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Conference Paper 4 and Responses

Perspectives on China-Africa Oil Ties

This paper is part of a collection of papers written for a conference on May 13, 2013 on the relationship among the United States, China and Africa. These draft conference papers are the basis for further research. The rest of the papers can be found here.

Perspectives on China-Africa Oil Ties[1]

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Introduction

As China continues to rise, its demand for oil will grow rapidly. In order to ensure its oil security, China has to acquire oil from the global world because its domestic oil resources are not enough to meet the thirsty appetite of its rapid economic growth. Whatever path toward growth China takes, its huge oil demand will impact the world oil market and influence the existing international oil order and system. As part of its energy strategy, China's enterprises have gone to almost every corner of the world to buy oil or make investments in oil fields where there are opportunities, disregarding the potential for huge risks in some places. Among the activities of China's national oil companies their investments in some African countries are very outstanding, and apparently China's large imports of oil from Africa have also attracted the world's eyes. Thus, China-Africa oil ties based mainly on oil purchases from and oil investments in Africa are increasingly of concern to many policymakers and experts, especially in the United States, Europe, China and African oil-producing countries.

China-Africa oil ties as well as China's other activities in Africa have been rapidly deepening and expanding since 1995. This growing relationship has become the subject of debates and international attention, especially in the press and popular journals. Many have argued that China's involvement in Africa has eroded Western, developed countries interests and influence on the continent. Some criticize China's oil companies, which are viewed as the instrument for implementing China's concerted energy strategy and have been supported by Chinese government, as undermining American and European efforts to maintain a level playing field for foreign investors as well as promote good governance and human rights (Gill, Huang & Morrison, 2007). On the other hand, some experts insist that China's internationally exploitative activities increased the total oil supply and contributed to the mitigation of the intense situation in the world oil market and improve the global energy security (Downs, 2007a; Downs, 2007b). In addition, some people argue that China's engagement with Africa has facilitated Africa's economic growth and increased their abilities (Foster, Butterfield, Chen, & Pushak, 2009).

This paper examines various views on China-Africa oil ties. Section 1 describes some typical facts about China-Africa oil ties and other relative energy relations. Section 2 analyzes the differences between two important views that make some opposite policies suggestions because they may bring about some significant results and will influence relevant parties seriously if they are accepted and implemented. Section 3 explains what we

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can infer from the typical facts and trends. Section 4 makes some analysis of the two views.

Stylized Facts about China-Africa Oil Ties and the World Oil Market

There are some stylized facts that should be attached to China-Africa oil ties and other energy relations.

Oil for transportation is very difficult to substitute for another kind of energy for a variety of reasons, including its high energy density and transportability. The world's transportation system is fueled almost entirely (95 percent) by liquids (Newell & Iler, 2013). The transportation sector accounts for 70 percent of the U.S. oil consumption and is fueled almost entirely by petroleum (93 percent) (EIA, 2012). More and more oil is used in the transportation sector in China (40 percent) as the number of passenger cars and commercial trucks increase rapidly; however, the other 60 percent of China's oil consumption is used in industry and other sectors (Department of Energy Statistics, 2012)

The world oil market is globally integrated and other energy markets such as natural gas, coal, etc., increasingly interact with and are affected by it, which means that no country can become an "isolated island" immune from the impact of oil markets.

The spatial distribution among the reserves, production and consumption of oil across the world is unbalanced. More than 60 percent of the world proved oil reserves is concentrated in Middle East, and about 81 percent was concentrated in OPEC in 2011, while the region's share of world oil production and consumption in 2011 was about 33 percent and 9 percent, respectively (BP, 2012). Africa accounted for 8 percent, 10 percent and 4 percent of world oil reserves, production and consumption in 2011, respectively (BP, 2012). On the contrary, countries like the U.S. and China hold fewer oil reserves than they produce and consume. In 2011 the oil production of China and the U.S. accounted for around 5 percent and 9 percent of total world oil production, respectively—although these two countries possessed less than 1 percent (China) and 2 percent (U.S.) of the world proved oil reserves in 2011 (BP, 2012). The U.S. consumed 20 percent of world oil in 2011, while China consumed about 11 percent (BP, 2012). Both are among the biggest oil producers in the world and the U.S. is the largest consumer of oil, while China is the second. Thus, both countries have a significant influence on the world oil market.

