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## **The Gender Implications of Transformations in the Copper Value Chain**

*A Case Study of the Zambian Copperbelt*

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**Valueworks: Effects of Financialization Along the Copper Value Chain**

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## Table of Contents

|   |     |
|---|-----|
| <i>List of Acronyms</i> .....   | ii  |
| <i>Abstract</i> .....   | ii  |
| <i>Keywords</i> .....   | ii  |
| <i>Bio</i> .....  | ii  |
| <i>Acknowledgements</i> .....   | iii |
| <i>1. Introduction</i> .....  | 1   |
| 1.1. The <i>Valueworks</i> project .....  | 2   |
| 1.2. The study site: three mining communities in the Zambian Copperbelt .....                     | 3   |
| 1.3. The Zambian context .....  | 6   |
| 1.4. Research questions.....  | 7   |
| 1.5. Methodology .....  | 8   |
| <i>2. Gender and Mining</i> .....   | 10  |
| 2.1. Women’s interaction with the mining industry .....   | 11  |
| 2.2. Environmental and health impacts of mining operations.....                                   | 13  |
| <i>3. Mining and Financialization</i> .....   | 14  |
| <i>4. The Gendered Impact of Mining Operations in the Copperbelt: Empirical Findings</i><br>..... | 16  |
| 4.1. The gender context.....  | 17  |
| 4.2. Women in mining .....  | 23  |
| 4.3. The precariousness of mining jobs and gender disparities in retrenchment .....               | 27  |
| 4.4. Environmental and health impacts.....  | 32  |
| <i>Conclusion</i> .....   | 37  |
| <i>References</i> .....   | 39  |
| <i>Appendix: Sample Interview Guide</i> .....   | 46  |

## Table of figures

|   |    |
|---|----|
| Figure 1: Map of the Copperbelt Province of Zambia .....                              | 9  |
| Figure 2: Location of the Copperbelt in Zambia.....                                   | 10 |
| Figure 3: Focus group discussion with women in Chambishi, Copperbelt.....             | 21 |
| Figure 4: Mopani Copper Mines, Nkana Plant, Kitwe, Copperbelt .....                   | 28 |
| Figure 5: Mopani Plant near Kankoyo Township, Mufulira, Copperbelt .....              | 33 |
| Figure 6: Houses in Kankoyo Township, Mufulira, Copperbelt. ....                      | 35 |
| Figure 7: An old-style miner’s house in a mining township, Mufulira, Copperbelt ..... | 36 |

## List of Acronyms

|        |  |
|--------|--|
| CIA    | Central Intelligence Agency                              |
| CVC    | Copper value chain                                       |
| ESID   | Effective States and Inclusive Development               |
| GCC    | Global commodities chain                                 |
| GPN    | Global production networks                               |
| ILO    | International Labour Organization                        |
| MCM    | Mopani Copper Mines                                      |
| NFCA   | China Non-Ferrous Metals Company in Africa               |
| SME    | Small and medium-sized enterprises                       |
| SNIS   | Swiss Network for International Studies                  |
| UN     | United Nations   |
| UNCTAD | United Nations Conference on Trade and Development       |
| UNRISD | United Nations Research Institute for Social Development |
| ZCCM   | Zambia Consolidated Copper Mines                         |

## Abstract

Copper mining occupies a central place in the Copperbelt of Zambia, permeating every aspect of life—the social, economic and political. Any major change in the copper value chain and in the operation of the copper mining companies located in the province can thus affect the Copperbelt community in a significant way, impacting men and women differently. This report provides a synopsis of the results of two months of fieldwork conducted in the Copperbelt in the context of the project *Valueworks: Effects of Financialization Along the Copper Value Chain*. It examines the local-level gender implications of operational and financial transformations in the copper value chain, such as increased financialization at extraction, commodities trading or manufacture. According to informants' stories, spaces in which mining has created specific gendered dynamics include hiring practices, workforce discrimination, the perceived gendered dangers of underground work, and exposure to environmental contaminants. Although it was difficult to establish a clear nexus between financialization and gender dynamics at the local level, the research shows that following privatization of mining companies and increased financialization of the copper value chain, mining companies' business operations, management and decisions made in response to the volatility of copper prices in the commodities markets tend to favour profit over welfare of workers. Casualization of labour, emphasis on profit maximization over other societal and environmental goals, employees' increased reliance on debt as a result of job insecurity, and, to some extent, erosion of gender stereotypes and gendered division of labour are some of the ways that the impacts of transformations such as increased financialization play out in local lifeworlds in the Copperbelt in Zambia.

