China and African Energy Resources
Chiny i surowce energetyczne Afryki

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Abstracts

Numerous African natural resources have been attracting attention of many developed and developing countries, including the People's Republic of China (China). Unprecedented economic development of recent decades and insufficient domestic supply of energy resources have forced the government in Beijing to foster the policy of securing foreign supplies. Africa has since become an important receiver of Chinese investments in extracting sector despite its apparent political, economic, and social risks. Chinese financial engagement has been crucial to the development of its African partners, though a wave of criticism from Western contenders has initiated the discussion about unacceptable business incentives used by Beijing. Close links with Africa may challenge Beijing's traditional diplomatic philosophy and lead to redefining its role in international relations.

Surowce naturalne Afryki przyciągają uwagę wielu rozwiniętych i rozwijających się państw świata, włączając Chińską Republikę Ludową (Chiny). Odnotowany w ostatnich dziesięcioleciach bezprecedensowy rozwój gospodarczy oraz niedostateczne zasoby krajowe surowców energetycznych zmusiły rząd w Pekinie do przyjęcia polityki pozyskiwania tychże surowców za granicą. Od tej pory Afryka stała się ważnym odbiorcą chińskich inwestycji w sektorze wydobywczym, pomimo niewątpliwych zagrożeń natury politycznej, gospodarczej i społecznej. Chińskie zaangażowanie finansowe ma istotne znaczenie dla rozwoju gospodarczego partnerów afrykańskich, wzbudza jednak falę krytyki ze strony zachodnich rywali, której efektem jest dyskusja nt. niedopuszczalnych praktyk biznesowych stosowanych przez Chiny. Bliska współpraca z Afryką prawdopodobnie wpłynie na zmianę tradycyjnych zasad dyplomacji chińskiej i przyczyni się

do redefinicji roli Chin w stosunkach międzynarodowych.

Key words:

China, Africa, energy, resources, oil

Chiny, Afryka, energetyka, surowce energetyczne, ropa naftowa

African natural resources have laid grounds to the development of many countries of the world. Nowadays they facilitate the economic growth of the People's Republic of China (China), which became an important investor and trade partner of many African countries. However bilateral cooperation faces many challenges connected with political, economic, and social risks both in China and Africa. Although the scale of Chinese financial engagement on the continent remains - for the time being - unknown, it has surely been crucial to the development of its African partners.

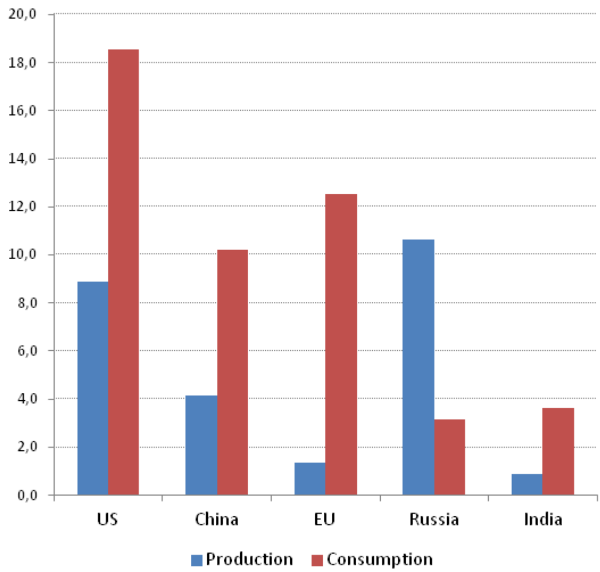
Chinese Demand for Energy

The last decades have witnessed spectacular economic growth of China. Maximum levels of GDP growth were well over 12 percent, and even the financial crisis of 2008 couldn't effectively stop the Chinese lucky streak, jealously observed by the whole world. The slowdown recorded in 2011 (9.3 percent) and 2012 (7.8 percent) (Statistical communiqué of, 2013) was a result of exports and domestic demand decrease, as well as the change in government's policy towards the creation of consumption. The 2013 growth is expected to rebound and achieve up to 8-8.5 percent, according to international forecasts (OECD, 2013, p.21), while the Chinese government expects only 7.5 percent growth (China keeps 2013, 2013).

China has made huge effort to cover its growing domestic energy demand by increased extraction of coal and oil, as well as growing production of renewable energy. The energy mix of the Chinese total energy consumption (TEC) remained relatively unchanged over the past 30 years: in 2009 coal accounted for about 70 percent, followed by oil (18 percent) and natural gas (4 percent) (OECD/IEA, 2012, p.4). Therefore, in 2011 China was the largest world producer of coal (45.9 percent) and importer of coal (17.7 percent) (IEA, 2013, p.15).

