

CHINA AFRICA RELATIONS: TRADE OR GOLD RUSH IN GHANA?

Isaac Ibrahim

School of Economics, Huazhong University of Science and Technology, Wuhan, China

safarailioncrimson@yahoo.ca

Abstract

Currently, China's economy is only second to the US (GDP standard), and the interaction of the country with other nations is increasing. In Africa, a new partnership has emerged; paradigm shift from the north south co-operation with western countries as it was, to new south-south co-operation with China. In Africa today, many countries, welcome China as an alternative partner for development. Recently, however, relationship between African countries such as Ghana and China has begun to take another twist and turn as engaging china has leads to an extension of the traditional areas of trade, inward investment and technical co-operation; to involvement in local gold mining. In this study usage of empirical/ qualitative methodology provides an expose as to how China Africa relations has impacted local involvement in Ghanaian small scale mining. Results show that Chinese relations with Ghana now extends beyond the vectors of trade, aid and investment to mining sector with ramifications including; strain on bilateral relations, environmental consequences and losses to the economy of Ghana

Keywords: China-Africa relations, China-Ghana relations, Ghana small-scale mining, Galamsey, Gold rush, China, Ghana

INTRODUCTION

Interactions between and among countries is a common phenomenon in recent times. Such interactions extend beyond regional integrations to agreements of economic co-operation/trade. Economies across the globe differ in their resource endowments and comparative advantage as David Ricardo (1817) explains. No country can therefore exist in autarky.

In this era of co-operation, the dominant driver has been trade. Openness of a country to trade and growth hypotheses postulates a unilateral correlation between the two; and studies by scholars including as Edwards (1992) supports this hypotheses.

Before China intensified its interaction with Africa, most countries on the continent; such as Ghana, traded with Western countries such as UK, US and Germany. Ghana for example exported primary products such as cocoa, gold and timber and imported finished products from these countries. There has, however been a paradigm shift with China becoming the new partner for trade, co-operation and development.

In the modern era, China and Africa relations kicked off when the Bandung conference was held in 1955 in Indonesia. Since then, several Forums on China Africa co-operation (FOCAC) have been held to deepen co-operation. Africa has received the highest development assistance from China. In terms of trade; which has been a major driving force, Africa's largest partner has been China and from 2010 to 2011, there was a sixteen fold increase.

Ghana has seen her fair share relations with China which begun in 1960 under the leadership of the first president of the republic of Ghana; Dr. Kwame Nkrumah. There has been increased interactions since then. In the area of trade, China's imports from Ghana has been raw materials and exports to Ghana has been manufactures. Recently however, Ghana's interaction with China has gone beyond *Trade* and other vectors such as aid and technical assistance. A new development has been Chinese citizens' involvement in the Ghanaian mining sector in the quest for gold. Evaluating the extent of involvement and implications is thus of essence as is in this paper.

Problem Statement

In today's globalized world, nation states are closely integrated through trades and investment, aided by information technology. China since "Reform and Opening up" has moved from one of the closest economies to a modern open economy. Trade reforms and WTO ascendancy has transmogrified the country to the largest trading nation in the world. China's trade with many developing countries whilst transforming the economy of China has to some extent contributed to the development of these economies. However, since China imports raw materials from most African countries with little added value, and exports manufactures of higher value to these countries the long run benefit to these economies is debatable; considering import substitution industries for example suffer, and other industries such local construction at loss.

Trade theory postulates "winners and losers" with compensation and long run better off for everyone; so openness continues to be the trend. However, openness of the Ghanaian economy to countries such as China has not only been trade; extending beyond the two traditional vectors (trade and investment) to local involvement in the country. What is the extent of involvement? And what are the ramifications? And what solutions can adopted? This is the problem of this study.

Aims of Study

The economy of Ghana is one of the most promising in Sub-Saharan Africa (SSA). Endowed with natural resources such as gold, cocoa, diamond, and backed by stable political environment, the country is an idle investment destination given she is an open economy and welcomes trade and investment under the auspices of the Ghana investment Promotion Center for example. Openness has however, allowed infiltration into sectors reserved for the citizenry; notably mining. A recent panacea has been foreigners in illegal gold mining. Whilst prior studies focused on impact of Sino-African relations on textile industries of Ghana and the cost implications of illegal gold mining in Ghana, the aim of this study is to assess Chinese gold rush in Ghana.

LITERATURE REVIEW

Openness and Economic Growth

The theory that trade openness causes economic growth has been a subject of debate among scholars. Argument in favor of trade liberalization and openness weighs heavier.

