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Chinese Construction Companies in Africa: A Challenge for Trade Unions

by Eddie Cottle

The recently Chinese-built African Union (AU) headquarters, in Addis Ababa, is a bold symbol of China's rapidly changing role in Africa. China-African relations run as far deep as China being the biggest supporter of Africa's anti-colonial struggle and the first to assist reconstruction efforts for the newly formed African States. The most famous example is the 1,800 kilometre Tanzania-Zambia Railway (Tazara) that was built in the 1970's by some 50,000 Chinese engineers and workers, during which 64 of these workers died. China had provided a US $400m interest free loan to build the railway; even at a time when it was poorer than most African countries.

Chinese investment boosts African economic growth and infrastructure

China's rapidly growing economy has resulted in the need to secure energy resources for stable development in the future. In this regard, Africa's importance to China's overseas investment agenda would still remain significant. In July 2012, President Hu Jintao pledged $20bn in credit for Africa for lucrative investment and infrastructure - critical and to the annoyance of the West is China's no-strings attached loans. Two years previous to that, in 2010, China and Ghana signed an agreement for a 20 year loan of $13,1bn with an interest payment of only 2%. There is increasing fear over this arrangement that it might lead African countries to opt-out of International Monetary Fund -World Bank loans and other forms of dependence on Europe and the US.

Over 2000 Chinese State Owned Companies (SOE's) have now established business in Africa. The World Bank in 2013 claimed that 55 per cent of all African investment projects were now driven by private enterprises. Two-way trade between China and Africa hit $166bn in 2011. Compared to the approximate $2bn in 1999 this is a huge jump; making China the largest individual trading partner in Africa. Trade, including massive investments, have directly contributed to the unprecedented economic rise in Africa.

Chinese state-owned and private companies are making strategic inroads into the construction and infrastructure sectors in many African economies. The head of Vinci, the world's largest contractor, indicated that Chinese firms often submit bids three-quarters less than western firms. Furthermore, Chinese engineers are paid approximately US$130 per month, one sixth of what European construction firms pay Angolan engineers. Chinese companies now dominate the African construction sector, with a market share larger than those of France, Italy and US combined. The share of Chinese enterprises in the African market rose significantly from 26.9% in 2007 to 42.4% in 2008 and down to 36.6% in 2009.

Rail infrastructure in Angola, one of China's top oil suppliers, is rapidly expanding as part of an infrastructure-for-oil' trade agreement between the two countries. Kenya recently signed a $5bn deal with China to construct a 952-km rail link from the city port of Mombasa to Malaba, a town near its border with Uganda. This is expected to be extended to Rwanda, Uganda and Tanzania by 2018.

In September 2012, the China Railway Construction Corp. (CRC) signed a $1.5bn contract to rehabilitate a railway system in Nigeria. The CRC has ongoing projects in Djibouti, Ethiopia and Nigeria worth about $1.5bn in total.

China South Locomotive and Rolling Stock Corporation, a major train manufacturer in China, is bringing in $400 million worth of locomotives to South Africa. And China's Export-Import Bank is financing the Mombasa-Nairobi railroad line with $4 billion while the Addis Ababa-Djibouti line is being rehabilitated at a cost of $3 billion.

African trade unions challenge Chinese companies

However, the issue of poor labour standards has been one of the most controversial aspects of Chinese investments - pitting trade unions against Chinese companies and government officials. Despite the odds, African trade unions affiliated to Building & Wood Workers' International (BWI) have made a landmark collective bargaining agreement and are actively recruiting workers on Chinese SOE's worksites.[1]

By early 2013, the Ghana Construction and Building Materials Workers Union (CBMWU) had signed 8 collective agreements with different Chinese companies. The collective contract includes recognition of trade unions, union security clauses, individual and collective rights, procedural processes for addressing conflicts over interests and rights, monetary and non-monetary provisions, paid vacation leaves and exit packages-. Similarly, The Kenya Building, Construction, Timber and Furniture Industries Employees Union have been able to sign 4 collective agreements with China Road and Bridge Corporation, China Sinohydro Co-operation, China Overseas Corporation, and China Jiangsu International.

During 2012, the Uganda construction union (UBCCECAWU) recruited more than 200 women members and over 1,600 male members in the above mentioned companies. The union has also recruited workers from some of the notoriously difficult Chinese employers, including China Sinohydro Construction Corporation (Ntugamo project) and China Chonguing International

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Construction Corporation (CICO).

BWI research in Tanzania found that Chinese companies were violating the Freedom of Association of the Employment and Labour Relations Act of Tanzania. In Namibia and Zambia, the trade unions had access to company sites and were organising and recruiting members freely, including having recognition agreements and concluding collective agreements. Thus, African construction trade unions have taken the global lead in the labour movement in organising and bargaining with Chinese construction firms.

With regard to China-Africa relations, 2013 was a year marked by continuous debate on the political dimension of this relationship. China's economic involvement on the continent has been accompanied with speculation that their role has shifted from that of a supporter of Africa's liberation to one as a neo-colonial power, competing with the West for influence in a new 'Scramble for Africa'. However, other scholars have cited that the Asian power is largely following the same grand strategy it pursued from 1954 till present: that of non-interference in the internal policies of African states which is devoid of political conditionality. Furthermore, African countries have welcomed China's non-interference strategy which has been viewed as a 'refreshing departure from the prescriptive policy of the West' which forced African leaders into the straitjacket of structural adjustment programmes. On this score alone, the accusation of China pursuing a neo-colonial agenda in Africa falls short.

Extending the struggle to FOCAC

At the Forum on China-Africa Cooperation (FOCAC) V, in 2012 African leaders openly tabled the contentious issues in the relationship with China which were once avoided at previous FOCAC meetings. China responded in favour of infrastructure development in line with Africa's own regional integration projects as well as promoting greater product beneficiation in the resource sector. Finally, South Africa's role as host of the upcoming FOCAC in 2015 places it in a unique position to influence the tenor and trajectory of this longstanding collaborative initiative. This context provides a key opportunity for ITUC-Africa, the Building and Wood Workers' International and South Africa's trade union federations to launch a campaign to place labour firmly on the agenda of the forthcoming FOCAC meeting and in so doing would add a completely new dimension to China-African relations.

[1] For more information on the global presence of Chinese construction MNC's and BWI's pioneering work see : (http://www.bwint.org/pdfs/EN_China%20MNCs.pdf)

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