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China's trade and investment with Africa: A study of Chinese influence in Sierra Leone

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A B S T R A C T

There seems to be a paradox between economic value of natural resource deposits in Sierra Leone and economic development. It is easy to believethe absurd economic theory that most resource rich countries perform relatively poorer than their non resource endowed counterparts interms of economic development. The objective of this article is to analyse the nature of resources extractions from Sierra Leone, the strategies employed by China and a road map as to how the country can progress economically using its resources. The analysis are based on three key areas of assessment: the trade and investment volume between the two countries; mineral extraction deals signed and reported corrupt practices and lastly, the prospective areas of clash between the investment companies and the local residents, whose interests ought to be servedby their Government. Thus, this article aims to highlight the potential mismatch of benefits of investments and the plundering of natural resources between the two countries.

Introduction

There is an inverse statistical relationship between natural resource base exports (agriculture, minerals, fuels) and growth rate (Sachs and Warner,2001). It has also been suggested that resource-abundant countries have stagnated in economic growth since the early 1970s, inspiring the term 'curse of natural resources' and empirical studies have shown that this curse is a reasonably solid fact (Fantu Cheru, 2011). Enough has been said about the positives derived from the trade and investment relationship that exists between Sierra Leone and China.

However, skeptics still suggests that such relationship is only a one way benefit with China getting all what is good in the deals and Sierra Leone loosing out. It therefore remains to be seen whether the loss is only to the masses while the public officials pocket all that is ought to be for the whole nation. China is seeking to expand its accessibility to Sierra Leone's natural resources through infrastructural investment projects (Silas Gbandia and Pauline Bax, 2014). To the Sierra Leonean Government officials and the priviledged elites, as long as no conditions of good governance, transparency and accountability are attached to the loans dished out from Beijing, it is business as usual but this is not quite the same opinion from the masses who are increasingly becoming suspicious of the dubious relationship between their Government and China (Bah, M. C, 2014). This is an alarming concern because even when loans from Western countries like UK, Germany, and France are conditioned on transparency and accountability, still the monies mostly end up in the pockets of the highly placed Government officials. If this was the case, then unconditional loan from Beijing to Sierra Leone is just a bonus to the country's highly placed officials. It is worthy to note that deals between China and most African states, Sierra Leone being no exception, are shrouded in so much secrecy and non accountability that possible investigations from even the most vibrant Anti-Corruption Commission (ACC) are practically impossible (Niti Bhan, 2014). Amidst all these, academics still argue that the clock ticks in favour of African countries interms of prospective development than anywhere else on the planet. This belief is apparently based on the premise that Africa represents the last frontier for untapped resources that is so much needed across the globe but quite exhausted in other parts (Moyo Dambisa, 2009.)

It is evident that China's interest in Sierra Leone is driven by some key factors. Firstly, Sierra Leone is one of the recent discoveries for oil reserves and China dearly needs crude oil to power its growing and expanding industries. There is no question therefore as to why China is so interested in Sierra Leone, and one cannot agree more that natural resources like oil, iron ore, aluminium and other significant but scarce precious metals are all in abundant supply in Africa. China desperately needs them for their ever expanding manufacturing industries (Niti Bhan, 2014). Secondly, the potential of new market frontier is believed to be responsible for their involvement in Sierra Leone. The growth of the Chinese economy relies on manufacturing and therefore needs to find new sustainable and dependable market like Sierra Leone for their manufactured goods and surpluses (M. C Bah, 2014). The third factor is that Sierra Leone's industrial sector had enjoyed many years of monopoly and protection but with the conditional liberalization of its market, thanks to the International Monetary Fund (IMF) conditionalities, China has duely seized the opportunity and increased its economic activities (David Haroz, 2012). Lastly, stepping out into the Sierra Leonean market is a direct way of indicating China's growing influence as a world power too and one which is capable of competing with the likes of the European Union countries or even United States of America (Piet Konings and David Haroz, 2012). Against this backdrop, it is of great interest to investigate whether China is having a free ride through corrupt officials to achieve its targets and plunged Sierra Leone deeper into an economic cesspool or for once the country's political elites will seize this as an opportunity to drive economic growth in the country.

