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The Impact of China's Engagement in Sub-Saharan Africa on U.S. Political and Economic Interests on the Continent (2000-2012)

Rigorózní práce

Praha 2014

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Rok obhajoby: 2014

Bibliografický záznam

KINDL, Lukáš. The Impact of China's Engagement in Sub-Saharan Africa on U.S. Political and Economic Interests on the Continent (2000-2012). Praha, 2014. 127 s. Rigorózní práce (PhDr.) Univerzita Karlova, Fakulta sociálních věd, Institut mezinárodních studií. Katedra amerických studií. Vedoucí *diplomové práce* Mgr. Jana Sehnálková.

Abstrakt

Rigorózní práce se zabývá růstem čínského angažmá v subsaharské Africe po roce 2000 a jeho dopady na politické a ekonomické zájmy Spojených států na kontinentu. Čína začala během prvního desetiletí tohoto milénia věnovat Africe zvýšenou pozornost, zejména ve formě rozvojové pomoci poskytované bez přídatných podmínek (kromě požadavku na uznání režimu v Pekingu) a četné diplomacie na nejvyšší úrovni, s cílem uspokojit stále rostoucí poptávku po nerostných surovinách, získat nové trhy pro své exporty a posílit své postavení na mezinárodní scéně. V USA začaly sílit obavy, že čínské aktivity představují hrozbu pro americké programy zaměřené na demokratizaci a zodpovědné vládnutí a že se Čína stává tvrdě hrajícím ekonomickým konkurentem v Africe. První dvě kapitoly charakterizují čínské, resp. americké zájmy v Africe, popisují strukturu aktérů podílejících se v obou zemích na formulaci a implementaci politik vůči Africe a rozebírají různé typy těchto politik a širších strategií. Třetí kapitola porovnává americké a čínské aktivity ve třech případových studiích zaměřených na Nigérii, Angolu a Súdán. Čtvrtá kapitola pak přináší komparaci hlavních rysů amerických a čínských politik vůči subsaharské Africe v obecné rovině. V rámci této kapitoly diplomová práce ověřuje hypotézu autora, že cílem čínských aktivit v Africe není snaha vytlačit USA z Afriky. Práce následně analyzuje dopad čínských aktivit na jednotlivé americké zájmy a vyjmenovává doporučení, jak mohou USA tento dopad zmírnit. Práce přitom pracuje s počáteční hypotézou, že existují jak oblasti s konvergencí amerických a čínských zájmů, tak oblasti s divergencí těchto zájmů.

Abstract

The rigorous thesis deals with China's increased engagement in Sub-Saharan Africa after 2000 and its impact on U.S. political and economic interests on the continent. In the first decade of the new millennium, China's search for natural resources, especially oil, to satisfy its growing demand, need to find new markets for exports, as well as China's aspiration to enhance its position at the international stage led Beijing to pay greater attention to Africa. China started to engage African countries through a combination of development assistance with no strings attached, except for the one-China principle, and high-profile diplomacy. The United States has become concerned that China might jeopardize its programs on democratization and governance and become a fierce economic competitor in Africa. In the first two chapters, the thesis describes the interests of China and the U.S, respectively, the main actors involved in the countries' respective Africa policies, and strategies and concrete policies these two world powers implement in Africa. The third chapter compares the U.S. and China's engagement in three case studies – on Nigeria, Angola and Sudan. The fourth chapter provides a comparison of the general features of the American and the Chinese policies towards Sub-Saharan Africa. The chapter then verifies the hypothesis of the author that China does not seek to push the U.S. away from Africa. It subsequently analyzes the impact of China's engagement in Africa on particular U.S. interests and offers suggestions on how the U.S. can minimize the negative impact of China's activities. By doing so, it works with a hypothesis that there are both areas where the American and Chinese interests converge and areas where the interests diverge.

Klíčová slova

Spojené státy, Čína, subsaharská Afrika, rozvojová pomoc, zodpovědné vládnutí, regionální stabilita, obchod, zajištění nerostných surovin, ropný průmysl, energetická bezpečnost

Keywords

The United States, China, Sub-Saharan Africa, development assistance, good-governance, regional stability, trade, resource endowment, oil sector, energy security

Rozsah práce: 203651

Prohlášení

1. Prohlašuji, že jsem předkládanou práci zpracoval samostatně a použil jen uvedené prameny a literaturu.
2. Prohlašuji, že práce nebyla využita k získání jiného titulu.
3. Souhlasím s tím, aby práce byla zpřístupněna pro studijní a výzkumné účely.

V Praze dne 22.8.2014

Acknowledgements

I would like to thank Mgr. Jana Sehnáková for her brilliant guidance and useful advices she provided me while I was writing the Master's thesis, which this rigorous thesis draws upon. She was really helpful to my effort from the very beginning when I first chose the topic of the thesis.

I would also like to thank prof. Vincent Wei-cheng Wang, Phd., for his excellent assistance during my preparatory research at the University of Richmond. He provided me with useful ideas and comments which inspired me in my work.

TEZE RIGORÓZNÍ PRÁCE

(tvoří přílohu přihlášky ke státní rigorózní zkoušce)

VYPLŇUJE UCHAZEČ:

Předpokládaný název rigorózní práce v češtině:

Dopad čínského angažmá v sub-saharské Africe na americké politické a ekonomické zájmy na kontinentu (2000-2012)

Předpokládaný název rigorózní práce v angličtině:

The Impact of China's Engagement in Sub-Saharan Africa on U.S. Political and Economic Interests on the Continent (2000-2012)

Předpokládaný termín předložení práce:

8.9.2014

Charakteristika tématu a jeho dosavadní zpracování žadatelem (rozsah do 1000 znaků):

Rigorózní práce se zabývá růstem čínského angažmá v subsaharské Africe po roce 2000 a dopadem na politické a ekonomické zájmy Spojených států na kontinentu. Čína začala během prvního desetiletí tohoto milénia věnovat Africe zvýšenou pozornost, zejména ve formě rozvojové pomoci poskytované bez přídatných podmínek (kromě požadavku na uznání režimu v Pekingu) a četné diplomacie na nejvyšší úrovni, s cílem uspokojit stále rostoucí poptávku po nerostných surovinách, získat nové trhy pro své exporty a posílit své postavení na mezinárodní scéně. V USA začaly sílit obavy, že čínské aktivity představují hrozbu pro americké programy zaměřené na demokratizaci a zodpovědné vládnutí a že se Čína stává tvrdě hrajícím ekonomickým konkurentem v Africe.

Rigorózní práce bude rozšířením diplomové práce na stejné téma, jež se soustředila na období 2000-2010. Rigorózní práce přinese navíc přehled vývoje v letech 2010-2012 a zároveň se vypořádá s námitkami vedoucího resp. oponenta původní diplomové práce. V současné době je autor ve fázi sběru dat pro časové rozšíření práce.

Předpokládaný cíl rigorózní práce, původní přínos autora ke zpracování tématu, případně formulace problému, výzkumné otázky nebo hypotézy (rozsah do 1200 znaků):

Cílem práce je zhodnotit, zda může Čína postupně v ekonomickém a politickém smyslu vytlačit USA z Afriky, resp. jaký mají čínské aktivity vliv na konkrétní americké zájmy a jak mohou Spojené státy zmírnit negativní dopad na tyto své zájmy. Práce přitom pracuje s hypotézou, že čínské aktivity na africkém kontinentu jsou primárně motivovány ekonomickými potřebami souvisejícími s rapidním ekonomickým růstem Číny, a že soupeření obou velmocí v Africe není nutně hrou s nulovým součtem. Pokud jde o vliv na konkrétní americké zájmy v Africe, práce se zakládá na hypotéze, že zatímco v případě ekonomického soupeření či přístupu k demokratizaci dochází spíše k divergenci zájmů obou velmocí, v případě bezpečnosti a stability na kontinentu dochází ke konvergenci zájmů.

Původní přínos autora spočívá ve vlastní analýze dopadu čínských aktivit na americké zájmy v subsaharské Africe, jež je podložena konkrétními empirickými daty zahrnujícími široké spektrum primárních zdrojů. Autor se přitom opírá o vlastní dlouhodobý výzkum, zahrnující i bádání v oboru v rámci pobytu na University of Richmond v USA.

Oproti diplomové práci přinese rigorózní práce nová data z let 2010-2012 a příslušně aktualizuje odpovědi na výzkumné otázky.

Předpokládaná struktura práce (rozdělení do jednotlivých kapitol a podkapitol se stručnou charakteristikou jejich obsahu):

První kapitola nabídne charakteristiku čínské politiky vůči Africe v obecné rovině. Vyjmenuje čínské zájmy na africkém kontinentu, vymezí instituce, které se podílí na formulaci a implementaci čínských politik v Africe a charakterizuje hlavní rysy těchto politik.

Druhá kapitola poskytne obecnou charakteristiku americké politiky vůči Africe - definuje americké zájmy na kontinentu, charakterizuje instituce, které se podílí na tvorbě a implementaci politiky vůči Africe a následně rozebere hlavní politiky a iniciativy ve vztahu k Africe a rozdělí je do 3 hlavních kategorií.

Třetí kapitola nabídne 3 případové studie, jež porovnájí americké a čínské politiky v konkrétní rovině, na příkladu 3 relevantních států. Studie zaměřené na Nigérii a Angolu rozeberou dopad zvýšené angažovanosti Číny v místním ropném sektoru na americkou pozici v tomto odvětví a porovnájí vývoj podílu USA a Číny na exportech z těchto afrických států a poskytnutých FDIs. Následně tyto studie porovnájí politické a bezpečnostní aktivity USA a Číny v diskutovaných zemích a jejich vzájemnou kompatibilitu. Studie zaměřená na Súdán přiblíží, jakým způsobem Čína dokázala využít absence amerických firem v místní ekonomice, a následně popíše dopad čínských aktivit na americké snahy o ukončení občanských válek v Súdánu.

Čtvrtá kapitola kriticky porovná jednotlivé aspekty amerických a čínských politik vůči Africe na základě obecných a konkrétních poznatků z předchozích kapitol. Následně nabídne analýzy, jež přinesou odpovědi na výzkumné otázky. V první řadě zhodnotí, zda se Čína snaží vytlačit Spojené státy

ekonomicky a politicky z Afriky. Poté podrobně zanalyzuje vliv čínských aktivit na jednotlivé americké politiky a poskytne doporučení, jak mohou USA omezit negativní dopad čínských aktivit v Africe na své zájmy.

Vymezení podkladového materiálu (např. analyzované tituly a období, za které budou analyzovány) a **metody (techniky) jeho zpracování:**

Práce využije pro sběr dat za období 2000-2012 oficiální vládní dokumenty a strategie USA a Číny, informace a statistiky poskytované vládními institucemi či mezinárodními organizacemi, studie amerických veřejných institucí a dále pak uveřejněné proslovy politiků či svědectví před americkým Kongresem. Tyto dokumenty budou využity za účelem získání faktických údajů a ve sporných případech budou informace ověřovány z více oficiálních zdrojů. S dokumenty bude zacházeno kriticky, zejména pokud poskytují vedle faktických údajů také politicky motivovaná zdůvodnění.

Práce bude dále využívat četnou sekundární literaturu pokrývající období 2000-2012, jež byla povětšinou publikována v rozmezí let 2008-2014. Sekundární literatura bude využita jednak pro sběr dat, jež nejsou autorovi dostupné z primárních zdrojů, a jednak pro kritické porovnání názorových přístupů k jednotlivým problémům.

Metodologie výzkumu:

První dvě kapitoly mají spíše deskriptivní charakter a čerpají z dat poskytovaných vládními institucemi a studií respektovaných autorů na dané téma, přičemž jejich přístupy jsou porovnávány. Tyto kapitoly poskytují širší teoretický základ pro další empirický výzkum, neboť identifikují zájmy USA a Číny, hlavní aktéry a základní rysy politik obou velmocí. Třetí kapitola, jež nabízí případové studie, je deskriptivní a zároveň analytická: strukturovaným způsobem prezentuje konkrétní empirická data týkající se počínání USA a Číny ve vybraných afrických státech a následně nabízí dílčí analytické závěry hodnotící vliv čínského počínání na americké zájmy v jednotlivých státech. Kapitola za tímto účelem čerpá z vládních publikací a statistik, databází mezinárodních organizací a mnoha studií autorů zabývajících se danou lokální problematikou. Jejich názory jsou opět porovnávány. Čtvrtá kapitola pak nabízí kritickou komparaci jednotlivých politik USA a Číny v Africe a následně přechází ve vlastní analýzu, jež se zabývá hlavními výzkumnými otázkami. Analýza využívá poznatky z prvních dvou spíše obecných kapitol a tyto poznatky ověřuje na konkrétních příkladech z případových studií. Analýza je doplněna přídatnými daty (z primárních zdrojů i sekundární literatury), které dokladají platnost některých trendů, jež byly vypořizovány v jednotlivých případových studiích, v rámci celé sub-saharské Afriky. Analýza dále kriticky pracuje s názory předních expertů na danou problematiku.

Základní literatura (nejméně 10 nejdůležitějších titulů k tématu a metodě jeho zpracování; u všech titulů je nutné uvést stručnou anotaci na 2-5 řádků):

Primární zdroje:

“China's African Policy”, Beijing, January 2006,

<http://www.fmprc.gov.cn/zflt/eng/zt/zgdfzccwj/t230479.htm>, last access July 28, 2013.

Jedná se o oficiální dokument čínské vlády, který vyjmenovává cíle čínské politiky vůči Africe a současně zmiňuje nástroje k jejich dosažení; dále pak nastiňuje čínsko – africkou spolupráci. Dokument je jedním z mála zveřejněných primárních zdrojů ze strany čínské vlády a jeho přínos pro rigorózní práci spočívá v tom, že odhaluje úmysly a motivace vlády v Pekingu. Dokument však nezmiňuje kontroverzní aspekty čínských politik vůči Africe a jakožto politický dokument musí být podroben kritice a porovnán s dostupnou sekundární literaturou.

“China-Africa Economic and Trade Cooperation”, PRC’s Information Office of the State Council, December 2010, http://english.gov.cn/official/2010-12/23/content_1771603.htm.

Jeden z prvních přehledů čínských FDIs v Africe a čínského obchodu s Afrikou za období 2000-2010, který byl zveřejněn vládou v Pekingu. Dokument bude využit ke sběru ekonomických dat.

Hearing before the Subcommittee on African Affairs of the Committee on Foreign Relations, U.S. Senate - China in Africa: Implications for U.S. Policy, June 4, 2008.

Přepis tohoto slyšení před americkým Kongresem přináší relevantní studie předních expertů na téma čínského angažmá v sub saharské Africe, které obsahují jak faktické údaje, tak analýzy a doporučení pro americkou vládu. Dokument také ilustruje povědomí amerických senátorů o této problematice.

Sekundární literatura:

Studie Congressional Research Service

Poskytují poměrně vyvážené informace o amerických programech a politikách včetně přehledu financování v příslušných fiskálních letech.

Příklad:

- **Jones, Vivian C. “U.S. Trade and Investment Relationship with Sub-Saharan Africa: The African Growth and Opportunity Act”. CRS Report for Congress, February 4, 2010, <http://www.isn.ethz.ch/Digital-Library/Publications/Detail/?ots591=0c54e3b3-1e9c-be1e-2c24-a6a8c7060233&lng=en&id=100275>**

Studie poskytuje data o struktuře a objemu amerického obchodu se sub-saharskou Afrikou a dále podrobně charakterizuje jednotlivé pasáže *African Growth and Opportunity Act*. Dokument využít pro deskriptivní charakteristiku amerických politik a dále za účelem sběru ekonomických dat pro analýzu.

- **Dagne, Ted. „Africa: U.S. Foreign Assistance Issues”. CRS Report for Congress, December 9, 2011, <http://www.fas.org/sgp/crs/row/RL33591.pdf>**

Studie přináší stukturované informace o amerických programech a iniciativách realizovaných v sub-saharské Africe. Studie definuje oficiální cíle jednotlivých programů a poskytuje informace o financování, které jsou jinak stěží dostupné. Přestože studie diskutuje pozitivní a negativní ohlasy na zmíněné programy, je nezbytné využít také sekundární literatury od jiných autorů v oboru, která nabízí podrobnější kritiku těchto aktivit.

Odborné studie

“Sub-Saharan Africa, Trends in U.S. and Chinese Economic Engagement”, GAO Report to Congressional Requesters, February 2013, <http://www.gao.gov/assets/660/652041.pdf>.

Tato studie sponzorovaná americkou vládou nabízí široké spektrum dat o amerických a čínských ekonomických interakcích se zeměmi sub-saharské Afriky. Studie porovnává americké a čínské exporty, importy, FDIs a půjčky a nabízí četné grafy a tabulky. Studie dále poukazuje na skutečnost, že USA a Čína se často soustředí na jiná průmyslová odvětví a jejich firmy tudíž nejsou vždy přímými konkurenty.

Přínos studie pro práci spočívá v množství ekonomických dat, která jinak obvykle nejsou veřejně dostupná.

Campos, Indira and Alex Vines. "Angola and China, A Pragmatic Partnership". Chatham House, March 2008. http://csis.org/files/media/isis/pubs/080306_angolachina.pdf.

Studie přibližuje ekonomickou spolupráci Číny a Angoly, soustředí se především na čínské půjčky Angole a související realizace projektů v oblasti infrastruktury ze strany Číny. Autoři rovněž vysvětlují pozici Angoly a její snahu o diverzifikaci obchodních partnerů. Studie přináší některé ekonomické údaje o čínských aktivitách, které jsou vzhledem k nižší transparentnosti čínské vlády jinak stěží dohledatelné. Studie dále poskytuje podklady pro analýzu, neboť objasňuje vybrané rysy čínské ekonomické politiky vůči zemím sub-saharské Afriky.

Knížní publikace, sborníky

Brautigam, Deborah. *The Dragon's Gift, The Real Story of China in Africa*. USA: Oxford University Press, 2010.

Kniha se zabývá ekonomickou spoluprácí mezi Čínou a Afrikou a nabízí často odlišné pohledy než většina ostatních západních autorů. Brautigam se snaží vysvětlit čínskou motivaci a způsob uvažování čínské vlády a čínských firem, přesto ovšem zůstává kritická vůči mnoha aspektům čínské politiky. Brautigam dále díky svému mnohaletému výzkumu přímo v Africe nabízí velice detailní pohled na fungování čínské rozvojové pomoci a logiky tzv. výměny infrastruktury za suroviny. Publikace svými teoriemi vyvažuje názorové zaměření jiných citovaných expertů a poskytuje velice užitečný podklad pro diskuzi. Mimoto poskytuje titul též některá ekonomická data.

Cooke, Jennifer G. and J. Stephen Morrison (eds.), *U.S. Africa Policy Beyond the Bush Years: Critical Challenges for the Obama Administration*. Center for Strategic and International Studies, 2009.

Tento sborník studií předních expertů na americkou politiku vůči Africe definuje americké zájmy v Africe po r. 2000, identifikuje nové hrozby a výzvy a poukazuje na rostoucí význam Afriky v americké zahraniční politice – s ohledem na její ropné zásoby a bezpečnostní rizika. Titul nabízí také přehled vývoje americko – čínského dialogu o koordinaci aktivit v sub-saharské Africe. Sborník je přínosný i díky faktu, že někteří z jeho autorů se podíleli na formulaci americké politiky vůči Africe. Jeho studie jsou tedy využity jako podklad pro deskripci obecné roviny americké politiky vůči Africe. Pro účel rigorózní práce je ovšem třeba tyto studie podrobit kritice a zohlednit dostupné faktické údaje z pozdějších let.

Taylor, Ian. *China's New Role in Africa*. Boulder: Lynne Rienner Publishers, 2009.

Autor charakterizuje jednotlivé kontroverzní aspekty čínských aktivit v Africe, argumentuje konkrétními příklady a objevuje některé nesrovnalosti ve vlastní argumentaci čínské vlády. Taylor je jedním z předních světových expertů na téma čínsko – afrických vztahů s četnou publikační činností. Jeho publikace je využita jako podklad pro deskripci čínských politik v Africe a zároveň pro diskuzi odlišných názorových přístupů k tomuto tématu. Rigorózní práce využívá i dalších studií tohoto autora.

Online databáze

Např. **UN Comtrade: <http://comtrade.un.org>; World Bank: <http://data.worldbank.org>**

Databáze mezinárodních organizací jsou využity ke sběru primárních ekonomických dat, které jsou následně využity pro tvorbu vlastních tabulek a grafů, jež slouží jako podklady pro empirickou část práce.

List of Abbreviations

ACOTA	Contingency Operations Training and Assistance program
AFRICOM	U.S. Africa Command
AGOA	African Growth and Opportunity Act
AU	African Union
CCP	Chinese Communist Party
CFR	Council on Foreign Relations
CNOOC	Chinese National Offshore Oil Corporation
CNPC	China National Petroleum Corporation
CPA	Comprehensive Peace Agreement
CSIS	Center for Strategic and International Studies
DFA	China's Department of Foreign Aid
DFEC	China's Department of Foreign Economic Cooperation
DRC	Democratic Republic of Congo
ECOWAS	Economic Community of West African States
EXIM Bank	Export-Import Bank (both in the U.S. and China)
FALSG	Foreign Affairs Leading Small Group
FDI	foreign direct investment
FNLA	National Liberation Front of Angola
FOCAC	Forum on China-Africa Cooperation
FTZs	free trade zones
GAO	U.S. Government Accountability Office
GHI	Global Health Initiative
GNPOC	Greater Nile Petroleum Operating Company
GSP	Generalized System of Preferences
IMET	Military and Education Training
IMF	International Monetary Fund
JEM	Sudan's Justice and Equality Movement
LDCs	Least Developed Countries
MCA	Millennium Challenge Account
MCC	Millennium Challenge Corporation
MEND	Movement for Emancipation of the Niger Delta
MOC	China's Ministry of Commerce
MOFA	China's Ministry of Foreign Affairs
MPLA	Popular Movement for the Liberation of Angola
NATO	North Atlantic Treaty Organization
NCP	Sudan's National Congress Party
NEPAD	New Partnership for Africa's Development
NGOs	non-governmental organization
NNPC	Nigerian National Petroleum Corporation
NSS	U.S. National Security Strategy
ODA	official development assistance
OECD	Organization for Economic Cooperation and Development
OPEC	Organization of Petroleum Exporting Countries
OPIC	U.S. Overseas Private Investment Corporation
PBSC	Politburo Standing Committee
PEPFAR	President's Emergency Program for AIDS Relief

PRC	People's Republic of China
SACAC	China's State-Owned Assets Supervision and Administration Commission
Sinopec	China Petrochemical Corporation
SLM/A	Sudan Liberation Movement/Army
SOEs	Chinese State-Owned Enterprises
SPLM	Sudan People's Liberation Movement
TSCTP	Trans-Sahara Counterterrorism Partnership
UN	United Nations
UNAMID	United Nations Mission in Darfur
UNITA	National Union for the Total Independence of Angola
USAID	U.S. Agency for International Development
USFCS	U.S. Foreign Commercial Service
USTR	U.S. Trade Representative
WTO	World Trade Organization

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Introduction

China's increased economic and political engagement in Africa after the turn of the millennium has attracted widespread attention and produced concerns in the United States about Beijing's intentions on the continent. China's trade with Africa accelerated and Beijing started to pay greater diplomatic attention to Africa, characterized by cultivating close ties with African political leaders. China has exhibited significant interest in African oil and other natural resources, as well as in African markets for exports. Beijing has pursued an aggressive strategy to get access to both African minerals and markets through a combination of loans, foreign assistance and infrastructure building – with no strings attached, besides the One-China principle.¹

American scholars, media and some policy-makers have expressed concern about the impact of China's engagement on U.S. political and economic interests in Africa. After the end of the Cold War, the U.S. emerged as a champion of democracy and started to implement some development and democratization programs in Africa, designed to increase the number of democracies, but also to further its own economic goals by contributing to economic development of the continent and creating a favorable environment for the U.S. trade with Africa. However, these programs seemed to be under threat given China's alternative sources of assistance with no conditions on governance or transparency and Beijing's support to African authoritarian leaders. Furthermore, China has been viewed as a fierce competitor for natural resources and access to local markets, as its companies enjoy financial and political support of the government in Beijing. There have also been fears that China would remove some portion of Africa's oil production from the international market by locking up the sources of oil through equities.

This thesis aims to assess the impact of China's engagement in Africa on U.S. interests on the continent. In doing so, it first determines whether China seeks to gradually push the United States, in economic and political terms, away from Africa, by looking at its motivations, compatibility of its interests with those of the U.S., and concrete actions taken in relation to the U.S. in Africa. The hypothesis of the author is that China does not have such an intention as its actions in Africa are primarily based on economic considerations related to China's rapid economic growth. This hypothesis is based on an assumption that the contradicting nature of some particular American and Chinese interests

¹ The One-China principle means that despite the existence of two governments – of the People's Republic of China (PRC) and the Republic of China (ROC), there is only one state called "China". The One-China policy stipulates that the PRC will not establish diplomatic relations with countries that simultaneously continue to recognize the ROC (Taiwan).

in Africa does not make the engagement of these countries on the continent a zero-sum game. In addition, the author assumes that not all the U.S. and China's interests are contradictory and that an escalation in competition over Africa may not be in interest of any of these powers.

Second, the thesis analyzes China's impact on particular U.S. interests on the continent. The goal is to assess in which areas China's activities pose a threat to the U.S. and whether there are areas of shared interests, as hinted in the first research question. The hypothesis of the author is that economic interests as well as approaches to governance are rather competitive, while in the area of security and stability, the interests might converge. The thesis will gather sufficient data and provide a discussion in order to verify the hypothesis and provide a more concrete answer. Furthermore, the author believes that the ultimate impact of China's actions on the U.S. interests will also be determined by the U.S. policy responses to the Chinese challenge in Africa, which may include cooperation with China or improvement of its own policies. Thus, the thesis will offer some suggestions on how the United States can deal with the challenges posed by China in order to minimize the negative impact on its interests.

Given the complexity of the topic, it is necessary to frame the time and geographical scope of the thesis. The research will focus on the period between 2000 and 2012. It was after the turn of the millennium when China's trade with Africa started to accelerate steeply and so did Beijing's diplomatic attention to the continent. In 2000, the first Forum on China-Africa Cooperation (FOCAC), a major means for cultivating China's political and economic relations with African countries, took place. Meanwhile, the Bush administration (2001-2009) increased the amount of assistance provided to Africa and newly recognized Africa's potential as an alternative source of oil, but also as a source of transnational threats generated by its instability and conflicts. The Obama administration subsequently declared Africa one of its foreign policy priorities. The time scope is limited by the year 2012 in order to allow for some distance between the researched period and the present time. However, excursions will be made prior the year 2000 in order to offer the reader necessary context and explain causes of some of the problems.

As to the geographical scope, the research is limited to Sub-Saharan Africa and to the domestic context in the United States and China, mainly with regard to the political dynamics and main domestic actors involved in the Africa policy. For the purpose of the research, the word "Africa" will be used to refer to Sub-Saharan Africa, as the policy-makers in Washington and Beijing usually approach the Sub-Saharan Africa and North Africa as two different regions. Yet there might be cases when some policies focus on the continent as a whole. Thus, in cases where statistical accuracy is required, the work will use the word Sub-Saharan Africa to avoid potential confusion.

While it would be useful to offer detailed insights into relevant topics across the whole region of Sub-Saharan Africa, the author has decided to limit the research scope, as it would otherwise not allow for an in-depth analysis of the problems, since the region is too large. Thus, the research will offer only a general overview of the U.S. and China's policies towards the whole region of Sub-Saharan Africa, and will consequently focus on three case studies to provide a more detailed overview and empirical data for subsequent analysis. The final analysis will work with both the data from the general overview and the case studies, which include Nigeria, Angola and Sudan. These countries were picked up for their relevance to the topic of the thesis and should serve as representative examples of the dynamics of the U.S. and China's competing policies. While Nigeria is the U.S. largest trading partner and source of oil in Sub-Saharan Africa, Angola is China's largest trading partner and source of oil in the region. Sudan then represents perhaps the most controversial case of China's engagement in Africa and a major point of disagreement with Washington. The latest case study refers mostly to Sudan as one state, as the secession of South Sudan occurred as late as in 2011. When referring to the period 2011-2012, the study then works with two states.

Structure of the Thesis

The first two chapters offer general characteristics of China's and the U.S. policies towards Africa. The first chapter focuses on China. It explains its goals in Africa, provides an overview of key actors involved in formulation and implementation of China's policy on Africa, and identifies the main areas and features of China's activities in Africa and its so-called "go-out" strategy.

The second chapter provides a similar overview of the U.S. policies towards Africa. It defines main categories of U.S. goals for the purpose of this work, describes institutions involved in formulation and implementation of the U.S. Africa policy, and names the most important policies and initiatives in three broad areas of engagement.

The third chapter includes the case studies on Nigeria, Angola and Sudan. The studies on Nigeria and Angola focus first on the circumstances of China's entry into the local oil sectors and the impact on the U.S. position in this part of industry. The case studies subsequently compare the U.S. and China's activities in other parts of the local economies, such as exports and FDIs. Finally, the case studies focus on political and security objectives of Washington and Beijing and assess their mutual compatibility. The case study on Sudan has a different structure. As the U.S. is not engaged in the country economically, no comparison of economic engagement is made. The case study instead briefly mentions how China has

exploited the absence of Western companies. Main attention is subsequently directed to disagreements between Washington and Beijing on the resolution of Sudan's civil wars and impact of China's activities on U.S. efforts in this area.

The last chapter first provides a comparison of particular aspects of U.S. and China's policies in Africa. Subsequently, the chapter briefly mentions the response of the U.S. government to Chinese activities in Africa. The chapter then moves on to the analysis. First, the question whether China seeks to drive the U.S. out of Africa is discussed. Second, China's impact on particular U.S. goals in Africa is evaluated and policy suggestions for the U.S. are mentioned.

Methodology

The first two chapters have rather descriptive character. They are based on analysis of data collected from official government sources and studies by respected authors on the topic whose views are confronted. These chapters provide a basis for further research by identifying interests of both countries and general policies employed to achieve them. Further analysis can thus determine Chinese motivations by looking at its interests. Similarly, by identifying the U.S. interests, the thesis can proceed with the assessment of China's impact on each of them. Presented policies of both countries provide a necessary framework for the case studies, which then mention concrete examples and outcomes of these policies in specific cases.

The third chapter is both descriptive and analytical. It conveys data on Chinese and U.S. actions in the three respective countries according to several categories of engagement, in order to provide concrete examples and empirical basis for the research. By doing so, primary sources, such as databases or official government publications, as well as secondary literature on the topic are discussed. Furthermore, the case studies offer preliminary and partial conclusions on the impact of China's engagement on the U.S. interests in the particular countries.

Finally, the fourth chapter provides a critical comparison of American and Chinese policies, and the principal analysis that deals with the two main research questions, verifies the hypotheses and provides further elaboration on them. Both the comparison and the analysis are based on general characteristics from the first two chapters and empirical findings from the case studies that enable to exemplify some of the general findings from the initial two chapters. Finally, some additional necessary data that capture some of the trends identified in the case studies with respect to the whole region of Sub-Saharan Africa are collected in this chapter.

Literature Review

The literature on the researched topic is available predominantly in English language. There is ample secondary literature on the topic of China in Africa, whereas some of these works mention shortly also impacts on the U.S. interests. There appears to be comparatively less secondary literature on the U.S. engagement in Africa. On the other hand, on the topic of the U.S. engagement there are numerous primary sources available, whereas comparable primary sources on Chinese activities are sometimes difficult to find.

As to the primary sources, the author uses official sources of the U.S. government. The reports of the Congressional Research Service (CRS) are perhaps the most valuable source as they provide relatively balanced overviews of multiple foreign policy issues and related U.S. policies and programs. In addition, the thesis refers to the 2012 U.S. Strategy Toward Sub-Saharan Africa², which is the first official white paper by the U.S. government that sets a complex strategy toward the continent. Furthermore, the National Security Strategies are consulted. These documents are useful as they clarify intentions and policy priorities of the government. On the other hand, it is necessary to take into account that the Strategies are policy documents designed to justify U.S. activities. In addition, a major report of the Government Accountability Office (GAO)³ comparing the U.S. and China's economic performance in Africa is consulted. This report is rather unique among government-sponsored studies on the topic of economic interactions between the U.S. and China in Africa, especially with regard to the amount of collected empirical data. The author also works with official information provided on websites of particular federal government agencies regarding their activities in Africa and appropriated funds,⁴ as well as statistical data on trade⁵. Finally, hearing before the Subcommittee for African Affairs of the Senate Committee on Foreign Relations from 2008⁶ on the topic of China in Africa is used for reference, as it provides accurate analyses by most respected experts on the topic who were asked to testify. The

² "U.S. Strategy Toward Sub-Saharan Africa", The White House, June 2012, http://www.whitehouse.gov/sites/default/files/docs/africa_strategy_2.pdf, last access June 15, 2014.

³ The major report is: "Sub-Saharan Africa, Trends in U.S. and Chinese Economic Engagement", GAO Report to Congressional Requesters, February 2013, <http://www.gao.gov/assets/660/652041.pdf>, last access July 21, 2013. GAO also produced the following report: "Case Studies of U.S and Chinese Economic Engagement in Angola, Ghana, and Kenya; a Supplement to GAO-13-199", GAO Report to Congressional Requesters, February 2013, www.gao.gov/assets/660/652043.pdf, last access June 28, 2013.

⁴ For example: U.S. Department of State, U.S. Agency for International Development (USAID), Office of the U.S. Office Trade Representative, U.S. Export-Import Bank (EXIM Bank), Overseas Private Investment Corporation (OPIC), Millennium Challenge Corporation (MCC) and other agencies related to specific U.S. programs.

⁵ U.S. Department of Commerce, Census Bureau.

⁶ Hearing before the Subcommittee on African Affairs of the Committee on Foreign Relations, U.S. Senate - China in Africa: Implications for U.S. Policy, June 4, 2008.

hearing also illustrates on what kind of information the U.S. law-makers base their decisions on Africa policy.

When it comes to China's primary sources, the availability of reliable data is a little bit complicated. The Chinese government does not publish so many statistical data either on its trade with African continent or on funds disbursed in Africa. However, there are several relevant policy papers published by the Chinese government. These include the 2006 white paper *China's African Policy*⁷ that outlines official Chinese goals in Africa and the means to achieve them. The white paper serves to clarify Beijing's intentions and priorities, but obviously does not deal with some controversial aspects of China's policy in Africa and has to be confronted with secondary literature on the topic. Furthermore, in 2010, Beijing published a report titled *China-Africa Economic and Trade Cooperation*,⁸ which provides some statistical data on China's trade and investment in Africa over the decade. The absence of data on the Chinese side is compensated by availability of ample secondary literature on the topic as listed below.

Finally, statistical bulletins of the Nigerian National Petroleum Corporation (NNPC) are used to collect detailed data on Nigeria's oil exports. However, these data seem to be slightly underreported when compared to the corresponding data regarding U.S. imports provided by the U.S. government. Nevertheless, the NNPC's data are useful as they are unique in their scope and enable to compare Nigeria's oil exports to the U.S. and China, for the respective data from the Chinese's side were not available to the author.

As far as the secondary literature is concerned, the thesis refers primarily to the work of three prominent scholars on the topic: Ian Taylor from the University of St. Andrew, Deborah Brautigam from the American University and David Shinn from the George Washington University. Prof. Taylor and prof. Brautigam belong to the most cited authors on China in Africa. Taylor's major book *China's New Role in Africa*⁹ covers a wide range of aspects of Chinese activities in Africa. Taylor authored numerous studies in academic journals that focus on particular areas of China's engagement in Africa. He professes a detailed knowledge of Sub-Saharan Africa and analyzes the dynamics of the relationship between China and African countries.

⁷ "China's African Policy", Beijing, January 2006, <http://www.fmprc.gov.cn/zflt/eng/zt/zgdfzccwj/t230479.htm>, last access July 28, 2013.

⁸ "China-Africa Economic and Trade Cooperation", PRC's Information Office of the State Council, December 2010, http://english.gov.cn/official/2010-12/23/content_1771603.htm, last access June 30, 2013.

⁹ Ian Taylor, *China's New Role in Africa* (Boulder: Lynne Rienner Publishers, 2009).