Similarly, the United States is the biggest net oil importer and China is the second. In 2011, U.S. imported crude oil reached about 8.9 million barrels per day, of which about 50 percent came from the Western Hemisphere and 20 percent came from the Middle East (BP, 2012). American oil imports from Africa, mainly from North Africa and West Africa, totaled 2.3 million barrels a day in 2011, which accounted for about 20 percent of the United States' total imported oil (BP, 2012). In the same year, China imported crude oil reached almost 5 million barrels per day, of which almost 50 percent and 20 percent came from Middle East and former Soviet Union, respectively (BP, 2012). In addition, China's imported crude oil from Africa totaled 1.23 million barrels a day, which accounted for about 20 percent of the China's total imported crude oil (BP, 2012).

National oil companies (NOCs) control most of the world's proven oil reserves and dominate the world oil production. Approximately 77 percent of the world's proven oil reserves are under the control of NOCs with no equity participation by international oil companies (IOCs). Western IOCs now control less than 10 percent of the world's oil and gas resource base. What is more, of the top 20 oil producing companies in the world, 14 are NOCs or newly privatized NOCs (Jaffe & Soligo, 2007).

Most oil producing countries in Africa are still open to foreign investment for exploration and production because they lack money, technology, skill and experts in these areas. In contrast, most of other major reserve holders in the world's other regions don't allow foreign oil companies to have access to their oil resources or limit the opportunities and incentives for foreign investors (Downs, 2007). Thus, almost all of the main international oil companies come to the African continent to compete for its oil resources.

China has overtaken the U.S. to become Africa's largest trade partner. In 2012, trade volume between China and Africa totaled nearly $200 billion (Xinhua, 2013). The majority of Africa's exports to China and the U.S. are oil and other primary commodities.

There are some important trends in the world oil market. World oil demand will continue to grow by more than one-third over the period to 2035 with China, India and the Middle East accounting for 60 percent of the increase according to the International Energy Agency's New Policies Scenario (2012). China's oil demand will increase during this period and oil imports will continue to grow, which means that China will overtake the U.S. to become the largest oil export destination. According to the IEA's prediction, China will become the world's largest net importer of oil by 2020, reaching around 13 million barrels a day of net oil consumption by 2035, which means nearly 80 percent of its oil consumption will depend on imported oil. On the contrary, U.S. oil demand may reduce or remain unchanged, so U.S. oil imports will continue to fall to the extent that North America becomes a net oil exporter around 2030 (IEA, 2012). With the continued increase in U.S. oil production (since 2008), by around 2020 the United States is projected to become the largest global oil producer (IEA, 2012). Oil demand is expected to peak just before 2020, and by 2035 will be almost 13 million barrels per day lower, a reduction equal to the current production of Russia and Norway combined, easing the pressure for new discoveries and development (IEA, 2012).

Two Different Views of China's Engagement in Africa

China's deepening engagement with Africa has caused an intense debate among international observers, policymakers and pundits. The core of the debate lies in how to evaluate China's new role in Africa's development and how to respond to China's different ways or models through which China builds consolidated bilateral and multilateral relations with many African countries. There are two opposing views concerning the China-Africa oil ties. The "negative side" opposes and disapproves of China's model. The "positive side" maintains supportive views and appraises China's approach to secure African oil.

The negative side emphasizes that the activities of China's oil companies in Africa threaten Western interests, cause various new problems and intensify the existing perplexing difficulties in African oil-producing countries. Most advocates of the negative side are U.S. policymakers, international observers, experts and some critics in environmental protection and human rights NGOs who view China as a threat to the Western world.