Materials and Methods

As part of the researcher's desire to uncover the reason(s) behind the resource curse in Africa and other parts of the world, the thought of a familiar country does play a leading factor in choosing Sierra Leone as the most fitting place. Sierra Leone is a small West African country, persistently rated as one the poorest countries in the world according to the United Nations Human Development Index (HDI), 2013. However, this small country with a population of less than six million people and an estimated 27,000 sq kilometers (sq. Km) total land surface possessed huge deposits of minerals such as diamonds, iron ore, rutile, bauxite, gold and even crude oil. As a native of such country, it bothers one's thinking that why should such country be so poor and the guesses starts to fly in. Firstly, it is tempting to believe that the colonial powers are responsible for the state of affairs as it is now. However, a second thought that will dismiss such line of thinking almost immediately, is when you look at the Asian tiger countries who were colonised as well and above that, the colossal amount quoted everyday as Development Aid and Foreign Direct Investment (FDI) that has been poured into this tiny country. Thus, the only menace as suggested by leading academics for such scenerio remains to be corruption, but who is the leading partner? It is an attempt to provide an analytical response to this question that warrants the researcher to investigate the relationship between Sierra Leone and China interms of trade investments, mining contracts, corruption and potential areas of conflict between these two countries. China is quite appealing for such introspection because of varied reasons. Firstly, the trade and investment intimacy between the two countries from two different demographic, economic and population axis is a cause of suspicion. Secondly, years of many Sierra Leoneans‘ childhood and adolesence have always been occupied by knowing the British, the Americans and other Europeans as closer friends and trade partners of Sierra Leone. To suddenly start seeing small eyed looking guys flooding the country and even becoming the leading trading partner over the last few years is even a more reason to investigate. The literature on this relationship between Sierra Leone and China is quite limited, the internet is not doing much either so the researcher decided to practically walk into this all familiar zone called Sierra Leone to investigate. The methodology was to approach Government and Chinese officials inorder to have a lead into this much coveted relationship and why it is growing so rapidly but to one's dismay, neither the Chinese nor the Government do not want to give out much. No wonder, the Chinese were not seen and won't be seen to help out when civil conflict(s) erupt in Sierra Leone and other African countries. This work is therefore the product of abit of everything; information from officials and secondary data from textbooks, journals and the internet.

This article is written on the basis of the data collected from the researched country and further supported by theories on trade and investment volume between the two countries; the facts of the contracts and corruption scandals associated with them; areas of potential conflicts of interests between the Chinese and the locals particularly, and also between China and the Government of Sierra Leone generally. Data is carefully compiled on the above indices and the analysis are based on these data sets. Tables and graphs are used to clarify or summarise the content of some analysis, where necessary.

Trade and investment corporations between China and Sierra Leone

Apparently, while China is seeking access to the heart of Sierra Leone's mineral reserves and in the process, acquiring infrastructural investment projects, Sierra Leone's ruling elites seem quite satisfied to be lured by low interest rates on soft loans from Beijing. China's growing influence in Sierra Leone is not fueled by any selfless desire to ensure economic development but rather, the opportunity to have a far too easy access to minerals they get from deals gifted to them by corrupt Government officials. As long as China accepts the corrupt processes and refrains from political interferance, it is business as usual from Government (Bah, M. C, 2014). One is tempted to believe that China's reluctance to sanction the tenets of good governance and transparency as a condition for their loans and investment is a symbiosis relationship as they (the Sierra Leone Government), inturn ignores the influx of Chinese workers into the country even when it is to the detriment of the unemployed youths: who really cares! As long as each Chinese pays 10 US$ as entry fee at the Lungi International Airport. Their influence on the economy can ensure growth in the short term but it is not a positive recipe for long term growth, which is hugely needed in emerging economies like Sierra Leone (Simone Datzberger, 2010). The remarkable difference between Sierra Leone's traditional donors like the Great Britain, the United States of America, the European Union countries and China still remain the total absence of interest from the later to help the country build its fragile democracy, promote good governance and ensure a transparent society for the good of all. Chinese investments in Sierra Leone are mostly limited to such infrastructural developments like roads, dams, hospitals, telecommunication networks, without any attention to the real cost of these projects on the tax payers'income (Sierra express media, 2014).

Looking at the trend of investment and trade relations between China and Sierra Leone for the past ten years, it is no doubt a surprise to see China emerge as the leading trade partner of Sierra Leone, ahead of the European Union for the past two years now. The total Chinese investment in Sierra Leone from January 1, 2005 to June 30, 2013 was US$ 4.7 billion (The Heritage foundation, 2014). While the total trade volume between Sierra Leone and the European Union (EU) stood at an impressive 291 million Euros in 2005, Chinese' trade volume was a mere 31.6 million Euros in that same year (World Atlas Trade Data, 2006). However, trade volume has been on the increase between the two countries ever since and in 2012 eclipsed the European Union as the leading trading partner at a whooping total of 572 million Euros of all trading activities with Sierra Leone while the European Union was pegged at 544 million Euros (Eurostat Comext, 2012). Below is a breakdown of trade between Sierra Leone and the world, the European Union and China in 2012.

