

China's Energy Strategy in Africa

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Agenda

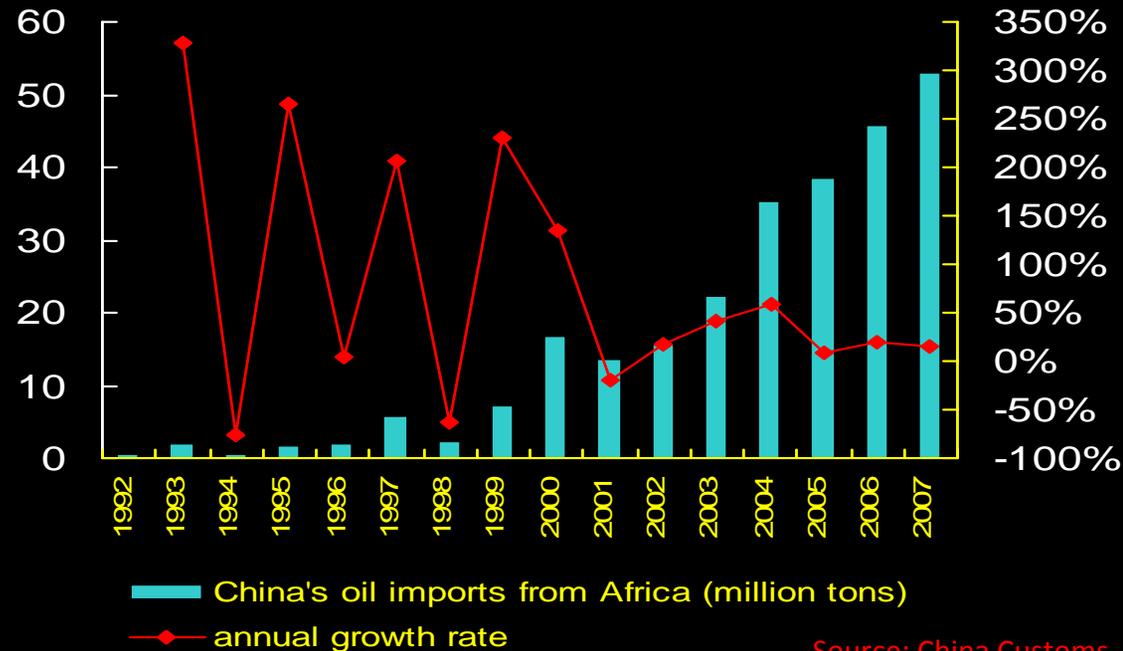
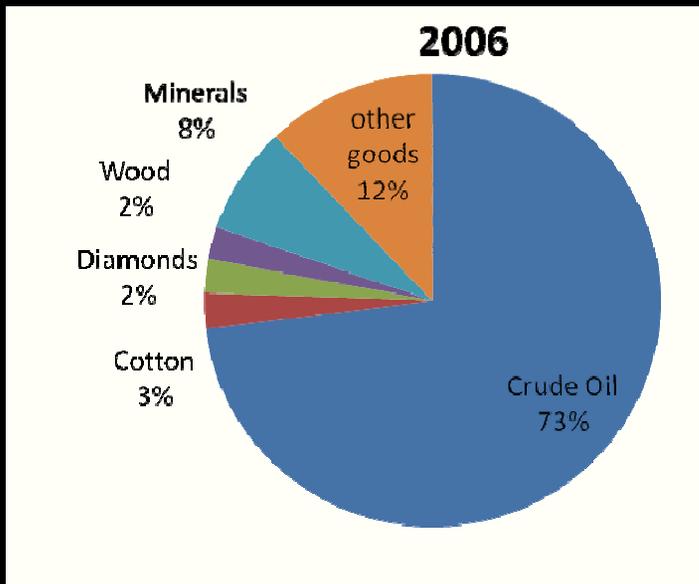
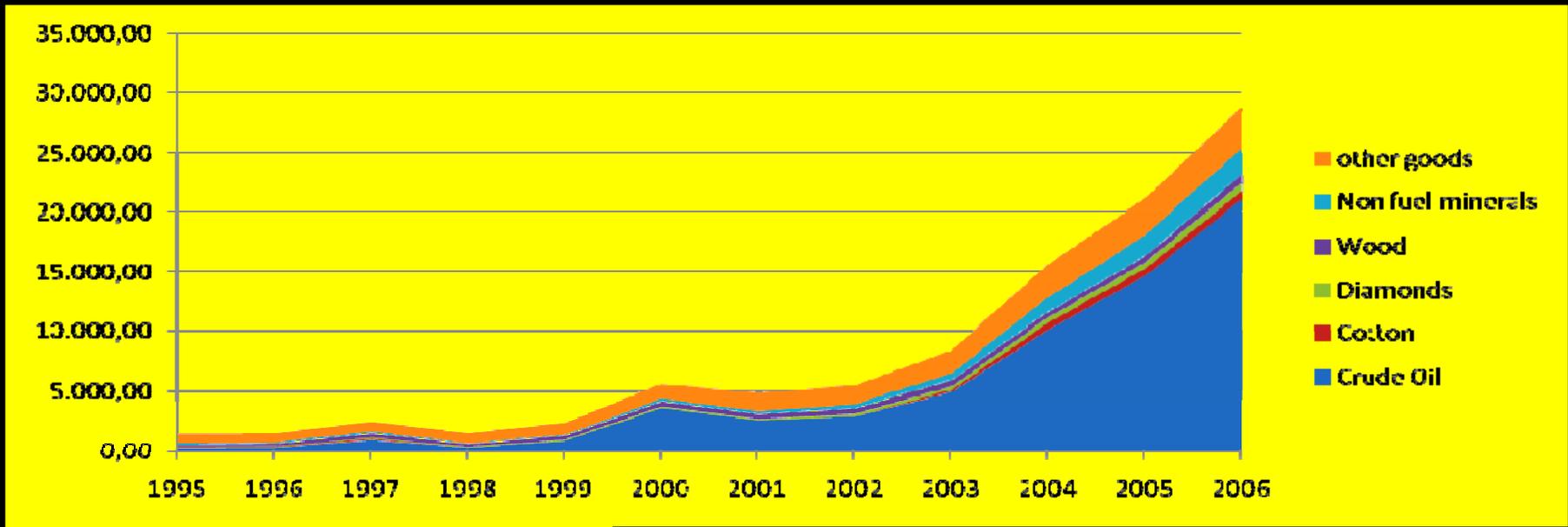
1. China's growing dependence on Africa's oil

