How to Recognise Different Types of Assistance From Quite a Long Way Away: The European Union, China, and African Development

by

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Class of 2011

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<td>ACP</td>
<td>African, Caribbean, and Pacific</td>
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<tr>
<td>AU</td>
<td>African Union</td>
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<tr>
<td>BP</td>
<td>British Petroleum</td>
</tr>
<tr>
<td>BRI</td>
<td>Brazil-Russia-India (emerging nations, minus China)</td>
</tr>
<tr>
<td>BRIC</td>
<td>Brazil-Russia-India-China (emerging nations)</td>
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<tr>
<td>CDB</td>
<td>Chinese Development Bank</td>
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<tr>
<td>CLE</td>
<td>Country Level Evaluation</td>
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<td>CNOOC</td>
<td>China National Offshore Oil Corporation</td>
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<td>CSP</td>
<td>Country Strategy Paper</td>
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<tr>
<td>DAC</td>
<td>Development Assistance Committee</td>
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<tr>
<td>Development, DG</td>
<td>Development and Relations with African, Caribbean and Pacific States, Directorate-General</td>
</tr>
<tr>
<td>DG</td>
<td>Directorate-General</td>
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<tr>
<td>EC</td>
<td>European Commission</td>
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<tr>
<td>ECSC</td>
<td>European Coal and Steel Community</td>
</tr>
<tr>
<td>ECOWAS</td>
<td>Economic Community of West African States</td>
</tr>
<tr>
<td>EDF</td>
<td>European Development Fund</td>
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<tr>
<td>EEAS</td>
<td>European External Action Service</td>
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<tr>
<td>EEC</td>
<td>European Economic Community</td>
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<tr>
<td>EIB</td>
<td>European Investment Bank</td>
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<tr>
<td>EIU</td>
<td>Economist Intelligence Unit</td>
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<tr>
<td>EPA</td>
<td>Economic Partnership Agreement</td>
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<td>EU</td>
<td>European Union</td>
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<td>Eximbank</td>
<td>Export-Import Bank of China</td>
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<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
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<tr>
<td>FNLA</td>
<td>Frente Nacional de Libertação de Angola (National Liberation Front of Angola)</td>
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<tr>
<td>FOCAC</td>
<td>Forum on China-Africa Co-operation</td>
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<td>FTZ</td>
<td>Free Trade Zone</td>
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<td>GATT</td>
<td>General Agreement on Tariffs and Trade</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GSP</td>
<td>Generalised System of Preferences</td>
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<tr>
<td>ICA</td>
<td>Infrastructure Consortium for Africa</td>
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<td>IEPA</td>
<td>Interim Economic Partnership Agreement</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<tr>
<td>LDC</td>
<td>Least-Developed Country</td>
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<td>MDGs</td>
<td>Millennium Development Goals</td>
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<tr>
<td>MEP</td>
<td>Member of the European Parliament</td>
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<td>MPLA</td>
<td>Movimento Popular de Libertação de Angola - Partido do Trabalho (The People's Movement for the Liberation of Angola)</td>
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<tr>
<td>MPP</td>
<td>Micro Project Programmes</td>
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<td>NGO</td>
<td>Non-Governmental Organisation</td>
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<td>NIP</td>
<td>National Indicative Programme</td>
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<tr>
<td>NNPC</td>
<td>Nigerian National Petroleum Corporation</td>
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<td>ODA</td>
<td>Official Development Aid</td>
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<tr>
<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>ODI</td>
<td>Overseas Direct Investment</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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<tr>
<td>ONGC</td>
<td>Oil and Natural Gas Corporation (India)</td>
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<tr>
<td>PRC</td>
<td>People’s Republic of China</td>
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<td>QSP</td>
<td>Quick-Start Project</td>
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<td>RELEX, DG</td>
<td>External Relations, Directorate-General</td>
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<td>SACU</td>
<td>Southern African Customs Union</td>
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<td>SADC</td>
<td>Southern African Development Community</td>
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<td>SAP</td>
<td>Structural Adjustment Programme</td>
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<td>Sinopec</td>
<td>China Petrochemical Corporation</td>
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<td>SSI</td>
<td>Sonangol Sinopec International</td>
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<td>UN</td>
<td>United Nations</td>
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<td>UNITA</td>
<td>União Nacional para a Independência Total de Angola (National Union for Total Independence of Angola)</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>US</td>
<td>United States of America</td>
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<tr>
<td>USAID</td>
<td>US Agency for International Development</td>
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<tr>
<td>USSR</td>
<td>Union of Soviet Socialist Republics; also: Soviet Union</td>
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<tr>
<td>WTO</td>
<td>World Trade Organisation</td>
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Chapter 1:
Introduction

And before you leave the market place, see that no one has gone his way with empty hands.
For the master spirit of the earth shall not sleep peacefully upon the wind till the needs of the least of you are satisfied.
~Kahlil Gibran, The Prophet, ‘On Buying & Selling’

“I'll love you, dear, I'll love you
Till China and Africa meet,
And the river jumps over the mountain
And the salmon sing in the street.”
~W. H. Auden, ‘As I Walked Out One Evening’

One Sunny morning in Brussels during the summer of 2010, I sat down to tea and coffee with a European Commission official in Directorate-General Development. We had agreed to meet and discuss the implications of China in Africa for European Union development assistance policies, but he informed me that unfortunately he wouldn’t be able to tell me much. ‘We’re just kind of in listening mode’, he said. ‘The rise of China is a concern, and the concern is manifold…but we do not really have much contact with them. From what I know, we’re all very curious about what China’s plans are, and how much money they have, and what they can do, but really we are not working with them’. Various reasons exist, he said, to explain this lack of contact, but chief among them are apparent gaps in Chinese transparency and a less-than-enthusiastic Chinese approach to multilateralism. In explaining how co-operation programmes between Europe and China are difficult to come by, he finally stopped and said, ‘One cannot say that China has a development policy for Africa. Maybe they have a development policy for China’, but any plans for Africa are rather ad hoc, lacking
formalised, detailed plans.¹

Within the past ten years, China has dramatically increased its economic presence in Africa, beginning especially with the Forum on China-Africa Co-operation in 2000. Its economic co-operation with Africa has drawn increasing notice from the West, from World Bank economist Dambisa Moyo’s chapter ‘The Chinese Are Our Friends’ in her 2009 book Dead Aid: Why Aid is Not Working and How There is a Better Way for Africa to European Commission reports on how China in Africa will affect EU leverage.² Newspaper articles on the topic carry headlines like ‘Africa is getting a better deal from Beijing’ to ‘China outwits the EU in Africa’ to ‘The Next Empire’.³

In light of these rising concerns, this thesis asks the overarching question, How are European Union (EU) development assistance policies in oil-rich African states changing in response to China’s increasing presence on the continent? Yet this overarching question actually incorporates two more specific descriptive and evaluative questions that I answer over the course of my investigations. These two more specific questions are: first, Are European Union policies changing? Second, is China impacting such changes? With the help of two case studies on European assistance in Angola and Nigeria, I conclude that changes are generally occurring, though not consistently. For instance, the EU has intensified its promotions of multilateral dialogues and significantly increased its aid allocations in Nigeria but not in Angola. In Angola, the EU has intensified its conditionalities stance and its commitment to infrastructural projects, but

has not done so in Nigeria. However, in both cases, European FDI and trade have dramatically increased since the early 2000s, and consideration for the European oil sector presence has been minimal.

What causal variables were present in these situations? In Angola, Chinese FDI flows have increased while trade with China has skyrocketed. Most of these commitments are concentrated in Angola’s oil sector and are often connected to ‘oil for infrastructure’ exchanges. Angolan tensions with the EU have been increasing since 2000 with the institution of the Cotonou Agreement and discussions over the Economic Partnership Agreements (to be discussed in greater detail in Chapter 2). In Nigeria, China has undoubtedly increased its FDI flows dramatically as well as its exports to Nigerian markets, though imports from Nigeria and general trade levels remain low. China’s oil sector presence has increased only marginally, as investors have instead preferred to target the undercompetitive manufacturing sector, but Chinese infrastructural projects have been on the rise. The geopolitical rise of China and the austerity brought on by the 2007/2008 financial and euro crises have been present globally and therefore also in the Angolan and Nigerian cases.

Overall, I find that China is a relevant stimulus to European policy changes, but only within certain frameworks. Indeed, I find that the greater the ideological or economic competition posed by the Chinese in a given country, the greater the chance that the EU will re-evaluate its sectoral foci and increase its conditionality emphases. Yet political considerations for power and security offer minimal explanatory power for why European development policies change in response to China’s presence in an oil-rich African country. Europe is not attempting to outmanoeuvre China diplomatically through multilateral dialogues, nor is it attempting to maintain firm access to vital energy
resources.

Finally, in the course of my investigations, the inconsistencies between European policy changes in Angola and Nigeria raise a third important and evaluative question. This question is, Why do variations in EU policy changes emerge? I find that policy changes are tempered by the particulars of European relations more generally with any given country. Specifically, Europe is less likely to change its policies in response to China in a country if historical, ideological, and commercial links with that country are strong. Where its influences and linkages are weak, the EU is more likely to demonstrate responsiveness to China’s presence and activities in a country. I turn now to a discussion of my project’s significance and how it can contribute to literature on Europe and China in Africa.

In Section I of this introductory chapter, I discuss the relevance of my project’s main questions and general answers, and in Section II provide the basic theoretical framework with which I will be working throughout this thesis. This framework relies on what I hope to be a comprehensive list of potential causal variables directly influencing estimations of EU development assistance, as elaborated upon in Table 1.1. I also define my key terms I will be using throughout the thesis. Next, in Section III, I explain my methodology and my selection of case studies. Finally, in Section IV, I provide an overview for the rest of the project, before moving on to my general background discussion of Europe and China in Africa in Chapter 2.

I. Significance

Why worry about China in Africa from a European perspective? The EU is
both the largest provider of development assistance on the globe, and represents a ‘softer’ reinvention of old colonial powers, accompanied by new ideals like partnership, benevolence, and responsiveness. The scope and degree of Europe’s assistance commitments around the globe leave it a powerful actor in setting policy norms. The European Union remains deeply invested in its close ties with African nations, and any shifts in their relations with new players may have significant impact upon European leverage. If the EU feels it must compete in assistance-provisions with China and therefore alters its policies, such changes in approach will have resounding consequences for not only oil-rich African nations, but also for development policy worldwide.

The interaction between EU economic and political (realist) interests in Africa, and the rising tide of Chinese economic engagements in Africa could lead toward a variety of outcomes for these developing nations. Cynically, we might observe the continuation of old political-economic struggles acted out through Africa. On the more positive end, we could witness overall phenomenal growth in partnership opportunities for these respective developing nations. The Chinese approach creates significant alternatives for African nations seeking external support while attempting to maintain political and economic sovereignty. Relations may especially change as African leaders gain heightened bargaining positions in lobbying for assistance, potentially benefiting from a general increase in assistance received and the ability to play donors off of each other. New power dynamics in the development realm give rise to the possibility of new

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6 Frynas and Paulo, p. 250.
global development economics discourses, new hierarchies, and the potential for an increased voice and influence for African leaders.

The actual manner of European changes I discover in my investigations of Angola and Nigeria suggests both a European need to compete with China’s approach in oil-rich Africa, and an adherence to altruistic benevolence. The European Union, it seems, does want to prove flexible and responsive. This manifests largely in attempts to learn from China in terms of infrastructural sectoral provisions and a willingness to engage in multilateral dialogues, as evidenced by interviews with European Commission officials. Yet the EU also remains distinctly different from China in its continued promotion of liberal norm-based conditionalities (to be discussed in Section II), especially in countries where China’s influence is particularly strong (qualitatively and quantitatively), such as Angola. Such a continued adherence to conditionalities, in the face of direct ideological competition with a Chinese model that values non-interference and non-conditionality, should also be understood as an indication of the EU’s good intentions. If conditionalities carried undercurrents of intended coercion and imposition, then it is unlikely that the EU would continue to emphasise them even while non-conditional donors gain increasing economic presence in Africa.

Instead, it appears the EU is truly committed to its ideological considerations, and deems them valuable as norms in themselves, to be pursued even if recipient nations turn away. Finally, it is also encouraging to discover that the European Union truly appears to pursue development objectives for development’s sake, and not for increased access to raw materials. Even when China’s presence is heavy in a given country’s oil sector, the EU is not likely to react with any increased focus upon extractive sectors. Indeed, all indicators are that the EU will simply push more for a decreased political-
economic reliance upon oil within the country. Of course, it must be noted that here I separate out oil economic considerations from more general commercial interests in trade and investment flows.

II. Concepts and Variables

In this section, I first provide a brief overview of key definitions and terminology I will rely upon throughout my thesis. Concretely establishing these terms will allow me to ground my project and clarify my aims and considered variables. Next, I explain my choice of particular driving forces and outcome variables. I also provide a series of propositions linking each outcome variable to several driving forces, which I will then proceed to test through my case studies and general discussion of Europe and China in Africa. I explain these propositions by relying upon theory and a discussion of relevant contemporary literature so that I may demonstrate how it is that I expect causal factors to lead to a particular outcome. These hypotheses may of course be supported or refuted by my subsequent analyses, or even complicated by additional information I had not anticipated as relevant.

II. Section A. Key Definitions

The central topic of my thesis project is ‘development assistance’. What does this even mean? What do I mean by ‘European Union’ and ‘China’ as the key actors in this development assistance project? In order to explore my project’s questions and themes, I must first provide a clear understanding of what specific terminology I will be employing.

‘The European Union’ incorporates a combination of EU member states and the
European Commission (EC), essentially the EU’s executive branch. Trade and FDI flows naturally originate with the EU member states (abbreviated in later discussions as simply ‘EU’), while aid provisions stem from both the EU and the EC. This will become more apparent with my in-depth policy analyses in Chapters 3 and 4, my case studies on Angola and Nigeria, respectively. By the People’s Republic of China (PRC, usually abbreviated as ‘China’), I largely refer to state government agencies, though I also refer to private and state-sponsored companies encouraged to enter Africa. In addition to China, I sporadically consider several other emerging nations’ involvement in oil-rich Africa to determine if they operate as a significant consideration for the EU in a given country.

‘Emerging countries’ is a rather amorphous category and is not neatly defined. Yet, in popular culture it frequently refers to those developing nations with large GDP growth in more immediate transition between the loosely-defined categories of ‘developing’ and ‘industrialised’. Rather than include assessments of every emerging country’s possible engagements in Angola, Nigeria, oil-rich Africa, and Africa more generally, I focus upon the group defined by Goldman Sachs in the early 2000s as ‘BRIC’ (Brazil Russia India China). When discussing these nations separately from China, I sometimes refer to them as ‘BRI’ in order to differentiate. However, again, mentions of these nations’ influences are sporadic and informal throughout the text.

For the purposes of this thesis, the terms ‘development assistance’ and ‘assistance approaches’ will refer to the combination of development aid and economic

commitments (also called ‘economic engagements’ throughout the text). Development aid I define according to the Organisation for Economic Co-operation and Development’s (OECD’s) outlines for Official Development Assistance (ODA). The OECD and the Development Assistance Committee (DAC) stipulate that ODA must be financial support provided by an official agency to a developing country on a concessional basis and with the intention of being used to relieve or reduce poverty. Economic commitments refer to a combination of trade and foreign direct investment (FDI). While, of course, trade is a bilateral, reciprocal flow between two sources such as the EU member states and Angola, FDI is a flow from a given home location such as the EU member states toward another location such as Angola. In my analyses I will break down my discussions of trade to examine the differences between import and export flows in order to better understand the details of trade relationship.

I include economic engagements in my discussion of development assistance for a variety of reasons. First, from a European perspective, trade and FDI are becoming increasingly privileged in assistance discussions. Even ministers dealing with the provision of aid remark that, ‘When we look at Asian growth, we can see that they did what they did through business and trade, and not through a [UN] Millennium Development Goals agenda, through the NGOs, or by relying on charity and goodwill. ODA can’t do everything’. Second, as will be discussed in further detail in Chapter 2, Chinese engagements with African and other developing nations focus upon a business-like approach, driven by loans, FDI, and trade.

Certainly the West is keen on discussing Chinese ‘aid’ flows, but estimating such

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flows is difficult, and it is not entirely certain that much aid as defined by OECD and DAC standards exists. Thus, the inclusion of trade and FDI allows me to make greater comparisons across European and Chinese involvements in oil-rich Africa. We must note, however, the difficulties in drawing direct parallels between each of these engagements. The categories do not translate perfectly between Europe and China. Despite the fact that trade and FDI still assume the same definitions, loans and aid operate in a murky dance. Many Chinese loans are very concessional, indeed much more so than many commercial Western loans, and sometimes operate essentially as grants. Nonetheless, they do not constitute aid, but neither are they typical private-sector investments like FDI and trade. This discussion is merely to remind us that a nice convergence of categories does not truly exist.

A key theme of my analyses is the classic European insistence upon ‘conditionalities’. Conditionalities are socio-political stipulations attached to the disbursement of development aid in a given country, and are seen as manifestations of fundamental liberal European ideals and values. Examples of the socio-political aspects the EU emphasises include standards of democracy, human rights, the rule of law, peace, good governance, environmental sustainability, and gender equality. These liberal standards also incorporate the Millennium Development Goals set forth by the UN.

I also refer repeatedly to the Paris Club in my discussion of African states’


relations with Western lenders. The Paris Club is a loose organisation of financial officials from nineteen Western nations, twelve of which are EU member states. The Paris Club is frequently involved in debt negotiations, including debt cancellation, debt rescheduling and restructuring, and debt relief. Appeals to the Paris Club often occur as debtor nations seek macroeconomic and financial stabilisation, and hence seek external assistance in negotiating heavy credit burdens.\textsuperscript{13} With these specific definitions in mind, we may now move on to explore causal and outcome variables and their relationships.

II. Section B. Variables and Pathways

The analysis in this thesis will explore causal pathways based upon which European Union development assistance policies and actions change in oil-rich African states, and whether such changes are attributable to China’s presence on the continent. Consistent with academic literature on EU development assistance, I divide EU policy outcomes into three categories: diplomacy, economic engagements, and aid-specific engagements. Diplomacy reflects changes in EU promotion of forums and multilateral dialogues on African development. This can be specifically observed through both an increase in European participation in multilateral forums on development, and an increased European advocacy of a given oil-rich African nation’s involvement in multilateral forums. EU economic engagements encompass variables related to changes in trade and FDI; focus on extractive sectors; and focus on infrastructure. ODA-specific engagements refer to changes in EU ODA allotments and its conditionalities approach. These, along with nine potential causal variables to be explored, are listed in Table 1.1.

Note that in the chart of variables and the potential causal pathways I put

forward in Table 1.2, I separate out Chinese FDI and Chinese trade, but in my
discussion of these pathways, I largely combine Chinese FDI and trade into a single
category of ‘Chinese economic commitments’ because I propose that each will have the
same function and direction in influencing EU policies. In my case study chapters I
consider these two variables separately and complicate them by delving into the
differences between import and export flows. Not all causal factors will show direct
relation to China, as I recognise that other influences upon EU development policy exist.
It is also highly important for us to recognise that several causal variables may operate in
conjunction, or may even be causal variables for each other. Some may even act as
substitutes for or subsets of another. For instance, it may be possible that EU ODA
allocations and EU FDI and Trade may act separately, as substitutes, or even as
complements.

In addition to these variables, I recognise the continuing background influence of
neoliberal rhetoric and Western development policy trends upon European policy.
These are discussed further in Chapter 2, yet are not explicit variables whose influence I
am seeking to assess. Instead, I may treat them in an ad hoc manner throughout this text.
I similarly recognise the influence of emerging nations’ economic and sectoral
involvements in oil-rich African states, yet treat these also in an ad hoc fashion.
Furthermore, I discuss the general influence of intra-EU politics and bureaucracy in
Chapter 2. I will, however, not treat this factor at all.

Table 1.1: Variables Explored in EU Development Assistance Approaches

<table>
<thead>
<tr>
<th>EU Outcome Variables Explored:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Promotion of Forums and Multilateral Dialogue</td>
</tr>
<tr>
<td>• Trade and FDI (non-ODA European economic commitments) in Oil-Rich African States</td>
</tr>
<tr>
<td>• Focus on Oil Sectors</td>
</tr>
<tr>
<td>• Focus on Infrastructural Sectors</td>
</tr>
<tr>
<td>• ODA in Oil-Rich African States</td>
</tr>
</tbody>
</table>
• Changes in Conditionalities Approach

Causal Variables Explored:
• Chinese FDI
• Chinese trade
• Chinese oil presence
• Chinese infrastructural presence
• African confrontationalism
• China’s geopolitical rise
• 2007/2008 financial and euro crises
• Overall EU ODA
• Overall EU economic commitments

An investigation of these variables through a case study on Africa generally and through the test cases of Angola and Nigeria will help to establish how each of these causal variables influences my outcome variables, and ideally will help to establish the extent to which China in Africa influences European development assistance, if at all. To begin, I put forward a series of hypotheses on the relationships between my causal and outcome variables, dividing my hypotheses according to the relevant outcome (Table 1.2). First, I discuss my diplomatic outcome variable (multilateral forums); second, economic engagements and sectoral emphases; third, aid-specific engagements. Along the way, I explain my choice of causal variables and explain the specifics of observing each. In order to do so, I rely upon multiple causal propositions for each outcome scenario, leaving room for multiple causal factors to act upon a single outcome.

Table 1.2: Propositions

<table>
<thead>
<tr>
<th>EU Promotion of Multilateral Dialogues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased Chinese FDI and loans</td>
</tr>
<tr>
<td>Increased Chinese trade</td>
</tr>
<tr>
<td>Increased African confrontationalism</td>
</tr>
<tr>
<td>Geopolitical rise of China</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EU Economic Engagements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased Chinese FDI and loans</td>
</tr>
<tr>
<td>Increased Chinese trade</td>
</tr>
<tr>
<td>Increased Chinese oil sector presence</td>
</tr>
<tr>
<td>Increased EU economic engagements generally</td>
</tr>
</tbody>
</table>
2007/2008 Crises \[\rightarrow\] Decreased EU FDI and Trade

**EU Focus on Oil Sector**
- Increased Chinese FDI and loans \[\rightarrow\] Increased EU Focus on Oil Sector
- Increased Chinese trade \[\rightarrow\]
- Increased Chinese oil sector presence

**EU Focus on Infrastructural Sector**
- Increased Chinese FDI and loans \[\rightarrow\] Increased EU Focus on Infrastructural Sector
- Increased Chinese trade
- Increased Chinese infrastructural sector presence

**EU ODA Allocations**
- Increased Chinese FDI and loans \[\rightarrow\] Increased EU ODA Allocations
- Increased Chinese trade
- Increased EU ODA levels generally

2007/2008 Crises \[\rightarrow\] Decreased EU ODA Allocations

**EU Conditionalities Approach**
- Increased Chinese FDI and loans \[\rightarrow\] Decreased EU Emphasis on Conditionalities
- Increased Chinese trade
- Increased African confrontationalism

**Diplomacy.** I propose that there are three concrete factors that may influence EU promotion of multilateral forums and dialogue. These are increased Chinese economic engagements (loans, FDI, and trade), increased African confrontationalism, and the geopolitical rise of China more generally. By an increase in European promotions of multilateral forums and dialogue, I am referring to two possible sub-outcomes. These are an increased European creation of and participation in multilateral forums relating to development assistance, and an increased European advocacy of a given oil-rich African nation’s participation or leadership in multilateral forums such as the African Union or regional organisations. I include both sub-outcomes, as each relates to an increased valuation of the role of dialogue, understanding, and potentially co-operation between many parties with vested interest in development. This increased valuation is the key aspect I am trying to estimate in my analyses.
Of course, European multilateral approaches may also be the by-product of variables other than the three I posit. For instance, a growing Western development policy trend toward multilateralism may certainly influence the EU, but I argue that even this variable must have a catalyst, such as the rising importance of China as a new donor and intensified African defiance of European policy. Denis M Tull explains the European shift toward multilateralism both in terms of heightening African dialogues and integration, and in terms of incorporating new development players such as China. In he writes that ‘perhaps the biggest problem Europeans detect in China’s policy towards Africa is its preference for bilateral relations’, which it hopes to counter by increasing ‘effective multilateralism’. Indeed, Uwe Wissenbach writes that trilateral dialogues between Africa, the EU, and China ‘can be regarded as a test case for…strategic partnership[s] and more generally for the EU’s strategy to promote global security and governance through effective multilateralism’.

How might increased Chinese economic commitments in a given oil-rich African state, or indeed on the continent of Africa, lead to an increased EU promotion of multilateralism? Barry Sautman and Yan Hairong argue that in the 1990s, Western leaders largely returned their attention to Africa due to ‘China’s increased presence, which grew by 700 percent during the decade’. If such a thing is true, then it is reasonable to expect that China’s even faster contemporary rate of economic engagements on the continent and in individual countries (to be discussed further in Chapters 2, 3, and 4) will prompt even more attention. Jin Ling writes for the China in

14 Denis M Tull, China in Africa: European Perceptions and Responses to the Chinese Challenge (Berlin: German Institute for International and Security Affairs, 2008), 6.
Africa project that EU ‘concerns over its declining dominance in Africa’ lead directly to increased multilateralism with regards to China. As the EU begins to accept the reality that China is not a fly-by-night investor in Africa, it will shift its attention from ‘criticism and confrontation’ to ‘practical and pragmatic co-operation with China’.17

As for increased EU promotion of multilateralism with regards to African confrontationalism, the theoretical link should be fairly clear. If African nations are unhappy with European policies, surely heightened negotiations must be pursued in order to reach an agreement or compromise. In order for relations to flow, Europe must indeed be the promoter of multilateral dialogue to air and confront all parties’ concerns, if these parties themselves are unwilling to promote such dialogue. The need to address African concerns is particularly heightened in oil-rich African countries, due to European reliance upon the countries’ resources. This tension was immediately evident in one of my interviews with a European Commission Trade official who began to tell me that Angola could leave new and liberalised trade negotiations under the Economic Partnership Agreements (EPAs) if they so chose, and Europe would not care. ‘They never contributed anything, so it is no loss to Europe’, he started. Then, he thought again: ‘Well, Europe actually needs their oil and oil-based products, but…’18

However, I also acknowledge the possibility that African confrontationalism has not actually intensified or increased recently, but instead has only become more apparent with the emergence of China as a potential alternative to engagements with Europe. Tensions may indeed have been simmering for quite some time, but the expression of such tensions may have required China’s presence to heighten African leverage. In fact,

while favourable views of the EU have certainly been slipping in African states in recent years, the decline has been slow, according to Pew Research Center surveys. Yet positive African views of China are consistently higher than those of Europe. In Nigeria, for instance, favourable perspectives of the EU have dropped from seventy-one per cent of respondents in 2007 to sixty-one per cent in 2009, while rising back up to sixty-seven per cent in 2010.\textsuperscript{19} Positive Nigerian perspectives of China, on the other hand, have risen from fifty-nine per cent of respondents in 2006 to a peak of eighty-five per cent in 2009, though this number slipped slightly to seventy-six per cent in 2010.\textsuperscript{20} This trend is maintained in the non-oil rich countries of Kenya and Tanzania, though multi-year data is limited for the several other countries whose citizens were surveyed.\textsuperscript{21} African confrontationalism specifically may be estimated qualitatively by policy documents, press documents, and anecdotal evidence of sympathy or antipathy toward European policies such as conditionalities or trade for development schemes. Examples of increased confrontationalism may be publicly-released documents by a given oil-rich African nation that criticise EU policy, or incidents of stalled negotiations on policy with the EU.

Finally, \textit{China’s importance as a rising superpower} is undeniably reshaping the current global political-economic structure. China is a force to be reckoned with, commanding a large population, large economy, and distinct government policies. Western nations are increasingly paying attention to what China is doing in areas beyond activities in Africa and development. As one External Relations official said to me, ‘With China we have so


\textsuperscript{21} Pew surveys on African opinions of China and the EU reflect sentiments from Ethiopia, Ghana, the Ivory Coast, Kenya, Mali, Nigeria, Senegal, Tanzania, and Uganda. Surveys on opinions of China also include data for South Africa.
many issues, like climate and sustainability and trade, and all of them are important and need to be discussed’.22

Thus, diplomatic shifts in multilateral promotion show many avenues through which they might occur, including global political-economic considerations, country-specific economic considerations, and country-specific political considerations.

**Economic Engagements.** Economic engagements encompass three distinct outcome variables which I will assess separately. The first of these is direct EU economic commitment levels, measuring FDI and trade. These will be measured in absolute dollar and euro amounts, as well as in relative percentages of inflows relative to other FDI and trade partners, such as China. Second, economic engagements refers to the EU’s focus on a country’s oil sector, measured in terms of FDI and trade concentration in this sector, and in terms of aid policy documents’ references to extraction. Finally, I will look at the EU focus on a country’s infrastructure sector, measured in terms of FDI, trade, and aid concentration in this sector. My measurements include both absolute dollar and euro contributions to this sector, as well as relative emphases on infrastructure versus other sectoral foci.

For EU economic commitments, I theorise that increased Chinese economic commitments in a given oil-rich African country will lead to increased EU FDI and trade with that country. I also theorise that an increased Chinese oil sector presence will perform the same function. Finally, I theorise that we could actually witness a decline in EU FDI and trade due to the 2007/2008 crises.

By an increased oil sector presence, both for the Chinese and Europeans (discussed a little later), I refer to an increase in the number of oil bloc shares held by

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Chinese or European companies, as well as to an increase in share size. I also use ‘oil sector presence’ to refer to absolute amounts of USD concentrated in oil via loans, imports, and FDI, as measured over time and relative against other countries’ shares and monetary concentration. We may expect to see an increase in European economic commitments as Chinese economic commitments and the Chinese oil sector presence expand due to simple economic competition and fear of decreased reliable European access to resources. As Jedrzej George and Manuel Paulo attest, China is the latest ‘suitor’ in a competition between banks and governments ‘for access…to lucrative deals…[and] access to oil riches’. Maintaining a stronghold in an economy where serious resource competition is occurring may become a priority for Europe, especially if fears of crowding out occur. Nonetheless, the 2007/2008 financial crisis and subsequent euro crisis have depleted money supplies and economic confidence in Europe, which ought to lead to a fall in outward flows.

For the EU oil sector focus, I propose two causal pathways that will each lead to an increase in EU focus upon this sector. First, I propose that increased Chinese economic commitments will inspire European attentions upon a given oil-rich African state’s oil sector. Second, I suggest that increased Chinese oil-sector commitments will cause an increase in European focus upon the country’s oil sector. The rather direct link between these variables should be fairly apparent, especially given our discussion in the preceding paragraph. This time, an increase in Chinese engagements and oil sector presence leads not simply to increased European economic engagements but to specifically oil-sector-oriented engagements. Again, the explanation here would be an attempt to remain competitive even as Chinese engagements threatened European access.

Finally, in the infrastructural sector, I similarly propose two causal pathways that will each lead to an increase in EU focus upon this sector. First, I theorise that increased Chinese economic commitments will lead to increased European focus upon infrastructure in a given oil-rich African country. Second, I theorise that increased Chinese infrastructural-sector commitments will have a positive impact upon EU focuses on infrastructure. To clarify, by an increase in Chinese infrastructural presence, I mean an increase in the absolute numbers of projects and absolute amount of USD committed to infrastructure in a given country, as measured over time and relative to European firms’ infrastructural commitments. By an increase in European focus upon infrastructure, I similarly mean an increase in the absolute number of projects and USD committed to infrastructure.

As in my argument for increases in European economic commitments, I offer here a model in which increased Chinese FDI and trade will come into competition with European engagements in oil-rich African states, and will lead to increased infrastructural commitments to compensate. I also argue that elevated Chinese and emerging nations’ attentions to an oil-producing African state’s infrastructure will direct European attentions to this nation’s infrastructural sector. Chinese firms are offering pragmatic and straight-forward business-based solutions to many African states’ inadequate infrastructure, emphasising construction projects over even extractive projects (discussed further in Section III). Witnessing this emphasis and also potential market competition could also provide an impetus for EU changes in assistance approaches.

Hence, economic engagement shifts will incorporate shifts in European FDI and trade flows, oil sector focus, and infrastructural sector focus. These shifts are largely related back, in my hypotheses, to Chinese sectoral and general economic commitments,
though larger considerations for financial crises are also present. Certainly other historical forces such as neoliberalism (to be discussed in Chapter 2) will also have lasting impacts on these areas, but this variable is not a prime target for my investigations.

**Aid-Specific Engagements.** By aid-specific engagements, I refer to my last two outcome variables: changes in general EU ODA levels and changes in European approaches to conditionalities. Increases in EU aid allotments to a given oil-rich African state, I propose, will originate with either increases in general economic commitments by Chinese firms and the Chinese government, or with increased European aid allotments generally. However, the 2007/2008 crises will also likely have a depressing effect upon European aid, leading to smaller disbursements and less rhetorical defence of aid, to be evaluated by policy documents and European Commission interviews.