Interms of percentage share, while the rest of the world maintain 44% of all trading activities with Sierra Leone, China alone has 28.7% of trade share with Sierra Leone. On the other hand, the entire 28 countries within the European Union only has 27.3% of total trade dealings with Sierra Leone (Eurostat Comext,2012). By all stretch of imagination, this is a huge difference, especially if it is aportioned country by country.

Infrastructural development, mineral deals and corruption scandals

No doubt China has been the foremost infrastructural developer in Sierra Leone since diplomatic ties began between the two countries. Arguably, the Chinese have built more infrastructure in Sierra Leone within a short time frame than the British colonial masters ever did over the century and more years as a colonial master. There are many of the constructions to be referred to but the most prominent ones includes the multi-purpose national stadium in Freetown, the Youyi building which hosts a number of key ministries, the Bumbuna electricity dam, a new foreign ministry building, new additional offices to the House of Parliament. In 2004,a 200,000 US$ contract aimed at setting up a tractor asssembly plant in the capital city of Freetown was signed between the Sierra Leone Government and the Chinese State Enterprise company (Centre for Chinese studies, 2006). By early 2013, a 100-bed Chinese-Sierra Leone hospital was built at Jui, on the outskirts of the capital city Freetown while a mini-stadium in the second city of Bo was also constructed. Further to that, in July 2013, the Chinese signed an eight billion United States Dollars deal with the Sierra Leone Government to build a new airport and a railway track running from Tonkolili in the Northern part of Sierra Leone to Sulima in the Southern part of Sierra Leone, an estimated distance of three hundred kilometers (Niti Bhan, 2014).

Clearly one can understand the rationale behind the Chinese influence in Sierra Leone and their involvement in building this small west African country‘s economy. The problem with these infrastructural projects remain the hidden information with regards to the vast sums of money involved . One is left bemused and suspicious of the amounts that might be involved in the many other shrouded contracts when information about the costs of fewsuch projects are leaked out. One prominent deal and corruption scenerio is between the Sierra Leone Government and Kingho Energy Group, apparently one of China’s largest private owned companies. The deal itself worth a face value of US$ 8 billion plus investment in infrastructure, energy and iron ore. It requires the company mining 30 million tonnes of iron ore each year and further under the agreement, a 250 Sq.km (150 miles) railway track from Tonkolili district in the north to the coastal town of Sulima in the extreme south at a unit cost of approximately US$ 4.5 million, where the international standard price per unit kilometer road is US$ 250,000. The agreement also entails a deepwater port, a smelting facility and an industrial park, all in the remote area of Sulima (Niti Bhan, 2014). This kind of deal indicates two glaring cases of corruption and self interests. First, one would imagine the benefits to the ordinary Sierra leonean of a railway track that runs from Tonkolili district in the rural area of Sierra Leone to Sulima in another rural setting in Sierra Leone, lest it is only to serve the interest of the Chinese company to transport its minerals easily. And if this was the case, then why should Sierra Leone pay for the cost for such construction as stipulated in the contract itself. Secondly, given the fact that this information is out there in the public domain and no anti corruption charges are brought against the officials, means the likely involvement of highly placed political functionaries. This is not new though as a case involving the sitting vice president caught on an Aljazeera tape soliciting bribe for lifting a ban on timber export remain a slogan in Sierra Leone with the same vice president still addressed as His Excellency (Africa investigate, 2011).

In 2003, Global trading, a registered premier Chinese company renovated the government-owned Bintumani Hotel. The total structure of the hotel is 2000 square meters covering approximately 11 acres in a popular beach area in Freetown. It offers 185 elegantly furnished rooms and suites as well as a well equipped business centre, banquet facilities and a conference centre that can accommodate 250 people (Li Dao Song, 2014).Total cost of renovation was quoted as US$10 million and the company will in return enjoy the right to manage the hotel for 10 years with the first option to renew the lease at the end of the term (Centre for Chinese studies, 2006). As recent as 2012, a land investment agreement was signed between the Government of Sierra Leone and the Chinese Hainan Rubber Group, worth upto US$ 1.2 billion to develop a 35,000 hectare rubber plantation and the cultivation of rice on a 100,000 hectare farm land (China Africa, 2012). The influence of the Chinese is not only limited to areas where they signed primary contracts, they even lobby government to buy shares in companies operated by the Americans, European Union or any other investment partner. Shandong steel company bought a 25% shares of the country's iron ore mines operated by a British owned African Minerals company (Abubakar Multi-Kamara, 2012). The Wilkinson Road/Spur Road construction is another case of apparent broad day corruption. Government is reported to have paid the Chinese construction company US$ 18 million for a 4-kilometer long distance two way lane tracks which then will cost morethan US$ 4 million per kilometer. Again, this is way above the normal international standard price of US$ 250,000 (Niti Bhan, 2014).