Prof. Brautigam has been dealing with the topic of China in Africa for more than twenty years. Her perhaps best-known book titled *The Dragon's Gift, The Real Story of China in Africa*¹⁰ was published in 2010. The book focuses on China's aid to Africa and economic cooperation with the continent and offers a different point of view than most of other Western authors. She counters Western criticism of Chinese activities in Africa, explains Chinese motivations and provides some details of Chinese deals in Africa that are not discussed in Western literature. Despite her caution, she is critical of some aspects of China's policy in Africa. Her book is based on years of field research in Africa and interviews with officials from both Beijing and African countries. As most of the secondary literature used in this work is from Western authors, Brautigam, despite being an American author, balances the spectrum of views.

Prof. Shinn, a former ambassador, is a leading expert on U.S. policy towards Africa and focuses also on Sino-African relations. He is frequently asked to testify before the Congress and is author of numerous studies in academic journals and policy papers.¹¹ His work brings a useful comparison of the U.S. and China's policies in Africa and implications for American interests. He also contributed to a major edited volume on U.S. policy towards Africa by the Center for Strategic and International Studies (CSIS).¹²

Furthermore, the thesis uses findings of a task force report by the Council on Foreign Relations (CFR) named *More Than Humanitarianism, A Strategic U.S. Approach toward Africa*¹³, that was produced by a group of distinguished scholars, foreign policy advisors, military officials and representatives from business. The report is a major paper that identifies the new importance of Africa for U.S. foreign policy in the new millennium. Although it was written already in 2006, many of its arguments and characteristics are still relevant for the conduct of U.S. policy on Africa.

Another valuable source for the thesis is the conference named *The Eagle & the Dragon in Africa: Stability and Economic Development in Sub-Saharan Africa*¹⁴ that took place at the Virginia Military Institute in November 2011, as it covered the topic of the U.S. and China in Africa and

¹⁰ Deborah Brautigam, *The Dragon's Gift, The Real Story of China in Africa* (USA: Oxford University Press, 2010).

¹¹ These include e.g.: David H. Shinn, "Africa: The United States and China Court the Continent", *Journal of International Affairs* 62, No. 2 (Spring/Summer 2009): 37-53; David H. Shinn, "China-Africa Relations: The Big Picture", *International Policy Digest*, December 6, 2011, <http://www.internationalpolicydigest.org/2011/12/06/china-africa-relations-the-big-picture>, last access July 14, 2013.

¹² David H. Shinn, "China's Engagement in Africa", in Jennifer G. Cooke and J. Stephen Morrison (eds.), *U.S. Africa Policy Beyond the Bush Years: Critical Challenges for the Obama Administration* (Center for Strategic and International Studies, 2009), 142-161.

¹³ Anthony Lake and Todd Whitman (chairs), Princeton N. Lyman and J. Stephen Morrison (project directors), *More than Humanitarianism: A Strategic U.S. Approach toward Africa* (Council on Foreign Relations, 2006).

¹⁴ Conference "The Eagle & the Dragon in Africa: Stability and Economic Development in Sub-Saharan Africa", Virginia Military Institute, Lexington, Virginia, November 3-4, 2011 (the content of the conferences is available to the author on a series of DVDs).

summoned a wide range of respected scholars on the issue including those mentioned above, as well as state officials and representatives from the military. The presentations at the conference offered some important arguments that are referred to in this thesis. In addition, the conference, along with its discussions, was a source of inspiration for the author of this work.

Last, but not least, the research is also based on data from databases such as UN's Comtrade¹⁵ or World Bank's statistics¹⁶, and reports from several newspapers.

1. China's Africa Policy

The People's Republic of China's (PRC) engagement in Africa dates back as long as 50 years ago. Initially, it focused on support of national liberation movements against either colonial powers or white minority governments. Aid was provided despite poor economic situation at home. Through its activities on the African continent, China was involved in a competition with the U.S. and increasingly also with the Soviet Union. During the Cultural Revolution, contacts between China and Africa were interrupted. Following the end of the Cultural Revolution and Mao's death, China freed its Africa policy from ideology and instead focused on economic development through self-help and emphasized mutual benefit. This might have only camouflaged the fact that, with the ascendancy of Deng, China started to prioritize its own economic modernization. Deng's period is therefore often considered rather an era of China's neglect of Africa.¹⁷

Yet in the aftermath of the Tiananmen Square massacre in 1989 when China became isolated by the world community, African states decided to stand behind China. This led to a major shift of China's attention back to the developing world and Africa became one of its foreign policy priorities. The continent started to play a strategic role for China also with regard to natural resources. After 2000, China's engagement in Africa accelerated and bilateral trade rose from \$10 billion in 2000 to \$198.5 billion in 2012.¹⁸

¹⁵ <http://comtrade.un.org>.

¹⁶ <http://data.worldbank.org>.

¹⁷ More details on the history of China's engagement in Africa: J. Peter Pham, "China's African Strategy and Its Implications for U.S. Interests", *American Foreign Policy Interests* 28 (2006): 240-242; Chris Alden, *China in Africa. African Arguments* (London: Zed Books, 2007), 9-11.

¹⁸ "China-Africa Economic and Trade Cooperation", The PRC's Information Office of the State Council, December 2010, http://english.gov.cn/official/2010-12/23/content_1771603.htm, last access August 16, 2014; "China-Africa Economic and Trade Cooperation (2013)", Xinhuanet, August 2013, http://news.xinhuanet.com/english/china/2013-08/29/c_132673093.htm, last access August 17, 2014.

1.1. The Goals of China's Engagement in Africa

China's engagement in Africa serves several goals. Most scholars classify these goals in the following three categories: 1./ economic interest in resource endowment and access to markets for exports, 2./ political interest in cultivation of political alliances in order to enhance China's position at the world stage, and 3./ diminishing the influence of Taiwan.¹⁹ Prof. Brautigam from the American University mentions the same objectives, but in a slightly different classification: search for resources, reputation of a responsible power (including the competition with Taiwan over recognition) and coping with the challenges of globalization (access to new markets and development of multinational corporations).²⁰

There are also several theories that interpret the intensity of China's engagement in Africa. According to prof. Adelaja from the Michigan State University, among the most extreme schools of thoughts is the one that argues that China's behavior is altruistic, as it brings capital, expertise and investments to a continent that has been neglected for a long time; and the other one that argues that China's behavior in Africa is neo-colonial as it seeks to secure resources to sustain its rapid economic development. Adelaja suggests that these theories actually capture the objectives of most countries: to secure necessary resources and offer help in exchange. He adds that such theories are too simplistic to explain the nature of China's engagement in Africa.²¹

Chris Alden from the London School of Economics presents three main interpretations of China's activities in Africa. The first one describes China as a development partner whose actions are driven by its economic needs as well as by its desire to transmit its development experience in order to build a cooperative partnership across the developing world. The second one sees China as an economic competitor interested in a short-time resource grab, which undermines African economic development by the export of cheap goods to the continent. The third one considers China a colonizer aimed at pushing Western countries away from Africa, noting that this process might result in some form of

¹⁹ This enumeration is provided e.g. by the following scholars/officials: David H. Shinn, "Africa: The United States and China Court the Continent", 39-40., Johan Lagerkvist, "Chinese Eyes on Africa: Authoritarian Flexibility versus Democratic Governance," *Journal of Contemporary African Studies* 27, No. 2 (April 2009): 125; Statement of Thomas J. Christensen, Deputy Assistant Secretary of State for East Asian and Pacific Affairs, presented during the Hearing Before the Subcommittee on African Affairs of the Committee on Foreign Relations, U.S. Senate - China in Africa: Implications for U.S. Policy, June 4, 2008, <http://www.gpo.gov/fdsys/pkg/CHRG-110shrg45811/html/CHRG-110shrg45811.htm>, last access June 30, 2013.

²⁰ Deborah Brautigam, *The Dragon's Gift, The Real Story of China in Africa*, 78.

²¹ Soji Adelaja, a speech at the panel "Africa's Interest: What the U.S. and China mean for Africa's Development" (presented at the conference "The Eagle & the Dragon in Africa: Stability and Economic Development in Sub-Saharan Africa", Virginia Military Institute, Lexington, Virginia, November 3-4, 2011).

political control over African territories.²² However, this latter interpretation is being rejected by most of today's scholars. As prof. Shinn from the George Washington University suggests, China is by no means neo-colonial, since its concept of foreign policy is not based on any sort of political control of territories overseas.²³

1.1.1. China's Economic Growth

In the last decades, the legitimacy of the Chinese Communist Party (CCP) has been increasingly based on economic performance. As continued economic growth is necessary for social stability, it is also crucial for the survival of the CCP.

China's rapid growth²⁴ enormously increases its demand for resources. From the 1990s, it became necessary for China to rely on overseas resources. In 1993, China became a net importer of oil. This trend accelerated in the new millennium. Between 2000 and 2005, China's energy consumption rose by 60 percent, accounting for almost half of the growth in world energy consumption.²⁵ In addition to the ever growing export-oriented production, another major driver of energy consumption has been the growth in car ownership which has followed China's acceptance to the World Trade Organization (WTO) and resulting reduction of tariffs on car imports.^{26 27}

To avoid dependence on volatile international markets as well as possible disruption of energy supplies by the U.S., China has relied on acquiring equities in overseas oil fields. As a latecomer to the world energy market, China directed its attention primarily to Africa,²⁸ especially to some of its risky

²² Chris Alden, *China in Africa. African Arguments*, 5-6.

²³ David Shinn, a speech at the panel "U.S. and China in Africa: Advancing the Diplomatic Agenda" (presented at the conference "The Eagle & the Dragon in Africa: Stability and Economic Development in Sub-Saharan Africa", Virginia Military Institute, Lexington, Virginia, November 3-4, 2011).

²⁴ During the last 20 years, China's GDP growth regularly exceeded 10 percent. Only in the late 1990s and in the years following the world economic crisis after 2008, the growth decreased to up to slightly below 8 percent and to app. 9 percent, respectively. See: "GDP growth (annual %)", The World Bank, <http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>, last access June 16, 2014.

²⁵ Hong Zhao, "China's Oil Venture in Africa", *East Asia* 24 (2007): 400.

²⁶ Ian Taylor, *China's New Role in Africa*, 38.

²⁷ While in 2003, 15 people out of 1000 owned a car in China, in 2010 this number was 58. See: "Motor vehicles (per 1,000 people)", The World Bank, <http://data.worldbank.org/indicator/IS.VEH.NVEH.P3?>, last access May 8, 2013.

²⁸ Besides Africa, China also seeks to acquire stakes in oil equities in Central Asia and Latin America. For details on China's overseas joint ventures in the oil sector see: Julie Jiang and Jonathan Sinton, "Overseas Investment by Chinese National Oil Companies", International Energy Agency, February 2011, 17-20, <http://www.oecd-ilibrary.org/docserver/download/5kgglrwdrvvd.pdf?expires=1373790560&id=id&accname=guest&checksum=2DAF1ABFBF22CA0624CBEE9ABB3709E2>, last access July 14, 2013.

places or “rogue states” where there was minimal competition from the West. Large African oil reserves with a prospect of new discoveries give China a chance to diversify its oil supplies and become less dependent on the unstable Middle East dominated largely by Western countries.

China has also become interested in other minerals, such as zinc, copper, steel or, aluminum, whose import is necessary for sustaining China’s economic growth.²⁹ Sarah Raine argues that even if China moves towards production of more high-tech products, it will still need to import metals such as cobalt, tantalum and niobium.³⁰ As of 2010, 85 percent of China’s total imports from Africa were natural resources, whereas oil made up 70 percent and other minerals the remaining 15 percent.³¹

Finally, China also needs more land to feed its growing population, especially as agricultural land has been lost to industrialization and environmental changes. Chinese firms have already leased large portions of agricultural land in Africa, e.g. in Tanzania, Zambia or Zimbabwe.³²

Besides resources, the Chinese are interested in Africa’s markets. Africa’s fast growing population constitutes a convenient target for cheap Chinese goods. Similarly, African governments are seen as a target for substantial arms sales. In addition, China plays a crucial role in infrastructure building in Africa. Given the size of the continent, its growing population and increasing resource exploitation, vast amounts of infrastructure are needed.

China also uses foreign direct investment (FDI) in Africa to circumvent the quotas imposed by the U.S. and the EU on imports of goods from China. When the Chinese produce their goods in Africa, they can use the preferential access to American market granted by the African Growth and Opportunity Act (AGOA).³³

1.1.2. Political Objectives: China as a Global Power

After the end of the Cold War, the U.S. emerged as the sole superpower. Beijing was wary about U.S. intentions of imposing democratic order on other countries. In the light of Western response to the Tiananmen Square massacre, the U.S. invasion of Panama, or the subsequent War in the Gulf, China realized the potential of growing U.S. hegemony. Thus, China’s goal became to promote a more

²⁹ The importance of other than oil resources is highlighted by: John C. K. Daly, “Feeding the Dragon: China’s Quest for African Minerals,” in Arthur Waldron (ed.), *China in Africa* (The Jamestown Foundation, 2008), 77-85.

³⁰ Sarah Raine, *China’s African Challenges* (London: The International Institute for Strategic Studies, Routledge, 2009), 37.

³¹ David H. Shinn, “China-Africa Relations: The Big Picture”.

³² J. Peter Pham, “China’s African Strategy and Its Implications for U.S. Interests”, 244.

³³ Ibid.

multipolar setting of international relations by assuming the role of a leader of the developing world.

The 1998 white paper titled China's National Defense Paper stated that as the developing countries had been growing, the international environment had become more multipolar. It argued that security in the ever more globalized world could not be achieved through military alliances and military might, but rather through diplomatic and economic cooperation and mutual respect for sovereignty and territorial integrity among countries. The document stated that China's own prosperity and security was based on a stable and peaceful international environment and economic interdependence.³⁴ The main principles of the 1998 white paper are usually referred to as China's "New Security Concept."³⁵ Some of its ideas are also closely related to China's concept of "Peaceful Rise".³⁶

China started to build partnerships with African states as they represent the largest single bloc in any international organization. Their votes prove to be useful for China especially when it comes to issues of human rights, sovereignty and non-intervention. African countries, many of them dictatorships and human rights abusers, routinely kill resolutions at the United Nations' (UN) Commission on Human Rights. China, for its part, can offer its veto-power at the UN Security Council. Furthermore, African states and China support each other in the defense of interests of the developing world, e.g. at the WTO. African countries also helped China in the Olympic Committee to get the Summer Olympics in 2008. Finally, China finds African votes at the UN principal to its objective of opposing Japan's Security Council aspirations.³⁷

Last but not least, China's role in the developing world brings it prestige and enhances its position at the world stage. In its relations with African countries, China refers to its status of a

³⁴ "China' National Defense", Beijing, July 1998, <http://www.china.org.cn/e-white/5/index.htm>, last access July 24, 2013.

³⁵ Although codified in the 1998 white paper, the need for a more multipolar international order as well as for security based on diplomatic and economic cooperation and peaceful international setting was raised by Chinese officials at various occasions already in 1997. For details and also for discussion on China's motivations for its New Security Concept with regard to the position of the U.S. as the sole hegemon see: David M. Finkelstein, "China's 'New Concept of Security'" in Stephen J. Flanagan and Michael E. Marti (eds.), *People's Liberation Army and China in Transition* (Washington D.C.: Institute for National Strategic Studies, 2003), 197-209, <http://www.isn.ethz.ch/Digital-Library/Publications/Detail/?ots591=0c54e3b3-1e9c-be1e-2c24-a6a8c7060233&lng=en&id=100856>, last access June 20, 2014.

³⁶ The concept of China's "Peaceful Rise" stresses that unlike other emerging power in history, China will not adopt a violent or aggressive path to the great power status, but will instead rely on international cooperation, progress in technology and benefits of globalization. The concept implies that stable international environment is crucial for China's economic development. The origins of the concept are attributed to: Zheng Bijian, "China's 'Peaceful Rise' to Great-Power Status", *Foreign Affairs* 84, No. 5 (September/October 2005): 18-24.

³⁷ Chris Alden, Daniel Large and Ricardo Soares de Oliveira, "Introduction: China Returns to Africa", in Chris Alden, Daniel Large and Ricardo Soares de Oliveira (eds.), *China Returns to Africa. A Rising Power and a Continent Embrace* (London: Hurst & Company, 2008), 8.

developing country and its own history of colonization to demonstrate the common cause. Through its development assistance to Africa, China tries to enhance its soft-power.

1.1.3. China's Competition with Taiwan

Since the PRC was established, Africa has been one of the battlegrounds in the competition with Taiwan over recognition which is detrimental for the legitimacy of the regime in Beijing. In its relations with Africa (similarly as in relations with the rest of the World), China has applied the "One-China" policy, meaning that it would not establish relations with a country that would simultaneously continue to recognize Taiwan.

China has gradually gained recognition from a vast majority of African countries. African votes were crucial for the PRC's admission to the UN in 1971 at the expense of Taiwan. After 1971, Taiwan has used its "dollar diplomacy" to retain some of its official relations with African countries, but China's economic offerings proved to be more successful over the time. South Africa's switch of recognition to China in 1997 was a major gain in this competition. At the time of writing this thesis, only three African states recognized Taiwan.³⁸ Chinese policy is thus more relaxed and does not oppose commercial ties of African countries with Taiwan as long as they continue to accept its "One-China" policy.

1.2. Key Actors in China's Policy on Africa

Despite some perceptions in the West that China is a monolithic entity and its African policy follows a centrally coordinated master plan, most scholars actually dispute such claims, pointing to a complex structure of institutions involved and complicated relations among them.

1.2.1. Classification and Characteristic of Key Actors

The most powerful institution of China's political power is the Standing Committee (PBSC) of the Politburo, which also stands on the top of China's foreign policy decision making process. The PBSC consists of nine members, whereas each has assigned specific responsibilities or portfolios. The highest

³⁸ These states are Burkina Faso, Swaziland, and Sao Tome and Principe. See: "Embassies and Mission, Africa", Ministry of Foreign Affairs, Republic of China (Taiwan), <http://www.mofa.gov.tw/en/CountryAreaInfoEn.aspx?CASN=D33B55D537402BAA&n=A8786101F572553D&sms=A76B7230ADF29736>, last access August 10, 2014.

standing member is the paramount leader who carries the greatest weight in decision-making and is designated to be the leading figure in foreign and military policy. However, key strategic decisions are taken by the whole PBCS, usually through consensus building. More detailed consultations on foreign policy are held within the Foreign Affairs Leading Small Group (FALSG), an informal body which provides advices to the Politburo, and is responsible for coordination between various foreign policy agencies and implementation of adopted policies. The FALSG is headed by a member of the PBSC and consists of members from all important foreign policy institutions and agencies.³⁹

While the major decisions are taken by the PBSC, there is a large structure of other agencies and players involved specifically in China's Africa Policy. Perhaps the best classification of these actors is provided by Bates Gill and James Reilly⁴⁰. They argue that China's top leaders along with top diplomats create a favorable environment for Chinese activities in Africa through a combination of prestige diplomacy and economic assistance.

The so-called "go-out" policy is then implemented by Chinese State-Owned Enterprises (SOEs) that are encouraged by the state bureaucracy to do business in Africa. They are owned either solely by the state or through a controlling share of stocks held by the State-Owned Assets Supervision and Administration Commission (SACAC). As most of the SOEs are listed on either Chinese or international stock markets, both the SOEs and the SACAC are profit-oriented. Their interests might therefore not always coincide with the government policy oriented at maintaining friendly relations with African states and creating a positive image of China in Africa.⁴¹

The SOEs are directly regulated by the Department of Foreign Economic Cooperation (DFEC) of the Ministry of Commerce (MOC), which has the authority to revoke their permission to operate overseas if they do not comply with Chinese laws. The Department of Foreign Aid (DFA) of the MOC is then responsible for administering China's aid programs. The DFA is responsible for the bidding process by SOEs as well as for quality and safety of construction projects in Africa.⁴²

The main tool of the Chinese government for implementation of its African policy through the SOEs is the state-owned Export-Import (EXIM) Bank which provides both low-rate loans to African

³⁹ Yun Sun, "Chinese National Security Decision-Making: Processes and Challenges", Brookings Institution, May 2013, <http://www.brookings.edu/~media/research/files/papers/2013/05/chinese%20national%20security%20decisionmaking%20sun/chinese%20national%20security%20decisionmaking%20sun%20paper.pdf>, last access August 17, 2014.

⁴⁰ Bates Gill and James Reilly, "The Tenuous Hold of China Inc. in Africa", *The Washington Quarterly* 30, No. 3 (Summer 2007): 37-52.

⁴¹ *Ibid.*, 39-42.

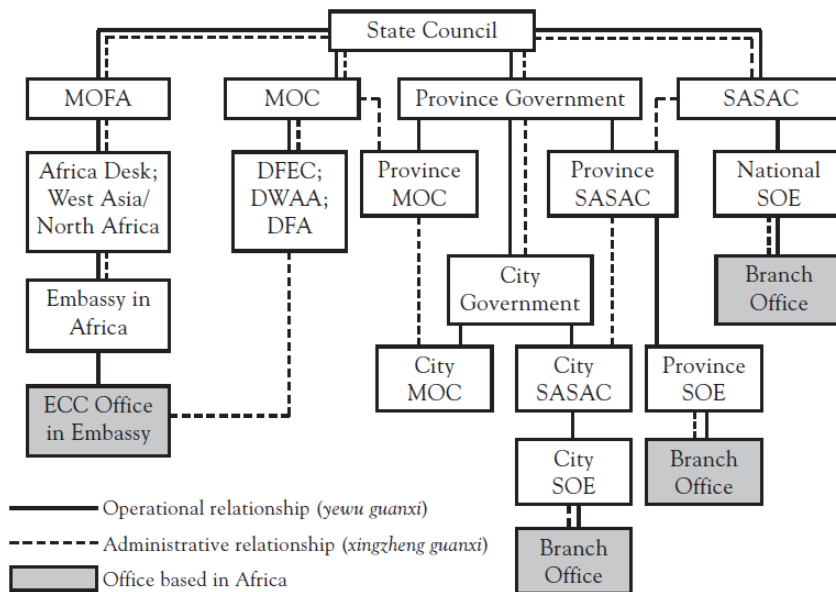
⁴² *Ibid.*, 42-43.

countries, and export credits and loan guarantees for Chinese companies to encourage them to invest in strategic places. Deborah Brautigam refers to the EXIM Bank along with the China Development Bank as the “policy banks” that were created as a tool of the government to allocate capital to Chinese companies operating overseas in order to influence their behavior in accordance with China’s policy goals. She argues that this is a typical policy of a developmental state to pick winners.⁴³

Furthermore, provincial and city governments exercise some control over the province-based SOEs either through the local branch of the MOC or SASAC. This makes the provincial governments a key actor as nearly 90 percent of the SOEs are province-based.⁴⁴

The last major government player is the Ministry of Foreign Affairs (MOFA) which is, besides advising the government on the overall formulation of African policy, responsible for working closely with the business community in African countries and overseeing the embassies. An important role of these embassies is also to make sure that Chinese companies in Africa adhere to government regulations aimed at creating a positive image of China in Africa (i.e. abiding by labor, safety and environmental standards). However, it is rather difficult for the embassies to play this role, as the MOFA has no administrative responsibility over the SOEs and the task is performed by low-key embassy officials.⁴⁵

Figure 1: Oversight and implementing agencies in China’s Africa policy⁴⁶



Source: *Africa in China’s Global Strategy* (forthcoming).

⁴³ Deborah Brautigam, *The Dragon’s Gift, The Real Story of China in Africa*, 79-81.

⁴⁴ Bates Gill and James Reilly, “The Tenuous Hold of China Inc. in Africa”, 44.

⁴⁵ *Ibid.*, 43-48.

⁴⁶ Source: Bates Gill and James Reilly, “The Tenuous Hold of China Inc. in Africa”, 45.

In addition to the two major categories of actors mentioned above, i.e. the government and bureaucracy-related agencies on one hand and the SOEs on the other, Peter Pham from the Atlantic Council adds three more categories of actors. These include small and medium enterprises, middlemen who settle the arrangements and prepare the ground for Chinese investments, and hundreds of thousands of Chinese laborers working in Africa.⁴⁷

1.2.2. The Relations among the Actors: Contradictions in China's Africa Policy

As a result of this multiplicity of actors, China's Africa policy is in fact full of contradictions. While the government represented by the MOFA and the MOC tries to build friendly relationships with African governments and gain access to African resources, the SOEs and the SACAC are interested in a quick completion of projects and reducing the costs, often by disregarding local business rules and customs. As the ranking of the MOFA and the MOC at the state hierarchy is equal to that of the SACAC, the ministries find it hard to enforce their will. Moreover, the SACAC is often likely to be backed by provincial governments, which have interest in profits of their SOEs, and have equal footing to those of the ministries as well. Disputes then have to be resolved by the State Council.

According to Ian Taylor from the University of St. Andrew, contradictions between the interests of the state and the commercial sphere and the resulting absence of a government master plan are further evidenced by the competition between the Chinese national oil companies⁴⁸: Beijing has not been able to enforce geographical division of labor between the three biggest national oil companies, which thus regularly bid against each other for projects in Africa as the most successful company in terms of assets is likely to get diplomatic and financial support from the government. Coupled with the corrupt nature of China's state institutions, Taylor suggests that the Chinese government does not have effective control over the practices of Chinese companies in Africa.⁴⁹ Although Lee and Shalmon admit that senior officials of the SOEs might be tempted to follow advices by the government, as they hope to

⁴⁷ J. Peter Pham, a speech at the panel "U.S. and China in Africa: Advancing the Diplomatic Agenda" (presented at the conference "The Eagle & the Dragon in Africa: Stability and Economic Development in Sub-Saharan Africa," Virginia Military Institute, Lexington, Virginia, November 3-4, 2011).

⁴⁸ China's three biggest national oil companies are: China National Offshore Oil Corporation (CNOOC), China National Petroleum Corporation (CNPC) and China Petrochemical Corporation (Sinopec).

⁴⁹ Ian Taylor, *China's New Role in Africa*, 7-8.

be promoted to higher government positions one day, the authors point out that these officials usually end up prioritizing the commercial interests of their companies.⁵⁰

1.3. China's Strategy in Africa

The official line of China's African policy is outlined in the governmental white paper "China's African Policy" from 2006. China pledges to adhere to the Five Principles of Peaceful Coexistence, which include mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence; and further to support African countries' economic development based on their own choice. The relations between China and African countries are to be based on mutual benefit and prosperity, whereas both sides should learn from each other.⁵¹

However, China's policy towards Africa is much more complex than the 2006 white paper outlines. The following sections will critically characterize the full scale of China's activities and strategies in Africa, taking into account views of some respected scholars on this topic.

1.3.1. High Profile Diplomacy

Cultivation of close ties with African leaders is the cornerstone of China's African policy. In its dealings with African countries, China has paid attention to personal contact with their leaders and mutual visits by high-profile officials. Beginning in 1991, the Chinese foreign minister travels annually to Africa, often scheduling the visit first in the year. The fact that the Chinese leaders treat their African counterparts with respect and honor earns them personal sympathies by many of these leaders as they often do not get such treatment from Western countries, especially if they are unpopular dictators. The Chinese also use symbolic gestures, such as support for prestige projects consisting of building of government buildings, presidential palaces or public stadiums, designed to attract the elites of African states.

⁵⁰ For details see: Henry Lee and Dan Shalmon, "Searching for Oil: China's Strategies in Africa", in: Robert Rotberg (ed.), *China into Africa. Trade, aid and influence* (Washington D.C.: Brookings Institution Press, 2008), 114.

⁵¹ "China's African Policy", Beijing, January 2006, <http://www.fmprc.gov.cn/zflt/eng/zt/zgdfzccwj/t230479.htm>, last access July 28, 2013.

Although the white paper from 2006 stipulates that the Chinese would conduct exchanges also between legislative bodies, political parties, or ministries,⁵² the reality is that China engages only the elites, as the governing bodies are usually not representative of the population. Taylor argues that this policy helps African elites to maintain their neopatrimonial networks, as the benefits are usually not shared with the rest of the population.⁵³

In addition to bilateral relations, beginning in 2000, China has been meeting African leaders every three years, at the Forum on China-Africa Cooperation (FOCAC). This Forum is attended usually by leaders and ministers from nearly all African countries that maintain relations with Beijing. Importantly, leaders of other world powers including the U.S. are not represented at the Forum. Its purpose is to discuss mutually beneficial cooperation between Africa and China, mainly in the economic sphere. China uses these Forums to make new pledges of development assistance, reiterate its support for the interests of African states, and to engage in economic dialogue. In relation to multilateralism, China also supports the African Union (AU) and appreciates pan-Africanism in its rhetoric.⁵⁴

China's concept of non-interference and different conception of human rights constitute additional strategic tool in its relations with African countries. China promotes its own concept of human rights in which collective rights are given priority over individual rights. China understands the human rights as consisting of a right to economic prosperity (based on a collective effort directed towards development) and principle of non-interference in domestic affairs as a right of the people to determine their own development.⁵⁵

African authoritarian regimes are obviously receptive to such interpretations of human rights. Coupled with China's insistence on non-interference, it gives China a comparative advantage vis-à-vis the Western countries. China's position also serves its self-interest in avoiding precedents in interference in

⁵² Ibid.

⁵³ See: Ian Taylor, *China's New Role in Africa*, 10-13.

⁵⁴ Chris Alden, *China in Africa. African Arguments*, 32.

⁵⁵ See: Ian Taylor, *China's New Role in Africa*, 92-98. Nevertheless, Ian Taylor makes the point that even the Chinese concept is contradictory with respect to its African policy. As many African leaders have no interest in economic development, for it would create alternative economic elite, China's insistence on sovereignty enables these leaders to stand in the way of development, which contradicts the right for economic prosperity, pronounced by China (Ian Taylor, *China's New Role in Africa*, 110).

internal affairs regarding democracy and human rights.⁵⁶ Yet as the case of Sudan suggests, China has gradually become more flexible in its stance on non-interference.⁵⁷

1.3.2. Package Deals: Resources for Infrastructure

Perhaps the most effective tool in China's strategy in Africa is its policy of package deals. In order to win contracts for resource extraction, China offers a combination of generous loans, infrastructure projects and other forms of development aid in return. The infrastructure projects mean output for Chinese construction firms and their access to the local market. The costs are then covered by revenues from the newly extracted resources. Ideally, the loans are repaid also in resources.

Yet from the Western point of view, China's approach is problematic for mixing development aid with business, since China uses development aid in order to win contracts. Another complaint is that China's offers of infrastructure projects advantage its mining and oil companies over the Western ones, as the Western governments do not and cannot offer any such projects, as the Organization for Economic Cooperation and Development (OECD) discourages direct linkage of aid with private commercial ventures.⁵⁸ Furthermore, the aid is usually tied to Chinese products: a major part of the loan usually has to be spent on either constructions made by Chinese companies, or on Chinese products. However, the Chinese loans have usually no other strings attached, besides the One-China principle.

The positive side of such deals is that African countries can benefit from the infrastructure which is not limited to connecting the mines with ports. China builds roads, bridges, power plants, factories, irrigation systems, schools or hospitals. As David Shinn points out, Western governments abandoned financing infrastructure projects more than a decade ago.⁵⁹ Moreover, as Taylor explains, the Chinese companies are able to do the construction for a very low price, since they, as a part of their policy to gain market access, often have minimum or no margins and their long-term presence in the respective region enables them to save costs as they can keep the equipment there.⁶⁰

⁵⁶ Western criticism of China's policy in Tibet and occasional meetings with Dalai Lama by Western leaders, as well as repeated criticism of China's crackdowns against opposition leaders exemplify the grounds for Beijing's concerns about interference in its internal affairs.

⁵⁷ China came to recognize that its policy of non-interference contradicted its interest in stability that is necessary to protect its investments, and that it seriously complicated its relations with Western countries. See e.g.: Hong Zhao, "China's Oil Venture in Africa", 407.

⁵⁸ J. Peter Pham, "China's African Strategy and Its Implications for U.S. Interests", 249.

⁵⁹ David H. Shinn, "Africa: The United States and China Court the Continent", 46.

⁶⁰ Ian Taylor, *China's New Role in Africa*, 22.

Deborah Brautigam however points out to the negative side of such deals, specifically the resource-backed loans. These loans are very easy to get for resource-rich African countries, because the only thing China cares about is whether the country has resources to back the loan. Chinese construction companies complete the project and they cash the money back in resources. On one hand, this approach eliminates corruption on the part of the recipient country, as the local government never sees the money, but instead gets a completed infrastructure project. On the other hand, this practice compromises the convention that the World Bank and the International Monetary Fund are privileged creditors. In addition, if the same company that builds the infrastructure also runs the mine and its revenues do not go through the country's budget, the African government cannot check how much is actually being repaid back.⁶¹

Chinese SOEs bidding for projects and extraction rights in Africa have one more advantage over their Western rivals. Besides the packaged support, the Chinese government selects "national champions" from the most successful or strategic SOEs. These companies then receive a wide range of benefits, such as tax-breaks, cheap land, low-interest loans, etc.⁶² As mentioned above, the SOEs also receive guarantees for loans and export credits from the EXIM Bank. As they are state-owned, they do not have short-term responsibility to private shareholders, which, combined with the cheap capital, enables them to outbid their Western competitors by offering considerably lower prices. Potential losses can be covered by the government through its state banks.

Chinese companies save further costs due to their low labor, safety and environmental standards. As Wenran Jiang from the University of Alberta explains, these companies are product of harsh Chinese capitalism, which is characteristic for lack of corporate responsibility and transparency. Hence the companies have no reason to apply overseas standards that are low or non-existent at home.⁶³

China has also established free trade zones (FTZs) in Africa, e.g. in Zambia's Copper Belt, in Nigeria, Mauritius or in Ethiopia. For the African countries, these zones serve as an experiment that may contribute to their economic modernization as was the case in China during the 1980s. As for China, these zones offer, according to Brautigam, a chance for the mature Chinese industries to be moved offshore and avoid their destruction during a restructuring of Chinese economy. Furthermore, Chinese

⁶¹ Deborah Brautigam, *The Dragon's Gift, The Real Story of China in Africa*, 145-147.

⁶² Bates Gill and James Reilly, "The Tenuous Hold of China Inc. in Africa", 40.

⁶³ Wenran Jiang, "Fuelling the Dragon: China's Rise and its Energy and Resources Extraction in Africa", *The China Quarterly* 199 (September 2009): 585-609.

companies in these zones enjoy favorable treatment and tax incentives from African governments and can also benefit from rather lax labor standards.⁶⁴

1.3.3. Foreign Aid

This section analyzes the part of Chinese foreign aid that is not directly tied to its business activities. Many of the activities mentioned in the previous paragraphs could be also characterized as foreign assistance, but their link to larger business deals makes it complicated. China does not use the OECD's definition of "official development assistance" (ODA). Since the EXIM Bank does not release its terms and conditions on its below-market loans, it is not possible to detect the amount of grant element of the loan which can be considered foreign assistance.⁶⁵ Helmut Reisen from the OECD divides Chinese aid in three categories: aid in kind, zero-interest loans, and concessional loans (i.e. the interest is subsidized by the MOC).^{66 67}

As declared in the 2006 white paper, China's foreign aid consists of sending significant numbers of medical teams to Africa to train the local personnel and improve local facilities, supporting educational exchanges between China and Africa, and providing technical and agricultural assistance.⁶⁸ Furthermore, China also provides debt relief to the poorest African countries.

China also gives Africa's Least Developed Countries (LDCs, as defined by the UN) that maintain relations with Beijing zero-tariff treatment on some of their exports. In 2005, a list of 190 commodities for duty-free treatment was announced in each of the LDCs. At the FOCAC summit in Beijing in 2006, China extended the list to 440 commodities. Yet as Deborah Brautigam suggests it is difficult to assess the impact of these benefits on African economic development, since the list of commodities is not

⁶⁴ Deborah Brautigam, *The Dragon's Gift, The Real Story of China in Africa*, 98-99.

⁶⁵ The grant element is the below-market portion of the loan that can be viewed as foreign assistance. This element of Chinese loans varies from 10 to 70 percent. See: "Report to Congress on Assistance by the People's Republic of China to Government and Entities in Latin America and Africa. Division J, Department of State, Foreign Operations, and Related Programs, Section 7071(f) (3) of the Omnibus Appropriations Act, 2009 (P.L. 111-8)", http://permanent.access.gpo.gov/gpo5054/cr_china_7071f3.pdf, last access July 12, 2013.

