Unearthing Potential: China in Zambia, Partner or Exploiter? 
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This case study critically examines China’s involvement with Zambia, analyzing its underlying motives and resultant outcomes. The research delves into the complexities of this bilateral relationship, exploring its impacts on Zambia’s economic landscape, governance, social, and environmental health. The study investigates whether China’s role in Zambia represents a mutually beneficial partnership or a form of exploitation, particularly in the context of economic and political processes, management of natural resources, and transparency in Chinese investments. This analysis is pivotal in understanding the interconnected nature of Zambia’s historical economic challenges and its strategic efforts to navigate post-colonial economic realities. Students will examine the social and economic impact of Chinese Foreign Direct Investment (FDI) in Zambia to learn about how Chinese has influenced national development and labor market outcomes, and thus understand how the international strategies and practices may mitigate negative impacts and enhance Zambia’s economic development prospects. The case is significant as China’s increasing influence in Africa and the potential risks and rewards for the local economy, offering insights that are essential for understanding contemporary global economic dynamics. This case study concludes that Chinese FDI has the potential to bring about both positive and negative results, depending on the structure and policies employed by the host government to manage the investment. Furthermore, evidence suggests that Chinese investors are learning from Zambia and are gradually embracing the corporate social responsibility agenda.

### Background

**Chinese Foreign Direct Investments in Africa**

In recent decades, China’s global presence has grown significantly, and its investments in Africa are no exception. The Chinese government and companies have invested heavily in various sectors across the continent, aiming to diversify their economic relationships and reduce dependency on traditional Western markets. This strategic partnership has been characterized by a focus on infrastructure development, resource extraction, and manufacturing, catalyzing economic growth and job creation. However, these investments have also raised concerns among local stakeholders, including labor exploitation, environmental degradation, and political influence.

**Investment and Influence**

- **China’s significant financial investments in Africa** build trust and influence.
- **China-Zambia Historical Connection**
  - China supported Zambia’s development post-independence.
  - The ‘China-Africa’ agenda (CAADP) continues to strengthen economic ties.

**Developmental Impact**

- **Zambia’s China Economic and Trade Cooperation Zone (ZECTCOZ)**

**Economic Boons vs. Controversies**

- **Between 2004-2007,** Chinese companies invested $9 billion, creating 15,000 jobs.
- **Compared to the Sub-Saharan African average of 2.2% GDP, China’s investments were significant.**
- **Chinese investments in Zambia have contributed to economic growth.**

**Conclusion**

- China’s investments have provided economic benefits, such as infrastructure development, job creation, and economic diversification.
- However, these benefits have been accompanied by labor exploitation, environmental degradation, and political influence.

### Stakeholders

- **Government (Zambian)**: The Zambian government plays a crucial role in shaping policies and regulations that influence Chinese investments. They balance the need for economic growth with the protection of national interests and workers’ rights.
- **Investment (Chinese)**: Chinese investors are driven by profit maximization and are often guided by policies that facilitate investment in strategic sectors. They may face challenges in adapting to local labor markets and environmental regulations.
- **Community (Zambian)**: Local communities are both beneficiaries and victims of Chinese investments. They gain from job opportunities and infrastructure development but may also experience social and environmental impacts.

### Stake Holders’ Goals & Support

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<th>Stakeholders</th>
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<td>Opposition Government</td>
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<td>Zambia Local People</td>
<td>Jobs, Infrastructure Growth, Better Living</td>
<td>Mixed</td>
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### Analysis

**Bilateral Relations and Economic Impact**

- **Relationship**
  - Mutually beneficial, primarily in terms of trade and investment.

- **Subsidiary roles**
  - In the context of African governance, Zambia is significant due to)
    - Economic cooperation and infrastructure development.

**Chinese Investment Strategy**

- **Concerns**: Corruption, labor exploitation, environmental degradation.

- **Reactions**
  - African governments, NGOs, and civil society organizations.

**Socio-Economic Impacts**

- **Impacts**
  - Development of new economic sectors, increased job opportunities.

**Policy and Corporate Responsibility**

- **Chinese companies need to adhere to local labor laws and sustainable development.**

**Discussion**

- **Recommendations for Zambia**
  - Strengthen labor laws and ensure effective implementation.

- **Stakeholder Engagement**
  - Chinese investors should engage with local stakeholders to foster mutual understanding and cooperation.

- **Community Involvement**
  - Promote local ownership and participation in Chinese investments.

### Part B

#### Pre-Class Assignment

- **Goal:** To fully understand the perspective of stakeholders involved in China’s investments in Zambia.

- **In-Class Assignment**
  - Engage in a role-play activity to address the perspectives of various stakeholders involved in China’s investments in Zambia.

### References


### Figures and Tables

- Figure 1: China’s economic engagement with Zambia, 2000-2020
- Figure 2: Flowchart of Chinese investments in Zambia by sector
- Figure 3: Breakdown of Chinese investments by industry in Zambia
- Figure 4: Economic Impact of Chinese investments in Zambia
- Figure 5: Socio-Economic Analysis of Chinese investments in Zambia