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# China's Growing Involvement in Chad: Escaping Enclosure?

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## ABSTRACT

Relations between Chad and China have expanded and deepened since diplomatic ties were resumed in August 2006. Growing links have been underpinned by Chinese oil development operations, epitomised by the Rônier refinery project. This symbolises China's ascendancy in Chad following N'Djamena's rejection of its relations with the World Bank-led Chad-Cameroon pipeline project. Despite recent turbulence, oil investment looks set to play the key part in China's continuing engagement in Chad and enhance the potential for stimulating economic growth, despite severe constraints and ongoing challenges. By investing in a refinery, and dealing with N'Djamena in a different way from the conditionality heavy approach of recent Western engagement, China has embarked on an innovative intervention of increasing importance in Chad. This is seen in the appropriation of China by the Chadian leadership under President Idriss Déby as a means to promote a range of social goals related to the domestic political objectives of his regime. However, tensions remain within the terms of the newly forged partnership. Whether China can follow through on and sustain its present engagement, and enable Chad to escape its historical confinement amidst chronic underdevelopment and protracted insecurity, remains to be seen.

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## ABBREVIATIONS AND ACRONYMS

CAMC	China CAMC Engineering Co Ltd
CAR	Central African Republic
China Exim Bank	Export–Import Bank of China
CNPC	China National Petroleum Corporation
CNPCIC	China National Petroleum Corporation International Chad
DPP	Democratic Progressive Party (Taiwan)
FOCAC	Forum on China–Africa Cooperation
GRAMP-TC	Groupe de Recherches alternatives et de Monitoring du projet pétrole Tchad Cameroun
JEM	Justice and Equality Movement (Darfur)
MINURCAT	UN Mission in the Central African Republic and Chad
MW	megawatt
MOFCOM	Ministry of Commerce (China)
OHADA	Organization for the Harmonization of Business Law in Africa
OPIC	Overseas Petroleum Investment Corporation
PRC	People’s Republic of China
SHT	Société des Hydrocarbures du Tchad (Hydrocarbon Company of Chad)
SOE	state-owned enterprise
SRN	Société de Raffinage de N’Djamena (N’Djamena Refinery Company)

## INTRODUCTION

“Opening up in order to move closer”<sup>3</sup>  
(Toumai Air Chad)

The resumption of official ties between N’Djamena and Beijing in August 2006 set the stage for an expansion of the Chinese engagement in Chad. Coming as it did in the midst of a military insurgency aimed at overthrowing the longstanding leader, Idriss Déby, and his government’s decision to abandon the World Bank’s conditionalities designed to allocate oil revenues for social development, it seemed an inauspicious foundation for a new relationship. However, despite these controversial beginning relations, Chad and China have begun to develop strong economic ties. The impact of Chinese investment in the oil sector in particular looks set to become an even more important part of Chad’s domestic politics and foreign relations in future.

Although China’s attention is not directed solely towards the extractive sector, the interest of the China National Petroleum Corporation (CNPC) in oil development is nevertheless at the heart of the current Chinese involvement in Chad. The latter only joined the club of oil-producing countries in 2003. A consortium, led by the US major oil company ExxonMobil, has been operating oil concessions near Doba, southern Chad. In many respects, this consortium – in which the Malaysian company PETRONAS operates a 30% stake, together with ExxonMobil (40%) and Chevron (30%) – has established a set of references in terms of management and institutional framework and has created a strong legacy. The CNPC may have been a newcomer to Chad’s oil sector but entered an industry with a history and prior-established set of actors perceived as having a ‘Western’ character. The first project, supported by the World Bank and implemented by the ExxonMobil-led consortium, has included the construction of a 1 070-kilometre pipeline connecting the oil fields around Doba with the Kribi harbour in Cameroon. In 2004, following a wrangle with the Chadian government over the use of oil revenues, the World Bank pulled out of the Doba project. Compared with this ‘Western’ experience, the existing and relatively new Chinese oil development project, known as Rônier, is quite different, not only in terms of scope (daily production being significantly lower) but above all with regards to the objectives pursued. The CNPC’s engagement is pursuing the integration of Chad’s upstream and downstream petroleum industry, adding a completely new dimension to the industry and the Chadian economy more generally.

In contrast to other international protagonists, which so far have shunned investing in Chad,<sup>4</sup> China is starting to multiply various projects on the ground as part of an expanding and deepening engagement. Although the oil sector remains the focal point of interest, there are additional dynamics worth mentioning. Increasing numbers of Chinese enterprises, as well as independent migrants, have started to establish themselves in Chad, creating parallel dynamics on the ground. Hence, this demonstrates a more diverse Chinese engagement in Chad that cannot be reduced merely to China’s foreign policy.

In fact, Chad has been a salient experiment in efforts to promote a progressive agenda for managing the oil industry via the ambitious Chad–Cameroon pipeline. By including a refinery component, China’s oil role appears to depart in its ambition and initiatives from the Doba experience. It also seems to empower President Déby’s ruling regime, which, since 2006, seems to have incorporated Beijing into its domestic agenda, firstly through

the short-term imperatives related to the Chad–Sudan proxy conflict and more recently through new development ambitions into which China has become more centrally co-opted over a short period of time.

Offering an analysis of Chad's growing links with China, the paper argues that relations have developed importantly in a relatively short space of time, a process that has seen China become more involved and significant within Chadian domestic politics. The core of China's engagement is the Rônier project, a domestic oil-production unit. This appears to enable new economic opportunities for Chad, even to the point of widening the country's industrial potential, and represents a notable departure from Chad's previous experience of foreign oil investment. In spite of Chad's challenging business environment, relations look set to deepen as efforts are made to pursue an ambitious set of infrastructure and other ventures.

The paper first outlines the Chadian context, at national and regional levels, in order to locate China's engagement appropriately. Because China's economic engagement in Chad is structured mostly around oil interests, the second section examines the different dimensions of the 'Rônier' project, the apparent basis of further Chinese involvement in Chad, and regarded as the enabling foundation for a wider set of economic relations based upon long-term engagement. Recent developments, however, have revealed the first signs of discord between the Chinese and the Chadian governments. The last section reviews the difficulty of reconciling President Déby's social ambitions with the CNPC's economic constraints, indicating Chinese companies' increasing concern about the economic viability of their projects.

## THE CONTEXT

Chad remains at the bottom of data sets of world development and business indicators.<sup>5</sup> Overall, and following a recent history of conflict, Chad is far from being a business environment attractive to foreign investment. This is linked partly to high electricity prices and the lack of basic infrastructure. With this in mind, the government and the Chadian population have fairly high expectations that the Chinese-built oil refinery can be a means to escape the country's geographically landlocked enclosure by developing domestic refining capacity and enhancing self-sufficiency.<sup>6</sup>

Although parallels with other examples of Chinese involvement in Africa can be drawn, notably concerning the entanglement of political and economic constituents in countries as diverse as the Sudans and Zambia, Chad still offers a number of unique attributes. Considering that Chad is not a strategic priority for Chinese attention, does this influence the way its engagement unfolds in a country of 'intermediate' importance? Following the ambivalent results of the Doba experience, a project predicted to help alleviate poverty,<sup>7</sup> to what extent can the current Chinese venture change the odds in Chad? Beyond their initial decision to invest in Chad, the question that emerges is how and in what ways Chinese businesses manage their investment in a high-risk environment. Consequently, the objective is to analyse the various dynamics, as well as the development opportunities, underlying the recent and emerging relations between China and Chad.<sup>8</sup>

## CHAD RETURNS TO CHINA: TAIWAN AND AFTER

Until it re-established relations with the People's Republic of China (PRC) in August 2006, Chad's relations had been relatively minor and non-strategic, owing to a combination of Chad's post-colonial history and China's own limited engagement in the region before its more recent expansion of relations with Africa over the past decade in particular. Although Chad's colonial history under France formally ended with its independence on 11 August 1960, the impoverished country entered a phase of protracted civil wars with important regional and geopolitical dimensions. It was in this context that Chad and the PRC formally established diplomatic relations in 1972. China undertook a number of assistance projects in different parts of the country, such as rice cultivation in south-western Chad and the construction of a hospital, palace and stadium in N'Djamena.

In 1997 the government of Chad recognised Taipei following a period of moving between China and Taiwan. Chad thus became caught up in cross-straits China–Taiwan tensions as played out in Africa. Prior to its switch, there were certain links between N'Djamena and Beijing, including a visit to China by Idriss Déby in 1994. The then Chinese foreign minister, Qian Qichen, signed an economic co-operation agreement in Chad in January 1996, and Chad's president visited Beijing in July 1997. Nonetheless, in August 1997, Chad recognised Taipei and received a loan of \$125 million. As a result, China broke off all formal political and economic relations with Chad.

