the Chinese which has led to an increase in mining for foreign resources. Indeed, Chinese overseas investments and construction projects total over $1.3 Trillion. Additionally, China is projected to become a

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net exporter of capital by the year 2020.\textsuperscript{32} In Africa, and sub-Saharan Africa specifically, China has invested approximately $250 billion in infrastructure projects and other investments, outpacing loans from the International Monetary Fund and other Western partners.\textsuperscript{33} While China does have capital invested in a number of different sectors across sub-Saharan Africa, some of the biggest recipients of Chinese funds are the energy and oil sector, mining sectors, and other natural resource mining projects. Consisting of mainly natural resource mining, China has been blamed for a new form of colonialism which contributed to the eventual crisis it faced in 2006. While China’s investment strategy may resemble old colonial tactics, evidence suggests that China is using its investments primarily to gain political influence in other countries to improve its economic outcome.

Overall Africa has benefitted greatly from trade with the Chinese. The World Bank Report articulates, “Exporters in SSA[sub-Saharan Africa] have faced very little competition from Chinese exports in third markets, as many of SSA’s export products are unrelated, or even complementary, to Chinese products in key markets such as the European Union and the United States.”\textsuperscript{34}

Diplomatically, China has continued cultivating its relationships with African countries. Their diplomatic relationships reflect the economic nature of the current Sino-African relationship. For example, the creation of the Forum on China-Africa Cooperation

\begin{itemize}
\item \textsuperscript{32} Jamil Anderlini, “China to become one of world’s biggest overseas investors by 2020,” Financial Times, June 25, 2015, https://www.ft.com/content/5136953a-1b3d-11e5-8201-cbdb03d71480.
\item \textsuperscript{33} Stefano Pozzebon, “China has crossed a major investment threshold that is going to change the entire world,” Business Insider, February 04, 2015, http://www.businessinsider.com/statistics-on-chinas-investment-abroad-2015-2.
\end{itemize}
(FOCAC) has served as the main political tool with which China conducts its business in Africa. In 2000, the first Ministerial meeting was held in Beijing from October 10th-12th.\textsuperscript{35} The FOCAC was formed with the intention of cultivating consultation and dialogue between the China and Africa. As Ian Taylor articulates, “The existence of FOCAC might be best seen as the institutionalization of Sino-African relations at a time of intensified interactions and following a period of exponential growth in such linkages.”\textsuperscript{36} He adds, “It is also the formalization of relationships which have been long in existence and which can trace their origins back 50 years.”\textsuperscript{37} The FOCAC meeting focuses on dialogue surrounding the economic and diplomatic framework underlying the Sino-African relationship. The conversations had during the FOCAC are usually followed up by action items which each country should accomplish. Many times, the progress is not measured and the action items are not accomplished. In fact, only China, South Africa, and Ethiopia have institutional mechanisms for measuring FOCAC progress.\textsuperscript{38} Despite the lack of accountability, China has legitimized FOCAC by gaining a reputation for sticking to its commitments.\textsuperscript{39} Although implementation of projects is sometimes slow, China makes a noticeable effort to implement projects which helps its standing in the eyes of the African community. The FOCAC serves as an important tool moving forward in Sino-African relations. The

\textsuperscript{37} ibid.
\textsuperscript{38} ibid.
\textsuperscript{39} ibid.
diplomatic relationship has also worked in the reverse, to the benefit of African countries. For example, Nigeria has relied on China in its quest for a permanent UN seat.\textsuperscript{40}

Among the many facets of the Sino-African relationship, there are some underlying tensions which will be discussed in more depth in later chapters. The fundamentals of this tension are based on accusations that China is engaging in a new type of colonialism where they are taking advantage of developing African nations by mining resources and not investing in the local community. Indeed, as the Sino-African relationship has evolved, China has grown to be Africa’s main export market accounting for 20 percent of imports in Sub-Saharan Africa. While there is a slight trade imbalance, what worries critics is the domination of commodities and raw materials as a percentage of trade. As of 2014, Commodities, crude materials, and other raw materials accounted for 85 percent of the value of Chinese imports from Africa. As China’s economy has expanded and the demand for consumer goods has increased, China has increased demand for things like oil, copper, and other mineral fuels. The African continent is full of untapped resources of natural goods and China hopes to capitalize on that. Many have argued that this is not simply a business or new market entry opportunity for China, it is exploitation reminiscent of old colonialism by the Europeans.\textsuperscript{41} This argument emphasizes the exploitative aspect of the Sino-African relationship. It is important to note that exploitative aspects do exists. Some of these include the willingness to allow human rights abuses to continue without


repercussion for countries in which they are active. Moreover, China has also been charged with its own human rights abuses both in mainland China and in projects it conducts abroad. China’s lack of concern for Humans Rights Abuse is a very strategic position for two reasons. For geopolitical reasons, the strategy allows the Chinese to offer “no-strings-attached” aid to countries where it is active, or would like to be active in the future. This is in stark contrast to Western aid which often comes with caveats or political promises. Many African countries have residual anti-western sentiments from colonialism. The Chinese option often provides the better alternative for them as opposed to western countries. This has posed a dilemma for western countries, such as the US, who used to have leverage in Africa, but with Chinese economic presence now rivaling that of traditional Western Powers in Africa many African countries are turning away from the West and positioning themselves, not only economically, but also politically with China.

China’s lack of concern about Human rights is also important economically. China’s own rapid growth story has been predicated by cheap wages, poor working conditions, and lack of environmental concern. Based on their actions in Africa, they believe this same model of growth can help African countries also succeed. As Madison Condon states, “China believes that its successful ‘growth at any cost’ strategy at home can be applied in Africa, and is not shy about it.” This strategy is also appealing to African

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43 ibid.
44 ibid, 12.
45 ibid, 8.
46 ibid,10.
47 ibid, 6.
countries because in addition to anti-western sentiments, many do not believe climate change agreements should include them because they are still developing. They believe that because the West could pollute, they should also be able to pollute, and this argument meshes well with China’s overall investment strategy and hence provides the basis for a natural partnership.

*How the evolution of the CCP has affected Chinese engagement in Africa*

Despite China’s economic and increasing energy needs, Chinese engagement in Africa has also been the result of an internal evolution within the Chinese Communist Party (CCP). As demonstrated during the Great Leap Forward, many of China’s economic problems have taken a backseat to promoting the Communist ideology of the CCP. It is worth noting a few important facts about the Chinese Communist Party. The CCP is the founding party of the People’s Republic of China the (PRC). The Chinese Revolution in 1949 led to the CCP as the single ruling party in China- a system that remains in place today.

The CCP during the Mao Era was a very tragic but important part of China’s history. During the Mao Era, many Chinese lost their lives due to the Great Leap Forward and the Cultural Revolution. Despite the great loss of life, Mao’s actions during these two events enshrined a power, respect, and fear of the CCP that frames much of China’s public policy today. Mao Zedong’s communist vision aimed for collectivist ownership of the economy. Thus, his first goal was state-ownership of all land and goods, so that it may be redistributed evenly. Mainly focused on economic and political control, Mao wanted to increase China’s self-reliance. His method of economic development resulted in rapid
industrial growth at first but then eventually made China’s technology fall decades behind the rest of the world.\textsuperscript{48}

Two divisions can characterize China’s ideas on economic development; Mao and the Gang of Four who prioritized the strength of the CCP over economic strength versus Deng Xiaoping and Zhou Enlai who preferred the strategy of “reform and opening.” Dr. Andrew Nathan articulates, “Reform meant changes in the domestic economic and administrative systems, especially freeing the peasants from the communes so they could farm as families or engage in local industry, and freeing industrial enterprises to compete in a market environment. Opening meant joining the global economy, allowing foreign trade and investment to flourish.”\textsuperscript{49} As Deng Xiaoping famously stated “Poverty is not socialism” and “to be rich is glorious.”

