

## China: Africa's Mutual Friend; A Critical Analysis of China's Investments in Guinea's Mining Sector.

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**Abstract:** This research paper discusses China - Africa relations with focus on China's Investments in Guinea's mining sector looking at available literature, the study examines and highlights reasons advanced by various scholars as to why China is investing more in Guinea's Mining sector, the paper further highlights the impact of Chinese investments in Guinea's mineral sector pointing at how these investments have contributed at Guinea's mining sector, also examined is the perceptions of Guineans towards Chinese investments in Guinea's mining sector.

After analyzing available literature, the author contends among others Chinese investments in Guinea's mining sector have contributed to growth of other sectors in the country, and consequently sparked economic growth of entire country – Guinea. Indeed, commenting on Chinese heavy investments in Guinea's mining sector, Guinean president Alpha Conde observed that; “*Thanks to Massive Investment in infrastructure, this project is critical to the Guinean people. This is a national priority that goes beyond the mines and that will have repercussions for generations*”<sup>1</sup>. Further, the author contends that China's relations to Guinea and Africa in general is guided by mutual benefit and respect and that China is investing heavily in African countries particularly in Guinea for economic and trade gains not any hidden colonial tendencies as China's critics insinuate. The authors conclude that like in many other African countries, China investments in Guinea on invitation of Guinean authorities.

**Keywords:** China-Guinea Relations, Impact, Perception, Economic-Growth, Investments.

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### I. Background, China - Guinea

China-Guinea relations' dates back to late 1958 after Guinea gained her independence and immediately China recognized Guinea as an independent Country and opened an embassy in Guinea's capital Conakry just a year after that independence (Shinn and Eisenman, 2012).

Guinea being on coast was seen by Beijing as a connection to other West African states. Consequently, China in 1960 opened its Xinhua office and in a few months, Guinea's first president Sekou Toure became the first African president to Visit Beijing where the leaders of the two countries signed several treaties including Trade and economic deals. Generally, analysts contend that Guinea is among first African countries to receive several funding's grants and loans from Peoples Republic Of China, (Shinn and Eisenman, 2012)

Guinea's president then in 1967 – Sekou Toure praised China's assistance to Guinea. At this time China had intensified relations and military cooperation with Guinea. In his words president Toure described china's assistance to Guinea as “unpretentious approach” to assisting African countries (Shinn and Eisenman, 2012).

The engagements have Since then been improving steadily. The relations have been characterized by China investing billions of dollars' in African countries in-form of unconditional low interests loans, aid and trade partnership (Alden, 2011; Brunell, 2014). In the year 1994, China set up China Development Bank (CDB) to meet China's needs. The bank gradually started to work to promote China's global interests. In 2006, CDB set up China-Africa Development Fund, and it was used to fund its active companies overseas, and to venture in investments in African countries (Brunell, 2014)

In 2000, China initiated the Forum, China Africa cooperation, primarily to help China strengthen its regional ties with other countries political, culturally and economic. All this helped China to position itself as a partner and ally in African continent (Brunell, 2014). China has been coming up with initiatives that make it fit in Africa; after all, it (China) considers herself a developing country as many of African countries are (Todaro et

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<sup>1</sup>Guinea's ministry of mines and Geology quoted Guinea's president Alpha Conde as saying that. See quote on Guinea's mines and geology ministry at <http://mines.gov.gn/en/projects/simandou-south/>

al, 2011).

Scholars contend that, China is increasingly investing in Guinea and generally Africa than any other strong country (Todaro, 2011). In 2007, 3% of China's Foreign Direct Investments (FDI) flow went to Africa. By 2008, it had reached USD7.8 billion, representing 4.2% of her total outward FDI (Jauch, 2011). Between 1970 -2000, Chinese FDI in Africa by value was 46% manufacturing, 28% resource extraction, 18% services, 7% agriculture and 1% miscellaneous (Shinn & Eisenman, 2011).

The point of departure of this study, China has been Guinea's key ally in a number of ways. By end of 2009, through China International Fund (CIF), China agreed to a deal to invest \$7 Billion in Guinea, and CIF working closely with Guinea set up a Singapore based company that holds the rights of Guinea's oil, gas and mineral deposits including bauxite Shinn, Eisenman, 2012). CIF further announced an agreement to provide \$2.7 billion to Guinea to finance building of rail, port and other related infrastructure development for the iron ore project at Kalia – at that time expecting to produce 50 million tons annually. CIF also announced a \$1.2 billion fund in the mine (Prinsloo, 2010).

In 2010, China's mining Company Chalco and its parent company Chinalco signed a deal to develop Rio's Simandou Iron Ore project in Guinea. Chinacol that has a 9% stake in Rio Tinto invested \$1.3 Billion in Simandou project. Chinacol president said this would help China meet her Iron ore demands (BBC, 2010). In 2011, China Power investment negotiated \$5.8 Billion to mine Bauxite in exchange for building a coal power plant, alumina refinery, and deep-water port. (Global Server, 2012). All this shows steady and continued good economic relations between the two countries.

It is important to note that China has not only been investing in Guinea but the in many of African countries, (Barr, 2011; Brunell, 2014; Chan 2013; Todaro et al, 2011; Shinn and Eisenman, 2012, Taylor 2015; Taylor 2016). It has invested in different sectors such as construction, trade, mining, and finance and among others. However, in the last ten years, Chinese investments in Africa have been improving largely in mining/mineral sector, (African Research Institute, 2012; Romei, 2015; Taylor, 2015).

In West and Central Africa where Guinea is located, China has invested billions of USD in mining sector and the investments' curve on the sector continues to climb upwards, (Romei, 2015; USA department of commerce 2015). Currently, China has invested over \$20 billions in world's largest bauxite mining deal with Guinea, (Jamasmie, 2016).

## **1.2 Debate around China's investments in Guinea's mineral sector.**

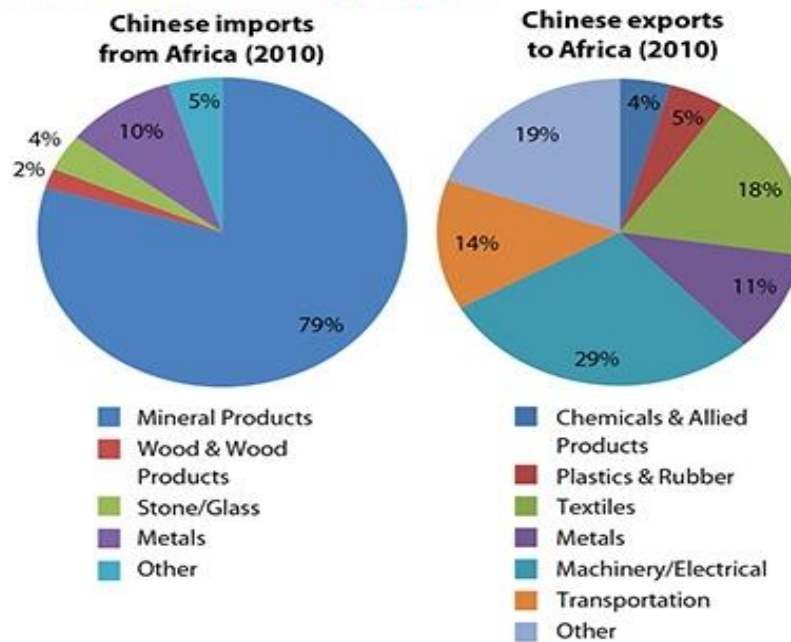
It is important to note that, China became a net oil importer in 1993. In 2003 she became the second largest consumer after the US, and is projected to be the largest by 2030. Forecasts also suggest that by 2020, China will import 60% of it's oil consumption (Tunsjo, 2010; Zhang et al, 2007) and this will rise to 80% by 2035 (Zhenxing, 2013). Zhenxing (2013) notes that China consumed 11% of world oil in 2011, importing 5 million barrels per day, 1.23 million barrels being from Africa.