Again, the first of these causal pathways, increased *Chinese economic commitments*, is consistent with a competition model in which Europe feels it must increase its assistance in order to keep pace with China’s presence and economic influence in a given country. Yet nonetheless we must note that increases in *EU ODA allotments* to a particular country may merely reflect a larger trend of growing European member state aid and growing Development Fund support (from whence the European Commission allocates aid) over time. If, for instance, both Angola and Nigeria experience heightened aid commitments and disbursements from the European Union, Commission inclusive, this may have less to do with China or other external variables than with the internal dimension of pushing for increased packages generally. Finally, *the 2007/2008 crises* may prove an impediment toward aid disbursements.

As for changes in Europe’s conditionalities approach, I propose that one or both of two causal forces may lead to decreased EU emphases upon conditionalities. The
first of these forces is increased Chinese economic commitments, and the second is increased African confrontationalism. The *Chinese commitments* story should be familiar by now: as Europe increasingly must compete with China’s non-conditional funding and non-interventionist model, I theorise it must move away from attachment to conditions. Of course, Western criticism abounds, with academics such as Ian Taylor writing disparagingly, ‘China will do business with anyone, regardless of their human rights and/or democratic record’. Nonetheless, Chinese economic engagements have ‘opened new policy options to African leaders…[who] no longer have to rely on the support of either the Western governments or the Bretton Woods institutions alone’. This has put ‘Africans…in the driving seat’, allowing them to make discriminating choices between ‘no-strings-attached’ Chinese assistance and conditional European aid.

Finally, I argue that increased *African confrontationalism* will discourage Europe from its firm stance on conditionalities. If the very states with which the European Union is negotiating make such conversations more difficult, one side or the other must budge, as discussed in the multilateralism section. Current evolutions in policy debates over the recent EPAs (to be discussed further in Chapter 2) hint that such a variable could prove potent. Negotiations over these new preferential trading agreements between the EU and the African Caribbean Pacific states (ACP) grouping have led to heightened ACP protests against what they viewed as ‘increasingly EU-determined

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26 Ibid.
changes to the content of development co-operation. The EPAs are similarly criticised for decreased benefits to the ACP development group, and in 2003 during initial negotiations, two separate bodies of regional African groupings, the Economic and Monetary Union of West Africa (UEMOA) and the Economic Community of West African States (ECOWAS) ‘actually walked out…and demanded an EU aid commitment up-front before re-entering negotiations’. EPA discussions began in 2001 but progress has since stalled, with few signatories. As one Trade minister in the European Commission told me, ‘Directorate-General Trade and the EU still believe the EPAs are good’, she said, ‘but if the Africans don’t like them and don’t co-operate, it looks like we will have to rethink them’. If Europe is facing real constraints in negotiating with African nations over trading agreements, which are now leading to re-thinking of policy, a similar story could play out for conditionalities.

Hence, overall, we find increased Chinese FDI, loans, and trade in a given oil-rich African country as potential causal variables for each outcome I examine. Chinese sectoral presences in oil and infrastructure round out my Chinese-based independent variables. In addition to these, I consider general increases in European assistance (trade, FDI, and aid) levels as potential causal variables for increases in such levels in any given country. Tensions with a given oil-rich African nation serve as a political/diplomatic independent variable, and the only one to overtly reference African

29 Twenty-one ACP countries have signed (fifteen from the Caribbean and six from Africa). Fifteen more African and Pacific countries have ‘initialled’ deals without yet signing. “How many EPAs have been signed?” Traidcraft: Fighting poverty through trade, 2011, http://www.traidcraft.co.uk/get_involved/campaign/stop_epas/faq/epas_how_many_signed.
relations. Finally, the 2007/2008 crises provide my last contemporary causal variable that I will explicitly consider throughout my project.

III. Methods of Inquiry

To track these variables and analyse their manifestations, I examine Africa at the continental level, in Chapter 2, and in two case studies. These case studies, Angola (Chapter 3) and Nigeria (Chapter 4) focus upon two oil-rich African countries. My selection of two countries from within this category stems from a Western academic and media focus upon oil-rich African states as the supposed battleground for Chinese and European dominance.\(^{31}\) Oil-rich states are uniquely important to both parties, as resource access is a rising concern in today’s world. Furthermore, oil-rich African states receive the greatest economic attention from China, which may allow me to better analyse the emergence of this potential causal variable. I hold oil constant for both case studies, as this allows me to focus on other potential variables that might be impacting European approaches to assistance in Africa.

A 2009 US Congressional Research Service reports that the largest recipients of Chinese loans to Africa are all rich in oil or other energy resources. Topping the list are Angola, the Democratic Republic of Congo (DRC), Sudan, Gabon, Mozambique, Equatorial Guinea, Ethiopia, and Nigeria, in order of ‘pledged aid, loans, credit lines, and investments’.\(^{32}\) As will be further discussed in Chapter 2, however, this apparent importance of oil states to China does not lead to a perfect correlation between oil

\(^{31}\) For example, see: Michael Klare and Daniel Volman, “America, China & the Scramble for Africa’s Oil,” Review of African Political Economy, no. 108 (2006).

\(^{32}\) Thomas Lum Leland Hannah Fischer, Julissa Gomez-Granger and Anne, China’s Foreign Aid Activities in Africa, Latin America, and Southeast Asia (Congressional Research Service, February 25, 2009), 5, 12; Tull, “China’s engagement in Africa: scope, significance and consequences,” 465.
production and Chinese financial commitments. For instance, though Libya, Nigeria, and Algeria are all significant oil producers and have high trade and FDI connections to China, nations like South Africa also benefit from high levels of Chinese trade and FDI while producing relatively little oil (Figure 1.3). Nonetheless, it is difficult to isolate a country with large amounts of oil production and low amounts of trade with China, with Gabon and Chad coming closest to representing such a situation.

Figure 1.3: African Oil Production and Trade with China (2009)

<table>
<thead>
<tr>
<th>Country</th>
<th>Amount of Oil (thousands barrels/day)</th>
<th>Amount of Bilateral Trade with China (millions USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>2125.92231</td>
<td>5126.560</td>
</tr>
<tr>
<td>Angola</td>
<td>1948.03811</td>
<td>17045.910</td>
</tr>
<tr>
<td>Cameroon</td>
<td>77.23345</td>
<td>813.730</td>
</tr>
<tr>
<td>Chad</td>
<td>115</td>
<td>219.375</td>
</tr>
<tr>
<td>Congo (B)</td>
<td>274.34017</td>
<td>2105.463</td>
</tr>
<tr>
<td>Congo (DR)</td>
<td>22</td>
<td>1440.594</td>
</tr>
<tr>
<td>Cote d'Ivoire</td>
<td>58.86103</td>
<td>567.623</td>
</tr>
<tr>
<td>Egypt</td>
<td>678.30183</td>
<td>5860.536</td>
</tr>
<tr>
<td>Eq. Guinea</td>
<td>346.01607</td>
<td>1410.959</td>
</tr>
<tr>
<td>Gabon</td>
<td>241.80518</td>
<td>867.570</td>
</tr>
<tr>
<td>Libya</td>
<td>1789.15524</td>
<td>5163.310</td>
</tr>
<tr>
<td>Mauritania</td>
<td>16.50685</td>
<td>1083.301</td>
</tr>
<tr>
<td>Morocco</td>
<td>3.93794</td>
<td>2501.367</td>
</tr>
<tr>
<td>Nigeria</td>
<td>2211.423</td>
<td>6375.805</td>
</tr>
<tr>
<td>South Africa</td>
<td>192.13813</td>
<td>16041.790</td>
</tr>
<tr>
<td>Sudan</td>
<td>486.44157</td>
<td>6364.600</td>
</tr>
<tr>
<td>Tunisia</td>
<td>91.32411</td>
<td>817.908</td>
</tr>
</tbody>
</table>

Nigeria and Angola are both producers of large amounts of oil and both engage in high levels of trade with China, though Angola engages in more relative trade given its lower relative amount of oil. Yet, as we will discover, Chinese involvements in each of these countries are very different. In Angola, China’s engagements clearly target the country’s oil sector through loans, trade, and FDI, with very strong political-economic

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links emerging between the countries. In Nigeria, on the other hand, Chinese
engagements favour the country’s manufacturing sector, and oil sector involvement is
much more minimal than might be expected. Furthermore, Nigeria boasts a strong
history of good relations and maintained connections with Europe, while Angola has
experienced instability and severances in its relations. Thus, despite both countries’
seemingly similar situations, we can see that they represent very divergent initial cases
upon which to test our variables and hypotheses.

Ultimately, by examining the case studies of Angola and Nigeria I hope to be
able to generalise to the rest of oil-rich African states in my examination of European
Union and Chinese aid and trade, using these nations as most typical cases.34 However,
I must acknowledge the necessary limitations posed by analysing only two oil-rich
African nations in this thesis. While conclusions drawn from each case study can suggest
probable general trends in the interaction between EU and Chinese engagements in oil-
rich Africa, they cannot confirm any such trends.

I will also be engaging these case studies not only through a cross-sectional
analysis between the two countries, but also across time. That is, I will examine changes
in European assistance patterns to Africa generally, Angola, and Nigeria in relation to
each other, and over time. The time period in which I am most interested is the
contemporary period, focusing on the 2000s. This focus is largely determined by the
recent increases in Chinese engagements with oil-rich African states, particularly Angola
and Nigeria. However, I will examine data starting in the 1980s and 1990s to better
establish and analyse trends.

In order to examine my case studies, I will rely upon analysis of statistical data on

FDI and trade from Eurostat, the International Monetary Fund, the China Statistical Yearbooks, and the US Energy Information Administration. I will also rely upon European policy documents and interviews I conducted with European Commission officials to analyse aid and any qualitative shifts in European approaches, such as upon conditionalities. Some secondary sources will be used to trace historical evolutions between Europe, China, and Africa, and also to approximate Chinese loans and sectoral engagements in Africa, as such figures are very difficult to find on one’s own. However, rather than searching for absolutely definitive links between my causal and outcome variables, I will attempt to adhere to a plausibility standard, testing the relative believability of my findings in terms of reliability (reproducibility) and validity.

My interviews with Commission officials focused on members of Directorates-General Trade, Development, and External Relations (RELEX). To conduct these interviews, I relied upon a set list of questions in order to maximise comparability between responses, though some variation occurred due to time constraints and the differences in expertise of the interviewees. Questions generally focused on the degree and manner of discussions within the EU (also specified as the European Commission and particular Directorates-General); relative merits and faults of China’s engagements in oil-rich Africa; manner of EU policy changes; manner of Chinese policy changes; manner of changes in African interactions with the EU and China; and the best way forward for development. The broad range of these questions was narrowed where appropriate. The transcripts and notes for each interview provide a qualitative framework to much of my quantitative analysis, and help provide a window into the contemporary and evolving mindset within the EC.
IV. Overview

In Chapter 2, I discuss the general background of Europe and China in Africa, with a special emphasis upon oil-rich Africa. I also give an overview of contemporary shifts in European development assistance policies. My core finding in Chapter 2 is that the European Union shows an extensive history of flexibility in development assistance policies based on a variety of external factors over the years. I also reference internal beliefs from European Commission officials that the implications of China in Africa have only begun to establish themselves. Finally, I posit that China’s main avenue of influence will be through heightening African leverage in development assistance negotiations.

In Chapter 3, I delve into a case study of Angola. Similar to my approach in Chapter 2, I begin with a general historical overview of the country’s tense links with Europe, followed by a general historical overview of burgeoning Chinese engagements in the country. The chapter then investigates very recent European policy evolutions. Importantly, I find that European concerns over China in Angola have spurred renewed emphasis upon conditionalities, as well as consideration for infrastructural projects. Nonetheless, between 2004 and 2010 China had begun to crowd out the EU, alienating Europe diplomatically from Angola.

Chapter 4 is dedicated to a case study of Nigeria. Again, I investigate historical relationships with Europe and find them to be positive with many continuing links over time. This is followed by a brief analysis of China’s engagements in the country, including China’s targeting of Nigeria’s manufacturing sector. The key lesson that Chapter 4 provides is that Nigeria’s diversified economic and political relations, as well as strong and positive historic connections to Europe, lead the EU to overlook China’s
role in the country.

Finally, in Chapter 5, I draw my conclusions. The main points I leave my readers with are, first, the EU does tend to be responsive to direct economic and ideological competition with China, though its responses do not always lead to a convergence in assistance approaches. In fact, in direct contradiction to several of my proposed causal pathways, ideological competition tends to lead to a fortification of diplomatic divisions between Chinese and European approaches. Second, the importance of oil to European relations in oil-rich Africa is surprisingly minimal, regardless of China’s presence. Europe instead tends to stress economic diversification in these countries as the best way forward for development. Third and finally, African leaders are gaining an increased ability to wield their own agency with the introduction of alternative (non-European, non-Western) lending partners. The lessons we may learn about European policy behaviour from a consideration of China’s presence in Africa should be a cause for optimism and hope about the nature of European development assistance and the future of such engagements.
Chapter 2:  
Background and Context of China in Africa and EU Responses

This chapter will act as an introductory case study on contemporary European and Chinese development assistance approaches in African, and particularly oil-rich African, states. I will explain how I observe China’s potential role in changing European policies as playing out, and how European changes may be occurring more generally. The chapters to follow locate the specific situations of Angolan and Nigerian development within this context, beginning with a larger and more general lens and then focusing in on more particular experiences. In Chapter 1, I addressed what makes European Union development assistance so important, as well as the additional importance of considering China’s influence upon contemporary and future European policies. While in Chapter 1 I largely focused upon the theoretical framework for investigating China’s impacts on Europe in Africa, in this chapter I address actual continent-level findings. Thus, I hope to now ground my causal stories in collected evidence on European assistance evolutions in Africa generally.

In Section I, I discuss an overview of European development interests and programmes in Africa, beginning with the creation of the European Economic Community (EEC) with the Treaty of Paris in 1957, and discuss the various stages of assistance evolution over time. Overall, I conclude that Europe has shown a strong history of flexibility and responsiveness to exogenous international events in its development policies. I also discuss the manner in which policies change inside the EU, coming from a dynamic mixture of input from European member states, the European Parliament, the European Commission, and the Commission’s multifarious sub-
departments called Directorates-General. In Section II, I focus on China in Africa, looking at proposed reasons for China’s interest in the continent, along with the forms this interest takes and the manner in which we can compare Chinese with European engagements. In Section III, I discuss the European Union’s general responses so far to China’s role in African economics and development. This section includes analysis of Parliament and Commission reports as well as of interviews I conducted in Summer 2010 with officials from Directorates-General Trade, Development and RELEX, and places them within the context of my proposed causal pathways. I divide my discussion of contemporary evolutions into changes in diplomatic/multilateral, economic, and aid-based approaches. The ultimate goal of my causal pathway analyses in Section III is to attempt to determine what the next (or current) phase of European Union development assistance policies is, or will be, and may be seen as the follow-up to our discussions of historical stages in Section I. Overall, I find that European leaders are actively considering the role of China in Africa with respect to Europe’s influence and activities.

In fact, European Union policies in African states, particularly oil-rich African states, are changing, and as I have shown, these changes will have profound implications. European officials and official policy documents evidence more explicit curiosity and concern over China’s presence in Africa than actual policy change, besides the hoped-for establishment of trilateral dialogues between China, Africa, and the EU. Nonetheless, China may still act as an important variable in the EU policy-changes equation in more discrete ways. In fact, I will argue that China is already having significant impacts on the way the EU is able to conduct development assistance in oil-rich Africa. Though the Union may be unwilling to admit to China as an explicit reason to emphasise, say, trade over aid, infrastructural projects, or its commitment to liberal norm-based
conditionalities, China is changing how African nations are able to negotiate development assistance on their end. And this, I theorise, will be the crucial avenue—more so than through direct economic or political competition—through which European Union shifts will emerge.

I. Europe in Africa: A Brief Historical Overview

What we now know as the European Union has gone through at least six stages in its relations with developing nations since the inception of its predecessor, the European Economic Community, in 1957. Europe has thus shown a strong history of flexibility and change in its development policies since their inception, largely in response to external events. It is thus reasonable for us to assume that continuing evolutions in international politics and economics may result in continuing evolutions in European development policies. In terms of our outcome variables, multilateralism and an infrastructural focus are growing trends of the contemporary period. Until the mid 2000s, trade and FDI levels showed great fluctuation over time, peaking in the early 1980s and mid 1990s, and falling in the early 1990s and early 2000s. Aid commitment levels have grown every six to eight years with the generally growing European Development Funds (EDFs, to be discussed further in Section I.A). Conditionalities have remained part of the fabric of EU development policies since the beginning. With these general historical trends in mind, as well as the six phases described below, we can build off of this background framework when analysing changes in Angola and Nigeria.

The first stage, lasting approximately from the 1950s to the 1960s, marked the beginnings of the EEC and its associated supranational grouping, the European Coal and Steel Community (ECSC), and continued colonial ties, particularly between France
and various African colonies. From the 1960s to the 1970s, the second stage came into play as independence from colonialism changed the political-economic landscape and the EEC began to form development agreements with member states’ former colonies. Third came the end of the Cold War and the spread of neoliberalism, as well as the official creation of the European Union. This period of time, in the 1980s and 1990s, marked a decline in the importance of former colonies’ development to European states. Fourth, from the late 1980s to 2000s, expanding membership increased the European sphere of assistance, while decreasing the urgency of development policies. In 2001, September 11th attacks in the US brought on the fifth stage, with Southern nations receiving renewed attention in the wake of security concerns. Yet soon afterward, in 2007-2008, as a global financial crisis hit the US and spread outward toward Europe and beyond, priorities were re-examined with development slipping from its position as a top concern yet again.

At the time of writing, in early 2011, it is naturally unclear how European attentions to development programmes will continue to evolve, yet several possible factors loom large. Among these are the rise of China in Africa, the rise of China more generally as a global superpower, the rise even more generally of emerging states such as Brazil, Russia, India, and again China, and internal European shifts such as the December 2010 implementation of the Lisbon Treaty. This Treaty allowed for the division of the previous Directorate-General (DG) Development between two new agencies, the European External Action Service (EEAS) and EuropeAid Development and Co-operation. The EEAS will also take on foreign and diplomatic responsibilities previously allocated to DG-RELEX, while the new EuropeAid Development and Co-
operation will also incorporate old DG EuropeAid.\textsuperscript{35} The continued existence of the ‘ACP’ (African-Caribbean-Pacific) development grouping remains tenuous under this new Treaty, as some within old DG-Development have indicated that this grouping is no longer politically viable, nor relevant.\textsuperscript{36}

1950s to 1960s, Phase One: Colonialism and the EEC. In 1957, six primary Western European states (Belgium, France, Germany, Luxemburg, Italy and the Netherlands), already signatories of the 1951 Treaty of Paris establishing the ECSC, signed the Treat of Rome into force, creating an experimental Common Market community. This landmark treaty not only laid the foundations for the future European Community and European Union, but it also initiated the incorporation of development objectives into otherwise strictly single-market European concerns.\textsuperscript{37} Indeed, this treaty marked the creation of the European Development Fund (EDF), through with the EEC offered, and the European Union continues to offer, ODA from voluntary member state contributions. France was the chief instigator of development aim incorporations, due to its own imperial designs to maintain strong connections with its colonies (‘associationism’). Nevertheless, the Fund became a widely used instrument, financially supported by even those countries initially unconvinced by France’s proposal.\textsuperscript{38} Ultimately, then, contemporary European development policies began with the international reality of colonial relations between dominant industrialised nations and subservient protectorates or territories.

\textsuperscript{36} Directorate-General Development official, “Interview #09.”
\textsuperscript{38} Ibid., 33; Charlotte Bretherton and John Vogler, \textit{The European Union as a Global Actor}, second. (London: Routledge, 2006), 115.
1960s to 1970s, Phase Two: Post-Colonial Non-Reciprocity. Yet imperialism post-World War II was short-lived. Independence followed colonisation, and European eagerness to remain tied particularly to African states continued. The US’s waxing influence in these newly-independent countries, helped along by World Bank and Marshall Plan-funded mineral exploration, further encouraged the Community’s pursuit of re-envisioned, friendly relations with its former colonies. New terms such as ‘co-operation’ and ‘partnership’ marked Europe’s new benevolence and egalitarianism.39 This remodelled international image came in response to variety of concerns. First, the Community hoped to counterbalance growing US ‘incursions’ into previously European strongholds. Second, to distinguish a new Europe from its deplored imperial past, and therefore to better position itself in the more contemporary age. Finally, the pragmatic consideration of natural resources weighed in. Europe needed raw materials, and knew that it must curry favour with those now-sovereign entities controlling such resources. The ongoing Cold War only heightened the necessity of remaining close to resource-rich African nations, both to provide an alternative to the spread of Soviet and Chinese communist philosophy and to continue to ensure mineral access.40

Accordingly, in 1963, the first Yaoundé agreement was signed between the ECSC, Madagascar, and an additional seventeen former French and Belgian colonies in Africa, in order to regulate a package of preferential aid and trade relationships.41 Yaoundé further established a forum for its eighteen developing signatories to ‘coordinate and articulate their demands’.42 Growing political power and outspokenness of developing nations in the 1970s, such as in the form of the G77,

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42 Bretherton and Vogler, *The European Union as a Global Actor*, 120.
reinforced Europe’s marked drive away from imperialist policies, with the first Lomé Convention of 1975 deepening the benefits granted Southern partners in development negotiations. One way in which this was accomplished was through the provision of non-reciprocal trade benefits in bilateral negotiations between the Community and a given partner country, now pulled from a new ‘ACP’ grouping, incorporating forty-six states in Africa, the Caribbean, and the Pacific. Non-reciprocal concessions allowed for continued protectionist trade policies in developing states, while the Community would allow relatively free access to its common market.43

1980s to 1990s, Phase Three: Neoliberalism. However, several factors began limiting the scope and degree of Europe’s commitment to concessional development programmes soon afterward. As the Cold War began to thaw in the late 1980s, neoliberalism grew as the dominant Western ideology, helped along by the World Bank, International Monetary Fund, and the US government, sometimes called collectively the ‘Washington Consensus’. Neoliberalism favours a return to ‘free-market’ ideals, promoting trade rather than aid, as well as a reduction in (or, preferably, elimination of) tariffs, subsidies, and other price-distorting policies. Such beliefs in liberalisation in trade matched well the Community’s internal economic policies, but sharply contrasted with their external assistance policies. The Western commitment to neoliberal approaches was strengthened in 1990 with the fall of the Berlin Wall and subsequent dissipation of the USSR, and cemented in the creation of the World Trade Organisation (WTO) in 1995, replacing the previous General Agreement on Tariffs and Trade (GATT).

Interestingly, though careful attentions to developing states now became less strategically necessary, when the ESCS officially morphed into the European Union in

43 I say ‘relatively free’, because agricultural and other ‘sensitive’ products were excluded. See Bretherton and Vogler, 120.
1992 with the implementation of the Maastricht Treaty, developing states were given special explicit mention as a priority concern for the new Union. Charlotte Bretherton and John Vogler attribute this particular incorporation to the EU’s aspirations for recognition as a new global power, acting as a counterweight to the US in a seemingly now ‘uni-polar’ world. Nonetheless, neoliberalism has wielded and continues to wield strong influence, as evidenced by the recent WTO ruling that the EU’s Lomé agreements violated GATT Article 24, which mandates the liberalisation of ‘substantially all trade’ in free-trade areas, as well as non-discrimination and generalisability in preferential trading regulations. In line with this, the EU has since 2000 been negotiating a post-Lomé form of liberalised arrangements called the Economic Partnership Agreements, which abolish non-reciprocal trading privileges between the EU and partner ACP nations, forcing concessions to be bilateral.

1980s to 2000s, Phase Four: Membership Expansion. Roughly coinciding with these developments was the gradual expansion of Community/Union membership. From 1973 to the end of 1995, nine new member states had acceded, to be followed by an additional twelve from Central and Eastern Europe (CEE) in 2004 and 2007. As membership expanded, complications arose in allocating development funding and trade privileges. This occurred in at least two ways. First, new admissions changed the scope of development policies; for instance, the addition of Spain and Portugal in 1986

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45 Twenty per cent of trade is reserved for protection, and most ACP nations have chosen to use this twenty per cent on agricultural and other ‘sensitive’ products. See: Vassiliki N Koutrakou, “New directions in the EU’s Third World policy: from aid to trade under the watchful eye of the WTO,” in *Contemporary issues and debates in EU policy: The European Union and international relations*, ed. Vassiliki N Koutrakou (Manchester: Manchester University Press, 2004), 128; Alexander Keck and Roberta Piermartini, “The Impact of Economic Partnership Agreements in Countries of the Southern African Development Community,” *Journal of African Economies* 17, no. 1 (May 2007): 105-6.
46 These states are: 2007, the UK, Denmark and Ireland; 1981, Greece; 1986, Portugal and Spain; 1995, Austria, Finland and Sweden; 2004, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia; and 2007, Bulgaria and Romania.
necessitated the corresponding addition of former Spanish and Portuguese colonies to the EU’s development projects and its ACP grouping. Yet while some new member states brought with them further colonial considerations, others brought none, and found it difficult to justify financial support for development bureaucracy and programmes to distant countries to which they felt no obligations. In fact, secondly, many of the most recent additions to the European Union, particularly Southern and Mediterranean states as well as the CEE countries, were recipients of Union transition aid up until accession, only to now become donors. Such tensions and complications have altered development assistance debates, as may be imaged, highlighting nationalist arguments that European and state money would be better spent on internal concerns.

2001, Phase Five: Security Concerns. Developing countries emerged into the spotlight again in the wake of the 11 September, 2001 terrorist attacks in the United States. After witnessing the great threat that socioeconomic instability in developing regions could pose to industrialised nations, Europeans began again to prioritise attentions on socio-economic and political improvements elsewhere. Hence, part of the Union’s own post-9/11 prosperity and security strategy has been to ensure that both prosperity and security thrive in the developing world.

2007, Phase Six: Economic Crisis. Yet shortly thereafter, in late 2007, the US’s financial system crashed, followed by a 2008 euro crisis across the Atlantic. This depleted Western money supplies and strengthened nationalist calls for inward-looking economic policies. These crises are unlikely to fully resolve quickly, as already indicated by slow global progress. Their psychological and economic effects are therefore also likely to linger. Yet the presence of this economic downturn does not reflect an absence of other activity on the European or international stages.
Indeed, the larger political-economy remains dynamic, with the growth of the so-called ‘emerging nations’ on the larger world arena and in also development assistance, the continued Western media hype on China’s activities in Africa, and the new implementation of the 2010 Lisbon Treaty. Older factors remain potent as well, such as the EU’s 1960s/1970s attempts to establish its reputation as a fair, responsive and benevolent partner—differentiated from the US’s image as self-interested and greedy. Not all of these continuing dynamics will be explored, however. I will refrain from further examination of the Lisbon Treaty due to its very recent institution, and I leave that discussion open to future analyses.

The overview of these general stages that I provide should suggest the strong role that external variables play in shaping Europe’s evolving development assistance policies. Given this backdrop, it is especially instructive to note the strong parallels that we can identify between past and present variables. For instance, European concerns in the post-colonial 1960s and 1970s period focused upon declining European influence in Africa as US influence grew, as well as a new non-imperial European relationship with Africa, and finally a concern for natural resource access. These themes re-emerge with contemporary Europe’s possible concerns about declining European influence in Africa as Chinese influence grows, rising African confrontationalism, and finally a continued need to access African resources. Parallels also exist between Cold War scenarios and the present-day. First, ideological competition may still be present, focusing now upon Chinese non-conditionality and non-interventionism and European liberal norms. Second, we are witnessing the emergence of an increasingly bipolar world between the West (including Europe) and the emerging world (including China). Thus, we can see that understanding Europe’s development assistance history is relevant to today, as
themes and variables tend to pile up or even repeat over time.

I. Section A. Who Changes EU Policy?

Just as important as understanding why the EU changes is how the EU changes. Indeed, the Union represents quite a complex internal composition, allowing many opportunities for dynamism as well as for bureaucratic aloofness. The Union is composed of various bureaucratic bodies including the European Commission (EC) and European Parliament, as well as their internal bodies, and also of the European member states. Member states must both balance national and supranational concerns, electing and appointing national representatives to the EU and to their own domestic offices.

In this thesis, I will look at a combination of EU policy-movers, but will concentrate most heavily on the European Commission and its various pre-Lisbon Directorates-General divisions. References to specifically European Union development assistance, moreover, will refer to member states’ assistance. I include this section as recognition that changes in EU policy can be just as attributable to churning internal dynamics as to reactions to external events and environments. Nonetheless, I argue that external influences on EU development policy in the areas of multilateralism, economic engagements, and aid engagements act as the main catalysts to change. I will in fact largely ignore internal politics as a causal factor in European policy change, as I posit that an external catalyst must exist in order to active these internal drivers and policy re-thinking. However, even when not explicitly discussed, this rather organic organisation remains our background. In lieu of incorporating European internal workings into my variables, I provide here a brief overview of how the European Union interacts with itself to create and effect policy more generally.
Member states occupy a unique position within the EU, operating both inside and outside of its more formalised structures. Within formal Union structures, the twenty-seven member states provide one minister each to the Council of Ministers, also called the Council of the European Union, and their citizens elect 736 members to the European Parliament. The Council of Ministers together with the Parliament act as the legislative authority in the Union. This state-provided portion of the Union has over the years provided significant (though still limited) checks to the power of the European Commission, the EU’s executive body. The Commission is also dependent upon the member states to appoint one Commissioner each to the body, after which time such ministers are expected to shed any nationalist sentiment. Member states also voluntarily provide the monetary support for each EDF, lasting approximately six years and supplying aid resources for developing nations. EDFs are then distributed by the European Commission to support development programmes outlined in Country Strategy Papers and National Indicative Programmes negotiated with developing nations and regions every five to six years. Thus, member states are the bedrock upon which official bureaucracy rests.

Nonetheless, member states also operate outside of these formal capacities, and even critique the EU from both inside and outside its system. Member states’ elected European Parliament members have in fact ‘routinely admonished the EU’ over disagreements with regard to development aid.47 Member states also demonstrate a more direct willingness to confront EU policies they dislike, frequently but not always resulting in changes. One more successful example is the increased employment of contracted private firms to administer aid due to member states’ anti-bureaucratic

enlargement pressures. In 2005 the UK government created a stir with its Commission for Africa report, which sharply critiqued the EPAs as a neo-mercantilist imposition that precludes any possibility of African nations taking control over their own timeframes, policies and interests. Not only did the European Commission react strongly to the report, but Central African states also quickly read and distributed the document, demonstrating the extra- and intra-EU weight that member states carry.

Member states also parallel Union policy with their own domestic approaches. For instance, in addition to contributing to the EDFs, many member states also operate additional and separate bilateral funding through their own national agencies to specific developing countries. Member states particularly target those developing nations with which historical, colonial ties exist. Outside of EU configurations, member states frequently co-ordinate on policies and initiatives to develop sub-EU policy coherence and consistency, such as a 2004-2006 co-operation between Austria, Finland, Ireland, Luxembourg, and the Netherlands to launch a joint development programme. As may be expected, national priorities frequently align with colonial histories and subsequent ‘sensitivities’.

Within the EU, many further layers of bureaucracy exist. The European Commission is further divided into departments or ministries called Directorates-General. Prior to the 2010 implementation of the Lisbon Treaty, these Directorates-General.

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General included among them Development and Relations with African, Caribbean and Pacific States, called simply ‘Development’; RELEX, for External Relations and delegations; and Trade, designed to co-ordinate Europe’s trade, intellectual property, and investment relations with non-EU actors. The DGs have changed over the years, merging, separating, multiplying and contracting, and frequently require much intercommunication to move forward on European projects. Development assistance would be one example of this, requiring collaboration between DG-Development for aid programme purposes, DG-Trade, and DG-EuropeAid Co-operation Office and DG-RELEX.

Differences in perspective between these DGs invariably occur, as I noticed in my interviews with several personnel members from DGs Trade and Development, as well as RELEX. Trade employees tended to view China’s presence in Africa as more irrelevant to Europe than not (though significant variation occurred even within this sub-group’s responses). Meanwhile, Development employees were much more willing to grant that ‘China is a force to be reckoned with all over the world, including in Africa’ and must be acknowledged as such by important EU officials and policies.\textsuperscript{53} Fears especially presented themselves from the Development angle that the differences between Chinese assistance and EU ODA approaches—particularly in conditionalities—posed a significant threat of hurting socio-political progress in African partner countries. Trade officials could also almost certainly be relied upon to say something to the effect of, trade is the new aid, or, aid is an unsustainable and incomplete form of development assistance. Development officials, as may be expected, generally felt that aid and the projects and conditions connected to it continue to be valuable. Similarly, author

Andrew Mold says that of the project to form one overall development approach for all twenty-seven member states of the European Union, ‘DG-Development…is distinctly cooler…than DG-Trade’.

Hence, we must understand in moving forward that the European Union is a richly complex institution, with plenty of room for both responsiveness and deadlock, constantly evolving in its membership structure and internal task divisions. Certainly, this ‘inner life’, as it were, has policy implications. Yet this section marks the extent to which I treat this causal variable, as I make the basic underlying claim that external factors are more important in European policy-setting than internal factors. High-level politicians are the members of the bureaucracy most attuned to important external considerations, and are simultaneously those most engaged in policy-making. Thus, I theorise that internal discussions, while important, do not significantly impact high-level policy-making, which in turn largely reflects large-scale strategy.