Proponents of the negative side maintain four main arguments. First, China's acquisition of African oil not only threatens Western oil interests, but also erodes their influence on Africa, especially America's hegemony. Some analysts believe that the African continent has now become a vital arena of strategic and geopolitical competition for old and new powers because it is one of the most promising regions of the world for future oil production (Klare & Volman, 2006). China's quest for Africa's oil may undermine American oil interests in the region. Some U.S. governmental reports note that China is following a mercantilist policy, trying to "lock up" oil supplies around the world by seeking close ties with major oil producers, including Angola and Sudan. China's oil diplomacy in Africa is challenging U.S. foreign policy, economic and security concerns (DoD, 2005; USCC, 2004; White House, 2006). Iran Taylor, a China-African expert in University of St. Andrews, argues that China's oil quest in Africa is provoking particular concern in Western capitals and China's particular focus on African oil is potentially problematic. He notes that China's policy is based on the desire to circumvent an overreliance on the global oil market through either actually acquiring major stakes in Africa's oil fields or safeguarding access to them. Because Chinese oil companies are state-owned, China's quest for oil overseas may have less to do with Beijing's energy security than with other long-term considerations. Taylor (2006) even conjectured from the upsurge in Chinese oil diplomacy that the first priority of Chinese strategists is "the long-term goal of being in charge of oil resources at their source to enable them to manipulate future prices." Stéphanie Giry, a senior editor at *Foreign Affairs* magazine, insists that China's efforts don't bode well for Washington because, although China's hunt for African resources is not a direct threat to U.S. energy security, it is, however, a threat to other U.S. interests on the continent. At worst, it will hurt the fight against terrorism and weapons proliferation (Giry, 2004).

Second, the negative side argues that the nature of China's oil expansion in Africa is neo-colonialism. Charges of Chinese neo-colonialism in Africa have been made by some Western journalists and high governmental officials. For example, Jack Straw, former British Foreign Secretary, stated in 2006, "Most of what China has been doing in Africa today is what we did in Africa 150 years ago" (Stevenson, 2006). At the same time, Secretary Clinton has stated, "We don't want to see a new colonialism in Africa" (DoS, 2011). According to the criticism, China's hunt for Africa's oil is not based on fair and moral approaches, but is dependent on exploitation and deepening African dependency on China. Some have depicted China's actions as "unbridled plunder of African raw materials and natural resources driven by narrow commercial interest" (Sautman & Yan, 2006).

Third, the negative side says that the activities of China's oil companies in Africa have undermined Western efforts to promote good governance and improve human rights in Africa, damaged the local environment, and weakened the emergent international regime. China's oil companies operate in some problematic or unstable countries, like Sudan and Angola, in which there have been serious human rights violations and corruption. Some analysts caution that China currently has adopted a discourse in Africa that effectively legitimizes human rights abuses and undemocratic practices under the guise of state sovereignty and "non-interference" (Taylor, 2006). Stéphanie Giry (2004) claims that China's efforts do not bode well for African democracy, which at best complicate African and U.S. efforts to bring good governance and respect human rights to the continent. Other observers have criticized that China's actions, including China's oil purchases and arm sales, have intensified Africa's unstable regional situation. Some analysts have criticized the negative effects of Chinese investment on Africa's local environment and communities, effects which have appeared in some cases of mineral exploitation and timber extraction (Mohan, 2008).

Fourth, the negative side maintains that governmental support for China's oil companies through oil diplomacy, finance, foreign aid and concerted government strategy is unfair to Western oil companies competing for acreage in Africa. Some analysts have pointed out that China has pursued Africa's oil by offering integrated aid packages. For example, in order to get oil deals, China extended large oil-backed loans, helped build infrastructure and trained workers for the Anglo corporation (Campos & Vines, 2008). Similarly, Herman and Ming-Yen (2011) state, "An economic approach focusing on enlarging its commercial interests is the driving factor for China's engagement with petroleum producing states." Some observers believe that China has a comprehensive energy strategy and highly coordinated policies to support the action of China's oil companies in Africa. Also, some have stated that, due to the many Chinese high-level official visits to Africa, China has a grand Africa strategy of acquiring a big share of Africa's oil accounts (Taylor, 2006).

On the other hand, many policymakers and pundits in China and Africa, many energy exporters and some international observers take a different stance: the positive side. In general, the positive side touts the potential for increasing the world oil supply by the activities of China's oil companies in some unstable oil-producing countries in Africa, which at the same time helps promote Africa's development and create economic opportunities for China and oil-producing countries. For example, Peter Brookes (2007) has indicated, "While some are critical of China for seeking exclusive access to oil and gas supplies in Africa, others applaud Beijing's willingness to take risks in markets where some Western energy firms can't—or won't—go for a variety of reasons, arguably adding to world energy supplies, lowering prices, and benefiting consumers." Positive proponents argue four main points.