The debate among scholars about the relationship between China and African countries is ongoing, many scholars continue to write and debate about the topic many describing the relations as mutual, win-win and growing steadily, (Carmody, 2011). Different Scholars have noted that this relation has been on right from colonialism era, throughout decolonization, cold war era and to date. Same scholars write that because of this relation, China continues to invest in many African countries like Guinea and in different sectors as well as provide unconditional low interests loans, grants on top of trade between China and these countries, but the driving factor of the relationship of China and Africa for example in Guinea is Minerals. (Tull, 2006: 466; Carmody, 2011). Guinea is a rich country in terms of minerals, which China want to feed her growing industries.

The Need for raw materials such as oil, iron ore, bauxite among others, which are abundant in Guinea. A number of authors and analysts have written arguing that China's continued investments in African countries mineral sector is driven by her need for raw materials which China needs to feed her increasing factories and industries, (Alden, 2007). They argue that China's steady and growing economy than ever before is in need of raw materials which China cannot provide from home and therefore China chose to go outside and find these raw materials which are in Africa countries like Guinea. The easiest way to get access to these materials is good relations such as investing in such countries especially in the sector with the much-needed resources such as mineral sector. (Alden 2007; Barr, 2011; Cramody, 2011; Chan, 2011, Taylor 2015; Taylor 2016).

**Pie chart showing China's Trade (Imports from Africa by Sector).**

**China-Africa trade by sector**



**Source:** African Research Institute<sup>2</sup>.

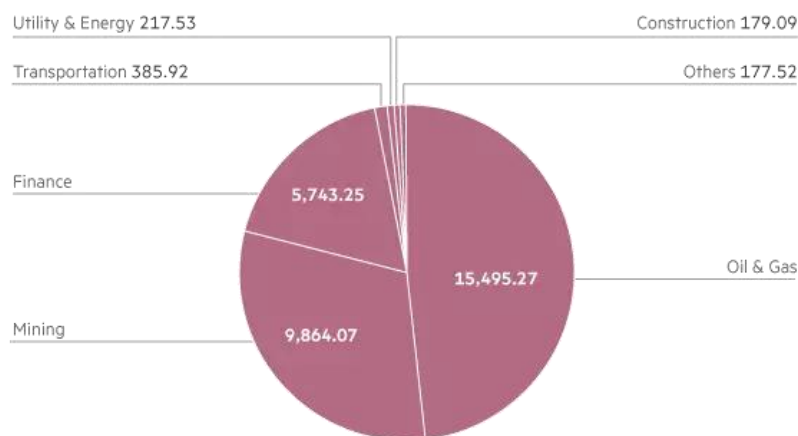
From the pie chart above, it is evident that of the all imports from Africa to China, minerals take the biggest share of 79%, hence, a clear indication that one of the reasons why China invests in Guinea's mining sector is the need for such raw materials to feed her industries.

A separate study conducted by Dealogic looking at the period from 2005 – 2015, the study found out that Chinese merger and projects acquired in Africa, Chinese companies are always focusing on minerals taking 80%, (Romei, 2015) as indicated in the chart below;

**Deals acquired by Chinese investments priorities by sector in Africa.**

Chinese merger and acquisition deals in Africa mainly target mining and oil & gas companies

2005-15 (\$m)



Source: Dealogic

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<sup>2</sup> Africa Research Institute, 2012, Between Extremes: China and Africa. Accessed from <https://www.africaresearchinstitute.org/newsite/publications/between-extremes-china-and-africa/>

China consumes more than 70% of the world's seaborne iron ore and is on track to import one billion tonnes of the steelmaking raw material from Guinea yearly. It is therefore not a surprise to see Chinese company Chalco and its mother company Chinalco investing and mining Guinea's iron ore in Simandou mines. Indeed, Chinalco's president in 2010 noted that, the company's agreement to mine Guinea's iron ore will help meet China's big demand<sup>3</sup>, (BBC, 2010).

On the other hand, China's critics usually point out that China's investments in African countries such as in Guinea that is meant to exploit these countries and extend what they term as its hegemony in Africa. There is, for example, the argument that China's attempts to secure and access natural resources are motivated, not only by economic imperatives, but also by a state-driven scheme to exert China's political and strategic influence (Kielmas 2005, 30). As Hongtu Zhao noted, "China is sometimes accused of taking a 'strategic approach' rather than a 'market approach' to resource acquisition by taking resources 'off the market' and conducting a state-orchestrated, worldwide search for energy and resources" (Zhao, 2014, 110). It is therefore not unusual to read, or hear about Chinese investments as part of Beijing's broader agenda to "take over" global affairs. But what is clear is that China is not in Guinea or any other African country without permission of the host country, (Zhao, 2014).

## **II. A historical view of China's investments in Guinea's mining sector.**

World over today, China is largely considered a major determiner or driver of world mineral prices because of the country's huge investments in mining sector in different parts of the world especially in Africa, (Prinsloo, 2010). China's increasing demand for minerals such as ore, aluminum, Copper, zinc, oil, bauxite, gold, diamond, nickel among others has left China through its companies investing in many countries especially in Africa where these resources are in abundance for example in Guinea.

By end of 2008, China alone was importing over US\$100 billion worth of base metals on an annual basis, which translates that China alone was consuming more than 25% of the world's mineral supplies, (Bain & Julie, 2013). Of this, it included 30% of world's zinc output, and 22% of refined copper production. Worth noting is that Chinese economy alone absorbs 27% of the world's iron and steel and 25% of its aluminium output. Aware that Guinea has these minerals in abundance including being the world's second largest producer of Bauxite, Chinese companies have invested heavily in Guinea's mineral sector to acquire these much needed minerals, (Bain and Julie, 2013)

After surpassing USA in 2003 as the world's top copper consumer, (Jetro, 2009) in 2006, China came up with strategies to ensure it has access to minerals and hence plans to set up Strategic Mineral Reserve to stockpile uranium, copper, aluminum, iron ore and other minerals, (Jetro, 2009). These minerals are in abundance in Guinea and securing them Beijing saw it as wise and a critical idea since it would clearly be a guarantee to China having enough minerals in stock hence not affecting their supply and production in case of market and price fluctuations, as well as having a guarantee to continue with their production work, (Cramody, 2011)

Generally, China's investments in Guinea's mineral sector started in early 2000s and gained pick in 2005 when Chinese firms started competing for agreements and deals to own rights in Guinea's mineral sector especially rights over mining Bauxite, iron ore and alumina, (Chan, 2011; Cramody, 2011), Indeed, an official in Guinea's mining ministry Cece Noramou in 2007 told Reuters, "To guarantee Chinese Investments, you have to give them guarantee... they are interested in bauxite..." (Samb. 2007).

By 2008, China had effectively entered Guinea's mining sector that Guinean government had to cancel agreement that was given to Australia's firm Rio Tinto and gave signed a new agreement with a Chinese firm Chalco and its parent Company Chinalco to mine Guinea's bauxite in Simadou, (Rio Tinto Plc 2010 a; Rio Tinto Plc, 2010 b)

The Chinese firm gave Guinean authorities a proposal that was so rich to reject. It included among others, to construct rail links in the country from Dabola and Tougué where Iron ore and bauxite mines were located connecting to Simadou area, (Bellzone mining, 2010). Indeed, Anenthusiastic Somparé the Guinean Parliamentary speaker then is reported to have told Guinean president that Chinese deal was far better than Rio Tinto and that Chinese were lacking aluminum and were badly in need of the rights to mine Bauxite and so were willing to offer anything including giving Guinea large cities. (Bain and Julie 2013; MiningJournal 2010).

