

## **China Radio International: Evergreen Friendship – CNMC’s Investment and Development in Zambia**

News from CRI Online (reporter: Zhang Na): “I’ve worked in Zambia for nearly 10 years, spending 9 to 10 months there each year, so I have a deep affection for Africa. As one of the central enterprises which first tapped into Africa and conducted most successful international cooperation with Africa, we are looking forward to making greater contribution to China-Africa friendship,” Tao Xinghu, vice-president of China Nonferrous Metal Mining (Group) Co., Ltd. said in an interview with the reporter.

China Nonferrous Metal Mining (Group) Co., Ltd. (“CNMC”), having made its move into Africa by way of international bidding, is among the first array of Chinese enterprises embarking on expansion into Africa after the reform and opening up. It is also leads other Chinese enterprises in investment scale in Zambia. Presently, CNMC has established 9 companies in Zambia and constructed the first overseas cooperation zone ever built by China in Africa – Zambia-China Economic and Trade Cooperation Zone, which is also the first multi-functional economic zone in Zambia. CNMC has developed the first and the largest ever overseas nonferrous metal mine invested by China – Zambia

Chambishi Copper Mines, and the largest overseas copper smelter invested and developed by China - Zambia Chambishi Copper Smelter.

According to Tao Xinghu, CNMC has invested nearly US\$2 billion in Zambia on an accumulative basis, provided approximately 12,500 stable jobs and paid taxes and expenses totaling over US\$90 million, making great contribution to the improvement of the local industry and economic development.

In the coming 3 years, CNMC will invest US\$1 billion in Zambia for projects such as construction of infrastructure in the Cooperation Zone, Moriahi hydrometallurgical project and capacity expansion of the 10,000 tons of crude copper smelting as well as the development of the southeastern ore body of Chambishi. During the “12<sup>th</sup>-Five-Year Plan” period, CNMC will, with Zambia as a stronghold, build China’s overseas nonferrous resources base in central and southern Africa.

Chambishi Mines are the first and the largest ever overseas nonferrous metal mine constructed by CNMC. In 1998, CNMC acquired by way of international bidding Chambishi Mines which had been closed down for 13 years after being abandoned by western investment companies, bringing it

back to life. Currently, the mine employs over 3,000 Zambians and is an active contributor to the local economic development.

In respect of the strike taking place in October in the Chambishi Copper Mines in Zambia, Tao Xinghu said, it is connected with the presidential election held in September in Zambia. The new president Michael Sata, focused on the welfare of the people in his election campaign, promised a salary rise at that time after he was inaugurated.

Tao Xinghu said, as their income level did not increase at the early period of Zambian new government's formation, Zambian workers demanded fulfillment of commitment made by the President in his election campaign. A strike wave was sweeping across the country, and Chinese enterprises were not the only affected ones. In fact, both Chinese companies in Zambia and local Zambian companies were planning to increase salaries at that time.

It is said that before the management of Chambishi Copper Mines conducted the annual negotiation on salaries with workers, Zambian workers, instigated by some extremists, went on illegal strike on 5 October without informing the trade union, demanding a salary increase of ZMK2 million (approximately US\$400). It is reported that a considerable part of the workers

were forced to go on strike and extremists had hindered workers from doing their normal work. On 19 October, the date when workers were supposed to return to work, workers did not resume working. CNMC had to announce its decision to fire, pursuant to requirements under relevant laws of the Ministry of Labor of Zambia, 2,000 workers out of necessity.

Tao Xinghu said, the announcement to dismiss workers, which was actually not meant for such action, aimed to urge workers to return to work as soon as possible, for the company provided 48-hour grace period for complaint. Any workers who returned before the deadline would continue to be employed. It turned out that 500 workers came back the next day, and over 90% returned to work on the third day.