First, China's oil companies' overseas investments in oil fields are actually increasing the world oil supply, helping stabilize the world oil market, mitigating the upward pressure of oil prices, and improving world oil security—all of which shouldn't be thought of as a threat to American interests. Erica Downs argues that China's oil companies' expansion has positive impacts on world oil markets by pumping oil abroad, especially in oil fields in which other companies are unable or unwilling to invest. She also says that Chinese oil companies are driven primarily by reserves and profits—which is as same as international oil companies—and their activities are not a threat to American energy security (Downs, 2007a). Some specialists have challenged the existence of a “New Scramble” or a U.S.–Chinese race in Africa and the significance of U.S.–Chinese rivalry or, more generally, a commercial race for Africa’s resources. In addition, specialists have emphasized that African countries tend to be in the driving seat today and can independently attract the desired external sources of investment and political support. Chinese loans and investments in particular have opened new policy options to African leaders (Frynas & Paulo, 2007). Undoubtedly, most Chinese officials and scholars admit that China’s oil companies have no competitive advantages over international oil companies in Africa, whether in technology or international operating experiences. They also regard China’s oil companies’ engagement with Africa as good for China and Africa’s oil-producing countries (Information Office of the State Council, 2010).

Second, the positive side says that the expansion of China-Africa oil ties plays an important role in promoting Africa’s economic development. Deborah Brautigam (2009) argues that the quest for oil by the “package” approach that China has learned from Japan is “win-win” for Chinese and African oil-producing countries. China extends very large credits to some oil-producing countries, credits that are tied to Chinese machinery, equipment and construction services with repayment in oil or other resources. This approach provides a new opening for the construction of badly needed infrastructure and is a practical way to address the “natural resource curse” that plagues so many African countries (Brautigam, 2009). A World Bank report also has concluded that “Chinese finance is on a scale large enough to make a material contribution toward meeting Africa’s vast infrastructure needs. As such, it offers an important development opportunity for the region” (Foster et al., 2009). Similarly, Friedman (2009) has found that China is already in the process of transforming Africa and plays an important role in ending Africa’s poverty.

Third, proponents of the positive side argue that charges that China’s acquisition of African oil by “non-interference policy” hurts Western efforts to strengthen democracy, human rights and governance of African countries are unfair and neglect other much more important factors. The behavior of Chinese oil companies is the same as that of international oil companies that have operated in Africa for more than 50 years. What’s more, China’s oil companies are not only latecomers but also relatively small players in Africa. Thus, some specialists have argued that only focusing on China’s oil companies is unfair and that international oil companies should set a good example for others. At the same time, Erica Downs notes that “Many of the concerns expressed by American policymakers and pundits about what China is doing to meet its oil requirements are things that the U.S. itself has done.” (Downs, 2007b, p.55). Furthermore, she remarks, “Narratives about how China’s search for oil is seriously threatening Western interests and influence on the continent overlook the role of other, more powerful factors”(Downs, 2007a, p.63).

Fourth, positive side proponents state that China’s governmental supports for its oil companies are exaggerated and overemphasized. After examining the roles of China’s oil companies and government in its “go global” strategy, many energy specialists have found that China’s oil companies are not arms of its government and that the motivation of the “go global” strategy is driven by profit, making them act like international oil companies. What’s more, China does not have a comprehensive and concerted energy strategy. Also, China’s government agencies—which are understaffed and underfunded,—can’t effectively implement and coordinate national energy policies because those agencies lack adequate legal authority and sufficient information. In fact, China’s oil companies rely on their government for diplomatic support of foreign acquisitions, which is not different than companies around the world (Downs, 2007b).

What can be inferred from the Stylized Facts and Trends?

Before a review of the views above, I should warn that the dichotomous approach is not perfect and cannot accurately reflect everyone’s opinions because I have simplified or dropped some supportive evidence and summarized the main opinions. But one can take these opinions as the starting point for further analysis.

Each of the two sides tries to persuade the public and policymakers to believe what they say is true. But unfortunately it is very difficult to make clear judgments between their personal preferences and motivations. At the same time, to some extent, everyone’s opinions or conclusions are based on some facts, fictions and implicit preconditions, which are necessary to discern very carefully. So which point of view is much closer to the facts? How receptive will the public be to both arguments? Can we reach, at least to some extent, a consensus so that we can give some relative targeted policy recommendations to policymakers?