In mid 2008, Chinese officials from Chinese Development Bank (CDB) visited Guinea and spent a week there discussing and negotiating further possible mining deals, (Reuters, 2008). Guinea's President of the National Parliament El Hadj Aboubacar Somparé was later invited and visited China where he stayed from 13-20 July 2008 and held different talks with Chinese officials about mining in Guinea, and making Guinea's minerals such as bauxite and iron ore available to the Chinese, (Reuters 2008; Jetro 2009).

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<sup>3</sup> "China and Rio Tinto Complete Guinea mining Deal", BBC, 29 July 2010.

In 2008, the speaker of Guinea's parliament was officially invited by his Chinese counterpart, Wang Jiarui to visit China. While in China, Guinea's speaker meetings with officials the headquarters of a Chinese mining firm Henan International Mining Corp in Henan and also at China Development Bank where a number of discussions took place and China agreed to fund several projects in Guinea if Guinea allowed China rights and access to bauxite and Iron ore, (Reuters, 2008; Jetro 2009)

Guinean Prime Minister Souaré, again met Chinese president Hu Jintao in Beijing on the side-lines of the 2008 Olympic Games that were held in China's Beijing, (Jetro, 2009). During this meeting, officials of from China-Eximbank, the CDB, and a delegation of metal and non-metal mineral firms such as Chinalco also attended the discussions. During the same visit, Prime Minister Souaré was also invited to Zengzhou, in the province of Henan and held negotiations with senior officials of Henan International Mining Corp. Ltd. At the end of the meeting, it was agreed that eight different Chinese firms be considered and get shares in mining bauxite in Guinea's bauxite rich Simandou. Among others, the following include the eight different firms that were agreed to be given shares in mining bauxite in Guinea's Simandou area; Henan Yongshang Metals and Minerals, Yongcheng Coal, Xuchang Minerals and Industry, Henan Henan Ruishi Special Refractory Co., CAEC, and Hongxing Mining Machinery, (Jetro, 2009).

At the end of the year 2008, another huge mining Chinese joint venture started and was largely negotiated by China's Henan International Mining Company and these Discussions resulted into allowing various Chinese firms licences to mine Guinea's bauxite. Under this agreement, mining permits given to a project of an area of 558 km<sup>2</sup> with estimated production of 10 billion tonnes of ore, (Jetro, 2009)

The Chinese firms that were given mining permits under this joint venture project included the following; China Henan International Cooperation GroupCo Ltd also known as Chico with 41%, Henan State-owned Assets Operations Co was allocated 4%, Henan Zhonglian Mines Co Ltd was also given 4% shares while Yongcheng Coal & Electricity Group Co Ltd got the lion's share with 51% shares<sup>4</sup> (Camara, 2015; Jetro 2009).

Indeed, while on a visit in South Africa, on December 3, 2014, Chinese President Xi Jinping had a separate meeting with his Guinean counterpart Alpha Condé in South African city of Johannesburg where China's president Xi Jinping retaliated the long history of China and Guinea noting that that Guinea was the first sub-Saharan country in Africa to establish diplomatic relations with China which he said was a clear indication that the two nations enjoy unchallenged and deep traditional friendship, (China's embassy in Guinea, 2014).

Another historic commitment the Chinese president made during this visit, he noted that China understands the of the relations of the two countries, and that China was ready to carry on with its development relations with Guinea in terms of bilateral cooperation and development, ensure continued political mutual trust, continue exchange visits at all levels which he added would benefits both peoples. President Xi also said he would encourage China's enterprises to actively participate in Guinea's industrialization construction and carry out investment cooperation with the country in agricultural production and processing, (China's embassy in Guinea, 2014). The Guinean leader - Alpha Condé Guinea also noted that Guinea is committed to strengthening its cooperative in development aspects such as mining and power generation.

## **2.1 Current situation and Chinese mining projects in Guinea's mineral sector?**

Currently, mining activities in Guinea are smoothly moving on with Chinese companies taking the lion's share especially in minerals such as bauxite, and iron ore, (Els, 2016; Jamasmie, 2016). There are a number of Chinese companies involved in mining activities in Guinea especially minerals such as bauxite and iron ore among others, (Durden 2017; Samb, 2017). Mining remains Guinea's biggest source of foreign exchange with China the highest investing heavily in the sector with billions of money including concessions loans and funding projects that support mining, (World Bank, 2017; Wild, Camara, 2015; IMF, 2015).

Chinese companies investing billions of dollars in various parts of Guinea from Simadou, to Boffa and Boke among others. Guinea's Bauxite rich area of South Simadou has several huge integrated Iron Ore and Infrastructure projects going on with funds from China, which many analysts say is the largest project to be undertaken in the entire African continent. Simadou has the World's largest untapped Iron Ore reserves with the best grades estimated to be over two billion tons, (Jamasmie, 2016; Els, 2016). This project is funded by a Chinese company Aluminium Corporation of China Limited (Chinalco) that secured its rights after buying them from an Australian based company Rio Tinto. Chinalco secured rights to mine bauxite in this project after paying Guinean government \$2.4 billion and also added in \$200 billion to boost production. The government of Guinea sees this project as an engine that will spur development of the country, since relies on exports of bauxite by over 80% today. It is estimated Chinalco estimates to start fully production by end of 2017,

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<sup>4</sup>Jetro, 2009, China's Mining Footprint in Africa, also available from; [http://www.ide.go.jp/English/Data/Africa\\_file/Manualreport/cia\\_08.html](http://www.ide.go.jp/English/Data/Africa_file/Manualreport/cia_08.html)

(Jamasmie, 2016). Guinean government and IMF forecasts once fully operational, it will help to increase Guinea's GDP by about \$6 billion, Guinea relies on exports of bauxite ore for the manufacture of aluminium for 80% of its export earnings today (Jamasmie, 2016; IMF, 2015). Guinean president Alpha Conde described the project as critical in supporting economic transformation of Guinea;

*"Thanks to Massive Investment in infrastructure, this project is critical to the Guinean people. This is a national priority that goes beyond the mines and that will have repercussions for generations"*<sup>5</sup> - President of Guinea, Alpha Conde.

This project in Simadou South is on-going with three major components namely; mining taking place in blocks – Block 3 and 4. Chinalco Experts noted that these two blocks have good iron ore of high grade. Production and mining is on-going and officials believe will last for the next 40 years with annual production of 100 million tons. Being a very big project, Chinalco officials believe it will help them to get access to the much needed iron ore, which is needed, in China since China is the world's<sup>6</sup> biggest consumer of iron ore.

The many projects currently taking place in Guinea's mining sector have also resulted into creation of opportunities, increased the country's economic performance which has also contributed to job opportunities to Guineans. China's second largest aluminium producer China Hongqiao Group in 2015 secured mining contract to mine bauxite in Guinea and a port investment deal where it would develop and also ship Guinea's bauxite in a raw form to China for market where it is processed and aluminium produced. Currently, China Hongqiao is working with Singapore's Winning Shipping Co Ltd, and Boke mining company, the first cargo through this company contained 170,000 tons of bauxite and arrived at China's Yantai Port in March 2015, since then, shipping activity has not stopped, (Toure, 2015).

Generally, Since China intensified its investments in Guinea's mining sector; the country's economic growth has been steady. World Bank figures shows that the country's economic performance has been improving since 2014, and credits China's investments in the mining sector.