⁶⁶ Helmut Reisen, "Is China Actually Helping Improve Debt Sustainability in Africa?" OECD, G-24 Policy Brief No. 9, <http://www.oecd.org/dev/39628269.pdf>, last access May 11, 2013.

⁶⁷ According latest China's white paper on foreign aid, the share of concessional loans of China's aid financing (globally) rose from 28.7% in 2010 to 55.7% in 2012, while the share of zero-interest loans decreased from 29.8% to 8.1%. In addition, the share of grants decreased from 41.4 to 36.2%. See: Yun Sun, "Africa in China's New Foreign Aid White Paper", Brookings Institution, July 16, 2014, <http://www.brookings.edu/blogs/africa-in-focus/posts/2014/07/16-africa-china-foreign-aid-sun>, last access July 18, 2014.

⁶⁸ China's African Policy", January 2006, <http://www.fmprc.gov.cn/eng/zxxx/t230615.htm>, last access May 10, 2013). These activities are widely recognized, see: Drew Thompson, "China's Soft Power in Africa: From the Beijing Consensus to Health Diplomacy," in Arthur Waldron (ed.) *China in Africa* (The Jamestown Foundation, 2008), 25-31.

published.⁶⁹ However, in 2010, China's government published a report which stated that the list had been extended to include 4,700 items accounting for 95 percent of all taxable items according to China's regulations.⁷⁰

1.3.4. Going to Risky Places

As China is a latecomer to Africa, it is more difficult for its companies to establish themselves on the continent alongside their more experienced Western counterparts. One solution to this problem is going to risky places, or even "rogue states", where the others do not go. Sudan is a case in point here. While Western companies were either forbidden by the U.S. sanctions to do business in the country, or discouraged by reputational concerns and public pressures from doing so, Chinese companies went in and became the biggest foreign investors in the Sudanese oil sector.

As for the risky places, China decided to invest in Angola shortly after the end of its civil war in 2002, at a time when other countries were not willing to go to the country. Over the time, the risks paid off and China is now one of the major investors in Angola.⁷¹

The province of Belinga in Gabon is another example how China gains comparative advantage by going to areas which are of little interest to others. This province's iron-ore deposits had been unexploited for decades for its hazards and complicated connection to the Atlantic coast 560 kilometers away. In 2006, a consortium of Chinese SOEs with some other foreign companies won the sole right to develop these deposits.⁷²

1.3.5. Military Cooperation

Chinese military activities on the continent consist mainly of arms sales and peacekeeping. Ironically, China has been supplying arms to many regions that are in need of peacekeepers. In addition,

⁶⁹ Deborah Brautigam, *The Dragon's Gift, The Real Story of China in Africa*, 95-96.

⁷⁰ "China-Africa Economic and Trade Cooperation", PRC's Information Office of the State Council, December 2010, http://english.gov.cn/official/2010-12/23/content_1771603.htm, last access June 30, 2013.

⁷¹ For details: Wenran Jiang, "Fuelling the Dragon: China's Rise and its Energy and Resources Extraction in Africa", 597-599. Although Western oil companies were engaged in Angola much earlier, they only stayed offshore. China, by contrast, started to invest onshore and its investments in a wide range of sectors helped her to gain stakes also in the oil sector. The details are discussed in the case study on Angola in the third chapter.

⁷² Sarah Raine, *China's African Challenges*, 40.

China also actively participates in anti-piracy operations at Horn of Africa and engages in military exchanges with some African countries.

Chinese arms sales, especially to Sudan and Zimbabwe, incite strong controversies. Beijing argues that it tries to separate business from politics. Nevertheless, its arms supplies have effectively helped these regimes to defend themselves against their internal opponents. However, as Taylor suggests, China has increasingly been forced to change this approach, as it damages its reputation of a responsible power, and its arms may cause instability and threaten its assets in the respective countries once they get in the hands of opposition groups or in case of a regime change. However, he also reminds us that due to the corrupt nature of Chinese institutions and personal ties between politicians and the military-industrial sector, China finds it rather difficult to enforce limitations on arms sales.⁷³

On the other hand, China is among the largest contributors to peacekeeping operations in Africa and contributes more than any other member of the UN Security Council. Participation in peacekeeping enhances its reputation at the international stage and creates an image of a status-quo power playing according to international rules. In addition, through peacekeeping operations, China enhances its strategic presence in key African regions.

China has relaxed its stance on non-interference and sovereignty.⁷⁴ According to its revised guidelines, Beijing supports peacekeeping interventions if they are mandated by the UN, approved by the host country's government, the interventions respect state sovereignty, and all other options have failed.⁷⁵ China has participated in peacekeeping operations e.g. in the Democratic Republic of Congo, Liberia, Sudan and Darfur.

Finally, China has started its own anti-piracy operations at the Horn of Africa. Although it has not joined existing coalitions and has focused on safeguarding its own vessels, China's Ministry of National Defense has expressed willingness to share intelligence information with other countries.⁷⁶

⁷³ Ian Taylor, *China's New Role in Africa*, 127-131.

⁷⁴ China's insistence on non-interference and sovereignty stems from its experience of the Century of Humiliation and from its interest to avoid interference of other countries in the issues of Taiwan and Tibet, as it considers them to be domestic affairs.

⁷⁵ Ian Taylor, *China's New Role in Africa*, 137.

⁷⁶ Alica A. Kaufman, "China's Participation in Anti-Piracy Operations off the Horn of Africa: Drivers and Implications", CNA China Studies Conference Report, July 2009, <https://www.cna.org/sites/default/files/news/2009/Piracy%20conference%20report.pdf>, last access June 4, 2013.

2. The U.S. Policy on Africa

U.S. attention to the African continent dates back to the 1950s and 1960s when it focused on support to national liberation movements, as the idea of self-rule was consistent with American values. However, more importantly, it supported these aspirations in order to prevent the new independent states from falling under the influence of the Soviet Union. The U.S. provided support to regimes that were opposing the Soviet Union, despite the fact that nearly all of them were dictatorships. Cold War considerations therefore outweighed interests in democratization or good-governance.

In addition, from the 1960s to the 1990s, U.S. foreign policy focused on economic development, not on democratization.⁷⁷ These policies were also reflected in the structural adjustments programs implemented by international institutions, in which the U.S. had significant influence, such as the World Bank or the International Monetary Fund (IMF). These programs were designed to promote economic liberalization, privatization and debt reduction, and their principles became known as the so-called Washington Consensus. Democratization or governance were rarely mentioned.

The end of the Cold War enabled the U.S. to refocus on democratization and humanitarianism in Africa. At the same time, African authoritarian regimes began to crumble, as the new generation of young leaders was demanding democracy.⁷⁸ The U.S. also quickly recognized the threat that non-state actors, violent conflicts and humanitarian disasters posed to the international order. As a result, Africa's importance for U.S. foreign policy interests significantly increased. Finally, following the explosion in energy demand after the turn of the millennium, the U.S. also started to see Africa as a new source of energy supplies.

2.1. U.S. Goals in Africa

The U.S. pursues a wide range of interests in Africa. For the purpose of this work, these will be divided into the following categories: 1./ efforts at development and democratization, 2./ security and stability, 3./ economic needs including energy security and access to markets, and 4./ prevention of humanitarian disasters. This classification also nearly mirrors the four pillars of U.S. policy stated in the U.S. Strategy Toward Sub-Saharan Africa, issued by the White House in 2012. These four pillars include

⁷⁷ Herman J. Cohen, "Democratizing Africa: Two Decades of U.S. Policy," *American Foreign Policy Interests* 33 (2011): 231.

⁷⁸ *Ibid.*, 231-232.

1./ strengthening of democratic institutions, 2./ spurring of economic growth, trade and investment, 3./ advancing of peace and security, and 4./ promoting of opportunity and development.⁷⁹

Yet some scholars argue that the U.S. has been preoccupied with crises and imminent security issues and has not created a comprehensive policy on Africa.⁸⁰ Furthermore, there seems to be a gap between the articulated U.S. goals and the actual performance. While the U.S. proclaims that its efforts in Africa are directed to democratization, good-governance and development assistance, critics argue that the U.S. focuses primarily either on security issues such as counterterrorism or conflict resolution⁸¹, or relationships with key oil producing countries⁸², and consistent pursuit of the above-mentioned goals is rather sporadic.

2.1.1. Promotion of Democracy and Development

Promotion of democracy and economic development has been one of the major tools of American soft power. As African states have mostly very poor record in these areas, they have been major recipients of U.S.-led programs. Promotion of democracy and economic prosperity helps the United States to exert its influence over the continent, export its own values and create a positive image at the international stage. As the authors of an independent task force from the Council on Foreign Relations (CFR) explain, democratic states will be more stable in the long-term, will share more American values, and can become partners to the U.S. in trade and in coping with transnational challenges.⁸³

In addition, these assistance programs are also linked to the accomplishment of other U.S. goals in Africa that are listed in separate sections below. Economic assistance may enhance U.S. position in key oil-producing African countries and help U.S. companies to establish themselves on local markets. Countries that achieve some degree of economic prosperity and become more democratic are less prone to conflicts and less likely to become a breeding ground for terrorism. Finally, economic development and good-governance can prevent humanitarian disasters that stem from poor health and lack of

⁷⁹ "U.S. Strategy Toward Sub-Saharan Africa", The White House, June 2012, http://www.whitehouse.gov/sites/default/files/docs/africa_strategy_2.pdf, last access June 15, 2014.

⁸⁰ See e.g.: Nicolas van de Walle, "US Policy Towards Africa...", 11.

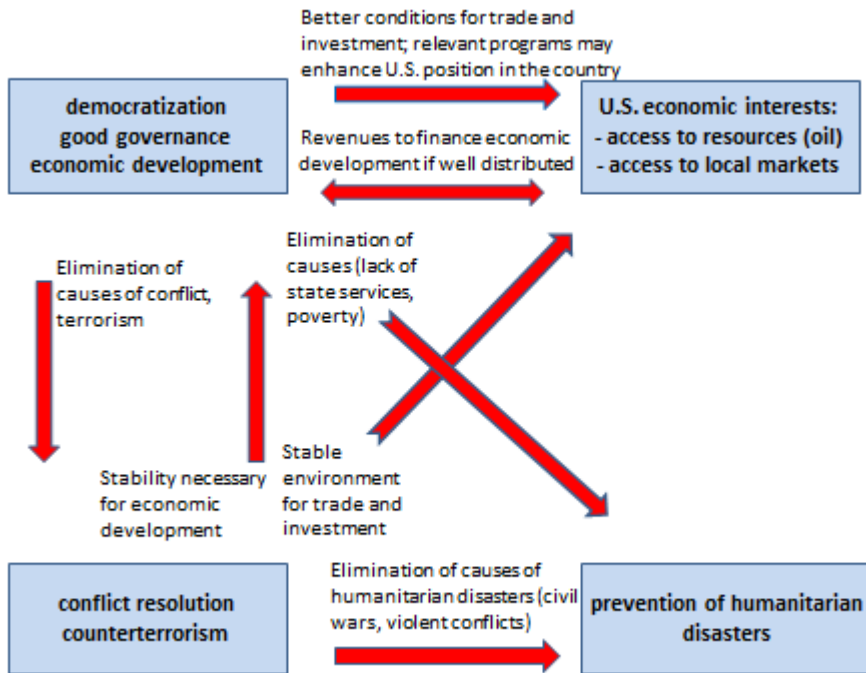
⁸¹ David H. Shinn, "Africa: The United States and China Court the Continent", 41; Nicolas van de Walle, "US Policy Towards Africa: The Bush Legacy and the Obama Administration", 7.

⁸² Joel Barkan, "Advancing Democratization in Africa", in Jennifer G. Cooke and J. Stephen Morrison (eds.), *U.S. Africa Policy Beyond the Bush Years: Critical Challenges for the Obama Administration* (Center for Strategic and International Studies, 2009), 100.

⁸³ Anthony Lake and Todd Whitman (chairs), Princeton N. Lyman and J. Stephen Morrison (project directors), *More than Humanitarianism....*, 89.

environmental standards as well as lack of capacities to mitigate transnational challenges. The interplay between the U.S. interests is illustrated in Figure 2.

Figure 2: Interplay between U.S. interests in Africa⁸⁴



Under the Bush Administration, democracy promotion was supposed to advance some short-term goals. According to prof. Barkan from the Center for Strategic and International Studies (CSIS) Africa Program, the Administration seemed to believe in the theory of democratic peace which holds that democracies do not attack themselves. In the context of the War on Terror, the belief was that democracies also do not breed terrorists.⁸⁵ Indeed, the 2002 National Security Strategy (NSS) states that “poverty, weak institutions, and corruption can make weak states vulnerable to terrorist networks and drug cartels within their borders.”⁸⁶

⁸⁴ The figure was created by the author for the purpose of the thesis.

⁸⁵ Joel Barkan, “Advancing Democratization in Africa”, 98.

⁸⁶ “The National Security Strategy of the United States of America”, The White House, September 2002, <http://www.state.gov/documents/organization/63562.pdf>, last access June 5, 2013.

2.1.2. Interest in Security and Stability

The bombings of U.S. embassies in Nairobi and Dar es Salaam in 1998 showed that certain parts of Africa might pose a security threat to the U.S. After 9/11, the Bush Administration recognized that weak and failing states or ungoverned areas could become safe havens for international terrorists. The 2002 NSS suggests that the U.S. should strengthen Africa's fragile states' capacities to secure their borders and build law enforcement infrastructure to deny terrorists safe havens.⁸⁷ The 2006 NSS declared that "our security depends upon partnering with Africans to strengthen fragile and failing states and bring ungoverned areas under the control of effective democracies."⁸⁸

Furthermore, the U.S. has an interest in conflict prevention and resolution. African conflicts cause humanitarian disasters, refugee flows, and typically spill over borders, hence leading to regional instability. Such conflicts create pressures on the U.S. to get involved in humanitarian interventions and compromise its efforts at economic development in the region. Lack of economic progress only extends the need for continuing U.S. assistance. In his major speech on U.S. - African relations in 2003, President Bush declared that establishing peace and security across the continent is the first great goal of the U.S. in Africa.⁸⁹ Speaking on Africa in Ghana in 2009, President Obama stated that "when there is genocide in Darfur or terrorists in Somalia, these are not simply African problems, they are global security challenges, and they demand a global response."⁹⁰

Finally, the existence of piracy in unpatrolled coastal areas (especially in the Horn of Africa) threatens U.S. commercial interests as it disrupts shipping. Thus the U.S. has an interest in building capacities of the local authorities to combat piracy.

All of the above mentioned interests were reflected in the U.S. Strategy Toward Sub-Saharan Africa from 2012, which specifically listed the following objectives: countering al-Qaeda and other terrorist groups, assisting in building local military capabilities, preventing transnational criminal threats

⁸⁷ Ibid.

⁸⁸ "The National Security Strategy of the United States of America", The White House, March 2006, <http://merln.ndu.edu/whitepapers/USnss2006.pdf>, last access June 17, 2013.

⁸⁹ George W. Bush, "Remarks by the President to the Corporate Council on Africa's U.S.-Africa Business Summit" (Washington D.C., June 26, 2003), <http://georgewbush-whitehouse.archives.gov/news/releases/2003/06/20030626-2.html>, last access June 1, 2013.

⁹⁰ Barack Obama, "Remarks by the President to the Ghanaian Parliament" (Accra International Conference Center Accra, Ghana, July 11, 2009), <http://www.whitehouse.gov/the-press-office/remarks-president-ghanaian-parliament>, last access June 16, 2014.

such as piracy or illicit trafficking, preventing conflicts by addressing atrocity risks in early stages, and support of peacekeeping operations.⁹¹

2.1.3. Economic Needs: Energy Security and Export Markets

One of the major reasons driving more U.S. attention to Africa in the new millennium has been energy security.⁹² In an era of growing global demand for energy, Africa is becoming a key oil and gas supplier. Sub-Saharan Africa's share of world oil production rose from 5 to 7 percent between 2001 and 2007.⁹³ According to the CFR task force, Africa's production may double in the decade of 2010-2020.⁹⁴ Africa therefore enables the U.S. to diversify the sources of its energy supplies and limit its dependency on the Middle Eastern oil.

Furthermore, African countries produce light sweet crude oil⁹⁵ and its transportation from the African coast via direct shipping lines makes the supplies more reliable compared to the volatile Gulf region. Moreover, African energy market is open to foreign investments much more than the energy markets elsewhere. In 2005, 50 percent of African production came from international companies.⁹⁶

Although nearly all U.S. imports from Africa consist of oil and gas (in 2011, mineral fuels and oil accounted for 80 percent of U.S. imports from Sub-Saharan Africa), the U.S. is also interested in imports of precious stones and metals, mainly platinum and diamonds.⁹⁷

Growing African populations also offer a prospect for U.S. exports, as the continent's economies develop. The U.S. Department of State mentions that between 2000 and 2010, "17 countries in sub-

⁹¹ "U.S. Strategy Toward Sub-Saharan Africa", The White House, June 2012,

http://www.whitehouse.gov/sites/default/files/docs/africa_strategy_2.pdf, last access June 15, 2014.

⁹² The growing importance of energy security in U.S. policy towards Africa is expressed by the following authors: David L. Goldwyn, "Pursuing U.S. Energy Interests in Africa," in Jennifer G. Cooke and J. Stephen Morrison (eds.), *U.S. Africa Policy Beyond the Bush Years: Critical Challenges for the Obama Administration* (Center for Strategic and International Studies, 2009), 62; Anthony Lake and Todd Whitman (chairs), Princeton N. Lyman and J. Stephen Morrison (project directors), *More than Humanitarianism...*, 9-10; Nicolas van de Walle, "US Policy Towards Africa..." 7-8.

⁹³ David L. Goldwyn, "Pursuing U.S. Energy Interests in Africa," 66.

⁹⁴ Anthony Lake and Todd Whitman (chairs), Princeton N. Lyman and J. Stephen Morrison (project directors), *More than Humanitarianism...*, 9.

⁹⁵ Light sweet crude oil is light in density and sweet with regard to the sulfur content (oil with the sulfur content below 0.5 percent is defined as sweet, while oil with higher content than 0.5 percent is called sour). Light sweet crude oil is much easier to process and the costs of refining are thus lower. See: "Types of Crude Oil" Neste Oil, <http://www.nesteoil.com/default.asp?path=1,41,537,5196,5199>, last access July 18, 2013.

⁹⁶ David L. Goldwyn, "Pursuing U.S. Energy Interests in Africa", 69.

⁹⁷ Vivian C. Jones and Brock R. Williams, "U.S. Trade and Investment Relations with sub-Saharan Africa and the African Growth and Opportunity Act", CRS Report for Congress, November 14, 2012, <http://fas.org/sgp/crs/row/RL31772.pdf>, last access August 15, 2014.

Saharan Africa have maintained growth rates between 5 and 7 percent annually and represent significant opportunities for U.S. exports.”⁹⁸ According to the Office of the U.S. Trade Representative (USTR), in the same decade, 6 out of the 10 fastest growing economies in the world were in Sub-Saharan Africa.⁹⁹

2.1.4. U.S. Humanitarian Goals in Africa

The United States has an interest in humanitarian assistance and prevention of humanitarian disasters. First, humanitarian crises jeopardize other U.S. goals in Africa, notably stability and economic development. Second, from its position of the world power, the U.S. is usually expected by the international public to intervene in case of humanitarian disasters. Failure to fulfill these expectations could weaken American soft power. Finally, humanitarian assistance is part of domestic electoral policy. Such policies play well with liberal constituencies, especially as the issue of Africa is being brought to public attention by various movie and music stars (the series of Live 8 concerts in 2005 is a case in point). However, humanitarian policies seem to attract also conservative voters, as exemplified by the Bush administration, whose programs for combatting AIDS as well as debt relief proved attractive to the Christian community, as they were viewed as evidence of “compassionate conservatism”.¹⁰⁰

2.2. Main Actors in U.S. Policy towards Africa

Comparison of the U.S. actors responsible for Africa policy with those on the Chinese side is to a certain extent asymmetric. The U.S. government does not have a comprehensive “go-out” strategy and related institutional structure that would solely be responsible for its policies in Africa. The U.S. government certainly has its programs as well as diplomatic and security agenda in Africa. However, the rest of the picture of U.S. activities in Africa is drawn by American private companies or NGOs, whereas there are clear distinctions between the state and private sphere. Thus, we have several actors on the U.S. side involved in “U.S. activities in Africa” which do not necessarily coordinate between each other,

⁹⁸ “Investing in Sub-Saharan Africa”, U.S. Department of State, <http://www.state.gov/p/af/rt/investing/index.htm>, last access June 2, 2013.

⁹⁹ “Africa”, Office of the United States Trade Representative, <http://www.ustr.gov/countries-regions/africa>, last access June 19, 2013.

¹⁰⁰ John W. Dietrich, *The George W. Bush Foreign Policy Reader: Presidential Speeches with Commentary* (New York: M.E. Sharpe, 2005), 273.

(albeit the U.S. Strategy Toward Sub-Saharan Africa¹⁰¹ from 2012 to some extent addresses this inefficiency). The following section analyzes the government actors and briefly mentions their influence on U.S. companies. In addition, it also shows that some private organizations realize projects in Africa too.

2.2.1. Overview of Key Institutions Involved in U.S. Policy towards Africa

On the top of the structure responsible for African policy is the president who can use guidance from his National Security Council. The Africa Bureau of the State Department is responsible for developing and implementing policies towards Sub-Saharan Africa.¹⁰² Based on their nature, many responsibilities are shared with other governmental departments, primarily the Department of Defense, but also the Department of Commerce or Department of Treasury (e.g. international debt). The Assistant U.S. Trade Representative for Africa is the executive branch's primary contact person for parties involved in trade between the United States and Africa, and also a chief adviser to the U.S. Trade Representative (USTR) on African issues.¹⁰³

The Congress exercises control over finances for U.S. policies and programs in Africa. Through its appropriations, the Congress actually determines which programs will be given priority, or, which will be cut. It may also use earmarks to condition funding for certain programs. Congressional policy on Africa is formulated by the Subcommittee on African Affairs of the Senate Committee on Foreign Relations and the Subcommittee on Africa, Global Health, Global Human Rights and International Organizations of the House Committee on Foreign Affairs.

The U.S. Agency for International Development (USAID) oversees most of the development and assistance programs focused on institution- and capacity-building, health services, and trade related assistance. It also implements humanitarian assistance and food aid.¹⁰⁴ Yet, some initiatives and programs are assigned to separate agencies such as the Millennium Challenge Corporation (MCC) or the

¹⁰¹ "U.S. Strategy Toward Sub-Saharan Africa", The White House, June 2012, http://www.whitehouse.gov/sites/default/files/docs/africa_strategy_2.pdf, last access June 15, 2014.

¹⁰² North Africa belongs to the Bureau of Near Eastern Affairs (NEA).

¹⁰³ Vivian C. Jones, "U.S. Trade and Investment Relationship with Sub-Saharan Africa: The African Growth and Opportunity Act", CRS Report for Congress, February 4, 2010, <http://www.isn.ethz.ch/Digital-Library/Publications/Detail/?ots591=0c54e3b3-1e9c-be1e-2c24-a6a8c7060233&lng=en&id=100275>, last access June 2, 2013.

¹⁰⁴ "Bureau for Africa", U.S. Agency for International Development, <http://www.usaid.gov/who-we-are/organization/bureaus/bureau-africa>, last access June 4, 2013.

President's Emergency Program for AIDS Relief (PEPFAR). The Bush administration considered the USAID ineffective and decided to establish both agencies outside of the USAID.¹⁰⁵

In order to bring Africa, previously divided among three different commands, under a unified command, the Africa Command (AFRICOM) was established in 2007 (operational since 2008). Its creation demonstrates a rising importance of Africa for the U.S. as far as national security is concerned. The command is headquartered in Stuttgart, Germany,¹⁰⁶ and has its base in Djibouti. In addition to military operations, AFRICOM is also tasked with capacity building of security forces in partner African countries.¹⁰⁷

Trade promotion is in competence of the Overseas Private Investment Corporation (OPIC) and Export - Import Bank of the United States (EXIM Bank). OPIC provides U.S. companies that want to start their business in Africa with political risk insurance and funding (through direct loans and loan guarantees), and it also finances establishment of private investment funds.¹⁰⁸ The EXIM Bank provides U.S. firms that export to the region with risk protection and working credit, so that small- and medium-size companies can compete with their global competitors.¹⁰⁹ These are some of the few tools the U.S. government can use to influence the activities of American businesses in accordance with its policy priorities in Africa. For example, through allocation of its funds and risk protection, OPIC creates incentives for American companies to invest in certain developing countries that are key to U.S. foreign policy goals and in need of foreign capital, but would otherwise be neglected for their risky business environment.¹¹⁰

Several other agencies complement the activities of the OPIC and the EXIM Bank. The following two are worth mentioning in the context of comparing the Chinese and U.S. trade promotion policies.

¹⁰⁵ Princeton N. Lyman, "U.S. Foreign Assistance and Trade Policies in Africa," in Jennifer G. Cooke and J. Stephen Morrison (eds.), *U.S. Africa Policy Beyond the Bush Years: Critical Challenges for the Obama Administration* (Center for Strategic and International Studies, 2009), 115.

¹⁰⁶ The creation of AFRICOM and definition of its mission produced concerns among some State Department officials about militarization of U.S. diplomacy in Africa, and suspicion among African national leaders about the U.S. intentions. In response to such concerns, AFRICOM's headquarters was established in Stuttgart. See: Eric Schmitt, "Militant Threats Test Role of a Pentagon Command in Africa", *The New York Times*, February 11, 2013, <http://www.nytimes.com/2013/02/12/world/africa/militant-threats-test-pentagons-role-in-africa.html?pagewanted=all>, last access July 20, 2014.

¹⁰⁷ For details see: "About the Command", United States Africa Command, <http://www.africom.mil/about-the-command>, last access June 8, 2013.

¹⁰⁸ "What We Offer", Overseas Private Investment Corporation, <http://www.opic.gov/what-we-offer/overview>, last access June 4, 2013.

¹⁰⁹ "Our products", U.S. Export-Import Bank, <http://www.exim.gov/products/index.cfm>, last access June 4, 2013.

¹¹⁰ In addition, by financing private investment funds, OPIC can encourage investments in certain industries according to the developmental priorities of the governmental programs. E.g. in 2005, OPIC provided finance for establishing of the Emerging Market Partnership Fund that targets infrastructure investments. See: Vivian C. Jones, "U.S. Trade and Investment Relationship with Sub-Saharan Africa..."

The U.S. Foreign Commercial Service (USFCS) seeks to identify best prospects for U.S. exports in the region as well as barriers that impede U.S. exports, and it assists in development of new markets through evaluation of potential local partners and facilitation of business contacts. The USFCS is usually based in the target country and has a detailed understanding of the local market, as it has built relationship with the local businesses. The Trade and Development Agency aims to build trade capacity in Africa (e.g. by funding project planning and feasibility studies) in order to generate export potential for U.S. companies and facilitate access to natural resources.¹¹¹

In addition to governmental agencies, some of the U.S. assistance programs in Africa are financed by private organizations. These include for example the Ford Foundation, the Carnegie Corporation of New York, or the Rockefeller Foundation. They typically provide grants to NGOs to realize projects in selected areas, such as health or education.

2.2.2. Fragmentation of Institutions Responsible for Africa Policy

As the previous parts show, the U.S. policy on Africa results from interplay among multiple administration agencies, the Congress, and the commercial sector. Many scholars suggest that the institutions tasked with African policy are fragmented and lack central coordination. Nearly every government department has its African bureau with its own policies. Prof. Nicolas van de Walle from the Cornell University criticizes establishing of the MCC and PERFAR instead of charging the USAID, for it further contributes to fragmentation of the U.S. policy on Africa. He also reminds that individual programs are often modified by the Congress through earmarks, with little attention to the actual State Department priorities.¹¹²

On the other hand, Ambassador Princeton Lyman argues that the current division of responsibilities has also its advantages. For example, the MCC is better placed to reward countries that achieve progress in governance and can resist political pressures by the administration for including countries that fail to make such progress, but are strategically important for current foreign policy objectives. Similarly, programs needed in fragile states that do not meet the MCC criteria can be better administered by other agencies. Lyman further suggests that there are competing visions of American policies in Africa. One approach favors long-term development needs, the other one prefers short-term

¹¹¹ Vivian C. Jones, "U.S. Trade and Investment Relationship with Sub-Saharan Africa..."

¹¹² Nicolas van de Walle, "US Policy Towards Africa...", 14.

political and security goals. Thus, Lyman explains, the positive side of the current rather fragmented structure is that it can accommodate various and often contradicting U.S. interests in Africa.¹¹³

2.3. U.S. Policies towards Africa

While the United States has been pursuing multiple interests in Africa, it has not been until 2012¹¹⁴ when it developed a comprehensive Africa policy that would integrate the single pieces of its activities in Sub-Saharan Africa into a complex strategy. Before that, the government was criticized for putting an excessive emphasis on pressing humanitarian interests outside of a broader policy structure that would address African problems in the long-term. The report by CFR's task force is a case in point.¹¹⁵

Similarly, van de Walle argues that especially during the Bush administration, the U.S. lacked an overarching strategic vision and its policies towards Africa were not coordinated. Instead of being part of a complex strategy, each policy was based on different, often unrelated, domestic or foreign policy considerations, such as crisis resolution, counterterrorism, energy security, or humanitarianism in case of health programs. While some assistance programs were designed to please some constituencies and their intensity was based on Congressional budgetary priorities rather than the evolving situation in Africa, the military programs advanced immediate national security goals.¹¹⁶

The overall U.S. Africa policy has thus been defined rather by priorities of successive presidents. In 2002, President Bush outlined the following priorities: addressing Africa's educational deficits, reduction of trade barriers, confronting AIDS and security.¹¹⁷ As demonstrated during his term, security ranked very high among the priorities and consisted mainly of counterterrorism and crisis resolution. The Obama Administration continued the policies aimed at counterterrorism and crisis prevention and

¹¹³ Princeton N. Lyman, "U.S. Foreign Assistance and Trade Policies in Africa," 117-120.

¹¹⁴ "U.S. Strategy Toward Sub-Saharan Africa", The White House, June 2012, http://www.whitehouse.gov/sites/default/files/docs/africa_strategy_2.pdf, last access June 15, 2014.

¹¹⁵ Anthony Lake and Todd Whitman (chairs), Princeton N. Lyman and J. Stephen Morrison (project directors), *More than Humanitarianism...*, 14.

¹¹⁶ Nicolas van de Walle, "US Policy Towards Africa...", 10-14.

¹¹⁷ John W. Dietrich, *The George W. Bush Foreign Policy Reader: Presidential Speeches with Commentary*, 274.

placed even more emphasis on health assistance, good-governance¹¹⁸ and high-level engagement of African leaders.¹¹⁹

2.3.1. U.S. Assistance Programs: Promotion of Democracy and Economic Development

The U.S. government implements a wide range of programs aimed at promotion of democracy, institution and capacity building, and economic development in Africa. These programs take form of technical assistance, investments, or conditioned aid tied to progress in reforms and good-governance. The 2002 National Security Strategy (NSS) declared that in relation to building the infrastructure of democracy, the U.S. would provide development assistance to countries that meet the challenge of national reform. To that end, the Millennium Challenge Corporation (MCC) was established. Furthermore, the 2002 NSS promised to encourage international development banks to focus on productivity growth in order to raise living standards in developing countries.¹²⁰ This exemplifies an important feature of U.S. foreign assistance: in addition to its own programs, the U.S. also works through multilateral institutions.

Similarly, when it comes to democracy promotion, the Obama administration declared in its 2012 Strategy Towards Sub-Saharan Africa that it would promote accountable and responsive governance, support human rights and civil society, and ensure credibility of the democratic process by promoting civilian control of the military and fair elections. In addition, this Strategy listed also actions designed to promote opportunity and development in Sub-Saharan Africa. These include e.g. addressing constraints to growth and poverty reduction by encouraging African governments to distribute better their revenues from energy resources, promoting food security, transforming public health, or increasing opportunities for women and youth.¹²¹

This section mentions some of the most significant U.S. activities in the field of democracy promotion and economic development.

¹¹⁸ According Hermann Cohen, a former U.S. diplomat specializing in Africa, Obama's approach is said to adhere to a notion that good-governance can be practiced even by authoritarian governments who refuse to risk electoral defeat. For details see: Herman J. Cohen, "Democratizing Africa: Two Decades of U.S. Policy," 233-234.

¹¹⁹ President Obama made the earliest visit to Sub-Saharan Africa of any President in his first term. By 2010, he had attended a meeting with 25 heads of state and had held several bilateral meetings. See: "Fact Sheet: The President's Engagement in Africa", The White House, August 3, 2010, <http://www.whitehouse.gov/the-press-office/fact-sheet-presidents-engagement-africa>, last access June 15, 2013.

¹²⁰ "The National Security Strategy of the United States of America", The White House, September 2002, <http://www.state.gov/documents/organization/63562.pdf>, last access June 12, 2013.

¹²¹ "U.S. Strategy Toward Sub-Saharan Africa", The White House, June 2012, http://www.whitehouse.gov/sites/default/files/docs/africa_strategy_2.pdf, last access June 15, 2014.

Probably the most prominent U.S. assistance program is the Millennium Challenge Account (MCA). Administered by the MCC (created by the Congress in 2004), this program provides qualifying countries with 5-year grants (compacts) to finance development projects in sectors such as agriculture, infrastructure, enterprise development, anticorruption, health care and education. The eligibility criteria include good-governance, economic freedom and investment in citizens.¹²² As of 2012, 11 Sub-Saharan African countries¹²³ qualified for the compacts.¹²⁴ From FY2005 to FY2012, the MCC distributed 5.2 billion in compacts in Sub-Saharan Africa.¹²⁵

The advantage of the MCA is that its qualifying phase provides strong incentives for countries to implement reforms and improve governance. Awarded compacts then help consolidate democracy through support of economic development. However, as CSIS's Barkan suggests, once a country qualifies, it often loses its commitment to adhere to the eligibility criteria.¹²⁶ The downside of these otherwise useful criteria is that not all countries in need of development assistance qualify. To address this problem, the MCC also provides threshold programs in the form of smaller grants for countries that come close to passing the criteria and profess commitment to improvements in governance. The goal is to increase the number of qualifying countries.¹²⁷

One of the major achievements of the Bush Administration in Africa was enactment of the President's Emergency Plan for AIDS Relief (PEPFAR) in 2004. This program aimed at prevention, care and treatment of HIV-infected populations grew into large proportions. Its funding rose from \$2.3 billion in FY2004 to \$6.6 billion in FY2012.¹²⁸ The program is crucial for African development, as the AIDS pandemic undermines social stability and has serious economic consequences for it targets large portions of the young, productive population. In 2009, President Obama incorporated PEPFAR in his

¹²² Each category includes multiple eligibility indicators. To determine eligibility, the MCC relies on reports and statistics by several international institutions, NGOs, universities and think-tanks (e.g. the World Bank, UNESCO, Freedom House, Columbia University and Yale University, or the Brookings Institution). The indicators are listed on the MCC's website: "Selection Indicators", Millennium Challenge Corporation, <http://www.mcc.gov/pages/selection/indicators>, last access June 15, 2014.

¹²³ These countries include Benin, Burkina Faso, Cap Verde, Ghana, Lesotho, Madagascar, Malawi, Mali, Mozambique, Namibia, Senegal, Tanzania and Zambia.

¹²⁴ "About MCC", Millennium Challenge Corporation, <http://www.mcc.gov/pages/about>, last access June 14, 2014.

¹²⁵ "Agency Financial Report Fiscal Year 2012," Millennium Challenge Corporation, <http://www.mcc.gov/documents/reports/report-fy2012-afr.pdf>, last access June 15, 2014.

¹²⁶ Joel Barkan, "Advancing Democratization in Africa", 105-106.

¹²⁷ "About MCC", The Millennium Challenge Corporation, <http://www.mcc.gov/pages/about>, last access June 14, 2014.

¹²⁸ "Working Toward an AIDS Free Generation: Latest PEPFAR Funding", President's Emergency Program for AIDS Relief, <http://www.pepfar.gov/documents/organization/189671.pdf>, last access June 15, 2014.