In order to answer these questions, the next step is to use the stylized facts, which are accepted by majority of the public, policymakers and academia, to link some preconditions and IEA’s predictions, and thereby infer a conclusion.

China, like the U.S., will continue to ensure its oil security by increasing domestic exploration and development as well as securing overseas oil through trade and investment—the important element of its energy strategy.

From this trend, coupled with the facts that oil is expensive to transport and that China is the world’s second largest oil importer, we can infer that China has the right to use overseas oil resources to meet its demand by fair trade and investment. Although, as a result, China’s oil demand may create pressure on the world oil market and lead to increasing oil prices. These results are the cost of China’s entry into the world market; we should prepare for and accept this reality. So the core of solution lies in how the global oil system should be adjusted to respond and adapt with this new situation. Since the oil market is globally integrated, maintaining the stability of global oil market and ensuring the free flow of the world oil are critical common interests for China and the U.S., even if the U.S. becomes the largest oil producer, and North America becomes a net exporter in the future. China can take some measures to reduce, restrain or slow down its oil demand growth rate, such as economizing oil, improving fuel economy standards and increasing alternative energy production. China should also strengthen international cooperation with other major oil-producing and oil-consuming countries to mitigate the negative impact of China's engagement on the world oil market and highlight the positive influence of China's entry on the world oil-producing countries. The world oil system has experienced the impact of new entrants before; for example, French and Italian oil companies, followed by Japanese ones, began to enter into international oil-producing regions after World War II. Also, since World War II some small U.S. domestic oil companies have grown into big oil companies by internationally competing with international oil companies in Libya and other oil-rich regions.

Africa's oil resources have a different importance to China and the U.S. and should play different roles in each country's energy strategy in the future, which means that Africa's oil-producing countries should carefully treat the involvement of China and the U.S.

How did Africa transform into "the hopeful continent" from "the hopeless continent," which it was labeled by the same magazine, *The Economist*, 12 years ago? Ironically, when we talk about "the hopeful continent" to some extent we also implicitly refer to "the most undeveloped continent" and its huge potential for future development. Africa suffered the "lost 10 years" in the 1980s, in which many Western companies felt very pessimistic about the future of Africa and retreated from the continent. However, Chinese enterprises and foreign traders, as newcomers, renewed the hope of Africa by gradually entering into Africa in the 1990s to pursue profits. The deepening division of labor in the world makes China and Africa complementary partners in globally integrated supply chains. Both the Chinese and American governments become to be interested in Africa their interest seemly focused on Africa's oil, but actually Africa's oil resources have apparently different meanings for China and the U.S.

How important are Africa's oil resources to China and the U.S. respectively? U.S. merchandise imports from sub-Saharan Africa during 2011 were $74.2 billion, of which crude oil imports totaled $59.8 billion and accounted for more than 80 percent of total merchandise imports. From 2000 to 2010, petroleum products accounted for roughly 89 percent of U.S. imports from Africa. No less than 40 percent of Nigeria's oil exports head westwards to the United States. In contrast with the U.S., in 2011, about 62 percent of African exports to China consisted of crude oil while Africa-China bilateral trade reached $166 billion. These numbers imply that, the U.S. wants mostly oil from Africa, but China wants more goods than oil. Even the small volume of non-oil goods that Africa exports to the U.S. can be substituted by other regions' similar goods.

Thus, African oil resources will play a less and less important role in U.S. energy strategy. Similarly, bilateral trade between U.S. and Africa will be favor of U.S., reducing the strategic economic value of Africa for U.S. and creating a situation where Africa cannot acquire or win the equal economic position in the future. On the contrary, Africa oil resources will play more and more important roles in China's energy strategy. Bilateral trade between China and Africa will be interdependent, which means that Africa will have more voice and initiatives.

In other words, the economic relations between Africa and China will be more equal.

Since the oil market is globally integrated, the spatial distribution of oil is unbalanced, and China is the second largest oil importer, China is and will be a stable and large oil demander: For oil exporters China is a desired destination. In addition, the world oil market always experiences boom and bust cycles. With the supply excess of demand, China, as the largest net oil importer in the future, will acquire much more market power. Africa, whose strategic value of oil resources is less important than that of Middle East, should keep good relations with China.