Chad's switch back to Beijing on 6 August 2006 was abrupt. It came, however, as a result of various internal pressures facing President Déby in the context of a series of interlocking conflicts in the greater Chad–Darfur region, including a proxy war between Chad and Sudan. Though initially close (Khartoum having helped Colonel Déby come to power in the first place in December 1990), relations between Khartoum and N'Djamena had degenerated and came to be characterised by a pattern of mutual intervention and destabilisation, with both regimes sponsoring proxy rebel movements to oppose each other. The conflict that escalated in Darfur after April 2003 had important regional dimensions. President Déby, himself supporting such groups as the Justice and Equality Movement (JEM) fighting against Khartoum, felt particularly threatened by rebels backed by the government of Sudan. Under President Omar al-Bashir, Sudan had been supported by China in multifaceted ways, especially following the CNPC's entry into Sudan in 1995. These included a programme of military assistance to Khartoum, which inevitably became involved in the fighting in Darfur and, by natural extension, Chad.

In justifying his return to China, President Déby reportedly explained to the Taiwanese president, Chen Shui-bian, leader of Taiwan's Democratic Progressive Party (DPP), that because of the seriousness of the civil unrest caused by the rebels, he had to make compromises with the Chinese government 'for the survival' of Chad. The continuation of his regime, in other words, necessitated a tactical shift: recognising Beijing would bring myriad short- and longer-term advantages.<sup>9</sup> President Déby stood to be empowered by the certainty of aid, the likelihood of investment, and military assistance from a permanent member of the UN Security Council that could serve as an international ally. China also happened to be Khartoum's key international economic partner and political patron, as well as important military ally. In this respect, Déby's gambit was inspired: among other things, it unblocked China's opposition at the UN and allowed Chad to discuss its problems with Sudan with China.<sup>10</sup>

Losing Chad in August 2006 was a major setback for Taiwan in Africa. In contrast to Taiwan's other few remaining African allies, Chad represented strong potential in terms of resources. Winning back Chad was an important achievement for the Chinese government, especially as this came not long before its third Forum on China–Africa Cooperation (FOCAC 3) in Beijing in November 2006 and was an important victory against DPP-governed Taiwan. However, despite the diplomatic gains, Beijing was suddenly faced with a changed regional political and security calculus. It had to confront the awkward new complexities and potentially damaging contradictions of supporting two neighbours seeking to promote regime change vis-à-vis each other and, by extension, threatening China's established interests in Sudan and any efforts to build new ones in Chad.

Chad's relations with Beijing subsequently strengthened, and saw N'Djamena participate in FOCAC 3. The then Chinese foreign minister, Li Zhaoxing, visited N'Djamena in January 2007 to open the Chinese embassy and announce an assistance package. President Déby undertook a state visit to Beijing in September 2007, accompanied by a full ministerial delegation.<sup>11</sup> He met President Hu Jintao and Premier Wen Jiabao, dutifully expressing his opposition to secessionist activities by Taiwan and support for the one-China policy as part of solemn vows to maintain a longer-term relationship with the mainland. The Chadian president also met Cao Gangchuan, China's defence minister and vice chairman of the Central Military Commission, and the two countries agreed to increase military co-operation between their armed forces.<sup>12</sup> Escorted by Wang Yingwu, China's ambassador to Chad, Déby also visited the CNPC headquarters. Relations have also featured high-level exchanges between other important figures in the Chinese leadership, including those central to its energy security concerns, notably Zhou Yongkang, the Central Committee leader of China's powerful Communist Party of China and former CNPC general manager with longstanding and influential involvement in Sudan.<sup>13</sup> In February 2011 the Chinese foreign minister, Yang Jiechi, visited N'Djamena. Together with President Déby, he attended the foundation-laying ceremony of Chad's new parliament, which is being built with Chinese assistance (Chad's National Assembly building having been destroyed in 2008 by Sudan-backed rebels).

China's elevated importance to Déby from 2006–11 demonstrates an important, ongoing shift in the domestic role of the Chinese engagement in Chad: from a short-term tactical imperative, China's role in Déby's agenda has already become more central in and important to the longer-term politics of his regime. Effectively resorting to a resource-backed strategy of Chinese assistance, Déby thus campaigned in the April 2011 elections as Chad's social architect-in-chief, in an apparent case of China being incorporated into Déby's domestic political strategies through the delivery of a range of development projects to confirm and enhance the legitimacy of his rule.<sup>14</sup>

## GROWING ECONOMIC TIES

Since diplomatic ties resumed, and accompanying enhanced political relations, economic links between China and Chad have increased, a trend which is made manifest in the growing number of Chinese companies and independent migrants settling in the country. The main areas of Chinese economic activity in Chad can be divided into three categories:



assistance and aid, extractive projects, and secondary activities directly or indirectly connected to one or several core interests.

China's growing economic links with Chad have come during a period of recent reforms geared towards improving the country's business environment.<sup>15</sup> As a result, economic relations with China have become more organised and structured, notably after the China–Chad Joint Commission on Commerce and Trade met for the first time on 26 April 2010 in N'Djamena. Presided over by China's vice-minister of commerce, Fu Ziyang, and Chad's foreign minister, Moussa Faki Mahamat, this was lauded as a 'milestone' taking relations 'into a new era'. Four priority areas were identified: implementing the eight new measures of the November 2009 FOCAC 4 and enhancing development assistance co-operation; strengthening upstream–downstream integration in the petroleum industry; promoting corporate exchange and communication to increase trade; and ensuring the safety of Chinese nationals in Chad.<sup>16</sup>

The Chinese medical and agricultural projects are, for the most part, directly connected to China's official programme of bilateral assistance. Although tailored to Chad, this also falls within the general terms of China's Africa relations, including its FOCAC commitments.<sup>17</sup> China, for example, carried out a programme of debt cancellation worth some \$34 million. In 2010 the Freedom Hospital renovation project was also launched in N'Djamena, and is due to revert to its former name as the Chad–China Friendship Hospital. Furthermore, since China is mostly willing to engage in large investment deals, financial backing has become increasingly important. In Chad, the Export–Import Bank of China (China Exim Bank) has been involved in major investment projects, together with other Chinese banks.<sup>18</sup> The major Chinese telecommunication corporations have also become active in Chad, with Huawei and Zhongxin Telecom (ZTE) operating in the country.<sup>19</sup>

A relatively small but growing number of Chinese migrants have also made a timid appearance in N'Djamena and have started to become part of the capital's evolving landscape, although not in an especially prominent way as yet. Such entrepreneurial business activity mostly involves the service sector and has seen the opening of restaurants, hotels and massage parlours.<sup>20</sup> Even though these premises remain limited in number, they have nonetheless gained increasing visibility in a city of more than one million inhabitants.<sup>21</sup> Despite such indications of more diverse Chinese presence and engagement in Chad, the majority of Chinese interests remain more or less directly linked to extractive activities.

### CHINESE OIL INVESTMENT IN CHAD: THE FIRST PIECE OF A GROWING JIGSAW PUZZLE

Almost immediately after the restoration of Sino–Chadian diplomatic ties in August 2006, the China National Petroleum Corporation International Chad (CNPCIC) purchased all the shares related to Encana's oil permit in Chad.<sup>22</sup> Having initiated the expansion of its operations in Chad, this Chinese oil investment offers a range of singularities for the host country.

The originality of the Rônier project primarily comes from its composition and structure. This multi-faceted investment is structured around a 311-kilometre pipeline connecting the oilfields, located in the Bongor Basin in eastern-central Chad, to a refinery in Djarmaya, some 50 kilometres north of the capital.<sup>23</sup> In order to allow and promote

Chad's participation in this venture, China Exim Bank granted a loan. As a result, through its national oil company, Société des Hydrocarbures du Tchad (SHT), the Chadian state became a 40% shareholder of the Société de Raffinage de N'Djamena (N'Djamena Refinery Company), created specifically to manage the refinery, with the remaining 60% going to the CNPCIC.<sup>24</sup> The cost of the entire project was set at \$1 billion and has been advanced entirely by the Chinese oil company and China Exim Bank; one-half for constructing the refinery, the other for developing the oilfields and associated transport infrastructure. Under the guidance and co-ordination of the Chad Project Company, the participating oil sub-contracting companies<sup>25</sup> and CNPC Soluxe International completed the oil field surface facilities and pipeline construction in just four and a half years and launched the project into production on time. The valves were opened in March 2011, followed not long afterwards by the inauguration of the connected refinery in late June.

