Chinese Oil Companies in Africa: Very Different or More of the Same?

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Over the past decade, Chinese investment in Africa's oil sector, in tandem with Chinese involvement more generally, has grown from residual levels to a major presence. This presence matters greatly to China which presently finds in Africa 25 percent of its oil import needs. It also holds important consequences for African politics and the continent's relations with the rest of the world. However, the level of inquiry has fallen far short of an accurate reading of this momentous process. Recent discussions of Chinese oil investment in Africa have been alarmist and often factually inaccurate (for rare exceptions see Taylor 2006 and Downs 2007). Press coverage, particularly in the US, concentrates almost exclusively on the human rights and governance implications of China's so-called "lack of a moral agenda", to the detriment of other, equally significant and poorly understood dimensions. In turn, this approach is countered by a revisionist take that sees China's presence in essentially positive terms and does not recognize the potential for negative consequences.

This article is an attempt at providing a succinct interpretation of this process. It does not aim to present an exhaustive, country-by-country account of Chinese oil activities in Africa. Section one briefly discusses China's oil industry and its dual challenge of building world-class business firms and keeping the fast-growing Chinese economy provisioned with energy resources mostly unavailable domestically. This background is essential for understanding the actions of Chinese companies across Africa. Section two provides a summary of the activities of Chinese oil firms in Africa, their business methods, and the challenges and opportunities they face. Section three discusses the likely implications of sustained, large-scale Chinese oil investment in the years to come for Africa, China and its western would-be competitors.

The argument pursued is twofold. Firstly, I explain that the contrast between Chinese and western oil business practice has been much exaggerated. There are important differences between western and Chinese oil companies but these are attenuated on the ground, in some measure due to the character of the African political economies where both sets of investors are bound to operate in. More generally, the West does have a "moral dimension" to its present-day Africa policies, but the oil sector—despite the "oversold and underachieved" (Peel, 2005) campaigns on transparency and corporate social responsibility—has always been and remains absent from it. Secondly, I argue that Chinese oil investment in Africa will indeed contribute to the tragic outcomes for the majority of African citizens that critics point to. However, this will not be due to the establishment of a new, hyper-exploitative and illiberal political economy of oil. Alternatively, the rise of China as an oil power in Africa will contribute towards the aggravation of what is a much older political economy of oil extraction that for decades has exchanged political support and prosperity for local dictators against reliable provision of oil to consumers. In effect, Chinese national oil companies (NOCs) are joining in a form of time-honored, if abysmally non-developmental, partnership long indulged in by African oil states, western importer states, and western international oil companies (IOCs). On account of Chinese technical backwardness and the resilience of western oil companies, it is unlikely that the latter will be crowded out. The most probable overall outcome of the Chinese

'scramble for oil' is the *de facto* (if not rhetorical) erosion of western 'progressive agendas' (Soares de Oliveira, 2007) and the full embrace by all players in the oil game of the *Realpolitik* approach needed for business success in the African oil sector.

China's Oil Industry Today

Mirroring the centrality of oil provision for China's ongoing economic growth, NOCs are at the forefront of the Chinese government's attempts at constructing globally competitive corporate players. This emphasis owes to two factors. The first is the understanding that successful late industrializers have always developed world-class firms, particularly in the 'commanding heights' of the economy (Nolan 2003: 19), and that China cannot secure its position in the world economy without them. The second factor is the overriding strategic importance of oil supplies and the concurrent desire of the Chinese government, at least thus far, not to leave such a crucial task to the vagaries of the market and foreign intermediaries. Chinese 'national champions' in the oil sector are, in this vision, tasked with finding, extracting, transporting, refining and domestically marketing the oil needed to fuel China's growth.