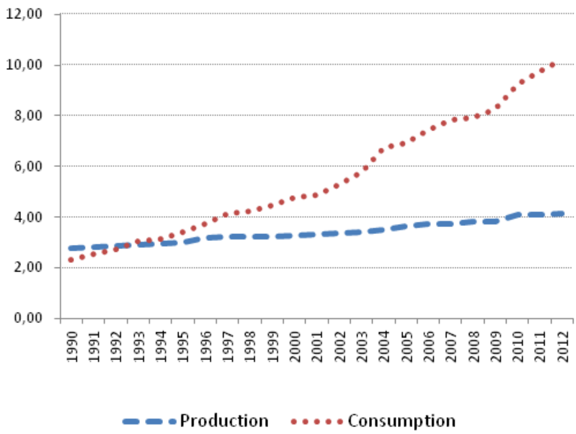
According to the 2013 British Petroleum Statistical Review of World Energy, in 2012 China's crude oil proved reserves amounted 17.3 bn barrels (BP, 2013). In 2010, for the first time its crude oil production has exceeded the level of 4 mb/d (million barrels per day) and in 2012 reached 4.15 mb/d (EIA, n.d.). In 2012 China was the fourth world producer of oil (behind Saudi Arabia, Russia, the United States (the U.S.), with 5 percent of world production (1.9 percent in 1973), and the second largest importer of oil (behind the U.S.), with imports of 5.4 mb/d (IEA, 2013, p.10-11). In other words China's production covers only 40 percent of domestic consumption and China has to acquire 60 percent of oil consumed. Its dependency on oil imports has been steadily growing: in 2000 China covered 68.3 percent of consumption with domestic production, in 2005 only 52.5 percent and 44 percent in 2010.

Figure 1. Oil production and consumption of selected countries, 2012 (mb/d)



Source: BP, 2013

Figure 2. China's Oil Production and Consumption, 1990-2012 (mb/d)



Source: EIA, n.d.

China's total oil consumption in 2012 crossed the level of 10 mb/d. It has been rising fast within the last two decades, with 2000-2012 compound average growth rate 6.5 percent (EIA, n.d.). According to the IEA New Policy Scenario of 2011, China's primary oil demand would rise to 12.2 mb/d in 2020 and almost 15 mb/d in 2035 (OECD/IEA, 2012, p.3). As endless demand for energy surpassed the capacities of domestic supply, China has become a net importer of oil since 1993. Chinese imports are growing so fast, that in December 2012 China has surpassed the U.S. as the world's largest net importer of oil, reaching 6.12 mb/d (Blas, 2013).

The government in Beijing has tried to lower import dependency by introducing new energy strategy in 2007. Beijing's policy regarding energy resources stresses the need of self-independence and therefore is based on increased domestic extraction of oil and coal, as well as energy thrift, with the help of new scientific solutions ("China's energy conditions," 2012, p.11). China still counts on increased coal supplies and the growing role of renewable energy in covering domestic energy demand. However, as all these may not make both ends meet, China has been working on establishing cooperation with foreign energy suppliers, and securing stable access to foreign energy reserves.

China's main oil suppliers are Middle Eastern countries, including

Saudi Arabia, Iran, Oman, Iraq, Kuwait, and United Arab Emirates (UAE), which satisfied 38.4 percent of Chinese imports in 2012. Asia is the second largest source of Chinese oil imports (18.7 percent), followed by Africa (17.4 percent). In 2011 China's most important African partners were: Angola (12 percent), Sudan (5 percent), and Congo (2 percent). Even if imports from the Middle East are of major quantity, Africa's role is improving, implying, that Beijing is trying to diversify its supplies ("China," 2012).

Figure 3. China - imports of fuels by origin in 2012 (%)

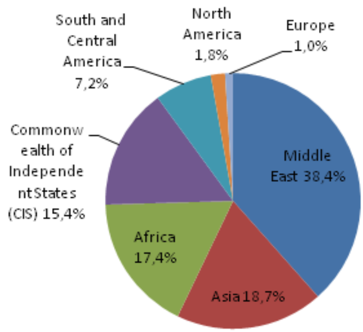
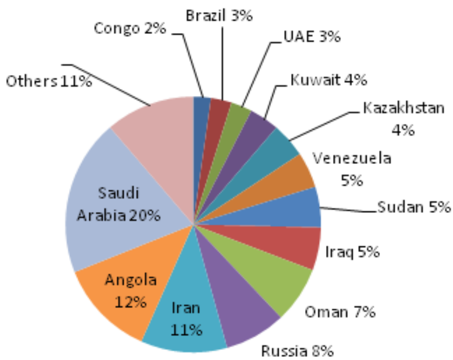


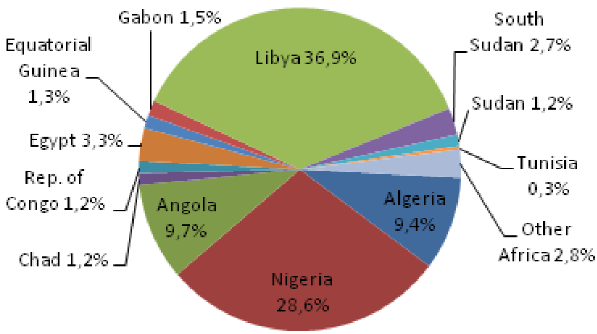
Figure 4. China's crude oil imports by source in 2011 (%)



Source: EIA,2012, p.9.

