

Chinese national oil companies and the economic development of African oil producers

Background and objectives

After decades of being regarded as ‘basket cases’ some African economies are experiencing growth rates that are among the fastest in the world. Much of this growth is based on the export of commodities, like oil, to China and other emerging economies. Driving this engagement are Chinese national oil companies (NOCs). While we hypothesise that the Chinese do things ‘differently’ to other oil investors in Africa we do not know whether the different corporate strategies of the leading Chinese NOCs and the specificities of African political economies they engage with generates unique forms of development, and if so in whose interests? Crucially it is a mistake to see this as one-way traffic with Chinese firms entirely determining the agenda. Our past ESRC-funded research reveals the importance of African agency in shaping the terms of this engagement and with it the potentials for development.

This project is the first to systematically assess whether and how developmental benefits may be accruing for Africa from this form of engagement with China. It has the following research themes:

- China’s energy strategy, global competition & Chinese outward FDI in Africa:** The objectives are to analyse China’s energy strategies towards Africa in the global context of oil supply and demand, and to identify the motivations for Chinese NOCs’ FDI in Africa.
- The distinctiveness of Chinese NOCs in Africa:** Under this theme, we seek to understand how Chinese NOCs operate in Africa, and in doing so, to determine the linkages between the financialisation of NOCs and their risk management.
- African Agency and the developmental impact of Chinese NOCs:** The objectives are to understand the agency of African actors in shaping the terms of Chinese NOCs’ engagement and to understand how political and economic agendas determine the use of oil revenues.
- Leveraging African development:** Our objective is to examine how local linkages are being forged and their socio-economic impacts in Africa and where infrastructure is part of oil deals, to determine how this affects African competitiveness. Hence, we seek to understand the impact of Chinese NOCs’ engagement with Africa and the extent to which the growth they generate – directly, through oil-backed infrastructure, and via state revenue - trickles down to Africa’s poorest.



Methodology

Given the many actors and complexity associated with the research objectives the methodology is interdisciplinary involving economic, political, social and legal perspectives, thus, employing different approaches to data collection and analysis.

We will start by investigating the Chinese NOCs and their relationships to key state and semi-private agencies in China, before undertaking field research in Africa. Important here are the complex 'packages' of aid, trade and investment in Africa through Chinese NOCs, banks and ministries. Chinese NOCs are active across Africa but three countries - Ghana, Angola and Sudan - represent different aspects of their engagement with the continent. These countries are also unique so these contextual differences allow us to examine the role that African agency plays in shaping the nature of and benefits from this new investment in their oil sectors.

Impact

We will produce policy briefs and research notes to inform the stakeholders on the findings and to solicit their feedback. We will communicate our research to the broader society using social media, particularly twitter (<https://twitter.com/ChineseNocs>)

Project team/partners

The backgrounds of the research team members reflect the multidisciplinary nature of the research approach. The Open University is the lead research institution on the project with Professor Giles Mohan as the principal investigator, together with the team from The Centre for Energy, Petroleum and Mineral Law and Policy at University of Dundee. The other research partners are:

- African Centre for Energy Policy, Ghana
- Institute of Industrial Economics, Chinese Academy of Social Sciences, China
- Party School of the Central Committee of CPC, China

Funding and duration

The project will run for a period of 36 months, starting from 1st June 2015. It is funded by the Department for International Development (DFID) and the Economic and Social Research Council (ESRC) under their joint research facility called DFID-ESRC China and Africa research programme. Further details can be found on this link: <http://www.esrc.ac.uk/funding-and-guidance/funding-opportunities/29138/dfid-esrc-china-and-africa-research-programme.aspx>

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