As submitted by Weil (2008), for the period 1965 to 2000, the growth rate of GDP on average for economies that were open was 3%, as compared to 1.5% for those that remained closed. Numerous studies by scholars such as Kruger (1997) and Edwards (1992) all favour trade liberalization with Wacziarg and Welch (2003) submitting that trade liberalization and openness impacts positively on growth of GDP as well as investment. According to Helpman and Krugman (1985), exports for example causes growth though foreign technological adoption and the benefits accruing to large scale economies. Barriers to foreign markets could also be eliminated through exports (Esfahani 1991). Evidence submitted by Sukar and Rumaakrishna (2001) shows that economic growth of the east African country of Ethiopia.

The World Bank (1999) submits that The IMF's Structural Adjustment programs (SAPs) has restructured the industrial base of developing countries such as Ghana, with emphasis on trade openness/promotion and investment attraction. On the contrary, Rodriguez and Rodrick (1999) submit that there is overstatement of positivity between openness and GDP growth; long run productivity and output for example is reduced by imports. On service importation, Li (2003) finds a negative relationship with economic growth.

Sino-Africa Bilateral Relations

With most economies advocating openness, China and Africa have developed close ties. According to Lum Thomas(2009), China's economic presence on the continent is in the form of infrastructure finance as well as trade deals and Brautigam 2009:77-78) puts it from 2006, China's

policy in relation to Africa has emphasized mutual benefits and equality. Rotberg (2008) submits further that both Africa and China need each other in their quest development. In Studies by Zafar A (2007), Anshan L (2008), African products prices and competition of resource endowed countries are increased by the presence of Chinese and leads to positive effects on debt financing. Generally, Chinese presence enjoys positive support from African leaders such as Former South African President: Thabo Mbeki as submitted by Kwaa Prah, 2007; 6).

Cornelissen and Taylor (2000) are of the view that integration of Africa into the global arena is the driving force of relationship. VanderWath (200) suggests that China maintains a non-interference policy in Africa. On Infrastructural development, china has been the continent's largest contributor (Hensengerth and Scheuman (2011).China provides a one stop package of financial abundance, expertise and labour (Lumumba Kasongo (2011). Africa needs Chinese inflow of FDI for development of continental infrastructure. (Alden et al (2008). On bilateral trade, Smith (2012) submits that China is the continent's largest partner, and as Moyo (2012) writes, China's foreign direct investment in Africa was USD12bn.

Pessimism about Chinese presence, however exist. Earlier studies by Large Daniel (2008) however show that Chinese presence and business activities have attracted negative criticism from civil activists in some countries including Ghana .Mooney (2005) is of the view that growing demands of the country explains presence on the continent. Studies by Taylor (2005) supports this view and submits that relations are largely of economic in nature and dominantly trade related; which is in line with studies by Shelton (2001).According to Naidu and Davies (2006), Africa's oil is ideal and processing is easier due to the West Africa's strategic location. Zafar Ali (2007) submits that oil/resource importation led to a boost in GDP of most African countries; however oil importation leads to upward swing of prices to the detriment of poor oil importing economies on the continent. According to Kaplinsky et al (2006), benefits relating to booming prices of exports to China are accompanied by increasing, conflicts, corruption and exchange rates and are ambiguous. I. Ibrahim (2017) submits that China African trade relations affect domestic textile industries negatively in terms of loss of jobs. Tull (2006) submits that lower prices of Chinese products render African products uncompetitive.

Chinese Involvement in the Domestic Economy

Sino-Ghana relations now transcends beyond the vectors of trade and investment. Involvement of foreigners in gold mining is documented by Hilson et al (2014). The involvement of foreigners, in illegal gold mining namely; Chinese has resulted in standoff's with locals; however, such involvement has led to collaborative opportunities for locals (Hilson et al 2014).Involvement has also led to adverse effect on the environment

METHODOLOGY

This paper is the second part of the study on Sino-African relations and its impact on the textiles and mining sectors of the economy of Ghana. In the first paper, we adopted a case study approach. The interpretive approach was adopted to provide an insight into the phenomena. In this paper; we continue with the same approach by examining useful documents and data from relevant sources including, but not limited to: the Government of Ghana(GoG), ministries and departments such as the Ghana Chamber of Mines, Minerals Commission, scholarly articles, and International organizations such International Monetary Fund(IMF), World Bank(WB) and World Trade Organization(WTO). Data will also be imported from the first study; Impact of Sino-Africa Economic Relations on the Ghanaian, the case of textiles.

