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**China's Growing Presence in the African Oil Sector: Impacts on  
Good Governance and Security in African Petro-States**

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In 1993, China became a net importer of petroleum and its oil consumption has been rapidly rising since then. China's dependency on foreign oil is expected to grow continuously: experts talk of 45 percent in 2010 and 74 percent in 2030. In 2003, the PRC became the second highest oil consumer worldwide after the United States. The country's acute reliance on foreign energy supplies is tightly related to its fast industrialisation, during which it continuously achieved two digit annual growth rates. Since this extraordinary development of the Chinese economy is expected to continue, Beijing has to do everything it can to make sure that there is enough petroleum to fuel its development. The logical effect of the Asian giant's energy hunger is the strategic role that oil-exporting countries now play in its foreign policy.

With about 8 to 9 percent of proven reserves and about 10 percent of global oil production Africa is of extreme importance to China's policymakers. The continent's petro-states can not only cover a great share of Chinese imports but can also serve as alternatives to the Asian power's traditional suppliers located in the unsecured Middle East. Just like the United States, the PRC intends to exploit this potential by developing good and long-lasting relations with African oil exporters. High-ranking officials like the Chinese president and the Chinese Prime Minister frequently visit their counterparts in Africa or receive them in Beijing. The 2006 China-Africa summit, which took place last November in the Chinese capital, documents the fact that China is increasingly interested in receiving African rulers as a group. Such a summit creates a forum of exchange not only between China and African countries but also between African leaders, who do not seem to fancy inter-African dialogues.

To measure how important Africa's oil is to China, one just has to look at the amount of petroleum that it imports from the continent. In 2004, about 28.7 percent of those imports came from Africa. This year African petro-states are expected to cover more than 30 percent of Beijing's oil imports. Three of them (Angola, Sudan and the Republic of Congo) are among China's top ten suppliers with Angola positioning itself since 2005 in front of Saudi Arabia as the number one oil exporter to the PRC. Angola is also among the top ten suppliers of the US and can be considered as the most clear-cut example of Sino-US competition in the African oil sector. Since

the United States depends on African petro-states only for about 18 percent of its petroleum imports, the continent is strategically more important to Beijing than it is to Washington. The intense Chinese energy hunt in regions with important reserves in general and in Africa in particular is therefore partly responsible for the high oil prices that the world has been witnessing for some years now.

Theoretically any hike in oil prices also means an increase in revenues for Africa's oil producers and an augmentation of their chances of combating poverty, which is one of the main causes of natural resource conflicts in the continent. But if we take into consideration just the fact that most of these petro-states belong to the group of the world's poorest and unstable countries, despite many decades of oil exploitation, we get to the conclusion that it takes more than money to solve the development and security problems of a state.

According to theses like "resource curse"<sup>1</sup> and "paradox of plenty"<sup>2</sup>, the natural resource blessing can end up being a curse to those who possess them. For that reason, good economic and political governance seems to be the best precondition for security and development in resource-rich countries. In order to promote this ethical way of ruling state affairs, Western bilateral and multilateral donors decided to impose "good governance" in its extended sense<sup>3</sup> as a condition to granting development aid to poor countries, including African petro-states. This Western conditionality policy can be considered as the main reason why many democratic reforms were adopted in some African countries. Benin, Mali, Ghana and Senegal could be taken here as examples. But in other parts of the African continent and especially in African petro-states, political and economic conditionality did not achieve their intended aim. Oil-exporting countries, if at all, only undertook meaningless reforms.

The reason for this reform resistance on the part of African petro-states, which is still present nowadays, is that they can easily do without development aid. This is especially true for a period like now, where oil prices are excessively high. Such a situation causes them to be vulnerable to the Western conditionality policy only in

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<sup>1</sup> Auty, Rick (1993): *Sustaining Development in Mineral Economies: The Resource Curse Thesis*, London: Routledge.

<sup>2</sup> Karl, Terry Lynn (1997): *The Paradox of Plenty – Oil Booms and Petro-States*, Berkeley: University of California Press.