There will be more and more oil companies that will be engaged with Africa's oil because African countries are still open to foreign investment. All oil companies will try their best to look for oil if they can make huge profits. Exploration and development can make a lot of money, given high oil prices and growing oil demand. Many oil companies, including China's, will compete against each other for Africa's oil for a long time.

4. Analysis of the two views

These conclusions allow a review of the two views above. The negative side has committed some incorrect conclusions. First, the negative side does not distinguish between the goal of China's government policy and oil companies' behavior, which has led to the false conclusion that China's oil companies are arms of China's government. For China's government, the primary goal of its oil strategy is to ensure a stable, reliable, affordable and adequate oil supply by keeping the free flow of oil and maintain the world oil order. Also, oil security is only part of China's national interests; there are other more important national interests, such as sovereignty and disputed territories. For China's oil companies, the primary goal of "going out" is to make as much profit as possible. Both goals have not always kept pace with each other. For example, when China's oil companies compete against each other on bids for oil in some countries, like Iran, it may bring a negative impact on China's foreign policy.

Second, some of the negative conclusions are inferred from anecdotes, fictions and implicit assumptions, most of which are built on unverified reference points. For example, they often suppose that Western oil companies and countries have good records on improving Africa's human rights, governance and democracy. They do not notice the many cases of bribery among the Western oil companies in Africa. Negative critics have a prejudice against China and have been concerned with China's rise. In their eyes, China is a troublemaker who is always scuttling Western efforts. With their biases, compared with international oil companies that have operated in Africa since 1908, the impacts of some sporadic bad events caused by Chinese oil companies on local communities, the environment and laborers have been exaggerated. Many international oil companies in Nigeria have seriously damaged the local environment (Vidal, 2010; Essential Action and Global Exchange, 1999; Opukri & Ibaba, 2008). What is more, IOCs seldom think about what African people really want and how the local residents evaluate the influence of Chinese oil companies.

Third, the negative side's criticism of China's "non-interference policy" has imposed their criterion of high governance standards on China's foreign policy. Every state has its own priorities of foreign policy that can change as time passes. Is China qualified to require that African oil-producing countries improve their human rights, governance and democracy? If it does, how should it address the unexpected domestic repercussions or negative impacts on domestic political stability? At present, China's decision to make its economic interests a priority of its foreign policy is to some extent reasonable and practical. The U.S. priority for foreign policy in Middle East is to ensure energy security, which makes the goal of improving democracy much less important than keeping good relations with Saudi Arabia. Even in Africa, the U.S. is keeping good relations with some oil-producing countries that have seriously violated human rights in spite of its domestic pressures. Undoubtedly, the priority of U.S. foreign policy toward some countries is to improve human rights, governance and democracy because the U.S. government must suffer domestic criticism and maybe produce negative political results if it cannot do this. China and U.S. do not have fundamental differences in this regard.

Fourth, their criticisms about the Anglo corporation neglect two things. On the one hand, Anglo has independent, full sovereignty and can make its own policy without external interference; otherwise its policy discriminates against some foreign oil companies. On the other hand, the package of loans designated to build infrastructures may be better than a situation in which we don't know how and where the oil revenues will be used.

The positive side also has some deficiencies.

First, although the positive side proponents refute many fallacies of the negative side using detailed facts and data, they neglect much more important facets. Indeed, Western oil companies have behaved badly, such as bribing local officials and polluting the local environment, but this does not mean China's oil companies can shirk their own social responsibilities. It is simple, if someone commits a fault it does not mean you should do the same thing. So, the core of the question lies in how to make reasonable rules to regulate the action of all companies.

Second, the positive side does not take into account the position of Africa's oil-producing countries. Today's friend may become tomorrow's enemy. For example, Iran in 1977 was still America's ally, but soon became its deadly enemy. Before 2011, Libya was considered stable, but soon the regime of Muammar Gaddafi was overthrown. "Non-interference policy" in theory is beyond reproach, but how it can adapt or address political risks to protect China's overseas economic interests, this may need more thinking. "Non-interference policy" should undergo many great shocks from political risks. If we want to reach this goal, there are a lot of jobs to be done, including adjusting China's domestic policy.

Third, the competition among all oil companies for Africa's oil is real. From the perspective of African oil-producing countries, the entrance of China's oil companies into rivalries with other oil companies provides them with more choices. But for China and other countries, how to evade cut-throat competition is a critical problem, which should be carefully dealt with because they may damage the existing world oil order and get all stakeholders into trouble.