For example, World figures indicate that despite the Ebola shock that affected the country's economic performance, Guinea's GDP grew at 6.6% in the year 2016, and World bank and IMF projected it to grow at 6.7% in 2017. This growth IMF attributed it to Guinea's increase in production of minerals particularly bauxite in which China is the leading investor, (IMF, 2015).

The same IMF report indicates Guinea's fiscal situation stabilized more especially in 2016, with a very small fiscal deficit of only 1.4% unlike in 2015 when the fiscal deficit was 8.1% while Guinea government's revenues collections increased from 13.7% of its GDP in 2015 to 15.0% in the year 2016.

The World Bank 2017 October 05<sup>th</sup> Country Over view reports on Guinea shows Guinea's economic performance is good. The report attributes the improvement to Guinea's improved investments in mining sector China topping these investments coupled with their many concession loans. Basing on its analysis and IMF on Guinea's Debt Sustainability Analysis, IMF and World Bank concluded that Guinea is at a moderate risk debt distress, which is good performance compared to the past experience, (World Bank, 2017; IMF 2015).

It is important to note that, while China has invested heavily in Guinean's mining sector, more of these investments are centered in mining Bauxite and Iron ore. For example, currently, there are several mining project deals that have been awarded to Chinese companies in different parts of Guinea. They include among others; Chinalco currently mining Bauxite in Simadou South Blocks 3 and 4, (Else 2016; IMF, 2015, World Bank 2017), China Power Investments Corp currently mining Bauxite and refining Alumina in Boffa area, (Reuters, 2012), Chinalco also has contracts and it is currently mining bauxite in Boffa where it invested \$500 billion in 2017, (Reuters, 2017).

Other current projects going in Guinea conducted by Chinese companies include; mining of bauxite, Iron ore and Aluminium in Boke area where three Chinese companies are involved. They are, China Henan International Cooperation Group Ltd (CHICO), China Power Investments Corp (CPI), and Aluminium Corp of China (Chalco). These three companies secured a 20-year contract to own bauxite, aluminium and iron ore mining rights in Boke area after Chinese government gave Guinea a \$20 billions loan, (World Bank, 2017; Reuters, 2017).

China international Fund was also awarded contract in 2009 to access Guinea's Oil and Gas after the company invested in \$7 billion, (Balint-Kruti, 2010; Prinsloo, 2010).

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<sup>5</sup>Guinea's ministry of mines and Geology quoted Guinea's president Alpha Conde as saying that. See quote on Guinea's mines and geology ministry at <http://mines.gov.gn/en/projects/simandou-south/>

<sup>6</sup> At the signing of agreement giving Chinalco rights to mine iron ore in Simadou, Chinalco official noted, "China and Guinea have long enjoyed strong relations. The two countries are highly complementary economically. Guinea has vast iron ore resources, while China is the largest consumer of this mineral in the world". See this quote on Guinea's mines and geology ministry at <http://mines.gov.gn/en/projects/simandou-south/>.

In 2015, focusing on heavy investments in Guinea's mining industry, the Guinean government announced a new development plan it says will help the country to realise more economic growth. The development plan 2016-2020 aims at harnessing China's investments in Guinea especially in Bauxite to bring holistic development in Guinea. This plan replaced The Post-Ebola Recovery Plan of 2015-2017. The government of Guinea and World Bank believe that with Chinese investments in Guinea's mining sector, the country will improve more its economic performance. China already has extended Guinea \$3Billion as part of its \$20 billion concessions loan to Guinea over a period of 20 years mainly China paying self with Guinea's Bauxite, (World Bank 2017). World Bank projected that this concessions loan given to Guinea by China will help Guinea's GDP performance in 2017 to 6.7 from 6.6% registered in 2016, (World Bank, 2017).

## **2.2 Bauxite and Alumina projects in Boffa mined by CPI**

**Alumina** is one of the minerals which is much needed in industrial production. It is one of the major minerals Chinese investors are mining in Guinea **Boffa mines**. Alumina is produced from bauxite, which is largely produced in Guinea. Actually, Guinea is the world's second largest producer of Bauxite. In 2012, Guinea's government cleared Chinese state owned **China Power Investment Corp (CPI)** and allowed the firm to invest United states of America \$6 billion in exploration of the country's bauxite and do an alumina refinery in Guinea's bauxite rich area of Boffa, (Reuters, 2012). In the agreement, Guinea allowed China Power Investment Corp access to its bauxite mines in Boffa in a project and the firm to set up a refinery in the area and produce four million tons of alumina on an annual basis and to construct a port in the area, which would help in transportation and exportation after refinery as well as constructing a coal-fired power station in the area with a capacity of 340MW – the first of its kind in Guinea, (Reuters, 2012).

## **2.3 Bauxite in Simandou**

After a long period of negotiations, China's firm Aluminum Corporation of China Ltd (**Chinalco**) bought all the shares of the world's largest bauxite mines located in Guinea's Simandou that were initially controlled by Australia's Rio Tinto, (Els, 2016). Chinalco bought the mines stake at \$2.4billion and earmarked \$200 billion to boost the project. Under the agreement, Chinalco was given full rights access to Simandou which has the world's biggest iron ore reserves and the best grades estimated to be over two billion tons of reserves and the highest grades said to be 66%-68% Fe, (Els, 2016). This project is definitely very important for Chinalco which as one of the world's renowned aluminum manufacturer.

Under this project, Chinalco in return committed to construct 650KM railway from Guinea's Western part to the capital Conakry, and run to the northern part. Also Chinalco in the agreement signed to build 35 bridges, 24 km of tunnels and a deep-water seaport for Guinea at a cost of \$7Billion on top of constructing and upgrading several roads in mining area to improve local transport there, (Els, 2016).

## **2.4 Bauxite in Boffa mined CHINALCO**

In 2016, Chinalco – a Chinese state owned firm won contract in a deal signed with Guinean government to invest \$500 million in mining Bauxite in Guinean's Boffa region, (Reuters, 2017). Chinalco which was already in Guinea's Simandou mining Iron ore signed a deal to also mine bauxite in Boffa. Under this project, the Chinese company was allowed access to mine bauxite in mines that were formerly owned by an Australian mining giant firm BHP Billiton. This project is still on going and The People's Republic of China's Alminum Cooperation of China (Chalco) plans to invest more \$500 million investment in Guinea bauxite project, (Reuters, 2017).

## **2.5 Oil and Gas Project**

Late 2009. China initiated China International Fund where by officials in Beijing agreed to invest \$7 billion in Guinea in exchange of rights to mine Guinea's Oil and gas. This was also a concession loan where by Guinea would pay back with its oil and gas over a period of time. The deal also resulted into other infrastructure development funded by Chinese. They included among others roads and three hydropower dams, ( Balint-Kurti, 2010).

Through China International Fund, China further announced a \$2.7-billion-dollar concession loan to Guinea in exchange of taking rights of Iron Ore project at Kalia. The project was estimated to produce more than 50 tons of iron ore on yearly basis. China International Fund added \$1.2 billion to expand rights of the mines in this project, (Prinsloo, 2010).

## **2.6 Aluminum, Iron ore, Bauxite in Boke mined by CHICO, CPI, CHALCO**

In 2017, three Chinese state owned firms - China Henan International Cooperation Group Ltd (CHICO), China Power Investment Corp (CPI), and Aluminium Corp Of China (Chalco), secured rights too mine and process

aluminium in Guinea's district of Boke. Under the agreement, the three Chinese firms were given will mine Iron ore and Bauxite and refine aluminium in Boke area for a period of 20 years, (Al aluminum, 2017; Durden, 2017; Samb, 2017)

The 20 billion U.S dollar loan to Guinea's government will allow China's China Power Investment Corp (CPI) construct an alumina refinery in Guinea, Aluminium Corp of China (Chalco) will take over mining of bauxite in Boke, while China International Cooperation Group was allowed to access a block containing bauxite in Guinea's Boffa area.