This turn in internal CCP politics allowed China to expand its international presence by opening it up to outside markets. Additionally, this economic reform moderated many of the political stances of the CCOP. While great repression and suppression continued to be present in China, the number of political deaths fell.\textsuperscript{50} In the three decades following Deng Xiaoping’s reforms, exponential economic and social progress occurred, as compared to the three decades of the Mao Era. The CCP’s internal

\begin{flushleft}
\textsuperscript{49} ibid.
\end{flushleft}
evolution has resulted in a China that is more internationally engaged and socially moderate.

In terms of investment in Africa, the Chinese have ridden the wave of increased trade into Africa. As previously mentioned, the CCP has a close working relationship with many African countries—something that would not have been viable in the age of Mao.

This paper so far, has examined the historical perspectives of the Sino-African relationship and its evolution into its current form. As China transitioned from the Maoist era into its current quasi-capitalist form, it has opened itself up economically which has not only resulted in impressive economic gains for China, but has benefitted many African countries as well. While the relationship has been mostly mutually beneficial, there is an underlying tension in the Sino-African Relationship that comes from the colonial legacy of many African countries. Both Western countries and African countries themselves are concerned about the possible exploitation of resources within this relationship between Africa and the Chinese. While this paper will not focus on that aspect of the relationship, the case study of Zambia does provide a lot of insight into the dynamic of the Sino-African relationship in many other African countries and will thus be explored in more depth.
Chapter II: Chinese Involvement in Zambia

History of CCP decision to invest in Africa

Chinese economic activity in Africa has been focused on the extraction of natural resources in order to fuel China’s own domestic economic growth. As such, it is no coincidence that China’s strongest relationships in Africa are with countries that are abundant in natural resources. Indeed, a leaked US diplomatic cable noted that, “If oil or gas is found in Kenya, China’s engagement with that country would likely grow.”\textsuperscript{51} The country that will be the focus of this paper is Zambia. Despite the many economic advantages both Zambia and China enjoy from Chinese investment, due to certain social and political pressures, China has recently had to mitigate the effects of anti-Chinese sentiment in national elections. Prior to the relatively recent development, the Chinese government and Chinese investors enjoyed a cordial relationship between the Zambian government and its people. This chapter will explore the economic and political history of specifically the Sino-Zambian relationship and the evolution of that relationship over time. Additionally, this chapter will also contain an analysis of the Zambian government’s decision making when choosing to ally with China.

Chinese-Zambia relations extend back to the 1960s with the creation of a railway line between Zambia and Tanzania, also known as the Tazara Railway. As discussed in the last chapter, at this moment in history China was seeking support in the third world against the west and the Soviet Union. The Tazara Railway was a tool they would use to garner this

support. The project was intended to, “break Zambian dependence on white-ruled Southern Rhodesia (Zimbabwe), South Africa, and Angola in exporting its copper.”\textsuperscript{52} Per independent surveys conducted by private agencies, the World Bank, and the United Nations, the project was declared economically unfeasible and impractical. Tanzania’s President Julius Nyerere approached China with a request to finance the railroad in 1965. He met with Chinese Chairman Mao, President Liu Shaoqi, and Premier Zhou Enlai.\textsuperscript{53} The meeting resulted in a promise by China to help with the railroad building. President Liu Shaoqi said, “if the railway is important to you and Zambia, we will build it for you.”\textsuperscript{54} Per some Chinese reports, the internal decision was made prior to the formal request made by President Nyerere. Premier Zhou Enlai consulted with the Ministry of Railways to determine the feasibility of the project, then approached Chairman Mao and encouraged him to accept the request. He said, “in order to help the newly independent African countries and support their national liberation effort, if President Nyerere raised the railway financing request, I would suggest we agree.”\textsuperscript{55} The Tazara railway is important in examining China’s intent in investing Zambia. An examination of economic conditions between Zambia, Tanzania, and China shows that not only was China not in economic condition to be providing an interest free loan, but on a per capita basis, they were poorer than Zambia, one of the countries they were trying to help. China’s income per capita in 1980 was $250 whereas Zambia’s per capita income was at $680. This project resulted in

\textsuperscript{53} ibid.
\textsuperscript{54} ibid, 765.
\textsuperscript{55} ibid.
a different model of development dubbed “collaboration of the poor.” But more importantly, this project demonstrated the politically driven decision to initially invest in Zambia. Researchers Monga and Lin point out “China was using development assistance in Africa to achieve strategic goals, largely diplomatic at the time.” Despite the largely diplomatic focus of China’s aid at the time, it resulted in increased standing and positive perception within African countries and allowed them to reap the economic benefits of the relationship. Additionally, as Monga and Lin point out, “Funded at the cost of US $400 million through a long term interest-free loan, when Western countries and agencies had declared it economically unfeasible, and built with Chinese technical expertise with African capacity building as the major goal, the Tazara Railway gave China political and moral capital in Africa that has not yet dissipated.” Based on the Tazara Railway project, Chinese investment in Africa can be classified as an example of the primarily political interest of China’s early investment strategy in Zambia.

The Chinese relationship with Zambia has, in the past two decades, evolved from a political relationship to an economic partnership. As the Chinese economy grew in the 1990s and the economy generated a large demand for raw materials, China saw opportunities to capitalize on its political relationships with African countries rich in natural resources. In Zambia, China continued to build on the relationship it had cultivated with Zambia in the early 1970s with the construction of the Tazara railway. Zambia’s first President, Kenneth Kaunda developed a close relationship with Beijing. In

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56 ibid.
57 ibid.
58 ibid, 764
1973, China granted Zambia $10 million to assist Zambia with transport issues due to the closure of its border with Rhodesia. In 1974, President Kaunda visited China again, this time receiving a $20 million loan. In addition to China offering scholarships to Zambian children and sending trained medical teams to Zambia, by the end of the decade China had invested $230 million in Zambia with the next closest investor, the Soviet Union, having put in a little over $15 million. In the 1980s, Zambia agreed to closer military cooperation with Chinese troops following another visit to China by President Kaunda in 1980. This visited also yielded “soft power” agreements relating to sports, culture, media, and health. Zambia’s President Kaunda returned to China one last time in 1988 before losing to Frederick Chiluba in the 1991 Zambian election. Following Kaunda’s loss, China continued relations with new government. Cultural ties became deeper between the two countries. For example, in 1992 China sent teachers to the University of Zambia. Additionally, the city of Luzhou in the Sichuan province of China established a sister city link with Kabwe, a city in Zambia. The Presidential visits continued with President Chiluba visiting Beijing in 1993 and 2000. The Zambian vice-president, Godfrey Miyanda also visited Beijing in 1995, and the Zambian defense minister Miles Sampa visited in 1998. In terms of Chinese diplomatic visits, China’s Vice-Premier Zhu Rongji visited Lusaka in 1995 and Premier Li Peng visited in 1997. Additionally, in order to facilitate the large amount of Chinese activity in Zambia, the Bank of China opened a branch in Zambia in

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61 ibid, 328.
62 ibid.
63 ibid, 325.
64 ibid, 325.
1997 - the first Chinese bank in sub-Saharan Africa. The high-level nature of the meetings between the two countries highlights the importance of the relationship between them. This led to yet another growth in the relationship between the two countries by way of the Chambishi Mine. These examples can serve as examples of the increasingly economic nature of the Sino-Zambian relationship.

