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Crisis, Capital, Compromise: Mining and Empowerment in Zimbabwe

Introduction: Painful Paradoxes

The minerals and mining sector in Southern African has experienced a revival in the past decade, with heightened levels of international, regional and occasionally domestic investment coming in the wake of a long commodities boom, new and promising exploration, the privatisation of some state holdings and liberalisation of mining investment codes. Zimbabwe, a leading African gold and ferrochrome producer in the 1990s and home to world class deposits of platinum, relatively good infrastructure and a large pool of skills, seemed on the verge of a minerals breakthrough. Yet less than a decade later, the Zimbabwean mining sector confronts a hard reality: despite buoyant markets for minerals, with few exceptions local production fell off sharply. The collapse of production in this key sector was prevented only by a handful of new and important platinum and diamond operations – though projects in these areas, too, moved ahead slowly given high demand.

The reality of a production crisis in the midst of boom times is the first of several paradoxes confronting Zimbabwean mining. A second is equally unlikely: despite the production downturn and disinvestment by several major mining houses, foreign investment into the minerals sector actually *increased* over the course of the 2000s, involving both a small number of new projects and multiple mergers and acquisitions. Indeed as the economic and political crisis deepened after 2002, the number of new players entering the troubled sector grew. A third paradox involves the nature of new market players: while government claimed to have enabled greater black empowerment (or ‘indigenisation’) in the sector, in practice this was rarely been achieved in the larger documented deals. Rather, empowerment has tended to feature non-Zimbabweans and especially South Africa-based players.

These mostly unhappy paradoxes of Zimbabwean mining are complex in their origins and closely linked with broader changing dynamics of regional cross-border investment, political power and state policy making. In each instance South African business and political actors have played prominent roles, their influence extending beyond mining into diverse sectors. Some observers argue that the worsening political-economic crisis after 2000 has disproportionately benefited South African business, and see the South African government’s ‘quiet diplomacy’ towards Robert Mugabe’s ZANU-PF as an important component of a coordinated strategy aimed at enabling political hegemony and economic occupation.¹ Others suggest that South Africa is emerging as a ‘sub-imperial’ power through such processes.² Mainstream business analysts, too, have noted the obstacles and opportunities for capital in Zimbabwe, and acknowledge the steadfast presence of dozens of South African companies despite the deepening crisis; they recognize, too, a certain residual protection for South African subsidiaries by the possibility of appeal to headquarters in Johannesburg for political

help.³ It is clear for most commentators that political and economic inequities are deepening, and are increasingly unfavourable for the large majority of Zimbabweans and for the prospect of good public accountability around key national resources. But the countervailing forces and factors are less sharply drawn, the longer term implications less certain and the potential for effective policy interventions inside Zimbabwe much less apparent. In brief, most assessments portray the experience of incoming investment from the point of view of power without recognizing the points of resistance to it – actual, or potential. Moreover, they do not look sufficiently beyond the boundaries of the current extraordinary, unique crisis to consider the regulatory controls imposed on foreign capital in the past – and perhaps in the future – by the state, local business, working people and communities.

This research on the minerals sector aims to provide a more historically grounded and reflective account of the evolving, complex and ambiguous experience of foreign investment in Zimbabwe. It explores the dynamics that have shaped the restructuring in local minerals production, and seeks to explain the contradictory tendencies seen in investment flows and outcomes. It looks at the investment opportunities that emerged for regional players along with the worsening sector crisis, and considers how these openings were mediated by the Zimbabwean State, local business and civil society interests. What emerges from the evidence is the importance of both short-term crises and attendant market opportunities, and longer term dynamics of state institutional decay, policy weakness and political vulnerability in the shaping of foreign investment dynamics. While aspects of South African business-state power linkages are seen, there is also evidence of more widely dispersed capital-state influence at regional level. At the same time, the unmet needs of Zimbabwean stakeholders – and the unrealised potential of the local state – emerge as factors that need to be taken into account when assessing the durability and potency of foreign investment interests.

A Golden Age, Found & Lost

In the 1990s Zimbabwe was poised to become a significant force in African mining. With its competitive mineral resources, well-maintained infrastructure, skilled workforce and professionally-managed state regulatory institutions, the country attracted considerable new foreign investor interest in the decade. Zimbabwe's appeal was strongly enhanced by the liberalisation of mining and investment regulations, which came against the background government's introduction of structural adjustment policies at the start of the decade. Mining houses responded favourably.⁴ New investment in the gold sector lifted Zimbabwe into third place among African gold producers, and into the world top ten. New interest in ferrochrome, and a large greenfields investment in platinum – the second largest foreign direct investment since independence at more than half a billion US dollars – helped boost capital inflows into mining exploration, mine commissioning and production expansion. Reflecting the new optimism, plans for other major investments in coal and thermal power generation were also developed, including a US\$160 million Sengwa Coal Field project led by mining major Rio Tinto. Though not matching the rapid pace of mergers and acquisitions, exploration and new plant installations seen in regional miner Zambia and Tanzania, Zimbabwe nonetheless seemed on the verge of a mining breakthrough nearing the end of the 1990s.⁵

ZIMBABWE: MINING INVESTMENT IN THE 1990s

Investment	Source Company	Source Country	US \$m	Year
Hartley Platinum Mines	BHP	Australia	500	1998
Turk Mine	Casmyn Corporation	Canada	30	1995
Eureka Gold Mine	Delta Gold	Australia	24	1998
Indarama Gold Mine	Trillion Resources	Canada	15	1998
Jena Gold Mine	Trillion Resources	Canada	12	1991
Rio Tinto Zinc Corporation	Rio Tinto	UK	5	1994
Chaka Processing Plant	Delta Gold	Australia	3	1998
Bubi Gold Mine	Anglo American	SA	2	1997

Source: BusinessMap SADC FDI Database (Johannesburg) Figures do not include follow-on investments.

But this promise was shattered by the economic and political crisis that emerged in the late 1990s, and exploded into a direct challenge to ZANU-PF by a resurgent opposition in the 2000 parliamentary elections. The same policy shifts associated with structural adjustment that had helped sweeten the business climate for new mining investors had simultaneously helped transfer a growing proportion of national income away from working and rural communities, towards a strengthened business and political elite. The response from a range of popular organisations in civil society was swift, and was emboldened by growing revelations of elite corruption and the deepening decline of ordinary Zimbabweans' living standards. Besieged by criticism, the ZANU-PF leadership embarked on a path of internal political realignment. This included the rapid militarization of the ruling party, State and broader terrain of national politics, a trend reflected in the rising prominence of so-called 'war veterans', state security personnel and later, party-affiliated militias, in the senior ranks of ZANU-PF and black business. The immediate and longer term consequences for political and economic stability were soon evident.

