

THIRSTY POWERS: THE UNITED STATES, CHINA, AND AFRICA'S ENERGY RESOURCES

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Introduction

The post-Cold War “unipolar moment” is coming to an end. Several important factors – including Europe’s reluctance to follow and China’s growing readiness to challenge American leadership – are having a profound effect on the international system’s power structures. Absent the threats from the defunct Soviet Union, Europe has been able to place itself on an even faster track toward integration. The Europe emerging from this process is sufficiently strong internally and externally to act as a balancer to the global power of the United States as evidenced by the EU’s unwillingness to fully back US efforts in Iraq. But however exasperating Europe’s newfound self-confidence may be for many Americans, the profound ties that bind Europe and the United States will ultimately ensure friendly, even if often competing, relations. The same, however, cannot be anticipated from the more complex and traditionally unharmonious relationship between China and the United States. This relationship is likely to deteriorate as China uses its significant and rapidly growing power to counterbalance global American power and carve a more central position for itself in the world – from which it can extract the international resources required to maintain recent economic growth levels at home – thus enhancing its security. But, given American dependence on the same international

resources – especially oil – China's growing international assertiveness will only heighten America's already serious energy predicament, with important implications for its perceptions of (in)security.

In some ways, US and Chinese notions of energy (in)security coincide, especially in the sense that both countries now regard securing diversified energy supplies as a critical prerequisite for achieving energy security. But the US has a clear advantage in the area of energy security mainly because it was forced to recognize the connection between energy security and multiple energy suppliers much earlier as a direct consequence of the 1973 oil shock. Since then, in addition to its secure supplies in the Western hemisphere, the US has cemented a dominant position in the Middle East and, in the aftermath of the Soviet Union's collapse, is now a major player in the oil fields of Central Asia and the Caspian Sea region. The US has also retained an important position in Africa's energy sector. Indeed, for much of the twentieth century, Western interests – mainly American – had privileged access to the continent's oil and other natural resources. However, the beginning of the new century has coincided with a renewed Chinese determination to establish a strategic foothold in Africa's vibrant energy sector – transforming the continent into a potentially critical arena for Sino-American competition. China's determination to challenge American oil interests in Africa is driven not only by its own energy predicament – a consequence of rapid economic growth – but also by the realization that this is a region where its oil diplomacy has a real chance of success. But given the US' increasingly untenable energy security predicament and Africa's importance as a supplier of energy for the American market, China's attempt to quench its own growing energy thirst in Africa will hardly be welcomed by the US.

Global thirst

Energy is indispensable to modern human existence. Unsurprisingly, therefore, the energy sector constitutes one of the most important areas of global economic activity. Indeed, energy has powered and sustained much of the spectacular levels of growth experienced by the industrialized North during the twentieth century, especially in the Post-WW II era. Thus, energy consumption has grown dramatically since the 1950s – from about 10 million barrels a day to nearly 80 million. Given the development trajectory of both industrial and industrializing countries, energy consumption levels are expected to continue their spectacular growth into the foreseeable future. Problematically, however, as societies achieve higher levels of growth, they develop increasingly high levels of energy dependency. Virtually all industrial countries consume more energy than they produce. The smooth functioning of their economies, in particular, is contingent upon the availability of plentiful cheap energy.

The US is the single largest energy market in the world and its demand for oil is projected to rise into the foreseeable future. Problematically, as far as its energy security situation is concerned, this growing demand will continue to be satisfied mainly by foreign suppliers as has been the case since the US became a net importer of oil in the late 1940s. By 1973, when the first oil shock rocked the global economy, the US imported about 36% of its petroleum needs. The current level is 55%, a figure that is expected to rise to 70% in 20 years. Expectedly, to continue meeting its energy needs, the US is aggressively seeking ways to achieve increased production around the world.