At the same time, this Chinese venture has been influenced by Chad's particular circumstances. Chad has been producing oil since 2003. Following the Doba project, implemented by the ExxonMobil-led consortium and initially supervised by the World Bank, Chad has gained a fair amount of experience in the oil industry.<sup>26</sup> This first project, which required a major investment,<sup>27</sup> included the construction of the Chad–Cameroon pipeline (Doba–Kribi) to an offshore terminal in the Gulf of Guinea and is currently producing about 130 000 barrels per day.<sup>28</sup>

The Rönier project, however, is considered to be the outstanding marker of China's different approach in Chad compared with the French or US engagements, which had regarded this investment as unprofitable.<sup>29</sup> Whereas Western involvement in the African oil sector is usually limited to exporting raw crude, Chinese operators in Chad offer the possibility of developing the hydrocarbon potential, as well as allowing for value-added investment, in line with Chad's national needs.<sup>30</sup> The Chinese refinery in Chad follows that which was built near Khartoum and completed in 1999. Within only a few years, China has thus developed into a major player in Chad, undertaking a distinctive departure from Chad's previous experience of international oil investment.<sup>31</sup> The CNPC has become central to the Chadian government's oil development strategy in a way that departs significantly from N'Djamena's previous troubled partnerships with the World Bank over the Chad–Cameroon pipeline.

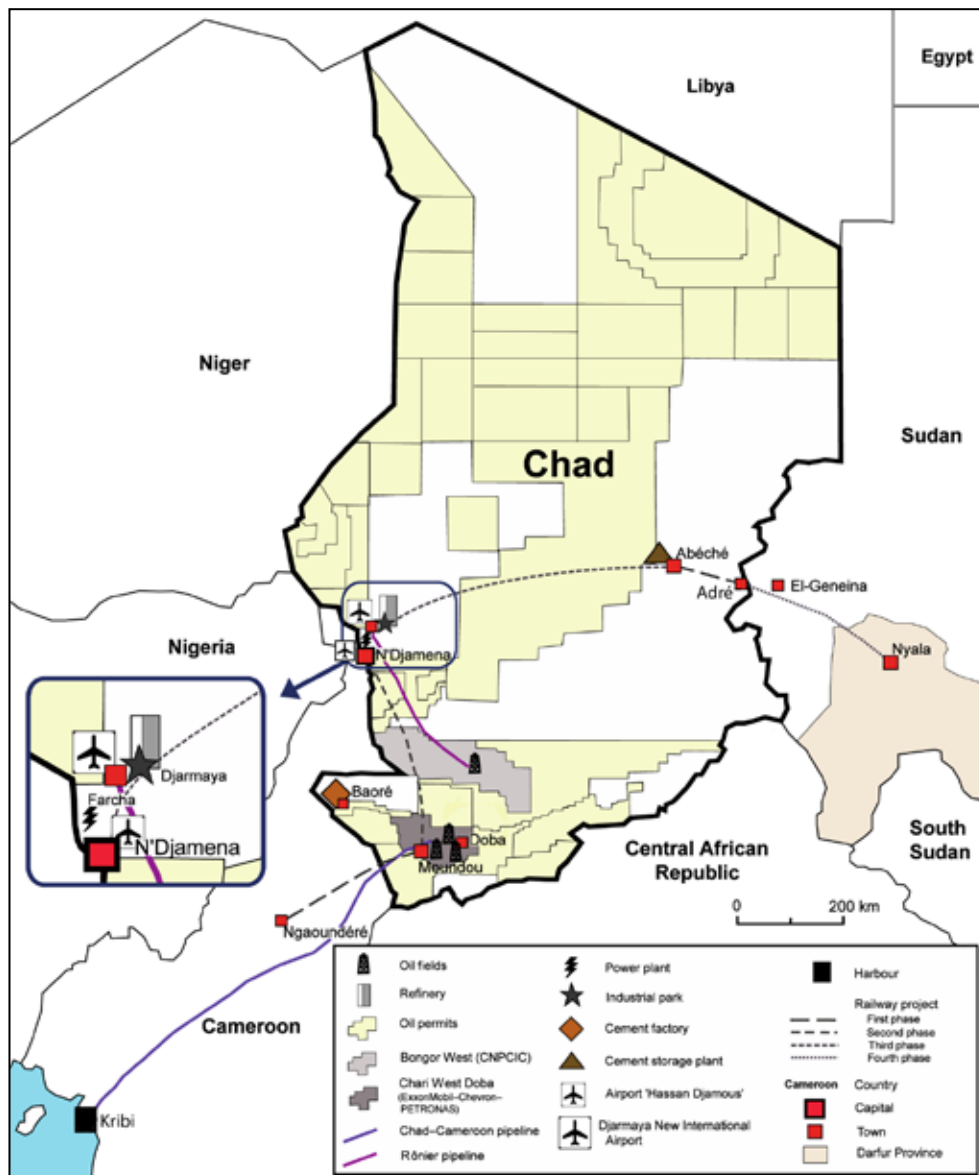
The energy burden has played a very important part in limiting Chad's development. The idea of acquiring a refinery dates back to the late 1970s,<sup>32</sup> nearly two decades before the oil valves in Doba were first opened. Owing to Chad's landlocked position, recurrent supply difficulties from Nigeria and problems within the management of the energy sector, the price of electricity in Chad is among the highest in the world. Furthermore, beyond N'Djamena, only a handful of towns have more or less regular access to electricity.<sup>33</sup> This structural shortage has been part of the reason why, so far, the possibilities of developing any industrial base in Chad have been severely limited.

Chinese public extractive investment in Africa has tended to be structured as 'package deals'. In fact, Chinese firms have often used this approach (and still do) to win contracts and be competitive. If this method applies also to Chad, the scenario has, however, been slightly different. At first, the CNPC did not necessarily see the use in 'offering' too much, as potential candidates interested in this permit remained mostly absent. At the same time, since the current partnership with Beijing is still fairly recent, the Chadian government had time to observe (from a distance) how such projects unfold in other African countries.

Chad appealed to China's general willingness to cover wider aspects of extractive projects. As a result, when the CNPC bought Encana's shares, the Chadian authorities exhorted the Chinese company to include the refinery.

In order to address the energy shortage, China Exim Bank, in co-operation with the Dutch firm Wärtsilä, is financing an electrification scheme to link N'Djamena with Djarmaya, the site of the refinery. The Chadian government has to pay 30% of XAF<sup>34</sup> 95 billion (\$185 million), the rest will be coming from China Exim Bank. The China National Machinery and Equipment Import and Export Corporation will construct the distribution network and transmission lines, which will be linked to a new 60-megawatt (MW) power plant at Farcha.

**Figure 1: Location of main Chinese and related activities in Chad and beyond**



Source: Dittgen R, 2012.

The CNPC is engaging in an innovative intervention in Chad, but the scope of the Rônier project remains nonetheless quite small. At the beginning of production in March 2011, oilfield capacity amounted to 20 000 barrels a day, with a possible increase of up to 60 000 barrels. The refinery has a maximum formal production capacity of 40 000 barrels a day, although it was only processing half this amount at this first stage.<sup>35</sup> On paper, the facility is able to annually produce approximately 700 000 tonnes of petrol and kerosene, 20 000 tonnes of diesel, 25 000 tonnes of polypropylene, 60 000 tonnes of liquefied petroleum gas and 40 000 tonnes of gasoline fuel.<sup>36</sup> The crude is supplying a central power plant, expected to produce 40 MW.<sup>37</sup> The refinery uses half this amount of energy; the other half goes to the Société nationale d'électricité, Chad's national electricity company. President Déby publicly forecast Chad's – or at least N'Djamena's – energy independence,<sup>38</sup> but the 20-MW capacity of this power plant is clearly far from being sufficient to solve the country's structural problems. In fact, the capital already consumes 100 MW alone. Nevertheless, this investment will help to alleviate a saturated network, at least until longer-term solutions are found.<sup>39</sup>

In many ways, the refinery in Djarmaya also constitutes a neuralgic centre offering the possibility of further investment. Following the CNPC's oil engagement, Chad and China have agreed to develop an industrial park.<sup>40</sup> The cost for this project amounts to \$150 million to be advanced by Soluxe International, the Chinese company in charge of the implementation. The area will cover 25 square kilometres in a location adjacent to the refinery. In terms of business and products, some facilities will be connected directly to the refining process, whereas others, merely benefit from preferential terms; notably the 'free zone' status that the park will enjoy, as well as the availability of energy. This future industrial complex will, in other words, be in charge of transforming several by-products from the refinery: including various plastic goods, polypropylene fibre and natural gas bottling factories. It is also projected that there will be companies providing a wide range of activities such as solar energy, drinking water and electric bicycles.<sup>41</sup> Although not restricted to Chinese investment, to date only Chinese companies have committed to developing operations in the park.