The Chinese and their action in the telecommunications sector warrants even more scrutiny and suspicions. Here, it ranges from undervalued electricals and handsets to fake operator gadgets for the National Telecompany-Sierra Leone (NATCOM-SL). China's Huawei Technologies Co.Ltd has been largely blamed for importing low graded electrical components responsible for the state of poor network services in Sierra Leone (Sierra Express Media, 2014). Below is a tabular illustration of some of the deals, the suspected corrupt scenerios and the respective sources of information.

Some of the information regarding the deals are incomplete due primarily to the non transparent nature in which China likes to do business and Sierra Leonean officials apparent confort with such a trend. This will ward off anti- corruption or any record of corrupt doing. This is not surprising at all if you look at the chinese ratings by Transparency international (TI) from 1999 to 2011 as shown in the table below

Potential areas of conflict between the chinese, local employees and government

Like many other African countries, Sierra Leone had experienced and is bound to experience more clashes of interests between local employees, the Government of Sierra Leone and the management of Chinese companies. It does seem quite a cordial and an efficient business link between China and the African continent generally but sadly enough, this do not necessarily and implicitly transform into friendship and mutual liking (Melik, 2012). There have been anti-Chinese resentments across the African continent including notable ones in Sierra Leone, Angola, Zambia, Lesotho. The characteristics of these protests remain similarly the same and thus can be related to eachother. Against this backdrop, it is safe to conclude that a mining uprising among Zambian workers might just be a catalyst for such protest in Sierra Leone. Thus, this part of the article will provide a catalogue of protests and workers' strike actions against the Chinese for various factors like poor working conditions, cultural intolerance, inhuman treatment of local employees, poor wages, corrupt officials from both the Chinese companies and Governments of African states, poor labour laws in African countries and inefficient translation of labour laws by incompetent labour officials.

Evenin situations between and amongst Africans from different parts of the imperial divide who endeavour to live together, it only awaits a little longer for xenophobic and culturally related intolerance tensions to set in. Needless therefore to emphasize this as a potential source of clashes between the Chinese and Sierra Leoneans. In the rest of Africa, there is not much of a cultural dialogue between China and the locals but it is worthy to note that with the introduction of Chinese language and culture as part of many schools' curricula in Africa, people are fastly realisingthat in order to do business with each other, they have to get each other at a cultural level. In many cases, misunderstanding the cultural specifics of the Chinese by African students in China have led to the logically incorrect assumptions that they are hated and unwelcomed in China (Lebogang Rasethaba, 2012). It is a common feature though, that African's identity have been deconstructed by the Chinese to believe that if you are a male African, you can run faster and can dance well enough. This is not only exotic but a show of real ignorance from the Chinese and thus a potential point of cultural tension.

In the area of jobs, African migrants are ill-informed about the assembly line jobs and wage structure for internal migrants as it is even in China. It is still quite cheap to employ migrant workers in China but the expectations of local employees back in home seems to be always frustrated because of higher wage demands. One might even think in the circumstance that the main reason why the traffic is so heavy in the other direction is for job purposes as well. However, a research done in Rhodes University in 2010 reveal that the Chinese mostly do not go to Africa for jobs but to seek business opportunities as evidenced by the sprawling grocery stores at the lower end of the market (Yoon Park,2011). This is another potential source of conflict between the Chinese and Sierra Leoneans because of the rapid increase of these small little stores coming upeverywhere and with comparatively cheaper goods, thus keeping the small local businesses out of competition. This can only last in Sierra Leone as much as it did in Lesotho before it exploded into full resentment in 2008.

It is no brainer to suggest that China's influence in Africa generally has brought about unprecedented investment and dynamism into the local markets but the expense at which these are done should not be ignored. Local laws are not respected, corrupt officials often take sides with the Chinese against their fellow locals and most disturbingly, the continued depletion of the continent's resources is an unforgiven and deliberate economic plundering (United Nations Economic Commission for Africa report, 2013). It is very much likely that this will translate into a violent conflict between Sierra Leoneans and their Chinese managers as evidenced by the main factor (mineral resources) that precipitated and sustained the eleven years civil conflict.