II. China in Africa

Chinese relations with Africa formally began in 1956 with the advent of Sino-Egyptian diplomatic ties, established during the height of the Cold War tensions between the USSR, China, and the US-led West. Since then, trade, FDI, and official estimations of aid between China and Africa have only increased. Figure 2.1 demonstrates the jump in FDI particularly over time with oil-rich African states. Figure 2.2 shows similar growth in bilateral trade levels. Deputy Commerce Minister Wei Jianguo revealed that between 1956 and 2006, forty-nine African countries have benefited from Chinese assistance through over seven hundred infrastructural, agricultural and health-based

54 Mold, “Between a Rock and a Hard Place--Whither EU Development Policy?,” 252.
Premier Zhou Enlai’s ‘path-breaking’ tour of Africa in 1963-4 drew international attention at the time, but has largely been forgotten since. Degrees and forms of relationship have shifted, waxed and waned over time, with most contemporary academics envisioning China’s current role in Africa as a ‘return’ after some dampening of interest in the 1980s and 1990s. China has been a rather ever-present figure, regardless of any past reduction in commitment, yet it is true that the government has made clear its intention to re-commit great attentions to Africa. This re-commitment can be seen in the 2000 start of it ‘re-thinking period’ and the 2006 ‘Year of Africa’, which culminated in the establishment of the Forum on China-Africa Co-operation (FOCAC).

57 Ibid., 49-51.
Figure 2.1: Chinese FDI in Oil-Rich African States\textsuperscript{59}

![Chinese FDI in Oil-Rich African States](image)

Figure 2.2: Chinese Trade with Oil-Rich African States\textsuperscript{60}


\textsuperscript{60} International Monetary Fund, \textit{Department of Trade Statistics}. 

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Western interest in the Chinese presence in Africa has been slowly gaining strength for the past fifteen years or so, beginning really in earnest in 2002 with a massive upward spike in the number of mentions of ‘Africa’ and ‘China’ together in international news sources, according to a quick Factiva scan. Prior to 2002, Western leaders’ and news curiosity about China’s plans for engagement in Africa had already been gaining strength, with policymakers in the 1990s becoming aware ‘of China’s increased presence, which grew by 500 percent during the decade’.\(^{61}\) In 2000, this engagement took a new form as Beijing initiated the FOCAC, formalising China’s intention of establishing its own more systematic negotiations with African nations on economic and development issues.\(^{62}\) China has now overtaken both the EU and the US as the most important trading partner to continental Africa. A flurry of academic works

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\(^{61}\) Sautman and Hairong, “Friends and Interests: China’s Distinctive Links with Africa,” 78.

began responding to the tidal wave of fears and criticism regarding China in Africa, including Deborah Brautigam’s seminal 2009 book, *The Dragon’s Gift: The Real Story of China in Africa*, as well as books and articles by such academics as Daniel Large, Chris Alden, and Ana Cristina Alves. The UK Department for International Development (DfID) and Swedish International Development Agency (SIDA) have paired with the South African Institute for International Affairs (SAIIA) to create the China in Africa Project to monitor and understand the evolving role of Chinese personnel and funds on the continent.

This section will attempt to sketch out the historical and contemporary purposes and forms of Chinese involvement on the African continent. Consensus has so far emerged on most of these issues, though the consequences of China’s presence remain the cause of some continued academic controversy. Jedrzej George Frynas and Manuel Paulo (2006), Denis Tull (2006), and Barry Sautman and Yan Hairong (2009) discuss several motivating factors for China, focusing specifically on economic and political/diplomatic factors. I will introduce these reasons briefly before moving on to discuss the actual ways in which China’s relationship with African countries manifests itself, and the particular manner of economic commitments.

II. Section A. Factors Behind China in Africa

Contemporary academics find at least two large, overarching motivations for China’s involvement in and attentions toward Africa. These include economic interests, such as access to commodity markets and oil; and political considerations such as global reputation and positioning, affirmation of the ‘One China’ principle, and the establishment of a Southern/developing nations’ network to counterbalance the West.
Perhaps the less-often discussed aspect of China’s economic motivations for pursuing relationships with African nations is the desire to secure access to under-utilised foreign markets, yet this aspect remains important. As the sale of consumption goods provides the basis for the Chinese economic growth, finding and fostering new sources of demand is crucial. With relatively few competitors targeting African consumers and ‘large untapped markets’, the continent has seemed fertile ground both in terms of raw economic growth and an ‘opportunity to learn to internationalise’.63

Oil provides the second economic motivation for China’s engagement with Africa. As the Chinese economy grows, its need for fuel to promote this continued upward trajectory has also grown. While China once was a net exporter of oil, it has more recently become a net importer.64 This motivating force can be seen clearly in China’s high levels of activity in energy-rich African countries, concentrating its economic assistance in nations such as Angola, Sudan, Nigeria, and Liberia. Of China’s ten ‘most important’ trading partners in Africa, nine of them are resource-rich.65 When looking at EU bilateral trade with oil-rich African countries, at least seven nations including Angola have experienced a spectacular rush of import and export exchanges since roughly 2000: Algeria, Angola, Egypt, Libya, Morocco, Nigeria, and South Africa. Certainly this suggests that each of these countries represent instances of particular oil and economic competition between China and the EU. This is highly plausible, considering that lesser oil-producing countries like Cameroon, Chad, Cote d’Ivoire, the Democratic Republic of the Congo, Mauritania, and Tunisia have all experienced less fantastic trade growth.

64 Tull, “China’s engagement in Africa: scope, significance and consequences,” 465.
65 Ibid.
Some further suggestion of the strength of Chinese trade and FDI ties with oil production in a given country can be seen in Figures 2.3 and 2.4, though clearly the connection between oil and finances is not immediately obvious, especially when considering across countries and time together. Similarly, it remains that Morocco is one of the smallest producers of oil in Africa, yet persists on our list of miracle-traders discussed above. Some countries demonstrate particular exceptions to a loose oil-and-financial-strength correlation, such as South Africa, Nigeria, Morocco, the Republic of Congo (Brazzaville), and Egypt, though it must be noted that South Africa is in general an outlier among oil-producing African states. Despite its continued classification as a developing country and its continued receipt of ODA through the EU and the EC’s Country Strategy Papers and National Indicative Programmes, South Africa is also considered an industrialised nation. This unique position can help explain why, as Figures 2.3 and 2.4 attest, the country enjoys large inflows of FDI and strong patterns of trade with China despite its relatively low (and non-increasing) oil production. Other countries, such as Angola, Algeria, Libya, and Equatorial Guinea show strong signs of potential connection between oil and Chinese economic partnership. Chapters 3 and 4 explore this trend in greater depth by focusing on case studies of Angola and Nigeria, respectively.

Oil has become a key component of China’s financial assistance deals. Western media has become particularly interested in China’s trend of involving itself in ‘aid’ for oil exchanges, though ‘aid’ is probably the wrong word here, meaning investment in infrastructural and other construction projects by Chinese firms. In these scenarios, Chinese-based companies enter oil markets such as in Nigeria, seeking increased ownership of blocs or oil contracts, and are perhaps preferentially awarded them in
exchange for commitments to build or revitalise a railway, sewage treatment plant, roads, bridges, and perhaps more dubious projects such as palaces or stadiums. While this may look like ‘aid’, what is actually being offered is what Deborah Brautigam refers to as a ‘mixed package’, consisting of loans, credit lines, and business contracts, only some of which will have any degree of concessionality.66

China has also more generally become involved in oil-backed loans; that is, loans offered to a government or firm in exchange for repayment in oil rather than in cash or other assets. These types of loans are usually highly predatory, maturing and accumulating heavy interest quickly, benefiting elites of borrowing countries more than the public, who must bear the costs of such high-risk loans.67 Of course, China is not unique in providing oil-backed assistance. Multinational bank BCCI started the trend in the early 1980s, offering Nigeria a then inconceivable amount of US$2 billion in loans at a time when the country was struggling to find other credit sources, facing discipline from Western agencies.68 Moreover, Western banks and firms are actively engaged in this field as well, offering loans that can outmatch the Chinese and often employ even less concessional conditions, with higher interest rates and shorter maturity. This has particularly been the case in Angola, a country with a tenuous relationship with the European Union and other established Western actors and massive oil reserves.69

Figure 2.3: African Oil Production and Trade with China70

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The second factor, politics and diplomacy, is revealed in the several sub-factors mentioned earlier: global positioning strategies, promotion of the ‘One China’ principle, and formation of a South-South solidarity network. First, the Chinese government seeks

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71 International Monetary Fund, Department of Trade Statistics; National Bureau of Statistics of China, China Statistical Yearbook / Zhongguo tong ji nian jian.
to use its heightened presence in Africa as proof of its global influence and to establish itself as a recognised and respected superpower, particularly as a counterbalance to the US and its way of influencing external political affairs. This includes demonstrating China’s power through its economic weight, particularly in employing its considerable financial resources to form important development assistance ties even with those countries the West has always considered under its protection and authority. Second, China is, at least to some extent, using financial prowess in order to reaffirm the ‘One China’ principle, supporting the People’s Republic of China as the exclusive legitimate Chinese government and therefore isolating the Republic of Taiwan. Only those African nations that proclaim adherence to this One China policy are eligible for Chinese assistance, or even diplomatic relations. Those recognising Taiwan have been cut off from the PRC government. The ploy seems to have worked; of the fifty-three nations in Africa, only three recognise Taiwan.72

Finally, China has also sought to develop a ‘South-South solidarity’ network, both to insulate itself from Western human rights-type demands, and to provide an active counterweight to Western, industrialised nations’ relations with non-Western, ‘developing’ nations.73 The Chinese government’s eagerness to cultivate allies with like-minded ‘peer’ nations to form an international political support system for itself became of particular significance directly following the 1989 Tiananmen incidents and the subsequent Western outcry and conflicted relations with China.74 This network also generally seeks to transcend and subvert Western dominance based largely on common

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73 Frynas and Paulo, “A New Scramble for African Oil? Historical, Political, and Business Perspectives,” 238.
histories and categorisations, as well as to form new mutually beneficial, equal partnership-based principles to govern relations. Non-interference and non-conditionality have become chief among these new principles.\(^75\)

Accordingly, China has offered a business-like approach to African nations, grounded in partnership and providing both a development model to emulate for partner nations and concrete economic improvements through trade and investment. Without adhering to strict ‘conditionalities’ related to abstract notions of governance and liberal equality norms as do the European Union and other Western aid/assistance sources, China is willing to step in and merely provide financial stimulus via market exchanges. In Nigeria, for instance, Chinese companies are partnering with local entrepreneurs in free-trade zones, building up new manufacturing industries and strengthening Nigerian companies’ abilities to compete in the domestic market.\(^76\)

Even when considering oil-backed loans, China’s economic inflows end up targeting non-oil sectors such as vital construction projects more often than extraction. In fact, despite all the hype about China’s focus on oil-rich countries, investment and infrastructure form the bulk of China’s involvement in African countries generally. When looking at types of reported PRC aid from 2002 to 2007, as compiled by the NYU Wagner School and discussed in a 2008 Congressional Research Service article, the category of infrastructure and public works projects receives the largest allotment of five categories, with US$17,865 million out of US$33,137 million total.\(^77\) Natural resources extraction and production comes in second place, with US$9,432 million, commanding

\(^{75}\) Chris Alden and Christopher R. Hughes, “Harmony and Discord in China’s Africa Strategy: Some Implications for Foreign Policy,” \textit{The China Quarterly}, no. 199 (September 2009): 564.


\(^{77}\) These categories are: Natural Resources Extraction/Production, Infrastructure/Public Works, Not Specified/Other, Humanitarian, Military and Technical Assistance.
barely more than half as much funding as construction.\textsuperscript{78} In fact, the OECD reports that, ‘Whilst traditional western donors have shifted their aid emphasis toward so-called “softer” spending seeking to influence policy or disseminate information to populations, China remains heavily focused on “hard” spending especially on infrastructure. This approach reflects China’s own model toward development’.\textsuperscript{79}

The simple fact of Chinese engagement in this crucial and underdeveloped sector has often given its companies a reputation as more predictable and trustworthy than European and Western agencies, including the European Union, especially given the appealing rhetoric of common oppression and goals. Indeed, in many nations, Chinese assistance is sought as a relief from mistrusted Western aid, seen as imposing, greedy, and self-interested.\textsuperscript{80} As one Kenyan official said of preferment for Chinese finances: ‘You never hear the Chinese saying that they will not finish a project because the government has not done enough to tackle corruption. If they are going to build a road, then it will be built’.\textsuperscript{81}

In some sense then, as mentioned, Chinese finances are definitively perceived as an alternative to Western funding. This scenario is seen more strongly and concretely in situations where an investing or trading vacuum exists. Angola’s infrastructural sector, decimated after forty-one years of war, and Nigeria’s manufacturing sector have been two such relatively and historically neglected areas lacking access to outside resources. In Angola, this is due to Western hesitancy to commit funds in light of intense government corruption and mismanagement, and in Nigeria, due to perhaps more simple oversight and the danger of the Niger Delta region. In both cases, the Chinese

\textsuperscript{78} Leland, \textit{China’s Foreign Aid Activities in Africa, Latin America, and Southeast Asia}, 12.

\textsuperscript{79} Davies, \textit{How China is Influencing Africa’s Development}, 32.

\textsuperscript{80} Sautman and Hairong, “Friends and Interests: China’s Distinctive Links with Africa,” 81, 86-87.

\textsuperscript{81} Quoted in Tull, “China’s engagement in Africa: scope, significance and consequences,” 466-467.
have provided credit where little or none is forthcoming from elsewhere, showing willingness to invest in high-risk areas. Of course, in this China has sometimes earned the ire of Western agencies, which had (in Angola, for instance) withheld funding in order to encourage economic and political reform. Hence, a tension exists between considering China as a sort of free market solution to a supply and demand mismatch in development assistance, and considering China an enabler of countries that ought to have been disciplined and only afterward would become worthy of external financing.

**II. Section B. Forms of Relationship**

Several themes in categorical relationships between China and African states can be identified, demonstrating the variety of ways in which China has immersed itself in local economics and sometimes politics. I will divide these forms of relationship into four distinct groups: relationships with fringe states, classic oil states, diversified (non-oil-exclusive) relations with oil-rich states, and relationships with non-oil-rich states. These differences in form show that, contrary to conventional wisdom, China is not merely engaged in a resource-grab. Instead, historical and political nuances exist in its African relations.

Ricardo Soares de Oliveira recounts that China’s outreach toward African nations began with a heavy concentration of attention upon fringe states, particularly after the 1989 Tiananmen crackdown which alienated China from the West (discussed above). Beginning with this period, China established itself as a presence mainly in states such as Zimbabwe, the Democratic Republic of the Congo, and Sudan—areas considered both too dangerous and too politically outcast to attract many other outside investors. However, China’s more recent involvement on the continent has
demonstrated its desire to break free from this historical stereotype. Specifically, recent involvement has witnessed a surge in activity in a variety of other, more ‘mainstream’ African nations in which Western countries, especially European countries, have long held the majority influence. Expansion of trade, investment, and even aid (mainly through debt relief) relationships with states such as Algeria, Angola, Nigeria, and Mauritius have shown that China will become and is already a player with relevance to established countries’ roles there.

In Algeria and Angola, and even Nigeria, for instance, Western oil companies largely originating in Europe have long held a virtual oligopoly on local economics. With China’s growing presence in these countries, it no only establishes itself as a more respectable international player with diversified economic stakes, but also as a larger threat to older players with whom it had not competed quite as directly before. Of course, this situation is slightly more complicated than might appear. In Nigeria, a classic oil state much like Angola or Algeria, the Chinese presence is perhaps more noticeably concentrated in the non-oil sector of manufacturing, particularly in telecommunications and construction, where other external actors are absent.\footnote{Mthembu-Salter, “Chinese Investment in African Free Trade Zones: Lessons from Nigeria’s Experience,” 3; Gregory Mthembu-Salter, “China’s Engagement with the Nigerian Oil Sector,” \textit{SAIIA China in Africa Project}, no. 11 (November 2009).} In fact, in Nigeria, oil does not seem to be the main pull, contradicting Western academic and media evaluations that China is primarily interested in African resource access. Instead, the contemporary threats to long-held European and Western oil contracts in Nigeria are coming from a variety of sources, including local indigenous companies, and companies from emerging states including not only China but also Korea, India, and Brazil.

Further complicating the relationship between interest in raw materials and the
strength of economic ties is China’s peculiar attentions toward non-oil rich countries such as Mauritius. China has since 2002 invested heavily in the island nation, which possesses no oil or other natural energy resources, and which in fact produces primarily textiles for export, in direct competition with Chinese textile goods. In 2004, for instance, the Chinese government sponsored an extensive investment project to strengthen and update Mauritius’s textile and clothing industry through better integration of supply chains and an increased yarn production of 18,000 tons per year. It would be too much to suppose that this constitutes evidence of benevolence in Chinese assistance schemes with African nations, but it suggests that the Chinese are perhaps displaying some genuine interest in developing African economies, even when in direct competition with the Chinese economy and (presumably) national interests.

Hence, we can see that Chinese relations with African nations are complicated, and occupy a variety of intriguing forms not always consistent with Western and European expectations. The examples of Chinese investments in oil-rich Nigeria’s manufacturing sector and in Mauritius’s spinning and textile factories should dispel or problematise some part of the myth that Chinese investments and aid in Africa are exclusively expedient and self-interested, hidden under the guise of a more equal partnership. However, at least in the Mauritius example, it remains true that such seeming generosity has been repaid in the form of Chinese jobs in the local economy, export revenue streams that have found their way back to China, and what Vinaye Ancharaz calls ‘a platform to penetrate the [larger] African market’.

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84 Ibid.
II. Section C. Financial Disbursements: How Similar to Europe’s?

It is important to note the specific manner of Chinese financial links to African nations. First, what constitutes Chinese aid? Western media in particular is fond of saturating stories about Chinese assistance relationships with African nations with the use of the word ‘aid’. Certainly, China frequently couches its financial overtures in terms of developmental philosophies based on mentorship and partnership. Nevertheless, it is not generally easy to classify Chinese economic assistance according to our definition of aid given in Chapter 1 and provided by the OECD and DAC. This definition rests on an understanding of aid as concessional finances with the intention of alleviating poverty, though certain provisions such as debt relief accord with this. Bilateral debt cancellation has certainly formed an important foundation for China’s financial assistance. In the few years preceding 2006, Chinese debt cancellation had amounted to some US$1.27 billion for thirty-one African countries.85 Despite this, most Chinese financial assistance consists of projects proposed as essentially commercial ventures.86 Why, then, is it still important to consider Chinese offerings as comparable to European, and how is it that they might be compared?

First, there are significant similarities between European development trade schemes and Chinese business-like approaches. Both rely (at least partially) on more market-based exchanges, including foreign direct investment. While Chinese exchanges may seem more pragmatic and direct, lacking the sort of rhetoric and conditions accompanying European exchanges, this distinction is not quite accurate. The EU, among its approaches (as discussed in Chapter 1), has developed a ‘trade for development’ scheme with multiple tiers of preferential trading arrangements for

different ACP and developing nations. In conjunction with the WTO-encouraged ‘aid for trade’ idea, this becomes a new sort of regulatory superstructure, with which all ‘normal’ economic activity between private persons in European and partner developing countries automatically accord, becoming part of development assistance whether or not acknowledged and intentional. Such is the idea of more liberalised types of assistance, which the EU is increasingly pushing, especially through apparatuses like the EPAs.

Similarities also emerge in the ways Europe and China target their different types of aid and assistance. Infrastructural projects provided by public or private European funding, for instance, are generally offered through ODA arrangements, with certain percentages of EDF support allocated to these projects. Yet China offers these projects without clear aid by official definitions, and instead provides them through oil and loan exchanges, trade, and FDI flows. Moreover, as we have seen above, it is unfair to claim that while Europe has a clear aim toward development and growth in mind, China is uninterested in such rhetoric and goals. Indeed, Chinese economic activity does coincide with development objectives, as outlined in Beijing’s Africa policy and provided for in ‘peaceful development’ foreign policy objectives.\footnote{Alden and Hughes, “Harmony and Discord in China’s Africa Strategy: Some Implications for Foreign Policy,” 565.} Part of the rationale for Chinese business partnerships and European trading schemes is the assumption that even ‘normal’ economic activity can and is essential to promoting development. Hence, strong similarities in some aspects do exist, and comparison is possible and necessary.

Second, Chinese assistance also mimics some decried aspects of Western assistance. Despite China’s supposed reliance upon ‘non-conditionality’, the government does employ one very important condition imposed upon relations: the One China policy. Furthermore, Chinese assistance does not transcend an adherence to ‘tied aid’, an
aspect of Western aid that is frequently criticised. Tied aid refers to poverty- and development-targeting loans and grants that require their use in conjunction with private firms from the donor country. Examples include ODA from Italy that then requires the employment of an Italian electrical or engineering firm in local projects. Tied aid is both a problem in that it reduces opportunities for aid to ‘go further’, by being stretched over more projects performed by cheaper operations. It is also in some senses an insurance that trustworthy and respectable companies will be involved.

OECD countries and the EU have made concerted efforts to peer-pressure each other toward reductions in tied aid, but progress has been slow. The US is an important exception to this attempt, proclaiming via its USAID website that aid was specifically tied so as to foster markets abroad for US goods and services, since ‘[t]o ignore the developing world is to risk losing a niche in the most important markets of tomorrow’.

Meanwhile, as noted, China also practises the use of tied aid. An official from the China Eximbank reported that Chinese assistance is about fifty per cent tied. While this figure may seem large, China’s tied aid, or rather ‘tied assistance’, is actually less than Canadian or Italian provisions of sixty-eight and ninety-two per cents tied, respectively. In Angola, however, the rate of tied Chinese assistance raises to seventy per cent.

In fact, many Chinese-funded projects in African nations prioritise Chinese over local companies, and complaints regarding Chinese migrant workers earning jobs at Africans’ expense abound. Brautigam and others have investigated these claims, however, and find Chinese policies no more grievous than comparable European deals.

90 Ibid., 157.
Moreover, in many instances, Chinese projects on the continent actually reserve large percentages of jobs for local workers, such as in Angola, where that proportion is seventy per cent, or in the Democratic Republic of Congo, with eighty per cent reserved. Granted, such provisions are required by local legislation, particularly because of the stark disparity in labour costs between Chinese and local workers and local resentment toward seemingly invading foreign companies and labour. Nonetheless, however, Chinese teams on the ground have also advocated for increased local participation, though these requests have not always translated to Chinese policy changes. Thus, this conditions-based practise is not an exclusively Western nor Chinese conundrum.

The disagreements over ground tactics and those promoted by the Chinese state government described above point to an important distinction that must be made between state-owned and private Chinese firms. In accordance with the state’s ‘going-out’ strategy, private firms have certainly been encouraged to invest and conduct transactions abroad along with their state-owned counterparts, but a neat convergence in behaviours does not always occur. Nonetheless, the most often discussed and ‘most influential’ of these firms tend to be larger and state-associated.

Thus, we can see that despite apparent dissimilarities between Chinese and European manners of providing development assistance, comparisons between engagements are certainly possible. Furthermore, it is evident that China is becoming an increasingly important economic player in Africa, and that this engagement carries with it a non-European (and indeed, even an anti-European) ideological framework. As noted,

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91 Ibid.
92 Ibid., 159.
93 Ibid., 151-153.
94 Alden and Hughes, “Harmony and Discord in China’s Africa Strategy: Some Implications for Foreign Policy,” 572.
Chinese funding is frequently perceived as an alternative to European and other Western financing. Thus, I argue that the degree of increase in Chinese funding to Africa and oil-rich Africa in recent years, coupled with China’s focus on oil and non-conditionality, are likely to pose a competitive threat to Europe’s presence in Africa. This alone should cause China in Africa to be of great importance to the EU. However, I must note that China never intended to impact Europe’s development policies and indeed the government has been ‘rather surprised’ by intense European interest on this subject.95 Indeed, despite China’s conscious efforts to remain apart from ‘the rich countries’ aid clubs’, the government has made real strides toward learning from Western aid programmes and toward diffusing harsh criticisms of its own approach.96

III. Contemporary European Union Assistance Evolutions

In Section I, I identified historical evolutions in EU development assistance policy. Now, in Section III, I will attempt to identify contemporary and ongoing policy evolutions and their possible causal factors. As noted in Chapter 1, I will discuss diplomacy through multilateralism, economics through trade and FDI as well as the focus upon extractive and infrastructure sectors, and aid-specific engagements through ODA levels and conditionalities. Outcome and causal variables to be explored are those laid out in Table 1.1. I will both explain why certain causal pathways (propositions) may be plausible, but I will also give basic evaluation of the degree of plausibility of each.

III. Section A. Diplomatic Shifts: Forums and Multilateralism

My hypotheses for potential EU diplomatic shifts in promotion of forums and

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95 Tull, China in Africa: European Perceptions and Responses to the Chinese Challenge, 10.
multilateral dialogues are as follows. First, increases in either Chinese economic commitments or African nations’ confrontationalism separately or in combination will lead to increased EU promotion of forums and multilateral dialogues. Second, the political and economic rise of China globally will increase the EU’s promotion of dialogue.

Chinese and emerging nations’ engagements may cause EU diplomatic shifts for the simple reason that, with other players on the continent rapidly growing in importance, more information and potentially more collaboration is necessary. A senior official within DG-Development impressed upon me that there are two reasons why a connection between Chinese and emerging nations’ funding in Africa and EU multilateralism must exist. First, progress in co-ordination between donors and investors in Africa. Second, the EU wants to emphasise that projects and investments in Africa must be sustainable and adhere to basic quality standards.

Certainly, the Commission officials who spoke with me conveyed the former sentiment, saying that because of specifically China’s increasing economic importance in Africa, its government representatives have been invited to forums on African development. The basic idea is that ‘all major actors are [or should be] represented and invited’. The recent growth of the Infrastructure Consortium for Africa (ICA) has in part been due to the desire for co-ordination of ‘activities, methodology, and strategy’ between such established players as the EU and World Bank and newcomers like China by ‘asking different parties to sit and talk about what they do’.\(^\text{97}\) In fact, one official affirmed explicitly that ‘China in Africa inspires initiatives like complementarity and co-

\(^{97}\) Directorate-General Development official, “Interview #09.”
ordination’, which in turn ‘are good for the EU in order to keep it out of a bubble’.

As to the second sentiment proposed by the senior official, he further specified that, though the many donors and China are still far from working together, still the United Nations, World Bank, EU, and African Development Bank feel that if they act together, they can ‘try to attract China to [their] way of doing things’. Another agreed that the link between Chinese and emerging nations’ engagements and increased European promotion of multilateralism stemmed from a hope that Europe could influence and improve newcomers’ engagement practices. In particular, he worried that business and political reforms need to be more carefully attended to. Yet there was hope that, if given the chance, EU representatives could ‘explain to China what concepts we consider essential for co-operation. We act as if we are training China; it is necessary to explain everything so they understand, even if they do not accept it yet’.

Yet I was also assured by several staff members that the EU has intentions of also learning from China in order to incorporate new tactics into the European approach. One hoped that the rise of China in Africa would teach the EU to increasingly emphasise trilateralism, and further remarked that, ‘the EU must also learn from South-South relations; it, too, can gain’ from observing how others conduct development networks. Such learning can encourage Europe to ask difficult questions such as ‘identifying better what the EU value-added is—what does the EU bring as a positive for partners?’ Hence, reasons behind increasing multilateralism certainly include a desire to gain information, enhance co-ordination, and a desire for mutual

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98 Directorate-General Development official, “Interview #05.”
99 Directorate-General Development official, “Interview #09.”
100 Directorate-General Development official, “Interview #05.”
101 Directorate-General Development official, “Interview #09.”
102 Directorate-General Trade official, “Interview #06.”
learning. Commission staff’s reasons for increasing multilateral discussions—namely, the increase of economic and development players in Africa—could easily logically extend to emerging nations more generally.

 Nonetheless, in 2008, the Commission began laying plans for a specifically trilateral EU-China-Africa dialogue. The impetus stemmed largely from an April resolution by the European Parliament on China in Africa which concluded in favour of heightened Union watchfulness on the evolving relationship, directly because of the report’s estimate that by 2010, China would become Africa’s largest trading partner. 103 Indeed, by the end of that year, Sino-African trade had reached a record US$114.81 billion, growing almost forty-five per cent in the year following a major trade recession. 104 The Commission responded with an October communication, *The EU, Africa and China: Towards Trilateral Dialogue and Cooperation* and the creation of a new position, Africa-China-EU consultant within DG-Development. 105 This survey and consultant were intended to facilitate the desired dialogue with not only China but also those parties who considered themselves invested in African development. Yet little mention was made of other emerging nations.

 Similar to European Commission employees’ hopes that heightened multilateralism might improve Chinese-European or Chinese-Western collaboration and understandings of each other, increased African confrontationalism may inspire similar desires to negotiate away any conflict. This may be made more difficult by the instances

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of African representatives walking out of such conferences, as discussed in Section I. Nonetheless, more concerted attention to African leaders’ concerns via high-level dialogues may help to allay African fears of being ignored or misused.

The rise of China generally has certainly prompted the EU to pay much more close attention to the emerging nation, in order to befriend, influence, and understand it as it attains superpower status. Signals of this development emerged in the September 2006 EU-China Summit in Helsinki, but were confirmed by the Commission’s October communication, ‘EU-China: Closer Partners, Growing Responsibilities’. As Denis M Tull writes, this communication ‘took stock of EU-China relations in the context of China’s re-emergence as a global economic and political power and signaled the EU’s desire [to] intensify its engagement with China’.  

106 As regards Western emphases upon multilateralism, certainly forums for these types of dialogues have proliferated, with the establishment of the Organisation for Economic Co-operation and Development’s Development Assistance Committee (DAC), the ICA, and the UN’s Millennium Development Goals, among others. These have each included a European voice, and as evidenced by Commission officials’ testimonies, worked alongside EU pushes for heightened multilateralism. However, it remains less certain whether non-European Western agencies have pushed the EU into multilateralism, and to what extent the EU itself has been a contributor to this process.

III. Section B. Economic Shifts: Trade, FDI, and Sectoral Foci

EU economic shifts encompass changes in trade and FDI flows with oil-rich African states, changes in focus on extractive sectors, and changes in focus on

106 Tull, China in Africa: European Perceptions and Responses to the Chinese Challenge, 9.
infrastructural sectors. Each of these outcome variables, I propose, may be influenced by several causal variables, which I outline below.

For changes in EU trade and FDI in a given oil-rich African state, I hypothesise first that increases in any of Chinese economic commitments, Chinese presence in said country’s oil sector, and changes in EU levels of trade and FDI with ACP and developing nations more generally may explain a rise in EU trade and FDI with said country. Of course, I recognise that the rise of emerging nations in such economic commitments may also have significance, but I will not thoroughly treat this. Second, I hypothesise that neoliberal rhetoric will lead to increased EU trade with and FDI to oil-rich African countries, especially as a substitute for ODA, changing relative FDI and trade versus ODA levels as well. Third, I hypothesise that the 2007/2008 financial and euro crises may lead to decreased EU trade with and FDI to oil-rich African countries.

Increased Chinese financial commitments to a given oil-rich African state may impact EU trade and FDI through at least two avenues: pure competition and a communication of African economic needs. With ever-increasing Chinese inflows into oil-rich African economies, and other African economies more generally, the EU may see its own position as chief trading partner threatened and attempt to combat this with heightened trade and FDI of its own. Secondly, the EU may also observe increased Chinese economic inflows to oil-rich African states as drawing attention to areas of relative assistance-deficiency, and may hope to complement Chinese commitments or respond to increased information on the needs and desires of African economies. Considerations of increased emerging nations’ economic commitments follow this same logic, though without granting any special status to China as the chief catalyst. Similar to my competition argument above, I hypothesise that increased Chinese or perhaps even
emerging nations’ focus on a given oil-rich African nation’s oil sector will create protective fears of decreased European access to energy resources, leading to heightened financial attention upon the country.

It must be said that European Commission officials deny any association of this type occurs. One recounted that a historic tension has in fact existed between European firms pressing for market concerns to intrude into development concerns. With the rise of multinational corporations, the power of private commercial groups has been growing. These multinationals, he said, are very wary of China, watching closely and ‘expressing a lot of concerns about the way China is doing things’ for fear of losing African market shares and ‘these sentiments are expressed regularly’. Nonetheless, ‘the official position of DG-Development is that we shouldn’t get involved in that kind of debate. Development should not be about defending the interests of groups—that is the business of international politics’. However, ‘the issue of whether DG-Development and external policy should influence each other is not yet resolved’.107

I also theorise that neoliberal rhetoric will increase European FDI and trade flows, as liberalisation schemes largely favour market-based solutions to development puzzles over aid-based solutions. As discussed in Section I, even DG-Development officials are likely to discuss how trade must become a more important part of the assistance package, while DG-Trade officials are frequently rather dismissive of aid. Why would rhetoric increases be important to actual policy change? Changes in rhetoric proceed from a change in mindset. This change in mindset in turn is what precedes policy changes. Hence, rhetoric is an important symptom of mindset-change to which we must be attuned in order to infer whether the ground is fertile for policy change.