To that effect, Chinese industrial policy has sought to gear up its three main oil firms, CNPC, Sinopec, and CNOOC, all of which established in the early 1980s. CNPC and Sinopec were originally upstream and downstream companies respectively. Following restructuring of the Chinese oil sector in 1998, they became vertically integrated companies, although both remain stronger in their previous activities and more rooted in different regions of China (Ebel 2005). CNOOC remains primarily an upstream company with offshore expertise. By 2001, all three had had subsidiaries successfully floated in the New York and Hong-Kong stock exchanges, with some of the shares (10-30 percent) listed. Despite the subsequent presence of commercially minded minority shareholders, and the Chinese leadership's ambition to turn these firms into global corporate giants that can compete with Western oil majors, they remain very different from private, for-profit firms.

For all the portraits in the Western media of Chinese oil companies as ruthless competitors, the Chinese outlook on these matters is not self-confident at all. Chinese decision-makers are painfully aware of the inferior prowess of their oil firms in the global stage. They possess neither the bountiful reserves of the NOCs of oil-producing states nor the technical expertise, financial weight and business savvy-ness of European and American IOCs. A careful analysis of the challenges faced by China's oil industry concludes that its technological capability is 'relatively backward' (2003: 290). Chinese oil companies are overstaffed and saddled with plenty of non-commercial obligations. While attempting to foster their character as commercial entities, state impingement frequently means that they commit to projects and policies that would not withstand commercial evaluation. The three internationally listed subsidiaries are more agile, broadly appear to follow western corporate governance principles, and are acquiring expertise at great speed. But even they are no match for western companies.

This perceived fragility of Chinese corporate players in the global economy is echoed by the Chinese government's fear of dependency on foreign sources and transit lanes for keeping China's fast growing economy provisioned. A net exporter until 1993, China's appetite for foreign oil grew so fast that, by 2004, it had become the world's second importer of oil. In tandem with this novel engagement with global energy markets, unsuccessful

attempts at substantially increasing domestic production led to the realization that China is now irrevocably tied to energy supplies from abroad.

Reflecting a significant and multifaceted debate on how best to cope with its volatile energy supply situation (see, e.g., Sinton *et al* (2005) and Downs (2004: 21-41), China has engaged in the simultaneous pursuit of a number of policies (this is partly the result of a very fragmented policy process, as there is no central agency responsible for the energy sector). For the purpose of this article, I concentrate on the dimension that is most relevant for China-Africa relations: that of a concerted effort by Chinese NOCs to venture into foreign markets and acquire equity oil. While this was an unstated goal since the mid-1990s (Daojiong, 2006:180; IEA 2000: 10), President Hu Jintao's embrace of a "going out" policy in 2002 accelerated the drive for external involvement (Leverett and Bader 2005: 193). The objective was to increase Chinese control of supplies by subtracting from the international market a meaningful amount of oil. Through its vertically integrated companies, the Chinese government aimed to "control" a significant percentage of its oil needs while shielding the Chinese economy from potential price hikes or supply disruptions. In outline, the main traits of China's "mercantilist" approach to oil supply are: a) distrust of markets, especially in contexts of disruption or conflict; b) belief in ownership of oil resources through NOCs as the best guarantee of access; c) strong investment in affable bilateral relations with oil producers.

This attempt at "locking up" oil assets or, failing that, acquiring oil through fixed long-term contracts as opposed to the spot market contrasts with current western visions of well-functioning energy markets. The implicit role for Chinese NOCs—the subordination of commercial logic to the Chinese government's political imperatives—also contrasts with the maximization of shareholder value that drives western IOCs. Far from opposing this impingement upon their commercial character, Chinese oil companies are the most strident advocates for a global equity oil strategy. They believe such immersion in the tough outside world can only provide them with a much-needed technical and managerial crash course in their grooming as "global players". While struggling for some autonomy from government political meddling, Chinese NOCs also count on state assistance through soft loans and petro-diplomacy to more than compensate for the uncommercial element encompassed by "national interest" policies. In pursuit of this vision, Chinese NOCs have fanned out into Central Asia, Latin America, the Middle East, and Sub-Saharan Africa in a bout of frenzied negotiations and investment.