Within government, a rapid erosion of bureaucratic professionalism compounded emerging 'rule of law' problems as the ruling party subordinated State institutions to the priority of its political survival and the consolidation of its leadership elite. Government was increasingly hostile to demands for participation and dialogue from a range of labour, business and other community interests with whom it had previously engaged in Zimbabwe's home grown version of social democracy. In the place of consultative processes, renewed nationalist posturing by ZANU-PF asserted the need for government to reassert sovereign rights over strategic natural and economic resources. The combined impact of these dynamics was sharply negative for not only political participation and governance, but also for the wider economy.⁶

An economic downturn was immediate and pronounced, and worsened in subsequent years. Production and foreign earnings in most industrial and commercial agricultural sectors plummeted after the 2000-2002 'fast-track' land redistribution exercise, which undermined investor confidence, destabilised the supply of agricultural inputs into an array of local processing industries, and was followed by intermittent threats against and attacks on urban commerce and industry. Inconsistent

fiscal and monetary policy amid declining macroeconomic indicators played havoc with cost management, and increasingly unstable power supply, rising fuel costs and skills flight made production planning precarious. As foreign currency reserves dwindled amid continuing draw-downs for fuel, electricity, plant and spares, production went into a deep slide. A seven percent decline in GDP in 2000 was compounded by increasingly dramatic drops in following years, so that by 2005 Zimbabwe's economy was the world's fastest-shrinking (a dubious honour it retains at time of writing in 2008).

Government's fiscal and monetary policy became increasingly ad hoc and unpredictable, designed to suppress exploding inflation, domestic interest rates and exchange rate collapse. While a parallel market in foreign exchange blossomed, private sector exporters and others within the regulatory reach of government were compelled to trade mostly at impossibly low official exchange rates – while local input costs inflated rapidly. For exporters the rising shortage of foreign exchange therefore spelt disaster, not opportunity.

The mining sector, a key consumer and generator of foreign exchange and domestic employment, was an early casualty in this emerging crisis. Currency fluctuations, policy vacillation and skyrocketing costs were especially damaging. The pegging of the Zimbabwe dollar exchange rate to the US dollar in a period of upward spiralling inflation, coupled within increasing restrictions on access to foreign exchange earnings, immediately put many mining houses' short term viability under pressure. The gold sector was particularly hard hit, buffeted by complicated foreign exchange regimes managed unpredictably by the Reserve Bank. Several producers were squeezed by this regime in 1998-2000, prompting slowdowns and closure of several operations. These included Delta Gold's US\$24m Eureka gold mine, commissioned in 1998, which was expected to become the country's second largest gold producer but was mothballed after only one year in production.

In 2000-2001, 14 gold mines were closed or placed on care and maintenance.⁷ Gold production plummeted, with critical consequences for the broader economy: after the collapse of commercial agriculture in the early 2000s, gold mining alone accounted for one-third of foreign currency earnings and more than 50 percent of mineral production. Having risen steadily after 1990 to peak at 27 tonnes in 1999, production slumped to 18 tonnes in 2001 and 12.5 tonnes in 2003, driven by chronic shortages of power, fuel, capital inputs and skilled labour.⁸ Short term state interventions such as special subsidies and re-jigged foreign exchange arrangements failed to halt the overall downward trend. Other traditional mineral sectors also fell back, affected by the same combination of rising production costs, materials shortages, degraded infrastructure, skills flight and low realised returns due to distorted exchange rates. Copper production collapsed from about 15,000 tonnes in 1990 to barely 2,000 in 2001; and ferrochrome, which peaked in 1995 at nearly 300,000 tonnes, fell to 218,000 tonnes ten years later.⁹ Meanwhile, exploration spending, a critical indicator of future investment intentions and production potential, also suffered. It peaked in 1996 but then dried up, with no new significant internationally financed exploration materialising into the first decade of the new century – a period in which neighbouring mineral-bearing countries witnessed high growth in exploration spending.¹⁰

Obstacles and Opportunities

For many established foreign mining houses the emerging indicators of economic crisis, reflected in extensive operational challenges arising from weakened infrastructure and unpredictability of revenue streams, severely eroded investor confidence. Questions hanging over the security of tenure rights and the rule of law, and the ruling party's championing of 'national economic sovereignty' and the need for greater 'indigenisation' or black empowerment, also loomed large.¹¹ Meanwhile, a capital boycott of Zimbabwe led by international financial institutions and governments in response to government's effective abrogation of lending agreements, was soon reinforced by the introduction of financial sanctions against the ruling party and government leadership, and companies associated with them. These measures, which also posed threats to foreign enterprises that did business politically-connected companies in the country, further constrained mining investment capital at a time when a sustained commodity boom – notably in minerals like platinum in which Zimbabwe was a potential leader – was starting to take off.

Several of the larger established mining houses, as well as a number of junior players, slowed or shut down their operations temporarily as they considered the options for divesting and leaving the country. In the latter regard, the immediate opportunities for Zimbabwean entrepreneurs and particularly those connected to the political elite were mediated by the reality of western sanctions and severe local shortages of foreign exchange. There were few options for getting around local shortages of funding, such as offshore financing and lease-to-buy share shedding by foreign mining houses: the kind of politically-acceptable businesspeople who would be allowed to take up a shareholding by ZANU-PF were also likely be blacklisted by the sanctions register – or risk such blacklisting in the future. On the other hand, it was increasingly clear foreign companies involved in share deals benefiting blacklisted Zimbabwean partners would be liable to penalties in home markets overseas. Such barriers raised by sanctions to larger-scale domestic investments inside the country were critical in opening the way for new foreign players who had both the political and financial resources needed to ensure investment security – an arrangement which did not preclude, in any case, a less than transparent approach to elite accumulation in a key sector.

Into this opportunity gap stepped an array of regional players, most of them based in South Africa and operating in neighbouring countries. A new wave of foreign mining investment emerged, fuelled by a potent mixture of capital raised in South African and international finance markets; the political protection (real or imagined) afforded by the South African government and other regional political elites; a declining appetite for non-core assets held by major mining houses; and the availability of both established and recently developed mineral resources, particularly some large and mostly untapped platinum deposits. Undeterred by the worsening economic and political crisis that unfolded after 2000 and especially following the flawed 2002 Presidential elections, new South African-led capital flows quickly led the way in restructuring ownership in the large and medium scale mining sector.

INVESTMENT IN A TIME OF CRISIS: KEY DEALS AFTER 2000

Investment	Source Company	Source Country	US \$m	Year
Mimosa Platinum Mine	Implats, Aquarius	SA, Australia	30	2001
Zimplats Selous Mine	Implats	SA	225	2002-05
Independence Gold Mines	Metallon	SA	15	2002
Unki Platinum Mine	Anglo Platinum	SA	300	2003
Bindura Nickel Corporation	Mwana Africa	UK/SA	8	2003
Murowa Diamonds	Rio Tinto plc	UK	61	2004
Freda Rebecca Gold Mine	Mwana Africa	UK/SA	2.5	2005

A notable development was the rapid growth of platinum production with the injection of large financial and technical resources by South Africa's Impala Platinum (Implats), the world's second largest platinum producer, into the Zimbabwe Platinum Mines (Zimplats) venture formerly controlled by Australia's Delta Gold. Anglo American's platinum division developed plans for the major Unki project, which grew in projected costs from US\$90m to more than \$300m as the plans were scaled up. The smaller Mimosa project was also funded. Partly in attempts to deflect financial risk costs associated with working in the increasingly unstable country, industry players actively marketed Zimbabwe as home to the world's second largest, relatively low-cost and untapped platinum resources. South African platinum miners' enthusiasm for their new Zimbabwean operations was reflected in the regular revision upwards of project scale and costs – as well as the actual delivery of committed funds.¹²