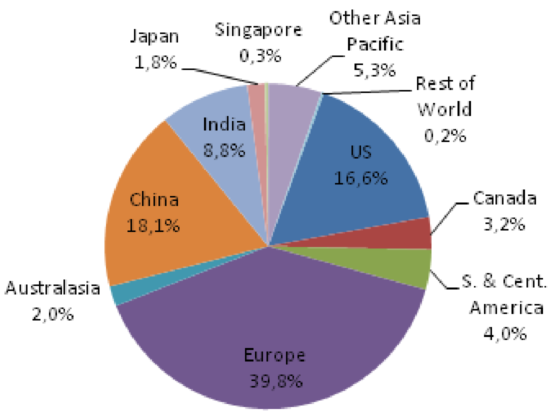
African proved oil reserves (7.8 percent in 2012) are not as significant as the ones of the Middle East (48.4 percent) or South and Central America (19.7 percent) or even North America (13.2 percent). The most endowed is Libya (almost 37 percent), followed by Nigeria (28.6 percent), Angola (9.7 percent) and Algeria (9.4 percent).

Figure 5. Proved oil reserves in Africa in 2012 (%)



Source: BP, 2013

Figure 6. Oil Exports from Africa in 2012 (%)



Source: BP, 2013

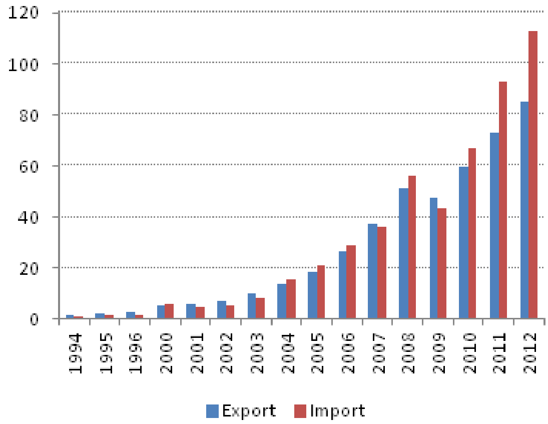
In 2012, Africa's largest oil exports destination was Europe (39.8 percent), followed by Asia (34.3 percent), North America (19.8 percent), South and Central America (4 percent), and Australasia (2 percent). Imports to Asia were growing faster (year to year growth in 2011 was 21 percent) than to other continents and China became one of leading trade partners of many African countries.

Beijing's diversification policy aims at securing stable access to strategic minerals despite possible dangers that can threaten the continuity of supplies. On its part, Africa has been working hard to improve business environment so as to enhance foreign investment of all kind. According to World Bank's Doing Business Report of 2012, within the last years a record number of governments in Sub-Saharan Africa (78 percent of economies in the region) changed their economy's regulatory environment to make it easier for domestic firms to start up and operate (Doing..., 2012). Security issues were also very important, as investors fear possible terrorist attacks, or political unrest and want to minimise the probability of such impediments. The reliability of supplies achieved convinced China to expand its cooperation with African partners.

Sino-African Trade

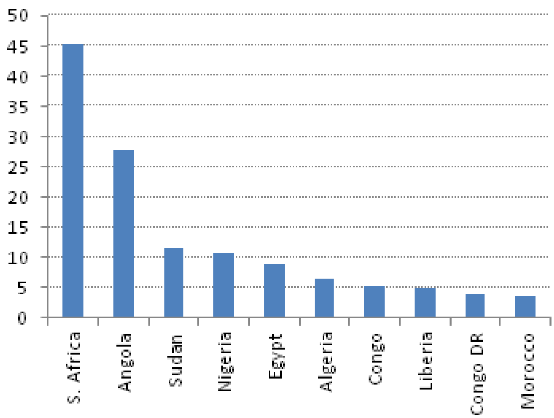
Bilateral trade between China and Africa has been growing fast since the turn of the century. According to the U.S. Government Accountability Office, China surpassed America as Africa's largest trading partner in 2009 ("Sub-saharan africa. trends," 2013, p.19). Between 2000 and 2012 the volume of bilateral trade increased almost 20 times from USD 10.6 bn in 2000 to almost USD 200 bn in 2012, and the projections put China's African trade at USD 325 bn in 2015 (China-Africa trade expected, 2013). Trade growth rate in the period of 2000-2012 was about 20 percent, and well exceeded the rate of other African partners: the U.S. and the European Union (the EU). The balance remained negative for China (USD 20.156 bn in 2011), except in 2007 and 2009, with increasing span between import and export volumes.

Figure 7. China-Africa trade in 1994-2012, (USD bn)



Source: National Bureau of Statistics, n.d.

Figure 8. Ten biggest African trading partners of China in 2011 (USD bn



Source: National Bureau of Statistics, n.d.

Africa's share in Chinese trade has been growing steadily, from 1.12 percent in 1994 up to 5.13 percent in 2012 (White Paper. China-Africa, 2013, p.4). It still has the potential to grow, taking into consideration Beijing's plans of development and African efforts to stabilise the continent. China has the strongest trade relations with South Africa (27.3 percent of trade) and Angola (16.7 percent), which constitute 44 percent of Chinese trade with Africa but only 2 percent of all Chinese trade. Other significant trade partners are Sudan (6.9 percent), Nigeria (6.5 percent) and Egypt (5.3 percent).

However, the analysis looks quite different, when we look at China's share in African trade, which grew from 3.82 percent in 2000 to 16.13 percent in 2012 (White Paper. China-Africa, 2013, p.4). China has strengthened its position as an important trade partner of most African countries. In 2011 the biggest trade with China had: Sudan (43.7 percent), Angola (35.9 percent), Congo DR (32.8 percent), Congo (32.1 percent), Benin (30.2 percent), Gambia (29 percent), Mauritania (28.3 percent), Liberia (27.6 percent), Togo (27 percent), and Zimbabwe (22.4 percent) (EU trade homepage).