This means that, in addition to the complex challenge of attempted internationalization in perhaps the most competitive of business sectors, Chinese oil companies are perceived as poachers in previously Western-only turf. Amongst energy specialists, a number of criticisms have emerged: that the foreign equity oil acquired (less than half a percentage point of world oil production) or likely to be acquired by China is not enough to make much difference; that oil is a fungible commodity with prices set by the market; that the Chinese shopping spree fails to meet "financial and commercial criteria acceptable to most IOCs" (Ebel, 2005).

This situation seems in the process of subtle change, for two reasons. The first is that Chinese decision-makers are now keen to assuage international energy markets and other major importer states that they do not aim to undermine the status quo. This is evidenced in the December 2007 White Paper on energy conditions and policies, in which Chinese authorities go out of their way to guarantee that its "worldwide search for oil and gas [..] will be carried out in a spirit of fair play and international cooperation so as not to disrupt sensitive international markets" (Information Office of the State's Council of the People's Republic of

China, 2007). The second is that China is walking the well-threaded ground of energy importers, slowly replacing an over-anxious fear of "dependence" with a more pragmatic understanding of energy markets, which even includes collaboration with the industrial world's International Energy Agency. However, there are caveats to bear in mind here: this movement towards "normalcy" is still tentative and there is no hint that it is irreversible. Furthermore, whatever the future brings, the strategic/mercantilist paradigm has dominated Chinese energy sector decision-making until recently, and is therefore the political backdrop for much of China's policy towards Africa's oil resources over the past five years.

China's Oil Investment in Africa

The arrival and deepening involvement of Chinese NOCs in Africa over the last decade has taken place amidst revolutionary change in the continent's oil sector (Soares de Oliveira, 2007, especially chapters 5 and 6). This is particularly so in the Gulf of Guinea region which in the past decade witnessed a major (and still ongoing) reassessment of the magnitude of its petroleum reserves. The estimate is now of over 50 billion barrels, or just under 5 percent of world proven oil reserves (BP, 2005), roughly 80 percent of which are in Angola and Nigeria alone. Technological breakthroughs in the form of ultra-deep water machinery and expertise have played a crucial role in this process. Interest in onshore oil development has proceeded in tandem, despite political instability. At the forefront of this process are major western IOCs that have dominated oil production in the region since the 1950s such as Exxon-Mobil, Chevron, BP, Royal Dutch/Shell and Total. But scores of other companies of diverse sizes and origins are also taking part in this rush for business deals.

While Chinese oil companies have recently gained important footholds in Gulf of Guinea high-profile producers such as Nigeria, Angola and Equatorial Guinea, their first African stop was Sudan, a disreputable state marginalized by the West since the 1990s. CNPC became the lead investor in the Greater Nile Petroleum Operation Co. From the Chinese point of view, there was no intrinsic sympathy for Sudan's exclusion by the West. China's objective was rather to explore the unique opportunity of putting down roots in Sudan while the country was still in the international blacklist. Sudan's leadership also benefited from this partnership, counting on oil revenues for regime survival and on China to deflect international criticism of the state-supported violence in Darfur. This could not conceivably take place without the resources made available to the Sudanese government by Chinese oil firms, even if at the political level Chinese complicity is matched by that of others such as the Arab League (Large, 2008).

The Sudan case is exemplary of Chinese business methods in the African oil industry in more ways than the mere willingness to get involved in rough spots and neglected regions, even if this is one of its hallmarks—notice, for instance, CNOOC's decision to enter the Niger Delta precisely when the insurgency there was expected to discourage new investors, or its 'braving of hostile terrain' in Somalia (Jobson, 2007). More importantly, the Sudan experience shows China's capacity for providing "packaged deals" that promise aid, credit lines, and investment in infrastructure and other sectors that commercially minded companies would never contemplate, and that western donors are not interested in. In Nigeria, for instance, CNOOC offered a US$2.7 billion development spending commitment on top of the US$2 billion-plus purchase of a 45 percent stake in a Niger Delta oil block. For its part, CNPC's acquisition of four drilling licenses came with its offer to take up a controlling stake in the Kaduna refinery. Its privatization had been decided in the 1990s but investors had never materialized. Moreover, and although these deals were not tied up together, China's

simultaneous offer to invest US$1 billion in Nigeria's crumbling railway system (yet another sure money loser), cemented Nigerian good will.