The officials of the three companies and Guinea's Mines Minister Abdoulaye Magassouba negotiated the deal. Under the agreement to loan Guinea 20 billion dollars in exchange of bauxite mining rights came after talks with Guinea mines minister Abdoulaye Magassouba who visited China and held talks with Chinalco officials. The agreement signed, the 20 billion US dollars loan project will see China fund construction of Highways in Guinea's capital, renovating and expansion of the port of Conakry, working on an electric transmission line and also construct a university, (Reuters, 2017).

### **III. Major Characteristics of Chinese Investments in Guinea's mineral sector.**

The chapter bellow examines characteristics of Chinese investments in Guinea's mining sector highlighting on questions such as, who owns Chinese investments in Guinea's mining sector, are they controlled and owned by Chinese state owned companies they are owned by individuals Chinese. The chapter further brings characteristics such as the source of funds these companies or Chinese investments use while investing in Guinea. Literature looking at whether they are funded by the Chinese government or if they borrow loans or get assistance from Chinese government banks are highlighted. The part also put in consideration if Chinese companies borrowed or got any kind of financial assistance from Guinean government.

The major characteristic of Chinese investments in Guinea's mineral sector is that all the Chinese firms that have invested in Guinea are state owned enterprise. These Chinese state owned enterprises that have invested in Guinea's mineral sector include among others the following;

**Chalco:** This is a Chinese publicly traded subsidiary of the state-run firm that largely deals Aluminum called Aluminum Corporation of China (Chinalco).

Chinalco has invested in Guinea's mineral sector and currently, Guinean government in 2017 announced that Chinalco signed a deal with Guinean government to invest US\$500 million in Guinea where and take part in mining the country's a bauxite ore, (Reuters, 2017). On top of mining bauxite, under this \$500M project, Chinalco will also include production phases will also include aluminum production.

The other Chinese firm that invested in Guinea's mineral sector with similar characteristics is Sinohydro Corporation Limited. This firm is known as a Chinese state-owned company and the world's largest hydropower construction company. The Company invested millions of U.S dollars in exploration of Guinea's Iron Ore in Guinea's Simandou.

Closely to the above, Aluminum Corporation of China Limited also a Chinese state owned enterprise dealing in mineral resources development, nonferrous metals smelting and processing, and also offering alumina for producing aluminum also invested in Guinea's mining sector in exploration of Iron ore there.

The other Chinese firm that invested in Guinea's mining sector with characteristics as the above is China Henan International Cooperation Group Co., Ltd. This firm is also a Chinese state owed construction company that has been promoting China's program of going our commonly known as the vanguard of China's Africa Drive, (Bräutigam and Xiaoyang, 2011). The company signed deals with Guinean government investing in the bauxite mining and exploration, (Bräutigam and Xiaoyang, 2011)

Looking at the being a state owned Enterprises, China Power Investment Corp is another Chinese company that invested in Guinea's mineral sector. The company, which specializes in producing power/hydroelectricity, funded a \$6 billion US dollars alumina refinery project in Guinea's mineral rich area Boffa. This project produces 4 million tons on annual refinery basis, (CPI, 2011).

On top of a refinery, the project came with other multiplier effect or advantages as a high level delegation of officials from CPI signed a memorandum of understanding with Guinean officials that on top of Bauxite exploitation, they construct Alumina Refineries, Port as well as power plant and other auxiliary infrastructure, (CPI, 2011).

All the Chinese companies that have invested in Guinean's mineral sector have explicit home government backing which is delivered Chinese government policy known as *zou chu q* commonly referred to as "go out" policy, (Bräutigam and Xiaoyang, 2011). This means that these companies that have invested outside China including investing in Guinea have access to support the Forum for Cooperation between Africa and China also known as FOCAC. Under this arrangement, these companies that invested in Guinean's mining sector have opportunity to incorporate their investments in Africa particularly in Guinea in a clear and wide framework of cooperation between the China and African States which brings them an opportunity to enjoy full support from host government hence bringing a better chance for them to be seen as partners in African



government projects which is very important as it results into helping these companies to reduce political risk (Bräutigam and Xiaoyang, 2011)

Another characteristic of Chinese investments is that these investments Chinese companies come to Guinea in most cases on invitation of Guinean government, invest in mineral exploration using their own money and the government of Guinea pays back in either a concession loan or with minerals over a certain agreed period of time. This is the most common form of payment whenever a Chinese company invests in Guinean's mining sector. For example, Chalco invested over \$500 in mining Guinean's bauxite and will be paid back under the same arrangement in a period of 20 years. (Reuter, 2017). This resource-based payment arrangement is also known as Angola model and is very common where China has invested in mineral in Africa (Source: Foster et al., 2009).

Another major characteristic of Chinese investments in Guinean's mineral sector is that most of these investments are discussed and agreed upon by the leaders of the two countries, (China Daily, 2017, Chen, Orr, 2009). For example, in 2017 on September 05<sup>th</sup>, Chinese president Xi Jinping met<sup>7</sup> Guinean President Alpha Conde in Xiamen with his delegation and at the end China offered \$20 billion loan to Guinea in retune on China mining Guinea's Bauxite ore, (China Daily, 2017, Tyler Durden, 2017, Chen, Orr, 2009).

The other characteristic of Chinese investments in Guinean's mineral sector is that such investments are always with backing of Chinese government especially by funding them. For example, 2006, an original agreement was signed with Chinese Exim Bank for \$1 billion USD to finance the Souapiti Dam project. Again, in 2007, the Chinese government, via her Exim Bank funded the project with a loan of \$850 million USD funding for the building of hydroelectric dam on the Konkouré River in northern Guinea. The funds were channel through China's Exim bank. Chinese government owned firm China International Water and Electric Corp did the project, (Durdén, 2017)

The above characteristic fits well and confirms Carmody's, (2011) findings presented in his book titled "The New Scramble for Africa"; where he notes that Chinese governments offers financial help, loans and information to its firms and local investors and encourage them to go and invest overseas in Africa especially in mineral sector (Carmody, 2011).

Another Characteristic is that most of Chinese investments in Guinean is that most of these investments are in Mining sector, construction and infrastructure development such as port, road and railway construction. They are also involved in electricity generation projects in different parts of the country, (Reuters, 2016).

The other characteristic of Chinese investments in Guinea's mining sector is that these investments in Guinea, most of their employees especially in senior positions are from China. There is basically few number of locals employed in senior position if any, (Wild, Els, 2015).

### **3.1 Problems of Chinese investments in Guineans Mineral sector.**

Despite numerous advantages brought by Chinese investments in Guinea, these investments in Guinea's mining sector have not gone without problems or disadvantages.

Like other African Countries, Guinea is faced with the problem of unemployment. Most of the Chinese firms that have invested in guinea's mining sector despite having several jobs or employment opportunities, most of these companies imports employees from China who are employed to do jobs that would really be done by the local Guineans, (Wild, Camara 2015). Pointing at Chinese who were driving trucks at Bauxite mines, Suleiman Kande, a 24 years 'Guineanold told Chicago Tribune;

*"It's a bit of a shame, we're from here and don't have jobs. The government should be controlling this<sup>8</sup>."*  
(Camara, 2015)

However, Chinese firms insist that they also employ locals and that they bring foreign workers because locals lack some expertise to do most jobs in mines and it would be costly and time consuming to employ and then train locals for those jobs considering that most of their contracts are time bound.