Almost 80 percent of Chinese imports from Africa are mineral products, with only a margin of agricultural products and food ("More than minerals.," 2013). China's expanding industry has created enormous demand for all natural resources possessed by Africa, such as copper from Zimbabwe, aluminium, nickel, iron ore, and most certainly oil. Its exports to Africa constitute of – among others - mechanical and electrical products and transportation equipment, as well as advanced manufactured products (e.g. electronics).

In 2012 China's stock of direct investments in Africa grew to USD 21.23 bn from only USD 9.33 bn in 2009 and amounted to 4 percent of total Chinese foreign direct investment (White Paper. China-Africa, 2013, p.5). The main recipients of the Chinese investment have been South Africa, Zambia and Nigeria, though the largest inflows in 2012 were to Angola and Congo DR (Levinger, 2013). Until 2013, more than 2,000 Chinese enterprises have invested in 50 African countries, with the majority of their employees Africans, which makes China a very important partner on the continent ("Sino-African ties," 2013).

Beijing's Oil Diplomacy in Africa

Cooperation between China and Africa is based on the assumption, that only access to valuable natural resources will guarantee Chinese development in the future. Therefore Beijing has worked out the complex strategy of cooperation with resource-rich African countries using a number of incentives to convince its African partners about profitability of partnership.

Chinese political incentives for cooperation

The specificity of Beijing's trade policy towards Africa has made it an extremely interesting partner. The Chinese government has used various financial and diplomatic incentives to support the development of bilateral cooperation with African states. The rule of non-interference in internal affairs, combined with readiness to offer much needed financial help could persuade even the most hesitating partners. Too many African state leaders were fed up with Western inquisitive and demanding attitude to turn down Chinese tacit cooperation. Other important principles of Chinese foreign policy: relinquishment of diplomatic cooperation with Taiwan, as well as meetings with Dalai Lama, are quite simple and not demanding, and they are followed by almost all African states.[1]

To advance of Chinese investors was the attitude of Western companies, private and public, as well as international institutions, trying to exert pressure on African counterparts in exchange for grants and contracts. Their demands included structural reforms, corruption and inflation reduction, human rights adherence, etc., regarded in Africa as inexcusably harsh and exaggerated expectations. The Africans are convinced that they have to focus on development first and cannot afford such problems yet. On the other hand, as Sierra-Leonean ambassador to China said: "They [the Chinese] just come and do it. We don't start to hold meetings about environmental impact assessments and human rights and bad governance and good governance. [...] Chinese investment is succeeding because they don't set very high benchmarks." (Hilsum, 2005).

To convince the Africans of Beijing's engagement, every year the Chinese foreign minister goes to Africa on his very first trip. China's attitude to good diplomatic relations with Africa was also demonstrated by the visit of Chinese new president Xi Jinping, who visited Tanzania, South Africa and Congo in March, during his first trip abroad less than a month into office.[2] All countries were carefully chosen: Congo is a huge and prospective oil producer and China is its biggest trading partner,[3] Tanzania has rich natural resources and is part of the East Africa

Community, the most developed African region. Last but not least, South Africa is the wealthiest African market and most powerful state. During his stay in Tanzania, the Chinese president "defined feature of China-Africa relations as sincerity, friendship, mutual respect, equality, mutual benefit and common development" and stressed that "China's foreign policy would never change, even when China grows stronger and enjoys a higher international status" ("Chinese president speaks," 2013).

Frequent visits of Chinese diplomats and politicians are good opportunities for demonstrating the strength of Sino-African cooperation and answering at least African expectations. In March 2013, Xi Jinping pledged to provide African countries with a USD 20 bn credit line in the period of 2013-2015, in addition to training 30,000 professionals, and providing 18,000 government scholarships to African students. Chinese help will be focused on agriculture, manufacturing, as well as transnational and trans-regional infrastructure ("Chinese president speaks," 2013).

Aid for development plays a very important role in China's foreign relations. In 2000 a new platform of multilateral cooperation between China and African countries was established. Forum on China-Africa Cooperation (FOCAC) meets every third year and gathers representatives of China and almost all African countries. During the 2012 meeting President Hu Jintao repeatedly called Sino-African relations "a new type of China-Africa strategic partnership". To strengthen bilateral cooperation, China has pledged USD 20 bn in credit for Africa in the period of 2013-2015. The President reminded, that China has already made significant social investments in Africa: built over 100 schools, 30 hospitals, 30 anti-malaria centres and 20 agricultural technology demonstration centres, provided USD 15 bn in preferential loans, trained up to 40,000 African workers and provided over 20,000 government scholarships. For the years to come President Jintao pledged implementation of the "African Talents Program" to train 30,000 personnel in various sectors for Africa, and offer 18,000 government scholarships, build cultural and vocational skills training facilities in African countries, send 1,500 medical personnel to Africa, and continue the "Brightness Action" activities to provide free treatment for cataract patients ("Chinese president's speech," 2012).