<sup>3</sup> For a better understanding of the different ways to define good governance, see Simonis, Udo E. (ed.) (2004): *Defining Good Governance: The conceptual Competition is on*, Berlin: Wissenschaftszentrum Berlin fuer Sozialforschung (WZB).

times of extremely low oil prices. Even then, some of these countries still prefer to go for oil-backed loans than to implement such a policy, which they consider as violating their national sovereignty. With China as the second highest buyer of their oil, African petro-states are now expected to be less vulnerable to Western influence – both in periods of high as well as low oil prices.

As a matter of fact, China does not attach its development aid to African countries, which is expected to amount to about \$5 billion in the coming three years, to any political or economic conditions. All its aid recipients need to do is adhere to the “one China” policy, a condition that is fair enough for the overwhelming majority of African countries. In August 2006, Chad adopted the “one China” principle, leaving Sao Tome and Principe as the only African petro-state which still recognises Taiwan. For African oil-exporting countries Beijing is a partner capable of helping them in the battle they are leading towards reducing, and why not even eliminating their traditional dependence on Western powers. China can serve as partial or complete alternative to the West not only in the domain of development aid but also in that of military aid and arm sales. The effect of military exchanges between China and its African counterpart can be interpreted in two ways. While some governments officially need Chinese weapons to secure the state like in Nigeria and Chad, some others (e.g. Sudan) are being accused of using them to attack their own people. But in many African countries it is difficult to distinguish actions, which aim at securing the state from those which attack the people, especially those fighting for their rights. So the main problem is not China’s arm sale but rather the use that each government makes of them.

The fact that Beijing unconditionally co-operates with African petro-states in these important sectors of their existence and survival as a state is understandable when one looks at China’s own political structure and foreign policy strategy, which does not allow it to interfere in the internal affairs of its partners. But when one considers the development and security problems of African petro-states, which could lead to the collapse of many of them, Beijing’s unconditional engagement in these countries becomes very problematic.

Oil will never contribute to the development, and in doing so, to the prevention of petroleum-related conflicts in African oil-exporting countries, if its rents continue to

enrich only the lucky few who gravitate around the president. The Western-dominated Bretton Woods institutions, therefore, ask for transparency in the public finances of these countries among other conditions, before granting them any loans. Officially, like in the case of Chad, these multilateral institutions want to make sure that oil revenues are invested in the fight against poverty. With China's growing presence in the African oil sector, the policies of the World Bank and the IMF are increasingly being called into question. This is due to the fact that Beijing has proven, for example, by awarding loans amounting to billions of dollars to Angola that it can also serve as alternative to these multilateral lenders. Instead of good governance, China's loans to Angola were tied only to future oil supplies and to the awarding mostly to Chinese firms of the post-war reconstruction contract for which the loans were officially intended. Even if the Chinese loans were to end up being more expensive than those of the IFM or the World Bank, they are more attractive to the leaders of African petro-states because they give them the feeling of preserving their sovereignty.

In addition to the fact that these states can always count on China to lend them money on easily affordable conditions, their leaders have certainly taken note of China's potential to protect them against UN sanctions. Beijing used its power as a permanent member of the UN Security Council to prevent a sharper action of the international community against the Sudanese government. The PRC's petroleum interests were the main reason for its support to the regime in Khartoum. Unfortunately, such an interest-oriented foreign policy, even towards countries torn by war, is not a Chinese invention; it is also being practised by Western great powers. The main and probably the only difference between China and them is that unlike Western powers the Chinese government does not face any internal opposition to its foreign policy. It does not face the pressure of any political party or civil society group capable of rallying the masses against its foreign policy practices. For that reason, China can continue to perform its so-called pragmatic diplomacy with an ease that most Western government can only dream of.