ANALYSIS AND FINDINGS

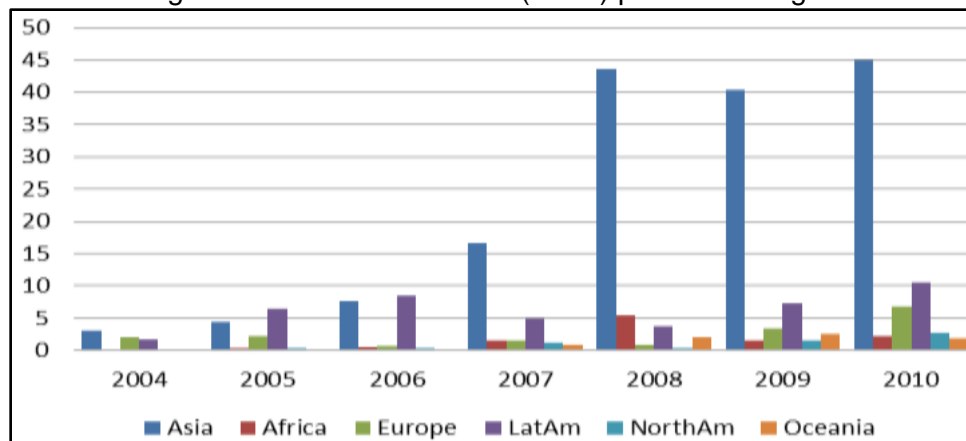
China –Africa (Ghana) Relations: Areas of Economic Co-operation

China Africa relations, has been in three Key areas of Trade, Foreign direct investment (FDI) and Official development assistance (ODI).

Foreign direct investment

Recently, African countries continue to experience increasing inflow of FDI from countries, notably, China. Because of the tendency to promote economic growth, such FDI's have been welcomed. Inward FDI from China to Africa in 2004 was 317.4 million USD, increasing to 2.1 billion USD in 2010. The highest point was however, 2008 when FDI to the Africa region reached 5.5 billion USD.

Figure 1. China outward FDI (OFDI) per World Regions



Source: MOFCOM 2010

Some the notable recipients of Chinese outward Foreign Direct investment included , Egypt, Nigeria, Algeria, south Africa, DR. Congo, Niger, Libya, Zambia, Ethiopia and Sudan. Some countries such as Kenya and recently Ghana (with oil discovery) have begun to pick up pace. The common areas of investment have included obviously; the extractive sectors, with others such education, manufacturing, infrastructure, information Technology, and construction.

Ghana as one of the promising economies in Africa recently has begun attracting investments, boasted by oil discovery. Chinese FDI to Ghana increased from 3.09 million USD to 17.87 million USD in 2005.

Official development assistance

China has been a key partner in delivering development assistance to African countries in the forma grants, interest-free loans as well as concessional loans which comes in the form of technical assistance, turnkey projects, participation in volunteer activities, debt relief packages and so on.

Chinese ODA to Ghana in terms of loans as far as 1995 was 18million USD, channeled to the promotion of joint venture shipbetween the two countries. In 2006, concessional loans was increased to 30 million USD; which was granted to the Government of Ghana to fund the National Communications Backbone Network. Other loans have been granted for various purposes.

Besides loans, the Ghana has benefited from infrastructural aid package for the building the ultra-modern Bui Dam Hydro-Power project. Debt relief packages have included a debt cancellation of 25 million USD Ghana debt to China.

Chinese ODA to Ghana is summarized below.

Table 1. Chinese Official Development Assistance to Ghana from 2000-2005

Year	Total Net ODA	Grants	Loans	Technical Cooperation
2000	376	316.65	59.35	N/A
2001	386.71	384.06	2.64	115.86
2002	406.18	423.45	-17.27	103.79
2003	478.78	455.04	23.74	113.77
2004	896.79	1757.57	-860.78	125.80
2005	602.71	899.95	-297.24	135.42

