China Interests in Sub-Saharan Africa

Economic and Political Interests between the Growing Superpower and Continent
China’s Current Situation

- Rapidly growing economy
  - GDP growth rate ~10% in last 3 decades
  - Increasing urbanization and industrialization

- Rising demand for more energy sources and natural minerals
  - Second largest net importer of oil
  - Consumption of more than 1.3 billion tons of coal

- Need to expand existing markets and find new ones
China’s Strategic Position

- Current account and budget surplus
- Maintains financial leverage
  - $2 trillion USD of foreign reserves
  - $653 billion USD in U.S. treasury securities (~22%)
- Minimal links to foreign banks
- Top-down communist system conducive for long-term policy
Interests in Africa

- Ensure access to oil, mineral, and agricultural products
  - Africa’s ample natural and human resources
- Goal to increase exports to African economies
- Solidify support in international forums
  - Counterbalance predominance of developed nations
China-Africa Trade

Figure 1. China–Africa Trade (in US$ billion)
China-Africa Trade

Figure 2. Africa's Share in China's Crude Oil Imports

China-Africa Trade

Figure 3. Trade with Africa: China and the United States Are in Dead-Heat Competition

Activities in Africa: Sudan

- Far-reaching undertaking in Sudan
  - 7% of China’s net global import
  - 50% of Sudan’s oil exports
  - China controls most oil fields

- Infrastructure projects:
  - electrical substations and transmission lines;
  - financing Kajbar Dam and Merowe Dam;
  - $345 million water pipeline from Nile to Port Sudan;
  - 930-mile oil pipeline from Heghig and Unity oil fields to Red Sea;
  - refinery near Khartoum w/ 10,000 employees;
  - $215 million export tanker terminal;
  - $325 million water system
Activities in Africa: Nigeria

- Crude oil deals
  - $800 million agreement for 30,000 barrel oil a day for 5 years
  - $2.27 billion low-interest loan to buy 45% of stake in offshore oil field

- Infrastructure projects:
  - hydropower dams in Mambilla (2600 megawatt);
  - 3 gas-fired power stations in Papalanto (335 MW), Omotosho (335 MW), and Geregu (138 MW);
  - Abuja rail mass transit system;
  - 1,315 km of Lagos-Kano rail line for $2.5 billion;
  - communication satellite;
  - comprehensive hospital in new capital, Abuja;
  - some water projects
Activities in Africa: Angola

- Oil exports
  - China’s largest oil supplier ~ 25% of Angola’s exports
  - Surpassed Saudi Arabia as main source of imported oil
  - Expected to double oil exports in next 10 years to 7 million barrels per day
  - Secured oil blocs with soft loan aid package
  - $13 billion total amounting in financial investments, construction, and infrastructure

- Infrastructure projects:
  - electrical transmission in Luanda;
  - two road projects over $100 million;
  - water sanitation projects for $200 million;
  - rehab of 1,302 km of Benguela Railway line in central Angola
Activities in Africa: Other Countries

- **Natural resources:**
  - cobalt and copper in Zambia and DRC;
  - diamonds in Sierra Leone;
  - titanium in Kenya;
  - forest products and oil accounts in Gabon;
  - timber in Mozambique, Equatorial Guinea & Liberia

- **Infrastructure projects:**
  - Power Supply: 10 major dams in 9 different countries for 6,000 MW: (Bui Dam in Ghana; HEP hydro-plant in Kenya, Poubara dam in Gabon, Congo River dam, Souapiti Dam in Guinea);
  - Rail: 1,600 km of new railroad: (Belinga-Santa Clara 560 km railway in Gabon);
  - Port: 900 m extension of Nouakchott port in Mauritania with connecting 430 km railroad,
  - Other: telecom improvements in Kenya, 26,000 switching lines; industrial park in Ethiopia

**Other activities:** pharmaceuticals in Uganda; arms sales in Burundi, Tanzania, Equatorial Guinea, and Zimbabwe
Activities in Africa: Other Countries

The Great Gabon Belinga iron ore mine is China’s largest African mining operation for $3 billion.

The Nigerian Railway Modernization Project is China’s largest overseas project $3 billion.

Gilgel gibe III dam on Ethiopia’s Omo River will be Africa’s tallest dam, a $2.2 billion project.

A bridge construction site in Angola

The Nigeria – Cameroon Multinational Highway and Transport Facilitation Project.

Workers construct a section of the Gautrain railway in Johannesburg.
Other Chinese Initiatives


- **15,000 medical personnel in 47 countries**
  - Treated 170 million patients

- **48 embassies and 9 independent consulates**
  - Frequent visits by high-level head of states
Africa’s Benefits

- Cancelation of $3.6 billion of debt for 49 nations
- Independence in world economy
  - Opened markets in Asia for African goods
- Development of much needed infrastructure
- Training thru employment and education centers
  - Technology and skills transfer
Criticism

- New imperial rule, pretending to be savior
  - Africa slipping back to another cycle of dependency
- Chinese goods hurt domestic African producers
- Economies still dependent on price-volatile commodities
- Focus on governments over civil society
  - Poor relations with labor unions, non-govt. organizations, oppositions to political parties
- Acceptance of human rights issues, corruption, and poor governance
China Vs. Western Involvement

- China’s humble, multilateral vs. West’s arrogant, unilateral dealing
- Noninterference and respect of sovereignty
- Loans without preconditions
- Economic partnerships vs. military occupations
Sources