Global Health Initiative (GHI) that includes also investments in health care systems and addresses tropical diseases.¹²⁹

The Obama administration also renewed U.S. attention to agricultural development that had been for a long time neglected.¹³⁰ In 2009, President Obama announced the Feed the Future Initiative that would provide assistance in agricultural reform and support country-driven approaches for food security. From FY2010 to FY2012, the Initiative disbursed over \$2.8 billion.¹³¹

The U.S. has traditionally been active in support of education. The Africa Education Initiative aims to increase access to basic education by providing textbooks, training of teachers and scholarships for African girls. The U.S. Peace Corps seek to help the poorest people with basic needs and promote better understanding of American people and values. The number of volunteer trainers in Sub-Saharan Africa rose from 1,900 in 2002 to 2,620 in 2010¹³², whereas the overall budget for the Peace Corps rose from 275 million to 374 million.¹³³

Of other programs, the Economic Support Fund provides funding for programs on economic reform, human rights or democracy education. For FY 2012, the administration requested \$619 million through this Fund for programs in Africa. Furthermore, the African Development Foundation reaches out directly to the most marginalized local communities by providing grants to African cooperatives, and youth and self-help groups. It also supports local grassroots development research. Importantly, this program does not station U.S. employees in Africa. Compared to other major programs, the funding for this Foundation is rather low. For FY2012, it requested 24 million in funding.¹³⁴

On the multilateral level, the U.S. contributes to the African Development Fund of the African Development Bank that lends on highly concessional terms to the poorest African countries. The U.S.

¹²⁹ "Fact Sheet: The President's Engagement in Africa," The White House, August 3, 2010, <http://www.whitehouse.gov/the-press-office/fact-sheet-presidents-engagement-africa>, last access June 15, 2013.

¹³⁰ The share of U.S. funding for agricultural development declined from 20 percent of its ODA in 1980 to around 5 percent in 2007. See: Melissa D. Ho and Charles E. Hanrahan, "The Obama Administration's Feed the Future Initiative", CRS Report for Congress, January 10, 2011, <http://www.fas.org/sgp/crs/misc/R41612.pdf>, last access June 15, 2013.

¹³¹ "Feed the Future Initiative", Foreign Assistance, http://www.foreignassistance.gov/web/Initiative_FTF_2012.aspx?FY=2012, last access June 15, 2014.

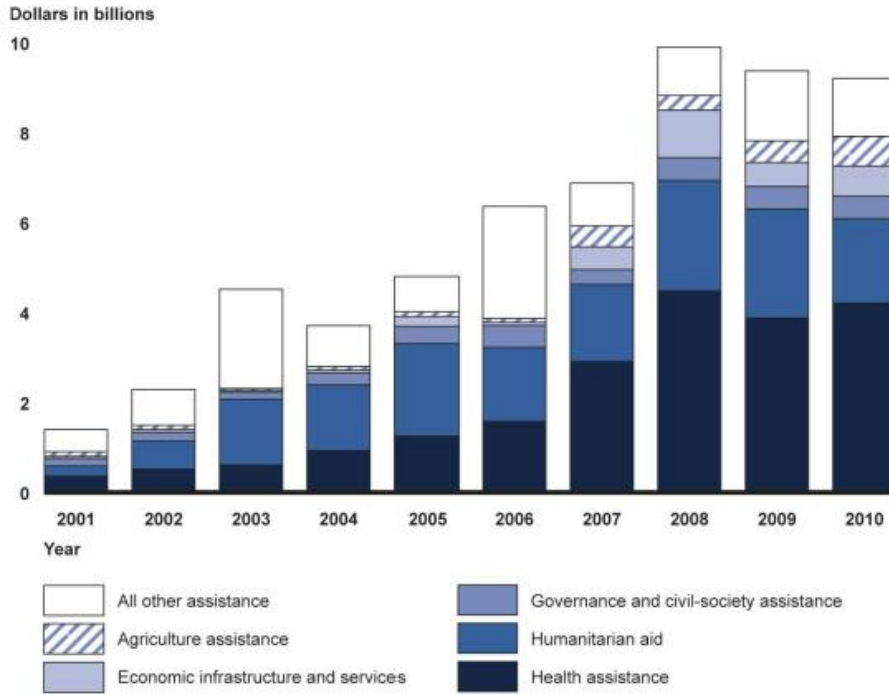
¹³² Ted Dagne, "Africa: U.S. Foreign Assistance Issues", CRS Report for Congress, December 9, 2011, <http://www.fas.org/sgp/crs/row/RL33591.pdf>, last access August 15, 2014.

¹³³ "Congressional Budget Presentation, Fiscal Year 2002", Peace Corps, <http://files.peacecorps.gov/manuals/cbj/2002.pdf>, last access June 20, 2013; "Peace Corps Congressional Budget Justification, Fiscal Year 2010", Peace Corps, <http://files.peacecorps.gov/manuals/cbj/2010.pdf>, last access June 20, 2013.

¹³⁴ Ted Dagne, "Africa: U.S. Foreign Assistance Issues".

contribution rose from 112 million in 2004 to 173 million in 2012.¹³⁵ Similarly, the U.S. contributes to the International Development Association of the World Bank that provides interest-free loans for projects in public sector management, transportation or agriculture, and assists in free-market economic reforms.¹³⁶ The U.S. contribution to the International Development Association rose from \$771 million in 2000 to 1.3 billion in 2012.¹³⁷

Figure 3: U.S. Government Development Assistance to Sub-Saharan Africa, 2001-2010¹³⁸



Source: GAO analysis of data from USAID.

Although the Bush Administration deserves credit for a steep rise in foreign aid to Africa from \$2.3 billion in 2000 to \$6.6 billion in 2006, it faced criticism that large portions of the aid were still concentrated in emergency aid (31 percent in 2006)¹³⁹, whereas long-term investments that would lift Africa out of poverty received less attention. Investments in agriculture had been low since the sharp decline in the 1990s and investments in infrastructure were also rare. This trend was partly changed by the MCA, but its funding did not match the initial pledge (in 2006, the Congress cut president’s request

¹³⁵ Rebecca M. Nelson, “Multilateral Development Banks: U.S. Contributions FY2000-FY2013”, CRS Report for Congress, February 1, 2013, <http://www.fas.org/sgp/crs/misc/RS20792.pdf>, last access June 20, 2014.

¹³⁶ Ted Dagne, „Africa: U.S. Foreign Assistance Issues“.

¹³⁷ The International Development Fund is however not limited to Africa. See: Rebecca M. Nelson, “Multilateral Development Banks: U.S. Contributions FY2000-FY2013”.

¹³⁸ Source: “Sub-Saharan Africa, Trends in U.S. and Chinese Economic Engagement”, GAO Report to Congressional Requesters, 32.

¹³⁹ Princeton N. Lyman, “U.S. Foreign Assistance and Trade Policies in Africa”, 113.

for MCA in half).¹⁴⁰ On the other hand, investments in health reached record high (PEPFAR accounted for 25 percent of U.S. foreign aid to Africa in 2006).¹⁴¹ Finally, the Obama's Feed the Future Initiative reversed the declining trend in agricultural assistance.

In addition, the U.S. government has been criticized for playing down the issues of democracy when dealing with energy-rich countries, such as Nigeria or Angola.¹⁴² David Goldwyn from the CSIS suggests, the U.S. has no systematic policy for dealing with major Africa's oil producers that would engage them on transparency of revenue distribution and governance. He explains that in the period of expansion in African production, the U.S. administration was preoccupied with African crises and counterterrorism, and its diplomatic capacities were absorbed by conflicts in Afghanistan and Iraq. The U.S. administration was also hesitant to contribute to the Extractive Industries Transparency Initiative and did so only when it was forced by a congressional earmark in 2007.¹⁴³

The lack of U.S. attention to the ability of African energy producers to distribute the revenues from oil compromises American efforts at economic development. Most of the oil-producing states do not qualify for the MCA. If the oil revenues were used to invest in infrastructure and public services, the U.S. would save lots of dollars in development assistance. Furthermore, application of double standards when it comes to democracy and governance in relations to energy-rich countries questions the seriousness of U.S. commitment to the promotion of democracy.¹⁴⁴

Finally, besides the above described government programs, some projects in Africa are financed by the American private organizations. The examples include the Ford Foundation that offers grants for projects on governance, civil society, health and education,¹⁴⁵ the Carnegie Corporation of New York,

¹⁴⁰ See: Anthony Lake and Todd Whitman (chairs), Princeton N. Lyman and J. Stephen Morrison (project directors), *More than Humanitarianism...*, 13.

¹⁴¹ Princeton N. Lyman, "U.S. Foreign Assistance and Trade Policies in Africa," 113.

¹⁴² The critics include e.g.: Joel Barkan, "Advancing Democratization in Africa", 100; Ian Taylor, a speech at the panel "China and U.S. Strategic Relationships with Africa" (presented at the conference "The Eagle & the Dragon in Africa: Stability and Economic Development in Sub-Saharan Africa", Virginia Military Institute, Lexington, Virginia, November 3-4, 2011).

¹⁴³ David L. Goldwyn, "Pursuing U.S. Energy Interests in Africa," 64.

¹⁴⁴ For example, when Nigeria's President Obasanjo extended his term by amending the constitution, U.S. diplomats were instructed to face down their criticisms. See: Joel Barkan, "Advancing Democratization in Africa", 100.

¹⁴⁵ The database of provided grants is available on the organization's website: "Grants Database", Ford Foundation, <http://carnegie.org/grants/grants-database>, last access July 18, 2014.

which provides grants primarily for educational projects,¹⁴⁶ or the Rockefeller Foundation focuses on agricultural and health assistance.¹⁴⁷

2.3.2. U.S. Trade Policies towards Africa

The U.S. trade policies towards Africa are defined mainly by the African Growth and Opportunity Act (AGOA). Enacted in 2000, the Act authorizes the President to designate some countries as eligible for duty-free and quota-free treatment of certain products under the Generalized System of Preferences (GSP) provided that the countries have established or are making continual progress towards market-based economy, rule of law, elimination of barriers to U.S. investment, protection of human rights, and increasing availability of educational and health services.¹⁴⁸ The President can determine any item as eligible for duty-free and quota-free treatment, unless the item is import-sensitive. Apparel and textile products must meet further requirements.¹⁴⁹

In 2000, President Clinton designated over 1,800 items as eligible for duty-free and quota-free treatment under AGOA (in addition to about 4,600 items already duty-free under GSP). By 2012, 40 Sub-Saharan African countries had been designated as AGOA-eligible, whereas 26 of them had met the requirements for apparel and textile products.¹⁵⁰

While by 2010, over 93 percent of U.S. imports from AGOA-eligible countries were treated as duty-free, as of 2011, oil and mineral fuels accounted for about 93 percent of these imports under AGOA.¹⁵¹ Thus, the challenge for the U.S. in terms of African development is to support diversification of

¹⁴⁶ The database of provided grants is available on the organization's website: "Trade Search", Carnegie Corporation of New York, <http://carnegie.org/grants/grants-database/>, last access June 18, 2013.

¹⁴⁷ Details on the agricultural and health assistance, respectively, are available at: "Food Security", The Rockefeller Foundation, <http://www.rockefellerfoundation.org/our-work/current-work/food-security/grants-grantees>, last access June 18, 2013; and "Health Systems", The Rockefeller Foundation, <http://www.rockefellerfoundation.org/our-work/current-work/health-systems/grants-grantees>, last access June 18, 2013.

¹⁴⁸ "General Country Eligibility Provisions", International Trade Administration, <http://trade.gov/agoa/eligibility/>, last access July 15, 2014.

¹⁴⁹ In case of apparel and textiles, the rules of origin allow duty-free and quota-free access for apparel that has been assembled in an AGOA beneficiary country from yarn made or cut in the U.S. or in an AGOA beneficiary country. Less developed AGOA beneficiary countries are allowed to export all apparel products. For details see: "Eligible Countries", International Trade Administration, <http://trade.gov/agoa/eligibility/apparel-eligibility.asp>, last access August 15, 2014.

¹⁵⁰ See: Vivian C. Jones and Brock R. Williams, "U.S. Trade and Investment Relations with sub-Saharan Africa and the African Growth and Opportunity Act"...

¹⁵¹ Ibid.

African exports. Elimination of subsidies for American farmers would be a significant step in this effort. Yet as the passage of the farm bill in 2008 demonstrates, such policy faces fierce domestic opposition.¹⁵²

Nevertheless, the U.S. runs several programs aimed at technical assistance in trade capacity building. Launched in 2006, the African Global Competitiveness Initiative seeks to enhance trade infrastructure through four Regional Hubs for Global Competitiveness (in Ghana, Senegal, Kenya, and Botswana).¹⁵³ Assistance is also provided through the MCA mentioned above.

Furthermore, the U.S. also runs initiatives to promote economic growth by assisting African countries in adopting reforms aimed at creating better environment for U.S. investments. Clearly, these initiatives also advance U.S. commercial interests in protecting its companies investing to Africa. U.S. Bilateral Investment Treaties for example ensure national treatment for U.S. investments, limits on expropriations, and development of international law and trade standards.¹⁵⁴ The U.S. companies are further supported by the OPIC and the EXIM Bank mentioned above.

In 2012, the Obama administration summarized and further extended the trade policies in the U.S. Strategy Toward Sub-Saharan Africa. The Strategy stipulates that the U.S. will seek to improve local economic governance by building capacity of the public sector to manage public finances more effectively and increase transparency. The U.S. shall also promote regional integration in order to develop economies of scale. The Strategy also promises that the administration will work with the Congress to extend the ACOTA and the GSP beyond 2015 and 2013, respectively, in order to increase the capacity of African states to produce competitive goods. Finally, the Strategy suggests that the government will encourage U.S. small- and medium-size companies to invest in Sub-Saharan Africa and engage members of the African diaspora in the U.S. willing to invest in their countries.¹⁵⁵

2.3.3. U.S. Military and Security Policies in Africa

The U.S. military and security policies are directed mainly towards conflict resolution, counterterrorism and elimination of piracy. From the U.S. point of view, conflicts cause humanitarian disasters, fuel regional instability, and contribute to the emergence of ungoverned areas that may be exploited by terrorist and criminal groups.

¹⁵² See: Princeton N. Lyman, "U.S. Foreign Assistance and Trade Policies in Africa," 129.

¹⁵³ "African Global Competitiveness Initiative," U.S. Department of State Archive, July 19, 2005, <http://2001-2009.state.gov/p/af/rls/fs/49817.htm>, last access June 16, 2013.

¹⁵⁴ Vivian C. Jones, "U.S. Trade and Investment Relationship with Sub-Saharan Africa..."

¹⁵⁵ "U.S. Strategy Toward Sub-Saharan Africa", The White House, June 2012, http://www.whitehouse.gov/sites/default/files/docs/africa_strategy_2.pdf, last access June 15, 2014.

Most notably, the United States engaged in diplomatic efforts to end the conflict in Darfur that began in 2003 (in 2004, the U.S. government declared the atrocities genocide). The U.S. provided financial support for the peace process and President Bush appointed a Special Envoy for Sudan who along with other U.S. diplomats repeatedly helped to break the stalemate in negotiations, so that the peace agreement was finally signed in 2006.¹⁵⁶

Yet when it comes to peacekeeping, the U.S. rarely stations its soldiers on the ground and instead chooses to support regional organizations, train local peacekeepers, and provide funds and training for AU- and UN-led peacekeeping operations.¹⁵⁷ An exemption was the deployment of 5,000 troops off the coast of Liberia in 2003 in order to assist the mission led by the Economic Community of West African States (ECOWAS) in ending Liberia's civil war. However, only app. 200 troops came ashore.¹⁵⁸

In 2002, the U.S. government launched the African Contingency Operations Training and Assistance program (ACOTA)¹⁵⁹ which aims to improve capabilities of African militaries to engage in multilateral peacekeeping operations. In 2004, ACOTA was incorporated to the Global Peace Operations Initiative. The U.S. military has also worked to support the development of the AU's African Standby Force.¹⁶⁰ However, U.S. opposition to the UN Secretary-General's request for an expansion of the peacekeeping force in the Democratic Republic of Congo (DRC) in 2005, and in Liberia, in 2006, for its own budgetary reasons questioned its commitment to African peacekeeping.¹⁶¹

As far as terrorism is concerned, the Bush Administration introduced several counterterrorism programs. The Trans-Sahara Counterterrorism Partnership (TSCTP), established in 2005, and the Partnership for Regional East Africa Counterterrorism, established in 2009, both seek to build counterterrorism capacities of African states in the respective regions through military-to-military exercises, enhanced border security, discrediting terrorist ideology, but also through improving good-

¹⁵⁶ For more details see: Ted Dagne, "Sudan: The Crisis in Darfur and Status of the North-South Peace Agreement", CRS report for Congress, June 15, 2011, <http://www.fas.org/sgp/crs/row/RL33574.pdf>, last access June 16, 2013.

¹⁵⁷ The U.S. has a negative experience from its humanitarian intervention in Somalia in 1992 when 18 U.S. soldiers were killed in the battle of Mogadishu.

¹⁵⁸ Anthony Lake and Todd Whitman (chairs), Princeton N. Lyman and J. Stephen Morrison (project directors), *More than Humanitarianism*, 21.

¹⁵⁹ ACOTA replaced the African Crisis Response Initiative established by President Clinton.

¹⁶⁰ Lauren Ploch "Africa Command: U.S. Strategic Interests and the Role of the U.S. Military in Africa", CRS Report for Congress, March 22, 2011, <http://fpc.state.gov/documents/organization/161354.pdf>, last access June 16, 2013.

¹⁶¹ Anthony Lake and Todd Whitman (chairs), Princeton N. Lyman and J. Stephen Morrison (project directors), *More than Humanitarianism*, 21.

governance.¹⁶² The creation of AFRICOM in 2008 was crucial for implementation of these policies. However, critics suggest that these initiatives have led African governments to exaggerate the terrorist threats in their countries in order to receive funds for their security forces and engage in joint exercises with U.S. military forces.¹⁶³ The CFR task force suggests that the U.S. should be careful to avoid supporting regimes that use U.S. counterterrorism assistance to repress their legitimate opposition.¹⁶⁴

Finally, the U.S. seeks to provide for maritime security in Africa. As declared in the National Strategy for Maritime Security from 2005, freedom of the seas and defense of commerce are U.S. national security priorities. To that end, the U.S. engages in activities to enhance the capacities of West African navies to provide for maritime security, mostly through the U.S. Navy and AFRICOM. The U.S. Navy also conducts sporadic operations to enhance security in the Gulf of Guinea. Similarly, the U.S. Combined Joint Task Force - Horn of Africa conducts along with the U.S. Navy maritime security operations in the Gulf of Aden to protect the shipping lines against piracy.¹⁶⁵

3. Case Studies

This chapter aims to examine and compare the U.S. and China's engagement in concrete African states, and assess the implications of the competing policies for the United States. The first two case studies focus on the two largest oil producers in Sub-Saharan Africa: Nigeria and Angola, each a major trading partner of both the United States and China. The case studies primarily assess the impact of China's activities on U.S. economic interests in these countries. As Figure 4 shows, Nigeria and Angola were the two countries in Sub-Saharan Africa with the highest amount of Chinese investment in infrastructure projects, which is often tied to licenses for mining. In addition, impact on other U.S. goals, such as stability, security and good-governance, is discussed. The third case study focuses on Sudan and deals rather with political implications for the U.S., as it is not engaged in the country economically. Specifically, the case assesses the impact of China's economic engagement with Khartoum on U.S. security and humanitarian interests in the country.

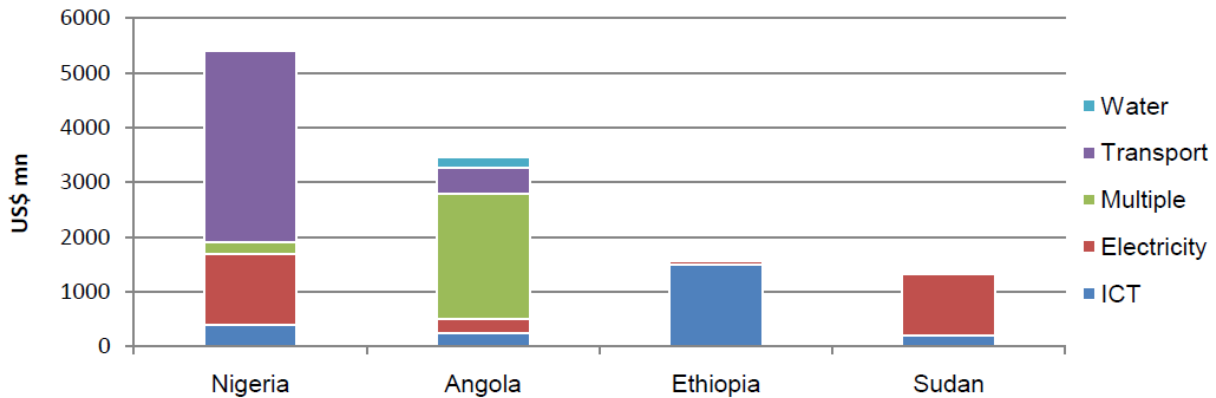
¹⁶² "Programs and Initiatives", U.S. Department of State, <http://www.state.gov/j/ct/programs/index.htm#PREACT>, last access June 15, 2013.

¹⁶³ Lianne Kennedy Boudali, "The Trans-Sahara Counterterrorism Partnership", West Point, April 2007, <http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA466542>, last access June 15, 2013. last access June 16, 2013.

¹⁶⁴ Mauritania is a case in point. See: Anthony Lake and Todd Whitman (chairs), Princeton N. Lyman and J. Stephen Morrison (project directors), *More than Humanitarianism...*, 19.

¹⁶⁵ Lauren Ploch "Africa Command..."

Figure 4: China's financial commitment in infrastructure projects in major recipient countries (2001-2007)¹⁶⁶



Source: World Bank, 2009

3.1. Case Study: Nigeria

Nigeria is the Sub-Saharan African largest and world's 12th largest oil producer.¹⁶⁷ It is also the U.S. biggest trading partner in Sub-Saharan Africa and a major recipient of its foreign assistance. For a long time, Nigeria had been America's key oil supplier. As of 2010, Nigeria was supplying the U.S. with 983 thousand barrels/day, accounting for more than 10 percent of its total crude oil imports. However, U.S. reliance on Nigerian oil dropped sharply after 2010.¹⁶⁸ Furthermore, Nigeria is one of the anchor states for the U.S. policy in Africa. Nigeria is among the biggest contributors to peacekeeping operations and is also an active mediator in African crises. Abuja is a leading actor in regional initiatives such as the ECOWAS or the New Partnership for Africa's Development (NEPAD).¹⁶⁹

As the most populous African country, Nigeria is a key export market for China. As of 2012, Nigeria was China's second largest export partner in Sub-Saharan Africa, with \$9.3 billion in Chinese

¹⁶⁶ Source: Barfour Osei and Alex Mutebi Mubiru, "Chinese Trade and Investment Activities in Africa", The African Development Bank Group Chief Economist Complex, Policy Brief 1, No. 4, July 29, 2010, <http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Chinese%20Trade%20%20Investment%20Activities%20in%20Africa%2020Aug.pdf>, last access July 24.

¹⁶⁷ "Countries", U.S. Energy Information Administration, <http://www.eia.gov/countries>, last access June 15, 2014.

¹⁶⁸ "U.S. Imports by Country of Origin", U.S. Energy Information Administration, http://www.eia.gov/dnav/pet/pet_move_impcus_a2_nus_ep00_im0_mbbldpd_a.htm, last access August 15, 2014.

¹⁶⁹ NEPAD is a policy initiative of the African Union that seeks to attract more foreign investment through progress in governance, transparency and democratization, in order to increase African growth and reduce poverty. See: Vivian C. Jones, "U.S. Trade and Investment Relationship with Sub-Saharan Africa..."

exports.¹⁷⁰ China has also shown significant interest in the Nigerian oil sector. In the period 2004-2009, Nigeria was also the second largest beneficiary of Chinese foreign direct investments (FDIs) in Africa.¹⁷¹ Investments in Nigeria may also help China enter the ECOWAS market.

3.1.1. Nigeria's Political and Economic Dynamics

In 1999, Nigeria returned from military rule to a civilian government. Yet newly elected President Olusegun Obasanjo did not favor multiparty democracy. As parties emerging after 15 years of military rule were rather ad-hoc coalitions, President Obasanjo was able to diminish his opposition, so that distinctions between his party and the government gradually disappeared. His reelection in 2003 was marked by vote-rigging and violence. In 2006, he unsuccessfully attempted to amend the constitution in order to run for a third term. The election of 2007 was even more rigged and violent than the previous one, with Mr. Yar'Adua, who was hand-picked by President Obasanjo as candidate for his People's Democratic Party (PDP), winning the ballot.¹⁷² In 2010, following Yar'Adua's death, Vice President Goodluck Jonathan assumed power. He consequently won the election in 2011, which was, again, disputed and characterized by violence. Moreover, northern Nigerians complained that Mr. Jonathan, a Christian, ignored the informal power-rotation agreement between the Christians and the Muslims and they considered his presidency illegitimate.¹⁷³

Nigeria's political economy is characterized by patronage and corruption.¹⁷⁴ The government serves as a means for self-enrichment of the ruling elite from the oil revenues, at the expense of the rest of the population.¹⁷⁵ Yet the country has done some progress: in 2000, Nigeria was the last but one in the Transparency International's Corruption Perception Index, scoring 1.0 at a 10-point scale, in 2012, it scored 27 at a 100-point scale and ranked 139th out of 174 countries.¹⁷⁶ Despite being among the world largest oil producers and top recipients of FDIs in Africa, as many as 70 percent of Nigerians live below

¹⁷⁰ Data compiled from: UN Comtrade, <http://comtrade.un.org>, last access June 21, 2014.

¹⁷¹ "2010 Statistical Bulletin of China's Outward Foreign Direct Investment", PRC's Ministry of Commerce, <http://images.mofcom.gov.cn/hzs/accessory/201109/1316069658609.pdf>, last access July 26, 2013.

¹⁷² Jean Herskovits, "Nigeria's Rigged Democracy," *Foreign Affairs* 86, No. 4 (July/August 2007): 115-130.

¹⁷³ Mohammed Aly Serie and Toni Johnson, "Backgrounders: Boko Haram", Council on Foreign Relations, May 2014, <http://www.cfr.org/nigeria/boko-haram/p25739>, last access June 15, 2014.

¹⁷⁴ Although Obasanjo's government established the Economic and Financial Crimes Commission in 2003 to investigate corruption, it has focused only on small fish. See: Jean Herskovits, "Nigeria's Rigged Democracy".

¹⁷⁵ See: Ian Taylor, "China's Relations with Nigeria," *The Round Table* 96, No. 392 (October 2007): 641.

¹⁷⁶ "Corruption Perception Index", Transparency International, <http://www.transparency.org/research/cpi/overview>, last access August 15, 2014.

the poverty line.¹⁷⁷ During Obasanjo's rule, Nigeria earned \$223 billion in oil revenues.¹⁷⁸ Yet the country lacks sufficient infrastructure, roads are deteriorating, and access to clean water or electricity is scarce.

Since 1971, Nigeria has been a member of the Organization of Petroleum Exporting Countries (OPEC). Nigeria's oil production is realized through oil ventures between international companies and the state-owned Nigerian National Petroleum Corporation (NNPC), which usually holds the controlling share of stocks. The major Western oil companies that partner with the NNPC in joint ventures are Shell (in 2011, its joint ventures accounted for 38 percent of Nigeria's total crude oil production), ExxonMobil (27 percent), Chevron (20 percent) and Total (7 percent).¹⁷⁹ The NNPC also acts as the supervisor of Nigeria's oil sector.¹⁸⁰ However, according to a joint report by Transparency International and Revenue Watch Institute, the NNPC is one of the most closed companies in the world and is accountable to no one. In 2012, President Jonathan signed a Petroleum Industry Bill that aims to reform the oil sector, improve regulatory framework and make it more transparent. Yet the bill, which had been discussed for 15 years, must be yet approved by the parliament.¹⁸¹

With respect to the security, the country has been plagued by clashes between northern Muslims and southern Christians along the ethnical borderlines and the conflict in the Niger Delta. The local grievances of the North have been exploited by an Islamist sect named Boko Haram, which was founded in 2002 with the aim of establishing an Islamic state in Nigeria. In 2009, following a police crackdown against its members, the group went violent and started attacking public institutions and civilian targets. In 2011, the group committed a suicide attack on a United Nations building in Abuja. According to U.S. officials, Boko Haram has ties to al-Qaeda.¹⁸²

Despite its oil wealth and presence of international oil companies, the social indicators of the Niger Delta are below the national average. Furthermore, oil exploitation has led to environmental damages such as acid rain or air pollution that limit access to clean water. Militant movements such as the Movement for Emancipation of the Niger Delta (MEND) have thus started attacking oil installations

¹⁷⁷ Lauren Ploch, "Nigeria: Current Issues and U.S. Policy", CRS Report for Congress, April 24, 2013, www.fas.org/sgp/crs/row/RL33964.pdf, last access June 22, 2013.

¹⁷⁸ Jean Herskovits, "Nigeria's Rigged Democracy".

¹⁷⁹ The figures compiled from: "Nigeria", U.S. Energy Information Administration, <http://www.eia.gov/countries/cab.cfm?fips=NI>, last access June 11, 2013; "Nigeria Crude Oil Production by Year", Index Mundi, <http://www.indexmundi.com/energy.aspx?country=ng&product=oil&graph=production>, last access June 11, 2013.

¹⁸⁰ Michael Watts, "Empire of Oil: Capitalist Dispossession and the Scramble for Africa", *Monthly Review* 58, No. 4 (September 2006): 1-2, 4-17.

¹⁸¹ "Nigeria's Oil. A Desperate Need for Reform", *The Economist*, October 20, 2012, <http://www.economist.com/news/middle-east-and-africa/21564906-goodluck-jonathan-says-he-wants-reform-oil-industry-really>, last access July 14, 2014.

¹⁸² Mohammed Aly Serie and Toni Johnson, "Backgrounders: Boko Haram"...

and kidnapping foreign workers, with the goal of attracting international attention and ousting the international companies. These attacks have led up to 25 percent periodical drops in production. Moreover, it is estimated that 10 percent of Nigeria's oil has been stolen annually – through a practice called bunkering. Clashes between criminal groups engaged in oil theft and security forces have further contributed to violence in the Delta.¹⁸³

3.1.2. Competition between the U.S. and China in the Nigerian oil sector

Both the U.S. and China have principal economic interest in Nigeria's oil. As of 2010, petroleum and gas products accounted for 99.65 percent of U.S. imports (crude oil accounted for 90 percent)¹⁸⁴ and 87 percent of Chinese imports from Nigeria.¹⁸⁵ In the light of instability in the Middle East, Nigeria is a crucial source of oil for the global market, and a means for diversification of U.S. imports and meeting China's growing energy demands, respectively.

As for the Nigerian oil production, U.S. corporations enjoy significant advantage over their Chinese counterparts who are latecomers to the country's oil sector, traditionally dominated by Western companies. Yet since 2004, the Chinese government has made substantial efforts at acquiring stakes in joint ventures with the NNPC to develop new blocks¹⁸⁶. In 2005, Beijing promised to build and launch a telecommunication satellite for Nigeria by 2007,¹⁸⁷ and further offered realization of several infrastructure projects.¹⁸⁸ President Obasanjo, impatient with Western conditionalities and impressed by Chinese infrastructure, was receptive to oil-for-infrastructure deals and offered Chinese companies several oil blocks at discounted rates in exchange for subsequent investment in downstream and infrastructure projects by these companies.¹⁸⁹

¹⁸³ Lauren Ploch, "Nigeria: Current Issues and U.S. Policy".

¹⁸⁴ "Nigeria Trade Fact Sheet", United States Embassy in Nigeria, <http://photos.state.gov/libraries/nigeria/487468/publications/SeptemberTradeFactSheet.pdf>, last access June 22, 2013.

¹⁸⁵ Margaret Egbula and Qi Zheng, "China and Nigeria: A Powerful South-South Alliance," *Sahel and West Africa Club, OECD*, November 2011, www.oecd.org/china/49814032.pdf, last access June 22, 2013.

¹⁸⁶ Oil block is a parceled area of land or sea awarded by a country's government to an oil company for oil drilling and exploration. The conditions may vary country to country. The oil company usually pays for the lease through taxes or by sharing the production revenues with the country's government.

¹⁸⁷ This first Sub-Saharan satellite was really launched in 2007. See: Margaret Egbula and Qi Zheng, "China and Nigeria: A Powerful South-South Alliance."

¹⁸⁸ Ian Taylor, "China's Relations with Nigeria," 636.

¹⁸⁹ Gregory Mthembu-Salter, "China's Engagement with the Nigerian Oil Sector," SAIIA Policy Briefing, No. 11, November 2009, <http://www.saiia.org.za/policy-briefings/chinas-engagement-with-the-nigerian-oil-sector>, last access June 24, 2013.

In 2004, China's Sinopec signed an agreement with the NNPC to develop Oil Mining Lease 64 and 66 in the Niger Delta.¹⁹⁰ In 2005, the Chinese National Offshore Oil Corporation (CNOOC) signed a contract with the NNPC that guaranteed China 30,000 barrels/day over a five-year period.¹⁹¹

In 2006, on his visit to Nigeria, Chinese President Hu Jintao signed a memorandum of understanding that committed Chinese companies to rehabilitate Nigeria's rail network. Subsequently, the China National Petroleum Corporation (CNPC) won two more blocks in the Niger Delta and two in the Chad basin. In return, the CNPC promised to invest \$2 billion to rehabilitate a refinery in Kaduna. Later in 2006, Nigeria's government awarded construction project of Lagos-Kano railway to the China Civil Engineering and Construction Corporation. The project was to be financed by an EXIM Bank loan backed by Nigerian oil blocks. Finally, President Obasanjo promised the CNOOC acquisition of oil fields in a next bidding round in exchange for construction of a power plant in Mambilla. In late 2006, Nigeria's government agreed with the EXIM bank on a \$2.5 billion loan to finance both the Lagos-Kano railway and the power plant in Mambilla. During the last weeks of Obasanjo's in office in 2007, the CNPC and the CNOOC were offered the promised blocks. However, they refused to bid, as they lacked confidence in such last minute deals made by an outgoing administration.¹⁹²

The Yar'Adua administration did not favor the oil-for-infrastructure deals of its predecessor and instead preferred oil-for-cash deals. President Yar'Adua's investigative committee reported that the Chinese companies that were awarded the oil blocks failed to deliver the infrastructure projects. All of the construction agreements (the railway, the refinery and the power station) were put on hold by Nigeria's new government and the related blocks won by the Chinese companies came under threat. Sinopec responded by purchasing Canada's Addax Petroleum that had already owned two offshore and one onshore oil operations in Nigeria.¹⁹³

These cases show China's ability to win oil fields in a country dominated by Western companies by offering infrastructure in return. However, they also demonstrate the limits of such approach: a change of government and a scrutiny by host government. In addition, despite China's gains during the Obasanjo administration that was supportive of oil-for-infrastructure deals, China's position in the Nigerian oil sector has remained marginal. The market is still dominated by the Western companies with a long-time presence in the Nigerian petroleum industry.

¹⁹⁰ See the Map of Nigeria's Oil Blocks in Appendix 1.

¹⁹¹ Ian Taylor, "China's Relations with Nigeria," 636.

¹⁹² Gregory Mthembu-Salter, "China's Engagement with the Nigerian Oil Sector."

¹⁹³ Margaret Egbula and Qi Zheng, "China and Nigeria: A Powerful South-South Alliance".

