

# CHINA SECURITY

Vol. 3 No. 3 Summer 2007

## China's Rise in Africa

Assessing China's Growing  
Influence

*Gill, Huang & Morrison*

China's Policy Balancing Act

*He Wenping*

Fact and Fiction of Energy Relations

*Erica S. Downs*

Policies and Challenges

*Li Anshan*

Oil and Conflict  
in Sino-American Relations

*Hatemi & Wedeman*

Revisiting North Korea's  
Nuclear Test

*Zhang Hui*

中

國

安

全

# CHINA SECURITY

Bruce G. Blair *Publisher*

Eric Hagt *Chief Editor*

Chen Yali, Liu Yong, Feng Yifei *Associate Editors*

Emily Roblin *Communications Director*

---

## *Assistant Editors*

Fiona Cunningham, Matthew Durnin, Ashley Hoffman

Whitney Parker & Blake Rasmussen

---

## *Editorial Board*

Jeffrey A. Bader *Brookings Institution*

Richard K. Betts *Columbia University*

Thomas J. Christensen *Princeton University*

Philip Coyle *World Security Institute*

Lowell Dittmer *University of California, Berkeley*

Bates Gill *Center for Strategic and International Studies*

Theresa Hitchens *World Security Institute*

Joan Johnson-Freese *Naval War College*

Albert Keidel *Carnegie Endowment for International Peace*

Nicholas R. Lardy *Institute for International Economics*

Li Bin *Tsinghua University*

John J. Mearsheimer *University of Chicago*

Mike M. Mochizuki *George Washington University*

Michael E. O'Hanlon *Brookings Institution*

Jonathan D. Pollack *Naval War College*

Shen Dingli *Fudan University*

Shi Yinhong *Renmin University of China*

Teng Jianqun *China Arms Control & Disarmament Association*

Frank von Hippel *Princeton University*

Xue Lan *Tsinghua University*

Yuan Peng *China Institutes of Contemporary International Relations*

Zha Daojiong *Renmin University of China*

---

## *Manuscript Reviewers*

Kong Bo, David Chen, Dean Cheng, Andrew Erickson, Eric Hundman,  
Yuan Jingdong, Gregory Kulacki, Jeffrey Lewis, James Clay Moltz, Victoria Samson  
& David Wright

*This issue was made possible through the generous support of*  
**the Ford Foundation, Secure World Foundation and the**  
**Robert and Ardis James Foundation**

# Contents

---

Assessing China's Growing Influence in Africa	3
<i>Bates Gill, Chin-hao Huang &amp; J. S. Morrison</i>	
The Balancing Act of China's Africa Policy	23
<i>He Wenping</i>	
The Fact and Fiction of Sino-African Energy Relations	42
<i>Erica S. Downs</i>	
China and Africa: Policies and Challenges	69
<i>Li Anshan</i>	
Oil and Conflict in Sino-American Relations	95
<i>Peter Hatemi &amp; Andrew Wedeman</i>	
Revisiting North Korea's Nuclear Test	119
<i>Zhang Hui</i>	

# Assessing China's Growing Influence in Africa

Bates Gill, Chin-hao Huang  
& J. Stephen Morrison

China's emergence as a rising global power garners increasing attention, much in Asia, but increasingly also in Africa. China's new strategic partnership with Africa, unveiled at the November 2006 Beijing Summit of the Forum on China and Africa Cooperation (FOCAC), marks an historic moment in China-Africa relations. China's highest leadership actively espoused FOCAC's ambitious vision, which was enthusiastically embraced by 43 heads of state and a total of 48 African delegations.

Following the summit, senior Chinese officials, including President Hu Jintao and then-Foreign Minister Li Zhaoxing visited 15 different African countries within the first quarter of 2007. Assistant Minister Zhai Jun's visit to Sudan, and the subsequent appointment of Ambassador Liu Guijin as China's special

---

Bates Gill holds the Freeman Chair in China Studies at the Center for Strategic and International Studies (CSIS). Chin-Hao Huang is a research assistant with the Freeman Chair in China Studies. J. Stephen Morrison is the director of the Africa Program at CSIS.

---

**China Security, Vol. 3 No. 3 Summer 2007, pp. 3 - 21**  
**2007 World Security Institute**

envoy for Darfur, in April and May 2007 respectively, drew considerable press attention. These steps are reflective of Beijing's acute sensitivities and perceived need to make a much higher diplomatic investment to work with the international community in moving the Annan Plan forward.<sup>1</sup> At this early stage, however, there is no guarantee for success with Beijing's approach. While Khartoum has expressed its intention to comply with the Annan Plan, its commitment to follow through is uncertain. As such, Beijing remains vulnerable to continued criticism from advocacy groups concerned with Darfur for enabling Khartoum's intransigence.

China's expansive engagement has raised hopes across Africa that China will turn its attention to long-neglected areas such as infrastructure and that its strategic approach will raise Africa's global status, intensify political and market competition, create promising new choices in external partnerships, strengthen African capacities to combat malaria and HIV/AIDS and promote economic growth. It also raises nettlesome policy issues and complex implementation challenges that China will increasingly confront in the future.

For the United States, China's growing engagement in Africa inherently carries significant implications. Like China, the United States is in the midst of an expanding phase of engagement in Africa.<sup>2</sup> The tripling of U.S. foreign assistance levels to Africa in public health, economic development and good governance, the substantial enlargement of military commitment since 9/11, and the increasing volume of two-way trade in the private sector, concentrated in the energy field, reflect rising U.S. interests in the continent. The George W. Bush administration has also made an unprecedented high-level commitment to Sudan. Up to now, however, the United States and China have each been largely absorbed in their separate, respective spheres, enlarging their presence and activities in Africa with little systematic or substantive reference to the other.

### **Evolving Approach**

China has substantively shifted its approach to Africa. Beijing supported many liberation movements and other insurgencies in sub-Saharan Africa and

was quick to establish diplomatic ties and supportive economic relations with newly independent states as they emerged from the colonial era. Indeed, for more than half a century, the Chinese systematically cultivated solidarity and working relations with a range of African states. It was a profitable diplomatic investment which persisted into the post-Cold War era when Western powers were more inclined to scale back their presence.<sup>3</sup>

Today, China's Africa policy is carried out on a higher plane and is more complex, multidimensional, ambitious and, ultimately, entails greater risks. The China-Africa summit in Beijing in November 2006 featured an effusive exchange between Africa and China's leadership. China's rising economic engagement is tied to conspicuously strategic goals, centered on access to energy and other scarce high-value commodities. On the diplomatic front, Beijing has shown a new determination to complete the process of eliminating bilateral ties between Taiwan and a dwindling number of African capitals, and to use its accelerating entry into Africa to consolidate global allegiances and Beijing's putative leadership of the developing world. Beijing has also taken on a more active role in the security sphere. China's contributions of soldiers and police to U.N. peacekeeping operations, concentrated in Africa, have increased ten-fold since 2001. As of May 2007, China has provided over 1,800 troops, military observers and civilian police toward current U.N. peacekeeping operations. Three-fourths of current Chinese peacekeeping forces are supporting U.N. missions in Africa (primarily Liberia, Sudan and the Democratic Republic of the Congo).<sup>4</sup>

---

*Today, China's Africa policy is carried out on a higher plane and is more complex.*

---

Since November 2006, Beijing has taken steps to follow through with its commitments to African countries by announcing that it had canceled US\$1.42 billion of African debt and will cancel another \$1 billion in mid-2007.<sup>5</sup> In May 2007, China captured international attention when it hosted the annual African Development Bank conference in Shanghai. China agreed to make an additional \$20 billion pledge for infrastructure development in Africa over the next three years. Its policy in many instances is tied to ambitious commitments to revitalize

### **China's FOCAC Action Plan Commitments**

- Send 100 senior Chinese agricultural experts to Africa and set up 10 agricultural demonstration sites in Africa;
- Set up a China-Africa Development Fund gradually amounting to \$5 billion to support “well-established and reputable” Chinese firms investing in Africa;
- Increase the number (from 190 to over 440) of items exported to China from the least developed countries in Africa that have diplomatic relations with China and are eligible for zero-tariff treatment;
- Double development assistance to Africa by 2009;
- Provide \$3 billion for preferential loans and \$2 billion for preferential export buyers' credit to African countries in the next three years;
- Cancel the interest-free government loans that were due by the end of 2005, for African countries with diplomatic ties with China and are classified as heavily-indebted poor countries (HIPC)s and/or least developed countries (LDC)s;  
Train 15,000 professionals from African countries in the next three years;
- Set up 100 rural schools and double the number of scholarships for African students to 4,000;  
Build 10 hospitals and 30 anti-malaria clinics, while providing approximately
- \$37.5 million for the purchase of anti-malarial drugs; and  
Send 300 Chinese young people to Africa over the next three years, under the
- Chinese Young Volunteers Serving Africa Program, to support education, agriculture, sports and health-related programs.

depleted critical infrastructures and invest in strengthening human skills on a substantial scale. It is not only official China that provides direct economic and diplomatic support, however, as Chinese companies have become far more active both as importers of African energy resources and raw materials, and exporters of Chinese goods and services.

The China International Poverty Alleviation Center, established in mid-2005 to strengthen international exchanges on poverty reduction and facilitate international collaboration on poverty reduction, has hosted two 15-day training courses, allowing visiting African officials to gain a first-hand understanding of China's poverty reduction programs in some of its poorest provinces. The Ministry of Commerce and the Ministry of Agriculture had also jointly sent five working groups to more than a dozen African countries to plan the establishment of agricultural technology demonstration centers in order to enhance collaboration on seed production technologies, water-saving and biological technologies in agriculture, food security, and animal health and plant protection.

---

*China's historical experience and development model resonate powerfully with Africa.*

---

China has also deepened its commitments to help African nations tackle public health problems. In May 2007, at the 60<sup>th</sup> annual World Health Organization (WHO) meeting in Geneva, then-Minister of Health Gao Qiang announced that Beijing would donate \$8 million to the WHO to build African countries' capacity and response mechanisms to public health emergencies. Gao also called on other member states to increase their aid to strengthen public health systems in Africa and other developing countries.

Beijing's proactive engagement with Africa is based on several key factors that underlie the new Chinese approach.<sup>6</sup> Chinese officials portray themselves as seeking only friendly and respectful political linkages with Africa, based on a legacy of over 50 years of solidarity and development assistance. In Beijing's view China's historical experience and development model resonate powerfully with African counterparts, and create a comparative advantage vis-à-vis the West. China emerged from colonial encroachment, internal chaos and economic destitution to achieve spectacular economic growth and infrastructure development. In the past two decades, its achievements have lifted over 200 million Chinese citizens out of poverty. In the meantime, China can claim that it has achieved political stability and increasing international clout. Such a national narrative, some have asserted, has a powerful resonance in Africa.



Chinese strategists maintain that Africa is on the verge of developmental take-off – another idea that is well received in the region – creating an opportune moment for a more expansive Chinese role. According to this view, Africa has realized a period of relative stability and calm as compared to the dark days of the 1990s, when protracted conflicts raged in more than a dozen countries. Chinese interlocutors recognize that while pockets of conflict still persist and require close international engagement, Africa, by and large, has emerged into a continent of relative peace and stability, poised to make major developmental gains. As such, Beijing is keen to get in on the ground floor and be an integral part of Africa's impending political and economic transformation.

China's policy-makers are also confident that a state-centric approach to Africa will build strategically on Beijing's core strengths and align with the stated preferences of African countries. For Beijing, such an approach plays to its strengths. Its Africa policy is not complicated by private domestic constituencies and inter-

---

*Beijing's approach with Africa fits squarely within China's global foreign policy.*

---

est groups, allowing quicker and more decisive action. China's largest economic and business activities in Africa are dominated by state-owned and/or state-influenced companies, giving official Beijing another leg up in political and economic competition in Africa. China lacks well-developed, independent business and civil society sectors, which for now leaves the full responsibility for carrying forward its vision in the hands of state leaders and official diplomats.

Most important, Beijing's approach with Africa fits squarely within China's global foreign policy, including important initiatives in Southeast Asia, Central Asia, Latin America and the Middle East. Africa is seen as integral to Beijing's strategic ambition to advance a "new security concept" that can ensure China's peaceful rise as a global power and strengthen relations with key neighbors and regions. Through its overarching global approach, China's leadership seeks to sustain China's internal development and political stability at home, legitimize the historic benefits of China's rise within the international community, and achieve its long-term goal of a more multi-polar, equitable and "democratic" in-

ternational system. In the words of Chinese Ministry of Foreign Affairs spokesman Liu Jianchao, today, “China needs Africa.”<sup>7</sup> It needs Africa for resources to fuel China’s development goals, for markets to sustain its growing economy and for political alliances to support its aspirations to be a global influence.

### Emergent Challenges

The payoffs to China financially and politically may ultimately be very significant and alter Western understanding of what kinds of intervention can achieve durable results. However multiple risks also attend China’s expansive engagement in Africa. Business calculations on major investments are murky, and many will likely turn out bad. The bet that China can transform Africa’s infrastructures where others have failed awaits proof of success, and challenges are surfacing for Beijing in translating its vision of a strategic partnership with Africa into a sustainable reality.

The expectation that China can have significant sway politically and displace the influence of others must take into account Africa’s sensitivity to anything that smacks of neocolonialism, and how callous and indifferent “petropowers” in Africa have become as global energy markets tighten. In selecting energy-rich Angola and Nigeria as preferred partners, and in choosing to closely support Zimbabwe, China has selected three of the most corrupt and difficult environments to build relations in. In Ethiopia, Niger and Nigeria, the wave of kidnapping incidents demonstrates that Chinese investments are becoming increasingly vulnerable to local conflicts and instability. In Sudan, Beijing finds its partner embedded in enormous political and moral controversies of its own making. In South Africa, it has entered a place of acutely high sensitivities to encroachments upon sovereignty.<sup>8</sup>

Beijing is beginning to encounter serious challenges, such as criticism by a Zambian presidential candidate during the 2006 elections that China engages in unfair mine labor practices<sup>9</sup> and South African trade union opposition to the flooding of South African markets by Chinese textiles.<sup>10</sup> In addition, environmental networks, human rights advocacy groups and a widening array of civil society

organizations in Africa have begun to exert a stronger push back.<sup>11</sup> Some adjustments in approach, such as voluntary textile export quotas for South Africa, have now been set in place. While in Namibia in February 2007, Hu made a special point to meet with Chinese entrepreneurs and expatriates in the region, urging them to respect investment rules, labor issues and broaden their engagement with the local community.

As China deepens its economic and corporate engagement in Africa, it is beginning to sense increasing tensions and competing interests between the various government agencies involved, which includes the Ministry of Commerce, Ministry of Foreign Affairs, State-Owned Assets Supervision and Administration Commission and provincial governments.<sup>12</sup> Different government actors bring different interests and leverage points to the debate about Africa policy, as well as varying capacities to see those interests served within China and with regard to Africa. For example, increasingly market-oriented Chinese enterprises – and their state-related shareholders back in China – are primarily interested in profit-making in their international operations. While understandable, it is unclear how these enterprises will proceed if profit-seeking complicates or contradicts broader Chinese government policy in Africa. In short, the complex web of internal decision-making processes, the stove-piped nature of the Chinese bureaucracy, and the government's limited capability to dampen the "reputational risks" posed by the Chinese diaspora business community all reflect the increasing difficulties for the central government to coordinate and implement official policies.

In addition, China will need to work assiduously to overcome obstacles tied to language, culture, religion and racial bias. Because Chinese is not widely spoken in Africa, Chinese diplomats, businessmen, technicians, doctors, peacekeepers and other "cultural ambassadors" must learn languages widely spoken in Africa – such as English and French – in order to be most effective. Similarly, future Chinese engagement in Africa will need to take into greater account the exceptional religiosity of African societies and develop an official approach, now largely absent, for engaging religious leaderships. Religious organizations, Muslim and

Christian alike, provide a broad and widening range of social services, especially in education and health; have extensive linkages with their counterparts outside Africa; and have a strong public voice on matters of public debate. Within the global Christian world, the Protestant and Catholic communities in Africa are the fastest growing in terms of membership and participation. Africa's 300 million Muslims comprise highly complex, dynamic and variegated communities.

There are also increasing pressures on China to embrace greater transparency and do more to harmonize its donor activity in Africa with ongoing international assistance, especially with respect to debt. Chinese practices of tying loans to African commodity exports are contradictory to existing lending practices set forth in the Organization for Economic Cooperation and Development (OECD) agreements. In late 2006, the European Investment Bank and the International Monetary Fund (IMF) warned that China's emergence as a major creditor is creating a wave of new debt for African countries.<sup>13</sup>

---

*China must work assiduously to overcome obstacles tied to language, culture, religion and racial bias.*

---

The question of debt sustainability was also raised by the former World Bank president Paul Wolfowitz in October 2006.<sup>14</sup> Washington is particularly concerned with Africa's borrowing patterns and the impact this may have on the long-term effectiveness of the Heavily Indebted Poor Countries (HIPC) debt relief initiative and the related \$31 billion debt relief package for Nigeria, concluded at the 2005 Group of Eight Summit in Gleneagles, Scotland. Most dramatically, in September 2006 the U.S. Department of the Treasury reportedly labeled China as a "rogue creditor" practicing "opportunistic lending."<sup>15</sup>

A large part of Western concerns over Chinese lending practices stems from the fact that at the present time there is no systematic sharing of data by Chinese ministries with international and bilateral donors deeply invested in Africa, or with African participants in the emerging strategic partnership launched in Beijing. Effective bilateral or multilateral mechanisms have yet to be established at a broad international or country level for integrating assistance and avoiding duplication. China's approach makes little reference to how its efforts will relate

to those of the Extractive Industries Transparency Initiative (EITI), the IMF, World Bank and other international assistance organizations. There is mounting concern that Chinese lending practices undermine the debt relief strategies devised over the past decade in cooperation with African states and regional bodies that have dramatically reduced the debt burden in Africa. The fear is that Chinese lending practices may encourage the rapid recurrence of an unsustainable debt burden in Africa.

In May 2007, the World Bank and the Chinese Export-Import Bank signed a Memorandum of Understanding (MOU) that would enhance collaboration on road and energy investment projects in Uganda, Ghana and Mozambique.<sup>16</sup> The MOU is a step in the right direction to further engage China to become an important actor in the global donor system and creditor to African nations.

### **Darfur: The Elephant in the Room**

The question of responding to humanitarian crises, such as Sudan's Darfur region has become one of the most formidable challenges for Beijing in translating its vision of a strategic partnership with Africa into a sustainable reality. It is facing persistent pressure to support humanitarian interventions, and Beijing has begun to realize that adhering to a formal policy of noninterference and putting it into consistent practice will be difficult.

U.S. critics often focus narrowly on China's pursuit of energy as the best explanatory lens through which to understand China's policies in Sudan. Some American voices argue that the Chinese engagement in Africa is predominantly a form of crude mercantilism and political interventionism that directly threatens U.S. interests and calls for confrontation, condemnation and containment. An array of human rights advocacy groups and non-governmental organizations, for example, have placed intense pressure on the U.S. government to take decisive, punitive measures in response to the situation in Darfur, including calls for forced humanitarian intervention and branding the 2008 Beijing Olympics as the "Genocide Olympics."<sup>17</sup>

In fact, China's expansive engagement in Sudan (and in Africa on the whole)

is a complex new reality which we only partially grasp: fast moving, multidimensional and long range in its various impacts. The Darfur issue, in particular, is a case in point where Chinese policy has made subtle, incremental shifts. China faces increasing debate and complexity over its policy choices.<sup>18</sup> Progressives in the Chinese policy-making elite argue that Sudan's oil assets are not worth pursuing in the long run, and have suggested scaling back relations with Khartoum in an attempt to burnish China's image and international reputation. Conversely, there is a tendency among Chinese conservatives to argue that the United States and other Western countries are merely trying to force China out of Sudan to get to its oil.<sup>19</sup> Chinese critics are also quick to point out that the United States – by dealing closely with such countries as Equatorial Guinea – is just as likely to engage in an uncritical embrace of autocratic, corrupt and unstable regimes.

No less important is the fact that Chinese views on Darfur are shaped by discussions with African states. Many leaders in sub-Saharan African states find Khartoum's actions in Darfur offensive on human rights, religious and racial grounds. Khartoum's full compliance to follow through with the Annan Plan is questionable, and the inability of the international community to bring greater stability to Sudan mean in practice that African Union peacekeeping forces, including troops from South Africa, Rwanda and Nigeria, remain under grave strain and cannot be reliably sustained, placing the force under considerable risk. China for its part is susceptible to be called to account within Africa for enabling Khartoum's intransigence and impeding the efforts of the African Union.

As a result, a gradual shift in Chinese thinking is exhibited in several concrete actions taken by Beijing to exert additional pressure on Khartoum. The Chinese ambassador to the United Nations, Wang Guangya, has become very active and was widely credited in gaining Sudanese acceptance for the Annan Plan in November 2006.

In February 2007, there were unrealistically high hopes that Hu might compel Sudanese President Omar al-Bashir to accept the hybrid force. In public, China continued to emphasize its economic ties with Sudan and made new pledges of support, including aid for the building of a presidential palace. Understandably, these announcements drew international opprobrium.

In private, Hu reportedly personally intervened to press al-Bashir to stick to his commitments. And prior to leaving Sudan, Hu delivered a rare public statement that outlined “four principles” as the basis for an international approach to Darfur.<sup>20</sup> The first, not unexpectedly, reaffirmed the principle of noninterference. But the fourth principle seemed to contradict the first, saying that “it is imperative to improve the situation in Darfur and living conditions of local people.”<sup>21</sup> That is about as close as a Chinese leader has come to publicly support the emerging notion within the United Nations and the broader international community that governments have a “responsibility to protect” their citizens from harm.

Furthermore, in March 2007, China's main economic planning agency, the National Development and Reform Commission, released a public document in conjunction with the Ministry of Foreign Affairs and the Ministry of Commerce, noting that Sudan had been removed from the latest list of countries with preferred trade status.<sup>22</sup> According to the announcement, Beijing would no longer provide financial incentives to Chinese companies to invest in Sudan. This latest move appears to be a signal of Chinese disaffection with al-Bashir's unwillingness to comply with his commitments to implement the Annan Plan.

The announcement was welcomed by the U.S. State Department and came shortly before Chinese Assistant Minister Zhai Jun arrived in Washington to meet with Assistant Secretary of State for African Affairs Jendayi Frazer for the second round of U.S.-China subdialogue on Africa in March 2007.<sup>23</sup> The inaugural dialogue was formally launched in November 2005 under the auspices of the U.S.-China Senior Dialogue process initiated by former Deputy Secretary of State Robert Zoellick.<sup>24</sup> While the first bilateral meeting on Africa focused largely on formalities, the second subdialogue in early March 2007 focused on the specific issues of debt sustainability, peacekeeping operations, Chinese companies' reputational risks in Africa, and transparency in the extractive industries. On Sudan, the Chinese reportedly acknowledged the need for the international community to step up efforts and become more active in leveraging their respective influences on Darfur.

In April 2007, Assistant Minister Zhai Jun visited Sudan to get a fuller understanding of the tense political relations between Darfur and government leaders

in Khartoum. Zhai was also the first senior Chinese official to visit the internally displaced person (IDP) camps and to meet with a wide range of faction and military leaders as well as local refugees in Darfur. The visit has allowed Beijing officials to engage in a dialogue with the concerned parties and to make a clearer assessment of the current realities of the humanitarian situation in Darfur.

Shortly after Zhai's visit, Beijing announced the appointment of Ambassador Liu Guijin as the special envoy to Africa. Liu, a seasoned diplomat, has taken on the Darfur issue as a top priority. Liu has visited Sudan at least twice since his appointment and conducted diplomatic consultations with concerned parties in Addis Ababa, Brussels, Paris and Pretoria to help move the agenda forward in Darfur. Following Khartoum's acceptance of an expanded peacekeeping force in Darfur in June 2007, Liu reportedly stated that Beijing had been using "very direct language" as well as its "own wisdom" to persuade Khartoum to accept the A.U./U.N. hybrid force.<sup>26</sup>

---

*China is susceptible to be called to account within Africa for enabling Khartoum's intransigence.*

---

At the fourth round of the U.S.-China Senior Dialogue held between June 20 and 21, 2007, discussions between Deputy Secretary of State John Negroponte and Vice Foreign Minister Dai Bingguo covered a range of key bilateral and global issues, including Darfur. A couple of constructive developments resulted from this meeting. First, the State Department's official statement at the end of the dialogue acknowledged the Chinese characterization of Darfur as a "humanitarian crisis" (as opposed to genocide).<sup>27</sup> Second, the two sides agreed that the various subdialogues, including those about Africa, should continue in order to deepen mutual understanding and enhance collaboration in areas of common concern.

In assessing the March and June 2007 dialogues between Washington and Beijing, it appears that there is greater consensus on hot spots in Africa such as Darfur, in part because there is congruence in Beijing's evolving approach and Washington's outlook. As such, continuing to see China's economic, political or diplomatic activities in Africa as a zero-sum game would be counterproductive. This emerging trend is an encouraging sign in the early stage of this debate; the challenge will be for Washington to make a strong commitment to sustain the



momentum at a high diplomatic level to understand the Chinese perspective and continue to test China's intentions systematically.

### **Africa: Test-Case for U.S.-China Relations**

China's ambitious, new high-profile role in Africa challenges the United States to think far more comprehensively and strategically about how it will engage China on Africa matters in the future. It comes in a period of major parallel expansion of U.S. commitments in Africa, propelled by growing U.S. national interests in Africa in terms of global infectious diseases, energy security, counterterrorism and global security, and the promotion of good governance. The tripling of U.S. foreign aid that has occurred during the Bush administration has included the President's Emergency Plan for AIDS Relief (PEPFAR), a five-year \$15 billion program, and the Millennium Challenge Corporation, a major initiative aimed at strengthening the economic performance of well-governed states, many in Africa. U.S. military engagement in Africa has expanded significantly, especially in the Horn of Africa, the Sahara/Sahelian zone, and the Gulf of Guinea maritime zone. In 2007, for the first time ever, the United States has announced its intention to create a separate U.S.-Africa combatant command. Following the ouster from power of the Islamist movement ruling in Mogadishu by the Ethiopian military, U.S. forces in early 2007 significantly stepped up counterterrorism activities in southern Somalia, targeting suspected al-Qaida members. U.S. investment in Africa's energy sector, and its dependence on Africa to meet its rising energy needs, have both steadily expanded, in parallel with a similarly robust pattern of rising Chinese oil dependency on Africa. Within the next decade, the United States will rely upon Africa for 20 percent to 25 percent of its oil imports.

Given the rising parallel interests in the continent, what direction should U.S.-China relations take regarding Africa? First, and most importantly, there is a need for a more strategic approach by the United States if a costly U.S.-China clash in Africa is to be avoided and if opportunities for fruitful collaborations are to be pursued effectively. A strategic approach can build on the reality that, broadly speaking, the United States and China share a range of common interests in seeking a more collaborative and constructive bilateral relationship. Most ob-

viously, the two sides have become deeply intertwined economically. In addition, recent experience has affirmed that the two countries stand a far better chance of dealing effectively with the many security challenges they face – from stemming the nuclear ambitions of Iran and North Korea to securing energy supplies to tackling the problem of global climate change – through cooperation and healthy competition rather than confrontation.

This deepening interdependence also underscores the need for a strategic vision in the U.S. approach to China-African relations that recognizes that U.S. action taken in one sphere can have unintended and potentially negative repercussions in another. That was demonstrated dramatically in CNOOC's defeated bid to purchase UNOCAL, which was widely

---

*A far more strategic approach is needed if a costly U.S.-China clash in Africa is to be avoided.*

---

believed within Chinese policy-making circles as proof of U.S. determination to prevent the rise of a Chinese global energy firm and became an impetus to accelerate the formation

of strategic relationships in Africa.<sup>25</sup> China is increasingly in a position to move resources and make decisions in the context of Africa in response to U.S. actions elsewhere that touch on China's perceived global interests. The United States should assume there will be additional unforeseen surprises of this kind in the future, but work to avoid them as much as possible.

Integral to any such approach, however, will be the expectation that – owing to weak state institutions, high incidence of conflict and relative economic fragility of most African countries – developments in Africa, independent of U.S.-China relations, will repeatedly test U.S. and Chinese approaches and their resolve to work collaboratively. It will be no less important to anticipate that enduring philosophical, ideological and programmatic differences, mutual suspicions and misunderstandings, and competitive tensions will sustain the risk of a clash of U.S.-China interests in Africa. Hence the special need to anticipate flash points in approaches to Africa and manage them preemptively: most importantly, at this point, are crises such as Darfur, sensitive assistance issues such as debt and harmonization of donor approaches, and access to energy resources.

For the United States, such a strategic and anticipatory approach to China-Africa relations will demand a greater openness to engage China through multi-lateral channels, such as within the United Nations, within major international economic and financial institutions, and within Africa-based multilateral bodies such as the African Union. The slower pace and tough diplomatic work of consensus building will prove frustrating, but has the potential to pay long-term dividends in providing greater awareness of Chinese policies and preferences and fostering more constructive and cooperative responses from China.

More specifically, a strategic approach can also be strengthened through a deliberate focus on strong, shared interests in Africa. In the sphere of public health and infectious diseases in Africa – such as HIV/AIDS, malaria and avian influenza – the United States and China have both taken global leadership positions and aim to improve their policies in addressing the weakness of infrastructural capacities and health workforce shortages.

On matters of conflict resolution, peacekeeping capacity and counterterrorism in Africa, there is a substantial convergence of perspectives and approaches. Differences persist with respect to Darfur, yet in the U.N. Security Council there has been recent progress in quietly aligning diplomatic approaches to Sudan. In their shared role as permanent members of the Security Council, China and the United States have shared decision-making power in shaping U.N. peacekeeping operations

---

*A greater role for China must be tempered by Beijing's support for state sovereignty and noninterference.*

---

in Africa, which account for 65 percent of total operations worldwide. Each has professed a rising interest in investing in African peacekeeping capacity. On matters pertaining to al-Qaida's threat to

Africa, there are no significant divergences of opinion or approaches. Indeed, improved future maritime security in the Gulf of Guinea, for instance, will benefit China's energy security as much as that of the United States. At the same time, U.S. encouragement of a greater role for China will need to be tempered by Beijing's continued traditional support for state sovereignty and nonintervention.

The same inherent shared economic and political interest exists with respect

to ensuring predictable, long-term and stable governance in Africa, better integrating Africa into the global economy, building trade capacity and lowering poverty. The measure of success in the coming years will be whether the United States and China build a record of concrete collaborations in Africa that create new facts on the ground, reveal the scope of shared interests, promote African well-being and guard against impulsive action that aggravates tensions and results in a damaging confrontation.

Finally, with urgent foreign and security policy concerns elsewhere around the world, and with several major and growing U.S. diplomatic, humanitarian, developmental and security initiatives in process in Africa already, there is a risk that U.S. policy-makers will be unwilling or unable to give China's expansive presence in Africa the priority, time and policy energy it requires: this would be a mistake. The opportunities and interests present themselves now as a chance for the United States to assess China's approach to Africa more accurately, engage China more effectively, and work to shape outcomes in Africa that are beneficial to Africans, as well as Chinese and Americans. ☺

## Notes

<sup>1</sup> The November 2006 Addis Agreement (also known as the "Annan Plan") called for a three-step expansion of an A.U./U.N. hybrid force in Darfur and for Khartoum to commit to a ceasefire in the region.

<sup>2</sup> For the latest literature on the growing importance of Africa to U.S. strategic interests and expansive Chinese engagement in Africa, see Gill, B., Huang, C. and J. S. Morrison, *China's Expanding Role in Africa: Implications for the United States* (Washington, D.C.: Center for Strategic and Independent Studies, 2007); Lyman, P. and J. S. Morrison, *More Than Humanitarianism: A Strategic U.S. Approach Toward Africa* (New York: Council on Foreign Relations, 2006); Vines, Alex, "China in Africa: A Mixed Blessing?" *Current History* (May 2007) pp. 213-219; Broadman, Harry, *Africa's Silk Road: China and India's New Economic Frontier* (Washington, D.C.: World Bank, 2007); Goldstein, A., Pinaud, N., Reisen, H. and X. Chen, *The Rise of China and India: What's in it for Africa?* (Paris: Organization for Economic Cooperation and Development, 2006); and Alden, Chris, "China in Africa," *Survival*, Vol. 47 No. 3 (Autumn 2005) pp. 147-164.

<sup>3</sup> Yu. George, "Africa in Chinese Foreign Policy," *Asian Survey*, Vol. 28 (1988) p. 8.