While African countries accept this kind of cooperation, China is accused by Western countries for using financial help as an immoral incentive to convince weaker countries to cooperate on unequal basis. Bilateral cooperation is regarded as neo-colonial ties that China should restrain from. However, as E. Downs suggests, China's use of development assistance to help the NOCs to receive contracts may as well be the result of the government's conviction that the Chinese enterprises are handicapped in the global competition for oil reserves due to being latecomers to the international oil business. Another explanation underlines the role of African resource-rich countries, which link investments in oil exploration and production to investments in other sectors of their economy (Downs, p. 93). In other words, African states condition cooperation on additional financial incentives of foreign investors pleading a just share of natural resources' benefits. Either way the government in Beijing has not much choice.

Last but not least in the Chinese strategy is the conviction, that African countries constitute a very important group in international forums and will even gain importance in the future. Therefore building a sphere of interest is a good reason to keep close cooperation.

China's energy strategy

China has no energy ministry, a one body that would control all enterprises of the sector. Therefore the biggest state-owned National Oil Companies (NOCs): China National Petroleum Corporation (CNPC), China Petroleum and Chemical Corporation (Sinopec), and China National Offshore Oil Corporation (CNOOC), are the most important players in the sector. The three have been created from ministries and have retained special privileged status of state enterprises (Downs, p.74 – 75). To strengthen the domestic energy sector, all NOCs were restructured in 1998, and the three enterprises were joined by China National Chemicals Import and Export Corporation (Sinochem). The most important are CNPC and Sinopec, both having groups of subsidiaries, and conducting vast business abroad. CNPC concentrates on upstream procedures (exploration and production), while Sinopec operates in downstream (refining and delivery). CNOOC specialises in offshore exploration, and Sinochem operates in five areas: energy, agriculture, chemicals, real estate, and finance.

China's NOCs, altogether with their subsidiaries listed on foreign stock exchanges (in Hong Kong and New York), are powerful and relatively autonomous actors with their own domestic and international interests that do not always coincide with those of the party-state (Downs, p.74). That is why they have to balance corporate and party-state interests while taking decisions concerning overseas investments.

The ownership characteristics of Chinese NOCs determines their business methods and ways of operation. As the Chinese Communist Party has huge control over enterprises (e.g. the managers are nominated by the party, all overseas energy investments must be approved, the party gives much needed loans), it has double consequences on the NOCs. On the one hand, in some situations NOCs can put aside ordinary financial considerations (e.g. statement of earnings) and invest in risky or even overpaid transactions. The government's financial support enables the Chinese contractors to outbid Western rivals if the deal is regarded as significant to the domestic energy security. Owing to state help, Chinese NOCs may go by long-term perspectives, and do not bother the usual profit dilemmas that all other companies have to take into consideration. On the other hand, the NOCs generally depend on profitability of future gains and expenses, as Beijing expects the results.

Political strategy of the Chinese government of cooperating even with In such countries as Sudan, with uncertain political situation and huge level of domestic unrest, Chinese companies are solitary investors taking full advantage of their position and lack of competition. However such attitude is often criticised by Western scholars who claim that China is unscrupulously using vulnerable African states for its own good. It is also very risky, as the unstable situation may cause substantial financial losses.

Significant advantage of Chinese NOCs is lack of political restraints as regards cooperation with the regimes not accepted by democratic countries which has given the Chinese NOCs the access to deals unavailable to Western competitors. While European or American companies are forbidden to invest in some regions, due to unstable political situation, human rights violence, arms embargos or authoritarian regimes (not accepted by Western governments), the Chinese have no impediments. That is why China's enterprises are present in such locations as Sudan, South Sudan or Sierra Leone. However some companies have already learnt their lesson: CNPC has been engaged in Libya since 2002, having oil and gas assets, as well as oilfield services contracts. The political unrest has forced CNPC to withdraw 30,000 employees in 2011, which has caused huge financial losses (Hook & Dyer, 2011). The Chinese NOC has afterwards decided to build a regional business hub in more stable Dubai, UAE, which will serve as a half-way station between China and African or

Middle East investment sites (Zhou, 2012).

Such risky investments are usually explained by Beijing as the only good deals that the Chinese enterprises were able to make as Africa has already been split by Western countries into jealously protected spheres of influence. On the other hand Western companies are unwilling to make risky investments as they have already suffered from expropriation and nationalisation processes in more or less recent history.

The important factor of Chinese energy strategy is that its companies in Africa compete with both: Western rivals and with each other. Even though the NOCs are not private-owned and enjoy considerable financial state aid, they have to keep their financial accounts and watch for profits, otherwise the consequences for the managerial board may be severe. The Chinese persistence in getting access to resources and technologies of extraction are sometimes disputable. If needed, the NOCs do not hesitate to create strategic partnership with adequate African NOCs (e.g. Sonangol in Angola). In such simple way the NOCs get access to the internal market of a country and have a better position in contracts.

Another advantage of Chinese state-owned companies is their low-cost characteristics, especially regarding their employees. China's NOCs tend to use their domestic workforce in all contracts, even the ones conducted abroad. The reasons are quite obvious: the Chinese workers both, at home or abroad, used to satisfy with relatively small wages, compared to their Western counterparts, and sometimes even to African ones. They agree to work in very long shifts, seven days a week, on holidays, if needed, which is not the case of African employees. Moreover the Chinese easier decide to work abroad, without their families, often in harsh conditions. The workers from China tend to save their earnings rather than to spend them on African products. Besides, everything they need is usually supplied by Chinese vendors. Sometimes the terms of employment in Chinese enterprises are very demanding, too demanding for anyone but the Chinese.