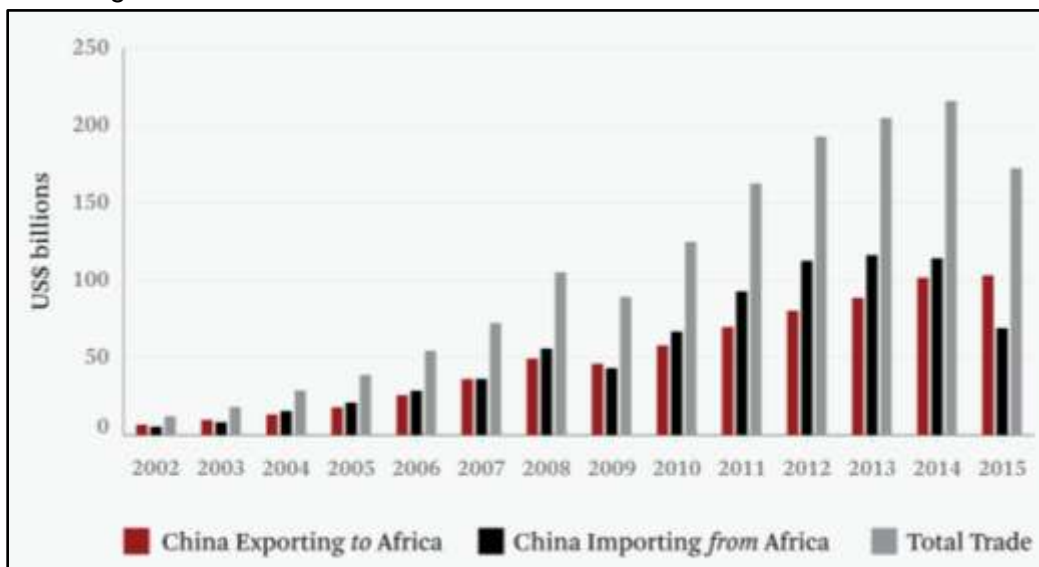
Source: Ministry of Trade-Ghana

Trade

Perhaps, the major driving force of China –Africa relations is trade. China has moved from a close economy in the 1970's and transformed to a major economic player and one of the largest trading nations in the World. China now has bilateral and multilateral trade agreements with most countries in the World and Africa and Ghana are no exceptions. Trade reforms, opening up and other factors such as China's ascension to the WTO seem to have caused a turn-around for Chinese economy and trade. Trade has been the major contributor of the Chinese Economic development. In 2005, China's total goods trade (in terms of exports and imports) was 64% of GDP which was far more than any other large continental economy. In 2013, China's total imports and exports hit 3.87tn USD.

China's trade with Africa quadrupled to reach 40 billion USD in 2005. Between 2000 and 2009, China-Africa trade increased from 10 billion USD to 91 billion USD. According to the OECD (2011), China has become Africa's largest trading partner. Trade statistics between China and Africa is shown below in Figure 2.

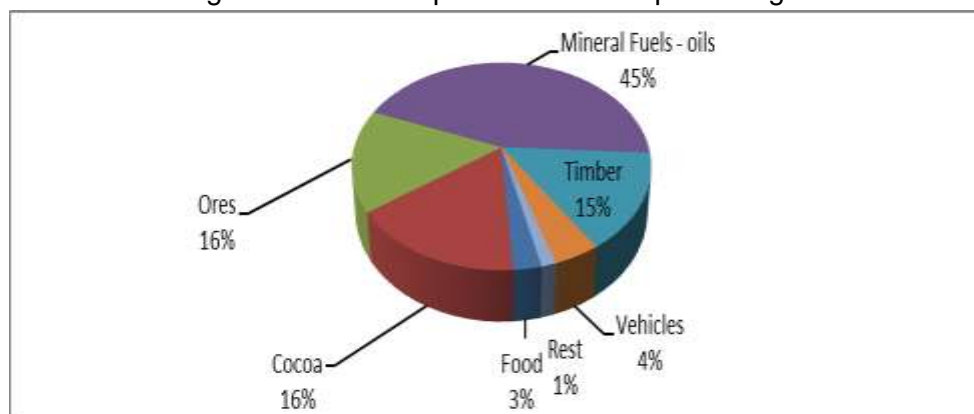
Figure 2: China-Africa Trade statistics from 2002-2015 in billion USD



Source: UNCOMTRADE 2017

Ghana has had a fair share of China-Africa trade. Ghanaian exports to China have been; gold, cocoa, agriculture produces and crude oil. Mainly, Ghana exports raw materials to, and imports manufactures such as textiles and apparel, electronics and automobiles among others. Figure 3 shows the breakdown of Ghanaian exports to China 2011.

Figure 3: Ghana exports to China in percentages



Source: ITC

Ghana's Total exports to China as a share of total exports have been quite low (Tsikata, Dela, et al), consistently below 2% from 2000-2006) as shown in Table 2 below.