Another problem is environmental degradation. Actually, there have been some claims of cases of angry protests against Chinese work where Guineans have protested against Chinese Companies working in mining sector accusing them of polluting environment. In April 2017, thousands of Guineans took to street and

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<sup>7</sup>Chinese President Xi Jinping met with Guinean President Alpha Conde in Xiamen, in China's province Fujian Province on Sept. 5, 2017. At the end of the meeting, China agreed to loan Guinea \$20billion in concession for China to mine Guinea's Bauxite. See Appendix 1 and Appendix 2. Source, Xinhua, 2017

<sup>8</sup> A Guinean national Suleiman Kande, 24 years old told Chicago Tribune that Chinese firms employ fellow Chinese for many jobs including those that the local ones would be doing, which he attributes to unemployment(Wild, Camara, 2015) <http://www.chicagotribune.com/news/sns-wp-blm-guinea-china-535dc276-66be-11e5-bdb6-6861f4521205-20150929-story.html>

protested what they called Chinese companies polluting environment. This bloody protest resulted into anti-riot police shooting dead four Guinean stayed for several hours affecting bauxite mining in Chinese owned company is Winning Shipping Ltd and Shandong Weiqiao as angry people erected barricades and burned tires to protest against high pollution<sup>9</sup> levels (Reuters, 2017)

However, some scholars have written that, concerns that have left Guineans perception about Chinese and their investments in mineral sector sour have not gone unnoticed and there are efforts to address them. Yejoon Kim, who is a researcher, based in South Africa's Stellenbosch University's Centre for Chinese Studies says that Beijing is working on this and that Guinean perception about Chinese investments there is already getting improving with Many Guineans appreciating Chinese involvement in their country, noting that;

*"authorities in China know about the outcry on the ground level and they are trying to rectify that, the perception is slowly changing, but it's not going to happen overnight. The good thing is it is changing."* (Wild, Camara, 2015).

Outcompeting local firms by Chinese companies is yet another problem as a result of Chinese investments in Guinean's mining sector is that Chinese firms, which have invested in Guinea's mineral sector. It is important to note that Chinese firms investing in Guinea's mineral sector are well funded compared to local firms. This therefore makes local firms fail to compete favorably with the Chinese well-funded companies and hence the local firms lose out on winning mines contracts yet they would be employing more locals in case they were in projects. This resonates well with Carmody's views, (Carmody, 2011)

### **3.2 Contribution of China's investments to Guinea's economic growth.**

It can be argued that mining is the engine of Guinea's Economy without it, which its economic take off may take several years and interventions. Guinea boasts of variety of precious minerals, which has helped the country to receive both local and international investors in the sector. Guinea has the world's second highest bauxite reserves after Australia. Estimates indicate that Guinea has 24% of global bauxite reserves. Indeed, Guinea has significant world's largest untapped deposits of iron ore estimated to be about 20 billion tons and with a very good high-grade ore. Others include gold and 30 to 40 million carats of proven reserves of diamond and over 500 million carats of probable reserves. The country also has Nickel, copper, cobalt, chromium, manganese, uranium, gemstones, limestone, granite, dolerite, and marble, ornamental stones which all makes it an attraction to markets interested in minerals, (U.S.A Department of Commerce, 2015).

The mineral sector supports over a quarter of Guinea's gross domestic product and government statistics indicates that over 80% of the country's foreign exchange earnings are from the sector.

However, before China's investments in Guinea's mineral sector, the mining of various resources was taking place continuously but with little gains to the government. Throughout 2008 during the political upheaval in Guinea caused by the death of Guinea's former president Lansana Conte there was continued unregulated mining of minerals but resources went to a few corrupt individuals not the government coffers. Mining contracts had been awarded through bribery and foreign companies such as Australia's Rio Tinto dealing in Guinea's mineral sector continued to mine while remitting less revenue to government. (Els, 2016).

The New Guinean government of president Alpha Conde launched an investigation and review of all mining contracts awarded to various mining companies in the previous regimes in Guinea. Consequently, allegations of corruption and bribery were discovered that it's how a number of companies had been awarded contracts to mine Guinea's minerals. This resulted into cancellation of contracts that had been awarded by previous regimes to companies such as Australia's Rio Tinto that had held license to mine Guinea's Simandou iron ore. The new contract was given to a Chinese company – Chinalco at a \$20 billion to develop the mining, (Els, 2016), Chinalco is a Chinese company that primarily manufactures aluminum.

Chinese investments in Guinea's mineral sector have also impacted positively other services in Guinea. For example, after negotiating and winning a contract to mine Guinea's bauxite at \$5.8 billions, China Power Investment a Chinese company on top of the paid \$5.8 billions, they constructed a coal power plant, alumina refinery, and deep-water port<sup>10</sup> in Guinea, (GloboServer, 2011).

Before China signed agreement with Guinean government to mine Bauxite and iron ore, Guinea's infrastructure was poor with no railway services. After the initial agreement was signed in May 2014 to mine Guinea's iron ore and bauxite, China agreed to construct a new 650km railway across Guinea effectively connecting the countries different parts from North to South, West to East and all parts got connected to the

<sup>9</sup>There was a protest in Guinea against what protestors called environmental pollution caused by a mining company in the area. Available on line as Major Bauxite mining hub hit by riots in Guinea

<http://www.africanews.com/2017/04/27/major-bauxite-mining-hub-hit-by-riots-in-guinea/>

<sup>10</sup>"Guinea, China in Talks over Bauxite Mine, Refinery," GloboServer, 2 September 2011.

country's capital Conakry. IMF says this development improved the country's economic growth and projected it doubled the country's economy that was struggling from 2014 Ebola outbreak, (IMF, 2015)

The footprints of China's investments are very much visible to Guineans and the entire World. China has continued to invest in Guinea's mineral sector and also financed other key sectors that are important for development. Through mineral sector investments, China has funded the construction of railways, roads, ports, hydroelectricity, urban transport, and further funded the creation of a national airline, (Ross, 2016). After winning a mining contract, a Chinese company - China Harbour Engineering Company (CHEC) signed a \$770 million contract with Guinea's government to help and upgrade the port in the capital, Conakry, in exchange of bauxite producer. The contract signed by the Guinean government and Chinese company CHEC – which is a subsidiary of China Communications Construction Co Ltd, this company agreed to construct three different docks, 6 different roads and also support several other infrastructural developments in Guinea's eastern zone of the port. Guinea's government says once the construction is done, it will provide a high standard parking area of more than 600 trucks, the biggest in the region. This port is important for economy of Guinea, it handles almost all the merchandise and goods that are shipped into Guinea, as well as others that are destined to several landlocked neighbors' countries such as Mali. This improves traffic and will help Guinea get more revenue, thanks to China's investments in the country (Reuters, 2016).

China's investments in Guinea's mineral sector are have also left the country's electricity stress significantly reduced. In 2015, China Water Electric – also Chinese Company, started the construction of electricity at Souapiti hydroelectric dam valued at \$1.5 billion. When completed, the dam will produce 515-megawatt, economists and the government of guinea say this effort will help Guinea – a country that is in a power-starved.

Through Exim Bank, China further funded the construction of another hydroelectric dam on Konkoure in Northern part of Guinea. China funded the projected with \$850 million in exchange of rights to mine Guinea's bauxite in a concession deal with Exim Bank. Souapiti hydro dam is linked to two mines of Kaleta and Amaria where China got rights to mine Bauxite and Iron Ore. Construction work on this dam ended in 2015, one year ahead of agreed time. This is an indication that China has delivered<sup>11</sup>. The completion of this dam officials say reduced electricity shortage in the area by 50% (Els, 2016).