Overseas investments are of extreme importance for China as its domestic reserves account for only 1.0 percent of the world's proved oil reserves and 1.7 percent of the world's proved natural gas reserves (BP, 2013). As diversification of supplies is very important, China's NOCs search for new partners in Africa. Overseas investments were also the possibility of lowering the losses caused by low domestic prices of crude oil or refined products that were imposed by the government. Some foreign investments aim at gaining various skills that the Chinese NOCs are not familiar with, such as technical expertise, deepwater exploration and production capacity or advanced oil sands extraction technology. The NOCs want to be competitive on the international market, therefore need to acquire all skills and technologies used in the sector. As Chinese companies are inexperienced in the energy business, they also need to develop the large project management skills. To achieve that the NOCs choose to cooperate with well established companies (Downs, p.78-82).

The NOCs' strategy in Africa focuses on securing stable supplies of crude oil by acquiring a majority stake in oilfields across Africa or signing contracts on long-term supplies. Behind this strategy stood the conviction that China is more secure not depending on foreign suppliers and buying the resources directly from the market, but possessing the upstream capabilities itself.

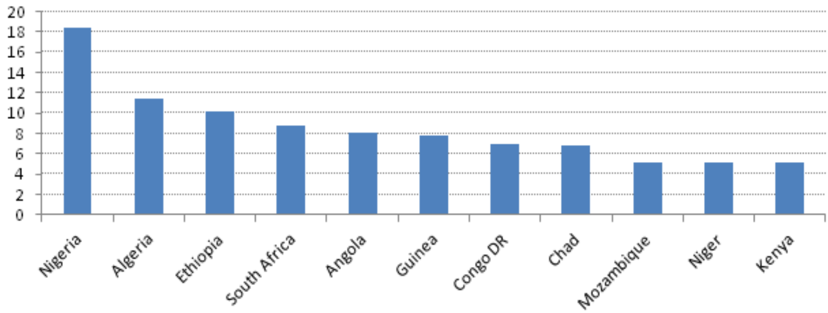
Chinese energy cooperation with Africa

Chinese oil companies have entered Africa in 1990s, when traditional partners (the U.S. and the EU) were not interested in extending cooperation or have already limited their activities. However as the African market has previously been divided among European and American companies (e.g. Total, Shell, Eni), the newcomers had either to compete for new contracts and concessions, or satisfy with less attractive and profitable oilfields and companies. At the beginning Chinese investments were practically nonexistent in the largest oil-producing countries, dominated by Western companies. They had to clear their way slowly, step by step, using various methods, hence they didn't despise of cooperating with small oil producers or countries having low quality crude, not satisfying the Western investors. However any estimations of Chinese engagement in African energy sector are of limited value as there is no aggregate data about Chinese investments. As existing evaluations differ significantly, we may only mention that data supplied by Beijing is much smaller than any Western listings, which are also incompatible.

The most thorough listing of Chinese overseas investments is China Global Investment Tracker compiled by the Heritage Foundation. According to its data, within January 2005 and June 2013, Chinese investors have signed investments and contracts with foreign partners worth USD 688.11 bn. African investments and contracts valued USD 145.49 bn (21.14 percent of total Chinese investment overseas). Out of 191 investments and contracts signed in Africa, the biggest number was concluded by Nigeria (17), followed by Zambia (13), Ethiopia (12), Angola and Ghana (10 contracts each).

The largest amount of money China invested in Nigeria (USD 18.48 bn), followed by Algeria (USD 11.49 bn), Ethiopia (USD 10.15 bn), South Africa (USD 8.74 bn), Angola (USD 8.14 bn), Guinea (USD 7.83 bn), Congo DR (USD 6.93 bn), Chad (USD 6.82 bn), Mozambique (USD 5.2 bn), Niger (USD 5.18 bn) and Kenya (USD 5.15 bn). Chinese investors concentrated on a few sectors: energy (oil, hydro, gas), metals (steel, copper, aluminium), transport (automobile, aviation, rail), agriculture, real estate, and telecommunication technology. As China's assets in Africa grew, Beijing has established foundations of bilateral and multilateral cooperation with African partners.

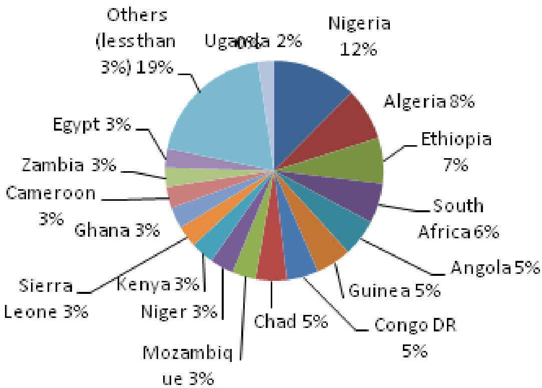
Figure 9. Value of China's biggest investments and contracts in Africa, 2005-2013 (USD bn)



Source: the China Global Investment Tracker, The Heritage Foundation data.

