

Dragon in the Savanna: China's Rising Influence Over Angola

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China's relations with Angola have traditionally been friendly due to the fact that both countries were and still are ruled by Marxist Leninist regimes, but until recently the PRC's presence in the country was rather insignificant. However, in the last five years or so China's influence in the country has grown rapidly. From a marginal position in Beijing's foreign policy priorities, Angola has moved to the very forefront of China's foreign relations. Today without question Angola is China's most important partner on the African continent. Its importance lies in the fact that it is the second largest oil producer in Africa and is home to one of the world's largest diamond fields and other precious stones such as rubies and emeralds.

In 2004 Angola became the PRC's largest supplier of crude oil in the African continent, exporting 11.3 million tonnes. At the global level Angola is China's third largest source of oil imports just behind Saudi Arabia and Iran. Taking into account that there are many unexplored oil fields in the country, Angola's importance in meeting China's insatiable demand for raw materials is likely to increase. For instance, between January and March 2006, Angola became temporarily China's number one oil supplier, exporting an astronomical 456 000 barrels a day accounting for 15 per cent of China's total oil exports and surpassing Saudi Arabia. On May 10, 2006 Angola's state own oil company Sonangol and China's Sinopec launched a \$2.2 billion joint bid for block 17 and block 18, these new blocks have an estimated reserve of \$1 billion barrels and \$3 billion barrels respectively. These blocks are likely to move Angola from the position of being the third largest oil supplier to the PRC to number two on a long term basis..

Because energy security has become a pressing concern for the Chinese leadership, Beijing has embarked on a strategy to enhance its influence

and presence in Angola and position itself as its number one partner. In 2005 Chinese Vice Premier Zeng Peiyan, and Chairman of the State Planning Commission, visited Angola with a bagful of incentives. These included a \$6.3 million interest free loan and a pledge to invest \$400 million in Angola's telecommunications sector, and \$100 million to upgrade the Angolan military's communication network. PRC companies have also been active in infrastructure projects such as building roads, bridges, schools, shopping centers, office buildings and low cost housing projects. Early this year Chinese companies were awarded a major contract to rehabilitate the Bengela railroad, which is the country's major railroad at a cost of \$300-500 million. China has also been involved in the rehabilitation of Zambia's rail network and is already participating in the construction of the stretch that will connect Zambia's main railroad to the Bengela railroad, allowing landlocked Zambia to move its products via Angolan ports.

Chinese companies will also begin work on a major oil refinery soon. In 2006, trade between the two nations reached the \$5 billion mark, making Angola the second largest Chinese trading partner in Africa and China the third largest Angolan trading partner. As of 2006 China has overtaken Portugal, Russia and Brazil as Angola's number one aid donor. Many Chinese companies using convict labour from China are increasingly putting Portuguese companies who have traditionally dominated the country's market out of business. While there are no reliable sources as to the number of Chinese nationals in Angola, they are believed to number in several thousands. China's ever growing entrenchment in Angola's economy means that its ability to influence the MPLA'S government policies has increased accordingly.

While Angola is only the sixth largest exporter to the US, supplying 510 million barrels a day as of March 2005, its importance for American energy security should not be underestimated. Particularly in a period when many of the regions that have traditionally supplied the US with its oil are witnessing significant political instability, such as Saudi Arabia, Venezuela and Nigeria. The volatile situation in Iraq and Iran's continuous hostility towards the US further increases Angola's importance for both China and the US.

China is also becoming a major source of loans to African states, challenging the once dominant position of former colonial powers such as France, Britain and Portugal but also greatly undermining the influence of

major international organizations like the IMF. For instance, in March 2004 the Chinese government granted Angola \$2 billion in soft loans in exchange for a commitment from the MPLA government to ensure continuous supply of crude oil to the PRC. China's state own China Import Export Bank has also given the former Portuguese colony of Mozambique a \$2 billion loan for the construction of a major dam on the Zambezi river. China's relaxed loan policies are further increasing its grip over Angola, while at same time reducing the influence of Western nations such as Portugal to determine local developments.

With China's influence growing over Angola and other former Portuguese African colonies such as Mozambique, the once influential colonial power that once upon a time proudly pioneered the expansion of European empires on the continent seems to have realized the futility of resisting the dragon. In 2005, Lisbon signed a Strategic Partnership for Cooperation and friendship with China. On the occasion, the Portuguese Prime Minister Joze Socrates told his Chinese counterpart that "Portugal can affirm itself as China's partner in Africa - China has huge quantities of capital but we have the knowledge of the territory, of the language, of the cultures and the traditions".

After five centuries in the African continent, Portugal seems to have realized that it can no longer be an effective political and economic actor without close cooperation with China. Faced with a lack of enthusiasm from its Western friends to balance China's growing power on the continent, *Bandwagoning* seems to be the only alternative left to Europe's oldest empire building nation. As noted by a melancholic and rather poetic Portuguese diplomat: "Across the vast African savannas where once our ancestors build their first churches and forts, the wind from the East is blowing stronger than the wind from the West".

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