- <sup>4</sup> For a specific breakdown of Chinese contribution to the various U.N. peacekeeping missions, see [http://www.un.org/Depts/dpko/dpko/contributors/2007/may07\\_1.pdf](http://www.un.org/Depts/dpko/dpko/contributors/2007/may07_1.pdf).
- <sup>5</sup> Wallis, W. and G. Dyer, "Wen Calls for more access for Africa," *Financial Times*, May 17, 2007, [http://www.ft.com/cms/s/34e52c64-0365-11dc-a023-000b5df10621,dwp\\_uuid=5cdb1d20-fee2-11db-aff2-000b5df10621.html](http://www.ft.com/cms/s/34e52c64-0365-11dc-a023-000b5df10621,dwp_uuid=5cdb1d20-fee2-11db-aff2-000b5df10621.html).
- <sup>6</sup> The following points draw from Gill, B., Huang, C., and J. S. Morrison, *China's Expanding Role in Africa: Implications for the United States*, pp. 6-13.
- <sup>7</sup> Gill, B., Huang, C. and J. S. Morrison, *China's Expanding Role in Africa: Implications for the United States*, p. 5; also see Swann, C. and McQuillen, "China to Surpass World Bank as Top Lender to Africa (Update 2)," *Bloomberg*, Nov. 3, 2006, <http://www.bloomberg.com/apps/news?pid=newsarchive&sid=afUHTifuOkR0>.
- <sup>8</sup> Baldauf, S. and J. J. Schatz, "Chinese leader's almost triumphal trip to Africa," *Christian Science Monitor*, Feb. 9, 2007, <http://www.csmonitor.com/2007/0209/p01s04-woaf.html>.
- <sup>9</sup> Liu, Melinda, "Pragmatism or Principle?" *Newsweek International Edition*, Nov. 10, 2006, <http://www.msnbc.msn.com/id/15661052/site/newsweek/page/0/>.
- <sup>10</sup> "Never too late to scramble," *The Economist*, Oct. 26, 2006, [http://www.economist.com/world/africa/displaystory.cfm?story\\_id=8089719](http://www.economist.com/world/africa/displaystory.cfm?story_id=8089719).
- <sup>11</sup> Schearf, Daniel, "Environmental Groups Say China's Role in Africa Leading to Backlash," *Voice of America*, May 18, 2007, [www.voanews.com/english/2007-05-18-voa26.cfm](http://www.voanews.com/english/2007-05-18-voa26.cfm).
- <sup>12</sup> Gill, B. and J. Reilly, "The Tenuous Hold of China Inc. in Africa," *The Washington Quarterly*, Vol. 30 No. 3 (Summer 2007), pp. 37-52.
- <sup>13</sup> Parker, G. and A. Beattie, "EIB accuses China of unscrupulous loans," *Financial Times*, Nov. 28, 2006, <http://www.ft.com/cms/s/added3c2-7f4e-11db-b193-0000779e2340.html>; Beattie, A. and E. Callan, "China loans create 'new wave of Africa debt,'" *Financial Times*, Dec. 7, 2006, <http://www.ft.com/cms/s/640a5986-863a-11db-86d5-0000779e2340.html>.
- <sup>14</sup> "Paul Wolfowitz - Interview with Les Echos, Oct. 19, 2006," World Bank, see <http://econ.worldbank.org>.
- <sup>15</sup> Phillips, Michael, "G-7 to Warn China over Costly Loans to Poor Countries," *Wall Street Journal*, Sept. 15, 2006, <http://online.wsj.com/article/SB115826807563263495.html>.
- <sup>16</sup> "China Eximbank and World Bank Come Together to Sign Cooperation Memo," The World Bank, May 21, 2007, <http://go.worldbank.org/HPL4J9FEG0>.
- <sup>17</sup> "China and Darfur - the Genocide Olympics?" *The Washington Post* Dec. 14, 2006, <http://www.washingtonpost.com/wp-dyn/content/article/2006/12/13/AR2006121302008.html>.
- <sup>18</sup> See official Congressional record for written statement of J. S. Morrison and B. Gill on "China and Sudan," submitted to the U.S. House of Representatives Foreign Affairs Committee on Feb. 8, 2007, available at <http://foreignaffairs.house.gov/110/33109.pdf>.
- <sup>19</sup> Robinson, Simon, "Time Running Out," *Time*, Sept. 10, 2006.
- <sup>20</sup> "Diplomat Views China's Role on Darfur Issue, Stresses 'Even-Handedness,'" *Qiushi*, June 1, 2007.
- <sup>21</sup> "Hu puts forward principle on Darfur Issue" *China Daily* Feb.5, 2007, <http://www.china->

daily.com.cn/world/2007-02/05/content\_801432.htm.

<sup>22</sup> McGregor, Richard. "Iran, Nigeria, Sudan off China incentive list," *Financial Times*, Mar. 2, 2007, <http://search.ft.com/ftArticle?queryText=Iran%2C+Nigeria%2C+Sudan+off+China+incentive+list&cy=1&aje=true&x=18&id=070302001014>.


<sup>23</sup> The Senior Dialogue was between the U.S. Deputy Secretary of State and his Chinese counterpart, the Vice Foreign Minister. Both sides discussed the broader strategic vision of U.S.-China relations at this level. They agreed that discussions on the specific issues (e.g., on Darfur, the Middle East, etc.) will be conducted through "subdialogues" between the relevant U.S. Deputies Under-Secretary of State in charge of the different regions of the world and their Chinese counterparts at the Assistant Ministerial level.

<sup>24</sup> At the official level, the United States and China in 2005 began to take some steps to think through their increasingly complex and interdependent relationship in a more constructive and strategic way. This effort, known at the "senior leaders' dialogue," was led by the United States then-Deputy Secretary of State Robert Zoellick, who called for China to join the United States in becoming a "responsible stakeholder" in the international system. Both sides agreed to hold bilateral subdialogues on key regional issues. The door was thus opened in Washington to begin thinking more seriously about an effective U.S. strategy for engaging China on Africa.

<sup>25</sup> "CNOOC seeks expansion in Africa," PRC Ministry of Commerce, Jul. 20, 2006, <http://english.mofcom.gov.cn/aarticle/newsrelease/commonnews/200607/20060702680521.html>.

<sup>26</sup> Russell, A. and W. Wallis, "China puts Private Pressure on Sudan," *Financial Times*, June 19, 2007. See also "Special Representative of the Chinese Government on the Darfur Issue Holds a Briefing for Chinese and Foreign Journalists," PRC Ministry of Foreign Affairs, May 29, 2007. See [www.fmprc.gov.cn](http://www.fmprc.gov.cn).

<sup>27</sup> "Conclusion of the Fourth U.S.-China Senior Dialogue," U.S. Department of State Media Note, June 21, 2007, <http://www.state.gov/t/pa/prs/ps/2007/jun/86997.htm>.



*The Number One Most-Cited Journal in its Field.*

# International Security

*"For more than thirty years IS has been influencing scholarship and public discourse. On a wide range of topics, it has become our most interesting and important journal."*

Robert Jervis  
Columbia University

*"Absolutely indispensable."*

Samuel P. Huntington  
Harvard University

*"The most important and consistently interesting journal in the field of national security affairs."*

John Lewis Gaddis  
Yale University

*International Security* publishes lucid, well-documented articles on all aspects of war, peace, and security studies. Its essays cover contemporary policy issues and the historical and theoretical questions behind them, as well as draw from all political and theoretical perspectives. Subscribers receive the most provocative and frequently-cited articles on today's security agenda.

Select Recent Articles:

■ *Soft Balancing against the United States*  
by Robert A. Pape

■ *How al-Qaida Ends: The Decline and Demise of Terrorist Groups*  
by Audrey Kurth Cronin

■ *Allies, Airpower, and Modern Warfare: The Afghan Model in Afghanistan and Iraq*  
by Stephen D. Biddle

Steven E. Miller, Editor in Chief

Sean M. Lynn-Jones and Owen R. Coté Jr., Editors

Diane J. McCree, Managing Editor

MIT Press Journals

238 Main Street, Suite 500

Cambridge, MA 02142 USA

tel 617-253-2889

US/Canada: 1-800-207-8354

fax 617-577-1545

[journals-orders@mit.edu](mailto:journals-orders@mit.edu)

<http://mitpressjournals.org/IS>

Published quarterly by The MIT Press for the Belfer Center for Science and International Affairs, Harvard University.

*First in the Social Science Impact Factor rankings for international relations journals.*

ISSN 0162-2889 / EISSN 1531-4804



# The Balancing Act of China's Africa Policy

*He Wenping*

## Beyond Resources

2006 marked the “Year of Africa” in China’s diplomacy. The highly intensive diplomatic activities that took place were unprecedented both for China’s diplomatic history and the China-Africa relationship.<sup>1</sup> In the same year, China became Africa’s third largest trading partner following the United States and France, making Africa one of China’s major overseas origins for strategic resources, investment opportunities and a market for Chinese products. While China is enjoying the many benefits of an increasingly close relationship with Africa, such benefits are not the only forces driving China’s African policy. So, why is China pursuing an expanded Sino-African engagement? An examination of China’s diplomatic focus on Africa and the historical context in which China’s African policy emerged reveals a deep relationship based on common experiences, values and principles.

---

*He Wenping is research fellow for the Institute of West-Asian and African Studies, Chinese Academy of Social Sciences. She is also the secretary general for the Chinese Asian and African Research Society.*

---

**China Security, Vol. 3 No. 3 Summer 2007, pp. 23 - 40**  
**2007 World Security Institute**



It is common for Western media and scholars to attribute the development of the China-Africa relationship mainly to the Chinese demand for resources, in particular energy resources.<sup>2</sup> However, this explanation neglects a number of facts. China has only become an energy importer since 1993 yet the Sino-African relations have been developing steadily since the establishment of the People's Republic of China (P.R.C.) in 1949. Furthermore, China's interaction with Africa, both past and present, is not limited only to those countries rich in resources. Most of the African countries that benefit from China's policy efforts, including debt reduction, low or zero-tariff trade agreements and aid are among the least developed in Africa and are not rich in natural resources.

China's Africa policy transcends a mere quest for resources. While China's growing need for raw materials and energy is important to the country's engagement in Africa, it is certainly not the only, nor the key, factor. Rather, to understand China's policies and motivations on the African continent, it is critical to take a broader view that integrates China's overall diplomatic strategic pursuits which focus on China's global position, its striving for the sustainable development of its economy and need for political support on the important issue of Taiwan reunification and the prevention of secessionism.

### **Driving Forces**

In terms of China's political and security interests, curbing Taiwanese independence was the predominant focus of Sino-African relations from the late 1980s until the early 1990s. A strong relationship played an important role in responding to Taiwan's so-called "flexible diplomacy," and in opposing their drive for "one China, one Taiwan."<sup>3</sup> At that time, Chinese scholars believed that China's main interest in Latin America and Africa was to prevent the Taiwan authorities from making trouble (for China) by taking advantage of the small countries there.<sup>4</sup> However, over time, Taiwan and reunification declined as the national strength of the Chinese mainland continued to grow and the diplomatic sway of Taiwan decreased. At present, only five African countries, namely Malawi, Swaziland, Sao Tome and Principe, Gambia and Chad maintain so-called "diplomatic

relations” with Taiwan.

The dominance of Taiwan in Sino-African relations continues to decline while Africa is playing an increasingly important role in China’s efforts to deal with nontraditional security threats. Following 9/11 and the outbreak of SARS in 2003, terrorism and the spread of deadly diseases have been given much more attention globally. These and other nontraditional security issues such as small arms smuggling, drug trafficking and transnational crime have all become very important and are documented as part of future China-Africa cooperation.<sup>5</sup> In 2006, an agreement was concluded between China and several African governments on judicial cooperation, extradition and the deportation of criminal suspects. The agreement included a Chinese promise, as part of an eight step plan to build a strategic partnership with Africa, to give US\$38.5 million for artemisinin, a compound long used in traditional Chinese medicine that can treat malaria, and build 30 malaria prevention and treatment centers for Africa.<sup>6</sup> This is evidence of other nontraditional security cooperation.<sup>7</sup>

With regard to fighting terrorism, China and Africa have begun an exchange of intelligence as well as joint training programs in many African countries. Addressing threats of non-traditional security have enhanced China’s consultation and cooperation with African countries in concrete ways and will take center stage in the security interests of Sino-African relations in the era of globalization.

China’s Africa policies are also driven by the need to sustain China’s economic development. With a popu-

#### China’s Eight-Point Proposal Supporting African Development

- Double the 2006 level of assistance by 2009;
- Provide \$5 billion in preferential loans and credits within the next three years;
- Provide \$5 billion to support Chinese companies to invest in Africa;
- Construct a conference center for the African Union;
- Cancel debt owed by heavily-indebted poor countries;
- Increase zero-tariff export items to China from 190 to over 440 from the least developed countries;
- Set up additional Sino-African trade and economic zones; and
- Send Chinese experts to Africa and train African professionals in areas of agriculture, health, education, science and technology.

lation of 850 million, Africa has immense human resources and large (actual and latent) markets that are a natural attraction for China. Tapping these markets would tremendously benefit China's own development as well as that of Africa. To maintain the momentum of economic growth brought on by more than 20 years of opening up and reform, China must expand markets for its domestic industry. The profit margins of Chinese enterprises are under increasing pressure

---

*China's Africa policies are driven by its long-term strategic interests and the rise of China's international status.*

---

with rising competition (partly due to overproduction) and limited demand in the domestic market. This is especially acute in the areas of home electrical appliances, light industry products and me-

chanical and electrical products, which are precisely those goods in demand in African nations. Africa currently has a lower industrial capacity, creating the need for imports from China, which has a strong manufacturing base. In the past three years, the structure of China's exports to Africa has shifted to electromechanical and high-tech products, accounting for 53.8 percent of total exports to Africa, reflected by China's own rising level of technology manufacturing.<sup>8</sup> This complementarity between China and Africa is important to the sustainable development of both the Chinese and African economies.

But, there are also incompatibilities between Chinese and African markets. The competition from China in the emerging plastic and textile manufacturing industries is a particularly acute problem for Africa.<sup>9</sup> China's textile and garments exports to South Africa have increased by 80 percent in recent years, reaching \$1.2 billion in 2004, which accounted for 80 percent of China's total exports to South Africa that year. The flood of cheap Chinese merchandise has forced many local textile and garments factories to close down in South Africa, which has led to high unemployment rates (25,000 jobs lost in the past two years). In order to ameliorate this problem, in 2006 China put in place a self-imposed quota to restrict the total exports of textile and garment products to South Africa.

China's Africa policy is also inherently driven by its long-term strategic interests and the rise of China's international status. In essence, international rela-

tions are a kind of game. Africa is not a pawn in this game but an important player, especially as a key force for the world's developing nations. Africa accounts for almost half of the non-aligned nations and a full third of United Nations member countries, all of which have demonstrated themselves as reliable supporters of China's position in opposing hegemonism and power politics.

For instance, prior to 2004, the United States, in its efforts (along with other western countries) to foist their values on others, brought 11 proposals against China for its human rights record at the United Nations Conference on Human Rights. African nations, which hold 15 of the 53 seats at the Commission on Human Rights helped block these proposals. China could not have defeated such proposals without the stalwart support of Africa.<sup>10</sup>

In another way, Africa and China have united to fight for fair and equitable international economic trade rules. In the World Trade Organization's negotiations over agricultural issues, thanks to a firm stand taken by China and African countries to jointly safeguard their rights, the developed countries ultimately had to compromise and promise to lift trade subsidies for agricultural products.<sup>11</sup> Africa is important in helping China balance its relations with the United States and other Western powers. But, healthy Sino-African relations also provide China with a platform for establishing and burnishing its credentials with the new "South-South" cooperation – relations between developing nations, which include Africa, Latin America and Asian developing countries. China is the largest developing country in the world, while Africa is the continent with the greatest number of developing countries. Strengthened Sino-African relations will help to raise China's own international influence and that of developing countries as a whole.

China's policies toward Africa differ from those of Western countries for another important reason; China and Africa are in relatively similar stages of development. China is currently the fourth largest economy in the world in terms of overall economic size and value. Yet, its per capita GDP is under \$2,000 – far below some African countries. China also faces domestic problems, such as unbalanced regional development, a widening wealth gap, rising unemployment rates,

an insufficient social safety net, etc., all of which are problems shared by many African economies. Therefore, China has a duty to speak on behalf of all developing countries, including those in Africa, as the only developing country of the five permanent members in the U.N. Security Council.

### **Soft Power**

The rise of China's international influence is also closely contingent on the growth of its soft power. With its rapidly growing economy, China has begun to cultivate the attraction of its language, culture, political values and diplomacy around the world. Africa is perhaps the most important testing ground for the promotion of Chinese soft power. These efforts have come in mainly two forms: bringing Africans to China and sending Chinese to Africa – both of which strive to share China's experience in national development.

To this end, China has promised to up its efforts in human resource training for Africa. Invitations have been extended to a variety of African specialists (Party and government cadres, economic management personnel, middle- and high-ranking military officers and professional technical personnel) to visit China for opportunities to learn both professional and technical skills as well as provide first-hand observation of China's development experience. China also dispatches many Chinese experts to African countries to give lectures at universities, visit medical facilities and hospitals and advise farmers on agricultural production techniques.

The Chinese government has also robustly promoted the development of Chinese language instruction both at home and overseas over the past few years. By the end of March 2007, 11 Confucius Institutes in Africa were up and running in Egypt, Zimbabwe, Kenya, Nigeria, South Africa, Rwanda and Madagascar.<sup>12</sup> Africans have shown themselves enthusiastic in learning Mandarin. By the end of June 2005, roughly 8,000 students in Africa were studying Chinese and 120 schools in 16 African countries included Chinese language curricula.<sup>13</sup> Furthermore, Chinese government scholarship quotas for African students to study in China will increase from the current 2,000 persons to 4,000 persons in the next

## Is China a Neocolonial Power in Africa?

The past exploitation of Africa's natural and human wealth by Western powers helped achieve their great power status. Many wonder with disquiet whether China will behave similarly to acquire the continent's resources and markets to sustain its own economic growth. Beijing is neither capable nor willing to take a neocolonial path in Africa.

The current international environment has been transformed, precluding the possibility of neocolonialism. African nations have irrevocably achieved full independence. For China to adopt a stance toward Africa that even smacked of colonialism would be vigorously opposed by all Africans and not tolerated by the international community.

The Chinese have endured their own grievous history of national humiliation at the hands of foreign powers and understand the pain of colonialism. China has staunchly supported Africa's struggle against colonialism and to go back on this would betray not only China's kinship with Africa on this issue but China's own constitution, which explicitly opposes colonialism.

China's behavior in Africa also does not stand up to the charge of neocolonialism. There is much suspicion of China's behavior over energy relations with Africa. Although energy trade between China and Africa is developing rapidly, it currently comprises a mere 8.7 percent of Africa's total oil exports, still paltry compared to Europe and the United States (36 and 33 percent respectively). Furthermore, most Chinese companies are developing oil fields in areas that European and American companies have little interest in. In Nigeria, two of the four oil fields that Chinese companies have a license to exploit are located around Lake Chad where Western companies have no presence. Beijing has also balanced energy trade with aid, investing in infrastructure, sanitation, electricity power and health to

the tune of \$4 billion.

Addressing concerns over new African debt, China has made substantial commitments to reduce and/or remit the debt of numerous African countries. In addition, Beijing has freed up trade with the region, relieved the burden of custom duties on many products exported to China. Consequently, Africa's total export volume to China doubled in 2005 and Africa's trade surplus with China reached \$2.4 billion in that same year. For the first time, Sub-Saharan African countries achieved an average economic growth rate of 6 percent.

China is also criticized for allegedly supporting corrupt and repressive regimes for self-interest. But is it neocolonial behavior to allow Africans to conduct their own affairs and proceed with great caution if interfering in their internal affairs or vice versa? China believes that the African Union should play the key role in judging African internal affairs. For example, the West claimed that Mugabe's recent re-election victory was due to electoral manipulation. Yet, observers from the African Union and other regional organizations confirmed the election as fair and just, describing it as "showing the will of Zimbabwean people." China has no reason to disbelieve the judgment of African people. Behind China's disapproval of imposing sanctions on Sudan is the concern that they may make Darfur people the victim, not an indifference to the humanitarian crisis occurring in the region.

The charge of neocolonialism is in large part the West's anxiety over China's rising presence and influence in Africa rather than just a humanitarian concern. The crucial question is whether the Sino-African relationship is helping or impeding Africa from realizing its potential. On that score, China's behavior in Africa is no worse and, on balance, probably far better than that of the West.

three years.<sup>14</sup> China is boosting cultural exchange to improve ties between people in China and Africa, especially between the younger generations.<sup>15</sup>

Although China is indeed becoming more attractive to Africans as a destination to study or train abroad, Europe and the United States remain the top choices for Africans. There are many reasons for this, but the greater geographical distance and higher language barriers between China and Africa compared with the United States and Europe are not insignificant. The number of available government scholarships and the living stipends offered by China also remain far less generous than those offered by Western countries. These factors, as well as the historical ties between the West and Africa have led most African elites to study in those countries with the result that they tend to adopt and transmit Western culture, values and multiparty democratic political systems to their home countries. However, the different politics, values and foreign policies that China offers Africa do not necessarily conflict with this Western influence. China believes that diversity is a good thing, even in terms of culture and values, and different systems must be able to co-exist if mankind is to live in harmony or even survive.

---

*Africa is perhaps the most important testing ground for the promotion of Chinese soft power.*

---

able government scholarships and the living stipends offered by China also remain far less generous than those offered by Western countries. These factors, as well as the historical ties between the West and Africa have led most African elites to study in those countries with the result that they tend to adopt and transmit Western culture, values and multiparty democratic political systems to their home countries. However, the different politics, values and foreign policies that China offers Africa do not necessarily conflict with this Western influence. China believes that diversity is a good thing, even in terms of culture and values, and different systems must be able to co-exist if mankind is to live in harmony or even survive.

The growth of China's soft power in Africa goes beyond culture and language. There is a very practical yet profound reason for the appeal of China's model to Africa: its historic achievements in economic reform and national construction and its successful leap from a backward to a developing nation. Couple these realities with the fact that all of this has been accomplished at an unprecedented pace, and Africa's attraction to China's development model as a potential roadmap for itself is evident.<sup>16</sup>

The Chinese development model values the political and international relations concepts of multilateralism, consensus decision-making, peaceful co-existence and respect for diverse cultures.<sup>17</sup> All of these comprise an identity, molded from China's national characteristics that it presents to the international order. Africa will be an important frontier where China will test and perhaps culti-

vate that identity along with its new-found soft power. This emerging Chinese identity is, however, a cause for concern for many states, who are unsure of how China will reshape the international system in a way that better accommodates its identity and growing soft power.

### The International Order

China's influence on the global system is increasing but still limited. Its drive towards opening and reform since the late 1970s has yielded vast improvements in China's economy, its technological and scientific competence as well as defense capabilities, all of which have laid the foundations for greater Chinese influence on the international order. Fundamentally, key performance indicators for world power status must also include the ability to both influence and contribute to global governance. However, China's own approach to these goals focuses on policies of poverty elimination and economic development over democracy.<sup>18</sup> China has taken very seriously its commitments to reduce poverty internationally, and has done so in a way that demonstrates China's striving to reform and improve, not challenge, the current international order. Establishing China's unique and influential contribution to global governance is the dream of the nation's 1.3 billion people and a symbol of China's ultimately peaceful rise. But the road ahead to achieving this will be long.<sup>19</sup>

Achieving the goal of becoming a great power will also require Africa's political and moral support. Since accession to the World Trade Organization (WTO), China has clearly chosen the path of integration with and participation in existing processes of globalization. But such systems also have faults and biases that should be remedied. China and Africa agree that the post-World War II international order has traditionally been dominated by the West and has focused more on the interests of large and powerful countries and contains elements that are unfair and unreasonable for weak and small countries in Africa. These include: the lack of "voting power" of developing countries in international financial institutions; the

---

*China will need Africa's political and moral support to become a great power.*

---



excessive domestic agricultural subsidies in developed countries that effectively block exports from developing nations; and other areas of trade protectionism, technical barriers and insufficient market access. China will seek to correct these biases and faults not by allying with Africa to resist the present order as the Soviet Union did during the Cold War, but rather to improve the system with the assistance of like-minded nations, particularly in Africa.

The concern that China will challenge the international system in a harmful way, as in its behavior in Africa, rests on a misunderstanding of China's policy on that continent. Although there are currently differing viewpoints about the nature of China's political institutions, the Constitution of the P.R.C. states that socialism is the nation's basic system, though this socialism is defined by China's unique conditions. That is, while the ideology's basic tenets prevail in China, the country's leaders have allowed the realities of economic globalization to shift China's relations with other nations from an ideology-oriented approach to a rational one with a high priority placed on national economic interests. This puts China's policies in Africa largely in line with those of the rest of the international community, not in opposition to them.

### **Principles and Quiet Diplomacy**

The shared experiences of China and Africa underpin their relationship and allow for an adherence to a number of principles, including sustainable aid, noninterference in internal affairs and mutual respect.

China's similar plight in development to Africa gives China a profound understanding of the problems that Africa endures, and also helps to shape appropriate aid and assistance to the continent. As a developing nation itself, China cannot make promises to Africa that exceed its current economic means. From the 1950s to the 1970s, most of China's aid projects in Africa were unconditionally awarded based on ideological motivations and political expediency, while economic effectiveness was largely disregarded. It therefore can be said that China's aid to Africa at the time, such as the funds provided for the \$455 million Tanzania-Zambia Railway project completed in 1976, exceeded what China could afford

based on its national strength and stage of economic development.

In recent years, although China's aid to Africa has increased, it has done so much more within China's financial capability and in ways that are economically more sound. This approach will help build Africa's infrastructure and mutually benefit both China and Africa. Statistics from the Chinese Ministry of Commerce show that China has so far provided just under \$6 billion of aid to Africa, and assisted African countries to implement a total of over 800 projects, including textile factories, hydropower plants, sports stadiums, hospitals and schools. At the Beijing Summit of the Forum on China-Africa Cooperation (FOCAC) at the end of 2006, the Chinese government promised to double its aid to Africa within the next three years. Based more on the principles of sustainability and mutual benefit rather than charity, aid projects are both stable and inherently equal, whereby China's aid to Africa is not one of a "superior" providing for an "inferior" but rather of one developing nation assisting another.

While China has moved increasingly towards a market-based system, the principle of noninterference in the internal affairs of others remains constant, with the consequence that China's aid to Africa is unconditional.<sup>20</sup> China believes that upholding noninterference and offering unconditional aid are important to its principles to develop lasting relations with Africa. They must be predicated on a basic respect for national sovereignty and territorial integrity, as well as deference to the ruling power of the legitimate governments. These factors form the foundation of a basic equality between China and African countries.<sup>21</sup>

The *modus operandi* of Western powers in the past has been the interference by powerful countries in the internal affairs of weaker ones. In a similar vein, economic aid has been subjected to the politics of international status, with assistance bestowed on poor countries by the rich ones. It is important to ask how effective this system has been for Africa in recent history. A cognizance of this question and the impacts for weak countries in general informs China's understanding, as a principled socialist country, of how to treat weak countries and how to safeguard respect for their sovereignty and national dignity. This should not be misinterpreted as insouciance to such internal political events.

China's respect for African countries' sovereignty, territorial integrity and national dignity has won the trust and goodwill of African countries.<sup>22</sup> For over half a century, China's policies toward Africa have been unfailingly based on these principles, helping Sino-African relations to progress smoothly. The sincere,

---

*China aid to Africa will be based on the principles of sustainability and mutual benefit rather than charity.*

---

“non-utilitarian” and consistent character of China's approach to Africa was evident during the Cold War and the early years afterward, particularly when compared to the practices of some Western countries

whose policies have both shifted (with phases of attention and neglect) and who have interfered in African affairs, often linking aid to stipulations for multiparty democracy with highly dubious results.<sup>23</sup>

China's policies toward Africa also change, but they do so in response to the shifts in how Africa itself is developing. Globalization and Africa's own progress have altered the strategic and political circumstances on the continent. For example, the African Union has replaced the former Organization of African Unity (OAU), which has resulted in a change from the OAU's principle of “noninterference in member states' internal affairs” to the African Union's principle of “conditional intervention in member states' internal affairs.” This demonstrates a realization by African countries that conflict in one area of Africa can affect neighboring countries and some collective responsibility is required for a strong and stable Africa. Consequently, China is exploring how to adjust to Africa's new policies in a new era.

A primary illustration of how China is adapting to new circumstances in Africa is the issue of Darfur. Some Western media have accused China of completely ignoring – even exacerbating – the deteriorating human rights situation in the region by opposing the use of sanctions to pressure the Sudanese government. Although China insists on the principle of “noninterference in other's internal affairs,” these allegations have little basis. On the contrary, China is working hard to avert the human disaster in this region. Since the emergence of the Darfur issue, China has made significant efforts behind the scenes, including maintaining

the channels of communication between all concerned parties, arranging mutual visits by relevant heads of states, dispatching special envoys and facilitating coordination with the United Nations; all in an effort to solve the conflict through dialogue and negotiation.<sup>24</sup>

With little fanfare or reporting by Western media, President Hu Jintao held talks with Sudanese president Omar al-Bashir during the Beijing Summit of the FOCAC and during his visit to Sudan in February 2007.<sup>25</sup> While in Khartoum, Hu put forward four key principles to solve the Darfur issue.<sup>26</sup> To ease the humanitarian crisis in the Darfur region, the Chinese government has so far provided \$11 million worth of aid in the form of humanitarian goods to the region, and donated \$1.8 million to the peacekeeping mission under the African Union. To push forward a political solution in the region, China has also supported the Annan Plan, put forward last November by the then U.N. secretary-general, which commits the United Nations to provide aid to the African Union's troops stationed in Darfur. Ambassador Liu Guijin, China's first special representative for African affairs, visited Sudan and met with high-level officials of the Sudanese government, expressing "hope" that Sudan show greater flexibility and accelerate action toward a solution.<sup>27</sup> On Aug. 1 2007, the Sudanese government announced full acceptance of the U.N. resolution approving a joint African Union-U.N. peacekeeping force in Darfur,<sup>28</sup> an important step toward a political solution for the region. China played a vital role in influencing this shift by the Sudanese government, who had until then vehemently opposed a U.N. presence in Darfur.

China is committed to go beyond words and take action. At the request of the United Nations, the Chinese government will soon dispatch an engineering unit of 315 members to Darfur as part of the first group of U.N. peacekeepers to be sent there.<sup>29</sup> China's quiet diplomacy in Darfur reveals its attempt to strike a balance between the traditional principle of "noninterference in other's internal affairs" with the requests and needs of international society.

### **Helping Africa Help Itself**

Perhaps the most salient feature of the Sino-African relationship is that it is

progressive and forward-thinking. China is looking to further cooperation with Africa both horizontally and vertically – to increase interaction between China and Africa at a multitude of political, social and cultural levels while also expanding economic cooperation beyond traditional sectors to all areas of commerce, industry and technology.<sup>30</sup> Released by the Chinese government in 2006, China's first white paper regarding its relations with Africa, *China's African Policy*, elaborates a detailed plan for future relations with Africa including political cooperation (on international affairs and between political parties and political organizations), economic cooperation (resource exploration and financial dealings), and cooperation in the fields of education, science, culture, health and social work, as well as peace and security.<sup>31</sup>

While *China's African Policy* is a blueprint for future relations, FOCAC is the vehicle to explore and implement effective methods to realize the goals of the white paper. This forum is the culmination of a half-century of China's active diplomacy on the African continent. Established in October 2000, it is also the first multilateral, consultative mechanism between China and Africa. Since the Cold War, there is an increasing awareness among African countries of the need to unite to increase their power by "speaking with one voice" to the outside world

---

*Darfur illustrates how China is adapting to new circumstances in Africa.*

---

in order to effectively pursue goals of self-development and independent conflict resolution. The establishment of the African Union reflects a deep desire to achieve this. A collective multilateral mechanism, such as FOCAC, provides Africa with a platform to take action and strengthen its position through integrated and strategic policy formulation on a comprehensive range of African issues. Lastly, it reduces redundancy and increases efficiency in diplomatic interaction, no small cost-saving when considering the number of sovereign nations in Africa.

Unlike the many "clubs" around the world that allegedly provide assistance for development in Africa, FOCAC does not attempt to exhibit its work like a showcase for acts of benevolence. Rather it is a low key, concrete, stable and yet very important platform to build relations between China and African countries.

Back in 2005, the Group of Eight countries made an historic decision to forgive \$50 billion in debt to 18 of the poorest countries in the world (14 of them in Africa) and to vastly increase their aid to Africa.<sup>32</sup> Yet, to date, these promises have not been honored. China, on the other hand has taken action toward debt reduction and other commitments over its' past six years of aid expansion in Africa. Up to 156 debts totaling \$1.4 billion from 31 poor and heavily-indebted African countries have been reduced and/or exempted by China. Furthermore, approximately 200 commodities from the least developed countries in Africa have been given tariff-free status in Chinese markets.<sup>33</sup> China and Africa continue to explore new ways to effectively combine FOCAC's action plans with "The New Partnership for Africa's Development,"<sup>34</sup> which is set to inject new impetus into future cooperation.

China must continue to focus on its growing relationship with Africa – not only to rectify current criticism and doubt from the international community, but in an effort to carry out its promises and commitments. The Sino-African relationship is deepening in an array of political, economic, foreign policy, social development and environmental areas, all of which are important for domestic stability in both China and African nations, their bilateral relations and the broader international community. While China faces an extremely difficult task to follow through on its commitments to Africa, there is no doubt that China will not only fulfill such promises, and also do so with a degree of integrity that will produce effective, high-quality outcomes. 🌐

## Notes

<sup>1</sup> Early in 2006, the Chinese government, for the first time in China's diplomacy, released *China's African Policy*. In April and June, President Hu Jintao and Premier Wen Jiabao visited 10 African countries respectively. At the end of 2006, the Forum on China-Africa Cooperation (FOCAC) and the first Chinese and African leaders' summit was successfully held in Beijing. Early in 2007, in order to implement the achievements of the summit and promote concrete cooperation between China and Africa, President Hu Jintao set foot on the African continent for the second time in nine months, visiting nine countries in Africa.

<sup>2</sup> Pan, Esther, "Q&A: China, Africa, and Oil," *New York Times*, Jan. 18, 2006, [http://www.nytimes.com/cfr/international/slot2\\_011806.html?pagewanted=print](http://www.nytimes.com/cfr/international/slot2_011806.html?pagewanted=print); and "Africa: China's great leap into the continent," *IRIN*, <http://www.irinnews.org/report.aspx?reportid=58530>, March 23, 2006; Vines, Alex, "The Scramble for Resources: African Case Studies," *South African Journal of International Affairs*, Vol. 13, No. 1 (Summer/Autumn 2006).