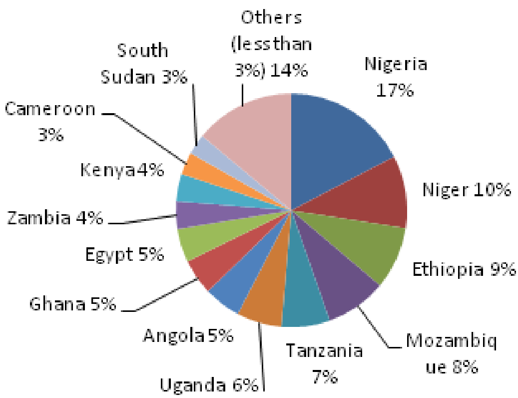
According to the Heritage Foundation, Chinese investments and contracts in African energy sector consisted only 34 percent of all investment in 2005-2013 (June) and equalled USD 49.49 bn. That would suggest that China is not only interested in energy sector but also developing cooperation in other fields.[4]

Figure 10. Chinese contracts and investments in Africa, 2005-2013 (June), (%)



Source: the China Global Investment Tracker, The Heritage Foundation data.

Figure 11. Chinese investments and contracts in energy sector in Africa, 2005-2013 (June), (%)



Source: the China Global Investment Tracker, The Heritage Foundation data.

Chinese NOCs secure the supplies of oil from abroad either by buying the shares in oilfields or by purchases of the mineral itself. The NOCs have stake in oilfields, refineries, they construct the pipelines and offshore terminals, build bases of petroleum production and refining (Downs, p.81). Within the last fifteen years Chinese companies have bought controlling stakes in numerous international and regional enterprises to take over their concessions, extraction rights and facilities. The exact number of contracts remains unknown as some of the deals are not brought to a close, others change in time or the information about the deals is not made public.

Analysing financial statements of four Chinese giant NOCs (CNPC, CNOOC, Sinochem and Sinopec) we can come to a conclusion, that though Africa constitutes a very important object of its investments, it is not an overwhelming part. African investments are of various importance to the NOCs, though their value is difficult to estimate.

CNPC has oil and gas investments in North Africa (Tunisia, Algeria, Libya), West Africa (Niger, Chad, Nigeria, Mauritania), East Africa (Tanzania, Mozambique and Madagascar), as well as in both Sudan states ("2011 annual report," 2012, p.40). The total number of overseas investments equals 39, but only 8 are registered in Africa. CNOOC has overseas investments on all continents (total 17), but only 6 in African countries. CNOOC concentrates its activities in Uganda and Nigeria, however it also owns interests in several blocks in Equatorial Guinea, Congo, Algeria and Gabon (CNOOC data). Out of 41 overseas investments of Sinopec, the biggest African investments are located in Angola, Nigeria, Ghana, Cameroon, Sudan, and Gabon. The majority of Sinopec stakes comes from purchases of Western companies with licences to explore oil, such as Addax Petroleum (bought in 2009), or Pecten Cameroon Company LCC Overseas Holdings Limited. In June 2013 Sinopec informed of the last huge acquisition: oil and gas field in Angola for USD 1.52 bn from U.S. Marathon Oil Corp ("Sinopec buys Angola," 2013). The last NOC – Sinochem – has reduced its activities to 2 African countries so far (Sudan and Egypt), out of 17 investments and contracts after 2005.

The table included enumerates African investments of four NOCs mentioned above. The information comes from the official sites and annual reports as of June 2013 (CNPC, CNOOC) or from the media (Sinopec, Sinochem).

Despite recent and rapid growth of activities and operations in Africa, Chinese NOCs are still relatively small players on the continent, compared to their Western counterparts. In 2007 E. Downs from the John

L. Thornton China Center at the Brookings Institution estimated, that the commercial value of the Chinese NOCs' oil investments in Africa was only about 8 percent of the combined commercial value of international oil companies' investments in African oil and 3 percent of all companies invested in African oil (Downs, 2007, p.44). Technological constraints (e.g. lack of deepwater exploration and production capacity) have been crucial in withholding the Chinese NOCs from acquiring some good deals.

Conclusion

Bilateral cooperation between China and Africa was settled a long ago, but its intensity was strengthened along with China's fast economic development of the 1990s. China has been using foreign policy to support its growing domestic development needs, which have since been satisfied by trade with African countries. The continent rich in various natural resources has a magnetic attractiveness to Beijing, which slowly but inexorably turned towards closer cooperation.

Beijing's strategy focused cooperation with resource-rich countries, though enhanced trade was developed with almost all African countries possessing valuable minerals. Chinese companies secure raw materials supply either by investing in existing enterprises and oilfields, or by engagement in projects searching for oil or other minerals. Although state-owned, the Chinese companies do not enjoy unconditional governmental support and sometimes are even restrained by Beijing's political and economic decisions. Chinese NOCs have much weaker position than Western companies which have been present on the continent sometimes for over a century. However high tolerance for risks, as well as diplomatic and financial backup from the government help them to make good deals and slowly strengthen their position on the continent.