Nevertheless, there is one way how China could affect the interests of Western oil companies. In 2009, China offered to buy 6 billion barrels of Nigeria's crude oil reserves through acquisition of stakes in joint ventures operated by the Western companies. Nigeria's government did not rule out that it would potentially sell the stakes to Chinese companies when the licenses of either Shell, ExxonMobil or Chevron expire, provided that China offered the right price. However, analysts argued that it was improbable that Nigeria would sell the stakes in already producing fields, and it instead only used China's bid to gain more leverage in negotiation over contract renewals with the Western companies.¹⁹⁴ Thus, even if Nigeria declines to sell its stakes in joint ventures to Chinese companies, China's bids might make it more difficult for the Western companies to renew their contracts at favorable terms. Similarly, Ian Taylor exemplifies that Nigeria's government has awarded some contracts to the Chinese when the Western companies refused to bid in protest to the government demands. Thus, Nigeria brought in the Chinese to show that development of new oil fields could be done also without the established Western companies.¹⁹⁵

When it comes to the U.S and China's crude oil imports from Nigeria, there has been a persisting significant gap, as illustrated in Table 1. However, the situation began to change after the shale oil boom in the United States; the U.S. imports halved between 2010 and 2012. According to NNPC's managing director, China is to become the alternative market for Nigeria in response to the drop in U.S. demand.¹⁹⁶ Yet in 2012 China still accounted only for a tiny part of the Nigerian exports. Moreover, as hinted by the Economist Intelligence Unit, developing shale gas production is an important part of China's Five-Year Plan 2011-2015, too, and a similar trend is expected with respect to shale oil.¹⁹⁷

¹⁹⁴ Felix Onuah, "Nigeria May Sell Oil Joint Venture Stakes to China", *Reuters*, September 30, 2009, <http://uk.reuters.com/article/2009/09/30/businessproind-us-nigeria-oil-idUKTRE58S1MO20090930>, last access June 22, 2013.

¹⁹⁵ Ian Taylor, "China's Relations with Africa and the American Context", *e-International Relations*, January 18, 2012, <http://www.e-ir.info/2012/01/18/chinas-relations-with-africa-and-the-american-context>, last access June 24, 2013.

¹⁹⁶ Ejiogor Alike, "Nigeria: China Replaces United States As Nigeria's Crude Oil Importer", *allAfrica*, August 14, 2012, <http://allafrica.com/stories/201208140156.html>, last access June 16, 2014.

¹⁹⁷ "The Impact of the Shale Revolution", *The Economist Intelligence Unit*, May 27, 2014, <http://www.eiu.com/industry/article/151852599/the-impact-of-the-shale-revolution/2014-05-28>, last access June 15, 2014.

Table 1: Nigerian crude oil exports (barrels/day)^{198 199}

	2000	2005	2010	2012
U.S. imports (barrels/day) from Nigeria	854,277	1,047,270	858,036	403,324
U.S. share of Nigeria's oil exports	43.65%	45.32%	36.22%	17.72%
China's imports (barrels/day) from Nigeria	16,128	25,394	33,955	24,413
China's share of Nigeria's oil exports	0.82%	1.10%	1.43%	0,94%

3.1.3. U.S. and China's Exports to and FDIs in Nigeria Compared

Both the U.S. and China are also interested in Nigeria's market for their exports. In this regard, China has made a rapid progress in its exports to Nigeria. As displayed in Table 2, China's exports went up from \$0.55 billion in 2000 to \$9.3 billion in 2012.

China's exports consist mainly of manufactured goods and industrial machinery, vehicles, but also textile products. Importantly, Chinese Huawei and Zhong Xing Telecommunication Equipment Company (ZTE) became the largest players at the Nigerian telecommunication market, offering prices much lower than their Western competitors.²⁰⁰ The biggest U.S. export item is wheat. From other items, vehicles such as used cars and trucks make up a high percentage of U.S. exports.²⁰¹

Table 2: U.S. and China's exports to Nigeria compared (\$ billion)²⁰²

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
USA (\$ billion)	0,72	0,96	1,06	1,02	1,55	1,61	2,23	2,79	4,10	3,66	4,04	4,81	5,11
China (\$ billion)	0,55	0,92	1,05	1,79	1,72	2,30	2,85	3,80	6,77	5,48	6,70	9,21	9,30

¹⁹⁸ Data compiled from the Nigerian National Petroleum Corporation's "Annual Statistical Bulletin" from years 2000, 2005, 2010 and 2012, Nigerian National Petroleum Corporation, <http://www.nnpcgroup.com/PublicRelations/OilandGasStatistics/AnnualStatisticsBulletin/MonthlyPerformance.aspx>, last access June 25, 2013.

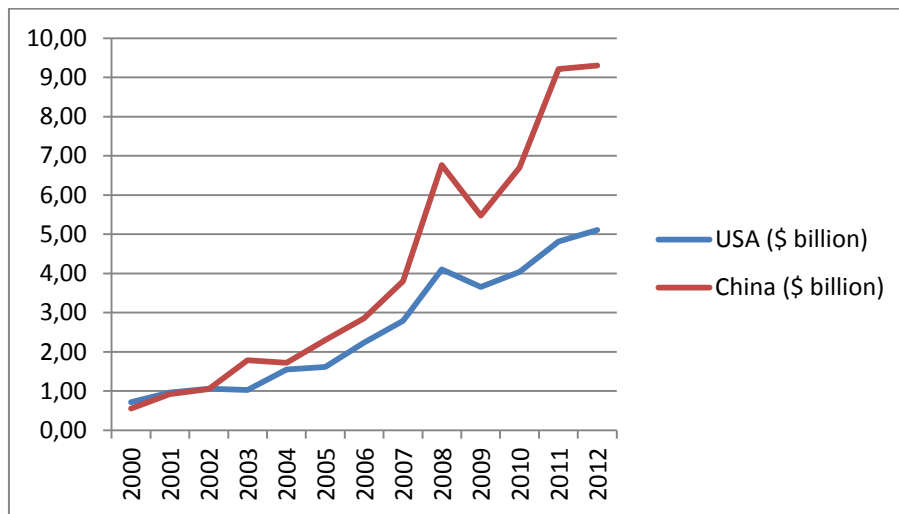
¹⁹⁹ The comparison is based on data from the Nigerian National Petroleum Corporation, which provides lower figures on the Nigerian oil exports than the corresponding data on the U.S. oil imports from Nigeria published by the U.S. Energy Information Administration. This gap might be to some extent caused by the oil theft. However, the data from the NNPC are useful for at least an illustrative comparison of the development of the oil exports to the U.S. and China, as it is difficult to get the data for that comparison directly from the Chinese government sources. As a result, the data on the U.S. oil imports in the table differ from the data provided at the beginning of this case study.

²⁰⁰ Margaret Egbula and Qi Zheng, "China and Nigeria: A Powerful South-South Alliance".

²⁰¹ "Nigeria Trade Fact Sheet", United States Embassy in Nigeria, <http://photos.state.gov/libraries/nigeria/487468/publications/SeptemberTradeFactSheet.pdf>, last access June 25, 2013.

²⁰² Data compiled from UN Comtrade, <http://comtrade.un.org>, last access June 15, 2014.

Figure 5: U.S. and China's exports to Nigeria compared (\$ billion)²⁰³



China's increased attention to the Nigerian market and the influx of its comparatively cheaper products led to a dramatic increase in its total exports, outpacing the U.S already in 2003. In addition, following the suspension of oil-for-infrastructure deals, Chinese construction companies began to outbid their Western competitors through competitive bidding by offering lower prices, which can be attributed to their easy access to credit from China's EXIM Bank and other government subsidies.²⁰⁴

Nigeria has also been a beneficiary of substantial investment from both the U.S. and China. China's investment targeted mainly the oil industry, manufacturing, construction and telecommunication. In 2006, China decided to establish the Lekki Free Trade Zone in Lagos. This zone should specialize in sectors such as transportation, mining, appliances, telecommunications or textiles. Interestingly, Chinese consortium shares only 60 percent in this venture and remaining 40 percent is shared by the Lagos state government and the Lekki Worldwide Investments, a local private partner.²⁰⁵

American investments in Nigeria are concentrated primarily in the petroleum industry and further in wholesale trade sectors.²⁰⁶ In addition, a significant portion of FDIs targeted Nigeria's agricultural sector under the platform of the U.S.-Nigerian Bi-National Commission working group.

²⁰³ Data compiled from UN Comtrade, <http://comtrade.un.org>, last access June 15, 2014.

²⁰⁴ Margaret Egbula and Qi Zheng, "China and Nigeria: A Powerful South-South Alliance".

²⁰⁵ Ibid.

²⁰⁶ "Background Notes on Countries of the World: Nigeria", National Archives and Records Administration, Washington D.C., November 20, 2011 (accessed through EBSCO database, June 22, 2013).

According to the Nigerian Ambassador to the U.S., Ade Adefuye, in the period of 2001-2011, U.S. investments in Nigeria's agriculture totaled \$6 billion.²⁰⁷

Despite the large spectrum of Chinese investments, its FDIs were still comparatively lower than those of the United States. While China invested \$1.3 billion between 2004 and 2009,²⁰⁸ the U.S. invested - only in 2009 alone - \$5.4 billion.²⁰⁹ Yet the U.S. FDIs are driven largely by investments by its oil companies, long established in the Nigerian oil sector.

3.1.4. Political and Security Issues: Interests Converging?

Politically, the U.S. has an interest in pursuing friendly relations with Lagos and promoting good governance in Nigeria. As far as security is concerned, the U.S. is interested in stability of the region and eliminating the threats of terrorism and piracy. Boko Haram, a militant Salafist group fuelling the tensions between northern Muslims and southern Christians and exploiting local grievances of economically neglected areas in the north, has been attacking Christians as well as federal targets. According to the U.S. government sources, the group allegedly has a potential to go global and join the Al-Qaeda in the Islamic Maghreb (AQIM).²¹⁰ The MEND and other militant groups in the Niger Delta threaten Nigeria's oil production and supplies to the U.S.

Nigeria is one of the largest Sub-Saharan African beneficiaries of U.S. foreign assistance. As of 2010, U.S. assistance exceeded 600 million. The U.S. assistance aims to improve Nigeria's health and educational services. Nigeria is also a major beneficiary of the PEPFAR program. The U.S. governance programs aim to assist in reforming justice and electoral systems, and advance anti-corruption efforts and accountability initiatives. In terms of security, the U.S. also trains Nigerian peacekeepers through the ACOTA program and seeks to strengthen Nigeria's maritime capacities through the National Guard State Partnership Program. U.S. counterterrorism programs are coordinated through the Trans-Sahel

²⁰⁷ "U.S. Foreign Investment in Nigeria Increases from \$5.2bn To \$8bn – Adefuye", *Leadership*, May 2, 2013, <http://leadership.ng/news/020513/us-foreign-investment-nigeria-increases-52bn-8bn-adeyufe>, last access June 20, 2013.

²⁰⁸ Margaret Egbula and Qi Zheng, "China and Nigeria: A Powerful South-South Alliance." However, China's official data on its FDIs are underreported, as some Chinese companies establish subsidiaries in places such as Hong Kong or the British Virgin Islands, through which they channel their investments to Africa. Thus these investments are not included in the official statistic. See: "Sub-Saharan Africa, Trends in U.S. and Chinese Economic Engagement", GAO Report to Congressional Requesters, 38.

²⁰⁹ "Background Notes on Countries of the World: Nigeria", National Archives and Records Administration, Washington D.C.

²¹⁰ Lauren Ploch, "Nigeria: Current Issues and U.S. Policy".

Counterterrorism Partnership (TSCTP).²¹¹ Furthermore, Nigeria is a beneficiary of the International Military and Education Training (IMET) program that provides professional military training to its military officers.²¹²

China's assistance targets mainly health services. China builds hospitals, provides health equipment, sends medical teams and runs some prevention programs. Similarly, China also builds schools.²¹³ Yet the differences become evident when it comes to governance. Unlike the U.S., China does not realize programs on good governance.

However, good governance and accountability seem to be the only way towards Nigeria's stability and economic development. Less foreign assistance would be needed if oil revenues were better distributed and reinvested in state services. Moreover, a more accountable and responsible government would also address local grievances in the Niger Delta and in the Muslim north, and hence reduce the threat of oil disruptions and the appeal of Boko Haram, respectively.

China actually shares U.S. security concerns, especially when it comes to the Niger Delta, yet it adopts a different approach. When the MEND militants started attacking oil installations in 2006, China provided the Nigerian government with arms to fight the militants. This happened only after the U.S. declined Nigeria's request for patrol boats and military equipment, for alleged human rights abuses by the government and corruption within its security forces. The U.S. offered only training and military technical assistance.²¹⁴ Thus, China's arms sales compromised U.S. policy of pressing Nigeria to find a different means of addressing the problems in the Niger Delta.

Yet the U.S. policy on good-governance has also been criticized for achieving little. Despite the huge amount of foreign assistance provided to Nigeria, governance programs account only for a tiny part of the assistance budget for Nigeria.²¹⁵ In addition, Nigeria does not qualify for the Millennium Challenge Account (MCA) program either. Many authors suggest that the U.S. government applies double standards in its promotion of democracy and good-governance in its dealing with Nigeria and fails to engage its government seriously on the issues of accountability, corruption and distribution of revenues

²¹¹ Ibid.

²¹² "Volume I Section III-I – Africa", U.S. Department of State, 2, <http://www.state.gov/documents/organization/152758.pdf>, last access June 28, 2013.

²¹³ "China-Africa Trade and Economic Relationship Annual Report 2010", Forum on China-Africa Cooperation, <http://www.focac.org/eng/zxxx/t832788.htm>, last access June 24, 2013.

²¹⁴ Ian Taylor, *China's new role in Africa*, 48-49.

²¹⁵ In FY2010, out of \$612 million appropriated for foreign assistance to Nigeria, only \$21.4 million was intended for democracy, human rights and governance programs; \$29.5 million went for programs on economic development. Most of the budget, \$543.8 million, was consumed by health programs. See: "Nigeria", Foreign Assistance, http://foreignassistance.gov/OU.aspx?OUID=175&FY=2010&AgencyID=0&budTab=tab_Bud_Planned, last access June 26, 2013.

from oil.²¹⁶ The U.S. government finds it hard to criticize the Nigerian government, as Nigeria is its key oil supplier and an important regional ally, acting as both a mediator and a peacekeeper. However, this might change in the wake of the sharp drop in U.S. oil imports from Nigeria after 2010, as the United States is becoming less reliant on Nigerian crude.

Furthermore, Western oil companies, including Chevron and ExxonMobil, with presence in the Niger Delta, face complaints from local populations regarding their corporate social responsibility. Routine gas flares cause air pollution and acid rains, which, along with constant oil spills, contaminate the waters, hence destroying the livelihoods of the people in the Niger Delta that have traditionally been dependent on agriculture and fisheries. The UN estimates that it could take three decades to clean up the oil spills.²¹⁷ These activities contribute to tensions in the Niger Delta and make the inhabitants who have lost their livelihoods more likely to engage in oil “bunkering” or join the militant groups claiming to fight the Nigerian government and multinational companies.

The above described reluctance of the U.S. government to engage its Nigerian counterpart more intensively on transparency and good governance and practices of the U.S. oil companies demonstrate that while China’s behavior such as in the case of arms supplies to the Nigerian security forces might complicate the U.S. efforts, China is certainly not the main obstacle to the peaceful resolution of the problems in the Niger Delta. Yet this might change. As U.S. reliance on Nigerian oil has fallen sharply since 2010, the U.S. government might now exercise a greater leverage in dealing with Abuja with respect to transparency and good governance.

3.1.5. Conclusion

As the biggest oil producer in Sub-Saharan Africa, key regional player, and a growing export market, Nigeria has attracted significant attention of both the U.S. and China. Commitments to infrastructure projects have enabled Chinese companies to establish themselves in the Nigerian oil sector, which had been dominated by Western companies with much longer experience in Nigeria. So far, the Chinese companies have remained marginalized and limits of China’s of oil-for-infrastructure deals have been revealed. As the examples in this case study demonstrate, China’s entry to Nigeria’s oil

²¹⁶ The critics include: Joel Barkan, “Advancing Democratization in Africa”, 100; Ian Taylor, a speech at the panel “China and U.S. Strategic Relationships with Africa”; David L. Goldwyn, “Pursuing U.S. Energy Interests in Africa,” 64.

²¹⁷ Monica Mark, “Nigeria's Penalty for Gas Flaring Will Not Curb Emissions, Say Campaigners,” *Guardian*, May 31, 2012, <http://www.guardian.co.uk/environment/2012/may/31/nigeria-penalty-gas-flaring>, last access June 21, 2013.

sector does not appear to constitute a serious challenge to the U.S. energy interests in the country. Rather, the Nigerian government might use China's presence as leverage in its dealings with Western oil companies. Moreover, as the trend from 2010-2012 shows, the U.S. is becoming less reliant on Nigerian oil.

However, China has proved to be a challenger when it comes to exports to Nigeria's growing market. Its comparatively cheaper goods and services such as in telecommunications have made China outpace the U.S. in the share of the Nigerian market. On the other hand, in case of the FDIs, the U.S. is comparatively a larger player than China. However, it is also true that most of U.S. investments have targeted the oil sector, whereas China's investment portfolio has been more diversified and can earn China stronger position in non-oil sectors of the local economy, as exemplified in the case of the Lekki Free Trade Zone.

Politically, China actually has similar interests as the U.S. in Nigeria. Given its investments in the country, it has a crucial interest in Nigeria's stability as well. Local militant groups (most notably Boko Haram) and piracy threaten China and the United States equally. According to Ian Taylor, while there might be differences between the U.S. and China over governance in Nigeria in the short-term, the interests of both countries should converge in the long-term. Due to China's investments in fixed assets in Nigeria, such as infrastructure, the free-trade zone or refineries, the Chinese companies have, unlike the Western multinationals which stay offshore, a long-term interest in stability and good-governance in the country in order to protect their investments.²¹⁸ Over time, Beijing may find it necessary to engage the Nigerian government on governance issues in order to prevent instability caused by poor distribution of revenues or neglect of the Niger Delta, especially as the military suppression of the uprising in the Delta by the Nigerian security forces seems unlikely to resolve local problems.

3.2. Case Study: Angola

As one of the fastest growing economies,²¹⁹ emerging after the end of a 27-year long civil war, Angola has attracted considerable attention from both the U.S. and China. It also serves as an excellent case for comparison of the U.S. and China's policies. Both countries are primarily interested in Angola's oil. While globally, oil companies usually strike oil in four out of ten wells drilled, in Angola this ratio is

²¹⁸ Ian Taylor, "China's Relations with Nigeria", 642-643.

²¹⁹ From 2002 when the civil war ended to 2010, Angola's average annual GDP growth accounted for 12 percent. See: "GDP growth (annual %)", World Bank, <http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>, last access June 1, 2013.

almost ten out of ten.²²⁰ As of 2012, Angola's crude oil production totaled 1,817 thousand barrels/day.²²¹ In 2008, China became Angola's largest trading partner.²²² By 2010, Angola was China's largest source of imports in Sub-Saharan Africa.²²³ As of 2011, Angola was the U.S. second largest import partner in Sub-Saharan Africa, yet accounting for only less than a half of the amount of the U.S. imports from Nigeria.²²⁴

China's economic activity in Angola gave a name to the so-called "Angola Model", which has been used by scholars to describe a method of financing by the Chinese government for mostly infrastructure projects through funds secured by natural resource as collateral.²²⁵ China's loans to Angola at a time when the IMF was trying to pressure the Angolan government on transparency reforms produced concerns in the West that China might jeopardize the power of the Bretton Woods institutions in countries like Angola.

3.2.1. Angola's Political and Economic Dynamics

After its independence in 1975, Angola descended into a civil war between the governing Soviet-backed Popular Movement for the Liberation of Angola (MPLA) and the opposing rival factions of the National Liberation Front of Angola (FNLA) and National Union for the Total Independence of Angola (UNITA), which were supported by the U.S., South Africa and China.²²⁶ In 2002, the UNITA accepted a cease-fire, its members were incorporated to the government and combatants demobilized. President Jose Eduardo dos Santos, in power since 1979, remained in office.²²⁷

²²⁰ Renato Aguilar and Andrea Goldstein, "The Chinisation of Africa: The Case of Angola", *The World Economy* (2009): 1547.

²²¹ "Angola Crude Oil Production by Year", Index Mundi, <http://www.indexmundi.com/energy.aspx?country=ao&product=oil&graph=production>, last access June 15, 2014.

²²² "Case Studies of U.S and Chinese Economic Engagement in Angola, Ghana, and Kenya...", GAO Report to Congressional Requesters, 3.

²²³ Margaret Egbula and Qi Zheng, "China and Nigeria: A Powerful South-South Alliance".

²²⁴ "Africa", Office of the United States Trade Representative, <http://www.ustr.gov/countries-regions/africa>, last access June 24, 2013.

²²⁵ Lucy Corkin, "Uneasy Allies: China's Evolving Relations with Angola", *Journal of Contemporary African Studies* 29, No. 2 (April 2011): 170.

²²⁶ Although China initially supported the MPLA in the early 1960s, it consequently switched its support to the rival UNITA and FNLA in order to counter the Soviet influence, as the MPLA was becoming more Soviet-oriented. From the 1960s on, Beijing started to perceive the Soviet Union as its biggest external threat. Thus, China later ended up on the same side as the U.S. and also South Africa, which obviously supported movements that fought the Soviet-backed group. For details on Angola's civil war see: Ian Taylor, *China and Africa: Engagement and Compromise* (London: Routledge, 2006), 75-92.

²²⁷ For details see: Vincent A. Mai and Frank G. Wisner (chairs), William Nash (project director) and Adam P. Frankel (deputy project director), "Toward an Angolan Strategy: Prioritizing U.S.-Angola Relations", Council on Foreign Relations, April 2007, 11-13, <http://www.cfr.org/energy-policy/toward-angola-strategy/p13155>, last access June 29, 2013.

Angola's economy is based on oil production, which accounts for 97 percent of its exports and 80 percent of state revenues.²²⁸ Despite the U.S. support to the opposition movements during the civil war, Angola's oil blocks have been developed by Western companies over the course of the last 50 years, and the revenues went to the MPLA-led government. As most of the blocks are located offshore, they were not damaged by the war. The oil sector is dominated by Sonangol, a state-owned oil company that maintains over 50 percent of shares in joint ventures and production sharing agreements with all international oil companies in Angola. At the same time, it acts as a regulator and a concessionaire overseeing the licensing process.²²⁹ In 2007, Angola joined the OPEC.

Political power in Angola is concentrated around the president. The political system is allegedly based on patronage and functions often through informal channels outside the state structure, such as ad-hoc commissions. In order to concentrate more power in his own hands, President dos Santos also rotates officials between their posts. For a long time the last multiparty elections took place in 1992.²³⁰ The subsequent election took place as late as in 2008 and was dominated by the MPLA, which gained 82 percent of the vote. The new constitution of 2010 replaced presidential elections with a system, in which the leader of the largest party in the parliament automatically becomes president. As the election of 2012 was again dominated by the governing MPLA, Mr. Santos was granted another term as a president without having to face a direct election. However, the MPLA's share of the vote dropped to 72 percent.²³¹ Furthermore, the election failed to meet democratic standards. The MPLA benefited from its grip on media and systematically used force against opposition, especially in the opposition's strongholds. Some opposition candidates were not allowed to run.²³²

Since the end of the civil war, Angola has made some progress towards accountability. In cooperation with the World Bank, it has established a program that monitors government expenditures and publishes them on the internet. Yet the new measures are not directed at Sonangol which oversees the revenues from oil.²³³ As of 2012, Angola still ranked near the bottom of the Transparency

²²⁸ "Angola: Still much too oily", *The Economist*, April 12, 2014, <http://www.economist.com/news/middle-east-and-africa/21600693-angola-badly-needs-diversify-its-one-dimensional-economy-still-much-too-oily>, last access August 16, 2014.

²²⁹ Stephanie Hanson, "Angola's Political and Economic Development", Council on Foreign Relations, July 21, 2008, <http://www.cfr.org/world/angolas-political-economic-development/p16820>, last access June 29, 2013.

²³⁰ Ibid.

²³¹ Markus Weimer, "Angola Post-Election: What Next?", Chatham House, September 4, 2012, <https://www.chathamhouse.org/media/comment/view/185575>, last access August 16, 2014.

²³² "Angola's Election: By Hook or by Crook", *The Economist*, September 1, 2012, <http://www.economist.com/node/21561939>, last access August 16, 2014.

²³³ Stephanie Hanson, "Angola's Political and Economic Development".

International's Corruption Perception Index, scoring 22 at a 100-grade scale.²³⁴ Despite ever rising oil revenues, two thirds of the population of only 18 million still live on less than \$2 per day. Angola's record in human rights and the rule of law is rather low, although civil society groups and opposition media are tolerated in the capital.²³⁵

3.2.2. Competition between the U.S. and China in Angola's Oil Sector

As noted above, Angola's economy is based on oil production. The Angolan oil sector had been originally developed by Western, primarily American, oil companies. Yet the production had been relatively small and located in the Cabinda enclave. Only after 2000 have Angola's proven oil reserves gradually tripled.²³⁶ After 2002, when the civil war ended, China decided to enter Angola's oil sector through oil-for-infrastructure deals. As a result, Angola has established a mutually beneficial relationship with China. After the civil war, Angola's infrastructure was in an urgent need of reconstruction, while China needed to secure oil supplies for its growing economy.

In 2004, China's EXIM Bank provided the Angolan government a \$2 billion oil-backed loan with repayment period of 12 years, at highly concessional terms, to finance public construction works. The provision of the loan coincided with Shell's decision to sell its 50 percent stake in the Block 18²³⁷ to the Indian state-owned Oil and Natural Gas Corporation. However, Sonangol refused to approve the deal and instead awarded Shell's 50 percent stake to Sinopec. Later in 2004, Sonangol did not renew Total's concession in the Block 3/80 and awarded it, again, to Sinopec. While there is no explicit link between the loan and the oil contracts, the coincidence does not seem to be incidental.²³⁸

In 2006, a joint venture Sinopec-Sonangol International (SSI), with Sinopec controlling 75 percent of shares, acquired equity in deep-water Blocks 15, 17, and 18. At the same time, Angola tried to persuade Sinopec to build a refinery in Lobito. Yet the negotiations failed, as Sinopec wanted to export the crude oil to China, while the Angolan government preferred to sell the refined oil in Africa.²³⁹ The construction of the refinery in Lobito was later awarded to Kellogg Brown and Root, an American

²³⁴ "Corruption Perception Index", Transparency International, <http://www.transparency.org/research/cpi/overview>, last access August 15, 2014.

²³⁵ For details see: Vincent A. Mai and Frank G. Wisner (chairs), William Nash (project director) and Adam P. Frankel (deputy project director), "Toward an Angolan Strategy...", 13-14.

²³⁶ Henry Lee and Dan Shalmon, "Searching for Oil: China's Strategies in Africa", 118.

²³⁷ See the Map of Angola's Oil Blocks in Appendix 2.

²³⁸ This opinion is held for example by the following authors: Lucy Corkin, "Uneasy Allies...", 174; Henry Lee and Dan Shalmon, "Searching for Oil: China's Strategies in Africa", 120.

²³⁹ Henry Lee and Dan Shalmon, "Searching for Oil: China's Strategies in Africa", 120.

company. Sinopec then withdrew from the oil Blocks 15, 17, and 18. Finally, in 2009, Sonangol blocked a purchase by the Sinopec and CNOOC of a 20 percent stake in the ultra-deep-water Block 32 from the Marathon Oil Corporation, allegedly for the lack of expertise in ultra-deep-water drilling on the part of the Chinese companies.²⁴⁰

While Angola apparently awarded the first contracts to the Chinese in exchange for infrastructure, the developments regarding the Blocks 15, 17, 18, and 32 exemplify that Angola is not willing to grant the Chinese companies preferential treatment in the bidding process over the long-term. China's entry to Angola's oil sector enabled Luanda to diversify its commercial partners and exercise greater leverage in the bidding process, similarly as in the case of Nigeria. As President dos Santos suggested, globalization requires Angola to diversify its international relations and accept the principle of competition rather than zones of influence.²⁴¹ Angola has made it clear that it does not want to depend on any single development or commercial partner.

Thus, despite the above mentioned Chinese gains, Angola's oil sector is still dominated by Western companies such as Chevron Texaco, ExxonMobil, Total or the British Petroleum. The American oil companies act as operators in 11 out of 43 blocks. Their primary responsibility is drilling, maintenance, and complying with required rules and regulations. In addition, the U.S. companies have also minor stakes in 5 blocks as non-operators. The Chinese firms, for their part, have purchased minor stakes in 12 blocks as non-operators. They participate in these ownerships in order to gain experience in offshore oil operations.²⁴²

The gap between U.S. and China's companies investing in Angola is exemplified by the inflow of FDIs to the country. Out of the largest FDI projects exceeding \$1 billion between 2003 and 2010, which were reported by the UN, seven were realized by American oil companies, while only one by a Chinese company – the only one that focused on real estate instead of oil sector. The complete list of these projects is shown in Table 3. The non-oil sectors in which China is more dominant are discussed in the next section.

²⁴⁰ Lucy Corkin, "Uneasy Allies", 174-175.

²⁴¹ Indira Campos and Alex Vines, "Angola and China, A Pragmatic Partnership", Chatham House, March 2008, 20, http://csis.org/files/media/csis/pubs/080306_angolachina.pdf, last access June 29, 2013.

²⁴² As of 2012; see: "Case Studies of U.S and Chinese Economic Engagement in Angola, Ghana, and Kenya..." GAO Report to Congressional Requesters, 17-18.

Table 3: Selected Largest Greenfield FDI Projects²⁴³

Selected largest greenfield FDI projects, announced in 2003-2010

Name of company	Estimated investment (\$ million)	Estimated jobs created	Year	Home country	Sector	Key business function
Total	9 000	2 013	2009	France	Coal, oil and natural gas	Manufacturing
Chevron Corporation	8 300	1 967	2004	United States	Coal, oil and natural gas	Extraction
Chevron Corporation	3 800	0	2008	United States	Coal, oil and natural gas	Extraction
CITIC Group	3 535	3 000	2008	China	Real estate	Construction
Total	3 400	806	2003	France	Coal, oil and natural gas	Extraction
ExxonMobil	3 400	806	2004	United States	Coal, oil and natural gas	Extraction
ExxonMobil	3 000	839	2003	United States	Coal, oil and natural gas	Extraction
Chevron Corporation	2 500.2	289	2009	United States	Coal, oil and natural gas	Extraction
Roc Oil	2 337.7	289	2003	Australia	Coal, oil and natural gas	Extraction
ExxonMobil	2 337.7	215	2006	United States	Coal, oil and natural gas	Extraction
British Petroleum	2 337.7	215	2003	United Kingdom	Coal, oil and natural gas	Extraction
British Petroleum	2 337.7	215	2008	United Kingdom	Coal, oil and natural gas	Extraction
Petrobras	2 337.7	289	2003	Brazil	Coal, oil and natural gas	Extraction
British Petroleum	2 337.7	215	2007	United Kingdom	Coal, oil and natural gas	Extraction
China Petroleum and Chemical	2 337.7	215	2007	China	Coal, oil and natural gas	Extraction
Eni SpA	2 337.7	215	2007	Italy	Coal, oil and natural gas	Extraction
Total	1 586.6	171	2004	France	Coal, oil and natural gas	Manufacturing

However, when it comes to oil exports, China has gradually become the largest importer of Angola’s oil. China’s crude oil imports from Angola exceeded those of the U.S. first in 2004 and then constantly from 2007 onwards.²⁴⁴ Clearly, the oil-for-infrastructure deals played certain role in securing future supplies in the form of collateral for the loan. As displayed in Figure 6, by 2012, China accounted for 46 percent of Angola’s crude oil exports, while the U.S. only for 13 percent. However, similarly as in the case of Nigeria, the U.S. share of Angola’s oil exports has dropped significantly as a result of the domestic shale oil boom. While in 2008, the U.S. was importing 504,000 barrels of crude oil a day from Angola, in 2012, it was importing only 222,000 barrels a day.²⁴⁵

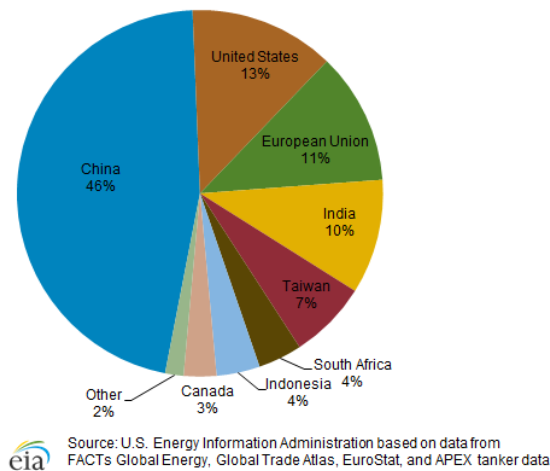
²⁴³ Source: “Foreign Direct Investment in LDC: Lessons Learned from the Decade 2001-2010 and the Way Forward” (New York and Geneva: United Nations Conference on Trade and Development, 2011) 70, <http://unctad.org/en/pages/PublicationArchive.aspx?publicationid=247>, last access June 26, 2013.

²⁴⁴ “Case Studies of U.S and Chinese Economic Engagement in Angola, Ghana, and Kenya...”, GAO Report to Congressional Requesters, 3.

²⁴⁵ “U.S. Imports by Country of Origin”, U.S. Energy Information Administration, http://www.eia.gov/dnav/pet/pet_move_impcus_a2_nus_ep00_im0_mbbldpd_a.htm, last access August 15, 2014.

Figure 6: Angola's oil exports by destination²⁴⁶

Angola's crude oil exports, including lease condensate, by destination, 2012



3.2.3. U.S. and China's Activity in Non-Oil Sectors of Angola's Economy

Besides oil, Angola has also attracted investments in non-oil sectors. After 2002, China has emerged as the leading partner for the reconstruction of Angola's infrastructure. China's \$2 billion credit loan in 2004 provided financing for infrastructure and public projects, out of which 70 percent had to be realized by Chinese companies approved by Beijing and 30 percent was reserved for local companies. The credit line was divided into two phases. In the first phase, 31 contracts on energy, water, education, communication, and public works were realized, which resulted in 50 projects across the country. The second phase involved 17 contracts on telecommunications, fisheries and most of the areas from the first phase, implementing a total of 52 projects. In 2007, China's EXIM Bank extended additional \$500 million in credit to complement some of the projects. Later in 2007, the EXIM bank provided further oil-backed loan of \$2 billion to finance additional 100 projects with health and education being the priority. Repayment of these loans starts once the projects are completed.²⁴⁷ In 2009, China's EXIM Bank approved an additional \$7.5 billion credit line to finance further infrastructure projects in areas such as transportation, water supply, schools or hospitals. Thus, by 2012, the cumulative financing provided by China's EXIM Bank since 2004 reached \$12 billion.²⁴⁸

²⁴⁶ Source: "Angola", U.S. Energy Information Administration, <http://www.eia.gov/countries/cab.cfm?fips=AO>, last access July 29, 2014.

²⁴⁷ Indira Campos and Alex Vines, "Angola and China, A Pragmatic Partnership", 6-9.

²⁴⁸ "Case Studies of U.S and Chinese Economic Engagement in Angola, Ghana, and Kenya...", GAO Report to Congressional Requesters, 13.

Indira Campos and Alex Vines from the Chatham House argue that although it cannot be easily measured, the Chinese projects contributed to poverty reduction, as they expanded access to electricity and water, provided infrastructure to facilitate commercial activity, and built hospitals and schools to extend health and educational services.²⁴⁹ The critics however point out that the Chinese companies contributed little to the knowledge transfer and employed mostly Chinese workers.²⁵⁰

The support to Chinese companies from China's EXIM Bank encouraged other countries to support their own companies doing business in Angola, so that they could compete with the Chinese on equal terms. Between 2001 and 2011, the U.S. EXIM Bank provided \$678 million in loans and guarantees to U.S. firms that invested in Angola, while the OPIC provided another \$32 million.²⁵¹

However, the U.S. and Chinese companies have not competed in the same sectors for contracts funded by international donors or Angola's government. While the Chinese firms focused on construction, the U.S. firms were active mainly in consulting services. When it comes to contracts financed by the World Bank between 2001 and 2011, the U.S. firms won more contracts than the Chinese firms, but had a lower share of contract dollars. Interestingly, the Chinese had to compete for a contract by the World Bank only once – for locomotives.²⁵² Besides the contracts financed by the government or international donors, the U.S. companies operated primarily in the oil sector, while the Chinese companies were active, again, mainly in construction.²⁵³

Regarding the U.S. contribution to Angola's development, between 2001 and 2010, the U.S. government provided Angola \$804 million in grants focused primarily on health and humanitarian assistance. Most of these grants were awarded to organizations operating in Angola, not to the government. As China does not publish data on its grants to Angola,²⁵⁴ we cannot verify, whether and to what extent it has also used grants. However, we can suggest that the U.S. focus on grants contrasts China's approach preferring oil-backed loans.