<sup>3</sup> Tubilewicz, C., "The Baltic States in Taiwan's Post-Cold War 'Flexible Diplomacy'," *Europe-Asia Studies*, Vol. 54, No. 5 (July, 2002) pp. 791-810(20); Or see [http://www.cwcmf.org/Taiwan/html/chap13\\_international.html](http://www.cwcmf.org/Taiwan/html/chap13_international.html).

<sup>4</sup> Yan Xuetong, *Analysis of China's National Interest*, Vol. 2 (Tianjin People Press, August 1997) pp. 114.

<sup>5</sup> Forum on China-Africa Cooperation-Addis Ababa Action Plan (2004-2006) and China's African Policy, See <http://www.fmprc.gov.cn/eng/zxxx/t230615.htm/>.

<sup>6</sup> "China, Africa vow closer cooperation in fighting HIV/ AIDS," *Xinhua News Agency*, Nov. 5, 2006.

<sup>7</sup> "President Hu's Arab-African visit fruitful: FM," *Xinhua News Agency*, Apr. 30, 2006; and "Premier's tour heats China-Africa ties," *Xinhua News Agency*, June 17, 2006.

<sup>8</sup> "China Commerce Yearbook 2006," *Ministry of Commerce of China*, p. 724.

<sup>9</sup> "China will put limitations on the textiles imported to South Africa," *People's Daily Online*, June 26, 2006, <http://finance.people.com.cn/GB/1038/4529560.html>.

<sup>10</sup> "Fifty years of China-Africa Friendly Relations: Cooperation Is the Common Need of the Two Sides," Nov. 2, 2006, [http://www.china.com.cn/international/txt/2006-11/02/content\\_7310078.htm](http://www.china.com.cn/international/txt/2006-11/02/content_7310078.htm).

<sup>11</sup> In the 6<sup>th</sup> WTO Ministerial Conference in 2005, Africa and China worked together to push the United States to cancel the cotton subsidy. According to an estimation by the World Bank, with developed countries' cancellation of cotton subsidy, the cotton export of Sub-Saharan African Countries can increase 75 percent, and developing countries' share in the world cotton market will increase from the present 56 percent to 85 percent in 2015. Forcing the developed countries to cancel the cotton subsidy will also benefit Chinese cotton growers. The report of Oxfam International released before the WTO Hong Kong conference said that U.S. government's cotton subsidy causes the input of a large quantity of cheap cotton into China and great loss to China's cotton growers. See [http://agri.gov.cn/jghq/mh/t20051219\\_518551.htm](http://agri.gov.cn/jghq/mh/t20051219_518551.htm)

- <sup>12</sup> “Warmly Congratulating the Establishment of the Headquarters of Confucius Institute,” *People’s Daily (overseas edition)*, Apr. 7, 2007.
- <sup>13</sup> Minister of Education, Zhou Ji’s speech at “Sino-African Education Minister Forum,” Nov. 27, 2005.
- <sup>14</sup> President Hu Jintao’s speech at the opening of the third “China Africa Cooperation Forum” and Chinese and African leaders’ summit on Nov. 4, 2006.
- <sup>15</sup> The invitation was made during a speech delivered to African young people at Pretoria University in South Africa. “Hu Jintao: China Invites 500 African Youths to Visit China in Three Years,” *Chinanews.com*, Feb. 7, 2007, <http://news.sohu.com/20070207/n248108503.shtml>.
- <sup>16</sup> Ndubisi, Obiorah, “Africa: ‘Who’s Afraid of China in Africa?’” *Pambazuka News Online*, Dec. 14, 2006.
- <sup>17</sup> Liu Shan and Xue Jundu, (ed.) *New Analysis of Chinese Foreign Affairs*, (Beijing: World Affairs Press, 1998).
- <sup>18</sup> Cai Tuo, “Chinese perspectives and practices in global governance,” *China Social Science*, No. 1 (2004).
- <sup>19</sup> Relevant views can be found in domestic academic discussions on the Rise of China organized in the various issues of *World Knowledge*, 2006.
- <sup>20</sup> The Five Principles of Peaceful Co-existence are mutual respect for sovereignty and territorial integrity; mutual non-aggression; noninterference in each other’s internal affairs; equality and mutual benefit; and peaceful coexistence.
- “Five Principles,’ still shaping global peace,” *China Daily*, June 29, 2004, [http://www.chinadaily.com.cn/english/doc/2004-06/29/content\\_343578.htm](http://www.chinadaily.com.cn/english/doc/2004-06/29/content_343578.htm).
- <sup>21</sup> He Wenping, “The Foundation of Sino-African Cooperation Becoming Substance,” *World News Journal*, Nov. 7, 2006; Ministry of Chinese Foreign Affairs, “Premier Zhou Enlai’s Three Tours of Asian and African countries,” <http://www.mfa.gov.cn/eng/ziliao/3602/3604/t18001.htm>.
- <sup>22</sup> The former president of the Republic of Zambia, Kenneth Kaunda, said that the current group of leaders of China care about the development of Zambia and other African countries as much as the former. China helps and supports like a friend, without any attached political provisions, which is the reason why we call China the “all-weather friend” of Zambia and Africa.
- See [http://news.xinhuanet.com/politics/2007-06/30/content\\_6311328.htm](http://news.xinhuanet.com/politics/2007-06/30/content_6311328.htm).
- <sup>23</sup> Brautigam, *Chinese Aid and African Development*, pp.42-43.
- <sup>24</sup> “Confrontation Over Darfur ‘Will Lead Us Nowhere’,” *China Daily*, July 27, 2007, [http://www.chinadaily.com.cn/2008/2007-07/27/content\\_5445062.htm](http://www.chinadaily.com.cn/2008/2007-07/27/content_5445062.htm).
- <sup>25</sup> “President Hu: Seize favorable opportunity on Darfur issue,” *Xinhua News Agency*, July 19, 2007, <http://english.people.com.cn/90001/90776/6219775.html>.
- <sup>26</sup> The four points included: respect Sudan’s sovereignty and territorial integrity; persevere in dialogue and consultations on an equal basis and to solve the issue peacefully; create a constructive peacekeeping role for the African Union and the United Nations; and promote the



stability of the situation regionally and improve people's living conditions locally. See "Hu puts forward principle on Darfur issue," *Xinhua News Agency*, Feb. 5, 2007.

<sup>27</sup> Ibid.

<sup>28</sup> "Sudan accepts UN resolution on Darfur force," *Agence France-Presse*, Aug. 1, 2007.

<sup>29</sup> Ministry of Foreign Affairs of the People's Republic of China, "The media conference of Spokewoman Jiang Yu," May 10, 2007, <http://www.fmprc.gov.cn/chn/xwfw/fyrth/t317761.htm>. China has contributed 435 soldiers, nine police, and 14 military observers in the United Nations Mission in the Sudan (UNMIS) from 2006. The Security Council, by its resolution 1590 of 24 March 2005, decided to establish UNMIS to support implementation of the Comprehensive Peace Agreement signed by the Government of Sudan and the Sudan People's Liberation Movement/Army on Jan. 9 2005; and to perform certain functions relating to humanitarian assistance, and protection and promotion of human rights. See <http://www.un.org/Depts/dpko/missions/unmis/>.

<sup>30</sup> He Wenping, "Sino-African Relationship amidst Changes of International Setup," *West Asia and Africa*, Vol. 5, 2000; and Wenping, He, "China and Africa: Cooperation in Fifty Stormy Years," *Asia and Africa Today* of Russian Academy of Sciences, Vol. 12, 2002.

<sup>31</sup> The official China's African Policy published on Jan. 12, 2006, <http://www.fmprc.gov.cn/eng/zxxx/t230615.htm/>.

<sup>32</sup> "In 2005, the Group of Eight pledged \$50 billion for Africa. Now the reality," *The Guardian*, Apr. 25, 2007, <http://www.guardian.co.uk/g8/story/0,,2064920,00.html>.

<sup>33</sup> "China's loans to Africa won't cause debt crisis," *China Daily*, June 6, 2007, [http://www.chinadaily.com.cn/opinion/2007-06/06/content\\_888060.htm](http://www.chinadaily.com.cn/opinion/2007-06/06/content_888060.htm).

<sup>34</sup> The New Partnership for Africa's Development (NEPAD) is an economic development programme of the African Union. For more details, see <http://www.nepad.org/2005/files/home.php>.

# THE NATIONAL INTEREST

GET MORE OF THE MAGAZINE YOU LOVE AT  
[WWW.NATIONALINTEREST.ORG](http://WWW.NATIONALINTEREST.ORG)

Issue #89 of *The National Interest*  
on Newsstands now!

## Asia Rising

- ☆ Robert Blackwill on India
- ☆ Mitchell Reiss on North Korea
- ☆ Michael Lind on why hegemony is a bad idea

And more from your favorite TNI authors,  
including Judith Miller, Andrew Bacevich,  
Ken Pollack, Dan Byman, David Rivkin and  
Lee Casey

*Previous issues of TNI have featured Henry  
Kissinger, Chuck Hagel, James Schlesinger,  
Maurice R. Greenberg, Leslie H. Gelb, Richard  
G. Lugar, Robert D. Blackwill, Graham E.  
Fuller, Robert W. Tucker and Richard N. Haass*

“

*The National Interest* is an important  
voice for principled realism in foreign  
policy.”

Henry Kissinger

### New Features at TNI *online*:

- ☆ TNI Web Exclusive articles providing innovative analysis on breaking news.
- ☆ Easy access to articles from TNI's pages.
- ☆ Read and comment on our new blogs.
- ☆ Advanced search capabilities.
- ☆ Order back issues of TNI online.

To subscribe, call (800) 893-8944, or visit our website

TNI

[WWW.NATIONALINTEREST.ORG](http://WWW.NATIONALINTEREST.ORG)

# The Fact and Fiction of Sino-African Energy Relations

*Erica S. Downs*

The expanding footprint in Africa of China's national oil companies (NOCs)<sup>1</sup> lies at the heart of concerns of many policy-makers and pundits in the United States and Europe. China's deepening engagement with Africa is viewed as an erosion of their own interests and influence on the continent.<sup>2</sup> The conventional wisdom about China's NOCs in Africa has two parts. It sees the companies prevailing in the competition to gain access to African oil as part of a highly-coordinated government strategy to ensure that China's burgeoning demand for oil is satisfied. Moreover, it is alleged that this strategy does more than just secure oil for Chinese markets – it also undermines American and European efforts to maintain a level playing field for foreign investors, promote good governance and punish regimes that egregiously violate human rights.

This article examines a number of widely accepted “facts” about the growing involvement of China's NOCs in Africa. While some of these have some validity, others simply do not. Contrary to public opinion, China's NOCs are not “lock-

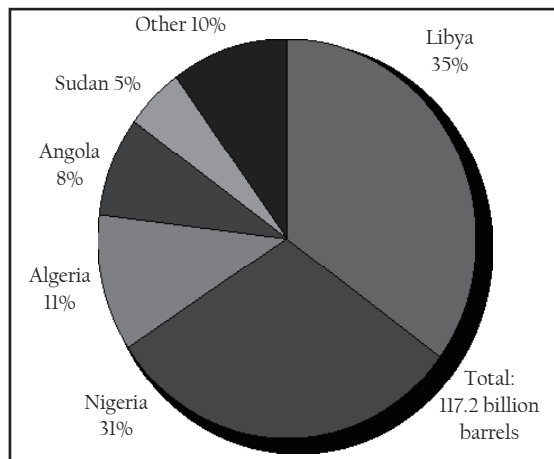
---

*Erica S. Downs is a fellow at the John L. Thornton China Center at the Brookings Institution.*

---

**China Security, Vol. 3 No. 3 Summer 2007, pp. 42 - 68**  
**2007 World Security Institute**

Figure 1:  
Proven Oil Reserves in Africa, 2006



Source: BP Statistical Review of World Energy 2007

Table 1:  
African Countries where China's NOCs have signed  
Contracts for Equity Participation

Algeria	Mauritania
Angola	Niger
Chad	Nigeria
Cote D'Ivoire	Libya
Equatorial Guinea	Príncipe
Gabon	Somalia
Kenya	Sudan
São Tomé e Príncipe	

ing up” the lion’s share of African oil as part of a centralized quest for energy. In addition, the extent to which the Chinese NOCs’ involvement in the African oil patch has contributed to the erosion of the “rules of the game” – established by Western governments and international financial institutions for foreign investment, foreign aid and human rights – may be exaggerated in some cases.<sup>3</sup> Discerning fact from fiction within the discourse about Sino-African energy relations is important in order to understand the activities of China’s NOCs in Africa as well as to inform policy-making in Washington, D.C. and other world capitals.

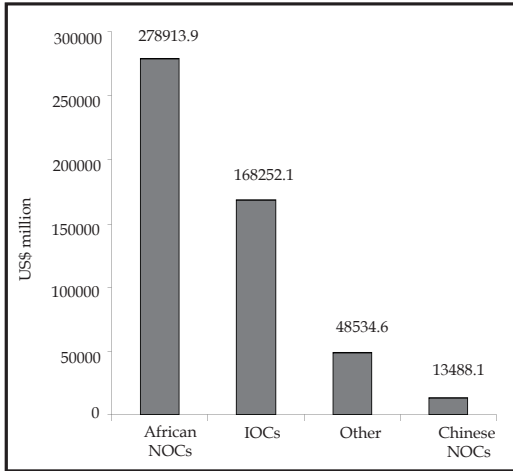
---

**“China’s oil companies are ‘locking out’  
Western oil companies from Africa.”**

---

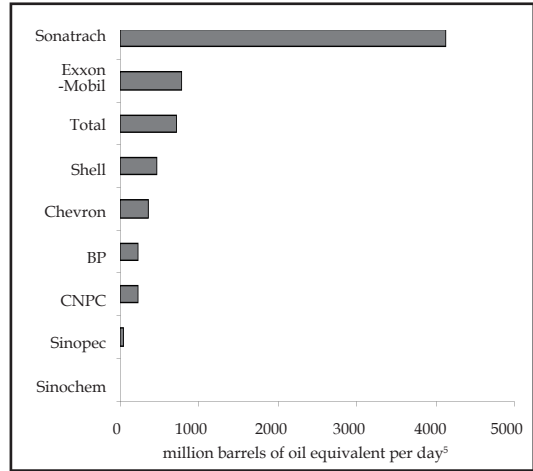
No, China’s oil companies are relatively small players in Africa. The tendency of many analysts is to simply list the wide swathe of African countries in which China’s NOCs have acquired assets and conclude that China is winning the race for oil exploration and production on the continent (see Table 1). The

Figure 2:  
Commercial Value of Oil Investments in Africa



Source: Wood Mackenzie, March 2007

Figure 3:  
2006 Production in Africa by Selected Companies



Source: International Oil Daily, Wall Street Journal, Wood Mackenzie & Sinochem

reality, however, is quite different. While China National Petroleum Corporation (CNPC) dominates the oil sector in Sudan, China's NOCs currently are minor actors among the foreign investors in Africa's largest reserve holders, including Libya, Nigeria, Algeria and Angola (see Figure 1). With the exception of a handful of projects in Sudan (Heglig and Unity fields), Nigeria (Akpo field), and Angola (Greater Plutonio fields), most of the African assets held by China's NOCs are of a size and quality of little interest to international oil companies (IOCs).<sup>4</sup> In fact, many of these assets were relinquished by the IOCs.

China's NOCs lag behind the IOCs in terms of their African assets' value and production. According to the consulting firm Wood Mackenzie, the commercial value of the oil investments in Africa of China's NOCs is just 8 percent of the combined commercial value of the IOCs investments in African oil and 3 percent of all companies invested in African oil (see Figure 2). China's NOCs also produce less oil and natural gas in Africa than either the IOCs or the major African NOCs, including Algeria's Sonatrach, Libya's National Oil Company, and the Nigerian National Petroleum Corporation (see Figure 3). In 2006, the total African

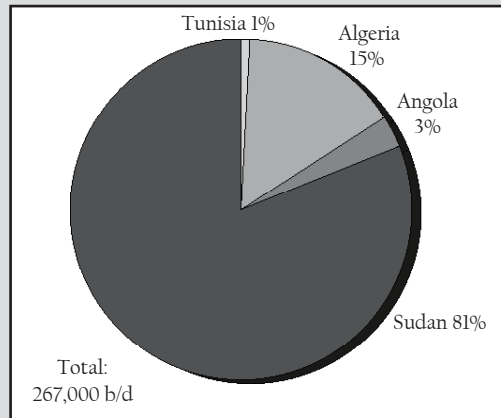
output of the Chinese NOCs was about 267,000 barrels of oil equivalent per day (boe/d).<sup>5</sup> This is only one-third of that produced by the largest foreign producer in Africa, ExxonMobil – which pumped 780,000 boe/d – and a mere 7 percent of that of the continent's largest producer, Sonatrach, which pumped 4.1 million boe/d.<sup>6</sup>

The African output of China's NOCs is currently overwhelmingly concentrated in Sudan, but will diversify when two large projects in Angola and Nigeria begin production (see Figure 4). The BP-operated Greater Plutonio project, in which the China Petroleum and Chemical Corporation (Sinopec) has a 50 percent stake, is scheduled to begin pumping 200,000 barrels per day (b/d) in 2007, and the Total-operated Akpo field in Nigeria, in which China National Offshore Oil Corporation Limited (CNOOC) has a 45 percent share, is expected to produce 225,000 boe/d by 2008.<sup>7</sup>

The acquisitions of China's NOCs in Africa are modest to date because of the stiff competition for access to the continent's oil. Africa is one of the most promising regions of the world for future oil production. Proven reserves increased by 56 percent between 1996 and 2006, compared to 12 percent for the rest of the world.<sup>8</sup> IHS Energy projects West Africa will account for 38 percent of global oil production growth through 2010, more than any other region except the Middle East.<sup>9</sup>

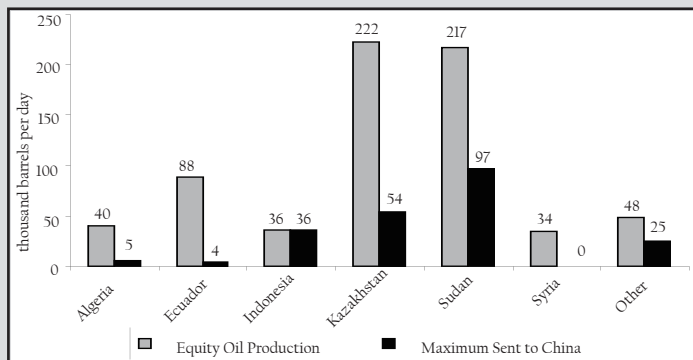
Additionally, African oil producers are open to foreign investment in exploration and production at a time when other countries are reasserting state control over their oil industries. Not only are more than three-quarters of the world's oil reserves closed to foreign equity investment, but other major reserve holders such as Russia and Venezuela are limiting the opportunities and incentives for foreign investors.<sup>10</sup> In contrast, African oil producers allow foreign companies equity access. Resource nationalism has been less virulent on the continent, as some of the African NOCs need the competency and the capital possessed by foreign companies. Although China's NOCs have deep pockets, they lack the technologies necessary to compete for some of Africa's most desirable blocks, like those located in the deep waters of the Gulf of Guinea. Chinese oil industry analysts maintain

Figure 4: Chinese NOCs' Production in Africa, 2006



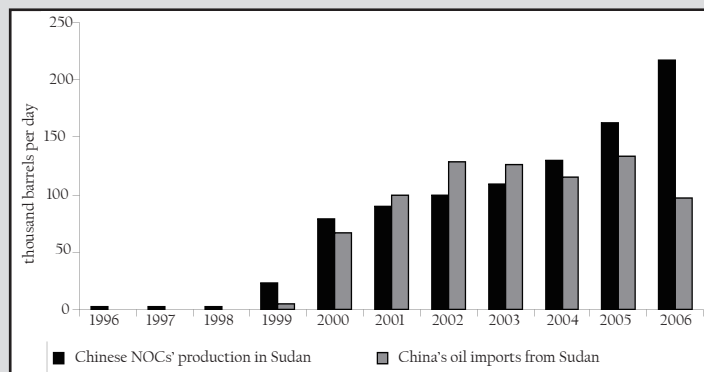
Source: Wood Mackenzie and Sinochem

Figure 5: China's Overseas Equity Oil Production and Imports, 2006



Source: Wood Mackenzie, CNOOC Ltd., Reuters, Upstream, International Petroleum Economics

Figure 6: China's Sudanese Oil Production and Imports



Source: Wood Mackenzie, International Petroleum Economics

that during Angola's May 2006 licensing round, the shares awarded to Sinopec of three ultra-deepwater blocks relinquished by BP, ExxonMobil and Shell were smaller than what the company had initially bid for because it lacked the capacities that the Angolans deemed necessary for greater participation.<sup>11</sup>

---

**“China’s oil companies are taking oil  
off the world market.”**

---

**No.** The argument that China's NOCs are removing oil from the world market (and thus shrinking supplies and putting upward pressure on prices) by importing their equity oil<sup>12</sup> from Africa and elsewhere is unfounded. Any foreign oil production that China's NOCs send to China merely replaces oil that China would have to buy from other countries. If China's NOCs had shipped home all of the 685,000 b/d of oil they produced abroad in 2006 (instead of the maximum of 221,000 b/d of equity oil they may have sent to China), then China would have needed to purchase almost half a million barrels per day less from other exporters, such as Saudi Arabia and Angola, the country's top two crude oil providers, which are also large suppliers to the U.S. market (see Figure 5).<sup>13</sup> China's NOCs are actually expanding rather than contracting the amount of oil available to other consumers through their overseas operations, especially through the development of oil fields that other oil companies are unable or unwilling to invest in.

Whether China's NOCs sell their foreign equity oil to Chinese consumers or on the international market appears to be largely determined by economic factors. Historically, CNPC has shipped back home most of its Sudanese equity oil because the country's light and sweet Nile Blend crude, which accounts for the bulk of CNPC's in-country production, is very similar to China's Daqing crude and easy for CNPC's refineries to handle (see Figure 6). (2006, however, was an exception as CNPC sold most of its Sudanese production on the international market, probably because the price was higher.<sup>14</sup>) CNPC is also importing the highly acidic Dar Blend crude it began to produce in Sudan in late 2006 – and



building a refinery in southwest China to process it – because of the lack of interest among international traders.<sup>15</sup>

---

**“China’s oil companies’ African activities reflect a highly coordinated government strategy.”**

---

No. The “China, Inc.” model that many international observers use to describe the overseas investments of Chinese firms in general, and the Chinese oil companies in particular, is far less coherent than is often assumed.<sup>16</sup> Beijing has certainly encouraged China’s NOCs to expand internationally, provided them with varying levels of diplomatic and financial support, and occasionally intervened in the companies’ foreign investment decision-making. However, when it comes to choosing where to invest, the companies are almost always in the driver’s seat and the Chinese government, while occasionally offering general advice about the direction they should travel (for example, “invest in Morocco”), is often just along for the ride with little idea of the final destination. Sudan’s recent omission from the Chinese government’s catalog of countries that Chinese companies are encouraged to invest in is a case in point: this absence has not prevented CNPC from continuing to invest there.<sup>17</sup>

The prevailing wisdom among many observers of the foreign investments made by China’s NOCs is that they are part of a highly-coordinated quest for oil and natural gas assets in which the companies are merely puppets of the state, executing the directives of their political masters in Beijing. This perception stems from a combination of the authoritarian nature of the Chinese government, the state ownership of China’s oil companies, and the country’s growing demand for oil. It has also been reinforced by the flurry of high-profile visits by Chinese leaders to oil-producing states along with executives from China’s NOCs to sign agreements (some binding, many not) for energy cooperation with the host country, sometimes in conjunction with other investment, aid and trade deals. Appearances, however, can be deceiving.

Where many international observers see a carefully devised strategy for the

acquisition of overseas oil and natural gas assets driven from the “top-down,” Chinese analysts see chaos generated from the “bottom-up.” Chinese commentators – with a clear preference for the kind of highly coordinated government-company plan for securing energy abroad that their foreign counterparts imagine exists – have complained that the foreign investments of China’s NOCs are like a battle in which “each soldier is fighting his own war” (dan bing zuo zhan). They have criticized the poor coordination both between the NOCs and the central government, and among the companies themselves.<sup>18</sup>

The low level of coordination between the Chinese government and China’s NOCs is explained in part by the central government’s limited capacity to control the activities of China’s NOCs. Over the past two decades, the liberalization and decentralization of China’s energy sector, which is part of the broader transition from a centrally-planned to a market economy, has resulted in a shift of power and resources away from the central government toward the state-owned energy companies.<sup>19</sup> Multiple bureaucratic restructurings have fragmented Beijing’s authority over China’s energy sector among many government agencies that are under-staffed and under-funded. Information tends to flow vertically within these agencies rather than horizontally to other agencies. In some cases, bureaucratic actors are actually politically weaker than the NOCs.<sup>20</sup> The power of the NOCs vis-à-vis the central government has grown substantially, especially since the turn of the century, due to their surging profits, their listing of subsidiaries on foreign stock exchanges, their globalizing senior management, and their reliance on international banks and consultancies for investment advice.<sup>21</sup> Consequently, government agencies face enormous difficulties coordinating the formulation and implementation of energy decisions among themselves, let alone with the NOCs.

Additionally, the Ministry of Foreign Affairs (MFA) has no direct control over China’s NOCs, and communication and coordination between the MFA and the companies is sometimes lacking. Although the MFA has a broad mandate to support Chinese firms abroad, Chinese diplomats have complained that they often do not learn about overseas investments made by the NOCs until after the

fact.<sup>22</sup> One prominent example of an MFA-NOC disconnect was the failure of the MFA and CNOOC, despite the fact that they are located across the street from each other in Beijing, to develop an international political strategy to support the company's bid for the U.S. firm UNOCAL.<sup>23</sup>

The lack of close coordination among China's NOCs is due to the fact that the companies view one another as rivals, competing not only for oil and gas assets, but also for political advantage. The more high-quality assets a company acquires, the more likely it is to obtain diplomatic and financial support from the Chinese government for its subsequent investments. This is especially true for CNOOC, which does not have as much political clout as CNPC and Sinopec. According to one Chinese consulting firm, "CNOOC's real enemies are CNPC and Sinopec. The little brother has to have more assets to have a louder voice."<sup>24</sup> Additionally, the general managers of China's NOCs realize that demonstrating success at the helm of increasingly internationally competitive firms can serve as a springboard to higher-ranking positions in the Chinese Communist Party (CCP) and Chinese government. There appears to be little love lost between the companies, which have reportedly criticized one another's foreign investments to third parties both inside and outside of the Chinese government.<sup>25</sup>

Concerns that poor coordination both among the NOCs and between the government and the NOCs was negatively impacting China's national interests gained attention at the highest political level by the fall of 2005. The NOCs were increasingly in direct competition with one another for projects in countries such as Kazakhstan, Libya and Sudan, much to the dismay of the Chinese government – the companies' primary shareholder – because it ultimately lowered the rate of return for the winner. When CNPC and Sinopec competed against each other for a pipeline project in Sudan, Chinese diplomats and the China International Contractors Association unsuccessfully attempted to persuade Sinopec, the company that entered the lower bid, to withdraw from the competition.<sup>26</sup>

Moreover, some of the NOCs' overseas activities were threatening to undermine other Chinese foreign policy objectives. For example, the furor that erupted on Capitol Hill in response to CNOOC's unsolicited offer for UNOCAL (about

which the Chinese leadership was never enthusiastic) increased Sino-American tensions and threatened to complicate Chinese President Hu Jintao's planned visit to Washington, D.C. in September 2005. In response to these developments, Chinese Vice President Zeng Qinghong published an essay in the CCP journal *Study Times* urging Chinese companies to coordinate their foreign investments and to consider China's political and diplomatic strategies, not just economic factors, when making investment decisions.<sup>27</sup>

Head-to-head competition between China's NOCs has diminished in recent years. This is probably due to both the companies' diverging foreign investment strategies and the attempts of the National Development and Reform Commission (NDRC) to ensure that only one company pursues any invitation extended to multiple Chinese firms to negotiate bilaterally for a particular asset.<sup>28</sup> However, the problem of contradictory commercial and diplomatic objectives remains.

---

**“State financial support for China's oil companies is unfair to Western oil companies competing for acreage in Africa.”**

---

**Yes, but its impact has been exaggerated.** Beijing's financial largesse does provide China's NOCs with a competitive advantage over oil companies that do not receive similar support from their governments. While Beijing's deep pockets have, for example, helped Sinopec acquire some assets in Angola, a number of the other arrangements for China's NOCs to obtain oil blocks in African countries in exchange for aid or Chinese investment in other economic sectors of the host country have not materialized. Additionally, most of the assets offered to China's NOCs as part of these deals are not attractive to the IOCs.

Beijing provides financial support to China's NOCs for at least two reasons. First, there is a widespread perception in the Chinese government and oil industry that China's NOCs are handicapped in the global competition for oil reserves because they are latecomers to the international oil business. China's NOCs have only been active abroad since the early 1990s, while some of the IOCs have been

operating overseas for more than a century. This historical experience has given the IOCs a competitive edge that other companies have not been able to repli-

---

*China subsidizes its NOCs because it believes they are handicapped as latecomers to the game.*

---

cate.<sup>29</sup> For example Shell, which entered Nigeria in 1938 and enjoyed a monopoly there until the country's independence in 1960, is still the country's largest producer.<sup>30</sup> In the words of CNOOC Chairman and CEO Fu

Chengyu, "[i]t is actually not easy for us to find projects. The oil market already has more than 100 years of history and all of the good projects are already taken. As a newcomer, it is obviously not easy to do well."<sup>31</sup>

Second, the sustained rise in world oil prices since 2002, like other periods of high prices, has shifted bargaining power away from foreign companies and toward oil-producing countries, encouraging them to tighten state ownership and to increase their take vis-à-vis that of foreign firms. Some African oil producers, lacking critical infrastructure and eager to diversify their economies away from oil, have sought to capitalize on their newfound positions of strength by offering preferential access to companies willing to link investments in oil exploration and production to investments in other economic sectors of the host country.<sup>32</sup> China's NOCs, which lack the cutting-edge technologies, capacity-building and large project management skills that make the IOCs attractive to many African oil producers, can sell themselves on their willingness to satisfy some host governments' appetites for "package deals."

One of the main vehicles through which Beijing provides financial support to the NOCs is through the Export-Import Bank of China (China Eximbank), one of three policy banks created in 1994 to manage state-directed lending. The principal mandate of China Eximbank, the world's third largest export credit agency, is to "implement state policies in industry, foreign trade and economy, finance and foreign affairs."<sup>33</sup> As the Chinese leadership's interest in China's NOCs acquiring oil assets abroad has increased, so has that of China Eximbank.<sup>34</sup> Senior Chinese government officials have stated in private conversations that all of China Eximbank's loans are offered on concessionary terms, with some more

generous than others. Although the strong cash flows of China's NOCs in recent years have reduced their financial dependence on the government (most of their projects are done on balance sheet), they still take advantage of cheap credit provided by Beijing.