In Lesotho, both in 2007 and 2008 were violent revolts against the Chinese. In 2007, the protest was trigerred by the municipal decision to relocate traders from the city centre to a designated market area. This seems very likely in Sierra Leone and because the Chinese are the builders of these designated markets coupled with their successes in trade makes them the easy target always. In 2008, the protest against the Chinese in Lesotho was due to an orthodox factor; the involvement of Chinese businessmen at the lower end of the market providing retail services at comparatively cheaper rate did not sit down well with the small enterpreneurs who were kiced out of business (ChinaAfrica, 2012).

In Zambia, the situation got abit messy in 2010. Barely few weeks after the Chilean mining debacle, Chinese managers shot at demostrators in a coal mine and injured 11. Not long before that a massive blast at the Chambishi copper mine had killed 49 and again in 2011, security officers shot and killed 5 people demostrating against the poor management in the copper mine (Bosshard,2012).These incidents happened in Zambia but it was not an isolated case, in other parts of Africa were similar protests like in Sierra Leone and Zimbabwe. Thanks to the timely visit of the Chinese president,Hu Jintao who urged his compatroits to respect and uphold local laws. This led to a set of guidelines and recommendations to improve both social relations and environmental challenges.

Sierra Leone, like all other African countries where China is heavily investing stand the unfortunate chance of having such clashes as in Zambia and Lesotho. One can see exactly how some of these similarities of conflicts in other African countries are prevalent in Sierra Leone. With all these factors supporting the premise that Sierra leone is on a loosing trail in the trade relations with China, one would like to ponder on the way forward. Evidently, there are a number of conventional theories that insinuates that Sierra Leone can still turn the curve around and make better choices inorder to gain from the trade ties not only with China but all other parties interested in its mineral deposits. One prominent model to follow could be the 'five stages of resource management model' as put forward by Professor Paul collier in Tanzania, 2012. This model and other pin point direct responses to the Chinese problems are toroughly exhausted in the discussion and recommendation part of this article.

Discussions and recommendations

It is clear that discussions and recommendations for the Chinese involvement in Sierra Leone are not isolated enough to ignore the broader picture in the rest of Africa. This part of the article essentially deals with the general approach of the Chinese towards mineral acquisitions throughout the continent, the goals of these approaches and specifically what can be done by Sierra Leone to ensure a fairer share from their engagement with China. At this point it is important to stress that China's needs for mineral resources is not largely limited to economic gains but rather to a broader utility function (MoyoDambisa, 2009). There is a volatile political system in China that can explode in an unprecedented disenchantment if the industrial needs are not met by their Government. This, coupled with a population explosion of morethan one billion people of which 70% is estimated to be living in urban cities by 2025-2030, inevitably put more pressure on the ruling elites to find all possible solutions to generate enough energy and acquire other minerals that will meet the growing demands of the rising population (Moyo Dambisa, 2009). Thus, it is no surprise that the Chinese have employed such an aggressive approach to acquiring mineral resources not only in Sierra Leone but anywhere in the world they could be found.

In Sierra Leone, the first approach engaged by the Chinese is that of symbiosis relationship. As highlighted above, China has been the number one trading partner of Sierra since 2012, overtaking both the United States of America and the European Union. In terms of infrastructure, the Chinese remain the main builders of roads, public buildings and providing the basis for the much needed energy supply. In most of these transactions, it is a matter of China providing the services for mining concessions or management right. Their share in the iron ore mines and the contractual arrangement involving the biggest hotel (Bintumani hotel) in Freetown are tangible evidences in this direction. The Chinese also ease the burden of unemployment in Sierra leone, a single Chinese company hired upto 600 Sierra Leoneans as opposed to 105 Chinese with an impressive 5:71:1 worker ratio (Sierra Leoneans:Chinese) in 2011 (Brautigam D, 2012). For the continent, China constructed a 9,000 sq.km road from the northern part of Africa right through to the Southern part passing through 15 African countries to cement their trade position with the African continent. Further to this, a state-of-earth complex has been built in Ethiopia to serve as the Headquarters of the African union. These are passed on to Africa as gifts from the Peoples' Republic of China (PRC), but if the adage that 'there is no free lunch' worth any truth, then one will rightly ponder that this so-called gifts are intended to cushion a first-right option to African mineral extractions for the Chinese Government (Dead Aid, 2009).

Another approach from the Chinese is the infinite capital support from the state to a number of interconnected state controlled companies. The Government underwrites and provide political support to her corporations . In Sierra Leone, a 22 million US$ debt was cancelled by China in 2009 (Zainab B and Zhai ,2009). There is an infinte capital support also from China to its numerous companies in Sierra Leone and beyound. This has led to little or no competition from other countries, thus making the Chinese in Sierra Leone to have complete monopsonism over public biddings. China has virtually become both the price setter and the key buyer.