Table 2: Ghana's Export trade figures for 2000-2006 in millions USD

Year	China (\$)	Total Export Trade (\$)	China share as a % of the total
2000	25.82	1,648.06	1.57
2001	22.71	1,791.10	1.27
2002	7.66	1,793.39	0.43
2003	32.28	2,324.30	1.39
2004	18.34	2,621.68	0.70
2005	31.26	2,583.37	1.21
2006	28.55	4,144.67	0.69

Source: Ministry of Trade and Industry- Ghana

Ghanaian imports on the other hand continues to increase over the period; however, other countries' share have increased as well at higher rate since 2002 (Tsikata, Dela, et al).

Table 3: Ghana import trade figures from 2000-2006 in millions USD

Year	China (Million \$)	Total Import Trade (\$ Million)	China share as a % of the total
2000	96.12	2,438.47	3.94
2001	122.2	2,666.39	4.58
2002	116.95	2,452.95	4.77

2003	179.63	3,210.19	5.60
2004	364.81	4,632.89	7.87
2005	364.81	5,661.20	7.38
2006	502.82	7,223.14	6.96

Table 3...

Source: Ministry of Trade and Industry-Ghana.

The Fourth Vector: Gold Rush and Chinese In Illegal Gold Mining In Ghana

A recent engagement of Chinese in Ghana has gone beyond the three vectors of trade, investment and official development assistance, to what has now become a menace and a cancer in Ghana: Chinese involvement in illegal gold mining in Ghana.

Small scale mining laws in Ghana

Ghana is one of the major gold producing countries; ranked second in Africa and seventh in the World. Gold production has gone from the sole control of the colonial powers and to the government of Ghana independence. The first major gold mining company in Ghana was the Ashanti Goldfields Corporation (AGC), in the years following; gold mining was dominated by a few large mining companies. The government of Ghana subsequently introduced the Minerals and Mining Law 1986, after the IMF Economic Recovery Program (ERP) in 1983.

In 1989 the government of Ghana liberalized the gold mining industry and introduced the Small Scale Mining Law 1989(PNDC Law 218) to govern small scale and artisanal gold mining in Ghana. Under the small scale mining, only Ghanaian citizens can engage in small scale gold mining of concessions that are less than 25 acres of land. Typically, this method of mining was done by the indigenes with little capital expenditure and persons were individuals or groups of less than ten in number. Under the small scale mining Law, citizens who wish to engage in mining need to obtain the requisite license for prospecting and subsequent mining.

It is worthy to note, that the Law prohibits foreign nationals from engaging in the small scale gold mining sector of Ghana.

How the Chinese entered into illegal gold mining

It is estimated that Chinese miners begun arriving in Ghana in the 1990's, it was not until 2010 that increasing gold prices and Ghana as a gold deposit hub attracted skyrocketing numbers into the country. Most Miners coming in have been reported to come from county in the Guangxi province of China called Shanglin. Some scholars believe that most miners from this county because of its historical background in Gold production. Estimates peg the number of miners

from Shanglin at 12000 out of 20,000 Chinese miners in Ghana. Other miners from provinces such as Heilongjiang and Hunan are also prominent.

In Ghana today, there a quite a number of Foreign Nationals; predominantly; Chinese involved in illegal gold mining. A number for reasons can be cited for their ability enter the small scale mining sector illegally, although the Minerals and Mining Act of 2006 and the Small Scale mining Law 1989 prohibits foreigners.

1) China's Reform and Opening Up

The first, I believe that has contributed to Chinese in Illegal gold mining in Ghana is the transformation of the Chinese Economy. China has transformed into a global trading, power. Before the 1970's China was a closed economy with little trade and engagement with the outside world. China's position has however changed dramatically. In 1978, China's ratio (imports and exports as a share of GDP) was far below the World, just around 5%. Between that period and the early 1990's however, China rapidly opened up and converged quickly toward the World average, as trade share stabilized through the late 1990's. Trade openness has surged since 2002. In 2005, China was the third-largest trading country in the World after United States and Germany, and trade volume continued to grow far more rapidly than that of any large economy. By 2013, China had surpassed the United States as the largest trading nation with combined total imports and exports hitting 3.87 trillion USD.