Mimicking the experience of industrialized countries, China's economic development is being fueled by oil. It already accounts for 40% of global demand for oil over the past four years and, given China's relative size, its industrialization will

consume significant quantities of the available worldwide supply of oil. According to the US Energy Information Administration (EIA) projections, total world oil production – “reference case” – will grow from 76.6 million barrels per day (b/d) in 2002 to 113.2 million b/d in 2025. Under “high oil price” condition, production will grow from 76.6 million b/d in 2002 to 102.4 million b/d in 2025. Under “low oil price” conditions, production will grow from 76.6 million b/d in 2002 to 126.6 million b/d in 2025.

Oil consumption is also expected to register an even more significant growth. Under the EIA’s “reference case,” between 2002 and 2025, total world oil consumption is expected to grow from 78.2 million b/d to 119.2 million b/d – an annualized growth rate of 1.9%. In this scenario, US consumption would grow from 19.7 million b/d to 27.3 million b/d, representing an annualized increase of 1.4% while China’s consumption would increase from 5.2 million b/d to 14.2 million b/d, an annualized increase of 4.5%. Under a “high economic growth case,” total world oil consumption is expected to grow from 78.2 million b/d in 2002 to 132.3 million b/d in 2025 reflecting an annual percentage change of 2.3%. Under this scenario, US would increase from 19.7 million b/d to 30 million b/d, an annualized change of 1.8%. China’s consumption would grow from 5.2 million b/d to 16.1 million b/d, an annual percentage change of 5.1%. Under a “low economic growth case,” total world oil consumption is expected to grow from 78.2 million b/d in 2002 to 107.7 million b/d in 2025 reflecting an annual percentage change of 1.4%. Under this scenario, US would increase from 19.7 million b/d to 25.9 million b/d, an annualized change of 1.8%. China consumption would grow from 5.2 million b/d to 12.5 million b/d, an annual percentage change of 3.9 % (International Energy Outlook 2005, Report #: DOE/EIA-0484(2005), July 2005, Table B4).

Without abundant supplies of energy, even the most advanced industrial economies cannot sustain socially acceptable levels of economic growth and social welfare. This reality was first bluntly exposed by oil shocks of the 1970s which reverberated throughout the global economy and exposed the energy vulnerability of modern societies. Since the 1970s, then, most industrial countries – as well as those with such aspirations – have regarded energy security as a vital requirement to sustain economic growth and thus ensure their ability to maintain/deliver the quality of life expected/demanded by their citizens. Therefore, they have all sought to secure reliable energy supplies. The result has been a high stakes global competition to control energy sources, especially oil. As this intensifies as result of ever increasing domestic demands, the potential for discord among key consuming nations rises in tandem.

Energy (in)security and global discord

The field of energy security that evolved over the years as a result of the global competition over energy resources now focuses mainly on the effects of supply disruptions on the global political economy. Since the 1970s – in the aftermath of the 1973 and 1979 oil shocks – the energy security preoccupation for most countries has centered on ways to manage, and if at all possible avoid, the consequences of oil shocks produced by world events. The search for energy security has increased in relevance because today, even more so than in the 1970s, there are high levels of global dependence on oil as a critical commodity for economic growth. Moreover, there is a relatively small group of oil exporting states – many of whom are situated in chronically unstable regions of the world.

Established industrial powers like the US are willing to continue devoting considerable military, politic, diplomatic and economic resources to retain control over energy resources in far-flung parts of the world. But they are no longer alone in this endeavor. Increasingly, Asian states – especially China and India – are willing to devote just as many resources to secure sufficient energy supplies to sustain their fast growing and very thirsty economies and thus meet the social demands of large populations that have come to expect some of the same fruits of industrialization currently afforded to their Western counterparts. Problematically, there is evidence to suggest that despite massive investments, the global supply of energy is not growing fast enough to satisfy the energy needs of the United States and fast-growing Asian economies. For example, China's oil consumption is projected to increase by 156% between 2001 and 2025 while India's is expected to jump by 152%.