Tao Xinghu said, CNMC owed such a satisfactory result to the support of President Sata. After assuming office, President Sata met Tao Xinghu in the presidential palace and expressed his clear attitude to strongly support CNMC. Meanwhile, President Sata wrote a letter to Luo Tao, president of CNMC, expressing his intention to strengthen cooperation and achieve common development. He would also delegate former President Kaunda of Zambia to

visit China as a special envoy, another signal for strengthening the friendly relations and cooperation with China.

As for the strike that took place in Chambishi Copper Mines, Tao Xinghu said, President Sata especially designated the Minister of Mines Simuusa to take charge of the mediation of the labor problem. Minister Simuusa, together with the Chinese parties managed to address the labor dispute according to law. Before his involvement, the trade union and the management had made concerted efforts to persuade the workers to return to work and to commence collective negotiations between worker representatives and the management, to which the workers gave no reply. On 21 October, Tao Xinghu and Minister of Mines Simuusa held meetings with the management and the trade union, at which agreement was concluded that workers returned to work unconditionally, the management would fire no workers and the negotiation on salaries was suspended.

As to salary rise for workers, Tao Xinghu said, as a matter of fact, the company offered workers a pay rise each year, the increase for last year was 12%. And the Company would also give a rise this year based on the negotiation results. At present, the monthly salary for a contract worker of

Chambishi Copper Mines can amount to US\$960, with 39% as housing allowance. In addition, the Company provided workers with competitive benefits and compensation, including free health care for four family members of one worker.

Tao Xinghu introduced that, from 2008 to 2009 when the international financial crisis loomed over the world, Luo Tao, president of CNMC announced in Zambia that all enterprises of CNMC in Zambia shall implement the policy of “not reducing one ton of capacity, not cutting one employee and not decreasing one cent of investment”, which made positive contributions to local economic development and social stability and was highly recognized and praised by the Zambian government. Currently, CNMC still unswervingly adopts the policy, trying to let workers obtain the maximum benefits.

“The friendship between China and Zambia is all-weather. We will strive to make positive contributions to promoting the welfare of Zambian people in accordance with the requirements of both the Chinese and Zambian governments”, Tao Xinghu stressed.

It's introduced that, after the strike was successfully resolved, the president Sata held a luncheon party at the presidential palace for the Chinese business

circles in Zambia on October 29. It's the first case in the history of Zambia.

Hundreds of people from all walks of life, including CNMC, other

Chinese-funded enterprises, foreign ambassadors in Zambia, attended the

luncheon party. At the party, the president Sata expressed that China and

Zambia were all-weather friends and Zambia very welcomed Chinese friends

to invest in Zambia.

Tao Xinghu said that the strike of Chambishi copper mine also gives CNMC a

lot of enlightenments. In addition to the factor of the broad political

environment, the labor culture and concepts of local workers is also the reason

for the strike. To let local Labor Union and workers understand the

management and cultural concepts of China is also an important job for CNMC.

It's introduced that CNMC's work in strengthening native fusion and promoting

harmonious development has always been in progress. They regularly invite

members of the Labor Union in Zambia and excellent Zambian worker

representatives to China for visit, study and training, so that the Labor Union

and workers of Zambia will better understand the operating model and culture

of China, thus erecting the bridge of communication.

It's introduced that CNMC, as a state-owned enterprise, is warmhearted in promoting programs for public good in Zambia and it has accumulatively donated approximately USD \$ 10 million. The 2011 China - Zambia Brightness Mission organized by CNMC helped 109 impoverished Zambian cataract patients to successfully receive cataract operation, which became a favorite story in Africa.

Another status of Tao Xinghu is the chairman of Zambia – China Business Association. He says that the “going overseas” conditions of Chinese enterprises are uneven. Some private enterprises and small companies boldly “go overseas” without the knowledge of local policies and laws, and thus are threatened by a lot of risks and crisis. They need more guidance and regulations. Therefore, Tao Xinghu often organizes law training classes to provide free training for Chinese enterprises in Zambia. “We have only one aim that is to make more contributions to the consolidation and development of the traditional friendship between China and Zambia” Tao Xinghu so concluded.