2. How does China pursue oil interests in Africa?

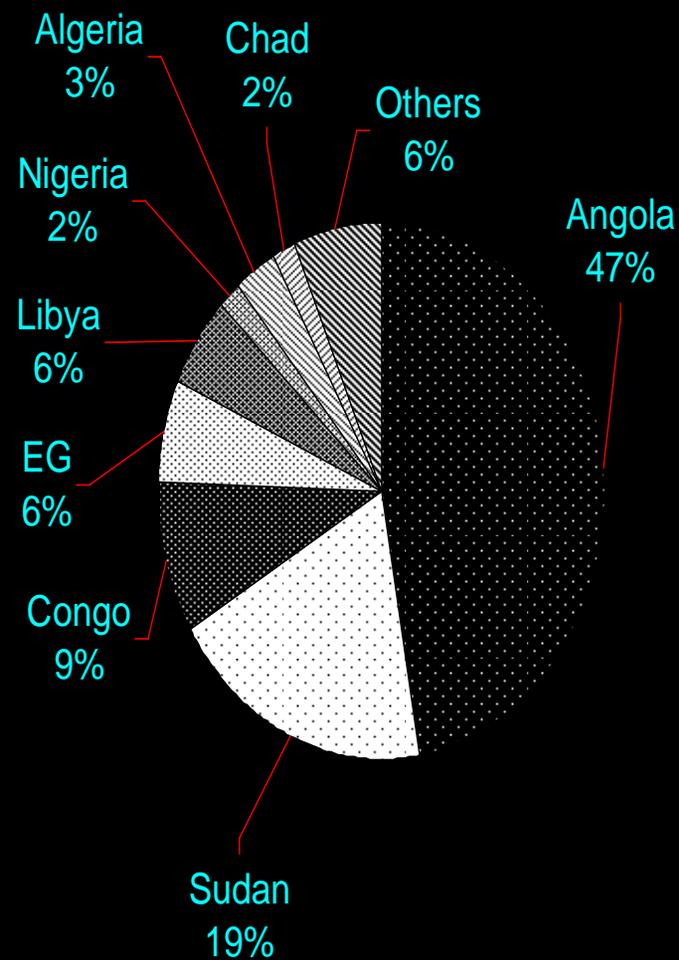
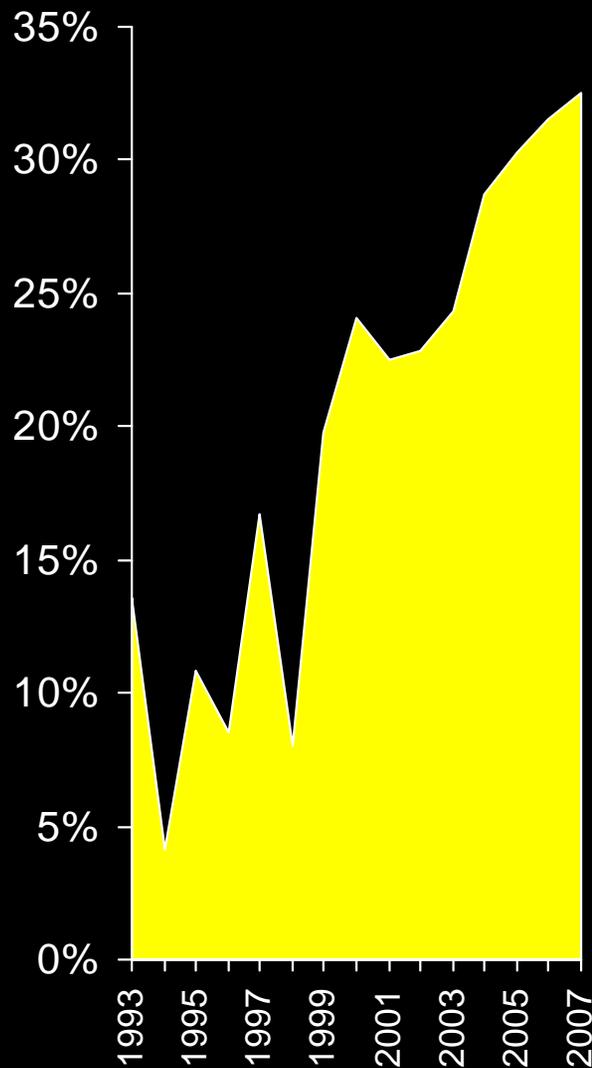
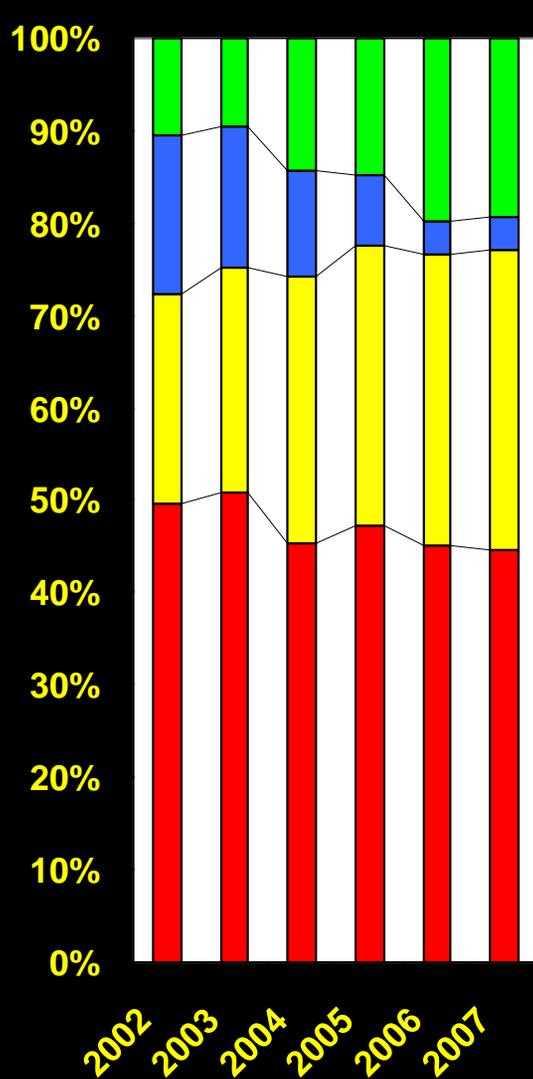
3. What has China got so far?