Perhaps the most salient point of the evolving nature of the Chinese and Zambian partnership was the acquisition by the Chinese of the Chambishi Mine. In 1998, the Chambishi Copper Mine in Zambia was obtained by the China Nonferrous Metal Mining Company (CNMC). This marked China’s second significant foray into the Zambian economy after the Tarzara Railway Project. The 85 percent stake of the Chambishi Mine was purchased at $20 million, with an additional $130 million invested in refurbishing the mine and making it cleaner. It is worth noting that following the opening of the mine, Zambia’s exports to China rose seventeen-fold between 2002 and 2006. The purchase of the mine is demonstrative of the evolved relationship between China and Zambia. In prior decades, China and Zambia had formed a “collaboration of the poor,” to create the Tazara Railway. The increased demand for copper was the direct reason behind the investment into the mine. This increase in demand for copper is representative of broader Chinese economic trends. Ching Kwan Lee articulates, “Today, Chinese state-owned mining companies sell copper in the international market for profit. But as a senior NFCA manager foresaw, ‘one day if there was an embargo, then Chinese companies would of course sell

only to China.’ The circumstances in which the Chinese acquired the Chambishi mine, one
of the least profitable, were illustrative of this distinctive logic.” A senior CNMC official
at the time of the purchase details the decision making by the CCP when they decided to
but the Chambishi mine. He says:

We bought the mine for $20 million, which is peanuts to the Chinese government
today, but back then it required the signatures of all nine members of the Standing
Committee of the Politburo. We got Chambishi, which even the Zambians did not
want. It had been closed for almost thirteen years. When we arrived, the
underground tunnels had collapsed and all the machines had been moved to other
mines, except the de-watering devices. But we still found it attractive because what
is considered low grade [2.1 per cent] internationally is already higher than what
we have in China [1 per cent], so we thought there should be room for some profit.

This anonymous official also outlines that Taiwan was a reason that China became invested
in the bidding process. Under President Kaunda, Zambia engagement was minimal with
Taiwan, if none at some points. In the new government, President Chiluba continued this
policy, but he soon began to thaw relations with Taiwan, eventually inviting them to the
bidding on the mine. The source adds, “our participation in the privatization process was
influenced by this factor of competition with Taiwan.” Additionally, still impressed upon
the Chinese was the impact of African countries on Chinese affairs with the unseating of
Taiwan in the United Nations in favor of the People’s Republic of China (PRC). Another

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68 ibid.
69 ibid.
manager adds, “The big boss of our company is the Chinese state. In this day and age, diplomacy and investment, politics and economics are intertwined. In the eyes of the state, our meagre corporate profits don’t count as much as its interest in diplomacy and foreign relations.”

As observed from the analysis of the historical patterns of Chinese investment in Zambia, it is evident the CCP uses a variety economic and political tools to ensure a beneficial outcome. Presented more structurally, these tools are SOES, bilateral trade agreements, loans, and increased FDI.

**Economic Tools**

State-Owned Enterprises are companies owned by the Chinese government. These companies often act as proxies for the Chinese government in the foreign arena. Specifically, to Zambia, it was the Chinese non-ferrous metals mining company (CNMC) that bought the Chambishi Mine. Apart from the mine, SOEs also run the infrastructure projects that China conducts in Zambia as well as in other African countries. When SOEs conduct infrastructure projects, they are also mandated to invest in the surrounding communities, but they rarely do this due to the nature of natural resource extraction processes. When implementing a project to extract natural resources, the project is very capital intensive and does not require much labor. This means that when China starts a new project, they can use workers from the SOE and do not have to hire a lot of local contractors. This does not provide for very good communal relations and can be a contributor to later tensions. Serving as proxy actors for the CCP, SOEs can serve to

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70 ibid, 40.
increase China’s soft power within Zambia as well as internationally, by improving its perception.

Another economic tool the CCP uses for influence in Zambia are bilateral trade agreements. Bilateral trade volume between the two countries reached $83 million in 2002, a substantial amount of money for both countries. With such a large volume of money being exchanged between the two economies, it is mutually beneficial for both countries to continue the relationship on good terms.

In addition to trade agreements and SOEs, China also uses interest free loans to increase its political capital. Throughout China’s relationship with Zambia, an interest free loan has been part of many financing agreements, and additionally, a part of China’s condition free loan policy. As part of this policy, China does not attach conditions to the loans like many western countries do. They loan the money, and want repayment per the quantitative demands of the loan, with no qualitative requirements. This poses a quagmire for western economies who on one hand bemoan the rise of China in Africa, but on the other hand would not offer such attractive loans to the African countries where China tolerates corruption and human rights abuses. This demonstrates just how powerful a tool the loan is for China.

Political Tools

The political relationship between the two countries is also very close. President Kaunda described the relationship like this, “The Chinese investments in Zambia today are different than the investment of the 1960s and 70s-today there is a lot of economic interest (...) [but] I believe that, even today the history of political friendship between Zambia and
China plays a very important role for Chinese investments in Zambia.”\textsuperscript{71} China has been able to capitalize on this political friendship with the creation of institutions beneficial to Chinese investment activities. The Chinese government openly supported the Zambian ruling party, “both financially and rhetorically.”\textsuperscript{72} This connection provides Chinese investors with quick and direct access to the highest levels of Zambia’s government. Additionally, the Chinese government receives support from the Zambian government. Bastholm and Krageland note that there are specifically four organizations that have been “set up at the request of the Chinese state to support the Chinese investors in their day-day to day activities.”\textsuperscript{73} These organization are: the Chinese embassy, the Association of Chinese corporations in Zambia (ACCZ), the China Council for the Promotion of International Trade (CCIFT), and the Zambian branch of the Bank of China (BOC).

The Chinese embassy acts as a liaison between Chinese investors and Zambian government officials. Additionally, the embassy, as a direct link to the Chinese government, often acts on behalf of the CCP in investment negotiations, which makes it a very important part of the Zambian investment landscape.\textsuperscript{74} ACZT was founded in 2005 and will be discussed in more detail as part of the Chinese response to the Chambishi Mine explosion. The CCIFT acts as a tool for Chinese investors to help them find suitable opportunities. The researchers Bastholm and Krageland adds, “The primary function of CCIFT is to identify suitable investment options, provide practical support (in the form of

\textsuperscript{72} ibid, 126.
\textsuperscript{73} ibid.
\textsuperscript{74} ibid.
accommodation, transport and communication), and facilitate contacts with relevant
Zambian authorities for potential or newly arrived Chinese investors.”

The result of the economic and political closeness between the Zambians and the
Chinese has been the overall increase in FDI by China into Zambia. For example in 1991,
Chinese OFDI was 4 percent and in 2001, it increased to 16 percent. As China has increased
their presence in Zambia, they have quadrupled their direct investment in the country. Per
a 2014 Bank of Zambia Foreign Direct Investment report, investment in mining accounted
for 65.5% of all investments. Additionally, because China is the world’s largest consumer
of copper.

It is important to note that these economic tools are tools that China used before the
2006 Chambishi Mine explosion. Following the explosion, China could no longer rely on
economic results to retain goodwill, thus creating a hybrid approach of engagement which
will be discussed later in the paper.

**Overview of Zambian Decision to invest with China**

While the paper has outlined many economic and political reasons China has been so
aggressive in Zambia, it is important to point out that Zambia also has its own reasons for
wanting to collaborate with China.

Politically, by aligning itself with China, Zambia has an ally on the world stage. In
terms of its own domestic politics, before the 2005 explosion, Zambian politics were

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75 ibid.
generally friendly to China, thus it was beneficial for the ruling party to befriend and continue the Chinese relationship. Economically, Zambia has an export market in China due to a variety of bilateral trade agreements which is a boost to the Zambian economy. Additionally, Zambia’s expanding economy is making it a bigger player in African continental politics and positioning.

Zambia is a small country with a small economy, but ironically it is one of the most resource rich countries in Africa, lying on the southern edge of the Copperbelt. Beginning with the initial investment by China into the Tazara Railway, one sees that this relationship began as the result of Zambia’s lack of resources to fund its own railway. Additionally, under President Kaunda, the Zambian economy was undergoing a process called “Zambianization,” a process where the state would acquire a controlling stake in many mines and field of land to protect from colonialization. In this period, the global economy experienced a slump in copper prices which in turn bruised the Kaunda government’s cash flow. This forced a reliance on International Monetary Fund (IMF) bailouts, and a moment of emergency one party rule with austerity measures. Austerity was generally unpopular but more specifically with trade unions. This led to Frederick Chibula’s victory in 1991, he was the head of the construction workers’ trade union. It was in this decade that Zambia struck many deals with China, and other countries and private corporation. Through the privatization process, Zambia regained economic success while reducing its reliance on the global copper market. As Lee says, “While tax revenue from copper had accounted for 59 percent of government income in the 1960s, by the early

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78 ibid.
2000s it brought in an astonishingly anemic 5 per cent, due to the extraordinarily investor friendly development agreements signed with foreign companies after mines were privatized.”