Domestic Reform (with trade as an integral part) and opening up as well as China's formal entry into the World Trade Organization (WTO) on December 11, 2001, has changed China's position. Economic Reforms and opening up of the economy beginning 1978 meant China establishing and/or accelerating diplomatic and trade relations with most countries in World including Ghana. Further, most Chinese citizens previously never travelled abroad begun exiting the country for trade prospects beyond the national borders This was aided by countries such as Ghana(a member of the WTO), opening up to receive incoming investors and traders from China . It is worthy to note from our earlier analysis; that in the early 1990's, China rapidly opened up and converged quickly toward the World average of trade; and it was at that same time that Chinese Miners begun arriving in Ghana. From the figure above, as trade figures keep rising, the number of Chinese miners arriving also kept rising, as a result of rising trade in gold prices.

2) Lax immigration rules and corruption

Opening up, increasing and rising gold prices has had a positive impact on Chinese in illegal gold mining in Ghana. Chinese in Illegal gold mining would have however, not been possible

without the lax nature of immigration rules as well as corruption on the part of immigration officials and other public servants.

Ghana is one of the stable economies in sub-Saharan Africa. The country has created an enabling investment environment for foreign investment and encourage foreign nationals to visit the country either for business or tourism purpose. In other to encourage visit Ghana, the government has relaxed immigration rules to enable foreigners acquire visas easily. Though a good initiative, it has led to many problems and the cancer of infiltration and presence of Chinese miners in the country. From my research, I found that; as per the Ghana embassy in Beijing website; one can get a visa processed as fast as 24 hours for 1440 Yuan and many options such as Tourist visa, which is easy to acquire to visit Ghana for tourism, visit visa-friend, which is equally easy with the collaboration of a Ghanaian citizen and Business Visa are all options, that a foreigner can use (ghanaembassychina.org).

Easy access and arrival into the country has been compounded by corrupt immigration officials who use Visa on Arrival Avenue for making money with the visa brokers as intermediaries. As most of the visitors have short stays as per tourist visa requirements, most of the illegal miners overstay, and get extensions with the help of corrupt immigration officials and visa brokers. During their stay, they take advantage of the lax law enforcement in country; as pertains to illegal gold mining and get involved; with assistance of local partners. Those come on business visa, divert from their purpose of stay and engage in illegal gold mining. Some miners however, arrive in the country illegally and off radar of the security services, especially as the government of Ghana begins toughening immigration rules. Those who do so, come through Togo in the eastern border.

3) Local assistance

It is probably impossible for Chinese illegal gold miners to arrive in Ghana and know there is gold; start moving in their excavators and engage in illegal gold mining. Traditionally, Ghanaians in small scale mining use crude methods in gold extraction which can be quite laborious. Since they lack the required capital for investment, they will look for a foreign partner, normally a Chinese. The Ghanaian who holds a valid license would use his/her registered company as the front and the Chinese partner will provide the needed equipment's and capital needed. Equipment usually include excavators for digging up large areas of land for gold. The Chinese have introduced a machine called *Chang fa*, which is diesel powered to crush rocks. This benefits local partners as it makes mining less difficult and faster. Profits are then shared as per agreement with a majority share which could be 90%; going to the Chinese partner and the

remaining sum going to the Ghanaian partner. Ghanaian partners, are however happy as the little percentage represents huge sums of money.

Usually, as operations are illegal, called “galamsey’ the Ghanaian partner may not have a registered permit, and land acquisition done illegally, with the aid of chiefs; traditional rulers and land brokers as well as persons who willingly give up their lands for compensation that they feel makes them better off.

4) **Lax Law Enforcement.**

Small scale gold mining in Ghana, whether done by a local or foreigner, without the required license is illegal and punishable by law. The Minerals Commission of Ghana, has the mandate of supervising the mining sector, and other agencies such as the Environmental protection agency is responsible for ensuring safety of the environment, with the security forces being the body responsible for carrying out arrest and processing offenders for prosecution. Regardless, illegal gold mining has been rampant and foreign miners have joined in because the mining regulatory agencies have slacked in their mandate and the security forces have not carried out the required law enforcement. Although some crackdowns have been down, it has been so occasionally, on the backdrop of a news report of miners dying or clashes between locals and foreign miners. Lax law enforcement has been one of the greatest contributors of Chinese involvement in illegal gold mining in Ghana.

Ramifications of Chinese involvement in illegal gold mining

Illegal gold mining in Ghana has led to devastating consequences for the Ghanaian Economy, and Chinese involvement has escalated the problem.

1) Environmental consequences-land

Traditionally, illegal miners adopted simple tools such as pick-axes, shovels and so on in mining, the destruction of land although visible, was small compared to the recent trend of Chinese Involvement in illegal gold in Ghana. The introduction of excavators by foreign miners has the ability to destroy larges areas of forest and farmlands. Excavators dig large holes as well as trenches for gold mining and leave them uncovered leaving them floor prune. Further, most of these mining areas in southern Ghana are fertile cocoa producing areas. The use of excavators and other heavy equipment for illegal gold mining destroys large cocoa plantations and other farmlands which affects food productivity and security. Moreover, the use of chemicals on soils render them unfertile for food production.