Other Chinese projects are also being developed, some of which are more advanced than others. The Baoré turnkey cement factory, located in Mayo Kebbi West, is second to the Rônier project in terms of scale and importance. China Exim Bank has advanced the funding for this project in the form of a preferential loan. The project is being implemented by China CAMC Engineering Co Ltd (CAMC), a subsidiary of China National Machinery Industry Corporation. Owing to the expansion of road and infrastructure development in Chad in recent years, there has been increasing demand for cement and interest in options to manufacture this domestically. The Baoré project is Chad's first cement factory and is expected to cut costs for infrastructure projects in the country by reducing reliance on imports from Cameroon.<sup>42</sup> CAMC broke ground on the plant at Baoré in November 2007 and production, which had aimed to deliver 200 000 tonnes per year, should have started in July 2011 but was delayed.<sup>43</sup> According to some sources, the reason for the delay was political.<sup>44</sup> However, others claim it to have been of a technical nature,<sup>45</sup> with a number of unresolved problems remaining for the plant. One seems to be linked to the separation of the project's main components; with cement production located in the south-west of Chad but the storage component in Abéché (north-eastern Chad). Success of the project is thus dependent on developing the necessary transport infrastructure.

Having access to cheaper fuel thanks to the Rônier project, in April 2011 the Chadian government and CAMC signed an agreement worth \$919 million to develop a new international airport in Djarmaya. This site, which is supposed to initially accommodate about one million passengers a year, will be connected to N'Djamena by a 40-kilometre highway, which is also included in the project. According to Djikoloum, the deputy-managing director at the Ministry of Public Works and Transport, there is strong potential for this initiative to establish a regional transit hub next to those in Addis Ababa (Ethiopia) and Douala (Cameroon).<sup>46</sup> The airport should be operative in four years' time, although the exact location has yet to be identified.<sup>47</sup>

Another transport project aims to connect Cameroon, Chad and Sudan via a railway network. On 14 March 2011, Chad's transport minister, Adoum Younousmi, signed a \$7.3-billion deal with the China Civil Engineering Construction Corporation to build a 1 344-kilometre railway network. Projected to be Chad's single-largest infrastructure project, the first stage is intended to link Abéché to Adré on the border with Sudan, and Moundou to Ngaouderé on the border with Cameroon; with the second phase connecting Moundou with N'Djamena as well as connecting the Chadian capital with the border regions, notably with Abéché (third phase). After completion, the fourth phase aims to link Abéché with Nyala in Sudan. It will be financed by China's policy banks and repaid by the Chadian government, with oil offering the possibility to do so.<sup>48</sup>

These projects reflect the rapid and increasing Chinese involvement in Chad. However, they also bring about numerous challenges. Compared with the recent nature of this form of engagement, there are still a number of questions that remain unanswered.

## SUCCEEDING AGAINST ALL ODDS? ONGOING CHALLENGES

Following the near removal by rebels of President Déby from power in February 2008, the armed opponents of his regime seem to have lost their impetus and relations with Sudan have been restored.<sup>49</sup> In recent times, and in contrast to the more usual perception of the country as a failed state, both the local and to some extent the international press have started to portray Chad as a country on its way to more peaceful political stability. Chad may not be characterised as a democracy, but the notion that the regime is strong enough to remain in control and provide the required conditions for a viable business environment is more widespread. This is underlined partly by Déby's newfound ambition to display himself as the architect of Chad's development, while trying to distance himself from his 'warlord' image. This change can be seen in the way Déby portrays himself on billboards and posters, many of which are scattered throughout N'Djamena. In the past he wore a uniform and was often surrounded by armed soldiers. More recently he has switched to civilian clothing and is pictured alone, with his wife or young Chadians. The combined message also reflects Déby's self-proclaimed social turn and message of unity: 'Ensemble pour le Tchad de demain' or 'together for the Chad of tomorrow'.

Thanks to oil revenues, the Chadian regime seems to have rediscovered its taste for large-scale projects. Initially the government directed the bulk of the royalties towards maintaining state security (through, for example, purchasing weapons, something that eventually contributed towards the World Bank's exit). Today, however, part of this

income (the exact amount remains unknown) is invested in infrastructure construction, including roads.

From a short-term standpoint, the situation in Chad appears to be improving gradually. The socio-political context, however, is much more complicated and renders a clear distinction between a state of peace and war difficult. Owing to cycles of apparent chronic instability, the circumstances resemble more of an ‘interwar’ period and, for a long time, armed violence has in fact been part of the reality of the country.<sup>50</sup>

The violence is linked to both internal and external tensions.<sup>51</sup> According to Marielle Debos, armed violence is often a way of expressing contestation, making a living, achieving social mobility or a defining mode of political sociability.<sup>52</sup> On a regional cross-border scale, the formation and the presence of consecutive waves of rebellions have largely been possible owing to external financial support. In the past, the Libyan government under Colonel Muammar al-Gaddafi, and the Sudanese government under President Bashir, regularly backed Chadian rebel groups who aimed to remove President Déby (Bashir having also helped Déby come to power in the first place).<sup>53</sup> Currently, however, both sources of funding have ceased: Gaddafi’s regime has been overthrown, and the Sudan government underwent a process of rapprochement with Chad that eventually saw a working peace arrangement between the two, featuring joint military border patrols.<sup>54</sup> JEM, a leading Darfur rebel group formerly very close to Déby, was weakened in December 2011 by the death of its leader, Khalil Ibrahim, a Zaghawa cousin of President Déby. Current circumstances seem to play in Déby’s favour, but domestic and regional realities can evolve very quickly. Claiming that the peak of instability in Chad belongs to the past is therefore a hasty and risky statement.

## CHINA’S REGIONAL SECURITY ENTANGLEMENT

The vulnerability of Chinese interests in Chad was first highlighted by the evacuation of over 200 Chinese nationals from N’Djamena in early February 2008, when a rebel attack came extremely close to toppling President Déby.<sup>55</sup> In September 2010, and following other attacks in Sudan, security risks were personalised by the abduction of a Chinese engineer working on a water project for the CGCOC Group Chad near the border with Sudan, who was subsequently rescued by joint Sudanese–Chadian forces. Such incidents were surface manifestations of deeper, more complex regional security dynamics and conflicts involving massive forced population movements of Sudanese from Darfur into eastern Chad, as well as Chadians in eastern Chad, and refugees from the Central African Republic (CAR).

Although Beijing had welcomed Chad’s rejection of Taiwan, dealing with N’Djamena and Khartoum in the context of conflict linking Chad with Darfur (and CAR) was clearly a diplomatic challenge. China’s special envoy, Liu Guijin, had been appointed with responsibility for Darfur, and soon found himself travelling between Khartoum and N’Djamena. China’s military-security calculus in the region was changed in August 2006. One of the unintended consequences of China’s military support for Khartoum, and the links between Chinese arms companies and the Sudan government, was a prevalence of Chinese-manufactured small arms and ammunition in the region.<sup>56</sup> Indeed, in April 2006, Chad displayed Chinese munitions captured from rebels supported by Khartoum. Sudan

backed the February 2008 attack that nearly ousted Déby. Chad, in turn, supported Darfur rebel groups, including JEM, which mounted a spectacular attack on Omdurman in May 2008 that came uncomfortably close to Khartoum itself.

Beijing engaged in diplomatic–political interventions propelled by its own bilateral interests, by seeking to ease Chad–Sudan ties and conducting shuttle diplomacy between Khartoum and N'Djamena. This was couched in wider terms as promoting peace in the region, but the need for such diplomacy was undoubtedly catalysed by threats to Chinese interests. In the aftermath of the February 2008 attack on N'Djamena, Liu Guijin was careful to insist that China would not become involved in mediating proxy conflict between Khartoum and N'Djamena, although he did urge both parties to practise 'good neighbourliness'. He visited N'Djamena to meet Déby, followed by meetings with Bashir and Nafie Ali Nafie in Khartoum, 'with the purpose of persuading both countries [Chad and Sudan] to further improve relations.'<sup>57</sup> Liu Guijin continued to engage with both N'Djamena and Khartoum as part of his Darfur diplomacy, by extension fulfilling China's diplomatic–political and economic interests in regional stability. For example, he visited N'Djamena in late May 2009 in a trip styled as seeking to end the conflict between Chad and Sudan.<sup>58</sup>

Such dynamics of China's bilateral security interests in the region occurred within wider international efforts to respond to conflict in Chad and the region. Chad was the site of a major international peacekeeping effort until the government in N'Djamena requested the UN Security Council to disband the operation. China did not contribute to the mission.