As shown in the Nigerian case, a key feature of Chinese oil deals in Africa is that they are much more generous than those of other firms. Some analysts argue that this is a sign of inexperience while others contend that this is because China is assuming that commodity prices will remain very high during the lifetime of its oil projects. Whatever the case, Chinese oil companies can only afford to do so because they can access cheap finance through state banks in what critics have called "predatory finance" (Evans and Downs, 2006). As a survey of Chinese foreign acquisitions noted, the fact that Chinese NOCs are linked to the state means that "the cost of capital is close to zero": they do not always need to "make a commercial return or perhaps even repay loans from state banks". In turn, state bank loans are made available either at concessional loans with long maturities or "at no interest at all". Though "clearly nonsense in a world of rational economics", the *Economist* concludes, "the abundant domestic liquidity and [..] foreign exchange reserves" means that "it is [..] a nonsense that can go on for a long time" (*The Economist*, 2005). The upshot from an African perspective is that the Chinese will pay more and they are welcomed on that basis.

This is evident in China's engagement in Angola, which recently surpassed Saudi Arabia as China's number one source of oil import (Ennes Ferreira, 2008). As elsewhere, China's apparent willingness to overpay for assets is coupled with a readiness to leverage oil sector participation with a number of non-oil sector perks. In 2004, Sinopec outbid India's ONGC bid for block 3 and offered a major credit line and a commitment to the reconstruction of Angola's rail system. Sinopec also accept to participate in a joint venture with Sonangol to finance and manage Sonaref, a 200,000 bpd refinery in Lobito. The Lobito refinery had been a pet project of the Angolan leadership but never garnered enough interest from western companies to see the light of day. Sinopec's offer to enable this type of pet project was thus far more momentous than a mere business deal (in the event the Sonaref partnership never saw the light of day for reasons beyond the scope of this article). It is also the tip of the Chinese iceberg in Angola. By opening up three credit lines totaling almost US$6 billion in a mere two years, the Chinese have allowed the Angolan government to both pursue its postwar reconstruction strategy in the absence of a western donors' conference and keep its distance from the IMF's transparency prescriptions.

It is true that Chinese NOCs are, for that time being, technically inferior to their Western competitors. Yet to stress the technical element excessively is to forget that African elites are as politically minded as the Chinese investors, and can do with less-than-stellar oil firms if they are bearers of other rewards. Although still lagging behind western companies in most areas, Chinese NOCs bring to the table the weight of the Chinese state, a willingness to pay for long-term engagements that would not be viable if perceived in the short term, and cheap finance to secure deals. This strategy is strongly underpinned by an activist petro-diplomacy, consisting of numerous visits by Chinese senior officials. While a discussion of China's Africa diplomacy falls outside the ambit of this article, suffice it to say that China has provided oil producers with implicit political support (as in the case of Sudan) or the means to override external criticism (in the case of Angola and of Chad, where recognition of mainland China in August 2006 allowed it access to Chinese aid and added support for its tussle with the World Bank). This largely accounts for the political, as opposed to merely economic, attraction of Chinese oil investment from the viewpoint of African incumbents.

Making sense of China's energy policy in Africa

I will now briefly discuss the likely impact of Chinese oil investment in Africa from the viewpoint of Africans, the western companies and governments often described as rivals of the Chinese, and of China and its NOCs.

The arrival of Chinese companies is welcomed by African elites both economically and politically. This is not necessarily the case with ordinary Africans who do not see any improvement upon the behaviour of traditional (mostly western) oil investors and often resent Chinese employment practices. The same applies to political forces that are excluded from access to power-sharing and oil revenues: they have lost little time in demonstrating their hostility to Chinese oil firms as perceived accomplices of their adversaries. Already in the late 1990s, South Sudanese forces had deemed Chinese oil installations legitimate targets in their struggle against Khartoum. In the Nigeria Delta, MEND, an opaque rebel group with a separatist agenda, blew up car bombs in April 2006 as a warning to Chinese oil companies. More seriously, nine Chinese Sinopec workers were slain in April 2007 during a rebel attack while prospecting in the Ethiopian-held Ogaden region.