Driven by high demand in the US, China, and India, global energy consumption is expected to grow by more than 50% in the first quarter of this century – from an estimated 404 quadrillion British thermal units (BTUs) per year to 623 BTUs per year! Oil and natural gas are expected to be in particularly high demand. By 2025, global oil consumption is projected to rise 57%, from 157 to 245 quadrillion BTUs, while gas consumption is projected to have a 68% growth rate, from 93 to 157 quadrillion BTUs.

It is very unlikely, even taking into account the massive investments in the energy sector around the world, that the oil and gas industry will be able to produce and deliver sufficient energy to meet global demands. The ensuing shortages, coupled with concomitant rising energy prices, will place unbearable pressure on industrial(izing) societies for whom oil is indispensable to sustain economic development. Faced with

the real possibility of economic seizures – and to prevent such traumas from affecting the body politic – powerful states are expected to use a variety of power resources to ensure uninterrupted flows of energy into their respective countries. But global energy supplies cannot meet growing demands indefinitely. Given this cold reality of limited global supplies, discord and confrontation between countries over energy is a real possibility. In other words, energy will occupy an increasingly central role in most states' national security calculus with important implications for how those same states operate on the world stage.

It is reasonable to expect that, as Western industrialized countries before them, Asian countries – especially China – will continue to adjust their global diplomatic, strategic, and trading outlook to adequately respond to their growing energy import requirements. Specifically, to ensure energy security, China will relentlessly pursue closer economic and political ties with major oil-producing countries, including African oil states. China's new global outlook, however, is bound to eventually collide with important American security interests. On the one hand, China is set to become an important U.S. competitor in the global energy market. Moreover, as discussed below, China's particularly pressing energy predicament may force it to employ unorthodox strategies – including political, diplomatic, financial, and military aid – to secure reliable oil supplies. Given their internal instability and often problematic international posture, the influx of Chinese money and weapons into African states as well as China's readiness to shield them from international pressure presents a complex challenges to American policy in the region – with potentially negative consequences for US-China relations.

Energy security: similar approaches, clashing outcomes

Dependence on foreign oil supplies will continue to affect US international relations in important ways as it seeks to achieve national energy security. In this context, an issue even more important than “energy dependence” is vulnerability to oil supply disruptions. It is to minimize such vulnerability that the US has sought to diversify its supply sources of energy. From this perspective, the more producing areas there are around the world, the better because this is an effective way to achieve energy security – i.e. sustainable, reliable supplies of oil at relatively cheap prices. To ensure energy security, the US will continue to expand and diversify its sources of energy through increased investment in exploration and development around the world, especially in Russia, Central Asia and the Caspian region, and Africa.

China is destined to become the world’s next superpower in the next few decades, at least economically, in part due to its impressive growth rates over the past quarter of a century. After running into several historic dead-ends, China finally found its stride in the post-Mao era. Since then, its economic growth has been impressive. China’s spectacular economic growth in the post-Mao era has required a steadily growing supply of oil. China has quickly become the world’s second largest consumer of energy after the US and consumption is expected to continue rising in tandem with the demands of a wealthier society and an expanding economy. The IEA projections clearly indicate that China will continue to be the thirstiest of all major players in the global energy market. Thus, at least in one dimension, energy, China already is a major global power. Unsurprisingly, therefore, its energy security calculus is very similar to that of the US.

In the process of achieving significant economic progress, China has not only gone from oil exporter to importer, its

appetite for foreign oil is projected to continue rising into the foreseeable future. Several factors indicating that China's imported energy needs will continue to grow. First, there is a rising demand for consumer goods like cars, fridges and AC units driven by the raised expectations of more than a billion individuals who now regard the prospects of significant improvement in their material conditions as a real possibility due to their country's recent economic performance. Second, to sustain economic growth, the state is planning to undertake several ambitious public works projects including the building of one of the world's most extensive highway infrastructures to accommodate increasing automobile use. Third, China is a very inefficient user of energy: to generate every US\$1 of GDP, China uses three times or more as much energy as the global average, 4.7 times higher than in the US, 7.7 times higher than in Germany and 11.5 times higher than in Japan.