But the platinum sector, as well as a new venture in diamonds developed by UK's giant Rio Tinto plc, was the exception in an emerging pattern involving new investment deals. In the 2000s, mining restructuring by means of investment focused mainly on mergers and acquisitions that involved the transfer of asset ownership *without* an accompanying renewal and boosting of production. Wholly or substantially new projects resulting from foreign investment were the exception, and Chamber of Mines and industry observers pointed to the *absence* of new project implementation as a worrying dominant trend since 2000.¹³ If the fire sale of assets by divesting mining houses had seen the arrival of new occupants, the latter undertook little renovation of their new real estate. For the most part, the injection of new capital into existing projects was aimed at covering mounting losses and sustaining below-capacity production, a trend that continued to 2008.¹⁴

The profile of the new owners was also notable. Few of the assets traded in the 2000s directly involved Zimbabwean businesses as leading or major partners – at least not in any transparently structured, openly contracted manner. And here it is important to specify: in this study, mining projects acquired by legally disputed means – for example, occupation or seizure – are not considered, although they are few and to date do not include larger mines; nor are new stakes acquired through silent shareholdings that are not publicly acknowledged, and whose ownership is typically cloaked from scrutiny by means of proxy shareholders, numbered companies, offshore holding vehicles, etc. These latter forms of empowerment include investment vehicles of the ruling party, of which many are partially documented, but in which individual or

institutional control and benefit are difficult to detect. In these cases, precise documentation of ownership has tended to take second place to speculation and rumour in the realm of public perception. While it is widely acknowledged that individual participants in transactions have derived a good deal of their influence from their political links, it is often difficult to establish whether they are acting primarily as proxies for wider interests (including political parties and their commercial holdings) or in their individual capacities – indeed, this attribute may change over time.

Even in this context, and especially in the prevailing political environment characterised by nationalist claims to historical assets and resources, the relatively junior role assumed by Zimbabwean businesspeople in the new mining investments of the 2000s has been notable. Beyond the new platinum and diamond ventures, key investors have primarily included South African-based blacks working in collaboration with white South African interests, international financial support and in one important case, regionally-based black businesspeople including a smattering of Zimbabweans. Regional ‘black empowerment’ figures have figured prominently. South Africa’s high profile empowerment entrepreneur Mzi Khumalo became a Zimbabwean player when his Metallon mining group acquired Independence Gold Mines in 2002, in a deal that saw the marginalisation of Metallon’s prospective Zimbabwean partners and led to a series of bitter lawsuits by the Zimbabweans against Khumalo.

More significant have been the linked investments by Mwana Africa, a company that started as a consortium of businessmen from the region and brought together politically-connected interests in the Democratic Republic of the Congo (DRC), Zimbabwe, Kenya, Ghana and South Africa, with elements of white mining and finance capital. London-registered, South Africa-based Mwana bills itself as a ‘Pan-African resources’ company and ‘the first African-owned, African-managed’ mining business to list on the prestigious Alternative Investments Market at the London Stock Exchange.¹⁵ Among its founding directors was Oliver Chidawu, a wealthy Zimbabwean businessman with strong political connections to the ruling ZANU-PF.¹⁶ Headed by DRC national and former Anglo American executive, Kalaa Mpinga, Mwana’s growth strategy depended heavily on asset acquisition, often in locations where good relations with government were key to securing access. This included Zimbabwe, where the company bought a 53 percent stake from Anglo American in 2003 in the large Bindura Nickel operation in the wake of simmering conflict among local business factions for control of the nickel miner.¹⁷ Some speculated that Mwana acted as a leveraging peace broker at Bindura, bringing onto the reconstituted Bindura board a ZANU-PF stalwart, Retired Air Chief Marshall Josiah Tungamirai, and prominent state-linked businessman, Muchadeyi Masunda. In 2005 Mwana added AngloGold Ashanti’s Freda Rebecca mine to its stable and took over Cluff Mining Zimbabwe, part owner of a dormant mine and undeveloped nearby ground. As part of the Freda Rebecca sale agreement approved by government, Mwana undertook to sell a 15 percent stake to a Zimbabwean investor, although this had still not happened by 2007.¹⁸ More recently, Mwana sought to raise working capital and bridge financing for the troubled Bindura and Freda Rebecca operations through a £25m share placement in London.¹⁹ A significant new venture under Bindura Nickel was planned to extend the life of the operation.

Meanwhile, other South African-based 'empowerment' focused companies hunted for deals. Mmakau Mining, headed by Bridgette Radebe, wife of South African Transport Minister Jeff Radebe, took over Eureka gold mine from Placer Dome SA and promised to bring in a Zimbabwean black empowerment junior partner.²⁰ African Rainbow Minerals, controlled by Patrice Motsepe – reputedly South Africa's first black billionaire, and brother to Bridgette Radebe²¹ – announced it was considering opportunities in coal and platinum. In addition, many smaller operations indicated they were considering finding Zimbabwean partners to open up access to the faltering or mothballed assets that had become undervalued.

More recently, China emerged as a key minerals player. In 2006 a \$1.3bn contract for coal mining and thermal generation construction was negotiated with China Machine Building International, and a chrome mining partnership was established between Zimbabwe's failing state owned Zimbabwe Mining Development Corporation (ZMDC) and Beijing's Star Communications, bankrolled by Chinese funds.²² Then in 2007 a controlling stake in the Zimbabwe Mining and Smelting Company (Zimasco), the leading Zimbabwean ferrochrome producer and fifth largest in the world, was sold to Sinosteel for \$200m in cash.²³ Other Chinese deals, including Duration Gold's takeover of tailings and older gold mines in 2005, also emerged. All have been oiled by China's relative ease of access to substantial finance and technology, higher tolerance for political risk in a country whose government increasingly has depended on Chinese diplomatic support, and growing hunger on the part of Chinese production for industrial minerals. Public encouragement by the Zimbabwean government of Chinese investment as an alternative to the politically-constrained markets of the west signalled the appearance of a new pattern of mine financing. However the local implications of such flows and the resulting deals – for other sector producers and potential investors and suppliers, professionals and workers – were unclear; as were the performance criteria, royalty and other payment conditions that may have been imposed by government as part of the agreements of sale and contract.

Similar questions over the degree and direction of local benefit as well as the public accountability of foreign investors, apply to most of the market entrants who arrived in the 2000s. A deepening pattern of marginalisation of mining communities, independent business entrepreneurs and indeed state regulatory and producer agencies themselves, has seemingly become entrenched. There is scant evidence of a state-based strategy to systematically encourage and extract public value from new foreign mining investment. In contrast, recent policy-making focus has typically been devoted to the question of individual ownership stakes, rather than matters of performance, production, reinvestment and other crucial, more broadly developmental issues that are vital to the revival and growth of the mining sector.

Empowerment: Low Grade Participation

ZANU-PF's high-risk mining investment strategy has in some ways been the outcome of a deeply flawed approach to empowerment – or 'indigenisation', in the Zimbabwean political lexicon – that emerged in the market reform years of the 1990s. Elite-driven partisan 'indigenisation' measures have fuelled intra-elite conflict, clouded the transparency of transfer agreements, pre-empted public debate on

redistribution and employment strategies, and raised both foreign investor risks and local investor financing costs. Another key casualty has been the state's own regulatory institutions. In a painful paradox, the most recent attempts to rein-in the mining sector have involved the consolidation, not the reforming and restructuring, of policies that actively *disempowered* the majority by removing from public access and accountability the proceeds of mineral resources. In more literal terms of ownership 'indigenisation' according to citizenship, the results have been no less disappointing.