The inflows of FDIs to Angola have generally been relatively low, as the country's investment climate ranks among the most difficult in the world, mainly due to strict regulation and insufficient

²⁴⁹ Ibid., 19-20.

²⁵⁰ See e.g.: "Case Studies of U.S and Chinese Economic Engagement in Angola, Ghana, and Kenya...", GAO Report to Congressional Requesters, 14; Lucy Corkin, "Uneasy Allies...", 171.

²⁵¹ Ibid., 11.

²⁵² Ibid., 7-8.

²⁵³ "Sub-Saharan Africa, Trends in U.S. and Chinese Economic Engagement", GAO Report to Congressional Requesters, 54.

²⁵⁴ "Case Studies of U.S and Chinese Economic Engagement in Angola, Ghana, and Kenya...", GAO Report to Congressional Requesters, 10.

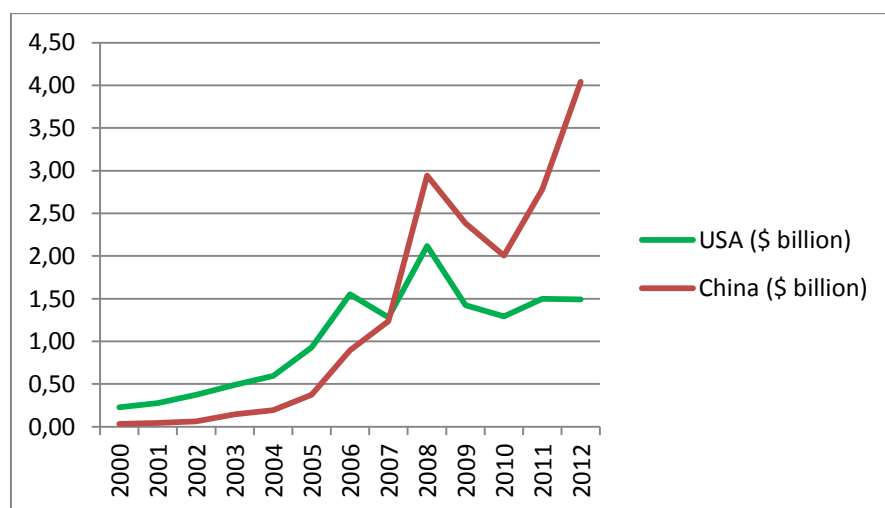
contract enforcement.²⁵⁵ As of 2012, the total stock of the U.S. direct investment accounted for \$1.2 billion (which was down 77 percent when compared with 2011).²⁵⁶ China's total stock in 2010 accounted only for \$0.35 billion.²⁵⁷

Exports to Angola by both the U.S. and China have been marginal compared to their imports. Nevertheless, the exports have been growing, especially in case of China whose exports exceeded those of the U.S. in 2008. The development is displayed in Table 4. China's growth can be explained by Angola's reorientation to cheaper products coming from China, but also from other countries such as India or South Africa - the inflow of cheap products is not a distinctly Chinese phenomenon. Nevertheless, Angola is expected to continue importing high-quality products from the U.S. and Europe.²⁵⁸

Table 4: U.S. and China's exports to Angola compared (\$ billion)²⁵⁹

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
USA (\$ billion)	0,23	0,28	0,37	0,49	0,59	0,93	1,55	1,28	2,12	1,42	1,29	1,50	1,49
China (\$ billion)	0,03	0,05	0,06	0,15	0,19	0,37	0,89	1,24	2,94	2,39	2,00	2,78	4,04

Figure 7: U.S. and China's exports to Angola compared (\$ billion)²⁶⁰



²⁵⁵ See: Vincent A. Mai and Frank G. Wisner (chairs), William Nash (project director) and Adam P. Frankel (deputy project director), "Toward an Angolan Strategy...". 18-19..

²⁵⁶ "Angola", Office of the U.S. Trade Representative, <http://www.ustr.gov/countries-regions/africa/southern-africa/angola>, last access August 10, 2014.

²⁵⁷ The last Bulletin on China's FDIs was published in 2010: "2010 Statistical Bulletin of China's Outward Foreign Direct Investment", PRC's Ministry of Commerce, <http://images.mofcom.gov.cn/hzs/accessory/201109/1316069658609.pdf>, last access July 26, 2013.

²⁵⁸ See: Indira Campos and Alex Vines, "Angola and China, A Pragmatic Partnership", 20-21.

²⁵⁹ Source: data compiled from UN Comtrade, <http://comtrade.un.org>, last access August 16, 2014.

²⁶⁰ Source: data compiled from UN Comtrade, <http://comtrade.un.org>, last access August 16, 2014.

3.2.4. U.S. and China's Political and Security Interests in Angola

Angola seems not to have attracted so much political attention of the U.S. government as Nigeria. Angola is not a major actor in the regional politics, its population is rather small, and it is a rare contributor to peacekeeping missions. The Angolan government focuses mainly on domestic reconstruction and gets involved in regional politics only exceptionally. It has, for example, played a critical role in supporting the peace process in the Democratic Republic Congo, although it had intervened there earlier.²⁶¹

Yet, the U.S. does have some political interests in Angola. It seeks to promote good governance, protection of human rights and the rule of law. In this sense, China's actions in Angola were viewed with suspicion in Washington. Furthermore, the U.S. has an interest in maritime security in the Gulf of Guinea, in order to provide for security of oil supplies and protect commercial lines.²⁶² Importantly, most of Angola's oil production is located offshore. As Angola is China's largest both trading partner and oil-supplier in Sub-Saharan Africa, Beijing shares U.S. interests in maritime security in the Gulf of Guinea.

As for the issue of governance, China's \$2 billion loan to Angola in 2004 produced major controversy, as hinted in the introduction to this case study. It came at a time when the IMF was in negotiations over a substantial loan to Angola and tried to persuade Angola's leaders to commit to transparency reforms of both the government and Sonangol, and join the IMF stabilization program as a precondition for the loan.²⁶³ China's loan with no strings attached frustrated Western countries, as the loans from the IMF provided a means for encouraging reforms in developing countries. As Stephanie Hanson from the CFR suggests, as a result, Angola is not obliged to follow the reforms, as it does not depend on the largesse of the World Bank or the IMF.²⁶⁴

While these concerns were understandable – Angola was truly not motivated to accept the IMF conditions and China effectively jeopardized the policy of the international financial institutions, it is hard to say whether it was the only factor. At the same time, the oil prices were skyrocketing and so was Angola's oil production. Rising oil revenues thus provided China with an alternative source of income in lieu of the IMF loan. In addition, as Renato Aguilar and Andrea Goldstein remind us, the Western policy

²⁶¹ Vincent A. Mai and Frank G. Wisner (chairs), William Nash (project director) and Adam P. Frankel (deputy project director), "Toward an Angolan Strategy...", 15.

²⁶² *Ibid.*, 9.

²⁶³ Henry Lee and Dan Shalmon, "Searching for Oil: China's Strategies in Africa", 119.

²⁶⁴ Stephanie Hanson, "Angola's Political and Economic Development".

had its own weaknesses, too, as the funds were often provided from multiple sources, each rather small in size and having different conditions and own bureaucratic requirements.²⁶⁵

However, between 2006 and 2007, Angola started to reengage with the Paris Club²⁶⁶ and repaid around \$2.5 billion of debt to its creditors. The reason behind this move was that Angola wanted to sustain its dependence on Western technology and diversify its sources of financing.²⁶⁷ This case demonstrates that the U.S., along with other Western countries, still enjoys some leverage to push through its demands on governance and transparency. Furthermore, China might also find out that it, too, has a long-term interest in greater transparency in Angola, as it would provide for more stable environment for its investments as well as broaden the pool of citizens who can afford to buy Chinese goods.

When it comes to security, the U.S. maintains a limited military partnership with Angola. The U.S. Navy works with the Angolan Armed Forces to provide for security in the Gulf of Guinea. The Angolan military have also been part of the International Military Education and Training (IMET) program and benefited from trainings for mid-level military officers in English language and professional management.²⁶⁸ The U.S. and Chinese interests do not appear to collude here, as China has also interest in maritime security and internal stability, in order to protect its commercial activities in Angola. Neither is there any controversy comparable to the Niger Delta violence regarding China's arms sales, as there have been no significant violent clashes since the end of Angola's civil war.²⁶⁹

The authors of a major CFR report U.S-Angolan relations from 2007 argued that Angola should receive more high-level attention, as it could become an important American partner on the continent for maintaining stability and security. Such approach would also advance U.S. energy interests.²⁷⁰ The Obama administration has moved in this direction. In 2009, Secretary Clinton declared Angola one of the

²⁶⁵ Renato Aguilar and Andrea Goldstein, "The Chinisation of Africa: The Case of Angola", 1558.

²⁶⁶ The Paris Club is an informal group of mostly Western creditors, which serves as a platform for coordinating sustainable solutions for debtor countries facing payment difficulties. It includes 19 countries including the U.S., whereas international institutions, such as the World Bank or the IMF, have a status of observers. China is not a member. For details see the official website of the Paris Club: <http://www.clubdeparis.org/>.

²⁶⁷ Indira Campos and Alex Vines, "Angola and China, A Pragmatic Partnership", 22.

²⁶⁸ Vincent A. Mai and Frank G. Wisner (chairs), William Nash (project director) and Adam P. Frankel (deputy project director), "Toward an Angolan Strategy...", 31.

²⁶⁹ During the 1990s, there were some allegations that China supplied UNITA with arms, despite the fact that China recognized the MPLA-led government already in 1983. Nevertheless, it seems that the trend of substantial Chinese arms sales was limited to the period of the civil war. In its report to the UN Registry on Conventional Arms in 2007, China stated that no transfers of major military equipment to Angola occurred in 2006. See: Indira Campos and Alex Vines, "Angola and China, A Pragmatic Partnership", 3.

²⁷⁰ Vincent A. Mai and Frank G. Wisner (chairs), William Nash (project director) and Adam P. Frankel (deputy project director), "Toward an Angolan Strategy...", 31-32.

three strategic partners in Africa, along with Nigeria and South Africa.²⁷¹ Princeton Lyman hints that the Obama Administration's attention to Angola is likely to address the fact that Angola felt neglected by the U.S. after the end of its civil war, for it had a very poor democratic record. Yet the country has gradually become the second largest oil producer in Sub-Saharan Africa and the most stable country in the Gulf of Guinea which could have substantial influence on the region. Finally Angola was looking for even more foreign investment. According to Lyman, the U.S. found it necessary to establish a closer relationship with Angola, especially as the Chinese had also made major investments in the country.²⁷² In 2010, both countries signed the U.S.-Angola Strategic Partnership Dialogue that focuses on development of Angola's oil and gas resources, transparency in the oil sector or regional and maritime security.²⁷³

3.2.5. Conclusion

Angola's oil wealth and need for reconstruction after the end of its civil war offer significant economic opportunities for both the U.S and China. The case of Angola demonstrates the effectiveness of China's oil-for-infrastructure deals which enabled her to enter the local oil sector as a newcomer, and secure oil supplies as collateral for oil-backed loans. However, the case also shows limits of these deals: in a country like Angola that cares about diversification of economic partners, these deals are not likely to help China dominate the oil sector. In addition, China's lack of expertise in ultra-deep-water drilling exemplifies a major comparative advantage of the U.S. and other Western companies in the competition for licenses in the oil sector.

When it comes to other sectors, China proves to be more successful in acquiring infrastructure contracts. Yet the U.S. companies do not seem to be especially interested in this sector. China's share of exports to Angola has been growing steeply, contributing to a reduction in the U.S. share. While this trend has occurred mainly in sectors where Western goods have generally become less competitive because of their price and countries like the United States still enjoy comparative advantage when it comes to high-quality goods, this development is worrying for the U.S. as it loses in the overall competition for Angola's fast growing market. However, when it comes to the engagement of the U.S.

²⁷¹ "U.S. Relations with Angola", The U.S. Department of State, November 14, 2012, <http://www.state.gov/r/pa/ei/bgn/6619.htm>, last access July 2, 2013.

²⁷² Princeton N. Lyman, interview with Bernard Gwertzman, Council on Foreign Relations, October 26, 2006, <http://www.cfr.org/sudan/lyman-political-solution-needs-found-darfur/p11823>, last access July 6, 2013.

²⁷³ "Memorandum of Understanding Signing Ceremony Establishing the U.S.-Angola Strategic Partnership Dialogue", The U.S. Department of State, July 8, 2010, <http://www.state.gov/secretary/rm/2010/07/144373.htm>, last access July 13, 2013.

and Chinese companies in Angola, they prove to be operating mostly in different, non-competing sectors.

China's nearly unconditional loans have complicated efforts of the international institutions at improved governance and transparency. This has been a major issue in relation to the U.S. and China's competing interests in Angola. However, growing oil revenues have also played a role.

Finally, the U.S. recent emphasis on engagement of Angola represents perhaps the best response to China's activities in Angola, as it can enhance U.S. position in the country and contribute to improved governance through a policy of constructive cooperation rather than a policy of sanctions or denial of development programs. Similarly, as in the case of Nigeria, the sharp decline in U.S. oil imports from Angola in the wake of the shale boom may untie hands of the U.S. government and enable it to put greater pressure on Luanda to proceed with democratic reforms and develop non-oil sectors of the economy.

3.3. Case Study: Sudan

Sudan constitutes perhaps the most controversial case of China's engagement in Sub-Saharan Africa. It provides an example of how China's economic activities on the continent affect the U.S. political interests. China is Sudan's biggest trading partner and dominates its oil sector. As of 2011, Sudan accounted for 5 percent of China's total crude oil imports.²⁷⁴ Chinese companies investing in Sudan do not face any competition from their Western counterparts, which are either prohibited from investing in the country by sanctions or at least constrained by related risks and public criticism.

Sudan also figured among top Africa priorities of the Bush administration, which was pressuring Khartoum to end its two civil wars. Thus, the Chinese economic activities in the country were considered an obstacle to the U.S. political and humanitarian goals.

3.3.1. Sudan's Political Characteristics and Background of its Civil Wars

Although Sudan is geographically the largest country in Africa and its population of 38 million is divided in nearly 600 tribes speaking around 400 different languages, the political power and national wealth have been concentrated in the center while peripheral areas have been neglected. This trend has

²⁷⁴ "Sudan and South Sudan", U.S. Energy Information Administration, <http://www.eia.gov/countries/cab.cfm?fips=SU>, last access August 15, 2014.

begun already in the colonial period.²⁷⁵ While the center is Arab and Muslim, the peripheries consist of the African South which is Christian or anemic, and non-Arab but Muslim populations in the North. Throughout the independence period, the government has held the country together by reliance on a patronage network and use of violence and threats. President Omar al-Bashir from the National Congress Party (NCP), in power since a coup in 1989, initially introduced a radical Islamic rule and enacted Shari'a law in the North, but after a divorce with the National Islamic Front in 1999, he started to pursue a more pragmatic policy. His government has been characterized by corruption, self-enrichment from oil revenues and manipulation of the Islamic banking system.²⁷⁶

As a result of marginalization, the South had been involved in a civil war against the North in the periods of 1956-1972 and 1983-2005. The second war was ended in 2005 by the Comprehensive Peace Agreement (CPA), which granted the South autonomy and a vote on secession scheduled for 2011. The Sudan People's Liberation Movement (SPLM), the main rebel group, concluded a power- and wealth-sharing agreement with the NCP and became its government partner. The oil revenues from the fields in the South, which account for about 80 percent of Sudan's oil production, were to be split in half between the North and South.²⁷⁷

Darfur was another marginalized region in Sudan, suffering from periodic drought and conflicts between nomadic and farming communities over land and water. When the Sudanese government was involved in negotiations with the South, the people of Darfur felt they would be exempted from any power-sharing deal. Thus in 2003, the Justice and Equality Movement (JEM) and the Sudan Liberation Movement/Army (SLM/A), the two main rebel groups in Darfur, started attacking government forces. The government responded by arming and mobilizing the indigenous *Janjaweed* militias as it could not rely on soldiers from Darfur, and by indiscriminate bombing by the Sudanese Air Force of both rebel and civilian targets.²⁷⁸ The *Janjaweed* militias represented Arab nomads, while the rebels drew their support from African agricultural people. As a result, the attacks by *Janjaweed* militias had genocidal character and involved crimes against humanity. In 2006, the government signed the Darfur Peace Agreement, a power-sharing deal, with a splinter group from the SLM/A. However, the remainder of the SLM/A and

²⁷⁵ Richard S. Williamson, "The Role of the United States in Sudan at a Moment of Peril and Opportunity", *American Foreign Policy Interests* 33 (2011): 3-4.

²⁷⁶ Richard Downie and Brian Kennedy (authors), Jennifer G. Cook and Richard Downie (project directors), "Sudan, Assessing Risks to Stability", A Report of the CSIS Program, June 2011, 4-5, http://csis.org/files/publication/110623_Downie_Sudan_Web.pdf, last access June 30, 2013.

²⁷⁷ Richard Downie and Brian Kennedy (authors), Jennifer G. Cook and Richard Downie (project directors), "Sudan, Assessing Risks to Stability", 5-7.

²⁷⁸ David H. Shinn, "China and the Conflict in Darfur," *Brown Journal of World Affairs* 16, No. 1 (Fall/Winter 2009): 85-86.

the JEM refused to sign it as they felt it did not represent them enough. The conflict has thus not been resolved.²⁷⁹

Sudan's economy, traditionally based on agriculture that employs about 80 percent of the work force, has become increasingly dependent on oil after the beginning of oil exports in 1999. As of 2010, the oil accounted for half of the government revenues in the North and 98 percent in the South.²⁸⁰ The oil accounted also for roughly 90 percent of exports between 2004 and 2008. Unfortunately, the oil revenues have not been used to develop other sectors of the economy or to invest in public services. According to the UN Development Program (UNDP) and the World Bank, 60-75 percent of the population in the North and 90 percent in the South still lives below the poverty line.²⁸¹ After the CPA in 2005, the biggest portion of oil revenues in the South was spent on the army and most of the rest was allegedly stolen by corrupt officials.²⁸²

In January 2011, nearly 99 percent of the people from the South voted for independence. The new state of South Sudan took control over three quarters of Sudan's oil reserves, but it remained dependent on the pipelines and refineries in the North. However, some border areas have remained contested, especially the oil-rich Abyei region.^{283 284} This resulted in military clashes, during which the Sudanese army occupied and bombed the disputed border territories while the army of South Sudan made a brief incursion to the area of Heglig, a rich oil field north of the border. Furthermore, in January 2012, South Sudan shut down oil production due to a dispute with Khartoum over transit fees. The shutdown damaged both countries' economies, the inflation rate in the South Sudan jumped from 20 to 80 percent.²⁸⁵ In September 2012, both sides signed cooperation agreements, which settled the dispute over the transit fees and called for a demilitarized zone along the disputed border.²⁸⁶

²⁷⁹ Princeton N. Lyman, interview with Bernard Gwertzman.

²⁸⁰ Richard Downie and Brian Kennedy (authors), Jennifer G. Cook and Richard Downie (project directors), "Sudan, Assessing Risks to Stability", 7.

²⁸¹ Luke A. Patey, "Crude Days Ahead? Oil and the Resource Curse in Sudan", *African Affairs* 109, No. 437 (2010): 620-621.

²⁸² "South Sudan. Unhappy Birthday", *The Economist*, July 14, 2012, <http://www.economist.com/node/21558590>, last access August 15, 2014.

²⁸³ "South Sudan Backs Independence – Results", *BBC*, February 7, 2011, <http://www.bbc.com/news/world-africa-12379431>, last access July 15, 2014.

²⁸⁴ See the Map of Key Oil Infrastructure in Sudan and South Sudan in Appendix 4.

²⁸⁵ "South Sudan. Unhappy Birthday" *The Economist* ...

²⁸⁶ "Sudan and South Sudan", U.S. Energy Information Administration, <http://www.eia.gov/countries/cab.cfm?fips=SU>, last access August 15, 2014.

3.3.2. China's Economic Engagement: Filling the Vacuum after Western Companies

Sudan's oil was originally discovered by Chevron in the first half of the 1980s. Chevron started to extract the oil, but it soon withdrew from the country because of the civil war. In 1993, the U.S. government designated Sudan as a state sponsor of international terrorism²⁸⁷ and, in 1997, it imposed economic sanctions on Sudan that prohibited trade and other economic contacts between the U.S. and Sudan as well as loans to the Sudanese government.²⁸⁸

In the same year, a consortium of China's CNPC (a 40 percent stake), Canada's Arakis, and state-owned companies from Malaysia and Sudan created the Greater Nile Petroleum Operating Company (GNPOC).²⁸⁹ The China Petroleum Engineering and Construction Corporation, a branch of the CNPC, consequently built a pipeline from the oil fields to Port Sudan. In 2001, the CNPC took a 41 percent stake in another consortium, the Petrodar Operating Company.²⁹⁰ The CNPC has further acquired a near monopoly in the Block 6²⁹¹ in Darfur and operates in several other development blocks. China's construction companies have later realized most of the infrastructure projects such as roads, railways, dams, or power stations.²⁹² The last Western company, Canada's Talisman which bought the stakes in the GNPOC from Arakis, sold its share to an India's state-owned company, as the U.S. Congress was preparing the Darfur Peace Act which barred companies involved in Sudan's oil sector from raising capital on U.S. financial markets.²⁹³

China has become Sudan's largest trading partner. It dominates the Sudanese oil sector as the CNPC holds a commanding stake in the two largest consortiums, GNPOC and Petrodar, which together account for most of Sudan's oil production.²⁹⁴ As of 2011, China accounted for 77 percent of Sudan's crude oil exports (see Figure 8).

²⁸⁷ David H. Shinn, "China and the Conflict in Darfur", 87.

²⁸⁸ See: "Effectiveness of U.S. Economic Sanctions with Respect to Sudan", Office of Foreign Assets Control, Report to Congress, January 2009, http://www.treasury.gov/resource-center/sanctions/Documents/sudan_report_030509.pdf, last access July 9, 2013.

²⁸⁹ Arakis subsequently sold its stake to Talisman, its Canadian counterpart. See: Luke A. Patey, "State Rules: Oil Companies and Armed Conflict in Sudan", *Third World Quarterly* 28, No. 5 (2007): 1005.

²⁹⁰ David H. Shinn, "China and the Conflict in Darfur" 88.

²⁹¹ See the Map of Sudan's Oil Blocks in Appendix 3.

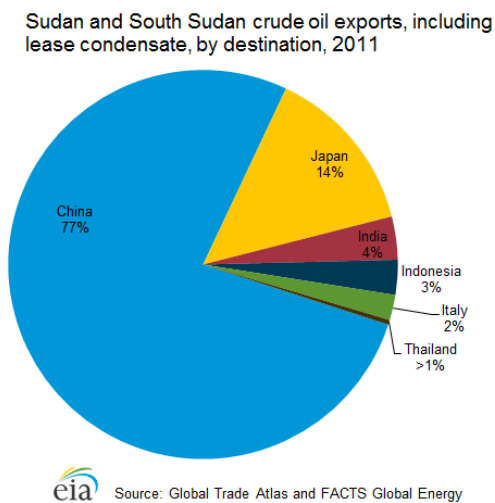
²⁹² See: Jonathan Holslag, "China's Diplomatic Manoeuvring on the Question of Darfur", *Journal of Contemporary China* 17, No. 54 (2008): 71-72.

²⁹³ Luke A. Patey, "State Rules: Oil Companies and Armed Conflict in Sudan", 1005-1007.

²⁹⁴ As of 2011, these two consortiums accounted for over 82 percent of total Sudan's oil production. In addition, Block 6 in which the CNPC has a 95 percent stake produced more than 12 percent. See: "Sudan and South Sudan", U.S. Energy Information Administration, <http://www.eia.gov/countries/cab.cfm?fips=SU>, last access August 15, 2014.

There is no other country in Africa in which Chinese companies dominate the oil sector. This development exemplifies how China took advantage of the U.S. economic sanctions imposed on Sudan in 1997.²⁹⁵ No western company has currently stakes in Sudan’s oil sector, nor does any Western country import Sudan’s oil. China successfully filled the vacuum left by the Western companies which withdrew either because of sanctions, or after pressures by human-rights groups and the public. It is also true that China’s success resulted from its willingness to take risks. Indeed, Chevron initially withdrew because of the civil war, while the sanctions came only later.

Figure 8: Sudan and South Sudan oil exports by destination²⁹⁶



Yet the border clashes after the independence vote in 2011 and the subsequent production shutdown by South Sudan in January 2012 jeopardized China’s oil interests. The share of Sudan’s and South Sudan’s oil in China’s oil imports dropped from 5 percent in 2011 to 1 percent in 2012.²⁹⁷ Beijing had thus vital interest in a peaceful resolution of the dispute, as it continued trading with both countries. In February 2012, China offered to pay an above-market price for the Sudanese oil as a way how to encourage both sides to a settlement over the transit fees.²⁹⁸

²⁹⁵ The EU has imposed sanctions against individuals in Sudan and on supply of any kind of assistance related to military activities. It has not imposed comparable sanctions on trade and investment as the U.S. See: “European Commission – Restrictive measures in force (Article 215 TFEU)”, European Union External Action, http://eeas.europa.eu/cfsp/sanctions/docs/measures_en.pdf, last access June 18, 2013.

²⁹⁶ “Sudan and South Sudan”, U.S. Energy Information Administration, <http://www.eia.gov/countries/cab.cfm?fips=SU>, last access August 15, 2014.

²⁹⁷ Ibid.

²⁹⁸ “South Sudan. Unhappy Birthday”, *The Economist*...

3.3.3. China's Engagement as an Obstacle to U.S. Political Goals in Sudan

While China was developing Sudan's oil, the U.S. was trying to put pressure on Khartoum to end the conflicts against the South and in Darfur. In addition to the economic sanctions imposed in 1997, the U.S. has been denying Sudan foreign assistance except for humanitarian assistance. Besides these sticks, President Bush was also offering some carrots. He was maintaining dialogue with the Sudanese government and promised normalization of relations once both the North-South and Darfur conflicts were ended. In 2001, President Bush appointed his Special Envoy to Sudan, John Danforth. This position became institutionalized and was later held by several other officials. The U.S. government first focused on the resolution of the North-South conflict and provided financial and technical support to the peace talks in Kenya. U.S. diplomats, including the Special Envoy or even Secretary Colin Powell, acted as mediators and allegedly often helped to break a stalemate. Thus, the U.S. critically contributed to the signing of the Comprehensive Peace Agreement (CPA) in 2005.²⁹⁹

The U.S. government was simultaneously also responding to the conflict in Darfur. In 2004, the U.S. Congress passed unanimously a resolution that declared the events in Darfur genocide. It called on the President to designate the events as genocide as well and refer the case to the UN Security Council under the Convention on the Prevention and Punishment of the Crime of Genocide from 1948.³⁰⁰ Based on a subsequent investigation by the State Department, Secretary Colin Powell declared during his testimony before the Senate Foreign Relations Committee "that genocide has been committed in Darfur".³⁰¹ President Bush then called the events in Darfur genocide when addressing the UN General Assembly in September 2004.³⁰²

Yet, the U.S. efforts to put pressure on the Sudanese government were compromised by China's engagement in Sudan. In addition to providing Khartoum with cash for imported oil, China also supplied Sudan with arms. In 2005, China sold 20 fighter bombers and, in 2005, China's Dongfeng Company sold more than 200 military trucks to Sudan. Between 2003 and 2006, China was Sudan's largest supplier of small arms. Although the UN imposed embargo on weapons transfers to non-government entities and military forces in Darfur in 2004 and in 2005, respectively, China continued selling arms to the Sudanese

²⁹⁹ Ted Dagne, "Sudan: The Crisis in Darfur and Status of the North-South Peace Agreement".

³⁰⁰ Eyal Mayroz, "Ever Again? The United States, Genocide Suppression, and the Crisis in Darfur", *Journal of Genocide Research* 10, No. 3 (2008): 362.

³⁰¹ *Ibid.*, 367.

³⁰² George W. Bush, "Bush's Address to U.N. General Assembly", *The New York Times* (a transcript), September 21, 2004, <http://www.nytimes.com/2004/09/21/international/21WEB-PTEX.html?pagewanted=1>, last access July 7, 2014.

government arguing that they were not to be used in Darfur. However, according to David Shinn, various reports show that Chinese arms have indeed been used in Darfur. In 2006, a UN panel of experts identified 222 Chinese military vehicles in Darfur.³⁰³

Chinese diplomatic efforts initially proved to be another obstacle to the U.S. efforts in Darfur. As Sudan was less cooperative on this issue, a threat of sanctions imposed by the UN was raised. Yet Beijing repeatedly declared its opposition to sanctions. In July 2004, the UN Security Council passed the Resolution 1556 calling for disarmament of the *Janjaweed* militias only after the U.S. had dropped the word “sanctions” from the draft.³⁰⁴ In September 2004, the Resolution 1564, calling for prosecution of members of the *Janjaweed* militias responsible for atrocities,³⁰⁵ was passed only after the Chinese Ambassador had worked to water down the original draft which directly threatened Khartoum with oil sanctions.³⁰⁶ Rather than using its veto, China focused on behind-the-scene interventions while the resolutions were drafted in order to defuse their impact.

Indeed, China also abstained from two resolutions in 2005 that demanded sanctions against those responsible for violence in Darfur, and referred the events in Darfur to the International Criminal Court, respectively.³⁰⁷ Nevertheless, the more aggressive tone of these resolutions signaled also an evolution of China’s position.

China’s objections to a major international involvement in the resolution of the Darfur conflict or to oil sanctions imposed by the UN were understandable. As the previous section shows, China had made significant investments in Sudan and had dominated its oil sector. As of 2006, China’s imports of oil from Sudan accounted for 10 percent of its total oil imports.³⁰⁸ Furthermore, China had traditionally refrained from meddling in internal affairs of other countries. As the first chapter explains, this policy

³⁰³ David H. Shinn, “China and the Conflict in Darfur”, 90.

³⁰⁴ U.S. President’s Special Envoy Danforth said that certain Security Council members had objections to the word “sanctions”. After abstaining from the vote, the Chinese Deputy Ambassador to the UN suggested that these measures were not helpful. See: Jonathan Wald, “U.N. Council OKs Resolution to Act on Sudan Crisis”, *CNN*, July 31, 2004, <http://edition.cnn.com/2004/WORLD/africa/07/31/unvote.sudan/>, last access July 6, 2013.

³⁰⁵ The Resolution 1564 responded to Sudan’s non-compliance with the Resolution 1556. It called on the Sudanese government to disarm the *Janjaweed* militias and prosecute those members who were responsible for human rights abuses, and further obliged all parties to find a peaceful settlement. Instead of mentioning sanctions, the resolution threatened with actions affecting Sudan’s petroleum sector in case of non-compliance. See: “Resolution 1564 (2004)”, United Nations Security Council, September 18, 2004, <http://daccess-dds-ny.un.org/doc/UNDOC/GEN/N04/515/47/PDF/N0451547.pdf?OpenElement>, last access July 6, 2014.

³⁰⁶ “Sudan Faces Threat of Sanctions”, *CNN*, September 19, 2004, <http://edition.cnn.com/2004/WORLD/africa/09/18/sudan.un.sanction>, last access July 7, 2013.

³⁰⁷ David H. Shinn, “China and the Conflict in Darfur”, 91.

³⁰⁸ Kristina Nwazota, “China-Sudan Trade Relations Complicate Darfur Crisis”, *PBS*, April 25, 2006, http://www.pbs.org/newshour/updates/politics/jan-june06/china-darfur_04-25.html, last access July 8 2013.

had also been an important part of China's Africa policy and had served to prevent precedents for similar interference in China's own domestic affairs.

Nevertheless, Eyal Mayroz argues that the U.S. did not respond resolutely enough to the conflict in Darfur anyways, as it did not want to jeopardize its cooperation with Sudan on counterterrorism (despite its continuing designation as a sponsor of terrorism) and finalization of the CPA. When it comes to a military intervention, the U.S. capacities were constrained by the presence in Iraq. Mayroz also argues that by calling the events in Darfur genocide, the U.S. was only responding to pressures by domestic public to "do something" in Sudan, without binding itself to anything more than referring the issue to the United Nations which would then be obliged take a response under its Charter.³⁰⁹ However, U.S. leadership on the issue of Darfur at the UN Security Council suggests that it had an active interest in an international action save of its own military involvement. If China were more cooperative, a tougher resolution could have been passed, e.g. imposing oil sanctions on Sudan, which would have had a significant impact given the country's dependence on oil revenues.

3.3.4. Evolution of China's Position on Non-Interference

Despite its initial reservations, by late 2006, China's position on international involvement in the resolution of the Darfur conflict began to evolve. Beijing found itself in a dilemma. On one hand, it opposed a major international action on Darfur for reasons mentioned above. On the other hand, the Chinese government had gradually identified also interests that dictated otherwise.

First, escalating violence put Chinese economic stakes at risk.³¹⁰ Second, China was afraid that a further escalation of the situation could result in a unilateral action by the Western countries, which would compromise China's influence in Sudan. Third, the African Union itself had requested that its troops, already present in Darfur, be replaced by a UN peacekeeping mission. China's opposition to this request could damage its relations with African countries. Fourth, after establishing diplomatic relations with Chad in 2006 and concluding some oil deals in the country, N'Djamena constantly pressed for elimination of the refugee flows from Darfur.³¹¹ Carmody and Taylor suggest that the tipping point for Chinese decision-makers was the world-wide campaign of "Genocide Olympics" and a letter to Hu Jintao

³⁰⁹ Eyal Mayroz, "Ever Again?...", 364-371.

³¹⁰ A temporary seizure of Chinese oil installations at Defra in 2007 by the JEM, and kidnapping of Chinese workers in the oil field in Darfur operated by CNPC in 2008 are cases in point. See: David H. Shinn, "China and the Conflict in Darfur", 90.

³¹¹ Jonathan Holslag, "China's Diplomatic Manoeuvring on the Question of Darfur", 74-75.

from April 2007 written by the Chairman of the Senate Foreign Relations Committee Joe Biden and 96 U.S. Senators, which urged China to use its influence to end the atrocities in Darfur.³¹² That would actually mean that China's main concern was about its reputation.

However, a first major shift in Chinese policy came already in late 2006 when the Sudanese government rejected a replacement of the AU troops by a UN peacekeeping force. In September, Chinese Ambassador to the UN Wang Guangya stated that the Chinese government had been actively pressing Khartoum on the issue of the UN peacekeeping force. Subsequently, Ambassador Wang was reportedly persuading the Sudanese representatives at an AU-sponsored meeting on the situation in Darfur in Addis Ababa to accept the Annan Plan which specified deployment of a hybrid AU/UN peacekeeping force of 22,000 troops.³¹³ On his visit to Sudan in February 2007, Chinese President Hu Jintao promised to provide a zero-interest loan for construction of a new presidential palace and humanitarian assistance to Darfur, and forgive \$70 million of the Sudanese debt, but he also privately pressed his Sudanese counterpart to accept the UN peacekeeping force.³¹⁴

Following the letter by U.S. Senators, Beijing appointed its Special Envoy to Sudan. China has also altered its policy at the UN Security Council. In July 2007, during its presidency of the Council, China voted for the Resolution 1769 that authorized the AU/UN hybrid peacekeeping force UNAMID for Darfur. China was also among the first countries to provide troops for the peacekeeping operation. Moreover, when Sudan delayed implementation, China's Assistant Foreign Minister Zhai Jun told Sudan's foreign minister in Addis Ababa that the world was running out of patience.³¹⁵

These actions represented a crucial change in China's policy of non-interference, as it directly and actively interfered in Sudan's domestic policy. Although China had since the 1990s accepted the right of the international community to intervene under the conditions that the intervention has UN authorization, invitation of the host state is obtained, state sovereignty is respected and all other options have failed;³¹⁶ it was only during the Darfur crises when China actually lobbied a state government to provide the necessary consent.

The U.S. government mostly commended China's activity in persuading Sudan to accept the hybrid peacekeeping force. Former U.S. Special Envoy to Sudan Andrew Natsios testified before the Senate Foreign Relations Committee that the Chinese may have been the critical factor that led the

³¹² Pádraig Carmody and Ian Taylor, "Flexigemony and Force in China's Resource Diplomacy in Africa: Sudan and Zambia Compared", *Geopolitics* 15 (2010): 502.