Given the unique nature of China's political economy – a relatively open and dynamic economic sector coexisting with a mostly closed single-party political system – the legitimacy and longevity of the regime hinges on its ability to ensure continuing robust economic growth to satisfy rising popular expectations for material comfort. Given China's modest energy resource endowment, however, it has little choice but to become a major player in the global energy sector. It can ill afford to allow global energy disruptions – both in terms of problematic supplies or high prices – to threaten its economic growth trajectory.

This growth-security nexus is the main rationale for China's aggressive search for oil-producing partners and assets around the world to help it meet long-term energy requirements. Thus, much like other countries facing the energy vulnerabilities produced by industrialization, China has sought to diversify its supply sources by aggressively investing in upstream oil activities around the world. Until recently, China attempted to resolve its energy

security predicaments by focusing on the Middle East – especially Iraq. This partly explains the cordial relationship Beijing cultivated over a long period with Saddam Hussein’s regime. But the Iraq war forced a fundamental revision of China’s approach to diversifying its energy supplies. Now, the US not only had a strong presence in Saudi Arabia, it also had a commanding presence in Iraq. Thus, within a region containing two-thirds of the world’s known oil, only Iran remained outside America’s orbit and was therefore susceptible to China’s oil courtship.

The privileged position of the US in the global energy market notwithstanding, China’s growing appetite for global oil is such that it forces the thirsty dragon to take greater risks on the world stage to secure and protect stable supplies. Besides, given its growing economic and military might, China is increasingly capable – both financially and militarily – to develop mutually beneficial relationships with global oil suppliers. Perceiving energy security within a global zero-sum framework – and, therefore seeing US influence in the Middle East as negatively impacting its ability to secure reliable supplies of oil from the region, especially in the event of global turbulence – China has intensified its oil diplomacy efforts with a view to developing better ties with oil-rich countries around the world. But, as far as the US is concerned, therein lies the security predicament: a more aggressive Chinese search for presence in the global energy sector – in Russia, Iran, Central Asia and the Caspian Sea region, but also in Africa – coupled with China’s growing significance in several other global sectors, including economic and military, seriously destabilizes the post-Cold War global power structure hitherto dominated by the US. China may be willing to offer both money and weapons to secure oil supplies. Since China can offer both conventional and non-conventional weapons, the prospect of weapons proliferation – especially in places like the Middle East and Africa – where

the US also has vital security interests, can potentially add several layers of complications to US-China relations.

Under stable global conditions, cooperation between China and the US is in their mutual interest despite long-standing irritants like Taiwan, trade, and human rights. But, as indicated above, American and Chinese thirst for oil will have a potentially destabilizing effect in their relationship as both energy giants scour for diversified supplies to keep their economies humming. Thus far, the US has been able to maintain a dominant position in the global energy market – a situation that will be enhanced when Iraq stabilizes and reestablishes its position as a significant player in this market. But this intervention has also helped cement the Chinese view that the US seeks a complete domination of the Middle East as a way to control much of the world's oil resources. Thus, even if unwittingly, the US would be effectively heightening China's perceptions of energy insecurity. China will ultimately be forced to challenge American dominance in the Middle East because this region's holds most of global oil reserves. It is likely to do so by intervening more directly and forging stronger economic, political, and military ties with states in the region. In many respects, a foretaste of China's strategy to achieve energy security is already taking place in Africa.