#### **Electricity dam constructed by Chinese Company to boast Mining in the area.**



Source: Mining.com

<sup>11</sup>A Chinese Firm – China International Water & Electric Corp. was able to complete construction of Kaleta dam project on agreed time – one year ahead. For more, read, Wild and Camara, 2015. Also available from <http://www.chicagotribune.com/news/sns-wp-blm-guinea-china-535dc276-66be-11e5-bdb6-6861f4521205-20150929-story.html>

International Monetary Fund also praises China's efforts in building the economy of Guinea. It is remembered that Guinea's economy faced severe blows of the Ebola epidemic that was announced to have ended in June 2016. Ebola affected the country's growth expectations, to zero in the year 2015, but the International Monetary Fund reported the economy of Guinea recovered at 5% economic growth in the year 2016 up from a miserable zero growth. International Monetary Fund attributed this growth towards gains in the mining, and energy sectors, which received a high boast from China (IMF, 2015).

China's interests in Guinea's mining industry continue to significantly grow, and in a short time, Guinea's economic analysts openly credit the coming of China into the sector praising Chinese for visible restoration of transportation infrastructure with other many multiplier opportunities as Chinese investments in the sector grow. More than any other country, China now tops foreign Direct Investments Guinea with most of its investments in mineral sector, electricity generation and other sectors. It is important to note that even other sectors that China invests in Guinea; the driving factor is minerals, (U.S.A Department of Commerce, 2015).

It can be argued that, China's investments in Guinea's mining sector have more than any other reason helped to improve Guinea's economic growth. The more China invested and increased her investments in Guinea's mining sector, the better more Guinea's GDP improved. IMF and World Bank reports also indicate that Guinea's economy has been improving partly because of Chinese investments and concessions loans especially loans aiming at mining Guinea's bauxite, (World Bank, 2017, IMF 2015). Indeed, World Bank figures shows that as Chinese investments increased in Guinea's mining sector, also Guinea's GDP improved. In 2016, Guinea's GDP was 6.30 billion US dollars and had averaged at 3.84 USD Billion from 1986 until 2016, reaching an all-time high of 6.70 USD Billion in 2015 - the time when China invested<sup>12</sup> more money in Guinea funded<sup>13</sup> projects that aimed at improving mining and production of bauxite and started shipping in tens of thousands of Guinea's Bauxite to China. (Basov, 2015; Toure, 2015; Wild, Camara, 2015; World Bank, 2017)

**Graph showing Guinea's GDP from 2006 – 2016.**



**Source:** World Bank.

United States of America's Commercial Services study conducted by the Department of Commerce (2015) in their 78-paged report indicated that China is playing a pivotal role in Guinea's Mining sector, which has resulted into economic take off. It further praised China's support in Guinea's Simandou iron-ore project describing it as a game changer by projecting to double the country's GDP when fully operational. The same

<sup>12</sup> It was in 2015 when China received the first huge number of tons of bauxite from Guinea, the first cargo ship containing 170,000 tons of bauxite arrived at China's Yantai Port from Boke Port, Guinea in March 2015. For more read, Toure, 2015, also available at <http://africatimes.com/2015/12/14/what-will-chinas-bauxite-mining-deal-mean-for-guineas-environment/>

<sup>13</sup> China International Water & Electric Corp. funded the construction of a \$2 billion hydropower dam that doubled Guinea's energy output, providing new capacity for the expansion of bauxite processing. For more, read, Wild, Camara, 2015, also available at <https://www.bloomberg.com/news/articles/2015-09-15/china-s-cwe-in-talks-to-build-2-billion-dam-in-guinea>

project according to the report was implemented in consideration of environment<sup>14</sup>; it is the largest Greenfield mining project in Africa, (U.S.A department of Commerce, 2015).

Even with the world's most feared deadly hemorrhagic fever – Ebola ravaged Guinea, China did not run away from Guinea as the rest of Western countries companies such as Australian based and Luxembourg-based ArcelorMittal that had mining contracts in Guinea paused their work and left due to fear of ebola. China's state-owned company carried on and continued with their dam construction during Ebola outbreak. Indeed, China International Water & Electric Corp. completed the construction of Kaleta dam a year ahead of agreed or schedule time, which no doubt highly contributed to the end of chronic power shortages in Conakry - Guinea's capital. As reported by Chicago tribune, this to Guineans was a sign that Chinese companies are the ones one can rely on in good and worse times. "The Chinese saved us," Lansana Fofana, 63, told Chicago Tribune as he pointed to the completed Chinese constructed Hydroelectricity dam that Chinese government funded with \$526 million in exchange of some rights to mine bauxite and iron ore there (Wild and Camara, 2015).

Other scholars and international reports all agree that no matter other consequences if any, African countries are gaining from their relations with China. A case in point is for example the 2010 UNCTAD and UNDP reports (UNCTAD and UNDP, 2011) points that China's FDI in Africa in has contributed to the region's rapid growth citing examples of countries like Guinea where china has invested heavily in mineral sector, (U.S.A Department of Commerce, 2015). The above UNCTAD and UNDP Reports supports other scholars' views such as Friedman who notes that Chinese investments in a number of ways has resulted into boosting host countries economic development (Friedman, 2009).

In Countries where China is involved in resource extraction such as Guinea, South Sudan, Nigeria's Niger delta, Benin, Congo, Liberia, and Cameroon among other African countries, China's assistance is visible in terms of infrastructure support as well as receiving economic investments from Chinese firms. By and large those efforts have left recipient countries economic growth improving and China can be hailed for such efforts (Alden 2007).

### **3.3 Persecution and Prospect of China's investments in Guinea.**

Various scholars have pointed out that African people's perception about Chinese investments in Africa countries is different according to any given country. However, what a number of scholars contend on is that on a number of accessions, people in African countries where Chinese have invested often complain on issues such as poor working conditions, and poor payments among others, (Shinn, Eisenman 2011, Alden, 2007). This is almost common in almost all African countries in different sectors where China has invested.

As the English proverb goes, a friend in need is a friend indeed. When Guinea was hit by the deadly Ebola fever in 2014 – 2015, many of foreign workers especially those from Western countries such as the London based Rio Tinto and Luxembourg based ArcelorMittal paused their contracts and construction and fled the country fearing to get the deadly Ebola a state-owned Chinese company - China International Water & Electric Corp stood firm with Guineans and stayed in the country as they carried on their work. They indeed completed the construction of the Kaleta dam on an agreed cost, without adding any fee in excuse of the risk such as contracting Ebola virus, and it is no surprise that they even completed the work one year ahead of schedule, a development that many Guineans and authorities there say resulted into ending of what they say was chronic power shortages in Guinea's capital - Conakry. This was a turning point to many Guineans who viewed Chinese workers in the mines and at a construction sites thinking they were there for work, to make money and return to China without caring for about lives of Guineans. Pointing to a completed \$ 526 million hydroelectric dam constructed by Chinese during Ebola outbreak, Lansana Fofana, a 63 Guinean national told American based Newspaper - The Chicago Tribune that;

*"The Chinese saved us, at a critical time, constructing and completing this mega dam during ebola outbreak...With Western companies, costs would have gone up and they would have walked out as soon as the first case of Ebola hit,"*

and added that, *"This gives us a real basis for our economy. Without power there is no development."*, (Wild, Camara, 2015). The above clearly explains that Guineans perception on Chinese investments in their country is good especially in key sectors such as mineral and energy sectors, indeed, the Chicago Tribune in 2015 run a big headline titled "China wins African friends by continuing dam construction during Ebola outbreak", (Wild, Camara, 2015).