In conclusion, the "positive side" is closer to the reality of China-Africa oil ties. Also, it is more easily accepted by African leaders and the public in China. But it is necessary to make some targeted adjustments of China's policy so that it can adapt to a more complicated world. The road to consensus is based on facts and data, not personal preferences, experiences and anecdotes.

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Response Paper 1: A Review of "Perspectives on China-Africa Oil Ties"

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The paper examines the varied views and debates pertaining to China-Africa oil ties. In the introduction, the paper links the rapid growth in China's oil demand to its rapid economic growth. It further noted that, due to scarce domestic oil resources, China has strategized to satisfy its high oil demand from many countries all over the word, including African countries. With respect to Africa, the paper notes explicitly that China-Africa oil relations began to deepen in 1995, which attracted intentional attention and the various debates. From this introduction, the chapter then expanded upon the following sections.

Under the section, "Basic Facts about China-Africa Oil Ties and the World Oil Market," the paper enumerates and describes ten basic facts that should be attached to China-Africa oil ties and other energy relations. Succinctly, these are (1) oil for transportation is very difficult to be substituted by other kind of energy; (2) integration of world oil market; (3) unbalanced spatial distribution among the reserves, production and consumption of oil across the world, (4) America is the biggest net oil importer and China is the second biggest; (5) national oil companies (NOCs) control most of world proven oil reserves and dominate the world oil production; (6) most oil producing countries in Africa are open to foreign investment in exploration and production because they lack money, technology, skill and experts; (7) China has overtaken America to become Africa's largest trade partner; (8) world oil demand will continue to grow by more than one third over the period to 2035 with China, India and the Middle East accounting for 60 percent of demand; (9) America is projected to become the largest global oil producer in 2020; and (10) oil demand would peak just before 2020 and would be almost 13 million barrels per day lower by 2035.

In the section, "Two Different Views of China's Engagement in Africa," the paper gives an exposition on the two opposing views (negative and positive) on China-Africa oil ties. The paper classifies views that oppose or disapprove of China's model as belonging to the "the negative side" and views that usually maintain support and praises for China's approach to secure African oil as "the positive side." In the subsection on "What can We Infer from the Basic Facts and Trends?" the paper makes inferences from the typical facts and trends and ends the paper on the section under "Analysis of the Two Views."

It is very intriguing to read the two perspectives on the topic and the author's analytical position. However, the following observations denote areas for improvement of the paper.

First and important for the contextualization of the paper is the examination of the level of transparency between U.S. and Africa oil deals vis-à-vis China and Africa oil deals. Discussion of this issue will further enhance the analysis on the “negatives” and “positives” of China’s oil ties with Africa.

Second, it is important for the paper to spell out the very drivers that will underpin China’s rise to become the world’s largest importer of oil by 2020 as well as why American oil demand will reduce or remain unchanged per the International Energy Agency’s (2012) prediction. Will the United States drastically diversify its energy consumption sources to include renewable energy, etc.?

Third, it is true that African countries are currently open and welcome to foreign oil companies due to low technical expertise. However, the paper should note that this trend will certainly change as many African countries are working to train citizens to acquire skills in petroleum production as well as to encourage local companies to start working in the oil industry.

Also, the paper noted under the section, “Analysis of the Two Views” that some of the impacts of sporadic bad events on local communities, the environment, etc., in Africa as a result of China’s engagement in the oil and other natural resources exploitation are exaggerated. Without giving examples or getting the African version, this conclusion is incorrect. Indeed, most of the negative aspects of Chinese companies in Africa, especially on the environment, are not exaggerated.

Additionally, it will be important for the paper to touch on measures, which China has come up with to deal with the actual “negatives” that have emerged or are emerging as far as China’s engagement in the oil industry in Africa is concerned. For instance, the paper concludes in the last paragraph under the “Analysis of the Two Views” section that “the positive side is closer to the reality of China-Africa oil ties.” This statement therefore implies that some of the issues under the “negative side” are true, hence, the need for the paper to highlight measures that China has undertaken to address them.