The impacts that Beijing's oil diplomacy has on good governance and security in African petro-states are, therefore, very negative. The adoption of good governance practices on the African continent in general and in African oil-exporting countries in particular clearly falls under the responsibility of Africans themselves. This speaks for

the Chinese policy of non-interference. But when the total weakness of the African people, their opposition parties and civil society groups – vis-à-vis the state – is taken into consideration, a constructive interference from outside seems to be not only very welcomed but also indispensable. Meanwhile, the internal forces in African petro-states actually do not receive any support from Beijing; they are only being insignificantly helped by Western powers. If China's behaviour can be justified by the fact that its own population does not enjoy more freedom than Africans, no objective reason can be given for the lack of Western support to these African internal actors. The latter are therefore left with no other alternative than armed rebellion against their governments, as can be seen in Nigeria, Sudan, Chad and, to a lesser extent, Angola. Even the so-called stable African petro-states are in reality characterised by rampant social unrest. Security cannot be achieved in these countries without a previous *saut qualitatif* in the domain of social and political development. Conflicts, which are spilling over from one petro-state to the other, cannot be prevented if poverty issues are not solved.

In the past, scholars who attempted to analyse the development and security problems of oil-exporting countries mostly limited themselves to these countries internal policies (governance and institutions).<sup>4</sup> Nowadays this national policy analysis is associated with the dangers of China's growing presence in these states and ends up with a forecast that generally presents a very pessimistic picture of the future of petro-states, especially those in Africa. But a more complete analysis of the problems of these countries must include the policies of oil-dependent great powers towards them. There are at least two reasons speaking for the quest for a two-level approach: Firstly, great powers find themselves in a permanently growing interdependence relationship with African petro-states. The mutual dependence between both sides, which is in no way symmetrical, has far-reaching political implications. For example, the internal control of oil-rich – but politically weak – African states by great powers who are interested in securing and controlling oil supplies and reserves. In doing so, they

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<sup>4</sup> See Karl, Terry Lynn (1999): "The perils of the petro-state: reflections on the paradox of plenty", in: *Journal of International Affairs* 53, 1; Collier, Paul (2000): *Economic Causes of Civil Conflict and their Implication for Policy*, Washington, DC: The World Bank; Gary, Ian; Karl, Terry Lynn (2003): *Bottom of the Barrel – Africa's Oil Boom and the Poor*, Washington DC: Catholic Relief Services; Traub-Merz, Rudolf; Yates, Douglas (eds.) (2004): *Oil Policy in the Gulf of Guinea – Security & Conflict, Economic Growth, Social Development*, Bonn: Friedrich Ebert Foundation; Bannon, Ian; Collier, Paul (eds.) (2003): *Natural Resources and Violent Conflict – Options and Actions*. Washington D.C.: The World Bank.

unfortunately support some dictatorial regimes who do not consider development and security within their borders as a priority.

Secondly, these great powers are presently in an intense competition over the African oil which pushes them, either willingly or unwillingly, to divert their attention from the internal problems of the African petro-states. What great powers seem to promote in these countries is an illusion of stability, which favours the uninterrupted functioning of the oil business. In the end, of course, it is the poor who suffer.

Any theory which analyses (or intends to analyse) the security and development problems of African petro-states, while considering only their national policies, is condemned to failure. Such a theory ignores the strategic importance of oil. A two-level analysis, which concentrates both on the national policies of petro-states and on the foreign policy of their best customers (i.e. great powers), would be more suitable. The impacts of the mutually dependent relations between African petro-states and great powers, who consider oil as a priority for their national security, should play a very decisive role here. Because the role that oil plays in the national security of the United States is bigger than the one it plays in the Chinese national security, our final judgement on the political impacts of China's growing presence in the African oil sector has to be nuanced.

Due to its own political reality and foreign policy principles the growing Chinese presence in the African oil sector certainly has a negative impact on good governance and also on the hope for security in African petro-states that is attached to it. But China's presence in these African countries can force the Western powers, which have been dominating these states and their oil markets, to adopt a new Africa policy. Such a new policy should not be exclusively directed towards the pursuit of the national interests of these Western countries, but should rather capitalise on respecting the aspirations of the majority of the people living in African oil-exporting countries. Democratic great powers should prove that they are different from China by supporting the internal democratic forces of these states in their daily fight against their irresponsible governments. This is the only condition under which the West can maintain or even expand the little advance that it still has on China in African petro-states. Such a new policy would certainly not only promote security and development in Africa but would also serve as a long-term guarantee of Western interests.

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