107 Directorate-General Development official, “Interview #09.”
Nonetheless, the 2007/08 financial and euro crises have tightened policy belts all across Europe and other industrialised nations, which ought to lower trade and FDI levels, especially in risky areas like corrupt and sometimes dangerous oil-rich African states. Yet, of course, any increase or decrease in FDI and trade levels between the EU and an African nation rich in oil may also more generally be the result of an overall increase or decrease in EU FDI and trade levels.

For changes in EU focus on the extractive sector of a given oil-rich African country, I hypothesise increases in any of Chinese economic commitments, Chinese presence in said country’s oil sector, will lead to an increased EU ODA focus on the extractive sector of said country. Again, the rise of emerging nations in such economic commitments may also show significance, but I will largely overlook this variable. As Chinese assistance focuses more economic attention on oil-rich African states, the European Union may begin to anticipate possible crowding out in essential sectors such as oil and therefore focus more money on a country’s oil sector. Similarly, with the increase of Chinese oil-related expenses and number of extraction-based projects, I propose that the EU will respond in kind, hoping to retain some energy security in this directly competitive market.

For changes in the EU focus on the infrastructural sector of a given oil-rich African country, I hypothesise first that increases in Chinese economic commitments in a given oil-rich African country will inspire Europe to increase its attentions upon the country’s infrastructural sector. Second, I propose that the Chinese presence in said country’s infrastructural sector will lead to an increased EU focus on the infrastructural sector of said country. Similar to my argument for increases in EU trade and FDI flows, I offer here a model in which elevated Chinese and potentially emerging nations’
attentions to an oil-producing African state’s infrastructure will direct European attentions also to this nation’s infrastructural sector. In fact, Chinese and emerging states’ economic inflows largely target infrastructural projects (discussed briefly for China in Section III), leading firms from these nations to compete with those from Europe and demonstrating to Europe a sector in need of financing. European Commission officials affirmed that the Chinese focus on infrastructure was carefully noticed and indeed in some instances mimicked.

Yet one lamented that more information could not be gathered in this area. Even on the few occasions when he had seen Chinese institutions such as the Chinese Development Bank (CDB) reveal information, outsiders were still unable to learn very much. At one ICA forum, an official from the CDB was giving a presentation. Though everyone in the room was extremely curious about the material, the official moved through it very quickly without slides or handouts, leaving the audience with little of substance to digest. ‘I was trying to take notes but [generally] it’s almost impossible to really capture the depth and importance of what they do, except maybe the headlines. There is no analysis possible. The only analysis that I know of Chinese interventions and infrastructure is based on newspaper analysis, and web analysis of people Googling, “infrastructure in China” and counting how many interventions and how much money is involved, and then coming up with estimates of five billion to seven billion per year. These are huge, but it’s not Chinese formal information, so it’s not confirmed, and we don’t know exactly’.  

This same official more generally showed a willingness to believe that China could prove a model for better economically liberalised assistance relations, allowing a

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focus upon economic and technical co-operation to replace a focus on ODA. This leads into my final causal proposition for changes in the EU’s focus upon infrastructural sectors: neoliberal rhetoric. Much as for increases in EU FDI and trade with oil-rich African states, neoliberal rhetoric could lead directly to increased engagements with such states’ infrastructure. As one Development official explained to me, infrastructural improvements are linked to liberalisation through the targeting of concrete projects contracted out to businesses.

Infrastructural targeting also allows donors to ‘increase [their] impact and efficiency of delivery’, even during times of fiscal restraint brought on by the 2007/2008 crises. Furthermore, infrastructural improvements target private sector growth by providing the necessary groundwork for market exchanges to flourish.\(^ {109}\) Economist Anne O Krueger notes that liberalisation for development is necessary in order to decrease protectionist government tendencies to concentrate on an import-substitution industrialisation model, in which local industries are artificially stimulated to meet domestic consumption and employment needs. She writes that under such a protectionist model, governments become bogged down in increasingly complex bureaucratic choices, ‘almost always to the detriment of other essential government functions, including the development of infrastructure’.\(^ {110}\) Under an open trading regime, quality infrastructure becomes of paramount importance.\(^ {111}\)

Such projects are examples of business, market-based transactions with direct relation back to the development of a country, proving a convenient implementation of liberal strategies. Thus, in attempting to implement neoliberal philosophies, the EU

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\(^ {109}\) Ibid.

\(^ {110}\) Ibid.

\(^ {111}\) Ibid.
could become more construction-oriented.

III. Section C. Development Aid Shifts: ODA Levels and Conditionalities

EU development aid shifts encompass two outcome variables: here, changes in ODA allotment and conditionalities. For changes in EU ODA allotments, I hypothesise first that increases either in Chinese economic commitments, or in EU ODA levels generally will separately or in combination lead to increased EU ODA in a given oil-rich African country. Secondly, I theorise that neoliberal ideology and/or the 2007/2008 financial and euro crises will lead to decreased EU ODA in a given oil-rich African country. It is also possible that, acting as a substitute, an increase in levels of EU FDI and trade with a given oil-rich African country will lead to decreased EU ODA in said country.

As with many of the pathways we have seen before, I assume competition and the desire to do what is sought after and necessary in energy-abundant African nations as the chief motivating factors for these pathways. With increased Chinese economic commitments via trade and FDI flows to such countries, Europe will attempt to provide as much as it can in order to maintain its standing as both the most benevolent and the most powerful provider. Hence the EU will increase ODA allotments to remain in the game, as it were. ODA allotments to a specific oil-rich African state may also prove merely part of a larger increase in ODA allotments via the EDFs, without evidence of any unique conditions. It must also be considered that there are potent depressing forces upon EU ODA allotments contemporarily. These are, first, neoliberalism, as discussed earlier, and the 2007/08 financial crises, which decreased money supply and donors’ appetites for externally-extended altruism. Yet ODA could also prove a
necessary substitute for FDI and trade levels diminished by the crises, and the EU may choose to extend higher ODA allotments for this reason.

Finally, for changes in EU approaches to conditionalities in a given oil-rich African state, I theorise first that increases either in the levels of Chinese economic commitments, or in African confrontationalism will lead to decreased EU emphasis upon conditionalities. I also recognise that decreased emphasis on conditionalities in Western development policy trends may lead to decreased EU emphasis upon conditionalities, yet will discuss this variable only in this section. Expanded Chinese economic commitments may lead to decreased European emphasis upon its customary conditionalities because of a direct competition between European provisions, burdened by bureaucracy and regulations, and newer provisions, seen as more straightforward and transparent. This is particularly the case for China, well-known for its pure-business approach and unconcerned with the political aspects of economics.\textsuperscript{112}

Potentially directly linked to the above, increased agitation by African nations may lead the European Union to cut back on its conditionalities approach. One Trade minister told me that the European Union had no intentions of reneging on its conditions, as these were important foundational tenets of the Union’s liberal value system. Nonetheless, while she believes Africans will ultimately discover a preferment for European emphases on civil society, human rights, and gender equality, she also noted the possibility that she might be wrong and that Europe might be forced to budge.\textsuperscript{113} Other ministers connected increased African confrontationalism directly to China’s influence and alternative options provided. At least two believed that the interaction between China’s growing political-economic strength in Africa would lead to

\textsuperscript{112}Tull, \textit{China in Africa: European Perceptions and Responses to the Chinese Challenge}, 14.

\textsuperscript{113}Directorate-General Trade official, “Interview #07.”
diplomatic shifts within Africa that would be impossible to ignore. Both believed European changes were likely, but told me they did not know the trajectory of these changes. ‘We don’t know how far this is going. The train is just starting on this review, and on a new consensus for development’ which will continue to evolve and emerge over time.\textsuperscript{114} Hence, Africans may have direct power to change the equation.

Another official in DG-Development worried that the EU would have no choice but to move away from conditionality in order to preserve its credibility as a donor with African nations. Contrary to his peers’ devoted attachment to conditionalities as the manifestation of European norms, this particular official said that based on his international experiences working in the private sector, ‘I’ve always had the impression that when you are in a negotiation process and you [openly] have something to want for yourself, you are a more credible partner than when you’re just waiting for a thank-you. But I don’t know if that is the official policy yet. But policy is sure to change. That is what we know. And how far that will go, I don’t know. That’s happening as we speak.’\textsuperscript{115}

Lastly, if Western development policy trends begin to de-emphasise conditionalities, it is likely that the European Union will follow suite, though its particular commitment to norms-based conditions could prevent a convergence. Yet it must be said that European Commission officials themselves note the difficulty of implementing and enforcing conditionalities, regardless of how dearly held they may be. One told me that upholding support for conditionalities would become increasingly difficult with the comparison against the Chinese lack of any such provisions or dialogue. Even in circumstances when conditions are ignored, the EU’s commitment to

\textsuperscript{114} Directorate-General Development official, “Interview #11.”; Directorate-General Development official, “Interview #09.”
\textsuperscript{115} Directorate-General Development official, “Interview #11.”
partnership with a country will mean only a low risk of action sanctions actually exists. Rather than withdrawing aid, the EU would enter into extended negotiations and dialogues on these issues, believing that withdrawal would do more harm than good to the public. ‘The priority and emphasis is on supporting reform and providing political and economic incentives for concrete democratic reforms’, she said.116

Overall, then, in each of our outcome variables and causal pathways, we have a complex and dynamic system of change potentially working upon EU development assistance policies. Each causal variable and pathway could be present simultaneously in any given country, but I hope to use my subsequent case-studies to focus in on the particulars of two nations and to tease out how China fits (or does not fit) into the picture. Certainly on some level, it will be very difficult if not impossible to know definitively if China is the only, or most important, variable at work, but we can observe contemporary EU policy patterns and Chinese engagements to form educated speculations.

IV. Conclusions

If so many potential other variables exist for changes in EU development assistance policies, why focus on China? First, I focus on China because of the Western media focus on China in Africa. If the European public believes China’s role on the continent to be of special import, it is likely that the world’s largest assistance provider and home to Africa’s former colonisers would care and react. In a fairly democratic system, issues that grab the public imagination will likely travel to policy rooms as well. Second, I focus on China because the European Union itself has explicitly made a point

116 Directorate-General Trade official, “Interview #06.”
of focusing on China. This is made evident by African development discussions held within EU-China summits, the EU’s active attempt to incorporate specifically China into existing or new multilateral forums, and the EU’s own policy documents, mostly clustered in 2008.

By 2008, as noted, popular views that China was taking over and corrupting Africa had worried the European Union enough for it to begin making its own reports on the topic and issuing investigations. In April of that year, the European Parliament edited and approved a non-legislative resolution regarding China’s activities on the continent, originally covering such issues as ‘Sustainable development’, ‘Energy and natural resources’, ‘Trade, investment and infrastructures’, ‘“South-south cooperation” or “neo-colonialism”? China’s impact in Africa’, and ‘Competition or win-win partnership? Challenges for the EU’. The document’s ultimate conclusion is that the EU must intensify its policy influence in Africa and ‘develop a coherent strategy to respond to the new challenges raised by emerging donors in Africa, such as China’, while specifically not attempting ‘to emulate China’s methods and aims, since that would not necessarily be compatible with the EU’s values, principles and long-term interests’.117 Instead, the EU ought to begin a dialogue with China on methods and aims of African development policy, presumably attempting to influence China while remaining steadfast itself, given its necessary commitments ‘to its own approach towards development cooperation’.118

Commission officials with whom I spoke were versed on the China-Africa-EU developments, which have largely focused on trilateralism and have shown slow progress

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118 Ibid., 8.
thus far. The major clamour to investigate and understand recent evolutions was largely clustered in a single year, 2008, which unfortunately was the year in which financial crisis shook many an economy—including those of Europe. As I will discuss later, such exogenous shocks have significantly dampened established donors’ interest in development matters. Yet exogenous events with the potential to change European policy have historically been manifold, and I propose that China now belongs to this category. Indeed, the question of China in Africa remains alive in Europe. Finally, while the EU is openly approaching the China-Africa question from a dialogue perspective, this does not rule out ODA, trade, and FDI changes as well, including in attached conditionalities and targeted African sectors. It is the goal of this thesis to uncover if any of these less-discussed changes are occurring.
Chapter 3:  
Case Study Angola

In this chapter, I aim to trace the dance between EU and Chinese development relationships with oil-rich African countries through a structured investigation of Angolan economic development. The country is unique in that it has endured one of the longest armed conflicts in the world.\textsuperscript{119} War has disrupted deep ties with international actors and built a country hyper-dependent upon its oil sector. Development programmes have been difficult to construct and implement in a country enduring what for decades was near-constant unrest.

Furthermore, decades of conflict left Angola in 2002 with the distinction of being home to the largest proportion of displaced persons in the world, amounting to almost thirty per cent of its population, or 4.1 million people.\textsuperscript{120} It can hardly be expected that the national economy should flourish in the absence of those people who could have constituted its labour force. A high percentage of those remaining in Angola relied heavily on external financial assistance for daily needs.\textsuperscript{121} Since then, a majority of the population has subsisted on small-scale agricultural plots, engaging in minor agricultural trade but not contributing significantly to the general GDP either in terms of absolute USD or percentage of market share. Oil still dominates in trade and GDP, though observers both in and outside of Angola hope it will serve as a vehicle to further the economy generally by bringing in outside investors and product diversification.\textsuperscript{122} Yet outside assistance is still needed, as is clear in the infrastructural sector. After more

\textsuperscript{120} Ibid., 13.
\textsuperscript{121} Ibid., 14.
than four decades of warfare, Angola’s roads, bridges, schools, hospitals and railways were all in dire need of reconstruction and total replacement.

In this climate, how can we observe the EU changing its development assistance policies over the years and right now, if any substantial changes have occurred? Can we attribute any of this to China’s presence in Angola? In the upcoming sections, I find that European assistance patterns are changing, though not starkly. Massive increases in trade and FDI have begun since 2004, the year the international community first perceived a peculiar contemporary relationship between China and Angola, and like China, the EU has begun to focus more heavily upon infrastructure projects. The Union further remains concerned and alert as to the future impact Chinese assistance will have upon European leverage, particularly in the realm of socio-political conditionalities. While no absolute conclusion can be drawn about reasons for European policy shifts, China is certainly a high-ranking concern for the EU when considering Angola, much more so than other international actors like India, Brazil, or even the World Bank. Ultimately, it seems the European Union is determined to be self-willed ideologically, with regards to conditionalities and multilateral forums, but economic analysis indicates heavy possibilities for a European response to competition with Chinese provisions.

In Section I, I discuss Europe and Angola’s historical relations with one another, politically and economically. In Section II, I turn this historical lens on Sino-Angolan relations. I particularly examine trends in Chinese loans and FDI loans to Angola, as well as bilateral trade. Finally, in Section III, I note contemporary changes in EU development assistance through its promotion of multilateralism, its economic engagement patterns, and its development aid patterns. In Section IV I draw my conclusions.
I. Europe in Angola: A Brief Historical Overview

In this section, I hope to provide a brief illustration of Angola’s historical ties with Europe, with particular attention to the development of its oil sector and its fourteen years of struggle for independence, followed by an additional twenty-seven years of civil warfare. I show that significant tensions have existed between Angola and Europe, and the West more generally, yet a European commercial presence has remained due to strong interest in the country’s sizable oil production. During the period of 1975 to mid-2000, I observe no changes in European assistance engagements with Angola, largely due to ongoing war throughout this period, which severely disrupted ties. In terms of our causal variables, while China was certainly present in the country during this period (to be discussed in Section II), its engagements also showed only meagre signs of life. Angolan tensions with Europe and the West certainly increased during this time period. Nonetheless, little changes occurred in EU promotion of multilateral dialogues, its economic commitments, sectoral foci, or aid approaches.

1975 to 1990. Europe’s engagements with Angola from the mid-1970s to early-1990s were marked by sharp tensions, beginning with a nearly fifteen-year war for independence waged against colonial Portugal. After the European coloniser rather suddenly withdrew in 1975, Angola was left without a transitional support system or plan forward. Continued conflict plagued relations, as an additional twenty-seven years of warfare destabilised previously entrenched networks and further alienated Europe from the country.

In the power vacuum that immediately emerged after independence, at least three rival groups became forerunners for political dominance: the Marxist MPLA, the initially
Chinese- and later US-backed UNITA, and the FNLA. Though the MPLA became early on the political victor, UNITA forces continued to resist the new government for another twenty-seven years of civil war that ended only in 2002. Few governments recognised the new state. Indeed, continued relations between Europe and Angola proved difficult, not only due to the new government’s limited recognition and the constant destabilising factor of war, but also due to Angola’s expropriation policies for European settlers. Such persons were ordered out of the country, with their assets to be assimilated by the state.

War affected more than simply diplomatic ties. It also interrupted and radically transformed the Angolan economy, turning a country that had previously boasted a thriving agricultural sector into one purged of most of its previous economic industries. There was one exception. The oil-rich enclave of Cabinda continued to produce and export resources to ravenous foreign markets, particularly in the US and Europe. With the disappearance of Portugal from Angola, the newly independent country established its own national oil company, Sonangol, a by-product of its former parent company, Portugal’s SACOR. With oil as Angola’s only asset to exploit, it began entering into oil-backed loans with European and other banks to finance both the country’s needs and its war. Oil-backed loans, known for their short maturity and high interest rates, essentially constitute predatory lending predicated upon the lender’s repayment in sums of oil, as discussed in Chapter 2, leaving the Angolan public at the whim of risk-prone

125 Ibid., 90-92.
elites.\textsuperscript{126} Europe offered little development programme financing until the 2002 ceasefire, though its humanitarian presence was strong throughout that time. Nonetheless, the difficulties of engaging in development planning led to heavy emergency aid relative to project aid.\textsuperscript{127}

Oil-backed loans constituted something of a paradox for European and other Western nations. Though certain Western firms remained involved with the country, largely the US-based Chevron/Gulf Oil companies and US and European banks hungry to supply risky loans, Western agencies had long sought to enforce economic discipline on the county’s leaders. While a strict dichotomy between commercial interests and more established funding from respected lending agencies such as the Paris Club and IMF did not materialise, a rough version still plagued relations. This division became more apparent in the 1990s.

1990 to mid-2000. Tensions between Europe and Angola that solidified in the 1970s continued through to the mid-2000s. During this period of continued warfare, European engagements in the country did not significantly change, as political and economic distance remained an impediment to relations. Nonetheless, other Western agencies such as the Paris Club and the IMF, which incorporate important European Union member states, maintained connections with Angola. These connections became shakier over time, as mistrust of Angolan governmental corruption grew.

Beginning in the late 1990s, the Paris Club attempted to show a united front by cutting off Angola from financial assistance. Angolan debts soared, and oil-backed loans from China in particular made Paris Club donors worry that the trend would only

\textsuperscript{126} Ibid., 96-98.
escalate if decisive action was not taken. Yet national policies within Club member countries soon began to defy official isolation policy. Between September 2000 and October 2001, Angola had contracted US$3.55 billion of ‘secretive’ loans from international banks, including those stationed in Paris Club countries.128 In 2003, resolution within the group further broke down as Germany decided to negotiate a debt reduction package, a move that would allow national firms to enter the lucrative market again. French banks followed suit soon thereafter, furthering the rift between European commercial and official policy interests.129

The IMF, however, maintained its distance and its insistence upon discipline and reform, preserving the breach in funding. Understanding the IMF’s role in tensions with Angola is important for at least two reasons. First, Angolan experiences of tensions with Western lending agencies may complicate relations with more other specific Western agencies, like those of the European Union, without much distinction made between these groups. Second, in 2002 an IMF report on dubious Angolan transparency led to a decline in European (specifically British) funding, as will be discussed.

The IMF’s firm stance on Angolan reform began after at least a decade of attempting to push Angola into a improvement of its economic management system, and recent extensions of loans and credit lines to the country in the 1990s that proved largely unsuccessful. The IMF and Angola attempted to negotiate and implement over four staff-monitored programs (SMPs) up until the early 2000s, yet none were successfully

128 These countries are Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Spain, Sweden and the United Kingdom. Portugal is associated, while Greece and Luxembourg are absent.

pursued. Then in 2002 the IMF unearthed evidence that convinced it the Angolan bureaucracy cared little for transparency or integrity. Indeed, one Angolan minister flatly informed the IMF that his country ‘had taken out no commercial loans in recent years’, despite the fact that the country had engaged loans worth US$3 billion the year before. Meanwhile, the Fund discovered at least US$4.2 billion missing from the country’s public treasury between 1997 and 2002,131 which was later connected mainly to siphoned oil revenues for elites and well-positioned friends.132 The IMF issued a report to donor nations that Angola could not be trusted with expectations of reform and real attempts to solve its poverty problems. Accordingly, Great Britain and the US withdrew funding from the country shortly thereafter.133 Despite legitimate concerns over corruption, this left a country particularly in great need of assistance isolated from potential funding sources.

I. Section A. Lessons from History

Hence, over time we can see signs of increased tensions between Europe, the West, and Angola. For a country so much in need of financing to repair its nation, growing frustrations with established donors would mean of a necessity that its government would turn to alternative sources. More recently, the government has sought renewed and more positive ties with European and other Western agencies, yet this trend is very new. Over time, the outcome variable of tough conditionalities has strengthened, while multilateralism and official lending appeared relatively stagnant. As

132 Soares de Oliveira, Oil and Politics in the Gulf of Guinea, 92.
133 Traub, “China’s African Adventure.”
mentioned, development aid provisions remained minimal. What causal factors were at play here? First, Chinese finances had not truly appeared in a grand way on the scene quite yet, nor had Chinese sectoral engagements in oil and infrastructure. Second, Angolan tensions with Europe and the West more generally increased. In fact, Angolan tensions with Europe largely increased in a feedback loop, because of tough conditionalities, which the Angolan government and even European firms have sought to escape. Yet these tensions coupled with Angola’s strong commercial attractions, as evidenced by German and French willingness to end loan-embargos on the country, allowed to country to court other assistance providers in the West’s stead.

II. Historical Overview: The Growing Importance of China

China and Angola first established bilateral relations in 1983, after an eight year period of undisguised tensions in which the PRC refused to recognise the MPLA government and initially aided UNITA rebels before establishing commercial ties largely in the trade of defence products, after which UNITA sought South African support. The year after diplomatic relations opened, in 1984, Angola and China signed their first trade agreement, followed shortly thereafter by the establishment of a Joint Economic and Trade Commission in 1988. Since then, says the Chinese Foreign Ministry, ‘relations between the two countries have developed smoothly.’ Indeed, visits by the heads of state between the capitols of Luanda and Beijing have become frequent, and visas requested by Chinese citizens travelling or moving to Angola have grown from

136 Chinese Foreign Ministry, “Angola.”
fifteen hundred in 2006 to fifty thousand by 2008, with 10,400 Angolans requesting visas to China.¹³⁷ By contrast, the Indian population in Angola by 2009 numbered only around one thousand.¹³⁸ In 2002, bilateral relations took an important turn as civil warfare halted and trade shifted from defence materials to more commercial products, though oil had always proved an important source of exchange.¹³⁹

Reasons for the Angolan government’s attraction to Chinese financial support are both straight-forward and subtle. Chinese assistance is useful directly because of its lack of political or strategic considerations and its disbursement ‘on a fast track’. But Chinese support is also favoured for its indirect uses: namely, the ability to employ it as an alternative to other financial assistance, and ‘as a means of leverage against conditions imposed by other donors and during policy dialogue’.¹⁴⁰ Hence, the Angolan government is perceived as having expectations of competition between funding sources, and aims to foster this evolution to its advantage. In the next sub-sections, I will discuss Chinese loans and FDI to Angola, and trade between the two nations, seeking to establish trends. In Section III I compare these trends with European evolutions and seek to understand if our comparisons can reveal linkages between Chinese engagements and European policy changes.

II. Section A. Chinese Loans and FDI to Angola

Despite important exceptions, by early the 2000s, Western aid was not free flowing and access was still difficult. As Angola found itself with few formal funding

¹³⁸ Ibid., 204.
¹³⁹ Ibid., 195.
options from the West, China became an obvious and worthy alternative. One American diplomat explained the situation, saying, “We [the United States] were not prepared to provide the Angolan authorities with much needed financial assistance to rebuild the country—so the Angolans had no choice but to turn to the Chinese for that assistance in exchange for oil”.

There were, of course, some exceptions as discussed above, largely in the form of shady private funding ventures that still linked the West to Angola, yet at tensions grew with Europe and Western agencies, Angolan officials found convenient use for their Chinese relations. As noted, the country’s infrastructure was decimated, and reconstruction efforts were both expensive and necessary. Chinese oil-backed loans offered largely by the Eximbank provided the necessary capital and required no cash repayment. Further, they were designed to target ‘key public investment projects in infrastructure, telecommunications and agro-business’ in conjunction with the National Reconstruction Programme of the Angolan government.

The first funding for this programme came from the Eximbank and the China Construction Bank in 2002. The prevalence of these loans have led the World Bank to dub such oil or other resources for development construction exchange ‘the Angola mode’. Yet the Angolan government views these transactions pragmatically, saying, ‘China needs natural resources and Angola wants development’.

In fact, though Western media delights in blaming China for Angola’s heavy dependence on oil-backed loans, such conclusions do not hold up against historical evidence. Indeed, European and Western agencies have offered the same deals, yet

141 Quoted in Frynas and Paulo, “A New Scramble for African Oil? Historical, Political, and Business Perspectives,” 239.
142 Vines and Campos, “China and India in Angola,” 196.
143 Ibid., 195-6.
144 President dos Santos, 2006, quoted in Ibid., 193.
perhaps surprisingly, it is Chinese oil-backed loans that are comparatively more favourable to Angola, as the European Union itself publicly acknowledges. The EC writes that in the mid-2000s, Chinese loans required less oil as collateral and allotted longer payment periods than Western loans, qualifying as much more ‘concessional’ than its counterparts. Nonetheless, the EC also acknowledges concerns iterated by the IMF and other donors that such loans ‘offer little transparency’\textsuperscript{145}. This of course is true regardless of who issues such loans: France, the UK, private banks, or China. But in 2004 China caught Western imagination with the extension of a US$2 billion credit line to Angola to be backed by oil. Shock ran through media and governments, raising alarm. Yet it was a collection of Western bankers who, later that same year, offered Angola the “largest oil backed transaction in the entire history of the structured trade finance market”\textsuperscript{146}.

The 2004 transaction was nevertheless a landmark moment in Sino-Angolan relations. The loan was disbursed in two one billion USD segments, with the second half alone providing funding for seventeen contracts and over fifty-two projects. These projects were complemented by a five hundred million dollar extension, intended to help finalise ‘projects that had not been budgeted for’\textsuperscript{147}. Since this loan, there has been a jump in the degree of financial ties between the two countries. That same year, Sonangol awarded previously French oil contracts to Chinese oil company Sinopec as part of an exchange for the credit line, leading to academic speculations that China in Angola would effectively crowd out older (and more European) firms involved in the country’s


\textsuperscript{147} Vines and Campos, “China and India in Angola,” 196.
Yet China is not only pulling contracts from European firms, but also from other emerging countries’ firms, such as India’s. Also in 2004, fifty per cent of a participating stake in the jointly-operated BP-Shell Bloc 18 came up for sale as Shell decided to negotiate a deal with India’s Oil and Natural Gas Corporation (ONGC). Yet the newly-formed Sonangol Sinopec International (SSI) venture intervened with an offer that exceeded ONGC’s US$310 million bid by a full US$415 million. Sinopec poured US$1.5 billion more into the bloc afterward for development and exploration. Not all of China’s oil hopes, largely orchestrated by Sinopec and CNOOC, have been successful. Indeed, in 2009, Sonangol assumed control of a twenty per cent interest acquired by Sinopec and CNOOC which had previously belonged to US-based Marathon Oil. The Chinese government has, furthermore, indicated its interest in continuing to invest in oil-backed loans with the Angolan government, which has in turn promoted a new diversification strategy in which relations with European and Western agencies would be repaired, and the economy moved away from an over-reliance upon oil.

Nonetheless, China is still an important source of loans and investment in post-war Angola. In 2005, the private Hong Kong-based China International Fund, Ltd. allotted US$2.9 billion to postwar reconstruction efforts, and in late 2007, Eximbank signed a second two billion USD loan for one hundred new projects with the Angolan government. Angola is now the recipient of China’s largest infrastructure projects in Africa, adding up to some estimated US$7.4 billion in pledged loans, credit lines and

149 Vines and Campos, “China and India in Angola,” 200, 205.
150 Ibid., 197, 201-2.
151 Ibid., 196-8.
investments from 2002 to 2007. The African nation pulling into second place, the Democratic Republic of Congo, received a full US$2.4 billion less.\textsuperscript{152} Other estimates of Chinese loans to Angola range from US$13.4 billion to US$19.7 billion cumulative by 2009.\textsuperscript{153} Of course, these figures do not exist in a vacuum; Angola has also received heightening financial inflows from other partners, including the EU and India. Since ceasefire in 2002, EU grants, loans, and projects in the form of ODA have come flowing into the country, though cumulative levels between 2002 and 2007 remain at a low comparative level of US$324.5 million.\textsuperscript{154} However, as noted in Chapter 1, comparison is difficult here. India had extended roughly US$55 million in credit lines by the end of 2009, and has strengthened efforts for bilateral aid co-operation.\textsuperscript{155}

Loans from China are used for the primary purpose of developing infrastructure in the country, focusing on the most necessary construction projects, such as roads, bridges and schools. However, accusations of political bribes through the completion of several mansions and palaces throughout Africa abound. Such accusations come to very little in Angola. China cannot even be successfully indicted for targeting oil-related projects, as Angolan oil is in deep waters offshore and far removed from the mainland construction works in which Chinese funding and companies are engaged. The majority of Chinese loan-based projects focus on constructing hospitals, irrigation systems and roads, while another major contemporary project is committed to finalising a railway.\textsuperscript{156}

\textsuperscript{152} Leland, \textit{China's Foreign Aid Activities in Africa, Latin America, and Southeast Asia}, 12.
\textsuperscript{153} Vines and Campos, “China and India in Angola,” 195, 207.
\textsuperscript{154} Eurostat, to 2008 1994.
\textsuperscript{155} Vines and Campos, “China and India in Angola,” 204-5.
Fifty per cent of Chinese FDI is similarly engaged in construction,\textsuperscript{157} though officially published private investment levels are low. FDI in 2005 amounted to US$180,000 in 2005 and US$2.39 million in 2008, the only range for which Chinese FDI data is available for Angola.\textsuperscript{158} Nonetheless, these figures have grown thirteen-fold, 1228 per cent in less than four years. The parallel EU figures show only a 382.1 per cent increase, though this accounts for a US$13 million drop between 2007 and 2008 due to the financial crisis.\textsuperscript{159} The proportion of FDI targeting the extractive industry has actually relatively decreased over time, as initially, oil accounted for the largest focus.\textsuperscript{160} Of course, these shifts in relative foci should not be mistaken as representing a decrease in actual absolute amounts of Chinese FDI concentrating in extraction.

Indeed, most indications seem to be that China is proving rather successful in expanding its stake in Angola’s oil industries, acquiring an average twenty-nine per cent share in thee different blocs in 2006 alone (Table 3.1). In fact, oil sector participation by China has heavily increased over the years, as the table indicates, with SSI holding large shares in each bloc in which it participates. The table also shows that other emerging countries (BRI), such as India, have limited stakes in the Angolan oil sector. This makes sense because, as noted, India has been historically thwarted in its attempts to infiltrate the Angolan oil production market. Nonetheless, government officials from the respective countries have initiated discussions on co-operation in the areas of extraction (oil and mining), agriculture, heath and education, and tourism. However, the area of

\textsuperscript{157} Indira Campos and Alex Vines, “Angola and China: A Pragmatic Partnership” (Center for Strategic and International Studies, March 2008), 14.
\textsuperscript{158} National Bureau of Statistics of China, \textit{China Statistical Yearbook / Zhongguo tong ji nian jian}.
\textsuperscript{159} Eurostat.
\textsuperscript{160} Vines and Campos, “China and India in Angola,” 200.
highest success in co-operation so far has been in diamond mining.\textsuperscript{161}

Estimates of Chinese FDI are difficult to come by, however, as even the China Statistical Yearbooks contain incomplete data, and what data exists does not reveal sectoral emphases within particular countries. Nonetheless, increased Chinese FDI to Angola has largely been outshadowed by its massive increases in FDI to countries like Algeria, Egypt, Cameroon, and especially Nigeria and South Africa. In fact, Angola has received only moderate absolute amounts of FDI, relative to its peer oil-rich nations. Yet despite relatively low amounts of FDI compared to other oil-rich African states, Angola demonstrates one of the three largest total amounts of economic co-operation in turnovers and contracted projects. These numbers jump up beginning specifically in 2006.\textsuperscript{162}

\begin{table}[h]
\centering
\begin{tabular}{|c|c|c|c|c|c|c|}
\hline
Bloc & Company & Year Acquired & Share (%) & Partners (%) & Total BRI Share (%) & Total EU Share (%) \\
\hline
15(06) & SSI & 2006 & 20 & ENI Angola EXPL. (Italy, OP; 35), Sonangol P&P (Angola, 15), TOTAL (France, 15), Falcon Oil (USA, 5), STATOIL (Norway, 5), Petrobras (Brazil, 5) & 5 & 50 \\
\hline
17(06) & SSI & 2006 & 27.5 & TOTAL (OP, 30), Sonangol P&P (5), ACR (Canada, 5), Partex Oil & Gas (Portugal, 2.5) & 0 & 32.5 \\
\hline
18(06) & SSI & 2006 & 40 & Petrobras (OP, 30), Sonangol P&P (20), Falcon Oil (5), Grupo Gema (Spain, 5) & 30 & 5 \\
\hline
3/05 & SSI & 2005 & 25 & Sonangol P&P (OP, 25), Ajoco (Japan, 20), ENI Angola EXPL (12), SOMOIL (Angola, 10), NAFTGAS (Serbia, 12 & 12 & \\
\hline
\end{tabular}
\caption{China’s Exploration and Production Assets in Angola\textsuperscript{163}}
\end{table}

\textsuperscript{161} Ibid., 204-5.
\textsuperscript{162} National Bureau of Statistics of China, \textit{China Statistical Yearbook / Zhongguo tong ji nian jian.}
\textsuperscript{163} From Vines and Campos, “China and India in Angola,” 201.
Overall, then, we can witness a dramatic increase in the size of Chinese investments and loans in Angola, largely concentrated in the oil and infrastructure sectors. The Angolan government, however, has shown some resistance to a continuation of this type of relationship, by announcing its attentions to diversify in sectoral production and donors sought. There is, moreover, room for other emerging nations to begin participating more heavily in the economy, and Europe has by no means become a relatively weak or invisible presence.