4. How to assess China's energy "strategy"?

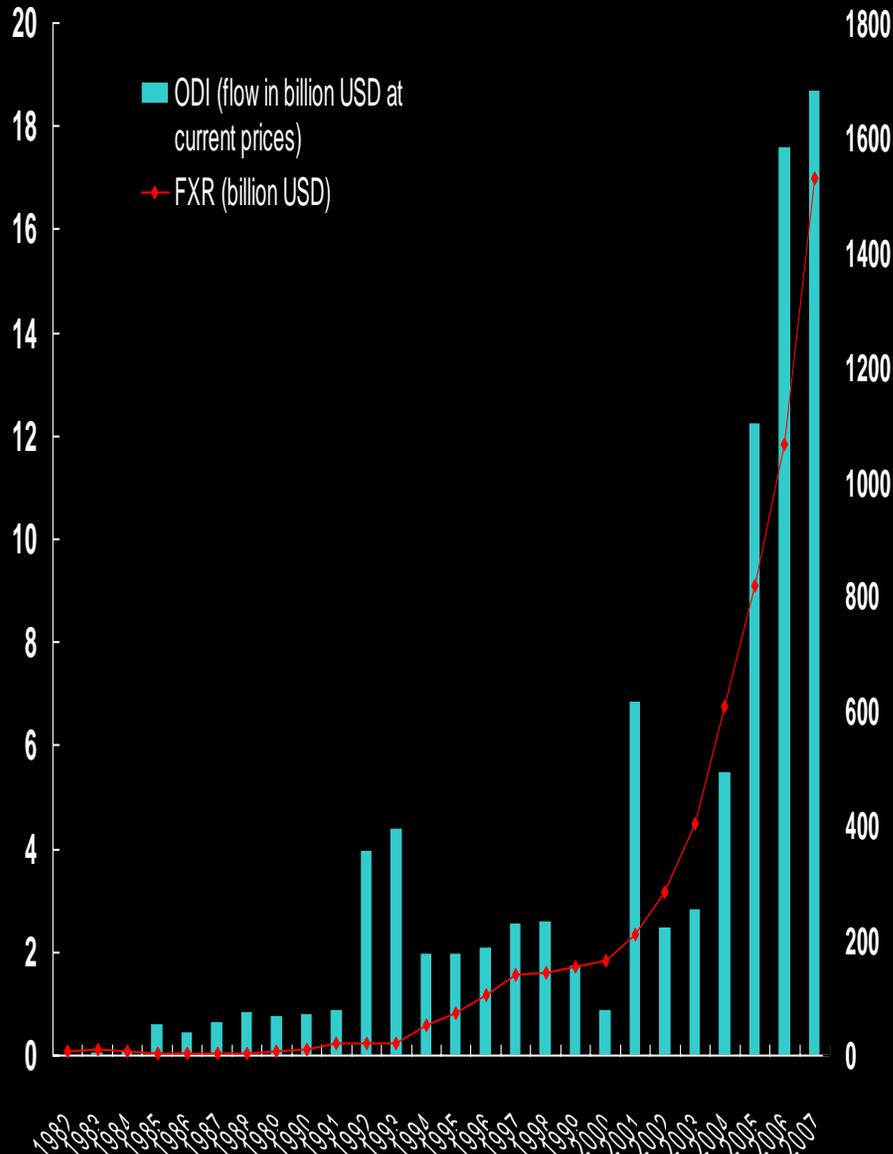
Resources—the backbone of China-Africa trade