The World Bank submits that a total of 150,000 hectares of land were destroyed by illegal gold mining, and given the nature of illegal gold mining in Ghana today, the figures could be quite alarming. Environmental degradation and treatment of land has several consequences for the economy of Ghana. Ghana is the second largest producer of cocoa, and the country relies heavily on foreign exchange earnings from cocoa. This means a loss of revenues from the second largest export earner and an effect on her comparative advantage in trade. Further, loss of farmlands resulting in a loss of food security is likely to result in famine and conflicts/riots, as well as swelling of the import bill in an attempt by government to import food with limited foreign exchange earnings, while illegal miners return home super-rich. Animals and endangered species are also affected as wildlife is not spared in the process.

2) Environmental consequences-water

Water is one of the basic necessities of life as well as a basic human right. Water security in the face of increasing global warming has become a matter of concern for most countries in the world, as there are many who still lack access to clean water in the modern era.

Ghana is endowed with water resources and most known rivers such as Pra, Ankobrah, often serve as not only a source of drinking water but economic activity for people living along these rivers. Most rural folks in Ghana do not have access to pipe water as their urban counterparts and therefore rely on rivers and streams for drinking water. It is for this reason that most villages and cottages are sited near rivers and other water ways. Most of the folks also rely on fishing either as a source of food for their families or as a source of economic activity as fish mongers. However, most water bodies in mining areas are now under threat by Chinese illegal gold miners who do not only wash mud from ore to extract the gold, but use dangerous chemicals in the washing process. Dredging in rivers for gold has also become a common phenomenon. Such substances could be mercury, cyanide or any other dangerous chemicals used to extract gold and washed into rivers. Folks downstream who drink water from these rivers have to endure serious health problems that could sometimes be imaginable. Fish, and other aquatic food resources also die; threatening food security and the attendant problems discussed above.

3) Standoff with locals

Security in every country is of prime importance and that of Ghana is no exception. The involvement of Chinese in illegal gold mining in Ghana poses a security threat to the peace and stability that the country has enjoyed over the years. Chinese exploitation of resources including gold in many African countries, including Ghana has resulted in increasing anti-

Chinese sentiments from locals which is likely to result in standoff between locals in miners in mining communities. Illegal entries, is also likely to result in proliferation of arms by illegal miners who wield them to protect themselves from locals' attack. Locals in attempt to protect their lands and properties could also seek to acquire guns which can be made locally, likely to result in gun violence, crime and a treat national and economic security. In a recent report by the Guardian Newspaper, increasing dislike for Chinese miners and assault by locals has been on the ascendency; and one Chinese miner admits possessing weapons to protect themselves. In one of the most adversely affected areas near Obuasi (the largest gold mine); Manso Nkwanta, things got heated recently between Chinese miners and locals and it only took the timely intervention of the area police to avoid what could have turned out to be a bloody clash. Gun shots were heard around town and many locals fled for fear of attacks from miners. Chinese miners fired guns to disperse a group of youth who attempted to confront them. Such conflicts and potential conflicts does not only threaten national security, but economic activities and in gold mining areas and the exporting Prowers of Ghana.

4) strained diplomatic relations and negative impact on trade

China and Ghana have enjoyed diplomatic relations for years dating back to the 1960's after Ghana's independence. Ghana for example assisted China during the Sino-Indian war, and China has retaliated with diplomatic assistance such as building Ghana a national theatre. China is a one of the largest trading partner of Ghana; although exporting less to China than importing. Good diplomatic relations is essential for good trade relations. Recently however, diplomatic relations seem to have suffered a bit on the peak of escalating tensions when the government of Ghana started arresting and deporting Chinese illegal miners. On 5th June 2013, Chinese miners were arrested in the Ashanti Region of Ghana. This was a Presidential initiate to rid the country of illegal foreign miners. Chinese Officials on June 10th 2013 confirmed the arrest and release of illegal gold miners who were been deported. This created a lot of tensions between Ghana and China with allegations of casualties. There were unofficial reports of brutalities and confrontations between miners and the security forces. These turn of events seem to have affected somewhat diplomatic relations between the two countries.