Financial support from China Eximbank has come in three forms.<sup>35</sup> First, it has extended lines of credit to China's NOCs intended in part to fund overseas exploration and development. Second, it has provided financing for specific acquisitions abroad and made such financing easier for China's NOCs to access. In 2004, the NDRC and China Eximbank announced that the bank would earmark a portion of its FDI budget for "state-encouraged key overseas investment projects," including natural resource development, and an interest rate discount of at least 2 percent.<sup>36</sup> CNOOC appears to be a beneficiary; in 2006 the company received a 10-year loan of \$1.6 billion to help fund the development of the Akpo field in Nigeria at an interest rate of about 4.05 percent, substantially below the limit of about 4.68 percent set by Beijing for commercial lending.<sup>37</sup> Third, China Eximbank has indirectly supported the foreign acquisitions of China's NOCs through investment in infrastructure in host countries, which is partly aimed at securing oil. The most prominent example is the \$2 billion, low-interest loan provided to Angola in 2004 to finance projects primarily built by Chinese companies, such as the refurbishing of the Beguela railway, which facilitated Sinopec's entry into the country's oil patch. (Chinese officials, aware that the industrialized countries frown upon linking development aid with commercial interests, have never publicly stated that a purpose of the loan was to help China's NOCs secure oil assets.<sup>38</sup>)

State financial support has helped China's NOCs establish a footprint in Angola that they otherwise might not have. It seems unlikely that Sonangol, the Angolan NOC, would have rejected the deal struck between Shell and India's Oil and Natural Gas Corporation Ltd. (ONGC) for the latter to purchase Shell's 50 percent stake in Block 18 (Greater Plutonio fields) and instead sell it to Sinopec, had China Eximbank not extended the \$2 billion loan. China Eximbank's largesse may also have contributed to Sonangol's decision to award Block 3/80

to Sinopec after refusing to renew Total's license for it in the wake of the French judicial investigation into illegal French arms sales to Angola in the early 1990s.<sup>39</sup> However, Sonangol probably has no intention of allowing Sinopec to dominate the Angolan oil patch; the company's former director of negotiations, Jorge Vandesteste, said in the late 1990s that diversification of the foreign companies operating in Angola is one of the country's objectives.<sup>40</sup>

Oil-for-infrastructure deals have not won China's NOCs attractive exploration and production assets elsewhere in Africa. In Nigeria, for example, efforts by

---

*Oil-for-infrastructure deals have not won China's NOCs many attractive assets in Africa.*

---

Abuja and Beijing to link oil and non-oil investments by Chinese firms have yet to yield any results for China's NOCs. An agreement reached in April 2006 between CNPC and the Nigerian government to allow the company to invest \$2

billion in the decrepit Kaduna refinery in exchange for the right of first refusal on four oil blocks in the mini-licensing round in May 2006 has fallen apart.<sup>41</sup> The four blocks are of very low quality and CNPC, after doing some seismic work, decided to relinquish them. CNPC's plans to invest in the Kaduna refinery have also been derailed as the Nigerian government sold a 51 percent stake in the refinery to Bluestar Oil, a company run by cronies of former Nigerian President Olusegun Obasanjo, just before he left office.<sup>42</sup>

Similarly, an arrangement under which CNOOC would receive the right of first refusal on several Nigerian oil blocks, in exchange for China Eximbank lending \$2.5 billion for a railroad in Western Nigeria, also failed to materialize because of disagreements between CNOOC and Abuja over the amount of interest each would pay on the loan.<sup>43</sup> In Kenya, CNOOC has returned four of the six exploration blocks that it received for free amidst infrastructure development deals struck during President Hu Jintao's April 2006 visit.<sup>44</sup>

China's pursuit of oil assets through state-to-state financial deals has sounded alarm bells in Western capitals because it is unfair to oil companies that do not receive similar benefits from their governments. The United States, for example, has a longstanding policy of limiting government intervention on behalf of

American oil companies. If the United States were to engage in such behavior, it would encourage other countries to do the same, creating a race that no one can win because there will always be a state willing to provide more. Indeed, it was precisely the high costs of the export credit competition among the industrial states in the 1950s and 1960s that led them to develop rules to manage official trade finance.<sup>45</sup>

Such deleterious competition has begun to emerge among Asian NOCs operating in Africa, such as Korea National Oil Corporation (KNOC) and India's ONGC. This phenomenon has been particularly notable in Nigeria, where Edmund Daokoru, minister of state for petroleum, has indicated that right of first refusal<sup>46</sup> on oil blocks will be awarded to those companies whose governments can offer attractive economic packages.<sup>47</sup> To date, this race has not substantially tilted the playing field against the IOCs as Asian NOCs do not yet have the capabilities needed for exploration and production for most of the assets attractive to IOCs. However, state financial support for China's NOCs will pose more of a challenge to the IOCs when the Chinese oil companies eventually acquire these capabilities or if they compete against the IOCs through joint bids with companies that do have them, such as Petrobras, the Brazilian NOC that ranks among the world's largest deepwater producers. Indeed, the IOCs have already encountered Beijing's deep pockets elsewhere. The \$18.5 billion bid from CNOOC for the U.S. firm UNOCAL in 2005 included \$7 billion in loans from its wholly state-owned parent company on terms unavailable to its rival, Chevron.

While Beijing's financial support for China's NOCs is disadvantageous to the IOCs, it has not limited the latter's access to oil reserves to the extent that interventions in the world oil market by other governments have.<sup>48</sup> U.S. sanctions on countries such as Iraq, Iran and Libya have constrained the ability of Western oil companies to invest in these nations. Similarly, recent moves by the governments of major oil producers, such as Russia and Venezuela, to reduce the presence of the IOCs within their borders have limited the investment opportunities for the IOCs much more than the competition from China's NOCs.



---

**“China’s loans to Angola weaken the IMF’s efforts to improve oil revenue transparency.”**

---

**Probably, but they are only part of the story.** It is highly likely that, as some observers have stated, Chinese loans have undermined efforts of the International Monetary Fund (IMF) to ensure that Angola’s oil wealth is used to improve the economic livelihood of the many rather than to fill the bank accounts of the few. However, most explanations of Angola’s diminished interest in a financial arrangement with the IMF, which would require detailed accounting of the country’s oil revenues and expenditures, neglect to mention an even more important factor: the wealth generated by windfall profits from the increase in world oil prices and Angolan oil production in recent years.

The conventional wisdom about why the IMF’s leverage over Angola on oil revenue transparency and management issues has weakened is that China emerged as an alternative benefactor.<sup>49</sup> After the end of Angola’s 27-year civil war in 2002, Luanda indicated to the IMF that it wanted to work toward establishing a formal financial arrangement. This would aid the reconstruction of the country’s economy by giving Angola access to lending facilities from the IMF and other donors, including countries belonging to the Paris Club, an informal group of official creditors whose permanent members include 19 of the world’s wealthiest nations. When the Angolan government’s negotiations with the IMF over the creation of a Staff Monitored Program – the first step toward a formal financial arrangement – stalled on the issue of revenue transparency, China Eximbank made Luanda an offer it reportedly couldn’t refuse: billions of dollars in loans (the current amount committed is estimated at \$12 billion) with low interest rates, long maturities, and no questions asked about management of oil monies. The only condition imposed by China Eximbank, at least on the initial \$2 billion loan offered in 2004, was that the money be released on a project by project basis with 70 percent of the construction to be performed by Chinese firms.

The near-myopic focus on China’s role in changing Luanda’s position on pur-

suings a formal financial arrangement with the IMF has obscured the more substantial impact on Luanda's decision-making process that stems from Angola's soaring oil revenues. Between 2001 and 2006, the price of oil increased from \$26 to \$66 per barrel and Angola's oil production nearly doubled from 742,000 b/d to 1.4 million b/d.<sup>50</sup> Although Luanda has not made complete information about the country's oil revenues available to the public, the increase in the value of Angola's annual oil output over this period – from \$7 billion to \$34 billion, with a cumulative value of \$100 billion – provides a rough indicator of the extent to which windfall profits from rising oil prices and production have driven Angola's change in fortune over the past five years.<sup>51</sup> The dominant role played by soaring oil revenues in reducing the Angolan's government's interest in IMF and other lending facilities provided by Western donors – and the greater transparency required to access them – is underscored by the fact that only a small fraction of the credit lines committed by China Eximbank have actually been dispersed, mainly due to Angola's limited capacity to undertake the construction of huge infrastructure projects.

However, declarations that windfall profits and Chinese money have sapped forever the Angolan government's willingness to be more forthcoming about its oil revenues and expenditures may be premature. First and most importantly, whether Angola's future is that of Nigeria (where oil wealth has impoverished the country) or Malaysia (where oil wealth has enriched the country) is ultimately up to Luanda to decide.<sup>52</sup> While the government of Angola, like those of many other oil-rich nations, has been reluctant to disclose their oil revenue and how they spend it, the country has taken some steps to improve its oil sector transparency. The Ministry of Finance, for example, has published more information on its website about its oil revenue and production and the payments it receives from oil companies on a block-by-block basis.<sup>53</sup> Additionally, the country's 2005-2006 licensing round was quite transparent, with details of the signing bonuses and commitments to social projects made publicly available.<sup>54</sup>

Second, although Luanda has decided against pursuing a program with the IMF in the short term, this still remains an objective over the long term for re-

form-minded government officials.<sup>55</sup> They are eager to further integrate Angola into the global economy, diversify its sources of credit and broaden its commercial relationships. One way to achieve these objectives is through programs with international financial institutions.

---

**“Chinese oil investments in Sudan undermine international efforts to end the Darfur crisis.”**

---

**Yes, but China’s behavior is evolving.** While CNPC’s substantial investments in the Sudanese oil sector have been a factor in Beijing’s reluctance to press Khartoum to stop the atrocities in Darfur, arguments that China’s oil interests are prompting Beijing to turn a blind eye to the Darfur crisis are becoming slightly outdated. Within the past year, concerns about China’s international reputation and the realization that China could not deter Western governments from increasing pressure on Khartoum have prompted Beijing to play a more active role in finding a solution to the crisis in Darfur.

CNPC’s operations in Sudan have pride of place in China because they are considered by Chinese oil analysts to be the most successful foreign investments made by China’s NOCs to date. CNPC first entered Sudan in 1995, eight years before the Darfur crisis erupted.<sup>56</sup> The company took advantage of the dearth of competition from other oil companies (due to Sudan’s north-south civil war and U.S. sanctions) to establish itself as the largest oil producer and investor in Sudan. CNPC pumps more oil in Sudan than it does in any other country with the exception of Kazakhstan.<sup>57</sup> The company’s Sudanese assets are valued at about \$7 billion.<sup>58</sup> The crown jewel among them is a 40 percent stake in the Greater Nile Petroleum Operating Company (GNPOC) – a joint venture that includes Malaysia’s Petronas, India’s ONGC and Sudan’s Sudapet – which produces most of the country’s oil (see Table 2). CNPC’s investments helped transform Sudan from a net importer to a net exporter of oil in 1999, just as world oil prices began to rise from less than \$15 per barrel in 1998.<sup>59</sup>

CNPC’s oil interests in Sudan and Beijing’s extreme view of sovereignty lay

Table 2: CNPC's Exploration and Production Assets in Sudan

Block(s)	Year Acquired	Share (percent)	Partners (percent)
13	2007	40	Pertamina (15), Sudapet (15), Dindir Petroleum International (10), Express Petroleum (10), Africa Energy (10)
15	2005	35	Petronas (35), Sudapet (15), Express Petroleum(10), HiTech (5)
3/7	2004	41	Petronas (40), Sudapet (8), Sinopec (6), al-Thani Corp. (5)
1/2/4	1997	40	Petronas (30), ONGC (25), Sudapet (5)
6	1995	95	Sudapet (5)
<b>Partner Companies' Countries of Origin</b> China (Sinopec); India (ONGC); Indonesia (Pertamina); Malaysia (Petronas); Nigeria (Africa Energy, Express Petroleum); Sudan (Dindir Petroleum International, HiTech Group, Sudapet) and United Arab Emirates (al-Thani Corp.)			

Source: CNPC Website and Upstream

behind China's initial reluctance to pressure the Sudanese government to end the atrocities in Darfur. Beijing has repeatedly obstructed the efforts of members of the United Nations Security Council (UNSC) to threaten Khartoum with economic sanctions over the Darfur issue. In the summer of 2004, Zhou Wenzhong, China's then-deputy minister of foreign affairs, invoked the longstanding Chinese foreign policy principle of noninterference to justify Beijing's hands-off approach to Darfur. In his oft-quoted remark, "[b]usiness is business. We try to separate business from politics. Secondly, I think the internal situation in Sudan is an internal affair, and we are not in a position to impose on them."<sup>60</sup>

Beijing, however, rapidly learned that separating business from politics is easier said than done. The operations of an oil company in a foreign country, especially one divided by internal conflict, often entangle the company – and its home government – with the politics of the host country. CNPC entered Sudan with the intention of restricting itself to a purely commercial role. Yet, both the company and the Chinese government discovered that they could not ignore the

atrocities in Darfur because of international perceptions that CNPC's activities in Sudan are facilitating the regime's policies of ethnic killings.<sup>61</sup>

The damage done to China's international reputation by the Darfur atrocities has been substantial. The view in many Western capitals is that China has been shielding Khartoum in the UNSC, filling Khartoum's coffers with oil revenues, and selling arms that government forces are using indiscriminately against the Darfur rebels as well as civilians.<sup>62</sup> As China has come under increased criticism for its actions, the country has begun to shift its policy on Sudan. By persuading Beijing that pressing Khartoum to end the violence in Darfur would help redeem its reputation, a variety of international actors – including governments, non-governmental organizations and celebrities – have facilitated the Chinese government's gradual move away from its principle of noninterference.<sup>63</sup> Some pressure has come in the form of carrots. The U.S. government has been encouraging China to demonstrate that it is a “responsible stakeholder” by using whatever leverage it has over Khartoum – through CNPC's investments and China's permanent seat on the UNSC – to prod Sudanese president Omar al-Bashir to moderate his position on Darfur. Other pressure has come in the form of sticks. For example, Hollywood actress Mia Farrow has threatened to launch a worldwide campaign against the Beijing “Genocide Olympics” because of China's stance on Sudan. Additionally, Beijing is aware that many African countries are upset over the situation in Sudan and does not want to offend them.<sup>64</sup>

A second factor behind the evolution of China's Sudan policy was the realization that regardless of Beijing's position, the international community was going to step up its efforts to resolve the Darfur crisis.<sup>65</sup> The Chinese government decided that it would rather play a role in crafting a solution than sit on the sidelines. Beijing's involvement enables it to ensure that the any U.N. actions do not harm China's economic interests and also help to redeem its international reputation.

Beijing has increased its efforts to persuade Khartoum to cooperate with the international community on Darfur over the past year, winning praise from

Washington, London and the United Nations. Both Chinese and American government officials have stated that Beijing played a critical role in convincing Khartoum to allow a U.N.-African Union hybrid peacekeeping force to deploy to Darfur.<sup>66</sup> Beijing has also agreed to send 275 military engineers to Sudan as part of that force. During his testimony before the U.S. Senate Foreign Relations Committee in April 2007, U.S. Special Envoy for Sudan Andrew Natsios complimented China's subtle behind-the-scenes diplomacy toward Sudan as a useful complement to the blunt, highly-visible approach taken by the United States.<sup>67</sup> His remarks echo those made in private conversations by Chinese foreign policy officials and analysts who maintain that the United States, which usually plays the "bad cop," needs China to assume the role of "good cop" for progress to be made in negotiations with countries such as Sudan, Iran and North Korea.

Beijing has offered two justifications for its continued economic engagement with Sudan at a time when some international observers contend that threatening to cut the Chinese purse strings would force Khartoum to re-evaluate its stance on Darfur. First, Chinese foreign policy experts and officials maintain that such linkages provide China with a source of leverage over Khartoum that other members of the international community, notably the United States, do not have. Second, there is a widespread perception in Beijing that the Darfur crisis is rooted in poverty and China's aid and investment can help resolve the crisis through economic development.<sup>68</sup>

How can China improve its international reputation and at the same time protect CNPC's oil investments in Sudan? This dilemma may become more acute for Beijing as resolving the Darfur crisis moves up the foreign policy agendas of governments around the world. The status quo benefits CNPC by providing a level of political risk that is high enough to deter the IOCs and other oil companies from competing with CNPC for assets in Sudan, yet low enough not to seriously jeopardize CNPC's operations (Chinese oil workers, however, do face security threats and several have been kidnapped or murdered).<sup>69</sup> The downside of this is that

---

*Hopes that China alone can resolve the Darfur crisis are almost certainly misplaced.*

---

the current situation is doing serious harm to China's global image. Yet, while actively seeking an end to the violence in Darfur and reintegrating Sudan into the international community would enhance China's reputation as a responsible power, it would also threaten CNPC's dominant role in Sudan's oil industry by making Sudan more attractive to other oil companies. Indeed, Khartoum has already indicated that it would like to diversify the foreign players in its oil patch by awarding acreage to CNPC's rival, Sinopec. Also, Total has been allowed to maintain its non-producing Block B (by payment of \$1.5 million per year), much to the dismay of some Chinese analysts who have interpreted such decisions as demonstrating a lack of respect for all that China has done for Sudan.<sup>70</sup>

Hopes that China alone can resolve the Darfur crisis are almost certainly misplaced. Beijing probably has more economic leverage over Sudan than any other country and certainly could have done more in recent years to pressure Khartoum to cooperate with the international community. However, Beijing's support is necessary but not sufficient for a multilateral effort to succeed in ending the violence. Other governments, whose weak responses to the crisis have largely escaped international scrutiny as China has served as a convenient scapegoat, also need to take more decisive action.<sup>71</sup>

### **Ending the "Fuzzy Thinking"**

Conventional wisdom about the increasing involvement of China's NOCs in Africa is a mix of fiction and fact. Falling squarely into the fiction category are views that Chinese oil companies are prevailing in the scramble for African oil. In terms of production and investment value, China's NOCs trail the IOCs, which in turn lag far behind the major African NOCs. Additionally, the oil produced by China's NOCs in Africa and elsewhere expands rather than contracts global supplies. Another perception largely without factual basis is that the foreign investments of China's NOCs reflect a highly-coordinated strategy devised by a government mistrustful of the world oil market and bent on controlling supply. Beijing does encourage China's NOCs to acquire oil assets abroad and has taken a page from the playbook of other governments and employed a variety of political and economic tools to help Chinese oil companies expand overseas. But


the capacity of the Chinese government to control its NOCs is limited and the emerging rift between the commercial objectives of the companies and the political objectives of Beijing is likely to continue to widen in the years to come.

One piece of prevailing wisdom that confuses fact and fiction is the assertion that the Chinese government's financial support for its NOCs is seriously hurting the IOCs in the competition for assets in Africa. It is true that such financial support is unfair to Western oil companies and that Beijing's deep pockets have triggered an "arms race" between Asian NOCs. (Chinese and other Asian NOCs have attempted to use government largesse to compensate for their lack of cutting-edge technologies and project management skills that make the IOCs highly attractive to African oil producers.) However, a serious threat to the IOCs will only emerge when China's NOCs acquire deepwater capacities, which is unlikely in the short term.

Popular perceptions that are more firmly rooted in fact include concerns that the ambitions of China's NOCs to expand their activities in Africa have prompted Beijing to pursue policies that undermine the efforts of the IMF to promote good governance in Angola and those of Western governments to end the human rights abuses in Sudan. However, narratives about how China's search for oil is seriously threatening Western interests and influence on the continent overlook the role of other, more powerful factors. The billions of dollars that China Eximbank has extended to Luanda have not helped the IMF's revenue transparency agenda, but these loans are a small fraction of the value of Angola's oil production over the past five years. The funds are also being used to develop desperately needed infrastructure. Similarly, CNPC's substantial investments in Sudan have undoubtedly contributed to Beijing's obstruction of U.N. efforts to increase pressure on Khartoum, but so has the country's longstanding adherence to the principle of noninterference in the internal affairs of other countries.

The activities of China's NOCs in Africa have loomed large in analyses of China's overall deepening engagement with Africa. The NOCs' quest for reserves and profits and China's growing demand for oil are key drivers of Beijing's African diplomacy. Yet, the higher profile of oil security on the foreign policy agendas



of many countries – due to high oil prices and rising resource nationalism – has also focused international attention on Africa. The oil industry is often the subject of “fuzzy thinking.” Separating fact from fiction with respect to the growing footprint of China’s NOCs in Africa is important for policy-makers and opinion leaders around the world seeking to understand the implications of deepening Sino-African engagement for their own countries. 

## Notes

<sup>1</sup> China National Petroleum Corporation (CNPC), China Petrochemical Corporation (Sinopec), China National Offshore Oil Corporation, Ltd. (CNOOC) and Sinochem.

<sup>2</sup> For recent assessments of the implications of China’s growing role in Africa for the United States and Europe, see Gill, B., Huang, C. and J. S. Morrison, *China’s Expanding Role in Africa: Implications for the United States* (Washington, D.C.: Center for Strategic and International Studies, January 2007); Tjønnestand, E. with Brandtzæg, B., Kolås, A. and G. Le Pere, *China in Africa – Implications for Norwegian Foreign and Development Policies* (Oslo, Norway: Chr. Michelsen Institute, October 2006); *More than Humanitarianism: A Strategic U.S. Approach Toward Africa*, Task Force Report No. 56 (New York: Council on Foreign Relations, 2006) pp. 40-54; Alden, Chris. “Africa and China: Terms of Endearment: From Marxism to Materials,” CLSA Asia-Pacific Markets Special Report, September 2006; and Spencer, Sarah. “Promoting Growth and Stability in Sub-Saharan Africa: The Role of the United States in the Face of Expanding Sino-African Relations,” John F. Kennedy School of Government, Harvard University, Cambridge, MA, April 2006.

<sup>3</sup> This article is modeled after the “Think Again” articles in *Foreign Policy*. See, for e.g., Harding, Harry. “Think Again: China,” *Foreign Policy* (March/April 2007) pp. 26-32.

<sup>4</sup> The term “IOCs” refers to BP, Chevron, ConocoPhillips, ENI, ExxonMobil, Royal Dutch/Shell and Total.

<sup>5</sup> Barrels of oil equivalent refers to the production of oil, natural gas and condensate.

<sup>6</sup> Chassany, Anne-Sylvaine, “Total Taps Africa’s Oil Reserves In Bid to Outdo Rivals’ Growth – Social, Political Unrest May Complicate Effort; Success Found Offshore,” *Wall Street Journal*, May 22, 2007; and “Algeria’s Sonatrach Announces Provisional Output Estimates,” *International Oil Daily*, Apr. 19, 2007.

<sup>7</sup> “Table – West African oilfields due on stream in 2007 and beyond,” *Reuters News*, July 4, 2007.

<sup>8</sup> BP, *BP Statistical Review of World Energy 2007* (London: BP, June 2007), p.6.

<sup>9</sup> “Oil importers look toward West Africa,” *Lloyd’s List*, Feb. 16, 2007.

<sup>10</sup> “Energy Insecurity,” testimony of J. Robinson West, Chairman of PFC Energy, before the U.S. Senate Committee on Commerce, Science and Technology, Sept. 21, 2005, <http://www.odac-info.org/bulletin/documents/PFCSenateTestimony.pdf>.

<sup>11</sup> Yao Guimei, “Zhongguo yu Feizhou de shiyou hezuo” (“Sino-African Petroleum Corpora-

tion”), *Guoji shiyou jingji (International Petroleum Economics)*, No. 11 (2006), p.36.

<sup>12</sup> Equity oil refers to an oil company’s individual ownership share of the total amount of oil produced by a project. I thank Mike Herberg for this definition.

<sup>13</sup> Rosen, D. and T. Houser, “China Energy: A Guide for the Perplexed,” Washington, DC: Peterson Institute for International Economics, May 2007, pp. 32-33.

<sup>14</sup> *Ibid.*, p. 33.

<sup>15</sup> Dar Blend, produced from the Adar and Yale fields (Blocks 3 and 7) and difficult to process, has been trading at discounts of as much as \$35 per barrel on dated Brent crude. David Winning, “China Energy Watch: Equity Oil Behind CNPC Refinery Decision,” *Dow Jones News Service*, Feb. 28, 2007.

<sup>16</sup> For other articles that debunk the myth of China, Inc., see Gill, B. and J. Reilly, “The Tenuous Hold of China Inc. in Africa,” *The Washington Quarterly* (Summer 2007), pp.37-51; and “The Myth of China Inc. – Chinese industry and the state,” *The Economist*, Sept. 3, 2005.

<sup>17</sup> The countries whose oil and gas sectors Chinese firms are encouraged to invest in are Kuwait, Qatar, Oman, Morocco, Libya, Niger, Norway, Ecuador and Bolivia. See the Ministry of Commerce, Ministry of Foreign Affairs and the National Development and Reform Commission, “*duiwai touzi guobie chanye daoxiangmulu*,” Foreign Investment Industrial Guidance Catalog, February 2007, <http://www.sdpc.gov.cn/zcfb/zcfbtz/2007tongzhi/W020070227622797287359.doc>. For more on CNPC’s continued investment in Sudan, see Ng, Eric, “PetroChina parent joins Sudan oil venture; CNPC entrenches position as top foreign investor in country targeted over rights,” *South China Morning Post*, July 3, 2007.

<sup>18</sup> Wu Qiang, “Sudan weiji tiaozhan Zhongguo haiwai shiyou liyi” (“The Sudan crisis is challenging China’s overseas oil interests”), *Nanfangchuang (Southern Window)*, Sept. 16, 2004, pp.23-25; “*Zhongguo shiyou de ‘haiwai luxiantu*,” (“The ‘overseas map’ of China’s oil interests”), *Sanlian shenguo zhoukan (Sanlian Lifeweek)*, Sept. 16, 2004, <http://lifeweek.com.cn/2004-09-16/000559678.shtml>; and “*Liang da shiyou jutou haiwai da xiang zaoyu zhan jingxiang yajia liangbaijushang*” (“The two oil giants fight loudly overseas, competition forces prices down and both sides suffer”), *Jingji cankao bao (Economic Reference News)*, June 28, 2004, <http://www.southcn.com/news/china/china04/petroleum/latest/200406280680.htm>.

<sup>19</sup> Sinton, J., Stern, R., Aden N., and M. Levine, et al., *Evaluation of China’s Energy Strategy Options*, LBNL-56609, May 16, 2005, 4, <http://china.lbl.gov/publications/nesp.pdf>.

<sup>20</sup> For more information on China’s fractured energy bureaucracy, see Downs, Erica. “China,” *The Brookings Foreign Policy Studies Energy Security Series*, December 2006, pp.16-24. See <http://www.brookings.edu/fp/research/energy/2006china.htm>; Kong Bo, “Institutional Insecurity,” *China Security* (Summer 2006), pp.65-89; and Lester, R. and E. Steinfeld, “China’s Energy Policy: Is Anybody Really Calling the Shots?” Working Paper Series, Industrial Performance Center, MIT-IPC-06-002, MIT (Cambridge, MA: January 2006).

<sup>21</sup> Downs, Erica, “Business Interest Groups in Chinese Politics: The Case of the Oil Companies,” in Cheng Li, ed., *China’s Changing Political Landscape: Prospects for Democracy* (Washington, D.C.: Brookings Institution Press, forthcoming).

<sup>22</sup> I thank Jing Huang for this point.

<sup>23</sup> Interview with source close to CNOOC, Washington, D.C., Apr. 3, 2007.

<sup>24</sup> Gough, N., Ng, E. and M. O’Neill, “CNOOC gains tactical edge from battle; Higher profile will help no. 3 producer take on ‘big brothers,’” *South China Morning Post*, Aug. 4, 2005.

<sup>25</sup> Interviews with oil industry insiders, Washington, D.C., Feb. 15, 2006 and Beijing, China, Sept. 19, 2006.

<sup>26</sup> “The two oil giants fight loudly overseas,” *Jingji cankao bao* (*Economic Reference News*), June 28, 2004, <http://www.southcn.com/news/china/china04/petroleum/latest/200406280680.htm>.

<sup>27</sup> Zeng Qinghong, “Guanyu dangqian jingji xingshi he dang jian gongzuo” (“The Current Economic Situation and Party Construction Work”), *Xuexi shibao* (*Study Times*), No. 301 (September 2005), <http://www.studytimes.com.cn/chinese/zhuanti/xxsb/962507.htm>.

<sup>28</sup> Email correspondence from a Beijing-based industry analyst, July 6, 2007.

<sup>29</sup> I thank Edward Morse for this point.

<sup>30</sup> For more on the history of Shell and other IOCs in Nigeria, see Manby, Bronwen. “The Role and Responsibility of Oil Multinationals in Nigeria,” *Journal of International Affairs*, Vol. 53, No. 1 (Fall 1999), 281-301; and Atsegbua, Lawrence. “The development and acquisition of oil licenses and leases in Nigeria,” *OPEC Review* (March 1999), pp.55-77.

<sup>31</sup> “Fu Chengyu: ‘shenxin zouchuqu’ de zhengzhi jingjixue” (“Fu Chengyu: the political economy of ‘cautiously going abroad,’” *21 Shiji jingji daobao* (*21st Century Business Herald*), Dec. 29, 2004, [www.nanfangdaily.com.cn/southnews/zt/2004nzt/21ren/200412290045.asp](http://www.nanfangdaily.com.cn/southnews/zt/2004nzt/21ren/200412290045.asp).

<sup>32</sup> “Nigeria to offer new blocks in late February; Indian companies expected to bid and to move downstream,” *Platts Oilgram News*, Jan. 17, 2007; and “Angola, Nigeria seek development as India eyes more oil blocks,” *Indo-Asian News Service*, Sept. 30, 2005.

<sup>33</sup> *China Eximbank Annual Report 2004*, p.13. See <http://www.eximbank.gov.cn>.

<sup>34</sup> “Zhongguo jin chukou yinhang hangzhang xu zeng duiwai touzi yuanzhu lidu” (“China Eximbank President Li Ruogu: We need to strengthen foreign investment and aid”), *Zhongguo xinwen wang* (*China News*), Jan. 9, 2006, [http://finance.dayoo.com/gb/content/2006-01/09/content\\_2368581.htm](http://finance.dayoo.com/gb/content/2006-01/09/content_2368581.htm); and “‘zou chu qu’ shiguan zisun houdai” (“‘Going out’ concerns future generations”), *Guoji xianqu daobao* (*International Herald Leader*), Oct. 14, 2004. See [http://news.xinhuanet.com/herald/2004-10/14/content\\_2088513.htm](http://news.xinhuanet.com/herald/2004-10/14/content_2088513.htm).

<sup>35</sup> This paragraph is based on Evans, P. and E. Downs, “Untangling China’s Quest for Oil through State-backed Financial Deals,” Brookings Institution Policy Brief #154, The Brookings Institution, Washington, DC, May 2006.

<sup>36</sup> National Development and Reform Commission and China Export Import Bank, “Guanyu dui guojia guli de jingwai touzi zhongdian xiangmu jiyu xinhua zhichi zhengce tongzhi” (“Notice on the Policy of Giving Credit Support to the State Encouraged Key Overseas Investment Projects”), Oct. 27, 2004, [www.ndrc.gov.cn/wzly/jwtz/jwtzzn/t20050714\\_35633.htm](http://www.ndrc.gov.cn/wzly/jwtz/jwtzzn/t20050714_35633.htm); and Wang Xiaobing, Cao Haili, He Yuxin, Zhang Fan and Huang Shan, “‘zou chu qu’ zhi dao” (“The path to ‘going abroad’”), *Caijing*, no. 142, Sept.19, 2005.

<sup>37</sup> “CNOOC gets low-rate 12.8b yuan loan,” *South China Morning Post*, June 3, 2006.

<sup>38</sup> I thank Peter Evans for this point.

<sup>39</sup> “Angola Carries Out Earlier Threats to Total over French Arms Allegations,” *World Markets Analysis*, Nov. 8, 2004.

<sup>40</sup> Remarks of Jorge Vandeste to Nicholas Shaxson of the *Financial Times*. Interview with Nicholas Shaxson, Washington, D.C., July 27, 2007.

<sup>41</sup> This deal was part of a broader Memorandum of Understanding signed by President Hu for China to provide billions of dollars for investment in Nigerian infrastructure. Information

about the disintegration of the “package deal” involving CNPC is based on email correspondence from a Beijing-based oil analyst, July 1, 2007.

<sup>42</sup> CNPC made a low bid for the 51 percent stake in the Kaduna refinery in the May 2007 auction (\$102 million versus the winning bid of \$160 million offered by Bluestar Oil) because the company had been told in advance that it would not win. There are, however, rumors that newly-elected President Umaru Yar’Adua is likely to prevent the sale and that the whole process will start over. E-mail correspondence with Beijing-based oil industry analyst, July 1, 2007.

<sup>43</sup> Winning, David, “China CNOOC Deal for Four Nigeria Oil Blocks Hits Snags,” *Dow Jones International News*, Nov. 2, 2006.

<sup>44</sup> Pearmain, Thomas, “CNOOC Returns Four Oil Blocks to Kenya; Concentrates Efforts on Two Blocks,” *Global Insight Daily Analysis*, July 26, 2007.

<sup>45</sup> Evans, Peter, “International Regulation of Official Trade Finance: Competition and Collusion in Export Credits and Foreign Aid,” unpublished Ph.D. dissertation, Department of Political Science, MIT (Cambridge, MA: June 2005), pp.108-159.

<sup>46</sup> The right of first refusal “grants the preferred company the right to match the highest bid, which has been determined in an open and competitive bidding practice. Should the company granted the right elect not to match the highest bid, the block goes to the highest bidder.” “Transparency, Oil Bids,” *All Africa*, May 18, 2007.

<sup>47</sup> Tom Ashby, “Interview – Nigeria ties Korea, Taiwan oil deals on bidding eve,” *Reuters*, Aug. 26, 2005.

<sup>48</sup> I thank Peter Evans for this point.

<sup>49</sup> See, e.g., Kurlantzick, Joshua. “Beijing’s Safari: China’s Move into Africa and its Implications for Aid, Development and Governance,” Carnegie Endowment for International Peace Policy Outlook, Nov. 1, 2006, [http://www.carnegieendowment.org/files/kurlantzick\\_outlook\\_africa2.pdf](http://www.carnegieendowment.org/files/kurlantzick_outlook_africa2.pdf); and Schiller, Ben, “The China model of development,” *openDemocracy*, Dec. 20, 2005, 1, [http://www.opendemocracy.net/democracy-china/china\\_development\\_3136.jsp](http://www.opendemocracy.net/democracy-china/china_development_3136.jsp).

<sup>50</sup> *BP Statistical Review of World Energy 2007*, p.8 and p.16.

<sup>51</sup> *Ibid.*

<sup>52</sup> World Bank, “Avoiding the Resource Curse,” *Petroleum Sector Briefing Note*, No. 3 (May 2007).

<sup>53</sup> Mouawad, Jad. “Nowadays, Angola is Oil’s Topic A,” *New York Times*, Mar. 20, 2007.

<sup>54</sup> For information on the bid results, see Wood Mackenzie, “Angola 2005-2006 Licensing Round,” *Upstream Insights*, May 2006.

<sup>55</sup> Interview with an informed source, Washington, DC, July 27, 2007.

<sup>56</sup> Good discussions of the history of CNPC in Sudan include Jakobson, L. and Z. Daojiong, “China and the Worldwide Search for Oil Security,” *Asia Pacific Review*, Vol. 13, No. 2 (2006), 60-73; Daojiong, Zha. “Zhongguo zai Feizhou de shiyou liyi: Guoji zhengzhi keti” (“China’s Oil Interests in Africa: International Political Issues”), *Gujoshi zhengzhi yanjiu (International Politics Quarterly)*, No. 4 (2006), pp.53-67; and CNPC, “Haiwai chuangye xianfeng – Sudan xiangmu” (“Pioneering overseas enterprise – the Sudan projects.”), <http://www.cnpc.com.cn/CNPC/xwzx/xwygg/0b2b85d2-9a46-4faf-b216-cf9418f0b91f.htm>.