Additionally, Zambia, like many other developing economies, lacks the capability to construct large scale projects or efficiently operate the natural resource that many of them have. Indeed Mthuli Ncube, chief economist of the African Development Bank (ADB) notes that Africa has very weak manufacturing and agro-processing sectors. He says, “exploiting natural resources is capital intensive and does not create many jobs directly.”

As such, it makes economic sense for a larger superpower who has the industrial capability to conduct many of these projects. Because China not only has this capability, but in addition to the other tools mentioned, SOEs, loans, and trade agreements, Zambia is very willing to enter a partnership with China.

As mentioned, the Zambian decision to collaborate economically with China is due to the many financial benefits just shown that a Chinese-Zambian partnership brings to Zambia. Despite the many financial benefits, there are also political considerations that have recently started to play a bigger role in the relationship. Beginning with the Chambishi mine explosion of 2005, the rest of this paper will examine the political and economic ramifications of the explosion, how China dealt with the increasingly hostile political

79 ibid.
situation in Zambia, and how China’s strategy for this crisis management can be applied to other countries where it faces similar political pressures.
Chapter III: 2006 Chambishi Mine Explosion

Overview of the Circumstances leading to the mine explosion

The 1998 acquisition of the Chambishi Mine was crucial to supporting Chinese expansion interests and sustaining their economic growth. Going overseas to obtain copper was the strategy in place, and remains their strategy today.\(^8\)

After years of heavy expansion and investment in Zambian mines and infrastructure, the Chinese government and Chinese investment have experienced some social and political resistance. On April 20 of 2005, an explosives factory, BGRIMM Explosives, located on the premises of the Chambishi Mine and owned by the Chinese Non-ferrous metal mining company (NFCA) exploded. With an initial death toll of 46, final estimates counted 52 people.\(^8\) While the mine itself was not affected by the explosion, Zambian nationals accounted for all 52 deaths which sparked an uproar. Social tensions caused by frustration with mine safety were exposed with the social unrest that occurred after the mine explosion. Carola McGiffert adds, “Chinese mining companies were accused of ignoring safety regulations and limiting trade union activities.”\(^8\) In addition to these two issues, the deaths of the Zambians began a national political conversation over the presence

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\(^8\) Henry Sanderson, “China wants to buy more copper mines to secure its supply,” Financial Times, April 16, 2016, https://www.ft.com/content/6f43b13c-fbdb-11e5-8f41-df5bda8beb40.


of the Chinese in Zambia. As previously mentioned, before the explosion of the mine, there were certain social and economic pressures that had accumulated in the society.

The poor quality of Chinese infrastructure products is an example of the issue of poor production quality is an issue that is present in discussion of Chinese companies today, but it is has been a problem that has plagued the Chinese since China increased mining and infrastructure projects. In Africa, many infrastructure projects which the Chinese produce are deemed poor quality or do not perform well in the long term.\textsuperscript{85} In Zambia the Chinese continue this trend by building poorly constructed roads that do not last for very long. There are many reasons that the Chinese investment seems to be so shoddily executed. Chilufya Chileshe argues that a weak regulatory setting encourages the shoddy work from the Chinese. Chileshe says, “The Chinese take full advantage of the weaknesses such as poor quality control, labor protection or land allocation, in countries like Zambia, and export their bad practices alongside their investments.”\textsuperscript{86} The Transparency Bribe Payers Index found that Chinese companies are some of the most willing to give bribes, which brings into question the legitimacy of many the contracts Chinese SOEs receive in Zambia.\textsuperscript{87} The low market entry price is not a great incentive for China to produce high quality products and could be a contributor to their consistently poor production quality. Additionally, the low market entry price could very much be a contributor to the labor abuses that China is notorious for as well. Indeed, there were complaints with the CNMC about the Chambishi Mine when it had just began operating under Chinese management. “Staff at Mines Safety


\textsuperscript{87} ibid, 11.
Department revealed that early in the life of the mine, they proposed to suspend operations at the mine on safety grounds,” the SARPN reports.\(^88\)

At the time of the Chambishi mine explosion, the mine was understaffed with underpaid workers. Indeed, many labor protests had been held before the mine explosion even occurred. A SAPRN report details CNMC HR practices, “Chambishi Mines pays the lowest wages of all the mining companies, and employs a tiny share of its workforce on permanent pensionable contracts.”\(^89\) “The company has attempted to impose on these workers its extremely unpopular, ‘scientific encouragement scheme,’ whereby half of a worker’s salary is delivered in a fixed amount and another chunk ‘floats’ according to management’s assessment of the performance of the company overall, the worker’s division, and the individual,” the report adds. Additionally, the CNMC is the only mining company in Zambia that denies all dependents of full-time worker’s healthcare.\(^90\) This means that many of the workers are now paying more for healthcare for their dependents.

Privatization also affected the local townships where the mines were located. In many of the towns around the mines, the residents survive solely on subsistence agriculture. Privatization, with the loose regulatory structure of Zambia discussed earlier, allowed mining companies to own the mine and surrounding land areas. The low wages of many mine workers have increased farming activity which has led to some people farming on mine land, meaning they can be kicked off the land at any time.\(^91\) The lack of job security

\(^89\) ibid, 48.
\(^90\) ibid, 50.
\(^91\) ibid.
and low wages has led to some unforeseen consequences. The SARPN reports, “As a result of the overwhelming poverty of the Chambishi area, the company’s draft Environmental Impact Assessment reports that, “All the clinics in Chambishi Township have reported an increase in nutritional defects and incidents of preventable diseases, including sexually transmitted infections since privatization. This has been attributed to the increasing poverty levels in the township, one consequence of which has been an increase in prostitution.”"\(^92\) So in addition to the increased healthcare costs, people are getting sicker which contributed to the overall unhappiness of the Chambishi township.

Political rumblings were also present in the time leading to the mine explosion. The loose regulatory structure in Zambia has allowed for some dealings that could be classified collusion at best and corruption at worst.\(^93\) Chinese SOES have developed and maintained a close relationship with the Zambian government for not only business reasons, but also in the effort to maintain the good nature of the political relationship between the two countries. The relationship which has yielded some harms for local Zambian townships, as detailed above, is bemoaned by some of the residents. The SARPN reports, “One of the major concerns about NFCA expressed by local people, in bars and on buses across the Copperbelt, is the idea that the company is able to operate with impunity because of the closeness of its relationship, or at least the Chinese state’s relationship, with the Zambian Government.”\(^94\) The Zambian government has publicly discussed some of the safety violations that many mining companies commit, but not going as far as a rebuke. In fact,

\(^{92}\) ibid.
the Zambian Permanent Secretary of the Ministry of Mines subtly referred to the CNMC in terms of some of the safety violations that had occurred. He said:

“We have very good rapport with mining companies. They are very understanding. We work with them, and there is an excellent relationship. But there are one or two who tend to step outside the normal and we notice that we call them and talk to them. I won't mention this one particular company. The Head of State has called them and talked to them. And we believe that a new chapter has been created - the problems that people were seeing will be a thing of the past.”95

The political hostility fueled the aftermath of the mine explosion. The actions and reactions by the Zambians and Chinese will be discussed in the next chapter. But the built-up political hostility and eventual spillover proved to be the biggest fuel for the fire of the political crisis following the mine explosion.

More broadly speaking, antipathy towards the Chinese has been a wave present in many African countries. In Kenya, Nigeria, Namibia, and many other countries where there is a large Chinese presence, local populations have become disenchanted with Chinese projects and investment. The local sentiment in Zambia has been no different. With the promise of increased investment in the country to lead to a decrease in poverty, but with no difference in many poverty factors like HDI, GDP Per capita, and other factors, coupled with some local disasters, local sentiment has slowly turned against the Chinese. Indeed, the issue of Chinese investment has evolved into a deep political issue.