China's mounting role in Chad, connected as it is to Darfur and Sudan, has been predominantly business oriented following Beijing's cross-straits coup against Taiwan in August 2006. Beijing has enhanced bilateral military relations with N'Djamena, and security concerns about Chad have continued to be present, albeit in changing circumstances, as Libya demonstrated most recently. Like Chad, China has benefited indirectly from the security role led by the French military while seemingly not having made any substantial contribution of its own to the international security response.<sup>59</sup> China did not, for example, contribute to the UN Mission in CAR and Chad (MINURCAT).<sup>60</sup> Simply put, such a division of security responsibilities allows China to concentrate on the business of investment, with France leading efforts to respond to the security of such business (and the mainly political interests of Paris). Recently, however, there have been recurring rumours about a possible French withdrawal in the near future.<sup>61</sup> Inevitably this raises the question of how the situation could alter if the 'Épervier' operation<sup>62</sup> comes to an end; and how China may need to revise its development–security calculus in the region if it is to sustain its investments. The possibility of a swift change of events in Chad that can influence and have an impact on the long-term viability of Chinese investments remains.

## OIL PRICE DISPUTE: SOCIAL AMBITIONS VERSUS ECONOMIC VIABILITY

At present Chinese and Chadian protagonists, embodied by the CNPCIC on one side and Chad's Ministry of Oil and Energy on the other, seem more concerned about the

way the Rônier project should be managed and operated. The main impediment lies in the difficulty of finding a compromise between setting up a market price allowing the CNPC to pay off its investment, and a 'social' price enabling the Chadian authorities to carry out their objectives. Unexpected issues appeared on the very day that the refinery was inaugurated in June 2011. Déby has tried to accomplish a set of social promises made during his last presidential campaign in April 2011 – one of which was to provide more affordable petroleum prices for the population. Consequently, the Chinese have been worried about the negative economic repercussions. During the opening ceremony, and without any prior consultations,<sup>63</sup> Déby announced a unique price of XAF 200 per litre of refined products during a transitional period of three months. As a result, the pump price was fixed at XAF 365 per litre for petrol and XAF 330 for premium liquefied petroleum gas, whereas other refined petroleum products were sold at about XAF 500 per litre on average at pumps in the region.<sup>64</sup>

Ordinary Chadians responded positively to the decline in oil prices; nonetheless this measure was also accompanied by a series of difficulties. Taxi drivers, for example, welcomed this measure, although some hoped for further price reductions. Being compelled to lower the price of their services and routes, some argued that their margin of profit had declined compared with the pre-refinery context.<sup>65</sup> As a result, the majority continued to fill their tanks in Kousseri, just across the Chadian border in Cameroon, where they could get a litre of gasoil for XAF 250.<sup>66</sup> Furthermore, applying a unique price for the whole country was not sustainable. Ensuring nationwide supply requires having recourse to a wide infrastructure network, which is not yet in place in Chad. Besides this, transportation costs need to be taken into consideration, especially for those who purchase fuel in Djarmaya and sell this elsewhere other than in or around the capital. Clearly these calculations were not taken into account and show a lack of preliminary work prior to the decision-making.

Once the transitional price had been set, the Chadian authorities needed to negotiate with both urban and long-distance transport associations. Within numerous parts of Chad, however, it took a while for prices to drop. Furthermore, since the release of the new price was already expected by the end of September 2011, the possibility of tensions could not be excluded. Overall, the Chadian authorities seem not to have thought through the immediate consequences and implications of such a project. Establishing a price range, taking into account costs and objectives, would have been a way to avoid or at least reduce these problems.

The transitional price was considered unreasonable, as the refinery had already undergone heavy losses and had been unable to continue normal operations. The processing cost – taking into account employee salaries, maintenance and the redemption factor of the equipment, general expenses and financial costs – amounts to XAF 205 per litre of crude (for a capacity of 500 000 tonnes of crude).<sup>67</sup> Considering the selling price at the time, the refinery was not only unable to cover its processing costs but also its employee salaries. By the end of August 2011, the National Refining Company had already accumulated a loss of some \$4.7 million.<sup>68</sup> Even though the Chadian state is (officially) a 40% shareholder, the refinery has not yet received any form of subsidy. Due to this breach of trust, there have been rumours that the initial 60/40 partition of the downstream section between the Chinese and the Chadian side is no longer valid and has already been redivided into a 70/30 if not 80/20 split.<sup>69</sup>



Chad has also experienced significant changes in terms of oil supply and distribution methods. Before June 2011, distributors were more or less restricted to Total and Oilibya. However, the launching of the refinery has attracted increasing interest. As the requirements to mount distribution operations only involve obtaining administrative authorisation from the Ministry of Commerce to establish a petrol station, and providing proof of being able to import 10 million litres per year, the number of operators has been expanding continually. Most – like 3SH, Tourra, Tchad Hydrocarb, Sosadep and Dounama – have only been set up recently and lack experience in this field, with the result that their capacity to import the required yearly minimum cannot be proven. Nonetheless, an increasing number of tank trucks have begun purchasing fuel directly from the refinery. A growing share of these refined products are sold in Cameroon, to the extent that it is causing an apparent shortage in Chad. The combination of imposed selling prices, disordered proliferation of new distributors as well as a somewhat unregulated purchase environment have prompted long-time operators such as Total to review their regional strategy. As the current pattern appears disorganised, with questionable economic returns, leaving Chad could be a possibility for Total.<sup>70</sup>

At first, the CNPC kept a low profile over Déby's ostentatious declaration of holding one of the cheapest petrol prices in the region. As the due date approached without any significant progress towards the establishment of a new price, the Chinese side decided to take action and put the refining process on hold. By the end of September 2011, both sides (the CNPC and the Ministry of Oil and Energy) claimed, however, that negotiations were progressing. The content of these discussions remains confidential, but some of the basic issues are known. Apart from certain discrepancies linked to the project, the lack and difficulty of communication are often portrayed as the main stumbling blocks. Having advanced the entire investment as a loan, mostly through China's Exim Bank, the CNPC obviously aims to recover its investment through the sale of petroleum products. According to various sources, the Chinese calculations have either not been very precise or reasonable, especially since the latter planned to amortise \$1 billion within five years.<sup>71</sup> Following these estimates, Chad's Ministry of Oil and Energy claimed that the price suggestions made by the Chinese would exceed the cost of imported refined products.<sup>72</sup> The Chinese stakeholders deplored both the lack of preparatory work and the outlook of their Chadian partners. In the end, both parties seemed to blame each other for the lack of negotiating progress.

The uncertainty and doubts over the implementation of the new fuel price seemed to have been resolved by mid-October 2011.<sup>73</sup> The Ministry of Commerce and Industry issued a decree fixing the new rates for premium gasoline at XAF 490 and at XAF 495 for gasoil.<sup>74</sup> Pump prices throughout Chad were bound to the ones in N'Djamena, and this time the transportation costs in absolute terms were taken into account.<sup>75</sup> The petroleum products experienced a substantial price increase; for some it almost doubled, much to the surprise of the Chadian population. The reaction by the latter is all the more comprehensible, as the Chinese project had been presented in development terms and was supposed to alleviate energy shortages. In a subsequent press release, Groupe de Recherches alternatives et de Monitoring du projet pétrole Tchad Cameroun (GRAMP-TC), a Chadian NGO and think tank, which gained notoriety through the Doba project, expressed its regret that the CNPC intended to obtain an immediate return on its investment and rapidly maximise its profits, on the grounds that Chad remained a politically unstable country and recovering funds

could be a difficult task.<sup>76</sup> Since opacity and a lack of information continue to characterise various projects in Chad (notably the management of oil revenues), it remains difficult to produce a detailed portrait of the terms of the contract. According to several Chadian civil society organisations, this resolution discredits the validity of the bilateral co-operation. The decision seems to confirm their allegations that China is merely interested in its own benefits. It also raises questions about the Chadian government having turned its back on its pledge to provide an affordable source of energy. As China is one of the few external partners willing to invest widely in Chad, the risk of unduly antagonising a major business associate over a price disagreement appears to have been too high.

The balance of power is played out mainly between Chinese partners on the one side and the Chadian government on the other, frequently reducing the population to the role of mere spectators. During the ceremonial laying of the first stone for the construction of the Djarmaya International airport in November 2011, however, Déby revealed that the rates would be revised.<sup>77</sup> This change of mind can be related directly to prior civil society reactions. For instance, GRAMP-TC held a presentation questioning the benefits of the Djarmaya refinery for Chadian consumers; the meeting was attended by more than 500 participants and covered by the media. As a result, a few days later, the SHT organised talks with Chadian civil society groups, and discussions on a new pricing policy are currently under way between the CNPC and the government.<sup>78</sup>

Nonetheless, the Djarmaya refinery was shut down on the 19 January 2012. Later that month, Déby fired Mahamat Ali Hassa, the minister of planning, and Tabe Eugene, the oil minister. On 6 February 2012, Chad announced that the refinery would be reopened. Other developments suggested that despite such turbulence the CNPC was intent on a longer-term engagement. In February 2012, and following negotiations ongoing since mid-2010, the CNPC signed a deal with the government of Cameroon to allow it to start transporting crude oil from Chad through the Chad–Cameroon pipeline by the end of 2012, thus adding Chinese-produced crude to that from ExxonMobil, Chevron and PETRONAS already being carried by the pipeline.