## Keywords

Copperbelt; copper value chain; financialization; gender; mining; Zambia

## Bio

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# 1. Introduction

There is a considerable body of literature acknowledging that the socioeconomic and environmental consequences of mining activities on communities vary across gender and class lines. How and to what extent changes in various aspects of the mining operations, including ownership structure, governance and shifting global economic trends, are experienced differently by men and women at the local level in mining communities is, however, a less studied topic. This research set out to explore the ways in which the consequences of one such change, namely increased financialization occurring at various levels of the copper value chain—including operations of mining companies and commodity trading—manifest at the local level in copper mining communities in the Copperbelt of Zambia.

The Copperbelt has historically attracted the interest of social science and humanities researchers because of the perceived importance of copper mining to the Zambian economy and the portrayal of the region as a site of complex socioeconomic and political intersections and interactions tied to a single commodity: copper. Copper is not only the backbone of the Zambian economy but has also been historically seen as intricately tied to welfare, identity and independence in the Copperbelt. Whether a person is directly involved in mining or not, their life is affected by the mining activities of the companies and the rise and fall of copper prices. In the words of Alistair Fraser, “booms and busts in the global copper market repeatedly raised and dashed hopes of prosperity for communities living on the periphery of the international economic system but on top of mineral deposits of significant value to that system” (Fraser 2010:1).

While the volatility of the price of copper globally is a function of a complex set of political and economic factors, a burgeoning literature acknowledges the influence of increased financialization on global commodity prices (UNCTAD 2012) and on companies’ decision-making processes, ultimately causing a “universal and pervasive impact on economies and societies” (Clarke 2014:13). The present research explores the link between the increasing financialization of the global economy and global commodities markets, and what is happening at the local level within mining communities. It seeks to examine the nature of financialization and the extent to which it has positive or negative impacts on communities. The term financialization here is used to describe the amplified importance that the financial sector has attained not only in financial institutions or financial markets but also in non-financial entities. This is evident in the emergence and growth of new forms of financial capitalism in various types of business, where financial intermediaries have an influence on the way that companies are run, including decisions concerning various aspects of the business, from management, to labour, to operations. Beyond businesses, financialization also denotes the increased reliance of individuals and households on financial products, that is, “financialization of the everyday” (Van der Zwan 2014).

In the Copperbelt, mining permeates many aspects of life and livelihoods. Because of norms, traditions and expectations around gender, the experiences of men, women, boys and girls in connection with mining differ. While it is difficult to conclude whether men or women are disproportionately impacted by changes in mining ownership, management and operations, there is enough evidence to show that the impacts are gendered.

### 1.1. The *Valueworks* project

This research is part of a larger multidisciplinary project, *Valueworks*, which was financed by the Swiss Network for International Studies (SNIS) and led and coordinated by Dr. Rita Kesselring from the University of Basel and Dr. Stefan Leins from the University of Zurich. It ran from January 2017 to December 2018 and brought together twenty-two researchers from Zambia, Switzerland, Germany and the UK, representatives from Swiss and Zambian civil society organizations, as well as non-governmental organizations and international organizations such as the United Nations Research Institute for Social Development (UNRISD). The current study is one of UNRISD's contributions to the project. The project's central objective was to examine the supply and value chain of copper, and to map the actors involved in the "capture of value" along the copper chain across three countries: Zambia, Switzerland and China.