95 ibid.
As discussed, there were many different factors that were present before the actual explosion of the mine. A combination of these factors led to the large political crisis that China encountered in the aftermath of the explosion. While there were physical mine safety concerns, as reported, many Zambians were used to the shoddy production techniques that the SOEs used. One could attribute much of the crisis to build up social anxieties and frustration that spilled over into the political arena. As such, it is important to note that this observation of increased social pressures is an important factor in the Chinese mitigation strategy post-explosion. Reducing social pressures can include many steps and strategies that will be discussed in the section of the paper detailing the crux of the Chinese response.

Zambian Reaction to the explosion

After the 2005 mine explosion, many Zambians reacted very negatively to the explosions, especially due to the loss of mostly Zambian lives. This part of the paper will analyze the Zambian social reaction and political reaction to the Chinese. Also included in this analysis will be an examination of how anti-Chinese sentiment changed over time. This change will be measured in terms of public opinion polls and election polls.

i. Protests

The social reaction to the mine explosion was indeed very negative. Carola McGiffert says, “In Zambia, public protest greeted President Hu Jintao on his arrival in Lusaka in 2006.”\footnote{Carola McGiffert, \textit{Chinese Soft Power and its implications for the United States: Competition and Cooperation in the Developing World.} (Washington DC: Center for Strategic and International Studies, 2009), 42.} As demonstrated by the protests of President Hu Jintao, the concern that had been underlying the expansion of Chinese economic activity, boiled over into a
full-blown outrage. The protests, fueled by social pressures, eventually translated into the political arena. While the political pressure is eventually what China has to directly respond to, social pressures in Zambia, or any other political system, tend to influence the political outcome. So as part of its crisis management strategy in Zambia, China needs to address the social issues that privatization has caused, as detailed above.

\textit{ii. Economic Threats}

The explosion of the mine also led to the organization of workers and formation of unions—which posed a grave economic threat to Chinese companies. Deborah Brautigam points out, “the BGRIMM explosion also helped facilitate Zambia’s National Union of Miners and Allied Workers’ efforts to organize workers at the Chinese mine.”\footnote{Deborah Brautigam, \textit{The Dragon’s Gift: The Real Story of China in Africa} (Oxford: Oxford University Press, 2009), 32.} The long-time abuses and built-up social anxiety over the presence of the Chinese built up and led to workers unionizing. While the unions themselves turned out not to be very effective in isolation, they contributed to the overall anti-Chinese sentiment. It is no mistake that the most vocal head bearer of anti-Chinese sentiment was Michael Sata, a former union boss. He was able to best understand and channel the frustration many Zambians felt against the Chinese. Thus, the formation of unions became another form of resistance against the Chinese.

\textit{iii. Political Threats}

Much of the reaction to the mine explosion was in social protests which eventually spilled over into the political arena. Given China’s relationship with the Zambian
government, political ramifications as a results of the mine explosion would be very devastating to Chinese. As observed by the above analysis on segmented Zambian reaction to the mine explosion, the mine explosion was devastating to the Chinese on a number of fronts. Despite the tragedy of the explosion, the Chinese did not expect the sheer volume of anti-Chinese sentiment, and surely did not expect the 2006 election to be a referendum on the Chinese presence in Zambia. The Zambian election happening in the following year aided in the political steam that the issue picked up. “The incident was picked up by opposition leader Michael Sata and turned into the focal point of his presidential campaign in which he accused the Chinese of destroying their country.” As detailed in the next chapter, the 2006 Zambian election suddenly went from being the transition of power within Zambia’s domestic politics as usual, to a political crisis for China. Despite China’s strategy to successfully remain as a powerful influence and presence in Zambia, the legacy of the 2006 Zambian election remains. Indeed, the unsuccessful challenger in 2006, Michael Sata, won election in 2011 while still capitalizing on anti-Chinese sentiment—although not as strongly as 2006.

iv. 2006 Zambian Election

This social anxiety over the Chinese presence spilled over into the 2006 Presidential campaign. Historically, the Movement for Multi-Party democracy(MMD) had been the ruling and dominant party, and a friend of Chinese investment. As the party in power when heavy Chinese economic and financial investment in the country begun, the CCP was close

to the MMD and vice versa. Thus when the mine explosion happened, public sentiment turned against the MMD and incumbent President Levy Mwanawasa and posed a serious threat to Chinese investments. Patriotic Front party leader Michael Sata became the leading voice propelling anti-Chinese sentiment. While Incumbent President Mwanawasa did end up winning the election, Michael Sata, at one point in the campaign, gained a significant advantage according to some polls.\textsuperscript{100} Even though Sata ended up losing, he forced China to become involved in Zambian domestic politics, a reversal of their longstanding policy against direct intervention in foreign politics. To understand what the components of Chinese intervention was, this chapter will explore the 2006 election in detail to understand what the exact threats the CCP faced.

In Zambia after the mine explosion, Michael Sata’s anti-Chinese rhetoric was strong and effective. He was a proponent of slowing down and even decreasing the amount China could invest. In addition, he added that he would recognize Taiwan if he won. Michael Sata posed a political and economic threat to China’s business interests. A month before the election, some polls showed him leading incumbent Mwanawasa. A Michael Sata win would have been devastating for China both in Zambia and in other countries.

The Chinese deployed a political tool as the first step to mitigate the effects of Michael Sata’s rhetoric. The Chinese ambassador to Zambia Li Baodong threatened to cut diplomatic ties between China and Zambia in the event of a Sata victory. “Chinese investors in mining, construction and tourism have put on hold further investments in Zambia until the uncertainty surrounding our bilateral relations with Zambia is cleared,”

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Mr. Li said.\textsuperscript{101} His statement was important because it marked one of the first overt attempts in decades at political manipulation by China in an African country it was involved in.\textsuperscript{102} Mr. Baodong’s statement made two weeks before the election resulted in a turning point in the election.\textsuperscript{103} Indeed a pre-election poll conducted by the Steadman group and released on September 2, 2006 gave Mwanawasa a comfortable nine point lead over Sata, but trends sowed Sata rapidly gaining support.\textsuperscript{104} On September 9, 2006, Pangolin Consulting, a firm started by a political science professor at UNZA, Neo Simutanyi, showed Mr. Mwanawasa polling at a little over 50 percent while Mr. Sata dropped to 19\% Following Mr. Baoding’s statement and overall consolidation efforts by Mr. Mwanawasa, the incumbent widened his margin victory on election day to 43 percent of the vote compared to Sata’s 27 percent.\textsuperscript{105} The dramatic Chinese threat to cut off diplomatic relations with Zambia showed the gravity of what was at stake for China. China’s largest source of copper and other rare natural resources was at risk, and for Zambia, their biggest source of foreign direct investment was at risk of disappearing. While many people did eventually vote for Mr. Mwanawasa, Michael Sata gained and retained support in areas most affected by Chinese presence; this was mainly the Copperbelt area. While there was a coalition big enough to support Mr. Mwanawasa’s path to victory, Mr. Sata’s coalition was not insignificant. In fact, in the national assembly, Mr. Sata’s party, the Patriotic Front, gained 42 seats compared to the MMDs negligible pickup of 3 seats. For China to be successful in this

\textsuperscript{102} ibid.
\textsuperscript{103} ibid.
political climate, it would still have to devise a political strategy that would appease the anti-Chinese sentiment of the Patriotic Front Party. All of this internal political sparring was not good for the Chinese. The Chinese had been advantaged by the economic and political cooperation of one party over a long period of time, with no real resistance. Taylor et al. add, “The emergence of the Patriotic Front (PF) led by Michael Sata (known as ‘King Cobra’), and public support for this party, can be seen as one of the most substantial new developments in Zambian internal politics since 1991.”

Chinese FDI has developed into a huge presence and source of capital for many developing African countries. Research suggests that in the industries which the Chinese consider strategic, the Chinese SOEs operate with a political end in mind rather than an economic end. Ian Taylor notes that due to the nature of Chinese SOEs, they are not constrained by profit targets and shareholders, in the appropriate setting, these companies are arms of the Chinese Political party. Amongst other contributions such as increasing its contribution to UN Peacekeeping forces, greater involvement in peaceful conflict resolution in Africa, and the regular visits Chinese leaders make on the continent, China aims to use all these tools to project the image of a China that is peacefully developing and is a responsibly rising power. This paper will examine whether it has been able to do this using the Zambian case study.