<sup>57</sup> China’s production rates in 2006 equaled 213,000 b/d and 216,000 b/d in Sudan and Ka-

zakhstan respectively. Data provided by Wood Mackenzie.

<sup>58</sup> Estimate based on data provided by Wood Mackenzie.

<sup>59</sup> *BP Statistical Review of World Energy 2007*, 16.

<sup>60</sup> French, Howard. "China in Africa: All Trade, With No Political Baggage," *New York Times*, Aug. 8, 2004, p.4.

<sup>61</sup> This lesson was also learned by the Swedish company, Lundin Petroleum. See Batruch, Christine. "Oil and Conflict: Lundin Petroleum's Experience in Sudan," document prepared for publication in A.J.K. Bailes and I. Frommelt, eds., *Business and Security: Public-Private Sector Relationships in a New Security Environment* (Oxford: Oxford University Press, 2004), Nov. 24, 2003, p.13. See [http://www.lundin-petroleum.com/Documents/ot\\_sudan\\_oil&conflict\\_24-11-03.pdf](http://www.lundin-petroleum.com/Documents/ot_sudan_oil&conflict_24-11-03.pdf).

<sup>62</sup> Goodman, P. "China Invests Heavily in Sudan's Oil Industry; Beijing Supplies Arms Used on Villagers," *Washington Post*, Dec. 23, 2004, A1. For the remarks of Liu Guijin, China's special envoy on Darfur, on China's arms sales to Sudan, see Le, Tian, "China's Arms Sales to Sudan are Limited: Envoy," *China Daily*, July 6, 2007.

<sup>63</sup> For an excellent discussion on how the need to influence policies in countries in which China's NOCs are invested is eroding Beijing's principle of non-interference, see Jakobson, Linda. "The Burden of 'non-interference,'" *China Economic Quarterly*, Quarter 2 (2007) pp. 14-18. See also, Evans, G. and D. Steinberg, "Signs of Transition," *Guardian Unlimited*, June 11, 2007, [http://commentisfree.guardian.co.uk/gareth\\_evans\\_and\\_donald\\_steinberg/index.html](http://commentisfree.guardian.co.uk/gareth_evans_and_donald_steinberg/index.html).

<sup>64</sup> Telephone interview with a Western diplomat, July 18, 2007.

<sup>65</sup> Conversation with a Western diplomat, Washington, DC, July 5, 2007.

<sup>66</sup> Alfred de Montesquiou, "China's Darfur envoy says Beijing has done its best to solve crisis, considers sending peacekeepers," *Associated Press*, June 21, 2007.

<sup>67</sup> "Senator Joseph R. Biden Jr. Holds a Hearing on the Situation in Darfur," *CQ Transcriptions*, Apr. 11, 2007.

<sup>68</sup> See the remarks of China Eximbank President Li Ruogu in Dyer, G. and W. Wallis, "Beijing promotes Africa ties ahead of talks," *Financial Times*, May 16, 2007 and the remarks of China's special envoy for Darfur, Liu Guijin, in "Liu Guijin: Zhongguo fandui jiang tong Sudan zhengchang shiyou hezuo 'zhengzhihua'" ("Liu Guijin: China opposes the 'politicization' of normal oil cooperation with Sudan"), *Xinhua*, May 30, 2007, [http://www.gov.cn/zwjw/2007-05/30/content\\_629991.htm](http://www.gov.cn/zwjw/2007-05/30/content_629991.htm).

<sup>69</sup> Interview with Chinese foreign policy expert, Beijing, China, Apr. 23, 2007; and "Zhongshiyou zai Sudan shou kaoyan; Zhongguo nengyuan waijiao ying bianhuan xin silu" ("CNPC is tested in Sudan; China's energy diplomacy should change course"), *Diyi caijing ribao (First Financial and Economic Daily)*, Dec. 8, 2004, <http://finance.sina.com.cn/j/20041208/08311209418.shtml>.

<sup>70</sup> Wu Qiang, "Sudan weiji tiaozhan Zhongguo haiwai shiyou liyi" ("The Sudan crisis is challenging China's overseas oil interests"), *Nanfangchuang (Southern Window)*, Sept. 16, 2004, pp.23-25;

<sup>71</sup> Abramowitz, M. and J. Kolieb, "Why China Won't Save Darfur," *Foreign Policy* (June 2007).

# China and Africa: Policy and Challenges\*

Li Anshan

Fifteen years ago, in an article entitled “China and Africa,” Gerald Segal predicted that China, as a rising global power, would be more important to Africa than vice versa – he even surmised that Africa would be the region of least importance to China’s foreign policy.<sup>1</sup> A look at current Sino-African relations clearly refutes Segal’s prophesies. In fact, Africa is very important to China. In January 2006, *China’s African Policy*, the white paper promulgated by the Chinese government was the first of its kind in China’s diplomatic history with Africa. This document embodies a comprehensive and long-term plan for enhanced cooperation in Sino-Africa relations, and it marks a milestone in the progress that China and Africa have made together.

A popular perception in the international community is that the recent rapid developments of the Sino-African relationship have arisen after a long, dormant period, revealing China’s new and potentially unsettling ambitions in Africa. Many Western scholars opine that China neglected Africa in practice in the past

---

Li Anshan is professor at the School of International Studies, Peking University and the associate director of the Chinese Society for African History Studies. He has published *Research of African Nationalism as well as other books*.

---

**China Security, Vol. 3 No. 3 Summer 2007, pp. 69 - 93**  
**2007 World Security Institute**

30 years, and that its recent comprehensive engagement with the region not only reflects a set of ambitious and unsettling goals on the continent but that a competitive quest for energy, trade and geopolitical interests will underscore that agenda.<sup>2</sup>

Such viewpoints stress practical aspects of China's policy toward Africa, but fail to convey the most important element in Sino-African relations: that the development of the relationship over the past 50 years has been based on "equal treatment, respect for sovereignty and common development."<sup>3</sup> Despite many shifts in the interactions between China and Africa, certain principles have remained constant, underpinning the relationship. To accurately judge China's strategic considerations in the Sino-Africa relationship, it is important to understand both aspects of continuity and change in China's policy towards Africa.

### **Transitions**

Sino-African Relations are not new – dating back to ancient times and progressing gradually based on common historical experiences.<sup>4</sup> However, it wasn't until 1956, when Egypt became the first African nation to establish diplomatic relations with the People's Republic of China (P.R.C.), that inter-governmental relations between the P.R.C. and African countries were inaugurated. Over the subsequent half-century, the trajectory of Sino-African relations went through several fundamental shifts.

#### *Ideological Beginnings*

From the establishment of the P.R.C. to its economic opening (1949-1978), China's Africa policy was heavily influenced by ideology. During this period, China's foreign policy was deeply impacted by the unique international environment of the time.<sup>5</sup> China placed itself on the front line of the struggle against colonialism, imperialism and revisionism in the Third World.<sup>6</sup> By linking its ideological stand with its foreign policy, China's diplomacy in Africa was initially circumscribed by Beijing's ideological position.<sup>7</sup> In the wake of the Sino-Soviet split in the 1960s, China accused the pro-Soviet communist parties in various

African countries of “revisionism,” regarding them as ideological rivals. Based on this political bias, China refused requests by some African nations to establish diplomatic relations.<sup>8</sup> All ties between the Communist Party of China (CPC) and pro-Soviet political parties in Africa were severed.

Although the political atmosphere dramatically changed in China during the mid-1960s, a dogmatic approach was maintained in relations with Africa. At the beginning of the Cultural Revolution, China’s diplomacy was affected by an ultra-leftist mentality. Some scholars have described China’s aims in Africa at that time as promoting Maoism.<sup>9</sup> The slogan “exporting revolution” became the primary objective toward Africa, which was challenged by African countries on the re-

---

*China sought Africa as an ally in its struggles against imperialism and hegemony.*

---

ceiving end. This campaign threatened the power and position of many African governments and deviated from the principle of “non-interference in internal affairs.”<sup>10</sup> Thus, only a handful of groups in Africa (for example the Ethiopian People’s Revolutionary Party) sustained contact with the CPC. In the end of 1960s, China ended its policy of “exporting revolution” and started to provide more aid to Africa that was “free and unconditional.” As a result, the broad-based relationship between China and Africa gradually recovered.<sup>11</sup>

Using free aid as the basis to build bilateral relations was an approach largely formulated in 1963-64, when Premier Zhou Enlai visited Africa and proposed the *Five Principles Governing the Development of Relations with Arab and African Countries* and the *Eight Principles of Economic Assistance*.<sup>12</sup> During this period, China supported the political struggles for African independence as well as provided some free aid to Africa.<sup>13</sup> It was a time when China also helped African countries build a number of landmark structures (e.g. stadiums, hospitals, conference centers) – projects that were more than just bricks and mortar constructions – that were national symbols of independence and embodied the spirit of cultural decolonization.<sup>14</sup> These China-supported projects played an important role in the formation of African nationhood.<sup>15</sup> Despite very high economic costs, these projects provided



important assistance to African countries in need of moral support, and also resulted in positive impressions of China in the minds of the African people, laying a solid foundation for the path ahead in Sino-African relations.<sup>16</sup> By 1978, China had established diplomatic relations with 43 African countries.

### *Diversification*

The end of the Cultural Revolution marked a shift in China's policy toward Africa from one based almost exclusively on ideological alliance to one with a far more pragmatic and diversified approach.

With a new political direction and the uncertainty of economic development in China, the period from 1979-1982 saw a temporary fluctuation in Sino-African relations: economic aid was reduced, accompanied by a decline in bilateral trade and a drop in the number of mission medical teams.<sup>17</sup> The 12<sup>th</sup> CPC National Assembly in 1982 officially marked a shift from a policy that emphasized "war and revolution" to one emphasizing "peace and development." Likewise, China shifted from policies that emphasized that "economy serves diplomacy" to policies based on "diplomacy serves the economy." In the same year, the Chinese premier visited Africa and announced the *Four Principles on Economic and Technological Cooperation with Africa*.<sup>18</sup> This shifted the focus to practical effectiveness in assistance and in relations more generally, as well as to a spirit of "developing together."

The 12<sup>th</sup> CPC Assembly decided on two strategic elements that had implications for China's policy toward Africa: the first that the country would emphasize Chinese domestic economic development; and the second that China would pursue a peaceful and independent foreign policy.<sup>19</sup> These were relevant to Africa in that China sought to bring the relationship down to earth and base it on very practical goals that were within its means. The 12<sup>th</sup> CPC National Assembly established principles for a new type of interstate political relationship based on "Independence, Complete Equality, Mutual Respect, Non-interference in Others' Internal Affairs."<sup>20</sup> Such shifts led to party-to-party relations between the CPC and numerous African governments of various stripes, gave great impetus for the development of its relations with Africa and represented a breakthrough in the

diplomatic history of the P.R.C. Sino-African inter-party relations ensured that the two sides maintained a steady keel despite the numerous political transitions of African governments. By 2002, the CPC had established relations with more than 60 political parties in 40 Sub-Saharan countries, which included both ruling and non-ruling parties.<sup>21</sup> Relations based on these principles have convinced many Africans of China's sincerity in respecting African political choices and helping to promote economic and trade cooperation.<sup>22</sup>

This new direction also shifted China's focus to "economic co-development" in its work with Africa. Therefore more extensive cooperation took place on far more diverse levels than previously.

From 1949 to 1978, China's policy toward Africa focused mainly on politics, fully supporting the independence movements in Africa, which went beyond mere moral support and extended to the provision of weapons and human assistance to cultivate military and political power for the movement.<sup>23</sup> Following the wave of national independence throughout

most of Africa, China sought Africa as an ally in its struggles against imperialism and hegemony.<sup>24</sup> During these times of political orientation, economic aid was provided to

---

*The CPC established relations with ruling and non-ruling parties in 40 sub-Saharan nations.*

---

Africa gratis even though China's own domestic economic circumstances were far from optimal. Despite the Soviet Union supplying more arms than other nation to Africa during the 1970s, its economic aid to the continent was far behind that of China.<sup>25</sup> In short, relations were narrow in scope and without a practical or sustainable basis.

China's new approach, however, expanded its relations with Africa in many ways, including enhanced economic and trade cooperation, cultural and educational exchange, medical and public health, military exchange and non-governmental communications.<sup>26</sup>

### *Spirit of Co-development*

Another noteworthy shift in China's African policy was the change from pro-

viding aid for free to aid intended to benefit both sides economically.

From 1956 to 1978, China aided Africa with billions of dollars despite the fact that China's own economic situation was precarious. History has shown that aid alone is unlikely to significantly transform the reality of African poverty.<sup>27</sup> Thus, in the 1980s, China attuned its economic assistance to Africa by attempting to help Africa help itself. Improving Africa's ability to self-develop was seen to be more useful than free economic aid. China also began to explore reforming its foreign trade system and its approaches to foreign aid. Economic assistance began to include other forms of support such as preferential and discounted loans, cooperatives and joint ventures for projects in Africa.<sup>28</sup> Cooperatives and joint ventures helped to bring new technology and management practices to projects in Africa, while preferential loans pressed African nations to use money effectively.<sup>29</sup> Sixteen African countries benefited from such initiatives during the first two years of China's new aid policy.<sup>30</sup> Such shifts were, however, not a retreat by China from its commitment to relations with Africa. On the contrary, it sped up and expanded economic cooperation between the two sides.

Since diplomatic relations were first established in 1956, China's African policy has shifted from an unsustainable and ideologically-motivated approach, to political pragmatism and on to the present relationship based on economic pragmatism. While these shifts have markedly changed Sino-African relations over the past 50 years, another look reveals the persistence of core principles that continue to underpin the relationship.

### **Policies Change, Not Principles**

#### *Equality*

Principles of equal treatment, a respect for sovereignty, noninterference, mutual benefit and co-development have endured. China is highly sensitized to notions of *sovereignty* and *equality* among nations. This is largely due to the fact that violations of China's sovereignty by other major powers and the intervention of outside powers into China's internal affairs have been salient diplomatic threats since the foundation of the P.R.C.<sup>31</sup> Past experience has led China's foreign policy

to embrace a principle of “noninterference” in the internal affairs of other sovereign countries. This principle emphasizes sovereignty as the common denominator among all nations regardless of other factors, and fundamentally holds that all countries should be equal and no country has the right to dictate the sovereign affairs of others.

This principle of noninterference has served to safeguard China’s own sovereign rights. Take human rights as an example. The West is inclined to believe that human rights have historically arisen from a need to protect citizens from abuse by the state, which might suggest that all nations have a duty to intervene and protect people wherever they are. But the developing countries, including China and most African nations, argue that state sovereignty is paramount, not least because the human rights protection regime is a state-based mechanism. A noninterference principle holds that human rights should not be a reason for one country to interfere in another’s internal affairs.<sup>32</sup> By holding to this principle, China can both ensure its own sovereignty and gain the trust of African nations. Over the past decade, human rights proposals against China were defeated 11 times at the United Nations. Without African nations’ support, China could not have defeated those proposals.

---

*The principle of noninterference has served to safeguard China’s own sovereign rights.*

---

Both China and Africa have suffered the ill-effects of the colonial era. This shared experience underlies the ideas of equality and respect for sovereignty that each highlight in their approach to international relations. For example, China shares the position of noninterference with the African Union on the Zimbabwean issue. In 2005, when Robert Mugabe demolished countless urban dwellings in an attempt to crack down on illegal shantytowns in Harare, Britain and the United States called on the African Union to act. However the African Union felt that it wasn’t appropriate for the African Union Commission to start running the internal affairs of member-states and gave Mugabe its blessing to resist sanctions imposed by the West.<sup>33</sup>

In the context of Darfur, there is debate among the international community

over whether or not the situation there should be described as “genocide,” invoking a responsibility on the part of the international community to protect the people there. The United States was the only major player to describe the conflict as “genocide,” neither the United Nations nor regional organizations use this term to describe that complex issue.<sup>34</sup> While the situation in Darfur is complicated, China and Africa share the view that different countries are in different stages of development and it is neither fair nor effective to use the standard of developed countries to judge the situation of developing countries. This foreign policy approach has remained unchanged since the beginning of Sino-African relations.

But the principle of noninterference is not absolute to the African Union. When joining the African Union, all members agreed on the aim of bringing an end to intra-African conflict. In Sierra Leone and Liberia the African Union has stepped in to halt humanitarian disasters. In Togo and Mauritania, the African Union intervened in support of democracy. China respects the African Union’s principles and the goal to end conflict on the continent, but views itself as having no right to intervene in the domestic affairs of African countries as an outsider.

And though there are many critics of China’s absolute adherence to the principle of noninterference, even in the face of human rights violations and political corruption in African countries,<sup>35</sup> China does not consider itself qualified to make judgments on the domestic affairs of African countries and considers the African Union more qualified to do so. China’s policy of noninterference does not equate to ignoring humanitarian disasters, rather that China respects the sovereignty of nations and acknowledges its limits in solving such a crisis. In diplomatic discussions with African nations, China does make suggestions on issues of governance and intra-state affairs. What distinguishes Chinese suggestions from Western interventions is that they are provided in a friendly rather than coercive manner.

On the issue of Darfur, China has consistently opposed economic sanctions on Sudan.<sup>36</sup> China believes the Darfur issue is an issue related to development,

where sanctions would only bring more trouble to the region, especially in light of a United Nations Environment Programme (UNEP) 2007 report that states: “Environmental degradation, as well as regional climate instability and change, are major underlying causes of food insecurity and conflict in Darfur.”<sup>37</sup> Since the Darfur issue is a conflict between different Sudanese peoples, and nation building is a difficult process for any country (in the United States for example, the civil war killed about 600,000 people after 80 years of independence), the international community has to give Sudan some time to solve this problem. China’s aid targets the root cause of conflict – poverty. China has aided infrastructure development such as schools, hospitals and water projects for Sudan. China has already given US\$10 million in humanitarian aid and promised to offer more.<sup>38</sup>

---

*China believes sanctions would only bring more trouble to Darfur.*

---

China also insists on using influence without interference – they view respect as vital to finding solutions. China has used its ties with Sudan to persuade the Sudanese government to cooperate with the United Nations.<sup>39</sup> Since China has sought to alleviate the suffering of the Sudanese people with a solution agreeable to all parties, the Sudanese government trusts China. Recently, the Sudanese government has accepted the “hybrid peacekeeping force” in Darfur.<sup>40</sup> The turning point for the political process resulted from negotiations with the Sudanese government based on equality – not coercion or the threat of sanctions.

This principle of noninterference reflects China’s respect for the economic and political choices that African nations make: a position, it should be noted, that does not always play to China’s advantage. In fact, during the past 50 years, China has never used its aid commitments to intervene in African internal affairs.<sup>41</sup> In 2003, a Canadian oil firm decided to sell its interests in Sudan, which the China National Petroleum Corporation (CNPC) wanted to purchase. However, Khartoum turned the Chinese offer down and awarded the shares to an Indian firm instead. China respected and accepted the decision without interfering.<sup>42</sup>

The principle of equality in China’s dealings with other countries is more than

a slogan. Although today the concept is largely the norm between individuals, it has never been effectively applied to the realm of international relations. Powerful nations have always made the rules in the global community. Perhaps China's practice in Africa challenges this reality and offers an alternative model for interstate behavior.

### *Mutual Benefit*

Both China and Africa have always supported the common development of politics, economics and other areas. Prior to the 1980s, China backed the anti-colonial struggles and independence movements in Africa. During this period, numerous African nations returned the favor and gave political support to China. In 1971, China regained its seat at the United Nations with the help of 26 votes from African countries (out of 76 affirmative votes). Chairman Mao Zedong described it bluntly: "We were brought back into the United Nations by our black African friends."<sup>43</sup> In the last number of years, China has supported African candidates for the position of U.N. Secretary-General as well as reform of the Security Council in favor of greater representation of African nations; while the African countries have supported China on the issues of human rights and Taiwan.<sup>44</sup>

However, a reorientation of China's policy towards Africa has given priority to economic cooperation. The rich natural resources of Africa help satisfy China's increasing demand for raw materials and energy. Conversely, Chinese energy investment in Africa is often accompanied by aid for infrastructure, which helps to attract more foreign investment in Africa. In Sudan, Chinese companies have been involved in the oil production industry for roughly a decade. China not only now imports a great percentage of Sudan's total oil exports,<sup>45</sup> but these companies also help Sudan to establish a complete and viable oil export industry from exploration, production and refining to sales of crude oil, gasoline and petrochemical products.<sup>46</sup> China also shares the benefits of trade and commerce with Africa. In 2006, trade volume between China and Africa reached a value of \$55.5 billion, with African exports to China making up over half of that at \$28.8 billion.<sup>47</sup>

Some African scholars acknowledge China's role in helping African economies to achieve long-term growth through the principle of mutual benefit.<sup>48</sup> One particularly poignant analysis explains, "Unlike Belgium, which built roads solely for the extraction of resources in the Democratic Republic of Congo, China is constructing or improving roads that are suitable not only for the transport of resources but which citizens can also use to travel."<sup>49</sup>

Mutual benefit is also reflected in such areas as fair trade and debt reduction. China will further open its market to Africa by lifting tariffs on the number of items (from 190 to over 440 before the end of 2009) exported by countries in Africa that are least developed and have diplomatic relations with China.<sup>50</sup> In addition, when China benefits economically from Africa's emerging markets, it reduces and relieves African countries' debts. At Beijing Summit of the China-Africa Cooperation Forum in 2006, China waived all debt from governmental interest-free loans due at the end of 2005 for 31 heavily-indebted African countries.<sup>51</sup>

Technical assistance and cooperation in science and technology with Africa is an area that has largely been refused by Western countries but is now a rapidly expanding part of Sino-African relations.<sup>52</sup> Recent collaboration between China and Nigeria to launch a communications satellite, Nig-Sat I, is a groundbreaking project in which China has provided much of the technology necessary for launch, on-orbit service and even the training of Nigerian command and control operators. While Nigeria acquired satellite technology, China also gained from the collaboration by burnishing its credentials as a reliable player in the international commercial satellite market.<sup>53</sup> Additionally, China has recently sent oil expert and engineer Wang Qiming of Daqin to Sudan to provide African engineers with new technology that assists with the best-use practices of seemingly exhausted oil fields.<sup>54</sup>

---

*China is bringing science and technology to Africa.*

---

### *Summit Diplomacy*

China's core Africa policy principles have been elucidated by China's leaders.<sup>55</sup> Chairman Mao, while meeting with Asian and African visitors for the first



time in 1964, declared them close friends.<sup>56</sup> Despite changes in leadership and a transformation of political outlooks, President Hu Jintao, in reinforcing China's position in 2006, stated that "China and Africa are good friends, good partners and good brothers."<sup>57</sup>

Major meetings or "summit diplomacy" between Chinese and African heads of state also clearly reveal China's core policy principles. Since the 1960s, these meetings have been a key way to establish direct communication at the highest levels of government and set the tone of relations and bilateral policies. They have created mutual trust between heads of state and demonstrated mutual respect between China and African countries. As early as 1963-64, Premier Zhou's visits to Africa impacted the structure of international relations as China won the friendship of many African nations, expanding its diplomatic reach.<sup>58</sup> Throughout China's policy shifts in Africa in the 1980s, the Chinese Premier initiated more visits to Africa, designed to reassure Africa of China's committed friendship despite China's burgeoning growth and new business partnerships with previous ideological competitors. China stated publicly, "we will not forget old friends when making new friends, or forget poor friends when making rich friends."<sup>59</sup>

Importantly, summit diplomacy has sought to instill confidence in the consistent application of these principles to Sino-African relations. Reinforcing Sino-African cooperation on the basis of equality has become a tradition in Chinese diplomacy. While the West largely neglected Africa after the Cold War, China's foreign minister made his visits to African nations the first official stop abroad in every year from 1991 to 2007.<sup>60</sup> These visits have been both symbolic and real gestures of China's respect for Africa. Since the turn of the 21<sup>st</sup> century, two-way visits have dramatically increased.<sup>61</sup> The Forum on China-Africa Cooperation (FOCAC) has also been established, which in addition to its ambitious plans for Sino-African cooperation, provides a mechanism for routine meetings between Chinese and African heads of state.

### **Challenges and Risks**

While Africa has been transformed by China's growing presence on the con-

continent, conflict has also surfaced with expanding interaction, particularly with labor practices and market strategies, competing commercial and national interests, competition from Western players already established on the continent and striking a sustainable balance between industry and the environment China has recognized these challenges and is searching for the most tenable solutions.

### *Labor Practices and Markets Strategies*

With Chinese businesses and manufactured goods flowing into Africa, conflict over differing labor practices and market strategies has arisen between Chinese and African enterprises. Chinese entrepreneurs rarely employ local workers in Africa.<sup>62</sup> Rather, they are accustomed to bringing laborers from China and most management positions are filled by Chinese nationals. From an economic perspective, it is more efficient and convenient for Chinese entrepreneurs to recruit skilled workers in China than to train local workers. The former are often more familiar with the technologies and face fewer language and cultural obstacles in communication with management. Chinese laborers abroad are also more compliant to the demanding labor practices Chinese managers insist upon, and are accustomed to working longer hours, working during local holidays and working overtime on weekends.<sup>63</sup> Employing African workers entangles Chinese enterprises in local laws to a higher degree than employing Chinese nationals. There is no doubt that these factors have a dramatic effect on efficiency.

---

*Employing African workers entangles Chinese enterprises in local laws.*

---

Chinese company practices also lead to discontent among the communities in which these enterprises operate, who perceive that Chinese companies are not contributing enough to local economies and employment.<sup>64</sup> However, China's participation in African markets does help to improve the situation of African communities. Furthermore, as the role of Chinese enterprises shifts in Africa, the opportunity to contribute more to African society will emerge. In the past, Chinese enterprises were engaged in finite, short-term infrastructural "aid projects." However, profit-driven Chinese businesses are increasingly establishing them-

selves in African countries, with longer-term prospects. While for the moment such enterprises hire Chinese workers due to the short-term benefits they provide, as Chinese business continue to expand in Africa, they will shift towards greater localization of their practices. This change has the potential to eventually lower production costs and build a virtuous cycle of increased investment by Chinese companies and benefits to the local community.<sup>65</sup>

Another source of conflict arises from the success of Chinese goods in African markets, which are often better quality and cheaper than local products. While African consumers are happy, parallel domestic industries (especially textile industries) suffer as a result. This conflict is evidenced through two mass demonstrations in Dakar, one in support of Chinese merchants, the other in opposition.<sup>66</sup> Similar protests have occurred in South Africa. However tensions dissipated when Sino-South African government discussions over the issue led China to unilaterally impose quotas upon its textile exports in order to allow the South African producers time to make their products competitive. Solving these situations has been difficult but includes, in the first place, consultation between the governments of both sides.<sup>67</sup> In this regard, routine multilateral talks between China and Africa have the potential to play an important role, as the two sides can rapidly facilitate communication between the conflicting parties, reach an understanding and diffuse trade frictions before they escalate any further. In addition, China's willingness to export technologies to Africa will also help local industries to gradually raise the quantity and quality of production.

### *Chinese National vs. Corporate Interests*

The reality is that the interests of Chinese corporations operating in Africa lie in maximizing short-term economic gains, while Chinese national interests are more long term and focus on the overall relationship between China and Africa. Take the oil industry as an example. The main purpose of Chinese transnational oil enterprises in Africa is to make profits, which in this case means often selling processed oil back to the country of origin or another country wishing to purchase it, rather than back to China. In 1999, the Sudan project undertaken by China National Petroleum Corporation (CNPC) began producing oil with

an annual crude production figure over 2 million tons. However, only 266,000 tons were imported to China.<sup>68</sup> Although CNPC is a state holding company, its pursuit of profit is not necessarily coincident with China's pursuit of national interests.

The view that state-owned enterprises (SOEs) can be equated with the state is largely outdated.<sup>69</sup> Government and SOEs must compromise in order to maximize benefits for their increasingly divergent interests. China's inability to control the actions of its SOEs in Africa has been the subject of intense criticism by the West and is a significant cause of Western concerns about China's rising influence in Africa. This censure is unreasonable when the diverging interests and increasingly distant relationship between the government and these companies is taken into account.

### *Western Suspicions*

The presence of Western powers has been felt in Africa – from the colonial legacy and their geo-strategic influence during the Cold War, to the current advantage that their transnational corporations hold on the continent. Western countries still consider Africa in terms of their “spheres of influence” and China is usually considered as an “external player” in the region.<sup>70</sup> As the Chinese presence in Africa spreads and deepens, it is increasingly likely that conflicts between Chinese and Western interests will emerge, particularly in the competition to secure energy supplies.

Some Western analysts have criticized China's developing relations with Africa as based purely on securing oil supplies and other natural resources,<sup>71</sup> which has led to claims that China supports authoritarian regimes at the expense of “democracy” and “human rights.”<sup>72</sup> Sino-African relations were established long before China's demand for raw materials caused it to shift from a net oil exporter to importer in 1993. Also, while China imports oil from Africa, it exports electromechanical and high-tech products that satisfy critical needs in Africa, creating a rough equilibrium in the economic and trade relations between China and Africa. The oil drilling and exploration rights China has obtained in Africa have been obtained through international bidding mechanisms in accordance with in-

ternational market practices, posing no “threat” to any particular country. Rights to oilfields in Sudan and Nigeria were purchased by Chinese companies after the withdrawal of competitors.<sup>73</sup>

China’s demand for raw materials and energy enables the rich resources of Africa to be fully utilized, benefiting both Chinese purchasers and African suppliers. Chinese demand has stimulated raw material prices, increasing the income of resource-rich African countries and accelerating African development. For example, Nigeria has paid off its outstanding loans;<sup>74</sup> Sudan has gone from being a

---

*Profit-driven Chinese businesses with longer term prospects are establishing themselves in Africa.*

---

net oil importer to exporter. The investment of over 800 Chinese enterprises has promoted African industries and is breaking the longstanding hold that the West has had over trade in commodities between Africa and the rest of the

world.<sup>75</sup> Such investment is also enhancing the autonomy of African countries in production, sales and investment, which offers Africa more opportunities in terms of market options, investment partners, product prices, etc. Nevertheless, Sino-African trade in resources has the potential to help Africa win greater and truer independence.

As for the criticism that China is dealing with corrupt African regimes, a number of issues are at stake. First, the limits and norms of the international system only allow China to deal with sovereign states through their governments. Second, China has its own problems of human rights and corruption and therefore feels it does not have the right to criticize others. All governments, Western included, as well as international financial institutions, have corrupt elements. Rather than preaching good governance to others, they would gain far more credibility and avoid the label of hypocrisy if they first tackled their own corrupt practices.<sup>76</sup> Third, each nation may have a different judgment and opinion of “corruption.” China does not necessarily accept the naming and shaming of certain African regimes as corrupt by Western standards.

In its relations with Western powers in Africa, China needs both courage and wisdom – the courage to withstand Western criticism of its African policy

and the wisdom to fully engage with Africa while at the same time reassuring Western powers that such acts will not contradict their interests. The West and China have common interests in Africa regarding economic development and environmental protection, for example. China, Africa and Western countries must discuss effective methods for increasing cooperation on the continent together. Creating mechanisms of mutual trust and improving dialogue is the best way to prevent potential conflicts between China and the West over Africa.

### *Sustainable Development*

China has now realized the importance of comprehensive development, not just GDP growth. While China's past 30 years of rapid economic growth have led to unprecedented achievements, its negative effects are also becoming apparent. They include poor workplace safety, a deteriorating environment and a deficient social safety system, all of which must be balanced against sustainable economic growth. And, worse, some harmful and damaging Chinese practices are making their way to Africa. If China transplants these problems to Africa they will not only affect the healthy development of Sino-African relations, but also the future well-being of African people.<sup>77</sup>

---

*Chinese investment is breaking the hold the West has had over trade between Africa and the world.*

---

Because a culture of corporate responsibility has yet to mature in China, many of its unsafe production methods have appeared in Africa.<sup>78</sup> Unsafe working conditions in China lead to the deaths of 320 Chinese people each day.<sup>79</sup> In 2005, a blast at an explosives factory on the premises of a copper mine in Zambia killed 47 people; both the mine and the explosives factory were owned by Chinese enterprises.<sup>80</sup> Vice Chairman of the Standing Committee of the National Congress of China, Cheng Siwei, has harshly criticized Chinese enterprises, warning that a lack of social responsibility toward the communities they are working in will threaten their reputation and even their viability in African markets.<sup>81</sup>

Another issue, perhaps the most pressing in China now, is the environmental implications of China's rapid economic development. Some progress is being

made as the Chinese government works to standardize the behavior of Chinese enterprises overseas through the development of environmental and corporate laws.<sup>82</sup> Through these regulations, companies working overseas must factor social responsibility into their business plans and the Chinese government will have a closer supervisory role over them and an approval system for project applications. Successful implementation of these regulations will require government-to-government cooperation between China and African nations. The action plan agreed upon at the China-Africa Summit stresses the critical need for both sides to enhance communication and cooperation on environmental protection. While a good beginning, concrete steps to implement this are what is really needed, which are still absent to date. The interests of the local society must be considered adequately and only through establishing good relations with African people can win-win results be guaranteed for both Chinese enterprises and local communities.

### *A Promising Future*

China can enhance bilateral and multilateral cooperation by continuing to use its unique multilateral channels with Africa, as well as continuing to use international mechanisms, such as United Nations peacekeeping operations, to secure Africa's future. China can also use such routes to minimize and prevent conflict both today and in the future. China should exchange information and promote full and flexible consultations with other groups affected by its relations with Africa.