This extended period of bargaining between the two sides raises interesting questions about how links could evolve over time. It is difficult to assess exactly what role the Chinese authorities have been playing in this interaction.<sup>79</sup> However, the CNPC–Chad corporate–political interface appears to have predominantly entailed the CNPC’s role, indicative of the relative autonomy it seems to have within China’s broader engagement and of how it pursues its own corporate interests. In addition, the Chadian side seems to have drawn a number of lessons from their economic engagement with the Rônier project. Conceding that certain issues could have been avoided had they been managed in advance, the government decided to create a specific board<sup>80</sup> to supervise future sensitive projects. The objective behind this is not only to broaden and decentralise the management of Chinese investments, but also to be able to foresee problems.

Altogether, the Rônier project highlights the difficulties of finding a viable arrangement for all parties involved, and signals the variation and inconsistency of the Chadian business environment. Then again, it also reflects the possibility of a growing dialogue between oil company, state and civil society, and shows a certain responsiveness of the SHT and the CNPC towards evolving circumstances.

## CONCLUSION

Compared with other African countries, China's involvement in Chad is fairly recent in the new context of the growing Chinese engagement across the continent. This is, to a great extent, related to a nearly ten-year diplomatic break with the PRC, which only ended in late 2006, and resulted in very limited engagement from the mainland during that period. At the same time, China's presence in Chad is often displayed as a margin of China–Africa dynamics and has, so far, been overshadowed by other, more salient examples – notably those in neighbouring Sudan. Since diplomatic relations were resumed, and led by the CNPC's oil investment, a new phase of relations has been under way.

Chad's switch back to Beijing can be explained by pressing political constraints and a series of interlocking conflicts within the greater Chad–Darfur region. As Sudan has benefited from crucial Chinese support (and still does), including military assistance, Déby justified the official recognition of the People's Republic as part of the necessary conditions to bring the more or less direct conflict with Khartoum to an end. Chad's connection with the PRC at first thus rested upon a pressing regional and political dimension, dominated by the armed conflicts threatening Déby's regime and featuring China-supported Khartoum's support for rebel groups seeking to militarily oust Déby. In 2006 President Déby was in a very tight military and political spot. A renowned master of survival, his turn to China paid off in his terms. Beyond this, Chad might be said to illustrate the role of N'Djamena's ability to maximise its otherwise limited leverage, firstly by playing the 'One China' gambit to Déby's advantage and then by following through on and refining this by seeking and securing a more substantial CNPC engagement in Chad. However, economic interests have rapidly matched or even surpassed this aspect of relations as part of a thickening partnership between N'Djamena and Beijing. The core of Sino–Chadian co-operation today is the Rônier oil investment. Even though the scale of the project remains small, it includes a refinery and therefore offers the possibility of domestic production. In this regard, the Chinese operation differs from Chad's first experience in Doba, which is limited to exporting the crude.

As the recent oil price dispute shows, however, whether there is necessarily a better union of interests between China and Chad than Chad's previous fractious relationship with the World Bank and the international community over the pipeline remains to be seen. Divergences in this partnership are bound to be expected following a period that has hitherto had much to do with establishing relations. Now that more attention appears to be paid to how to deepen ties, closely linked to the sustainability of investments beyond the short term, how these are reconciled is likely to exert much continuing influence on ties.

China has progressively been incorporated into Chad's domestic political strategies through a range of development projects. This is partly a reflection of Déby's presidential campaign in April 2011, structured around a set of social promises, and portraying himself as Chad's social architect-in-chief. There appear to be latent and already existing tensions between what Déby wants for his own domestic purposes and what the CNPC, and the Chinese role more generally, can deliver. President Déby made a range of 'social' promises, like lower petroleum prices, during his last presidential campaign. However, because the CNPC's basic objective is predicated upon the commercial logic of a return on its investment, the question of the economic profitability and viability of their operations remains, and continues to be subject to the vagaries of Chadian politics.

Further challenges on the radar concern a general feature evident of China's relations in Africa to date with regards to security, that is, how China's foreign economic policy, encompassing state objectives as well as key actors like the CNPC, has been depending on prevailing Western and to an extent African security structures. China has benefited from the leading (and self-interested) role of France in Chad's security, read as the continuation of Déby's government, while concentrating on enhancing its economic activities. The question of whether this is financially and politically tenable for the West looms as a subject unlikely to go away, amidst quiet interest in certain Chinese quarters about the security implications of engaging in places like Chad. The implications of this historically inherited de facto division of labour and associated distribution of benefits have yet to be seen, while the question of security burden sharing in Chad, and more generally, is likely to become more central.

## ENDNOTES

- 1 The author's email address is [romain.dittgen@univ-paris1.fr](mailto:romain.dittgen@univ-paris1.fr).
- 2 The author's email address is [danlarge@soas.ac.uk](mailto:danlarge@soas.ac.uk).
- 3 This slogan – 'Désenclaver pour mieux rapprocher' (in the French original) – and Chad's national airline publicity indirectly reflects the acuity of this notion and the challenges for the country.
- 4 ExxonMobil Chad's general manager underlined this point. Whereas ExxonMobil, currently the second most valuable company in the world according to the Forbes list (DeCarlo S, 'The world's 25 most valuable companies: Apple is now on top', *Forbes*, 8 November 2011, <http://www.forbes.com/sites/scottdecarlo/2011/08/11/the-worlds-25-most-valuable-companies-apple-is-now-on-top>), would have been easily capable of providing the necessary investment for the Doba project on its own, the company responded favourably to the World Bank's involvement in order to limit the risks of investing in Chad (personal interview, Scott Miller, general manager of Exxon-Chad, N'Djamena, June 2010).
- 5 According to the UNDP (United Nations Development Programme), Chad ranks 183 out of 191 countries (UNDP International Human Development Indicators, 'Tchad: Profil de pays: Indicateurs de développement humain', <http://hdrstats.undp.org/fr/pays/profils/TCd.html>, accessed 6 November 2011). In 2011 Chad ranked second last (out of 183 economies) in the World Bank's 'Doing Business Report' (World Bank–International Finance Corporation, 'Ease of doing business in Chad', <http://www.doingbusiness.org/data/exploreeconomies/chad>, accessed 6 November 2011) and fifth from last in matters of transparency (Transparency International, 'Perception of corruption index 2011', [http://www.transparence-france.org/e\\_upload/pdf/classement\\_ipc\\_2011.pdf](http://www.transparence-france.org/e_upload/pdf/classement_ipc_2011.pdf), accessed 7 May 2012).
- 6 As early as December 2008, Chad's national oil company, the Société des Hydrocarbures du Tchad, entitled the editorial of its magazine: 'A refinery of major ambitions'.
- 7 The World Bank's engagement in the Doba project, alongside the oil consortium, was driven by the objective of promoting this investment as a development model within Chad.
- 8 This study is based on two field-research trips, conducted from June–September 2010 and in September 2011. Research and literature about China's recent involvement in Chad remains very limited (see, for example, Tabo SN, Beassoum CN & TM Asngar, 'Relations économiques entre la Chine et l'Afrique: Cas Du Tchad', AERC (Africa Economic Research Consortium

Paper), 22. Nairobi: AERC, January 2008). The only detailed analysis of the CNPC's involvement (even though mostly centred on environmental regulation and corporate social responsibility) is Van Vliet G & G Magrin (eds), 'Une compagnie pétrolière chinoise face au défi environnemental au Tchad', AFD (French Development Agency), Collection Focales, 9, Quae, February 2012, <http://www.afd.fr/webdav/site/afd/shared/PUBLICATIONS/RECHERCHE/Scientifiques/Focales/09-Focales.pdf>; Van Vliet G *et al.*, 'Chinese and American oil companies and their environmental practices in Chad: A quiet confluence of streams or silence before the battle?', Rising Powers and Global Standards Working Paper, 2, December 2011, [http://www.risingpowers.net/sites/default/files/RisingPowers\\_WP2\\_Van%20Vliet%20et%20al.pdf](http://www.risingpowers.net/sites/default/files/RisingPowers_WP2_Van%20Vliet%20et%20al.pdf). A Chadian NGO/research institute (GRAMP-TC, Groupe de Recherches alternatives et de Monitoring du projet pétrole Tchad Cameroun) produced a monitoring report about the CNPC's activities. Chad's national press in Chad has merely highlighted the various opening moments of the work sites, while the international media has almost completely overlooked the Rônier project, and other aspects of the Chinese presence in Chad. However, since the production phase was launched, and the challenges became increasingly visible, the Chadian press has started to focus to a greater extent on related development possibilities and energy questions.