Response Paper 2: A Review of "Perspectives on China-Africa Oil Ties"

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Professor Luo Zhenxing provides a very thorough and comprehensive review of the debate over China-Africa oil ties in the past decade. In his assessment, both the positive applauds and the negative criticisms of China's energy engagement with Africa have neglected some important aspects of China's policies, behaviors and future orientations. The efforts to achieve a balanced and objective evaluation of China's oil ties with Africa deserve serious appreciation and consideration because the trends, strengths and weaknesses we identify today will have a long-term impact over its future.

One interesting theme resonating throughout Professor Luo's paper has been the irrepressible comparison between China's oil engagement with Africa and that of the United States. Given China's foreign policy priority, such a comparison is understandable. However, one inevitable tendency stemming from this comparison is that as long as there are ample cases of similarities, China's policy would be as legitimate and acceptable as that of the United States. For example, professor Luo pointed out that the vast majority of the imports by both China and the United States from Africa consist of energy resources, and western companies, just like the Chinese companies, have engaged in considerable irregularities such as the corruption or bribery in Africa. The implied message lies in that since China's behavior is not that different from others, China should not be singled out or the western criticisms are simply "biased" or "one-sided".

Understandable as this might be, China might want to reconsider this mentality and approach. The policy of the United States toward Africa is certainly not free of controversy or criticisms. Justifying China's policy by making it comparable with the United States' policy might be a good argument on a bilateral level when Beijing is in conversation with Washington, but it is hardly a convincing story to tell to the rest of the international community, African countries and local people. The approach undercuts China's ability to craft new models to help Africa handle the difficult, but intrinsic dilemma between the short-term oil revenue and long-term sustainable development. If the fact is that neither China nor U.S. is playing enough of a role in creating the long-term future for Africa while exploiting the continent's energy resources, finger-pointing each other does not improve anything.

Professor Luo wisely pointed out the differences between the behaviors of the Chinese government and those of the Chinese companies involved in China's oil ties with Africa. This is a tremendously valuable point in that given the proliferation of Chinese foreign policy actors and China's "economy-oriented" foreign policy; commercial actors from China have enjoyed an unprecedented level of autonomy to operate beyond the reach of the traditional supervision and management by the foreign policy apparatus. In fact, the conflict between the narrow economic pursuit of Chinese companies and the bigger national strategic agenda has been criticized as the single most problematic aspect of China's overall Africa strategy.

However, by simply denying that there is any relationship between business actors and Chinese government, Professor Luo unavoidably opened the door for many questions. Although there is a wide acknowledgement that not all Chinese companies and individuals on the ground in Africa represent Beijing's policy, many of them do. This is particularly true for the energy sector in Africa because state-owned enterprises almost monopolize the trade and investment in this field due to the capacity requirements of this industry. It would be extremely difficult to deny the government's strategic thinking behind these companies' endeavors. Most importantly, the "going out" strategy itself was Beijing's own creation to exploit "both foreign and domestic markets and natural resources" to foster domestic economic growth. It is under this strategy that these government owned companies launch steadfastly into Africa with government's financial support.

There is no denying the fact that these companies' energy endeavor in Africa also meets their own commercial interests and their decisions are based on sound and comprehensive business feasibility studies to prove their profitability. However, this does not necessarily indicate that their business decisions are not in line with the government policy or not supported by Beijing. The strategic and economic aspects of their behaviors in many cases overlap.

Furthermore, even if Beijing could claim innocence in front of the irregularities by smaller Chinese companies or individuals, it nevertheless reveals the problems with Beijing's approach: Beijing would be guilty of its inaction to address these specific problems associated with Chinese actors in Africa. There are ample channels for Beijing to manage the proliferation of actors, through immigration controls, legal prosecution or better cooperation with local Africa authorities. But Beijing so far has failed to deliver a satisfactory answer to this concern. One commonly cited excuse is that China does not have enough foreign policy or domestic resources to enhance these measures. Unfortunately, that only reveals the low priority of these issues in China's overall Africa policy.

Other than finger-pointing at other countries, defending China or finding excuses for China's problematic approaches, more efforts should be spent on analyzing the strengths and weaknesses of Chinese oil trade with and investment in Africa and the long-term impact on both. Only by focusing on Africa will China be able to deliver more satisfactory solutions to the problems on the ground. While fair oil trade and investment are legitimate and should be embraced, if China does harbor the aspiration to be the benign, responsible power, the path is long and there remains much more to do.