Zambia was chosen as a site for this study because of its role as a major extraction site mainly for copper. The two other countries chosen for the study—China and Switzerland—are two of Zambia's main export partners (CIA 2020). With Switzerland replacing the UK as a major trading hub, the global share of copper being traded in Switzerland stands at approximately 60 percent (Kesselring et al. 2019). About half of the total copper extracted in Zambia is traded in Switzerland (Kesselring et al. 2019). The involvement of Swiss companies in the copper value chain, or "extractivism à la Suisse" as Gregor Dobler and Rita Kesselring put it, extends beyond mining and trade into services such as transport, logistics and certification (2018). The project discovered that the role of the trading firms is not confined to trading alone, but rather many of the large trading firms engage in other businesses covering different aspects of the copper value chain, such as transport, warehousing, ocean shipping, fuel supply, certification and surveillance (Dobler and Kesselring 2018).

The interest in China on the other hand is tied to its position in the global copper trade as "a key site for production, consumption and increasingly, trade" (Kesselring et al. 2019:4). China's place in Zambia as a major buyer of copper and investor also makes it an interesting case study (Kesselring et al. 2019).

The project originated from the observation that we live in an age of financialized commodity markets characterized by, among other things, a global division of labour (Kesselring et al. 2019). The countries from which commodities originate struggle to mobilize resources from activities such as mining, while multinational companies extracting minerals, as well as countries which are specialized in service provision, make significant profits by engaging in trading and transportation of these commodities (Kesselring et al. 2019).

The ways in which new global economic structures produce and perpetuate power imbalances, unequal relations in the global division of labour, and unequal development has been a subject for concern for social scientists since the early 1990s (Kesselring et al. 2019). The *Valueworks* project draws on three theoretical frameworks developed to explain changing global economic structures: the concept of "global commodity chains" (GCC), which focuses on governance processes that affect material and financial flows beyond the nation state (Gereffi and Korzeniewicz 1994); the concept of "global value chains" (GVC), which shifted focus from "trade in goods" to "value added", "tasks" and "capabilities" (Gereffi et al. 2005); and the concept of "global production networks" (GPN), which sees the global economy as made up of dynamic networks of various entities spread over several regions of the world and intricately interconnected (Coe et al. 2008).

The GPN conceptual framework shows how the connections among the different entities and regions create global production and trade, with a focus on inequality of development, not just among countries but also internally within countries (Coe and Yeung 2015). *Valueworks* focuses on one commodity—copper—in accordance with the GCC literature. Per GVC, the research examines “how much value-added is produced where and by whom” (Kesselring et al. 2019:6). In the same vein as the GPN literature, the project looks at “regional institutional dynamics and the embeddedness of local entities in global markets”, as well as the less understood role of financial entities in global production networks (Kesselring et al. 2019:6). *Valueworks* sets out to offer a link between local and global dynamics, and this report in particular goes beyond GPN literature to offer an account of “local lifeworlds as complex social situations in their own right, not just as production networks” (Kesselring et al. 2019:6). This report in particular diverges from the GCC and GVC literature in that it examines the effects of supply and commodity chains at the local level, incorporating the social and cultural dimensions—including gender relations—which facilitate supply chain exploitation (Tsing 2009).

In addition to that, the project makes a connection between GPN literature, the construction of value and the impact of financialization. The *Valueworks* researchers set out to understand the dynamics of value capture in the context of the increasingly financialized copper production networks. This paper explores the local community level of the global production networks of copper, where any changes affecting copper mining operations—for instance fluctuations in the price of copper because of any reason, including the financialization of the commodity—have a direct and indirect impact on the lives of people living and working in the Copperbelt region of Zambia.

## 1.2. The study site: three mining communities in the Zambian Copperbelt

The aptly named Copperbelt province of Zambia has historically been the main copper mining region in the country and held a place of importance in the Zambian national economy. Although mining was traditionally practiced as a means of subsistence before the arrival of the European colonial powers, modern copper mining in the country began in the 1920s in the Copperbelt and has undergone several significant changes concerning ownership, mode of operation, and technological investments over the years (Sikamo et al. 2016).

In the beginning stages, the mines were under private ownership. Between 1928 and 1973, high demand coupled with favourable copper prices drove high production, leading to Zambia

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