These sobering experiences have certainly demonstrated to the Chinese oil companies that they do not exist above local politics and that their elite pacts cannot provide a consistent degree of security for their operating conditions. But there is nothing new to this; western oil companies have been laboring under these conditions for decades. The deep unpopularity of the oil industry in many oil-producing countries in Africa has never weighted decisively against its presence: even in areas such as the Niger Delta or Cabinda, where armed struggle has resulted from local grievances, this has not ultimately led to the ousting of western oil companies. The same applies to Chinese NOCs. For them, the supporters they need to cultivate are still the domestic powerholders who alone control foreigners' legal access to oil resources. The subsequent problems caused by lack of legitimacy and the empirical demise of African states is perceived in security terms and addressed in the usual codes of an enclave extractive industry.

African elites understand that more oil sector investment and a plurality of new investors can only increase revenues and their own negotiational leeway, both in narrowly contractual terms and more broadly by way of the enhanced standing of their states in the international system. Furthermore, the many associated Chinese businesses that come into an economy on the crest of oil investment constitute new business opportunities where African insiders can get involved in as the indispensable local partners. Whether or not Chinese companies are at the cutting edge of environmental and labour practices does not rate highly in the concerns of decision-makers. The massive use of Chinese expatriate workers for the performance of non-skilled tasks in Angola has met substantial popular disapproval but next to no complaints by the political elite. The same applies to the environment: exposed while drilling for oil in the Luango Natural Reserve with unsuitable methods and without a permit, Sinopec could count on the support of the Gabonese government despite the public outcry against the company. Again, Chinese malpractice in such areas appear in continuity with poor western practices which are often well below industry standards elsewhere.

The point needs to be underlined: the most obvious consequence of the massive investment of Chinese oil companies is an increase in revenues for the governments of oil-rich states. Key decisions about how these revenues are spent will be up to Africans decision-makers, including the degree to which resource extraction is sustainable, the degree to which

it is turned into a "source of technology, skill formation and market access" (Goldstein *et al* 2006: 111) and the degree to which its rewards will be broadly shared. Unfortunately, an analysis of political and economic dynamics across oil-producing states in terms of the self-serving, short-termist motivations of elites, the lack of capacity of institutions, and the feebleness of highly dependent economies points to disappointing outcomes that are not markedly different from those of early oil windfalls (Soares de Oliveira 2006 and 2007).

Politically, the effect of China's oil partnerships has been the strengthening of authoritarian, non-developmentalist governments and their avoidance of western pressure on a number of key areas. This is not necessarily China's goal but the political uses of its presence by self-serving incumbents are overwhelmingly negative. The latter perceive China's business-only approach as adding a degree of diversification to a landscape hitherto dominated by (at least theoretically intrusive) western prescriptions. African elites are particularly appreciative of China's understanding of, and assistance to, projects they feel are essential but that westerners tend to dismiss as 'prestige' or "vanity" extravaganzas such as Angola's 'Nova Luanda' or Khartoum's new presidential palace. African elites do not want western companies to go, of course: they know they need the West's essential technical expertise and certainly do not want to replace western donors with a new dependency vis-à-vis China. But they do hope that heightened competition will make westerners more pragmatic and less insistent about conditionalities.

The West will deal with the rise of Chinese oil firms in Africa in a contradictory way. Western media and especially NGOs will mostly give their activities in Africa a bad coverage. The latter are the most evident losers in the process of China's expanding Africa role: in contrast with western firms, which seek to be seen trying to address the criticism of civil society organizations, Chinese government and oil companies often ignore western NGOs. When they seem to partly react to NGOs campaigning (e.g., Darfur) it is because the NGO agenda has been adopted by the media and other mainstream actors.