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<sup>14</sup> Environment considered by the China. For more, read 2015 Country Commercial Guide for U.S Companies; "Doing Business in Guinea": by U.S State Department also available on [http://www.iberchina.org/files/2016/china\\_ccg.pdf](http://www.iberchina.org/files/2016/china_ccg.pdf)

In past, there have been reports accusing Chinese companies investing in Africa of treating workers poorly, and damaging the environment. In Guinea, this is different; China's Iron Ore mining project in Simandou was done with a mind of protecting and conserving environment. The United States of America's Department of Commerce named and listed China's project in Simandou as environmental friendly and the largest Greenfield mining project in Africa, (U.S.A Department of Commerce, 2015), this according to U.S.A department of Commerce has improved the relations of Guineans and Chinese, they see them as development partners and also as allies who care about their future by conserving their environment.

During Ebola outbreak, there were a lot of fears both between locals and foreigners and many foreign countries especially the Western countries evacuated their citizens, but Chinese workers who were working in different mining areas especially in the northern part of the country stayed and were involved in delivering medical supplies especially at a Chinese constructed 150 bed hospital that was constructed as Malaria control Centre and used to treat Ebola when it broke out. Indeed, when Guinean ministry of health confirmed outbreak of Ebola there, the Chinese embassy swung into action and early April, the government of China mobilized and provided Guinea with \$50 000 in cash as emergency humanitarian aid to contain Ebola outbreak. Jiahua Liu, one of the top Chinese manager at a Dam that was funded and being constructed by Chinese at Kaleta says their efforts during Ebola outbreak were well received by local Guineans and says in many ways improved the perception Guineans had on Chinese working and investing in Guinea. He added that what they do often is to ensure a good relationship local community at the beginning of any project.

A Guinean national - 28 years old Camala Alli told BBC Africa that Chinese are most welcome in their country. "Chinese are good people, they built a mosque and a soccer field in our town when they started to mine Iron ore, I come here every evening and play football with many of my friends" (Bellzone, 2014). The revelation by Alli is a clear testimony that Guinean's perception on Chinese investing and working in Guinea is cordial and good.

The construction of big hotels by Chinese in Guinea's mining areas has also left many Guinean's perceptions on Chinese investments there improve. Conde Muhammad told Chicago Tribune that, such developmental investments are developing local areas and their country, "...see that hotel, (Hotel Kaloum) it is an 18 - story tower, it is the tallest in Guinea and constructed by Chinese, when they go back to China, they will not go back with it, it will stay in stay here and it is Guinean", Muhammad added, before saying, "I wish more Chinese can come here and construct more of these buildings in our capital city Conakry". The hotel Muhammad was referring too was constructed by a Chinese construction Company Shanghai Construction Group, (Wild, Camara, 2015).

Chinese have also learnt the language, which is making communication with locals easy, and hence they are easily understood. Allain Long a Chinese construction manager says that the number of Chinese who can speak the local language French that is understood by many Guineans is growing number and this is making communication easy and where there are concerns they are easily solved.

#### **IV. Conclusions**

From Literature available, Chinese investments in Africa have been branded and portrayed by previous and several scholars as being driven by alleged Chinese interests where some scholars even insinuate that China is covertly in Africa under guise of neocolonialism, what is clear is that this research paper found such as a mere hypothetical stand and this paper contends that China's investments in Africa particularly in Guinea are driven by trade or economic interests based on mutual benefits basis for both countries and also as a result of the invitation by the host country in this case Guinea. This study contends that there is no any country in Africa where China or Chinese have invested either in mineral sector or any other sector and that their presentence is against the wish of the government or even people. From the literature, this study confirms that in some African countries, governments offer free land ad tax holidays to Chinese companies investing there a sign that they are welcome centrally to some literature that insinuate Chinese too be investing in Africa with hidden interest of neocolonialism.

However, the author contends that Chinese investments in Africa - Guinea's mineral sector in particular have not only contributed to growth of the sector but the entire country and in different sectors such as infrastructure sector where several roads have been constructed improving the country's transport sector. In efforts to boast the mines, the mining companies required to have electricity at the time which was very less, consequently, Chinese firms constructed hydroelectricity dams in areas where they were mining and this electricity later supplied power in those mines and neighboring areas in the country. Statistics so that Chinese generated hydroelectricity helped Guinea to produce more electricity, reducing the country's electricity shortage by a half.

The study further concludes that, while some literature highlights that Chinese companies especially in mining sector don't give attention to environment and are accused of environmental degradation, this study's findings found that Chinese companies working in mineral sector in Guinea are very much aware of the need to

protect and preserve environment, and that's why they constructed a hydroelectricity dam with intention of preserving environment making it the most environmental friendly project in Africa. The author notes Chinese firm's need to do more in environmental projection.

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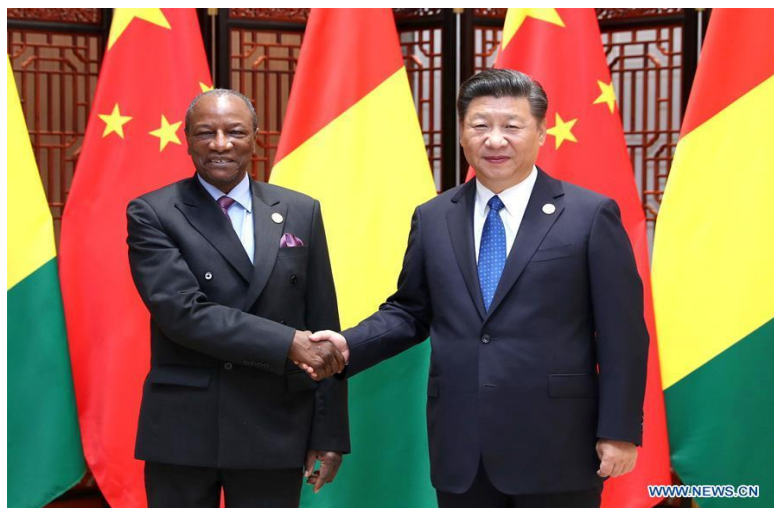
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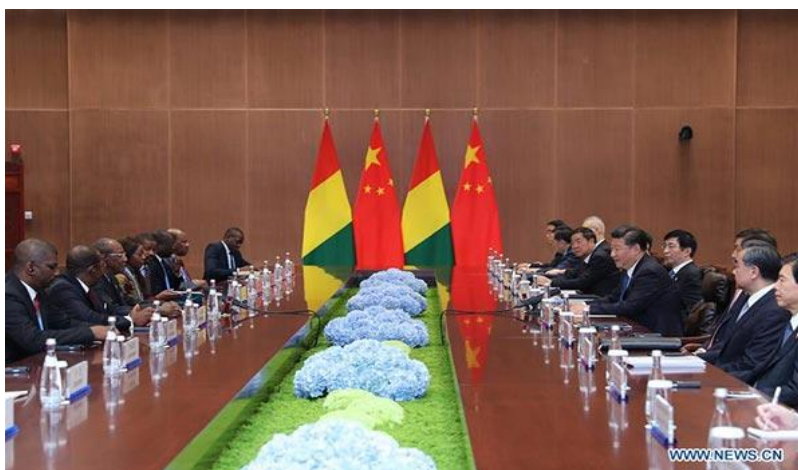
#### Appendix 1.



**Source:** (Xinhua/Ju Peng)

Chinese President Xi Jinping had a meeting with Guinean President Alpha Conde who visited him in China's city of Xiamen, Fujian Province. The meeting was held on Sept. 5, 2017.

#### Appendix 2.



**Source:** (Xinhua/Ju Peng)

Chinese President Xi Jinping and officials from Chinese mining companies had a meeting with Guinean President Alpha Conde. President Conde visited China with a team of mining ministry officials. The meeting took place in China's city of Xiamen, Fujian Province on 5, 2017.

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