³¹³ Jonathan Holslag, "China's Diplomatic Manoeuvring on the Question of Darfur", 78-79.

³¹⁴ David H. Shinn, "China and the Conflict in Darfur", 91.

³¹⁵ *Ibid.*, 92-93.

³¹⁶ Ian Taylor, *China's new role in Africa*, 137.

Sudanese government to accept the Annan Plan.³¹⁷ As Jonathan Holslag reminds us, China's success in lobbying the Sudanese government to assent to the deployment spared Western countries of a painful choice between non-intervention and an extremely risky intervention against the will of the host government.³¹⁸

In addition, another case of China's shift away from non-interference followed after the renewed military clashes along the disputed border between Sudan and South Sudan in 2011 and the subsequent shutdown of South Sudan's oil production in 2012. China was actively involved in mediation between Juba and Khartoum and put pressure on both countries to resolve their disputes.³¹⁹ In February 2012, a plan was developed by China's then Vice President Xi Jinping and senior White House officials for a joint visit by the U.S. Secretary of State Clinton and China's Foreign Minister Yang Jiechi to Khartoum and Juba in order to mediate between the two parties. Although the plan was later dropped, it demonstrated willingness of Washington and Beijing to work together in areas where their interests converge.³²⁰

This development clearly demonstrates that China is willing to overcome its non-interference policy when its core economic interests are threatened. China felt it needed to protect its investments in Sudan's and South Sudan's oil installations and keep the oil flowing to international markets. This might represent an opportunity for a possible cooperation with the United States to provide for local stability, yet only when China's core interests are at stake, China does not seem willing to do so just for humanitarian reasons.

3.3.5. Conclusion

In its policy on Sudan, China was able to exploit the vacuum left by the Western companies to its own economic ends. Its success was based on lack of human rights concerns, but also on its willingness to undertake greater risks.

The case of Sudan is perhaps the best example of how China's economic engagement can jeopardize U.S. efforts at conflict resolution and implementation of reforms towards good-governance.

³¹⁷ Henry Lee and Dan Shalmon, "Searching for Oil: China's Strategies in Africa", 130.

³¹⁸ Jonathan Holslag, "China's Diplomatic Manoeuvring on the Question of Darfur", 78-79.

³¹⁹ Daniel Wagner and Giorgio Cafiero, "Regional Implications of a South Sudanese Civil War", *The Huffington Post*, July 1, 2014, http://www.huffingtonpost.com/daniel-wagner/regional-implications-of-_b_4556718.html, last access August 15, 2014.

³²⁰ Witney Schneidman and Dane Erickson, "The Forum on China-Africa Cooperation (FOCAC) and the Prospects for "Trilateral" Development", *Brookings Institution*, July 17, 2012, <http://www.brookings.edu/research/opinions/2012/07/17-china-africa-cooperation-schneidman>, last access August 16, 2014.

China's investments in Sudan's oil sector compromised the effect of U.S. economic sanctions. Beijing subsequent political support to Khartoum further complicated U.S. policies. China's activities were critical for the ability of the Sudanese government to wage the two wars. In 1997, Sudan's government was heavily indebted and the North-South war was draining its budget. Without the oil revenues, Khartoum could not afford to finance these conflicts. Similarly, without the arms sales from China, Khartoum's sources of weapons would be significantly constrained. Thus, China was to a great extent responsible for the violence that occurred before a major change in its approach.

Finally, this case also shows that China may be pressured towards greater cooperation with the West. Once China decided to cooperate, its friendly relations with Sudan proved to be useful, as the Chinese diplomats were able to approach their Sudanese counterparts from position of a needed partner. In its lobbying of the Sudanese government to accept the UN peacekeeping force, China achieved what the Western countries were unable to do on their own. Yet it must be reiterated that China helped solve a crisis to which it also significantly contributed by its earlier engagement in Sudan.

Similarly, China's leverage over the government in Khartoum might prove to be useful in the wake of the renewal in military clashes between Sudan and South Sudan in the disputed border territories after 2011, as Beijing has economic stakes in both countries.

4. Impact of China's Engagement in Africa on U.S. Interests

This chapter provides a comparison of the U.S. and China's policies in Africa, summarizing the findings from the previous chapters and adding some additional relevant data. It subsequently presents an overview of the U.S. response to China in Africa. Most importantly, this chapter provides an analysis of the impact of Chinese activities on the U.S. interests in Africa and also offers suggestions on how the U.S. can deal with the challenges posed by China.

4.1. U.S. and China's Policies on Africa Compared

The following section compares American and Chinese activities in several categories of engagement. These include development programs and other foreign aid, trade, military policies and diplomacy.

4.1.1. Foreign Assistance

Development assistance figures high among priorities of both the United States and China. Yet there are significant differences as to what constitutes development assistance, as well as in the form and content of related policies. The U.S. acts through a wide range of programs that focus on democratization and governance (e.g. programs of the Economic Support Fund), economic development (e.g. Millennium Challenge Account, Feed the Future), health (e.g. PEPFAR) and education (e.g. Africa Education Initiative). These programs are usually well institutionalized, take form of grants and include several conditions, especially in the case of the MCA, which rewards countries with sound performance in good-governance. In addition to the programs of the U.S. government, there are some development projects that are financed by American private organizations.

Furthermore, the U.S. programs try to engage larger portions of society and the funds are often not channeled through the local government, but through American or local NGOs and subcontractors. Interestingly, Chinese firms are allowed to bid for projects financed by the Millennium Challenge Corporation's (MCC) grants and they have also been awarded several projects.³²¹

China, for its part, realizes mostly infrastructure projects and various ad-hoc initiatives. As for the area of economic development, its assistance comes in the form of concessional loans, in which it is difficult to determine the grant element that can be considered as foreign aid according to Western standards. These loans also include resource-backed loans, which are usually used for infrastructure projects delivered by Chinese companies, as exemplified in the case studies on Nigeria and Angola. While these initiatives certainly contribute to economic development, their form resembles rather a commercial trade-off than foreign assistance.

As for the conventional forms of foreign assistance, China is active in the fields of agriculture, health and education. China prefers concrete actions, such as sending in medical teams, providing scholarships or building a hospital. These actions are usually not part of long-term programs, nor do they usually have any conditions, except for the One-China principle. The common feature is that they are realized relatively quickly. As to the content of foreign assistance, China is not active in the field of democratization and governance. China's aid is realized mostly by the Chinese government through state-owned enterprises and is coordinated with local governments. Generally, it does not focus on non-state actors.

³²¹ David H. Shinn, "United States-China Collaboration on Health and Agriculture in Africa", *Sino-Africa*, May 24, 2011, <http://www.sinoafrica.org/en/node/660>, last access July 12, 2013

4.1.2. Trade

When it comes to trade policies, the differences are apparent in the role of the government in the U.S. and China, respectively. The Chinese government supports its companies through high-profile diplomatic initiatives. In return for concessions in extractive industries, Beijing offers infrastructure projects and loans, as mentioned above. As most of the projects in Africa are implemented by state-owned companies, Beijing can exercise its influence and commit companies from various sectors. In addition, China's EXIM Bank offers substantial capital and loan guarantees to Chinese companies investing in Africa.

The U.S. government does not play an interventionist role in its own economy. Thus, it cannot match deals related to resource extraction with infrastructure or other trade-offs, as each is performed by a different private company. The U.S. companies specialize usually in one field of industry. For example, ExxonMobil or Chevron, which are among the largest U.S. corporate actors in Sub-Saharan Africa, are oil companies. As such they cannot build roads or schools. In addition, as the OECD discourages linking foreign assistance with commercial activities, the U.S. government cannot offer aid in return for contracts.

As for the export capital and guarantees, while the U.S. companies do not receive comparable credit from the government as their Chinese counterparts, they are often well established in the host country. The U.S. oil companies in Nigeria and Angola, having the upper hand due to their expertise, are a case in point. Brautigam argues that the Chinese companies need government subsidies in order to be able to start their operations overseas and compete with established multinationals. She reminds us that Western companies enjoyed similar subsidies too when they were expanding overseas and that the OECD rules were changed only afterwards, yet before the Chinese companies became global players.³²²

Furthermore, in areas that are not particularly commercially viable, the U.S. EXIM Bank and the OPIC are providing companies investing in Africa with some export credits and loan guarantees as well. As exemplified in the case of Angola, active role of the Chinese government in trade promotion has prompted the U.S. government to respond and provide more credit through the EXIM Bank and the OPIC. This occurred also with respect to the whole region of Sub-Saharan Africa. While between 2001 and 2005 the annual combined financing from the U.S. EXIM Bank and the OPIC averaged \$858 million, between 2006 and 2011 the number was 1.2 billion.³²³ In 2012, support to small- and mid-size

³²² Deborah Brautigam, *The Dragon's Gift, The Real Story of China in Africa*, 298-299.

³²³ "Sub-Saharan Africa, Trends in U.S. and Chinese Economic Engagement", GAO Report to Congressional Requesters, 33.

companies doing business in Sub-Saharan Africa was even listed as one of the goals in the U.S. Strategy Toward Sub-Saharan Africa.³²⁴ Yet this credit is still no match to what the Chinese companies get from China's EXIM Bank. Finally, besides state subsidies, China's comparative advantage in the bidding process comes from lower costs, as employees in Chinese companies receive significantly lower salaries than their Western counterparts.

Both the U.S. and China provide some African countries with duty-free treatment for most of their exports. While AGOA, the American program, is open to all African countries that meet the eligibility criteria, including governance standards, China's duty-free treatment has no criteria besides mutual diplomatic recognition, but is provided only to the LDCs.³²⁵

4.1.3. Military Policies

In their military policies, the U.S. and China apply different tools. When it comes to peacekeeping, the U.S. focuses primarily on military training and capacity building of their African partners under the ACOTA program, so that the peacekeeping missions can be performed by local countries. Washington also provides financial and logistical assistance to the UN- or AU-led missions. Throughout the period of 2001-2012 the U.S. own contribution to the UN missions in Africa averaged around 30-40 peacekeepers, with the exemption of the year 2004 when the Americans kept around 80-90 peacekeepers only at the UN mission in Liberia.³²⁶

While China does not focus on capacity building, it provides significantly more of its own troops for peacekeeping missions. By 2012, China had contributed to seven UN peacekeeping missions in Africa.³²⁷ When the last of these missions, the UN mission in Darfur, was established, China's number of

³²⁴ "U.S. Strategy Toward Sub-Saharan Africa", The White House, June 2012,

http://www.whitehouse.gov/sites/default/files/docs/africa_strategy_2.pdf, last access June 15, 2014.

³²⁵ By the time of writing this thesis, 40 countries of Sub-Saharan Africa qualified for AGOA and 32 countries for the duty-free treatment granted by China (out of 34 LDCs in the region; 2 do not recognize China). See: "General Country Eligibility Provisions", International Trade Administration, <http://trade.gov/agoa/eligibility/>, last access July 15, 2014; "List of Least Developed Countries", United Nations, http://www.un.org/en/development/desa/policy/cdp/ldc/ldc_list.pdf, last access July 12, 2014.

³²⁶ See the statistics on the UN website: "Troop and Police Contributors Archive (1990 - 2012)", United Nations, http://www.un.org/en/peacekeeping/resources/statistics/contributors_archive.shtml, last access July 15, 2014. It should be noted that in Liberia, the U.S. also provided troops for its own operation outside of the UN mission, as mentioned in the second chapter. These included 5,000 troops out of which 200 came ashore. (Anthony Lake and Todd Whitman (chairs), Princeton N. Lyman and J. Stephen Morrison (project directors), *More than Humanitarianism...*, 21).

³²⁷ These include the UN interventions in Sudan, Darfur, Liberia, the Democratic Republic of Congo, Cote d'Ivoire, the Western Sahara and the former UN mission in Ethiopia and Eritrea.

peacekeepers in Africa exceeded 1,600.³²⁸ Furthermore, although China also conducts military exchanges, it has no comparable training programs to the U.S.

When it comes to crisis resolution and security issues in African countries, the U.S., again, works through capacity building in the respective countries. On the other hand, the Chinese are more likely to supply these countries with weapons. The conflict in the Niger Delta is a case in point. In addition, Chinese arms sales have also been directed to countries such as Sudan, where the U.S. is not engaged militarily and instead tries to pressure the countries through diplomatic and economic means.

Finally, unlike China, the U.S. has a permanent military presence in Africa. Its troops are maintained in Djibouti under the AFRICOM, which was established as a separate command for Africa. The AFRICOM is implementing some counterterrorism programs such as the Trans-Sahel Counterterrorism Partnership (TSCTP). The U.S. Navy is involved in operations to combat piracy and is working to strengthen maritime capabilities of local governments, such as in Nigeria and Angola. While China is not engaged in counterterrorism activities, it does conduct anti-piracy operations at the Horn of Africa.

4.1.4. Diplomacy

While China focuses on high-profile diplomacy and seeks to cultivate personal ties with African elites through frequent high-level visits and prestige projects, the U.S. diplomacy does not direct comparable diplomatic attention to the continent. Shinn suggests that Washington should pay more high-level visits to Africa in order to be able to counter China's diplomatic advances.³²⁹ When it comes to multilateral relations, although the U.S. government annually holds the U.S. – Sub-Saharan Africa Trade and Economic Cooperation Forum under AGOA, its scope is limited only to trade and investment relations³³⁰ and it does not match the scope of the FOCAC organized by China, which extends into areas beyond trade, such as foreign assistance.

On the other hand, American diplomacy can benefit from much more extensive academic research on Africa compared to Chinese diplomacy, which is constrained by weak academic capacity on African studies.³³¹ When it comes to diplomatic representation, as of 2011, the U.S. maintained

³²⁸ See the statistics on the UN website: "Troop and Police Contributors Archive (1990 - 2012)", United Nations, http://www.un.org/en/peacekeeping/resources/statistics/contributors_archive.shtml, last access July 15, 2014.

³²⁹ David H. Shinn, "Africa: The United States and China Court the Continent", 49.

³³⁰ Vivian C. Jones, "U.S. Trade and Investment Relationship with Sub-Saharan Africa..."

³³¹ Ian Taylor, *China's new role in Africa*, 5.

diplomatic relations with all 49 Sub-Saharan African states and had embassies in 44 of them. China maintained diplomatic relations with 45 Sub-Saharan African states and had embassies also in 44.³³²

4.2. U.S. Response to China in Africa

The topic of China in Africa was for the first time seriously addressed by the U.S. government in July 2005, when Deputy Assistant Secretary of State for African Affairs Michael Ranneberger gave an extensive presentation on the topic before a hearing at the House Subcommittee on Africa, Global Health, Global Human Rights and International Organization. He argued that China should actually share many of the U.S. interests in Africa, such as diversification of oil supplies or regional stability, and that the U.S. should engage China on Africa through dialogue.³³³

China's rising engagement in Africa produced also many critical comments. At the same hearing in July 2005, then-Chairman of the House Subcommittee, Rep. Christopher Smith (R-NJ), suggested that China intended to support African dictators and "undo much of the progress that has been made on democracy and governance in the last 15 years in African nations."³³⁴ A report by the Department of Defense on Chinese military capabilities from 2005 expressed concern that China's belief that it needed to cultivate special relationships with African states in order to gain access to their energy resources "could shape its defense strategy and force planning in the future."³³⁵

However, the top U.S. government officials adopted a more nuanced position, avoiding references to China as a competitor in Africa, and opted for a policy of engagement. In late 2005, Assistant Secretary of State Jendayi Frazer met with officials from the Chinese Ministry of Foreign Affairs in Beijing to discuss cooperation in Africa, as part of the strategic dialogue between the U.S. and China launched earlier that year by Deputy Secretary of State Robert Zoellick.³³⁶ Subsequently, in March 2007, China's Assistant Minister for African Affairs Zhai Jun paid a visit to Washington to continue the newly established talks on Africa within the strategic dialogue. Discussions included peacekeeping operations, practices of Chinese companies, or transparency in extractive industries. The third round of talks took place in October 2008 in Beijing and included discussions on cooperation in infrastructure, health and

³³² For security reasons, neither the U.S. nor China maintained an embassy Somalia. In four countries, the diplomatic tasks were performed by U.S. embassies in neighboring countries. See: David H. Shinn, "China-Africa Relations: The Big Picture".

³³³ David H. Shinn, "China's Engagement in Africa", 147-148.

³³⁴ Hong Zhao, "China's Oil Venture in Africa", 408.

³³⁵ Ibid.

³³⁶ The strategic dialogue would later evolve into the strategic economic dialogue.

agriculture.³³⁷ Cooperation in peacekeeping and conflict resolution, as well as in health and agriculture sectors was also suggested by Thomas Christensen and James Swan, the Deputy Assistant Secretaries for East Asia and Pacific Affairs and African Affairs, respectively, in a statement before the Senate Subcommittee on African Affairs in June 2008. They also said that they have instructed U.S. embassies in Africa to identify areas for U.S.-Chinese cooperation.³³⁸

The U.S. government's preference for a policy of engagement was further confirmed by a statement of President Bush during his visit to Ghana in 2008. Responding to a question by a reporter, the President said: "I don't view Africa as zero sum for China and the United States".³³⁹ He also said that he did not consider China to be a fierce competitor on the continent.³⁴⁰ He was subsequently echoed by Chinese Ambassador to the U.S. Zhou Wenzhong who stated that China's relations with Africa are not a zero-sum game and urged for cooperation between China and the United States in Africa.³⁴¹ In 2011, U.S. Assistant Secretary of State for African Affairs Johnnie Carson stated that the U.S. is not in a competition with China over mineral and petroleum resources in Africa.³⁴²

4.3. Analysis: China to Push the U.S. Away from Africa?

The remaining part of the chapter analyzes what impact China's engagement in Africa has on the U.S. interests on the continent. In doing so, the following section first aims to confirm or reject the most extreme eventuality, so that it can proceed further in the analysis. It brings an answer to the question whether China seeks, in political and economic terms, to drive the U.S. out of Africa in order to gain its own foothold on the continent and enhance its global influence. To assess this possibility, the analysis considers Chinese motivations for its African engagement, compatibility of China's and U.S. interests in Africa, and concrete actions taken by the Chinese in relation to the U.S. in Africa.

³³⁷ David H. Shinn, "China's Engagement in Africa", 149-150.

³³⁸ Prepared Statement of Thomas J. Christensen, Deputy Assistant Secretary of State for East Asian and Pacific Affairs, and James Swan, Deputy Assistant Secretary for African Affairs, presented during the Hearing Before the Subcommittee on African Affairs of the Committee on Foreign Relations, U.S. Senate - China in Africa: Implications for U.S. Policy, June 4, 2008, <http://2001-2009.state.gov/p/eap/rls/rm/2008/06/105556.htm>, last access July 10 2013.

³³⁹ "In Africa, Bush Denies Intent to Build Bases", *The New York Times*, February 20, 2008, http://www.nytimes.com/2008/02/20/world/africa/20iht-prexy.2.10227196.html?_r=0, last access July 12, 2013.

³⁴⁰ Ibid..

³⁴¹ David H. Shinn, "China's Engagement in Africa", 147-148.

³⁴² Johnnie Carson, "Keynote Speech" (presented at the conference "The Eagle & the Dragon in Africa: Stability and Economic Development in Sub-Saharan Africa", Virginia Military Institute, Lexington, Virginia, November 3-4, 2011).

First, as the initial chapter explains, China's principal interest in Africa is economic. In order to sustain its rapid economic growth, China needs to secure natural resources, especially oil. In addition, China's growth also necessitates new export markets. The case studies demonstrate that China's economic interest clearly dominates its motivations. In Nigeria, Angola, and Sudan, China's activities were primarily directed to acquisition of oil concessions. In Nigeria and Angola, China offered multiple loans and infrastructure projects in order to gain sometimes rather marginal stakes in the local oil sector. When Nigeria's government stopped favoring infrastructure deals, China adapted and bought stakes in already operating oil fields from a Canadian company. In Sudan, China developed the oil sector in absence of Western companies. Importantly, China does not possess necessary know-how for deep- and ultra-deep-water drilling, and finds it thus beneficiary to cooperate with U.S. and other Western companies in joint ventures as non-operators, as demonstrated in Angola.

Although China's oil-for-infrastructure deals may be seen as a deliberate strategy for diminishing the U.S. economic stakes in Africa, Brautigam suggests that they just represent a different model of economic expansion which was not constructed to challenge the U.S., but had simply been learned by the Chinese during their own modernization when the same deals were practiced by the Japanese in China.³⁴³

While China has also an interest in aligning itself with African states in order to gain more influence in international organizations, often motivated by resentment towards Western interference, this does not amount to diminishing American political influence in Africa. First, African countries have a long record of voting with China at international forums and yet Africa has not been considered China's sphere of influence. Second, while China has cultivated close relationships with many African leaders, it has not interfered in their conduct of relations with the U.S. or other Western countries. Indeed, many African countries might use the rivalry between the U.S. and China to elicit the best deal from both.³⁴⁴

Second, the case studies also exemplify that some of China's interests are compatible with U.S. interests in Africa. Both countries have interest in stability and security of both oil supplies and investments on the continent. As China does not have a permanent military presence in Africa, it may actually find the U.S. efforts at stability useful as it can, at least temporarily, free-ride on U.S. security policies designed to enhance law enforcement capabilities of local governments to prevent internal instability, and fight terrorism and piracy. In addition, China has been engaged in anti-piracy operations

³⁴³ Deborah Brautigam, a speech at the panel "Chinese Approaches to Sustainable Development in Africa" (presented at the conference "The Eagle & the Dragon in Africa: Stability and Economic Development in Sub-Saharan Africa", Virginia Military Institute, Lexington, Virginia, November 3-4, 2011).

³⁴⁴ See for example: Ian Taylor, a speech at the panel "China and U.S. Strategic Relationships with Africa".

at the Horn of Africa, thereby contributing to the efforts of the NATO and other countries engaged in anti-piracy efforts in the area. To sum up, from the security point of view, driving the U.S. out of Africa does not seem to be in China's interest, as it would very likely have to assume the role performed by the U.S. in providing for stability and dealing with transnational threats.

Furthermore, both the U.S. and China share interest in Africa's economic development, which would bring more export and investment opportunities. In this sense, U.S. and China's foreign assistance policies aimed at economic development can complement each other and do not have to cause obstacles to the respective goals of either Washington or Beijing.

Finally, as regards China's actions in relation to the U.S. in Africa, China has not appeared to be a challenger. The case of Sudan provides a great example, as it represented perhaps the most serious clash between the U.S. and China in Africa. While China was a firm supporter of the Sudanese regime and had substantial economic interests in the country, it has gradually changed its position and decided to play a cooperative role. By doing so, China even altered its own stance on non-interference. As mentioned in the case study on Sudan, reputational concerns played an important role in China's policy shift. In addition, China's policy shift on Sudan was affected by risks the conflict posed to its oil installations in the country. Efforts to challenge the U.S. did not seem to be part of China's behavior during handling of the Darfur crisis. Instead, Beijing chose to cooperate with Washington.

Based on these considerations, this thesis concludes that China's activities in Africa are not deliberately directed against the U.S., and China does not seek to push the U.S. away from Africa. While acknowledging this, the thesis does not imply that China's engagement in Africa has been without consequences for the U.S., as presented in the previous chapters. The subsequent sections thus aim to analyze the impact of China's engagement in Africa on particular U.S. interests and explain how the U.S. can minimize the negative impact on its interests.

4.4. Analysis: Impact of China's Engagement in Africa on Particular U.S. Interests

The second chapter lists four categories of U.S. interests in Africa - promotion of democracy and development, security and stability, economic needs and humanitarian goals. The following sections assess to what extent China's engagement affects each of these interests.

4.4.1. China's Impact on Democracy and Development Programs

China's foreign aid without strings attached is clearly attractive for African authoritarian leaders and might enable them to reject aid coming from the U.S. with attached conditions on democratization or transparency. Angola is a case in point. China's \$2 billion loan was supposed to contribute to Angola's refusal of a substantial loan from the IMF. China's deals thus often compromise U.S. programs that use aid as a reward for progress in governance.

However, it is also necessary to assess to what extent the U.S. and other Western programs are ineffective due to their own weaknesses. As discussed in the case on Angola, Western aid often comes from many sources with different conditions. Furthermore, as Goldwyn suggests, when engaging African countries, the U.S. needs to take into account what interests *them*, not just its own priorities.³⁴⁵ African governments may be more interested in instant economic progress and job creation than in rapid democratization. The following paragraphs offer discussion on what can make U.S. programs that are linked to governance more successful vis-à-vis Chinese activities that seem to compromise their effect.

Western development programs face frequent criticisms for their assumption that the Western model of success is a "one size fits all" solution.³⁴⁶ Brautigam expresses this notion perhaps most accurately when she argues that the U.S. tries to emulate in African countries all marks of success that can be traced in developed countries *now*, such as democracy, human and worker's rights or environmental standards, but it fails to acknowledge that African countries first need to get to where the developed world is *now*, before they can afford these standards. She also, maybe controversially, argues that previous lack of those standards might have enabled Western countries to get on the current stage of development.³⁴⁷

In other words, these arguments point to some benefits of China's approach based on its concept of development in which right to prosperity precedes individual human and political rights. This is not to say that the U.S. should give up its democratization and governance programs. Yet it might be useful to take some of these ideas into account when framing its programs in order to make them more competitive to those of China. It is also true that poor governance and absence of the rule of law can pose an obstacle to the economic progress. Thus an ideal policy would combine benefits of both Western and China's approach.

³⁴⁵ David L. Goldwyn, "Pursuing U.S. Energy Interests in Africa," 86

³⁴⁶ See e.g.: Johan Lagerkvist, "Chinese Eyes on Africa: Authoritarian Flexibility versus Democratic Governance," 127

³⁴⁷ Deborah Brautigam, a speech at the panel "Chinese Approaches to Sustainable Development in Africa".

First of all, the United States can address complaints from African governments by elimination of administrative obstacles and by better coordination among its fragmented agencies and with other Western donors. Importantly, U.S. programs that offer country-driven approaches and balance governance criteria with concrete contributions to economic and technological development are more likely to succeed. The MCA is one such program. Yet it has been underfunded nearly from the beginning.³⁴⁸ Already in 2006, the CFR task force called for increased funding for this program. The advantage of the MCA is that it provides grants for specific projects based on the needs of the recipient, whereas governance standards are a condition, not a content of the program.

Furthermore, the U.S. can focus on areas in which it enjoys comparative advantage, such as higher education. As Shinn suggests, the U.S. should launch new assistance programs aimed at higher education.³⁴⁹ In addition, the U.S. can compete with China in scholarships granted to African students to study at American universities.

The U.S. can also implement many programs without participation of the host government, thereby avoiding the problem of being outmaneuvered by China's alternative deals. The U.S. has already realized such programs – the projects of the African Development Fund are a case in point. If the U.S. government pays even more attention to African NGOs, another area of American competitive advantage, it can significantly contribute to good-governance as it will be effectively demanded and scrutinized by local civil society. This applies also to China's record in corporate governance in Africa. If complaints regarding China's corporate social standards are raised by the local populations, the African governments might be compelled to address the issues in their dealings with China.³⁵⁰ As Brautigam reminds us, China usually follows local rules if they are enforced. Yet it does not impose the rules on itself voluntarily.³⁵¹

³⁴⁸ The Congress cut President's request for the MCC for FY2006 and later also for FY2007 in half. In the next years, the Congress continued to appropriate significantly lower funds than requested. See: Curt Tarnoff, "Millennium Challenge Corporation", CRS Report for Congress, February 13, 2013, <http://www.fas.org/sgp/crs/row/RL32427.pdf>, last access July 14, 2013.

³⁴⁹ David H. Shinn, "China's Engagement in Africa", 149-150.

³⁵⁰ Elizabeth Economy from the CFR points out that African countries have greater leverage with China than the U.S. does when it comes to pressuring China to modify its standards on corporate social responsibility in Africa. While Beijing can dismiss U.S. criticism as an attempt to contain China, it cannot afford to ignore similar pressures from African countries, as it cares about its reputation in Africa. See: Prepared Statement of Elizabeth Economy C.V. Starr Senior Fellow and Director, Asia Studies, Council on Foreign Relations, New York, NY, presented during the Hearing Before the Subcommittee on African Affairs of the Committee on Foreign Relations, U.S. Senate - China in Africa: Implications for U.S. Policy, June 4, 2008, <http://www.gpo.gov/fdsys/pkg/CHRG-110shrg45811/html/CHRG-110shrg45811.htm>, last access July 11, 2013.

³⁵¹ Deborah Brautigam, a speech at the panel "Chinese Approaches to Sustainable Development in Africa".

As Shinn suggests, while China will not be cooperative in democratization efforts, the U.S. can, in the long-term, persuade Beijing's leaders that good-governance in African countries is also in China's interest.³⁵² Good-governance would create more stable environment for investment and contribute to economic progress, which are areas of Chinese interest.

Finally, as mentioned earlier in this chapter, the U.S. can cooperate with China on health and agricultural assistance, hence avoiding duplication of their efforts or even competition.

4.4.2. China's Impact on U.S. Economic Interests

Economic needs are an area of common interest for the United States and China. Yet these interests are often by nature competitive. The case studies on Angola and Nigeria show that both the U.S. and China have principal economic interests in oil, which accounts for most of the imports. Oil security is also a major source of concern for the U.S. with respect to China's activities in Africa.

The studies prove that despite the entry of Chinese companies into the local oil sectors, the U.S. companies are still dominant in this industry and their position has remained nearly intact. Most importantly, they enjoy considerable technological advance and possess the know-how that the Chinese companies still lack. Furthermore, the case of Angola has shown that it does not want to depend on a single production or export partner. These developments demonstrate that China does not constitute a significant challenge to the U.S. oil companies. Nevertheless, Chinese companies may increase the leverage of local governments in their dealing with U.S. companies.

The impact of China's engagement in African oil sector on U.S. energy security is minimal. As Todd Moss from the Center for Global Development reminds us, since oil is bought on the international market, it does not matter whether it was extracted³⁵³ by an American or a Chinese company. However, this is valid as long as the oil companies sell the oil on the international market. Chinese oil companies were initially supported by the government to acquire equities overseas in order to secure oil supplies directly, so that China does not have to depend on the volatile international market.³⁵⁴ While, as of the first half of 2010, the total overseas equity production of China's national oil companies accounted for 36 percent of China's crude oil imports, most of the equity oil was actually sold on the international market

³⁵² David H. Shinn, "China's Engagement in Africa", 159.

³⁵³ Todd Moss, a speech at the "Opening Session" (presented at the conference "The Eagle & the Dragon in Africa: Stability and Economic Development in Sub-Saharan Africa", Virginia Military Institute, Lexington, Virginia, November 3-4, 2011).

³⁵⁴ For details see: ZhongXiang Zhang, "Oil's Well that Ends Well", *China Daily*, February 1, 2013, http://europe.chinadaily.com.cn/epaper/2013-02/01/content_16192673.htm, last access July 10, 2013.

and only a portion was shipped to China. Chinese oil companies are allegedly driven by market considerations and decide according to prevailing market prices, whereas the prices on the Chinese market are lower than those on international markets, unless there are oil-shortages. However, there are no sufficient data on the exact share of the equity oil being shipped back to China.³⁵⁵ In addition, CFR's Elizabeth Economy, who also suggests that Chinese oil companies simply sell the oil to the highest bidder, reminds that the global rise in oil prices led by China's demand actually spurred innovation, with shale oil being the case in point.³⁵⁶ Ironically, the shale oil boom in the United States is the reason, why the U.S. demand for African oil is falling sharply. To sum up, if Chinese companies sell most of their production on international markets, they actually increase the global supply of oil and contribute also to U.S. energy security. According to the data in this paragraph, this seems to be the current trend.

Besides oil, both the U.S. and China have also interest in African markets for their exports and investment. Exports are an area in which China's economic expansion to Africa has been felt most by the Americans. The case studies on Angola and Nigeria document that China has already outpaced the U.S. in its exports to these countries. In 2009, China surpassed the U.S. as Sub-Saharan Africa's largest trading partner.³⁵⁷ While, in 2010, the U.S. \$65 billion in imports from Sub-Saharan Africa was comparable with China's \$67 billion, U.S. exports were only \$17 billion compared to China's \$60 billion. Yet, after 2010, even U.S. imports dropped as a result of the shale oil boom. The gap in trade thus further rose. In 2012, U.S. imports were only nearly \$50 billion, while China's imports exceeded \$113 billion. U.S. exports were below \$23 billion, while China's exports reached \$85 billion.³⁵⁸

The gap in exports has been caused mainly by the rapid influx of Chinese cheap goods into Africa. However, as shown in the case of Angola, there is still a tendency to buy high value products from the West. Similarly, as for the whole region of Sub-Saharan Africa, the U.S. have, according to a GAO

³⁵⁵ Julie Jiang and Jonathan Sinton, "Overseas Investment by Chinese National Oil Companies", 17-20.

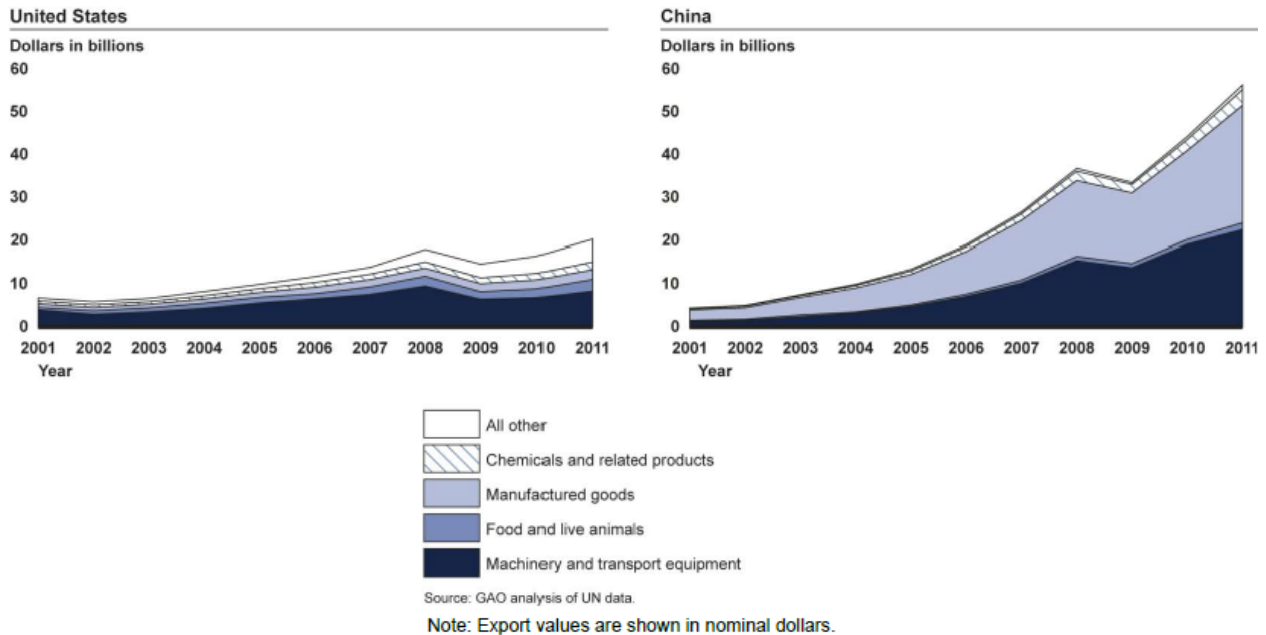
³⁵⁶ Elizabeth Economy and Michael Levi, "China Runs Into Natural-Resources Pushback", CFR, April 3, 2014, <http://www.cfr.org/china/china-runs-into-natural-resources-pushback/p32720>, last access August 15, 2014.

³⁵⁷ "China-Africa Economic and Trade Cooperation", PRC's Information Office of the State Council, December 2010, http://english.gov.cn/official/2010-12/23/content_1771603.htm, last access July 12, 2013.

³⁵⁸ For data on U.S. trade see: "Trade in Goods with Sub Saharan Africa", The U.S. Census Bureau, Department of Commerce, <http://www.census.gov/foreign-trade/balance/c0019.html>, last access August 17, 2014; for China's data see: "Trying to Pull together", *The Economist*, April 20, 2011, http://www.economist.com/node/18586448?story_id=18586448, last access August 17, 2014; David H. Shinn, "China-Africa Relations: The Big Picture"...; and "China-Africa Economic and Trade Cooperation (2013)", Xinhuanet, August 2013, http://news.xinhuanet.com/english/china/2013-08/29/c_132673093.htm, last access August 17, 2014.

report, actually exported different types of machinery and transportation equipment than China.³⁵⁹ As Figure 9 illustrates, machinery and transportation equipment is a major category of exports from both countries.