In order to manage the growing tensions resulting from the closer economic relationship between China and Africa, China must increase the frequency and depth of consultations both with African nations and other nations with interests in Africa. These tensions are most acute in the context of energy. China can help to reduce tensions resulting from competition for energy resources in Africa by building mutual trust in relations with other emerging countries (India and Brazil, for example), the European Union nations, the Group of Eight powers and international organizations. China should also initiate dialogue with a view to establishing an energy security mechanism on the basis of enhancing joint re-

search and development of alternative energy sources.

China's aid program will also require cooperation with other aid donors such that resources are utilized in the most effective way possible and for the maximum benefit of Africa is attained. The international effort of research and development related to AIDS and malaria control also provides broad prospects for medical cooperation and coordination between China and the United States or European countries, in Africa.<sup>83</sup> In order to achieve this, reliable mechanisms for collaboration based on mutual trust, should make a priority to help Africa.<sup>84</sup>

Sino-African cooperation has played a positive and multifaceted role in Africa. However, China's expanded presence in Africa brings new challenges for China's policies on the continent. China's policies will naturally lag behind the rapidly evolving economic, social and security environment in Africa and China will need to adjust accordingly. Although committed to meeting these fluid challenges, China will never waver in its principles of treating Africa with equality, respect and mutual development. ☺

## Notes

\* This is a revised version of my speech at the IFIC-JICA Seminar on "China's Aid to Africa – the Beijing Summit and its Follow-up," Jan. 29, 2007, *Japan International Cooperation Agency*, Tokyo, Japan.

<sup>1</sup> Segal, Gerald. "China and Africa," *The Annals of the American Academy of Political and Social Science*, Vol. 519 No.1 (January 1992) p.126.

<sup>2</sup> "CSIS Prospectus: Opening a Sino-U.S. Dialogue on Africa, 2003;" Muekalia, Domingos Jardo, "Africa and China's Strategic Partnership," *African Security Review*, Vol. 13 No. 1 (2004) p.8.

<sup>3</sup> Ministry of Foreign Affairs of the People's Republic of China, *China's African Policy*, published in January 2006.

<sup>4</sup> Duyvendad, J. J. L., *China's Discovery of Africa*. London: 1949; Filesi, Teobaldo, *China and Africa in the Middle Ages*, Frank Cass Publisher, 1972; Snow, Philip. *The Star Raft: China's Encounter with Africa*, (London: 1988); Wenkuan, M. and M. Fanren, *The Discovery of Ancient China in Africa*. (Beijing: Forbidden City Press, 1987); Fuwei, Shen. *China and Africa*. Beijing: (The Commercial Press, 1990) Zhouchang, A. and M. Tao, *The History of the Relations between China and Africa*. (Shanghai: East China Normal UP, 1996); Anshan, Li *The History of Chinese*



in Africa. (Beijing: Chinese Overseas Publishing House, 2000). For Chinese understanding and study of Africa, see Anshan, Li. "African Studies in China in the Twentieth Century: A Historiographical Survey," *African Studies Review*, Vol. 48 No. 1 (April 2005) pp.59-87.

<sup>5</sup> Ross, Robert (ed.), *China, the United States, and the Soviet Union: Tripolarity and Policy Making in the Cold War*, (New York, 1993) pp.11-61.

<sup>6</sup> *Selection of Mao Zedong's Thought of Foreign Affairs*, ed. by The Party Literature Research Center of the Communist Party of China Central Committee and the Ministry of Foreign Affairs, (Beijing: The Party Literature Press and World Affairs Press, 1994) pp. 403-13, 416-20, 463-7, 490-2, 497-502, 526-8, 587-8, 600-1.

<sup>7</sup> Qu Xing, *Fifty Years of the Foreign Affairs of China*, (Jiangsu Renmin Press, 2000) pp.375-376.

<sup>8</sup> Congolese Labor Party asked China Communist Party (CCP) to build inter-party relations to promote cooperation in 1967, 1968 and 1969. The CCP refused for the reason that it was not a communist party. Partido Frelimo had been in contact with the CCP and its Chair had visited China many times. He also proposed to build inter-party relations, but the CCP refused for ideological reasons. Later Partido Frelimo invited the CCP to attend its Third Central Committee, but also failed. Their relations did not start to develop normally until 1981.

<sup>9</sup> Cornelissen, S. and I. Taylor, "The political economy of China and Japan's relationship with Africa: a comparative perspective," *The Pacific Review*, Vol. 13 No. 4 (2000) p.616; Brautigam, Deborah, *Chinese Aid and African Development*, Macmillan Press, 1998, pp. 175-195.

<sup>10</sup> Ibid

<sup>11</sup> Ogunsanwo, Alaba, *China's Policy in Africa* (Cambridge University Press, 1974) pp.180-240; Barnouin B. and Y. Changgen, *Chinese Foreign Policy during the Cultural Revolution*, (London, 1998) pp.75-78; Wang Qinmei, "The Up and Downs in Sino-African Relations;" Long Xiangyang, "The Preliminary Probe to the Sino-Africa Relations from 1966 to 1969," in *China and Africa* ed. by Center for African Studies, Peking University, (2000) pp59-71, 72-86.

<sup>12</sup> Li Jiasong, (ed.), *Big Events in the History of Foreign Affairs of People's Republic of China* Vol. 2, (Beijing: World Affairs Press, 2001) pp.310-311; Huang Zhen, "Paving the Road of Friendship to the Awakening Africa, Endless Longing," in *Endless Remembrance* (The Party Literature Press, 1987) pp.364-373.

<sup>13</sup> The proportion of China's expenses for foreign aid to financial expenses increased from 1970 to 1973, from 3.5 percent in 1970, to 5.1 percent in 1971, 6.65 percent in 1972, and to 7.2 percent in 1973. During this period, there were 66 countries that received China's aid, the amount of which accounted for two-thirds of China's total to countries of the Third World. "Studies on Foreign Relations from 1966 to 1976," *China and the World*, Issue 5, (2005).

<sup>14</sup> *Fifty Years of Friendly Relations between China and Africa*. (Beijing: World Affairs Press, 2000).

<sup>15</sup> Li Anshan, *Studies on African Nationalism*. (Beijing: China International Radio Press, 2004), pp. 291-300; Li Anshan, "Africa in the Perspective of Globalization: development, aid and cooperation," *West Asia and Africa*, Issue 7, (2007).

<sup>16</sup> *Yearbook of China's Foreign Economic Relations And Trade 1994*. (Beijing: China Social Press, 1994) p. 62.

<sup>17</sup> Li Anshan, "On the Adjustments and Changes of China's Foreign Policy to Africa," *West Asia and Africa*, Issue 8, (2006).

<sup>18</sup> Namely, the principle of equality, mutual benefit, efficiency, diversity and mutual development, *People's Daily*, Jan. 15, 1983.

<sup>19</sup> The description of The 12th CPC Assembly, <http://www.people.com.cn/GB/shizheng/252/5089/5104/5276/20010429/467489.html>.

<sup>20</sup> "CCP's relations with Asian and Latin American parties are strengthened," *People's Daily*, Sept. 8, 1982.

<sup>21</sup> Jiang Guanghua, *Historical Recording of Visiting Foreign Parties* (Beijing: World Affairs Press, 1997) pp. 191, 451, 667, 670-1; Li Liqing, "The History and Current Situation of Sino-African Communications," in *Western Asia and Africa*, (Issue 3, 2006); "The profitable try on deepening the Sino-African relations," *Modern World*, (Issue 6, 2002); Zhong Weiyun, "Current situation of African parties and the communication between CCP and African parties," *China and Africa*, ed. by Center for African Studies, Peking University, pp. 129-142.

<sup>22</sup> The former Party Secretary of Beijing, Jia Qinglin, visited Uganda and promoted coffee trade cooperation in 2000; the former Party Secretary of Shandong Province, Wu Guanzheng, the Party Secretary of Guangdong Province (2004) in 2001; Zhang Dejiang, and the Party Secretary of Hubei Province (2005), Yu Zhengsheng, visited Africa, and the economic and trade delegation signed many cooperation agreement with African countries.

<sup>23</sup> Jiang Guanghua, *Historical Recording of Visiting Foreign Parties*, (Beijing: World Affairs Press, 1997) pp. 130, 303-5, 442-443, 621-622. China trained and educated 2,675 military intellectuals for Africa between 1955 and 1977. Weinstein, W. and T.H. Henriksen, (ed.), *Soviet and Chinese Aid to African Nations*, (New York: Praeger Publishers, 1980) pp. 102-111.

<sup>24</sup> For Africa's different response to the ideology of USSR and China, see Ottaway, Marina, "Soviet Marxism and African Socialism," *Journal of Modern African Studies*, (September 1978) pp.477-487.

<sup>25</sup> Chazan, Naomi et al, *Politics and Society in Contemporary Africa*, (CO: Boulder, Lynne Rienner Publishers, 1992) p.410.

<sup>26</sup> Mahamat, Adam, "Africa starting to rise in partnership with China," *China Daily*, North American Edition, (New York: Jan. 13, 2006) p.4.

<sup>27</sup> Hu Yaobang, the once General Secretary of CPC, pointed out in 1982: "According to historical experience and economic situation, the form of "giving as a gift" in foreign economic aid is harmful to both sides" in *Selection of Important Literature after the Third Plenary Meeting of the 11th Central Committee of CCP* Vol. 2, ed. by The Party Literature Research Center of the CPC Central Committee.

<sup>28</sup> Li Anshan, "On the Adjustments and Changes of China's Foreign Policy to Africa," *West Asia and Africa*, (Issue 8, 2006).

<sup>29</sup> Lin Mei, "The Reform and Practice of Foreign Economic Aid: Conference of Exchanging Experience on promoting the discount government loans in foreign economic aid," *International Economic Cooperation*, (Issue 11, 1997).

- <sup>30</sup> He Xiaowei, "Further Promoting the Reform of the Way of Foreign Aid and Abiding by the Agreement Foreign Aid," *Yearbook of China's Foreign Economic Relations And Trade 1997/98*, (China Economics Press/China Economic Herald Press, 1997) p.75.
- <sup>31</sup> Qu Xing, *Fifty Years of the Foreign Affairs of China*. (Jiangsu Renmin Press, 2000) pp.375-376.
- <sup>32</sup> "The Chinese principles and position of human rights," *People Daily*, Apr. 3, 2006.
- <sup>33</sup> "African Union defends Mugabe," *The Guardian*, Jan. 25, 2005.
- <sup>34</sup> "Darfur: A 'Plan B' to Stop Genocide?," US Department of State, Apr. 11, 2007. For more information on the list of declarations of genocide in Darfur, see [http://en.wikipedia.org/wiki/International\\_response\\_to\\_the\\_Darfur\\_conflict](http://en.wikipedia.org/wiki/International_response_to_the_Darfur_conflict) Declarations\_of\_genocide.
- <sup>35</sup> Eisenman, Joshua, "Zimbabwe: China's African Ally", *China Brief*, Vol.5, No.15, July 5, 2005, pp.9-11; Yitzhak Shichor, "Sudan: China's Outpost in Africa", *China Brief*, Vol.5 No. 21, Oct. 13, 2005, pp. 9-11; Eisenman J. and J. Kurlantzick, "China's Africa Strategy," *Current History*, May 2006, p.223.
- <sup>36</sup> "China Urges Patience on Sudan, Opposes Sanctions," *Reuters*, May 31, 2007.
- <sup>37</sup> See UNEP, *Sudan Post-Conflict Environmental Assessment*, 2007, p. 329, [http://postconflict.unep.ch/publications/UNEP\\_Sudan.pdf](http://postconflict.unep.ch/publications/UNEP_Sudan.pdf); John Utec, the Sudanese Ambassador to the United States, provided the same explanation in his speech at Press Club at the end of May, 2007.
- <sup>38</sup> "Confrontation over Darfur 'will lead us nowhere'," *China Daily*, July 27, 2007, [http://www.chinadaily.com.cn/2008/2007-07/27/content\\_5445062.htm](http://www.chinadaily.com.cn/2008/2007-07/27/content_5445062.htm)
- <sup>39</sup> "What Kind the Darfur Issue Is: a special interview with the special representative of Chinese government," *Chutian Metropolis Daily*, July 8, 2007.
- <sup>40</sup> "Sudan government deals with Darfur issue with a light pack," *Xinhua News Agency*, [http://news.xinhuanet.com/world/2007-07/15/content\\_6377969.htm](http://news.xinhuanet.com/world/2007-07/15/content_6377969.htm).
- <sup>41</sup> Li Anshan, "Africa in the perspective of Globalization: development, aid and cooperation," *West Asia and Africa*, (Issue 7, 2007).
- <sup>42</sup> Sautman, B. and Y. Hairong, "Wind from the East: China and Africa's Development," paper presented at "China's New Role in Africa and Global South", Shanghai, May 15-17, 2007, p.3.
- <sup>43</sup> Weng Ming, "Person Selected Right Before the Journey: Lord Qiao's first visit to the UN," *World Affairs: Diplomats in the UN*, ed. by Fu Hao and Li Tongcheng, (Beijing: Chinese Overseas Publishing House, 1995), p. 9.
- <sup>44</sup> Qian Qichen, *Ten Notes on Diplomacy*, (Beijing: World Affairs Press, 2003), p.255.
- <sup>45</sup> In 2006, China took 64 percent of Sudan's oil exports. See Pan, Esther, "China, Africa, and Oil," Council for Foreign Relations.
- <sup>46</sup> "Revelations on China Oil Project in Sudan," *Oilnews Online*, [http://www.oilnews.com.cn/gb/misc/2002-08/01/content\\_115986.htm](http://www.oilnews.com.cn/gb/misc/2002-08/01/content_115986.htm).
- <sup>47</sup> "Special Report at the Year-end: The remarkable achievement of Sino-African economic and trade cooperation in 2006," Ministry of Commerce of China, <http://www.mofcom.gov.cn/aarticle/difang/jiangsu/200701/20070104327108.html>.
- <sup>48</sup> Davies, M. and L. Corkin, "China's Market Entry into Africa's Construction Sector: The case of Angola," Paper presented to the international symposium "China-Africa Shared Development", Beijing, Dec. 19, 2006, p. 10.

<sup>49</sup> Marks, Toya, "Want's China's Investment in Africa?" *Business Enterprise*, (New York, March 2007) p.34

<sup>50</sup> "Eight steps to boost China-Africa partnership," *Xinhua News Agency*, Jan. 30, 2007

<sup>51</sup> China has remitted a total debt of \$10.9 billion of 21 African countries. *Xinhua News Agency*, Oct. 17, 2006.

<sup>52</sup> In the international conference "China's New Role in Africa and Global South" (May 17, Shanghai), a Kenyan student pointed out that the United States has been doing business with Nigeria for decades, it has never thought about launching the satellite for Nigeria. China did it, although for the government, it will definitely benefit Nigerians as well.

<sup>53</sup> "China launched satellite for Nigeria," *Xinhua News Agency*, May 14, 2007.

<sup>54</sup> "Wang Qimin is Welcomed by Sudanese," *China Petroleum Daily*, June 26, 2007.

<sup>55</sup> "The Sino-African relations comments of Chinese leaders," *Today China*, <http://www.china.com.cn/chinese/zhuanti/zf/442107.htm>.

<sup>56</sup> Li Jiasong (ed.), *Big Events in the History of Foreign Affairs of People's Republic of China*, pp. 432-3, 438.

<sup>57</sup> "Good Friends, Good Partners and Good Brothers," *People's Daily Online*, June 22, 2006.

<sup>58</sup> Brian Horton, Chief diplomatic correspondent of Reuters, believes that Zhou Enlai's visit is "a big move for China to expand China's presence and influence in Africa," and "a significant development in Asian-African political relations and the relations between the East and the West." The Christian Science Monitor published an article, "Beijing focuses on Africa" on Dec 9, 1963, stating that this visit "has long-term significance" and "helps to confirm the remote but mutual-beneficial relations between Beijing and burgeoning Africa" and "this relation may reposition the diplomacy of countries in the international community in the coming ten years." AFP and other European media also said that Zhou Enlai's visit to Africa is the start of China's important diplomatic offensive to Africa. See Lu Ting'en, "The Example of Summit Diplomacy between China and African Premier Zhou Enlai's first visit to Africa", *China and Africa*, Africa Research Center of Beijing University ed., (Beijing University Press, 2000) p.5.

<sup>59</sup> *Yearbook of China's Foreign Economic Relations And Trade 1986* (Beijing: Outlook Press, 1986) p. 47.

<sup>60</sup> Zhang Kunsheng, "Journals of the African Trip," *Observation and Reflection*, (Issue 5, 2006).

<sup>61</sup> In the year 2000, five national leaders of African countries visited China, and five Chinese counterparts visited Africa; between 2002 and 2004, 30 national leaders of African countries visited China.

<sup>62</sup> "The opportunities and risks for textile enterprises to invest in Africa," *CNTextile.com*, Nov. 7, 2006, <http://news.ctei.gov.cn/show.asp?xx=79750>.

<sup>63</sup> "Chinese in Africa," *Southern Weekly*, July 26, 2007.

<sup>64</sup> Brookes, Peter. "Into Africa: China's Grab for Influence and Oil," Institute for International Studies at The Heritage Foundation, Feb. 9, 2007, <http://www.heritage.org/Research/Africa/hl1006.cfm>.

<sup>65</sup> For example, the Chinese oil company is improving its practice in Sudan, which was

praised by both the Sudanese government and people. "CNPC is on the Internationalized Road with Win-Win," *Economic Daily*, July 13, 2007.

<sup>66</sup> From a discussion with American scholar D.Z. Osborn, and a conversation with Togo journalist Adama Gaye in the seminar "China in Africa: Geopolitical and Geoeconomic Considerations" held by Harvard University, from May 31 -June 2.

<sup>67</sup> In the seminar "China-Africa Link" held by The Hong Kong University of Science and Technology on Nov 11-12, 2006, a South African scholar stated that it is certain South Africa could benefit from the Chinese government's decision to reduce its textile exports to South Africa, but it still had to deal with the challenges posed by textiles from Malaysia and Vietnam. The key to the textile problem for South Africa is not to cut the import of Chinese textiles, but to strengthen the competitive age of South African textiles.

<sup>68</sup> Zha Daojiong, "China's Oil Interests in Africa- An International Political Question." *Studies of International Politics*, (Issue 4, 2006) p.56.

<sup>69</sup> Su-jian, H. and Y. Jing, "The Nature, Objectives and Social Responsibility of State-owned Enterprises," *China Industrial Economy* 2006, No.2, pp. 68-76.

<sup>70</sup> Berger, Bernt, "China's Engagement in Africa: Can the EU Sit Back?" *South African Journal of International Affairs*, 13:1 (Summer/Autumn, 2006), pp.115-127; Lyman, Princeton, "China's Involvement in Africa: A View from the US," *ibid*, pp.129-138.

<sup>71</sup> Giry, Stephanie, "China's Africa Strategy," pp.19-23; Lyman, Princeton, "China's Rising Role in Africa," July 21, 2005, [http://www.cfr.org/publication/8436/chinas\\_rising\\_role\\_in\\_africa.html](http://www.cfr.org/publication/8436/chinas_rising_role_in_africa.html).

<sup>72</sup> Eisenman, Joshua, "Zimbabwe: China's African Ally", *China Brief*, Vol. 5, No. 15, July 5, 2005, pp. 9-11.

<sup>73</sup> "Nigeria gives China oil exploration licences after auction," *Agence France-Presse*, May 19, 2006.

<sup>74</sup> Li Anshan, "China-African Relations in the Discourse on China's Rise," *World Economics and Politics*, (Issue 11, 2006).

<sup>75</sup> Naidu, S. and M. Davies, "China Fuels its Future with Africa's Riches," *South African Journal of International Affairs*, 13:2 (2006) pp.69-83.

<sup>76</sup> Bossard, Peter, "China's Role in Financing African Infrastructure.", Paper presented at "China's New Role in Africa and Global South." Shanghai, May 15-17, 2007.

<sup>77</sup> China's management of Sudan oilfield is a good example. Sudanese network has pointed out the effect of environmental benefits in the latest issue.

<sup>78</sup> "African Investment Became under Supervision," Oct 8, 2006, <http://news2.eastmoney.com/061008,490464.html>.

<sup>79</sup> Cheng Siwei, "China can not accept the theory of capitalism without morality concerns", *China Economics Weekly*, (Issue 5, 2007) p. 13.

<sup>80</sup> "Blast at Zambia Copper Mine Kills 47," *The New Zealand Herald*, Apr. 21, 2005, [http://www.nzherald.co.nz/location/story.cfm?l\\_id=473&ObjectID=10121648](http://www.nzherald.co.nz/location/story.cfm?l_id=473&ObjectID=10121648).

<sup>81</sup> Cheng Siwei, "China can not accept the theory of capitalism without morality concerns," *China Economics Weekly*, Issue 5, 2007, p. 13.

<sup>82</sup> In the past three years, the Chinese government has put into effect a series of laws and regulations to enhance the management of foreign aid and foreign labor service cooperation projects, such as the Measures for the Accreditation of Qualifications

of Enterprises Undertaking the Construction of the Complete Foreign-aid Projects (2004), Measures for the Accreditation of Qualifications of Projects for Foreign-aid Materials (2004), Administrative Regulations on Operation Qualifications of Foreign Cooperation of Labor Service. Currently, the government is working on the Provisions of the Management of Foreign Contracted Projects and the Provisions of the Management of Foreign Cooperation of Labor Service and will put them into effect soon.

<sup>83</sup> Li Anshan, "China's Engagement in Africa: Singular Interest or Mutual Benefit?" Paper presented at Expert Roundtable Meeting, "Resource Governance in Africa in the 21st Century," Berlin, March 26-28, 2007; Stith, Charles, "Africa-Sino Relations: A Summary Assessment from an American Perspective," *International Politics Quarterly*, 2006:4 (102), pp. 21-31.

<sup>84</sup> China and Europe, as well as China and the United States are trying to build this mutual trust system. CSIS's report on the relations between China and Africa in 2007 also addressed the possibility and necessity for China and Africa to build bilateral and multilateral cooperation as well as cooperation between governments, enterprises and non-governmental organizations. See Gill, B. Huang, C., and J. S. Morrison, "China's Expanding Role in Africa: Implications for the United States," (CSIS, January, 2007). This is a report released after its delegations returned from exchanging opinions with China on the relations among China, Africa, and the United States at the end of last year.

# THE WASHINGTON QUARTERLY

ALEXANDER T.J. LENNON, EDITOR-IN-CHIEF

*"The Washington Quarterly stands out in a crowded field. It covers diverse topics while simultaneously probing deeply on key subjects. The issues are topical and timely, to the point of being prescient. What more can one ask?"*

— SHAHRAM CHUBIN, DIRECTOR OF RESEARCH, GENEVA CENTRE FOR SECURITY POLICY, SWITZERLAND

recent issues explore:

- Do the Major Powers Matter?
- New Tools to Fight Proliferation
- Combating Al Qaeda's Splinters
- Pakistan: Global Security's Pivotal State
- The End of the post-9/11 Sino-U.S. Honeymoon?

*"The Washington Quarterly consistently presents its readers with in-depth analysis of all sides of today's critical geostrategic debates."*

— ZBIGNIEW BRZEZINSKI, FORMER NATIONAL SECURITY ADVISER

# Oil and Conflict in Sino-American Relations\*

*Peter Hatemi and Andrew Wedeman*

## Conflict in the Making?

Will China's rise provide it with the power to challenge U.S. hegemony in East Asia? This question has triggered debate in U.S. policy and academic circles for over a decade, spanning democratic and republican administrations. On the one hand, members of the "Blue Team" (or "Dragon Slayers"), most of who operate in conservative policy circles, argue that China is already or will soon become a threat to American national security.<sup>1</sup> However, there is also the "Red Team" (alternatively "Panda Huggers"), who contend that conflict is not inevitable. They concede that economic development will lead to substantial increases in Chinese military capabilities but downplay the "China threat," arguing instead that a rising China could be peacefully integrated into the existing international system.

In large measure, the future of Sino-American relations remains unclear. Pow-

---

*Peter Hatemi is a professor at the University of Nebraska-Lincoln. Andrew Wedeman is associate professor and chair of Asian Studies at the University of Nebraska-Lincoln.*

---

**China Security, Vol. 3 No. 3 Summer 2007, pp. 95 - 118**  
**2007 World Security Institute**



er transition theory-driven models suggest that the probability of conflict may increase as the two nations approach power parity. However, strategic competition that develops over time may be balanced by cooperative, constructive interaction.<sup>2</sup> According to some, the existing mix of pressures is likely to yield a long-term scenario that will not culminate in war, but rather evolve toward a stable, if not tension-free, relationship.<sup>3</sup>

Power transition theory is not the only model that posits deteriorating Sino-American strategic relations. In recent years, rapidly rising Chinese energy demand has led to speculation about the consequences of increasing competition for oil imports.<sup>4</sup> China and the United States could find themselves at strate-

---

*Power transition theory suggests the probability of conflict between the U.S. and China*

---

gic loggerheads not because of shifts in relative power, but over access to oil. This is “lateral pressure theory,” which states that when a country is forced to look beyond its own borders for new supplies, it will likely run into conflict with

existing consumers of that resource.<sup>5</sup> Therefore, as the United States and China move closer to power parity, intensifying “lateral pressures” generated by competition for oil imports could become a significant and destabilizing factor in Sino-American relations.

It is not the simple combination of lateral pressures and power transition alone, but their timing that will shape the future of Sino-American strategic relations. For example, before power parity is reached between two states, a more powerful state may deter an energy-hungry but weaker one from challenging it for greater access to energy supplies. However, after the point of power parity, a state with a declining power may feel compelled to capitulate to the rising state’s demand for greater access to energy. Conflict will most likely occur when lateral pressures reach critical levels at roughly the same time as two states reach power parity.

Despite its inherently speculative nature, such analysis nevertheless suggests that lateral pressures will reach critical levels well before China attains even a minimal level of strategic parity with the United States.<sup>6</sup> As a result, China and

the United States are likely to find themselves locked into a zero-sum competition for energy at a point when the likely outcome of a Sino-American confrontation would still favor the United States. In such a situation, China would face a difficult choice. It would have to shy away from confrontation and risk the possibility that the United States could somehow restrict its access to the energy resources. Or, it may opt for a high-risk strategy aimed at forcing the United States to accept restraints on the consumption of imported energy. To further complicate this choice for China, the United States might preemptively act while it retains a power advantage, seeking to somehow deny China equal access to oil supplies.

### **Zone of Power Transition**

Power transition is an elegantly simple yet compelling theory. It posits that a weaker state, forced to abide by a system created by a more powerful state, will challenge the status quo when its power approaches that of the stronger state. Furthermore, it asserts that systemic war will most likely occur when a “rising” power “leapfrogs” over a declining hegemon.<sup>7</sup> While a power transition may be a necessary precondition for war, other factors are also at play. These may include the rising state’s dissatisfaction with the status quo, its level of risk-taking or its assumptions about the expected costs of war.<sup>8</sup> In short, states are more likely to fight a war when they approach parity than when there is a significant disparity in their power.<sup>9</sup>

Though notoriously difficult to measure, scholars generally assume that hard power grows out of economic power. It is reasonable to suppose that the more a state spends on acquiring military capabilities, the more likely it is to believe it will win a war.<sup>10</sup> There is not, of course, a neat linear relationship between gross domestic product (GDP) and military spending. States need not allocate the same amount of GDP to military spending. Some nations may offset their smaller economic size with higher spending. However, the ability to accomplish this is limited, and ultimately a link between economic size and military potential exists. It follows then, that the point of “power parity” will be proximate to

that of gross “economic parity.”<sup>11</sup>

There is a simple but important trade-off for a nation’s decision to commit GDP to the acquisition of military capability: because GDP is finite, the more money spent on military means the less that will be available for other important areas such as capital investment. Higher levels of capital investment increase economic growth which in turn propels the economy more quickly to reach economic parity. This gives a rising state the wherewithal to match a declining state in military spending more quickly. Consequently, a rising state has an incentive to keep capital investment high and military spending low. However, there does come a point where a rising state’s growing economy spawns domestic pressure for an increase in military spending. Because such tensions will arise before two states are on par economically, it follows that if a rising state sees conflict as probable or is intent on challenging the status quo, it may choose to ramp up military spending as a percentage of GDP to levels above those of the declining state if it wants to reach the same level of absolute spending.<sup>12</sup>

More critically, military capabilities are not simply a function of current military spending, but are accumulated over time. Thus, even if a rising power increases spending on new capabilities at levels higher than the dominant power, the declining power will still retain a military advantage for some time. As such, the point of actual parity in military capability will come after the point of equivalent military spending. Since the point of economic parity can be predicted with reasonable accuracy, the point of military parity can also be predicted, albeit much more imperfectly.

### *Reaching Economic Parity*

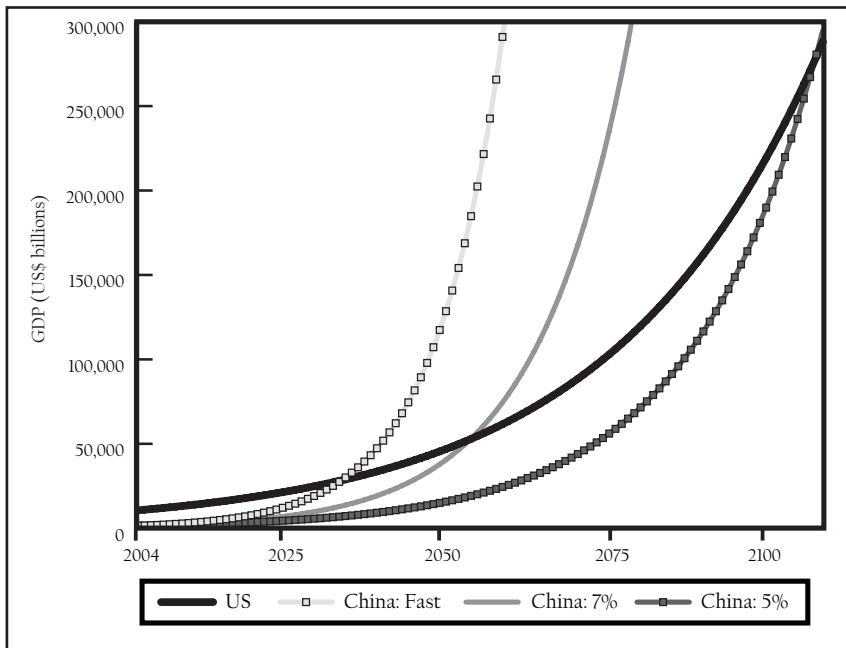
Even rough estimates of comparing economies heavily depend on assumptions about future growth rates.<sup>13</sup> The American economy grew at an average annual rate of 3.02 percent between 1980 and 2004, while the Chinese economy grew at an average rate of 9.49 percent during that same period.<sup>14</sup> If the Chinese economy were to continue to expand at that rate, it would equal the size of the American economy some time around 2037.<sup>15</sup> However, sustaining such a high average

growth rate over the next three decades will be difficult for China. If it grows at a more modest 7 percent, a goal the Chinese government has set for the current 11<sup>th</sup> Five Year Plan (2006-2010), economic parity would be reached 20 years later, at approximately 2057. Even a slower 5 percent average growth rate would not obtain parity until roughly 2112. Based on these growth rates estimates, China will likely reach parity with the United States sometime between 2070 and 2090.<sup>16</sup>

### Reaching Military Parity

When approximating the point of military spending parity, the nature and structure of defense spending must be considered. Parity in military spending depends to a degree on how U.S. defense expenditures are allocated. Because the United States is a global power, not all of its defense efforts are devoted to East Asia and hence China need not match U.S. spending dollar-for-dollar to reach parity in the region. The United States does not, however, stand alone in East Asia and if China were to become a contender for regional hegemony it would probably have to face not only the United States but other regional actors (and

Economic Projections<sup>17</sup>



U.S. alliance partners) such as Japan, whose defense expenditure of US\$42.3 billion in 2004 was greater than that of China, South Korea - which spent \$15.5 billion - and Taiwan, which spent \$7.2 billion.<sup>18</sup> China would still need to spend approximately half to two-thirds of that of the United States to reach a rough spending parity.<sup>19</sup>

Chinese defense spending primarily depends on assumptions about overall growth in the Chinese economy and long-term trends in the share of GDP devoted to defense. Official data on Chinese defense spending is known to be

---

*China could plausibly match the U.S. militarily in East Asia around mid-2040s.*

---

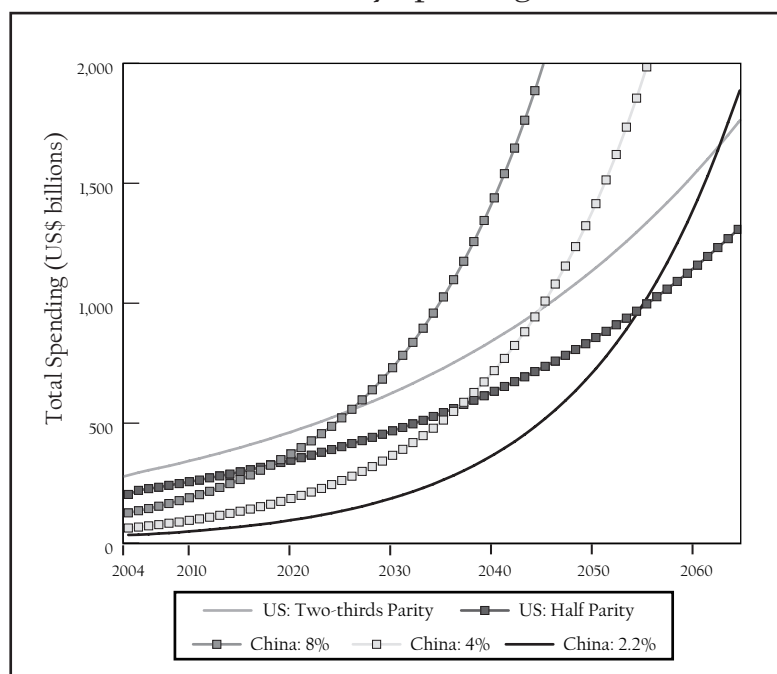
understated, as a considerable portion of total spending is omitted from reported expenditure figures.<sup>21</sup> Estimates by sources outside of China vary, ranging from an average of 2.2 percent of GDP up to an average of 9.3 percent annual ex-

penditure. Regardless, Chinese military spending remains a fraction of America's. However, if the Chinese economy continues to grow more rapidly than the American economy and if China allocates more of its GDP to defense than the United States, the gap will close and eventually Chinese spending will be on par with the United States.