- 9 *Taipei Times*, 'Taiwan foreign minister regrets diplomatic break with Chad', 7 August 2006.
- 10 President Déby has stated that: 'It used to be that when we had problems with our neighbour sending mercenaries to invade us that none of our complaints before the United Nations would pass, because China blocked them' but, since opening the door to Chinese investment, 'we have been able to raise our concerns without taboo'. French HW & L Polgreen, 'China, filling a void, drills for riches in Chad', *New York Times*, 13 August 2007; and *Reuters*, 'China oil co breaks ground on Chad, Niger refineries', 29 October 2008.
- 11 Respectively, the ministers of Foreign Affairs, Mines and Energy, Petroleum, Economy, Finance, and Infrastructure.
- 12 Chinese Government, 'China, Chad vow to boost military cooperation', Official web portal, 21 September 2007, [http://www.gov.cn/misc/2007-09/21/content\\_758313.htm](http://www.gov.cn/misc/2007-09/21/content_758313.htm).
- 13 For instance, Zhou Yongkang met with a delegation from Chad's ruling party, the Patriotic Movement of Salvation, calling for more co-operation between the two countries, headed by Nagoum Yamassoum, in Beijing, in June 2010.
- 14 *Africa Asia Confidential*, 'Campaigns made in China', 4, 5, March 2011, p. 3.
- 15 In 2008, for example, Chad adopted a new Investment Charter offering incentives for foreign companies (including a three year tax-exemption status). A National Investment Agency was established in 2010 to act as a one-stop government shop for business. A number of regional business-oriented initiatives were also promoted. President Déby hosted the first OHADA (Organization for the Harmonization of Business Law in Africa) Summit in December 2009. This aimed to encourage member states to adopt an enhanced OHADA Investment Arrangement that offers benefits beyond those in Chad's national Investment Charter. The subsequent OHADA arrangement came into effect in Chad in January 2010.
- 16 'First session of China–Chad Joint Commission on Commerce and Trade held in N'Djamena', 5 May 2010, Ministry of Commerce of the PRC (from <http://fuziying2.mofcom.gov.cn/aarticle/photonews/201005/20100506898623.html>, MOFCOM website, Beijing).
- 17 In addition to the main Chinese medical presence, a team from the Jiangxi Provincial Department of Health has been operating in N'Djamena. For agriculture and technical co-operation, the projects are either run by the Chinese Agricultural Technology Cooperation

Group, the Yichang International Economic or by the Shandong International Economic and Technical Cooperation (personal interview, Zheng Wei, Chinese economic adviser of the PRC in Chad, 27 September 2011; data collected from the official website of the Chinese Embassy in Chad, <http://tchad.mofcom.gov.cn/aarticle/catalog/zgqy/201105/20110507567258.html>, accessed 22 October 2011). During two consecutive research trips to Chad, only a very limited number of independent medical facilities providing traditional Chinese medicine were encountered.

- 18 Namely, the National Development Bank Working Group on Chad, and Shaanxi Branch of China Development Bank (data collected from the official website of the Chinese Embassy in Chad, *op. cit.*).
- 19 For a related but different context, see Mthembu-Salter G, *The Evolving Nature of Chinese Telecommunications Investment in the DRC*, SAIIA (South African Institute of International Affairs) Policy Briefing, 39. Johannesburg: SAIIA, 2011.
- 20 Compared with other West African capitals (such as Dakar or Bamako), Chinese retail and wholesale activities in Chad are fairly rare. The few existing shops are established in economic niche areas, generally providing basic electronic and household equipment as well as various types of Chinese provisions.
- 21 This could be related to the fact that the variety of foreign restaurants in N'Djamena is quite small. Most of the Chinese restaurants and hotels in N'Djamena have been established for a while. As a result, they cannot be related directly to the current expansion of economic links between China and Chad, although the growing numbers of Chinese technicians and engineers in Chad have clearly been important in raising their revenues. Chinese massage parlours are a much more recent addition to the array of Chinese business ventures, often acting as a cover for brothels.
- 22 Encana is a Canadian oil company and mostly active in the exploration phase. The CNPC had been associated with them since 2003 and acquired 50% of the consortium's shares in 2006 (Maoundonodji G, *Les enjeux géopolitiques de l'exploitation du pétrole au Tchad*. Doctoral thesis in Political and Social Sciences, Catholic University of Leuven, 2009, p. 417). Although the official Chinese position generally claims that no economic links are officially sanctioned without diplomatic ties, the reality on the ground is more complex. The example of the CNPC in Chad reveals that initial contact can be made perfectly well before official diplomatic recognition. The same applies to investment coming from the PRC. Since 2006 the Taiwanese oil company, the Overseas Petroleum Investment Corporation, has been interested in an oil concession near Doba (despite the breaking-off of diplomatic ties that same year) and is currently carrying out the exploration phase (personal interview, Ismaël Moctar, independent Chadian oil consultant, N'Djamena, September 2011).
- 23 At this stage, there are just over 100 hundred oil wells. The planners expect the pipeline to transport 1 million tonnes of crude per year, rising to 3 million in the second phase. The refinery has an annual capacity of 100 tonnes.
- 24 Magrin G, 'Les enjeux du projet Rônier', in *La gestion environnementale de la CNPC au Tchad : enjeux et mise en perspective en début de cycle pétrolier*. Paris: French Development Agency, 2010, p. 250.
- 25 Such as the Bureau of Geophysics, Great Wall Drilling Company and the China Petroleum Technology Development Corporation.
- 26 For a more detailed analysis, see Magrin G, *Le Sud du Tchad en mutation : des champs de coton aux sirènes de l'or noir*. Paris: Sepia, 2001, p. 427.

- 27 The project had initially been estimated at \$3.7 billion, but gradually the cost needed to be revised to over \$8 billion.
- 28 In 2010 the daily production reached an average of 122 500 barrels per day (Esso Exploration and Production Chad Inc., 'Projet de Développement Tchad/Cameroun', Mise a jour du Projet 29, Rapport Annuel, 2011, [http://www.esso.com/Chad-English/PA/Files/29\\_all\\_french.pdf](http://www.esso.com/Chad-English/PA/Files/29_all_french.pdf)).
- 29 Nadingar ND & S Yang, 'Relationship between Chad and China' *New York Science Journal*, 3, 9, 2010, pp. 50–54.
- 30 Magrin G, 2010, *op. cit.*, p. 250.
- 31 China is upheld as a model of 'International Standard, Chinese Speed' since it took over the H block in January 2007.
- 32 Maoundonodji G, 2009, *op. cit.*, p. 246.
- 33 Magrin G, 2010, *op. cit.*, p. 266.
- 34 XAF is the three-letter currency code for the Central African Franc.
- 35 Series of personal interviews with Ismaël Moctar, *op. cit.*, July 2010, September 2011. Michel Boukar, Secretary General of the Ministry of Petroleum in Chad, claimed at the time of the interview (29 September 2011) that, unlike the publicly announced figure of 20 000 barrels a day, the refinery would only produce about 10 000 barrels a day.
- 36 *SHT Magazine*, 'Carte d'identité de la Raffinerie de N'Djamena', Chad, 001, December 2008, p. 7.
- 37 Although the production stage began in late June 2011, it is still not clear how much oil is being produced or being refined.
- 38 *SHT Magazine*, 'Extrait du discours du Ministre du Pétrole', Chad, 001, December 2008, p. 6. At the ceremony, President Déby asserted that 'we are winning a victory of the battle for energy independence'.
- 39 Magrin G, 2010, *op. cit.*, p. 268.
- 40 Although the laying of the cornerstone took place at the end of December 2010, it is not clear when the construction phase will be finished. Soluxe International is a subsidiary company of China Huayou Group Corporation and is operating in various service fields, including logistics, construction, commerce and trade as well as technical services on oilfield engineering and oilfield chemicals additives. In Chad, the company is not only active in the area of construction and decoration, but is also widely involved in logistics services structured around the CNPC's oil investment (Soluxe International, 'Soluxe International Chad Branch', <http://soluxeint.com/en/2010/0623/28.html>, accessed 21 November 2011).
- 41 Personal interview, Zheng Wei, *op. cit.*
- 42 On the other hand, the new cement factory may have a negative impact on the viability of local brick manufacturers.
- 43 President Déby finally inaugurated the cement factory on 16 February 2012 (*Africa Asia Confidential*, 'Cementing ambitions', 5, 5, March 2012).
- 44 The discussions revolve around the management and the functioning modes, more specifically the debate of retaining the storage section in the production area with transferring the end product to N'Djamena.
- 45 Personal interviews, Maxime Nelgar Nadjirambaye, sociologist at GRAMP-TC, and Zheng Wei, Chinese economic adviser, N'Djamena, 23 and 27 September 2011.
- 46 Personal interview, Miaoudou Djikonoum, deputy-managing director at the Ministry of Public Works and Transport, N'Djamena, 28 September 2011. Chad's infrastructure minister, Adoum Younousmi told journalists: 'The project which would be funded by a loan to the government