Figure 9: U.S. and Chinese exports of goods to Sub-Saharan Africa, 2001-2011³⁶⁰



Despite the fact that a substantial portion of exports from the U.S. and China was not competing, China’s rapid rise in exports is worrying, as the U.S. loses in the overall competition for the growing African markets.

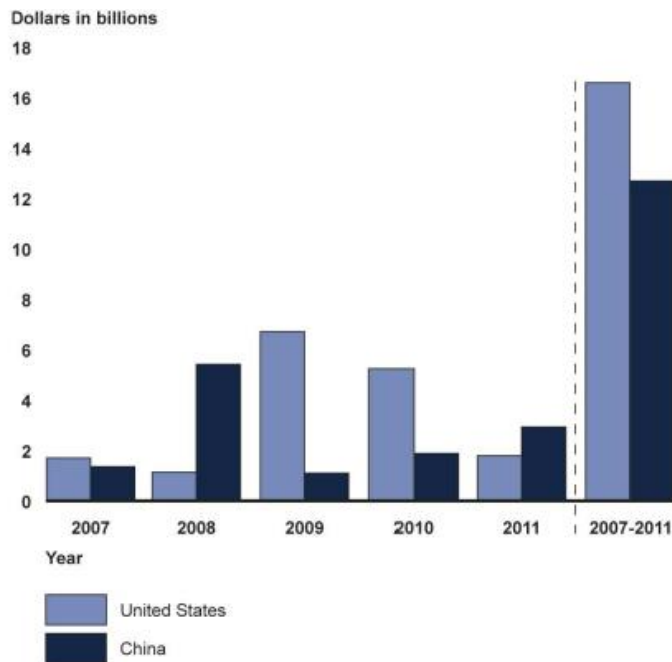
As for the FDIs, the cases of Nigeria and Angola show that while the American companies account for more FDIs, these have been directed mainly to the oil sector. The Chinese have had a more diversified portfolio with substantial investment also in non-oil sectors. This trend is mirrored also with respect to the whole region of Sub-Saharan Africa. As illustrated in Figure 10 for the period 2007-2011, the U.S. FDI flows to Sub-Saharan Africa exceeded those from China. While the U.S. FDIs were concentrated predominantly in the mining sector, especially in crude oil exploration, and the remaining

³⁵⁹ The U.S. exports consisted mainly of motor vehicles and civil-engineering equipment, while China’s exports consisted mainly of ships and telecommunication equipment. See: “Sub-Saharan Africa, Trends in U.S. and Chinese Economic Engagement”, GAO Report to Congressional Requesters, 24.

³⁶⁰ Source: “Sub-Saharan Africa, Trends in U.S. and Chinese Economic Engagement”, GAO Report to Congressional Requesters, 25.

sectors included finance, insurance and manufacturing, the Chinese FDIs were divided among mining, manufacturing and construction.

Figure 10: Reported flows of FDI from the U.S. and China to Sub-Saharan Africa, 2007-2011³⁶¹



Source: GAO analysis of data from BEA, China's Ministry of Commerce, China's National Bureau of Statistics, and Haver Analytics.

Most notably, China has established its own free trade zones (FTZs), such as the Lekki Free Trade Zone in Nigeria. However, as Brautigam explains, the trend of FTZs should not worry the U.S. as it has already outsourced its mature industries – to China. China has begun outsourcing its mature industries only recently, so that it can move higher in the value chain as the West once did.³⁶²

Addressing China's impact on the U.S. exports to Africa will not be easy as reorientation towards low-cost goods from China, but also from other rising powers, is a world-wide trend. However, the U.S. government can be more proactive in trade promotion and advocacy for small- and mid-size American companies. Todd Moss argues that the OPIC could also play a more significant role in helping U.S. businesses to establish themselves in Africa, if it was not limited by congressional restrictions. In addition

³⁶¹ Source: "Sub-Saharan Africa, Trends in U.S. and Chinese Economic Engagement", GAO Report to Congressional Requesters, 37. The increase in China's FDI flows in 2008 was caused by its purchase of a stake in South Africa's Standard Bank worth app. \$4.8 billion. Also in this case, the Chinese data on FDI flows are underreported, as some Chinese companies channel the investments through their subsidiaries in places such as Hong Kong or the Virgin Islands.

³⁶² Deborah Brautigam, a speech at the panel "Chinese Approaches to Sustainable Development in Africa".

when it comes to bidding for contracts in African countries, while the U.S. government cannot offer package deals, it can invest more in the World Bank funds and urge it to realize more infrastructure projects in Africa in order to make China's offers of infrastructure less of a factor in decision-making during the bidding process.³⁶³

4.4.3. China's Impact on U.S. Security and Humanitarian Interests

The impact of China's activities in Africa on the U.S. security and humanitarian interests has been mixed. As the case studies as well as the comparison of the U.S. and China's military policies suggest, both powers share similar interests in terms of security and stability. China did not exhibit an effort to compromise U.S. counterterrorism or anti-piracy activities. As mentioned above, it has even contributed to anti-piracy operations. China has also been an active contributor to peacekeeping missions, which has been to the benefit of American humanitarian goals and efforts at conflict resolution. Importantly, China has so far not exhibited interest in establishing a permanent military presence in Africa.

However, there are two major areas in which China's engagement has a negative impact on the U.S. security and humanitarian interests. First, while China has been contributing to peacekeeping missions, its arms sales have often complicated the U.S. policies aimed at conflict resolution and humanitarian relief. The examples include Sudan or Nigeria. Chinese weapons have allegedly been used in the conflict in Darfur. In Nigeria, China's arms sales to the Nigerian security forces to fight the rebels in the Niger Delta jeopardized the U.S. policy of pressuring the government to find non-violent means for the resolution of the conflict. However, as the case study on Nigeria suggested, China may gradually come to realize that internal stability, which is crucial for security of China's fixed assets in Africa, is more likely to be achieved through engagement of the local government on governance than by a military response by the local security forces. There is therefore a chance that China may alter its policy on arms sales in the long run, if it finds out it has a negative impact on its investment. China's active role in mediation between Sudan and South Sudan after the outbreak of warfare in 2011 is a case in point.

Second, China's support of African authoritarian regimes with a record of human rights abuses has worked against the U.S. goals. The example includes, again, Sudan, as China had, at least until late 2006, shielded its regime and hence complicated the resolution of the Darfur conflict. As described in the first chapter, China's cozy relationship with African dictators and their mutual support when it comes to Western interference is a common feature of the Chinese policy on Africa.

³⁶³ Todd Moss, a speech at the "Opening Session".

To avoid the negative impacts of China's activities on U.S. security and humanitarian interests, Washington can engage Beijing on the contentious issues within the strategic and economic dialogue. As Shinn suggests, the U.S. should persuade China to include small arms and light weapons to the list of items reported to the UN.³⁶⁴ The U.S. can also continue, along with the international community, to put pressure on China regarding its support to authoritarian regimes that resist Western efforts at conflict resolution or disrespect human rights. As the case of Sudan demonstrates, if the U.S. makes the reputational costs of non-cooperation high, China can adjust its policy. Similarly, the U.S. can remind China that local stability is also in its own interest. China has already come to realize this in respect to the conflict in Darfur. If the engagement of Beijing is successful, China can actually play a positive role, as it often has greater leverage with many African states than the U.S. does.

4.4.4. Conclusions: China's Impact on U.S. Interests and Possible U.S. Response

The previous sections have analyzed that China's engagement in Africa has negative impact on the following U.S. interests. China compromises effectiveness of U.S. policies aimed at promotion of good governance and democratization. It also constitutes a considerable challenge for U.S. exports to Africa and its package deals disadvantage U.S. companies doing business in Africa. Finally, China's dealing with authoritarian regimes complicates U.S. efforts at conflict resolution.

On the other hand, China so far did not have negative impact on U.S. energy security, as its stakes in the oil sector are marginal compared to those of American companies and most of China's equity oil is apparently sold on the international market. Furthermore, China's FDIs do not necessarily have negative consequences for the Americans and can contribute to Africa's economic development. Finally, China has not jeopardized U.S. counterterrorism policies and has even actively contributed to peacekeeping and anti-piracy operations.

A proper policy that can minimize the impact of China on U.S. interests in Africa can be divided in four categories. First, the U.S. can make use of its comparative advantages, such as assistance in higher education, support to civil society and projects involving high-technologies. Second, the U.S. can take inspiration from China and learn from own mistakes in order to make its programs more effective and maintain friendlier relationship with African governments. The former includes greater coordination among donors and designing country-driven programs that reflect its urgent economic needs. The latter includes greater diplomatic attention consisting of high-level visits and advocacy on behalf of U.S.

³⁶⁴ David H. Shinn, "China's Engagement in Africa", 155.

companies. Third, the U.S. can cooperate with China on security-related issues such as peacekeeping or anti-piracy operations, and in assistance in health and agriculture. Fourth, Washington can engage Beijing through the security and economic dialogue on contentious issues, such as support to pariah regimes, arms sales, transparency in making deals with African governments, or governance.

Conclusion

The United States and China have some similar interests in Africa. Both countries are interested in Africa's oil – in participation in the oil production as well as in oil imports - and in imports of other minerals. Both countries are also interested in African markets for exports. The U.S. has further interest in democratic and economic transformation of African states, which would also enhance the U.S. position on the continent, as African countries would likely be more conducive to U.S. political and economic objectives. In addition, the U.S. has exhibited interest in fighting terrorism and in conflict resolution, in order to prevent instability and emergence of transnational threats. Finally, the U.S. also has interest in preventing humanitarian disasters. China, for its part, has further interest in cultivating political relations with African countries in order to exercise more influence at the international stage. In addition, China has pursued one specific interest as it has used its engagement in Africa to compete with Taiwan for recognition.

With regard to the actors involved in the U.S. and China's respective engagement in Africa, the thesis has found several key differences. On the U.S. side, there is a clear distinction between the government and the private sector. On the Chinese side, the government exercises influence also over its state-owned companies, although they might act to some extent independently, as the first chapter shows. The U.S. policies on Africa result from interplay between multiple government agencies and until 2012 the U.S. lacked a comprehensive strategy on Africa. China has established its Africa policy which integrates political and economic activities. The Chinese government is instrumental for the so-called go-out strategy, under which it supports Chinese firms to invest abroad through a system of loans and guarantees, and cultivates political relations with the host countries in order to create positive environment for its companies. However, as the first chapter explains, China is not a monolithic entity either, when it comes to its Africa policy. Contradictions between diplomatic goals of China's foreign policy and commercial goals of Chinese state-owned companies exemplify the multiplicity of actors.

The thesis has further compared the U.S. and Chinese respective policies towards Africa. In terms of foreign assistance, the U.S. acts through institutionalized long-term programs in areas of democratization, good-governance, economic development, health and education. The programs are often conditioned by progress in governance and democratic standards. China, on the other hand, acts rather through concrete actions or deals in areas of economic development, health and education. It usually has no conditions besides acceptance of the One-China principle.

In relation to trade, American companies complain that they are disadvantaged by the support their Chinese counterparts receive from the government. However, large U.S. companies are often already better established on the local market. As for the U.S. small and medium companies, the U.S. government has started to support these through the EXIM Bank and OPIC, albeit it still offers much less credit than China's EXIM Bank. Both the U.S. and China offer duty-free access for some African exports. The U.S. does so through the AGOA program that offers such treatment to qualifying countries for nearly all products. China offers duty-free treatment only to the LDCs, also for most of their products, but applies no conditions besides the One-China principle.

With regard to military policies, the U.S. focuses on capacity building of the military and security forces of African countries, so that they can participate in peacekeeping and provide for internal stability. While the U.S. regularly engages in mediation in order to resolve local conflicts, it rarely commits its own troops for peacekeeping operations. In addition, the U.S. trains African security forces under its counterterrorism programs, such as the TSCTP, and engages in operations to combat piracy. China, on the other hand, provides its own peacekeepers, but also sells arms to African governments, hence compromising the goals of some peacekeeping operations.

The Chinese are more active in high-profile diplomacy and cultivate close relations with African leaders. The U.S. does not pay comparable attention to African countries, but high-profile visits have become more frequent. While the Chinese focus primarily on African elites, the U.S. tries to engage a larger segment of the society, for example through local NGOs. Importantly, the U.S. often pressures authoritarian African regimes, while China pursues close relations with them.

Based on the above findings, the thesis has argued that China does not seek to push the U.S. away from Africa. It has also confirmed the hypothesis that China's motivations for its African engagement are mostly related to sustaining its economic growth. The case studies have demonstrated that most of China's activities were directed towards acquisition of oil concessions in return for infrastructure. As Chinese oil companies do not possess the sufficient know-how for deep and ultra-deep-water drilling, they actually find it useful to cooperate with American or other Western companies

in joint ventures as non-operators. Furthermore, political interests of the U.S. and China do not necessarily have to constitute a zero-sum game, as the African countries usually do not want to depend on cooperation with a single power. As to the compatibility of interests, the thesis has exemplified that China shares the U.S. interests in Africa's internal stability in order to protect its investments and keep uninterrupted the flow of oil supplies. In an absence of the United States, China would very likely have to assume the role in providing for stability on the continent to protect its economic interests. Finally, Chinese actions in relation to the U.S. in Africa have not demonstrated that China would be interested in confrontation with the Americans. As the case of Sudan shows, China eventually responded to the U.S. pressures by choosing a policy of cooperation.

The thesis has further analyzed the impact of China's engagement in Africa on the particular U.S. interests. With regard to the U.S. programs on democratization, governance and economic development, it has been argued that China clearly jeopardizes the effectiveness of such programs as long as they contain conditions on progress in governance or democracy, for the recipient countries can opt for alternative assistance or funds from China, which does not raise similar requirements.

As regards the U.S. economic interests, it has been concluded that as the position of the Chinese oil companies in the local oil sectors in Africa remains marginal, their entry to the oil sectors has not threatened established U.S. companies. The cases of Nigeria and Angola show that while the local governments found China's entry to their oil sectors through oil-for-infrastructure deals useful in order to diversify their production partners, they declined to give China preferential treatment indefinitely. Moreover, as the Chinese oil companies sell most of their equity oil on international markets, they actually contribute to the global energy security and thereby also to the U.S. energy security. Moreover, following the shale oil boom in America, U.S. dependence on African oil supplies has dropped sharply.

On the other hand, the thesis finds that the influx of cheap Chinese goods to Africa does generally threaten the U.S. exports to African markets. However, it also explains that many exported items are not competing, as the structure of the U.S. and Chinese exports is different. In terms of China's FDIs, this work concludes that they do not constitute a competition to U.S. investments, as they often target different sectors of the local economy. Instead, they rather contribute to Africa's economic development. Unlike the U.S., China has established free trade zones and realized numerous infrastructure projects. Yet the thesis finds that U.S. companies are not in need of outsourcing to free trade zones in Africa, nor have they exhibited much interest in infrastructure projects.

Finally, when it comes to the U.S. security and humanitarian interests, China's impact has been mixed. On one hand, China's contributions to peacekeeping and anti-piracy operations have had positive

impact on the U.S. efforts. Importantly, China has so far not shown interest in establishing a permanent military presence in Africa. China's assistance in health and agriculture has complemented U.S. humanitarian efforts. On the other hand, China's arms sales, such as in the case of Sudan and the conflict in the Niger Delta, have compromised U.S. efforts at conflict resolution. In addition, China's support to some of the African authoritarian regimes has also worked against U.S. interests, such as, again, in the case of Sudan, as China shielded the Sudanese government against possible sanctions imposed by the UN Security Council. Yet the case of Sudan also shows that China's friendly relations with African governments might be useful for the U.S. efforts once Beijing decides to cooperate with the Western countries. This was true in case of Darfur, and it turns to be the case also with regard to the repeated outbreak of warfare between Sudan and South Sudan after 2011.

This thesis has also provided some policy suggestions on how the U.S. can minimize China's negative impact on its interests. First, the U.S. can make greater use of its comparative advantage such as in assistance in higher education or support to civil society. Second, the U.S. can learn from its own mistakes and take inspiration from China. This includes making the American programs more effective by limiting the administrative burden and offering more country-driven approaches that address instant economic needs of the local country. Similarly, the U.S. can learn from China and pay more high-level visits to African countries and support American small- and mid-size companies more vigorously through even more loans and guarantees provided by the EXIM Bank and the OPIC, as well as through advocacy in the host country. Third, the U.S. can cooperate with China on security issues such as peacekeeping or anti-piracy operations, and in assistance in health and agriculture. Fourth, the United States can engage China through dialogue on issues of mutual disagreements such as support to authoritarian regimes, arms sales, transparency or governance. China has already shown that it may be under some circumstances pressured to alter its policy.

Resumé

Rigorózní práce s názvem *The Impact of China's Engagement in Sub-Saharan Africa on U.S. Political and Economic Interests on the Continent (2000-2012)* se zabývá otázkou zvýšené čínské angažovanosti v subsaharské Africe po roce 2000, kdy začal prudce růst objem čínsko-afrického obchodu a Čína začala věnovat Africe větší diplomatickou pozornost, a souvisejícím dopadem na politické a ekonomické zájmy Spojených států v tomto regionu. Práce se snaží zhodnotit, zda může Čína postupně v ekonomickém a politickém smyslu vytlačit USA z Afriky, resp. jaký vliv mají čínské aktivity na konkrétní americké zájmy a jak mohou Spojené státy snížit negativní dopad na tyto své zájmy.

První dvě kapitoly práce představují čínskou, resp. americkou politiku vůči Africe. Obě kapitoly nejprve identifikují hlavní zájmy obou mocností v Africe. V případě Číny se jedná o 1./ ekonomický zájem na zajištění dodávek ropy a jiných nerostných surovin, které jsou nezbytné pro čínský ekonomický růst, a dále pak na získání nových trhů jako odbytišť pro své exporty; 2./ politický zájem na získání vlivu mezi africkými státy, které představují významný hlasovací blok v mezinárodních organizacích; a 3./ snahu o minimalizaci počtu zemí, které udržují diplomatické styky s Tchaj-wanem. V případě Spojených států pak jde o následující zájmy: 1./ snaha o demokratickou a ekonomickou transformaci zemí subsaharské Afriky; 2./ ekonomický zájem na zajištění dodávek ropy a přístup k místním trhům pro americké produkty; 3./ zájem na zajištění stability v regionu a eliminaci terorismu a jiných hrozeb s mezinárodním přesahem; a 4./ zájem na prevenci humanitárních katastrof. Obě kapitoly poté dále charakterizují hlavní aktéry čínské, resp. americké politiky vůči Africe a následně přibližují hlavní aspekty a nástroje jejich politik.

Třetí kapitola nabízí případové studie porovnávající americké a čínské angažmá v Nigérii, Angole a Súdánu. V případě Nigérie a Angoly studie diskutují čínský vstup do ropného sektoru obou zemí a důsledky pro již etablované americké ropné firmy a následně porovnávají americké a čínské aktivity v oblasti exportů a přímých investic. Případ Súdánu se věnuje spíše negativnímu vlivu čínských aktivit v oblasti těžby ropy a diplomatické podpory poskytované Pekingem režimu v Chartúmu na americké snahy o vyvíjení nátlaku na Súdán za účelem ukončení občanské války proti jižnímu Súdánu a konfliktu v Dárfúru.

Čtvrtá kapitola nejprve srovnává jednotlivé aspekty americké a čínské politiky vůči Africe. Ukazuje, že zatímco USA realizují rozvojovou pomoc a asistenci zejména skrze dlouhodobé oficiální programy, které jsou často podmíněny pokrokem v oblasti demokratizace a zodpovědného vládnutí, Čína se soustředí spíše na konkrétní jednorázové akce a iniciativy a její jedinou podmínkou je udržování diplomatických styků s Pekingem (namísto s Tchaj-pejí). V oblasti obchodu nabízí čínská vláda svým

společnostem výhodné půjčky a garance, zatímco americká vláda nabízí americkým firmám významně menší podporu. Pokud jde o vojenské aktivity, Spojené státy se soustředí na výcvik ozbrojených složek Afrických států pro účely mírových operací (*peacekeeping*) a prevenci teroristických aktivit. Čína naopak sama přispívá do mírových operací, avšak je též aktivní v prodeji zbraní africkým vládám, které se účastní ozbrojených konfliktů, kterým se často mezinárodní společenství snaží zabránit. V oblasti diplomacie se Čína soustředí na udržování úzkých a přátelských vztahů na nejvyšší úrovni s vládnoucími elitami afrických států, zatímco Spojené státy se svými politikami snaží zasáhnout širší segment společnosti.

Ve své druhé části pak čtvrtá kapitola nabízí analýzu dopadu čínských aktivit v Africe na americké zájmy. Analýza nejprve konstatuje, že se Čína nesnaží ekonomicky či politicky vytlačit Spojené státy z Afriky, neboť její aktivity jsou motivovány zejména vlastními ekonomickými potřebami, a tyto aktivity se nemusí nutně vylučovat se zájmy americkými. Pro Čínu jsou navíc výhodné americké aktivity usilující o zajištění stability na kontinentu. Analýza dospívá k závěru, že neexistují důkazy o tom, že by se Čína svými činnostmi v Africe snažila o konfrontaci s USA.

Ve své druhé části pak čtvrtá kapitola nabízí analýzu dopadu čínských aktivit na jednotlivé americké zájmy. Dochází přitom k závěru, že čínská politika vůči Africe má negativní dopad na americké programy zaměřené na demokratizaci a zodpovědné vládnutí, stejně jako na americké snahy o ukončení konfliktů v případech, kdy Peking udržuje úzké vztahy s dotyčnou vládou. Příliv levného zboží z Číny navíc ohrožuje americké exporty a mnohé menší či střední americké firmy jsou znevýhodněny ve srovnání se svými čínskými protějšky, které využívají vládních ekonomických pobídek. Vstup čínských ropných společností na místní trhy naopak nemá negativní vliv na americké ropné společnosti ani na americkou energetickou bezpečnost. Čínské přímé investice pak nekonkurují těm americkým. V neposlední řadě Čína nijak neohrožuje americké protiteroristické politiky a naopak aktivně přispívá do mírových a protipirátských operací.

Ve svém závěru práce jmenuje čtyři hlavní doporučení, jak může americká vláda zmírnit negativní dopad čínských aktivit v Africe na zájmy Spojených států. Jedná se o využití vlastní komparativní výhody v oblasti podpory vyššího vzdělávání či občanské společnosti; inspiraci některými čínskými politikami a poučení se z nedostatků vlastních programů za účelem jejich zefektivnění; spolupráci s Čínou v oblasti mírových a protipirátských operací a dále pak na realizaci rozvojové pomoci v oblasti zemědělství a zdravotní péče; a konečně vedení dialogu s čínskou vládou o sporných bodech jako je podpora zodpovědného vládnutí, prodej zbraní či vztahy s autoritativními režimy.

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List of Appendixes

Appendix 1: Map of Nigeria's Oil Blocks

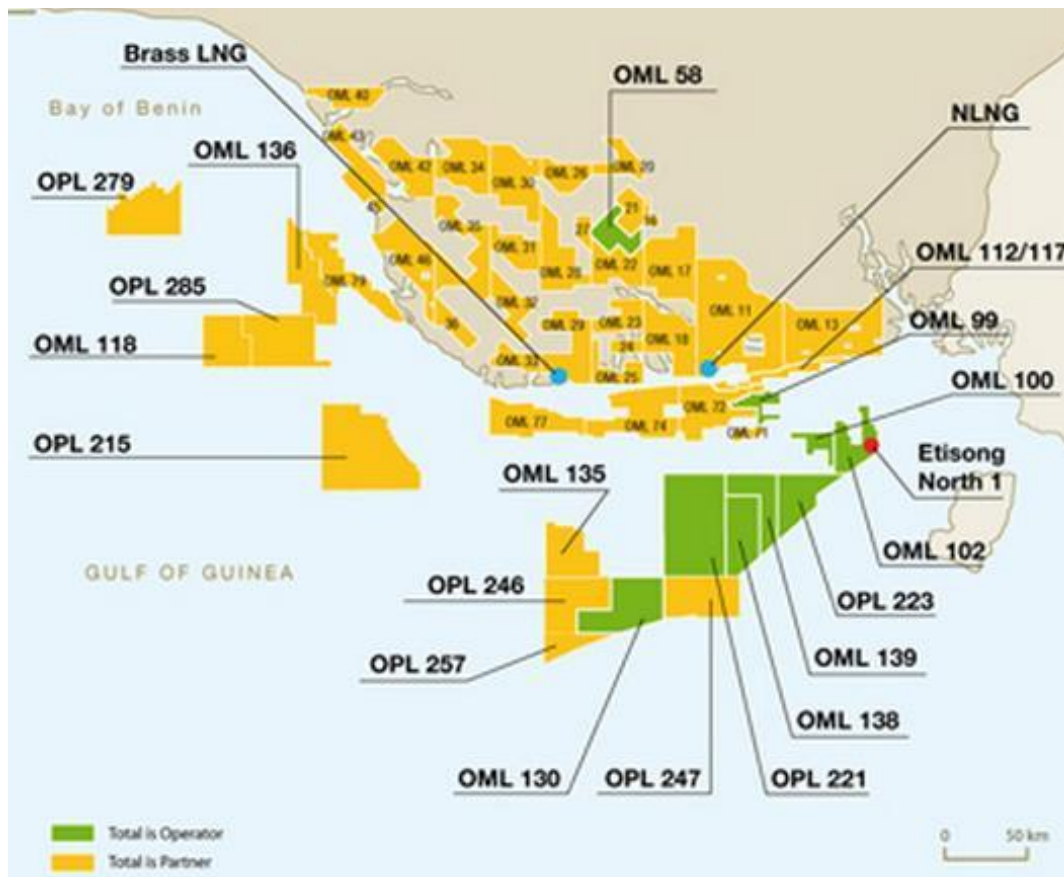
Appendix 2: Map of Angola's Oil Blocks

Appendix 3: Map of Sudan's Oil Blocks

Appendix 4: Map of Key Oil Infrastructure in Sudan and South Sudan

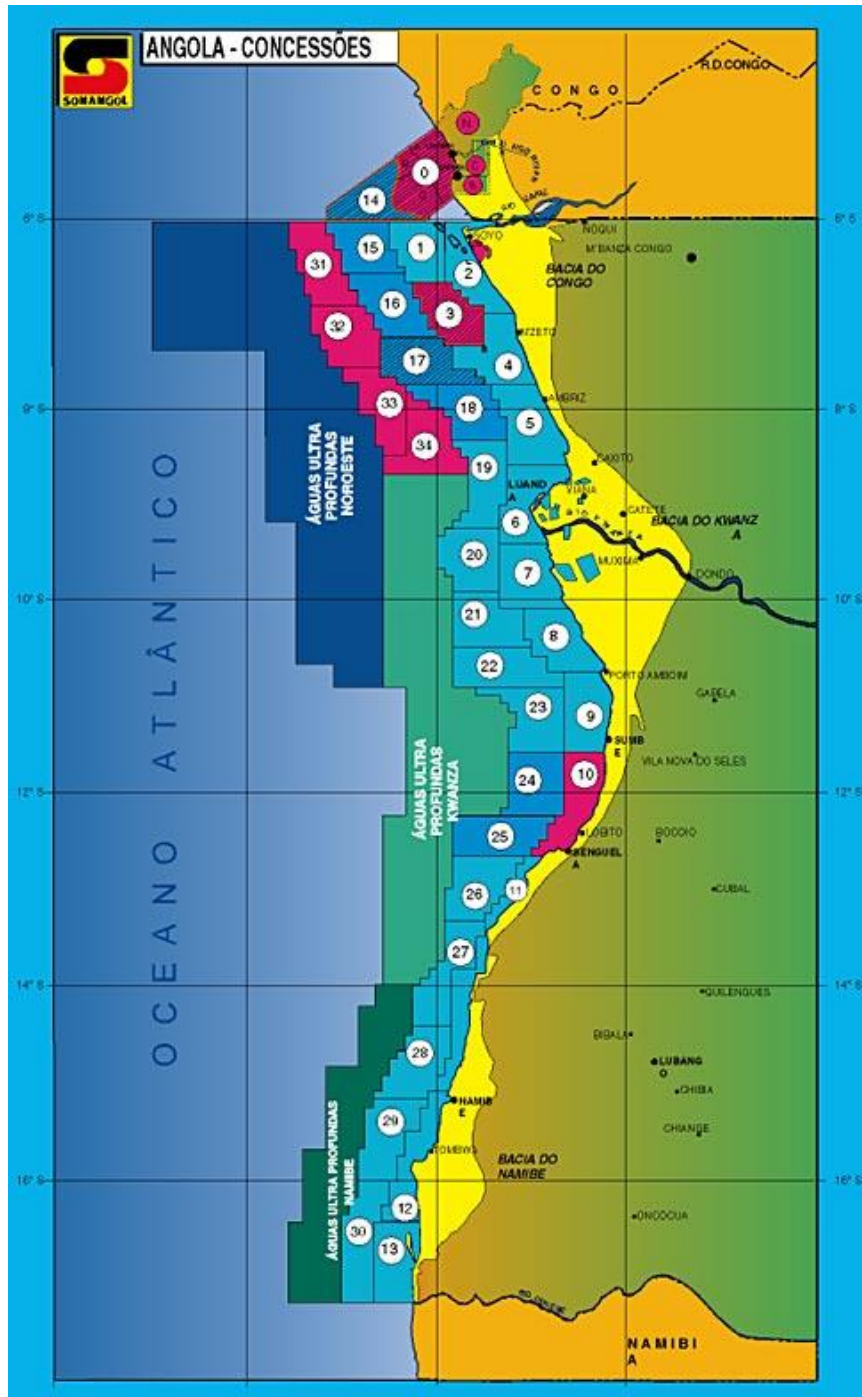
Appendixes

Appendix 1: Map of Nigeria's Oil Blocks



Source: Offshore Energy Today, <http://static.offshoreenergytoday.com/wp-content/uploads/2011/11/Total-Makes-2nd-Oil-Discovery-in-OML-102-Offshore-Nigeria.jpg>

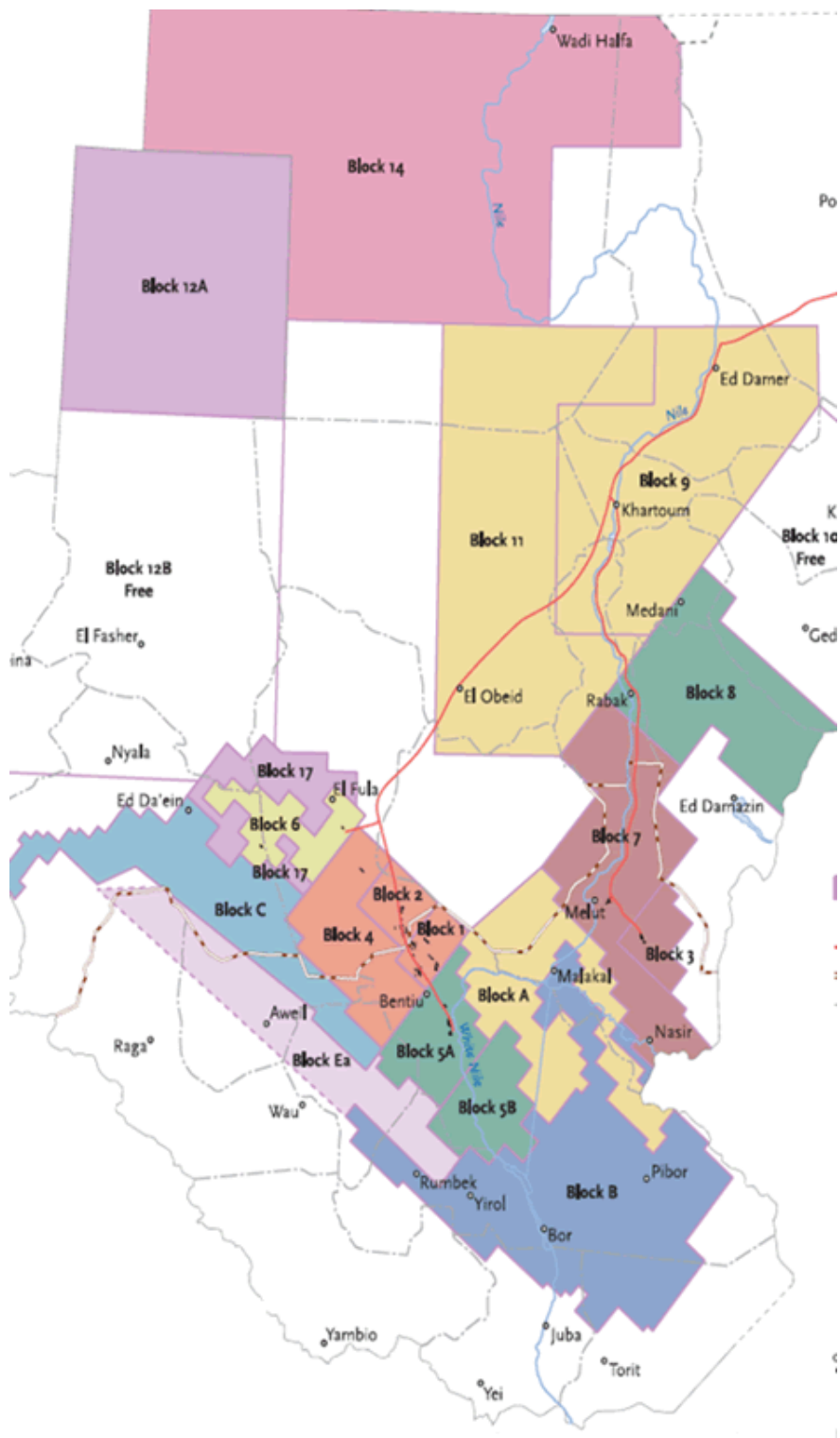
Appendix 2: Map of Angola's Oil Blocks



Source: Sonangol,

[http://www.sonangol.co.ao/wps/portal/!ut/p/c1/04_SB8K8xLLM9MSSzPy8xBz9CP0os3hDI5AQUzN_QwMDwyBTA09DR2djAy8XYwNfM6B8JLJ8glUubUN4_MMDHx9XQwNyUit1mBHSHg1yL33a88mYQeQMcwNGAgH5zvPLu7kb6fh75uan6wa15-gW5oREGmZ5ZJo6KigCiZ4DK/dl2/d1/L2dJQSEvUUt3QS9ZQnB3LzZfMURUVDU2TzEwMDFSNTBJMUFDmzBKRDMwTY!/">http://www.sonangol.co.ao/wps/portal/!ut/p/c1/04_SB8K8xLLM9MSSzPy8xBz9CP0os3hDI5AQUzN_QwMDwyBTA09DR2djAy8XYwNfM6B8JLJ8glUubUN4_MMDHx9XQwNyUit1mBHSHg1yL33a88mYQeQMcwNGAgH5zvPLu7kb6fh75uan6wa15-gW5oREGmZ5ZJo6KigCiZ4DK/dl2/d1/L2dJQSEvUUt3QS9ZQnB3LzZfMURUVDU2TzEwMDFSNTBJMUFDmzBKRDMwTY!/](http://www.sonangol.co.ao/wps/portal/!ut/p/c1/04_SB8K8xLLM9MSSzPy8xBz9CP0os3hDI5AQUzN_QwMDwyBTA09DR2djAy8XYwNfM6B8JLJ8glUubUN4_MMDHx9XQwNyUit1mBHSHg1yL33a88mYQeQMcwNGAgH5zvPLu7kb6fh75uan6wa15-gW5oREGmZ5ZJo6KigCiZ4DK/dl2/d1/L2dJQSEvUUt3QS9ZQnB3LzZfMURUVDU2TzEwMDFSNTBJMUFDmzBKRDMwTY!/)

Appendix 3: Map of Sudan's Oil Blocks



Source: U.S. Energy Information Administration, <http://www.eia.gov/countries/cab.cfm?fips=SU>

Appendix 4: Map of Key Oil Infrastructure in Sudan and South Sudan

Key oil infrastructure in Sudan and South Sudan



Source: U.S. Energy Information Administration <http://www.eia.gov/countries/cab.cfm?fips=su>