For purposes of analysis, it is reasonable to assume that the Chinese economy will continue to grow at 7 percent and that American defense spending will remain at its historic level of 4 percent of GDP. If China were to maintain its military expenditures even at a low of 2.2 percent of GDP, its spending would equal half of America's by the year 2038 and two thirds by around 2047.<sup>22</sup> If, on the other hand, China were to spend at a level of 4.9 percent, as estimated by the International Institute for Strategic Studies (IISS), it would reach half-parity by 2033 and two-thirds parity by 2041. If it spent at the average rate estimated by the State Department (9.3 percent) it would reach half-parity by 2016 and two-thirds parity by 2024.

Spending close to 10 percent of GDP on defense would likely have an adverse affect on sustaining a 7 percent annual growth rate.<sup>23</sup> Nevertheless, such higher rates of defense spending are not beyond the pale. China could presumably

### Military Spending



spend at the rate suggested by the State Department data in an effort to quickly close the spending gap and then scale back once “military spending parity” is achieved. Other U.S. government data, however, suggest that actual spending is more in line with IISS estimates.<sup>24</sup> All of this considered, it seems likely that Chinese spending will reach critical levels some time between the mid 2030s and the mid 2040s.

Reaching half or two-thirds spending parity does not, however, mean that China would suddenly have equal combat capabilities. As noted earlier, there is a lag between an increase in military spending and an increase in capabilities.<sup>25</sup> This lag exists because it takes time to build up equipment inventories to comparable levels; train the manpower needed to operate and maintain new weapon systems; and develop the organizational capacity to effectively command and control forces.<sup>26</sup> Thus, even when China reaches spending parity with the United States, the People’s Liberation Army, Navy and Air Force would not necessarily be in a position to rival the resources the U.S. military could deploy in and

around East Asia. It might well take an additional decade – assuming of course, that the United States and its allies do not respond to a surge in Chinese defense spending by increasing their own.

The preceding estimates of when China will reach economic, military spending and combat capability parity with the United States are simplified and speculative. The purpose of presenting this analysis is not, however, to pinpoint exactly when parity will occur, but rather to define a framework for when the United States and China might begin to enter into a “power transition.” Based on such rough calculations, it appears that a Sino-American power transition will most likely occur sometime after the mid-2040s. At that point, China could plausibly match the defense expenditures that the United States could allocate to East Asia.

### **Enter Lateral Pressure**

Although China is likely to reach regional military parity with the United States around the mid-2040s, this does not mean that China will necessarily challenge the status quo. The latter is only likely if China either opportunistically challenges the United States or if China believes that it is at such a disadvantage that it feels compelled to challenge the status quo. For conflict to become likely, not only must two states be in relative power parity, but there must also be some tangible antagonism in the relationship capable of triggering serious conflict. Lateral pressure theory and its focus on resource scarcity as a source of interstate conflict provides one possible motivation for two states to collide.<sup>27</sup>

Because the economies of both the United States and China depend heavily on imported energy – primarily oil – the advent of a zero-sum situation where global demand exceeds supply could create a potential *casus belli*. Rising Chinese demand for oil imports will at some point create pressure on the global supply, and continued expansion of its imports will likely impinge on the U.S. ability to sustain its own import demand.<sup>28</sup> If a situation occurs where China thinks its national interests depend on its ability to increase its share of total imports and where the United States concludes that its national interests demand that it pre-

vent China from making further inroads into its share of total imports, conflict is likely.

In some cases, the search for new resources will manifest itself in the form of imperial expansion with the state conquering neighboring territories and establishing overseas colonies.<sup>29</sup> In other cases the search may take a less overtly military form and manifest itself in efforts to open up new markets, dominate current markets, obtain critical supply concessions or establish new trade networks. So long as resources are finite, both efforts to seize control of new supplies or to obtain them through the market are likely to generate conflict. Lateral pressure increases the potential for major powers to come into conflict, especially when competing states' spheres of influence in resource-rich peripheral regions begin to overlap.

---

*If global demand surpasses supply, it may create a potential casus belli.*

---

An important consequence of lateral pressure is the action-reaction process wherein one antagonistic activity (perceived or real) leads to a counteraction by the competing state. Activities that may be generated by one state due to considerations other than resource security, but that affect the resource security of another state, could also be perceived as a threat even though no threat was intended. The most important of these interactions is when the expanding activities and interests of two high-capability, high-lateral pressure states, such as the United States and China, collide. If the activities of either nation are perceived as threatening, the two may be caught in a security dilemma, wherein reciprocation of antagonistic actions may lead to war.<sup>30</sup>

### *The Oil Conundrum*

Although most countries rely on a combination of fuels, including coal and nuclear power, oil stubbornly continues to be the primary energy source for modern economies.<sup>31</sup> So long as a low cost energy substitute remains illusive, there will be a positive relationship between oil consumption and economic growth.<sup>32</sup> Oil is not only integral to economic growth, but has been "transformed into a determinant of well-being, national security and international power."<sup>33</sup> In

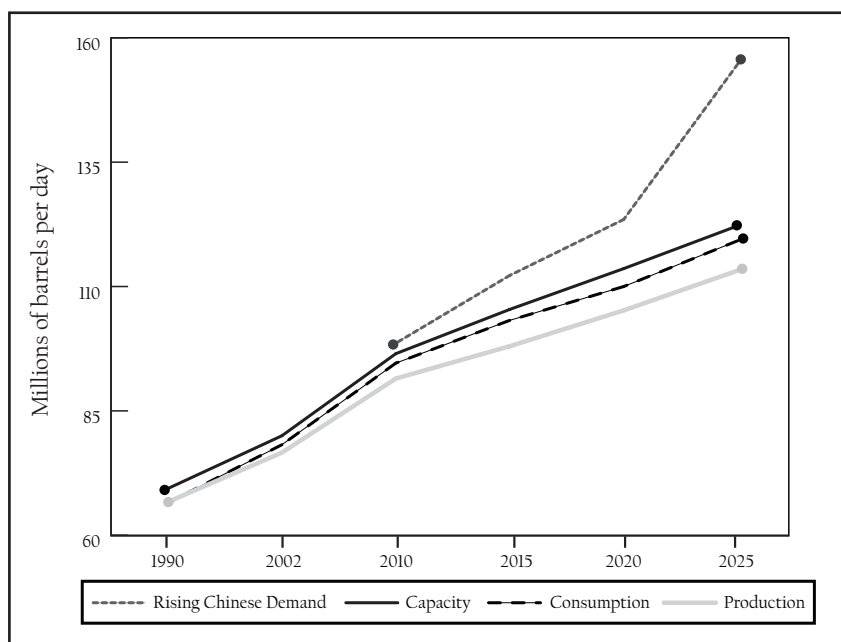


short, it has become a prerequisite to military power.

Moreover, for both the United States and China, imported oil has become critical,<sup>34</sup> accounting for 50 percent of total American consumption in 1980, rising to 60 percent in 1993, and then 70 percent in 2000.<sup>35</sup> Since becoming a net oil importer in 1993, rising demand has made China increasingly dependent on imported oil. By 2000, imports accounted for one-third of China's total oil consumption and the projections for 2010 and 2025 have imports accounting for 60 percent and 75 percent of China's total oil consumption respectively (see Appendix).<sup>36</sup> According to U.S. government projections, increasing Chinese demand for imported oil, along with increasing demand from other rapidly growing economies, will push total global demand from 78 million barrels a day (b/d) in 2002 to 103 million b/d in 2010 and to 119 million b/d in 2025.<sup>37</sup>

The challenge of securing the imported supply of oil is not new to the United States, as the 1970's oil shocks will attest to. Yet, oil import pressure for China is relatively new, as is the implications of China's growing demand for oil to world markets. Current projections by the U.S. Energy Information Agency (EIA) suggest that in the near future, demand will outstrip production but not necessarily total supply.<sup>38</sup> This implies that as Chinese consumption continues to rise over the next few years, demand pressures will also increase. Projections of future Chinese demand vary considerably but at present, Chinese consumption is a mere 0.003 barrels of oil per day per capita (b/d/k), a full 70 percent below the world average of 0.01 b/d/k and a fraction of consumption levels in other oil-dependent countries.<sup>39</sup> The EIA projections of Chinese demand estimate that consumption per capita will triple. If, however, rising automobile ownership raises capita demand to the levels of Japan or South Korea, as evidenced by China's recent commitment to expand its auto industry (not accounted for in EIA projections), oil demand would increase by a far greater margin. If these factors are taken into account, by 2025, China would require not 14.2 million b/d – the EIA's best guess projection – but rather some 50 million barrels, or close to half of the total global estimated supply.<sup>40</sup> In this scenario, as Chinese per capita consumption ramps up to that of its Northeast Asian neighbors, demand is projected to exceed produc-

### Global Oil Balance



tion by as early as 2010.

Even if it is assumed that growing demand will drive up prices and stimulate greater exploration, giving rise to higher production, the trend in oil consumption still suggests that lateral pressures could gradually build in the near term as China's rising demand is met by imports. In fact, there is evidence of lateral pressures already forming as China seeks access to oil resources in Central Asia, the Middle East, Africa, the Americas and Asia. China has also laid claim to potential oil resources in the disputed Spratly and Paracel islands and East China Sea regions.<sup>41</sup>

#### *China's Burgeoning Oil Acquisition*

China's outward push for new energy resources dates from the late 1970s and early 1980s when it initiated exploration in the Gulf of Bohai and the South China Sea. While the former field clearly lay within Chinese territorial waters and was hence not controversial, Chinese claims in the South China Sea were

disputed by Vietnam, the Philippines, Brunei and Malaysia. Chinese forces asserted Beijing's claims to a wide swath of territory stretching south from Hainan Island to the northern coast of Borneo and from the coastal waters of Vietnam to the coastal waters of the Philippines. This resulted in a series of clashes between 1994 and 1997, including an exchange of fire between Chinese patrol boats and the Vietnamese, Filipino and Malaysian navies. At the same time, China began issuing contracts granting drilling rights to Western oil companies in the disputed region, including areas where other governments had already issued overlapping drilling rights.<sup>42</sup>

Whereas China's previous moves to secure an energy supply took the traditional political form of laying claim to disputed territory (e.g., the South China Sea area), the more recent search for oil has shifted to one based on commercial means. Chinese oil companies began making significant overseas purchases in the early 1990s – which have, ironically, been made possible in part by the influx of dollars resulting from China's growing trade surplus with the United States.<sup>43</sup>

Prior to the Iraq War, China had oil investments in over 20 countries.<sup>44</sup> The U.S. invasion of Iraq in 2003 set back China's quest to import oil from the country. Even though U.N. sanctions in place prior to the war prevented China from exporting oil from Iraq, the Chinese had struck a deal in 1997 under the assumption that the sanctions would ultimately be lifted.<sup>45</sup> Once it had toppled that regime, the U.S.-controlled interim authority "froze" negotiations on contracts signed by Saddam Hussein's government.<sup>46</sup>

This "freeze" sparked more intense Chinese oil activity, as Iraqi oil had been a major part of China's long-term energy plan.<sup>47</sup> Since 2003, China's four major energy firms, China National Offshore Oil Corporation (CNOOC Ltd.), China National Petroleum Corporation, Sinopec and PetroChina, have struck deals with countries in Africa, the Middle East, South America and Central and East Asia. By early 2006, Chinese firms had entered into various sorts of oil ventures in over 50 countries worldwide. Perhaps more significantly, Chinese companies entered into contracts with Vietnamese and Filipino companies that involved joint exploration of the areas in the disputed Spratly Islands region.

Chinese Overseas Oil Ventures 1992-2005

Middle East and North Africa	Sub-Saharan Africa	Americas	Pacific	Former Soviet Union
Algeria	Anglola	Argentina	Australia	Azerbaijan
Egypt	Central African Republic	Bolivia	Brunei	Kazakhstan
Iran	Chad	Brazil	Indonesia	Kyrgystan
Iraq	Congo-Brazzaville	Canada	Mongolia	Russia
Kuwait	Congo-Kinshasa	Cuba	Myanmar	Tajikistan
Libya	Cote d'Ivoire	Ecuador	Papa New Guinea	Turkmenistan
Morocco	Equatorial Guinea	Mexico	Philippines	Uzbekistan
Oman	Gabon	Peru	Taiwan	
Saudi Arabia	Kenya	Venezuela	Thailand	
Syria	Madagascar		Vietnam	
Tunisia	Mali			
United Arab Emirates	Mauriania			
	Mozambique			
	Niger			
	Nigeria			
	Sudan			

Source: DOE "China Study."

As China's international oil companies activities expanded, they entered into regions where American and European oil companies have long been entrenched. In certain respects, the United States and China draw the bulk of their oil imports from different sources. Close to half of U.S. imports arrive from Canada, Mexico and Latin America and an additional quarter from the Middle East. On the other hand, over 25 percent of China's oil comes from fields in Asia and nearly 40 percent from the Middle East. Both, however, draw heavily on Sub-Saharan Africa, where Chinese companies have been aggressively pursuing new sources of oil in the Bight of Benin, the Sahel and in East Africa, a region largely unexplored until now where early reports indicate significant oil deposits.<sup>48</sup> Recent

Chinese ventures in Latin America, including Venezuela, encroach on an area long dominated by the United States. Chinese investments in oil interests and pipelines in Canada designed to channel oil to Pacific ports for export to China could divert supplies away from the United States. Chinese companies' efforts to expand their stake in Central Asia have also created tensions with Western oil companies.

A competitive commercial environment among oil companies need not give rise to the geo-strategic stresses assumed in lateral pressure theory. Nevertheless, the simple fact that oil companies from China and the United States now rely on "aging" producers means there is greater pressure to find new sources. They are vying for a larger slice of a shrinking pie as the number of countries that have not reached peak production is limited (see Appendix). This implies that competition is likely to intensify in Iraq, United Arab Emirates, Kuwait and Saudi Arabia, who are believed to remain below peak, and in Central Asia, where Khazakstan, Azerbaijan and Uzbekistan continue to expand production. Outside of these regions, only Bolivia, Vietnam and Thailand are currently experiencing growth in production.

### *Conflict Rising*

As China's petroleum consumption increases and dependence on imports of it deepens, Chinese companies have launched a significant worldwide drive to secure supplies. To an extent, they have looked to regimes that are unfriendly to the United States, such as Iran, Sudan and Venezuela. As the Bush Administration has branded Iran and Sudan "rogue" states and has an increasingly hostile relationship with Venezuelan President Hugo Chavez, China clearly risks being seen as part of a loose alliance of anti-American, anti-status quo states.<sup>49</sup> More critically, American and Chinese interests will be competing for access to the same fields. In some areas China has already begun an aggressive campaign of "dollar diplomacy" to secure relations with potential oil exporters.<sup>50</sup>

Even in the absence of direct competition, Chinese companies' aggressive pursuit of oil has created tension between Washington and Beijing. When CNOOC

tried to buy California-based UNOCAL, for example, some on Capital Hill demanded the sale be blocked for national security reasons.<sup>51</sup> More recently, President George W. Bush has warned “Beijing against trying to ‘lock up’ global supplies.”<sup>52</sup> The UNOCAL experience, therefore, is a likely harbinger of how commercial competition might boil over into more significant political tensions as American and Chinese companies press ahead with their search for oil.<sup>53</sup> In short, companies from the United States and China have already begun to jockey for position in the volatile oil fields of the Middle East, the Central Asian “stans,” the Americas and Sub-Saharan Africa, prompting American and Chinese diplomats to compete for the favor of these states. As a result, it seems reasonable to assume that as oil supplies tighten, Sino-American competition is likely to increase.

---

*Chinese companies’ aggressive pursuit of oil has created tension between Washinton and Beijing.*

---

### Manage with Extreme Caution

The basic question comes down to whether China, the classic “beta” state, will aggressively seek to challenge and possibly displace America, the “alpha state.”<sup>54</sup> While theoretically plausible, others counter that the “China Threat” scenario lacks a clear casus belli – a tangible trigger. There is no reason, the latter argue, why China would not “rise peacefully,” as the leadership in Beijing maintains it will.

The point at which “power transition” may occur can be estimated – albeit in broad terms – as can the point at which mounting demand for imported oil may begin to create significant “lateral pressures.” The implications are important: lateral pressures are likely to build to significant levels well before strategic parity. If commercial competition for overseas oil supplies were to spill over into strategic tension, they would do so before China would have the military wherewithal to successfully challenge the United States.

As such China would face a choice similar to the one Japan faced in 1940. Desperate to secure the oil needed to fuel its army in China, its Pacific fleet, and its

economy, Japan faced the choice of acceding to a regional system (imposed on it by the European powers in the late 19th century) or challenging the United States for domination of the Pacific and making a grab for the oil resources of Southeast Asia.<sup>55</sup> Possessing a short-term advantage in military capabilities, Japan gambled that it could knock the United States out of the war quickly.

Although there may be broad parallels between Japan's dilemma in 1940 and a scenario China may find itself facing in the future, this analysis is not predicting a Sino-American transitional conflict. Rather, by juxtaposing power transition and lateral pressure theories, this analysis illustrates how oil could become a major factor in Sino-American competition. In this light, two factors are salient.

First, time is not on China's side. Assuming oil remains the primary engine for economic growth and that its demand eventually outpaces supply, it is realistic to posit that China will at some point face a choice between acquiescing to the

---

*China may face a choice similar to the one Japan faced in 1940.*

---

status quo system or challenging it.<sup>56</sup> Because we predict that China will likely confront this choice before it enters the "zone of power transition," any challenge to the status quo would

entail great risks. However, acquiescing to a system biased in favor of the United States would deprive China of the oil resources it needs to sustain rapid development and could leave it a "stunted" and likely a disgruntled "second rate" power for a prolonged period. Even if Beijing were to judge the odds of winning a transitional conflict to be unacceptably low, it would set the stage for an increasingly hostile relationship between the rising and status quo power.<sup>57</sup> Finally, acquiescing to some sort of unequal system for access to oil does not necessarily mean that China will not ultimately reach strategic parity with the United States. Rather it simply pushes the point of parity further into the future. China could, therefore, opt for a slower transition.

Second, and equally important, this analysis suggests that competition for oil could result in a significant displacement of the locus of Sino-American tensions. For much of the recent past the "Taiwan problem" has been the source of recurring tensions between Washington and Beijing and it is often assumed that it

is the most likely trigger for a serious conflict.<sup>58</sup> However, the potential source of instability between the two countries could shift as American and Chinese oil companies jockey for control of oil resources in Central America, the Middle East, Sub-Saharan Africa and the Americas.

A shift in China's strategic focus away from Taiwan and East Asia has implications for a possible Sino-American power transition. As argued earlier, while China need not match American strategic power in its entirety in East Asia, competition for oil in areas such as Sub-Saharan Africa, Latin America and the Middle East could force China to expand its force projection. Doing so would, of course, impose additional costs on China and would move the point of strategic parity further into the future. This would widen the temporal gap between the build up of critical lateral pressures and strategic parity, and place China at an even greater disadvantage if competition for oil supplies were to lead to a Sino-American confrontation. Ironically, the displacement of the locus of Sino-American competition could actually exacerbate China's strategic disadvantage and thus dissuade China from adopting a confrontational foreign policy.

Despite this, the evidence suggests that China will probably continue to assertively pursue access to oil and that it will seek to make new inroads into areas that the United States has historically viewed as falling within its sphere of interest. The connection between lateral pressures and power parity suggests there will be a rising premium on the careful management of Sino-American relations by both Beijing and Washington. While conflict is far from inevitable, there is still a considerable risk that inept handling could transform competition for oil into much more serious geo-strategic conflict. ☹️



Appendix

Estimates of China's Defence Spending 1989-2004

	SIPRI		IISS		U.S. State Department	
	US\$	Percent GDP	US\$	Percent GDP	US\$	Percent GDP
1989	11,300	2.8			43,300	10.9
1990	12,100	2.7	11,300		47,800	11.6
1991	12,700	2.5	18,790		47,100	10.5
1992	15,300	2.7	24,300		50,100	9.7
1993	14,200	2.1	27,400		52,100	8.9
1994	13,500	1.9	28,945	5.6	53,600	8.2
1995	13,900	1.8	31,731	5.7	58,700	8.1
1996	15,300	1.8	36,176	5.7	64,500	8.1
1997	15,500	1.7	36,551	5.7	73,200	8.5
1998	17,800	1.9	38,191	5.3	86,100	9.2
1999	20,000	2.0	39,889	5.4	88,900	8.9
2000	22,000	2.0	42,000	3.9		
2001	25,900	2.2	43,551	3.7		
2002	30,300	2.4	51,159	4.1		
2003	32,800	2.3	55,948	3.9		
2004	35,400					
Average		2.2		4.9		9.3

### Origins of Oil Imports for China and the United States, 2004

	China		United States	
	Millions of Tons	Percent Total	Millions of Tons	Percent Total
United States	0.7	0.4		
Canada			104.8	16.4
Mexico			81.9	12.8
Latin America	4.1	2.4	130.6	20.5
Europe	2.6	1.5	48.1	7.5
FSU	18.0	10.7	13.8	2.2
Middle East	62.8	37.3	124.9	19.6
North Africa	2.1	1.3	23.3	3.7
West Africa	27.5	16.3	81.6	12.8
East Africa	5.8	3.4		
Australasia	2.2	1.3	1.4	0.2
China			1.0	0.2
Japan	2.1	1.3	0.4	0.1
Other Asia	40.0	23.8	7.1	1.1
Unidentified	0.5	0.3	19.5	3.1
Total Imports	168.4		638.4	

Source: BP Statistical Review of World Energy

### Top Ten Sources and Respective Peak Years

United States (2005)	Percent Imports	Peak Year	China (2003)	Percent Imports	Peak Year
Canada	16.90	1973	Saudia Arabia	16.57	2012
Mexico	13.24	2003	Iran	13.62	1974
Saudi Arabia	14.47	2012	Angola	11.10	1998
Venezuela	13.57	1970	Oman	10.18	2003
Nigeria	7.07	1979	Sudan	6.87	2005
Iraq	3.92	2018	Russia	5.77	1987
Algeria	3.11	1978	Congo	3.72	2000
United Kingdom	3.59	1999	Indonesia	3.66	1977
Angola	3.03	1998	Malaysia	2.23	2000
Russia	2.07	1987	Australia	1.96	1977
% total imports	80.97			75.68	2000
% total past peak	62.57			59.12	

Source: DOE "China Study."

## Notes

\* Portions of this paper appeared in Hatemi, Peter, *Lateral Pressure, China, and the Oil Problem*, Depart. of Political Science, Master's Thesis, University of Nebraska, Lincoln August 2004.

<sup>1</sup> See, e.g., Bernstein, R. and R. Munro, *The Coming Conflict with China* (New York: Alfred A. Knopf, 1997); Gertz, Bill, *China Threat: The Plan to Defeat America* (Washington, D.C.: Regnery, 2002); Mearsheimer, J. *The Tragedy of Great Power Politics* (New York: W.W. Norton, 2001).

<sup>2</sup> It should be noted that even those who predict future Sino-American conflict generally do not envision war but rather the two nations will become locked in a new cold war. See, e.g., Christenson, Thomas "Fostering Stability or Creating a Monster? The Rise of China and U.S. Policy toward East Asia." *International Security*, Vol. 31 No. 2 (Summer 2006) pp. 81-126.

<sup>3</sup> See, e.g., Friedberg, Aaron "The Future of U.S.-China Relations: Is Conflict Inevitable?" *International Security* Vol. 30 No. 2 (2005) pp. 7-45. Also see Johnston, Alastair "Is China a Status Quo Power?" *International Security*, Vol. 27 No. 4 (2003) pp. 5-56 and Zhu Zhiqu, "Power Transition and U.S. China Relations: Is War Inevitable?" *Journal of International and Area Studies*, Vol. 12 No. 1 (2005) pp. 1-24.

<sup>4</sup> Downs, Erica, "The Chinese Energy Security Debate," *China Quarterly*, No. 177 (2004) pp. 21-41 and Zweig, D. and J. Bi "China's Global Hunt for Energy," *Foreign Affairs*, Vol. 84 No. 5 (2005) pp.25-38.

<sup>5</sup> Choucri, N. and R. North, *Nations in Conflict* (San Francisco: Freeman, 1975).

<sup>6</sup> The "zero-sum" level is that point at which global demand equals or exceeds global supply.

<sup>7</sup> Organski, A., *World Politics* (New York: Alfred A. Knopf, 1968); Organski, A. and J. Kugler, *The War Ledger* (Chicago, IL: University of Chicago Press, 1980); and Morrow, James "The Logic of Overtaking," in Kugler, J. and D. Lemke, eds., *Parity and War: Extensions of the War Ledger* (Ann Arbor, MI: University of Michigan Press, 1996) pp. 313-330.

<sup>8</sup> Geller, Daniel, "Relative Power, Rationality, and International Conflict," in Kugler, J. and D. Lemke, eds., *Parity and War: Extensions of the War Ledger* (Ann Arbor, MI: University of Michigan Press, 1996) pp. 127-143; Woosang, K. and J. Morrow, "When Do Power Shifts Lead to War?" *American Journal of Political Science*, Vol. 36 No. 4 (1992) pp. 896-922.

<sup>9</sup> See Houweling, H. and J. Siccama, "Power Transition as a Cause of War," *Journal of Conflict Resolution*, Vol. 32 No.1 (1998) pp. 88-102; Houweling, H. and J. Siccama, "Power Transitions and Critical Points as Predictors of Great Power War," *Journal of Conflict Resolution*, Vol. 35 No. 4 (1991) pp. 642-658.

<sup>10</sup> While it is hard to predict how the interplay between a state's actual military capabilities and its self-perception of those capabilities will affect its decision to go to war, we can reasonably assume that the more a state spends on increasing its military capabilities, the more likely it is to believe it can win a war.

<sup>12</sup> It should be noted that economic parity is in terms of total GDP, not necessarily per capita income. Hoge, James, "A Global Power Shift in the Making," *Foreign Affairs*, Vol. 83 No. 4 (2004); Keohane, R. and J., *Nye Power and Interdependence* (New York: Longman, 2001).

<sup>13</sup> Morrow, James, "The Logic of Overtaking," in Kugler, J. and D. Lemke, eds., *Parity and*

War: Extensions of the War Ledger (Ann Arbor, MI: University of Michigan Press, 1996) pp. 313-330.

<sup>14</sup> Significant differences in GDP measurements exist depending on whether exchange rate or the purchase power parity (PPP) method is used. The International Monetary Fund (IMF), for example, estimates that a PPP per capita income in China was over four times larger than it would appear when using the simple exchange rate method. In this case, the gap between the Chinese and American economy would be smaller at present and China would reach parity with the United States sooner. In fact, estimates using the PPP method point to convergence in roughly 2015. Because China remains heavily dependent on arms and technology imports, however, lower Chinese domestic prices are less relevant for our purposes because China must pay world prices, not Chinese prices, for its arms and must do so either in dollars or other hard currencies. We are also uncertain about the actual cost of weapons purchases within China. It is not clear, therefore, that PPP estimates of the Chinese economy better predict the point of gross convergence. We have thus opted to rely on the exchange rate method.

<sup>15</sup> According to the IMF World Economic Outlook database, <http://www.imf.org/external/pubs/ft/weo/2007/01/data/index.aspx>.

<sup>16</sup> Other estimates predict similarly, with estimates that China will reach parity with the United States between 2025 and 2035 in Tammen, Ronald and Jacek Kugler, "Power Transition and China-US Conflict," *The Chinese Journal of International Politics*; and Chinese estimates that predict economic parity at between 2025 and 2040 in Yan Xuetong, "The Rise of China and its Power Status," *Chinese Journal of International Politics*, Vol. 1 No. 1 (2006) pp. 5-33.

<sup>17</sup> Per capita GDP increased 673 percent between 1980 and 2004, according to the IMF, World Economic Outlook Database, <http://www.imf.org/external/pubs/ft/weo/2004/02/data/index.htm>. In fact, the economic gap has thus far only narrowed slightly: whereas China's GDP equaled less than 3 percent of U.S. GDP in the 1970s, in 2004 it equaled 13 percent.

<sup>18</sup> Stockholm International Peace Research Institute (SIPRI), "Military Expenditure Database," see <http://www.sipri.org/>.

<sup>19</sup> The two-thirds threshold for spending parity assumes that although the United States has historically allocated less than half of its defense assets to the Asia Pacific region, its capabilities are augmented by its allies. We further assume that if Sino-American tensions were to increase significantly, the United States would likely transfer additional assets to the region. However, if American military assets were to remain tied down elsewhere, China could match U.S. military spending in the region at even less than our lower half spending threshold.

<sup>20</sup> The most systematic analysis of Chinese defense spending suggests that the official budget funds 60 percent to 70 percent of actual defense spending. See Crane, K., Cliff, R., Medeiros, E., Mulvenon, J. and W Overholt. "Modernizing China's Military: Opportunities and Constraints," (Santa Monica, CA: The Rand Corporation, 2005).

<sup>21</sup> As estimated by Stockholm International Peace Research Institute, <http://www.sipri.org/>.

<sup>22</sup> Stockholm International Peace Research Institute (SIPRI), "Military Expenditure Database," <http://www.sipri.org/>; The International Institute for Strategic Studies, *The Military Balance* (London: Oxford University Press YEAR), various years; and U.S. State Department,

Bureau of Verification and Compliance, World Military Expenditures and Arms Transfers, 1999-2000, <http://www.state.gov/t/vci/rls/rpt/wmeat/>.

<sup>23</sup> Cypher, J. "Military Expansion, Economic Decline: The Impact Of Military Spending On U.S. Economic Performance," *Journal of Economic Issues*, 19 (1985); DeGrasse, R., *Military Expansion, Economic Decline* (New York: Council on Economic Priorities, 1983); and Duchin, F. "Economic Consequences of Military Spending," *Journal of Economic Issues*, Vol. 17 No. 2 (1983) p. 543.

<sup>24</sup> There are varied estimates for Chinese defense spending. The CIA, for example, suggests that China spent \$55.91 billion on defense in 2002 and \$67.49 billion in 2003 or roughly 3.5 percent to 5.0 percent of GDP. (Central Intelligence Agency, World Factbook, various years), <https://www.cia.gov/library/publications/the-world-factbook/>. Averaging the spending ranges reported by the Department of Defense show Chinese spending rising from \$43.5 billion in 1999 to \$53 billion in 2001 and \$60 billion in 2003. In 2005, the Department of Defense raised its estimate to \$90 billion. "Annual Report on the Military Power of the People's Republic of China," various years. That same year, however, the Rand Corporation estimated that China spent \$69-78 billion. Mazzetti, Mark, "U.S., China Spar on Defense," *Los Angeles Times*, Oct. 20, 2005.

<sup>25</sup> Yan Xuetong, "The Rise of China and its Power Status," *Chinese Journal of International Politics* Vol. 1 No. 1 (2006) pp. 5-33.

<sup>26</sup> See Shambaugh, David, *Modernizing China's Military: Progress, Problems, and Prospects* (Berkeley, CA: University of California Press, 2003).

<sup>27</sup> Sources of conflict are absent from power transition theory.

<sup>28</sup> Choucri, N. , "Resource Constraints as Causes of Conflict," *Ecodecision September* (1991) pp. 52-55.

<sup>29</sup> Choucri, N. and R. North, *Nations in Conflict*; Choucri, N. and R. North, "Lateral Pressure in International Relations: Concept and Theory," Midlarsky, M., ed., *Handbook of War Studies* (Boston: Unwin Hyman, 1989) pp. 289-326; and Choucri, N., North, R. and S. Yamakage, *The Challenge of Japan Before WWI and After* (New York: Routledge, 1992).

<sup>30</sup> Choucri, N. and R. North, "Roots of War: The Master Variables," in Väyrynen, R., Senghaas, D. and C. Schmidt, eds., *The Quest for Peace: Transcending Collective Violence and War Among Societies, Cultures and States* (London: International Social Science Council, Sage Publications, 1987) p. 17.

<sup>31</sup> Even though lateral pressure theory originally assumed an 18th or 19th century environment wherein physical control of supplies was essential, the underlying notion that increasing demand and the search for supplies of critical resources remains valid, particularly with regard to oil.

<sup>32</sup> Koehane, Robert, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton University Press, 1984) and Kraft, J. and A. Kraft, "On the relationship between energy and GNP," *Journal of Energy and Development* 3 (1978) pp. 401-403.

<sup>33</sup> Ebel, Robert "The National Security Implications of Oil." Speech to the Wilmington Club. Wilmington, Delaware, 1999). Also see Ebel, Robert, "Oil Supply And Prices," FDCH Congressional Testimony, Feb. 13 2003.

<sup>34</sup> National Security Directive 54 explicitly links oil to national security. See NSD 54, Jan. 15 1991, available at [http://www.fas.org/irp/offdocs/nsd/nsd\\_54.htm](http://www.fas.org/irp/offdocs/nsd/nsd_54.htm).

<sup>35</sup> Energy Information Administration, *International Energy Annual 2003*, <http://www.eia.doe.gov/iea/>.