But "the West" is not a unitary actor trying to force 'transparency' and "good governance" on wayward African oil producers. Beyond rhetoric, official Western reactions will be dependent on a Chinese engagement with international oil markets that is less equivocal and on a presence that does not detract from the business opportunities available to western companies. China-West relations over Africa's oil are therefore dependent on wider political dynamics. If these conditions for mutual adjustment are met, and China starts to behave like a mature energy importer (as most importer states have tended to) governments in the West can only be happy at the Chinese willingness to pump more oil from inhospitable locations. The same applies to western IOCs, which, at least for now, find their Chinese counterparts less threatening than the NOCs of oil-producing countries. Western IOCs will cry foul when state-supported Chinese bids thwart their own agendas but will otherwise pragmatically go into business with the Chinese. Indeed, western oil majors are already strategic investors in the internationally listed subsidiaries of the three Chinese companies and cooperate extensively with them in China and elsewhere, including in Africa.

The overseas activities of Chinese NOCs, their close articulation with state interests, and their skepticism towards the market mechanism as the solution for supply security are nothing new. China's policies are in fact "no different" than those once pursued by "other oil-importing countries concerned about the linkage between national and energy policy" (Ebel, 2005). Furthermore, as noted earlier in the article, there are signs that the Chinese may be

slowly converging with mainstream international practices. Does this mean Chinese oil companies will end up supporting human rights, good governance, transparency, etc, at least to the grudging rhetorical extent that western oil companies have? While rash observers assume that Chinese authorities simply do not care about having a bad reputation, in reality the Chinese government is very image-conscious. There is certainly a nascent debating in some Chinese circles about corporate social responsibility. Some minor convergence may take place in the near future. A measure of PR-driven rhetorical acceptance of the western-dominated discourse on how companies should behave will certainly occur.

But this will not change the key operational features described above, for four reasons. Firstly, Chinese companies simply do not face the scrutiny of activist shareholders or a concerned civil society back home. There is an emerging pluralist debate on this in China, but if progressives in western liberal democracies have not yet succeeded with their companies, why should Chinese critics get much further (or even that far)? Secondly, the fact that China tries to please does not mean it is trying to please a minority of activists in the West. While Chinese oil companies do not want to be the targets of media-driven smear campaigns, the true constituencies they are seeking to charm are firstly, those of elites in the developing countries they are getting involved in, and secondly, those of regulatory bodies in the West that are essential for their international mainstreaming. In other words, Chinese companies may want to go out of their way to be in good terms with the Sudanese government and the US Securities and Exchange Commission, but not necessarily Human Rights Watch.

The third reason is that while they seek to placate some general criticism, Chinese companies will not want to become "stakeholders" in western progressive agendas that, if taken beyond mere window-dressing, could erode the meager comparative advantage they currently possess. Even leaving on the side the more demanding transparency and "good governance" issues, forcing Chinese companies to abandon packaged deals, predatory financing, and overt support for ostracized despots might well be the death of them at the current stage of their corporate development. And finally, to expect major changes in this stance is to misunderstand just how deep some of the Chinese government's assumptions run. Non-interference, mutual respect, the primacy of national sovereignty, etc, are not simply ploys to get ahead commercially, even if they do serve that purpose: they are coterminous with China's prevalent foreign policy values. Converging with something like the Western conditional approach to sovereignty would mark a sea change in Chinese policy that simply does not seem forthcoming in the short run.

It is important to keep China's oil partnerships and their nefarious consequences at the centre of any assessment. This said, one must not overstate the difference between the methods of Western companies and those of the Chinese newcomers. For many decades, the extraction of oil in Africa was structured around a *Realpolitik* relationship between oil-producing states, companies, and western oil-importing states. The latter wanted energy security and did not mind partnering with questionable regimes for that purpose. (Arguably, they still don't; see Soares de Oliveira 2007). It is undeniable that western policies towards Africa over the past decade have greatly improved, notably through the partial mainstreaming of agendas on transparency and the appropriate behavior of corporations, and that there are powerful civil society actors in the West that do not exist in China. However, the apparent rhetorical victory in the West of the progressive agendas obscures the extent to which, on the ground, very little has changed. It also fails to shed light over the fact that many western business actors did not willingly accept these new (and externally generated) expectations upon their behavior: rather, they caved in to international civil society pressure. In this sense,

the Chinese presence and its unproblematic and very competitive embrace of the *Realpolitik* agenda may be just the right excuse for western companies, under pressure to finally deliver on their rethorical commitments, to bring about a return to previous forms of business-only engagement with Africa's oil that seemed on their way out. In a recent interview, for instance, the head of the European Investment Bank decried Chinese business standards in Africa but only as a cue to suggesting that, in order to stay competitive, western companies will have to do likewise (Mallet 2006).