The Role of SOEs in Chinese investment

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As previously mentioned, Chinese SOEs play an integral role in China’s foreign engagement. In Chinese politics SOEs are used as Chinese tools for investment and as ways for the Chinese communist party to retain control over the economy. The Chinese political system remains centrally planned because of the government’s ability to retain control over information and the economy, which brings in the role of SOEs domestically. They act as corporate agents for the Chinese government in terms of implementing various projects, controlling the amount of capital. And other things. In terms of foreign engagement, SOEs also play a crucial role. According to Bates Gill, “China’s SOEs implement Beijing’s aid projects, extract strategic natural resources for export back to China or for profit in the international marketplace, and expand their manufacturing bases in China.”\textsuperscript{108} In other words Chinese SOEs are the tools that the government uses to invest in Africa, and by extension as diplomatic tools. SOEs are useful for several reasons, the main reason being cheap labor. Chinese SOEs in Africa are primarily engaged in infrastructure and natural resource projects which require large amounts of human capital and labor. Because of funding provided by the Chinese government along with labor laws in China, many SOEs can provide the lowest cost expert and manual labor for these projects.\textsuperscript{109} In 2006, there were approximately 74,000 Chinese workers in Africa working on Chinese projects on a temporary basis.\textsuperscript{110} Despite the low-cost labor being provided, Chinese firms are encountering problems both domestically and abroad. Due to the nature of Chinese control of SOEs, there are many different government agencies with competing interests which is presenting a problem in terms of performance for many of the Chinese SOEs. In terms of

\textsuperscript{108} ibid.
\textsuperscript{109} ibid, 41.
\textsuperscript{110} ibid.
foreign engagement, many SOEs are attracting negative press in many countries. Due to the competitive nature of SOEs many try to undercut each other in terms of price and efficiency, but in turn sacrifice safety and quality of work. This has led to some accidents which have gained the ire of many African locals. No other example is this more evident than in the 2005 mine explosion in Zambia which led to anti-Chinese sentiment becoming the foundation and cornerstone of Michael Sata’s campaign.

In terms of domestic problems, SOEs are controlled by many different government agencies. Starting at the national level, the State-owned Assets Supervision and Administration Commission (SASAC) is the main stakeholder, if not the sole stakeholder, in all Chinese SOEs. Bates Gill points out, “Because most of China’s large SOEs are now listed either on the Chinese or international stock market, the SASAC is constrained by that market. If the SOE’s stock goes down, the SASAC has the most to lose as the largest shareholder.”111 As such, the SOE has the most incentive to make sure Chinese SOEs are performing well by maximizing value.

As detailed previously, Zambian social unrest after the explosion put a lot of pressure on the Zambian government, as well as the Chinese government. Because of the anti-Chinese rhetoric spewed by Mr. Sata in the 2006 election, Chinese business interests were put at risk based on the strained relationship between the Zambian government and Chinese enterprises.

The Zambian political system is in the framework of a presidential representative democratic republic. Within this system there are five main political parties. These parties

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111 ibid, 42.
are: The Alliance for Democracy and Development (ADD), the Forum for Democracy and Development (FDD), the Movement for Multiparty Democracy (MMD) Patriotic Front (PF), and the United Party for National Development (UNDP). These political parties played a role in the contracts that allowed the Chinese to enter the Zambian markets, oftentimes being able to skirt the rules and regulations other companies were subjected to.

The DFEC is responsible for regulating all Chinese companies involved overseas. The DFEC also has the authority to fine or revoke the permission to operate overseas for corporations that do not adhere to Chinese government and regulations while they are overseas- this means the DFEC is responsible for the treatment of China’s overseas workers by Chinese corporations.

Apart from the EX-IM bank, The DFA is the main arm that the CCP uses to administer China’s aid projects. The DFA administers and takes responsibility for safety and quality of China’s construction in their aid projects.

In addition to the MOC there are also other agencies that have some control and interest in SOE performance. Another such agency is the Ministry of foreign affairs (MOFA). The MOFA coordinates trips to Africa by Chinese Diplomats, ensuring that they are doing the right thing. In addition, the MOFA oversees all Chinese embassies and consulates in Africa.

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The Chinese state-owned Ex-Im bank is the monetary tool the CCP uses to disburse aid and other funds to African countries. The bank is able to provide low-rate loans directly to African governments, but in addition, the bank is able to provide various credits and low rate loans to Chinese SOEs. Through various coordination schemes, the EX-IM bank can work with the MOC to allow various Chinese SOEs to bid on different projects. The preferential rates also allow the Chinese SOEs to be more competitive when bidding on different projects. For example Huawei the Chinese communications technology company received a $10 billion dollar loan at a low rate. This allowed Huawei to win contracts worth more than $400 million to provide cell service in Kenya, Nigeria, and Zimbabwe.\textsuperscript{114}

One of the main problems that have been a result of having multiple stakeholders is the principle-agent problem. This problem has resulted in suboptimal performance by SOEs which have undermined China’s overall goal of portraying themselves as a peacefully growing power.

The principle-agent problem occurs when two parties have differing interests and asymmetric information, with the agent having more information. The principle cannot be certain that the agent is a citing in the best interest of the principle. The principle can then choose not to enter a transaction that would have been beneficial for both the principle and agent, thereby causing agency costs. In terms of Chinese SOEs in Africa, agency costs are caused by Chinese government officials who are not confident that the SOEs will act in their best interests and so do not approve them for any projects or contracts. Indeed,

\textsuperscript{114} ibid, 44.
conflicting agencies cause the delineation of objectives. Bates Gill says, “The ‘China Inc.’ model may be far less monolithic than outside observers assume”

Significance of explosion on Mine interests

Opposition by local groups in Zambia, and other African countries in general, to Chinese presence is caused by a couple of things. One, is that Chinese firms are rarely familiar with local customs, laws, or institutions and secondly, the dominance of Chinese firms in Africa generate fears of Chinese dominance on the continent. In order for China to becoming more tasteful to local Africans in their respective regions, they have to deal with these two fears.

Following the successful results of the 2006 election, China made efforts to improve and refine its political intervention strategy. They did this in part to not seem as blatantly intrusive in the political process of another country, but also because long term prospects for China rely heavily on the mining of different metals and materials, an objective that is nearly impossible without the cooperation of resource rich African countries like Zambia. In 2007, President Hu-Jintao visited Zambia as part of an eight-country tour where he offered loan funds, and promise of increased investment.

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115 ibid, 46
116 ibid.
Chapter IV: CCP Reaction to Zambian Political unrest

Introduction

A combination of the Zambian social unrest and political activism by Michael Sata resulted in a very toxic economic and political situation for China in Zambia. This environment forced China’s hand in intervening in Zambia’s domestic politics. As Ian Taylor so acutely states, “In terms of Chinese involvement in African internal affairs, these elections set a precedent that has been termed the ‘loss of China’s political virginity in Africa.’”118 This chapter will propose a framework that the Chinese government perhaps acted within, and then will examine CCP actions in Zambia within the context of this framework.

CCP Framework for micropolitical engagement

The CCP’s foray into internal African politics was a dramatic reversal of its policy of non-intervention. The initial calculation on whether CCP should intervene in internal politics was based on a cost-benefit analysis which yielded that the benefit of intervention would not exceed the costs. Researcher Madison Condon states, “Mutual economic benefit is the main priority of Chinese involvement in Africa, even if this means ignoring corruption and human rights abuses resulting from the cash flows.”119 However, after the Chambishi Mine explosion, the political and economic calculus morphed into a situation in which the benefits of intervention outweighed the costs. The in-depth analysis conducted

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in previous chapters has examined the historical relationship between China and Zambia and how that relationship has evolved over time. Prior to the Chambishi Mine explosion, analysis shows that the benefits of non-intervention did indeed outweigh the costs of intervention for China. But as demonstrated by the analysis of the 2006 election, the costs of non-intervention very rapidly increased and exceeded the benefits, thereby forcing China’s hand. While China’s election intervention was successful in the short term by aiding in incumbent Levy Mwanawasa’s victory, in the long-run, the results have not been as successful. This section of the paper will introduce a framework by which China should have conducted their political intervention when they finally did intervene based on the political risks they faced in 2006.