Having highlighted the reasons for and manner in which African resources are exploited, its important to suggest ways by which resource extraction can benefit individual African states, Africans themselves and the the continent as a whole. There are basically five main steps that African leaders can implement to ensure good value is derived from their resources for the benefit of all: discovery, the concept of rent, control, income and revenue uses.

The first is the process of discovery of natural resources. This is a part of the economics of information. The Organization for Economic Corporation and Development (OECD) countries, the rich world, has been digging out their resources for over 200 years and therefore have enough information about the nature of mineral dposits in their respective countries. The Economics of information has been a very active area of economics study field for the last 30 or 40 years. It is assumed that the market of information works very badly because it is not an area where free markets work well. Information is naturally a public good and ofcourse there are huge externalities. It costs money to generate information but once you have generated it everybody can have it. There is a need for government involvement and in any case, before the idea of discovery comes to mind, itis prudent to think about the economics of information. Governments around the world do so much investment in research and development. Because resource extraction companies specialized in particular resources; they are more likely to know what is under the ground than Africa governments do. It is a good idea to try and reduce that asymmetry of information for the betterment of societies in Africa.

This can be achieved by investing in public geological information.So, invest in some public geological information by basically getting the aerial geological information, which by all standards is cheaper than doing some drilling as a prospecting process.

The second important step to be taken by African Governments to ensure value derivation from natural resources is capturing the value of natural resources for the society through the economic concept of rents. Economists make a sharp a distinction between profits and rents. Profits are said to be returned on capital risks of any enterprise and rents are just pure value. Looking at the standard cost of extraction reveals that the average cost of extracting a barrel of oil is around 7 dollars and the market price for a barrel of oil stands at around 120 dollars (Collier p, 2012). These 7 dollars covers the cost of the labour, capital and the cost of the risk on returns to enterprise. Therefore the difference between 120 dollars of the barrel of oil and the 7 dollars that it costs to get out is 113 dollars and that is the rent. Ethically, the right thing to do is to ensure that the rent on natural resources goes to the citizens. It is important to note that the companies do not report rents. For the company, rents are indistinguishable from profits; they are all swept into the concept of profits but profits for the companies are just revenues minus costs. There is a need therefore to separate tax regime for resource extraction from manufacturing, for example, and in this process, three basic instruments are advised to be employed; minority equity stake in the company, taxation of profits and taxation on royalties.

The third link in the chain is how to manage the physical process of resource extraction. This is quite paramount as it will easily degenerate into an environmental cost and the nightmare for any African government it shouldbe misconstrued. The Niger Delta scenario in Nigeria should serve as an example here for all other African states. The Niger Delta is now such a deep problem so intractable that it may well be insoluble. The rational thing to do is that the local community needs to have rights to full and generous compensation for any environmental damage and that environmental damage needs to be kept to a minimum degree. Think of the big difference between the oil spill in the Gulf of Mexico and the many oil spills in West Africa, notably the Niger Delta. The big difference is not really about the scale of the oil spills but rather it is the legal framework in which those spills do occur. A closer retrospect of the actions of British Petroleum in the Gulf of Mexico says it all. The first action they undertook few years back was to commit to spend 500 million dollars on independent studies of the costs to local people of that spill. A whooping 500 million US$ were spent on independent studies of the costs to local people. The reason why such amount was committed was because they knew that once it got to the courts in America, the best they could hope for was to keep the cost to be expended by the British Petroleum (BP) down to an objectively true damage to people.And then you contrast that with what happened in Niger Delta, where any compensation was andis still, voluntary.

The fourth step suggested that should be taken by the Sierra Leonean Government in harnessing natural resources is the balance between consumption and future savings.What is needed here is to recognize that these revenues are fundamentally unsustainable. Extraction itself is tantamount to depleting a set of natural resources and at some stage they are going to run out physically but even before that, they might run out physically or their prices might decline. Resource experts and economists estimate that less than 30% savings rate out of unsustainable revenues is not a good show of obligations to the future (Collier P, 2012).

