

## **Chinese Investments In Africa: whose fooling who?**

By

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During the weeks of 6-14<sup>th</sup> July 2018, I was privileged to be part of a four-member investigative team of the International Trade Union Confederation (ITUC) representing the African ITUC regional office. The team led by the ITUC Deputy Secretary-General Mamadou Diallo's task was to speak to government and employers representatives, trade unions and workers as well as regional institutions such as the African Union (AU) about the impact of Foreign Direct Investments on Africa's development and more specifically the extent to which investors are respecting the international and national labour standards and laws.

We travelled to Nigeria, Zambia and Ethiopia, interviewed, observed and carried out workplace site visits. A full report shall be prepared and shared by the ITUC.

In the meantime, some of our findings and conclusions confirmed earlier findings by the Africa Labour Research Network (ALRN) study of 2009. Unfortunately, good news in terms of labour rights was almost nowhere to be found rather it seems as if labour rights violations have gotten worse. Here is my quick and not so well scripted summary of the findings and conclusions:

1. FDIs in Africa have grown in stature and diversity over the last few years
2. China has become the leading foreign direct investor in the construction, textile including leather processing, agro-business and mining sectors
3. Much of the project funds especially for mega construction projects including roads, railways and dams are funded by the Chinese government through its State-owned investment Bank (the Bank of China) now with branches in Nigeria and Zambia
4. Consequently, in some cases, about 70% and more of the implementation of the projects are done by Chinese firms. The remaining 30% or less are distributed between wholly local ownership enterprises and or Chinese/local joint ventures
5. As for sectors such as textile, many industrial parks (export processing zones) are now established and mostly occupied by Chinese investors
6. In their efforts to attract more investments in sectors such as textile, governments provide concessions such as 99 years land free usage, subsidized water and electricity, exemption from taxation, and no unionization
7. Comparatively, working conditions in Chinese owned construction enterprises are extremely precarious; in most cases, workers have no written employment contracts, wages are far below the nationally legislated minimum wages, working hours are long with irregular payment for overtime
8. Some recruitment practices are extremely unconventional. For example in Zambia, some potential workers are forced to carry a bag of cement up and down the hill over a 5 day period to test their strength and in Ethiopia, selection of women workers is sometimes made based on their physical appearance with the younger and seemingly prettier being the favourite
9. Occupational Safety and Health is a huge problem. Protective gear is often irregularly provided and of low quality
10. Exposure to chemicals especially in the textile factories is common and no routine health checks are conducted on workers

Throughout our meetings especially with government officials, we continuously have to explain that we are not against investments nor are we opposed to any investors of any nationality. However, the question is whether Africa is so desperate to draw, welcome and accept investments of any kind despite their potential negative economic, social and environmental costs? Should the rights of workers be sacrificed in the name of investments? Why are Chinese investors seemingly violating international and national labour rights with impunity?

Officials, especially of Ministries of Commerce, often went to great lengths to explain "they do not discriminate against any investors or provide differential treatment based on where the investor come

from". Well and good, but it seems clear that favouritism is being practiced-tilting toward the Chinese investors even at the expense of the local enterprises especially in the construction sector. Otherwise, how does one explain the fact that Chinese nationals are carrying out even jobs as basic as administration, driving, paving, brick-laying etc.? How does one explain the fact that some of the Chinese workers who are granted work permits under the 'expatriate' quota requirements aren't expatriates after all and in some cases, it's the local workers who impart skills to Chinese nationals? How does one explain the fact that in some cases almost up to 80% of top management positions are held by Chinese nationals in an African country?

I can't begin to imagine how the women (at least two of them) in this picture can afford to put up such bright smiles when they are certainly humiliated on a daily basis through the treatment meted to them by their employers as well as the pittance in the form of wages they get paid.

These women and many others in many countries across the African continent need governments who care, who are ethical and who put the interest and welfare of their people ahead of those of investors. Yes, our people need jobs, but not the type that shortens their life spans even more, not a job that cannot pay for their children's daily bread, nor a job whose condition cannot ensure that they live and retire in dignity. And certainly not a job where the so-called boss abuses them physically and who harasses them sexually!

Action has to be taken pretty fast. The trade unions alone cannot bring the necessary change especially in a context where their right to organizing has been removed in the bid to attract FDIs. Trade unions need the support of government agencies especially the Ministries of economy/trade/commerce, finance and their related Investment arms. Together we have to safeguard the continent's natural resources (copper, diamonds, gold, oil and many other minerals cannot be replanted), ensure that due diligence is carried out on all prospective investors and that all FDI operations are in line with the developmental priorities of the country/ continent and that investors continue to conform to the legal and practical requirements they signed up for without fear or favor. Thus, action has to be taken against those who are not conforming national legal frameworks.

Ministries of labour have to be strengthened through better budgetary allocations to enable them to build formidable labour inspectorate departments/divisions and to enable them to recruit, retain, and better capacitate labour inspectors for better enforcement of labour standards.

On which continent and in which other country outside Africa is this kind of behaviour tolerated in the name of investments? Why should Africa and African people allow and tolerate this kind of gross violations of human and labour rights in the name of investments?

Please share your views, experiences, observations and recommendations.

**#ChineseCapitalismInAfrica**  
**#SayNoToWorkersAbuse**