Survey of different CCP mechanisms used to intervene in the election

In dealing with overall anti-Chinese sentiment and specifically with Michael Sata in the 2006 election, the CCP deployed several mechanisms to counter the anti-Chinese sentiment and attempt to influence the election. Kopinski says, “The usage of anti-Chinese rhetoric in Sub-Saharan Africa, and the real threat that politicians like Sata might one day take power in Zambia, forced Beijing to adopt a new political line.”\(^\text{120}\) The new political line introduced by the Chinese was accompanied by different mechanisms that Beijing deployed to try and shift public opinion.

The most salient CCP mechanism used was the deployment of Li Baodong, the Chinese ambassador after Mr. Sata threatened to recognize Taiwan. As previously stated,

Mr. Baodong threatened the end of the Chinese-Zambian relationship if Zambia recognized Taiwan. Li Baodong’s statement clearly stated a punishment for a certain political outcome. Ian Taylor adds, “Li Baodong’s statement was a clear violation of the idea of the Five Principles of Peaceful Co-existence.”

Shortly after the election in 2007, President Hu Jintao visited Zambia for three days- a significant amount of time relative to other visits. “The length of the visit was seen as confirmation of China’s interest in deepening relations with Zambia,” Taylor adds. Additionally, the Chinese offered another economic incentive, the Multi-Facility Economic Zone (MFEZ). According to the Zambian Ministry of Commerce, MFEZs are supposed to make Zambia more economically competitive. They say, “The implementation of MFEZs in Zambia is designed to make Zambia competitive through increased activity in the trade and manufacturing sectors, which have numerous positive spillover effects in other sectors such as utilities, transport, agriculture and services.” These special zones being created are in the best interest of Zambia, and thus are an incentive for Zambia to maintain the relationship with China.

It is clear that China’s methods for dealing with the crisis have been a “carrot and stick method.” They made threats of discontinuing the long-standing relationship between the two countries, while simultaneously offering numerous economic incentives for Zambia to continue the relationship in good faith.

121 ibid.
122 ibid.
Did CCP achieve intended objectives?

After an examination of the problem the CCP encountered of containing anti-Chinese sentiment in Zambia after the mine explosion and the CCP’s strategy of dealing with the crisis, the question remains of whether Beijing achieved its goals by intervening in the election. The answer to this question is two-fold.

On one hand, Michael Sata did lose the election, keeping the party most friendly to the Chinese, the MMD, in power. The defeat of Mr. Sata, the chief spokesman for anti-Chinese sentiment, was a major victory for the Chinese. The threat of Mr. Sata was indeed so dangerous that Beijing broke its own rule of not intervening in foreign political affairs. However, in order to gauge the true success of Beijing’s victory, one must also examine other factors. One alarming factor was the large loss of MMD seats in parliament and the Patriotic Front’s large gain. This is indicative of the fact that while maybe the Chinese were able to influence the presidential election, they had not managed to influence the grassroots anti-Chinese sentiment. Indeed, in 2011 Mr. Sata ran for office again with slightly moderated anti-Chinese rhetoric, and was elected. His election shows that anti-Chinese sentiment still runs very deep in Zambia. Presuming the intent to invest long-term in Zambia, it is evident that China did not achieve their goal of managing anti-Chinese sentiment. If Michael Sata is an indication of anti-Chinese sentiment in Zambia, then China was able to apply a bandage to the situation before it wore off. Given Michael Sata’s resurgence, the strategy to manage the political crisis of 2006 was a failure.

Additionally, Ian Taylor points out the intangible nature of anti-Chinese sentiment in Zambia. He says, “The experience of the 2006 election campaign created an immaterial
structure of Chinese perception on the African continent.”

Meaning there was previously a material structure to the way the Chinese were perceived in terms of their extraction of natural resources and economic investment. The 2006 election spurred the underlying social and intangible resentment of the Chinese that had built up over the many years of Chinese investment.

Based on a comparison of the short and long term political results of Chinese intervention, one could see that their intervention was successful in the short term, but lacked effectiveness in the long term. It is important to note that there are some factors which could have contributed to the success or lack of success of Chinese intervention. For example, Zambian anti-Chinese sentiment could simply have reflected a broader trend of Zambia’s overall exacerbation with foreign companies. Despite broader trends that may have been present, the evidence shows that negative sentiment was mainly associated with Chinese investment and Chinese companies.

Proposed Framework

The mine explosion caused palpable distress to both the Zambians and the Chinese. For the Zambians, frustration with lack of safety standards by Chinese companies, along with cultural displacement. The Chinese were at risk of losing the supply for copper, a major input to their economy. The reaction from the Zambian mine was filled with bitterness and vitriol towards the Chinese by Zambian workers. As detailed in the last chapter, this bitterness and anger translated into the political process. As a result, Chinese investment

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faced a grim future if Michael Sata won. In an effort to mitigate the consequences of the explosion and not allow anti-Chinese candidate Michael Sata to take power, Beijing deployed a number of political and economic crisis management tools. Given an analysis of the problems China faced in the short term and long term this chapter will propose a decision-making strategy which the CCP should have followed to mitigate the political crisis most effectively it faced in China.

China faced a three-pronged problem in Zambia; economic, social, and political. Yet, the CCP chose to attack only the economic and political problem, thereby neglecting strategy to deal with negative social attitudes. by offering the special economic zones as incentives, and they attacked the political problem by deploying Mr. Lia Baodong to threaten an end to the Sino-Zambian relationship. Alon et al. point out, “policy risk and economic risk have all been communicated using the generically broad term of ‘political risk.”125 In other words, when dealing with the 2006 Zambian election, China addressed only the “political risk.” The concept for the model proposed in this paper to outline Chinese decision making has its basis in VK Narayanan and Liam Fahey’s decision making model introduced in “The Micro-Politics of Strategy Formulation.”126 The model outlined in their paper outlines two stages of decision making, gestation and resolution, and then they further subdivide them into five parts: Activation, mobilization, coalescence, encounter, and decision.

• Activation- is the stage in which individuals become aware of an issue that affects them. The authors note, “The activation phase is complete when individuals have developed a sufficient level of clarity and ‘language’ about their concerns to be able to articulate the issues in an intelligible way to other organizational members.”\textsuperscript{127}(28).

• Mobilization- is the stage in which an issue if mobilized begins to gain traction amongst many individuals which eventually translates into organizational action. The authors say, “The mobilization stage entails the elevation of issue awareness from the individual to the organizational level.”\textsuperscript{128}

• Coalescence- is the stage in which alliances of individuals begin to occur. Each of these alliances is based on some sort of common proposed solution to the problem that has been introduced. The authors note that within an organization, alliances can often be between different hierarchies of power which can lead to asymmetries which slow down the decision-making process. It is also important to note that this step is the last step in the ‘gestation’ part of the model.

• Encounter- is the stage within the model where the organization must encounter the problem. Coalitions must be appeased within the organization. The authors say, “As the coalition begins to sponsor its preferred strategic alternative(s), decision making enters a stage in which the coalition must interact with other organizational entities…”\textsuperscript{129}This is also the first stage within the ‘resolution’ part of the model.

\textsuperscript{127} ibid, 28.
\textsuperscript{128} ibid, 29.
\textsuperscript{129} ibid, 30.
- Decision- The decision stage is when all coalitions must be considered, costs and benefits weighed, and a decision must be made on how to solve the problem. The authors note that the decision may come in the form of commitment to a future action, postponement of decision to a future date, not deciding altogether, or noting that the initial problem is indicative of a larger problem that also needs to be addressed.\textsuperscript{130}

This model by Narayanan and Fahey provides a strong framework for the examination of the Chinese-Zambia relationship after the 2006 Chambishi Mine explosion. Each stage of the model accurately correspond with an examination of what action was executed by the CCP in China to alleviate the problem.