In fact, other emerging nations form enough of a presence that the European Commission-sponsored 2009 Country Level Evaluation of Angola references the role of Brazil in China specifically several times. Significant differences are perceived, moreover, between Chinese and Brazilian approaches. Many of the references to China are followed by briefer and more affirmative references to Brazil, such as: ‘In South-South cooperation, Brazil’s cooperative support is highly appreciated and targets different sectors with no conditionality’.164 Brazil is favoured, despite China’s similar lack of conditionalities, because Brazil’s interventions partly coincide with European priorities such as educational training and rural development. The report states that Brazil ‘can be considered one of the new partners involved in donor coordination’.165

Another prevalent international lending figure, the World Bank, receives less glowing remarks despite its accordance with the European Commission on many funding priorities. These lukewarm references note that the Bank is slow to implement programmes and therefore slow to disburse funding such as that provided by the EC.

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165 Ibid., 30, 72.
Furthermore, the World Bank suffers from an overly ‘rigid application of regulations’.\textsuperscript{166} Nonetheless, Angola is still in the process of improving its relationship with the World Bank, and the Brazilian loan presence is still not comparable with that of China. I turn now to a discussion of Sino-Angolan trade to investigate their economic relationship further.

II. Section B. Chinese Trade with Angola

On the trade front, China has similarly been growing in importance for Angola, and Angola for China. Saudi Arabia and Angola have since 2006 been vying back and forth for the title of main oil provider for China,\textsuperscript{167} and for four consecutive years from 2006 to 2010, Angola has proved China’s most important trading partner and source of engineering contract markets in Africa.\textsuperscript{168} In terms of overall trade, Angola also ranked in 2004 as China’s fourth-largest partner, up from a rank of number ten in 2003.\textsuperscript{169} Already, China is the chief outside purchaser of Angolan oil, accounting for roughly thirty per cent of its sales,\textsuperscript{170} and is the third-largest trading partner with the country.\textsuperscript{171} The strength of trade and oil ties between the two countries over time can be clearly seen in Figures 3.2 and 3.3.

Figure 3.2: Trade between China and Angola\textsuperscript{172}

\textsuperscript{166} Ibid., 30.
\textsuperscript{167} Pilling, “Africa is getting a better deal from Beijing.” Also, Frynas and Paulo, 231.
\textsuperscript{169} Vines and Campos, “China and India in Angola,” 199.
\textsuperscript{171} “China signs energy, infrastructure development agreements with Angola,” BBC Monitoring Africa - Political, November 23, 2010.
\textsuperscript{172} “China signs energy, infrastructure development agreements with Angola,” BBC Monitoring Africa - Political, November 23, 2010.
During the 1990s, Sino-Angolan trade accounted for several hundred million USD, yet by the year 2000 alone had skyrocketed to roughly US$1.7 billion, and by 2008 to over US$23.5 billion. From 2001 to 2009, bilateral trade between the countries grew an incredible 3234 per cent, while EU-Angola trade grew fifty-four per cent. Most of this trade has thus been concentrated in Angolan oil exports. Indeed, over twenty per

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174 International Monetary Fund, *Department of Trade Statistics*. 

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cent of China’s trade with African nations comes from Angolan oil,\textsuperscript{175} and is Angola’s second-largest import partner (with 17.4 per cent), largest export partner (with 36.4 per cent) and largest trading partner overall (commanding 29.5 per cent). By comparison, the EU ranks as the largest import partner (43.1 per cent), third-largest export partner (19 per cent), and second-largest trading partner overall (27.7 per cent).\textsuperscript{176} For a more comprehensive list of selected partners, see Table 3.4.

Table 3.4: Major Angolan Trading Partners (2009)\textsuperscript{177}

<table>
<thead>
<tr>
<th>Major Import Partners</th>
<th>Major Export Partners</th>
<th>Major Overall Partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. EU27 (43.1%)</td>
<td>1. China (36.4%)</td>
<td>1. China (29.5%)</td>
</tr>
<tr>
<td>2. China (17.4%)</td>
<td>2. US (26.9%)</td>
<td>2. EU27 (27.7%)</td>
</tr>
<tr>
<td>3. US (8.5%)</td>
<td>3. EU27 (19%)</td>
<td>3. US (20.3%)</td>
</tr>
<tr>
<td>4. Brazil (8.3%)</td>
<td>7. India (3.2%)</td>
<td>5. Brazil (3.3%)</td>
</tr>
<tr>
<td>8. India (1.8%)</td>
<td>9. Brazil (0.4%)</td>
<td>6. India (2.7%)</td>
</tr>
<tr>
<td>20. Russia (0.2%)</td>
<td>39. Russia (0%)</td>
<td>27. Russia (0.1%)</td>
</tr>
</tbody>
</table>

Thus, as in loans and FDI, through trade we can see a tremendous increase in bilateral economic relations between Angola and China. Again, oil factors heavily into this equation, as it does with other Angolan partners as well. Ninety-six per cent of EU-Angolan trade comes from oil, for instance, and the EU accounts for roughly twenty-six per cent of Angola’s oil sales.\textsuperscript{178} Oil constitutes the majority of Indian-Angolan trade, as well. In a single financial year between 2008 and 2009, India doubled it oil imports from 30,000 barrels a day to 60,000.\textsuperscript{179} China thus is certainly not the only partner to fall into this pattern, and other players maintain an important presence in both trade and oil-specific trade.

\textsuperscript{175} Vines and Campos, “China and India in Angola,” 193-4.
\textsuperscript{176} Directorate-General Trade, \textit{Angola: EU Bilateral Trade and Trade with the World}, September 15, 2010, 6.
\textsuperscript{177} Adapted from Ibid.
\textsuperscript{178} Ibid., 11.
\textsuperscript{179} Vines and Campos, “China and India in Angola,” 204-5.
III. European Evolutions and Responses

How has European assistance to Angola changed over the years, and how is it now responding to China’s increasing presence in the country? In this section, I assess EU outcome variables and contemporary shifts, as discussed in Chapters 1 and 2. I begin with an analysis of contemporary EU changes in diplomacy and multilateralism with regards to Angola, and uncover few if any symptoms of increased European dialogue on the subject of Angolan development assistance. Next, I move into an analysis of EU economic engagements in the country including levels of FDI and trade, as well as relative sectoral foci, and find that FDI and trade levels have risen, with particular increases after 2004. I also find that infrastructure has become a relatively growing component of European aid provisions, while oil has not assumed any greater priority in European-Angolan relations. Finally, I look at ODA levels and conditionalities and find that EC ODA levels have held relatively constant with more general EDF expansions, while insistence upon conditionalities has increased. Along the way, I investigate European and Angolan discourses on development assistance, particularly as regards the EPAs.

III. Section A. Diplomatic Shifts: Forums and Multilateralism

To begin, I attempt to determine if the European Union has made any overt push for multilateralism either in Angola or based on economic and development considerations in Angola. This question is a difficult one to answer for the country, precisely because of what European Commission officials describe as the government’s reluctance to negotiate with the EU, or confrontationalism, one of my proposed causal variables. Yet overall it seems there is no new drive to incorporate Angola into a sphere
of multilateralism, despite the presence of extraordinarily high and fast-growing trade between China and Angola and the Angolan government’s historically rather defensive, hostile stance toward Europe. Indeed, the EU seems to have scaled back multilateral efforts. In terms of Chinese-based causal variables, Chinese trade with Angola is exceptionally high, while FDI to the country remains low in comparison with other oil-rich African countries (Figures 2.1 and 2.2).

For the past nine years at least, Angola has been negotiating an EPA with the EU through the Southern African Development Community (SADC) grouping. Despite years of work on this issue by the EC and specifically DG-Trade, Angola has remained coy and ‘not very active’, apparently preferring to allow its peers to discuss the terms of agreement and to criticise rather than to readily participate. Said one Trade employee, ‘They have no interim agreement and do not want to trade in services. It is their loss, and places them on the margins’.180 This sentiment explicitly points at the sense of frustration DG-Trade feels with regards to the Angolan government, which was echoed by several others with whom I met. One went so far as to say, ‘They [Angolan leaders] are always silent in negotiations, and never have any opinions. They never propose their own policies or proposals…now they don’t want to proceed with the EPAs and the EU. Okay, fine—they were not good partners anyway’. If Angola preferred to trade and deal with China to the exclusion of the EU, the country would only have marginalised itself, after years of only half-participation in IEPA discussions anyway.181

Angola has been pursuing some multilateralism of its own on these issues, however. In early 2009, the country joined fellow SADC member states Namibia and

181 Directorate-General Trade official, “Interview #02.”
South Africa to release a ‘Joint Demarche’ to the member states of the European Union pointing out their numerous concerns with the Interim Economic Partnership Agreements (IEPAs) being pushed by the EC. None of these countries has signed the IEPAs, though Namibia has initialled. To explain this, they referenced a least a year’s worth of concerns raised against the IEPAs which had gone unheeded and unanswered by the EU. Many but not all SADC members are also members of the Southern African Customs Union (SACU), the oldest existing customs union in the world, providing for a co-ordinated establishment of a common external tariff. This messy patchwork of regional agreements would be further aggravated by the IEPAs and their negotiations. IEPAs are to be crafted on a semi-regional basis, and the demarche authors worried that this will undermine both SADC and SACU, as ‘members of SADC will be required to establish at least four separate EPAs with the EU’, each with different rules and regulations. Conflicts and confusion between regional groupings would lead to increased transport expenses, thereby disrupting regional trade. This stands starkly in contrast to the EU’s pursuit of its own regional solidarity and its stated dedication to the spread of such regional blocs.\textsuperscript{182} The document concludes that ‘the IEPA is seriously flawed and will set back regional integration and development…for many years’.\textsuperscript{183} Finally, Angola sought answers to unique questions of its own. Chief among these concerns is the need for greater confidence in EC commitments to fund agricultural, industrial, and infrastructural sector improvements—of just the sort that China is funding.\textsuperscript{184}

Angola’s own multilateral approaches have tended toward increased confrontationalism against European development policies. Specifically, Angola,

\textsuperscript{182} Angola, Namibia, South Africa, Joint Angola, Namibia and South Africa Demarche to the European Union Member States, January 7, 2009, 1. Quotation from page 2.
\textsuperscript{183} Ibid., 4.
\textsuperscript{184} Ibid.
Namibia, and South Africa accuse the EU and its member states of both negligence toward Southern African states’ concerns and zealotry. Limited time has been dedicated to investigating the points raised by these countries and the EC has exhibited ‘no flexibility’ over these issues. Instead, the EC offered the single consolation that negotiations on the full EPA may potentially address the key concerns raised. Angola et al. find this an unpromising compromise, as once an IEPA is signed, there is no guarantee that the desired updates will enter into the legal framework, and changes may actually be harder to secure.\textsuperscript{185} Furthermore, they question the EC and EU member states in their hurried pursuit of IEPA conclusions. The authors claim that there is ‘no imminent danger of a WTO challenge to the SADC-EU IPEA’, though some WTO members have voiced worry that the EPA may infringe upon the Enabling Clause. Nevertheless, there has been no threat of challenge, and any challenge would take at least a year to bring results. Moreover, SACU-EU trade relations pose no difficulty for WTO rules. Hence, any urgency over the issue of signing the IEPAs is unnecessary and coercive, and EU member states are encouraged not to fall prey to EC proddings for a faster pace of negotiation. Such a history between Angola and the EU suggests maybe less that Angola is using China as a leveraging factor and more that the country is increasingly turning to China out of frustrations with other more traditional lenders. That is, confrontationalism seems to have been a latent factor only now truly brought to light and activated.

The EC response has been varied. The 2009 Country Level Evaluation declared the EC to be addressing Angola’s IEPA situation ‘satisfactorily’.\textsuperscript{186} A September 2010 factsheet issued by the European Commission references the 2009 demarche, saying the

\textsuperscript{185} Ibid., 2-3.
concerns therein ‘are being dealt with in negotiations for the full EPA’. Yet frustrations are still evident, as my summer interviews show. Perhaps the most ‘multilateral’ that the EU and EC have become with regards to Angola is in the contracting of the Country Level Evaluation mentioned above. The Evaluation was compiled on behalf of the Commission by several independent agencies, and based on a series of question about European aid and development policies put to Angolan experts. The report seeks understanding of perceptions on EC and EU aid coherence and on recipient satisfaction. Yet, notably, this report was not conducted in conjunction with the Angolan government nor with China, and represents one in a series conducted for many (but not all) ACP countries. The report concludes that greater co-operation and dialogue is needed between Angola’s various donors, but the most concrete example of any co-ordination occurring comes from the EC’s keenness that it should heighten its influence within the World Bank so as to help promote efficiencies and cooperation within the organisation.

Overall, I find no significant increases in European Union multilateral policies with regards to Angola, irrespective of China’s presence. Perhaps, indeed, I find a backsliding in EU promotions of multilateralism. The EU interprets Angola as unwilling to co-operate, and hence does not appear to have thrown much additional effort into any special forums beyond those for EPA negotiations. This is in stark contrast to the general trends for the EU and Africa I discussed in Chapter 2, where I found that the European Union was particularly eager to promote multilateral dialogues when China and other emerging donors less specifically became involved in a given country. My

findings for Angola also contradict my prediction that increased confrontationalism would lead to increased European promotions of dialogue. Instead of demonstrating an eagerness to resolve away differences, EU-Angolan trends demonstrate a weariness with continued and ineffectual discussions.

III. Section B. Economic Shifts: Trade, FDI, and Sectoral Foci

In this section, I investigate whether any economic shifts have occurred in the EU’s engagement of Angola, and attempt to answer what has inspired any changes that I uncover. I begin with an analysis of EU trade and FDI levels with Angola, and then move on to a discussion of changes in focus on extractive sectors and changes of focus on infrastructural sectors. Overall, I find significant upward changes in European trade with and FDI to Angola, particularly beginning in 2004. Chinese trade with and FDI to Angola began to skyrocket exactly during this period, as did the Chinese presence in Angola’s oil sector. The 2007/2008 crises certainly diminished these financial flows in 2009, yet surprisingly affected European flows far less than China’s. In this section I also discover a significant shift toward infrastructural provisions, similarly coinciding with an increase in Chinese economic commitments and infrastructural presence during the post-2004 time period. Meanwhile, I find only minor and insignificant changes in oil sector focus, despite expanding Chinese finances and oil sector shares during this period. Indications are that Europeans are highly aware and critical of China’s activities in Angola, specifically in the forms of trade and investment in oil and infrastructural projects. While I cannot say definitively that trade and infrastructural have become more important to the EU because of China in Angola, the evidence is highly suggestive.

It is immediately apparent that China is overtaking the EU as general trading
partners with Angola. As discussed in Section II, European trade exceeds Chinese only in the category of exports to the African nation. Until 2004, total EU trade with Angola exceeded total Chinese trade with Angola, at which time an uninterrupted Chinese-Angolan trade rise that began in 2001 first overtook EU-Angolan levels. Until 2009 at least this trend has been maintained. Indeed, the EU’s 2008 peak trade with Angola was approximately US$4,630 less than China’s 2008 peak year of trade with Angola.\(^{189}\) Both peaks occur in the same year, with the plummeting figures of 2009 probably reflecting the depressed economic conditions resulting from the 2008 financial crisis.

However, the EU’s trade with Angola has risen dramatically over the years, though less so than China’s trade with Angola (see Section II). From 2002 to 2007, the volume of imports from then-member states in the EU25 grew by 84 per cent, from €2264 million to €4158 million, while the volume of exports grew by 186 per cent, from €1408 million to €4023 million.\(^{190}\) Overall trade between the EU and Angola skyrocketed after 2004, growing over 468 per cent and reaching a peak of US$18,928.99 million in 2008. In 2009, that figure fell about 15 per cent to US$16,148.62 million, remaining still far higher than the pre-2005 levels of US$4000 or less (Figure 3). China’s 2008 trading peak with Angola was a full US$4631.29 million higher than the EU’s. However, 2009 Chinese-Angolan trading levels demonstrate a greater depression than do EU-Angolan levels, as by 2009 European-Angolan trade accounted for US$196.88 million more than Sino-Angolan trade (Table 5.3). The EU is Angola’s largest trading partner only in the category of exports to Angola, which provides commodities for the Angolan market certainly, but concentrates the wealth- and income-benefits of EU-Angolan trade in the EU. Indeed, between 2002 and 2007 import/export flows were

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\(^{189}\) International Monetary Fund, *Department of Trade Statistics.*

fairly imbalanced in favour of the EU, approximately evening out afterward.\textsuperscript{191}

Is this rise in EU-Angolan trade singular? It is not. As mentioned in Chapter 2, at least six nations besides Angola have experienced the same spectacular rush of import and export exchanges since roughly 2000. However, the fact that almost all of these countries are large oil-producers suggests that Angola is fitting into a larger trend of high trade with African nations that represent instances of particular oil and economic competition between China and the EU.

\textbf{Figure 3.5: Trade and Investment between the EU and Angola}\textsuperscript{192}

EU foreign direct investment levels have soared since taking off beginning in 2004. In 2003, FDI came to US$573 million and by 2007 had grown over 1345 per cent to reach a peak at US$8289 million.\textsuperscript{193} Indeed, these figures mirror trade trends, anticipating the 2008 trade peak and 2009 trade slump with a 2008 FDI slump of US$6976 million. Trade levels throughout the whole period remained much higher than FDI levels. In investments, unlike in trade, the EU outstrips China’s presence in Angola,

\textsuperscript{191} Ibid.
\textsuperscript{192} International Monetary Fund, \textit{Department of Trade Statistics}; Eurostat.
\textsuperscript{193} Eurostat.
with the EU since 2005 accounting for several thousands of millions of US dollars annually, and China accounting for mere hundreds of millions. Yet Angolan receipts of European FDI also do not signify a unique jump, and are outshined by an increase in FDI to Nigeria that is faster and accounts for more funds. Nonetheless, the jump shown is amazingly strong. Significantly, both EU FDI and trade levels show marked rises beginning in 2005, the very year after the much-decried Chinese US$2 billion oil-backed loan which kick-started oil, infrastructure and loan relations between the two developing countries.

As for a sectoral focus in extraction, the EU demonstrates only meagre outright interest in the Angolan oil industry, despite the heavy prevalence of European firms and the ninety-six per cent oil-share in EU-Angolan trade. The percentage of EU oil imports that come from Angola have fluctuated around 1.5 per cent, while actual amounts imported showed small peaks in 2001 and 2006 and large upward movement in 2009.194 European ODA allocations have expressly avoided any reference to extraction, besides to express concern over Chinese oil-backed loans and Angolan sectoral specialisation. Aid categories include rural sector support and infrastructural and productive projects, but no explicit extractive category. Thus, while European private firms may on the micro level be focusing increased worry and attention on the Angolan oil sector, and likely even in reference to the Chinese threat, European-level data does not support the idea of any increased official focus here.

In the infrastructural sector, the story is very different. Indeed, the European Union and Commission have greatly privileged infrastructure, and this emphasis exceeds even set targets. Infrastructural project loans are largely sourced from EDF financing,

194 Eurostat; Directorate-General Trade, Angola: EU Bilateral Trade and Trade with the World, 11.
provided as ODA. From 2002 to 2007, infrastructural and other private projects actually received 0.8 per cent more than their allotted amount of three per cent of aid, while aid to areas such as health, education and rural development slipped. The Country Level Evaluation states that part of this unanticipated extra emphasis was a result of disbursement imperfections. Of short-term funding, eighty-four per cent was disbursed compared with fifty-seven per cent of medium- to long-term funding. Ultimately, of total disbursed funds, short-term support ended up accounting for sixty per cent. Infrastructural projects constitute an example of short-term funding.

Certainly, sectoral funding shifts in general have emerged, with every sector receiving funding less than or equal to what was promised (with most receiving less), except demining, social services and infrastructure, private and productive sectors (as mentioned). The exceptional fact of infrastructural projects’ increased disbursements relative to commitments is significant, however, as construction does not constitute the only possible type of short-term project the EC and EU might fund. No analysis has yet been completed on disbursements of EDF 10 support, since the corresponding Country Strategy Paper and National Indicative Programme ranges from the years 2008 to 2013, so it is unclear how this trend will continue to play out in reality. As for commitments, the EDF 10 CSP references ‘rehabilitation, construction and equipping’ in the context of human and social development, along with water and sanitation projects and other education and health endeavours, and provides a separate reference for ‘private sector’ under ‘other programmes’. Commitments to the sub-sections of human and social development are not specified, though the programme in general receives thirty-two per cent of commitments, at €68.5 million, tied with rural development. Governance and

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‘other programmes’ receive the third- and fourth-largest allotments, respectively, and private sector funding is specified as €3 million.\textsuperscript{196}

Hence, overall I find no concrete changes in EU trade with and FDI to Angola, nor any particular policy-level increase in focus upon the extractive sector. I do, however, find reason to remain curious about the general types of trade jumps with specific oil-producing countries, as discussed in Chapter 2, and about the incredible growth in FDI with Angola after the period in which China became more involved. I hypothesise that there is only a very small chance these overlaps are a coincidence.

Hence, while increasing EU trade levels with Angola might not prove absolutely singular, I propose that they fit inside a pattern reserved for those nations with which European firms are most in competition for resources.

Finally, I do find significant shifts in sectoral emphases upon infrastructural development, though this is perhaps to be expected for a nation emerging from forty-one years of warfare. However, based on my interviews discussed in Chapter 2, we must be cautious not to discount China as a potential causal factor. Furthermore, the precisely concurrent timing of the jump in general EU investment flows with those from China is highly suggestive. While my discussion of the European infrastructural focus has primarily centred on aid allocations, investments are an important component of infrastructural provisions. These FDI jumps furthermore coincided with not only increased Chinese FDI but also with European aid commitments to infrastructural projects. Finally, it is impossible that European policy-makers could have ignored widely-held international knowledge of China’s particular influence in Angola’s trade, oil, and infrastructure.

In fact, the Country Level Evaluation’s references to China begin with factual and potentially positive notes such as, ‘China is assisting Angola with important credit lines aimed at recovery of infrastructure, railways, education and health facilities, water distribution etc.’ Yet judgment and worry slowly creep into the document, showing European apprehensions and watchfulness on this issue. When considering the manner of China’s assistance in order to support such construction projects, the report calls attention to the prevalence of oil-backed loans with ‘no grants…foreseen’, and evidence that China is ‘showing the greatest interest in Angola’s extractive industries’. Hence, I find that the increase in general investments and infrastructure-specific aid from Europe occurs alongside a simultaneous increase in Chinese infrastructural commitments, and is accompanied by heightening European attention to China’s infrastructural commitments in Angola. This evidence together suggests a significant probability that Europe began emphasising an infrastructural focus in response to China’s similar focus.

Though Angola appreciates China’s seemingly condition-less funding, the EC writes that the government has failed to take account of crucial differences between oil-backed loans and grant support, an issue which is inevitably tied in with accepting infrastructure projects from China. This subtle jab is aimed against China’s suspect motivations in supplying oil-backed loans, while the EC relies more heavily on ODA grants, presumably conceived of as more benevolent. As the text goes on, references to competition and the possible damage China’s relations with Angola may do to Europe’s influence become much more overt. Concerns about China’s negative influence upon Angolan oil dependence, debts from loans, and European leverage must add to the sense

198 Ibid.
199 Ibid., 29.
that the European Union feels obligated to offer compelling alternatives.\textsuperscript{200}

\textbf{III. Section C. Development Aid Shifts: ODA Levels and Conditionalities}

Finally, I turn to examine changes in development-specific European approaches. First, I focus upon ODA levels to Angola and second, upon any changes in conditionalities approaches in Angola. For ODA, I find significant spikes in activity around the year 2004, which we must recall as being an important year in Sino-Angolan economic relations. I also find, though, that the EC has remained fairly consistently committed to Angolan development over time, and is perhaps less susceptible to fluctuations based on Chinese influence. Last, I find concrete evidence that Europe is worried about China’s implications for the Union’s conditional approaches in Angola. Rather than provoking a decline in conditional commitments in order to better compete with the emerging nation, the EU has shown a fighting spirit and a firm resilience in its foundational adherence to progressive socio-political benchmarks.

On the surface, it appears that both EU and EC aid have held relatively constant over time pre-EDF 10 (Figure 3.6). From 1990 until about 2005, EU aid has hovered between the US$10 and US$20 \textit{per capita} marks, while EC aid after the late 1980s stayed at or above US$4 \textit{per capita}, fluctuating around US$6. 2004 stands out as a single year of significant spike in EU support, with funds reaching approximately US$60 \textit{per capita}. In 1995, the year of a previous ceasefire agreement in Angola, roughly half of EU aid came in the form of debt relief and emergency relief while the last fifty per cent remained devoted to development projects. This was also the first year in which emergency aid entered EU funding to Angola, and only the second year in which debt relief was

Meanwhile, EC aid doubled in 1990-1992 from its 1988-1989 levels, after which it proved roughly constant, with small spikes in 1995 and 2001-2002 largely linked to the EC’s attendance to ceasefire humanitarian situations (Figure 3.7). Overall, however, the yearly disbursements have amounted to US$60 million or less. Figures based on OECD aid statistics map out EC funding in contrast to ‘All donors’ (EC and EU inclusive) in Angola and display a curious pattern. Though the EC, as noted, has remained relatively stable in its ODA support of the country, ‘All donors’ has shown incredible fluctuation, peaking in 2004, much as described for EU aid. By 2007, aid from ‘All donors’ had fallen to almost exclusively the amount provided by the European Commission. From this we can infer at least two possible things. First, Europe has potentially shown to be one of the most predictable and loyal donors. Second, the 2004 season of China’s infamous US$2 billion oil-backed loan to Angola may have inspired a short-lived,

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201 Ibid., 18. Data Source: http://development.donoratlas.eu/
202 Ibid.
unsustained flood of ODA from OECD donors.

Yet the story becomes more complicated. I have so far not distinguished between types of EC aid provided. In fact, beginning in 1995, emergency aid was added to development aid, and masks an actual decrease in EC development programme aid after 1996 and after jumps in 2001-2002. Moreover, interestingly, the EC it seems did not intend to provide such an even level of aid funding over time. When looking at figures outlining the share of funding sources in the European Commission’s commitments and disbursements to Angola from 2002 to 2007, it is evident that the EC intended to increase aid with every new EDF, but reality did not match this expectation and commitment. We may find it instructive to view committed funds as an approximation for theory and rhetoric, while disbursed funds show the reality of the situation. While this may seem self-explanatory, real analytical power comes from this differentiation. While EDF 9 assistance was meant to represent about 40 per cent of the total employed, with EDF 8

\[\text{Figure 3.7: ODA per capita by type from the EC to Angola}^{203}\]

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making up 26 per cent and EDF 7 at 19.1 per cent, the proportions of disbursed aid represented by each EDF 7 through 9 are nearly equal. 28.3 per cent of aid disbursed came from EDF 9, with 28.4 from EDF 8 and 26.4 from EDF 7.\footnote{Ibid.} The OECD reports that from 2002 to 2007, of a committed US$3047 million for aid, only US$2900 million was disbursed. Though the EC intended to increase aid over time, the shift did not materialise.

As noted, as of yet no analysis on disbursements of EDF 10 support exists due to the recent and ongoing nature of the latest Country Strategy Paper. However, the EC’s history of promising more every year does continue. The 2002 CSP committed €117 million for development assistance (Envelope A) and €29 million for ‘unforeseen needs’ such as emergency assistance and humanitarian aid (Envelope B). In 2008, commitments were €214 million for development programmes and €13.9 million for emergency needs.

Two points at least must be made. First, each consecutive EDF has promised a larger aid budget, marking Angola as non-unique here. Second, the relative emphases on Envelopes A and B for Angola have rather understandably shifted over time. Emergency assistance funding must also necessarily receive more priority in the transition period of a ceasefire. Moreover, in 2002, the EC Country Strategy Paper noted the difficulty of mapping out a development document for a country so clearly politically fragile and with the potential of lapsing into warfare again, as it had after its brief 1991 and 1994 peace agreements.\footnote{Republic of Angola - European Community, \textit{Country Strategy Paper and National Indicative Programme for the period 2002 - 2007}, 12.} Hence, the EC had little comprehension of Angola’s true state of peace and its future stability. By 2008, fears of backsliding had
become more distant, which both enabled the EC to plan more confidently for development programmes and required less stand-by funding.

As for conditionalities, the European Union continues to emphasise its liberal norms, as can be seen in its heavy initial allocations of aid toward civil society and governance endeavours. Indeed, in terms of commitments, governance and capacity building receive 7.8 per cent of 2002 to 2007 funds, with civil society, human rights and culture receive 3.3 per cent—both higher than infrastructure, private and productive sectoral funding. These numbers drop considerably in disbursements, to 4.7 and 2.9 per cents, respectively, yet as noted, most sectors received less than expected, save demining and construction.206

The Country Level Evaluation also considers European conditionalities, and in so doing, explicitly references China as a direct concern. This shows itself particularly in the ways in which the document considers China’s role in Angola. Rather than simply acknowledging China as an alternative source of financial assistance, the authors of the report investigate how it is that China’s presence could be threatening the EU’s role and affecting the use of EC aid. In analysing coherence of coordination of EC ‘interventions’, the document notes, for instance:

The characteristics of China’s financial support have to be adequately considered by the EC since they question conditionalities attached to EC intervention, political influence and political dialogue promoted by the EC. [The government of Angola] is valuing China’s economic cooperation as an important contribution to the development of the country, implemented on a fast track and free from conditionalities, thus tabling the need to reflect on conditionalities and on flexibility in the use of EDF regulation’.207

This passage demonstrates not only a clear concern over the impact of China’s presence in Angola, but also an actual discovery that China is impacting the use of EC aid,

207 Ibid., 71. Emphasis original; other emphases omitted.
threatening Europe’s approach and its goals for Angola. The EU and China are here in
direct ideological competition, manifesting itself in the practical manner of assistance
delivery. Whether or not this translates into a corresponding change in European
behaviour is less clear, but Europe is certainly displaying wariness and watchfulness
toward the situation. In a ‘SWOT’ (Strengths / Weaknesses / Opportunities / Threats)
table included in the Country Level Evaluation, analysing EC intervention in Angola
from 2002 to 2007, China made its way onto the list—while Brazil and the World Bank
did not—and its only mention fell under the ‘Threats’ category. Following points about
local conflicts, coordination and capacity, motivation and ownership, China came last:
‘China’s financial support is interpreted as having a possible deterrent effect on EC
political influence and conditionalities’.\(^\text{208}\) Clearly, despite public comments made by
employees of the European Commission in Directorates-General Trade, Development,
and RELEX, Chinese assistance is not primarily being viewed as a potential complement
to European assistance (as discussed in Chapter 2), and China’s increasing financial
relationship with Angola not as an ‘opportunity’.

Rather than shrinking from conditionalities in the face of lax social standards
accompanying Chinese assistance, I find that the European Union shows more resolve
and commitment to its norms, contrary to my expectations set out in Chapters 1 and 2.
This could actually be a positive development, despite some developing nations’ and
academics’ critiques of the impositional and neo-imperialistic nature of conditions. If
Europe is to devote itself even more firmly to its deeply-held convictions even when
faced with crowding out and competition by the Chinese, perhaps the evidence supports
the case of selfless European development objectives. It could indeed be a point in the

\(^{208}\) Ibid., 76.
EU’s favour that it values liberal, civil society-based norms enough to continue to fight back. I also find evidence of increasing EDF funds to Angola over time, and rather steady disbursements throughout time. Thus, as there are no notable shifts, it seems the EU is not facing serious influence from outside pressures in terms of aid.