Conclusion

While Chinese oil investment in Africa is a recent affair, the decade-long Sudanese case excepted, an interim assessment is possible.

Firstly, Chinese oil investment in Africa is politically motivated and state-supported, a common enough historical occurrence amongst anxious import-dependent nations. Chinese NOCs often ignore short-term commercial considerations for the sake of the real bottom-line of their majority shareholder, the Chinese state, which is energy security. It remains uncertain whether China will in time converge with the market approach favored by industrial nations or deepen its "strategic" understanding of oil supplies. This will most certainly be a function of broader developments in US-Chinese relations.

Secondly, the character of the operating procedures and investment choices of Chinese oil companies remains inexperienced. They are also technically backward in comparison with their western counterparts and are unlikely to tackle some of the more challenging oil deposits in the deep and ultra-deep waters. But these companies have a steep learning curve and are determined to succeed. Furthermore, African elites are as interested in the political rewards of the Chinese presence as in their investment and are unlikely to disfavour Chinese companies on the basis of inferior technology. Incumbents have skilfully used this Chinese presence to advance political agendas with negative developmental outcomes.

Third, some of the harsh criticism of the activities of Chinese oil companies in Africa is factually correct. Chinese oil companies are willing to partner with and shore up some of Africa's most brutal regimes; show little interest in "good governance", human rights, transparency, or the environment; and provide a discourse that "effectively legitimizes human rights abuses and undemocratic practices" (Taylor 2006: 958). However, most analysts that compare it unfavorably to western practice tend to misunderstand how the political economy of oil in Africa works and has worked for the past 40-odd years. What is presented as an illiberal departure from western procedure and prescription is in fact mostly "business as usual" throughout the region. This should not lead observers to be lenient about the Chinese deportment in Africa's oil sector: the idea that westerners cannot criticise Chinese oil firms in contexts such as Sudan because theirs have a bad history in the region is nonsense. But neither does it call for the singular demonization that is widespread in some circles.

Finally, and tied to the previous point: how should one assess the likely impact of China's oil firms? It seems clear that they are not much of a progressive force in Africa. This does not presuppose a blank judgment about the China "threat" to the continent. Rather, the Chinese impact—as everyone else's—will be sector-specific. There is doubtless benign potential for Chinese investment in Africa. But when it comes to oil, it would be surprising indeed if Chinese NOCs were willing to act in a manner that is qualitatively different from that of western operators or better than their own very low domestic standards. It is also

improbable that their actions will not lead to the tragic governance standards that are the consistent outcome of oil production throughout Africa. Whether one thinks Chinese oil firms will be more of the same, or will actually be worse and the Sudan case seems to show that Chinese companies have until recently not cared for fig-leaf respectability it is difficult to claim that there will be significant benefits for the majority of Africans resulting from Chinese oil investment.

Of course, such negative, non-developmental consequences are not an inexorable outcome of petroleum economies, the activities of oil companies, or the presence of China, even if they all play a significant role. Although there are particular challenges to the proper management of oil monies, it is undeniable that the resources made available by the present oil boom (according to some sources, the greatest inflow of money into Africa in history; see Gary and Karl 2003) present the rulers of African oil-rich states with the opportunity to make consequential choices about the welfare of their citizens that are simply not available to the rulers of Africa's oil-poor countries. The role of African leaderships, and what they do with this opportunity, is therefore vital here. That the wrong choices are often made, and that the masses suffer immesurably from them, show the extent to which those in positions of power play a key role in fashioning the lives, and also the deaths, of their fellow Africans across the continent today.

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