The fifth and probably the final step is what to do with the savings. Indeed the Norwegian model of utilizing savings from natural resources stands out as the best to date but it cannot be recommended to an African state like Sierra Leone to copy entirely. What Norway now does with the accumulated savings is investing the money abroad in financial assets, a kind of sovereign wealth fund. It does make sense for Norway to do such investment and not Sierra Leone because the basic economics are different between Norway and Sierra Leone.Norway literally has more invested capital per member of the labour force than any other country in the world (Moyo Dambisa, 2009). She is the most capital rich country in the world. This is completely the opposite to Sierra Leone. Thus, there is a need for a 'sovereign development fund' in Sierra Leone rather than a sovereign wealth fund as in Norway. There is very little capital to invest and to make matters worse, the country has not build the required capacity to invest in stock markets. Any attempt by the Governments to spend a lot on investment without first ensuring the capacity to handle such investment is bound to fail. Nigeria, following the oil discovery in the 1970s is a classic example.

Conclusion

It is perhaps very much true that many countries with large natural resource endowments do no better, and most times do worse, than less endowed nations. This recurrent fact has been called the "natural resource curse" or the "paradox of plenty" (Pedro Conceição et el, 2011).As much as this is true, there are some countries that have proved otherwise. The political and economic elites of such countries realized that by merely managing the short-term impacts is not enough to advance economic and human development. As discussed in this paper, investing the proceeds from natural resources into the long-term accumulation of capital (human, physical, and social capital), as opposed to financing current consumption, is necessary. Botswana, Angola and few others can serve as success stories as far as managing their natural resources are concerned. Botswana's dependence on diamond, copper and nickel as her main export stood at 87.2% and Angola's on oil was 92.2%(UNCTAD,2007), and yet these countries are making such progress in their economic development that only few nations can match them. This might refute the perception that resource endowed countries does worse than non resource countries and most importantly suggests that it is not how huge the deposit might be in a country or how big the size of the country in terms of population and physical topography but that the management of the five links in the decision making process as described in this article is crucial. It is perhaps important to always avoid the Dutch disease syndrome that often characterize the economies of countries endowed with natural resources. Because this will obviously affect the competitiveness of the nonnatural resource exporting sectors. It increases the relative price of non-traded goods and tends to shift labour and capital towards the natural resource exporting sector. It is the fear of such obvious effects that apparently breed the notion that dependence of a whole economy on natural resources alone is quite a risk. There are a lot more of debatable points when it comes to natural resources because as new expert ideas of control are implemented, so are the challenges of dealing with plunderers like China and corrupt systems of governance like in Sierra Leone. Presumably, if these steps are consistently followed, the plundering of Sierra Leone's natural resources by China in the name of trade and investment will only result to blessings rather than a curse.

Table.1 Contracts/deals between Sierra Leone Government, African minerals and Chinese companies from 2003 to 2013

Year	Contract	Signatories	Value (US$)	Remark	Source
2003	Tractor Assembly plant in Freetown	SLg and Chinese state Enterprises	200.000	cost disbursed but no Assembly plant	Centre for Chinese studies, 2006
2004	Renovation of Bint-mani Hotel in return for a 10 year manag-ement right with the 1st option to renew the lease	Global trading and SLG	10 million	Suspicious of mani-pulations	Centre for Chinese studies, 2006
2010	25% and 12.5% shar-es from African Min-erals company	Shandong steel and African Minerals co.: China Railway mate-rials commercial co-rporation and Afric-an minerals	1.5 billion and 232 million respectively	Allowing such deals without share is sus-picious	Edinger and Pistori-us, 2011
2012	Land investment deal to develop 35. 000 hectares rubber plantation, cultivate 100.000 hectares of rice farm land	SLG and Chinese Hainan rubber group	1.2 billion	Relevant informati-on unavailable	Niti Bhan, 2014
2013	Mini stadium in Bo and a 100-beds hospital	SLG and PRC	8 million	only stadium built hospital not built but no investigation	China Africa, 2014
2013	New airport and 250-km railway from north to the south, a deepwater port and smelting facility	PRC and SLG	8 billion	No records	Sierra Media Expre-ss, 2014
2013	14 km Wilkinson Ro-ad/ Spur Road const-ruction	SLG and Chinese co-nstruction company	18 million	4.5 million per km but international standard price is 250.000	Niti Bhan, 2014