A former minister of lands submits that tightening of visa regulations at the Chinese embassy in Ghana was due to deportations of illegal miners. Deportation of Ghanaians from China sparked suspicion that Beijing was retaliating, and the government of Ghana believes delays in accessing a 3 billion USD loan from China was connected with the events.

5) Loss of revenue

Although the Precious Minerals Marketing Company (PMMC) is mandated to buy gold on behalf of the government, an estimated 60, 000 to 80,000 ounces of gold are smuggled out annually. This is because gold produced illegally are smuggled out of the country by foreign miners; depriving the state of the export revenue that could have accrued to the government. There is a multiplier effect as the government has to deal with the problems left behind by illegal foreign miners, which is cost to the state.

Stakeholder responds

Previously, the attitude of the government and security forces towards illegal gold mining had been lackadaisical with occasional crackdowns. This was probably when a mine collapsed and many died or they was a clash between illegal gold miners and locals which attracted media attention. Once the media buzz died, illegal gold mining continued to frolic. However, recently, illegal gold mining and foreign involvement has hit the red line and government and other stakeholders have had to address the issue.

On June 5th 2013, Chinese miners (169 in total) were arrested by the police in the Ashanti Region; following the then President; John D. Manama's decision to bring illegal gold mining to an end. According to immigration authorities, Ghana has deported over 4500 illegal Chinese miners following a series of crackdowns as at 2013.

Whilst the previous government intensified operations by setting up taskforce to tackle illegal gold mining, the current government has taken it a step further. In August this 2017, the government of Ghana put together a 400-member joint military and police task force to crack down illegal gold mining in the country. According to media report (joyonline) the joint task force is making strides in controlling the situation. According Citifm, a local radio station, the joint task force has so far arrested 362 suspected illegal miners including foreign miners, as at September 29, 2017 and counting. According to the authorities the Joint task force is going to be a long-term.

CONCLUSIONS

China has recently been making headlines for quick economic transformation that is deemed by many as remarkable. The Country has moved from one of the poorest economies in the 1970's to a modern trading and economic super-power. Domestic reforms and opening up of the economy has been the major contributors of the country's fortune. Trade reforms and World Trade Organization ascension in particular have been the driving forces of China's globalization

drive. At the same time, opening up has led to interactions with many countries in Africa; including Ghana.

With reference to Ghana, the pillars of engagement have been trade, aid and investment. In terms of aid for example, China has assisted Ghana with debt reliefs, infrastructure projects and loans. Trade however, continues to be the major pillar of engagement, with Ghana importing more manufactures and exporting less raw materials and agricultural products to China.

A recent fourth vector that has been a thorny issue is the engagement of Chinese nationals in illegal small scale gold mining in Ghana called “galamsey”. Besides the threat posed to diplomatic relations, this study finds that such engagement possess serious threat to the domestic economy in my ways; which is in line with earlier studies by Hilson et al (2014), Hilson and Adu-Darko E(2014).Predominant Among the consequences found are those on the environment and economic cost does exist, with possible negative effect on trade, foreign exchange earnings.

This study has also found that until recently, the attitude of the government in addressing the problem was lax. However, the Government of Ghana since 2013 has stepped up efforts to address the issue in the face of escalations. Solution has been; setting up task force and crackdowns.

RECOMMENDATIONS

The government of Ghana has recently taken steps to fish out illegal miners in gold mining areas of the country. This action is laudable and should be a long-term process and not a flash in the pan. However, the government should take steps to ensure casualties and brutalities that go with military operations are minimized; especially when foreign nationals are involved, as it puts a strain on diplomatic relationships as seen recently. Further, given the effect it has on the two countries’ diplomatic and trade ties, the governments of Ghana and China will do well to set up a joint committee to find ways to curb the situation. Domestically, the government of Ghana should strengthen regulatory institutions and flush out corrupt officials. The citizenry should be sensitized about the long term effects of illegal gold mining on their lives and their country. Since locals do not have access to the needed capital; the government of Ghana will do well to provide such support to those who want to engage in small-scale mining; and mining co-operatives can be set up for synergy. The government might consider foreign local partnership in small scale mining as well.

FURTHER STUDIES

This study took a cursory look at how China Africa relations has extended beyond the main three traditional vectors of trade, aid and investment to a recent development in the small scale mining sector of the economy of Ghana. Issues such as various factors that have contributed to Chinese presence, the ramifications and costs as well as stake holder responses were addressed and some recommendations made. This sets the agenda for further study on how stakeholders; especially; governments of both countries can work together to solve the problem of Chinese in illegal gold mining in Ghana.

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