

Tom Lantos Human Rights Commission

Hearing

on

Child Labor and Human Rights Violations in the Mining Industry  
of the Democratic Republic of Congo  
July 14, 2022- 1:00 p.m. – 3:00 p.m. EDT  
2200 RHOB & Virtual via Cisco WebEx

Statement of Eric Schultz  
U.S. Ambassador (retired)

Thank you for inviting me to testify today.

I did not work in the DRC, as you can see from my bio, but rather in neighboring Zambia. That said the two countries share many of the same characteristics, including a heavy reliance on mining and especially copper mining.

The story of China in this part of Africa is really a story about copper.

It is one of the key building blocks of the new global economy. EVs require copper for their wiring and Zambia and the DRC, which share the same fields in the “Copper Belt” of northern Zambia and southern DRC are among the most important producers of copper globally.

Zambia’s first president, Kenneth Kaunda, known as KK, once said that Zambia was born with a copper spoon in its mouth; that’s how rich the copper deposits are.

And Chinese control of these deposits gives them a leg up in the struggle to control the new economy.

When I worked in Zambia as the US Ambassador, from 2014-2017, we used to say that Zambia was Ground Zero for China’s policy in Africa. China was ubiquitous in Zambia.

Chinese businesses, especially construction companies, were everywhere. The Patriotic Front government, which took over in 2011, ironically after running an anti-Chinese electoral campaign, worked hand in glove with the Chinese on their signature road program; 100 percent of the roads were built by the Chinese.

The government and its supporters took great pride in the road program, which they claimed was opening the whole of the country for business. The Zambian people were less impressed, referring to Chinese roads as having been “painted” on – they often didn’t last the first rainy season.

The number of Chinese citizens living in Zambia was estimated by the Chinese Embassy at 140,000 people by 2016, having grown from essentially zero twenty years earlier, making them by far the largest ethnic minority in the country. Many of them demobilized Chinese construction workers. Many of them working and competing side-by-side with Zambians in the country's market places.

The Chinese supported the PF Government with campaign funds, with information about the opposition gleaned from the cell phone networks, run by Huawei, and most of all with project funds.

The Chinese do not compete directly with the US or the EU or the IMF. They don't provide budget support.

They provide project loans and they provided Zambia with more than \$10 billion during PF rule -- from 2011 to 2021. Fifty percent of the country's GDP. And China does not forgive loans.

By contrast the U.S. was part of the initiative to forgive the debts of highly indebted poor countries, from which Zambia benefited greatly. In fact, in 2011, when the PF took power, Zambia had virtually no debt.

The bulk of US assistance, again in contrast to China, has been health care grants, especially PEPFAR. The U.S. has given over \$500 million a year to Zambia since PEPFAR started in 2007. PEPFAR assistance throughout Africa don't need to be repaid and have saved the lives of millions of Africans.

China's policy toward Africa in general and toward Zambia in particular, was and still is to create a dependent relationship. They offer carrots like project loans, usually with inducements for government officials.

The new Lusaka international airport, begun while I was in Zambia, and completed in 2020, is a case study in how China operates in Africa.

First of all, it is arguable that Zambia needed a new airport given the low volume of traffic. It was the Chinese who proposed the new airport to the Zambian Government. As in fact they did with virtually all of the projects that China financed in Zambia.

Zambian businessmen who were interested in competing for the tender estimated the cost of the project at \$100 million: one-third for materials, one-third for labor, and one-third for profit.

In the end only Chinese companies were allowed to compete, since China was financing the project -- also standard practice.

And the cost of the project came in at \$360 million: \$30 million for materials, \$30 million for labor (all Chinese, another standard practice) and \$300 million for profit.

The profit was shared, unequally, between the Chinese contractors and PF officials.

All of it, however, went on the country's credit card and became part of the \$10 billion in debt that Zambia and its new government owe China.

The fact that everything involved in Chinese-financed projects was Chinese also meant that the multiplier effect on Zambia's economy was all but non-existent.

I said at the beginning that Zambia was Ground Zero for China in Africa. But, I would bet that if you polled my colleagues at the time, many of the other Ambassadors would say the same thing about their countries.

China uses the same approach in every African country: fueling authoritarianism, corruption, and economic inefficiency. And there are multiple instances of China leveraging its creditor status to take control of African economic assets – such the Entebbe airport after a default or their efforts to build military bases in Equatorial Guinea or in the Horn of Africa or trying to take control of Zambia's copper mines.

At the time I was in Zambia, the USG believed that we were not in direct competition with China. That if the Chinese were prepared to invest tens of billions of dollars into Africa – while American companies sat on the sidelines – who were we to complain?

But it isn't a fair fight. If the USG were prepared to subsidize US investment in Africa to the same extent the Chinese do, there would be many many more American companies in Africa.

And the Chinese goal – again – is to control key resources for the future – and to shut the US out of the game.

In that regard, the Chinese don't like the new Zambian president, Haikande Hichilema, too much. They heavily backed the former President, Edgar Lungu, including with financial support.

HH as he is called was a shock to the Chinese. He represents all the things China has fought against in Africa: democracy, transparency, market economies.

We are in a very real sense at war with China in Africa – and Russia too for that matter. Or rather they are at war with us. And Africa is too important, I believe, for the US to not fight back.