If a stable and growing minerals sector was a short-lived legacy of the 1990s, a more problematic and enduring one was the pattern of mine ownership. The persistent exclusion of local participation in most large scale mining, with the exception of government's own ill-fated interventions through its parastatal ZMDC, prompted sporadic but mostly unsystematic initiatives by government aimed at mining empowerment. The need for empowerment had been recognized since the 1990s by the Chamber of Mines, the main representative body for mine owners. But few cases of empowerment were both enabled and tolerated by government. One initiative involved Mutumwa Mawere, a 'self-made' indigenous mining magnate with links to the ZANU-PF leadership. He used creative financial restructuring to become the controlling shareholder in Shabanie Mashaba asbestos Mines in the late 1990s. His deal was anointed and celebrated by government – indeed Mawere was seen by some commentators as closely linked to senior government officials, who may have facilitated his sudden rise in the wake of little experience – and President Mugabe and other ZANU-PF leaders called on aspiring black entrepreneurs to take control in the commanding heights of the mining sector, albeit with little apparent response.

At the time, Mawere spoke of expanding his interests via financing facilities designed to act as an indigenisation trust for privatised state assets and other targets. However, the murky politics of competing ruling party players and financing issues intervened, and the mining magnate's acquisitions soon fell into financial problems, its collapse ensured by the withdrawal of political support from the State. The one-time empowerment hero, recast by government as a suspect businessmen, later chose self-imposed exile in South Africa under threat of arrest in Zimbabwe, where government seized his Shabanie assets.²⁴ Some saw Mawere's fall from grace as a sign of a 'crony capitalist' deal gone wrong.

Other smaller-scale efforts at indigenisation were more successful, and involved extensive artisanal works in different locations. However, none of these grew into large operations and occasionally their operators too were harassed by government officials, who accused miners of violating exchange control regulations by smuggling gold and other minerals; of operating illegally without permits; and other offences. 'Bottom-up' empowerment by the small-scale sector therefore met with continuous challenges. Small scale miners like gold panners were typically trashed by government, rather than celebrated and encouraged, an approach that would later be embodied in a wholesale state-led attack on small scale operators labelled 'Operation Chikorokodza Chapera'.²⁵

Beyond a small elite of aspiring mining entrepreneurs and a larger grouping of small scale and informal sector miners, government and empowerment groups failed to mobilise a popular base among a wider constituency – particularly among mineworkers and mining communities. To the contrary, in the early 2000s the latter

were victims of a double assault from the economic downturn and politically-motivated violence. With ZANU-PF's intense militarization of politics in the early 2000s, workers and workers organisations were identified by government and the ruling party as potential enemies. The ruling party was determined to prevent its rural political base from being occupied and reorganized by its political critics, and soon violence and intimidation was unleashed on mineworkers, their union (the 10,000 strong Associated Mineworkers of Zimbabwe-AMZ), mining compounds and surrounding communities. Mineworkers, already hard-hit in the 1990s by mechanisation and restructuring (mining employment had dropped from 83,000 in 1995 to less than 50,000 in 1999²⁶), soon suffered more direct and unambiguous forms of injury.

In 2001, workers on several mines were physically assaulted, harassed and otherwise strong-armed by members of the self-styled Zimbabwe Federation of Trade Unions, a ZANU-PF-inspired 'trade union' led by war veteran Joseph Chinotimba, whose members seemed to consist mostly of 'war vets', youth militias and unemployed party-linked youths. These attacks, encouraged by government, led to the extortion of funds from workers and mine owners; the displacement of the AMZ's organising capacity and access to its dues-paying members; and the disabling of the MDC's political and organisational support in mining compounds.²⁷ Reports of violence, destruction of property and theft were common during these incursions, which thoroughly destabilised industrial relations and community life in several different mining areas in 2001-02, and set the stage for the collapse of a number of small and medium-scale mining operations in subsequent years. Many mining communities were left to limp along without further investment in the context of scaled-back or closed operations, a rapidly declining social economy and under threat of further violence from government-aligned pseudo-unions. In succeeding years, mineworkers and mining communities have not been meaningfully included in State-backed processes of empowerment policy making.

Party Power and Policy Outcomes

In the early 2000s, government's approach to empowerment took a new direction in response to the changing political and economic environment. The commercial farm invasions and subsequent breakdown in enforcing the rule of law – particularly around property rights – opened up the promise of new avenues for asset acquisition by aspiring, politically-connected entrepreneurs. At the same time, competition over these assets was fuelled and mediated by conflict among factions within the ruling party leadership which emerged to vie for the right to succeed President Mugabe in the medium term. After 2000, black business groups' empowerment deals were increasingly tied in with, and dependent upon, powerful political factions in the party – especially those with military and security connections who were in the ascendant in this period. Since the securing of new economic assets was perceived as having direct bearing on these factional struggles, empowerment initiatives became increasingly hotly-contested, ad hoc and unstable.

The mining sector became a critical battleground for the hearts, minds and pocketbooks of key business and political constituencies related to ZANU-PF's internal struggle for power. This unsettled period was punctuated by increasingly

public intra-elite disputes, sometimes mediated in contradictory ways by different institutions of the State and ruling party. Where politically-affiliated businesspeople fell foul of the dominant party faction around President Mugabe – for example, Mutumwa Mawere – they were sometimes harshly treated, their assets expropriated and their legal, financial and personal security called into question. In other instances, including prominent businessman and former Army Commander Solomon Mujuru (and husband of Vice-President Joyce Mujuru), President Mugabe struggled to contain his colleagues' business and political aspirations, and used divide-and-rule tactics among aspirant political businesspeople to keep rivals in check. But none of this provided the vision needed for rethinking and reordering the beleaguered mining sector in ways that both sustained production and benefits flow from it, and attracted new, sufficiently resourced investors. While government invited public discussion with mining industry stakeholders on a black empowerment policy in 2004, there was little subsequent progress despite interest from mining houses, the Chamber of Mines and even the South African government, which offered to play a supporting role in the development of laws, regulation and support mechanisms for small scale and empowerment-focused deals.²⁸

Instead, there was an effective competitive stalemate within political and business circles that was reflected in the failure of several empowerment efforts under government. Targets in this ad-hoc campaign involved some of the larger foreign mining houses, including the platinum projects of Anglo American and Zimplats, and gold miner Metallon, responsible for about fifty percent of the country's annual gold output. Each faced demands that they take on local partners whose key assets appeared to include local political connections and influence. But without a clear and enforceable policy and state supervisory capacity, and with government rendered vulnerable by its desperate need for foreign exchange-yielding mineral exports, even the limited goals of the state's empowerment demands were largely deflected.