China's growing dependence on Africa's oil

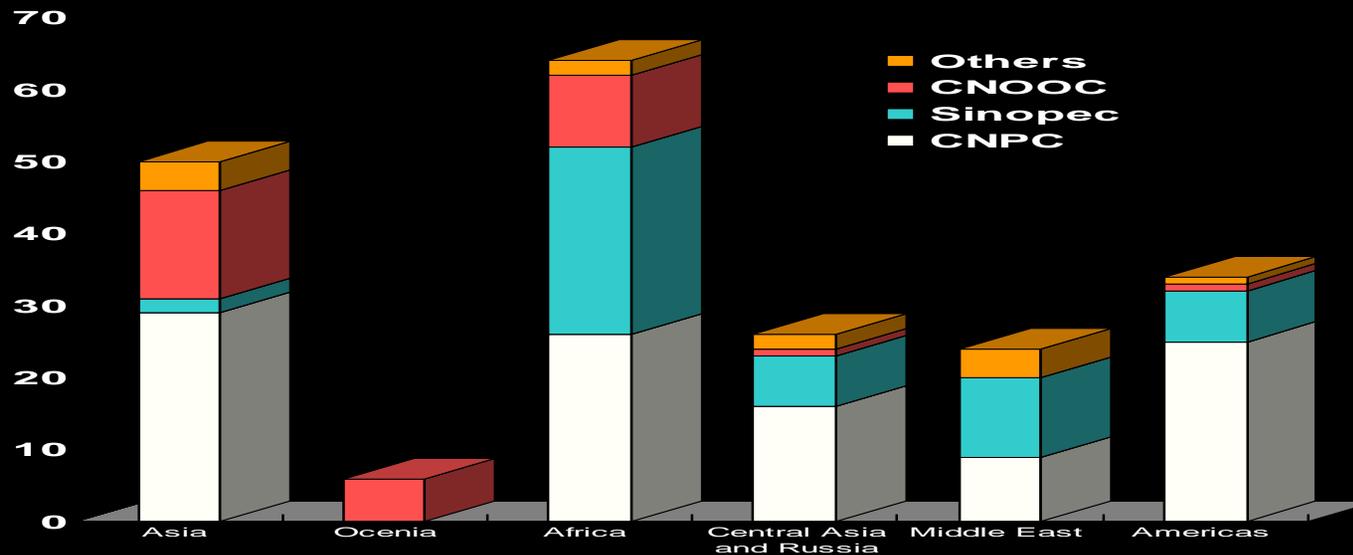


State financing under the “going out” strategy



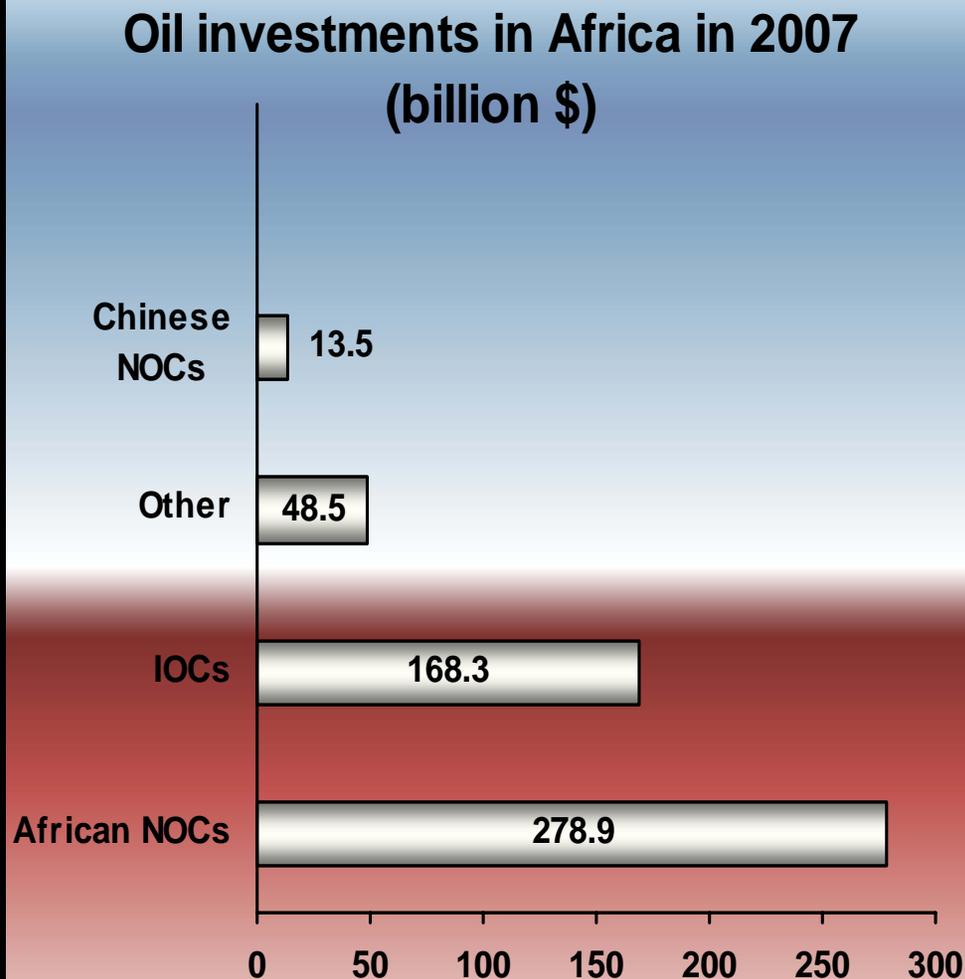
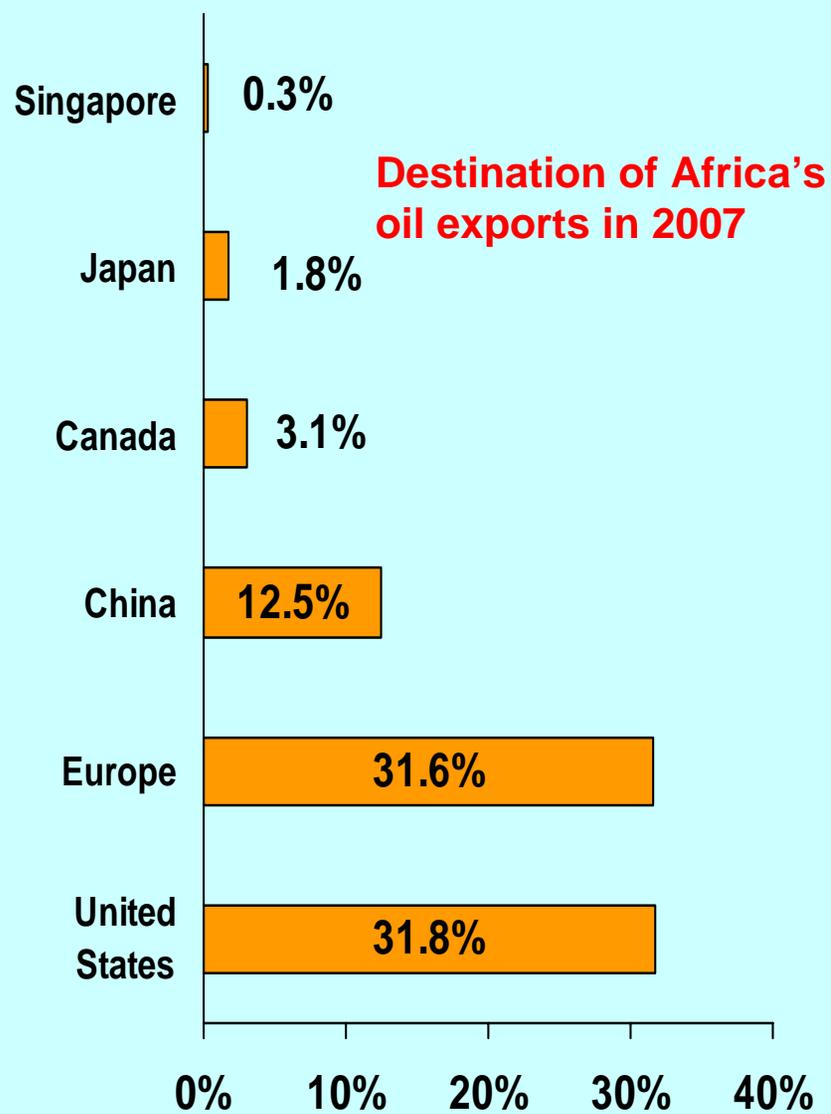
- Special funds for foreign economic and technological cooperation
- China-African Development Fund
- China Exim Bank “Special Loans for Overseas Investment”
- China Export and Credit Insurance Corporation
- China Investment Corporation
- Agricultural Bank