IV. Conclusions

How are European Union assistance policies changing in Angola, and what might be inspiring these changes? Certainly, trade and FDI flows have grown at a very fast rate, while EC ODA disbursements have remained relatively constant over time. Infrastructure is becoming more important as a sectoral focus, while oil and multilateralism receive limited attention. Chinese trade and also FDI flows have also grown rapidly in Angola, with most of this growth clustered within the oil sector and oil-for-infrastructure exchanges. Evidence exists that this relationship might be changing, but for now China has become the key new player, and the key general player, in Angola.

What does all this mean in terms of our causal pathways? First, it is evident that China is a large concern. The Country Level Evaluation alone should make this evident, though the Country Strategy Papers and European Commission employees reinforce this notion. Throughout the report, small and isolated patches of text address the question of involvement by China, Brazil and the World Bank in Angola in relation to the success of the EU’s involvement and programmes. Yet the report always affords China the first and most weighty consideration, with other non-EC donors being treated as a side-note afterward. Other emerging nations are certainly present in the country but do not appear to alarm or interest the European Union excessively; certainly no more than China.

Second, the types of changes emerging in EU assistance provisions for Angola
are reminiscent of general neoliberal proscriptions. Heightened FDI and trade relative to ODA is certainly an example of this, though an increased sectoral focus upon infrastructure and a toughening opinion on conditionalities are not necessarily. The lack of real change in the EU’s targeting of Angola’s oil sector leaves us with no additional information. Finally, though Angola has been fairly confrontational over the years, it seems that rather than inspiring any European changes, the country has been learning to soften a bit, as evidenced by its search for reconciliation with the Paris Club, IMF and World Bank. Indeed, Angolan confrontationism seems to have inspired more disgruntledness and resentful stubbornness than an increase in Europe’s multilateral approaches.

It would also be instructive to note that Angola makes it hard for outsiders to prioritise assistance through aid, preferring to take a (Chinese-esque?) business-like approach. This has deep implications for how the EU and other donors must interact with the country, potentially contributing to the types of FDI and trade rises demonstrated, while ODA has remained relatively level. The Angolan government has instituted new laws explicitly encouraging investment, for instance, mandating equal treatment of foreign and Angolan firms and providing for clearer property rights and tax incentives. Further, the Angolan State Budget only relies on aid for about five per cent of its expenditures, or 0.2 per cent on EC support. This approach has limited donors’ political leverage to affect policy decisions, as noted in Section III and necessitated a trade and investment partiality.

Also possible is that perhaps the EC is not effective enough at following its own plans to successfully mimic China’s approach. As demonstrated, the EC has not actually

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disbursed all of the EDF support committed, during individual years and more generally for each EDF and the periods they cover, and priorities in disbursement do not match priorities in commitments. If the EC is unable to uphold its own hopes and plans here, there is no reason why any intended alteration of course in providing development assistance would necessarily appear strongly and immediately. In other words, further changes may be expected over time, both because development policies will in general continue to evolve over time, and because China in Africa may elicit future and evolving reactions. Perhaps future researchers may be better able to tackle these questions as increasing Angolan transparency make data on co-operation with China more accessible. As European nations recover from the 2007/2008 financial crises and their economic and external co-operation robustness return, changes may become all the more obvious and interesting to evaluate.
Chapter 4: Case Study Nigeria

As in the preceding case study on Angola, in this section I will describe and analyse Nigeria’s historical and contemporary economic relations with both the European Union and China. Ultimately, I seek to discover ways in which European Union development policy and assistance relations with Angola are shifting, and to what we might attribute these changes. How relevant is China’s presence in the country to these changes? Unlike in my preceding chapter, where I found strong Chinese influence upon aspects of European assistance to Angola, I find only weak evidence of any concern over China in Nigeria, let alone evidence of European changes in response to such concerns.

In many ways, the Nigerian case stands in contrast to the Angolan case. First, in Nigeria, European promotion of multilateralism is enthusiastic. Second, trade with and FDI to Nigeria are among the largest of European engagements with oil-rich African states. However, infrastructure receives very little attention from Europe, while oil similarly remains a low concern. Third, EU ODA has surged in Nigeria, with one of the largest aid packages Europe provides. Nonetheless, there has been little attention to conditionalities. What of our independent China-based variables? Nigerian relations with China focus more upon manufacturing (rather than oil) relative to its peer oil-rich African nations. Chinese FDI demonstrates particular strength in the country, though Chinese consumers imports very little from Nigeria, showing a relative weakness in trade. Ultimately, it seems the crux in the Nigeria story boils down to two very important points. First, sectoral diversification emphasising both oil and manufacturing has led to an almost specialisation of European and Chinese trade and FDI attention
upon these respective sectors. Second, Nigeria’s pursuit of liberal Western norms and minimal confrontationalism decrease the chance that Europe will interpret the country as an area of ideological competition with the Chinese.

Nigeria is a rather classic oil-rich country, with extraction industries dating back to 1907, and a strong history of rentier government regimes. However, it must be noted that Nigeria is also in many ways a singular country. Statistically, the nation is distinguished as Africa’s most populous nation and chief oil-producer, and the largest economy in West Africa. Nigeria further demonstrates a willingness to act as a trailblazer in (sometimes controversial) policy and economic deals. For instance, the large, infamous oil-backed loans that have come to characterise assistance to energy-rich countries were debuted in Nigeria in the late 1980s in conjunction with the shady bank BCCI.211 Nigeria’s government further led other oil-rich countries in first establishing a technocratic elite designed to negotiate the specialised details of oil deals with outside investors.212 The country also aspires to UN Security Council membership, a push that is supported by both France and China.213 It is one of the few democracies in Africa, though this characteristic has been unstable. The country possesses a legacy of changeable governance patterns, moving into parliamentary democracy first in 1963, civil warfare from 1966 to 1977, a second republic in 1977, military dictatorship from 1995 to 1999, and back to democracy in late 1999, meanwhile attempting to ward off violent erosion into Niger Delta-inspired conflict.214

In order to conduct my analysis, I begin first with a brief historical overview of

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211 Soares de Oliveira, *Oil and Politics in the Gulf of Guinea*, 98.
212 Ibid., 87-88.
European-Nigerian connections in Section I, followed by a brief overview of Chinese-Nigerian relations in Section II, focusing specifically on economic commitments over time. In Section III, I proceed to examine shifts in the European outcome variables discussed in each of the preceding chapters. In Section IV I draw my conclusions.

I. Europe in Nigeria: A Brief Historical Overview

Nigeria has generally maintained better connections with the West, and Europe more particularly, than oil-rich Angola to the South. These continued connections assume the form of commercial ties (largely in oil) and a shared adherence to liberal norms. Nigeria originally began as several British protectorates, consolidated into one colony in 1914, and attained independence in 1960 by a British Act of Parliament. Two of the very enduring legacies of this period manifest themselves in the unique Nigerian federal government system and the continued heavy British presence in the Nigerian oil sector, both factors which are relatively absent from formerly Portuguese-ruled Angola.

Nigerian incorporation into Western multilateralism began with its colonial independence and subsequent membership in the UN in 1960, and has shown an upward trajectory since. European economic engagements remained rather steadily ingrained in Nigeria throughout this time, with particularly enduring commercial oil ties. Infrastructure did not play a large role in economic relations, and neither have conditionalities. Nigeria has received aid from Europe under every period post-1976 Lomé I, save during a brief cessation from 1995 to 1999. During this 1900 to 1990s period, Chinese commitments and sectoral presences were weak and only really re-emerged in the early/mid-2000s, as I will discuss in Section II. Furthermore, Nigeria has proved far from confrontational, usually according with European ideology.
Indeed, while Angola struggled through forty-one years of war, first for independence and afterward for political stability, Nigeria has had continual relationships with democracy, albeit flawed ones. Despite rampant corruption and some years of military dictatorship, historic connections with Europe and the UK have continued to demonstrate strength since independence in 1960. Nigeria has also shown some more general signs of incorporation into a Western international community with its pursuit of UN Security Council membership, backed by France and China. The country has further pushed for regional co-operation and supranational governmental organisations within Africa, such as the European-praised African Union (AU) and Economic Community of West-African States (ECOWAS). I undertake here to describe briefly the historical evolutions in European-Nigerian relations, both economically and politically.

1900 to 1960. Europe’s engagements with Nigeria began with the African country’s colonisation by Great Britain. Through this relationship, strongly entrenched commercial and ideological networks were established and endure to the present day. European commercial interests in Nigeria began most prominently in 1914, soon after oil was discovered. That year, a British colonial ordinance declared oil leases and licenses available exclusively to British companies, and a joint venture by UK-based Shell-BP effectively took control of the industry.\textsuperscript{215} Such implicit dominance by the British venture under British-ruled Nigeria became more explicit with a 1938 contract granting Shell-BP exclusive rights to oil exploration in all of Nigeria.\textsuperscript{216} In the following years, Nigerian oil fields opened up to other European and even a few US firms as Shell-BP

\textsuperscript{215} Frynas and Paulo, “A New Scramble for African Oil? Historical, Political, and Business Perspectives,” 235.

shifted its focus to southern Nigeria, where it concentrated its oil rights in a new license that restricted its territory to a 60,000 square mile area.\textsuperscript{217}

European political influence began to wane as increasing colonial power was transferred to Nigerian politicians. Local politicians in turn pursued various nationalisation and indigenisation policies. Finally, colonial Nigerian oil was opened up for non-European access when a British plea for US financial assistance in the colony resulted in new oil concessions previously denied to US companies.\textsuperscript{218} After Nigerian independence in 1960, bouts of war and conflict further limited oil exploration and production, but did not prove a true discouragement to outside companies' interest and entrance.\textsuperscript{219} Then, forty-one years after Shell-BP's first monopolist Nigerian contract and nineteen years after Nigeria’s independence, BP was pushed out of the country by the government’s nationalisation of its assets from the joint venture. Shell, however, has remained and in 2000 was still one of the key actors in the sector.\textsuperscript{220}

\textbf{1960 to 1990s.} Despite Britain’s and Europe’s gradual relinquishment of Nigeria’s oil sector, as described above, British and European firms remain the largest in the country. Yet significant internal evolutions have complicated Nigeria’s relationship with its oil industry and heightened local agency in the sector at the expense of British and European dominance. Nigeria’s oil sector is now a thriving field with many non-European and new European competitors vying for access (to be discussed further in Section II). However, European and Western ties remain important to the country, both through aid allocations and outside loan and debt assistance.

\textsuperscript{217} Soares de Oliveira, \textit{Oil and Politics in the Gulf of Guinea}, 171.
\textsuperscript{218} Frynas, Beck, and Mellahi, “Maintaining Corporate Dominance after Decolonization: the 'First Mover Advantage' of Shell-BP in Nigeria,” 409-410.
\textsuperscript{219} Soares de Oliveira, \textit{Oil and Politics in the Gulf of Guinea}, 171, 180.
\textsuperscript{220} Frynas, Beck, and Mellahi, “Maintaining Corporate Dominance after Decolonization: the 'First Mover Advantage' of Shell-BP in Nigeria,” 407.
Though oil was discovered in Nigeria around the turn of the twentieth century, commercial production and exportation did not begin until 1957. In 1960, oil production had reached 20,000 barrels per day, and only thirteen years later had shot up to greater than two million barrels per day. While great gains were made in that period, production figures remain almost the same even in 2006, representing a sense of mismanagement within the industry. Nevertheless, oil has grown proportionally to command the dominant share of Nigeria’s GDP, exports and government revenue.\footnote{Frynas and Paulo, “A New Scramble for African Oil? Historical, Political, and Business Perspectives,” 232-3.} This point has proven particularly worrying to the EU, which observes that Africa’s largest country and West Africa’s largest economy ought to be able to find alternative and more sustainable avenues to economic success.\footnote{European Community - Federal Republic of Nigeria, \textit{Country Strategy Paper and National Indicative Programme for the period 2008-2013}, 10-11.} Indeed, this oil dependence has not led to significant diversification and development of other sectors, and agriculture particularly has been essentially crowded out. In fact, since the 1970s, GDP per capita has fallen, and ‘sustainable improvements in the provision of infrastructure and social services’ has not materialised, though corruption has multiplied and strengthened.\footnote{Nigeria - European Community, \textit{Country Support Strategy and Indicative Programme for the period 2001-2007} (Brussels, July 16, 2002), 11.} Between 1980 and 1996, poverty worsened significantly.\footnote{Ibid., 15.}

Like many of its neighbours, Nigeria established its own national oil company, furthering the post-independence economic divide between Europe and Nigeria. The Nigerian National Petroleum Corporation (NNPC) was created in 1977 and, in true Nigerian fashion, stands out as singular among the other African national oil companies, with the distinction of being ‘the biggest and most chaotic of all the national oil
companies’. As may be expected, NNPC is also plagued by its share of Nigeria’s general corruption. As the country wrestles with international fraud originating from within its borders, NNPC and senior employees have been exposed as deeply entangled within ‘a string of “413” scams’. Nonetheless, despite its high profile, the NNPC is not the only, nor the most major, player in the country’s extractive sector.

Yet the increasing diversification of players in Nigeria’s oil sector has not excluded European involvement in the country. Indeed, in 1976, Nigeria joined the ACP development grouping under the European Economic Community’s Lomé I trade agreements, when the EEC first began formally offering development assistance to former European colonies. Under EDF 5 (1980-1985), the financial relationship became solidified, with Nigeria receiving its first envelope of €50 million in ODA. Since then, relations have been fairly steady, with Nigeria receiving funding under EDFs 6, 7, 9, and now 10. EDF 8 did not allocate funding to Nigeria, as the EC temporarily severed relations after the 1995 military execution of political opposition leaders and subsequent dictatorial rule. Angola, similarly, received EDFs 6 through 9 allotments only after its 2002 ceasefire. Thus, this type of cessation of relations appears fairly ordinary, though Nigeria’s experience with relatively more periods of stability than its neighbours have entitled it to more steady aid from the EU. By the end of 1999, relations were restored as Nigeria began holding elections again and democracy returned.

Certainly however, Nigeria has experienced tensions in some of its relations with Western partners, particularly the IMF and the Paris Club. It is, of course, interesting that we must draw a distinction between the degree of cordial ties between Nigeria and

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226 Ibid., 93.
227 EDF packages began in 1975 with EDF 4.
the EU, and between Nigeria and the West more generally. The country has attempted
at least three different reform programmes in association with the IMF, none of which
have been truly successful. The first Structural Adjustment Programme (SAP) was
instituted in 1986. Despite producing positive economic effects such as improved
growth rates, significant pain and discomfort accompanied it in the forms of a wage
freeze and eliminated health, education, and other services subsidies. The result was a
negative internal perception of both the programme and the IMF, and immigration to
Europe was ‘a survival strategy for many’ Nigerians, reinforcing the divide between the
West and Europe.\textsuperscript{228}

The first SAP was followed in early 1999 by a second, before the re-institution of
elections, but ‘most benchmarks were missed and the programme was abandoned’.\textsuperscript{229}
Finally, in August 2000 the democratically-chosen government headed by President
Olusegun Obasanjo (1999-2007) signed a precautionary Stand-By Agreement with the
IMF, but a year later the IMF deemed the programme ‘off-track’ and called for its
restoration through prioritising macroeconomic stability and liberalisation reforms.\textsuperscript{230}
Yet it must be noted that the EU has reiterated these calls for market-based reforms. In
2003, the EU issued a complaint with the WTO over Nigeria’s bans on certain imported
consumer products including agricultural and manufactured goods, claiming that
Nigeria’s membership in the WTO precluded its imposition of such import
prohibitions.\textsuperscript{231} Hence, some strain in EU-Nigerian ties have emerged, though largely

Programme for the period 2008-2013}, 108.

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\textsuperscript{230} Ibid.

\textsuperscript{231} Ademola Oyejide, A. Ogunkola, and A. Bankole, “Case Study 32: Import Prohibition as a Trade Policy
along the lines of neoliberal rhetoric.

Nigeria has meanwhile been working on an improved relationship with the Paris Club donors. In 2002, after the Obasanjo government had been in power for roughly three years, the country argued that the vast debts its predecessors had incurred with Club members ought to be reduced or cancelled. The government argued that its current incarnation represented a significant break from previous Nigerian governments, marking it as deserving of concessions by virtue of its democratic nature. Unlike an authoritarian government, this one would have to prove its advantage and worth to common citizens; it was both vulnerable and certainly a Western-favoured improvement in governance that must be defended. Despite these pleas and rationales, the Paris Club opted instead for debt rescheduling. Rather than descending into bitterness and alienating the country from Western lenders as occurred in Angola, however, Nigeria has proved again ‘rather unique’ among oil-rich African countries. The government has made great and studious debt progress through reform and in 2006 became the first African government to ‘pay off outstanding debts’. As a result, for the first time in twenty years, Nigeria’s credit rating has been improved to investment grade. Of course, other nations like Angola are now following in Nigeria’s footsteps, but we must note that it was overt, proactive Nigerian practises that allowed for tensions to resolve into compromise. Certainly the Paris Club was willing to negotiate, but the Nigerian administration was responsible for the decision to resolve events positively.


233 Soares de Oliveira, Oil and Politics in the Gulf of Guinea, 100.
I. Section A. Lessons from History

Hence, overall I find evidence of a positive and strong post-colonial history between Nigeria and Europe, economically and politically. Though the country has experienced certain tensions with Western international lenders, few of these have been with the European Union explicitly. Strong ties especially remain with Nigeria’s former coloniser, Britain, both commercially and ideologically. However, small divides have registered over the years. For instance, European member states in the Paris Club did not accord perfectly with the country’s pleas for debt cancellation, yet even in this instance a common approach was found. Tensions resolved themselves due to responsible and decisive action by the Nigerian government. The only truly stale relations have been with the IMF, a more ‘Washington Consensus’ type agent than Europe. Before examining contemporary shifts in European development relations with Nigeria, however, I turn now to a brief historical discussion of Nigerian ties with China.

II. Historical Overview: The Growing Importance of China

China’s relationship with Nigeria is also unique and more nuanced than its relationship with other oil-rich African nations. While in Angola, China is demonstrating some strong oil sector crowding-out patterns, in Nigeria the case is quite different. Though China is certainly involved in Nigeria’s rich oil sector, its overtures have shown a surprising degree of concentration in the country’s manufacturing sector. Hence, Sino-Nigerian economic relations are more diversified than with many other oil-rich African states. China’s manufacturing focus is also unthreatening to Europe and the West more generally, as this has been an area relatively ignored by other outside donors, making China’s contribution here even more important.
The friendship between China and Nigeria originally began in 1961, when the Chinese government dispatched its first trade delegation to the newly-independent country. Trade quickly took off, growing from below US$1 million in 1960 to US$178 in 1996. Yet the partnership forged had become rather silent after 1973, the last time in a thirty-one year quiet spell when a Chinese Head of State had visited the country. Certainly relations had not ceased, yet China was making little proactive efforts to continue reaching out to the African country. In 2004, China and Nigeria's friendship re-emerged very visibly after the President of China Jiang Zemin visited the country in a tour including oil-rich Tunisia and Libya. This overture was followed up with a visit in 2006 by President Hu Jintao, and repeated again in 2007. Since this time, trade between China and Nigeria and Chinese FDI and loans to Nigeria have risen dramatically, much like in the Angolan case.

Reasons for the favoured relationship with China under Obasanjo were manifold, but particularly focused on frustration with the West and respect for China’s domestic progress. Gregory Mthembu-Salter reports that after fifty years in which co-operation with the West had led to little infrastructural improvement, the Nigerian government had become disappointment with European and Western aid sources. Added to this disappointment was the constant nuisance of conditionalities upon aid. In both Chinese visits in 2006 and 2007, the Chinese government reached out and the recipient country responded almost instantly, with oil and infrastructure project

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236 Obiorah, Kew, and Tanko, “"Peaceful Rise" and Human Rights: China's Expanding Relationship with Nigeria,” 275.

237 Mthembu-Salter, “China's Engagement with the Nigerian Oil Sector,” 1-2.
concessions, as well as heightened diplomatic ties.

To further analyse these developing relations, I turn now to a discussion first of Chinese loans and FDI to Nigeria, and second to Sino-Nigerian trade. Overall, I find a strangely weak Chinese presence in the Nigerian oil sector, relative to its presence in Angola’s oil sector, and a strong emphasis upon the oft-neglecting field of Nigerian manufacturing. Trade links are strong, but primarily rely upon Nigerian importation of African goods, as Nigerian exports occupy low and wavering amounts. Thus it is that I find China and Europe to occupy vastly divergent places in Nigeria’s economy.

II. Section A. Chinese Loans and FDI to Nigeria

Chinese loans and FDI to Nigeria have increased rapidly over time, beginning with the restitution of diplomatic relations described above. Nigeria is now China’s largest oil-rich African recipient of FDI, with the possible exception of South Africa (Figure 2.1). Oil-backed loans, oil licenses, and infrastructural projects have increased as well. China’s increase in these fields has not been unwelcome. Indeed, the first democratic Nigerian government after 1999 strongly encouraged the relationship, though relations have demonstrated slightly less stability in more recent years.

President Jintao’s 2006 visit was quite a successful one. Not only did it establish more concretely the renewed relations between the two countries, but it was also a time during which he ‘secured four oil licenses [for Chinese companies]…in a deal worth US$4 billion in investment’. Obasanjo’s own journeys to China in 2001 and 2005 had left him struck by the impressiveness of Chinese infrastructure, and inspired by ‘agreements on sincere friendship, mutual trust, mutual economic benefit and common

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development... In response, his government encouraged Chinese firms’ desire for ownership in exchange for significant investments in infrastructure construction projects—a deal China’s government met with hesitation at first, but ultimately came to embrace. Though Chinese national companies were encouraged to take part in the Nigerian economy by dictator Sani Abacha prior to 1999, it has been during Nigeria’s more recent democratic period that China has sought real ownership in the economy. Indeed, since the institution of Obasanjo’s government, China has looked for avenues to increase its outright purchase of oil blocs and reserves, no longer remaining content with its previous pattern of long-term contracts and oil purchased in the spot market.

As in other oil-rich African countries, China has employed oil-backed loans in the financial exchange, and indeed has focused almost seventy per cent of its overall African infrastructure financing on the combination of Nigeria, Angola, Ethiopia, and Sudan. Of the countries investigated in the 2009 Congressional Research Service’s ‘China’s Foreign Aid Activities’ report, Nigeria has, however, received the lowest levels of reported aid and investment projects from China between 2002 and 2007 among the oil-rich group. Though the country’s main export to China is oil much like its peers, ‘pledged aid, loans, credit lines, and investments’ reportedly totalled only US$1.6 billion, as compared with the largest amount, US$7.4 billion in Angola. This assistance consisted mostly of debt cancellation; investment and grants; and targeted offshore oil

239 Obiorah, Kew, and Tanko, “"Peaceful Rise" and Human Rights: China's Expanding Relationship with Nigeria,” 275.
240 Mthembu-Salter, “China's Engagement with the Nigerian Oil Sector,” 1-2.
241 Leland, China's Foreign Aid Activities in Africa, Latin America, and Southeast Asia, 10.
242 The countries the CRS report highlights as particularly courted are: Angola, Congo (DRC), Sudan, Gabon, Mozambique, Equatorial Guinea, Ethiopia and Nigeria, in order of pledged financial assistance as listed in the report, p. 10.
development, railway and other infrastructure and medical training.  

Furthermore, as mentioned, beginning with the mid-2000s, Chinese firms have taken to purchasing larger shares of Nigerian oil reserves and even entire Western firms in order to increase and solidify access. In 2006, Sinopec purchased nearly thirty per cent of a bloc of the Nigeria-São Tomé Joint Development Zone. Also in 2006, the China National Offshore Oil Corporation (CNOOC) spent US$2.3 billion on a forty-five per cent share of Oil Mining License 130 in offshore Akpo. CNOOC operates this bloc along with Brazil’s Petrobras and the Nigerian National Petroleum Corporation, as well as French multinational oil corporation Total, which holds only a twenty-four per cent interest. This was followed in 2009 by CNOOC’s headline-making purchase of the Canadian oil company Addax Petroleum, possessing major Nigerian oil holdings, for roughly US$7.5 billion. Yet China’s presence and seeming importance in the oil and infrastructure sector may nonetheless be overstated. There is evidence that China’s encroachments have not proved particularly threatening to Europe and the West. 

When looking specifically at established Western firms in Nigeria, one will find indeed that their role and degree of control within the economy are changing, but this is less due to Chinese competitors than to other newcomers in the field. Certainly, as Frynas and Paulo (2006) iterate, ‘[s]enior executives of Western firms privately express their concerns about the influx of new players, and they see them as a potential threat to their position’, but this market-based competition is larger than China. These new firms come from a variety of home nations, and include Petrobras (Brazil), the China National

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243 Leland, *China’s Foreign Aid Activities in Africa, Latin America, and Southeast Asia*, 12, Table 6.
244 Mthembu-Salter, “China’s Engagement with the Nigerian Oil Sector,” 3.
Offshore Oil Corporation and China National Petroleum Corporation, the Oil and Natural Gas Corporation (India), the Korean National Oil Corporation, and also many ‘smaller Western oil companies and indigenous Nigerian firms’. The 2008 EC Country Strategy Paper for Nigeria also notes that Nigeria has been actively seeking out firmer connections to Russia and Gazprom, opening dialogue in the areas of gas production and distribution, and a possible Trans-Saharan Gas Pipeline to facilitate distribution to Europe.

Against this background, in the 2005 bids for Nigerian oil blocs Western corporations did suffer some ownership setbacks, demonstrating some direct competition between European and emerging nations’ FDI. The Economist Intelligence Unit (EIU) zeroed in on the list of auction winners, which it reported ‘was notable for the near absence of the six Western oil multinationals that operate the joint venture companies that produce almost all of Nigeria’s oil output’. Western media further noted that two deep offshore oil blocs were awarded to the Korean National Oil Corporation. The bidding round discussed, moreover, was the very round under which Obasanjo’s government first instituted special privileges to Chinese oil companies, offering ‘the right of first refusal’, discounted prices and ‘signature bonus waivers’ in exchange for investment in Nigerian infrastructure.

These transfers to new firms were not completely smooth. Chinese companies did not actually end up participating in the 2005 bidding round, under the assumption that they had settled negotiations for several blocs already. Several other post-bidding

248 Quoted in Frynas and Paulo, “A New Scramble for African Oil? Historical, Political, and Business Perspectives,” 244.
allocation failures occurred, but nonetheless the EIU honed in on an important shift in ownership dynamics. Not only were the six largest Western oil companies omitted from the list of auction winners, but Western firms in general did not participate at all in the bidding round, perhaps perceiving themselves as outshined by the favoured new companies. The following year, in 2006, Chinese firms did enter the bidding, having corrected their collective earlier mistake. The China National Petroleum Company won four oil blocs using its right of first refusal privileges: two in the Niger Delta and two in the Chad basin. The condition of these awards was a twenty-two billion dollar commitment to take responsibility for and upgrade the deteriorating oil refinery in northern Kaduna.²⁴⁹

With this rapid and privileged increase in Chinese (and other emerging nations’) share in the Nigerian oil market and infrastructural projects, it is unsurprising that FDI and loan levels have accordingly risen. Some serious and explicit crowding-out patterns can be observed in the evolution of ties between the Chinese and Nigerian governments, particularly under Obasanjo. The President and his government gave special privileges to Chinese state-owned companies in the hopes of fostering heightened partnership between the two nations, as in their push of the ‘oil for infrastructure’ scheme mentioned above. Among the projects in which Chinese-owned companies became involved are a 1315-kilometre railway between the Nigerian cities of Lagos and Kano and a 2600-megawatt hydroelectric power station, both projects that were awarded by the Nigerian government in late 2006.²⁵⁰ Western journalists eagerly investigated the Chinese-Nigerian railway contract, noting that it constituted China’s most expensive

²⁴⁹ Mthembu-Salter, “China's Engagement with the Nigerian Oil Sector,” 2.
²⁵⁰ Ibid., 1-2.
foreign project for that year.  

After such accounts, one must ask the question: is China becoming a new monopolist in Nigeria, ousting older ones, or is it truly injecting competition into the oil industry, breaking up old holds on the economy? What is really happening? Importantly, this question allows Chinese companies far too much power and agency in the Nigerian oil market. Since Obasanjo’s end of term and his succession by President Umaru Musa Yar’Adua (2007-2010), some of the crowding out elements observed have been put on hold or mitigated. Yar’Adua withdrew from the ‘oil for infrastructure’ strategy, preferring to advance an ‘oil for cash’ exchange, if pursuing any preferential oil relationship with China at all. However, the OECD reports that in October 2009 the new government resumed economic negotiations with China and signed a new contract for construction of a railroad worth US$850 million between the city of Kaduna and the capitol Abuja. Nonetheless, relations have been imperfect and potential economic setbacks resulting from democratic turnovers have made China’s stake in Nigeria’s economy not completely secure. The Nigerian government itself must claim a significant share of agency and responsibility for changing oil and infrastructure market dynamics, as must non-Chinese firms from other emerging countries. Yet while Chinese companies were not the main aggressor in breaking up Western dominance, they were part of a larger pattern of rising financial power for companies from emerging economies.

Any panic or excitement over the perceived gains made by Chinese companies in this arena ought to be tempered with an acknowledgment that over ninety-five per cent

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252 Mthembu-Salter, “China’s Engagement with the Nigerian Oil Sector,” 2.
253 Davies, How China is Influencing Africa’s Development, 20.
of Nigerian oil production is still dominated by five major Western and particularly European oil companies: Shell (Netherlands/UK), Total (France), Agip (Italy), Exxon (US) and Chevron (US),\textsuperscript{254} with Shell maintaining the largest presence.\textsuperscript{255} Thus, despite fears or hopes about these companies’ eroding oligopoly, their market concentration has largely retained its strength. With this information, we should be left with a far more nuanced understanding of China’s seeming invasion of Nigeria’s oil sector.

Finally, part of our nuanced understanding should reflect that Chinese FDI in Nigeria is also increasingly targeting manufacturing sectors. Deborah Brautigam (2009) recounts that, while established assistance providers such as the World Bank frequently overlook African manufacturing in their development plans, China has been one of few outside actors in this field. Because of the limited attraction that factories provide for bilateral donors, Brautigam writes that ‘[t]his leaves the Chinese almost alone in their growing involvement in this sector’. Chinese involvement over time has grown to incorporate the establishment of many dozens of factories and has even helped to serve as a bulwark against the importation of competitive, cheap products from China’s mainland.\textsuperscript{256} Nigeria’s federal government and several of its state governments have been anxious to encourage this trend, leading to the establishment of free trade zones (FTZs) and legislation protecting them. Of course, the establishment of FTZs must be seen within the largest context of Chinese promotion of special economic zones in mimicry of its own FTZs. Currently, three zones are in operation in Mauritius, Egypt, and Nigeria, while more potential sites are being explored in Angola, Ethiopia,

\textsuperscript{254} Frynas and Paulo, “A New Scramble for African Oil? Historical, Political, and Business Perspectives,” 245.

\textsuperscript{255} Frynas, Beck, and Mellahi, “Maintaining Corporate Dominance after Decolonization: the 'First Mover Advantage' of Shell-BP in Nigeria,” 421.

\textsuperscript{256} Brautigam, \textit{The Dragon’s Gift: The Real Story of China in Africa}, 230-1.
Mozambique, Tanzania, and Uganda.  

Nigerian free trade zones are marked by generous concessions to investors, including the absence of taxes and duties; easy and transparent license and permit-granting; full ownership bestowed to even foreign investors; preference to employers in labour demonstrations; and unrestricted capital, profit, and dividends repatriation. FTZ legislation came into effect in 1992 and far predates contemporary Chinese engagements in the Nigerian manufacturing sector. Implementation has been erratic and gradual. As Brautigam indicates, Nigerian officials were disappointed to find these attempts to stimulate foreign investment rather unsuccessful for over a decade. Foreign concerns stemming from a variety of areas have had a dampening effect on potential investment. Among the complicating factors of investing in Nigeria are governance and corruption, unpredictable power supplies and generally shaky infrastructure, and dangers arising from the unstable socio-political situation in the Niger Delta.

Chinese companies also did not enter Nigerian FTZs until 2006, the general time period for warming economic relations between China and oil-rich African nations. In April of that year, alongside the Chinese president’s visit, a new Lagos state government-formed company engaged ‘a Chinese consortium’ to create a joint venture, Lekki Free Zone Development Company (LFZDC). In 2008, this was followed by the China Africa Investment Company’s (China) involvement in the Ogun Guangdong FTZ, sharing a joint venture with the Ogun state government. In both instances, the China consortium involved owns the majority share. In Lagos, this share amounts to sixty per cent, and in Ogun, to eighty-two per cent. The remainder in both cases is reserved for

258 See Chapter 2. 2006 was a landmark year as it signalled China’s ‘Year of Africa’ and followed on the heels of several important 2004 contracts such as the US$2 billion loan to Angola and the renewal of Chinese diplomatic visits to Nigeria.
the respective state governments and, in the Lagos case, general Nigerian investors (twenty per cent).