Africa's geostrategic relevance

Africa's rich oil fields and the prospects for more discoveries have transformed it into an important player in global oil production. Africa holds approximately 8% of the world's oil reserves and 11% of world oil production. Africa's oil production will continue to rise at an average rate of 6% per year and is expected to reach over seven million barrels per day by 2007 and eight million by 2010. Evidence of Africa's importance within the global energy

markets come from several sources including recent large deep-water oil discoveries in Angola, Nigeria, and Equatorial Guinea. The waters around São Tomé and Príncipe are believed to hold about two billion barrels of oil reserves and strong interest from international oil companies suggests this tiny archipelago will join a growing group of African oil producers. There have also been important new offshore developments. With the opening of the Chad-Cameroon pipeline in July 2003, an estimated billion barrels of Chad's oil reserves can now find their way to the global market. Oil has been discovered in Niger. It is unsurprising, therefore, that Africa is now looked upon as a key region for major oil importers seeking to diversify imports and thus achieve greater energy security.

Despite the major political and economic challenges confronting the region, international oil companies have continued to invest massive amounts of capital in further exploration and development of Africa's oil fields for a variety of reasons. First, foreign investors are attracted by very competitive terms and conditions offered by African governments. Second, since much of the oil is explored offshore, it has the advantage of being easily loaded and moved anywhere by ship. Also, being offshore, African oil is located far away from the onshore sites of disorder. Third, the proximity to the American market and the fact that African oil tends to be particularly suited for American refineries because of its high quality and low sulfur provides an added incentive, especially for U.S. investors.

The US-Africa energy connection

African countries currently supply about 15% of US oil imports. African oil production has risen constantly over the last few years. Nigeria produces 2.12 million b/d and exports 1.85 million b/d (621,000 b/d to the US, making it the US' fifth largest supplier). Much of Nigeria's crude oil production – about 65% – is light

and sweet. This makes it particularly suited for American refineries because it yields high volumes of gasoline. Nigeria has a bright energy outlook and is expected to significantly increase its crude oil production in the next few years as recent deep-water discoveries come on stream. Angola produces 900,000 b/d and exports 866,000 b/d (332,000 b/d to the US, making it the US' ninth largest supplier, and third largest non-OPEC supplier outside of the Western Hemisphere). Angola also has a very promising future energy outlook, especially as oil begins to flow from large fields in the Kwanza Basin south of Cabinda beginning in 2007. Cameroon, Chad, Equatorial Guinea and Gabon export approximately 500,000 b/d in aggregate (221,000 b/d to the US).

The China-Africa energy connection

Contexts

Since the end of the Cold War, the US has sought to help African states break away from the vicious cycles of violence and instability by focusing on "good governance." African states have reluctantly accepted American prescriptions mainly because no viable alternatives existed. Now, increasingly, African countries are developing better relations with China partly because China is not perceived as having "imperialist" designs. Also, Africans' historical encounters – particularly within the context of their anti-colonial struggle against Western powers – have been mainly positive. In other words, China's presence in Africa is not new, dating back to its support for anti-colonial struggles in the 1960s. However, its presence was not felt during the Cold War as the US and the former Soviet Union turned the continent into one of various global battlegrounds. Now, it has reemerged on the scene when Africans most need a powerful global ally that can provide economic and security aid while also buying Africa's energy. It reemerges then as an important ally of the African oil states as a counter-balancer to the power and influ-

ence of the US – a situation that most African countries were forced to accept in the wake of the Soviet Union’s collapse. Thirdly, China shares with Africa a distaste for the political, socio-economic, and moral values of the West and a resentment for Western penchant to impose such values, through such notions as “good governance” or “human rights,” upon non-Western societies including African and Asian. China, then, is unlikely to adopt an attitude – for example, demanding greater accountability and transparency in the management of oil revenues – that can be construed by African states as interference in their internal affairs.

Beyond the economic aspect of the growing relationship, China’s growing presence in Africa has important political consequences as well, especially as far as democratization and transparency are concerned. Simply put, unlike the US, China is not inclined to use its growing economic presence as leverage to push for democratic reform and transparency in the African oil states. Instead, the opposite is more likely. The increase revenues resulting from China’s thirst for African oil can make these states all but immune to American pressures in the areas of democratic development, including transparency in the management of their oil revenues. In other words, China is likely to ensure the longevity of the rentier state in Africa.