Anglo American, having signalled its intention of divesting from most of its Zimbabwean assets to concentrate on larger projects, was an early target for local investors – yet most of its more expensive nickel and gold assets on sale ended up going to non-Zimbabwean companies. An exception was its Zimbabwe Alloys group of chrome mines, where production had levelled off and was downward by the early 2000s, which was sold in 2005 to a 'broad-based indigenous consortium' of Zimbabweans. In the case of its valuable Unki platinum project, however, Anglo sought to hold on to its undeveloped assets in the face of government insistence that it cede a 15-20 percent stake to government-nominated locals. The project moved ahead, albeit slowly, with Anglo continuing to resist government pressure and insisting on ownership autonomy, while scaling up its promised investment from an initial estimate of \$92m, to \$300m. By 2007 it was stockpiling ore on-site in advance of building up a production plant – thereby providing another incentive to government for approval of the project's terms of investment.²⁹

At Zimplats, owner Implats' engagement with three successive sets of local partners nominated by government each collapsed because the company required bankable financial commitments from any future partner. In lieu of suitable local partners, Zimplats proposed domestic participation by means of the listing of some shares on the Zimbabwe Stock Exchange, but government rejected this. Finally the

company chose to negotiate terms for the recognition of 'empowerment credits' through partial ceding of its land claim and recognition of current and future social investments.³⁰ While a deal was struck with government in 2006, empowerment activists continued to call for additional concessions from the local mining sector's star performer. At the same time Implats moved ahead with substantial new investment into Zimplats and was quietly supported by the South African government, which sought to protect a leading South African mining house in one of its primary production locations.

In a third case, Mzi Khumalo's Metallon immediately encountered empowerment problems of its own after taking over Independence Mines from Lonmin in 2002. Having courted a Zimbabwean joint venture empowerment partner, Stanmarker Mining, leading up to the acquisition, Metallon later sidelined Stanmarker and acquired Independence directly. It later sold a 30 percent share to Manyame Corporation, a new empowerment partner, but that deal also ended in conflict over the terms of sale. Each spurned empowerment group launched a lawsuit against the South African company; but the Metallon shareholding was not diluted by incorporation of local partners.³¹ Metallon's plans for expansion of its Zimbabwe activities, projected to triple its gold output over five years through an investment of up to US\$100m, were put on hold.

In contrast, one notable successfully engineered empowerment deal involved the Murowa Diamonds project in 2004-05. The new mine is 78 percent owned by Rio Tinto plc with junior partner RioZim, a Zimbabwe-listed company whose 56 percent majority shareholding held by Rio Tinto plc was ceded to Zimbabwean investors as part of the Murowa deal. But this market-leverage empowerment option was not favoured by government or its empowerment activist allies – likely because it favoured the established, non-partisan business interests which retain good access to domestic financial markets. For the State, empowerment driven by the market risks undermining strategies that focus primarily on consolidating patronage and political power in the process of asset transfer.

In reality, following Mawere's asbestos deal in the late 1990s, very few new significant empowerment deals involving contractually structured, transparently implemented partnership transactions with local consortia were successfully concluded. When it did take place, black empowerment primarily involved regional African players, not an established coterie of Zimbabwean miners. For the most part, Zimbabwean mining empowerment interests saw the State – not the market – as the key route to asset acquisition. The State, however, was also an increasingly divided, conflicted, and bankrupt entity; with its pathology exhibited in increasingly alarming, and potentially destructive, ways.

Diamond Diversions

In 2006, a dramatic diamond rush in eastern Zimbabwe highlighted the reality of irregular state intervention, growing high-level corruption and a swelling crisis in the State mining sector. The focus of attention fell primarily on the Marange district near Mozambique, where diamonds were discovered in mid 2006; and on the politically contested River Ranch mine near the southern border with South Africa. Soon there were allegations of violations of legal land claims, government-inspired chaos in

mining operations, and a rise in unregulated diamonds sales that possibly fed into an emerging 'blood diamonds' trade. In the case of River Ranch mine, some speculated about the role of Zimbabwe's political and military elite and its DRC counterpart in enabling a conduit for DRC diamonds through Zimbabwe to diamond factories and international traders in South Africa.

By December 2006 the World Diamond Council (WDC) called for an investigation of the Zimbabwean industry, citing allegations of smuggling and unclear certification procedures of exported diamonds. In response, in early 2007 the Kimberley Process (KP) announced that some diamond exporters in Zimbabwe were under investigation and that the Zimbabwe government was cooperating with KP efforts. On its part, government adopted different and sometimes seemingly contradictory approaches, both alleging smuggling and corruption by Zimbabwean officials and foreign traders, and denying irregularities involving leading players and government members. But soon familiar patterns of interlinked state and ruling party involvement and intrigue emerged. Important questions were raised around the controlling interests and the main beneficiaries of Zimbabwe's flourishing undocumented 'grey diamonds' sector.

The diamond rush of 2006 was chaotic from the outset, beset by land invasions by informal miners, repeated legal challenges by claim title holders who had been pushed aside by the state, the effective crumbling of mandated state structures tasked with dealing with mining development and marketing, and the increasingly murky involvement of illegal traders, dealers and ruling party and state officials. In Marange, Africa Consolidated Resources (ACR), a UK-based mining house with local shareholders, was the claim titleholder of the largely undeveloped diamond fields. But when new discoveries by local residents became known in mid 2006, ACR's claim was quickly overrun by thousands of local and regional fortune hunters, following government encouragement. The State had publicly disputed ACR's claim rights, and then refused to restore security and order through the removal of invading informal diggers – who grew to as many as 20,000 in a short period of time. Instead, government invited invaders to occupy the land on condition that uncovered diamonds would be sold to the Minerals Marketing Corporation of Zimbabwe (MMCZ), the state institution entrusted with overseeing most minerals sales. In September 2006 Deputy Minister of Mines Tinos Rusere personally visited the digging sites, urging on the informal miners.³²

Government was laying the conditions for potential disaster. On the ground, the buying prices offered by MMCZ were very uncompetitive with those paid by foreign buyers who had descended on the area. MMCZ also appeared to be short on funds with which to purchase stones. As a result there was a flood of sales into the unregulated black market and its associated trading networks, with no benefit whatsoever accruing to the State, and a collapse of controls on the origin of stones circulating in the country. Government itself speculated that as much as US\$300m in stones could not be accounted for through legal marketing channels; others put the sum much higher.³³ The scale of the chaos was reflected in the fact that no one knows for certain the real extent of the loss.