- of Chad from [the] Chinese government will help Chad, because of its geographic position, to become an African hub for flights to the Middle East and Asia' (*Reuters*, 'Chad inks airport accord with Chinese firm', 22 April 2011).
- 47 Among other reasons, the current airport, 'Hassan Djamous', located near the centre of N'Djamena, has to deal with the continual extension of the city and rising land pressure.
- 48 In early August 2011, Chadian and Sudanese officials signed a \$2 billion deal with China Exim Bank to finance a rail connection between Dore and Nyala, the capital of South Darfur. During the Organisation of the Islamic Conference's (OIC) Summit in Senegal on 14 March 2008, a committee was established to implement the Port Sudan–Dakar Railway Line, to connect Sudan, Chad, Niger, Nigeria, Mali, Burkina Faso, Senegal and possibly Djibouti.
- 49 Tubiana J, *Renouncing the Rebels: Local and Regional Dimensions of Chad–Sudan Rapprochement*. Geneva: Small Arms Survey, March 2011, p. 23.
- 50 Although overt conflict is rarely witnessed, violence materialises instead in the experiences of war (Debos M, 'Living by the gun in Chad: Armed violence as a practical occupation', *Journal of Modern African Studies*, 49, 3, 2011, p. 412).
- 51 Magrin G, 'Tchad 2008: Géographie d'une guerre ordinaire', *EchoGéo*, Sur le vif 2008, <http://echogeo.revues.org/2249>.
- 52 Debos M, *op. cit.*, pp. 409–428.
- 53 Marchal R, 'The roots of the Darfur conflict and the Chadian civil war', *Public Culture*, 20, 3. Durham: Duke University Press, 2008, pp. 429–436.
- 54 The Riyadh agreement of 3 May 2007 signed by Déby and Bashir, for example, observed 'the principals of good neighbourliness; and non interference in internal affairs of other states' and agreed 'to prevent the use of their territory to harbour, train, fund or be used as passage by armed movements opposed to the other, and will not offer any financial or moral support to these movements and will eject them from the soil of the two countries' (at 3,b). This was one of a number of attempted accords, another coming in January 2010 when Sudan and Chad signed a deal to normalise relations in N'Djamena, featuring yet another commitment to end support for rebel groups on both sides.
- 55 It was reported that 'a large amount of equipment and materials' owned by Chinese companies was looted in this attack but compensation was provided by the government of Chad. Yuanhui S, 'Turmoil won't stop Chinese enterprises', *Africa Magazine*, 13 May 2011.
- 56 See Report of the Panel of Experts established pursuant to paragraph 3 of resolution 1591 (2005) concerning the Sudan' (30 January 2006); Report of the Panel of Experts on the Sudan established pursuant to resolution 1591 (2005) (S/2011/111, 8 March 2011); and Gramizzi C, Lewis M & J Tubiana, 'Letter from former Members of the Panel of Experts on the Sudan established pursuant to resolution 1591 (2005) and renewed pursuant to resolution 1945 (2010) addressed to the Chairman of the Security Council Committee established pursuant to resolution 1591 (2005) concerning the Sudan', 24 January 2012.
- 57 Permanent mission of the People's Republic of China to the UN, 'China's SR on Darfur holds a briefing in Beijing', Beijing, 7 March 2008, <http://www.china-un.org/eng/chinaandun/securitycouncil/regionalhotspots/afrika/darfur/t468259.htm>, accessed 10 March 2012.
- 58 *Sudan Tribune*, 'China pledges to end Sudan–Chad conflict', 1 June 2009.
- 59 The former French ambassador, Bruno Foucher, stated that Paris had asked the Chad-stationed French troops to evacuate the personnel of the Chinese, Algerian and Russian embassies, as well as all foreign citizens who had sought assistance at the crisis centre (*TCHADONLINE*, 'Audition de MM. Bruno Foucher, ambassadeur de France au Tchad', 23 March 2010,



<http://tchadonline.com/audition-de-mm-bruno-foucher-ambassadeur-de-france-au-tchad/>, accessed 11 March 2012).

- 60 MINURCAT (the UN Mission in Central African Republic and Chad), and a European Union military force (EUFOR), was established by UN Security Council Resolution 1778 (25 December 2007) mandated to protect civilians, human rights and the rule of law, and regional peace. UN Security Council resolution 1861 (14 January 2009) reiterated deep concern about armed activities and banditry in eastern Chad, north-eastern CAR (Central African Republic) and western Sudan, deemed to be threatening the security of the civilian population, humanitarian operations and the stability of those countries, as well as producing serious violations of human rights and international humanitarian law. It authorised the deployment of a military component of MINURCAT to follow up EUFOR in both Chad and CAR at the end of EUFOR's mandate in March 2009. The transfer of authority between EUFOR and the military component of MINURCAT took place on 15 March 2009. MINURCAT featured military personnel from 48 countries, and police personnel from 21 countries, but there was no Chinese contribution. Following a request by the government of Chad, the mission finished on 31 December 2010 in line with UNSC resolution 1923 (2010).
- 61 The recent French intervention in Libya seemed to have temporarily supported arguments in favour of the continuity of the military presence in Chad. However, it is difficult to justify operating costs of about \$118 million per year, especially in the context of drastic budget cuts in France (personal interview, Julien Cats, second adviser (political affairs) at the French Embassy in Chad, N'Djamena, 26 September 2011).
- 62 'Opération Épervier' refers to the ongoing French military presence in Chad. Launched in 1986 to force back the Libyan invasion, it has remained operational to restrain recurrent episodes of regional instability and help overcome several conflicts in the region.
- 63 According to comments made by the Chinese economic adviser, as well as by Ismaël Moctar, the independent consultant who conducted the Environmental Impact Assessment for the CNPC, the Chinese were taken by surprise with regards to this decision.
- 64 Prior to that date, the pump price for gasoil was XAF 750 per litre whereas diesel was sold for XAF 650 per litre (with XAF 499,85 equalling \$1).
- 65 Series of interviews conducted with cabdrivers in N'Djamena, September 2011.
- 66 Lower prices in Cameroon can be explained by the fact that a fair amount of inferior quality gasoil comes from Nigeria via fraudulent ways and is commonly sold in Jerri cans (personal interview, Michel Boukar, Secretary General at the Ministry of Oil and Energy, N'Djamena, 29 September 2011).
- 67 N'Djamena Bi-Hebdo, 'Actualité d'exploitation de la Société de Raffinage de N'Djaména', N'Djamena, 26 September–2 October 2011, pp. 4–5.
- 68 Nako J, 'Chad refinery venture with China suspends output', *Reuters*, 30 September 2011, <http://af.reuters.com/article/chadNews/idAFL5E7KU2V620110930>.
- 69 Initially the idea was that the 40% participation of the Chadian state, advanced by the Chinese side, would be reimbursed through sales and taxes.
- 70 Personal interview, Mahamat Assouyouti, project manager at the French Development Agency in Chad, N'Djamena, 24 September 2011.
- 71 Personal interview, Philippe Lecluze, economic and financial adviser at the French Embassy in Chad, N'Djamena, 23 September 2011.
- 72 Personal interview, Michel Boukar, *op. cit.*

- 73 However, as is discussed later in the paper, the circumstances around this project are evolving rapidly and make it difficult to assess for how long the current prices will be effective.
- 74 On 16 October 2011 Jet A1 was set at XAF 529.36 a litre and at XAF 375 per a litre for kerosene. During the temporary period, the price was set at XAF 350 and XAF 230 respectively.
- 75 Chad, Ministry of Commerce and Industry, 'Arrêté fixant les prix de vente des produits pétroliers en République du Tchad', Decree number 046/PR/PM/MCI/SG/DCCP/2011, 16 October 2011.
- 76 GRAMP-TC, 'Communiqué de Presse', N'Djamena, 19 October 2011.
- 77 Despite President Déby's announcement about the rates revision, as of December 2011, Decree number 46 was still functional.
- 78 Online discussions and email exchange on Network for Applied Research on Oil, Gas and Mining Activities (NARMA), December 2011.
- 79 China's economic adviser claimed that the Chinese embassy would not take part in the negotiations.
- 80 The 'General Management of large Presidential projects' (Direction générale des grands projets présidentiels) is connected directly to the presidency.

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