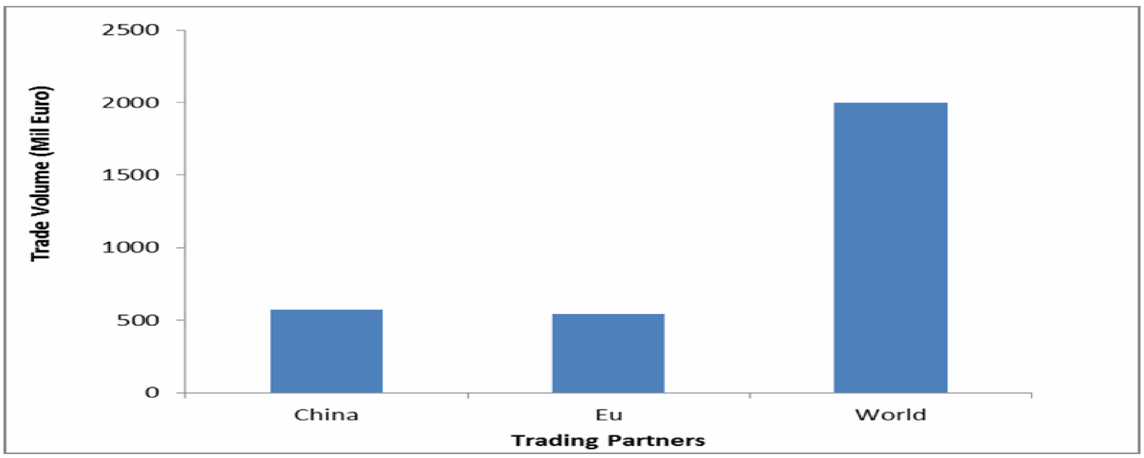
Source: Author's own tabulation (20/07/2014)

Table.2 Position of China in consistent Transparency International corruption survey. Score: 0-10 where 0 represents no bribe and 10 shows bribe always

Column1	Column2	Column3	Column4	Column5	Column6	Column7
Year	Country	Score	Rating		Remark	
1999	China	3.1	19th /19 Countres		Better than none	
2002	China	3.5	20th / 21countries		Better than Russia only	
2006	China	4.9	29th /30 Countries		Better than India only	
2008	China	6.5	21st /22 Countries		Better than Russia only	
2011	China	6.5	27th /28 Countries		Better than Russia only	

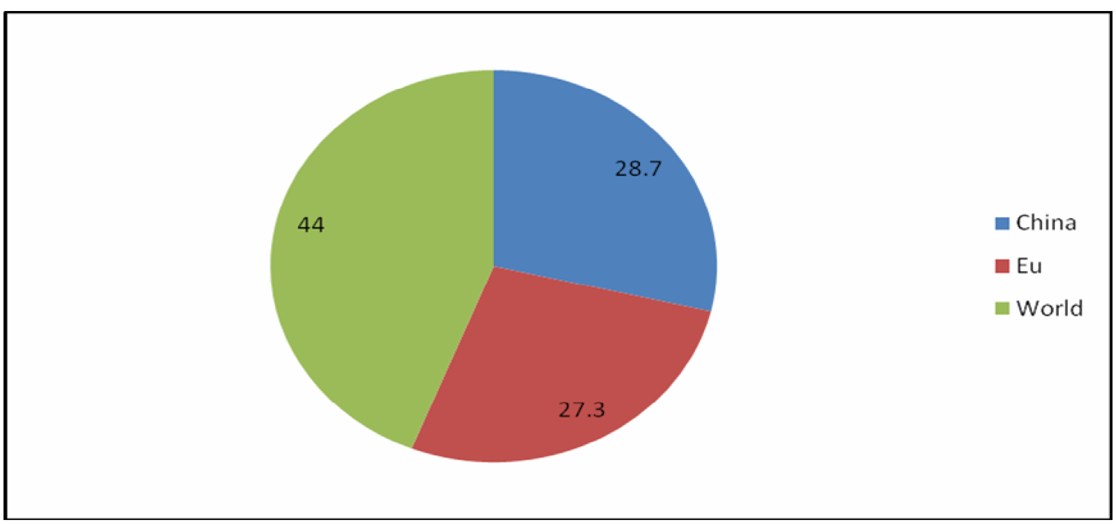
Source: Transparency International, Author's compilation (20/07/2014)

Figure.1 Sierra Leone's total trade value with partners in million Euros, 2012



Source: Eurostat Comext, author's diagram (20/07/2014)

Figure.2 Percentage of trade value between Sierra Leone and its leading partners



Source: Eurostat Comext, author's diagram (20/07/2014)

Abbreviations

ACC- Anti Corruption Commission
AU- African Union
BP- British Petroleum
EITI- Extractive Industry's Transparency Initiative
IMF- International Monetary Fund
NATCOM-SL- National Telecompany- Sierra Leone
NO- Number
OECD- Organization for Economic Co-operation and Development
PRC- Peoples' Republic of China
SLG- Sierra Leone Government
SQ.KM- Square kilometer
UK- United Kingdom
UNCTAD- United Nations Conference on Trade And Development
USA- United States of America
US$- United States Dollar
WB- World Bank

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