Due to the nature of the political and social risk the Chinese faced, the next chapter of will propose some alterations to this decision-making model which would most adequately fit China’s ideal decision making model in the future.

In using this model, it is important to identify and define two things. First, all stages of decision-making within this model are based on the decision making to solve a problem within an organization. Given the structure of the CCP and its relationship with SOEs, this paper will utilize SOEs as proxies for the CCP when possible. Additionally, it is important to note that the problem that the SOEs had to solve in Zambia was the possibility of anti-Chinese Michael Sata winning the 2006 election. These two things define the paradigm of alternate proposed framework in the next chapter.

\textsuperscript{130} ibid, 31.
Chapter V: Future CCP Micropolitical engagement

The conceptual model proposed in the last chapter, will be analyzed in this chapter specifically in the context of China and Zambia. Additionally, the model will be analyzed in terms of forecasting future Chinese political interventions in other African countries. There are many African countries in which anti-Chinese sentiment is also very large. As demonstrated by the economic analysis of Chinese investment, Chinese investment has grown and continues to grow throughout Africa in the form of FDI, mining, and infrastructure projects. As the method of Chinese investment is relatively standard throughout Africa- the focus on harvesting minerals and natural resources- there are certain to be tensions like those found in Zambia. This chapter will examine other locations in Africa where China might face challenges like those found in Zambia. The model for Chinese intervention in Zambia seemed to have only been partially successful and so this section of the paper will also propose ways in which China can improve on the model of engagement used in Zambia. The new proposed strategy will allow China not only to improve its strategy, but the strategy will then be a scalable usable strategy which they can use across many other African Countries.

The CCP model of political intervention was virtually non-existent prior to the 2006 Zambian election. Thus, the basis of the decision-making model used to intervene in the 2006 election is mainly reactionary as opposed to proactive. This is embodied in the CCP decision to address economic and political pressures, but failing to address social unrest over Chinese investment. However, this does not mean the model completely lacks utility in scalability and ability to be implemented in a similar situation. With a few alterations,
this model could become a consistently useful tool for Chinese political intervention in other countries in which crises like the one in Zambia may arise. The alterations to the initial theoretical model proposed in this paper would make the model specifically applicable to China, and more proactive instead of reactive. This would entail three steps. Making the first step of the model anticipation, adding an additional mobilization segment to the resolution part of the model, and adding a decision-making accountability step as the last part of the model.

According to the theoretical model outlined in the last chapter, the first step is activation. The step in which awareness of a problem arises on the individual level. While it is important to identify the problem when it arises, a model that would be more beneficial for China would make the alternate proposed first step of “anticipation.” This step would entail conducting social and political analyses to determine the probability of a massive protest or uprising that would disrupt investment. In other words, anticipation of disrupting forces such as these would help in identifying potential problems before they turn into dramatic events. For example, in Zambia, before the 2006 mine explosion, there was evidence of anti-Chinese sentiment already. Ian Taylor points out, “Public Resentment towards China was present before the 2006 election, and in the Copperbelt it was mainly connected to issues of safety standards in Chinese-owned mine…”

Ironically if the Chinese had paid attention to the overall negative sentiment toward their lack of regard for

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safety in mines, the Chambishi Mine explosion could have been avoided because they would have increased worker and mine safety to prevent the explosion.

Also, included in the original conceptual model, there is a mobilization segment. In this segment, individuals start to mobilize into like-minded groups so that they can act as agent against the problem. This is part of the gestation level of the model. Similarly, I would like to add another mobilization step in the resolution phase. As important as reaching the right strategic decision maybe, it is also just as important to mobilize a coalition that can advocate for the decision. In the Zambia crisis, China was not able to perform this step due to the reactionary nature of their response. As a result, the Chinese reaction resulted in a temporary result which ended in Michael Sata winning in 2011 - albeit on much more moderate terms. The utilization of mobilization groups would have helped spread the economic benefits and incentives of collaborating with the Chinese. This would help social attitudes and perhaps dissolve some of the underlying tension in the relationship between Chinese SOEs and the Zambian people.

The third step to making this model more applicable for specifically for the CCP and for scalability is the addition of an internal decision-making accountability segment as the last step of the model. After a decision has been reached using the other methods of the model, it is imperative that two things be accomplished: verification that the decision was not reached under the influence of collusion, or external pressure, and secondly, make sure that the decision is actually carried out and accomplished. The addition of the last step could help aid in the alleviation of tensions between China and the country it is engaging in. In Zambia, the Chinese President Hu Jintao visited after the 2006 elections in an effort
to alleviate tensions by spending a long visit in Lusaka. This was a signal from Beijing that they wanted to continue the relationship between the two countries. The mistake China made in doing this was they reached out to the government, but made no effort to alleviate the concerns of the people. The relationship between the two governments had always been good and was doubtfully going to change because of one incident. The research paper points out, “Indeed, the 2006 election campaign showed that the government’s optimism regarding the Chinese presence in Zambia was not shared by a significant number of Zambians.”\textsuperscript{132} This showed the lack of the Chinese government’s ability to connect with the stakeholders that mattered. They incorrectly identified their target audience. Horace Wallace adds, “State-to-state relations are usually opportunistic and it is for this reason that transnational civil society linkages between the Chinese and African people will be more important than relations between leaders.”\textsuperscript{133}

\textit{Other countries where China faces opposition}

The anti-Chinese sentiment has spread to many other African countries. In fact, the Chinese issue is poised to become the next big geo-political issue on the continent. With many African governments willing to accept Chinese Aid, the West no longer has leverage on the continent. These countries specifically include, South Africa, Kenya, and Nigeria. A study conducted by the Ethics Institute of South Africa found that of 1065 African from 15 different countries surveyed on a variety of issues, 43.3\% had negative sentiments about

\textsuperscript{132} ibid, 60.
Chinese business in Africa. 55.9% had negative sentiments about the quality of Chinese products and services and 45.7% were negative about the economic and social responsibility of Chinese business.\textsuperscript{134} The study adds, “Perceptions of the environmental responsibility of Chinese business (53.9% negative), and of their employment practices (46% negative) in Africa are bad. And labor practices are seen in a particularly poor light.”\textsuperscript{135} The same study noted that South Africa had the most negative sentiments of all the countries interviewed. They researchers say this is because, “Chinese companies have been operation in South Africa for a long time and have penetrated deep into rural areas.”\textsuperscript{136}

Given the depth of anti-Chinese sentiment in many African countries, it is very probable that China will have to intervene in the politics of a foreign country in the near future. The modified model as detailed above, to be more proactive, and less reactive, is indeed more ideal for use in other countries.

\textsuperscript{135} ibid
\textsuperscript{136} ibid.
Chapter VI: Conclusion

China’s relationship with Africa is a complicated, but nonetheless strong relationship. The mutual dependency that has developed has fortified the relationship. The case-study of Zambia is interesting because of the insight it provides into China’s possible strategy in dealing with anti-China sentiment in the future. By deploying Li Baodong to strongly rebuke Michael Sata’s, along with President Hu Jintao’s lengthy visits to the country, China dealt with the crisis diplomatically and keeping public affairs in mind. With the utilization of the special economic zones, China provided the economic incentive as a second part of their mitigation strategy. Intervening in Zambia’s election by using political threats and economic incentives was a strategy which did not help the Chinese in the long run. The proposed models proposed an alternate decision-making paradigm which the CCP can use to have a more successful political intervention in other countries. While anti-Chinese sentiments are high, it is important to note that the economic incentives are high for the Sino-African relationship to prosper. Additionally, there are no other countries that resemble China in terms of the lack of restrictions in aid receiving countries. In terms of broader implications, this paper’s analysis shows that while the execution of foreign political intervention by the CCP may be flawed, ultimately, the economics of the relationship determine the outcome.
Bibliography


