

HOW WILL CHINA PROTECT HER ASSETS IN AFRICA?

Beijing was not a player when the outcome of Berlin Conference empowered most European nations to partition the continent of Africa for political colonization driven by economic expansionism. The partitioning of the African continent also known as the race or scramble was a game that had Britain, France, Spain, Portugal and Belgium as top players. United States was on the sideline, with its interest more on Liberia which was a newly created country where liberated slaves from America were offered settlement in Africa.

China moved into Africa with a minute political intention and economic participation in 1960's, but it was nothing to compare to the big presence of Britain and United States. There was no place for China in pre- 21st Century Africa. Reasons being that with the greatest human population in the world, China was battling with a weak economy, not-too good to support trade expansion in foreign lands. The centrally controlled market and conservative political system of China made it to be a large but locked –up economy with little external interaction.

The “Red Dragons” amazed the world in the last two decades as it came out of the laundry, opening its doors, re-engineered its political and economic philosophy, a transformation that made China to fully utilize her vast human capital to become wealthy. In the past decade, the unprecedented 9% economic growth in China set the economy booming and the people relished in new found wealth with a blossoming change in life style. Suddenly skyscrapers started to emerge in Beijing, luxury cars of all makes took over streets that used to be jam-packed with bicycle riders. Industries began to sprout in almost all the cities, and China became an attraction to the world, a center for mass production of goods and low priced commodities.

The economy of China is growing from strength to strength, in leadership, management, capacity, content and strategies. These changes have remained a big surprise to the western world and analysts who could not catch the trend or the speed at which the transformations in China took place. It's no mincing of words to say that the financial breath of the world is controlled by China. Even the mighty United States of America, the world super power and strongest economy crawls to China for financial aids. While United States still enjoy the recognition as the world's biggest and strongest economy due to the significantly large size of the market and its humongous appetite, China has become the world's richest nation in terms of liquidity.

Amid the looming global economic crisis that battered United States, Britain and other countries, China remained afloat and buoyant. It has become apparent that the world's most populated nation is now the richest nation in the world and an economic super power. With the new wealth and cash at hand, Beijing reinvented herself as a superpower, re-emerged in the world's scene, and competitively challenges or competes with United States and Britain in any part of the world thereby creating a new balance or shift in the global equation.

As China's wealth basket increases, so also is the astronomical increase in her energy demand to sustain the rapid economic growth. China being the second-largest user of oil in the world behind United States of America could not be sustained by her local energy supply. In 2006, China's oil import per day was 3.5 million barrels. A projection by the International Energy Agency states that China's net oil import will skyrocket from 13.1 million barrels per day which it is at present to 13.1 million barrels per day by 2030. To meet up this increasing demand of energy in the country, China has penetrated markets in the Middle East and new ones in Africa.

In putting up a colossal and significant presence in Africa, China has competitively challenged Britain and United States in this continent which they have operated in exclusivity for decades. Gone were the days when oil and gas business in Africa was dominated by Britain and United States. China has become the new bride and her name rings a bell of sweet melody in the ears of leaders of African nations, as the roll en masse to the altar of business, saying "we do" in marriage with China, a trend that baffles the west.

Currently China picks about 9% of the oil export from Africa, while United States gets about 32% of the oil export from the continent. While Nigeria, Angola and Equatorial Guinea supplies almost the United States oil from Africa, China's supply has extended more from Angola, Sudan, Republic of Congo, Equatorial Guinea, Chad, Algerian and Gabon. China is not all about oil in Africa. It has gone into mining as is noticeable in her presence in the Zambia Copper mines. The presence of the Chinese national oil company is felt everywhere in Africa. China has gone into exploration and production partnerships, building refineries, railroads and giving out huge loans to many African nations. African nations are savoring China's low cost of operation, charity, corporate social responsible acts and contributions in accelerating modern development in Africa. However, many are still wary of China's technology and ubiquitous presence.

Investing heavily in a region known for high level of political volatility, many analysts are worried over China's aloof approach in the politics of these nations. Many people have asked the question: "Can investments be protected in an unsecured environment?" While China maintains that it won't get involved in Africa's politics, many observers still considers China's mass investments in Africa as a "Trojan Horse".

For us in Energy & Corporate Africa, we have created this forum to seek intellectual debate or contributions to this question: **"HOW WILL CHINA PROTECT HER ASSETS IN AFRICA?"**

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