Mutual benefits

For China, Africa has also become an important area in the global energy scene. China currently derives a quarter of its oil imports from Africa, with oil interests in Algeria, Angola, Chad and Sudan and increasing stakes in Equatorial Guinea, Gabon, Nigeria, and even Chad – a country that has diplomatic relations with Taiwan. Obviously, even the “One China” principle that has hitherto guided much of Beijing’s foreign relations can be subordinated to the more pressing quest to secure energy

resources in Africa. Chinese firms are becoming increasingly involved in the Nigerian oil sector. In December 2004, Sinopec and NNPC signed an agreement to develop two offshore blocks in the Niger Delta – Oil Mining Lease (OML) 64 and 66 – with production expected to start in late 2005. The OML grants exclusive rights to explore and produce oil within a 500 square mile area for 20 years. Of the five exploration wells drilled in OML 64, one encountered hydrocarbons; twelve of 16 wells drilled in OML 66 encountered hydrocarbons.

Although Nigeria is Africa's most important oil state, China has thus far focused mainly on two other African countries: Sudan and Angola. China first successfully established an oil outpost in Sudan in 1995 when its National Petroleum Corporation established oil exploration rights there. This presence grew when, in 1997, the US imposed comprehensive economic, trade, and financial sanctions against the Sudan. China quickly filled the vacuum. Sudan – internally ravaged by decades of civil war and externally isolated due to the extremist leaning of its military rulers but whose total oil reserves are estimated at five billion barrels – was highly attractive for China. Chinese investment and technical expertise played an important role in establishing Sudan's oil industry which began producing oil in 1999. Sudan currently produces about 500,000 b/d and expects to increase output to 750,000 by 2006. China National Petroleum is the largest shareholder in the consortium of international oil companies controlling much of Sudan's energy sector. More than half of Sudan's oil exports go to China, accounting for five percent of China's total oil imports. China has also become the biggest investor in Sudan's \$15 billion 932-mile oil pipeline to Port Sudan on the Red Sea where China is also building a tanker terminal. Chinese presence in Sudan is likely to increase even further as a result of Sudan's international isolation, partly the result of the conflict in the Darfur region. As Western compa-

nies come under pressure to disengage, greater opportunities for further penetration are opened to Chinese companies.

For both China and Sudan, this is an excellent relationship. China has a reliable supply of oil. For Sudan – a country whose relations with most Western countries is difficult, to say the least – support from China may represent the difference between regime survival and collapse. While investments in the oil sector provide the regime with a vital financial lifeline, political and diplomatic support from China in international organizations has been critical to stave off even greater international isolation. China's position in the UN Security Council shielded the Sudanese government from serious sanctions in connection with alleged genocide in Darfur. Beyond the immediate benefits for China and Sudan, there is a broader context for closer relations between the two countries and, indeed, between China and Africa. This broader context is fed by the important perception that since China decidedly avoids judging other countries by its cultural standard, it is a more reliable ally of developing countries than Western countries. Critically for oil-rich developing countries in Africa like Sudan, Angola, and Nigeria, China is also willing to provide security assistance – including the sale of weapons – as part of the process to develop special ties with those countries. Equally critical, it will not interfere in the internal affairs of the countries in which it conducts businesses even when, as in the case of Sudan, what the US describes as “genocide” is taking place. Energy security – for China, then, more than for other states – overrides most other concerns. For the US, this Chinese posture is a highly problematic.