<sup>36</sup> Energy Information Administration, *International Energy Outlook*, (Washington, DC: U.S. Department of Energy, July 2005).

<sup>37</sup> *Ibid.*

<sup>38</sup> Increases in total demand for oil imports are, of course, not only caused by rising Chinese demand but also increasing demand from other rapidly growing economies in the developing world, including large economies such as India.

<sup>39</sup> Japan (0.04 b/d/k), South Korea (0.045 b/d/k), and the United States (0.071 b/d/k). See *ibid.*

<sup>40</sup> Estimate assumes China's population will continue to grow, but at a decelerating rate equal to that observed in the 1990s. This yields a population estimate of 1.24 billion in 2025.

<sup>41</sup> "China Briefing: PetroChina Hunts For Supplies Abroad," *Far Eastern Economic Review* Vol. 165 No. 12 (2002) p. 26; Henry, Kenny, "China and the Competition for Oil and Gas in Asia," *Asia-Pacific Review*, Vol. 11 No. 2 (2004); and Lague, David "Aggressive Search by CNOOC For New Oil and Gas Seen," *International Herald Tribune*, Aug. 5, 2005. In 2006, the U.S. Department of Energy identified twenty-eight countries with which Chinese oil companies had signed exploration agreements, bought equity in producing fields or had signed long-term supply contracts. See U.S. Department of Energy, "China Study," <http://resourcescommittee.house.gov/subcommittees/emr/GlobalDemand/DOE.ChinaStudy.pdf>.

<sup>42</sup> Cheng Guan Ang, "Vietnamese-China Relations since the End of the Cold War," *Asian Survey*, Vol. 38 No.12 (1998) pp. 1122-41. Beijing was able to avert open conflict by signaling that while the entire disputed area was its own by historic right, it was willing to enter into cooperative arrangements with other claimants designed to allow for joint economic development of the zone, including oil exploration. Lei, G., "Realpolitik Nationalism: International Sources of Chinese Nationalism," *Modern China*, Vol. 31 No. 4 (2005) pp. 487-514; and Chen, J. "China's Spratly Policy: With Special Reference to the Philippines and Malaysia," *Asian Survey*, Vol. 34 No. 10 (1994) pp. 893-903.

<sup>43</sup> China's annual bilateral trade surplus with the United States rose from \$10.4 billion in 1990 to \$83.8 billion in 2000, \$124.1 billion in 2003, and \$201.6 billion in 2005. In total, the United States "exported" \$1.1 trillion through the trade deficit between 1985 and 2005 (U.S. Census Bureau, Foreign Trade Statistics, see <http://www.census.gov/foreign-trade/balance/c5700.html>).

<sup>44</sup> For information regarding foreign activity of Chinese NOCs see Article Title Central News Agency, May 16, 2002.

<sup>45</sup> *Middle East Economic Digest*, June 20, 1997.

<sup>46</sup> *Financial Times*, June 5, 2003

<sup>47</sup> BP Statistical Review of World Energy, June 2005, <http://www.bp.com/genericsection.do?categoryId=92&contentId=7005893>.

<sup>48</sup> United States Commission on China, "Report To Congress of the US-PRC Security Review Commission, The National Security Implications of the Economic Relations between the United States and PRC US-PRC Commission." 2002 p. 105.

<sup>49</sup> Sanger, David, "China's Oil Needs are High on U.S. Agenda," *The New York Times Online Edition*, Apr. 19, 2006.

<sup>50</sup> For example, in Angola, where both the United States and China have oil interests, China has granted substantial commercial loans financing imports of Chinese goods, not only allowing Chinese companies to entrench themselves into local markets but also currying substantial goodwill from the Angolan government. China has already made substantial in-roads and is gaining significant influence there. See, Joel Weigert, Commercial Attaché's Office, United States Embassy, Luanda, Angola, Personal Interview, April 2006.

<sup>51</sup> Such a move proved unnecessary when the UNOCAL board elected to sell out to Chevron instead. UNOCAL owned rights to oil fields in Thailand, Indonesia, Myanmar, Bangladesh, the Netherlands, Azerbaijan and Congo-Kinshasa, with combined proven reserves of 1.20 billion barrel of oil equivalents (boe), and had exploration rights in Vietnam. It also owned rights to 0.56 billion boe in the United States. (UNOCAL website <http://www.unocal.com/aboutucl/index.htm>). Although it was widely assumed that CNOOC's primary motive in bidding for control of UNOCAL was to secure its overseas assets, conservatives saw it as an effort to secure control over overseas supplies and hence the acquisition of leverage that China could use to pressure the United States. article name and author The Washington Times, July 5, 2005.

<sup>52</sup> Sanger, David, "China's Oil Needs are High on U.S. Agenda," *The New York Times Online Edition*, Apr. 19, 2006.

<sup>53</sup> Even without direct political tension, the strong demand for oil inherent in rapid Chinese growth most likely ensures relatively high crude prices and it is not unreasonable to assume that rising Chinese demand could push prices above current levels, which would not go unnoticed in the United States. However, given the relative strength of the Chinese and American economies, increased Chinese imports would likely come at the expense of importers less capable of bearing rising oil prices. Politically, however, this reality is likely to be overshadowed and obscured by claims that rising Chinese imports are hurting American consumers by squeezing supplies and thus forcing prices upward.

<sup>54</sup> Nazli and Choucri.

<sup>55</sup> Choucri, N., North, R. and S. Yamakage, *The Challenge of Japan Before WWI and After* (New York: Routledge, 1992) p. 23.

<sup>56</sup> Downs, Erica "The Chinese Energy Security Debate," *China Quarterly*, No. 177 (2004) pp. 21-41.

<sup>57</sup> The domestic political dynamics associated with a potential tightening of oil supplies in both China the United States remain outside the scope of this article. However, policy choices are not predicated on systemic factors alone and domestic politics likely play an important role in determining how governments respond to increasing competition for scarce oil. In this context we might reasonably expect that as rising demand drives domestic oil prices higher, intensified nationalism could create an increasingly hostile and volatile political context in which leaders in both countries might be tempted to adopt confrontational policies.

<sup>58</sup> Tammen, R. and J. Kugler, "Power Transition and China-US Conflict," *Chinese Journal of International Politics*, Vol. 1 No. 1 (2006) pp. 35-55.

# Revisiting North Korea's Nuclear Test

Zhang Hui

On Oct. 9, 2006, the North Korean government officially declared the success of its first nuclear test.<sup>1</sup> A few days later, on Oct.16, 2006, the U.S. Director of National Intelligence stated that collected samples of radioactive debris confirmed the underground test of a nuclear device in the vicinity of P'unggye, with a yield of less than 1 kiloton (kt).<sup>2</sup>

Although there is little uncertainty over whether or not North Korea exploded a nuclear device, its low yield casts doubt not only over the degree of its success, but also over the nature of the test and its implications. An explosive yield of approximately 1 kt is much smaller than the initial tests of other nuclear states, which have ranged from about 10 to 20 kt. As a result, many scholars have interpreted the test as a failure or “fizzle,” and argue that North Korea should not be recognized as a nuclear-weapon State. On the other hand, Chinese experts have stated that “if [North Korea] aimed for four kilotons and got one kiloton that is not bad for a first test ...we call it successful, but not perfect.”<sup>3</sup>

---

Zhang Hui is a research associate at Harvard University's Kennedy School of Government, and specializes in issues related to nuclear arms control and China's nuclear policy.

---

**China Security, Vol. 3 No. 3 Summer 2007, pp. 119 - 130**  
**2007 World Security Institute**



A re-examination of the evidence of the North Korean nuclear explosion suggests that the test was likely not a failure if Pyongyang had planned for a yield of 4 kt, as it told Beijing prior to the event. If the design yield of the device was indeed 4 kt, then it is possible that North Korea was pursuing a more compact warhead, which may have profound implications for its ability to deliver a nuclear device with its missile capabilities.

### **Estimating Explosive Yield**

In an effort to analyze the success of a nuclear test, it is critical to determine the actual yield of the nuclear explosion (nominal or explosive yield) as well as the yield that the device was designed to produce (design yield). A test with a 1 kt explosive yield from a nuclear device with a design yield of 1 kt would, of course, be a complete success. Conversely, the same 1 kt explosive yield from a device with a design yield of 50 kt would be a failure.

Without on-site measurements or North Korean cooperation, the best way to estimate the explosive yield of the Oct. 9 test is to analyze the seismic data of the explosion. Immediately following the test, reports from around the world noted a seismic wave magnitude (Mb) of between 3.5 and 4.9 on the Richter scale, equaling an estimated average seismic body wave magnitude of  $4.2 \pm 0.2$ .

Naturally, a degree of uncertainty exists in the conversion of seismic magnitude to explosive yield, which is affected by many different factors.<sup>4</sup> Similar seismic magnitude values can correspond to yields that differ by a factor of 10. For instance, variations in the geological structure of the test site can affect signal attenuation and will depend on the type of rock of the explosion cavity (hard, water-saturated rock versus dry, porous materials), or the way in which the explosion is emplaced (tamped versus detonated in a large cavity designed to muffle the signal). Also, for explosions below 10 kt it has been found that signals are not always transmitted to surrounding rock effectively,<sup>5</sup> thus increasing the uncertainty factor.

For known nuclear test sites, such as those in Russia, the seismic measurements would have an uncertainty factor of two.<sup>6</sup> Without better knowledge of the North Korean test site, it would be difficult to reduce uncertainty below a factor of two, especially when the test was of such a low yield. With an average magnitude value of 4.2 Mb, we can estimate the explosive yield (Y) of the North Korean test to be approximately 1 kt.<sup>7</sup> If we assume the more optimistic scenario of an uncertainty factor of two, then we can estimate with 95 percent confidence that the yield of North Korea's test was between 0.5 and 2 kt.<sup>8</sup>

### Seismic Estimation of Explosion Yield by Country

Nation/Organization	Seismic Magnitude (Mb)	Reported Estimated yield (kt)
<i>United States</i> U.S. Geological Service Government Los Alamos National Laboratory Columbia University	4.2	1.0 0.5-2.0 0.2-0.7
<i>South Korea</i> Government	3.6-3.7 later revised to 3.9	0.5 later revised to 0.8
<i>Japan</i> Japan Meterological Agency Kyushu University Tokyo University	4.9 4.4	0.3 0.5-3.0
<i>Russia</i> Russian Academy of Science Defense Minister Sergey Ivanov	4.0	5.0-15.0
<i>China</i> Government Chinese experts	4.1-4.2	1.0
<i>France</i> Atomic Energy Commission		≤ 1.0
<i>Norway</i> Norwegian Institute of Seismology NORSAR*	4.2	1.0-10.0
CTBTO**	4.0	

\*Norwegian National Data Center for verification with the Comprehensive Test Ban Treaty

\*\*Preparatory Commission for the Comprehensive Nuclear Test Ban Treaty

### Fizzle, Failure or Success

Given that the yield of the North Korean test was indeed much smaller than the initial tests of other nuclear states, was the Oct. 9, 2006, test a success or failure?

To answer this question, one must first assume that North Korea tested a plutonium device (Pu-bomb) rather than a highly enriched uranium (HEU) device.<sup>9</sup> Little is known about North Korea's HEU activities. It is estimated that even if Pyongyang has a dedicated HEU program, it would be at a research and development stage or, at most, have the capacity of a pilot experimental facility. Yet, even if North Korea has the capability to produce enough fissile material and the necessary equipment, it would still be several years away from producing enough HEU for one or two bombs.<sup>10</sup> On the other hand, North Korea already has enough separated plutonium for several nuclear weapons.<sup>11</sup> Given this, the assumption that the device exploded on Oct. 9, 2006 was a Pu-bomb is reasonable and very likely the case.

A primary difficulty with plutonium devices is the phenomenon of "pre-detonation." This occurs as the plutonium-239 (Pu-239) used in nuclear devices inevitably contains some plutonium-240 (Pu-240), an undesirable isotope as it decays by spontaneous fission and emits background neutrons at a high rate. The

---

*The evidence suggests the test was not a failure.*

---

high rate of neutron emission may cause the nuclear reaction not to be sustained for long enough, resulting in pre-detonation. This can happen, for example, if the detonators do not explode at the right time or if the neutron initiator misfires.<sup>12</sup> To reduce the probability of pre-detonation, a plutonium weapon would have to use an implosion device similar to the "Trinity" and "Fat Man" devices detonated over New Mexico and Nagasaki respectively, where conventional explosives surrounding the fissile material were used to rapidly compress the mass to a supercritical state.

The smallest possible yield resulting from pre-detonation is referred to as a "fizzle yield." Nuclear expert J. Carson Mark provided a criterion for identifying

pre-detonation as the chain reaction of approximately  $e^{45}$  fissions initiated before maximum criticality is achieved.<sup>13</sup> He estimates that in assembly systems similar to Trinity's, the fizzle yield is approximately 2.7 percent of the design yield. Robert Oppenheimer gave a similar estimate for a fizzle: around 700 tons from a 20 kt nominal yield, or 3.5 percent of the design yield.<sup>14</sup>

Whether the North Korean test was a failure depends on the design yield of the device tested. If North Korea's design yield was 20 kt, as was the case for other states' first tests, then a yield of 0.5 kt could be a fizzle yield (because the ratio of the test yield to the design yield is 2.5 percent: 0.5 kt/20 kt), which is less than the defined threshold for a fizzle yield (approximately 3 percent). However, if North Korea planned a yield of 4 kt, even a test yield of 0.5 kt (12.5 percent of design yield) would not be a fizzle yield. Indeed, Chinese officials have told American nuclear experts and diplomatic officials that Pyongyang informed Beijing in advance that they had planned to conduct an explosive test of approximately 4 kt.<sup>15</sup>

---

*The test may indicate that North Korea was pursuing a miniaturized warhead.*

---

Based on Mark's simplified model of the behavior of an implosion design<sup>16</sup> and von Hippel and Lyman's calculations of the probabilities of different yields,<sup>17</sup> we can estimate the probability of a particular explosive yield based on a given design yield for the Oct. 9 North Korean nuclear test.<sup>18</sup> Assuming that the test used an implosion assembly system and weapons-grade plutonium (94 percent Pu-239), there was a 26 percent probability that the explosion yield would achieve the design yield of 4 kt; about 44 percent that the yield would be in excess of 2 kt (one half of the design yield); approximately 63 percent that the yield would be in excess of 1 kt; and approximately 78 percent that the yield would be in excess of 0.5 kt.

In summary, an actual explosive yield of between 0.5 and 2 kt would not be unusual for a design yield of 4 kt. Thus, if North Korea had indeed planned to test a low-yield device on Oct. 9, it would have been neither a failure nor a fizzle.

**Probability of Explosive Yields based on Weapon Assembly (percent)<sup>19</sup>**

Assembly System (Speed in relation to Trinity)	4kt	> 3kt	> 2kt	> 1kt	> 0.5kt
Assembly system ~ Trinity	26	33	44	63	79
Assembly system 2 x Trinity	54	62	71	85	95

**Warhead Miniaturization**

Why would North Korea wish to design and test a low-yield nuclear device? Historically, when other nations developed nuclear weapons, the yields of their first tests were generally in the range of 10-20 kt, a larger size that is more manageable for building weapons. Also, it generally takes more than one test to weaponize a nuclear device and mate it to a missile. If North Korea planned a low-yield test, it could indicate that it already had confidence in its ability to explode a larger nuclear device and is pursuing a more compact warhead.

It may have done this for several reasons. A smaller test could have been conducted for safety purposes, in an attempt to contain radioactive materials underground. However, it is well known that completely sealing an underground explosion cavity is actually easier with an explosion of 20 kt than for one of 1- 4 kt.<sup>20</sup> Thus, assuming North Korean scientists knew of this fact, the safety rationale for a miniaturized test (as some experts have emphasized) is negligible and may even be discounted entirely.

Rather, if the Oct. 9 test was indeed planned as a low-yield test, it may indicate that North Korea is pursuing a miniaturized warhead.<sup>21</sup> Based on nuclear design experience from other countries, it can be estimated that, even without nuclear tests, North Korea would still be able to make warheads weighing between approximately 500 kg and 1000 kg. For example, Sweden designed several implosion-type nuclear devices as light as 600 kg and with a yield of 20 kt in around 1960.<sup>22</sup> Israel's bomb is believed to be less than 500 kg (which was designed with only one "suspected" test). Such a low-yield nuclear test would build North Korea's confidence in its ability to make an even more compact warhead — us-

ing the results of a test with an already small design yield, it could possibly pursue the development of a warhead weighing approximately 500 kg or even less.

In addition to the weight factor, the warhead must also be small enough to be mated to the appropriate missile. For that reason, weight-to-warhead size ratios should be considered. This is best estimated using an implosion Pu-bomb roughly based on the model set out by Fetter et al.<sup>23</sup> (As a comparison, modern U.S. warheads weigh 100-200 kg and have a warhead diameter of 0.28-0.48 m.)

Given these weight-to-size ratios, and the payload and body diameter of North Korea's existing missiles, the conclusion can be drawn that a warhead weighing around 500 kg could be feasibly mated to North Korea's current Scuds (with a range that covers South Korea), Nodong missiles (with a range covering Japan), or Taepodong 1 and 2 (both of which are two-stage rockets with an even longer range). A small warhead mated with a three-stage Taepodong 2 would also provide North Korea with the range to target the continental United States (although the July 4, 2006 long-range test was the latest in a series of failed tests for that missile system). Continued testing for a compact warhead as well as testing of its long-range missiles could allow North Korea's strategic nuclear-strike capability to expand from its current coverage of South Korea and Japan to U.S. territory.

This analysis is based on a number of estimates with considerable uncertainty, optimistic scenarios and relative unknowns. Yet, they all lie well within the realm of the possible and therefore lead to a number of alarming conclusions.

#### Warhead Weight versus Diameter (Implosive Device)<sup>24</sup>

Warhead Weight (kg)	130	200	400	500	600	800	1000
Diameter of Warhead (cm)	42	52	70	76	81	90	98

#### First Nuclear Tests

Nation	Year	Yield (kt)
United States	1945	21
Soviet Union	1949	20
United Kingdom	1952	25
France	1960	60
China	1964	20
India	1974	12
Pakistan	1998	9

If North Korea had planned a design yield of 4 kt, the test was quite likely a success. If this indicates that Pyongyang already had confidence that it could explode a simple nuclear device and is pursuing a much more compact warhead that could be mated with its current and potential missile capability, then this would have profound implications for its neighbors and the international community. Since the current nuclear crisis began in October 2002, North Korea has

---

*A small warhead mated with a Taepodong 2 could reach the continental United States.*

---

continued unhindered in its efforts to increase its nuclear capabilities: it has produced and separated more plutonium, manufactured nuclear weapons (statements made Feb. 10, 2005), and most recently conducted a nuclear test. While the current turn of events are positive and North Korea appears more cooperative for the time being, time is not on the side of those who want to halt this threat. The longer the crisis lasts, the greater North Korea's nuclear capability will be, and the higher the stakes for all. Therefore, resolving this nuclear crisis is an urgent matter that must be addressed immediately. ☹

North Korean Ballistic Missiles and Potential Nuclear Strike Capability<sup>25</sup>

	Range (km)	Payload (km)	Body Diameter (m)	Inventory	Compatible?	Potential Target
Sud B	320	1000	0.89	-100	Possibly	partial South Korea
Scud C	500	770	0.89	-300	Possibly	South Korea
Nodong	1350-1500	770-1200	1.30	-100	Yes	Japan
Taepodong-1	1500-2500	1000-1500	1.3/0.88	-15	Yes	
Taepodong-2	3500-6000	700-1000	2.2/1.3	-5	Unknown	>6000km Hawaii, Alaska
Taepodong-2 (three-stage)	-15000	400-600	--	--	Unknown	North America



## Notes

<sup>1</sup> The Korean Central News Agency, the official government news agency, issued the following statement: "The field of scientific research in the DPRK [North Korea] successfully conducted an underground nuclear test under secure conditions on Oct. 9, Juche 95 (2006), at a stirring time when all the people of the country are making a great leap forward in the building of a great, prosperous, powerful socialist nation. It has been confirmed that there was no such danger as radioactive emission in the course of the nuclear test as it was carried out under scientific consideration and careful calculation." For the full press release, see "DPRK Successfully Conducts Underground Nuclear Test," *Korean Central News Agency*, Oct. 9 2006, see <http://www.kcna.co.jp>.

<sup>2</sup> "Statement by the Office of the Director of National Intelligence on the North Korea Nuclear Test," *ODNI News Release No. 19-06*, Oct. 16, 2006. See <http://www.odni.gov>.

<sup>3</sup> Hecker, Siegfried, "Report on North Korean Nuclear Program," *Policy Forum Online* 06-97A, (San Francisco: Nautilus Institute, Nov. 15, 2006), <http://www.nautilus.org/fora/security/0697Hecker.html>.

<sup>4</sup> "Seismic Verification of Nuclear Testing Treaties," Office of Technology Assessment, OTA-ISC-361, (Washington, D.C.: Office of Technology Assessment, May 1988), [http://www.wws.princeton.edu/ota/ns20/year\\_f.html](http://www.wws.princeton.edu/ota/ns20/year_f.html).

<sup>5</sup> Ibid.

<sup>6</sup> The factor of uncertainty for a given measurement is defined as that number which, when multiplied by or divided into an observed yield, bounds the range which has a 95 percent chance of including the actual (but unknown) value of the yield (see *ibid.*). A combined Mb (body wave) and Ms (surface wave) approach may reduce the uncertainty factor to 1.3.

<sup>7</sup> It should be noted that, for different design yields, the relationship between explosive yield Y (in kt) and magnitude (Mb) could be different. There is no formula for very low design yield (less than 5 kt). If we apply relation for 5.3kt < Y < 120kt:  $Mb = 4.262 + 0.973 \log Y$ , then for an average value of Mb of 4.2, we can estimate an explosive yield Y of approximately 1 kt.

<sup>8</sup> It should also be noted that off-site air sampling could not have narrowed the explosive yield estimate. To further specify the yield estimate, on-site approaches would have been required, such as CORRTEx (Continuous Reflectometry for Radius versus Time Experiments) (see "Seismic Verification of Nuclear Testing Treaties", Office of Technology Assessment, OTA-ISC-361, (Washington, D.C.: Office of Technology Assessment, May 1988.) See [http://www.wws.princeton.edu/ota/ns20/year\\_f.html](http://www.wws.princeton.edu/ota/ns20/year_f.html)) and radiochemical analysis. However, both would have required the host country's cooperation, which is currently not possible in the case of North Korea.

<sup>9</sup> It should be noted that some experts believe that measurements of radioactive noble gases alone can determine the fissile material used in the North Korean test. (see, e.g., Smith, Harold, "Nuclear Forensics and the North Korean Test," *Arms Control Today*, November 2006, [http://www.armscontrol.org/act/2006\\_11/NKTestAnalysis.asp](http://www.armscontrol.org/act/2006_11/NKTestAnalysis.asp)). However, we consider that it would be too difficult to distinguish between a Pu-bomb and HEU-bomb test using this method, particularly if detection occurs two or more days after a test (see, e.g., Kang, J., von Hippel, F. and H. Zhang, "Letter to Editor: The North Korean Test and the Limits of Nu-

clear Forensics,” *Arms Control Today*, January/February 2007, [http://www.armscontrol.org/act/2007\\_01-02/LettertoEditor.asp](http://www.armscontrol.org/act/2007_01-02/LettertoEditor.asp)).

<sup>10</sup> Zhang, Hui, “Chinese Perspectives on the North Korean Nuclear Issue,” Paper presented at the Institute of Nuclear Materials Management 46th Annual Meeting, (Phoenix, Arizona: July 10-14, 2005.) See [http://bcsia.ksg.harvard.edu/BCSIA\\_content/documents/China\\_NK\\_paper\\_HuiZhang05.pdf](http://bcsia.ksg.harvard.edu/BCSIA_content/documents/China_NK_paper_HuiZhang05.pdf).

<sup>11</sup> See, e.g., Albright, D. and P. Brennan, “The North Korean Plutonium Stock Mid-2006,” *Institute for Science and International Security Report* (Washington, D.C.: Institute for Science and International Security, June 26, 2006) <http://www.isis-online.org/publications/dprk/dprk-plutonium.pdf>.

<sup>12</sup> Garwin, R. and F. von Hippel, “A Technical Analysis of North Korea’s Oct. 9 Nuclear Test,” *Arms Control Today*, November 2006. See [http://www.armscontrol.org/act/2006\\_11/NKTest-Analysis.asp](http://www.armscontrol.org/act/2006_11/NKTest-Analysis.asp).

<sup>13</sup> J. Carson Mark was the director of the Theoretical Division at Los Alamos National Laboratory, 1947-1972. See, Mark, J. Carson, “Explosive Properties of Reactor-Grade Plutonium,” *Science and Global Security*, Vol. 4 No. 1, (1993), pp. 111-124.

<sup>14</sup> Robert Oppenheimer discussed a fizzle yield: “The possibility that the first combat plutonium Fat Man will give a less than optimal performance is about 12 percent...and about 2 percent chance that it will be under 1,000 tons. It should not be much less than 1,000 tons unless there is an actual malfunctioning of some of the components.” See *ibid*.

<sup>15</sup> The author had confirmed this with Christopher Hill, chief U.S. negotiator for the Six Party Talks, when he spoke at Harvard’s Kennedy School of Government; see also Hecker, Siegfried, “Report on North Korean Nuclear Program,” *Policy Forum Online* 06-97A, (San Francisco: Nautilus Institute, Nov. 15, 2006.) See <http://www.nautilus.org/fora/security/0697Hecker.html>. In addition, some scholars may argue that Pyongyang may have been lying about its design yield to Beijing for various reasons. For example, if lacking confidence in a higher test yield from a larger design yield, Pyongyang may have understated the design yield so that a lower explosive yield would still show the test a success. However, this is unlikely as the lie would have been revealed under several scenarios including an explosive yield near or greater than 4 kt. The balance of the evidence suggests it would have been unlikely for Pyongyang to run such a risk.

<sup>16</sup> Mark, J. Carson, “Explosive Properties of Reactor-Grade Plutonium,” *Science and Global Security*, Vol. 4 No. 1, (1993), pp. 111-124.

<sup>17</sup> Von Hippel, F. and E. Lyman, “Appendix: Probabilities of Different Yields,” *Science and Global Security*, Vol. 4 No. 1 (1993) pp. 125-128.

<sup>18</sup> My estimations are based on the following assumptions: the device contained about 6 kg Weapons-grade Plutonium (WGPu: 6 percent Pu-240); spontaneous fission (SF) neutrons produced at rate of  $3 \times 10^5$  /sec;  $t_0 = 10^{-5}$  s ( $t_0$ : the time interval through which the system is supercritical prior to completion of the assembly as the shock wave from the high explosive reaches the center);  $t = 10^{-8}$ s ( $t$ : the lifetime of a fission neutron); and that the designed yield was 4 kt, as Beijing had been told.

<sup>19</sup> Assuming North Korea used 6 kg of WGPu, with a design yield 4 kt.

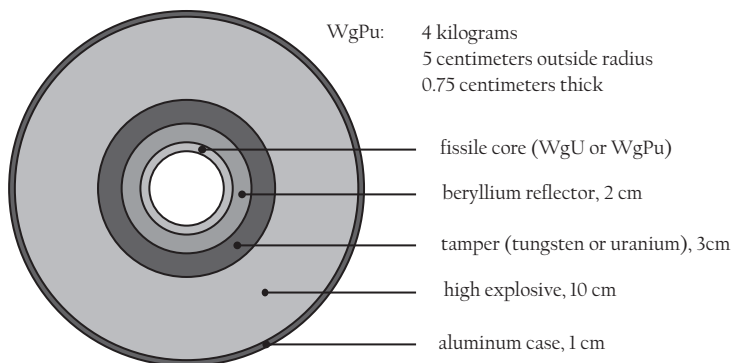
<sup>20</sup> Hecker, Siegfried, “Report on North Korean Nuclear Program,” *Policy Forum Online* 06-97A, (San Francisco: Nautilus Institute, Nov. 15 2006.) See <http://www.nautilus.org/fora/security/>

0697Hecker.html.

<sup>21</sup> It should be noted that there is not an explicit relationship between either warhead weight or size and the warhead yield. However, past nuclear tests by other nuclear states show a rough trend that lower-yield tests could be aimed at pursuing lighter warheads. Here, I assume the possibility that this trend could fit the North Korean test situation. See "Complete List of All U.S. Nuclear Weapons" *The Nuclear Weapons Archive*, Oct. 16, 2006. See <http://nuclearweaponarchive.org/Usa/Weapons/Allbombs.html>.

<sup>22</sup> Sweden had terminated the program by 1965.

<sup>23</sup> It should be noted that this article assumes that the first North Korean test device was designed with the Nagasaki-type solid core as discussed by Mark (Mark, J. Carson, "Explosive Properties of Reactor-Grade Plutonium," *Science and Global Security*, Vol. 4 No. 1, (1993), pp. 111-124), which has no behavioral relationship to the design of the Fetter et al hollow-core design as discussed here: Fetter, S., Frolov, V., Miller, M., Mozley, R., Prilutsky, O., Rodionov, S. and R. Sagdeev, "Detecting Nuclear Warheads," *Science and Global Security*, Vol. 1 No. 3-4, (1990) pp. 225-302. A more consistent approach may be needed to start with the Nagasaki design and try to estimate how much the yield would have been reduced if one reduced the tamper and high-explosive mass. However, we can assume that if North Korea continued to pursue warhead miniaturization, it could develop the Fetter et al hollow-core design in the future.



<sup>24</sup> See, e.g., Li, Bin "Nuclear Missile Delivery Capabilities in Emerging Nuclear States," *Science and Global Security*, Vol. 6 No. 3,(1997) pp. 311-331; Fetter, S., Frolov, V., Miller, M., Mozley, R., Prilutsky, O., Rodionov, S. and R. Sagdeev, "Detecting Nuclear Warheads," *Science and Global Security*, Vol. 1 No. 3-4, (1990) pp. 225-302.

<sup>25</sup> "North Korea Missiles" See <http://www.globalsecurity.org/wmd/world/dprk/missile.htm>.

## Bringing Chinese Perspective to Washington

The mission of *China Security* is to improve the understanding of China amongst Western policy practitioners and the public by providing Chinese experts' authoritative analysis on critical traditional and non-traditional security issues that impact China's Strategic Development and its relations with the United States and the world.

### Editorial Policy

*China Security* presents ideas from a wide range of intellectual traditions that cover both theoretical and policy-oriented research relevant to China and its security. As an independent journal, *China Security* provides a peer-reviewed forum for research publication that enhances the communication of concepts and promotes a creative dialogue within China and across national boundaries.

The articles in *China Security* do not represent any consensus of opinion. While readers may agree or disagree with the ideas presented in any one brief, it is our purpose to present a diversity of views rather than identifying with a particular body of beliefs. The analyses, interpretations and conclusions expressed in *China Security* are solely those of the individual authors and should not be attributed to the World Security Institute China Program, *China Security*'s Editorial Board or any individuals or organizations.

### Manuscript Types

#### *Analytical Piece*

A referenced article that provides an analytical description, discussion and prescription of solutions for any major challenge or trend in China. We welcome authors to provide new thinking about practical policy recommendations. Opinion pieces will not be accepted. Article length should be 3,000-7,000 words. We welcome papers written either in Chinese or English. Translated pieces will be subject to final review of the authors.

#### *Rebuttals*

If you wish to rebut a previous article published in one of our *China Security* issues, please follow the guidelines outlined above. Proper footnoting and referencing are required.

#### *Book and Literature Reviews*

Submissions should review recently published books or other forms of literature (monographs and journal articles) on topics related to the contents of *China Security*.

#### *Style and Content*

*China Security* uses AP style. The best guide to what we are looking for, in terms of both substance and style, is what we have already published. Prospective authors should examine issues of *China Security*. We rely on authors to ensure the veracity and originality of their statements. Unless otherwise informed, we assume any article submitted to *China Security* is exclu-

sively for *China Security*, and that any article accepted for publication in will not be published elsewhere simultaneously in any form without our knowledge.

### Edit/Review

All submitted manuscripts are reviewed by our editors. Whenever possible, we provide authors the publication status of their article within two weeks. Accepted submissions will be reviewed by our editors and external reviewers and authors will be notified about revisions within approximately four weeks of submission. Papers sent back to authors for revision should be returned within two weeks. Acceptance is contingent on an author's submission of complete and consistent data, an accurate reference list, and conclusions consistent with results demonstrated in the study. Inconsistencies and inaccuracies found after acceptance may warrant return of the manuscript for resubmission. The decision to publish a manuscript is solely the responsibility of the editors and Editorial Board. *China Security* keeps the names of authors and reviewers confidential during the peer review process to ensure objective and fair assessment of submissions.

## Call for papers

*China Security* welcomes unsolicited manuscripts and article proposals written in Chinese or English. Each quarterly issue of the journal focuses on a specific topic, but is open for submissions on other timely subjects related to areas of China's security. All articles should be supported with footnotes.

Submissions should be sent via email to: [publications@wsichina.org](mailto:publications@wsichina.org) or send to:

*China Security*  
Editor

China Program  
World Security Institute  
1779 Massachusetts Ave. NW  
Washington, D.C. 20036

Published by the World Security Institute and produced jointly with the Chen Shi China Research Group



World Security Institute  
1779 Massachusetts Ave. NW  
Washington, D.C. 20036  
[www.worldsecurityinstitute.org](http://www.worldsecurityinstitute.org)



Chen Shi China Research Group  
Suite 2480 Sunflower Tower  
37 Maizidian St. Chaoyang District  
Beijing, 100026 P.R.China