In a bid to stop further haemorrhaging, state security forces moved onto the fields in November 2006, brutally evicting the diggers and imposing a seal on the area. There were soon allegations that soldiers, too, were digging in the secured zone, and that

senior government and military people were implicated. At the same time, ACR was formally deprived of its claim by MMCZ (which also seized diamonds held by ACR), prompting an ACR court challenge, demands for return or compensation of seized diamonds, and a complaint to the KP about the chaos that had ensued at Marange. Government was undeterred. In January 2007 Minister of Mines Amos Midzi granted the ZMDC a license for the Marange fields, despite public objections from independent and senior government officials (including Reserve Bank Governor Gideon Gono) that the ZMDC entirely lacked the capacity for the undertaking. Speculation was rife that the ZMDC's low capacity could be used by government as an excuse to permit politically-connected private firms, rumoured to include Chinese investors, to take over the Marange operations in partnership with government. Government's decision to directly undertake diamond mining operations was especially troubling given the ZMDC's failed record in previous ventures including gold, copper and tin mines – several of which had closed under allegations of mismanagement. Importantly, the authorisation of state-managed ZMDC's mining license came in the context of new high profile criminal cases of diamond smuggling involving senior government officials and politically-connected individuals. Those arrested and charged included a government department director (since deceased), and the son of the CEO of Zimbabwe Defence Industries, a security-dominated firm active in the DRC and allegedly involved in illegal resource exploitation there.³⁴

Allegations of smuggling and corruption at Marange were compounded by separate questions over River Ranch mine, owned by former Zimbabwe National Army General Solomon Mujuru and other figures linked to senior ruling party circles. River Ranch – seen by the WDC as potentially being in violation of KP certification rules – refuted the allegations and denied exporting diamonds. But in a further twist which highlighted the ruling party factional disputes underlying mining sector empowerment, a competing set of empowerment interests alleged in May 2007 that the United Nations Development Programme and World Bank were facilitating diamond smuggling at the mine. The two agencies had recently assisted River Ranch in a capitalisation exercise. The allegations were made by Buby Minerals, whose directors included senior ZANU-PF-linked rivals to the Mujuru group.³⁵ Explicitly adding politics into the business mix, Buby disingenuously argued that the impact of international sanctions could be offset by legally-sanctioned diamond sales managed by Buby. On its part, the UNDP denied complicity in smuggling and launched its own investigations.

In January 2007 the Parliament of Zimbabwe's Committee on Mines, Energy and the Environment and the KP initiated separate investigations in the wake of the WDC's allegations. The parliamentary committee, under the chairmanship of an opposition party member, held in camera sessions in April. The activities of senior politicians and officials would be included in its work, the committee insisted, and not only small-scale miners whom government had chastised for flocking to the black market. A KP review team visited Zimbabwe in May and June, and reported good cooperation from government and industry stakeholders. The review team later cleared the government diamonds sector regulators of allegations of improper documentation and potential wrong doing, in a report which failed to deal adequately with either widely reported instances of continuing illegal mining and trading in Marange, or more importantly,

the role of government-linked individuals and security agencies in illegal mining practices.³⁶

Some domestic observers argued that at least one critical lesson from the diamond rush fiasco was made clear. Wrote one commentator: 'our government will console itself with the thought that diamonds extracted from Marange have not been used to finance conflict. That does not make them clean because the gems have become a means by which senior government officials and their cronies have continued to acquire illicit wealth'. The source of the diamond fields mess, the writer continued, was government itself, and even if the State had 'mobilised to clean up the mess in an exercise meant to portray government as working for the betterment of the country', it was a mess of its own making, created in the tarnished name of indigenisation and empowerment.³⁷

Government's response to the unfolding investigations and reports was contradictory. While acknowledging media reports of public and private diamonds corruption, President Mugabe later insisted that the strategic value of the diamond sector necessitated that government alone should mine and market diamonds. In April 2007 he called for tighter government control over both the diamond and gold sectors. Crucially, he did not specify the means by which weak and allegedly corrupt public institutions overseeing mining could be strengthened to enable more positive outcomes. There was clear need for this, according to State industry sources.

Continuing feuds among the Ministry of Mines, Ministry of Empowerment and Indigenisation and the Reserve Bank complicated the terrain of regulation and particularly, the implementation of 'empowerment from above'. Policy was often enforced on an unpredictable, case-by-case basis. In practice, different sections of government exhibited competing sets of expectations around indigenisation – from private accumulation for new businesspeople to the development of local infrastructure, rebuilding of metals exports industries and provision of foreign exchange to the State. Mining houses and prospective community beneficiaries struggled to understand and negotiate a way through a thorny complex of personalities and power interests, while state officials themselves sometimes sought to undermine colleagues in other public sector institutions.³⁸ New steps taken towards regularising state administrative control over indigenisation only threatened to institutionalise and exacerbate these problems.

New Interventions, Old Obstacles

In May 2007 government announced it would introduce an 'Indigenisation and Economic Empowerment Bill' to guide indigenisation objectives and procedures in all productive sectors. Following its fast-tracking in parliament where it was passed in September 2007, the Act was signed into law by President Mugabe in March 2008. This act of legal closure failed to subdue swelling controversy, which first erupted with the surprise announcement in early 2006 by Mines and Minerals Development Minister Amos Midzi that government would move quickly to acquire a 51 percent stake in foreign owned mining assets. The 51 percent, he said, would include an uncompensated expropriated stake of 25 percent. Twenty percent of the stakes in question would be acquired within two years, with the state's holding rising to 40 percent after five years and reaching 51 percent by the end of seven. Unnamed

government-nominated Zimbabwean investors would benefit from access to government's newly acquired shareholdings, and future new investments would be required to include state or indigenous participation from the outset.

Local mining houses and the Chamber of Mines, both of which had engaged in consultations with government around empowerment issues, were not the only ones surprised. South African miners and their home government were also caught unawares. As early as 2005, reports indicated, South Africa had pledged to support Zimbabwean small and medium-scale miners with the long term objective of nurturing a basis for later expansion into larger mining operations requiring greater financial and managerial inputs. As part of the bilateral discussions Zimbabwe and South Africa mooted an empowerment-related exchange programme in late 2005 in which the latter offered to assist with policy making inputs, leading to the implementation of a mining indigenisation and empowerment charter.³⁹

But by 2006 the priority of elite accumulation, not sustainable policy making leading to integrated growth in the sector, had been reasserted in the form of government's new empowerment draft amendments. Any progress towards a more redistributive, inclusive approach achieved in discussion with the Chamber of Mines or through bilateral negotiation (for example, Zimplats' 2006 'social credits' agreement with government) was called into question. Industry insiders spoke of a collapse of investor confidence, and the certainty of new punitive risk premiums on project capital raised in foreign markets.

Soon after the *Indigenisation and Economic Empowerment Act* was promulgated on 7 March 2008, politics again seemed to overtake the practice of policy implementation. On March 29, 2008 Zimbabweans voted in landmark elections which resulted in the electoral defeat of ZANU-PF by the opposition Movement for Democratic Change (MDC). Although a period of extreme instability ensued, leading to a series of settlement negotiations that will likely result in an uneasy government of 'national unity', it appeared that the political ground underpinning recent empowerment policy making had shifted once again. There was little doubt by industry and political observers that a government including MDC members would dispense with the new empowerment regulations; indeed, it was reported that MDC officials had secretly met in July 2008 with representatives of Anglo American, to discuss new threats against the company's platinum assets coming from foreign mining players with links to the ZANU-PF government.⁴⁰ The MDC publicly warned that questionable investment deals of recent years would be reviewed – and overturned if discovered to be prejudicial to the national interest. There was no mention of how such deals would be scrutinized and contested; by which legal means; and through which force effect would be given to findings. Neither was there recognition of the growing presence of new regional players with powerful political allies in neighbouring countries – and of the need to develop new ways of disciplining their activities for new, mutually-beneficial outcomes. These could well be the tasks of the next phase of policy making around mining and empowerment in a restructured political environment.