However, African partners in energy deals should improve their place in bilateral cooperation. More demands concerning transparency of transactions or human-rights issues should be raised, as well as a thorough strategy of the entire energy sector development should be prepared. Chinese NOCs should put more pressure on explaining the positive aspects of their financial and economic engagement, and continue cooperation on different fields, including the social development aspects. With the growth of Chinese overseas energy assets, new wave of foreign criticism is likely to appear and reasonable strategy in Africa should be of utmost priority to Beijing.

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Table 1. Chinese energy investments in Africa (as of June 2013)

Country	Transaction	Stake	Partners	Area (km^2)
China National Petroleum Corporation (CNPC)				
Sudan				
Blocks 1/2/4	March 1997	40%	Petronas, ONGC, Sudapet	48,388
Blocks 3/7	Nov 2000	41%	Petronas, Sudapet, Sinopec, ENOC	72,400
Block 6	Sep 1995	95%	Sudapet	na
Block 15	Aug 2005	35%	Petronas, Nigerian Express, Sudapet, the Hi-tech Group	24,377
Khartoum Refinery	May 2006 (operational)	50%	Sudanese Ministry of Energy and Mining	5 mt (capacity)
Niger				
Block Bilma	Nov 2003	100%	na	60,884
Block Tenere	Nov 2003	80%	TG World of Canada	71,155
Agadem Project	Since 2008	na	na	na
Nigeria (2006)				
Block OPL298	2006	na	na	1,012
Block OPL471	2006	na	na	1,370
Block OPL721	2006	na	na	na
Block OPL732	2006	na	na	na
Mauritania				
Block Ta13	2004	na	na	19,778
Block Ta21	2004	na	na	15,292
Block 12	2004	na	na	10,339
Block 20	2004	na	na	na
Equatorial Guinea				
Block M	2006	70%	Fruitex	2,703
Chad				
Block H	2003	100%	na	na
N'Djamena Refinery	2011 (operational)	60%	the Chadian Ministry of Petroleum	na
Algeria				
Block 102a/112	Dec 2003	75%	SONATRACH	9,923
Block 350	Dec 2003	75%	SONATRACH	8,666
Block 438b	Jul 2004	100%	na	4,354
Adrar Project	May 2003	70%	SONATRACH, upstream & downstream	na
Libya				

Block 17-4	Dec 2005	na	National Oil Corporation of Libya (NOC), 5 yrs exploration , 25 yrs of production	2,566
pipeline	2002	na	NOC, Agip, 1,050 km	na
China National Offshore Oil Corporation (CNOOC)				
Uganda				
Area 1	na	33%	TOTAL SA	na
Area 2	na	33%	Tullow	na
Area 3a	na	33%	Tullow	na
Nigeria				
Block OML130	na	45%	na	na
China Petroleum and Chemical Corporation (Sinopec)				
Angola				
Block 15/06	na	20%	Sonangol-Sinopec, Eni, Sonangol,	na
Block 18	na	50%	BP, Sonangol-Sinopec	offshore
Block 18/06	na	40%	Petroleo Brazileiro, Sonangol, Falcon Oil Holding Angola, Gema Group Angola,	offshore
Block 31	na	15%	British Petroleum	Reserves of 533 mb
Cameroon				
Ngosso	2009	60	Addax	474
Iroko	2009	100	Addax	16
Lokele Association	2009	27-40	Addax, Perenco	168
Rio Del Rey	2009	24.5-25	Addax, Perenco	858
Dissoni	2009	37.5	Addax, Perenco	147
Gabon				
Maghena	2009	92.5	Addax	657
Awoun	2009	40	Shell, Addax	1,112
Panthere NZE	2009	92.5	Addax	120
Etame Marin	2009	31.36	VAALCO, Addax	3,074
Kiarsseny	2009	47.22	Tullow, Addax	5,443
LT2000	Feb 2004	na	na	na
DR200	na	na	na	na
GT2000	na	na	na	na
Sudan				
Block 3/7	Nov 2000	na	Petronas, Sudapet, CNPC, ENOC	72,400
Nigeria				

Block OML124	2009	100%	Addax Petroleum	300 onshore
Block OML 123	2009	100%	Addax Petroleum	367
Block OML 126	2009	100%	Addax Petroleum	1,570
Block OML 137	2009	100%	Addax Petroleum	1,570
Block OPL 291	2009	72.5%	Addax Petroleum	1,287
Okwok	2009	12%	Oriental	91
OPL 227	2009	40%	Express Petroleum & Gas Company Ltd, Petroleum Prospects International Ltd, Niger Delta Petroleum Resources, Addax	340
China National Chemicals Import and Export Corporation (Sinochem)				
Tunisia	na	na	Atlantis Holding Norway AS (Sinochem Group)	na
Egypt	2010	na	Rongsheng Holding	na
Sudan	na	na	na	na
Source: financial reports, press information.				

(Endnotes)

1 Until November 2013 four African countries had embassies in Taipei: Burkina Faso, the Gambia, Sao Tome and Principe and Swaziland. In November the Gambia has rejected cooperation with Taiwan and turned to China.

2 American president Barack Obama has made only one such trip 5 years into his presidency, in June 2013.

3 Trade between China and Congo rose from USD 290 m in 2002 to USD 5 bn in 2012, ("Xi Jinping wraps," 2013).

4 Chinese investments in oil and natural gas account for 19 percent of all Beijing's investments in Africa ("Where China is," 2013).