Chinese enterprises are particularly present in the areas of telecommunications and construction. The Chinese government itself has shown to be deeply involved in each of the Nigerian FTZs where outward-looking companies are stationing themselves. To encourage this flow, the government has ‘personally’ stepped in to rearrange contract terms when miscommunications and project interruptions threatened to upset investment arrangements. Such actions by the government have suggested that China deems the presence of domestic companies abroad in Nigeria as important enough to protect, and that it is paying close attention to its international image and public relations.259

Brautigam relates from her interviews with Nigerians in local industrial centres such as Nnewi and Kano that the Chinese are a growing and largely beneficial force. Frequently, new enterprises by Nigerians have been enacted as joint ventures with long-time Chinese partners, who are trusted, integral members of the entrepreneurial process. The personal tales she heard recounted led her to conclude that ‘Chinese companies are a catalysing presence in Nigeria’, representing opportunities for local and national growth rather than a hindrance or competitive force.260 Local industrial manufacturer Umar Sani Marshal supports this view, saying that the “highest number of private employers in Kano are the Chinese and they have been expanding day by day”, rejuvenating manufacturing sectors such as plastics and helping Nigeria to compete against imported

goods.\textsuperscript{261} Moreover, much of the Nigerian-Chinese partnership exchange comes in the form of technical assistance and educational scholarships, promoting Nigerian skills and longer-term ownership with a relatively unthreatening face.\textsuperscript{262} The one true impediment to the investment relationship that Brautigam identifies is the growing security problem emanating out of the Niger Delta region. Local businesses, including joint ventures with Chinese partners, have been subject to armed robberies, kidnappings and ransom. Incidences such as these have paused or halted many enterprises and projects.\textsuperscript{263}

In general, Chinese levels of FDI flows to Nigeria have since 1998 far exceeded FDI flows to any other oil-rich African state, save South Africa. South Africa, of course, represents an outlier case, being one of few technically ‘newly industrialised’ countries in Africa. However, even in the case of a Nigeria-South Africa comparison, in 2008 Chinese FDI to Nigeria outpaced that to South Africa. Moreover, FDI to South Africa has been falling since a peak in 2004, while FDI to Nigeria has shown upward fluctuations. This upward movement is especially visible between 2007 and 2008, when inflows jumped US$42,930 to US$55,040 (Figure 2.1). This figure is particularly interesting given that there was growth between 2007 and 2008, when most other financial indicators from both China and the EU fell in 2008. Apparently Nigeria’s opportunities continue to call to Chinese investors even in times of global economic duress.

Chinese overseas direct investment (ODI) to African countries has also favoured Nigeria. Though the China Statistical Press has not released ODI figures for years prior to 2005 and only for a limited number of countries, Nigeria has clearly shown to be the African leader after South Africa. While receiving about US$50,000 in 2005, roughly

\textsuperscript{261} Ibid., 189-90, 230.
\textsuperscript{262} Ibid., 205, 207-8.
\textsuperscript{263} Ibid., 208.
halfway between flows to Sudan and Algeria on the higher-end and Madagascar and Guinea on the lower-end, in 2006 Nigeria received more than Sudan and by 2007 had clearly emerged in second place above Algeria and below South Africa. That year, ODI to Nigeria peaked at US$3.90 million, jumping US$3.23 million from 2006 and falling to US$1.63 million in 2008, demonstrating far higher levels than official FDI. Sudan and Algeria witnessed similar falls from 2007 to 2008, again likely related to exogenous global factors.

In terms of Chinese economic co-operation with African partners, measuring contracted projects, labour services and design consultations from 1998 to 2008, the highest levels have belonged to Algeria since at least 2002. Nigeria and Angola have vied for the second-highest, with Nigeria holding strongest until 2008. Chinese-Nigerian economic co-operation levels have in fact maintained a constant, virtually linear pattern, growing steadily every year, while other countries’ levels have fluctuated a bit even when displaying constant (non-linear) growth. Hence, overall, even if Nigeria and China demonstrate relatively lower levels of assistance in terms of pledged loans and trade, a glance at FDI, ODI, and recorded economic co-operation projects will evince a different story. In fact, Chinese-Nigerian relations are undoubtedly among the strongest and most reliable (especially in ODI)—and perhaps most diversified?—of China’s relations with oil-rich African nations, given Nigeria’s unparalleled combination of record FDI, ODI, and projects from China.

Overall, Chinese investment in the Nigerian economy demonstrate absolutely spectacular growth. Nonetheless, while Chinese firms have sought increased investment in Nigeria’s oil sector, they are not the largest competitors to established European and

American firms in the country. In fact, the Chinese oil presence is not very notable; instead, the Chinese manufacturing presence shows great promise for future growth. The Chinese state government’s interest in the success of such manufacturing investments demonstrates the importance of the relationship. Thus, the evidence suggests that rising Chinese investment in Nigeria is largely linked to Chinese emergence in the uncompetitive manufacturing sector.

II. Section B. Chinese Trade with Nigeria

China’s pattern of high relative amounts of FDI and loans to Nigeria is not carried through to trade, despite China’s growing investment importance in Nigeria’s free trade zones. While Nigeria certainly has experienced growing trade with China, it is not the forerunner in Chinese-African trading relationships. In particular, Nigerian-Chinese import and export flows reveal interesting patterns, demonstrating that Nigeria is more important as a market for Chinese goods than as a supplier for Chinese markets. Oil exports from Nigeria in particular have not assumed the high priority in this trading relationship that one might expect from an oil-rich country. These findings likely all suggest what we discovered in Section A; that is, Nigeria’s importance to China exists largely in its manufacturing sector. This would help explain why investment levels should show so much more growth than trade levels.

In terms of total trade, Nigeria ranks as China’s fourth-largest African trading partner, after South Africa, Angola and Morocco. Yet most of the bilateral Nigerian-Chinese trade growth has come through growth in Nigerian importation of Chinese goods. While Nigerian imported goods to China were above US$5000 million in 2008 and 2009, exports to China have never yet crossed the US$1000 million mark and have
shown wildly uneven growth from 1998 specifically onward. Nigerian exports to China furthermore rank very low relative to other oil-rich African states’ exports, falling far behind exports from such stations as Angola, South Africa, Sudan, the Republic of Congo (Brazzaville), and Libya, and even behind a whole most of states with more ‘middle-level’ export levels. Other states in this lowest-class of exports include Mauritania, Cameroon, Morocco, Tunisia, Chad, and Cote d’Ivoire.

Overall, of course, China’s trade relationship with Nigeria has definitively increased over time. From 1982 to 2002, trade largely remained below US$300 million, with a small 1999 peak of US$601.4 million perhaps reflecting more normalised trade relations and ease of exchange following the reinstitution of elections in Nigeria. The year 2000 witnessed a rise in trade levels that continued unbroken until 2009, with the most significant jump occurring between 2007 and 2008, an amount of around US$3,200 million (Figure 4.1). Yet the unspectacular Sino-Nigerian trade increases over time are emphasised by comparison against Sino-Angolan trade increases. While trade between China and Angola increased 3234 per cent between 2001 and 2009, the analogous figure for China and Nigeria amounts to only 946.5 per cent. We must of course take note of a US$1000 million drop in trade between 2008 and 2009 owing to the global recession. Oil has, as in FDI, factored less heavily in the trade relationship than in Angola or other similar nations. The 2008 peak totalled around US$7897.5 million, a full US$15,663.78 million lower than the 2008 Chinese-Angolan trade peak.\footnote{International Monetary Fund, \textit{Department of Trade Statistics}. In terms of millions of USD. China refers to Mainland.} Moreover, the percentage of Chinese imports from Nigeria as a percentage of total imports from Africa declined steadily from 1999 to 2002, falling from 7.85 per cent to below 4.88 per cent, while these
numbers have grown for Angola as discussed explicitly in Chapter 3.266

Comparisons of Chinese-Nigerian trade with European-Nigerian trade yield interesting results. First, as with the Angolan case, Chinese-Nigerian trade has shown far more growth than EU-Nigerian trade. From 2001 to 2009, while Nigerian trade with China grew 946.5 per cent, trade with the EU grew less than half that, at 385.5 per cent. This relative growth, however, disguises real disparities in absolute trading levels. EU imports from Nigeria have remained much higher than Chinese imports from Nigeria. Nonetheless, these figures have wavered from 1996 to 2001, reaching as high as 11.54 per cent and falling as low as 4.17 per cent.267 The 2008 peaks in EU and Chinese trade with Nigeria show similar differences, with the EU-Nigeria peak of US$34,772 besting the China-Nigeria peak by US$26,874.5.268 While China is Angola’s largest market for exports, commanding 36.4 per cent, in Nigeria China ranks as only fourteenth-most-important, with 0.5 per cent.269

Figure 4.1: Total Trade between China and Nigeria270

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267 Ibid., 18-9.
268 International Monetary Fund, Department of Trade Statistics.
270 International Monetary Fund, Department of Trade Statistics. In terms of millions of USD. China refers to Mainland.
The composition of Sino-Nigerian trade is also interesting. As we have established, simple explanations of a pragmatic resource-driven relationship do not quite work. Figure 4.1 further demonstrates this break in relationship. While oil has become an increasingly important component of government revenue, it has not seem to have become an increasingly important component of Chinese-Nigerian trade, and does not seem capable of explaining China’s growing ties to Nigeria. Instead, as suggested above, there are many actors whose entrance into Nigeria’s oil market and bloc ownership may be rather more important than China’s, while China has been targeting less-commonly sought sectors such as telecommunications and other manufacturing. In 2003, ninety-seven per cent of China’s imports from Nigeria consisted in minerals and petroleum and 1.3 per cent in labour-intensive manufacture. This is strikingly high as compared with imports from other African countries, particularly those with great supplies of oil. Chinese manufacturing imports from Angola, Sudan, and Mozambique comprised zero per cent of the respective totals in 2003, and only 0.6 per cent in South Africa.\textsuperscript{271}

Indeed, statistics published by the US Energy Information Administration show that while the EU purchases roughly twenty per cent of Nigerian oil,\textsuperscript{272} China and an additional ten countries cumulatively are responsible for less than eight per cent of Nigerian oil sales.\textsuperscript{273}

**Figure 4.2: Nigerian Oil and Trade with China\textsuperscript{274}**

\begin{figure}[h]
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\includegraphics[width=\textwidth]{fig42.png}
\caption{Nigerian Oil v. Trade with China}
\end{figure}

Meanwhile, Nigerian trade with other emerging countries such as India show interesting trends. In India’s African relations, Nigeria has received special attentions, accounting for over thirty-five per cent of African imports from 1999 to 2001. Nonetheless, these figures show uncertain fluctuation, largely because of the compressed time-span examined. While in 1999, India only imported 39.92 per cent of its African


\textsuperscript{273} US Energy Information Administration, *Nigeria*, Energy Data, Statistics and Analysis - Oil, Gas, Electricity, Coal, Country Analysis Briefs (US Energy Information Administration, July 2010), 4. These additional countries are: Canada, Peru, Switzerland, Senegal, Australia, Turkey, Japan, Taiwan, New Zealand and Thailand.

products from Nigeria, this fluctuated to 46.05 in 2000, to 50.97 in 2001.\(^{275}\) The Indian presence in the Nigerian manufacturing has been negligible; in 2003, all imports from Nigeria stemmed from minerals and petroleum. By contrast, India has a significant present in several other countries’ manufacturing industries. Witness, for instance, its 3.7 per cent of imports from manufacturing in Sierra Leone, 6.4 per cent from Somalia, 0.3 per cent from South Africa, and 10.6 per cent from Sudan.\(^{276}\) Table 4.3 further illustrates the diverse nature of Nigerian trading and especially export partners. India and Brazil, particularly, command a much larger share of Nigerian exports (twenty per cent cumulatively) than of Angolan exports (3.6 per cent cumulatively).

<table>
<thead>
<tr>
<th>Major Import Partners</th>
<th>Major Export Partners</th>
<th>Major Overall Partners</th>
</tr>
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<tbody>
<tr>
<td>1. EU27 (31.2%)</td>
<td>1. US (35.2%)</td>
<td>1. EU27 (28.6%)</td>
</tr>
<tr>
<td>2. China (14.9%)</td>
<td>2. EU27 (26.3%)</td>
<td>2. US (22.8%)</td>
</tr>
<tr>
<td>3. US (8.9%)</td>
<td>3. India (10.6%)</td>
<td>3. China (7.3%)</td>
</tr>
<tr>
<td>5. India (3.3%)</td>
<td>4. Brazil (9.4%)</td>
<td>4. India (7.1%)</td>
</tr>
<tr>
<td>8. Brazil (2.6%)</td>
<td>14. China (0.5%)</td>
<td>5. Brazil (6.2%)</td>
</tr>
<tr>
<td>15. Russia (0.6%)</td>
<td>41. Russia (0%)</td>
<td>22. Russia (0.3%)</td>
</tr>
</tbody>
</table>

All-in-all, then, we can see that Nigerian oil exportations and Nigerian exportations and trade in general have not become of particular importance to China. Trade increases are real, but largely reflect increases in Nigerian consumption of Chinese goods. Furthermore, the Chinese manufacturing sectoral focus remains relatively more important in Nigeria than in peer oil-rich African nations. All this would indicate that China’s primary economic relationship with Nigeria is emerging through manufacturing and investments and loans, and not through trade and oil. As I have already noted,


\(^{276}\) Ibid., 15.

\(^{277}\) Adapted from Directorate-General Trade, *Nigeria: EU Bilateral Trade and Trade with the World*, 10.
manufacturing is a relatively open field in Nigeria, unencumbered by many outside competitors. Thus it may be that the European Union will not react strongly to China’s presence in Nigeria, as China’s presence is weak in traditional fields such as oil and trade, and strong in neglected areas such as manufacturing investments.

III. European Evolutions and Responses

How has European assistance to Nigeria changed over the years, and how is it now responding to China’s generally increasing presence in the country? In this section, I assess EU outcome variables and contemporary shifts, as discussed in Chapters 1 and 2 and as explored for Angola in Chapter 3. I begin with an analysis of contemporary EU changes in diplomacy and multilateralism with regards to Nigeria and discover strong European promotion of multilateralism both for European aid endeavours and for Nigerian diplomatic Westernisation. Next, I move into an analysis of EU economic engagements in the country including levels of FDI and trade, as well as relative sectoral foci and find that EU FDI to Nigeria has grown with extraordinary growth over time, while trade has also demonstrated large growth. Unlike in the case of Sino-Nigerian relations, however, this growth cannot be primarily accounted for through manufacturing or infrastructure, and instead is largely related to oil and also agriculture. Finally, I look at ODA levels and conditionalities and find signals of significantly increasing aid allocations but little concern for conditionalities. Along the way, I investigate European and Nigerian discourses on development assistance, particularly as regards the EPAs.

Nigeria is quite important to Europe, and therefore represents a setting in which the EU would not want to see its influence diminished or replaced. Nigeria was early on
included within a list of those nations the EU had targeted for preferential development assistance, and retains deep-seated links to its colonising nation, Great Britain.

Diplomatically, reasons for Nigeria’s importance to the Union include its strong Westward orientation and plans for increased institution of liberal norms such as those the European Union espouses and encourages with its conditionalities. As discussed in Chapter 1, these European norms include an emphasis upon peace and multilateral negotiations, democracy, rule of law, human rights, and of course regional integration. In fact, the Nigerian government has shown itself particularly committed to regional causes requiring much leadership, including peacekeeping and intervention in the Darfur crisis, strengthening the African Union and further developing the integration of the ECOWAS region. Nigeria’s continual (if not always successful) implementations of democracy also fall into this Westward/European norms category.

The EU’s attachment to Nigeria on such political and governance grounds could possibly be found further in Nigeria’s residual economic mismanagement and corruption patterns that have stagnated the advantages Nigeria receives from oil revenues. Ongoing political struggles and regional violence in Africa and particularly the Niger Delta have complicated Nigerian governance. That a country with strong European linkages and demonstrated perseverance in liberal norms would be struggling through all of this could perhaps have endeared it to the Union. In fact, with such various qualities to recommend it to European sensibilities, Nigeria may be seen as a pet project to be reformed in order to live up to its potentials and goals, receiving heightened attention compared to other oil-rich African nations.

Economically, Nigeria is similarly important to the EU. Several major European

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oil firms are steeped in Nigeria’s extraction industry, not least among them Shell. Of the
nations from which the EU imports fuels and mining products, Nigeria ranks as number
seven. Ninety-one per cent of EU imports from Nigeria consists of mineral fuels and
related materials, and these imports account for 3.28 per cent of the EU’s total oil
imports. Moreover, EU-Nigeria trade accounts for forty per cent of all EU-ACP
trade, demonstrating the strength of relations. Given all these factors, one may then
guess that even a hint of Chinese threat would be rigorously examined, if not acted upon,
in order to preserve the discussed tendencies fostered in Nigeria and to guard Nigeria’s
future. In the upcoming sections, however, I demonstrate that such a supposition is far
from correct.

III. Section A. Diplomatic Shifts: Forums and Multilateralism

To begin, I attempt to determine if the European Union has made any overt
push for multilateralism in Nigeria, or based on economic and development
considerations in Nigeria. Overall, there is a strong drive to increase European
participation in multilateral arrangements to improve aid provisions in Nigeria, as well as
to encourage Nigerian participation in various multilateral arrangements. Though many
of Nigeria’s multilateral contributions involve non-development-oriented projects, this
aspect is still important in that it re-affirms Nigerian Westernisation, since the majority
of its contributions relate to environmental, regional, and conflict-resolution progress.
Overall, the EU and EC have been active proponents of multilateralism with regards to
Nigeria, showing significant political interest in its case. Yet, in contrast to my proposed

279 Directorate-General Trade, Nigeria: EU Bilateral Trade and Trade with the World, 10.
280 Tom Millar and Jenny Lovbom, Nigeria and the European Union Trade for Development: An Introduction to the
causal avenues, this increased multilateral promotion does not stem from increased confrontationalism, as such tensions have been limited. The geopolitical rise of China and its increasing economic commitments in the country remain active elements on the world stage, though they do not appear to have influenced Europe’s call for increased dialogues and forums.

European participation in multilateralism for the provision of Nigerian development assistance has shown strong signs of increase as compared with the relative lack of multilateralism in Angolan relations. The EU is pairing with the UN in particular in order to both implement large projects such as dealing with the Census or elections. In addition, several member states’ organisations, such as the UK’s DfID, have paired with the EC to increase co-ordination potential. Nonetheless, EC multilateralism has not yet reached this potential, according to reports, and could be strengthened considerably. One example includes a July 2009 Joint Country Partnership Strategy for 2010-2013, adopted by the African Development Bank, DfID, the World Bank, and USAID, which the Country Level Evaluation notes represents ‘[t]he most important step towards donor coordination in Nigeria so far’. All major European Union member state donors are incorporated, though the EC and UN are absent due constraints stemming from their classification as ‘multilateral donor[s]’. This lack of participation ‘has caused some surprise within the group of participants, according to team interviews’.  

The EU has also been a strong promoter of Nigerian participation in multilateralism. Indeed, the 2008 CSP praises Nigeria for being internationally ‘regarded as a cooperative partner in implementing bilateral and multilateral measures’ on

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migration and environmental issues, for example. The Paper also notes that Nigeria ‘is vital to the advancement of the New Partnership for African Development (NEPAD), the African Union (AU) and the African Peer Review Mechanism (APRM)’, projects which the EU supports and encourages Nigeria in. The EU has also ‘warmly welcomed’ Nigeria’s ‘important peacekeeping role…in recent years in the African continent under the auspices of the African Union (AU) and ECOWAS’. This includes Nigeria’s decision to participate in the African Union Mission in Somalia (AMISOM), and in the African Union/United Nations Hybrid Operation in Darfur (UNAMID). Nigeria has also consistently observed and upheld all obligations regarding regulation of organised crime, narcotics and small arms trading, set forth by international conventions including those of ECOWAS, the AU, and the UN.

Nigeria has also shown a strong history of commitment to the UN, which European member states have also advocated. In 1960, the year of independence, the newly self-directing country was admitted into the recently-formed United Nations. Nigeria has since shown strong commitment and ties to the UN, professing loyalty and responsibility at the moment of admission and through its involvement since. Nigeria has made significant military contributions to the UN for peacekeeping operations, for instance, and is currently pushing for membership on the Security Council. Interestingly, however, the Western orientation evidenced by Nigeria’s UN support is complicated by China’s involvement in the matter. In addition to France’s proclamation

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283 Ibid., 17.
284 Ibid., 49.
285 Ibid., 143.
286 Ibid., 72.
that it ‘wants to be the ally of Africa’ by promoting Nigeria’s bid for a Council seat.\textsuperscript{288} China too has become its particular promoter, and also boasts a general policy of ‘mentor[ing]’ African countries via its Security Council position and advocating for more African voices in an enlarged Council.\textsuperscript{289}

ECOWAS has been of particular importance to the EU, and it has encouraged Nigeria to take a leading role in the West African multilateral organisation. Reasons for this eagerness include the need for heightened trade and conflict resolution interventions, including management of the Western African regional integration process and the Economic Partnership Agreements negotiation process.\textsuperscript{290} The EU is especially keen on Nigeria’s role in ECOWAS, as it hopes to use Nigeria’s great political weight (stemming from its unusually large population and economic size) to encourage EPA signings by Nigeria and its peers. As the EU accounts for fully one-third of Western African trade and has proven the region’s largest trading partner, solid financial relationship are key for the region.\textsuperscript{291} Because Nigeria would be committed to an EPA largely through the regional grouping, any bureaucratic or organisational hindrances could significantly impact discussions. Nigeria is negotiating an EPA through the West Africa grouping, composed of ECOWAS and Mauritania, but it has yet to initial or sign an IEPA.\textsuperscript{292}

Certainly Nigeria has a strong history of regional integration advocacy, as shown, yet this has not translated into what the EU believes to be an enthusiastic support of the


\textsuperscript{289} Tull, “China's engagement in Africa: scope, significance and consequences,” 462.


In fact, the government has not shown much excitement at all about the West Africa regional EPA and instead has demonstrated restraint, proceeding only tenuously. Indeed, it seems the EC especially had overestimated the degree to which Nigeria was committed to the new agreement. In the Tenth EDF Country Strategy Paper, signed in 2008, the European Commission proclaims that despite stalled regional EPA negotiations, there are strong signs that ‘by mid-2009’ Nigeria will have helped conclude an ECOWAS-EU EPA. Such a conclusion has not materialised even in early 2011. However, rather than blame Nigeria’s role in ECOWAS for Nigerian and Western African delay in negotiations, the Country Level Evaluation of 2010 instead found ECOWAS and its current institutional deficiencies at fault. Hence, Nigeria could still play a role in improving the negotiation situation.

Overall, then, I find a strong European promotion of multilateralism. This promotion is, however, tempered by divisions between the EU member states’ and European Commission’s perceived ability to participate in multilateral forums on Nigerian development. It is also tempered by unrealistic views on Nigeria’s willingness to promote the European EPAs in African multilateral forums. Nonetheless, the EU and Nigeria have both shown a drive to increase co-ordination and dialogue on development and other regional issues, and the EU has strongly supported each of Nigeria’s attempts to connect internationally and to become a leader. Though this may not seem directly related to economic development, increased multilateralism can help Nigeria gain the experience and regional networks it needs to direct and own its future, thus promoting development through a more political and diplomatic lens.

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294 Ibid., 31.
295 Ibid., 26.
III. Section B. Economic Shifts: Trade, FDI, and Sectoral Foci

In this section, I investigate whether any economic shifts have occurred in the EU’s engagement of Nigeria, and attempt to answer what has inspired any changes that I uncover. I begin with an analysis of EU trade and FDI levels with Nigeria, then move on to a discussion of changes in focus on extractive sectors and changes of focus on infrastructural sectors. Overall, I find significant increases in European trade with Nigeria, but even more significant increases in FDI to Nigeria. Yet very little focus is given to infrastructural provisions, while oil remains highly important to the economic relationship yet of minimal policy importance. Ultimately, the EU’s economic engagement patterns with Nigeria demonstrate little resemblance to its patterns with Angola, or China’s patterns with Nigeria. Indeed, few of my propositions could have anticipated the variety of findings in this section. Chinese FDI increased profoundly over this same time period to Nigeria, as did trade, though trade increases largely reflect increased Chinese exports to Nigeria. The Chinese presence in the Nigerian oil sector also remain of limited competitive value to European firms.

The EU is decidedly Nigeria’s most important trading partner. Of those partners from which Nigeria acquires its imports, the EU tops the list, accounting for 31.2 per cent, while China and the US trail as numbers two and three, respectively (Table 4.3). The jump in percentage of goods imported from the EU as compared with China or US is rather great, with Nigeria importing roughly 14.9 per cent of its goods from China and 8.9 from the US. In the exports market, the US has slightly overtaken the EU, accounting for 35.2 per cent to the EU’s 26.3 per cent. China ranks as number fourteen on the list, demanding only 0.5 per cent of Nigeria’s exports, consistent with what we have discussed in Section II. Overall, the EU dominates in trade with 28.6 per cent of
the whole. The US falls directly behind with 22.8 per cent and China far behind the US with a mere 7.3 per cent, still in third place. These figures should reinforce the impression created earlier that China’s increased presence in Nigeria and its apparent desire for domination are overstated, while European-Nigerian fiscal relations have thus far held relatively strong.

EU trade with Nigeria has steadily increased since the mid-1980s, shooting up beginning in 2003. Between 1986 and 2003, levels fluctuated between about US$5000 million and US$10,000 million, with one small jump in 1992 still within this range. Since 2002, trade has grow steadily, peaking sharply in 2008 at US$38,645.7 million, over US$30,000 more than the 2008 Nigeria-China trade peak. In 2009 this figure fell to US$27,375 million, just barely above the 2007 figure of US$25,572.60 million (Figure 4.4).

Figure 4.4: Total Trade and Investment: EU and Nigeria

The story of EU FDI in Nigeria is indeed an interesting one. Accounting for

296 Directorate-General Trade, Nigeria: EU Bilateral Trade and Trade with the World, 6.
297 International Monetary Fund, Department of Trade Statistics.
298 International Monetary Fund, Department of Trade Statistics; Eurostat.
relatively nothing from 1994 to 1998, the figures suddenly began a dramatic ascent in
1999 that has continued until the near present, with numbers after the 2007/2008
financial crash not included in my sources. 1999 is of course a socio-politically and
economically important date in Nigeria’s history, and an influx of foreign investment
capital, particularly from Europe with its resumption of assistance relations, is to be
expected. Moreover, the European Investment Bank (EIB) did not renew operations in
Nigeria until 2001, significantly dampening FDI flows before that time.\(^{299}\) Indeed,
perhaps related is the small 2003 peak of US$16,126 million, though this was followed by
a small drop in 2004 of US$1602 million, the only drop to mar this otherwise perfect
stretch of upward flow. Also in 2003, FDI levels overtook trade as the dominant
financial relationship for the first time. FDI continued to control more funds than trade
until 2008, when the aforementioned trade peak bested FDI by about US$4,000 million,
with FDI nonetheless reaching US$34,772 million—far above China’s 2008 mark of
US$550,000 or even its 2007 peak combined ODI and FDI at US$415.95 million.\(^{300}\)
Nigeria has also been among the largest oil-rich African recipient of EU FDI, and far
outranks Angola as a destination for European investment. European investment funds
to Nigeria far exceeded flows to Angola that reached only US$8289 at its 2008 peak
(Figure 4.5). Similarly, from 1998 to 2009, FDI from EU member states to Nigeria
jumped 8908.3 per cent, while flows to Angola grew only 1273.2 per cent in the same
period.

\[\text{Figure 4.5: EU FDI to Angola and Nigeria}\]^{301}\[\]

\(^{300}\) Eurostat.
\(^{301}\) Ibid.
As for sectoral foci, the European Union demonstrates strong interest in Nigeria’s oil sector. Unlike in the case of Sino-Nigerian trade, in which Nigerian imports remained higher than exports to China, in the case of European-Nigerian trade, Nigerian imports of European goods pale in comparison to Nigerian exports entering European markets. Of these imports, the majority (ninety per cent) is concentrated in mineral fuels, lubricants and related materials, followed by 5.2 per cent of trade in food and live animals. These numbers have remained fairly consistent over the past five years or so.

However, while such figures may seem to indicate excessively concentrated and specialised trading patterns, they actually represent relatively less dependence upon oil and other fuels than do the EU’s trading patterns with Angola. EU-Angola trade is concentrated 96.1 per cent in fuels, lubricants and related materials, followed by 2.9 per cent of trade in manufactured goods, which has only worsened and become further

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302 International Monetary Fund, Department of Trade Statistics.
303 Directorate-General Trade, Nigeria: EU Bilateral Trade and Trade with the World, 7.
concentrated over time.\textsuperscript{304} The different secondary trade sectors in Nigerian-European versus Angolan-European relations may again point toward a lack of attention to Nigerian manufacturing sectors, as discussed in Section II. Of course, the official European aid stance favours diversification of the Nigerian economy and a move away from extraction. The Tenth EDF Country Strategy Paper shows strong support for recent Nigerian government attempts to redirect the economy especially toward agriculture and to use oil revenues for poverty-reduction schemes targeting the general population and not enriching a few elites.\textsuperscript{305} Nigerian dependence upon oil is identified as a heavy ‘risk’, and the EU encourages increased investment in Nigeria’s export development—such as, perhaps, the Chinese are now following in Nigeria’s manufacturing sector.\textsuperscript{306}

Yet it is important to realise that what trade-emphasis upon oil does exist exceeds the meagre emphasis upon Angolan oil. While European import figures for Angolan oil fluctuate over time, figures for Nigeria show consistent upward movement. Further, while Angolan oil imports have held to a low 1.5 per cent of total EU imports, in 2009 European imports of Nigerian oil represented about 3.1 per cent of total EU imports.\textsuperscript{307} Also, despite the EU’s extremely heavy FDI presence in the country, it lacks much of an export-based manufacturing presence, or much of a manufacturing presence at all, suggesting that oil may account for much of this FDI presence. This suggestion is reinforced by our knowledge of heavy European oil firm presence in the country.

As for the infrastructural sector, the 2008 CSP makes no mention of EU or EC

\textsuperscript{304} Directorate-General Trade, \textit{Angola: EU Bilateral Trade and Trade with the World}, 7.
\textsuperscript{306} Ibid., 67-68.
\textsuperscript{307} Directorate-General Trade, \textit{Nigeria: EU Bilateral Trade and Trade with the World}, 11.
sectoral aid support here. The report mentions repeatedly that the Nigerian government has prioritised infrastructural improvements as part of its development strategy, and that Europe estimates infrastructural inadequacies to account for many development problems, including the under-stimulation of non-oil industries. The 2010 Country Level Evaluation confirms this finding, reporting that ‘[t]he EC did not accommodate a certain Nigerian wish for support for infrastructural projects’. Yet the report also notes that the EC has been targeting certain sub-sectors of infrastructure, such as water and sanitation projects, which has not demonstrated much impact on the ground in terms of increased ‘sustainable access to water supply and sanitation services’. Micro project programmes (MPPs) also incorporate some degree of infrastructural projects, though the overall target is small-scale civil society projects.

Micro projects refer to those projects designed for and in conjunction with local communities, targeting standards of living, social situations, and poverty. The EU Delegation to Nigeria praises the Micro Projects Programme (MPP) as ‘defin[ing] new standards for community participation and for transparent fund management’. MPPs and water and sanitation projects received nearly identical initial allocations, with water and sanitation projects receiving the third-largest amounts actually contracted and MPPs the second-largest. Yet in actual amounts paid, MPPs received slightly more than water projects. Again, neither of these groupings represent a general support for ‘infrastructure’ as a category, and neither do either of them represent the largest ODA

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310 Ibid., 32.
311 Ibid., 40.
priority for the EC. From 1999 to 2008, economic and institutional reform easily received the highest priority from combined Seventh and Ninth EDF support, with €204.8 million allocated, €179.5 contracted and €159.4 actually disbursed. While €50 million roughly remained undisbursed, other sectors demonstrate similar gaps, and none apparently much less. Immunisation and therefore health are the uncontested second priority.\footnote{Ibid.}

For the Tenth EDF, while figures on allocations versus disbursements are not yet available, the 2008 Country Strategy Paper does provide a breakdown of sectors covered under its hefty €580 million Envelope A. Governance and human rights suddenly becomes the largest targeted area, receiving fifty-one per cent of the Envelope A funding and forty-four per cent overall, including an additional €97 million of funding from ‘incentive tranche’. \textit{Incentive tranche} represents a new EC programme to encourage national good governance endeavours and ownership of development plans, in which additional funding will be released once certain governance conditionalities are met.\footnote{European Commission, \textit{Supporting Democratic Governance Through the Governance Initiative: A Review and the Way Forward}, Commission Staff Working Paper (Brussels, January 19, 2009), 3.} Again, infrastructure receives no peculiar attentions. Interestingly, new groupings pulled human rights funding from civil society and re-categorised them along with governance indicators. This allowed human rights programmes greater access to funding, as we have seen pure civil society allocations surprisingly amounted to very little, comparatively and absolutely. Peace and security also become a primary concern, receiving the second-largest EDF 10 allocation, with twenty-five per cent of Envelope A and twenty-five per cent overall. The Envelope A package also incorporates allowances from an ‘Investment Facility’, a financial instrument provided outside of the National Indicative Programme.
by the European Investment Bank.\textsuperscript{316}

Thus, we can see that Europe’s FDI to Nigeria has increased strongly, as would be suggested by China’s FDI increase, though these increases seem largely to occur in difference sectors. Trade patterns are largely divergent, as the EU relies primarily upon Nigerian exports and China upon Nigerian imports of Chinese products. China’s focus upon manufacturing and infrastructure are not reproduced here, and instead any mention of these sectors seems absent. Certainly the EU is affected by an increase in neoliberal rhetoric generally, but as we will see in Section C, the increase in FDI and trade is not accompanied by a decrease in ODA. Hence, it seems my propositions can do little to explain the results here. Instead, I propose now that Europe in Nigeria has been largely guided by European and Nigerian sentiments, rather than exogenous events. I theorise that this is due to the limited competition Europe faces in Nigeria, economically and (as we have seen) ideologically.