Conclusions: Old Patterns of Power, New Questions

In the midst of a resurgence in international minerals prices and rising interest in African mining, Zimbabwe stands as a rare case where proven resources of valuable commodities, capacity in infrastructure and comparatively good mining skills do not necessarily result in significant production growth. Rather, the opposite has occurred: most key sectors, including gold, ferrochrome and copper, and with the exception of platinum group metals, fell off in the early 2000s and currently show little sign of recuperation. The diamond rush of 2006 further undermined confidence: government's strategic nurturing of chaos in the diamond fields, its apparent toleration if not involvement in massive corruption and its inability to provide predictable political and regulatory leadership, only raised new questions around the role of the State and ruling party in the exploitation of national resources for public benefit.

Zimbabwe's mining sector provides an important perspective on the changing patterns of foreign investment in the country during a period of crisis. In important ways, mining in Zimbabwe represents an atypical investment scenario in the region in the 2000s, because of the country's relatively negative risk profile and the multiple high barriers to entry for local capital and the State, due to mining's high capital intensity. At the same time its dilemma raises critical questions concerning the engagement and management of large scale foreign investors by the state and national actors who are comparatively vulnerable in terms of financial and technical capacity. Which institutions, instruments and policy initiatives, for example, are critical – or corrosive – for sustaining investment and enabling greater local benefit?

A series of public policy failures played a key role in dampening growth and in distorting the nature of restructuring and investment that did take place in the crisis years after 2000. Mining investment in the past decade has been overdetermined by a high risk political and economic environment that was compounded in more recent years by weakened State policy making and regulatory institutions, and the heightened impact of ruling party elite factional conflict in shaping economic and particularly empowerment interventions. Structural adjustment in the 1990s and militarization in the 2000s gutted much of the professional bureaucratic capacity of the state, and made policy making and implementation more ad hoc, reactive, unpredictable and narrowly partisan. With regard to the critical question of empowerment and participation, for example, Zimbabwe saw the emergence of elite-driven approaches rather than the articulation of a policy seeking the sustainable transfer of strategic production into accountable hands. The recent changes to the mining indigenisation and empowerment policy starkly reflected government's precarious capacity and equivocal will to pursue a transparent, more widely beneficial approach to indigenisation.

The decline of the State's central regulatory and market role, built up in the first decade of independence through institutions like the ZMDC and Minerals Marketing Commission, and the economic crisis's impact on access to capital and investment, rendered the Zimbabwean mining sector vulnerable to externally-driven asset trading in the local market. Government's elite-driven, seemingly *compradorial* approach to empowerment was poorly designed to confront and discipline new activity in the sector, as some established players divested and new entrants sought bargains. In the context of the regional political and economic prominence of South Africa, and that

country's willingness to provide political, technical and financial support for its companies' cross-border activities, the Zimbabwe government's control over a key remaining productive sector appeared imperilled.

The capital intensive, long-term nature of investment and production in the mining sector has also been a critical factor shaping the restructuring process in recent years, and has limited the effectiveness of legal and other empowerment measures. Perhaps more than any other sector, large scale mining is dependent upon access to large capital stocks and continuing capital flows for high-cost skills, imported inputs, processing and marketing; moreover, most of these costs are denominated in hard currency. Since the late 1990s, neither the State, nor local finance markets, nor domestic business have had access to sufficient funds to either buy into larger mining operations or maintain them efficiently if they were acquired. Western economic sanctions on leaders of the state-linked empowerment business sector have been highly effective in blocking access to capital for deployment inside the country. On the other hand, in a period of severe and worsening foreign exchange shortages, mining's prominence as a foreign exchange earner has risen, and it has been in government's strategic economic interest to ensure that minerals exports are encouraged, even if this has meant that private sector beneficiaries of mineral production remain primarily foreigners. The door was opened to the arrival of new players with both access to capital and sufficient political resources to resist local factional demands for inclusion.

State empowerment strategies that assumed a scenario of low-cost transfers of ownership, such as happened in the commercial agricultural sector, therefore failed to recognize the specificity of production in the mining sector. Empowerment by prescription alone would not be feasible. The ironic outcome for aspiring local entrepreneurs soon became clear: in reality, there was less effective indigenisation in the mining sector (not counting secret, unverifiable changes of ownership that may be politically linked) in the militantly nationalist period of the 2000s, than in the previous two decades of independence.

Other more inclusive approaches to mining development, which might have helped build consensus leading to the establishment of more effective constraints on mining investors, required a less autocratic approach to policy making and investment than seen in the past decade.

Since the late 1990s, government's policy engagement with both the established black business community and most sections of civil society has been profoundly negative. Notions of economic participation linked to systematic redistribution were dropped, and along with them, opportunities for building a broad social coalition and strategy for reclaiming economic and social rights in the mining sector. 'Empowerment' became widely understood to mean the enrichment of the political and military elite from both Zimbabwe and neighbouring countries.

In sum, government failed to develop a clear and inclusive strategy for class formation beyond a very narrow (and probably shrinking) politically-linked elite. The prospects for the development of a broader political front that could confront the issue of foreign asset transfers evaporated.

Partly as a consequence, large scale mining operations have remained relatively undented by pressure and demands for inclusion and accountability. The largest mining investments in the past decade, including those led by Implats, Unki, Rio Tinto,

Mwana Africa and Metallon – and more recently, various Chinese companies – have deflected most demands emerging from government-linked individuals and investor groups. The decline of cooperative consultation with government has diminished the state's flexibility and transparency in dealing with a changing sector and positively influencing developments within it. By extension, this dynamic has also further marginalised community and labour stakeholders from policy making and processes. International investors have remained in control of the roll-out of restructuring, which has witnessed the simultaneous shedding of local assets and the 'cherry-picking' of preferred projects, on sale at cut-rate prices. The recent wave of Chinese merger and acquisition investment, the precise terms of which are not entirely clear, is the latest reflection of a worrying trend in finance-led asset shifts in which local stakeholders have been marginalised.

Do these trends amount to a form of mining sub-imperialism, led by South African capital, as some researchers have argued more broadly with regard to a range of sectors? Or is this more simply a case of parasitic, opportunity capitalism, fuelled by a high tolerance for risk in backyard markets that has been somewhat softened by protective support from the South African government? Further evidence is required to make an assessment concerning Zimbabwean mining's systematic incorporation into regional circuits of capital, and the durability of foreign capital's control in the changed context of voiced demands from local stakeholders, in a post-crisis era. Here, a key factor in the restructuring of the mining sector – a weakened, disembedded state – seems likely to undergo significant changes in the near term. Perhaps the most important questions which confront researchers in the coming period, therefore, will revolve around the rehabilitation of the state and its capacity to ensure that national interests are asserted on the terrain of the minerals sector. In this regard, the prospects for continuing foreign asset control are confronted by the possibilities of local resistance and new, more popular forms of empowerment.