As in Sudan, China has developed an important presence in Angola which is set to become even more significant as it wins future exploration rights in Angola's huge offshore deposits. China's growing influence in Angola's oil sector has been facilitated by a series of soft loans – without political conditions

attached – including the recent agreement whereby 10,000 bpd of crude oil was tied to a US\$2 billion loan to be repaid over 17 years at 1.5% interest. These are much better terms than Angola could ever hope to secure from Western sources. This loan, part of a larger aid package, represents a significant departure from the traditional way Angola has engaged external players – i.e. mostly through deals involving production-sharing agreements (PSAs), market contracts or international finance agreements. Obviously, the financial profit motive was not the main driving force behind the Chinese deal. Rather, China's main objective was to establish itself as a major player in Angola's energy sector. Now, China's presence has also been enhanced through a partnership between Sonangol and Sinopec to operate Block 3/05 (formerly Block 3/80) whose operatorship was recently transferred from Total to Sonangol. This new partnership is also set to become a major player in the relinquished parts of Blocks 15, 17, and 18 currently operated by Exxon, Total, and BP as well as in future concession rounds, particularly for 23 blocks in the onshore Kwanza Basin onshore area.

China's renewed interest in Africa demonstrates that, given its pressing energy needs, it is not averse to investing in areas notable for their instability. Its main concern – much like that of the US – is diversification of energy supplies as a way to ensure that it is able to meet growing energy needs for the next crucial decades of economic transformation into a mature industrial economy. It is this unique reality of transition that makes China's energy security calculation even more complex than that facing more mature industrial countries like the US because, in important respects, China is more vulnerable to the vagaries of global energy dynamics. To overcome this vulnerability, China will spare no effort in establishing a more influential position within the international political economy of energy resources, with important global security and political implications.

China's aggressive oil diplomacy: security and political implications

China's growing global stature, reflected in its ability to conduct aggressive oil diplomacy, raises important security concerns for the US. As far as Africa is concerned, it challenges the privileged post-Cold War role of the US as a dominant, even if aloof, player in the continental security complex. In the immediate post-Cold War era, as the only remaining global superpower, the US could affect the security of individual regimes and, when it also suited its interests, dealt with broader issues like weapons proliferation, regional conflicts, and terrorism. Now, worryingly, China's presence in Africa can alter the security complex both by taking sides with important players within that complex but also by affecting the dynamics of the complex through the transfer of sophisticated weapons into the continental arena. Since many of the oil-rich continental payers are internally insecure – even to the point of being unable to secure the very oil facilities that provide them with immense riches and geostrategic relevance¹ – they are inclined to demand from China both money and weapons for their oil. This is an important concern for the US – within the global security context conditioned by the war on terrorism – due to the danger that portions of oil revenues and some of the weapons may find their way into the hands of terrorists with global connections.

¹ Nigeria, for example, loses several thousand barrels of oil per day to “illegal oil bunkering.”

Politically, China's reemergence on the African scene reduces the ability of the US to influence the political development trajectory of African countries. Bluntly, these countries – especially oil-rich states – can now choose not to acquiesce to American demands or prescription from American-dominated international organization regarding governance and other domestic political matters.

Admittedly, even with significant oil revenues, the development of most African states is far from assured mainly because

they have thus far been unable to find effective mechanisms to manage their revenues. In fact, much like the other resource-rich states on the continent – with the notable exception of Botswana – oil states have been unable to avoid the “resource curse.” Oil wealth has helped to produce peculiar problems in countries like Nigeria and Angola – Africa’s top oil producing countries that have become internationally infamous for high levels of corruption and low levels of human development. Governments in these countries tend to focus almost exclusively on the wealth-generating oil sector while neglecting other economic sectors like agriculture and manufacturing. Since the oil sector is generally very capital intensive, it plays a minor role in employment creation. Expectedly, therefore, the massive investments in the oil sector and the significant revenues they produce have had little impact in decreasing high unemployment rates. Furthermore, the enclave nature of the oil sector tends to widen already large income disparities because oil revenues do not naturally flow into other economic sectors and can be easily and illicitly captured by governing elites who can then afford to engage in obscene displays of wealth while the rest of country stagnates and the population lives in penury.