Chinese overseas oil investments 1992-2009



	Total	Africa	Middle East and North Africa	Central Asia and Russia	Asia	South and North America
CNPC	25,257	7,599	5,555	9,182	810	2,111
Sinopec	12,559	3,115	4,464	4,220	210	550
CNOOC	3,399	2,289	0	0	988	122
Sinochem	779	0	679	0	0	100
Zhenhua Oil	95	0	65	0	30	0
CITIC	1,997	0	0	0	1,997	0
Total (million \$)	44,086	13,003	10,763	13,402	4,035	2,883

Chinese NOCs are still a small player in Africa



Discord in the “going out” strategy



- 🔴 ODI regime
- 🔴 The Melut Basin Pipeline rivalry
- 🔴 CNPC vs. MOFA/MOFCOM in Sudan
- 🔴 CNOOC and Sinochem competition in West Africa

Limited dividends of the holistic approach

- ❖ Failed attempt to acquire Talisman's interests
- ❖ Kaduna refinery
- ❖ Withdrawal from Ivory Coast, DRC, Mali, Morocco, and Keyna
- ❖ The collapse of the Lobito Refinery deal
- ❖ Sinopec in Angola

A new narrative of China's energy “strategy”

- 🔥 Hijacked by the NOCs
- 🔥 An orchestra without a conductor
- 🔥 Seats-of-the-pants approach
- 🔥 NOCs on the driver's seat
- 🔥 Beijing—reactive but enabling (ODI reforms, information support, holistic approach)