\textbf{III. Section C. Development Aid Shifts: ODA Levels and Conditionalities}

Finally, I turn to examine changes in development-specific European approaches. First, I focus upon ODA levels to Nigeria and second, upon any changes in conditionalities approaches in Nigeria. For ODA, I find significant absolute increases in allocations, though these are accompanied by generally increasing EDFs. Nonetheless, increased aid to Nigeria exceed increased aid to Angola, and the EC itself notes the large proportional scale of its operations in the country. I also find concrete evidence that Europe is not worried about conditionalities approaches in Nigeria, or even about China in Nigeria. In fact, I propose that these two findings are directly related; that, as Europe

is not economically nor ideologically opposed in Nigeria, it feels no need to redouble its conditional approach as in Angola.

EC aid to Nigeria over time has, like trade and FDI levels, indisputably expanded (Table 4.6). Nigeria has received commitments and disbursements from EDFs 5 through 7, as well as EDFs 9 and 10. It was, however, excluded from forming an Eighth EDF Country Strategy Paper and National Indicative Programme with the European Union due to its temporary violent withdrawal from democracy. Between 1976 and 1995, Nigeria received cumulative provisions of €528.5 million, with most project funding operating through budget lines and a significant portion of aid offered through debt cancellation. A ‘quick-start project’ (QSP) in 1999-2000 issued by the EDF allocated an additional €100 million for projects to immediately reincorporate Nigeria after the June 1999 normalisation of relations.317

From 2001-2007, the European Commission committed €222 million for development projects (Envelope A) in Nigeria and €44 million for emergency needs (Envelope B) through the Ninth EDF. In addition, €100 millions’ worth of funds were appropriated from the Eighth EDF, which had reserved (but not released) funds for the country despite the cessation of assistance relations during the 1995-late 1999 period.318 Tenth EDF funds, allocated through the 2008-2013 CSP, committed €677 million for Envelope A and €12 million for Envelope B.319 Thus we can see that with each successive agreement, levels of funding have greatly increased. Indeed, from the 2001

CSP to the 2008 CSP, allotments more than doubled. Of the six main donors to Nigeria, the EU offers proportionally the most aid, with the UK and EC (EDF) representing the highest intra-EU disbursement rates and the only contributors with a ‘comprehensive strategy’. The strength of the UK particularly in EU and general aid to Nigeria may also help demonstrate the strength of continuing post-colonial ties.

Table 4.6: EC ODA ‘Envelope A’ Commitments to Nigeria

<table>
<thead>
<tr>
<th>Years / Programme</th>
<th>Amount</th>
<th>Average per year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976-1995 Lomé I – EDF 7</td>
<td>€528.5 million</td>
<td>€26.425 million</td>
</tr>
<tr>
<td>1995-1999</td>
<td>No CSP or NIP</td>
<td></td>
</tr>
<tr>
<td>1999-2000 ‘QSP’</td>
<td>€100 million</td>
<td>€50 million</td>
</tr>
<tr>
<td>2001-2008 EDF 9</td>
<td>€222 million + €100 million</td>
<td>€40.25 million</td>
</tr>
<tr>
<td>2009-2013 EDF 10</td>
<td>€677 million</td>
<td>€135.4 million</td>
</tr>
</tbody>
</table>

Though commitments have steadily increased with each EDF allotment, overall disbursements have fluctuated yearly (Figure 4.7). From 1995 to 1997, disbursements dropped off as the EC suspended operations and fell to relatively nothing from 1997 to 2001. In 2001, disbursement levels began to rise again, with the reintroduction of EDF support to Nigeria. Disbursements peaked in 2005 at €119.1 million with the institution of the Ninth EDF’s largest financial project, the census support programme. The 2008 Ninth EDF Country Strategy Paper notes that the Commission’s disbursement rate in general needs to double in order to remain on-schedule with each EDF releasing about €100 million per year. Indeed, though from 1999-2007 EC aid has accounted for approximately four per cent of total donor aid

320 These six donors are: the European Commission, UK, USA, African Development Bank, World Bank and the United Nations Development Programme. See Olesen et al. Country Level Evaluation Nigeria, 14. The EU here comprises both the EC and the UK, as well as other member states.
324 Ibid., 46.
committed to Nigeria, EC disbursements only account for 2.2 per cent of the total, indicating that other donors have shown greater relative effectiveness in translating allocations to ground projects. The EC has also flagged behind the EU member states proportionally, as in commitments EC aid makes up 5.5 per cent of EU offerings and in disbursements this figure falls to three per cent.\footnote{325 Olesen et al., \textit{Country Level Evaluation Nigeria. Final Report. Volume I: Main Report}, 14.}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure4.7.png}
\end{figure}

Overall, the European Commission is in a bind when considering the immediately limited impact of its development aid to Nigeria. On the one hand, total ODA from official donors makes up less than one per cent of the government’s budget, with EU and EC provisions therefore accounting for roughly 0.73 and 0.4 per cent of the budget, respectively.\footnote{327 Olesen et al., \textit{Country Level Evaluation Nigeria. Final Report. Volume I: Main Report}, 14.} On the other hand, EC funding for Nigeria is already quite extensive, allotting more finances to Nigeria than to most other ACP countries—let alone other African countries—and outstripping other donors’ funding programmes for
Hence, the EC has concluded that its best and most efficient approach must concentrate on working through the federal government, promoting proper resource and economic management, so that the vast oil revenues accruing to the federal state may better target public goals such as poverty reduction. With such stores of its own economic power, Nigeria can both effectively impede outside programmes if desired, and do much on its own if corruption is mitigated.329

As for conditionalities, the CSPs and Country Level Evaluation make almost no mention of them. Certainly ODA financing continues to target liberal norm-based concerns such as civil society and human rights. It is possible that the omission of any explicit concern about European conditionalities is linked to the low level of concern Europe feels about China in Nigeria. This is particularly likely given the overt and direct link between heightened insistence upon conditionalities in Angola, and Chinese influence on the Angolan government and European leverage.

The CLE mentions China exactly zero times in its eighty-six pages, as compared to thirteen times in ninety-one pages for the analogous Angola report. Within the 155 pages in the 2008-2013 Country Strategy Paper for Nigeria, only four references of China appear, and each is fairly banal. Only the final affords any real interest. The first reference notes that Nigeria ‘is a privileged partner and interlocutor of all G8 countries and China’; the second that Nigeria trades with China among others including the EU and US; the third that Nigeria’s socioeconomic position resembles that of India and China in terms of absolute poverty; and finally, fourth, that Nigeria ‘is also pursuing new partnerships with the largest emerging economies, including China, India, and Brazil,

with summit meetings held or planned for 2008.\textsuperscript{330} In the 2008 EC Joint Annual Review of development cooperation with Nigeria, China appears five times in ninety-one pages, with the only significant mention stating that ‘the arrival into the energy market of new players (China, India, Russia, etc.) add concerns both from the competition side and for the consequences on the already problematic situation in the Niger Delta’.\textsuperscript{331} Hence, China does not seem to make the list of important considerations in Nigerian development.

Why such a low profile for conditionalities, a hot academic topic and particular commitment of the EU? I theorise that the low level of concern over China in Nigeria, as well as the strong liberal Westernisation trends in Nigeria, lead to this indifference. With little threat of internal or external threats upon Nigeria’s liberal Westernisation process, there is no particular reason to emphasise conditionalities. Thus, over time, I find a fairly positive and unworried EU approach to Nigerian development assistance, in addition to significant increases in EU ODA levels committed to Nigeria. Of course, each successive EDF has in general increased, and thus increasing allotments to Nigeria may merely reflect a general trend toward increased aid. Nonetheless, the increase in Nigeria’s aid allocations from the 2002 CSP to the 2008 CSP is around 110.25 per cent, while the analogous increase for Angola is only 82.9 per cent. This is perhaps due to attempts to institute larger projects in Nigeria than in neighbouring countries, such as the Census project and others in conjunction with the UN. It may be that EU’s stabilised and confident relations with Nigeria lead it to offer relatively more non-market funding to the nation than to its peers.

\textsuperscript{330} Ibid., 31.
IV. Conclusions

How are European Union assistance policies changing in Nigeria, and what might be inspiring these changes? Certainly, FDI flows particularly have grown at very fast rate, while trade and EC ODA allocations have also shown steady upward movement as well. Multilateralism has certainly increased for both the EU and Nigerian government. Infrastructure, manufacturing, and conditionalities receive almost no attention, while most European endeavours seem clustered within oil and even agriculture. Chinese FDI and trade flows have shown phenomenal growth with Nigeria as well, but the details of this growth are intriguingly different from the details of EU-Nigerian economic growth. Chinese FDI is becoming more and more engaged in Nigerian manufacturing, while Sino-Nigerian trade reflects mostly the Nigerian import of Chinese products. In the oil sector, China has only made limited in-roads, despite the Obasanjo government’s promotion of bilateral relations.

What does all this mean in terms of our causal pathways? First, it is evident that China is a very small concern. The extraordinarily banal and limited references to China in the Country Strategy Papers and Country Level Evaluation should make this evident. This lack of reference may simply stem from a lack of competition, economically and politically. Europe and China primarily operate in different economic fields within Nigeria, and Nigeria’s government shows a clear commitment to European-type goals and objectives, including democracy, peace, regional integration, and multilateralism. Moreover, other emerging nations are more important in Nigeria than China, both in trade and in oil. Nonetheless, it does not seem that Europe is reacting to or concerned about this evolution either.

Second, the types of changes emerging in EU assistance provisions for Angola
cannot even be traced back to neoliberal ideology. Certainly, FDI and trade have been increasing quite quickly, but ODA and sectoral focuses upon governance and civil society have been increasing, too. Moreover, FDI and trade have been rather more concentrated in oil than in manufacturing or infrastructure to suggest a primarily neoliberal influence upon all these changes. Third, the 2007/2008 financial crisis seems to have made little impact on European economic and aid relations with Nigeria, despite small a small trade (and likely FDI) drop in 2009. Only future data can establish this as an accurate assessment, but the rapid growth in ties and the continued high level of aid allocations indicate that Europe has no overarching intention of pulling back on funding from Nigeria. Finally, Nigeria has shown a lack of any real confrontationalism with Europe, even during periods of dispute with other Western development assistance providers. This alone has probably provided the EU with a sense of security about the relations that has insulated policy from any need to fear or respond to China or other emerging donors in the country.

Finally, it seems that the only real answers that may explain the EU’s policy shifts in Nigeria stem from a combination of security and ease, and internal EU dynamics. Security and ease, again, would emerge from the lack of any overwhelming economic competition from outsiders in Nigeria, and from Nigeria’s already proven track record of liberal Westernisation or even Europeanisation. The internal EU dynamics that might affect the equation would be private decisions by investors and consumers about which sector in Nigeria to privilege, as well as strong historical ties between certain EU member states (namely the UK) and Nigeria.

These ties might tend toward a desire to promote Nigeria in the combination of economic and aid engagements that we have seen, and might be reinforced by a desire to
promote a nation making so much effort to overcome an unstable and oil-dependent history. Future analysis into sectoral divisions in European, Chinese, and other emerging nations’ FDI and trade flows could help highlight further the patterns I begin to discover here. Of course, the patterns I begin to discover may be undone as the ramifications of the 2007/2008 crises become more noticeable and as future trade, FDI, and aid data become available. Yet, as of now, it seems Europe is fairly self-determining in Nigeria.
Thus, over the course of this thesis I have demonstrated that European
development assistance policies are changing in the contemporary period. In African
development assistance generally, the EU has shown an increasing tendency to promote
multilateral dialogues, with European Commission officials linking this back specifically
to China. More particular EU-China-Africa trilateral dialogues are also underway. Africa
has overall become less important to the EU in terms of trade, but trade with oil-rich
African states in general has increased magnificently since around the year 2000 (Table
5.1). Infrastructural approaches to development assistance have also become more
common both with international development trends advocating infrastructural spending
through such forums as the ICA. Nonetheless, China has been a large impetus to
specifically European focuses on infrastructure, as well as the increase in more general
Western focuses on infrastructure. Oil appears to receive little heightened attention over
time, despite the pressures of commercial interests within the EU. In addition, officials
acknowledge that some rethinking of the EPAs or conditionalities might be necessary if
African leaders unhappy with these policies begin to substitute Chinese assistance for
European.

Figure 5.1: EU Trade with Oil-Rich Africa

332 Directorate-General Trade official, “Interview #01.”
333 International Monetary Fund, Department of Trade Statistics.
I. Analysis of Causal Pathways

To analyse the success of my causal pathways proposed in Chapter 1, I turn now to a brief discussion of my findings from Chapters 2, 3, and 4 in each of my key areas of interest: European diplomatic, economic, and aid shifts. Relationships between causal and outcome variables are further demonstrated in Tables 5.4 through 5.9, in which I summarise my findings for each factor examined. I indicate causal variables that appear to have a strong influence as predicted upon a given outcome variable by placing an asterisk (*) at the end of each such driving factor. These charts highlight the seemingly strong relationship between increased Chinese activities in Angola and increased European economic commitments (Table 5.5) and attentions to infrastructural provisions (Table 5.7), as predicted. They also demonstrate the seemingly weak relationship between increased Chinese activities in both Angola and Nigeria and an
increase in European attentions to these countries’ oil sectors. Furthermore, as I will discuss later, these tables help to briefly suggest where my causal pathways provided exactly the wrong predictions. Examples of faulty predictions emerge in Tables 5.4 and 5.9, in which I show that changes in Chinese economic activity and political confrontationalism in a given country may actually be inversely correlated with European promotions of multilateralism and emphases upon conditionalities.

**Multilateralism.** In Angola and Nigeria some of the general patterns discussed above for Africa become more complicated. For instance, European promotion of multilateralism has not uniformly increased in both. In Angola, little attempt has been made to incorporate Angola or Angolan development issues into a framework or nexus of multilateral discussion. Meanwhile, Nigeria has been steadily incorporated.

Yet Chinese economic commitments in terms of loans and trade have been growing extraordinarily rapidly in Angola, and absolute amounts account for some of the largest flows between China and any African country, oil-rich or not. To a lesser extent, FDI has also grown rapidly in the past five years or so, though of course representing low absolute amounts relative to other oil-rich African states. Furthermore, Angola has proved one of the more confrontational African nations with which the EC and EU negotiate, yet this has only soured Commission officials on the prospect of continued discussion. Each of these increases ought to suggest, based on my causal propositions, an increase in European promotion of multilateral dialogues and forums, yet I find no such change. Indeed, I find a deterioration in multilateralism. The geopolitical rise of China operates on a large scale and thus is also present in the Angola case, yet still has seemed no inducement to diplomatic policy change.

In Nigeria, of course, the case is quite different. The EU has eagerly encouraged
multilateral dialogues on Nigerian development, and has promoted Nigerian participation in multilateral dialogues more generally. Certainly Chinese economic commitments have vastly grown in the nation since 2004 when China and Nigeria re-established friendly relations, yet these have not largely been in competition with European engagements. Indeed, while oil exports to the EU make up the majority of the European-Nigerian trading relationship, commodity imports from China dominate in Sino-Nigerian trade. Furthermore, China’s presence in Nigeria’s manufacturing sector does not correspond with almost any other outside engagements in this oft-neglected area. Nigerian confrontationalism is relatively low, though certainly European-Nigerian relations have not been perfect over time. Hence, my causal propositions for increases in European promotions of multilateral dialogue are not supported by case study evidence almost at all.

**Economic Engagements.** European trade with both Angola and Nigeria has risen dramatically since the mid-2000s, with Nigerian trade representing higher absolute levels than Angolan trade (Figure 5.1). This pattern is repeated for FDI flows. What can account for these changes? As I have discussed above, increased Chinese economic commitments are certainly present in both African economies. Chinese engagements in each country’s oil sector, however, are a bit less straightforward. While certainly China has been making inroads in both economies’ oil sectors, the rate and level of success has been much higher in Angola than in Nigeria. Yet, again, we see much stronger increases in European economic commitments in Nigeria than in Angola. Nevertheless, European and Chinese trade and FDI patterns in Nigeria and Angola have shown significant upward movement largely but not perfectly coinciding in time (Figures 5.2 and 5.3). Of course, the 2007/2008 crises may have depressed trade and FDI as they
certainly did in 2009, yet such a factor should hold relatively constant between case studies. Once again, my causal propositions become more complicated in light of case study evidence.

Table 5.2: Trade with Nigeria

Table 5.3: Trade with Angola

The EU has paid little special attention to the oil sectors of each respective

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334 Ibid.
335 Ibid.
country. Certainly, European commercial interests in oil production remain strong in both Angola and Nigeria, as evidenced by import flows from these countries and bloc ownership analyses. Nonetheless, European firms maintain a stronger relative hold on the Nigerian oil sector than on the Angolan. This emerges in contrast to a lower Chinese presence in the Nigerian oil sector than in the Angolan, providing perhaps the basis for a substitute model between European and Chinese engagements. Once again, my causal propositions do not perfectly match reality.

European infrastructural sector focuses, however, do seem to show a more direct linkage between increased Chinese engagements and increased European engagements. European focuses on infrastructure are much higher in Angola than in Nigeria. In fact, in Nigeria, infrastructure is almost absent from aid considerations, receiving only tangential attention. Interestingly, it is in Angola that China’s oil-for-infrastructure deals have become a trademark of bilateral negotiations, leading to the categorical label of ‘Angola mode’ relations. Certainly China engages in infrastructure projects in Nigeria, though such exchanges are less notable. Hence, the case study evidence is highly suggestive that Chinese infrastructural attentions do inspire heightened European infrastructural attentions.

One Development official told me that this is exactly as it should be: European firms must be exposed to such market competition and learn to respond to changing market conditions in developing countries just as they would in their home country. In fact, he said that so long as Chinese firms maintained some ‘internationally accepted standards of quality, workmanship, and occupational health and safety, then I would not hesitate to say: “Well, this is an open competition. Go ahead: be smart, win. And if you
can’t win of your own account, then you’re better off not being there”.

A Trade official echoed this sentiment, saying that China is gaining an increased proportion of contracts for infrastructural projects and oil in Africa due to lower and more competitive costs. ‘EU industry must face this competitiveness’, she said.

**Aid Engagements.** One might expect Angolan development-programme aid allocations to increase the most rapidly, given the country’s recent emergence from a debilitating forty-one year war period. Yet European aid allocations have grown most quickly in Nigeria, though they have certainly increased in magnitude in Angola as well. Overall, EU ODA levels have risen over time, as each EDF offers successively larger packages, despite the 2007/2008 crises. However, the effects of the crises upon aid will be felt more keenly in the future when the next EDF is under debate and in the planning stages; thus, measuring recession and euro crisis impacts upon this outcome variable is difficult. As in the past discussions of causal variables, I discover that while Angola is the favoured Chinese trading partner, it does not receive more favourable attentions and economic commitments from Europe. However, it must be remembered that Chinese FDI levels to Nigeria far surpass those to Angola, roughly neutralising Angola’s more beneficial trading levels.

Nonetheless, even when China’s presence in a given oil-rich African country is strong, there are no very significant changes in aid provisions, probably because this is not an area of real competition. However, European emphasis upon conditionalities have seen very real changes. Indeed, European conditionalities emphases have strengthened considerably over time in Angola, where they have become an even more important component of European aid. Meanwhile, almost no changes can be seen in

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336 Directorate-General Development official, “Interview #11.”
337 Directorate-General Trade official, “Interview #06.”
Nigeria. What causal factors were at work or not at work in each of these situations? In both, Chinese economic commitments have increased profoundly, as noted, though the specific manner of these increases (FDI, loans, imports, exports) varies between countries. Yet confrontationalism has only truly increased in Angola, where EU trade approaches are being sidelined in favour of Chinese assistance. In direct contrast to my causal propositions, I find that in fact increased confrontationalism and potentially increased Chinese economic commitments lead to increased European emphases upon conditionalities, demonstrating real strength of loyalty to the Union’s foundational principles.

Overall, then, EU commitment to its values and practises are strong. While China’s African presence may lead to heightened interest in infrastructure and potentially general economic commitments in Africa, the ideological story is more nuanced. In fact, the EU has shown relatively steadfast in its approach, relying on its convictions when changing its diplomatic policy, and not on outside competitive pressures.

However, such conclusions must be complicated by at least two factors. First, significant diversity exists in the EU’s policy changes overall, and second, we must remember that significant diversity also exists in China’s engagements with both countries, as evidenced by Tables 5.4 through 5.9. In Angola, Chinese engagements in both oil and infrastructure are high and often connected. FDI remains fairly low for the country, especially as compared with Nigeria, but the growth rate from 2005 to 2008 (the years for which the China Statistical Yearbook records data) far exceed the growth rate of FDI to Nigeria from 2004 to 2008. Trade between Angola and China surpass trade between Nigeria and China in both absolute peaks and growth rates. Finally, in Nigeria, China’s sectoral focus on oil is quite low, with oil imports from Nigeria accounting for
fairly little of the trade balance, and much FDI concentrated in the manufacturing sector. Furthermore, it must be noted that some of my propositions were exactly wrong. For instance, political/realist motives (especially in conditionalities and multilateralism) do not seem important considerations and instead are replaced by ideological motives. Economic motives, largely concentrating on overall levels of trade and FDI, however, do seem to exist but play out in an inconsistent fashion. For instance, despite strong increases in Chinese economic engagements in Angola and similarly strong increases in European economic commitments in that country, these are not matched by similarly strong increases in ODA allocations to Angola. Instead, increased allocations between the Ninth and Tenth EDFs (2002 to 2008) appear to almost exactly parallel increased allocations to ACP countries more generally. Meanwhile, increased aid commitments to Nigeria show peculiar strength (Table 5.8).338

Through these analyses, I have also demonstrated that development assistance policies and policy changes differ significantly between different oil-rich African nations. Of course, my case studies focus upon only two nations, making generalisations imperfect. Nonetheless, the patterns and trends emerging from my data can help suggest ways and reasons Europe is changing its engagements with oil-rich African states.

I. Section A. Limitations and Ideas for Future Research

As noted, my study is necessarily imperfect. Practical constraints limited the number of case studies analysed, as ultimately I only focused upon Africa generally, as well as Angola and Nigeria. Furthermore, my lists of causal variables and causal

pathways are far from complete. Additional causal variables that one might, and
probably ought, to explore include emerging nations’ economic commitments, oil sector
presence, and infrastructural presence; Western development policy trends; and a more
systematic incorporation of rhetoric themes like neoliberalism (a subset of Western
development trends). Certainly many additional factors could be added to this short list.
Hence, future research could concentrate on increased case studies of oil-rich African
states, as well as an increased scope for examining causal mechanisms. Future research
could also examine any policy differences across the categories of oil-rich and non-oil-
rich African states, and could focus more heavily on an analysis of manufacturing or
even agricultural sector development, as these are crucial areas in sustainable African
economics.

II. Implications

Several important implications can be gleaned from these preliminary findings,
though of course any and all of these potential findings should be analysed with the help
of additional case studies and data before reaching any real conclusions. Nonetheless,
my research can suggest the beginnings of some important findings.

First, the emphasis upon Europe’s ideological adherence to foundational
principles rather than political competition with China should help to dispel or temper
fears of radical changes inspired by China’s most recent economic activities in Africa and
particularly in oil-rich African states. This may help demonstrate that, while Western
media might display reactionary tendencies, the EU political-economic process is much
more pragmatic and insulated. Moreover, this finding may also confirm that, as
European Commission officials attest, European development policy is not related to
expedient, self-interested aims. It is possible that real altruism and benevolence could be connected to the Union’s and Commission’s pursuit of development policy, favouring development for development’s sake, above ‘petty’ domestic/commercial concerns.

Most of my causal variables that rely upon China’s financial impact are based on underlying assumptions of implicit competition. Yet, as European Union policy briefings claim, it seems highly possible that competition is less relevant a factor in approach changes than might be assumed based on cynical models of self-interested policy-making. However, African states may gain real leverage from the growing availability of development assistance providers—if not competitors—including non-Chinese emerging nations. The increasing availability of a diverse range of assistance providers may promote national voices in discussions long dominated by outsiders. This could have, and indeed is already having, consequences for EU development assistance, but China’s direct influence here may be more difficult to establish or observe. In fact, this could end up revealing itself as a secondary, indirect competition element over time. We should not interpret this with fear or disdain. In fact, this may act as quite a positive evolution and can encourage oil-rich African nations and other developing nations more generally that it is they who hold the power for change.

Is China special? If China were not present, would this alternative role we have unearthed be filled by another rising power? Certainly, China’s geopolitical rise is unique, as is its hunger for raw resources to fuel its upward trajectory. While other emerging nations seek energy, they do not possess the degree of economic capacity to even begin to rival established powers’ influence in developing nations. Furthermore, China is uniquely controversial in its political/ideological stances, such as non-intervention and non-conditionality. While the European Commission, for instance,
worries over Chinese ideological influence in Angola, it does not worry over Brazil’s non-conditional approaches, as seen in Chapter 3. Yet where China plays only a minor role and receives only minor recognition by the Union, its role certainly could be replicated or mimicked. In Nigeria, for instance, I suggest that China is not special, while in Angola it is, as outlined above.

This brings me to the emergence of my third and final question in my thesis research: why does variation emerge between EU policy changes in different oil-rich African countries? I must deduce the reasons behind this variation, as such a result was found and not anticipated. Certainly some may say that the difference stems from the difference in colonisers. Nigeria was formerly ruled by Britain, while Portugal was ruled by Portugal. Britain possesses a legacy of former colonies that have more successfully transitioned to stable and modern political economic systems. It could certainly be the case that such a history leads to strong differences in the development policy changes we have observed. Nonetheless, I provide below a list I have compiled of two additional causal variables that may help to determine whether or not China is perceived as an important motivator of EU policy changes.

First among these is the strength of a country’s European linkages, especially historically and economically. This includes the specifics of a colonial legacy and the manner of a country’s independence from colonisation. It also includes any surviving commercial ties between the developing African nation in question and the former coloniser or other European nations. Examples include the difference between Angola and Nigeria’s treatment of local European settlers and companies post-independence. While in Angola such persons were dispossessed of their Angolan holdings and forced to leave the country, in Nigeria this did not occur, and indeed despite many indigenisation
policies, established British companies (even former monopolies) such as the oil company Shell were allowed to retain their strength in the economy.

Second, a country’s degree of orientation toward Western norms such as democracy, human rights, civil society and peace may act as a further indicator of China’s perceived level of potential influence in a given African nation. While some countries such as Nigeria are actively courting Western values by staunchly supporting organisations like the UN, purporting belief in the EU’s EPAs, implementing democratic institutions, leading regional integration efforts, and launching peace-keeping initiatives, others are doing little to none of this. The strength of this orientation may affect the EU’s perceived sense of trust in a country’s government and its continued European and Westward ties. This variable is more ‘agency-based’ than structural, in contrast to the previous factor explored.

How generalisable are these claims? ‘This cannot be truly understood until further research into additional case studies and the relevant history of colonialism is completed. As I have mentioned before, colonialism provides a complex web of entrenched (or destabilised) networks and ideological affinities, all of which significantly impacts the prospects of developing nations.

III. Final Conclusions

The first Trade minister I met with in Brussels told me, quite decidedly and with much animation, that ‘We [the European Union] are not in a sort of new colonial power struggle with China for the hearts and minds of Africans’. Once, in negotiations, an African trade official apparently attempted to play the political competition card, saying “‘If you’re not nice with us, we’ll resort to China…”’ The minister reported to me that
he responded, “Good luck. That’s your call—you might be ripped off.”

Nonetheless, a high-ranking Development official admitted that he believes there are great possibilities for global convergence on development policy—including such a convergence as would require compromises in the way Europe conducts assistance. So far, the convergence he anticipates has not emerged, but he thinks some form of unified global strategy ‘is unavoidable’. This is specifically so because of China. ‘China has been and will be a major player, with major impacts. I think they will move somewhat in our direction, though. They won’t move one hundred per cent in our direction, but they’ll move whatever per cent they do move. They will certainly be an influence on the way we do thing—and all we do. China is a major actor in Africa, and they do things in ways others cannot ignore. This has not changed the EU and its strategies so far, but it likely will. The EU will not change entirely, but will go midway toward China. In the past, the EU had abandoned the big investment projects’, for instance, that resemble ‘what the Chinese are doing’. But now, with China’s growing presence on the continent, infrastructural projects are back in style. This latest policy transformation, he says, is just one example of the ways in which shifts will occur.

Ultimately, however, he says the real differences between European and Chinese engagements in Africa will come down to exactly the sort of ideological division we identified as important to the EU. He compares this to the selling of a logo or image. ‘The EU is selling values such as gender equality, health care, human rights, sustainability, good governance, rule of law…These are cultural values. China is selling football stadiums, roads, dams—practical things that Africans see that they need. The EU will have to go toward the middle, but not all the way to the middle, and take up some of

339 Directorate-General Trade official, “Interview #01.”
these [practical infrastructure] principles’. There is potential from the banking sector to support an increased transition toward becoming a ‘grant donor’, but so far this is ‘simply not being considered’.340

Thus, we are left with several points to take home. First, usually where real and direct economic or ideological competition exists, the EU is willing to react. This reaction, however, does not always manifest itself as mimicry of Chinese approaches, as my hypotheses predicted. Instead, the EU is sometimes willing to fortify its position, such as with conditionalities. Indeed, the EU is more likely to promote its own approach more fervently when directly threatened by China’s non-conditional approach. Second, oil remains a remarkably unimportant element to European development policy considerations, even in oil-rich Africa. It appears the EU is genuinely more concerned with development than commercial interests, and is intent upon offering what it considers to be the best approach it can, rather than upon securing resources for its member states. Finally, increasing lender and trade partner options for African nations may heighten the agency of African leaders to direct their own development plans. Indeed, it seems that China is truly altering the ways in which African leaders are able to negotiate development assistance deals, creating increased leverage for developing voices. Rather than fear China’s approach in Africa, we should be encouraged by the lessons it brings to those studying European policy behaviour.

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340 Directorate-General Development official, “Interview #09.”
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<td><strong>African confrontationalism</strong></td>
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<td>Low</td>
<td>Medium</td>
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<td>Constant (High)</td>
<td>Constant (High)</td>
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*Asterisks (*) connote suggestive links between causal factors (on bottom of chart) and the outcome variable (on top of chart), as predicted by my pathways*
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<tr>
<th>EU FDI and trade</th>
<th>Angola</th>
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|                  | Very high FDI and trade growth; low/medium FDI levels; high trade levels | High FDI and trade growth; very high FDI levels; low/medium trade levels | FDI Growth: 53.26% (2004-2008)  
                 | FDI High: US$221,795 mn (2008)  
                 | Trade Growth: 325.34% (2004-2009)  
                 | Trade High: US$18,928.99 mn (2008)  
                 | FDI Growth: 44.7% (2004-2009)  
                 | FDI Growth: 53.26% (2004-2008)  
                 | FDI High: US$221,795 mn (2008)  
                 | Trade Growth: 44.7% (2004-2009)  

| Chinese FDI and loans | Growth: 1227.78% (2005-2008)*  

| Chinese trade | Growth: 269.74% (2004-2009)*  
                 | High: US$96,177.9 mn (2008) |

| Chinese oil sector presence | High* | Low/Medium | Medium/High (in oil-rich Africa) |

| 2007/2008 crises | Constant (High) | Constant (High) | Constant (High) |

| EU FDI and trade levels to Africa generally | X | X | FDI Growth: 53.26% (2004-2008)  
                 | FDI High: US$221,795 mn (2008)  
                 | Trade Growth: 44.7% (2004-2009)  
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<td>Low/Medium (in oil-rich Africa)</td>
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<td><strong>Chinese oil sector presence</strong></td>
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<td><strong>EU infrastructural focus</strong></td>
<td>Medium</td>
<td>Low</td>
<td>Low/Medium</td>
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| **Chinese FDI and loans**  | Growth: 1227.78% (2005-2008)*  
High: US$2.39 mn (2008) + highest estimated amount of loans*  
| **Chinese trade**          | Growth: 269.74% (2004-2009)*  
High: US$96,177.9 mn (2008) |
| **Chinese infrastructural presence** | High*       | Low/Medium*        | High                    |

*Highest estimated amount of loans
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<td>Constant (68%, 2002-2008)</td>
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<td><strong>2007/2008 crises</strong></td>
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**Table 5.9: European Approaches to Conditionalities**

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<td>African confrontationalism</td>
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