Like a malignant cancer, the corruptive practices in institutionally weak countries on the receiving end of vast quantities of oil revenues tend to seriously and permanently corrode society inasmuch as most of its members develop a sense of entitlement to that wealth. Thus, whenever citizens have an opportunity to come into contact with wealth or wealth generating activities, they feel entitled to help themselves – they all want to be rich by appropriating what they consider to be their share of the billions of dollars in oil revenues that flow into the country and never seem to reach beyond a small portion of well-connected individuals. Thus, ultimately, all citizens become

potential thieves with catastrophic consequences for stability – political, social, economic, and legal – as the bases for interpersonal interaction are irremediably broken. Problematically, instead of fostering development, resource-wealth has been an important factor in the political instability, military conflict, social dislocation, and economic degradation that have characterized much of post-colonial Africa.

The US has recognized the connection between corruption and instability in oil-rich African countries and how instability in one country can negatively affect regional security dynamics. Mismanagement of oil revenues and the corruption it feeds can seriously compromise the integrity of already brittle states and cause them to “fall apart” with potentially negative consequences for US energy security. For the US, the strategic calculus is straightforward. These countries’ political stability and economic development is in America’s best interest because it ensures unimpeded flow of oil into the US. Therefore, the US has sought to assist key African countries in finding ways to achieve “good governance” and sustainable development. This is an attempt to remove the economic and political conditions that trigger conflicts which can not only affect the stability of oil supplies into the U.S. but also complicate American security more broadly.

The US can influence events in countries like Nigeria and Angola, for example, partly because they are increasingly dependent on the US as a source of investments and as a key export destination for their oil. In addition, given the external dimensions of their colossal development challenges – large external debts that regularly need to be renegotiated, deficient access to trade financing, problematic access to Western banks and capital markets – the US has sought to use its position of influence within the global political economy, especially in the International Financial Institutions (IFIs), as leverage to affect change in these countries and place them on a path toward political change, i.e.

democratic reform and financial transparency, and broad-based economic development.

Beyond their external dependence, many of the African oil states are internally unstable. For example, both Nigeria and Angola face lingering low-intensity conflict in their oil producing regions (the Niger delta and Cabinda, respectively). Equatorial Guinea and São Tomé & Príncipe recently experienced coup attempts. But with China on the scene, African states can look East for money and weapons.

Conclusion

China's reemergence as an important player in Africa poses important challenges for the US with implications for the nature of international relations in the 21st century. Since the oil shocks of the 1970s and the redefinition of energy security in terms of diversification of suppliers, Africa's importance within the US global energy strategy has steadily grown. Consequently, the US has sought to cultivate strong ties with oil-rich African countries even when, as in the case of Angola during the Cold War, purely ideological rationales would have dictated otherwise. During the post-Cold War period, the US has been able to consolidate its presence in Africa's energy sector mainly through massive infusions of investment capital but also, indirectly, via the international institutions it dominates. The absence of a global competitor in the latter period facilitated this consolidation process. With China on the scene, America's privileged position on the African oil patch is no longer as secure as it once was.

China's aggressive oil diplomacy is yielding important results because the new global energy superpower has much to offer and African countries are highly receptive. From an economic

and financial perspective, China is an attractive partner with the ability to provide various types of assistance on very affordable terms for struggling African states. Politically, it can shield African states from negative international repercussions for what Western countries consider unacceptable behavior. China can also help African countries deal with security issues through weapons transfers. Finally and increasingly importantly, China can counterbalance the cultural onslaught from the West. Bluntly, China is perceived in Africa in more benign terms than the US. Consequently and notwithstanding the well-established American presence in Africa's oil sector, China has already been able to make important inroads and its future prospects seem very bright.

Ultimately, this will force a recalibration of American policy towards Africa, to secure vital energy supplies, and towards China, to stave off its penetration into what the US has traditionally considered its turf. Given China's growing energy thirst and its perceptions that the global competition for oil involves zero-sum outcomes, the likelihood of it backing down is very low. The stage, then, is set for a colossal tug-of-war between the US and China over Africa's oil resources. While the dynamics of this contest of strength will reverberate through the continent and help shape its future position within the international political economy, its outcome will help to reconfigure global power relations.