Notes

1. See for example, S. Hattingh, 'South Africa and Zimbabwe: the vultures have descended', Centre for Civil Society, UKZN, October 2007; Solidarity Peace Trust, 'A Difficult Dialogue: Zimbabwe-South Africa economic relations since 2000', 23 October, 2007; and Dale T. McKinley, 'South African Foreign Policy towards Zimbabwe under Mbeki', *Review of African Political Economy* 31:100 (June 2004).
2. P. Bond and T. Kapuya, "'Arrogant, disrespectful, aloof and careless": South African Corporations in Africa', *OpenSpace* Vol. 11, No.4, June 2006; and P. Bond, 'US Empire and South African Sub-Imperialism', *Socialist Register 2005: The Empire Reloaded*. London, Merlin Press, 2004.
3. D. Games, 'A Nation in Turmoil – The Experience of South African Firms Doing Business in Zimbabwe', SAIIA Business in Africa Report No.8, Braamfontein, 2006; and, D. Games, 'The Experience of South African Firms Doing Business in Africa: A Preliminary Survey and Analysis', SAIIA Business in Africa Research Project Report No.1, Braamfontein, 2004.
4. Suzanne Dansereau, 'Win-win or new imperialism? Public-private partnerships in Africa mining', *Review of African Political Economy* 32:103 (2005).
5. BusinessMap SA, 'Mining in SADC: the market's mixed messages for the future', (Report 1999/007/INV/RC), 25 June, 1999.

6. BusinessMap, 'Zimbabwe: Investment Anorexia', *SADC Investor Survey 2000: Complex Terrain*. Johannesburg, BusinessMap, 2000.
7. BusinessMap, *SADC Investor Survey 2001: Opportunities in Waiting*. Johannesburg, BusinessMap, 2001, p.30.
8. In 2008, estimates suggest that production will fall to 4.5 tonnes. 'Setbacks For Gold Production', *Zimbabwe Standard*, 30 August, 2008.
9. Figures from Zimbabwe Chamber of Mines, Presentation by Chamber of Mines President Jack Murehwa to the Annual General Meeting, May 2007.
10. Zimbabwe Chamber of Mines, 'President's Speech, Sixty Eighth Annual General Meeting', 18 May, 2007.
11. BusinessMap, 'Zimbabwe: On (intensive) care and maintenance', *SADC Investor Survey 2001: Opportunities in Waiting*. Johannesburg, BusinessMap, 2001.
12. At Implats' Zimplats project, for example, initial investment buy-in of approximately US\$80m were quickly ramped up as the new parent sought greater shareholding control while investing in greatly expanded production capacity. By 2003, delivered project investment rose to Rand 1.7bn or about US\$225m. Since then Implats has announced significant new expansion investments. (See various press releases and annual reports from Implats).
13. Zimbabwe Chamber of Mines, 'President's Speech, Sixty Eighth Annual General Meeting', 18 May, 2007.
14. New capital injections of more than US\$20m announced in 2008 by Mwana Africa into its Bindura Nickel operations and Freda Rebecca gold mine are earmarked to cover loss-making production, as well as renovate and expand the scale of production. (see 'Mwana seeks £25m for projects across Africa', *Mining Weekly*, 11 July, 2008).
15. See www.mwanaafrica.com. In addition to Zimbabwe, Mwana currently holds major stakes in projects in Angola, Botswana, the DRC, Ghana and South Africa.
16. Zimbabwean Ngoni Kudenga was also said to be a Mwana director. See 'Mining boss shot dead', *Daily Mirror* (Zimbabwe) 12 May, 2004.
17. George J. Coakley, 'The Mineral Industry of Zimbabwe', 2003 *Minerals Yearbook*. US Geological Survey, US Department of the Interior, December 2004, p.343.
18. See, www.mwanaafrica.com
19. 'Mwana's Zimbabwe mines continue to operate despite "difficulties"', *Mining Weekly*, 25 July, 2008.
20. 'Bridgette Radebe's company buys Zim gold mine', SAPA, 18 July, 2005.
21. 'The Prince of Mines', *Forbes Magazine*, 24 March, 2008.
22. F. William Engdahl, 'Zimbabwe's minerals – the gift & the curse?', *Mining Weekly*, 31 July, 2008.
23. *China Daily*, 21 December, 2007.
24. The assets were the subject of a lawsuit, settled in London in Mawere's favour in 2007.
25. 'Operation stamping out of illegal exploitation of resources' in 2006-07 included the harassment and arrest of more than 27,000 small scale miners by March 2007. Lloyd Sachikonye, 'Diamonds in Zimbabwe: A situational analysis'. *Resource Insight*, Issue No.1. Braamfontein, Southern African Resource Watch, May 2007, p.6.
26. Associated Mineworkers of Zimbabwe, employment statistics (Harare)
27. Within weeks several mines that had been targeted saw union leadership harassed or ejected, and more than 1500 workers forced to hand over dues to the bogus, unregistered ZANU-PF 'union'. Interviews with AMZ leadership and mine branch stewards, September and October 2001.

28. 'Mining Policy Worries SA', *Zimbabwe Independent*, 10 March, 2006.
29. See, "Sticking around in hope", *Financial Mail*, 8 April, 2005; zim2day.com, 29 June, 2008.
30. Zimplats' 2006 bilateral empowerment agreement with government led to it ceding undeveloped ground equalling 36 percent of its total land claim to the State in exchange for indigenisation 'credits'. Also included in the deal were parts of Zimplats' built-in infrastructure, including 80 km of road, electricity supply, housing and social amenities for the mining community on site, for which the company was given dollar-for-dollar credits. Interview with Zimplats officials, 2007.
31. In March 2006 Metallon was ordered by the Zimbabwe High Court to pay US\$7.4m damages to Stanmarker, however the judgment was overturned on appeal in March 2007. Manyame claimed that its shares, which it did not take up, were unreasonably over-priced, and that the dividend deferrals to cover most of their cost were insufficiently accounted for. See, *Mail and Guardian* (Johannesburg), 27 March, 2006; and, www.highbeam.com, March 2007.
32. Rodrick Mukumbira, 'AIM listed Zimbabwe diamond miner evicted from its claims', *Mineweb*, 12 December, 2006.
33. 'US\$300 million feared lost in diamonds scam', *Zimbabwe Independent*, 1 December, 2006.
34. 'Diamonds seized from ZDI boss's home', *Zimbabwe Independent*, 2 March, 2007.
35. Philip M. Mobbs, 'The Mineral Industry of Zimbabwe', *2005 Minerals Yearbook*. US Geological Survey, US Department of the Interior, December 2006.
36. Kimberley Process, 'Report of the Review Visit of the Kimberley Process to the Republic of Zimbabwe, 29 May - 01 June 2007'. Numerous press articles in 2006-08 reported the extent of continuing illegal mining and diamond trading, politicians' involvement and the often brutal and dislocating consequences for local communities. See for example, Enddy Ziyera, 'A handful of dust: the diamond saga in Zimbabwe', *Break Free*. Monthly Newsletter of Zimbabwe Coalition on Debt and Development, March 2007.
37. 'Comment', *Zimbabwe Independent*. 1 June, 2007.
38. The struggles between central bank Governor Gideon Gono and Mines minister Amos Midzi occasionally flared into public and reflected deep differences, notably over how to manage the chaos revolving around the Marange diamond fields. See 'Harare to keep foreigners away from diamond fields', *ZimOnline*, 5 June 2007; 'Midzi in trouble over mines policy', *Zimbabwe Independent*, 5 June 2007; and, 'Midzi, Gono sing different songs', *Zimbabwe Independent*, 1 June 2007.
39. See, 'Mining Policy Worries SA', *Zimbabwe Independent*, 10 March 2006.
40. 'Anglo holds talks with MDC on Zim mining rights', *Financial Times*, 14 August, 2008.

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